The cooperative movement is strong and deep-rooted throughout Kerala, and its historical foundations were laid by progressive political movements in the State. In large parts of the State, the cooperative movement was a direct offshoot of the freedom struggle as well as the struggle for land reforms by the peasant movement in the 1940s and 1950s. Over the years, the development of cooperative credit institutions was key to the weakening of usury in rural areas of the State. Cooperatives also play a vital role in mobilising people and pooling their resources to meet the common needs of their members and thereby, of society at large.

Credit cooperatives continue to be an important source of credit, particularly rural credit, in Kerala. Kerala has more than 1600 primary agricultural credit societies (PACS), and such a network matches, if it is not actually larger than, the branch network of commercial banks. About 62 per cent of Kerala’s population is registered as members of PACS, while in India the corresponding share is just 10 per cent. About 70 per cent of deposits in all PACS in India are in Kerala. About 60 per cent of all deposits in Kerala are in cooperatives, while in India, just 20 per cent of all deposits are in cooperatives. For every 100 credit accounts in the banks, the number of borrowers in the PACS is 35 in India and 184 in Kerala.

As a result, Kerala’s cooperatives have also shown significant progress in bringing in borrowers into the formal banking structure. About 33 per cent of the total household debt in Kerala was raised from credit cooperatives in 2018; the corresponding share was only 8 per cent at the all-India level. The Kerala State Co-operative Bank, which serves the sector as the apex institution, the Kerala State Co-Operative Agricultural and Rural Development Bank (KSCARDB) or the Bhoopanaya Bank, and the PACS have established an efficient rural financial system. This system has insulated the rural and semi-urban population from money lenders as well as the volatilities of the policies of financial
liberalisation over the years. The political system that governs the cooperatives has consistently evolved in this direction.

The importance of cooperatives for Kerala, however, cannot be measured by their role in credit provision alone. Given their democratic and decentralised character, cooperatives (including credit and non-credit cooperatives) have expanded with panchayati raj institutions, as agents of socio economic change in Kerala.

In particular, the cooperative system of production organisation in Kerala has emerged as an alternative in traditional industries. Examples are in the beedi industry, handloom industry, and coir industry, where the mobilisation of traditional workers under the cooperative system has helped protect and enlarge employment, as well as create new forms of production organisations.

In a host of non-agricultural sectors, too, cooperatives have made a mark. The Uralungal Labour Contract Cooperative Society, established in 1926, is an example of such an initiative in the construction industry.

Cooperatives must play a major role in assisting the productive sectors of the State achieve their potential for growth. Cooperatives must also help create large-scale aggregation and marketing networks, particularly in agriculture. The Government has also been working on issues of technological upgradation, diversification, and professionalisation in this sector. Along with discussions on the growth of cooperatives, these issues will also be discussed at the Keraleeyam sessions.

We look forward to the discussions at the session to clarify and extend our vision for cooperatives in Kerala.