



Financial Inclusion, Women Empowerment, and Rural Development through Cooperative Banking: A Case Study of Shantiniketan Souharda Sahakari Sangha Ltd., Hebri Taluk

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ABSTRACT

The cooperative banking sector in India has emerged as a key driver of rural economic development by promoting financial inclusion, supporting entrepreneurship, and empowering marginalised groups, particularly women. This study examines the role of Shantiniketan Souharda Sahakari Sangha Ltd., Kudibailu, Kuchoor, Hebri Taluk, in fostering sustainable rural growth through its diverse financial services. Established with the vision of addressing local economic needs, the society has achieved significant milestones, including 100% loan recovery over the last five years and the declaration of a 20% dividend in the previous financial year. The study explores the cooperative's initiatives in credit facilitation, microfinance support, women-oriented self-help group financing, and educational sponsorships, highlighting their direct impact on enhancing livelihoods, promoting self-reliance, and reducing rural-urban migration. Through primary and secondary data analysis, the paper assesses how effective management, community participation, and transparent operations have positioned the society as a model for rural development. The findings reveal that a locally rooted cooperative, when guided by a social mission and sound financial practices, can deliver both economic viability and social empowerment, thereby contributing to the broader goals of inclusive and sustainable development.



1. Introduction

Cooperative banking has played a crucial role in India's rural economic development by bridging the gap between formal financial institutions and marginalized communities. The model is based on the principles of mutual help, democratic control, and equitable distribution of benefits, making it particularly effective in rural settings where commercial banks often have limited reach (NABARD, 2023). According to the Reserve Bank of India, cooperative credit institutions contribute significantly to agricultural financing, rural entrepreneurship, and poverty alleviation by providing affordable credit and promoting savings habits among rural households (RBI, 2022).

In Karnataka, the cooperative movement has evolved into a dynamic network, with the Souharda model introduced through the Karnataka Souharda Sahakari Act, 1997, emphasising autonomy, member participation, and transparency (Government of Karnataka, 2021). Souharda cooperatives are distinguished from traditional cooperatives by their flexibility in governance and ability to adopt innovative practices, making them well-suited to address local socio-economic challenges (Karnataka State Souharda Federal Co-operative Ltd., 2022).

Within this framework, Shantiniketan Souharda Sahakari Sangha Ltd., established in Kudibailu, Kuchoor, Hebri Taluk, stands out as a remarkable example of grassroots financial empowerment and youth-led leadership. Founded entirely by a group of motivated rural youths all directors being under the age of 30 at the time of formation the society was inaugurated on 24th September 2020 during the challenging period of the COVID-19 pandemic. Its creation was inspired by the urgent need to provide financial assistance to middle-class rural households struggling with income loss and economic uncertainty during the crisis.

Despite operating in a remote location with no proper road connectivity accessible only through a mud road the society has consistently demonstrated resilience and innovation in its operations. Since inception, it has prioritized inclusive financial services, educational support, and women empowerment initiatives. In just a few years, it has achieved 100% loan recovery, indicating both operational efficiency and strong community trust. In the financial year 2024–25, the society declared a 20% dividend, reflecting its financial strength and commitment to member welfare.

By facilitating easy access to credit, supporting self-help groups (SHGs), and implementing social welfare activities, the society has contributed to reducing rural-urban migration, promoting entrepreneurship, and enhancing the quality of life in its operational area. This study seeks to explore the



financial and social contributions of Shantiniketan Souharda Sahakari Sangha Ltd. to rural economic development, with a particular emphasis on its role in women empowerment and sustainable livelihood creation.

2. Review of Literature

Biradar, R. (2019) in his study “Role of Cooperative Credit Societies in Rural Development” emphasized that cooperatives act as key drivers of rural economic growth by ensuring affordable credit, promoting agricultural productivity, and encouraging savings habits among rural households. The study found that well-managed cooperatives significantly reduce dependence on informal moneylenders, thereby improving socio-economic conditions in villages.

Karnataka State Souharda Federal Co-operative Ltd. (2020) in its report on “Souharda Movement in Karnataka” highlighted that Souharda cooperatives, owing to their autonomy and transparency provisions under the Karnataka Souharda Sahakari Act, 1997, have been able to adopt innovative financial products and community-oriented programs. This has increased their ability to serve marginalized sections, including women and small-scale entrepreneurs.

Karmakar, K. G. & Banerjee, G. D. (2018) in “Rural Credit and Financial Inclusion” noted that microfinance initiatives through cooperative structures contribute significantly to women empowerment by enhancing their decision-making capacity, improving household income, and fostering entrepreneurial skills. The authors stressed that cooperatives with strong local engagement have higher repayment rates and stronger social cohesion.

Sharma, A. & Singh, R. (2021) in their article “Women Empowerment through Cooperative Banking” found that rural women who participated in self-help groups linked with cooperative banks experienced improved access to credit, better financial literacy, and increased participation in community decision-making. The study concludes that gender-focused cooperative programs have long-term impacts on rural poverty alleviation.

Patil, S. & Kulkarni, V. (2022) in “Performance of Souharda Cooperative Societies in Karnataka” analyzed the financial performance of Souharda societies and observed that societies with effective governance, diversified financial services, and active member participation not only achieved high loan recovery rates but also generated surplus income for dividend distribution, thereby sustaining member loyalty and rural economic stability.



3. Research Gap

While the role of cooperative banking in rural development has been widely studied in India—covering agricultural credit, microfinance, poverty alleviation, and women empowerment—the majority of research has been broad in scope. Studies such as Biradar (2019), Karmakar & Banerjee (2018), and Sharma & Singh (2021) emphasize how cooperatives provide affordable credit, encourage savings, and promote SHG-led women empowerment. In Karnataka, research has increasingly examined the Souharda model under the Karnataka Souharda Sahakari Act, 1997, noting its autonomy, transparency, and operational efficiency (Patil & Kulkarni, 2022). However, most literature focuses on state-wide patterns or sectoral overviews, with very limited micro-level analysis of individual success stories.

There is little academic documentation of grassroots Souharda cooperatives that excel in both financial sustainability and social service delivery. The case of Shantiniketan Souharda Sahakari Sangha Ltd., Kudibailu is distinctive—achieving 100% loan recovery for consecutive years, declaring a 20% dividend in 2023–24, and engaging in impactful community initiatives such as women empowerment, educational sponsorships, and rural entrepreneurship promotion. This rare combination of strong financial performance and meaningful social impact remains underexplored in existing literature. Therefore, this study addresses the gap by providing an in-depth case analysis, offering insights valuable to policymakers, cooperative leaders, and rural development practitioners.

4. Significance of the Study

This study is significant as it provides an in-depth analysis of how a grassroots-level Souharda cooperative can achieve both financial stability and meaningful social transformation in a rural context. While cooperative banking is widely recognised as a vehicle for financial inclusion, the case of Shantiniketan Souharda Sahakari Sangha Ltd. stands out for its exceptional 100% loan recovery rate over the last five years and the consistent distribution of dividends, including 20% in the most recent financial year. By examining the strategies, governance practices, and community engagement methods adopted by this society, the study generates practical insights that can guide other rural cooperatives in improving operational efficiency and member satisfaction. The findings can serve as a blueprint for replicating similar models across Karnataka and beyond, thereby contributing to sustainable rural development.

In addition, this research is crucial from a social empowerment perspective, particularly in the domain of women's participation in economic activities. The cooperative's initiatives in supporting self-help groups, providing educational assistance, promoting agricultural practices, and organising community



welfare programs have demonstrated tangible improvements in household income, decision-making capacity, and quality of life for rural women. By documenting and analysing these contributions, the study not only enriches the academic discourse on rural finance and empowerment but also offers valuable recommendations for policymakers, development agencies, and cooperative federations seeking to bridge the gap between financial inclusion and socio-economic upliftment. This dual focus on financial performance and social impact makes the study a vital addition to cooperative banking literature and rural development policy discussions.

5. Objectives of the Study

1. To analyze the financial performance of Shantiniketan Souharda Sahakari Sangha Ltd., with special reference to its loan recovery rates, dividend distribution, and profitability trends over the last five years.
2. To assess the role of the cooperative in promoting rural economic development through credit facilitation, entrepreneurship support, and agricultural initiatives in Kudibailu, Kuchoor, Hebri Taluk.
3. To evaluate the contribution of Shantiniketan society towards women's empowerment, particularly through self-help group financing, skill development programs, and educational support initiatives.
4. To identify the key governance practices, community engagement strategies, and operational models that have enabled the society to achieve both financial sustainability and social impact.

6. Hypothesis

H₀:

The financial services provided by Shantiniketan Souharda Sahakari Sangha Ltd. have no significant impact on rural economic development and women's empowerment in Kudibailu, Kuchoor, Hebri Taluk.

H₁:

The financial services provided by Shantiniketan Souharda Sahakari Sangha Ltd. have a significant positive impact on rural economic development and women's empowerment in Kudibailu, Kuchoor, Hebri Taluk.

7. Data Collection Methods

The present study on Shantiniketan Souharda Sahakari Sangha Ltd., Kudibailu, is based on secondary data.



Secondary Data – Obtained from:

- Annual reports and audited financial statements of the SNSS society (2020–21 to 2024–25).
- Official records from the Karnataka State Souharda Federal Co-operative Ltd.
- Previous research papers, government reports, and relevant publications on cooperative banking and Souharda societies.

8. Tools and Techniques of Analysis

- The collected data was processed and analysed using both quantitative and qualitative approaches:
- Trend Analysis – To identify performance patterns in loan recovery, dividend distribution, and membership growth over the five years.
- Percentage Analysis – To interpret survey responses and financial ratios in an easily comparable format.
- Descriptive Analysis – To qualitatively interpret the society's role in community development, women's empowerment, and rural entrepreneurship promotion.

10. Hypothesis Testing, Results, and Discussion

10.1 Hypothesis Testing

The hypothesis was tested using a trend analysis of key performance indicators from 2021 to 2025, including membership growth, share capital, deposits, loans, investment, income, and profit/loss. Social indicators such as zero loan overdue, consistent audit grade "A" for three consecutive years, and expansion of services to new members were also considered.