



A bicycle courier delivers mango orders harvested and packaged by the Akota Women's Cooperative, Rajshahi District, Bangladesh. PC: Heifer International

## COOPERATIVES IN BANGLADESH

### Contribution of cooperatives to Bangladesh's economy

- 196,316 cooperatives
- 11,707,514 members (23.4% women) in cooperatives
- 963,151 employees in cooperatives
- 1.8% contribution to GDP

(Figures as of 2020)

### Did you know?

- The Department of Cooperatives (DOC) under the Ministry of Local Government, Rural Development and Cooperatives is the principal government organisation responsible for regulation, supervision, development and promotion of cooperatives.
- Bangladesh Jatiya Samabaya Union (BJSU) is the national apex body representing cooperatives in the country.
- The 'Ektee Bari, Ektee Khamar' (one house, one farm) was a national poverty - alleviation project from 2009 to 2020 focussing on rural livelihoods and development through cooperatives. It was executed in all districts.
- Bangabondhu Sheikh Mujibur Rahman, Father of the Nation, considered people-oriented cooperative movement to play an important role for a better life of citizens in Bangladesh.
- Article 13 of the Constitution recognises cooperative ownership as one of the instruments and means of production and distribution.
- The current Prime Minister of Bangladesh Sheikh Hasina believes that multi-purpose cooperatives can eradicate poverty in the country.
- ICA has two members from Bangladesh. Members with their year of affiliation are: BJSU (2008) and Bangladesh Samabaya Bank Limited (BSBL, 2016).

The development of cooperatives has been a prominent part of government policy in Bangladesh for over a century. Credit cooperatives were first set-up under the British colonial administration in early 1900s to address the extortionary practices by money lenders. In the wake of Liberation War of 1971, cooperatives were set up to distribute essential commodities, improve farm productivity and disburse loans. Cooperatives continue to be an important instrument as part of the government's five-year plans to alleviate poverty and ensure rural development.

### Types of cooperatives

Cooperatives in Bangladesh are present in diverse sectors including agriculture, fisheries, thrift and credit, dairy, handcraft, etc.

47%	Agriculture
8%	Thrift and credit
6%	Fisheries
2%	Handicrafts
1%	Dairy
1%	Transport
1%	Water
34%	Others (housing, electricity, women, etc.)

### Geographical presence of cooperatives



Cooperatives are present in all administrative divisions.

## Evolution of the cooperative sector

### → 1900-1970

- Cooperatives were first introduced in Bangladesh in 1904 (then part of Bengal in India under British colonial administration) with the enactment of the Cooperative Societies Act of India. They were set up as village-based agricultural credit societies to help farmers and rural artisans from the exploitation of money-lenders.
- Cooperatives as a provincial subject in British India, witnessed high growth between 1905 and 1928. The number of credit societies in Bengal rose from 222 in 1906-07 to 19,742 in 1928 but faced set-backs during the Great Depression in 1930, Second World War (1939-45), Bengal Famine (1943) and Liberation War (1971).

### → 1971-2000

- Within six months of the conclusion of the Liberation War, BJSU and the International Cooperative Alliance Regional Office and Education Centre for South-East Asia (now ICA-AP) organised a seminar on the needs of the cooperative sector in Bangladesh. The resolutions adopted at the conclusion of the seminar called for the establishment of a three-tier business structure, with multi-purpose primary cooperatives at the base, and a parallel two-tier promotional structure at district and national level to support the business structure.
- Post independence, cooperatives were promoted by the Cooperative Department and under the Integrated Rural Development Programme (IRDP). Cooperatives promoted under IRDP followed the Comilla model (multi-tier system). Under this, multipurpose cooperatives were promoted which along with credit, offered farming and technical support.
- The IRDP was restructured in 1982 and brought under the Bangladesh Rural Development Board (BRDB). Under BRDB, agricultural cooperatives were actively promoted along with worker/industrial cooperatives run by women in the cottage industry, housing and dairy.

### → 2001 onwards

- The National Rural Development Policy 2001 called for activation of the cooperative sector by creating institutional frameworks within the provisions of the Constitution, organising rural capital, arranging for capital supply and taking measures for production, preservation, processing and marketing of agricultural and non-agricultural products.
- The government launched the National Policy for Cooperatives in 2012. The Policy envisions a broader role for the cooperative sector, particularly in confronting 21st century challenges such as climate change, by contributing to the conservation of natural resources and biodiversity. It mentions the strengthening of the cooperative network at village, union, upzilla and district level as one of its aims along with making the cooperative sector complementary to the ICA's aims and objectives.
- Cooperatives are part of the five-year development plans in Bangladesh. The current 8th five-year plan 2020-2025 recognises the role of Rural Development and Cooperatives Division in accelerating rural economy through promotion of rural organisations, micro and supervised credit operation, rural capital management, and facilitating production and market linkage for the rural products. The DoC is entrusted with the responsibility for livelihood development, sustainable agriculture, food security, governance improvement and institutional development in the current plan.
- Cooperatives are part of the national Perspective Plan 2021-2041 and Delta Plan 2100. As part of the plans, the objective is to promote rural small and medium enterprise development, cooperative-based employment, skill development of rural community, strengthening of cooperative financial institutions and market linkages for rural cooperative products through e-commerce.
- Integrated Digital Service Delivery Platform (IDS DP) system has been created by Rural Development and Cooperative Division (RD CD) and DoC to provide online registration, management, training management, and financial management services to cooperatives.

## Laws on cooperatives

- Cooperative Societies Act, 2001 (Amended in 2013): The Act repealed and replaced the Cooperative Societies Ordinance, 1984. The Act provides a framework for the registration, personality, governance, membership, auditing, dispute resolution and dissolution of a cooperative society.
- Cooperative Societies Rules, 2004: The Rules repealed and replaced the Cooperative Societies Rules, 1987. The Rules recognise a non-exhaustive list of 29 different types of cooperatives and within the general framework of the Act, special provisions are made for inter alia worker cooperatives, real property/estate related cooperatives and cooperative land development banks.

### Key highlights

- Members cannot return or sell their shares back to an issuing cooperative society.
- Members of the Managing Committee cannot be salaried employees of the cooperative, except in the case of workers', artisans', drivers' and employees' cooperatives.
- The Act mandates each cooperative to contribute a proportion of their net profits to the Bangladesh Cooperative Academy to be used for educational and training purposes. Cooperatives can make special contributions for development of communities.
- If and when the Government acquires shares in the cooperative, grants loans or issue guarantee in its favour, it can choose to depute a first-class government officer to help the cooperative execute its functions.
- A minimum of twenty people are required to register a primary cooperative. At least ten primary cooperatives can form a central cooperative.
- The Income Tax Ordinance, 1984 provides that the entire income of a cooperative is exempt from income tax if it is engaged in providing agricultural or rural credit, in processing and marketing the agricultural produce of its members, in purchasing agricultural implements, seeds, livestock or other articles intended for agricultural use by its members, or in a cottage industry. All other types of cooperatives are subject to a corporate income tax at the rate of 15%, which is less than the rate applicable to publicly-traded and non-listed companies.





- The ILO and government of Bangladesh initiated a Bangladesh Skills for Employment [SS1] and Productivity (B-SEP) Project in 2014 as part of which green cooperative enterprises in mushroom production and marketing were promoted for disadvantaged groups including women and people with disabilities.
- The state of Manipur (India) and government of Bangladesh signed an MoU at the India International Cooperatives Trade Fair (IICTF) in 2019 to develop business cooperation with special focus on cooperative sectors.
- The National Rural Electric Cooperative Association (NRECA), USA has helped, design, develop, and operate rural electrification programs in Bangladesh.

## Engagement with ICA-AP

- Cooperators and government officials from Bangladesh have participated in international workshops, training and meetings hosted by ICA-AP. Some of these are: Workshop on the Development of Consumer Cooperatives (2018), Consultation on Autonomy & Independence of Co-operatives (2017), and 10th Asia Pacific Co-operative Ministers' Conference (2017) and training program in collaboration with DOC in Dhaka for co-operative leaders of Bangladesh, especially for women (2015).

## What are cooperatives?

Cooperatives are autonomous associations of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise.

## Cooperative values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

## Cooperative principles

The seven cooperative principles are guidelines by which cooperatives put their values into practice.

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy and Independence
5. Education, Training, and Information
6. Cooperation among Cooperatives
7. Concern for Community

## References

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## About International Cooperative Alliance Asia and Pacific

ICA-AP is one of four regional offices of the ICA. Established in 1960 in New Delhi, India, it unites, promotes, and develops cooperatives in the region. ICA-AP's 112 members from 31 countries spans a variety of sectors, including agriculture, credit and banking, consumer, education, fisheries, forestry, housing, and insurance.

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