



**Report of the
ICA/BJSU National Seminar
on**

**THE NEEDS OF
COOPERATIVE MOVEMENT
OF
BANGLADESH**



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INTERNATIONAL COOPERATIVE ALLIANCE

The Needs of the Cooperative Movement Of Bangladesh

*Report of the ICA/BJSU National Seminar held at
Dacca, Bangladesh. June 1972.*

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CONTENTS

Part I

Introduction

Part II

Recommendations on Group Reports	..	5
Introduction	..	5
1 The Structure and Management Policy of the Cooperative Movement	..	6
2 Cooperative Legislation	..	12
3 Cooperative Education and Training	..	14
4 Cooperative Credit and Banking	..	22
5 Agricultural Cooperation	..	28
6 Consumer Cooperation	..	35
7 Fishermen's Cooperatives	..	41
8 Cooperative Housing	..	48
9 Transport Cooperatives	..	53
10 Weavers' Cooperatives	..	54

Part III

General Resolutions Adopted by the Seminar	..	58
Programme	..	60
Participants	..	64

Appendices to the Report

<i>Appendix A</i> Model Cooperative Societies Law		71
<i>Appendix B</i> Recommendations, Resolutions adopted by the International Labour Conference at its 50th Session, Geneva, 1966	..	102
Resolution Concerning the Role of Cooperatives in Economic and Social Development	..	114
Resolution Concerning the Role of Cooperatives in the Economic and Social Development of Developing Countries	..	115

PART—I

INTRODUCTION

A National Seminar on “the Needs of the Cooperative Movement of Bangladesh” was held at Dacca from 19th to 30th June 1972 by the Bangladesh Jatiya Samabaya Union with the technical and financial assistance of the ICA Regional Office and Education Centre for South-East Asia.

The inaugural ceremony was held at 10 a.m. on June 19, 1972, in the auditorium of the Engineers Institute under the Chairmanship of Mr M. Raushan Ali, Chairman of the Bangladesh Jatiya Samabaya Union. There was a gathering of over 400 persons, including 52 participants and one Observer (from the I.L.O.).

The proceedings began with the singing of the Cooperative Song composed by the famous poet Nazrul Islam.

The Chairman welcomed the Minister and the other guests. Thereafter Mr. P.E. Weeraman, Regional Director for South-East Asia of the ICA, addressing the gathering explained the purpose of holding the seminar and dwelt at length on the need of the hour to plan the development of a true cooperative movement for Bangladesh. He explained that it was necessary to plan the development of the cooperative movement in Bangladesh at the very outset of its independent existence, so that the cooperative movement could grow as a movement of the people, by the people, for the people. This was the first occasion when planning cooperative development was being done from the bottom, by the cooperators themselves and on their own initiative.

Mr. Shamsul Huq, Minister for Local Government, Rural Development and Cooperatives, delivered the inaugural address and declared the seminar open. In the course of his speech Mr. Shamsul Huq declared that it was the aim of the Government of Bangladesh to help the people to develop a voluntary and autonomous cooperative movement, one that would be a true people's movement. Mr. Faizur Rahman Khan, General Secretary of the Bangladesh Jatiya Samabaya Union, moved a vote of thanks. The proceedings ended with the singing of the National Anthem.

The first session of the seminar was held in the afternoon of June 19th

in the hall of the Cooperative Directorate. From the second day the sessions were held in the Hotel Purbani International.

Mr. P.E. Weeraman was the Director of the Seminar with Mr. J.M. Rana, Director (Education) of the ICA Regional Office and Education Centre, and Mr. P.A. Nazir, Adviser to the Bangladesh Jatiya Samabaya Union, as Co-Directors.

The first part of the Seminar was held in Plenary Session from the 19th to the 24th June. Papers were read by Discussion Leaders on ten areas of major interest and discussed exhaustively by the participants. The papers were then discussed from June 26 to 28 by ten Groups, one for each subject. The Reports of these Subject Groups were next discussed in Plenary Session on June 29 and 30 and adopted as amended by the House. Thereafter, thirty-two Resolutions were discussed and adopted. The Resolutions which relate to the more important recommendations of the Group Reports should be read along with the recommendations. Therefore the Resolutions relating to a particular subject are given at the end of the Section on that subject in Part II of this Report.

Part II of this Report consists of the Group Reports as amended and adopted by the Seminar in Plenary session; and they set out in detail the Needs of the Cooperative Movement of Bangladesh in the more important areas of the movement.

The Resolutions relating to the Cooperative Movement of Bangladesh in general are given in Part III of the Report.

The following were the Resource Persons :

Mr. K.S. Bawa
Joint Secretary (Department of Cooperation)
Ministry of Agriculture, Government of India,
New Delhi, India

Mr. M.K. Puri
Joint Registrar of Cooperative Societies,
Government of Haryana
Chandigarh, India

Mr. J.K. Verma
Managing Director
National Agricultural Cooperative Marketing Federation Ltd.,
New Delhi, India

Dr. M.K. Shah, Deputy General Manager (Admn.)
Kaira District Milk Producers Cooperative Union Ltd., Amul Dairy,
Anand, Gujarat State, India

Mr. H.P.L. Gunawardana
Joint Director & Specialist in Cooperative Credit
ICA Regional Office, New Delhi, India

Mr. M. Kasaoka, Specialist in Cooperative Marketing
ICA Regional Office, New Delhi, India

Sheikh Mujibur Rahman, Prime Minister of Bangladesh, sent a valedictory message to the seminar on the final day. This was read out by Mr. Shamsul Huq, the Minister for Local Government, Rural Development and Cooperatives, at the valedictory function held at the end of the seminar on June 30th. Mr. Shamsul Huq, the Minister, delivered the Valedictory Address. Several participants expressed their gratitude to the ICA and the Bangladesh Jatiya Samabaya Union for holding the seminar and spoke much in its praise. Mr. P.E. Weeraman thanked the participants and all others who had contributed to the success of the seminar, in particular the Minister for Cooperatives, Mr. Shamsul Huq, the Registrar of Cooperative Societies, Mr. L.R. Khan, the Resource Persons, the Observer from the ILO and the officers of the Bangladesh Jatiya Samabaya Union. Mr. Weeraman mentioned that all the money required by the ICA to support the seminar had come from the Swedish Cooperative Centre. Mr. Raushan Ali on behalf of the Bangladesh Jatiya Samabaya Union thanked all those who had helped the Union in holding the seminar, in particular the International Cooperative Alliance for its generous financial and technical support. Mr. Raushan Ali also paid warm tributes to the Regional Director and the other officers of the ICA Regional Office for South-East Asia.

Dinners given by the following organisations in honour of the participants are gratefully recorded :

June 19th	I.C.A.
June 20th	Bangladesh Shilpa Samity (National Cooperative Industrial Society)
June 22nd	Bangladesh Samabaya Bank (National Cooperative Bank)
June 26th	Bangladesh Matsyajibi Samabaya Samity (National Cooperative Fishermen's Society)
June 28th	Bangladesh Shilpa Sangstha (National Industrial Society)
June 30th	Bangladesh Jatiya Samabaya Union (BJSU)

Evaluation

The seminar was organised at very short notice by the National Cooperative Union of Bangladesh with the collaboration of the ICA Regional Office and Education Centre for South-East Asia. It is creditable to the Bangladesh Jatiya Samabaya Union (BJSU) that within the span of only one month the Union was able to get together a very knowledgeable and representative group of participants. The discussions were of a very high standard and the participants were able to identify most of the needs of the Cooperative Movement of Bangladesh as well as to make useful recommendations for satisfying those needs. An examination of the list of participants given in Part III will show the reader that the body of participants included voluntary and elected leaders as well as the professional and official leaders of the movement. The institutions intimately connected with the cooperative movement were well-represented and their representatives participated in the deliberations as fully and freely as the cooperators themselves.

The seminar has undoubtedly drawn the attention of the elected leaders of the movement as well as of the officials charged with the task of cooperative development to the needs of the cooperative movement of Bangladesh and they have apparently been seized of the urgency of the need to solve the problems of the cooperative movement if the cooperative movement is to play its indispensable role in the task of national development and nation-building. The seminar has helped to focus the minds of the leaders, both official and elected, on the entire range of the needs of the more important sections of the cooperative movement of the country. The seminar has been an exercise of the cooperators themselves in planning in a general way the development of their movement. The findings of the seminar should help the movement as well as the government to steer clear of uncooperative ventures which masquerade as cooperatives using the "cooperative" name and the cooperative structure but not the cooperative method, thereby doing grave harm to the cause of Cooperation.

The Bangladesh Jatiya Samabaya Union therefore deserves the encomiums of the cooperative world on its timely effort to keep the Cooperative Movement of Bangladesh on the right road. The Government of Bangladesh deserves the highest praise for the unqualified support it gave to the Union in holding the seminar. The International Cooperative Alliance is glad of the opportunity it had of collaborating with the Bangladesh Jatiya Samabaya Union in this useful endeavour.

New Delhi,
July 29, 1972.

P.E. WEERAMAN
*ICA Regional Director for
South-East Asia*

PART—II

RECOMMENDATIONS BASED ON GROUP REPORTS

Introduction

The following are the recommendations of the seminar on the Needs of the Cooperative Movement of Bangladesh in respect of the ten subjects of cooperative activity discussed by the seminar. The seminar also passed certain resolutions on important matters relating to these areas as well as on certain matters pertaining to the entire movement. In accordance with Resolution No. VI quoted in Part III of this report, the resolutions which relate to a particular subject are given at the end of the recommendations relating to that subject. The other resolutions are given in Part III of this report.

The recommendations and observations given below are those contained in the Reports of the Subject Groups as adopted by the Plenary Sessions with certain amendments.

1. THE STRUCTURE AND MANAGEMENT POLICY OF THE COOPERATIVE MOVEMENT

A. The Credit Structure

As regards the structure of agricultural credit, the apex organisation of the agricultural cooperatives should continue to be the Bangladesh Jatiya Samabaya Bank (National Cooperative Bank).

The existing Central Banks at the present sub-divisional level should be retained and made genuine banking institutions.

The Central Banks will be the source of credit to all primary and secondary cooperative organisations. To facilitate their activities the Central Banks should open branch offices wherever necessary.

The combination of banking and trading functions at secondary and higher levels should be avoided. Long-term lending for agricultural purposes should continue to be the function of the Cooperative Land Mortgage Banks.

B. Agricultural Primary Societies

The seminar found that the village primary society is normally not an economically viable unit. On the other hand a village based society has the advantage of being in close contact with its members and the degree of mutual knowledge and trust that exists among the members is greater than that in larger societies. This facilitates the planning of production and helps to make educational work effective.

A primary society should be able to provide all the services required by its farmer-members and to employ well-trained staff to manage its business.

Therefore, it is recommended that a flexible approach be adopted which would allow a primary society to be formed at the administrative level at which the needs of the members would be served best having regard to the type of farming prevalent in the area, to wit :

- a. In areas of intensive irrigated farming the existing village based cooperative society may be retained if all services which cannot

be performed at the village level are performed by the secondary societies.

- b.* In other areas there should be primary multi-purpose cooperatives at the "Union" (local government unit) level to provide all necessary services.
- c.* In no case should there be a village and a "Union" level primary society in the same area as it would lead to the over-lapping of operational areas and the duplication of functions.

The primary societies should be of the multi-purpose type. They should perform the following functions according to the needs of the members and the ability of each society :

- a.* mobilization of savings,
- b.* supplying credit, both in cash and kind,
- c.* supplying inputs,
- d.* distribution of consumer goods,
- e.* selling the produce of the members,
- f.* performing common services,
- g.* cooperative education (intra and extra mural).

It was decided to request the Government to publish the report of the inspection of the Kotbari Thana Cooperative Central Association, Comilla, made by the Cooperative Directorate as the study of this report would be helpful to the Cooperative Movement of Bangladesh in deciding on the organisational set-up that the movement should have.

The seminar recommended that the Bangladesh Jatiya Samabaya Union should set up a Committee to lay down the norms for assessing the viability of a society at the primary level and was of opinion that the main features of a primary level cooperative should be as recommended by the ICA Experts Conference on "the Role of Cooperatives in Agricultural Development" held in 1969 at Kathmandu, Nepal, viz :

- a.* the area of operations should permit easy accessibility in terms of business, contact among members and holding of meetings,
- b.* the membership should constitute a reasonable proportion of the potential members within the society's area of operations,
- c.* a reasonable proportion of the society's working capital should be collected from among the members by way of share capital and deposits,

- d. a full-time paid and qualified manager should be employed by the society, and
- e. potential viability within a reasonable period of time should be there.

The seminar also agreed with the recommendations of the above-mentioned Conference that the minimum functions of such a cooperative should be :

- i. to provide credit, both short-term and medium-term,
- ii. to provide agricultural inputs,
- iii. to make arrangements for marketing the agricultural produce of members,
- iv. to provide at least the minimum consumer articles needed by its members,
- v. to impart cooperative and other necessary education to its members.

C. Agricultural Supply and Marketing

For the efficient supply of agricultural inputs and the marketing of agricultural produce, specialized cooperatives are required at the present sub-divisional level for each section of the movement.

Therefore whilst revitalising the existing specialized societies new societies will have to be formed wherever the required specialized societies do not exist. In addition to supplying agricultural inputs and marketing agricultural produce, they should take up processing wherever feasible.

The existing National Cooperative Marketing Society should be re-organised so as to become the effective apex organisation of the agricultural cooperative movement for supply and marketing purposes.

It should be given the right to import all agricultural inputs and to distribute them through cooperative societies, and also the right to market locally as well as to export agricultural commodities:

D. Fishermen's and Weavers' Societies

The existing structural set-up of the fishermen's and weavers' societies is satisfactory. The societies at each level should be made fully operational so that they may render effective service to their members.

The national societies should be entrusted with the import and

distribution of inputs such as yarn, dyes, chemicals and equipment and with the marketing of the products of their member-societies.

E. Handicraft, Cottage and Small-Scale Industrial Cooperatives

There is a definite need of developing the movement in the handicraft, cottage and small-scale industrial sector by providing the persons engaged in these occupations with appropriate technical training and their cooperatives with necessary support.

Until these primary societies set up their own higher level organisations, the needs of the primary societies and their members should continue to be looked after by the weavers' cooperatives.

F. The National and District Unions

The representative body of the whole cooperative movement of Bangladesh is the National Cooperative Union (Bangladesh Jatiya Samabaya Union).

It will be in charge of :

- (i) Education and Training,
- (ii) Promotion and Extension,
- (iii) Auditing,
- (iv) Research, Survey and Investigations,
- (v) Planning.

The Bangladesh Jatiya Samabaya Union will be the parliament and the spokesman of the entire cooperative movement of the country. It will coordinate cooperative activities at the national level and establish and maintain relations with national cooperative unions of other countries and international organisations and represent the cooperative movement of Bangladesh in the International Cooperative Alliance. The Union should be consulted by the Registrar before any national or secondary level society is registered or cancelled and before any legislation relating to cooperative societies is introduced in the Parliament of the country.

The system of audit should be so improved as to enable the Union to get a clear picture of the state of affairs of its affiliated societies so that it may better discharge its other functions.

The Union's membership will be open to the District Unions at the

secondary level, the national apex cooperatives and the societies operating at a national or multi-district level.

At the secondary level the District Unions with their membership open to societies of all types should function as supporting organisations of the national union as well as the affiliated societies of the District Unions. All cooperative societies in a district should become members of their respective District Unions. The main functions of the District Unions should be the promotion of the interests of their member societies and the education of cooperators and the general public in the principles, methods and practices of Cooperation.

The district unions will act as the branch offices of the Bangladesh Jatiya Samabaya Union (BJSU) at the district level for auditing purposes.

G. Management of Cooperative Societies

The seminar recommended that there should be a clear demarcation between the functions of the Managing Committee or Board of Directors on the one hand and the executives on the other. The Managing Committee or the Board should lay down policy and give guidance to the executives. It will be the duty of the executives to implement such policy. The work of the executives should be supervised by the Managing Committee. The executives should be allowed to function with freedom within the authority delegated to them and the executives should be fully responsible to the Managing Committee.

The seminar felt that a Cooperative Service consisting of employees of cooperatives should be constituted and its cadre should provide for all posts in the cooperatives, the posts being graded according to the experience, training, education and responsibility required of those who fill the respective posts. The cadre should offer prospects of promotion to posts of greater responsibility and at higher levels of the cooperative structure.

The employees should be trained under training programmes that are geared to meet the requirements of good management. The employees should undergo in-service training as well. The training of the staff of primary societies should be conducted by the District Unions. The national level specialized societies should conduct the in-service training of the employees of their member societies.

The seminar felt that in all cooperative societies the members of the Managing Committee should be elected for three years and one-third of them should be retired at the end of each year and any person so retired should be eligible for re-election,

H. Resolutions

The seminar unanimously adopted the following resolutions in this regard :

The seminar recommends that the structure of the business sector of the Movement should be composed of three-tiers as far as possible, viz :

- (a) primary societies for multi-purpose functions,
- (b) A secondary society at the sub-divisional or district level as may be necessary for facilitating the operations of primary societies, there being at this level a central bank, a general secondary society for all commodities which can be grouped together and a specialized secondary society for each commodity which has to be dealt with separately e.g. milk, and
- (c) A tertiary society of each type at the national level with branches at the level, at which such are necessary, to serve its secondary member-societies.

The seminar further recommends that the promotional sector of the movement should be composed of (i) district unions at the district level for serving both primary and secondary societies and (ii) the Bangladesh Jatiya Samabaya Union at the national level for serving the district unions and the tertiary societies of the business sector and further recommends that the district unions and the BJSU should be the representative bodies of the Movement at the secondary and national levels respectively in addition to being in charge of cooperative education and training.

2. COOPERATIVE LEGISLATION

The Subject Group submitted a draft Cooperative Societies Law. The seminar decided to leave the consideration of the draft to the Bangladesh Jatiya Samabaya Union as there was no time for the seminar to consider the provisions of the draft law. The seminar accepted the view of the Subject Group that the present law on cooperative societies in Bangladesh was in need of amendment "to enable cooperative societies to function freely and fully in accordance with cooperative principles". The seminar was of opinion that a truly voluntary and autonomous movement could not develop under the present law as it gives undue authority to the State and vitiates the cooperative principle of democratic control by giving power to the Registrar to nominate directors, supersede committees and remove office-bearers of cooperative societies. The seminar recommended that all these provisions should be deleted from the law.

Under the present law the Registrar is not only the promoter of the Movement but also its manager and controller. The second position of manager and controller should not vest in the Registrar if Bangladesh is to have an autonomous Cooperative Movement.

In the draft law submitted by the Subject Group the Registrar has been given only the position of a neutral. The power to frame rules has been provided in respect of only conditions that must be complied with prior to registration and such other matters as cannot be provided for in the bylaws of societies. Whatever can and should be provided in the bylaws of cooperative societies have been omitted in the draft Law.

As regards audit, the draft law makes it obligatory on every society to submit to the Registrar a statement of accounts and a balance sheet audited by a person or society authorized by the Registrar. This would enable the cooperative unions to do the audit of their member-societies with the prior approval of the Registrar, thereby bringing the unions closer to their members and helping the growth of self-government within the movement.

The seminar recommended the revision of the law so as to provide for the self-regulation of cooperative societies.

The seminar also recommended that the law should lay down the

standards that must obtain in a society for it to be considered viable. (The draft law submitted by the Subject Group is given in Appendix A).

The seminar unanimously adopted the following resolution in this regard :

The seminar is of opinion that a voluntary and autonomous movement cannot develop under the present law in respect of cooperative societies and therefore recommends that the law be so revised as to provide for the self-regulation of cooperative societies and further recommends that the law should lay down the norms for determining the viability of a society.

3. COOPERATIVE EDUCATION AND TRAINING

To provide support to the fast expanding Cooperative Movement of Bangladesh, it is necessary to expand and strengthen efforts at member-education at all levels in the societies and in the cooperative education and training institutions.

A. Primary Society Level

Weekly or fortnightly meetings of the primary societies should be held regularly and the interest of the members in them should be kept alive. There should be arrangements for the supervision of these meetings by the officers of the secondary societies. Officers of the secondary societies and of other connected government departments should attend these meetings as frequently as possible. The Secretaries of the primary societies should be responsible for organising the weekly meetings and for other member-relation activities.

The training efforts of the Central Cooperative Societies, the Thana Training and Development Centres and the Peripatetic Extension (P.E.) Units should be coordinated and integrated by the District Unions.

Member education efforts should be supported by regular radio broadcasts on relevant subjects. The number of mobile cinema units should be increased.

The services of the Peripatetic Units should be made available at the Thana level and for doing so the number of units has to be increased to cover all the Thanas. The Unit may be composed of one Inspector and two or three voluntary cooperative leaders from the locality. They may be paid reasonable allowances.

The Instructors of the Peripatetic Units and their local counterparts should be given intensive training for their jobs and some of them should also be given special training in the working of specialized societies. Knowledge of specialized societies and their working should be considered essential for the instructors. They should be required to do extension work in the specialized societies.

The five-day member training camps that are held in the villages by the

P.E. Units should be enlivened by involving local cooperative leaders in them and relating training to the local needs.

For organising new cooperative societies or cooperative societies of new types selected Peripatetic Extension Instructors should be sent by the District Unions to the relevant areas for doing the ground work and for motivating local leaders and potential members. The local leaders, organisers and interested persons, as may emerge in the locality, may be sent to Cooperative Zonal Institutes for orientation and training in order to prepare them for their tasks in the village.

There is at present provision for four Lady Organisers working at four Divisional Headquarters. In view of the increasing interest shown by women in cooperatives, the number of Lady Organisers should be increased. It is deemed necessary to have at least one Lady Organiser per district. The voluntary women leaders of the Movement should be involved in extension work.

P.E. Units should, with the assistance of local leaders, study the working of societies, assess the training needs of the local primary cooperative societies and take appropriate action for arranging the training.

The village society secretaries and peripatetic instructors who carry out cooperative education may not be the proper persons for carrying out mass education work. The work of mass education should be conducted by a separate set of trained staff as specialised skills are needed for the work. Cooperatives at all levels should support the work of mass education centres and literacy workers by forming Literacy working Groups in the societies.

Zonal Institutes and the Thana level central societies should provide necessary support to the training groups in the village societies when called upon to do so.

B. Secondary Society Level

All the secondary or Thana level central societies should have Education Committees of their own for assessing the educational needs of their affiliates and for arranging or co-ordinating their training courses. All officers of connected Government Departments at the Thana level should actively assist such training activities. The Education Committee should maintain liaison with the Zonal Institute on the one hand and with the primary societies on the other.

It is reported that training efforts of the Thana Training Development

Centres have to some extent stagnated. This should be corrected. There also appears to be a need for broadening the basis of selection of persons for the T.T.D.C. courses. The system of training only managers and model farmers in the T.T.D.C. tends to make the managers and model farmers a privileged group as they become the only link between the central societies and the T.T.D.C. on the one hand and the members of primary societies on the other. There should be some arrangement at the T.T.D.C. for getting the members of primary cooperatives trained or orientated from time to time.

There should be a co-ordinator of all training at the Thana level. At present the Circle Officer (Development) of the Cooperative Department is charged with this task. He is too pre-occupied with other official duties and has little time for planning and organising training activities at the Thana level. The Thana Paripatetic Instructors should do this task.

The secondary cooperatives and the TTDC should be properly supported by the national apex cooperatives in carrying out programmes of training. The apex cooperatives should furnish necessary training aid materials and up-to-date information as may be needed for efficient training.

C. Zonal Institute Level

The education and training of the Chairmen, Secretaries and Committee members of the secondary and the primary societies should be conducted at the Zonal Institutes.

The training needed by the executives of specialized cooperatives may be provided with appropriate support and assistance from the organisations concerned e.g. for conducting a training course for fishermen members, instructional assistance may be obtained from the Fishery Vocational Training Centres.

Each Zonal Institute should have an Advisory Committee drawn from cooperatives, specialized bodies and relevant government departments to advise its staff on training and other related matters.

Academic and physical facilities at the Zonal Institutes will have to be increased to make the Institutes more effective and more efficient to enable them to intensively cover the areas allotted to them.

The number of Cooperative Zonal Institutes may be increased so as to enable each Institute to cover a district area (existing district). So, there should be in all nineteen Zonal Institutes.

The following subjects should be included in the teaching curricula of the institutes and duly qualified teachers should be provided for teaching these subjects :

- (i) Agronomy, and Animal Husbandry,
- (ii) Business Management,
- (iii) Pisciculture and the Vocation of Fishing.

The Principals and teachers of Zonal Institutes should be carefully selected persons and a separate cadre should be created for them with opportunities for advancement in career. Facilities for their adequate training and for specialization, where necessary, should also be provided.

Each Cooperative Zonal Institute should develop a Cooperative Project Area around it. This may serve the purpose of giving practical training to the trainees. The necessary financial support should be available for the project.

A Cooperative Zonal Institute should always endeavour to obtain the services of outstanding local cooperative leaders, experts and resource persons who are available. They should be invited to give talks to the trainees whenever the occasion arises. There should be an arrangement for remunerating such guest speakers, even nominally.

A Zonal Institute should keep constant and close contact with all the Central Societies and other important cooperatives of its area and try to assist them in their training activities particularly in organising training camps in the villages. Zonal Institutes should also try to assist the TTDCs whenever such assistance is needed.

The Zonal Institutes should make studies of the activities and problems of the various secondary societies of their respective areas.

D. National Level

The apex national cooperative societies should develop their own Education and Training Departments for meeting the training needs of the primary societies in membership with their affiliates—particularly in the vocational and technical fields. The departments should be serviced by resource persons from the apex societies. Trainers from outside also may be invited to the department when necessary. The training activities at the national level should be assisted and supported by the Cooperative College and by the other Government vocational training institutions. The assistance of Government vocational training institutions should be readily available.

To impart cooperative education and training to members, officers and the public in general, is one of the objectives of the Bangladesh Jatiya Samabaya Union. It should organise, equip and develop itself to extend its activities in a big way in this direction. It should develop its activities in such a way as to be able to take care of the whole gamut of cooperative education (study, extension, training, propaganda) as well as of research.

The academic and physical facilities in the Bangladesh Cooperative College should be expanded a great deal to enable it to cope with the vastly increased educational needs of the Movement. The College should have a separate site with provision for future expansion. The College is at present cramped and confined in a small area with no possibility whatsoever of expansion. The College should be allowed to develop its own individuality and identity as the apex cooperative training institution of the country.

The staff of the college needs to be expanded and strengthened. The following departments should be added to the college :

- (i) Business Management,
- (ii) Agronomy,
- (iii) Agricultural Marketing,
- (iv) Dairy Technology,
- (v) Pisciculture and Fish Technology,
- (vi) Banking,
- (vii) Cooperative Extension and Community Development.

The number of teachers in the existing departments should also be increased.

The Cooperative College also needs to have a research cell of its own for conducting research on appropriate subjects to enable it to review and re-fashion its educational direction in the light of the findings of such re-research.

For ensuring the availability of properly qualified and efficient teachers on the staff of the College, a service cadre on the lines of that of the Education Department should be created for the Principal, Vice-Principal, Professors and Lecturers of the College. The qualifications required for each post should be prescribed. There should be prospects of promotion within the cadre.

The Cooperative College should have an Advisory Board to guide its activities. The Board should be composed of representatives of Cooperative Societies and educational experts.

It was noted that the Bangladesh Cooperative College and the Bangladesh Academy for Rural Development are located in the same campus. Although the close proximity of both these institutions is of mutual advantage, the objectives of the two institutes are different. While the objectives of the Academy are to promote rural development, the objectives of the Cooperative College are to promote cooperative development through its training activities. In view of this it is necessary that both these institutions should specialise and expand in their respective spheres separately.

It has for some time been debated as to the direction in which the Cooperative College should develop. Should the College proceed with the pursuit of the academic study of Cooperation or should it be developed as a professional cooperative training institution? It is felt that the academic study of cooperation should be taken up by the universities as has already been done by some of them and the Cooperative College should devote itself to the pursuit of professional perfection in the management of cooperatives. Persons attending the College for study purposes should seek professional perfection rather than scholastic distinction. The ownership of the Cooperative College should be transferred to the National Cooperative Union of Bangladesh.

It is recommended that a National Committee for Cooperative Education and Training should be established for the purpose of formulating policy and supervising the cooperative education and training programmes of the entire country. The Committee should consist of representatives of the National Cooperative Union, the Cooperative Directorate, the national specialized societies and experts in education.

In order to expand and strengthen cooperative education and training facilities on the lines suggested above, it is recommended that the ICA, ILO, SIDA, and other international bodies be approached for providing necessary assistance.

E. Mass Education Scheme

From the gradual development and changing patterns of cooperative societies it can be deduced that no good cooperative system with economic viability has yet been developed to suit the socio-economic conditions and the genius of the people of Bangladesh. This may mostly be due to the lack of education, so vital for development.

From this realisation the Bangladesh Jatiya Samabaya Union has

sponsored a move for Mass Education to awaken the people. Mass Education scheme was submitted to the Government and the partial implementation of the scheme was started in fifty-two Thanas on a voluntary basis and as a first step. The objectives of the Scheme are :

- (i) to educate the members of primary societies in general and more particularly the illiterate members by improving their general knowledge, making them literate, and training them in certain skills;
- (ii) to arrange for weekly educational meetings at the society level to feed them with new ideas and plans of action;
- (iii) to make the illiterate masses aware of the benefits of Cooperation and Rural Reconstruction.

The Seminar recommends :

- (i) that a request be made for an announcement of the Government's commitment to this scheme and for the promulgation of a Decree or Presidential Order for Launching a Mass Education Movement to eradicate illiteracy within five years;
- (ii) the immediate creation by the Government of an autonomous body called the Mass Education Board with wide powers for the disposal of matters relating to mass education including finance, for the determination of policy in this regard and for coordinating the work of mass education;
- (iii) the immediate formation by the Government of a Mass Education Advisory Board representing all nation-building departments for advising the Mass Education Board;
- (iv) that the cooperative primary society be used as one of the agencies for mass education as a first step to educate the illiterate members, their families and potential members;
- (v) that as the eradication of mass illiteracy is a stupendous task which no single institution or organisation can deal with adequately, International Organisations like UNESCO, UNICEF, and other allied agencies—Governmental and non-Governmental—be approached for necessary aid and assistance.

F. Resolutions

The seminar unanimously adopted the following resolutions in this regard:

The seminar recommends that all cooperative educational institutions

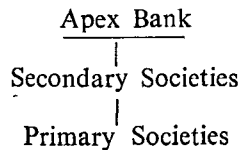
run by the government should be transferred to the Bangladesh Jatiya Samabaya Union and that a grant equal to the expenditure involved in running these institutions should be made annually by the government to the Union.

The seminar recommends to the Bangladesh Jatiya Samabaya Union the appointment of a National Committee to be in-charge of cooperative education and training and all educational institutions of the Union.

4. COOPERATIVE CREDIT AND BANKING

A. Structure

There should be a three-tier structure, as shown below, in the credit and banking sector of the Cooperative Movement in Bangladesh. This is necessary from the point of view of economy and operational efficiency.



(i) *Primary Level*

A survey should be conducted to identify the good and indifferent societies of both types, multipurpose societies at the Union level (of local government) and the Krishi Samabaya Samities (Cooperative Agricultural Societies) at the village level. The good societies of both types should be retained with the necessary adjustment of areas to prevent the overlapping of operational areas. The weak primary societies should be amalgamated with each other subject to the condition that the new society does not have an area larger than a local government "union" area. Those weak societies which cannot be amalgamated as above should be put into liquidation.

The indifferent societies should be put into liquidation. In the areas which remain without cooperatives as a result of this procedure being adopted, new societies should be organised having regard to their potential economic viability as well as the natural alignment and compactness of the area of operations proposed, in each case.

(ii) *Secondary Level*

A survey of all the Central Cooperative Banks and Thana Central Cooperative Associations should be conducted and adequate and effective steps should be taken to rehabilitate them.

(iii) *National Level*

At the national level there will continue to be the apex bank. This should be the sole source of short and medium term finance to all sections of the cooperative movement of Bangladesh.

B. Working of Credit Institutions for Short and Medium-term Loans

The seminar felt:

(i) *Mobilization of Savings*

That the cooperative credit structure in Bangladesh should not depend entirely on the Bangladesh Bank (the Central Bank of the country) for finance. The movement should have enough funds of its own for the purposes of credit. With this end in view the utmost importance should be attached to the mobilisation of savings and the attraction of deposits at all level.

(ii) *Government Guarantee and Revolving Fund*

That in view of the changed circumstances created by the attainment of Independence there should be a re-thinking by the Government of Bangladesh about the necessity of furnishing guarantees to the Bangladesh Bank against loans granted to the cooperatives so that the cooperatives may not face any difficulty in extending and expanding their loaning operations. A suitable formula should be worked out in this connection. It has been noted that the Registrar of Cooperative Societies has suggested that the Bangladesh Bank should make a grant of Rs. 50 crores (500 million) to the Bangladesh Cooperative Apex Bank for the creation of a Revolving Fund.

(iii) *Interest on Guaranteed Loan*

That the government should charge (on guaranteed loans) the same rate of interest as is being charged by the Bangladesh Bank from the cooperatives.

The rate of 6 1/4% now charged on guaranteed loans is considered too high in view of the fact that these loans are obtained for making repayments of Bangladesh Bank loans on which only 3 per cent interest is charged.

(iv) *Government Aid*

That, in order to enable the cooperative credit institutions at the various levels to strengthen their financial base, the government should

grant foundation money to these institutions. The seminar was vehemently of the view that it is uncooperative and undesirable for cooperatives to allot shares to the government. Such government participation in share capital would bring in its wake the system of nominating directors which the movement has just been freed of by the new government.

(v) *Overdues*

That the cooperative credit system in the country suffers from a chronic malady of overdues. Even borrowers who are able to repay have avoided doing so. Natural calamities and the recent disturbances have aggravated the situation. There seems to be reluctance to recover as well as a disinclination to repay. No credit structure can survive in such a situation. Default by a handful has prevented much-needed credit from reaching the vast body of credit-worthy cultivators. The seminar recommended that:

- a. An all out drive should be made for the recovery of overdues, particularly from the comparatively well-to-do defaulters. The government and cooperative agencies should join hands in this effort;
- b. A proper climate for recovery should be created by the government as well as the political and cooperative leadership;
- c. The disbursement of loans should be made under a system of supervised credit;
- d. Arrangements should be made by the government purchasing agencies and cooperative marketing and processing societies for the recovery of dues to cooperatives;
- e. The grant of "taccavi" (distress loans to farmers who are not members of cooperative societies) should be gradually discontinued by the government. The seminar felt that such credit has led to the widespread misuse of credit facilities and to the development of irresponsibility on the part of the farmers, undermining their discipline in respect of loan repayment. The cooperative movement should take such effective measures as may be necessary to ensure that the cooperatives are organised and managed in such manner that they become effective channels for the supply of production credit, both in cash and kind, as may be needed by the people;
- f. The question of debts rendered irrecoverable by the repeated natural calamities of the recent months and the damage caused to crops, livestock and other property during the recent liberation

struggle should be taken up immediately and that a Committee consisting of representatives of the Bangladesh Bank, the Ministry of Finance, the Ministry of Local Government, Rural Development and Cooperatives, and the Bangladesh Jatiya Samabaya Bank be constituted for examining the question of bad and doubtful debts;

- g. The law and rules should be amended so as to prevent the election of defaulters or members of defaulting societies to be Directors or Committee members of any cooperative and to disqualify any person from holding office if and when he becomes ineligible for election.

(vi) *Bad Debt Reserve*

As in any credit organisation, a certain portion of debts inevitably becomes bad it being more true in the case of agricultural credit and as the cooperative banking structure has not been able to build up adequate bad debt reserves at various levels due to the inadequacy of the margin of profits it is necessary for the government and the Bangladesh Bank to assist in building up a stabilisation fund (special bad debt reserve) at the apex level by making grants to it of sums equivalent to a certain percentage of the loans disbursed each year. The primary and secondary societies should contribute according to their capacity to this fund.

(vii) *Credit, Marketing and Guaranteed Prices.*

Credit should be linked to marketing and that this should be facilitated by the government guaranteeing the purchase of certain agricultural commodities at fixed minimum prices.

(viii) *Storage*

That the primary societies should take up the distribution of inputs such as fertilizers.

The societies would need godowns for this purpose. Necessary financial assistance should be provided by the government in a phased manner for the construction of these godowns. This function should be undertaken only after the appointment of a full-time paid secretary in each society.

(ix) *Loans for Diverse Purposes*

Credit be provided for all the crops—specially jute which is a

very important commodity—as against the present practice of giving credit only for foodgrains.

(x) *Banking Facilities*

In order to emerge as efficient and viable economic units and to improve their public image, the central cooperative banks should undertake, subject to the supervision of the national cooperative bank, some of the functions which are normally performed by the commercial banks. This is also necessary to attract public deposits. They should:

- a. Accept deposits;
- b. Provide savings bank and current account facilities;
- c. Make advances against deposits (if any change in the law is required it should be made);
- d. Advance pledge loans to their members;
- e. Provide common remittance services;
- f. Accept and clear bills, R/Rs, bills of lading etc. of the members.

C. Managerial Cadres

The seminar felt that there is an absolute need of trained and paid staff at the primary level. The seminar, however, realised that it is not possible to provide such managers to all the primary societies immediately. The programme of recruitment, training and appointment may therefore be phased and completed in 5 to 10 years. It is desirable to constitute a cadre at each central cooperative bank for its junior staff and supervisors. There should also be a cadre for the primary society managers of each central bank's area of operations. It is realised that the cost of such a service cannot be fully met from the income of the primary societies and the central bank concerned, until their turnover increases substantially. Therefore, a Cooperative Service Fund should be constituted with contributions from primary, secondary and national level societies. The deficit should be available from the government as a subsidy.

Similarly a cadre should be constituted at the apex level for the staff of the National Cooperative Bank and the senior staff of the Central cooperative banks. The cost of this may be met by the central cooperative banks and the National Cooperative Bank and the deficit made up by the government.

In each case the contributions from the various cooperative institutions should be fixed in proportion to the margin of interest retained by them.

D. Long-Term Credit

The Agricultural Development Bank has been disbursing short-term as well as medium and long-term credit. It has 77 branches. It is desirable that this Bank emerges as a specialised long-term credit institution and equips itself with necessary technical expertise to take up a project and area approach. The district level cooperative land mortgage banks (16) are disbursing long-term loans on a very limited scale. These banks should receive adequate finance from the Bangladesh Bank. It is, therefore, recommended that the Agricultural Development Bank should increase its resources by issuing debentures which may be subscribed by the nationalised banks and the insurance companies. It may utilise the cooperative land mortgage banks for the disbursement and recovery of loans. The Agricultural Development Bank should give up the disbursement of short-term credit and leave that function to the cooperative credit structure. Similarly it should withdraw from giving loans for draught animals. The genuine needs of cultivators in this respect can be met by the central cooperative banks. It may, however, continue to finance tea estates and cold storages.

E. Role of Nationalised Banks

The requirements of short-term credit for agriculture has been estimated at Rs. 1800 million by the Enquiry Committee appointed by the Government in 1966. The cooperatives at present are disbursing about Rs. 160-170 million a year. Even with the best of efforts they will not be able to meet the major portion of the requirements of the agricultural population.

Therefore, there can be no objection to the nationalised banks entering the field of agricultural credit. Their role should, however, be complementary and not competitive.

F. Resolution

The seminar unanimously adopted the following resolution in this regard :

“The Seminar recommends that the Government should set up a Standing Advisory Committee on Rural Credit to advise the Bangladesh Bank, the Agricultural Development Bank and the Bangladesh Jatiya Samabaya Union”.

5. AGRICULTURAL COOPERATION

A. Agricultural and Milk Production—the Present Scene

Out of 14 million hectares of land in Bangladesh about two-thirds are cultivated, most of which is fertile. Of the annual rainfall of 2,200 m/m. 80 per cent, falls in the monsoon months (June to October). The population of Bangladesh is 75 million and about 85 per cent of them is dependent upon agriculture. 80% of the population is illiterate.

Rice and jute dominate the agriculture of Bangladesh. Livestock and milk production are also very important for the supply of not only meat, milk and poultry but also of draught animals—bullocks—which will continue for a long time to be the main source of draught power for agricultural operations in Bangladesh, a land of small land-holdings which average about three acres per family.

There is a very pressing need to step up the production of rice, jute and livestock. Against a natural population growth rate of about 3% per annum, rice production increased only by 0.7% in the 1950s and 2.9% during the last decade. The average yield of rice per acre at present is only about $\frac{1}{2}$ tonne per acre whereas the potential yield is two tonnes per acre. This would be realisable by using improved varieties of paddy and adequate quantities of fertilizer and insecticides and by adopting improved methods of cultivation. The scope for increasing the production of rice is so vast that self-sufficiency could be achieved and there could be even a surplus for export. Even now rice accounts for over 80% of all the major crops grown in Bangladesh. The production of rice was 11.6 million tonnes in 1969-70 and a target of 16.1 million tonnes has been fixed for the year 1974-75. This will now have to be revised though a break-through in rice production has been achieved by the use of high-yielding varieties of seed.

The major industries of Bangladesh are based on agriculture and they account for 90% of the exports of the country the major export crop being jute. The pre-Independence target for jute production was 9 million bales to be produced in 1974-75 as against the production of 7 million bales in 1969-70. Jute is threatened with competition by synthetics and

therefore there is an urgent need to raise the productivity of jute by evolving improved and high-yielding varieties of jute and by the proper utilisation of resources and inputs. About 5 million farms grow jute in 2.5 million acres and the average yield is about 3 bales per acre with no increase in the average yield since 1947-48. It has been demonstrated, however, that the yield can be increased to 5 or 6 bales per acre by the adoption of improved techniques such as the use of improved seeds and of fertilizers, the proper protection of crops and better methods of cultivation.

The production and supply of milk and milk products require very urgent attention. Against the requirement of about 10 ozs. of milk per head per day, only about 1 oz. is available in Bangladesh (5 oz. in India) and it is alarming to note that in fact there has been a reduction in the per capita supply from 26.4 lb. in 1965 to 20.4 lb. in 1970. About Rs. 50 million (5 crores) worth of milk-powder, baby food, etc. are imported every year, involving precious foreign exchange. In 1970 there were 3,344,000 milch cows in Bangladesh which produced about 700 million (70 crores) litres of milk. The average production per cow is estimated at about 200 litres per year. The cows also serve as plough-cattle. Whereas there was a pressing need for increasing milk production even in the pre-independence years, the present situation is even more precarious rendered so by the confiscation and slaughter of cattle by the army in the rural areas and also by the sale of these animals for slaughter due to the distress of the farming population or to prevent the confiscation of the animals by the army or to facilitate the migration of the farming population during the war of liberation.

B. Cooperative Organisation

For the more efficient utilisation of the internal resources of the people and of the government and for the similar utilisation of external assistance wherever possible, the ideal organisation would be the producers' cooperative. This will ensure maximum farmer-participation in programmes to raise the productive efficiency of agriculture and livestock in Bangladesh.

At present there are 4,100 multipurpose cooperatives at the union (local government) level to serve the 68,000 villages of Bangladesh. They enjoy a system of supervised credit supplied by the cooperative central bank. This system, however, is not adequate to achieve a well-sustained and rapid development in the production of rice, jute and milk. A

comprehensive plan for the production, processing and marketing of these products by farmer's cooperatives should be implemented if the objective of raising the productivity and the per capita income of the farmers is to be achieved. Even the efforts of the government and the national corporations could be canalized most effectively by cooperative organisations. A three-tier cooperative structure as described below is recommended :

- (i) At the "union" level, single-commodity specialised cooperatives of farmers should be formed, e.g. jute producers' cooperative, milk producers' cooperative etc. having regard to the volume of produce available and the possibility of having efficient and viable cooperatives.
- (ii) Union level primary producers' cooperatives should be federated to form a secondary cooperative. The number of primary cooperatives that should be so federated would depend upon the size of the processing plant that should be run by the secondary cooperative unit for the undertaking to be an economic one. Whereas rice is grown in almost all areas and jute is also grown widely, milk production is confined at present to small milk pockets. Such milk pockets should be identified and then both village cooperatives and secondary cooperatives should be so formed as to ensure the economic efficiency of the operation.
- (iii) A federation of the secondary cooperatives of each type of specialised society may be formed at the national level at the appropriate time after the establishment of specialised secondary cooperatives.

C. Functions and Working Methods

(i) *Producers' Primary Cooperative*

Producers of a particular commodity should become members of the primary cooperative at the "union" level. Enrolment should be facilitated by keeping the value of the share low and the entrance fee nominal. The cooperative should elect its own managing committee and appoint, salaried staff for carrying on the business. The primary cooperative will be responsible for taking delivery of the rice/jute/milk and making advance payments against the stock taken over, pending final settlement; for receiving payment from the secondary cooperative; for acting effectively as an agency for transmitting to the farmer members the improved technical know-how relating to production, which know-how the primary should obtain from the

secondary cooperative; and for providing other services and technical inputs as may be available from the secondary cooperative. Technical assistance and the supply of inputs should be organised, and for the greater part financed by the secondary cooperative whilst the primary cooperative should bring the farmers and the extension worker of the secondary cooperative together.

The primary society for rice and jute should be at the “union” level and the headquarters of the primary society should be in the village where the headquarters of the local government “union” area are located. The primary society should afford facilities for the transitional storage of rice and jute, pending their transfer to the factory of the secondary cooperative society. In the case of the primary milk cooperative at the union level, it should arrange for the milk to be packed up from village centres or the road-side depending upon road conditions, quantity of milk etc. Quality control and grading will be the functions of both the primary and the secondary cooperatives.

(ii) *The Producers’ Secondary Cooperatives*

Each such cooperative will be the federal body of the producers’ primary cooperatives.

The secondary cooperative should (a) pool together the produce of the farmers of its constituent primary cooperatives, (b) establish a processing plant and arrange for processing, packaging and marketing the produce, (c) organise programmes to raise the productivity of the farmers who avail themselves of the services rendered by the primary cooperatives, (d) undertake production or procurement of raw materials or inputs, (e.g., cattle feed concentrates required by a dairy cooperative), (e) be the channel of assistance from government and/or national organisations to the primary societies for strengthening and modernising their processing and marketing facilities (special mention of government help is made because in Bangladesh—as in all developing countries—the government’s help becomes most essential in the formative years for establishing processing and marketing facilities, for the supply of subsidized inputs, etc.), (f) organise training programmes for both the secretarial staff of the primary cooperatives and the farmers, utilising the facilities offered by government wherever possible.

(iii) *National Federations of Rice/Jute/Milk etc. Producers’ Cooperatives*

A national level cooperative federation for each industry e.g. rice, jute and milk, with its membership composed of the respective secondary cooperatives could bring about a rapid development of these industries. Each

federation can help the industry and the country at large by providing a link between the government and the industry, widening the horizons of marketing to international levels, guiding the business and the developmental policies of the member cooperatives and generally helping to attain overall national objectives.

D. The Role of Government

The producers' cooperative organisations which connect rural production with urban marketing of milk, jute and rice are ideally suited to canalize the national effort to raise the productivity of the farm, to raise the living standards of the people, in accordance with overall planning. The middlemen take the lion's share of the final price paid by the consumer to-day for agricultural produce. Producers' cooperative organisations can eliminate this and pay to the producers a remunerative price for their produce. This will give the farmers an incentive to adopt scientific methods of increasing production. This would be possible by improving technical skills and by running processing plants owned and operated by the cooperatives. The plants will give the cooperatives an opportunity and an ability to attract competent professional management and technical personnel with whose help the cooperatives will be able to bring about farmer participation in programmes for utilising modern technological skills and raising farm productivity.

Milk needs special mention. Without the help of the government, secondary cooperatives will not be able to set up dairy plants and primary cooperatives will not be able to function without there being processing facilities at the secondary level. On the other hand, at present only between 10% and 20% of the processing capacity of the existing dairy plants is being utilised because the dairy cooperatives are not able to get adequate supplies of milk from the villages under the existing arrangements. The new system suggested here can remedy this situation. However, there is an urgent need for the government to set up a high level committee to examine the present position of dairies in the country and to formulate proposals for the co-operativisation of the dairy industry.

Large scale financial assistance from the government is indispensable for the establishment of the necessary processing plants and warehouses under the cooperatives. But this should be done without affecting the autonomy of the society concerned in any way and at any time. In due course such assistance will pay abundant dividends by way of increased productivity and continuous growth that would make it unnecessary for the movement to obtain financial assistance from the government thereafter.

E. Recommendations

1. There is an urgent need to increase the production as well as the efficiency of the producers of rice, jute and dairy products in Bangladesh. A structure to tie up rural production with urban markets will give producers an incentive to improve their production by adopting modern scientific practices.
2. Processing and marketing units owned and run by producers' co-operative organisations will bring to the farmers the full benefits of marketing their produce. For running these units the cooperatives will have to employ technical and competent professional managerial personnel. They should be fully committed and responsible to their cooperative organisations.
3. Production inputs can best be distributed through producers' co-operative organisations.
4. The Government should provide both cattle and crop insurance as an essential part of its programme of agricultural development.

F. Resolutions

The seminar adopted unanimously the following resolutions in this regard :

- (i) The seminar recommends that the Government should grant seed capital to cooperative credit institutions at the various levels to strengthen their financial base but without impairing their autonomy.
- (ii) The seminar is of opinion that the distribution of "taccavi" loans among the farmers should be gradually discontinued by the Government. The seminar feels that such credit has led to widespread misuse of facilities and irresponsibility among the farmers.
- (iii) The seminar recommends that Bangladesh Jatiya Somabaya Union should get a survey made of all Central Banks and Thana Central Cooperative Associations with a view to identifying the weak organisations and taking effective steps to rehabilitate them.
- (iv) The seminar recommends that a Committee comprising the representatives of the Bangladesh Bank, the Ministry of Finance, Ministry of Local Government and Cooperatives, and the

Bangladesh Jatiya Samabaya Bank be constituted to examine the question of overdue loans and bad and doubtful debts.

- (v) The seminar recommends that in order to bring the full benefits of marketing their produce to the farmers, the producers' cooperatives at secondary and national level should set up their own processing units and for this purpose the government should give the cooperatives the financial and other assistance they may require.
- (vi) The seminar recommends that a high level Committee be appointed by the government to examine the present position of dairies in the country and to formulate proposals for the development of the dairy industry on cooperative lines.

6. CONSUMER COOPERATION

Today consumer goods are being distributed through the private trade and the prices charged for them from the consumers are anything but fair. Most of the manufactured consumer goods used to come from erst-while West Pakistan or were imported from other countries. At times, tobacco and vegetable oil were imported from West Pakistan. The wholesale trade in consumer goods, in the past, had remained generally in the hands of traders from West Pakistan. With the sudden exodus of the established traders from Bangladesh, the wholesale trade in consumer goods has been seriously dislocated and the supply of goods to consumers disrupted. Therefore, the shortage in the supply of consumer goods, that is being experienced today in Bangladesh is likely to continue for sometime.

There is a tendency on the part of the unscrupulous elements in the private trade to exploit this situation by adding unduly high trading margins and creating artificial scarcities, to the serious disadvantage of the unorganised and ill-informed consumers. There is, thus, a great need to organise the consumers on a cooperative basis so that they would be able to prevent exploitation and as well as to enforce their consumer rights.

A. Consumer Cooperatives in Rural Areas

There is an imperative need to do something quickly and effectively in view of the emergency conditions prevailing in the country. The National Government deserves the gratitude of the consumers for its quick action in setting-up the Consumer Supply Corporation for arranging the procurement and distribution of essential consumer goods, particularly to the low income groups, at fair and reasonable prices. The Government intends to socialise the wholesale and retail trade of essential consumer goods and has decided that the Supply Corporation should distribute these goods through fair price shops. The management and control of these shops will, in due course, be transferred to consumers' cooperatives. The Corporation is expected to eliminate the unnecessary middlemen operating in the distribution system of the country and thereby reduce the cost of distribution.

It is also expected to ensure fair and equitable distribution of essential and scarce consumer goods.

No doubt, the need for cooperatives is great, but it is important that we face the problem realistically. We should adopt an approach which will facilitate the development and growth of an effective and healthy cooperative consumer movement in the country. The movement should be started on firm and enduring foundations so that it could hold its own in the face of competition from the private trade, even in a free economy and provide effective benefits and services to the consumers.

The seminar was of opinion that consumer cooperatives should not be formed hastily, merely with the limited purpose of distributing a few scarce commodities, the distribution of which is controlled by the State and moreover doing this as an agent of the government. A cooperative consumer movement should be planned and developed in such manner that it becomes an essential and integral part of the distribution system of the country on a permanent basis. A strong and healthy cooperative consumer movement can bring numerous benefits to the consumers. Its virtue lies in its great social significance. The aims of consumer cooperation can be achieved if the organisation of these cooperatives is preceded by an intensive programme of motivation to rouse the consumers into a consciousness of the need of such organisations.

In the context of the above views, the seminar made the following recommendations in respect of the development of consumer cooperatives in rural areas :

- (i) There is no need to organise separate consumer cooperative societies in rural areas. The existing "union" level multipurpose cooperative societies and krishi samabaya samities at the village level should exercise the option of undertaking the distribution of essential and basic consumer goods in rural areas, having regard to their organisational capacity.
- (ii) As the multipurpose cooperatives, at the "union" level (of local government) have their own premises, godowns and also some experience in handling and distributing goods, the Consumer Supply Corporation should ask these cooperatives to function as "fair price shops" within the Corporation's scheme for the distribution of essential goods. Even some of the well-managed Krishi Samabaya Samities (KSS) could run "fair price shops". It may be pointed out that it is not necessary for a person to be a member of any of these organisations in order to be eligible to obtain his quota of essential goods from such organisation.
- (iii) The Supply Corporation should appoint both retail and wholesale

cooperatives to be its agents for running fair price shops if the cooperatives wish to undertake this work. If private traders are appointed to run fair price shops as agents of the Corporation, vested interests are likely to be created and it will be difficult for the Corporation to remove them and replace them by cooperative organisations.

- (iv) It is recommended that Central Cooperative Multipurpose Societies at the thana level and the Thana Central Cooperative Associations, wherever the latter exist, should be appointed wholesale agents of the Corporation. Where neither a central multipurpose or a Thana Central Association exists, the Corporation should set up its own office for wholesaling. It is urged that private traders should under no circumstances be appointed Agents of the Corporation.
- (v) The success of the scheme for the distribution of essential goods through fair price shops will depend very largely on the ability of the Supply Corporation to maintain a continuous supply of quality goods to its Agents at the thana level. The Corporation must ensure the efficient transportation and distribution of goods to its Agents scattered over the country.
- (vi) The consumer Supply Corporation should allow reasonable margin to the cooperatives functioning as its wholesale and retail agents to cover their operating costs.

B. Consumer Cooperatives in Urban Areas

Consumer cooperatives in urban areas have to face very stiff competition from the private trade. Cooperatives do not come across such aggressive competition in any other field as they do in retail distribution in urban areas. Experienced and skilled management is therefore a *sine qua non* for the success of a consumer cooperative society. Unlike in the case of other activities, experienced managers cannot be obtained from the private sector as the retailing in this country has all along been in the hands of small entrepreneurs and it has been more or less a hereditary business. There is thus a lack of skilled and experienced managerial personnel in the field of retail distribution, more so in the cooperative sector. It will take some time for the development of management and business skills. The seminar, therefore, does not favour any immediate programme of expansion of the consumer cooperative movement in the urban areas. This should be done only when an adequate number of trained managers becomes available.

The seminar was of opinion that :

- i.* The Consumer Supply Corporation, which has recently been set up by the Bangladesh Government for arranging the procurement and distribution of essential consumer goods, should set up "fair price shops" in all big towns and cities having population of fifty thousand or more in each case. These shops could be transferred to consumer cooperatives as and when the latter are organised;
- ii.* in urban areas, consumer cooperatives should be organised gradually according to a phased programme. It is proposed that to begin with model consumer stores should be set up in two or three cities e.g. Dacca, Chittagong and Khulna. These model shops should have competent managers and staffs duly trained in modern techniques of management and retail business. These model stores can serve as demonstration and training centres for developing the managerial personnel, who would be required to meet the needs of the consumer movement as it expands to the other cities and towns of the country. Efficient techniques of management and organisation as well as business skills in retail distribution could be evolved in the model stores. A suitable system of book-keeping, inventory and sales management financial controls and other management methods and practices could be standardised and efficiency norms set up in these model stores to serve as guidelines for other cooperative consumer societies ;
- iii.* the consumer cooperatives should set up their own wholesale society at the national level. Besides acting as spokesman of the consumer cooperatives in the country, it should be responsible for procuring the requirements of the retail societies and also for transporting such goods to the societies. The wholesale society should set up branch offices and regional warehouses at important trading and distribution points as may be necessary for the efficient and economic operation of the wholesale society. In order to improve and enhance the managerial and operational efficiency of retail societies, consultative and other technical services in the field of management should be developed in the wholesale society. It should also arrange for effective consumer information services, member education programmes, a common advertisement and publicity service, and sales promotion campaigns. The need of close collaboration between the wholesale and the retail societies and of completely integrating retail and

wholesale functions cannot be over-emphasized, if the movement is to compete successfully with the private trade, rendering an organised and effective service to the consumers ;

- iv.* in order to ensure the operational efficiency of the country's consumer cooperative movement it should have a structure of only two tiers. The wholesale sector of the movement should comprise the national Wholesale Society, with its regional branch offices, and the retail sector should consist of primary societies having large areas of operation and operating on the branch pattern. A substantial volume of business is necessary for each retail society so as to be able to reduce the cost ratio and employ competent managers and skilled staff. The system of numerous small independent primaries federated into a wholesale society at the city or district level is an out-moded concept. Single unit primaries are more expensive to run than large primaries on the branch pattern and yet the former are less effective than the latter. The wholesale functions should be concentrated in the apex society at the national level. The movement must capitalise its bargaining power by exclusively patronizing its national wholesale for its purchases. The wholesale society should have suitable arrangements for giving full satisfaction to its clientable so as to strengthen the solidarity of the primaries and the wholesale society ;
- v.* the government should provide liberal facilities to the National Wholesale Society for importing consumer goods;
- vi.* the government should use its influence with the manufacturers and suppliers of consumer goods for ear-marking a certain percentage of their production for distribution by the consumer cooperatives in the country;
- vii.* the government should assist the National Wholesale Society to set up processing and manufacturing plants e.g. rice, oil and dhal mills, bakeries, ready-made garment and polythene bag factories, so that the national wholesale society could ensure a supply of goods of good quality at fair prices ;
- viii.* such of the existing consumer cooperative societies as are functioning well should be appointed agents for fair price shops and approved dealers by the Consumer Supply Corporation and the Corporation should further assist them in procuring their requirements at fair prices.

C. Resolutions

The seminar unanimously adopted the following resolutions in this regard :

1. The seminar appreciates the decision of the government not to force the pace in regard to the formation of consumer cooperatives and recommends that consumer cooperative societies on the branch pattern should be formed in two or three cities to serve as model consumer societies.
2. The seminar is of opinion that there is no need to organise separate consumers cooperative societies in rural areas and recommends that the agency of the existing union multipurpose societies and/or Krishi Samabaya Samities should be utilised by the Consumers Supply Corporation for the distribution of basic consumer goods.
3. The seminar is of opinion that the consumer movement should consist of only two-tiers, the retail societies on the branch pattern and only one wholesale society at the national level.

7. FISHERMEN'S COOPERATIVES

Fishing is a major occupation in the rural areas of Bangladesh. About 800,000 families, mostly landless, are exclusively dependent on fishing for their livelihood. Another 200,000 families undertake fishing seasonally to supplement their income from agriculture. The vast majority of fishermen are dependent on a well-to-do minority for the supply of inputs and credit. Marketing facilities, essential for the disposal of a perishable commodity like fish, are conspicuously absent. In a large number of cases fishermen have to dispose of their catches at prices dictated by the traders.

The meagre institutional facilities available are in the hands of the well-to-do traders for only they are able to furnish the required security, leaving the majority of the fishermen open to exploitation. The seminar feels that suitable institutional arrangements should exist to meet the needs of the fishermen as part of an integrated scheme of fishery development.

In the recent past the formation of cooperative societies in rural areas has been mainly due to the necessity to free the fishermen from exploitation by Izaradars, who acquire rights over water areas by successful bidding at auctions. In the coastal areas, cooperatives were organised for more dynamic reasons such as the necessity for group action in respect of fishing, the supply of inputs and marketing.

After consideration of the different problems the seminar decided to make recommendations on the needs of the Cooperative Movement in the fishery sector under the following heads :

- (i) Infra-structural Development,
- (ii) Management Considerations,
- (iii) Training,
- (iv) Membership and Viability of Cooperatives,
- (v) Government Policy.

A. Infra-Structural Development

- (i) The vast majority of fishermen do not own economic units. In the past the expansion of irrigation facilities through excavation of canals and

subsidising the cost of supplying water paved the way for the growth of village-based agricultural cooperative societies. Similar programmes are necessary for the benefit of the fishermen. Boat-building may be brought within the purview of the Rural Works Programme to provide durable boats. This would make fishing an economic undertaking. Boats could be given at subsidised prices to groups of fishermen or to fishermen's cooperatives by extending the benefits of the Rural Works Programme to the fishermen.

Fishermen also should be allowed to work under the Rural Work Programme for building fishing boats. The rural works programme could be of benefit to fishermen in general by these measures.

(ii) The need for fish breeding should receive due importance in areas where this is feasible. The inland waters of Bangladesh are considered ideally suitable for undertaking a fish breeding programme with the support of the local fishermen under the Rural Works Programme.

(iii) The lack of a credit sense and of credit-worthiness are considered to be the main obstacles in the way of evolving a system of production credit for the benefit of fishermen. However, attempts should be made to develop an integrated credit programme to free the ordinary fishermen from the clutches of the middlemen. The scope for integrating the supply of inputs with a credit programme is considered to be much better in the fishery sector than in the agricultural sector. The fishermen would like to accept inputs like nylon-twine, coaltar, engines etc. in kind, without asking for large amounts in cash. Credit facilities should be made available through the primary cooperative societies on the security of the equipment, without demanding security in immovable property. The boat and other equipment besides the pledge given by the group itself should be considered sufficient security.

(iv) Fish being highly perishable in nature, marketing facilities are considered as the *sine qua non* of any upliftment programme. Government support should be made available to the Central Fishermen's Cooperative Societies to develop marketing through the provision of ice plants, cold storage and carrier-boats.

B. Management Considerations

The seminar feels that the age-old system of selling the rights over fishing areas to the highest bidder at auctions should be discontinued. Fishing areas should invariably be allotted to the local fishermen's cooperatives

free of rent. The seminar feels that just as land less than 25 bighas are exempted from tax, fishing areas should be exempted from rent.

Small fishing areas may be settled on the primary cooperative societies. In the case of big fishing areas, the Central Fishermen's Cooperative Societies should have the right to allot them to the constituent primary cooperative societies in such manner as would serve the interests of the fishermen best.

C. Training

A massive programme of cooperative education is considered necessary for the upliftment of the fishermen, The objective should be to create faith in cooperative ideology and to instill into the fishermen the spirit of mutual helpfulness and an urge to accumulate capital through small savings. Training should be imparted through group action and with an emphasis on the need for material development.

Ministries and agencies in charge of technical work under the government should play their due role in carrying out large scale training programmes for fishermen. Appropriate arrangements should be made through the cooperatives.

D. Membership and Viability of Cooperatives

The participants were of the opinion that all middlemen and exploiters of ordinary fishermen should be eliminated from cooperative societies. Some participants suggested that the membership should be confined to the genuine fishermen who go out fishing in the rivers or sea. In the course of their discussions the participants stated that a large number of fishermen's cooperative societies were dominated by people who are not actual fishermen but are dependent on the fish trade.

After detailed discussions the seminar decided that the middlemen especially traders and money-lenders should be barred from membership of primary cooperative societies. Only actual fishermen and those connected directly with the catching of fish should be eligible for membership in primary cooperative societies. The bylaws of all fishermen's cooperative societies should be amended accordingly. The Registrar of Cooperative Societies and his staff should ensure the exclusion of non-fishermen from the fold of fishermen's cooperative societies.

The viability of primary societies should be assessed on the standards of economic viability and management capacity. The size of the society

should be big enough for the society to be economically viable. On the other hand a primary cooperative society should not be so big as to render a training programme ineffective. Due regard should be paid to both these considerations in determining viability. The seminar thought that the minimum membership of a primary society should be 150 if the society is to be viable. There should be no overlapping of operational areas.

Primary fishermen's cooperative societies should act as production units supplying credit as well as fishing requisites. Each fishing group should comprise a set of persons who operate a boat and its ancillary equipment. A primary society should comprise a suitable number of such groups.

The seminar found that a three-tier cooperative system was suitable for fishermen. Primary cooperatives should federate into central fishermen's cooperative societies. The secondary societies should undertake the supply of inputs like boats, nylon-twine, coal-tar, rope etc. provide preservation facilities, organise training, mobilise small savings and undertake marketing to ensure a fair deal to the actual fishermen. Credit, however, should not be supplied by central fishermen's cooperative societies. The supply of credit should be the task of the cooperative central banks and this should be done as far as possible on banking principles. In view of the lack of credit-worthiness among fishermen the government should bear the burden of bad debt upto a certain ceiling by way of contributions to a debt redemption fund for fishermen's cooperatives.

Central fishermen's cooperative societies should be federated into a National Fishermen's Cooperative Society which may undertake import and marketing activities, and provide service and supply facilities on a large scale. No primary cooperative society of fishermen should be allowed to affiliate with the National Society.

The distribution of inputs should be undertaken by societies, at each of the three levels of the cooperative structure, on the basis of an assessment of the requirements at each level. In the past, the primary societies were entrusted with the task of supplying inputs which they obtained direct from the national society. This was because central societies had not been organised by then. The practice resulted in wastage, mal-distribution and the concentration of patronage in the hands of a few persons at the village level.

The participants discussed the functioning of the National Fishermen's Cooperative Society in respect of supplies and services. At present the society is maintaining a freezing plant at Chittagong and 8 or 9 ice plants scattered over the different parts of the country. It was strongly felt that

these facilities should be decentralised. The ice plants should be handed over to the Central Fishermen's Cooperative Societies for maintenance and operation. In future, long term credit facilities should be made available to the Central Fishermen's Cooperative Societies for the establishment of ice plants and boat-building centres. They should maintain regular warehousing facilities for the distribution of inputs. The national society should undertake marketing wherever nation-wide operations are possible. It should undertake the export of fish.

Though the national fishermen's cooperative society has handled supply and service functions on a large scale, there is a need for the rationalisation of responsibilities between the central societies and the national society. Central societies should be properly strengthened with adequate staff for performing the functions of supply, service and training. It may be necessary for the central societies to obtain financial grants from the government for meeting the expenses of staff training.

E. Government Policy

The National Society should indicate to the government the policy which the society desires the State to follow. Seminar was of the firm view that the policy of the Government should be formulated with a bias towards meeting the requirements of the cooperatives. Preferential treatment should be given to the cooperatives in respect of licences for the import of inputs and in respect of tax exemptions and other allied matters.

Large scale facilities are being established under the sponsorship of the Government such as freezing plants, cold storage and fish harbours, supplemented by other measures such as the acquisition of trawlers.

The seminar was of the opinion that the concentration of such facilities in the hands of a few should be discouraged, and a policy of gradually transferring such institutional facilities to the cooperatives should be adopted by the Government as a guiding principle.

Central societies should be provided with opportunities to set up common facility centres such as fish harbours and boat-building centres under the Rural Public Works Programme. Credit is not available to these societies to finance such projects at this stage of development. However, with the development of marketing facilities and integrated operations the Central Fishermen's Societies may be able in due course to obtain the necessary credit and undertake the development of such facilities.

There is a need for ensuring the proper coordination of the activities

of the different agencies concerned with the development of fisheries such as the Fisheries Development Corporation, Marine Fisheries Organisation, the Directorate of Fisheries, and the Directorate of Cooperatives. A highpowered Board may be set up under the Chairmanship of a Minister with representatives from the different organisations for the development of an integrated programme of aid to fishermen's cooperatives.

The participants noted with concern that though public corporations like the Bangladesh Agricultural Development Corporation, Small Industries' Corporation, Fisheries Development Corporation etc. have been charged with statutory responsibilities for the promotion of cooperatives by providing supplies and services, their actual operations have produced the opposite effect. The government should ensure that the statutory corporations and other organisations discharge their obligations for the promotion of cooperatives which are of such vital importance for the small man. Each statutory public corporation should state in detail in its Annual Report its performance in this respect for the consideration of the Ministry concerned.

F. Resolutions

The seminar unanimously adopted the following resolutions:

- (i) The Seminar recommends that boat-building should be brought within the purview of the Rural Works Programmes for the benefit of the actual fishermen.
- (ii) The seminar recommends the development of an integrated credit programme to free the fishermen from the clutches of the middlemen, making credit available through the primary cooperative societies on the security of the equipment without demanding security of the traditional type viz., immovable property, as the vast majority of fishermen are landless.
- (iii) The seminar recommends that the age old system of auctioning fisheries to the highest bidder should be discontinued and that they should be settled on the local fishermen's cooperatives free of rent.
- (iv) The seminar recommends that a massive programme of educating fishermen in fishing techniques and cooperative methods should be undertaken with the support of the respective technical Ministries and Agencies of the Government.
- (v) The seminar feels that the government should make necessary financial grants to the central societies for training their staff

during the formative years and also accord preferential treatment to fishermen's cooperatives in matters such as the import of inputs and the levying of taxes.

- (vi) The seminar is of opinion that only actual fishermen should be entitled to membership of primary fishermen's cooperatives. Suitable action should be taken to this end by amending the bylaws of fishermen's cooperatives.
- (vii) The seminar also feels that the institutional and other existing facilities belonging to the government such as ice and freezing plants, cold storage, fish harbours and trawlers should be gradually transferred to the fishermen's cooperatives to prevent exploitation of the fishermen by the few who are in control of these facilities at present.
- (viii) The seminar feels that a high-powered Board should be set up under the chairmanship of a Minister consisting of representatives of the different organisations concerned for the development of an integrated programme of aid to fishermen's cooperatives. The seminar requests the Government to ensure that the statutory corporations discharge their obligations for the promotion of fishermen's cooperatives.

8. COOPERATIVE HOUSING

A. Introduction

The People's Republic of Bangladesh has emerged on the map of the world as an independent sovereign state. It has a geographical area of 55,126 sq. miles and an estimated population of 75 million. The density of population in Bangladesh is one of the highest in the world—1,360 people per sq. mile. The growth rate of population is estimated to be 3% per annum. Thus there is an addition every year of 2.25 million people who have not only to be fed but housed as well. Taking 5 persons per dwelling unit the yearly additional requirement of houses is 450,000.

The present efforts of the Government, the cooperatives and the private investors to meet the growing needs of housing are quite inadequate and as a result the vast majority of the people in both rural and urban areas are living under conditions unsuitable for human habitation.

B. The Needs

The needs of housing and the methods that could be adopted to meet them vary in the urban, rural and coastal areas.

Land is scarce and costly in urban areas. The pressure of population in the cities is increasing at a fast rate due to the migration of the rural population to the cities. In view of the tremendous pressure on land the construction of multi-storeyed buildings containing apartments is the answer to the housing problem of urban areas.

Land and unskilled labour are cheap in rural areas. There is an immense potential for aided self-help housing in the rural areas. The spare time of the rural families can be utilised for the construction of their own homes. Organised cooperative efforts on the above lines with necessary assistance from the government could make a significant contribution to the improvement of rural housing. In rural areas, housing has to be part of an integrated approach in community development as has been achieved in the Biswagram and Swadhingram community development projects. Such products can make a significant contribution to improving the living conditions of the rural people.

Although the situation in coastal areas is very similar to that in rural areas, the frequent incidence of cyclones and tidal bores creates special problems in the field of housing e.g. buildings with storeys above the ground are required where people may keep their foodgrains etc. and take shelter in times of natural calamity. The construction of these buildings could be undertaken by the cooperatives with government assistance where necessary. The funds allotted to the Rural Works Programme should be available for this purpose.

C. Emergency Programmes

In all these areas in addition to meeting the normal requirements of housing, there is an urgent need to undertake an emergency programme of house construction to rehabilitate the vast masses of people rendered homeless during the liberation struggle. It is estimated that nearly two million houses were destroyed during this period. This problem has to be solved on an emergency basis and the cooperative method can be employed effectively for this purpose provided adequate state assistance is extended to the cooperatives. In fact the housing cooperatives would be the best instrument for implementing governmental programmes for housing those who have been rendered homeless.

D. Problems of Cooperative Housing

The problems that would be encountered in the development of cooperative housing may be stated as follows :

a. The lack of finance

The implementation of cooperative housing schemes depends primarily on the availability of adequate funds.

The sources of funds for cooperative housing would be the following :

- i.* the members,
- ii.* the cooperative banks,
- iii.* the government,
- iv.* commercial banks, insurance companies and the House Building Finance Corporation,
- v.* international aid agencies,
- vi.* trade unions.

The cooperatives should build up a Revolving Fund for financing cooperative housing projects. It is recommended that the government should make a lump-sum grant to form the nucleus of such a fund.

b. The lack of a steady supply of building materials at reasonable prices

Cooperatives of artisans should be organised for the production of building materials such as bricks, tiles, window and door frames etc. The housing cooperatives should employ artisanal cooperatives whenever possible thus creating employment for those who are engaged in the building trade within the cooperative fold.

c. The lack of land at economic prices in urban areas

The government should assist housing cooperatives specially in urban areas to acquire lands at reasonable prices.

d. The lack of adequate legislation

Certain legislative restrictions, such as the limits on borrowing by cooperative societies and their members for purposes other than agriculture inhibit the growth of housing cooperatives. The difficult legal procedures involved in the acquisition of land and the ejection of tenants are other legislative impediments to the growth of cooperative housing.

The existing legislation should be suitably amended and fresh legislation framed where necessary to help the growth of housing cooperatives.

e. The lack of managerial and technical skill

The lack of managerial and technical skills and the high costs of these services when available are obstacles to the development of cooperative housing. The cooperatives should be assisted by the government by the provision of technical personnel until the cooperatives are able to train their staff or employ trained staff on their own.

f. The lack of proper organisations for the promotion of cooperative housing

The absence of a strong central agency to promote cooperative housing is an impediment to the development of cooperative housing.

As the first step for propagating cooperative housing it is recommended that a cooperative housing society be formed at the national level.

This society may be formed as a federation of the existing housing societies, with provision for individuals also to join it as members at its initial stage. Provision should be made also for the membership of an individual member to cease when he has acquired membership in a primary housing cooperative or on the elapse of five years whichever happens earlier. The provision for the admission of individual members is necessary at the initial stage in order to give an opportunity to qualified and efficient persons who are not members of existing housing societies to take part in the promotion of cooperative housing. Provision should also be made for a sufficient number of technically qualified persons to be on the board of management of the society.

This national level society should undertake the organisation of primary cooperatives and also the construction of houses on behalf of its member-societies. It is suggested that once a primary society's members have saved sufficient funds to meet a part of the amount needed for the construction of the houses needed by them, the national society should assist the primary society to obtain loans to meet the balance funds required. The houses could be constructed by the national society and handed over to the primary society for allocation to its members. The recovery of loans from their members, the maintenance of the houses and the necessary services such as the supply of water and electricity, would be the responsibility of the primary societies.

In order that the national society may be able to perform the above functions effectively it should have the following departments :

(1) *Organisation Department*

The duties of this department will be to organise primary societies, undertake the education and training of their members and employees, to further the development of artisanal societies connected with the building trade and to promote low-cost housing. It should also be responsible for conducting research and surveys in the field of housing.

(2) *Planning Department*

For planning housing projects.

(3) *Building and Manufacturing Department*

The function of the Department would be to undertake the construction of houses as well as the production and procurement of building materials. This Department would also arrange to employ artisanal societies for the above purposes.

(4) Legal Department

To undertake legal activities such as the preparation of deeds, loan agreements, etc. and to advise on legislation relating to housing cooperatives.

E. General Recommendations

Finally, it should be mentioned that the existing housing situation in Bangladesh is so deplorable that it demands the urgent attention of the State and the Cooperative Movement. The housing problem should be thoroughly examined and a comprehensive housing development plan should be drawn up in order to solve this distressing problem. The Cooperative Movement, led by the Bangladesh Jatiya Samabaya Union, in close cooperation with the government can and should play a significant role in providing better housing to the nation.

F. Resolutions

The seminar unanimously adopted the following resolutions in this regard:

The seminar recommends that the Bangladesh Jatiya Samabaya Union should set up a special committee for the promotion of cooperative housing in the country and recommends that the Housing Finance Corporation of Bangladesh should give preferential treatment to cooperative housing societies.

The seminar recommends that the existing cooperative housing societies should be federated at the national level and such society should take active steps to promote cooperative housing in the country.

9. TRANSPORT COOPERATIVES

The seminar found itself unable to agree with the recommendations of the Subject Group on Transport Cooperatives. The seminar resolved as follows:

The seminar recommends that workers' cooperatives as well as users' cooperatives should be formed wherever possible to develop transport facilities in the country.

10. WEAVERS' COOPERATIVES

A. Introduction

The weavers' in Bangladesh constitute the second largest group of the working population, next to the agriculturists. At present the total number of people belonging to this working group is above five million and they have over 500,000 looms of different types.

The handloom industry in Bangladesh can play a very important role in the national economy. It is capable of providing the nation with 800 million yards of cloth out of the 900 million yards required annually in Bangladesh.

The weavers are generally poor and the lack of funds is a great handicap in operating their looms efficiently and profitably. They were affected severely during the period of the liberation struggle. Their problems deserve a new approach in order to regain their reputation for artistic craftsmanship and attractive designs. Hence, the following measures are suggested for implementation without any further loss of time on an emergency basis in order to rehabilitate the weavers of Bangladesh.

B. Organisation

Under the present set-up of the Weavers' Cooperatives, some of the primary and secondary societies are too large, as regards the numbers of their members as well as the extents of their areas of operation, to be able to render useful service. Motivation, training and education, so vitally necessary for cooperative success, cannot be given under the present structure due to the lack of close association among the members in most areas. Hence, it is recommended that

- (a) The primary societies be reorganised and reconstituted, where necessary, with a membership not exceeding two hundred in each society;
- (b) Efforts should be made to enrol all bonafide weavers as members of weavers' cooperative societies in their own localities;
- (c) Factory owners, dealers in yarn and dyes, money-lenders,

“Mahajans” and “Farriahs” should be excluded from membership of primary weavers cooperative societies;

- (d) The Industrial Union which have large areas of operation should be divided into smaller units for their better functioning. Such division should be made with the consent of the members of such Industrial Union. There should be a secondary society for weavers' primary societies wherever the volume of business warrants such separate secondary society for weavers.

C. Supply of Raw Materials and Marketing of Products

The main object of primary weavers' cooperatives is to supply raw materials, i.e. yarn, dyes and chemicals, to the individual weaver members regularly at reasonable prices. Hence it is recommended that:

- (a) yarn from local mills be directly distributed to the individual weavers regularly at a fair price through cooperative societies only;
- (b) as about 75% of the weavers of the country are members of weavers' cooperatives, 75% of the locally produced yarn as well as raw-materials imported from abroad through the Trading Corporation of Bangladesh be entrusted to the Bangladesh Samabaya Shilpa Samity, the apex society of the weavers;
- (c) the Government be requested to discontinue the present arrangement of having the Bangladesh Small Industries Corporation as the sole distributing agent of the indigenous as well as imported yarn to the exclusion of the weavers' cooperative societies. This system has seriously affected the members of weavers' cooperatives as well as the Cooperative Movement in general;
- (d) licences be issued in favour of the Bangladesh Samabaya Shilpa Samity Ltd. for importing yarn of higher counts., dyes, chemicals and weaving accessories. This society, as the National Industrial Society, has imported yarn of higher counts, dyes, chemicals and spare parts for looms since the year 1960-61, besides being engaged in the marketing of products. Thus, this society has experience in importing these goods;
- (e) retail shops be run in all important weaving centres under the management and direct control of the local Cooperative Industrial Union to facilitate the distribution of yarn and dye-stuffs;
- (f) cooperative industrial unions should undertake the marketing of finished products on behalf of the primary societies;

- (g) warehouses be opened at the important haats and bazars in the weaving areas to facilitate the storing of cloth and also to provide weekly short term advances against the products of weavers at a reasonable interest;
- (h) efforts be made by the Bangladesh Samabaya Shilpa Samity to export weavers' products to foreign countries.

D. Finance

All financial assistance required by the national, secondary and primary societies should be given by the Bangladesh Samabaya Bank as follows:

- (a) long-term loans and grants for the construction of godowns and office buildings, the improvement of looms and the adoption of modern techniques;
- (b) medium-term loans and grants for storing, processing and marketing weavers' products and importing raw materials;
- (c) short-term revolving credit and loans for the regular operation of the looms.

E. Government Support and Help

For the rehabilitation of the distressed weavers of Bangladesh, Government help and support are urgently needed. It would not be possible for the weavers to survive in these days of very keen competition unless the weavers are protected by the law of the land from exploitation by different undesirable elements and are rescued from the clutches of the big industrialists. Hence, it is recommended that:

- (a) the Government should enact laws to safeguard the ancient cottage industries of Bangladesh;
- (b) the Government should provide grants, loans, aid and subsidies for ameliorating the economic condition of the weavers in the same way as the Government is doing this for agriculturists through the cooperatives;
- (c) the Government should provide technical assistance to the cooperative societies by providing experts and technical hands;
- (d) all weavers' cooperative societies be exempted from paying taxes such as income tax, excise duty, customs duty, octroi, sale tax and surcharge, and from the payment of registration fees and stamp duties for registering their transactions;

- (e) the Government should assist in the provision of training facilities by opening technical textile institutes at least in the areas where weavers are concentrated;
- (f) the Bangladesh Jatiya Samabaya Union should provide facilities for higher study and observation in foreign countries to the weavers;
- (g) The National Industrial Society should establish model dyeing and designing centres in all areas where weavers are concentrated;
- (h) Government departments and other government sponsored institutions should as far as possible purchase their requirements from industrial cooperatives.

The Subject Group had recommended that the government should contribute to the share capital of the national and secondary societies. This was unanimously deleted from the recommendation at (b) above by the seminar in plenary session.

F. Training, Education & Motivation

It is also recommended that:

- (a) weekly meetings and training facilities be arranged by all primary weavers' cooperative societies in collaboration with Industrial unions;
- (b) arrangements should be made to get some of their members trained and acquainted with the techniques of production and marketing as obtained at Mominnagar.

G. Resolution

The seminar unanimously adopted the following resolution in this regard:

The seminar recommends that the government should provide grants and other assistance to weavers' cooperatives in the same way as is being done for farmers through their cooperatives and government should also provide necessary facilities and protection to the weavers' cooperatives for their normal growth and for the rapid development of the handloom industry of this country.

PART III

GENERAL RESOLUTIONS ADOPTED BY THE SEMINAR

Thirty-two resolutions were adopted by the seminar after the adoption of the Reports of the Subject Groups as amended by the Plenary Sessions. In accordance with Resolution No. (vi) quoted below, the resolutions which relate to the subjects discussed by the Subject Groups are given in Part II of this Report at the appropriate places. Resolutions pertaining to the Co-operative Movement in general are given below :

Policy

(i) In the emerging formative stage of the Co-operative Movement in Bangladesh the Government has a crucial role to play in the development and strengthening of the cooperative movement as a primary balancing force in the economy, without interfering with the self-reliance and autonomy of the movement as recommended by the ILO in its Recommendation No. 127 of 1966. (vide Appendix B on Page 102).

(ii) The seminar welcomes the recent decision of the Government of Bangladesh to discontinue the practice of nominating members of Boards of Directors of cooperatives.

(iii) The seminar recommends that cooperative organisations should not be nationalised as they are all people's organisations and those already nationalised should be de-nationalised and returned to their erstwhile managements.

Expertise

(iv) The seminar recommends to the Bangladesh Jatiya Samabaya Union that it should apply to the International Co-operative Alliance for the services of an Expert initially for a period of two years for coordinating technical assistance offered by international aid agencies and advising the Union on the development of the Co-operative Movement in Bangladesh.

(v) The seminar recommends that the Bangladesh Jatiya Samabaya Union requests the Government to apply for technical aid on a priority basis under the United Nations Development Programme for developing the

cooperative movement in its different sectors such as credit, marketing, fisheries and management, as expert technical assistance is necessary if the cooperative movement is to develop on sound lines.

Follow-up

(vi) The seminar resolves that whilst considering the resolutions of the seminar the group reports also as accepted by the Plenary Session should be taken into consideration.

(vii) Finally, the seminar requests the Union to follow-up these recommendations.

PROGRAMME

Monday, 19th June 1972

08.30 Hrs.	Registration of Delegates
10.00	Inauguration
11.30	Tea break
14.00-16.00	Cooperative Dairy presented by Mr. Imamuddin, General Manager, Austo Dairy, Dacca
16.00-16.10	Tea/Coffee
16.10-17.15	Paper on Jute Production and Cooperatives presented by Dr. Ishaque, Director of Agriculture (Extention & Research), Dacca

Tuesday, 20th June 1972

09.30-11.30 Hrs.	Introductory Paper on Fishery Cooperatives by Mr. L.R. Khan, Registrar of Cooperative Societies, Dacca, Bangladesh.
11.30-11.45	Tea break
11.45-13.00	Discussion
13.00-15.00	Lunch break
15.00-16.00	Paper on Development of Cooperative Weavers, Societies in Bangladesh by Mr. Faizur Rahman Khan, Hony. General Secretary, Bangladesh Jatiya Samabaya Union, Dacca.
16.00-16.15	Tea/Coffee
16.15-17.30	Paper on Cooperative Credit and Banking by Mr. A.A.M. Imaul Huq, Ex-General Manager, Bangladesh Samabaya Bank.

Wednesday, 21st June 1972

09.00-10.45 Hrs.	Paper on Cooperative Education and Training by Mr. S.A. Safdar, Principal, Cooperative College, Comilla
10.45-11.00	Tea break

11.00-13.00	Paper on Cooperatives & Mass Education by Mr. M.A. Quddus, Retired A.D P.I.
13.00-14.00	Lunch break
14.00-15.30	Paper on Cooperative Housing by Mr. A.T.M. Motloob Hossain, Deputy Registrar of Coop. Societies (Ext.)
15.30-15.45	Tea/Coffee
15.45-17.30	Paper on Cooperative Legislation by Mr. Mukhlesur Rahman Chowdhury, Joint Secretary, Bangladesh Jatiya Samabaya Union.

Thursday, 22nd June 1972

09.00-10.30	Hrs.	Paper on Cooperative Management by Mr. Fazlur Rahman, Vice Chairman, Bangladesh Jatiya Samabaya Union.
10.30-10.45		Tea break
10.45-12.00		Paper on Consumers Cooperative by Mr. A.M. Chowdhury, Professor, Cooperative College, Comilla.
12.00-14.00		Lunch break
14.00-15.00		Paper on Cooperative Transport by Mr. Mohammadullah, Bangladesh Fishermen Co-operative Society.

Friday, 23rd June 1972

09.30-11.30		Paper on Production of Rice by Professor Muzzem Hossain, Agriculture University, Mymensingh.
11.30-12.00		Tea break
12.00-15.00		Lunch break
15.00-18.00		Discussion on the Organisational Set-up and Management

Saturday, 24th June 1972

09.30-12.00		Discussion on the Organisational Set up and Management (contd.)
12.00-14.00		Lunch break
14.00-17.00		Continuation of the Discussions remaining incomplete. (Consumer's and Transport)

Sunday, 25th June 1972 FREE

Monday, 26th June 1972 } Discussion of Different Study Groups
Tuesday, 27th June 1972 } on Respective Subjects.

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Dr. MK Shah } Resource Persons
Mr. M. Kasaoka }
Mr. Ali Ashraf }
Prof. Jalal Ahmed }
Mr. Nuruzzaman Bhuyan }
Mr. Imamuddin }
Mr. M. Alam Chasi }

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Mr. Shamsul Alam Khan
Mr. Abu Taher
Mr. LR Khan
Mr. Md. Ishaque
Mr. Abu Bakar Siddiqui
Mr. Abdul Hamid Khan

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Mr. AKM Yakub Ali
Mr. Ahmed Ali
Mr. Tuzammal Haque
Mr. Golam Mustafa Chowdhury
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MEMBER EDUCATION GROUP

Mr. JM Rana—Resource Person
Mr. SA Safdar
Mr. MA Quasem
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Mr. Fazlul Haque
Mr. Nurul Islam
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Mr. Shaikh Nizamul Islam

ORGANISATIONAL SET-UP & MANAGEMENT

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COOPERATIVE LEGISLATION GROUP

Mr. PE Weeraman—Resource Person
Mr. Mukhlesur Rahman Chowdhury
Mr. Abdul Aziz
Mr. KG Ahmed

COOPERATIVE TRANSPORT GROUP

Mr. Mahmuddulah
Mr. Rafiqur Rahman
Mr. Abdul Alim
Mr. Shamsuzzamman

CONSUMERS' COOPERATIVE GROUP

Mr. MK Puri—Resource Person
Mr. M. Raushan Ali
Mr. Mahiuddin
Mr. PK Chowdhury
Mr. MA Chowdhury
Mr. Mirza MIM Ahmed

CREDIT AND BANKING GROUP

Mr. KS Bawa—Resource Person
Mr. AAM Imaul Huq
Mr. Mian Md. Serajul Haque
Mr. SA Kabir
Mr. Anisur Rahman

Wednesday, 28th June 1972 Drafting of Group Reports by individual Groups.

Thursday, 29th June 1972 Plenary Session

Friday, 30th June 1972

0900-1200 Hrs. Consideration of Recommendations and Resolutions

1200-1500 Lunch break

1500-1700 Valedictory Function and close of the Seminar.

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*Appendix to the Report of the National Seminar on “The
Needs of the Cooperative Movement of Bangladesh”.*

MODEL COOPERATIVE SOCIETIES LAW

Contents

I Preliminary	..	71
II Registration	..	72
III Rights and Liabilities of Members	..	76
IV Management of Registered Societies	..	79
V Privileges of Registered Societies	..	81
VI Property and Funds of Registered Societies	..	86
VII Audit, Inspection and Inquiry	..	89
VIII Dissolution	..	91
IX Surcharge and Attachment	..	95
X Disputes	..	96
XI Rules	..	96
XII Miscellaneous	..	98

MODEL COOPERATIVE SOCIETIES LAW

Part I

PRELIMINARY

1. *Short Title*

This Law may be cited as the *Cooperative Societies Law*.

2. *Definitions*

In this Law, unless the context otherwise requires :

“Bonus” means a portion of the trading surplus (profit) of a registered society divided among its members in proportion to the volume of business done with the society by them out of which such surplus was derived.

“Bye-laws” means the registered bye-laws for the time being in force and includes a registered amendment of the bye-laws.

“Committee” or “Board of Directors” means the governing body of a registered society to whom the management of its affairs is entrusted under its bye-laws.

“Dividend” means a share of the trading surplus of a registered society divided among its members in proportion to the share capital held by them.

“Member” means a person or registered society admitted to membership of a registered society in accordance with the Rules and the society’s bye-laws and includes a person or registered society joining in the application for the registration of a society.

“Officer” means a person empowered under the Rules or a registered society’s bye-laws to give directions in regard to the business of a society, and any person who is deemed an officer of a registered society under its

by-laws, and includes the President, Chairman, Secretary, Treasurer, a Member of Committee, a Director, and a Manager of a registered society.

“Primary Society” means a registered society whose membership is open only to individuals and whose objects do not include the object of facilitating the operations of other registered society.

“Rebate” means bonus as defined above.

“Registered Society” means a cooperative society registered under this law or deemed to be so registered as provided hereinafter.

“Registrar” means a person appointed to be or to act for the time being as the Registrar of Cooperative Societies under this Law and includes any person upon whom any or all of the powers of the Registrar have been conferred as provided hereinafter.

“Rules” means rules made or deemed to have been made under this Law.

“Secondary Society” means a registered society whose membership is open to primary societies and whose main object is that of facilitating the operations of other registered societies which are its members.

“Tertiary Society” means a registered society whose membership is open to secondary societies and whose main object is that of facilitating the operations of secondary societies which are its members.

Part II

REGISTRATION

3. *Appointment of Registrar, Deputy and Assistant Registrars*

(1) There may be appointed a Registrar of Cooperative Societies for _____ or any portion thereof and such number of Deputies or Assistant Registrars as may be necessary.

(2) The Minister may, by general or special order, confer on any Deputy or Assistant Registrar all or any of the powers of the Registrar under this Law or under any Rules made thereunder and such order shall be published in accordance with the Law pertaining to publication of orders made by a Minister.

4. *Societies Which may be Registered* : Subject to the provisions hereinafter contained a society which has as its object the promotion of the economic interests of its members in accordance with cooperative principles, as laid down by the International Cooperative Alliance in its Rules, or a society established with the object of facilitating the operations of such a society may be registered under this Law with or without limited liability.

Provided that the liability of a secondary or tertiary society shall be limited, and

Further, provided that any subsequent change in the Rules of the International Cooperative Alliance relating to cooperative principles shall not effect the validity of a registration already made.

5. *Conditions of Registration*

(1) No primary society shall be registered under this Law which does not consist of at least ten individuals each of whom is qualified for membership as provided hereinafter.

(2) No secondary or tertiary society shall be registered societies each of which does not consist of at least two registered societies each of which is qualified for membership as provided hereinafter.

(3) The word "cooperative" or its equivalent in..... language shall form part of the name of every society registered under this Law.

(4) The word "Limited" shall be the last word in or the equivalent of that word in.....shall form part of the name of every society with limited liability registered under this Law.

6. *Qualifications for Membership*

(1) The qualification of an individual for membership of a primary society shall be :

- (a) that he has attained the age of 18 years, and
- (b) that he is resident, in occupation of land, or following a trade or occupation relevant to the society's objects within the society's area of operations as laid down by its by-laws.

(2) A registered society with objects relevant to those of a secondary or tertiary society shall be qualified for membership of such secondary or tertiary society.

(3) When for the purposes of this section any question arises as to age, residence, occupation of land, trade or occupation of any person in respect of his qualification for membership of a cooperative society such question shall be decided by the Registrar and such decision shall be final.

7. *Application for Registration*

(1) For the purpose of registration an application shall be made to the Registrar.

(2) The application shall be signed :

- (a) in the case of a primary society by at least 10 individuals qualified in accordance with this Law;
- (b) in the case of a secondary or tertiary society by a duly authorised person on behalf of every registered society which is a member of such secondary or tertiary society.

(3) The application shall be accompanied by such number of copies of the proposed bye-laws of the society as the Registrar may require and the individuals or societies making such an application shall furnish such information in regard to the society as may be required by the Registrar.

8. *Registration*

(1) If the Registrar is satisfied that a society has complied with the provisions of this Law and the Rules, and that its proposed bye-laws are not contrary to this Law or to the Rules, he may, if he thinks fit, register the society and its bye-laws.

(2) On registration the society shall pay such fee as may be required by the Rules.

9. *Evidence of Registration* : A certificate of registration signed by the Registrar shall be conclusive evidence that the society therein mentioned is duly registered unless it is proved that the registration of the society has been cancelled.

10. *Societies to be Bodies Corporate* : The registration of a society shall render it a body corporate by the name under which it is registered, with perpetual succession and a common seal, and with power to hold property, to enter into contracts, to institute and defend suits and other legal proceedings, and to do all things necessary for the purpose of its constitution.

11. Bye-laws of a Society to Bind Members

(1) Every bye-law of a registered society shall, upon registration, be binding upon the society and the members thereof to the same extent as if the bye-law was signed by each member of the society and contained a covenant by each such member to observe the provisions of the bye-law.

(2) Any dispute arising out of the interpretation of a bye-law of a registered society shall be referred to the Registrar for his decision and his decision shall be final and conclusive in law.

12. Power to Make Bye-laws in Restraint of Trade

No bye-law made by a registered society in respect of any matter for which bye-laws are authorised by any rule to be made shall be called in question in any court of law on the ground only that such bye-law constitutes a contract in restraint of trade.

13. Power to Make Bye-laws for the Imposition of Fines on Members

The bye-laws made by any registered society may, subject to any rules, provide for the imposition of fines on the members of the society for contraventions of its bye-laws :

Provided, however, that no such fine shall be imposed on any member unless :

- (a) notice in writing of the intention to impose such fine and the reasons therefor have been given in writing to him by the society ; and
- (b) he has failed to show, within such time and in such manner as may be prescribed by rules, sufficient cause against the imposition of the fine.

14. Amendment of the Bye-laws of a Registered Society

1. Any registered society may, subject to this Law and the Rules, amend its bye-laws including the bye-law which declares the name of the society.

2. No amendment of the bye-laws of a registered society shall be valid until that amendment has been registered under this Law, for which purpose copies of the amendment shall be forwarded to the Registrar.

3. If the Registrar is satisfied that any amendment of the bye-laws

is not contrary to this Law or to the Rules, he may, if he thinks fit, register the amendment.

4. An amendment which changes the name of a society shall not affect any right or obligation of the society or of any of its member or past members, and any legal proceedings pending may be continued by or against the society under its new name.

5. When the Registrar registers an amendment of the bylaws of a registered society, he shall issue to the society a copy of the amendment certified by him. which shall be conclusive evidence of the fact that the amendment has been duly registered.

6. In this section, "amendment" includes the making of a new by-law and the variation or rescission of a bylaw.

Part III

RIGHTS AND LIABILITIES OF MEMBERS

15. Members not to Exercise Rights till due Payment Made

1. No member of a registered society shall exercise the rights of a member unless or until he has made such payment to the society in respect of membership or acquired such interest in the society, as may be prescribed by the rules or bylaws.

2. Where a member of a registered society has not made any subsequent payment that may be due from him to the society in respect of his membership or other interests in the society as may be prescribed by the rules or bylaws it shall be lawful for the society to deduct any sum of money due to the society from such member in respect of his membership or other interest from any sum of money that may be due from the society to such member.

16. Restriction of Membership in Societies : Except with the sanction of the Registrar no person shall be a member of more than one registered society with unlimited liability or whose primary object is to grant loans to its members.

17. Votes of Members

(1) No member of any primary society shall have more than one vote in the conduct of the affairs of the society.

(2) Members of secondary or tertiary societies may have such voting powers as are provided in the rules and bylaws.

Provided that in the conduct of the affairs of any registered society, in the case of an equality of votes the Chairman of such meeting shall have a casting vote.

18. Representation by Proxy

A registered society which is a member of any other registered society may appoint any one of its members as its proxy for the purpose of voting in the conduct of the affairs of such other registered society.

19. Contract with Society of Members Who are Minors

The minority or non-age of any person duly admitted as a member of any registered society shall not debar that person from executing any instrument or giving any acquittance necessary to be executed or given under this Law or the rules made thereunder, and shall not be a ground for invalidating or avoiding any contract entered into by any such person with the society ; and any such contract entered into by any such person with the society, whether as principal or as surety, shall be enforceable at law or against such person notwithstanding his minority or non-age.

20. No Individual to hold more than One-Fifth of Share Capital of any Society

No member, other than a registered society, shall hold more than one-fifth of the share capital of any cooperative society.*

21. Restrictions on Transfer of Shares or Interest

(1) The transfer of the share or interest of a member or past member or deceased member in the capital of a registered society shall be subject to such conditions as to maximum holding as may be prescribed by this Law or by the rules.

(2) In the case of a society registered with unlimited liability, a member shall not transfer any share held by him or his interest in the capital of the society or any part thereof, unless :

- (a) he has held such share or interest for not less than one year; and
- (b) the transfer is made to the society, or to a member of the society, or to a person whose application for membership has been accepted by the committee.

22. Liability of Past Member and Estate of Deceased Member for Debts of Society

(1) The liability of a past member for the debts of a registered society as they existed on the date on which he ceased to be a member shall not continue for a period of more than two years reckoned from that date.

(2) The estate of a deceased member shall not be liable for the debts of the society as they existed on the date of his decease for a period of more than two years reckoned from the date of his decease.

23. Shares of Other Interest not Liable to Attachment or Sale

Subject to the provisions of Section 37, the share or other interests of a member in the capital of a registered society shall not be liable to attachment or sale under any decree or order of a court in respect of any debt or liability incurred by such member, and neither his assignee in insolvency nor a receiver duly appointed shall be entitled to, or have any claim on, such share or interest.

24. Transfer of Interest on Death of a Member

(1) On the death of a member, a registered society may transfer the share or other interest of the deceased member to the persons nominated in accordance with the rules made in this behalf, or, if there is no person so nominated, to such persons as may appear to the committee to be the heir or legal representative of the deceased member, or may pay to such nominee, heir or legal representative, as the case may be, a sum representing the value of such member's share or interest, as ascertained in accordance with the rules or bye-laws:

Provided that:

- (a) In the case of a society with unlimited liability such nominee, heir or legal representative, as the case may be, may require payment by the society of the value of the share or interest of the deceased member ascertained as aforesaid;
- (b) In the case of a society with limited liability, the society may transfer the share or interest of the deceased member to such nominee, heir or legal representative, as the case may be, being qualified in accordance with the rules and bye-laws for membership of the society, or on his application within six months of the death of the deceased member to any person specified in the application who is so qualified.

(2) A registered society shall pay all other moneys due to the deceased member from the society to such nominee, heir or legal representative, as the case may be.

(3) All transfers and payments made by a registered society in accordance with the provisions of this section shall be valid and effectual against any demand made upon the society by any other person.

25. *Deposits By or on Behalf of Minors*

(1) A registered society may receive deposits from or for the benefit of minors and it shall be lawful for a registered society to pay such minor the interest which may become due on such deposits. Any deposits made by a minor may, together with the interest accrued thereon, be paid to that minor; and any deposit made on behalf of a minor may, together with the interest accrued thereon, be paid to the guardian of that minor for the use of the minor.

(2) The receipt of any minor or guardian for money paid to him under this section shall be a sufficient discharge of the liability of the society in respect of that money.

Part IV

MANAGEMENT OF REGISTERED SOCIETIES

26. *Address of Society*

Every registered society shall have an address, registered in accordance with the rules, to which all notices and communications may be sent, and shall send to the Registrar notice of every change of that address.

27. *Copy of Law, Rules, Bye-laws Etc. to be Open to Inspection*

Every registered society shall keep a copy of this Law and of the Rules and of its bye-laws and a list of its members open to inspection, free of charge, at all reasonable times at the registered address of the society.

28. *Register of Members*

Any register or list of members kept by any registered society shall be *prima facie* evidence of any of the following particulars entered therein:

- (a) The date at which the name of any person was entered in such register or list as a member:

(b) The date at which any such person ceased to be a member.

29. *Proof of Entries in Books of Society*

(1) A copy of any entry in a book of a registered society regularly kept in the course of business shall, if certified in such manner as may be prescribed by the rules, be received in any legal proceeding, civil or criminal, a *prima facie* evidence of the existence of such entry and shall be admitted as evidence of the matters, transactions and accounts therein recorded in every case where, and to the same extent as, the original entry itself is admissible.

(2) No officer of any such society shall, in any legal proceedings to which the society is not a party, be compelled to produce any of the society's books, the contents of which can be proved under sub-section (1) or to appear as a witness to prove any matters, transactions or accounts therein recorded, unless the court for special reasons so directs.

30. *Final Authority in a Registered Society*

The final authority in a registered society shall vest in the general body of members:

Provided that where the bylaws of a registered society provide for the constitution of a smaller body consisting of delegates of members of the society elected in accordance with such bylaws, the smaller body shall exercise all or such powers of the general body as may be prescribed or as may be specified in the bylaws of the society.

Provided further that nothing in this section shall affect any powers conferred on a committee or any officer of a registered society by the Rules or bylaws.

31. *Annual General Meeting*

A general meeting of a registered Society shall be held once in a year for the purpose of :

- (a) Approval of the programme of the activities of the society prepared by the committee for the ensuing year,
- (b) Election, if any, in the prescribed manner of the members of the committee other than nominated members,
- (c) Consideration of the audit report and the annual report,
- (d) Disposal of the net trading surplus, and
- (e) Consideration of any other matter which may be brought forward in accordance with the bylaws.

32. *Special General Meetings*

(1) The committee of a registered society may, at any time, call a special general meeting of the society and shall call such meeting within one month after the receipt of a requisition in writing from the Registrar or from such number of members or a proportion of the total number of members as may be prescribed.

(2) If a special general meeting of a registered society is not called in accordance with the requisition referred to in sub-section (1), the Registrar or any person authorised by him in this behalf, shall have the power to call such meeting and that meeting shall be deemed to be a meeting called by the committee.

33. *Securing Possession of Records Etc.*

(1) If the committee of a registered society is reconstituted at a general meeting of the society or if the society is ordered to be wound up under section 53 or 54, and the outgoing members of the committee refuse to hand over the charge of the records and property of the society to the new committee or the liquidator as the case may be the new committee or the liquidator may apply to the magistrate, within whose jurisdiction, the society functions, for securing the records and property of the society.

(2) On receipt of an application under sub-section (1) the magistrate may, by a warrant authorise any police officer, not below the rank of sub-inspector, to enter and search any place where the records and the property are kept or are believed to be kept and to seized such records and property; and the records and property so seized shall be handed over to the new committee or the liquidator as the case may be.

Part V

PRIVILEGES OF REGISTERED SOCIETIES

34. *Acts of Cooperative Societies not to be Invalidated by Certain Defects*

No act of a cooperative society or any committee or of any officer shall be deemed to be invalid by reason only of the existence of any defect in the constitution of the society or the committee or in the appointment or election of an officer or on the ground that such officer was disqualified for his appointment.

35. *Disposal of Produce to or Through a Registered Society*

(1) A registered society which has as one of its objects the disposa

of any article which is the produce of agriculture or animal husbandry or any other industry, may provide in its bye-laws or may contract with its members:

- (a) That every such member who produces any such article, shall dispose of the whole or of any specified amount, proportion or description thereof to or through the society; and
- (b) That any member who is proved or adjudged, in such manner as may be prescribed by Rules, to be guilty of a breach of the bye-laws or contract, shall pay to the society as liquidated damages a sum ascertained or assessed in such manner as may be prescribed by the Rules, or by its bye-laws.

(2) A contract made by a registered society under sub-section (1) shall create in favour of the society a first charge upon all articles, whether produced or about to be produced, to which the contract relates.

(3) In any legal proceedings arising out of a contract under sub-section (1), it shall not be a defence that the contract is in restraint of trade.

(4) A member of a registered society shall be deemed not to have contravened any bye-law of the society which requires him to deliver any produce to the society, if the failure to deliver such produce was due to the fact that he had, prior to becoming a member of the society, contracted to deliver the produce to some other person.

(5) Every person who applies for membership of a registered society shall, if required so to do, disclose in his application particulars of all contracts made by him for the delivery of any produce to any other person.

36. Creation of Charges in Favour of Registered Societies

(1) Subject to any prior claim of the Government on the property of the debtor and to the lien or claim of a landlord in respect of rent or any money recoverable as rent and in the case of immovable property to any prior registered charge thereon:

- (a) any debt or outstanding demand payable to a registered society by any member or past member shall be a first charge on all crops or other agricultural produce, felled timber or other forest produce, marine produce, (fresh-water and salt-water), livestock, fodder, agricultural, industrial and fishing implements, plant, machinery, boats, tackle and nets, raw materials, stock-in-trade and generally all produce of labour and things used in connection with production raised, purchased or produced in whole or in

part from any loan whether in money or in goods given him by the society ; provided that nothing herein contained shall affect the claim of any bona fide purchaser or transferee without notice;

- (b) any outstanding demands or dues payable to a registered housing society by any member or past member in respect of rent, shares, loans or purchase money or any other rights or amounts payable to such society shall be a first charge upon his interest in the immovable property of the society.

(2) No person shall transfer any property which is subject to a charge under sub-section (1) except with the previous permission in writing of the cooperative society which holds the charge.

(3) Notwithstanding anything contained in any law for the time being in force, any transfer of property made in contravention of the provisions of sub-section (2) shall be void.

37. Charge and Set-Off in Respect of Shares or other Interests of Members

A registered society shall have a charge upon the shares or other interests in the capital and on the deposits of a member or past member or deceased member and upon any dividend, bonus or profits payable to a member or past member or to the estate of a deceased member in respect of any debt due to the society from such member or past member or estate, and may set off any sum credited or payable to a member or past member or estate of a deceased member in or towards payment of any such debt.

38. Amalgamation or Transfer of Societies

(1) Any two or more societies may, with the approval of the Registrar by a resolution passed by a three-fourths majority of the members present at a special general meeting of each such society held for the purpose, amalgamate as a single society; provided that each member has had 15 clear days' written notice of the resolution and the date of the meeting. Such an amalgamation may be effected without a dissolution, or a division of the funds, of the amalgamating societies. The resolution of the societies concerned shall on such amalgamation be a sufficient conveyance to vest the assets and liabilities of the amalgamating societies in the amalgamated society.

(2) Any society may by a resolution passed in accordance with the procedure laid down in sub-section (1) transfer its assets and liabilities to any other society which is prepared to accept them :

Provided that when any such amalgamation or transfer of assets

and liabilities involves the transfer of its liabilities by any society to any other society, it will not be made without giving three months' notice to the creditors of both or all such societies ;

Provided further that if a creditor or creditors of any of the societies concerned objects or object to such amalgamation or transfer of assets and liabilities and gives or give written notice to that effect to the society or societies concerned one month before the date fixed for such amalgamation or transfer, the amalgamation or transfer shall not be made until the dues of such creditor or creditors have been satisfied.

39. *Division of Societies*

(1) Any society may, with the approval of the Registrar, by a resolution passed by a three-fourths majority of the members present at a special general meeting of the society held for the purpose, resolve to divide itself into two or more societies, provided that each member has had 15 clear days' written notice of the resolution and the date of the meeting. The resolution (hereinafter in this section referred to as a preliminary resolution) shall contain proposals for the division of the assets and liabilities of the society among the new societies in which it is proposed to divide it and may prescribe the area of operation of, and specify the members who will constitute, each of the new societies.

(2) A copy of the preliminary resolution shall be sent to all the members and creditors of the society. A notice of the resolution shall also be given to all other persons whose interests will be affected by the division of the society.

(3) Any member of the society may, notwithstanding any bye-law to the contrary, by notice given to the society within a period of three months from his receipt of the resolution, intimate his intention not to become a member of any of the new societies.

(4) Any creditor of the society may, notwithstanding any agreement to the contrary, by notice given to the society within the said period intimate his intention to demand a return of any amount due to him.

(5) Any other person whose interest will be affected by the division may by notice given to the society object to the division unless his claim is satisfied.

(6) After the expiry of three months from the receipt of the preliminary resolution by all the members and creditors of the society and of the notice by other persons given under sub-section (2), another special general

meeting of the society, of which at least 15 clear days' notice shall be given to its members, shall be convened for considering the preliminary resolution. If, at such meeting the preliminary resolution is confirmed by a resolution passed by a majority of not less than two-thirds of the members present, either without changes or with such changes as in the opinion of the Registrar are not material, he may, subject to the provisions of sub-section (9) and Section 7, register the new societies and the bylaws thereof. On such registration, the registration of the old society shall be deemed to have been cancelled and the society shall be deemed to be dissolved from the date of such cancellation.

(7) The opinion of the Registrar as to whether the changes made in the preliminary resolution are or are not material shall be final and no appeal shall lie therefrom.

(8) At the special general meeting referred to in sub-section (6) provision shall be made by another resolution :

- (i) repayment of the share capital of all the members who have given notice under sub-section (3);
- (ii) satisfaction of the claims of all the creditors who have given notice under sub-section (4);
- (iii) satisfaction of the claims of such of the other persons who have given notice under sub-section (5) as the Registrar decides or securing their claims in such manner as the Registrar directs :

Provided that no member or creditor or other person shall be entitled to such repayment or satisfaction until the preliminary resolution confirmed as provided in sub-section (6).

(9) If within such time as the Registrar considers reasonable, the share capital of the members referred to in sub-section (8) is not repaid or the claims of the creditors referred to in that sub-section are not satisfied, or the claims of the other persons are not satisfied or secured as provided in clause (iii) of sub-section (8), the Registrar may refuse to register the new societies.

(10) The Registration of the new societies shall be a sufficient conveyance to vest the assets and liabilities of the original society in the new societies in the manner specified in the preliminary resolution as confirmed under sub-section (6).

40. Conversion of Company Into Cooperative Society :

(1) A company registered under the Companies Acts may, by a special resolution, determine to convert itself into a registered society.

(2) A resolution for the conversion of a company into a registered society shall be accompanied by a copy of the bye-laws of the society therein referred to, and shall appoint seven persons, members of the company, who, together with the secretary shall sign the bye-laws, and who may either be authorised to accept any alterations made by the Registrar therein, without further consulting the company, or may be required to lay all such alterations before the company in general meeting for acceptance as the resolution may direct.

(3) With the bye-laws a copy of the special resolution for conversion of the company into a registered society shall be sent to the Registrar, who shall thereupon proceed to deal with the resolution as if it were an application for registration under Section 7 of this Law.

(4) A copy of the resolution for the conversion of the company into a registered society under the seal of the company, together with the certificate of registration issued by the Registrar, shall be sent for registration to the office of the Registrar of Companies, and upon the registration of such resolution and certificate, the conversion shall take effect.

(5) Upon the conversion of a company into a registered society the registry of the company under the Companies Acts shall become void, and shall be cancelled by the Registrar of Companies; but the registration of a company as a cooperative society shall not affect any right or claim for the time being subsisting against the company, or any penalty for the time being incurred by such company, and, for the purpose of enforcing any such right, claim, or penalty, the company may be sued and proceeded against in the same manner as if it had not become registered as a cooperative society. And every such right or claim, and the liability to such penalty, shall have priority as against the property of such society over all other rights or claims against or liabilities of the cooperative society.

Part VI

PROPERTY & FUNDS OF REGISTERED SOCIETIES

41. Acquisition of Lands and Buildings

(1) A registered society may acquire and hold lands or buildings for any purpose connected with its objects.

(2) No part of the funds of a registered society shall be used for the acquisition of lands, buildings, plant or machinery without the previous

approval of the general meeting of the society or as otherwise laid down in its byeaws.

(3) A registered society may sell, transfer, gift or otherwise dispose of lands, buildings, plant or machinery held by it only with the prior approval of the general meeting of the society.

42. Loans Made by a Registered Society

(1) A registered society shall not, except as provided in Section 45, make any loan to any person other than a member:

Provided that, with the consent of the Registrar, a registered society may make loans to another registered society;

(2) Except with the permission of the Registrar, a registered society shall not lend money on the security of any movable property other than produce or goods in which the society is authorised to deal;

(3) The Registrar may, by general or special order, prohibit or restrict the lending of money on mortgage of any description of immovable property by any registered society.

43. Deposits and Loans Received by a Registered Society

A registered society shall receive deposits and loans from persons who are not members only to such extent and under such conditions as may be prescribed by the rules or bye-laws.

44. Restriction on other Transactions with Non-Members

Save as provided in sections 42 and 43, the transactions of a registered society with persons other than members shall be subject to such prohibitions and restrictions as may be prescribed by the Rules.

45. Investment of Funds

A registered society may invest or deposit its funds:

- (a) in the Post Office savings bank, or with any bank or person carrying on the business of banking approved for this purpose by the Registrar, or
- (b) in any securities issued or guaranteed by the government, or
- (c) with any other registered society approved for this purpose by the Registrar, or
- (d) in any other mode approved by the Registrar.

46. *Division of Funds and Disposal of Trading Surplus (Profit)*

(1) No part of the funds other than the net trading surplus of a registered society shall be paid by way of bonus or dividend or otherwise distributed among its members:

Provided that a member may be paid remuneration on such scale as may be laid down by the bye-laws for any services rendered by him to the society.

(2) At least one-fourth of the net trading surplus (profits) of every registered society as ascertained by the audit prescribed by Section 48, shall be carried to a fund to be called the Reserve Fund, which shall be employed as prescribed by the Rules. The remainder of such surplus (profits) and any surplus of past years available for distribution may be divided among the members by way of dividend or bonus, or under such conditions as may be prescribed by the Rules or bye-laws:

Provided that, in the case of a society with unlimited liability, no distribution of profits shall be made without the general or special order of the Registrar.

(3) Any registered society may, with the sanction of the Registrar, after one-fourth of the net trading surplus in any year has been carried to a Reserve Fund, contribute an amount not exceeding ten per cent of the remaining net surplus to any charitable purpose or to a Common Good Fund.

47. *Employees' Provident Fund*

(1) A cooperative society may establish a Contributory Provident Fund for the benefit of its employees to which shall be credited all contributions made by the employees and the society in accordance with the by-laws of the society.

(2) A Contributory Provident Fund established by a registered society under sub-section (1):

- (a) shall not be used in the business of the society,
- (b) shall not form part of the assets of the society, and
- (c) shall not be liable to attachment or be subject to any other process of any court or other authority.

Part VII

AUDIT, INSPECTION AND INQUIRY

48. *Audit*

(1) Every society shall submit to the Registrar once at least in every year a statement of accounts and a Balance Sheet audited by a person or society authorised for the purpose by the Registrar by general or special order in writing.

(2) The audit under sub-section (1) shall include an examination of overdue debts, if any, and a valuation of the assets and liabilities of the registered society.

(3) The Registrar and every other person appointed to audit the accounts of a society shall have power when necessary:

- (a) to summon at the time of his audit any officer, agent, servant or member of the society who he has reason to believe can give material information in regard to any transactions of the society or the management of its affairs; or
- (b) to require the production of any book or document relating to the affairs of, or any cash or securities belonging to the society by the officer, agent, servant, or member believed or deemed by the Registrar to be in possession of such book, document, cash or security.

49. *Power of Registrar to Inspect Society's Books Etc.*

(1) The Registrar, or any person authorised by general or special order in writing by the Registrar shall at all times have access to all the books, accounts, papers and securities, of a registered society, and shall be entitled to inspect the cash in hand; and every officer of the society shall furnish such information in regard to the transactions and working of the society as the person making such inspection may require.

(2) The Registrar and every person authorised by him to audit the accounts of a registered society shall be deemed to be public servants within the meaning of the Penal Code.

50. *Inspection and Inquiry*

(1) The Registrar may of his own motion, and shall on the application of a majority of the committee, or of not less than one-third of the

members of a registered society, hold an inquiry or direct some person authorised by him by order in writing in this behalf to hold an inquiry into the constitution, working and financial condition of a registered society; and all officers and members of the society shall furnish such information in regard to the affairs of the society and produce the cash in hand and such books, accounts, papers and securities of the society as the Registrar or the person authorised by him may require.

(2) The Registrar shall, on the application of a creditor of the registered society, inspect or direct some person authorised by him in writing in this behalf to inspect the books of the society, if the applicant:

- (a) proves that an ascertained sum of money is then due to him and that he has demanded payment thereof and has not received satisfaction within a reasonable time; and
- (b) deposits with the Registrar such sum as security for the costs of the proposed inspection as the Registrar may require.

(3) The Registrar shall communicate the results of any such inquiry or inspection to the society into whose affairs inquiry has been held and to the creditor on whose application such inspection has been made.

(4) Where an inquiry is held under sub-section (1) or an inspection is made under sub-section (2), the Registrar may apportion the costs or such part of the costs, as he may think right, between the registered society, the members demanding an inquiry, the officers or former officers of the society and the creditor, if any, on whose application the inspection has been made.

(5) Any sum awarded by way of costs against any society or person under this section may be recovered, on application to a magistrate's court having jurisdiction in the place where the registered office of the society is situated or the person resides or carries on business for the time being, in like manner as a fine imposed by the court.

51. Registrar May Require Bank to Produce any Information Etc.

Notwithstanding anything in any other written law, the Registrar may, where he considers it necessary to do so, require any bank:

- (a) to furnish any information regarding the transactions of any registered society with the bank;
- (b) to produce a copy showing the account of the society with the bank from the ledger kept by the bank; or

- (c) to produce any cheques paid to the credit of the society or endorsed by the society.

52. *Communication of Defects in the Working of Registered Societies*

(1) If any audit, inquiry or inspection made under this Law discloses any defects in the working of a registered society, the Registrar may bring such defects to the notice of the society and if the Society is affiliated to another registered society also to the notice of that other society.

(2) The Registrar may make an order directing the society or its officers to take such action as may be specified in the order within the time mentioned therein to remedy the defects disclosed in the audit.

Part VIII

DISSOLUTION

53. *Dissolution*

(1) If the Registrar, after holding an inquiry or making an inspection under Section 50, or on receipt of an application made by three-fourths of the members of a registered society, is of opinion that the society ought to be dissolved, he may make an order cancelling the registration of the society.

(2) Any member of a registered society may, within two months from the date of an order under sub-section (1) appeal from such order to the Minister, who may, within three months of the date of such appeal, confirm the order or uphold the appeal. If the Minister confirms such order it shall take effect on the date of the Minister's order confirming the Registrar's order under sub-section (1), and if the appeal is upheld the Registrar's order shall stand revoked with effect from the date of the Minister's order upholding the appeal :

Provided that if no order is made by the Minister on such appeal within three months of the date of the appeal, the order under sub-section (1) shall take effect on the expiry of the said three months.

(3) Where no appeal is presented within two months from the making of an order cancelling the registration of a society, the order shall take effect on the expiry of that period.

(4) Where the Registrar makes an order for the cancellation of the registration of a society under sub-section (1) he may make such further

order as he may think fit for the custody of the books and documents and the protection of the assets of the society until the order cancelling registration takes effect or is revoked in appeal.

(5) No registered society shall be wound up save by an order of the Registrar.

44. Cancellation of Registration of Society Due to Lack of Membership

The Registrar may, by order in writing, cancel the registration of any registered society other than a society which includes among its members one or more registered societies, if at any time it is proved to his satisfaction that the number of the members has been reduced to less than 10. Every such order shall take effect on the date thereof.

55. Effect of Cancellation of Registration

Where the registration of a society is cancelled by an order under Section 53, or under Section 54, the society shall cease to exist as a corporate body and be deemed to be dissolved from the date on which the order takes effect, hereinafter referred to as the date of dissolution:

Provided that any privileges conferred on the society by or under this Law and the Rules shall be deemed to be vested in any liquidator appointed for that society by the Registrar.

56. Liquidation After Cancellation of Registration of Society

Where the registration of a society is cancelled under Section 53 or Section 54 the Registrar may appoint one or more persons to be, subject to his direction and control, the liquidator or liquidators of the society.

57. Liquidator's Powers

(1) A liquidator appointed under Section 56 above shall, subject to the guidance and control of the Registrar and to any limitations imposed by the Registrar by order under Section 58 have power to:

- (a) determine from time to time the contribution to be made by members and past members or by the estates of deceased members of the society to its assets;
- (b) appoint a day by proclamation or notice before which creditors whose claims are not already recorded in the books of the society shall state their claims for admission or be excluded from any distribution made before they have proved such claims;
- (c) decide any question of priority which arises between creditors;

- (d) refer disputes to arbitration and institute and defend suits and other legal proceedings on behalf of the society by his name or office;
- (e) decide by what persons and in what proportions the costs of liquidation are to be borne;
- (f) give such directions in regard to the collection and distribution of assets as may be necessary in the course of winding-up the society;
- (g) compromise any claim by or against the society provided the sanction of the Registrar has first been obtained;
- (h) call such general meetings of members as may be necessary for the proper conduct of the liquidation;
- (i) take possession of the books, documents and assets of the society;
- (j) sell the property of the society;
- (k) carry on the business of the society so far as may be necessary for winding it up beneficially: provided that nothing herein contained shall entitle the liquidator of a credit society to issue any loan ; and
- (l) arrange for the distribution of the assets of the society in a convenient manner when a scheme of distribution has been approved by the Registrar.

(2) Subject to such rules as may be made in this behalf, any liquidator appointed under this Law shall, insofar as such powers are necessary for carrying out the purposes of this section, have power to summon and enforce the attendance of parties and witnesses and to compel the production of documents by the same means and (so far as may be) in the manner as is provided in the case of a civil court.

58. Power of Registrar to Control Liquidation

A liquidator shall exercise his powers subject to the control and revision of the Registrar, who may:

- (a) rescind or vary any order made by a liquidator and make whatever new order is required;
- (b) remove a liquidator from office;
- (c) call for all books, documents and assets of the society;
- (d) by order in writing limit the powers of a liquidator under Section 57;
- (e) require accounts to be rendered to him by the liquidator;

- (f) procure the auditing of the liquidator's accounts and authorise the distribution of the assets of the society;
- (g) make an order for the remuneration of the liquidator ; or
- (h) refer any subject of dispute between a liquidator and any third party to arbitration if that party shall have consented in writing to be bound by the decision of the arbitrator.

59. *Enforcement of Order*

(1) The decision of an arbitrator on any matter referred to him under Section 58 shall be binding upon the parties, and shall be enforceable in like manner as an order made by the Registrar under that Section.

(2) An order made by a liquidator or by the Registrar under Section 57 or 58 shall be enforced by any civil court having jurisdiction over the place where the registered office of the society is situated in like manner as a decree of that court.

60. *Limitation of the Jurisdiction of the Civil Court*

Save insofar as is hereinbefore expressly provided, no civil court shall have any jurisdiction in respect of any matter concerned with the dissolution of a registered society under this Law.

61. *Closure of Liquidation*

(1) In the liquidation of a society whose registration has been cancelled, the funds, including the reserve fund, shall be applied first to the costs of liquidation, then to the discharge of the liabilities of the society, then to the payment of the share capital and then, provided the bye-laws of the society permit, to the payment of a dividend, at a rate not exceeding six per cent per annum for any period for which no disposal of trading surplus was made.

(2) When the liquidation of a society has been closed and any creditor of that society has not claimed or received what is due to him under the scheme of distribution, notice of the closing of the liquidation shall be published in the Gazette; and, all claims against the funds of the society liquidated shall be proscribed when two years have elapsed from the date of the publication of the Gazette notice.

(3) Any surplus remaining after the application of the funds to the purposes specified in sub-section (1) and the payment of any claims for which an action is instituted under sub-section (2) shall be available for use by the Registrar for any cooperative purpose at his discretion.

Part IX

SURCHARGE AND ATTACHMENT

62. *Powers of Registrar to Surcharge Officers Etc. of a Registered Society*

(1) Where in the course of an audit under Section 48, or an inquiry or inspection under Section 50, or the winding up of a society whose registration has been cancelled it appears that any person who has taken part in the organisation or management of such society or any past or present officer of the society has misapplied or retained or become liable or accountable for any money or property of such society or has been guilty of misfeasance or breach of trust in relation to such society, the Registrar may, on the application of the liquidator or of any creditor or contributory, examine into the conduct of such person and make an order requiring him to repay or restore the money or property or any part thereof with interest at such rate as the Registrar thinks just or to contribute such sum to the assets of such society by way of compensation in regard to the misapplication, retainer, dishonesty or breach of trust as the Registrar thinks just.

(2) This section shall apply notwithstanding that the act is one for which the offender may be criminally responsible.

63. *Attachment of Property*

Where the Registrar is satisfied that any person with intent to defraud or delay the execution of any order which may be made against him under Section 57 or Section 62 or of any decision that may be given in a dispute referred to the Registrar or to any arbitrators under any rules in that behalf is about to dispose of the whole or any part of his property to the detriment of the society's interests, the Registrar may, unless adequate security is furnished, order the conditional attachment of such property, and such attachment shall have the same effect as if made by a competent court.

Part X

DISPUTES

64. *Settlement of Disputes*

(1) If any dispute touching the business of a registered society arises :

- (a) among members, past members and persons claiming through members, past members and deceased members ; or

- (b) between a member, past member, or person claiming through a member, past member or deceased member, and the society, its committee, or any officer of the society ; or
- (c) between the society or its committee and any officer of the society ; or
- (d) between the society and any other registered society ;

such dispute shall be referred to the Registrar for decision.

A claim by a registered society for any debt or demand due to it from a member, past member or the nominee, heir or legal representative of a deceased member, shall be deemed to be a dispute touching the business of the society within the meaning of this sub-section.

(2) The Registrar may, on receipt of a reference under sub-section (1) :

- (a) decide the dispute himself ; or
- (b) refer it for disposal to an arbitrator or arbitrators.

(3) Any party aggrieved by the award of the arbitrator or arbitrators may appeal therefrom to the Registrar within such period and in such manner as may be prescribed by the Rules.

(4) A decision of the Registrar under sub-section (2) or in appeal under sub-section (3) shall be final and shall not be called in question in any civil court.

(5) The award of the arbitrator or arbitrators under sub-section (2) shall, if no appeal is preferred to the Registrar under sub-section (3), or if any such appeal is abandoned or withdrawn be final and shall not be called in question in any civil court and shall be enforced in the same manner as if the award had been a judgement of a civil court.

Part XI

RULES

65. Rules

(1) The Government may make all such rules as may be necessary for the purpose of carrying out or giving effect to the principles and provisions of this Law.

(2) In particular, and without prejudice to the generality of the power conferred by sub-section (1), such rules may:

- (a) prescribe the forms to be used and the conditions to be complied

with in applying for the registration of a society and the procedure in the matter of such application ;

- (b) prescribe the conditions to be complied with by persons applying for admission or admitted as members, and provide for the election and admission of members from time to time, and the payment to be made and interest to be acquired before exercising rights of membership ;
- (c) subject to the provisions of Section 20 of this Law, prescribe the maximum number of shares or portion of the capital of a registered society which may be held by a member ;
- (d) prescribe the extent to which a registered society may limit the number of its members ;
- (e) prescribe the matters in respect of which a society may or shall make bye-laws and for the procedure to be followed in making, altering and rescinding bye-laws, and the conditions to be satisfied prior to such making, alteration or rescission ;
- (f) regulate the manner in which funds may be raised by means of shares or debentures or otherwise ;
- (g) prescribe the conditions to be observed by a registered society applying for financial assistance from government ;
- (h) provide for the mode in which the value of a deceased member's interest shall be ascertained, and for the nomination of a person to whom such interest may be paid or transferred ;
- (i) provide for the mode in which the value of the interest of a member who has become of unsound mind and incapable of managing himself or his affairs shall be ascertained and for the nomination of any person to whom such interest may be paid or transferred ;
- (j) provide for the audit of the accounts of registered societies and for the charges, if any, to be made for such audit and provide for the levy of contributions from all or any registered societies to a fund to be used for the audit and supervision of existing societies and cooperative propaganda and prescribe for the administration of such a fund ;
- (k) prescribe the returns to be submitted by registered societies to the Registrar, and the persons by whom and the form in which the same are to be made ;
- (l) provide for the persons by whom, and the form in which, copies of entries in books of registered societies may be certified ;

- (m) provide for the formation and maintenance of a register of members, and, where the liability of members is limited by shares, of a register of shares ;
- (n) provide for the inspection of documents and registers at the Registrar's office and the fees to be paid therefor and for the issue of copies of such documents or registers ;
- (o) prescribe the manner in which any question as to the breach of any bye-law or contract relating to the disposal of produce to or through a society, may be determined, and the manner in which the liquidated damages for any such breach may be ascertained or assessed ;
- (p) prescribe the mode of appointing an arbitrator or arbitrators and the procedure to be followed in proceedings before the Registrar or such arbitrator or arbitrators ;
- (q) prescribe the procedure to be followed by a liquidator appointed under Section 56 and the cases in which appeals shall lie from the orders of such liquidator ;
- (r) prescribe the forms to be used, the fees to be paid, the procedure to be observed and all other matters connected with or incidental to the presentation, hearing and disposal of appeals under this Law or the rules.

Part XII

MISCELLANEOUS

66. Recovery of Sums Due to Government

(1) All sums due from a registered society or from an officer or member or past member of a registered society as such to the government may be recovered in the manner provided for the recovery of debts due to the government under the law for the time being in force.

(2) Sums due from a registered society to the government and recoverable under sub-section (1) may be recovered first, from the property of the society; secondly, in the case of a society of which the liability of members is limited, from the members subject to the limit of their liability; and thirdly, in the case of other societies, from the members.

67. Power to Exempt From Stamp Duty and Registration Fee

(1) The Minister by notification in the Gazette may, in the case of any registered society or class of registered societies, remit:

- (a) the stamp duty with which, under any law for the time being in force, instruments executed by or in behalf of a registered society, or by an officer or member, and relating to the business of such society, or any class of such instruments are respectively chargeable; or
 - (b) any fee payable under the law of registration for the time being in force.
- (2) A notification exempting any registered society from the fees referred to in paragraph (b) of sub-section (1) may provide for the withdrawal of such exemption.

68. *Prohibition of the Word "Cooperative"*

(1) No person other than a registered society shall trade or carry on business under any name or title of which the word "Cooperative" is part without the sanction of the Registrar: Provided that nothing in this Section shall apply to the use by any person or his successor in interest of any name or title under which he traded or carried on business at the commencement of this Law.

(2) Any person who contravenes the provisions of this Section shall be guilty of an offence and shall be liable on summary conviction to a fine not exceeding _____ and in the case of a continuing offence to a further fine not exceeding _____ for each day during which the offence continues.

69. *Company Law or Trade Unions Law Not to Apply*

The provisions of the Companies Law, and of the Trade Unions Law and of any enactments amending those Laws, shall not apply to societies registered under this Law.

70. *Savings for Existing Societies, Rules Etc.*

(1) Any society registered or deemed to be registered under any enactment repealed by this Law, shall be deemed to be registered under this Law, and the bylaws of such society shall, so far as they are not inconsistent with the express provisions of this Law, continue in force until altered or rescinded.

(2) All rules made under any enactment repealed by this law and in force at the time of the commencement of this Law shall, insofar as they are not inconsistent with the provisions of this Law, be deemed to have been made under this Law and shall continue in force until new Rules are made under Section 65 in substitution for those Rules.

(3) All appointments and orders made, notifications and notices issued, and suits and other proceedings instituted or deemed to have been made, issued or instituted under any enactment repealed by this Law, shall so far as may be, be deemed to have been respectively made, issued and instituted under this Law.

71. Punishment of Fraud or Missappropriation

If any person obtains possession by false representation or imposition of any property of a society, or having the same in his possession withholds or misapplies the same, or wilfully applies any part thereof to purposes other than those expressed or directed in the by-laws of the society, and authorised by this Law, he shall on the complaint of the society, or of any member authorised by the society or the committee thereof, or of the Registrar, Deputy Registrar, or any Assistant Registrar by his authority, be liable on summary conviction to a fine not exceeding _____ with costs, and to be ordered to deliver up all such property or to repay all moneys applied improperly, and in default of such delivery or repayment or of the payment of such fine to be imprisoned for any time not exceeding three months, but nothing in this Section shall prevent any such person, from being proceeded against for an indictable offence if not previously convicted of the same offence under this Law.

72. Penalty for Non-Compliance with Law

Where any person:

- (a) fails to give any notice, send any returns or documents or do or allow to be done any act or thing which is required by this Law or the Rules made thereunder;
- (b) wilfully refuses or omits to do any act or to furnish any information required for the purposes of this Law or of the Rules by the Registrar or other authorised person;
- (c) wilfully or without any reasonable excuse disobeys any summons, requisition or lawful written order issued under the provisions of this Law or the Rules;
- (d) does anything forbidden by this Law or the Rules;
- (e) wilfully furnishes false or insufficient information or returns;

such person unless he is proved to have been ignorant of or to have attempted to prevent the commission of the offence shall be liable to a fine not exceeding _____ and every such offence if continued shall constitute a new offence in every week through which the default continues.

73. Cognizance of Offences

(1) No court inferior to that of a Magistrate of the first class shall try any offence under this Law.

(2) No prosecution shall be instituted under this Law without the previous sanction of the Registrar and such sanction shall not be given without giving to the person concerned an opportunity to represent his case.

74. Indemnity

No suit, prosecution or other legal proceedings shall lie against the Registrar or any person subordinate to him or acting on his authority in respect of anything in good faith done or purporting to have been done under this Law.

75. Repeal

The..... Cooperative Societies Law, 19....., is hereby repealed.

**RECOMMENDATIONS, RESOLUTIONS ADOPTED BY THE
INTERNATIONAL LABOUR CONFERENCE AT ITS
50TH SESSION, GENEVA, 1966**

Recommendation 127

Recommendation concerning the Role of Cooperatives in the Economic and Social Development of Developing Countries*

The General Conference of the International Labour Organisation,
Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its Fiftieth Session on 1 June 1966, and

Having decided upon the adoption of certain proposals with regard to the role of cooperatives in the economic and social development of developing countries, which is the fourth item on the agenda of the session, and,

Having determined that these proposals shall take the form of a Recommendation,

adopts this twenty-first day of June of the year One Thousand Nine Hundred and Sixty-Six the following Recommendation, which may be cited as the Cooperatives (Developing Countries) Recommendation, 1966:

I. SCOPE

1. This Recommendation applies to all categories of cooperatives, including consumer cooperatives, land improvement cooperatives, agricultural productive and processing cooperatives, rural supply cooperatives, agricultural marketing cooperatives, fishery cooperatives, service cooperatives, handicrafts cooperatives, workers productive cooperatives, labour contracting cooperatives, cooperative thrift and credit societies and banks, housing cooperatives, transport cooperatives, insurance cooperatives and health cooperatives.

*Adopted on 21st June 1966 by 187 votes to 0, with 6 abstentions.

II. OBJECTIVES OF POLICY CONCERNING COOPERATIVES

2. The establishment and growth of cooperatives should be regarded as one of the important instruments for economic, social and cultural development as well as human advancement in developing countries.

3. In particular, cooperatives should be established and developed as a means:

- (a) improving the economic, social and cultural situation of persons of limited resources and opportunities as well as encouraging their spirit of initiative;
- (b) increasing personal and national capital resources by the encouragement of thrift, by eliminating usury and by the sound use of credit;
- (c) contributing to the economy an increased measure of democratic control of economic activity and of equitable distribution of surplus;
- (d) increasing national income, export revenues and employment by a fuller utilisation of resources for instance in the implementation of systems of agrarian reform and of land settlement aimed at bringing fresh areas into productive use and in the development of modern industries, preferably scattered, processing local raw materials;
- (e) improving social conditions, and supplementing social services in such fields as housing and, where appropriate, health, education and communications;
- (f) helping to raise the level of general and technical knowledge of their members.

4. Governments of developing countries should formulate and carry out a policy under which cooperatives receive aid and encouragement, of an economic, financial, technical, legislative or other character, without effect on their independence.

5. (1) In elaborating such a policy, regard should be had to economic and social conditions, to available resources and to the role which cooperatives can play in the development of the country concerned.

(2) The policy should be integrated in development plans insofar as this is consistent with the essential features cooperatives,

6. The policy should be kept under review and adapted to changes in social and economic needs and to technological progress.

7. Existing cooperatives should be associated with the formulation and, where possible, application of the policy.

8. The cooperative movement should be encouraged to seek the collaboration in the formulation and, where appropriate, application of the policy, of organisation with common objectives.

9. (1) The governments concerned should associate cooperatives on the same basis as other undertakings with the formulation of national economic plans and other general economic measures, at least whenever such plans and measures are liable to affect their activities. Cooperatives should also be associated with the application of such plans and measures in so far as this is consistent with their essential characteristics.

(2) For the purposes provided for in Paragraph 7 and Paragraph 9, sub-paragraph (1), of this Recommendation, federations of cooperatives should be empowered to represent their member societies at the local, regional and national levels.

III. METHODS OF IMPLEMENTATION OF POLICY CONCERNING COOPERATIVES

A. Legislation

10. All appropriate measures, including the consultation of existing cooperatives, should be taken:

- (a) to detect and eliminate provisions contained in laws and regulations which may have the effect of unduly restricting the development of cooperatives through discrimination, for instance in regard to taxation or the allocation of licences and quotas, or through failure to take account of the special character of cooperatives or of the particular rules of operation of cooperatives ;
- (b) to avoid the inclusion of such provisions in future laws and regulations ;
- (c) to adapt fiscal laws and regulations to the special conditions of cooperatives.

11. There should be laws or regulations specifically concerned with the establishment and functioning of cooperatives, and with the protection of their right to operate on not less than equal terms with other forms of

enterprise. These laws or regulations should preferably be applicable to all categories of cooperatives.

12. (1) Such laws and regulations should in any case include provisions on the following matters :

- (a) a definition or description of a cooperative bringing out its essential characteristics, namely that it is an association of persons who have voluntarily joined together to achieve a common end through the formation of a democratically controlled organisation, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in which the members actively participate ;
- (b) a description of the objects of a cooperative, and procedures for its establishment and registration, the amendment of its statutes, and its dissolution ;
- (c) the conditions of membership, such as the maximum amount of each share and, where appropriate, the proportion of the share due at the moment of subscription and the time allowed for full payment, as well as the rights and duties of members, which would be laid down in greater detail in the bye-laws of cooperatives ;
- (d) methods of administration, management and internal audit, and procedures for the establishment and functioning of competent organs ;
- (e) the protection of the name "Cooperative";
- (f) machinery for the external audit and guidance of cooperatives and for the enforcement of the laws and regulations.

(2) The procedures provided for in such laws or regulations, in particular the procedures for registration, should be as simple and practical as possible, so as not to hinder the creation and development of cooperatives.

13. Laws and regulations concerning cooperatives should authorise cooperatives to federate.

B. Education and Training

14. Measures should be taken to disseminate a knowledge of the principles, methods, possibilities and limitations of cooperatives as widely as possible among the peoples of developing countries.

15. Appropriate instruction on the subject should be given not only in cooperative schools, colleges and other specialised centres but also in

educational institutions such as:

- (a) universities and centres of higher education ;
- (b) teachers' training colleges ;
- (c) agricultural schools and other vocational educational establishments and workers' education centres ;
- (d) secondary schools ;
- (e) primary schools.

16. (1) With a view to promoting practical experience in cooperative principles and methods the formation and operation of student cooperatives in schools and colleges should be encouraged.

(2) Similarly, workers' organisations and craftsmen's associations should be encouraged and helped in the implementation of plans for the promotion of cooperatives.

17. Steps should be taken, in the first place at the local level, to familiarise the adult population with the principles, methods and possibilities of cooperatives.

18. Full use should be made of such media of instruction as text books, lectures, seminars, study and discussion groups, mobile instructors guided tours of cooperative undertakings, the press, films, radio and television and other media of mass communication. These should be adapted to the particular conditions of each country.

19. (1) Provision should be made both for appropriate technical training and for training in cooperative principles and methods of persons who will be—and, where necessary, of persons who are—office-bearers or members of the staffs of cooperatives, as well as of their advisers and publicists.

(2) Where existing facilities are inadequate, specialised colleges or schools should be established to provide such training, which should be given by specialised teachers or leaders of the cooperative movement with teaching materials adapted to the requirements of the country; if such specialised institutions cannot be established, special courses on cooperation should be given either by correspondence or in such establishments as schools of accountancy, schools of administration and schools of commerce.

(3) The use of special programmes of practical training should be one of the means of contributing to the education and basic and further training of members of cooperatives ; these programmes should take into

account local cultural conditions ; and the need to disseminate literacy and knowledge of elementary arithmetic.

C. Aid to Cooperatives

Financial Aid

20. (1) Where necessary, financial aid from outside should be given to cooperatives when they initiate their activities or encounter financial obstacles to growth or transformation.

(2) Such aid should not entail any obligations contrary to the independence or interests of cooperatives, and should be designed to encourage rather than replace the initiative and effort of the members of cooperatives.

21. (1) Such aid should take the form of loans or credit guarantees.

(2) Grants and reductions in or exemptions from taxes may also be provided, in particular, to help finance :

- (a) publicity, promotional and educational campaigns ;
- (b) certain clearly defined tasks in the public interest.

22. Where such aid cannot be provided by the cooperative movement, it should preferably be given by the State or other public bodies, although it may, if necessary, come from private institutions. Such aid should be coordinated so as to avoid overlapping and dispersal of resources.

23. (1) Grants and tax exemptions or reductions should be subject to conditions prescribed by national laws or regulations and relating in particular to the use to be made of the aid and the amount thereof ; the conditions of loans and credit guarantees may be determined in each case.

(2) The competent authority should ensure that the use of financial aid and, in the case of a loan, its repayment are adequately supervised.

24. (1) Financial aid from public or semi-public sources should be channelled through a national cooperative bank or, failing that, another central cooperative institution capable of assuming responsibility for its use and, where appropriate, repayment ; pending the establishment of such institutions the aid may be given directly to individual cooperatives.

(2) Subject to the provisions of Paragraph 20, sub-paragraph (2) of this Recommendation, financial aid from private institutions may be given directly to individual cooperatives.

25. While it is essential that the management and administration of a cooperative be, from the outset, the responsibility of the members and persons elected by them, the competent authority should, in appropriate cases and normally for an initial period only:

- (a) assist the cooperative in obtaining and remunerating competent staff;
- (b) place at the disposal of the cooperative persons competent to give guidance and advice.

26. (1) Generally, cooperatives should be able to obtain guidance and advice, which respect their autonomy and the responsibilities of their members, their organs and their staff, on matters relating to management and administration, as well as on technical matters.

(2) Such guidance and advice should preferably be given by a federation of cooperatives or by the competent authority.

D. Supervision and Responsibility for Implementation

27. (1) Cooperatives should be subject to a form of supervision designed to ensure that they carry on their activities in conformity with the objects for which they were established and in accordance with the law.

(2) Supervision should preferably be the responsibility of a federation of cooperatives or of the competent authority.

28. Auditing of the accounts of cooperatives affiliated to a federation of cooperatives should be the responsibility of that federation; pending the establishment of such a federation, or where a federation is unable to provide this service, the competent authority or a qualified independent body should assume the task.

29. The measures referred to in Paragraphs 27 and 28 of this Recommendation should be so planned and carried out as to :

- (a) ensure good management and administration of cooperatives;
- (b) protect third parties;
- (c) provide an opportunity of completing the education and training of the office-bearers and members of the staff of cooperatives through practice and through critical examination of mistakes.

30. (1) The functions of promoting cooperatives, providing for education concerning cooperatives and for the training of office-bearers and members of the staff of cooperatives, and giving aid in their organisation

and functioning, should preferably be performed by one central body so as to ensure coherent action.

(2) The performance of these functions should preferably be the responsibility of a federation of cooperatives; pending the establishment of such a body the competent authority or, where appropriate, other qualified bodies, should assume the task.

31. (1) The functions referred to in Paragraph 30 of this Recommendation should, wherever possible, be discharged as full-time work.

(2) They should be performed by persons who have received training specifically directed towards the exercise of such functions; such training should be provided by specialised institutions or, wherever suitable, through specialised courses in schools and colleges referred to in Paragraph 19 of this Recommendation.

32. The competent authority should collect and publish at least once a year a report and statistics relating to the operations and growth of cooperatives in the national economy.

33. Where the services of federations of cooperatives or of other existing institutions cannot adequately meet the need for research, exchanges of experience and publications, special institutions, serving the entire country or several regions, should, if possible, be established.

IV. INTERNATIONAL COLLABORATION

34. (1) Members should, to the greatest extent possible, collaborate in providing aid and encouragement to cooperatives in developing countries.

(2) Such collaboration should be envisaged:

(a) between developing countries;

(b) between countries of a particular region, especially within the framework of regional organisations, where such exist; and

(c) between countries with an old-established cooperative movement and developing countries.

(3) As appropriate, the help of national cooperative organisations should be enlisted for such collaboration, and use should be made, particularly with a view to the coordination of international effort, of international cooperative organisations and other interested international bodies.

- (4) The collaboration should extend to such measures as:
 - (a) the increased provision of technical assistance to the cooperative movement of developing countries, wherever possible in the form of coordinated programmes involving different agencies, both inter-governmental and non-governmental;
 - (b) the preparation and supply of information, textbooks, audio-visual aids and analogous material to assist in the drafting of legislation, in instruction on cooperation and in the training of office-bearers and qualified staffs of cooperatives;
 - (c) the exchange of qualified personnel;
 - (d) the grant of fellowships;
 - (e) the organisation of international seminars and discussion groups;
 - (f) the inter-cooperative exchange of goods and services;
 - (g) the initiation of systematic research into the structure, working methods and problems of cooperative movements in developing countries.

V. SPECIAL PROVISIONS CONCERNING THE ROLE OF COOPERATIVES IN DEALING WITH PARTICULAR PROBLEMS

35. It should be recognised that cooperatives may, in certain circumstances, have a special role to play in dealing with particular problems of developing countries.

36. Suggestions illustrating the use which may be made of various forms of cooperatives in the successful implementation of agrarian reform and in the improvement in the level of living of the beneficiaries are set forth in the Annex to this Recommendation.

ANNEX TO RECOMMENDATION

1. In view of their importance as a means of promoting general economic and social progress and as a means of directly associating the rural population with the development process, as well as in view of their educational and cultural value, cooperatives should be considered as having a vital role to play in programmes of agrarian reform.

2. Cooperatives should be used as a means of assessing the problems and interests of the rural population in the planning and preparation of

agrarian reform measures. They should also serve for channelling information among agriculturists and making the purposes, principles and methods of such reforms understood.

3. Particular attention should be paid to the development of appropriate forms of cooperatives adapted to the various patterns and phases of agrarian reform. They should enable cultivators to operate holdings efficiently and productively and allow for the greatest possible initiative and participation of the membership.

4. Where appropriate, suitable voluntary forms of cooperative land use should be encouraged. These forms may range from the organisation of certain services and farming operations in common to the complete pooling of land, labour and equipment.

5. Wherever appropriate the voluntary consolidation of fragmentary holdings through cooperatives should be encouraged.

6. In cases where measures are being envisaged for the transfer of ownership or division of large estates, due consideration should be given to the organisation by the beneficiaries on cooperative systems of holding or cultivation.

7. The establishment of cooperatives should also be considered in connection with land settlement schemes, especially as regards land reclamation and improvement measures and the organisation of joint services and joint farming operations for settlers.

8. Developmant of cooperative thrift and credit societies and cooperative banks should be encouraged among the beneficiaries of agrarian reforms as well as among other small farmers for the purpose of:

- (a) providing loans to cultivators for the purchase of equipment and other farm requisites;
- (b) encouraging and assisting cultivators to save and accumulate capital;
- (c) advancing loans to, and promoting thrift among, agricultural families, including those of hired workers, who normally would not have access to established sources of credit;
- (d) facilitating the implementation of special governmental credit schemes through an efficient channelling of loans to beneficiaries and appropriate supervision of the use made of such loans and of their timely reimbursement.

9. The development of supply, marketing or multi-purpose cooperatives should be encouraged for the purpose of:

- (a) the joint purchase and supply of farm requisites of good quality on favourable terms;
- (b) the supply of basic domestic requirements for all categories of agricultural workers;
- (c) the joint conditioning, processing and marketing of agricultural products.

10. Encouragement should be given to the development of cooperatives providing farmers with other services such as the joint use of farm machinery, electrification, livestock breeding, the provision of veterinary and pest control services, facilities for irrigation, and crop and livestock insurance.

11. With a view to improving employment opportunities, working conditions and income, landless agricultural workers should be assisted, where appropriate, to organise themselves voluntarily into labour contracting cooperatives.

12. Agricultural cooperatives of different localities in areas in which agrarian reforms are being implemented should be encouraged to combine their activities where this is economically advantageous.

13. Due consideration should also be given to the encouragement and development of other types of cooperative activities providing full or part-time non-agricultural employment for members of farmers' families (for instance, crafts, home or cottage industries) adequate distribution of consumer goods, and social services which the State may not always be in a position to provide (for instance, health, education, culture, recreation or transport).

14. The interchange and dissemination of information on the methods, possibilities and limitations of cooperatives in relation to agrarian reform should be encouraged by all possible means so that the experience acquired may be made available to the largest possible number of countries.

The foregoing is the authentic text of the Recommendation duly adopted by the General Conference of the International Labour Organisa-

tion during its Fiftieth Session which was held at Geneva and declared closed the Twenty-Second day of June 1966.

IN FAITH WHEREOF we have appended our signatures this Twenty-Fourth day of June 1966.

The President of the Conference

L. CHAJN

The Director-General of the International Labour Office

DAVID A. MORSE

RESOLUTION CONCERNING THE ROLE OF CO-OPERATIVES IN ECONOMIC AND SOCIAL DEVELOPMENT*

The General Conference of the International Labour Organisation,

Considering the primordial importance of cooperatives in economic and social development,

Considering the adoption by the International Labour Conference at its 50th Session of a Recommendation concerning the role of cooperatives in the economic and social development of developing countries,

Taking into consideration the necessity of concerted and coordinated international action in order to raise standards of living and employment as a result of cooperative action;

Invites Member States:

1. To provide periodically information to the interested national and international organisations concerning cooperative action in their respective countries;
2. To give due consideration to the idea of international cooperative banking with a view to increasing the availability of financial aid from international sources for cooperative development. In collaboration with the appropriate international organisations and taking into account the existing institutions working in the field. Members should accordingly undertake a survey of needs and possibilities, including the feasibility of establishing an international banking institution for this particular purpose.

*Adopted on 20 June 1966 by 212 votes to 0, with 5 abstentions.

RESOLUTION CONCERNING THE ROLE OF CO-OPERATIVES IN THE ECONOMIC AND SOCIAL DEVELOPMENT OF DEVELOPING COUNTRIES*

The General Conference of the International Labour Organisation,

Considering the primordial importance of cooperatives in economic and social development,

Considering the adoption by the International Labour Conference at its 50th Session of a Recommendation concerning the role of cooperatives in the economic and social development of developing countries,

Taking into consideration the necessity of concerted and coordinated international action in order to raise standards of living and employment by cooperative action:

Invites the international bodies concerned, to the greatest possible extent, to collaborate amongst themselves and with the Member-States in aiding and encouraging the promotion of cooperatives in developing countries.

**Adopted on 20th June 1966 by 212 votes to 0, with 5 abstentions.*

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