

An overview on Co-operative societies in Bangladesh

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Introduction: Co-operative is a kind of social enterprise which is defined by the international co-operative Alliances' as an autonomous association of persons' united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise. Though are very little specification and justification what is social enterprise is, it is acknowledged that social enterprise is intending for the social benefit rather than profitability in numerical values. We see the co-operative is originated and cooperated by the people of similar class or society to protect their interest and for the socio-economical development collectively. Historically, cooperative is playing the same role of protecting the low earner and developing their socio-economic condition from the first cooperative in England till now. Though there are some dishonest people is trying to take the advantages of social enterprise goodwill doing microfinance and other financial activities for personal or family benefits in Bangladesh, the effective law has developed by the government and proper implantation could remove this type of activities. The overall cooperative situation in Bangladesh is not expected it ought to be. The prime reasons may be the proper knowledge, unawareness, lack of trust, imperfection of the market competition and corruption.

The objectives of the study are as follows:

1. To critically analyze the evolution and the present scenario of the cooperatives in Bangladesh
2. Find out the necessary steps to take for the cooperatives development

Methodology of the study

This is a descriptive, evaluative and analytical study on the cooperative situation and the current position in Bangladesh. To find out the exact information, the cooperative itself is the best source. So the study has conducted survey to collect the data. Though data is important, without proper guideline and expertise opinion using the data is impossible in a systematic way to justify the research objectives.

Considering both issues information and related data has collected from;

1. Primary sources: Using questionnaire, data have been collected by the BBA-41 batch, WUB from different types of cooperative who are running their operations in Dhaka.
2. Secondary sources: Like as; internet, government institutions newsletter, websites, different research organizational websites, existing journal and articles, newspaper etc.

The research also covers the informal conversation and daily life experiences. Presentation of the study includes quotations and figures and statistics from different sources. The survey made on 41 cooperatives but due to unavailable and enough data to work on, the analysis has made on 20 cooperatives that has provided enough data.

Literature review:

Definition of Co-operative society:

- A Co-operative society is an autonomous association of persons who voluntarily cooperate for their common economic interest.

- Cooperatives are made out of cooperative and based on the values of self-help, self-responsibility, democracy and equality, equity and solidarity.

Seven Co-operative features:

- Voluntary and open membership.
- Democratic member control.
- Economic participation by members.
- Autonomy and independence.
- Education, training and information.
- Cooperation among cooperatives.
- Concern for community.

Short history of Co-operative Society:

- According to Wales Cooperative Centre, the Shore Porters' Society which was established in Aberdeen in 1498 claims to be one of the world's first co-operatives society(Wales Cooperative Centre).
- In the decades followed by several co-operatives formed including the Lennoxtown Friendly Victualling Society which was founded in 1812(welcometolennoxtown.co.uk).
- In 1659 P.C. Plockboy, published a pamphlet setting out a scheme for the formation of economic association(F. A Sampson, 1906).
- The first evidential co-operative may have been founded on March 14, 1761 which was created in a barely-furnished cottage in fenwick, East Ayrshire named Frnwick Weaver's Society. The cooperative was started when local weavers manhandled a sack of oatmeal into John Walker's whitewashed front room and began selling the contents at a discount(pages.rediff.com).
- It is assumed that the co-operative movement in Europe was begun in the 19th century, primarily in England and France.
- Robert Owen who was a social worker reformer and believed to be the pioneer of the cooperative movemen(infed.org).
- In 1844 the Rochdale Society of Equitable Pioneers established the` Rochdale Principles` based on which their co-operative ran and development and resulting the growth of the modern co-operative movement Severin Carrell, 2007).

Co-operative in Indo-Asia.

- Derrick Nicholson in 1892, tried to find out ways and means to establish institutions to support and help the agricultural sector. Keep that in mind he suggested for setting of co-operative societies at that decade India faced a terrible famine in 1899 which triggered to the favor of cooperative (preservearticles.com).
- In 1904, the Co-operative Societies Act was passed, which was an official recognition to the co-operative movement. Later it was widened under the Act of 1912. The aim was to help the rural farmers and artisans by providing short term and long term loans (punjabrevenue.nic.in).
- These credit societies were organized on the basis of two models. One model for rural area and other model for urban area with different aspects. The model was set for the farmer who were organized within the model named Reinfusion Model in the later on it was Schulze Delitzxch Bank Model. For the

easy and supportive act a number of Co-operative Societies grew up in rural area, but for different reasons they could not function effectively(National Credit Union Administration).

The major defects why credit societies fail to function effectively:

- There was no provision for setting up of Noncredit Co-operative Societies in rural area.
- No special Central agency was created for financing and supervising the activities of these societies.
- The division of the Credit Co-operative Societies into two types rural and urban stood as a barrier since no specific arrangements could be done for either due to the overlapping nature of such classification.

Co-operative in Bangladesh:

- Co-operative in Bangladesh has passed its century on its way. In initial stage though it functioned with agriculture only, now it is working with economic spheres. Considering its competency and effective utility in post-independent Bangladesh Co-operative Society is constitutionally recognized as on the most important sectors of the economy. Truly Co-operative is established as a social issue. And for this reason the man who contributed much is Dr. Akther Hamid Khan (Scribd).
- On November 06 Bangladesh observed National Co-operative Day throughout the country every year. In 39th National Cooperative Day’s inaugurating at Bangabandhu International Conference Centre in Dhaka, Prime Minister Sheikh Hasina(2010) gave her speech and directed the responsible government to finalize a national co-operative policy on an urgent basis to infuse dynamism into cooperative activities. She further added that her government will do whatever is necessary to spread the co-operative movement across the country to ensure socio-economic and cultural emancipation of the people(Sheikh Hasina, 2010).

According to the annual report 2011, available in www.scribd.com:

We observed continuous growth in number of registered primary co-operative in last five years. In 2010-11 fiscal year number of primary co-operative increases to 1, 75,839 at 4.56% from last year, number of co-operative member increases to 89, 54,237 person at 2.23% comparing to 2009-10, share capital increases to T 512.95 crore in 2010-11 at 9% growth rate comparing to 2009-10 fiscal year, loan disbursement and collection of co-operative increased to TK 1638.92 crore and TK 1476.98 crore respectively.

Rules and regulations to form a cooperative society revised in 1997 (google.com.bd):

1. Citation
2. Application for registration
3. Annual return
4. Information in annual return
5. Other returns
6. Fee

Survey of the study:

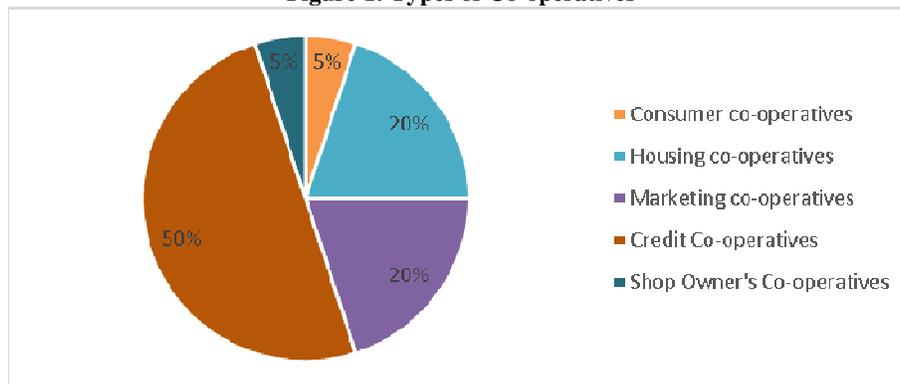
We surveyed on 41 co-operatives. Out of them;

out of 41	Provide information	Reasons
20	100%	We found the responsible person and they were ok with the questions and been co-operative.
12	40%	We couldn’t find the management/who knows all the information or may be scared.
9	10%	They actually scared/ignorant/not co-operative.

Findings of our study

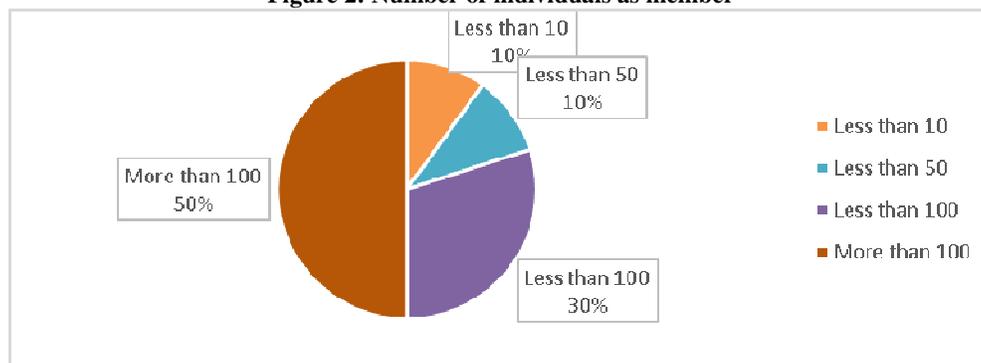
Cooperative society is an association where the members voluntarily cooperate for mutual social, cultural and economic benefit. The study reveals the following scenarios regarding how the cooperative societies in Dhaka are operating, how the members are cooperating for their mutual benefit, how they are contributing to the socio-economic benefit of Bangladesh:

Figure 1: Types of Co-operatives



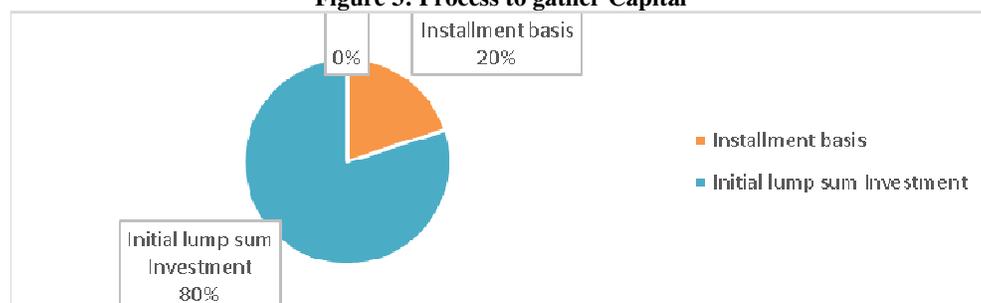
Inference: The figure 1 shows that out of 20 Cooperatives, 5 percent Cooperatives are Consumer Cooperatives, 20 percent are Housing Cooperatives, 20 percent are Marketing Cooperatives, 50 percent are Credit Cooperatives and 5 percent are Shop Owner’s Cooperatives in Dhaka.

Figure 2: Number of individuals as member



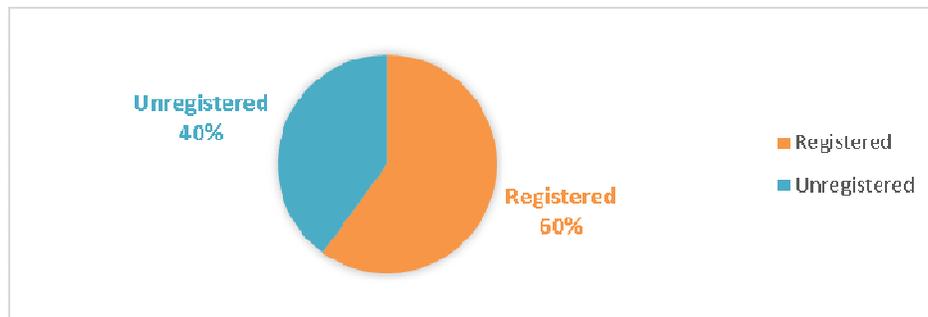
Inference: The figure 2 shows that out of 20 cooperatives , 10 percent cooperatives have members of less than 10, 10 percent cooperatives have members of less than 50, 30 percent cooperatives have members of less than 100, 50 percent cooperatives have members of more than 100.

Figure 3: Process to gather Capital



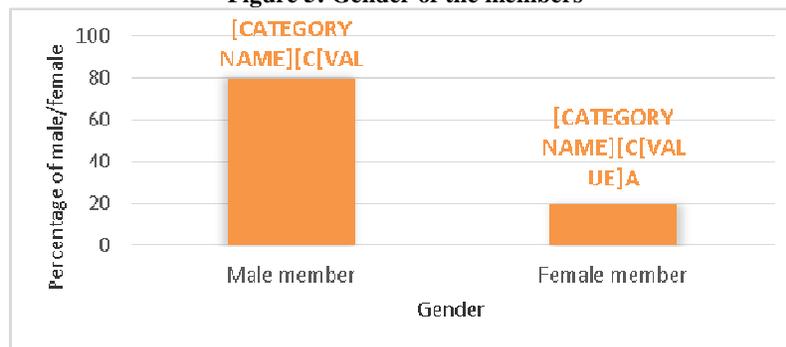
Inference: The figure 3 shows that out of 20 cooperatives, 20 percent cooperatives collect their capital as installment basis (most of the cases monthly installment) and 80 percent cooperatives collect their capital at the time of launching the cooperatives as initial lump sum investment.

Figure 4: Registration of co-operative Societies



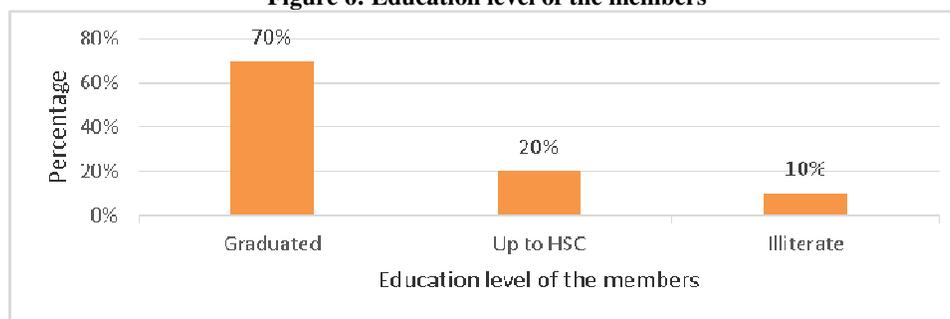
Inference: The figure 4 shows that out of 20 cooperatives, 40 percent cooperatives are operating their organization without taking registration from the concerned authority because the registration process is not easy due to bureaucratic problem and 60 percent co-operatives are operating by taking the registration.

Figure 5: Gender of the members



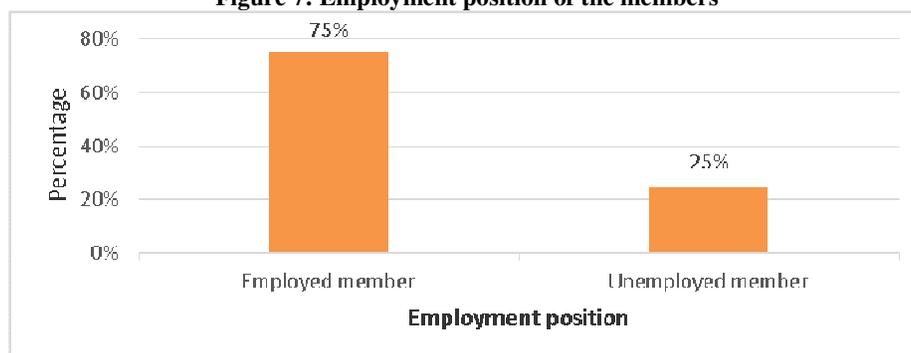
Inference: The figure 5 shows that among the members in the cooperatives only 20% members are female and 80% members are male. So it is clear that the female participation is lower than the male participation in the co-operatives.

Figure 6: Education level of the members



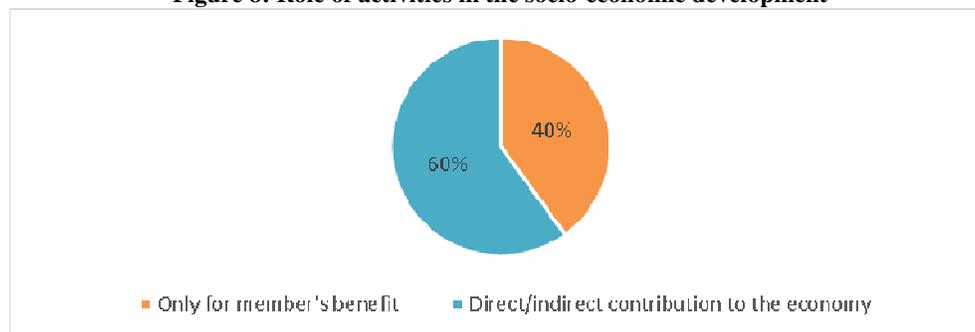
Inference: The figure 6 shows that among the members in the cooperatives 70% members are graduate, 20% members passed up to HSC and 10% members are illiterate.

Figure 7: Employment position of the members



Inference: The figure 7 shows that among the members in the co-operatives 75% members are employed, 25% members are unemployed.

Figure 8: Role of activities in the socio-economic development



Inference: The figure 8 shows that out of 20 cooperatives, 40 percent cooperatives believe that their activities is only for the benefit of their members and they also believe that their activities may indirectly contribute to the development of the country and 60 percent co-operatives believe that their activities contribute directly to the economic development of Bangladesh because of their active participation in business related activities.

Problems of cooperatives in Bangladesh

The study reveals that there are some problems facing by the co-operatives. They are

- Most of the cooperatives that have not registration don't know how to register as a cooperative society from the concerned authority. On the other hand there is a difficulty in taking registration from the concerned authority because the registration process is full of bureaucratic problem.
- Female's participation as a member of cooperative is comparatively less than male participation which is a backdrop to ensure the true and speedy socio-economic benefit.
- Internal conflict between the members of a cooperative act as a tailback. It occurs because of predominance of vested interest of a particular person or class in the cooperatives.
- There is a lack of professional management because members are ignorant about how to operate a cooperative successfully.
- Sometimes political interference becomes a crucial threat for the progress of this sector.
- Limited supply of capital by the members creates financial problems which disable them to take advantages of new opportunities.
- There is a lack of motivation by the higher level stakeholders to highlight the opportunities for starting cooperatives and to provide guidance in getting relative assistance from the concerned authority.

Some recommendation to explore the Prospects of cooperative Societies in Bangladesh:

- Cooperatives societies can play an important role in the social and economic development of Bangladesh if the government takes immediate measures to solve the above problems.
- Periodical campaign program regarding this matter will motivate the mass people to organize suitable cooperatives such as agriculture, food distribution and retailing, childcare, credit unions, purchasing, worker-owned, housing, healthcare, energy and telecommunications etc. to boost the sector which will ultimately contribute in the economy by generating new jobs and making a substantial contribution to the economy.
- Proper education and training for development of management and business skill can strengthen the members to maintain the sector in a sustainable way.
- Relevant advisory services and assistance in arranging finances will help the cooperatives to protect themselves from financial problems.

- The promotional activities of the concerned authority like influencing relevant departments in the government in favour of co-operatives in securing concessions and facilities from public agencies will boost the confidence of the cooperatives.

Conclusion:

Cooperatives can ensure the fullest possible participation in the economic and social development of all people. It should be considered as a powerful business model in the developing country like Bangladesh. It might be a strong tool for poverty reduction in the ground level of mass people. The government should ensure that the concerned authority is performing their role to develop this sector in giving priority.

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Appendix:

List of surveyed Co-operatives

1. Rose velly Co-operative society, Dhaka.
2. Asher alo women multi-purpose co-operative society, Dhaka.

3. *Al raji multi-purpose co-operative society, Dhaka.*
4. *Swapa Ghuri multi-purpose co-operative society, Dhaka.*
5. *Capital tower shop owner co-operative society, Dhaka.*
6. *Kingshuk co-operative society, Dhaka.*
7. *Computed city technology ltd.*
8. *Star decent multi-purpose co-operative society, Dhaka.*
9. *Suchona bohukumki somobaye somiti, Dhaka.*
10. *Dreamers multi-purpose co-operative society, Dhaka.*
11. *Cholon beel Islamic multi-purpose co-operative society, Dhaka.*
12. *Global new way and new way multi-purpose co-operative society, Dhaka.*
13. *Robi multi-purpose co-operative society, Dhaka.*
14. *Bashobash bohukumki somobay somiti ltd.*
15. *Green light finance and commerce ltd.*
16. *Pacific co-operative ltd.*
17. *Classic multi-purpose co-operative society, Dhaka.*
18. *Aki multi-purpose co-operative society, Dhaka.*
19. *Asar alo multi-purpose co-operative society, Dhaka.*
20. *Ekota kallyan somiti.*
21. *Dhaka university employees society.*
22. *Nilacol abason somity.*
23. *The eastern co-operative society ltd.*
24. *Songotom co-operative society, Dhaka.*
25. *Destiny multi-purpose co-operative society, Dhaka.*
26. *Deshbangla savings and credit co-operative society, Dhaka.*
27. *S A co-operative society, Dhaka.*
28. *Milk vita co-operative society.*
29. *Mercentile co-operative bank ltd.*
30. *Ispahani islamia eye institute and hospital co-operative ltd.*

31. *United multi-purpose co-operative society, Dhaka.*
32. *Kapotakkha co-operative society, Dhaka.*
33. *Dhaka co-operative society, Dhaka.*
34. *Ashar Alo Co-operative Society Ltd. Khulna.*
35. *New star company Ltd. Dhaka.*
36. *Desh neer multi-purpose co-operative society Ltd., Dhaka.*
37. *Aziz co-operative commerce & finance credit society Ltd., Dhaka.*
38. *Self-Help multi-purpose co-operative society Ltd., Dhaka.*
39. *Sonali surjo multi-purpose co-operative society Ltd., Dhaka.*
40. *Advances multi-purpose co-operative society Ltd., Dhaka.*
41. *Shopno multi-purpose co-operative society Ltd., Dhaka.*

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