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## AN ASSESSMENT OF CURRENT SCENARIO OF COOPERATIVE SOCIETIES IN BANGLADESH

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### ABSTRACT

Co-operatives consist of an organized group of members and a jointly owned and used enterprise pursuing the object of member-promotion. Owners and users are the same persons (principle of identity). This includes self-financing and self-control. According to Bangladesh Constitution {Article 13(2)}, (Constitution of Bangladesh (as amended up to May 17, 2004)) cooperative is the second largest financial sector based on asset ownership. At present Bangladesh has 29 types of registered cooperatives (Total 1, 86,199) and society members are 9349557 people. Cooperative has 1.88% effect on GDP of Bangladesh. It's seen that, cooperative societies accursed huge assets and created various employment positions. More ever it got tremendous performance in food security along with national security. But too many registered cooperative societies are inactive now. Cooperative actually focused on savings, capital strength, investment, profit distribution and employment creation along with poverty reduction. This paper studied the progression of cooperative societies in business development. The aim is to investigate the ways in which cooperatives can act as agents towards sustainable community development. It further provides a useful insight on the key factors that tend to determine a successful cooperative entrepreneurship development. The analysis has been done on some primary and secondary data in direct observation and Phenomenological approach to get together the goals and locate the financial commitment to Bangladesh and the review finished with a few suggestions to abuse the best prospects in this area.

**KEYWORDS:** Cooperative societies, Economic contribution, business development, employment generation.

### 1. INTRODUCTION

Co-operative is a sort of social enterprise which is characterized as 'Co-operative Alliances' as a self-ruling relationship of people's unified intentionally to meet their basic monetary, social and social needs and yearnings through a mutually claimed and justly controlled undertaking. (Salehi) Despite the fact that are almost no determination and defense what is social venture is, it is perceived that social enterprise is planning for the social advantage as opposed to gainfulness in numerical qualities.

Throughout the years, cooperative enterprises have effectively worked privately possessed individuals organizations while likewise filling in as impetuses for social association and union. With their anxiety for their individuals and groups, they speak to a model of financial endeavor that spots high respect for vote based and human values and regard for nature. As the world today confronts shaky money related frameworks, expanded frailty of sustenance supply, developing imbalance around the world, fast environmental change and expanded ecological

corruption, it is progressively convincing to consider the model of financial venture that cooperatives offer. The cooperative area, particularly in creating nations, additionally introduces itself as an essential component that can add to the acknowledgment of the Millennium Development Goals (MDGs) by 2015. (UNRISD)

Co-operative banks as credit unions, building social orders and Co-operative banks, by concentrating principally on the necessities of their individuals, have shown deliberateness and maintained a strategic distance from the ridiculous hazard taking that tormented numerous vast worldwide monetary foundations. As cooperative banks proceed to work and give advances to their customers and appreciate the trust and certainty of their individuals and contributors, they play a significantly more basic part as purchasers and organizations confront a credit crunch. (Jyoti Gupta)

As the uneven impacts of globalization have prompted an ascent in the unregulated casual economy, employees in the casual part have shaped shared administration cooperatives and relationship to aid their independent work. In provincial regions, investment funds and credit cooperatives give access to managing an account administrations which are inadequate in numerous groups. Credit cooperatives likewise assume a vital part in the development of little and miniaturized scale organizations. (Wanyama)

## 2. OBJECTIVES OF THE STUDY

1. To analyze the present scenario of the cooperatives in Bangladesh
2. To examine the contribution of cooperatives to the national economy of Bangladesh
3. To address some policy issues for the cooperatives development in Bangladesh.

## 3. LITERATURE REVIEW

International Cooperative Alliance (ICA) defined cooperative entrepreneurship 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.” (N.G.V. 12) Cooperative entrepreneurship plays a key social function in the organization of economic relations. Originally, cooperatives ensured a balanced development of the market economy; in the new globalizing world, these national, democratically controlled organizations ensure that the economy continues to serve the everyday needs of the ordinary people. (SKURNIK). Cooperative entrepreneurs play major roles in stabilizing and enhancing member businesses, crafts people or professionals by partaking in some risk sharing and mutual help among members. They also increased incomes and satisfactory conditions of work. (N.G.V.) Dr. Toffael Ahmed (2012) portrayed the current issues and suggestions for the enhancement of agreeable area in Bangladesh. However, the social and prudent view

points, the possibilities of agreeable have not been talked about. (AHAMMED)

Dhiraj Nath (2009) portray the issues and chances of minimal agreeable individuals But to the letter the commitment, issues and prospects of helpful has not been reflected in this article. (nath) It is a business enterprise that goes for finish personality of the segment variables of possession, control and utilization of administration, three particular components that separate cooperatives from different organizations. The contrast amongst cooperatives and different organizations in connection to three primary gatherings of individuals in charge of bringing them into reality and keeping them in operation. The three gatherings are: the people who possess them (the shareholders, the financial specialists), the people who control them (the compelling leaders) and the people who utilize them (the clients). (HUSSEIN) Cooperatives are group based, established in popular government, adaptable, and have participatory contribution, which makes them appropriate for financial advancement. (Pérotin)

### 3.1 Co-operative in Bangladesh

Co-operative in Bangladesh has conceded its period on its system. In starting stage however it worked with horticulture just, now it is working with financial circles. Considering its competency and successful utility in post-free Bangladesh Co-operative Society is unavoidably perceived as on the most imperative divisions of the economy. Genuinely Co-operative is built up as a social issue. Furthermore, consequently the man who contributed much is Dr. Akther Hamid Khan. On November 06 Bangladesh watched National Co-operative Day all through the nation consistently. (Richard E. Boyatzis) In 39th National Cooperative Day's initiating at Bangabandhu International Conference Center in Dhaka, Prime Minister Sheik Hasina (2010) gave her discourse and guided the dependable government to finish a national co-operative approach on a pressing premise to implant dynamism into agreeable exercises. She additionally included that her administration will do whatever is important to spread the cooperative expansion the nation over to guarantee financial and social liberation of the general population.

**3.2. Types of co-operative society:** Various types of co-operative are functioning in our country to meet the utmost requirements of the members. Some of them with their numbers, members and related co-operatives with these are stated below:

**Industry Co-operative society:** Related central and primary co-operative societies with this sector are: Central and Primary weaver co-operative society, Central spinning co-operative society, central handicraft co-operative foundation, primary ceramic co-operative society and other co-operative societies.

**Fishery Co-operative society:** Primary fishermen co-operative society, central co-operative

society and Bangladesh co-operative society are related with this sector

**Women co-operative society:** Interrelated central and primary co-operative societies with this sector are: central and primary women co-operative society, primary co-operative society of baseless women etc.

**Transport co-operative society:**

Interconnected central co-operative society with transport sectors are: central truck driver co-operative society, central maxi driver co-operative society. And interconnected primary co-operative society with transport sectors are: auto rickshaw driver co-operative society, primary maxi driver co-operative society, primary MISHUK driver co-operative society.

**Housing co-operative society:** Primary building construction is related to this sector. The number of this type of societies is 117 and human members it has are 23,533. Apart from this Bangladesh co-operative housing foundation is also linked with it.

**Milk co-operative society:** Primary milk co-operative society and Bangladesh milk producing co-operative union (Milk Vita) are interrelated with this sector. At present there are 1404 primary milk producing co-operative. **Milk Vita:** It was formed in 1973 as a co-operative society of national range.

**Saving and Credit co-operative society:** The co-operative credit union league of Bangladesh, Credit co-operative and primary savings and credit co-operative society are associated with this sector.

**Accommodation co-operative society:** Correlated co-operatives with this sector are: shelter co-operative society and accommodation co-operative society.

**Insurance co-operative society:** Bangladesh co-operative insurance ltd and Bangladesh co-operative life insurance ltd are interconnected with this sector. (Bangladesh)

#### 4. METHODOLOGY

This study is taken after exploratory research configuration in light of evaluate and subjective research approach. The review received an overview inquire about outline of some cooperative societies in Dhaka, Bangladesh to assess the administration conveyance financial commitment to the nation and work era. The study focuses on an

irregular specimen and focused with 15 cooperative societies individuals in Dhaka. Though subjective research is an unstructured, exploratory research technique in light of little specimens planned to give knowledge and comprehension of the issue setting. (Dash) This analysis concentrated on various strategies and minimum square strategy for pattern investigation is one of them. Information required for this quantitative and subjective investigation were gathered from essential sources and optional sources like, eye to eye talk with, venture contract and records, Data and data from auxiliary sources were gathered by counseling different important diaries, thinks about led by different contributor and improvement offices, Economic audit of Bangladesh, yearly reports of Cooperative specialists and the production. The data distributed in the diverse daily papers and sites as of late have been counseled so as to present the gathered information and data were then prepared, arranged and investigated to show the discoveries in a coherent and target way. This study basically centered around three angles: right off the bat, diagonal analysis and prospect of the area and besides, commitment in economy of cooperative societies lastly prescribe a few technique.

#### 5. RATIONALE OF THE STUDY

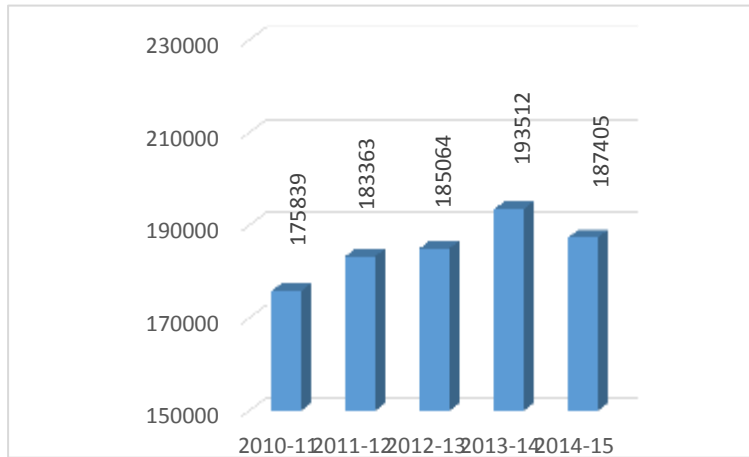
This paper will be noteworthy for investors in private and public areas, approach creators, examiners and so on for get-together learning with respect to cooperative society's in Bangladesh. Its hope that the study will be able to contribute greatly to the literature of Cooperative Management and Entrepreneurship. Secondly, the findings of the study will open up a new line of enquiry for further research. Moreover there are few research studies on Entrepreneurship through Cooperative Management in Bangladesh. Many researchers planned about Cooperative but didn't yet get the effect of Cooperative Management especially in entrepreneur creation in Bangladesh.

#### 6. ANALYSIS & FINDINGS

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 Bangladesh are operating, how the members are cooperating for their mutual benefit, how they are contributing to the socio-economic benefit of Bangladesh:

##### 6.1 Growth of Cooperative societies

According to the annual report 2014-15, available in cooperative directorate, Dhaka, I observed fluctuating growth in registration of co-operative in last five years. It seems in 2014-15 term, registration growth rate quite decreased.



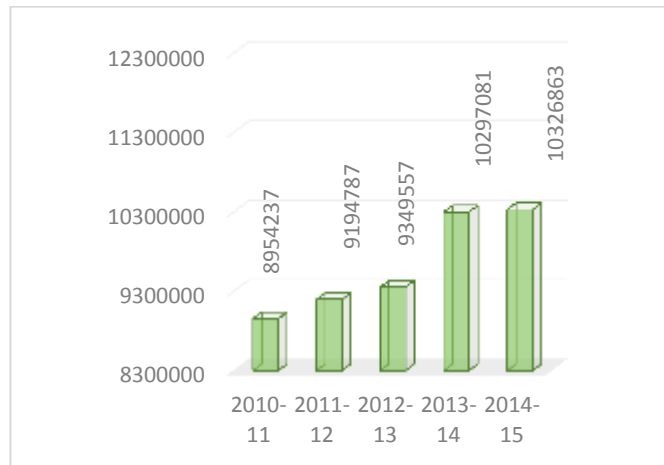
**Figure 1: Number of individuals as member**

Source: Annual Report. Dhaka: Cooperative Directorate, 2014-15

**6.2 Growth of Cooperative members**

In 2013-14 fiscal year number of co-operative member was 10297081 and increased year to year in

2014-15 was 10326863. I observed that the cooperative societies doing good and the member of the societies are increase year by year.



**Figure 2: Number of individuals as member**

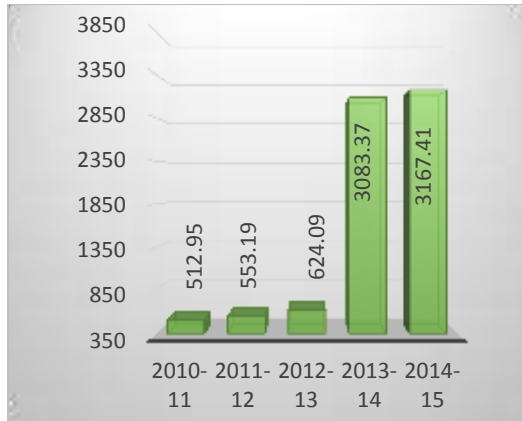
Source: Annual Report. Dhaka: Cooperative Directorate, 2014-15

**6.3 Growth of Cooperative societies Shared Capital**

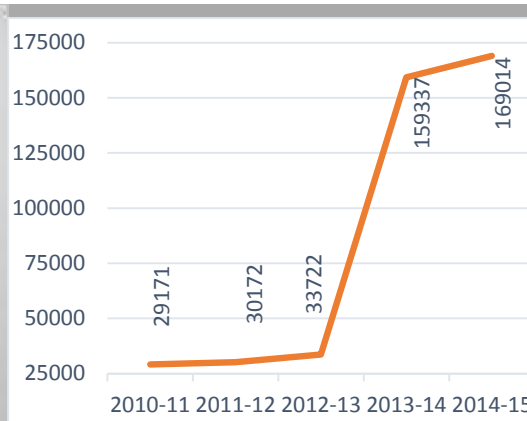
In 2013-14 fiscal year shared capital of co-operative societies was 3083.37 crore and slightly increase in

2014-15 reached 3167.41 crore. \_In 2013-14 fiscal year shared capital per co-operative societies was 159337 crore and slightly increase in 2014-15 reached 169014 crore.





**Figure 3: Shared Capital (In BDT crore)**



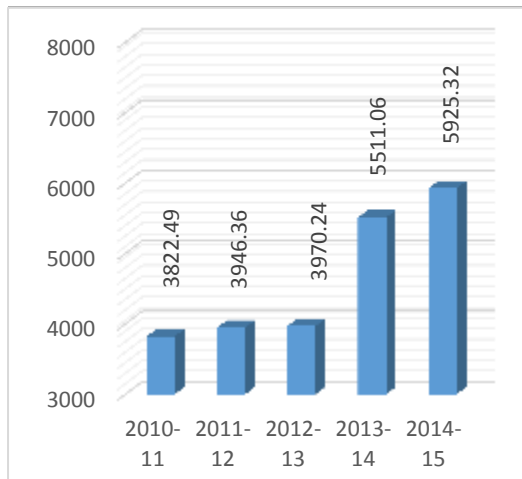
**Figure 4: Shared Capital per Society (In BDT crore)**

Source: Annual Report. Dhaka: Cooperative Directorate, 2014-15

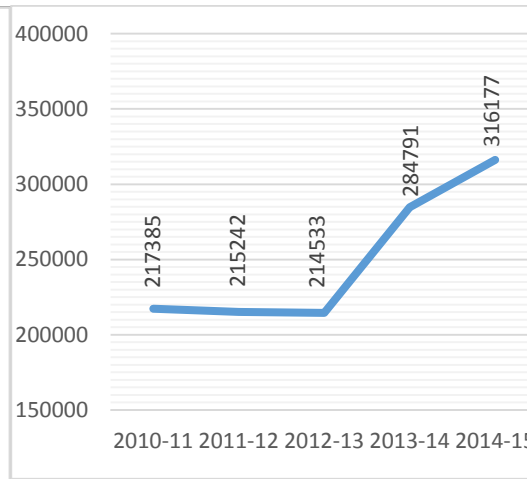
### 6.4 Growth of Cooperative Societies Savings

In 2013-14 fiscal year total growth savings of co-operative societies was 5521.06 crore and slightly

increase in 2014-15 reached 5925.32 crore. In 2013-14 fiscal year savings growth per co-operative societies was 284791 crore and slightly increase in 2014-15 reached 316177 crore.



**Figure 5: Growth of Savings**



**Figure 6: Savings Growth per Society**

Source: Annual Report. Dhaka: Cooperative Directorate, 2014-15

### 6.5 Growth of Cooperative Societies Savings

In 2013-14 fiscal year reserve fund of co-operative societies was 274.49 crore and marginally

increase in 2014-15 reached 301.39 crore. Also, major three types(National, Primary and Central) of cooperative societies are having saving funds.

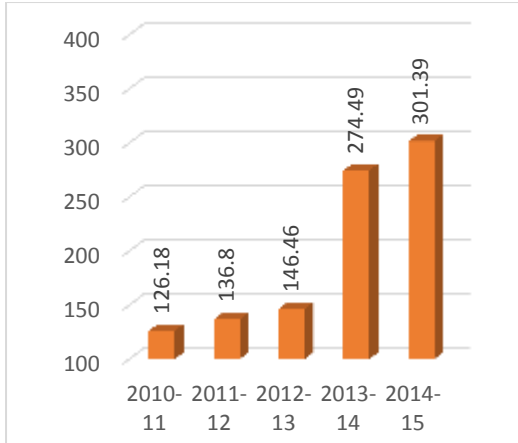


Figure 7: Reserved Fund

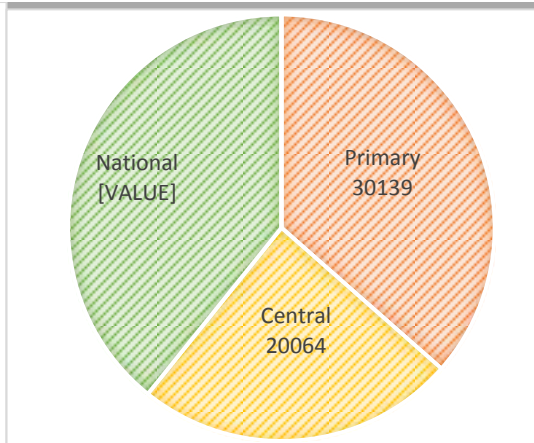


Figure 8: Categorized Fund

Source: Annual Report. Dhaka: Cooperative Directorate, 2014-15

### 6.6 Growth of Cooperative Societies Working Capital and Loan Recovery

In 2013-14 fiscal year working capital of co-operative societies was 9901.53 crore and marginally increase in 2014-15 reached 10466.1 crore. In 2013-

14 fiscal year loan recovery of co-operative societies was 1203.89 crore and marginally increase in 2014-15 reached 1169.75 crore.

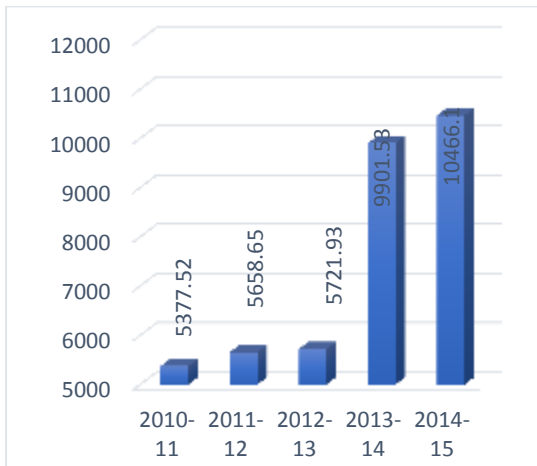


Figure 9: Working Capital (In Crore Taka)

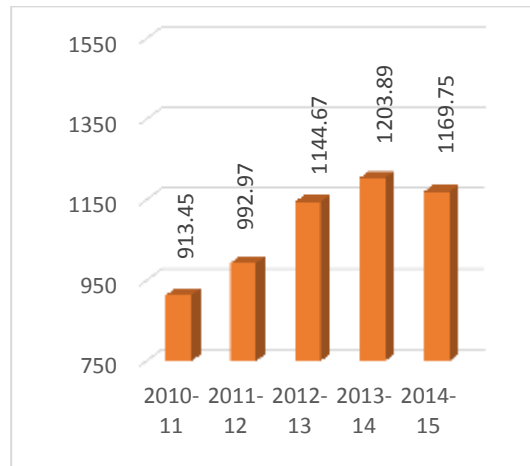


Figure 10: Loan Recovery (In Crore Taka)

Source: Annual Report. Dhaka: Cooperative Directorate, 2014-15

### 6.7. Cooperative Societies: Employment Generation

A co-operative society has three types of employees. Direct involve with Cooperative societies operation, Cooperative societies project employees, Cooperative societies investment project and entrepreneurs development. Most of the employees

are become entrepreneur’s development phase. As per my study I found that the cooperative society’s contribution to the employment sector of Bangladesh in 2015-2016 as follows:

**Table 1: Employment Generation**

Cooperative societies office	Cooperative societies project	Project helped by cooperative members	Employment by cooperative societies	Total
58880	30877	52674	370954	513405

**6.8 Cooperative Societies: Economic contribution**

As per my study I found that the cooperative society’s contribution to the economy to the country in 2014-2015 as follows:

**Table 2: Economic contribution**

Factors	Unit	Measure
1. Revenue Budget	Tk (crore)	4.00
2. Revenue Income (Audit and Registration fee combination)	Tk (crore)	20.47
3. Overall Total Asset	Tk (crore)	7499
4. Employment Generation	Person	370954

**7. RECOMMENDATION**

The accompanying issues could consider for the improvement of the cooperative societies in Bangladesh. Those are stated bellow

- **Creation of contemporary co-operative law:** Co-operative laws should be made time related by initiating as well as co-operative administration must be rearranged by the government.
- **Reformation of district wise central co-operative bank:** District wise central co-operative banks are in need to be reformed to facilitate the implementation of rural economic development program and structure build up.
- **Ensuring the well treatment of credit programs:** The credit programs should be well treated and well controlled by the government through making contemporary co-operative law and ordinance.
- **Establishment of co-operative based permanent market system:** Establishment of co-operative based permanent market system is necessary to ensure the agricultural producers the availability of goods at a reasonable price and to remove the middlemen. Producers, consumers and transporting co-operative societies should be integrated to lessen the price of goods.
- **Arrangements for duty escape:** The government should make arrangements of duty escape in the importing process of commodities through co-operatives.
- **Creating better grounds to export:** It is the responsibility of government to make better grounds to export ‘agricultural’ and ‘small and cottage industry’ products through co-operatives.
- **Providence of ‘dealership’ to successful societies:** Successful co-operative societies of every single district could be provided with ‘dealership’ to import goods and to sell local goods in order to controlling the price of daily commodities.
- **Ensuring timely distribution of agricultural ingredients:** The distribution of agricultural ingredients such as- manure, seed, fuel, insecticide, modern technology etc. must be made timely to rural successful societies.
- **Involvement of youths to income generating projects:** Effective youth co-operative societies should be formed that will help youths to involve in the self-depending and income generating projects.
- **Involvement of co-operatives to social programs:** Co-operative societies should be involved in different social programs taken by the government such as mass education, birth control, confronting natural calamity, tree plantation etc. to let people realize their importance.
- **Providence of modern training to co-operative personnel:** The co-operative personnel and members must be provided with proper training in home and abroad



to modernize this sector and to ensure its development.

- **Making short films & documentaries on successful societies:** The general people can be instigated toward making co-operative by creating and telecasting short films or documentaries on successful societies.
- **Termination of bureaucratic and political interference:** The very typical bureaucratic and political interference in the co-operative enterprises must be terminated to ascertain the existence of the principle 'Freedom and Autonomy'.

## 8. CONCLUSION

There is no possibility to deny the part and need of cooperative societies in Bangladesh as far as neediness easing, to push the low acquiring individuals to better life and to protect them from need. In spite of the fact that the historical backdrop of cooperative is improved here from long circumstances yet as of late because of a few causes, some inconsistency in this division is watched. In such manner, some ways have been presented to overcome from propositions hopeless conditions.

Cooperatives can guarantee the fullest conceivable investment in the monetary and social advancement surprisingly. It ought to be considered as an effective plan of action in the creating nation like Bangladesh. It may be a solid apparatus for neediness decrease in the ground level of mass individuals. The administration ought to guarantee that the concerned expert is playing out their part to build up this segment in giving need.

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