

Financial Inclusion and Credit Cooperatives: A One-Stop Solution for a Sustainable Society through Hometown Advantage

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Abstract

Cooperatives as a social enterprise through their interrelationship with the local community have a clear advantage for financial inclusion through rural development and creating opportunities for employment and income generation.

Purpose Of the study

1. To analyse the financial inclusion efforts of credit cooperatives in an Indian context.
2. To identify the contribution of credit cooperatives through diversified activities, by making use of the home town advantage
3. To analyse the government's involvement in diversified activities of credit cooperatives
4. To make a content analysis of the regulatory involvement in credit cooperatives to understand the involvement of the principle of concern for the community in the legislation.

Research Methodology

The necessary secondary data were taken from books, articles, reports, websites, various laws, reports, circulars and orders from the government.

Primary data were collected from members and executive members of the Credit Cooperative in Kerala by employing a multistage Stratified proportionate random sampling and tools like the Relative Importance Index, One sample T-test were employed and a grounded model is also developed.

Results Findings

Regulators are the facilitating or Interfering factor. Cooperatives in Kerala can be set as a model for diversified activities. But, the interference by regulators is impairing the freedom of decision making which directly affect the functioning of cooperatives. Hence a proper balance has to be maintained.

Practical Implications and Conclusions

The relevance of financial inclusion and ways of imparting the same through credit cooperatives is illustrated. The contributions that can be made by the credit cooperative by making use of the home town advantages are also analysed. It also comes up with innovative ways and means through which the same can be implemented to contribute towards developing a resilient society.

Keywords: Credit Cooperatives, Financial inclusion, Diversified activities, Hometown advantages, India, Kerala

1. Introduction

Owing to the inherent Principles and Values, Cooperatives are successful in reaching out to different categories of the population. These Cooperative Principles and Values are the underpinning of the success story of Credit Cooperatives in the field of financial inclusion. The Credit Cooperatives' role in financial inclusion stands vindicated by multiple examples. The state of Kerala, one of the 28 States in India has a substantial presence of Credit Cooperatives and the

same has been successful in reaching out to populations not otherwise part of financial inclusion. With respect to Cooperatives on the theoretical level, the social commitment factor is very much present. It is an organisation with a strong social commitment and not like the other types of economic organisations. The idea of social responsibility is not something that needs to be imposed on Cooperatives. The twentieth century also witnessed the evolution of two other concepts, namely the creation of shared value and stakeholder engagement. Even though these two ideas/concepts are different, they do converge on the aspect of social commitment. In the management of Corporate, these concepts are nowadays artificially attempted to be infused. Whereas the same is inherent in Cooperatives and there is no need for artificial infusion. Recently the Three-tier structure of Credit cooperatives in Kerala got altered to that of a Two-tier one so as to strengthen the governance and easiness in management.

Right from the inception of Credit Cooperatives, financial inclusion remains to be a major objective. The initiation of cooperatives in India was itself for avoiding the exploitation of farmers by moneylenders and middlemen. One governmental level study revealed that Cooperatives were the better-institutionalised format for extending credit facilities to the farmers so as to save them from exploitation. The implementation of this suggestion from Sir Frederick Nicholson report "Finding Raffission" brought cooperative legislation to the Indian subcontinent. The first statute with respect to Cooperatives was Cooperative Credit Societies Act 1904 and the same was exclusively for Credit Cooperatives. Subsequently, the enactment for Cooperatives, in general, came into effect vide Cooperative Societies Act 1912. Thus historically speaking, the potential of Cooperatives in making financial inclusion stands vindicated. This paper initially compares Cooperatives with other forms of organisations based on the aspect of social commitment. How the ingrained features of Cooperatives are aiding Credit Cooperatives in facilitating financial inclusion is verified subsequently.

2. Statement of the Problem

Cooperation is a system which by nature and character stands for distributive justice because it aims at eliminating middlemen which ultimately wipe off the concept of exploitation. It provides better socio-economic development to its members. In the case of Cooperatives, the means of production and distribution are not owned and controlled by a few people. Mainly Cooperatives work on the ideology of self-help and mutual help. In the case of Cooperatives, no one is working for their own benefit but they conceive the concept of "Each for Everyone". There is an equitable distribution of wealth among the members. Thus Cooperatives have an inbuilt value system compared to any other form of organisation, which prioritises sustainability and the overall development of society.

The inception of Cooperatives as a form of institution was itself driven by the quest for correcting hardships then existing and faced by certain categories of people. Even after two hundred years, the relevance of Cooperatives as a form of organisation is still existing (Anandaram & Dubhashi, 1999). Credit Cooperatives are a type of Cooperative that is akin to the present-day concept of banks (Credit Union Definition, 2021). However, the same is of a Cooperative format and is for the benefit of the constituent members. Just like any other Cooperative, a Credit Cooperative also does not exist for profit but for service for a social cause and so-called profit-making is only for ensuring its continuance. Cooperatives are the best form of organisation that could reach out to the lower strata of society by availing the hometown benefits. Hence financial inclusion is easily possible through Cooperatives. The major contributions towards the SDGs that are done through Cooperatives in Kerala can be a role model to the cooperatives in other parts of the world. But the relevance of the same is not highlighted yet. Hence the study is significant.

3. Purpose of the study

- 3.1.** To analyse the financial inclusion efforts of Credit Cooperatives in an Indian context.
- 3.2.** To identify the contribution of Credit Cooperatives for socio economic development of down trodden through diversified activities, by making use of the home town advantage
- 3.3.** To make a content analysis of the Government's involvement in Credit Cooperatives to understand the involvement of the Principle of Concern for the Community in the legislation.
- 3.4.** To analyse the government's involvement in diversified activities of Credit Cooperatives.

4. Research Methodology

Both primary and secondary data were used in the study. The necessary secondary data were taken from books, articles, reports, websites, various laws, reports, circulars and orders from the government. To analyse the financial inclusion

efforts of Credit Cooperatives in an Indian context and to identify the contribution of Credit cooperatives through diversified activities, by making use of the home town advantage secondary data is utilised. A content analysis of Cooperative Legislation in Kerala was done to evaluate the Government's involvement in Credit Cooperatives in the case of the Principle of Concern for the Community in the legislation. Primary data were collected from members and executive members of the Credit Cooperatives in Kerala to analyse the government's involvement in diversified activities of Credit Cooperatives by employing a multistage Stratified proportionate random sampling. Kerala was divided into three zones and from each zone one district with highest number of Credit Cooperatives were selected. The sample size was determined as 222 Cooperatives using Cochran's formula and the respondents from the each districts were proportionately selected. The tools like the Relative Importance Index, One sample T-test were employed and a grounded model is also developed.

5. Credit Cooperatives In India

A credit cooperative is a financial cooperative established and operated for the purpose of promoting thrift, arranging credit at competitive rates and providing other financial services to its members (Agarwal). In India, their structure is in parity with any other cooperatives within the state and is the same at state, district and primary levels. Credit cooperatives in India usually have the suffix 'Bank', since they do the basic banking functions. Hence, they are also regulated by the Reserve Bank of India apart from being monitored by the concerned department of the government (Kulkarni, 2016).

Credit cooperatives are further categorised based on the working area and are classified as agricultural and non-agricultural credit societies. Agricultural credit institutions are further divided into short-term and long-term agricultural credit societies. The short-term agricultural credit societies cater to the short-term financial needs of the agriculturists through the three-tier structure. The long-term agricultural needs, mainly funding for agricultural land, are met by land development banks.

In general, there exists a three-tier short-term rural credit cooperative structure in cooperatives. Tier I includes State Cooperative Banks (SCBs) at the state level; Tier II includes District Cooperative Banks (DCBs) at the district level and Tier III includes Primary Agricultural Credit Society (PACSs) (Vikhe Patil, 2005). The federal structure of India comprises twenty-eight states and eight union territories under the direct rule of the federal government. Among the thirty-six, nineteen have a three-tier cooperative credit structure, twelve have a two-tier structure consisting only of SCBs and PACSs and the others do not have any credit cooperatives.

6. Role of Credit Cooperatives in Financial Inclusion

The banking sector in its present form is a result of continuous and strategic policies for the larger economic interest of the nation. One of the major aspects of these policies was ensuring a banking channel to the maximum population or rather financial inclusion. Financial inclusion is "the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low-income groups at an affordable cost". (Rangarajan Committee, 2008). Reserve Bank of India has undertaken various initiatives, relaxed and simplified Know Your Customer norms, simplified branch authorization policy, compulsory requirements for opening branches in unbanked villages, the setting up of intermediate brick and mortar structures, mandated financial inclusion plans for private sector banks, and revised guidelines for financial literacy centres. (Sampark, 2015)

Various reports of the Reserve Bank of India, as well as other agencies, have been indicating the failure of achievement of financial inclusion by the banking sector (Indian Institute of Banking & Finance, 2018). In this context also, suggestions were made for promoting Cooperatives as a means for achieving financial inclusion. The flourishing of Credit Cooperatives ought to be considered in this context. Various studies have pinpointed success to Credit Cooperatives in better financial inclusion. The member-owned concept of cooperatives is capable of overcoming the hesitancy of a large population who were otherwise not availing of formal means for their financial services. The large number of credit cooperatives spread across the country may be infinitesimally small in its capacity in comparison with banks but the members in the same are getting the ownership concept and are benefiting from the formal means of financial services.

Initially organized only as credit institutions, Credit Cooperatives in India currently serve in other areas as well. Credits for agriculture, as well as non-agricultural purposes, are extended. There are over 150,000 Primary Agricultural and Credit Cooperatives serving over 157 million agricultural/rural producers. (Siddaraju, 2012). Cooperatives play a vital

role in the delivery of credit to rural areas. Although Cooperatives provide only 16% of agriculture credit, they have a much higher penetration, evidenced by the high share of cooperatives in the total number of agricultural accounts held by the banking system. (Sampark, 2015). The Cooperatives were the most preferred sources of loans. (NABARD, 2018). It has been considered that the success of financial inclusion in India is next to impossible without the participation of Cooperatives. (Lakshmi, 2013)

The role of Credit Cooperatives in financial inclusion is thus continuously providing a positive picture. The ease with which the same is achieved is actually indicative of the inherent social commitment of Cooperatives. The inclusion of a social commitment to other economic institutions is a welcome step. However, in the context of Cooperatives, the aim should be to ensure that the inherent features of Cooperatives are not disturbed.

7. Credit Cooperatives in Kerala

The Cooperative movement in Kerala can be traced back to the pre-independent period. Before the formation of the Kerala state, that particular area was classified into three, Travancore, Cochin and Malabar area. The Travancore Cooperatives Societies Act 1912, Cochin Cooperative Societies Act 1913 and Madras Cooperative Societies Act 1932 were established. The Madras Cooperative Societies Act had control in both Madras and Malabar areas. After the integration of Travancore and Cochin, the Travancore-Cochin Cooperative Societies Act 1951 was formed. After the formation of the Kerala state, all these Acts were integrated and formed a single Act called the Kerala State Cooperative Societies Act 1969, which came into force on 15-5-1969. The main aim of the Act was the enactment of a single Act throughout the state (Department of Cooperation, 2019).

In the state of Kerala the structure followed for short term credit was a Three-tier one which was recently merged into a Two-tier, at the apex level there is the Kerala State Cooperative Society and at the panchayath and the municipality level, there are Primary Cooperative Societies, Farmers' Cooperative Societies and Multi-Purpose Societies. For satisfying the long term credit requirements, a Two-tier structure still exists, i.e. Kerala State Cooperative Agriculture and Rural Development bank at the State level and Primary Cooperative and Agriculture and Rural Development Banks at the Taluk level.

At the time of the formation of the Act, Societies can only be formed with unlimited liability, but later an amendment which states the formation of Societies with limited liability was passed in 1999. It was the Kerala Cooperative Amendment Act 1999, which came into force on 1-1-2000.

8. Diversified activities of Credit Cooperatives in Kerala

The activities of the Cooperatives in Kerala are the best source to reach out to all categories of people (Ghosh, 2007). They have the ability to utilise the home town advantage. The different kinds of loans and assistance provided by the Kerala cooperative sector, which is contributing to the sustainable development goals are explained with the help of the following tables in different categories like Agriculture and Climate action, Support for women, SC/ST, Youth, Care Economy and Other Activities:

8.1. Agriculture and Climate action

Agriculture is the backbone of the Indian economy. The cooperatives are the best means to reach out to the rural population who mainly concentrate the Agriculture and allied activities for their livelihood. It is these Cooperatives; especially the Farmers' Cooperative Societies assist the farmers in creating organic products without harming the ecosystem. Cooperatives through farmer's organizations can also assist in linking rural communities with higher scale public and private institutions (*FAO of the United Nations 11th UN International Day of Cooperatives*). The specific initiatives carried out by Cooperatives in the state of Kerala in tune with the sustainable development goals are illustrated in table 8.1.1.

Table 8.1.1: Initiatives for Agriculture and climate action

Sl. No	Activities	SDG
1	Haritham Sahakaranam Initiative	SDG12-Responsible production and consumption SDG13-Climate action

2	KAPCO- Kerala Paddy Processing Cooperatives	SDG 12- Responsible production consumption SDG 1- No poverty SDG 8- Decent work and economic growth
3	Agricultural Infrastructure Fund Project	SDG 12- Responsible production and consumption SDG13-Climate action
4	Organic Farming in 12 acres	SDG 12-Responsible production and consumption SDG13-Climate action

Source: Literature Review

8.2. Support for Women

The discussion here is about women in the patriarchal system. Society at large is based on patriarchy in many parts of the world but still an obstacle to equal treatment of women continues. Efforts have been taken at the national and international level to alter this situation wherein inclusive employment opportunities were attempted to be generated exclusively for the empowerment of women (Poudel and Pokharel, 2018). Here also the relevance of Cooperatives stand identified and utilised. The creation of self-help groups for giving employment to women by establishing the concept of Kudumbasree is such a pioneer effort. Presently across the length and breadth of Kerala, there are numerous exclusive Kudumbasree that have helped in empowering women to be supported through Primary Agricultural Credit Societies (PACS). Loans are being provided by PACS in Kerala under the initiative Muttathe Mulla for supporting the Kudumbasree members (Kumar and Jasheena, 2016). The specific initiatives of Cooperatives in Kerala in tune with SDG are identified in table 8.2.1.

Table 8.2.1 : Initiatives for Supporting the women

Sl. No	Activities	SDG
1	Production of goods through Women Cooperatives	SDG 5- Gender equality
2	Muttathe Mulla Microfinance programme	SDG 12 Responsible production and consumption SDG13-Climate action

Source: Literature Review

8.3. Support for Schedule Caste and Schedule Tribes

Indigenous people, Schedule Caste and Schedule Tribes (SC & STs) have a special relationship with the land on which they have lived for generations, sometimes for tens of thousands of years. They possess crucial knowledge about how to manage natural resources sustainably and act as guardians or custodians of the land for the next generation. Losing their land means a loss of identity. The concept of the indigenous community is not restricted to a specific area but is spread around the world in various forms and contributes to a substantial part of the world population (Sengupta, Vieta and McMurtry, 2015). Hence the government of Kerala has taken up initiatives to support the SC & ST people with the help of Cooperatives. The support and assistance for them in Kerala are directed through the Large sized Adivasi Multi-purpose societies (LAMPS) and that too in tune with the SDG is shown in table 8.3.1.

Table 8.3.1: Initiatives for Supporting the SC/ST

Sl. No	Activities	SDG
1	LAMPS/SC/ST Cooperatives	SDG 1- No poverty, SDG 2- Zero Hunger

Source: Literature Review

8.4. Support the Youth

The fourth category of discussion is that of youth who are interested in creating their own ventures instead of becoming an employee. A major concern faced by many countries around the world is the underutilisation of the potential of the youth (Sachs and Smolny, 2015). If this potential could be utilised through cooperatives then it is not only a solution for the unemployment issues but a way out for the nation's overall development. Many in this category are interested in establishing their own ventures and many world countries are also promoting this idea of start-ups. Start-ups in the form of Cooperatives stand initiated in the province of Kerala in India at the behest of the government (Mago, Mazise and Hofisi, 2013). The provincial government is actively extending aid to start-ups by youth in the form of cooperatives and the specific initiatives for the purpose in tune with the SDGs which are illustrated in table 8.4.1.

Table 8.4.1 : Initiatives to Support the Youth

Sl. No	Activities	SDG
1	1712 Permanent Employment	SDG 8-Decent work & economic growth
2	45606 Employment Opportunities	SDG 8- Decent work and economic growth
3	30 Youth cooperatives	SDG 8- Decent work and economic growth
4	Skill development programme through CAPE	SDG 8- Decent work and economic growth
5	Vidhyatharanghini Programme for students	SDG 4- Quality Education (through Digital device)

Source: Literature Review

8.5. Care Economy

The concept of care economy refers to the paid and unpaid labour and services that support caregiving activities such as feeding a baby or nursing an ill partner, and indirect care activities such as cooking and cleaning. These aspects can be enclosed with different sectors such as education, health and social work involving teachers, nurses, community health workers, social workers, and domestic workers (Kuriakose and Iyer, 2019). The activities that contribute to the care economy initiative through Cooperatives in Kerala are explained in table 8.5.1.

Table 8.5.1: Care Economy Initiatives

Sl. No	Activities	SDG
1	Old age home palliative care	SDG 3- Good health and well being
2	Medical insurance scheme for cooperative employees	SDG 3- Good health and well being
3	Loan for differently abled people	SDG 3- Good health and well being
4	Aid, care and assistance for co-operators	SDG 3- Good health and well being

Source: Literature Review

8.6. Other Diversified Activities

In spite of the above specified area-wise assistance, the government of Kerala is providing other kinds of assistance through the PACS. Such initiatives in relation to the SDG are stated in table 8.6.1

Table 8.6.1: Other Activities of Cooperatives in Kerala

Sl. No	Activities	SDG
1	Cooperative Expo 2022	SDG 12- Responsible production and consumption
2	Care home flat project	SDG 11-Sustainable cities
3	Snehatheeram loan for labours	SDG 14- Life below water

4	Indoor Teraff/ stadium	SDG 11-Sustainable cities
5	Social security Pension	SDG 1- No poverty
6	Navakeralam Loan onetime settlement scheme	SDG 1-No poverty
7	KSRTC Pension distribution	SDG 1-No Poverty (Helps in Inclusive growth)
8	COOP Kerala Branding	SDG 12- Responsible Production and Consumption (Strengthens the backward linkage)
9	Cooperative consumer fed activities	SDG 12- Responsible Production and consumption (Reduces the exploitation of Consumers)
10	Cooperative societies for artists	SDG 1- No Poverty (Helps in Inclusive growth)
11	Aksharam Museum	SDG 4 – Quality Education (contributes to social growth)
12	Common software for PACS	SDG 11- Sustainable Cities (Strengthens the infrastructure)
13	Deposit guarantee Scheme cooperative sector	SDG 1- No Poverty and Zero Hunger (confidence building in cooperatives)

Source: Literature Review

9. Diversified Activities in Kerala and its Home Town Advantages

The narrated scenarios are the solution for the concerns that are present in Kerala with respect to specific categories of population and the same is not exhaustive. All these different categories of the population are provided with assistance through cooperatives and hence the same can ameliorate their hardships. What should be engaged as a means of occupation depends on feasible ventures and the particular circumstances that are prevailing in that particular area. The advantageous aspects present in a locality should be identified and the same may be used for the growth of Cooperatives. Some of the examples of the hometown advantages have been classified into Special Skill Sets, Vintage/ Traditional Types of Activity, Availability of Raw Materials, Ideal Environment, Basic Necessity and Market Requirements in which C cooperatives have been found successful in utilising these aspects which are illustrated in fig. 9.1

Figure9.1: Examples of Home Town Advantages



Source: Literature Review

Firstly, Special Skill Set. Presence of the population with some special skill set can be a criteria for building up a cooperative of a specific kind. This skill set of the member employees will be the attribute that is of relevance. An example for this will be the cooperative formed for the benefit of skilled weavers in the province of Kerala. The cooperative namely Kerala State Handloom Weavers Cooperative Society (HANTEK) which was started in 1961 was successful in the role of a protective umbrella for the weavers in Kerala.

Now let's detail the second criteria. Certain localities may be having some traditional type of occupation. Creation of cooperatives engaged in such type of activity will show some definite advantage. Cashew related occupation was the backbone of the economy of certain areas in the province of Kerala. The Government was instrumental in creation of an apex cooperative organisation exclusively for the cashew sector namely Kerala State Cashew Workers Apex Industrial Cooperative Society (CAPEX) and the same is a major player in the cooperative sector.

The third category is about Availability of Raw Materials. Certain locations may be having an abundance of specific types of raw materials. In Kerala, the presence of rubber based cooperatives is because of the abundance of rubber. The Provincial Government established an apex cooperative namely Kerala State Rubber Cooperative Limited (Rubco), which later on became a major cooperative organisation.

The fourth category deals with Presence of an Ideal Environment. Presence of an ideal environment suitable for a particular type of activity can be yet another criteria for the establishment of a cooperative. Presence of ideal environmental and climatic conditions is necessary for cultivation of crops like tea, coffee, coco, mulberry, etc. Similarly fishing and processing of fish is usually possible near to natural sources. An example for a cooperative that is hugely aiding fishermen is the Kerala State Cooperative Federation for Fisheries Development Limited (MATSYAFED)

In the fifth one, the discussion is about how the Necessity of a locality can be met. Certain situations may compel the creation of institutions that may be a necessity. In the case of such institutions, the protectionist role of government may be very high. A cooperative namely 'Sangini' in the province of Gujarat, in India is for training childcare workers. This was done for the purpose of developing such a skill so that it would be an employment opportunity as well as meeting the need of caregivers in child care centres and creches.

The sixth and last is about the Existence of a Market for a Product. The existence of a market for products can be a reason for the establishment of a cooperative in a locality. A cooperative namely Kerala State RUTRONIX was set up by the provincial Government of Kerala as an apex federation of 18 Rural Women's Electronics cooperatives. The member cooperatives manufactured, assembled electronic equipment, computers etc. for which components were provided by the apex cooperative. The finished items were marketed through the apex cooperative.

The SEWA Sangini Cooperative provides child-care services for SEWA members – all women workers in informal employment – through 11 centres across Ahmedabad, India. This case study documents how the cooperative responded to COVID-19 through community outreach and adapted child-care services to support workers and the children in their households. Central to the cooperative's immediate and effective response is the decision-making power invested in child-care workers who sit on the board of the cooperative and their strong ties with the community and SEWA.

10. Principles of Cooperatives in Kerala Cooperative Societies Act 1969

While analysing the Cooperatives laws in Kerala it is evident that the Cooperative principles stand included in the law. Among the principles that are underlying the Cooperative structure, the principles of democratic member control, autonomy and independence are of utmost important in the context of Cooperative governance. No doubt, Cooperatives are democratic organisations controlled by members who actively participate in setting policies and making decisions. Autonomy and independence in the context of an organisation mean the freedom to take decisions on its own without any external interference and the Kerala Cooperative Societies Act 1969 has done cent per cent justice to that.

10.1. Principle of Concern for Community Provisions in the Act

The concept of concern for community is inbuilt in a cooperative structure and it is a direct derivative of the cooperative function and is specifically coming within Section 4. Anyhow there are a few provisions in the enactment that are legally mandating for such aspects. Say for example, Section 56(1) (b) and (d) mandate contributions towards education and donations for charitable purposes from the net profits of cooperatives. Similarly, Section 91 is mandating State Cooperative Unions to participate in developmental activities.

10.2. Concern for Community Provisions in the Rule

The aspects concerning concern for the community are also coming within the scope of the enactment. Rule 53 meant for mentors cooperative education is also contributing to this principle.

11. Government's Role as an Interloper to a Facilitator

By examining the provisions relating to the Principles of Concern for the Community in the Cooperative legislation of Kerala, it is evident that these principles are included in the statute of Kerala. At the same time, government agencies are also responsible for the numerous amounts of diversified activities that lead towards inclusive growth and the attainment of sustainable development goals. Hence the same is analysed by collecting primary data.

The total number of Credit Cooperatives in Kerala on Dec.2022 is 3665 as per the statistical data published by the Department of Cooperation, Government of Kerala. Primary data were collected from owner members and an executive member of a Credit Cooperative in Kerala who were taken from the randomly selected Credit Cooperative from the sampling frame consisting of 3665. It includes all Credit Cooperatives defined under Rule 15 of Kerala Cooperative Societies Rule, 1969 spread over the whole of the State of Kerala. There are 14 districts in the State, each having Short/Medium-term Loans providing Cooperatives and Longterm Loans providing Cooperatives. A Multi-stage stratified proportionate random sampling technique was adopted to select the responses. The sample size was determined as 222 Cooperatives using Cochran's formula.

Identified factors were considered to analyse the Government's interference in Developmental Activities. The relevant hypothesis formulated for analysing the interference is '**The government is not having any interference on the developmental activities of Credit Cooperative.**' This hypothesis is tested using statistical tools like the Relative Importance Index (RII) and One-sample t-test. The results of the same were shown in Tables

11.1.1 and 11.2.1.

11.1. Developmental Activities

Every organization's growth and development are influenced by the firm specific factors. However, if Government intervention occurs, developmental matters will get disturbed. Attempts for diversification, associating with Other Cooperatives, creating a new product/services, implementing an innovative idea, starting ancillary activities are the variables considered to analyse Government involvement in the sample societies identified.

The respondents' agreement regarding the components of developmental activities in Cooperatives and their ranking and test of significance are illustrated in Table 11.1.1.

Table 11.1.1: Level of agreements of Cooperative Members on Developmental Activities

No	Statement on Activity	5 Strongly Agree	4 Agree	3 Neither Agree Nor Disagree	2 Disagree	1 Strongly Disagree
1	Attempts for Diversification is easy	340(54.8%)	173(27.9%)	35(5.6%)	41(6.6%)	32(5.2%)
2	Associating with Other Cooperatives is easy	41(6.6%)	203(32.7%)	134(21.6%)	214(34.5%)	29(4.7%)
3	Creating a new product / services is quite comfortable	30(4.8%)	221(35.6%)	117(18.8%)	234(37.7%)	19(3.1%)
4	Implementing an innovative idea is easy	38(6.1%)	217(34.9%)	134(21.6%)	210(33.8%)	22(3.5%)
5	Starting Ancillary Activities are very easy	32(5.2%)	211(34.0%)	147(23.7%)	215(34.6%)	16(2.6%)

Source: Primary data

From Table 11.1 it is seen that the majority of respondents reported either strongly agree or agree on going for diversified activities, associating with other cooperatives (39.3%), implementing an innovative idea (41%), and starting ancillary activities (39.2%). On the other hand, they strongly disagreed or disagreed on creating a new product/service (40.8%).

In order to identify the most significant factor contributing to compliance matters in the cooperatives, RII along with mean and SD for various components have been calculated and depicted in Table 11.2 One-sample t-test was used to assess the external validity of the variables analysed here.

Table 11.2.1: Test of significance (one sample t-test) relating to the factors contributing to Developmental Activities

No	Activity	Mean	SD	RII	Rank	t	P
1	Attempts for Diversification	4.20	1.14	0.8409	II	26.408	<0.05*
2	Associating with Other Cooperatives	3.02	1.06	0.6042	IV	0.492	>0.05NS
3	Creating a new product / services	3.01	1.02	0.6029	III	0.352	>0.05NS
4	Implementing an innovative idea	3.06	1.03	0.6126	I	1.512	>0.05NS
5	Starting Ancillary Activities	3.05	1.00	0.6090	VI	1.127	>0.05NS

Source: Primary data

*: significant at 5% level, NS: not significant

In Table 11.2.1, the analyses based on mean values showed that respondents have a moderate level of satisfaction on matters such as implementing an innovative idea (3.06 ± 1.03), starting ancillary activities (3.05 ± 1.00), associating with other cooperatives (3.02 ± 1.06), and creating a new product/service (3.01 ± 1.02). The observed mean values of the one-sample t-test were not significant at a 5 percent level ($P > 0.05$) except for starting ancillary activities ($P < 0.05$). The RII values are also reported to be high, and the most prioritising components of ease of getting approvals from the government to Cooperatives are identified as the factor of Implementing an innovative idea (0.6126) and Starting ancillary activities (0.6090).

Based on the analyses shown in Table 11.1.1 and Table 11.2.1, the interference of the Government Body on the functioning of Credit Cooperatives concerning Developmental Activities, the observed mean values of one-sample t-test were found statistically significant at 5 per cent level ($P < 0.05$). Hence, **the null hypothesis was rejected, which illustrates the interference of the Government in the developmental activities of Credit Cooperatives.**

12. Conclusion

The role of Credit Cooperatives for the purpose of financial inclusion stands vindicated by multiple examples. Inherent Cooperative Principles and Values are the underpinning of the success story of Credit Cooperatives in the field of financial inclusion. In the state of Kerala also there is a substantial presence of Credit Cooperatives and the same has been successful in reaching out to populations not otherwise part of financial inclusion. The role played by the government in the development of the people in the cooperative sector in Kerala is inevitable. They are focusing on an inclusive approach. The areas such as agriculture and climate action Support for women, SC/ST, Youth, Care Economy, and other activities lead to the overall development. The government of Kerala is acting as a facilitator for implementing the diversified activities that are contributing toward sustainable development goals.

The evaluation of the collected data shows that there is government interference in matters relating to the developmental activities of the cooperatives. This indicates that the state government performs the role of both interloper and facilitator. On the one side, the government is providing support for doing diversified activities but on the other hand, they are acting as an interloper in the governance of Cooperatives through the legislation and through other government mechanisms/agencies. Instead of this dual role, if the government agencies could play the role of the facilitator alone would lead to the overall development of the economy. Cooperatives are not the only solution for these importunate circumstances but for cooperative start-ups, if formed by utilizing the home town advantage can be a solution because it is a proven fact that the inclusive, resilient and altruistic nature of the same as a social enterprise, can definitely be sustainable.

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