STATE FINANCIAL INVOLVEMENT IN COOPERATIVE CAPITAL: REALIZING AN INCLUSIVE ECONOMY IN INDONESIA

Mairul

ABSTRACT

The state is obliged to create an inclusive economy for the welfare of its citizens. Cooperatives have been widely known to provide economical access to the community regardless of economic capacity. However, in recent times, cooperatives have found it difficult to survive and thrive amid rapid technological developments. The difficulty is none other than the problem of capital which is very important in business development. It is time for the state to make more efforts to develop cooperatives by including state assets as cooperative capital to ensure the realization of economic inclusion. This study raises the potential for including state finance in cooperatives in Indonesia through a normative legal approach. Based on the study, it can be stated that the capital potential of cooperatives in the financial institution system has been regulated in Law No. 25 of 1992 on Cooperatives in Articles 41 and 42, namely capital sourced from members and other parties such as funds sourced from grants, Bank Loans and other parties that are not binding. In addition to the source of cooperative capital from cooperative members, there is also state financial involvement called capital fertilization in the form of grants and capital participation with profit-sharing mechanisms. However, there must be precise regulation of the mechanism of state financial involvement in the fertilization of cooperative capital because the management must be accountable to the country's finances. Although with local regulations in general, there must be regulations governing the involvement of state finances in the fertilization of cooperative capital.

Keywords*:* Capital; Cooperative; State Finance; Inclusive; Economy

INTRODUCTION

A country's realization of an inclusive economy requires cooperation from various parties, including the people. Cooperatives are a form of people's participation in moving the wheels of the country's economy based on the principles of democracy (Chaniago, 1984), togetherness, kinship and openness, which are also in line with Article 33 of the 1945 Constitution. Cooperatives can be said to be one of the inclusive economic programs. Every element of society, whether it has capital or not, can participate and benefit through cooperatives. It is not an exaggeration to say that cooperatives in Indonesia are said to be the "main support" or "*soko guru*" of the national economy (Hatta, 2002), even though there have been many shifts. Cooperatives have a diverse diversity of business forms ranging from the provision of daily necessities, services; savings and loans; to even agricultural products and services (Widjajani & Hidayati, 2014). Thus, perpetuating cooperatives is very close to realizing an inclusive economy (Widjajani & Hidayati, 2014). However, on the other hand, cooperatives are currently having difficulty getting a strategic position in the national economy. The existence of cooperatives is starting to be threatened by digital businesses offering various conveniences (Heryadi, 2015). In addition, cooperatives are also experiencing problems in the capital as it is known that capital has a vital role in business development (Edi Swasono, 2005).

Technology and rapid business change shift the position of cooperatives as a means of " depository " of community assets, putting cooperatives in a problematic situation, especially in terms of capital. Based on Article 41 and Article 42 of Law No. 25 of 1992 on Cooperatives, cooperative capital can come from own capital, loan capital, or equity participation. The intended participation capital can come from the Government, community members, business entities, and other entities, as stated in Article 3 of Government Regulation No. 33 of 1998 on Equity Participation in Cooperatives. Capital participation from the Government can be done from any source in various forms. Referring to Article 75 of Government Regulation 58 of 2005 on Regional Financial Management, regional government capital participation can be made if the amount included in the fiscal year has been regulated in a Regional Regulation concerning regional capital participation. Therefore, the Government that participates in various economic activities in capital participation or grant funds can collect it in the district/city finance (APBD), which will be outlined in the form of a Regional Head Decree (Robuwan, 2019).

Collective capital participation by the Regional Government through the APBD has been shown by the Government of Agam Regency, West Sumatra Province; there were regional government programs in 2009; about the mosque-based populist economic movement, starting with the establishment of a sharia cooperative with a fund of Rp. 300,0000,0000- (three hundred million rupiah) for each Village/Nagari (84 units) sourced from the Regional Revenues and Expenditures Budget (APBD) of West Sumatra Province and Agam Regency. The Government of West Kutai Regency has also done the same thing in Regional Regulation No. 08 of 2012 on Government Equity Participation in Cooperatives which also increases cooperative activities by providing cooperative capital in the region. Here is the possibility of cooperative capital participation by the Regional Government through the Regional Revenues and Expenditures Budget (APBD), but what about the Indonesia Budget (APBN)? Capital participation by the state can be a significant impetus for the development of cooperatives which certainly does not deviate from the mandate of the Constitution as long as it is carried out to realize the social welfare of the people.

On the one hand, the inclusion of state assets in cooperative capital can be a strong impetus for cooperatives to develop, especially to realize an inclusive economy in Indonesia. Nevertheless, on the other hand, the inclusion of state assets in cooperative capital is a somewhat risky step, especially regarding the potential of cooperatives in realizing an inclusive economy as a microfinance institution and the mechanism for the participation of state capital in cooperatives and their accountability.

METHODS

The research was conducted using a library research method with statute and conceptual approach combination. Library research is intended to find the suitability of the arrangement and evaluate the concept of existing regulations. The data collected from the library research will then be analysed qualitatively to answer the research problems (Seokanto & Mamudji, 1985).

FINDING AND DISCUSSION

The Capital Potential of Cooperatives in the Financial Institution System

The Cooperative Law, which is still working today, is a product of 1992, so it requires a review of its legal concepts, considering that the business world's development has been much more advanced. The legal concept that the author proposes here is a very early concept to form an Indonesian Modem Economy Law in the future (Sitepu & Hasyim, 2018). In this concept, the author only describes the points of cooperative capital regulation that should require further regulation. The regulation of cooperative capital at first did not regulate capital. It was realized that capital was an essential aspect in the development of cooperatives, so at the beginning of cooperative regulation, Law No. 79 of 1958 on Cooperative Associations was formed, then there were rules on capital. Until now, cooperative capital regulation has developed with the presence of Law No. 25 of 1992 on cooperatives which states that to obtain cooperative capital allows obtaining participation capital from both members and non-members; cooperative capital is influenced by the number of members, member participation, and other business activities carried out.

As stipulated in the capital of savings and loan cooperatives, Article 41 of Law No. 25 of 1992 and Article 16, Article 17 of Government Regulation No. 9 of 1995 determined that the capital of the Savings and Loan Cooperative comes from its capital and capital from loans. The own capital of the Savings and Loans Cooperative comes from; Principal Deposits, Mandatory Deposits, Reserve Funds, and Grants and can be supplemented with Participation Capital. Meanwhile, the borrowed capital comes from; Members, other Cooperatives and or their members, banks and other financial institutions, issuance of bonds and other debt securities, and other legitimate sources (Sari et al., 2019).

Capital is an essential factor in moving the wheels of cooperative business services and transactions. Although essential, it is not easy for cooperatives to increase the amount of capital under the demands of the need to improve services to members and cooperative businesses in a sustainable manner. There are several reasons why it is not easy: first, a Cooperative is not a "collection of capital" consisting of shares *(shares)* of the owner, as befits a company. Cooperatives are known as "associations of people" (*member associations*) by organizing businesses organized in a company *(enterprise or firm)* which in practice demands the availability of capital. Second, capital is cultivated from (1) member contributions; increased capital is carried out by increasing the number of new members, and (2). eliminating part of the cooperative surplus in the form of *reserves (reserve funds*) as organic capital *from cooperative companies.* Both member contribution capital and also organic capital create an accumulation of cooperative capital equity, which is volatile. Why? Because the member's contribution capital can be reduced at any time whenever the member withdraws or withdraws from the cooperative membership, while organic capital is prone to shrinking because it is used to cover the losses of the Cooperative's business or even does not increase because the Cooperative has a business deficit, so no business proceeds are set aside to cultivate reserves (Siregar, 2020).

On the other hand, the term cooperative capital is structured as equity and debt (*liability),* which in practice causes misalignment and unorthodoxy, so that cooperative capital is further away from *being compatible* in the context of the language of communication of financial standards or financial health. The classification and communication of debt as capital makes prospective cooperative creditors rethink if they want to channel loans/credits or financing to cooperatives. Because of the status of loans/credits/financing that must be the insurer of risk, in this case, it should get a high priority to get the repayment back, especially when the cooperative is in liquidation (Cusnir, 2014). With this position, the Cooperative will inevitably face a problematic situation in obtaining loans or financing from bank financial institutions, the non-bank financial industry, and individual cooperative investors. For this reason, there must be a reconstruction of regulations that can be used to save the existence of cooperatives in the sense that the existence of cooperatives is not only limited to economic and democratic values but can develop in the context of financial institutions (Sitio & Mamudji, 2001). In the recent development of cooperative management, there is an inequality in Cooperative Law application. For example, savings and loan cooperatives should provide services to members only, but what happens in the field, often savings and loan cooperatives, in addition to serving members, also serve non-members, and even if prospective members serve them, these prospective members will also continue to be prospective members. Activities that are supposed to raise funds and distribute funds to and from members target non-members of the Cooperative (Robuwan, 2019). Moreover, no sanctions are imposed on cooperatives that provide loan services to non-members, so in this condition, cooperatives are no different from banks that offer to fund everyone (Sitepu & Hasyim, 2018).

As a business entity, of course, managers want to maintain the existence of cooperatives, increase business scale, and even win the competition are normal. As an intermediation institution, cooperatives are required to have the ability in the aspect of capital, liquidity aspect, solvency aspect and rentability aspect (Kader, 2018). This desire is driven by an orientation that, as a business, an entity is required to get a significant profit amid very keen competition. Managers compete to innovate services, create new products and even give promises many people like so that people are interested and eventually transact at these financial institutions (Cusnir, 2014). The form of supervision carried out by the Ministry of Cooperatives is also very weak, weak supervision stems from the limited human resources, facilities, and instruments available for supervision. Inadequate supervision of cooperatives has resulted in many cases of fraud under the guise of cooperatives. During the last ten years, there have been several cases of investment fraud under the impression of cooperative business entities (KSP), with hundreds of thousands of victims and total losses reaching trillions of rupiah. Langit Biru Cooperative, which in 2011 cost thousands of its members up to Rp6 trillion. Still, in the same year, KSP Pandawa succeeded in deceiving 569,000 members and prospective members with a loss value of up to Rp. 2 trillion. In 2020, KSP Indosurya could not return funds from 16,749 'customers' with a loss value of Rp. 14 trillion (Dewi et al., 2022; Rahayu et al., 2021). Even if it is proven to violate the rules, strict sanctions are rarely carried out and even not carried out, for example, the obligation to report business developments and financial conditions to the Ministry of Cooperatives. Strict action, from reprimands to the revocation of licenses or closure of business activities, is a form of protection of public funds with the status of members and prospective members collected in the Cooperative (Alami, 2018).

Cooperative activities in carrying out business activities that violate the principles of cooperatives and the Cooperative Law is one of the obstacles to why cooperatives are challenging to grow and develop qualitatively (Sitepu & Hasyim, 2018). Obstacles in the development of cooperatives include; Inadequate laws and regulations to provide strict sanctions against Cooperatives laws violations; lack of ability to master regulations regarding the management of financial services and businesses from the supervisory apparatus, which is at the same time as the supervisor of cooperatives, as well as poor and even unprofessional management of cooperatives such as activities that are excluded from the main work.

Then to respond to the pattern of Cooperative development that occurs due to legal developments due to a paradigm shift and the development of the world economy that moves very quickly, in addition to management practices that are considered to deviate from the principles of Cooperatives and the Cooperative Law, the Government together with the House of Representatives held a renewal of the Cooperative law by establishing Law No. 17 of 2012 on Cooperatives. The purpose of replacing Law No. 25 1992 with Law No. 17 2012 is to strengthen cooperatives to align with other financial institutions and, more than that, to face economic development and globalization. The development and empowerment of Cooperatives in cooperative policies must reflect the values and principles of Cooperatives as a forum for joint efforts to meet the aspirations and economic needs of members so that Cooperatives can grow to be strong, healthy, independent and resilient in the face of increasingly dynamic and challenging national and global economic developments (Widjajani & Hidayati, 2014).

The astonishment of the new Cooperative Law, namely Law No. 17 2012, caused debate in the community. Some activists and cooperative mobilizers even filed a lawsuit *(Judicial Review)* in the Constitutional Court against Law No. . 17 of 2012. The plaintiffs postulated in Law No. 17 of 2012 was contrary to Article 33 of the NRI Constitution of 1945. The Constitutional Court, ruling No. 28/PUU-XI/2013, annulled Law No. 17 of 2012. The content of the constitutional court's decision No. . 28/PUU-XI/2013 is that Law No. 17 of 2012 is declared contrary to the 1945 Constitution, especially Article 33 paragraph (1) and paragraph (4). The incompatibility between Law No. 17 of 2012 and the people's economic system adopted in Indonesia is that there is considerable flexibility for stock growers with significant capital, while each member does not have flexibility because of the closed investment system in nature, in addition to the existence of a supervisory system that can have the opportunity to intervene with members is also diverge from Cooperative basic principle (Sitepu & Hasyim, 2018). The annulment of Law No. 17 of 2012 is getting stronger because of concerns that it will weaken the position and sustainability of Cooperatives, even though Cooperatives are expected to become the pillars of the national economy. The Constitutional Court then annulled Law No. 17 of 2012 and, to fill the legal emptiness, re-enacted Law No. 25 of 1992.

Furthermore, the birth of Law No. 21 of 2011 concerning the Financial Services Authority (OJK), the existence of the Financial Services Authority (OJK), the existence of the Financial Services Authority plays a broader role in the regulation and supervision of the financial services sector. If cooperatives are included in the financial services sector, cooperative goods become part of the supervision of the Financial Services Authority. However, it is explicitly stated that cooperatives are supervised by the Ministry of Cooperatives and Small and Medium Enterprises because, according to Article 6 letter c of Law No. 21 of 2011 on OJK, one of the duties of the Financial Services Authority is to supervise other financial services. It is worth acknowledging that several cooperatives are ready to be supervised by the Financial Services Authority. However, most savings and loan cooperatives are not quite ready to be supervised by the Financial Services Authority because banking supervision standards differ from cooperatives engaged in savings and loans businesses. Financial Services Authorities have relatively high standards of supervision of financial institutions.

Mechanism of State Financial Involvement in Fertilization of Cooperative Capital

State finance is a quantitative plan of activity (with figures embodied in the number of currencies), which will be carried out for the foreseeable future, usually one year (Radjaguguk, 2006). According to Goedhart, state finances are a whole of laws that are enacted periodically, which give the government the power to carry out expenditures regarding a certain period and show the financing tools necessary to cover such expenditures (Ford, 2017). Arifin P. Soeria Atmadja defines state finances in terms of accountability by the government, that state finances that the government must account for are state finances that only apply from the state budget. So that what is meant by state finance is the expenditure that comes from the state budget. Arifin P. Soeria Atmadja describes the notion of state finance, namely the notion of state finance in a broad sense and the notion of state finance in a narrow sense (Atmadja, 2009).

Van der Kemp, state finance is all rights that can be valued by money, as well as everything (whether in the form of money or goods) that can be made the property of the state concerning those rights (Misbach, 2007). Meanwhile, according to Otto Ekstein, in public finance, it is stated that state finance is a field that studies the consequences of budget spending on the economy, especially the consequences of achieving economic goals that are the main economic goals of growth, justice, and efficiency (Ekstein, 1981). According to the Law on the Eradication of Corruption Crimes, state finance is defined as all state wealth, in any form, which is separated or which is not separated, including all parts of state wealth and all rights and obligations arising from; 1) Be in the control, management, and accountability of state institutional officials, both at the central and regional levels; and 2) Be in the control, management, and responsibility of state-owned enterprises/regional-owned enterprises, foundations, legal entities, and companies that include the capital of the parties under the agreement with the state.

In particular, Law No. 17 of 2003 on State Finance (UUKN) in Article 1 Number 1 explains that state finances are all rights and obligations of the state that can be assessed with money, as well as everything both in the form of money and in the form of goods that can be held state property in connection with the implementation of these rights and obligations. The definition of state finance in Article 1, No. 1 of UUKN has a substantive that can be reviewed in a broad and a narrow sense. In a broad sense, state finance includes the rights and obligations of the state that can be assessed with money, including state property that is not covered by the state budget. Meanwhile, state finances in the narrow sense are limited only to the rights and obligations of the state that can be assessed with money, including state property listed in the state budget for the year in which it is stuck. The purpose of holding an express separation of the substance of state finances in a broad sense with the substance of state finances in the narrow sense so that there is uniformity of understanding (Saidi, 2014). State finances, in the narrow sense, are the state budget of revenues and expenditures or the state budget. The substance of state finances in the narrow sense is different from that of state finances in the broad sense, so the two should not be confused juridically. Thus, the substance of state finances in the narrow sense is focused only on the state budget of revenues and expenditures that are established every year in the form of laws (Saidi, 2014).

Cancellation of Law no. 17 of 2012 concerning Cooperatives by the Constitutional Court is an essential lesson regarding cooperative capital. The opening of opportunities for external capital in the Act deviates from the spirit of cooperatives, which emphasizes the principles of kinship and cooperation, which have become the characteristics of cooperatives. Especially Article 50 paragraph (1) letter a, paragraph (2), letter a and e and Article 56 paragraph (1) which assigns supervisors the task of proposing management, accepting or rejecting new members dismissing members contradicting Article 5 paragraph (1) and Article 29 paragraph (2) which makes democracy and equality the fundamental values of cooperative activities and is contrary to the principles of economic democracy. Articles 68 and 69, which require cooperative members to buy cooperative capital certificates, are norms that are not following cooperative principles that are voluntary and open and are contrary to Article 33 paragraph (1) of the 1945 Constitution.

The Court affirmed that the 2012 Cooperative Law prioritizes material and financial capital schemes that override social capital, a fundamental characteristic of cooperatives as a unique entity of economic actors based on the 1945 Constitution. Likewise, cooperative management capital comes from members, not non-members (foreign parties). So, if the capital investment comes from outside, the profits generated no longer belong to the members but the investors. So that the presence of the state is very much needed. Later in this scheme, the profits can be returned to the state and members so that they can be used to realize prosperity in general.

Cooperative as a combined business entity, it is the same as other business entities, which are both profit-oriented and require capital. Cooperatives must run their business as a forum for economic and social democracy (Alami, 2018). Naturally starting a business, capital is one of the critical factors in addition to other factors, so a business cannot run if there is no capital available (Yu & Nilsson, 2019). That is that a business will never exist or cannot run without capital. This illustrates that capital is a business activity's primary and determining factor. Capital is one of the important factors among the various necessary factors of production. Even capital is an important production factor for procuring such factors as land, raw materials, and machinery. Buying land, machinery, labour, and other technologies are impossible without capital. The definition of *capital* is "an asset with a lifespan of more than one year that is not traded in daily business activities" (Edi Swasono, 2005).

Capital, in a broad sense is defined as everything (capital objects: money, tools, objects, services) that can be used to produce more. In terms of its function, capital can be distinguished from individual capital and social capital. Individual capital is each object that provides income for its owner. Social capital is any product used for subsequent production (Arliman S, 2017). Thus, capital as one of the production factors will influence the Cooperative in achieving its goals. That is why cooperatives are not seen as capital associations. For this reason, an ability to manage capital is needed so that the capital that has been obtained and owned becomes a tool to prosper for its members (Cusnir, 2014). Thus, capital in cooperatives is essentially no different from the general definition of capital, that is, as a factor of production. Nevertheless, capital in cooperatives has a distinctive source, nature and position compared to capital in other business entities. The capital function developed from time to time initially oriented only on "how to get capital", then developed into "how to use/allocate capital". Finally, it then develops with a focus on "how to get capital in the most profitable way as well as how to use that capital effectively and efficiently." This is what is meant by the broad notion of capital. Thus, there are two main problems with capital: obtaining capital; managing and using capital (Alami, 2018).

Capital issues in the Cooperative become part of the duties of the board. The board bears the task of how to run the Cooperative by employing Capital Fertilization in the Cooperative. Every business organization, including the Cooperative business entity, strives to continue to grow and develop (Fuady, 2018). As is known, cooperatives are alleged to have structural weaknesses in the capital, which are an obstacle for cooperatives in developing their activities. Cooperative capital can come from own capital and third-party loans. Both types of capital play a prominent role in achieving goals, but the two types of capital have different risks (Chaddad & Cook, 2004). Borrowed capital has a fixed interest as an expense, consequently will reduce the profit earned. Choosing between own and borrowed capital is not determined only by the interest rate of borrowed capital because there are other factors to consider. One of them is the opportunity to acquire such capital. However, when viewed from the fixed burden of borrowed capital, using own capital is undoubtedly better for cooperatives and other business entities. Therefore, for cooperatives, self-capital fertilization should be a priority (Arini et al., 2017).

The mechanism for fertilizing own capital in cooperatives is sourced from Article 4 of Law No. 25 of 1992. Own capital is capital that bears risks or is called "Equity Capital". Although capital bears risks, own capital does not bear the burden of capital interest. This is the advantage of own capital compared to borrowed capital. What is meant by borrowed capital is capital that becomes a debt of the Cooperative, which at some point must be returned to the owner along with interest on the borrowed capital. Thus, the greater the borrowed capital, the greater the interest must be paid, thereby reducing the profit obtained. Meanwhile, if the profit (SHU) obtained is large, it will be able to increase its capital because part of the SHU is intended for the reserve fund, which is one of the components of its capital. The opposite situation will occur; namely, the SHU obtained slightly / low due to the amount of interest that must be paid from borrowed capital. In addition to the reserve fund, the Cooperative's capital comes from the principal and mandatory deposits of members. However, the problem of these two sources of own capital is the problem of obedience and timeliness of members in depositing their deposits, except for functional Cooperatives. Because in functional

Cooperatives (e.g., Kopkar or KPRI), member deposits are usually directly paid through deductions from their members' salaries (Sitio & Mamudji, 2001).

Related to the issue of member deposits, the Cooperative management has to be able to create and increase capital participation from members. The board, of course, is not only concerned with the quantity or a large number of members but also the quality of its members (Robuwan, 2019). The quality of members is reflected in how members fulfil their rights and obligations to the Cooperative. This is a logical consequence of the dual identity of the member, that is, as the owner and the user or customer of the Cooperative. If each member has grown a sense of belonging, there will be a sense of responsibility towards his property (in this case, the Cooperative). Members manifest such circumstances in the form of active participation, one of which is in the fertilization of capital through the obligatory deposits of members (Heryadi, 2015).

Another element of own capital is "Grants", whether from governments, private companies, institutions or individuals. Grants can be said to be complementary capital because the accretion is not continuous. Thus, the Cooperative cannot rely on its capital from the source of capital in the form of this Grant. In addition to owning capital as described above, borrowed capital is also used in cooperatives. Borrowed or foreign capital is usually in the form of loans from financial institutions, either banks or non-banks or individuals, both members and non-members. Members' voluntary deposits are classified as cooperative loan capital. Voluntary deposits are the only borrowed capital with no interest expense (Heryadi, 2015). This means that even though it is classified as borrowed capital, the Cooperative does not have an obligation to give interest on these voluntary deposits. Therefore, concerning members' participation in capital contributions, it is not only dependent on principal deposits and mandatory deposits but must be able to encourage high voluntary deposits from members. In addition to the types of capital described above, cooperatives currently have the opportunity to cultivate capital through the participation and ownership of company shares in instalments of their dividends. Participation capital and ownership capital of cooperative shares are regulated in separate regulations. Cooperatives can cultivate capital better if cooperatives can use their capital well as well. This means that the use or allocation of capital, both in the form of current capital and fixed capital, must be calculated appropriately (Sitepu & Hasyim, 2018).

Referring to the annulment of the 2012 Cooperative Law, equity participation by non-members is not the best alternative in a cooperative capital scheme for one reason: profits are not returned to members, which is contrary to the cooperative's philosophy. In this case, the state can intervene in equity participation from state assets into cooperatives because it does not conflict with the 1945 Constitution, the State Property Law, and the State Treasury Law. This capital participation can be through APBD participation with presidential regulations and APBD through regional regulations. The inclusion of state assets into cooperatives will not have the same implications as the 2012 Cooperative Law because profits do not have to be returned directly to the state, and later profits given to the government can be used to fund similar activities so that the program's reach can be more comprehensive.

Cooperatives funded through APBN/D can be directed to promote local community products and MSMEs. The products sold in the end can move the community's economy around the cooperative. On the other hand, it can also be directed to provide funding for MSMEs. A similar mechanism has been implemented in Agam Regency, West Sumatra, including the APBD, ratified through a regional regulation. Equity participation is carried out in the form of money, which will later be used in productive activities of local cooperatives, including providing alternative funding to MSMEs or the surrounding community. To date, at least 84 cooperative units have received funding from the APBD. Some of the profits returned to the government for funding program purposes, and the rest returned to the cooperative for its members' benefit.

Although the inclusion of state assets is based on the 1945 Constitution, the Law on State Assets, and the Law on State Treasury, there is still a need for regulation of the mechanism of capital through APBN/D to cooperatives through the subsequent Cooperative Law, especially the mechanism for its participation, supervision, use, and return to the state must be formulated. The inclusion of state assets into state capital can be used as a cooperative management scheme in other countries since cooperatives have flexibility in the economy to enable the realization of an inclusive economy, primarily if cooperatives are directed to encourage community business activities such as selling MSME products and providing funding for community business activities.

Thus, the accountability of cooperative administrators and managers is highly accountable because cooperative management involves the participation of capital from government funds. In the sense of state finances, cooperative managers must be held accountable for government cooperation with cooperatives, including policymakers who budget state funds for cooperative business activities. Cooperatives do need sufficient capital to support their business activities. However, every source of capital must be appropriately managed so that no one is harmed, be it the cooperative members, the capital cultivation party, or state finances. In this condition, the expertise and ability of cooperative managers are adequately asked.

CONCLUSSION

The cooperative capital rules contained in Law No.25 1999, in general, have been able to reflect the principles of economic democracy contained in Article 33 of the 1945 Constitution without leaving the characteristics of cooperatives with other business entities. However, the government has issued many regulations and various implementing regulations, as long as the main provisions in the form of laws have not been adapted to changes occurring in the economic field in general and provisions regarding business entities in the economic field. Especially in realizing an inclusive economy through cooperatives, laws and regulations are very important to ensure cooperatives can survive and thrive in the scourge of the times. In particular, the space for cooperatives as a business entity is still limited, and its existence cannot be said to stand on par with other business entities, in Indonesia, especially in the international world. Relating to cooperative capital in the form of the term deposit in cooperatives certainly brings confusion in banking terminology. Then the involvement of state finances in cooperative capital, in addition to the particular requirements that cooperatives have, but there is no guarantee of particular institutions or managers in implementing state financial involvement in cooperative capital. Another problem is the inequity in the distribution of reserve funds when the cooperative disbands, and the role of members is indispensable in realizing an inclusive economy.

SUGGESTIONS

The cooperative paradigm as a joint effort to realize the value of "gotong royong" or collaboration based on family values, the principles of economic democracy and the welfare of members cannot be separated from the purpose of establishing cooperatives in the laws that govern them. However, during competition in the financial services business, the regulations governing cooperatives in general and the provisions on cooperative capital, in particular, must be changed to keep up with developments, including provisions regarding the role of the government in budgeting funds for cultivating cooperative capital. It is necessary to create a transparent mechanism so that the state will not be harmed in the future due to the manager's negligence or other factors. The mechanism for managing and distributing these funds must consider the rules for realizing an inclusive economy.

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Mairul
Universitas Islam Sultan Agung, Semarang, Indonesia
Email: mairulmz@yahoo.co.id