

DEVELOPMENT OF CONSUMER CO-OPERATIVE MOVEMENT IN BANGLADESH

Workshop Report

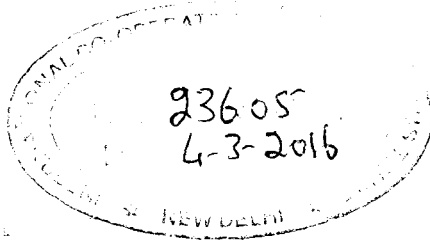


International Co-operative Alliance
Regional Office for Asia and the Pacific

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Development of Consumer Co-operative Movement In Bangladesh

**Report of the
ICA/BJSU National Workshop
Held at Dhaka, Bangladesh
28-30 March, 1989**



International Co-operative Alliance
Regional Office for Asia and the Pacific
'Bonow House', 43 Friends Colony (East)
New Delhi 110 065 - India

International Co-operative Alliance

Head Office

15 route des Morillons
CH 1218 Grand Saconnex
Geneva, Switzerland

Regional Office for Asia and the Pacific

'Bonow House', 43 Friends Colony (East)
New Delhi 110 065 - India

Tele. : (11)6835123/6835319
Telex : (31)75025 DICA IN
Telefax : (11)6835568

Compiled by : W U Herath

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ACRONYMS

BJSU	Bangladesh Jatiya Samabaya Union (Bangladesh National Co-operative Union)
BRDB	Bangladesh Rural Development Board
CCMPS	Central Co-operative Multi-purpose Societies
ICA	International Co-operative Alliance
IRDP	Integrated Rural Development Programme
JCCU	Japanese Consumers Co-operative union
TCB	Trading Corporation of Bangladesh
UCMPS	Union Co-operative Multi-purpose Society

FOREWORD

Co-operative movement in Bangladesh has its origin as early as the beginning of the century and it has seen many ups and downs as in any other part of Asia. However, due to political and socio-economic factors, Bangladesh still has one of the weakest economies in the Region. It is struggling hard to build a sound foundation for its economy, in which institutional frame work has to play an important role. Co-operatives have played an important role in this regard, but they still have to go a long way. Organisationally and operationally, they are still weak and need strengthening and re-vitalizing. Within the co-operative sector, consumer co-operative is the weakest link.

The workshop convened by the ICA Regional Office in collaboration with the Bangladesh Jatiya Samabaya Union has attempted to probe into the factors responsible for the present situation of consumer co-operative movement in Bangladesh and to consider and suggest remedial measures for its re-organizing and strengthening.

From the report I find that keen interest was shown by the participants of the workshop in the restructuring and strengthening of consumer co-operatives so that common man can be saved from the exploitation for his day-to-day consumer needs.

I hope this report will be of help in the follow-up of the recommendations of the workshop and improving the consumer co-operative movement in Bangladesh.

New Delhi,

November 15, 1989

G K Sharma

Regional Director for Asia & the Pacific

FOREWORD

The movement in Bangladesh has been a very important part of the country and it has been many years since the movement of Asia. However, due to political and economic factors, Bangladesh still has many of the worst problems in the region. It is a very hard to build a strong economy in which institutional framework is not in place. The government has played an important role in the development, but they still have a long way to go. It is a very hard to build a strong economy in which institutional framework is not in place. The government has played an important role in the development, but they still have a long way to go. It is a very hard to build a strong economy in which institutional framework is not in place. The government has played an important role in the development, but they still have a long way to go.

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Conclusions and Recommendations



Conclusions and Recommendations

01. Present problems of consumers co-operatives

- i) Problems of quality of consumer goods in respect of many important items.
- ii) Uncertainty of timely supply of consumer goods.
- iii) Occurrence of artificial scarcity of goods.
- iv) Differences of prices of goods in different places.
- v. Dishonesty among traders and their tendency to make excessive profit.
- vi. Supply of adulterated goods at lower weights by some traders.
- vii. Although there are some primary consumer co-operatives in the country, there is no co-operative at the secondary and national levels exclusively for consumer services. The existing national Co-operative Marketing Society and the Central Co-operative Multi-purpose Societies (CCMPSs) are not exclusively functioning for supply of consumer goods.
- viii. The primary, central and national Women's Co-operative societies could not develop distribution systems for consumer goods.
- ix. Due to financial stringency, experienced and expert personnel could not be employed at any level of the consumer co-operatives.
- x. Due to lack of required capital, proper infrastructural facilities could not be developed.

- xi. Problems of procurement from producers and suppliers and distribution of consumer goods due to lack of appropriate policy and management.
- xii. Lack of credit and banking policy for financing the consumer activities of the co-operatives.
- xiii. a) Absence of specific regulations in the Co-operative Laws for management of consumer co-operatives.
 b) Absence of specific allocations and targets for the consumer co-operatives in the import policy and internal trade policy of the government.
- xiv. Due to the absence of education and training facilities, the consumer co-operatives and the co-operatives engaged in consumer activities could not achieve the desired success.
- xv. Due to inadequate arrangements for supply of consumer goods to the members, the extent of member participation and involvement is far from satisfactory.
- xvi. The housewives could not take an active part in developing consumer co-operatives due to social restrictions.
- xvii. Lack of awareness of the needs and problems of consumer goods.

02. Appropriate strategy for the development of consumers co-operative movement

- i. Improvement of organisational structure of consumer co-operative movement

Assuming that the present government policy and laws with regard to consumers co-operatives will not be changed in the near future, development of present infrastructure and democratic management of consumer co-operatives, there exists only primary societies. Although there are some secondary and national level co-opera-

tives dealing with consumer goods, these organisations are not exclusively consumer co-operatives. Hence there is exigency for organizing a 3-tier structure of consumer co-operatives - primaries at the Union level, secondaries at the district level and one federation at the National level. The secondaries will be membered and controlled by the representatives of the primaries, while the national federation will be managed by the secondaries as per democratic management system.

- ii. Increasing infrastructural facilities (warehouses, retail shops, transport, etc)

For enhancing the infrastructural facilities for consumer co-operatives, funds will have to be raised by way of shares and deposits from members and credit from government and commercial banks.

- iii. Import, local purchase and distribution of consumer goods among the primary societies and their members

In order to boost up business activities of the consumer co-operatives, it is necessary to revise government policy about import and distribution of consumer goods so as to enable the consumer co-operatives:

- a) to import consumer goods direct from abroad,
 - b) to get quota of consumer goods from importers and distributors,
 - c) to make use of an agency of local manufacturers for distribution and sale of goods.
- iv. Increasing working capital in consumer co-operatives

The consumer co-operatives of different levels will raise their working capital by means of shares and deposits from members, profits from business turnover and credit from banks. In order to facilitate the consumer co-operatives to purchase and import goods against easy

term of bank guarantee, the Bangladesh Bank's regulation in this regard need to be relaxed.

- v. Improvement of quality of employees and managing committee

In order to develop the performance of the employees and managing committee members, it will be necessary to revise the syllabi of the Bangladesh Co-operative College and Co-operative Zonal Institutes and also to provide more training facilities for the consumer co-operative sector. To raise the standard and qualities of the employees and executives of the consumer co-operatives, they should be recruited from amongst the properly educated and experienced persons and they should be remunerated with suitable salaries.

- vi. Active participation of members and housewives in the management of consumer co-operatives

The BJSU and the proposed National Consumer Co-operatives Federation will jointly draw up and carry out a broad-based campaign of motivation, education and propaganda to enrol the common people and the housewives as members of the consumer co-operatives.

- vii. Increasing membership and formation of new consumer co-operatives

The consumer co-operatives will conduct intensive programme to raise the membership. Every consumer society should be kept under pre-registration observation for a certain period, so that it may after registration function self-reliantly and with reasonable efficiency.

- viii. Suggesting amendments in the existing laws and policy of the government relating to consumer co-operative movement

It is necessary to incorporate special provisions in the existing co-operative laws to facilitate the smooth working

of consumer co-operatives. In particular, the extent of government control and authority on the co-operatives should be reduced for expediting the growth of voluntary leadership and democratic management in the co-operatives.

- ix. The role of BJSU and ICA to enhance the consumer co-operative movement in Bangladesh

The BJSU should organise seminars, workshops and study tours for accelerating the growth of institutional network and leadership in the consumer co-operative sector. In particular, with the assistance of ICA, the BJSU may undertake a study of the consumer co-operatives in Bangladesh for formulating future plan of action.

- x. Methods and techniques for implementation of the recommendations
- Work programme
 - Time Schedule

The recommendations of this workshop may be identified into short-term and long term proposals and accordingly elaborate development projects should be designed and worked out. For implementation of the short term and long term projects, the BJSU should hold discussions with the concerned government agencies. At the same time, the BJSU will initiate a vigorous campaign for obtaining government support and political commitment to the consumer co-operative movement and get short term and long term programmes in the current development plan of the country.

Short term programme

Out of 800 functional consumer co-operatives, BJSU will select 15 societies to develop them as model consumer co-operatives with support from internal and

external sources. The main objective of this short term programme is to build up a nucleus of a central consumer co-operative society as a service unit.

Long term programme

The long term programme on developing consumer co-operative movement all throughout the country, BJSU will help to develop a nation-wide consumer co-operative network with its 3-tier infrastructure. This long term programme will be for 5 years in which 500 primaries, 50 centrals and an apex will be organised with the support and co-operation from developed consumer co-operative movements of the world.

II

Opening Session and Proceedings of the Workshop



Opening Session and Proceedings of the Workshop

A national workshop on the development of consumer co-operatives in Bangladesh was held at Dhaka from March 28-30, 1989. The workshop was jointly organised and conducted by the BJSU and ICA Regional Office for Asia. ICA Regional office for Asia provided technical and financial assistance for the workshop.

The workshop was inaugurated on 28 March at 03.30 p.m. by Hon'ble State Minister-in-charge of LGRD and Co-operatives, Mr. Naziur Rahman. The minister in his inaugural address declared that the government firmly believe in the policy of developing co-operatives as instruments of economic emancipation and build them as voluntary and autonomous organisations, so that co-operative movement becomes a people's movement in the truest sense with proper adherence and practice of the democratic principle of co-operation as adopted by the International Co-operative Congress. Alhaj Liaquet Ali, Chairman, BJSU, presided over the function.

Twenty-four participants attended the workshop. The participants were drawn from pure consumer co-operatives, women co-operatives dealing in consumer activities and credit and marketing co-operatives, dealing in consumer activities and government officials responsible for promotion and development of consumer co-operatives.

The inaugural ceremony of the workshop scheduled to be held on 28th at 10.00 a.m. had to be shifted to evening hours at 03.30 p.m. to avail the presence of the chief guest due to his sudden engagement in some state events. The session of the workshop was started at 09.00 a.m. with an address of welcome by Alhaj Liaquet Ali. Mr. W.U. Herath, Adviser, ICA Consumer

Co-operative Development project for Asia, gave the introductory speech. Mr.A.K.M. Zahirul Haque, Chief Executive Officer, BJSU, presented the key-note paper on current situation of the consumer co-operative movement in Bangladesh. It was followed by a discussion by Mr.M.Ohya, Chairman, ICA Consumer Committee for Asia and Executive Director of Japanese Consumers Co-operative Union. He gave a talk on the activities of the consumer co-operatives in Japan. It was followed by group work on the key-note paper. The groups identified the problems faced by the consumer co-operatives in Bangladesh and prepared group recommendations.

The inaugural ceremony was held at the conference hall of the Hotel Sunderban in a befitting manner. There was an assembly of three hundred co-operators and professionals including 24 participants. 5 observers and resource persons of ICA and BJSU staff members. The Chairman of BJSU, Mr.Ali, welcomed the minister and other guests. Mr.W.U.Herath, Advisor, ICA Consumer Co-operative Development Project, addressed the gathering on the role of ICA and her interactions with BJSU as member organisation and the very purpose of the workshop. Dealing at length on the need of the hour for developing a member-oriented active consumer co-operative movement in Bangladesh and the positive aspect of the consumers co-operative movement for healthy growth and development of the production co-operatives as highlighted in the key paper.

Mr. Hasinur Rahman, Secretary, Ministry of LG RD & Co-operatives, Co-operative division, appreciated the role of ICA and BJSU and its present leadership for organising and holding this workshop. Mr.N.A.Habibullah, Registrar of Co-operative societies, thanked the Minister, Secretary and ICA personnel and in particular, the Japanese Consumer Co-operative Union for extending support and co-operation to BJSU for performing her national tasks. the minister raised the necessity and importance of the role of consumers co-operative activities in Bangladesh and welcomed the initiative from ICA and BJSU in this area. He expressed his solidarity and unison with this people welfare approaches and assured all co-operation and support

from the government. He requested the participants to make the best use of their time to develop a new pattern for consumers co-operative action plan for Bangladesh.

Alhaj Liaquet Ali in his presidential address mentioned that co-operative movement of Bangladesh, by and large, is a credit co-operative movement since its inception from 1904. Attempts were made and efforts were underway to generate consumer co-operative activities during forties, sixties and seventies. But in real sense of the term, it failed to get momentum. However, a considerable number of consumer co-operatives and a good number of union co-operative multi-purpose societies have their experiences in dealing with consumer activities.

The chairman said that the BJSU, as guardian of the entire co-operative movement of Bangladesh, felt the necessity of taking real steps to create awareness about consumers' right among the people and urge for production and development of consumer co-operatives. He terms this workshop as a path-finder to have a perspective plan to raise consumers co-operative movement in this country.

He assured that all co-operation will be extended to the co-operators to promote consumer co-operatives.

All sessions of the workshop was held at Hotel Sunderban. Alhaj Liaquet Ali chaired the workshop.

Mr. W.U.Herath was the director, while Mr. Mohd. Shahid-ullah, General secretary, BJSU and Mrs. Feroza Mohsin, Director, BJSU were the co-directors of the workshop from Bangladesh Jatiya Samabaya Union.

Mr. A.K.M.Zahirul Haque in his paper gave a resume of the efforts made in the past for developing consumer co-operatives with development of co-operative credit & marketing structure and present situation of consumer co-operative movement. There are only eight hundred pure type consumer co-operatives in the country, out of them about fifty are active and the rest are dormant. Nearly 5000 co-operatives in credit and marketing

sector were also expected to run consumer activities but out of them very few have their consumer practices. The paper recommended a structure to develop consumer co-operatives in Bangladesh.

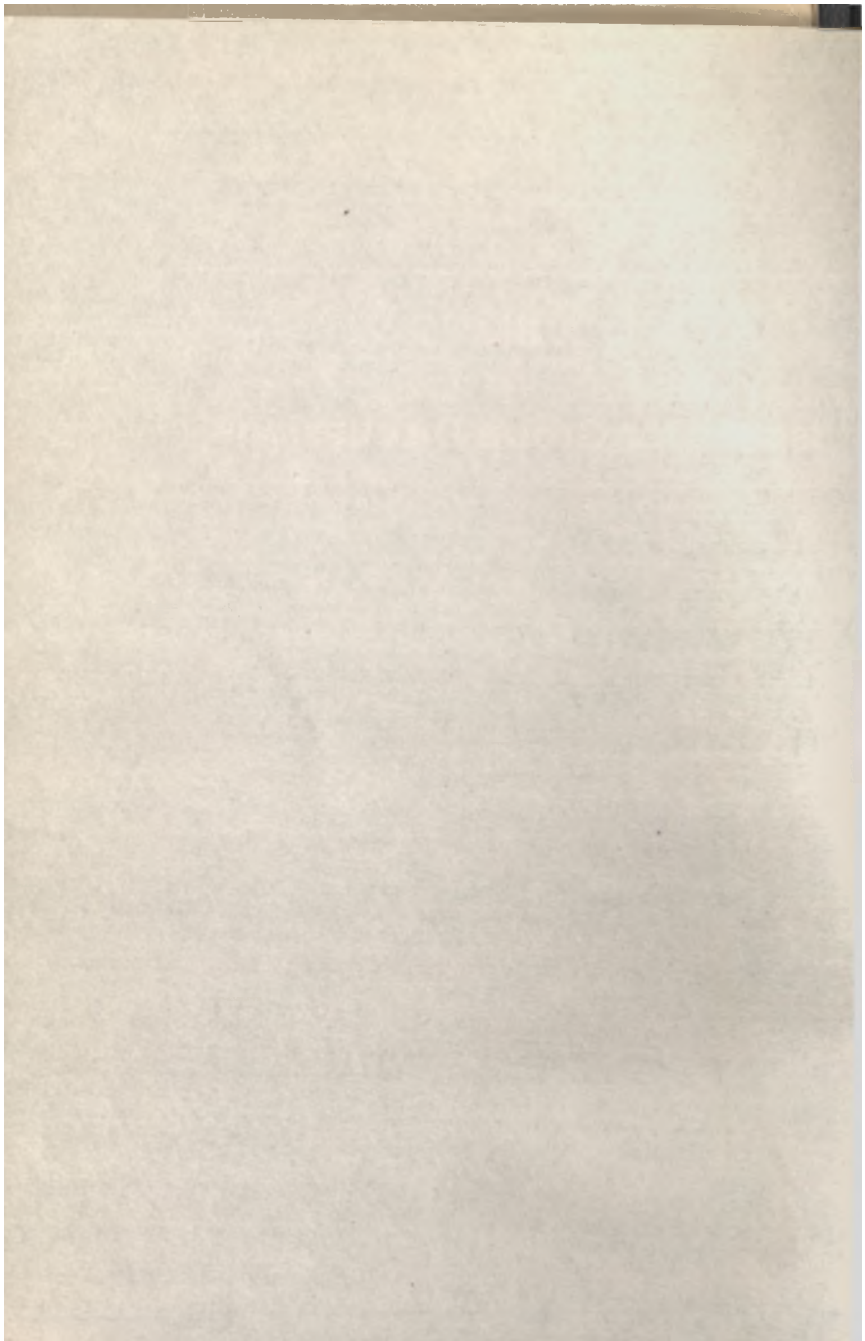
Mr. Mohd. Nurun Nabi, Deputy Secretary, Government of Bangladesh, in his paper explained the trade policy of the government and indicated the necessity for developing consumer co-operatives to protect the consumers' interests.

Mr. Ohya gave a detailed briefing on the consumer co-operative activities in Japan.

The workshop sat on different sessions from 28 to 30 march, 1989. The objects of the workshop were assessment of the current situation, suggestions for changes and improvements of policy, structure and scope and determine the appropriate strategy and action plan. Inauguration, presentation of papers by the resource persons on current situation of consumer co-operatives in Bangladesh, salient features of ideal consumer co-operative movement and government policy on consumer trade and development of consumer co-operatives were the main aspects of the workshop. Intensive discussions on the papers by the groups, preparation of group reports and finalisation of group reports in the plenary, followed by preparation of consolidated and comprehensive recommendations and adoptions of recommendations with amendments and adoptions as final resolutions of the workshop were also the salient features of the workshop.

III

Issues for Group Discussions





Issues for Group Discussions

01. Current problems of the consumer co-operative movement

- i. Analyse the problems (if any) faced by the consumers in rural and urban areas in procuring their essential consumer goods.
- ii. Discuss the preset arrangements in the consumer co-operative structure in terms of following criteria, which is meant to serve the member consumers.
 - Consumer co-operative structure at village level, secondary (Thana) level and National level (MPCS, Central MPCS, Bangladesh Samabaya Marketing Society, Mohila Society, etc).
 - Economic viability of the present consumer co-operatives.
 - Quality of staff.
 - Infrastructure facilities (warehouses, shops, etc.)
 - Arrangements for procurement and sale of consumer goods.
 - Financing of consumer co-operatives.
- iii. Discuss and identify any legislative and administrative problems faced by consumer co-operatives:
 - Present co-operative law and laws governing consumer trade,
 - Import restrictions, if any,
 - State Trading Corporations, Manufacturing companies and their distribution policies.

iv. Discuss and identify problems of ensuring people's involvement in consumer co-operatives:

- Status of democratic management in consumer co-operatives,
- Involvement of individual members,
- Involvement of housewives.

02. *Appropriate strategy for developing consumer co-operative movement*

i. Assuming the present government policy on trade and legislative arrangements would remain without change during the near future, discuss and prepare a proposal for developing the consumer co-operatives to overcome the problems identified earlier in the following areas:

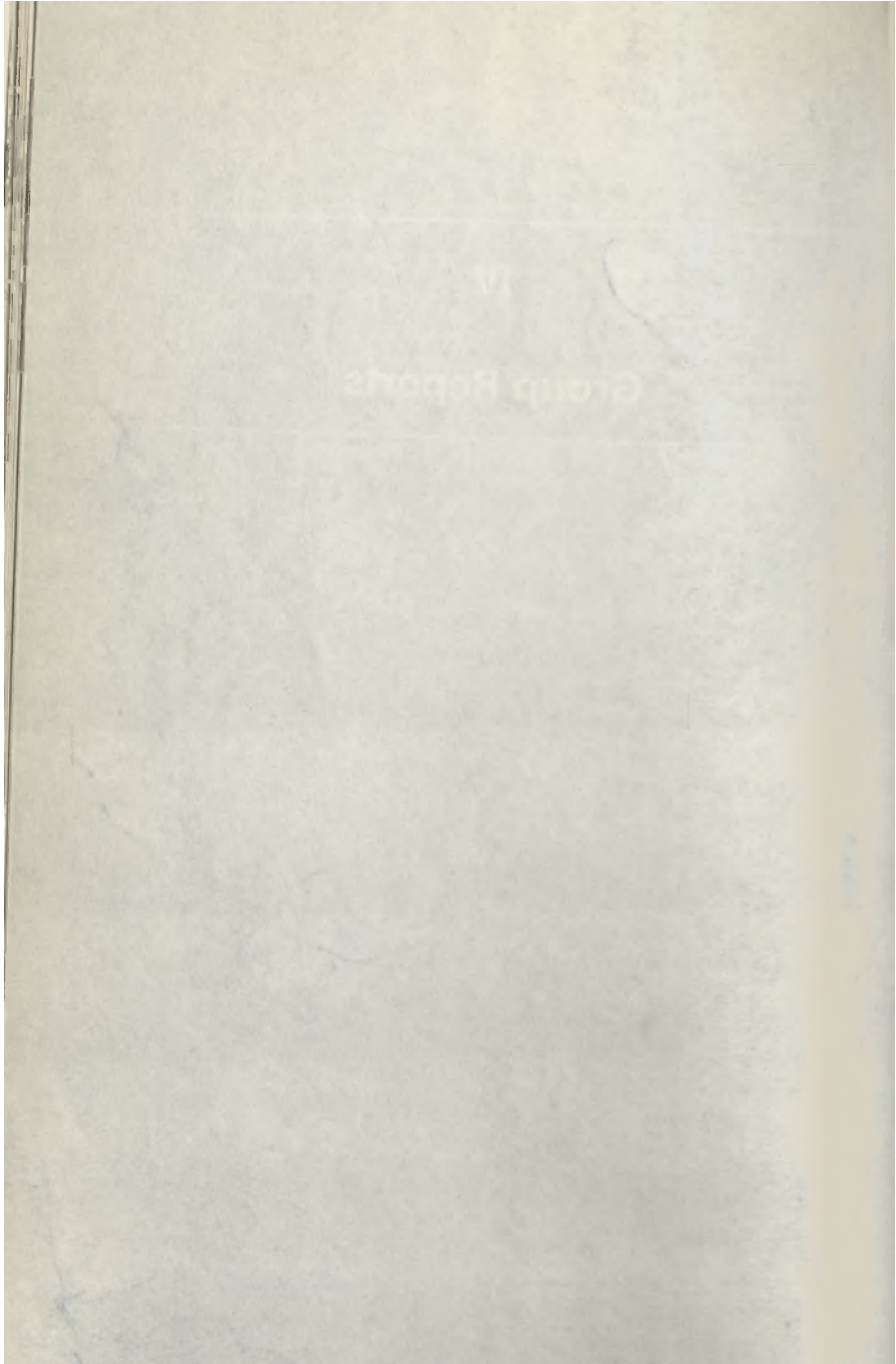
- Improvement in the present structure of consumer co-operatives and democratic functioning of co-operatives,
- Improvements in the infrastructural facilities (warehousing, retail shops, transport, etc.),
- Improvements in import, local purchases and distribution of consumer commodities among primary co-operatives and individual members,
- Increase in the working capital of consumer co-operatives,
- Improvement in the quality of staff and management,
- Ensure active involvement of members and housewives in managing consumer co-operatives,
- Increase membership and organise new consumer co-operatives.

ii. Propose any legislative and policy level changes that are necessary for the development of consumer co-operative movement.

- iii. Suggest support measures to be undertaken by the BJSU and international co-operative agencies in the development of consumer co-operatives in Bangladesh.
- iv. Suggest mechanism to implement the proposals:
 - Work organisation
 - Time schedule.

IV

Group Reports



IV

Group Reports

The participants were divided into the following three groups:

Group 1

1. Mrs. Seheli Haque
2. Mrs. Nurjhan Kamal
3. Mrs. Saleha Mueeed
4. Mr. Muslemuddin
5. Dr. Shamsuddin Munshi
6. Mr. Salehuddin
7. Mr. Kamaluddin

Group 2

1. Mrs. Feroza Zaman
2. Mrs. Gulshan Ara Amin
3. Mr. A.S.M. Zahiruddin
4. Mr. Abdul Kashem
5. Mr. Mustafizur Rahman
6. Mr. Shahjahan Sarker
7. Mrs. Kazi Selima Begum
8. Mr. Mukhlesur Rahman Choudhury.

Group 3

1. Mrs. Ashrafun Mosharaf
2. Mr. Hassan Ali Sarder
3. Mr. Mohd. Siddiquzaman
4. Mr. Sarwar Jahan
5. Mrs. Aleya Sharif
6. Mr. M.A. Sobhan
7. Mrs. Dilara Haroon
8. Mrs. Ferdus Ara Begum

The groups worked on identification of problems faced by the consumer co-operatives in Bangladesh and appropriate strategy for its development. The groups prepared individual group reports on both aspects and gave their suggestions and recommendations for improvements in the policy, structure and preparation of action plan.

The groups were assisted by Messrs. Mohd Shahidullah, Maniruddin Ahmed and A.K.M.Zahirul Haque. The group reports were discussed and finalized in the plenary. The groups worked hard in identifying the problems and preparing their recommendations under the active guidance of the resource persons.

The important feature that emerged from the group discussions is that the majority of the participants deeply felt that the existing base of the co-operative credit and marketing and supply of consumer goods, known as multi-purpose co-operative system, could be utilised for developing a nation-wide co-operative consumer network. This can be done by opening branches or units or centres in the villages by the Union co-operative multi-purpose societies as emphasized by the author of the key-note paper but the inherent weaknesses of the multi-purpose co-operatives cannot be removed by short term strategy. In view of stray success stories of some primary consumer co-operatives in various areas of the country, there should be a new beginning and fresh trial for developing pure type consumer co-operatives in an organised and phased manner as short-term strategy. The co-operatives doing consumer activities as auxiliary or ancillary functions be also encouraged under a long term strategy to improve their services for the members and continued member education and training on consumer rights and members' obligations for active participation. However, in the plenary, the participants of all the groups unanimously resolved and adopted the final recommendations as indicated in the foregoing paragraphs.

V

Workshop Resource Documents

Current situation of the Consumer Co-operative Movement in Bangladesh

By Mr.Zahirul Haque, Chief Executive, BJSU

1. Background

- 1.1 The co-operatives experienced aftermath of the depression of the 1930s, debt settlement awards of 30s, annual famines, drought and other natural calamities and, in addition, change of policy and strategies with change of governments. The loss suffered by the co-operatives due to reasons beyond their control had never been compensated for, nor the government ever since undertook any plan for rehabilitation of the co-operatives.
- 1.2 After the partition of India and of Bengal in 1947, the then East Pakistan inherited a total number of 25,000 co-operative societies of all types of which more than 23,500 were primary agricultural credit societies. Most of these societies were in a state of complete collapse and the majority of them were placed under liquidation by the year 1957. Thus after the partition, the picture in the then East Pakistan was dismal.
- 1.3 During the '50s, instead of giving emphasis on development of rural co-operatives, emphasis was given on V-AID programme for rural development but that programme did not succeed and ultimately the government resorted to co-operatives for rural development with emphasis on production and even today the elements of marketing and supply of consumer goods is lacking in development strategies and action-oriented programmes of rural development through co-operatives.
- 1.4 The co-operative movement of this country started with single purpose village co-operatives and liquidated them in

1950s and organised Union Co-operative Multi-purpose societies and supported them during the late '50s and early '60s.

During the '50s and '60s, under the 1st, 2nd and 3rd Five-Year Development Plans, attempts were made to build up consumer activities, through the Union based co-operative multi-purpose co-operative societies and the then East Pakistan Provincial Co-operative Marketing Society Ltd., alongside development of co-operative credit and marketing structure. The government gave more emphasis for increasing production and did not give any emphasis on marketing and neglected the consumer aspects in practical operation. As a result, the producers did not get a fair price for their produce nor could they enjoy quality consumer goods at reasonable prices and they are still subject to two-fold exploitation both as producers and consumers. The marketing component was not only important as incentive for increased production but also a factor of additional income for sustaining and increasing their buying capacity not to speak of protecting the per capita real income. Linking of production credit with marketing of agricultural produce, backed by credit and banking facilities was an appropriate proposition but it could not work satisfactorily since provision for logistic support and credit facilities for marketing and consumer business was missing in allocation of Rupees 200 million under those Five-year plans from 1952 to 1960. Only six hundred godowns were constructed for storage/warehousing of agricultural produce and some cold storages were set up for preservation of agricultural commodities like paddy, fruits and vegetables. The credit and banking support needed for undertaking consumer activities backed by clear-cut government policy and distinct allocations of fund for import were also absent.

Some union co-operative multi-purpose societies made attempts to organise consumer stores but they could not run them due to lack of organised source of procurement either from the central multi-purpose societies i.e. secondary so-

cieties or from the provincial apex society. The indigenous capital generated by the co-operatives out of shares and savings and annual surplus was mostly utilised for marketing activities but the marketing operation did not succeed due to lack of required physical facilities and professional personnel and support from the secondary societies and apex organisation.

1.5 The government organised village based two-tier agricultural co-operatives under IRDP in late sixties and also organised the co-operatives for rural poor, landless peasants and women in late '70s and early '80s, now known as BRDB co-operatives. The government organised youth co-operatives in mid-'70s, to manage village markets and undertake consumer activities; but all of them were liquidated unilaterally. The co-operatives of Integrated Rural Development Programme (IRDP) two-tier system financed and supported by donor agencies are the active co-operatives under the guidance of BRDB.

1.6 The government felt the need to organise viable and comprehensive union co-operative multi-purpose societies for linking credit with marketing and distribution of consumer goods to the rural population. But in practice, no substantial financial assistance and logistic supports were provided from late sixties to date.

2. *Current situation of the co-operatives in consumer activities*

2.1 At present (30 June 1988), the number of co-operative societies has increased to 124,604 with a total membership of 682,183. The number of primary agricultural credit societies is 105,299 of which 4,121 are engaged in and responsible for consumer activities, in addition to their tasks of implementing the government policy to attain self-sufficiency in food.

2.2 *Structure* : Bangladesh made attempts to organise exclusive national co-operative consumer societies and run one in early seventies but did not succeed. The Bangladesh Samabaya

Marketing Society Ltd. was established in 1961 to execute following two development schemes under the second and third Five-year plans through the central co-operative multi-purpose societies and union co-operative multi-purpose societies:

- a) Development of co-operative credit and marketing structure in East Pakistan,
- b) Development of consumer co-operatives in East Pakistan.

The Co-operative Department was in charge of monitoring and execution through the East Pakistan Provincial Co-operative Marketing Society. The Bangladesh Samabaya Marketing Society, successor of East Pakistan Provincial Co-operative Marketing Society Ltd., has 79 central multi-purpose societies at secondary level as its members and central co-operative multi-purpose societies have 4121 union multi-purpose societies at the union level to deal with production credit, marketing and consumer activities.

The consumer co-operative structure is as follows:

i.	National level	Bangladesh Samabaya Marketing Society Ltd.	1
ii.	Secondary level	Central Co-operative Multi-purpose societies.	79
iii.	Primary level	i) Union co-operative multi-purpose societies	4121
		ii) Village level consumer co-operatives	830

The total number of members involved in union co-operative multi-purpose societies and village level consumer co-operatives is about 1.3 million.

2.3 Financial Position

<i>Sl.No.</i>	<i>No. of particulars</i>	<i>National level</i>	<i>Secondary level</i>	<i>Primary level</i>
1.	No. of members of managing committee	12	948	49,452
2.	No. of employees and workers	127	237	8,242
3.	Share capital	4.4 mil	7.9 mil	38.6 mil.
4.	Reserve fund	2.1 “	2.3 “	12.8 “
5.	Deposits	12.2 “	3.8 “	26.9 “
6.	Loans repayable	9.3 “	23.5 “	250.4 “
7.	Working capital	16.9 “	39.8 “	328.7 “
8.	Loan recovery during 1987-88	1.6 “	2.1 “	174.2 “
9.	Loan realisable	20.2 “	24.8 “	250.4 “
10.	Total purchases	2.5 “	3.6 “	41.2 “
11.	Total sales 1987-88	2.8 “	2.9 “	42.3 “
12.	Total Income	0.5 “	3.1 “	3.5 “
13.	Net profit	0.2 “	1.2 “	1.2 “

2.4 A comparative performance of the pure type primary consumer co-operatives between 1983 and 1988 may be summed up as follows:

(Figures in Taka 000's)

<i>Year</i>	<i>No. of Primary</i>	<i>Member-ship</i>	<i>Share capital</i>	<i>Reserve fund</i>	<i>Deposits</i>	<i>Loans</i>	<i>Working capital</i>
1988	830	75,129	6,688	2,560	1,365	68	10,281
1983	1,712	1,43,697	6,544	1,362	1,930	133	9,969

2.5 The Bangladesh Jatiya Milk Producers Co-operative Union produce milk and milk products and distribute in the capital city. Bangladesh Hosto Shilpa Samabaya Federation (KARIKA) produce some food products and sell them to

the consumers. The Bangladesh Jatiya Mahila Samabaya Samity also procures some consumer goods and supply the same to the primary women co-operatives through 44 Central Women Co-operative societies to cater to the needs of village level women members. The activities of these women societies are now occasional and limited. Both Bangladesh Samabaya Marketing Society and Bangladesh Jatiya Mahila Samabaya Samity Ltd. had their record of good performances in procurement and supply of consumer goods during early seventies. There are nearly 500 Employees and Workers co-operative societies among the employees and non-governmental organisations that run small consumer shops to cater to the needs of their members. Apart from these, there are now 803 pure type primary consumer co-operatives in the country, with share capital of Taka 1 million (approx.) and their annual turnover is around Tk.8-10 million (approx.).

- 2.6 The government utilised the apex, secondary and primary multi-purpose co-operatives for distribution of consumer goods in early seventies. Immediately after liberation, availability of consumer goods such as clothes, garments and baby foods became terribly scarce. Different types of consumer goods were available from outside the country in the shape of relief. The apex society was asked to distribute the goods at fair price to the consumers, through all types of co-operative networks. Overnight, large number of consumer co-operative societies were organised in addition to the existing networks.

Over Tk.15 crore worth goods were given to Bangladesh Samabaya Marketing Society on credit. The co-operatives served transitory need and interest of the government, but could not build up genuine consumer propositions.

- 2.7 The overall contribution of co-operative societies in Bangladesh may be guessed from the figures of the share capital, total deposits and working capital of the co-operative societies. The share capital of all co-operative societies in Bang-

ladesh in June 1988 was Tk.779.79 million and total deposit was Tk. 993.2 million and the total own working capital was Tk.642.7 million.

In the rural areas, there is hardly any alternative to the co-operative system for agricultural transformation and development of consumer network. Due to population explosion and limitation on holdings, we are left with very few farmers who can afford to buy private tractors, power pumps, equipments or sink deep tube wells and compete with mercantile community. Government cannot also provide these services through its own officers and staff. There is no alternative to co-operatives.

The government of Bangladesh has, therefore, accepted co-operatives as a system of rural development, as per constitution as the second sector of national economy. Co-operative is a system of development, it is a method and technique of organising people to bring about change and as such the existing co-operative network should be utilised properly for procurement and distribution of consumer goods alongside delivery of production credit.

3. The Role of government in protecting consumer rights

- 3.1 Bangladesh with an area of 54,000 sq.miles is tackling problems of about 111.5 million population. The vast number of consumers want to have “better, healthier and safer foods at lower prices” but they cannot afford due to lack of appropriate income and buying capacity at one hand and abnormal prices of commodities on the other hand. They are prone to sub-standard and shoddy consumer commodities available in the market at prices within their reach.
- 3.2 The majority of our consuming public is illiterate, poor and ignorant of their rights and duties and unable to protect and promote their interest. Since the consumers are not properly organised, they are subject to two-fold exploitations as producers and consumers. They cannot avoid the corrupt practices of the unscrupulous traders and mercantile com-

munity.

- 3.3 The two-fold exploitations contributing to widening gap between rich and poor to such an alarming rate that the government is launching special programmes to combat the issue. Government is distributing consumer goods in urban areas through private ration dealers. The government is providing free ration to the poor in the rural areas under vulnerable group feeding programme.
- 3.4 The government is importing consumer goods directly and distributing it through Trading Corporation of Bangladesh (TCB). The Consumers Corporation of Bangladesh is closing its affairs for their failures. There is no special policy and allocations for the co-operatives.
- 3.5 The government is also importing edible oils, salt, rice, milk products and other essential consumer commodities of groceries, toiletries, and textiles to maintain the price level within the reach of consumer community and protect their real income.

4. Problems

- 4.1 Since the distribution system is based on private dealers and agents, the real benefit do not reach the real consumers.
- 4.2 Further, it is observed that despite legislation and administrative control against adulteration of foods, sub-standard food items, short weighing, hoarding, black-marketing, racketeering, etc., many sub-standard and shoddy goods are almost freely sold in the market.
- 4.3 Even the shortage of basic consumer goods in the market creates an alarming situation. Bangladesh has witnessed fall of one popular government in mid fifties for salt crisis and another government in mid seventies for crisis of food items and political changes due to exploitation of the vast majority by few.
- 4.4 Inequality and injustice in the socio-economic order due to

unbalanced growth and inequitable distribution and unequal opportunities may, at any time, create such explosions that it will destroy the entire economic fabric.

5. *Scope of consumer co-operative movement*

- 5.1 Consumer co-operatives, if properly organised, run and managed, can reduce the cost of procurement and distribution and ensure supply at reasonable margins and save the consumers to safeguard their interest and protect their rights. A successful consumer co-operative movement eventually serves the tasks of government to maintain timely supply of essential commodities at reasonable prices.
- 5.2 The price stability of a country is considered to be an important factor for proper credit administration for increased production, marketing and development of industries. All over the world, the production co-operatives and the consumer co-operatives go hand in hand as supplementary and complementary units.
- 5.3 Rational, proper and steady consumer price level is a must for balanced growth and development. Even countries like Japan, where there is industrially oriented economy, is prone to affect the agro-producers' interest and consumers' rights. They have developed strong consumer co-operative system as counter-veiling force to establish their control over production and distribution.

6. *An outline for national plan*

- 6.1 In the context of the above background and experience of co-operatives, I am of the opinion that a system and approach be designed for the co-operatives under the National Development Plan for reorganizing and developing Union Co-operative Multi-purpose Societies, with following objectives for procurement and distribution of consumer goods:
 - a) *Financing the Union co-operative multipurpose societies*

The members being producer-cum-consumers, legiti-

mately can claim for provision of controlled and cheap credit for production, marketing and distribution.

b) Undertaking the sale of produce and products

Co-operative sale will always ensure a better and more economic price for the members, both as producer and consumer.

c) Undertaking purchase and distribution of consumer goods, agricultural implements, seeds, manure, etc. on behalf of members

The co-operative purchase will enable the members to get unadulterated consumer goods, always at reasonable prices. The co-operative purchase and distribution of agricultural requirements will always help improve agricultural production.

d) Regulating the production of various food and cash crops

The society will make a survey of all cultivable lands in its area and draw up a plan and programme of production and distribution of various food and cash crops.

e) Encouraging intensive and extensive cultivation of various food and cash crops

For an improvement of income, the society should pay special attention to intensive and extensive cultivation of the crops grown in the area of the society as may, from time to time, be advised by the agricultural or other government departments dealing with the agricultural industry and consumer affairs of the country/

f) Encouraging suitable cottage industries, poultry farming, cattle rearing, etc.

This will provide occupation for the spare time of the members and serve as a means for getting an extra income.

g) *Educating members to stop all wasteful expenses*

This is essential if the agriculturist is to have any surplus out of the improved income from co-operative credit, co-operative sale and co-operative purchases. A strong village board will be set up in every village by the society to help the members in cutting down all ceremonial and other wasteful expenses for efficient production.

h) *Providing facilities for the exercise of thrift and savings*

A Savings bank in each society will provide the agency required for encouraging banking habits and accumulation of the surplus (extra income).

i) *Maintaining up-to-date statistics*

Accurate statistical information is essential in planning the solution for all social and economic problems. Each society will maintain a register in a suitable form, showing in it the names of all members within its area of operation, the land under their cultivation, the crops they grow, the estimated out-turn of each crop. Immediately after harvest, the society will again obtain from each cultivator the information regarding total quantity of his harvest, the quantity required for his own use and his surplus. The society will also maintain a record of the cultivable waste lands, the landless people, consumer information, etc.

j) *Providing medical facilities and public health amenities*

Experience has shown that government effort cannot be complete unless the people voluntarily join in it. It will be the duty of every society to develop a high sense of public health and rural sanitation amongst its members:

k) *Encouraging education of members and their children*

The society will maintain night schools and literacy classes for this purpose and conduct education and training courses.

- l) *Organising rural reconstruction work including relief of destitute, giving work to the unemployed, cultivation of waste lands, etc.*

Each society will have a rural reconstruction programme and will undertake such rehabilitation or relief work as Government may entrust to it. The landless people in the area of the society will be fully utilised in the programme of rural reconstruction.

6.2 The producer member grows poor crops and hardly gets an economic price for his produce. He generally pays a high price for buying the necessities of his life. He is often improvident and lives under unhealthy conditions. He has no occupation for the whole year. His poverty is, therefore, due not to one single cause and the remedy which seeks to deal with only one of the various causes will naturally fail to produce the desired results. A simultaneous attack on all causes which led to 'deficit economy' is necessary. The village co-operatives are, therefore, required to be reformed and reorganized with multiple objects, - providing credit, undertaking sale, arranging supply of minimum consumption items and production inputs, encouraging cottage industries and various subsidiary occupations, influencing and improving the social customs and making special efforts for developing corporate life. By joining a multipurpose co-operative society, every individual, poor or rich, has something to gain; the poor who cannot get the advantage of co-operative sale may take the advantage of co-operative supply (purchase) and the rich who do not require the credit may take the advantage of co-operative sale. It is now, however, possible for the poor illiterate people in small groups (as in village societies) to tackle these matters efficiently and effectively. There should be men with education and intelligence in every society who are capable of managing its affairs efficiently and are also in a position to encourage and properly guide the general body of members. It should be clearly recognized that it is not in great schemes or specially granted privileges that success lies. There should be men to

work the schemes, men to appropriately utilise the privileges, and men to unite and induce the whole body of villagers to the making of combined effort for a solution to all their problems, through the union co-operative multi-purpose societies.

The multi-purpose co-operatives operate over a reasonably large area as may ensure necessary membership and will also permit adequate business and at the same time allow efficient supervision and effective control. There is now 4129 multi-purpose societies, one in each union and village societies in every village. Thus 'co-operation' has been taken to every door and it can now serve the whole population. Attempts must be made to develop multi-purpose co-operatives to supply consumer goods to the doors of the members.

The liability of the society is limited. The well-to-do and intelligent section of the people who have so long kept themselves away from the rural co-operative movement, due to lack of economics of the societies are now expected to join the viable co-operatives.

6.3 *Business*

The management of the society will naturally be difficult, if they are not trained and educated and provided with needed assistance and support under the national development. The managing committee will draw up an annual programme of work for the purpose of carrying out the various objects of the society and frame regulations for the proper execution of such programme for work under the guidance of the central co-operative multi-purpose societies and Bangladesh Samabaya Marketing Society Ltd and the Co-operative Department.

6.4 *Sub-Committee*

Under the managing committee, there will be sub-committees to manage specified branches of the business of the society, e.g. the credit sub-committee will deal with the issue and recovery of loans, the sale sub-committee will undertake

the marketing of the produce of the members, the supply sub-committee will arrange for purchase and distribution of the consumer requirements of the members. Similarly, there will be sub-committees for each item of business a society may propose to undertake. The transactions in different branches will be separately accounted for. As each branch of business of a society will be entrusted to a special sub-committee and the accounts and records will separately be maintained, there will in practice be so many separate units with different objects under a common controlling body - the managing committee of the society. The proposed combination of several purposes in one single society will, therefore, ensure comprehensive rural development.

6.5 Village board

To assist the Managing committee and the sub-committees, there will be local committees or village boards including representatives of local co-operatives in every village. The existence of a village board in each village will be in fact provide a separate forum in each village under the supervision and control of the body of more efficient and intelligent people (Managing Committee) of the area. The village board will help in the collection of statistics for purchase and sale of various products and distribution of essential commodities, etc.

6.6 Staff and office

In each society, as it grows, paid staff will have to be maintained. Every society will also have its own office building. The office building will provide a room for day-to-day work of the society, a meeting or assembly hall equipped with a radio set/TV set for consumer information. There will also be sufficient open space round the office building to develop a complex of economics. The influential and more well-to-do members of the society are expected to make contributions in land and money, while the poorer section in labour for building the office house, etc.

The union multi-purpose co-operative societies affiliated to the Central Banks may obtain the credit they require for their members from the Central banks. There are 79 secondary level central multi-purpose societies, that may arrange UCMPS' requirements in seeds, manure, consumer goods, etc. and organise appropriate markets for profitable disposal of the produce of the members, through the Bangladesh Samabaya Marketing Society Ltd.

A comprehensive society has an excellent educative value and is the best foundation for more ambitious schemes. It is, therefore, expected that the union multi-purpose societies will generally start with credit and simultaneously take up consumer business as may be found expedient. There are various government departments concerned with rural welfare activities and naturally these departments can work best though co-operatively organised people than through isolated individuals.

7. Conclusion

- 7.1 The co-operative is the second economic sector under the Constitution but it has no allocation in the National Development Plan documents. There is allocation for rural development, wherein a small amount is earmarked for co-operatives to suit the requirements of BRDB to provide assistance and logistic support to the two-tier co-operatives. The multi-purpose co-operative network too shall have to be built up for consumer development and supportive unit for the village co-operatives.
- 7.2 The proposed concept of comprehensive development of union co-operative multi-purpose societies for comprehensive rural development by forming village board under the union co-operative multi-purpose societies to protect the interest of the producers and rights of the consumers simultaneously will contribute to increase the real income and protect consumer rights.

- 7.3 The apex, central and union co-operative multi-purpose societies will have to be revitalized with necessary assistance and support under a specific National Development Plan for people's participation and ensure balanced growth in one hand and equitable distribution on the other hand.
- 7.4 The producers who are consumers first need to be educated about their rights and obligations to undertake group actions for self-employment and self-service under a self-managed democratic organisation. The Bangladesh Jatiya Samabaya Union will have to come up to fulfill these gigantic tasks of education, motivation and guidance services.
- 7.5 Co-operation is a people's organisation for people's economic emancipation through a concerted effort under the leadership and management of their chosen leaders in the manner they decide in their meetings. Co-operation is a movement of the poor for their socio-economic upliftment. Co-operative exercise is economic activities to fulfill requirements of life. It can work as a panacea for maintaining equity and justice in the socio-economic order and keeping the society free from unrest and deprivations. Having these objectives in view and faith in the internationally accepted principles of co-operation, the BJSU emerged in 1961 in the name and style of East Pakistan Co-operative Union to provide sense of direction and guidance services and leadership to the movement for productive activities and distributive justice and safeguard the interest of the co-operators and co-operatives in all possible ways by providing continued education, training and extension services. It had its excellent performance in the fifties, sixties and seventies with the active support and co-operation of its members. BJSU is a self-reliant organisation. This national co-operative union, at the moment, is undergoing a critical moment due to departure of its base to the BRDB domain and its sheer negligence to use the National Co-operative Union and its apex system to the services of the secondaries and primaries. The government agencies involved at the national level are afraid of a strong national co-operative

union lest it at times replace their position as autonomous movement. The crux of the issue whether the co-operators will unite together and pool their resources for productive activities and distribute justice under a well designed development plan document of their own or the co-operatives shall continue to remain at the mercy of government support and assistance for ages. National Co-operative Union leadership has got something to do in the interest of the millions of the co-operators of the country. Let us hope we will achieve it unitedly and firmly.

Current Situation of Consumer Co-operative Movement in Japan

By Mr.M.Ohya, Executive Director, Japanese Consumers Co-operative Union and Chairman, ICA Committee on Consumer Co-operation for Asia

01. Variety of Consumer Co-ops

Some 12 million Co-op members belong to more than 650 co-operative societies formed through out the country. These co-operatives are divided by type of business into:

Retail Co-ops

Supplying members with a wide range of consumer products and services and embracing 80% of the total co-operative membership. There are five types of retail co-operatives, as follows:

- Citizen co-operatives - serving local resident, mostly member housewives, through stores, joint buying, catalogue sales,etc.
- Institutional Co-operatives -workers in their work places through stores, canteens,etc.
- Expanded institutional co-operatives - serving both workers and local residents. A kind of institutional co-operatives, expanded to neighbouring residential areas.
- University Co-operatives - serving students and faculty members in universities and colleges through book stores, daily commodity stores, canteens and other services.
- School Teachers' co-operatives - serving teachers at both public and private elementary, junior and senior high schools, mainly through catalogue sales and joint buying.

Medical Co-operatives

Serving members through operating hospitals and clinics, emphasizing preventive health care and friendly, convenient services.

Insurance Co-operatives

Providing many kinds of life and non-life insurance for members, mostly trade union members. Operated in every prefecture and integrated by the National Federation of Workers and Consumers Insurance Co-operatives (ZEN-ROSAI).

Housing Co-operatives

Supplying houses and housing plots to workers in co-operation with trade unions and labour banks. Operated in every prefecture and coordinated by the National Federation of Housing Co-operative Societies (ZENJUREN).

02. CO-OP Brand - a mark of reliability

CO-OP brand products emphasize their image of 'safe', "reliable", "healthy", and "reasonably priced" products. While the JCCU develops CO-OP brand products to supply its member co-operatives, additionally many co-operatives carry their own CO-OP brands of daily-delivered perishables requiring freshness.

In the 1960s, the Japanese rapid economic growth had brought floods of hazardous products to the market place and had deteriorated the environment. Under such a situation, the Co-operatives started to develop its own products as a safer alternative.

Since then the CO-OP brand, with an increase of items, has gradually taken root among members and has grown to be one of the most prevalent and popular private brands in Japan, and will continue to be so thanks to the overwhelming support given by the 12 million co-operative members. All CO-OP brand products are developed on the basis of member mothers' sincere desire to give their children safe, healthy

food and a favourable environment.

To realise their desires, members actively take part in the process of the development and improvement of the products. Most CO-OP brand products are produced by private manufacturers based on specifications of the co-operatives, although some large-scale co-operatives have their own factories for some lines of foods. Co-operatives pay the closest attention to quality control and a strict examination is made of all CO-OP brand products at factories or laboratories.

03. Close Co-operation with producers

In the Japanese distributive trade, co-operatives are the pioneers of direct transaction with farmers and fishermen. Today, 30% of the food products supplied by co-operatives are shipped directly from the producers, bypassing the wholesalers. When engaged in direct transaction, co-operatives ensure that the following requirements are met:

- The producer and the production place are shown to member consumers,
- The method of production is clearly understood by member consumers,
- Close communication between the producer and member consumers is established and maintained.

These principles generate a mutual confidence between co-operative members and producers and help to ensure the safety and reliability of products. Direct transactions have an aspect of co-operation between co-operatives of different kinds. About 50% of the produce and 70% of the marine products supplied by this method are from agricultural and fishery co-operatives and their federations.

Co-operatives are trying to restore the close relationship the consumer used to have with the producer, before such ties weakened in the course of rapid industrialization. The co-operatives' efforts to establish a new link is a truly creative .

endeavour, which has changed and will continue to change the status of the existing distribution system.

04. Co-operative Stores in the community

While half of the products supplied by co-operatives are delivered to the members' doorsteps, the other half are sold through over 2,000 co-operative stores, nearly half of which are operated by citizen co-operatives in residential areas.

The co-operative stores are divided into three categories, mini store (sales area less than 500 M²), supermarkets (500-1500 M²) and super supermarkets (over 1,500 M²). The majority of stores are mini-stores which handle almost exclusively CO-OP brand food items. Supermarkets deal with food and household articles as the main lines of merchandise, some 60-70% of which are CO-OP brand. Super-supermarkets are also called "Combination stores", where the merchandise assortment of food and non-food is fifty-fifty.

One of the characteristics of the Japanese legal provision for the consumer co-operatives is a prohibition of non-member purchase, and therefore, measures are taken at stores in each co-operative to identify the customer as a member.

In Japan, where one and half million retailers exist, opening a new store is not easy, and this is especially so for the co-operatives. There are two major tasks, the co-operatives and its members must tackle before store construction.

The first is to organise neighbouring consumers into a co-operative to ensure active support of the store. The success of the store depends on how many members it has and how much patronage it is given by them. The second is to obtain the agreement of retailers in the community on the store's opening. This is indispensable for a future smooth operation based on harmonisation with and co-prosperity of the local community.

05. Joint buying in the spirit of sharing

Half of the co-operative products are supplied to members by the joint buying system in which a group of co-operative members living in the same neighbourhood (HAN) places orders jointly, and the ordered products are delivered to the group one week later.

Joint buying is very prevalent in the co-operatives' supply system in Japan, as it does not require a large investment and is convenient for the members. The members can purchase safe and reliable products even without nearby co-operative stores, and also reduce shopping time thanks to the delivery service. Moreover, they become practiced in planned purchases, which contributes to a better household economy.

The most important aspect of joint buying is that it provides members with a place to meet and talk every week, and it prompts members to help each other not only in shopping but also in everyday life. As the percentage of nuclear families grows and neighbourhood ties weaken, the housewives increasingly hope to build new human relationships. The joint buying fosters and strengthens the spirit of mutual sharing and caring among members.

06. HAN - a place for co-operation

To become a co-operative member, the consumer must pay a share capital of Yen 3000-5000, whereupon she/he will be invited to join a "HAN". The Japanese term 'HAN' means a small organisation/group.

A unique feature of Japanese co-operatives is the formation of "HAN" groups as the basic organisational unit, each being made up of 5-10 individual members living in the same neighbourhood. The HAN is formed both in retail and medical co-operatives. Here an example from a citizen co-operative is shown.

Basically there are 2 types of HAN; one based on joint buying and the other centred around a co-operative store. To participate in a joint buying activity, the member must be a HAN member, but all co-operative members can utilise

the co-operative stores. Some members living close to a co-operative store, therefore, are less motivated to join a HAN. Nevertheless, the co-operative encourages as many members as possible to join a HAN in the hope of stimulating more members to take part in the co-operative administration.

The HAN helps to assure the democratic administration of co-operative societies, no matter how huge they become, since the HAN is where members voice their opinions, complaints and requests on the co-operative as well as where information, on co-operative's policy, activity and other matters, is available.

The HAN also functions as a centre of member activities such as recruiting membership, increasing share capital, holding study meetings and recreational events, etc. The members in the HAN discuss various topics, learn from and help each other in daily life. In other words, the HAN is a place for co-operation among members.

07. Member Activities expanding the sphere of life

While the most frequent activity for many members is the joint buying or shopping at a co-operative store, there are diverse types of co-operative activities in which members participate voluntarily, based on their respective interests.

Although member housewives are most closely involved with the daily life of households, naturally their interests and demands are not limited only to things related to consumer life but extend to various social and economic problems.

In this regard, they are actively involved in various themes, such as peace, household economy, food safety, dietary habits, environment, culture, education, welfare, mutual aid, UNICEF fund-raising, and consumer rights. Especially the peace campaign is one of the most active fields in every co-operative.

The basic unit for member activities is also the HAN, and a

District Committee coordinates and promotes these activities. A specialised committee is set up, if the theme requires deeper study. Through such activities, an increasing number of member housewives have expanded their sphere of life from the home to the outside world. The energy shown in those activities is the power able to ensure a bright future of "peace and better life full of humanity".

08. *Co-operative International activities*

The JCCU is a member of the ICA (International Co-operative Alliance : 72 countries, 183 organisations, 590 million individual members) and has been active in promoting ICA's objectives since its affiliation in 1952.

The JCCU works closely with overseas movements for common purposes, such as spreading the co-operative ideas, promoting the co-operatives, and realising world peace. Through these joint efforts, friendly relations have been expanded and strengthened.

The ICA Consumer Committee for Asia has played a leading role in Consumer co-operative development in Asia. The JCCU is positive, as a member of the committee, in providing technical and financial assistance in response to increasing expectations from Asian movements and fund-raising campaigns for this purpose have been started throughout the country.

UNICEF fund-raising campaign is another international mutual aid activity. The Japanese co-operatives with an almost 10-year history of participation in this campaign, are now one of the major promoters in Japan. The campaign is widely and strongly supported not only by member mothers but also by their children.

Inter-co-operative trade has expanded in recent years. Co-optrade Japan Ltd., a JCCU subsidiary, is engaged in import and export business with overseas co-operatives and other trading firms around the world.

09. Unique Japanese Co-operatives

Medical Co-operatives

Medical co-operatives are formed by people who wish to keep in good health. The co-operatives operate hospitals and clinics, in response to members' wish to have their own medical facilities that they can utilise free from care.

Today over one million households belong to more than 100 medical co-operatives in Japan. Here also, members organise HAN groups as basic units, where they study about health checks and healthy living practices, as the emphasis of the activities in medical co-operatives is called on preventive medicine. Another feature of medical co-operatives is an equal relationship between patients, doctors and other medical staff. Constant efforts are made to maintain personal communication among them and patient-oriented services.

University Co-operatives

University co-operatives are opened in universities and colleges to serve students and faculty members and run a wide range of business such as book stores, daily commodity stores, canteens, travel, insurance, ticket agencies and other services. While these business operations are conducted by employees, member-relation activities are promoted by the co-operative student committees.

University co-operatives have contributed to the development of citizen co-operatives since the 1960s, when some of today's leading co-operatives were founded thanks to their financial and manpower assistance. University co-operatives educate students to understand co-operative ideas through daily contact with them, hoping they will still support the co-operative movement after graduation.

Government Policy on Domestic Trade vis-a-vis Protection of Consumer Interest

Speech by Mr. Nurun Nabi, Deputy Secretary to the Government of Bangladesh.

Mr. Chairman, distinguished participants,

The subject I have been asked to talk on, is, as you know, 'Government Policy on Internal Trade vis-a-vis Protection of Consumers' Interest'. To be candid, there is not much to say about internal trade policy of the government. Despite my since public relation efforts, I am sorry to say, I have failed to get sight of any comprehensive policy paper or document precisely relating to the subject under discussion. However, a glimpse into the documents relating to economic development of the country, import policy as well as the often-heard speech of the policy-makers, give the impression that the government actively encourages free-wheeling of market mechanism. In other words, the government aims at market-orientation of the economy and allow the market forces to work without obstructive interference from outside. Given this pragmatic objective, there has been significant change in the government perception of internal trade or consumer trade and policy relating to it, as compared with that of early years of inception of Bangladesh. To clarify, during initial years, the policy-planners believed in and embarked on significant state intervention in internal market by way of procurement and distribution of essential commodities through its various agencies created for the purpose.

It is with this end in view that organisations like Consumer Supply Corporation, Trading Corporation of Bangladesh, Food and Allied Corporation, etc. came into being during the early days of the inception of Bangladesh.

The Consumer Supply Corporation, acronymed as COSCOR, was created in 1972 with declared object "to ensure steady supply of essential commodities at fair price in the market" and,

thereby, “protect the real income of low and middle-income people”. It started off with 4,600 fair price shops all over the country down to union level. But unfortunately, the organisation utterly failed to fulfil its objectives. Due to corruption, mismanagement and, perhaps, inherent organisational weakness, the organisation suffered heavy financial losses and ultimately, the government decided to close-down the body this year.

Trading Corporation of Bangladesh, the state-owned trading house was established in 1972 with assets inherited from Trading Corporation of Bangladesh. Its main purpose was “to import and hold buffer stocks of essential commodities so as to help stabilize the market in times of scarcity”. During the early years of its inception, TCB played key role in import sector and was aptly called the national trading house, accounting for about 80% of country’s total import. In recent years, with the shift of government policy, import trade has largely been privatised reducing TCB to rather a minor trade house in respect of import. In fact, tCB’s share in the import trade today will not exceed 5 percent. More examples of de-emphasizing of government intervention in internal trade can be cited. All these go to substantiate what we said earlier, the government policy to foster market mechanism and privatisation.

It will, however, not be correct to deduce from the above premise that the Government has benn completely withdrawn from the market. In a mixed economy situation such withdrawal is not conceivable.

As a matter of fact, government still plays, and will continue to play, an important role in consumer trade by operative as well as regulatory means which may be viewed as direct in nature. Indirectly, the government contributes to the steady flow of goods to internal market by its host of activities aimed at raising domestic productivity; privatisation, programmes relating to rapid industrialization, agricultural development and all other production-oriented efforts of the government ultimately accounts for increasing flow of consumer goods into the market and healthy growth of market economy.

Needless to mention, our internal market is largely dependent on imported goods. As all of us know, these goods are brought to the domestic market under Import Policy formulated by government year to year as its prerogative. Using this prerogative, the government determines what can be imported to the domestic market and what cannot be. It also determine the quantity, quality, types, financial allocation, purpose, procedure, etc. relating to imports. In this way, Government plays its pervasive and decisive role in the internal trade or domestic market. In recent years, Government has considerably liberalised its import policy to raise domestic productivity through competitiveness. For example, from the list of banned items pertaining to last year (1987-88) which included 292 items, this year (1988-89) 103 items have been dropped. Similarly, from the restricted list (to be imported with prior permission of the government authority) of 1987-88 numbering 226, this year (1988-89), 73 items have been dropped. As in the past, this year's Import Policy also aims at, inter alia, ensuring adequate supply of essential commodities in the domestic market and maintaining price stability. A brief rundown of some of the essential items to be imported this year (1988-89) conforms to the aforesaid objectives of the government and indicate the role to be played by government agencies in this regard.

Salt

This year's demand has been estimated to be about 8 lakhs metric ton of which 4 lakhs will be met from domestic sources and rest 4 lakh metric ton will be imported from abroad. This portion of import will be made by private crushers and Trading Corporation of Bangladesh and commercial importers.

Sugar

Actual import of sugar during 1988-89 will be about 1.5 lakh metric tons. This will be almost entirely done by Trading Corporation of Bangladesh.

Edible oil

Domestic requirement of edible oil is to be 300,000 metric tons, of which 50,000 metric tons will be met from the domestic

source and 250,000 metric tons will be imported from abroad. Out of this, share of Sugar and Food Corporation and TCB is 30,000 metric tons each, that of Ministry of Food 20,000 metric tons and the rest 170,000 metric tons is to be imported by private enterprises.

Cement

During Financial Year 1987-88, 860,000 metric tons of cement was imported in which TCB's share was 95,000 metric tons. The rest was imported by the private sector. During 1988-89, the quantity of cement to be imported is estimated to be 1,200,000 metric tons. This is to be equally shared by TCB and private enterprises, share of each being 60,000 metric tons.

Apart from what has been said above, there is provision of cash reserve amounting to 30 crore taka with Ministry of Commerce for 1988-89, to meet exigency arising out of sudden scarcity of essential commodities in the market. Under such circumstances, Ministry of commerce may take emergency steps to import the required essential goods and thereby stabilize their prices.

Import policy referred to the above, in association with other prerogatives of the government like annual budget, fiscal and monetary policies prodigiously influence the domestic market and its price structure.

While discussing about operative role, in consumer trade, references may also be made to open-market operations by Ministry of Food at times of temporary crisis, sales carried out by Department of Fisheries and sales centres of other agencies of the public sector, although their activities, in most cases, are very limited.

Besides, what has been described in the preceding deliberations, government also exercises its controlling and regulatory authority on the domestic market through Department of Prices and Market Intelligence, under the Ministry of Commerce. The functions of the department are as follows:

- i. Implementation of the Essential Commodities Control Order, 1981 which includes;
 - (a) price fixation of essential commodities,
 - (b) to ensure sale of essential commodities at fixed price,
 - (c) to ensure exhibition of price list in the business premises,
 - (d) to regulate movement, storage, distribution, etc. of essential commodities,
 - (e) to maintain information regarding production, import, etc. of essential commodities.
- ii. Preparation of daily price report, special price report, situation, report, etc.
- iii. To implement policy decisions of the government in respect of internal trade control.

It may, however, be mentioned that in view of the policy of liberalisation, price control from a large number of items have been withdrawn. At present, price of medicine, milk food for infants, etc. are fixed by the Department of Price and Market Intelligence.

The foregoing information substantiate the contention that despite government's endeavours for smoothing the process of market mechanism coupled with policy of liberalisation, its role in the market operation, regulation and control still can not be undermined or ignored.

Distinguished participants,

I have no hesitation to admit that my talk on today's subject 'Government policy on domestic trade vis-a-vis protection of consumers' interest' is not at all exhaustive. You may better say, I have just given some highlights and hints. These need further elaboration and analysis. Particularly, I feel, I have not said enough about one pertinent question on the subject, i.e. protection of consumers' interest. In this connection, my personal view is that healthy consumer goods market or protection of consumers' interest is bound remain elusive in our situation character-

ised by high population growth, low productivity, malignant poverty and chronic inflation. It is, therefore, imperative on our part to make tangible breakthrough in terms of overall economic development and formulate appropriate strategy to siphon out the juice of development to those who badly need it. Side by side, the consumers must organise themselves under suitably designed umbrellas to protect themselves from the malicious manipulations of the unscrupulous businessmen like hoarding, profiteering, artificial crisis, black marketing, adulteration and what not.

Although my conclusion may sound some what sweeping, I would emphatically say that the concept of consumers co-operative offers the appropriate design for protection of interest of the consumers, particularly belonging to the middle and low income group.

Distinguished participants, if I may have your indulgence, I want to end off with a note of warning for those who belong to consumers co-operative movement; given the government policy towards domestic market, as I have indicated earlier, the organisers of such co-operatives have to map out appropriate ways and means to live up to the challenge of tougher market competitiveness in coming days.

Thanks to the organisers of the workshop once again, thank you all.

Role of Consumer Co-operatives in a Developing Economy

By Mr.W.U.Herath, Advisor on Consumer Co-operative Development, ICA Regional Office for Asia and the Pacific

01. Introduction

- 1.1 The last international activity in Bangladesh in relation to consumer co-operatives organized by the ICA was held in Dhaka in 1972. Since then so many years have lapsed and many changes have taken place in Bangladesh. The traditional co-operative movement per se has not changed much, but there are many new types of co-operatives which have come up and have been given importance by all concerned. Many international development agencies have played an important role in promoting such co-operatives. The entire co-operative movement itself is in the process of self evaluation, supported by promoters of development funding.
- 1.2 Although many of the early resolutions and conclusions of the last workshop remain valid, one has to look at things from the perspective of changed economy. Bangladesh being a developing country, has to face many problems faced by other developing countries in the Region, in the context of the present stage of market economy. The consumer co-operative movement itself has to deal with the current changes in the economy as well as the society in order to become valid. It has to integrate the changes infused by other powerful sectors such as private companies and multi-nationals, in order to compete with them to have a better share in the market.
- 1.5 When we are trying to deal with these aspects, there are common factors faced by the consumer in a developing situation. The changes in consumer behaviour as well as the

cooperative practices have to be considered. Therefore, this brief presentation would confine itself to salient features of the modern market economy and the role which has to be played by consumer cooperatives in serving the consumer. The ideas and the opinions presented could be useful for discussions on a realistic strategy of developing consumer cooperatives in Bangladesh.

02. Factors Affecting Consumer Co-operatives in a Developing Economy

- 2.1 A handbook published by the United Nations in 1987 provides a comparative analysis on the development stage of several countries in the Asian Region as well as comparative data on Europe and America, *which is reproduced on pages 61 and 62.*
- 2.2 When we analyse the data, it becomes obvious that the entire development process in the World in 1980s has been subject to setbacks. This has resulted in social and economic stagnation, regression and also damage to development process.
- 2.3 The survey also reveals that the annual average growth of GDP for developing countries has fallen from 5% to 1% during the decade, which resulted in the reduction of availability of resources to the inhabitants of developing countries and also contraction of living standards. In the Asian region, except Japan, all countries fall within the category of developing countries. This has also resulted in widening the gap of GDP per capita between developing and developed countries. In 1983 GDP per capita of developed countries was US\$ 10,110 whereas in the Asian developing countries, it was US\$ 720. The consequences have been reflected in the unemployment, reduction of earnings and also decline in

Some Basic Indicators of Development 1985

Region, Economic Grouping, Country or Area	Population		Area KM ²	Density Inhabitants per KM ²	Gross Domestic Product	
	Total 1985	Annual average Growth Rate			Total	Per Capita
	Thousands	In percentage			Dollars	Dollars
Developed Market Countries						
Europe	352,629	0.4	3594949	98	2893863	8207
America	263,446	1.0	19348742	14	4307898	16352
Asia	124,994	1.0	393080	318	1348064	10785
Israel	4,252	2.4	20770	205	22861	5377
Japan	120,742	1.0	372310	324	1325203	10975
Oceania	19,016	1.4	795526	2	177184	9318
Australia	15,690	1.5	768684	2	155047	9877
New Zealand	3,318	1.1	268680	12	22137	6672

Continued on page 62

Region, Economic Grouping, Country or Area	Population		Area KM ²	Density Inhabitants per KM ²	Gross Domestic Product	
	Total	Annual Average			Total	Per Capita
	Thousands	In percentage			Dollars	Dollars
<u>Developing Countries</u>						
Asia	1,570,323	2.3	15665423	101	1115028	710
Indonesia	166,440	2.2	1904570	87	85083	511
Malaysia	15,557	2.4	329750	47	31231	2001
Philippines	54,498	2.5	300000	182	32757	601
Singapore	2,559	1.4	580	4412	17475	6830
Thailand	51,411	2.3	514000	100	38343	746
Bangladesh	98,657	2.5	144000	685	16069	163
India	758,930	2.1	3257587	231	196904	259
Rep. of Korea	41,258	1.7	98480	419	86792	2104
Sri Lanka	16,205	1.7	65610	247	5978	369
Afghanistan	18,140	2.5	647500	28	-	-
Nepal	16,625	2.5	140800	118	2347	141
Pakistan	100,380	2.9	803940	125	30997	309

Source: Handbook of International Trade and Development Statistics-United Nations - New York - 1987

welfare, nutrition, health and education.

- 2.4 The regression in the global situation has necessitated the developed countries to adopt so many measures of keeping the balance of growth rate they wanted to keep. They adopted several measures such as:
- i. Using modern technology to reduce the cost of production as well as raw-material content of outputs.
 - ii. Cut down on the import of raw materials and basic commodities from developing countries.
 - iii. Protectionism towards agro-based commodities produced within the countries.
 - iv. Aggressive sales campaign for mass-produced consumer commodities for the markets of developing countries.
 - v. Cut backs on industrial production in order to create artificial demands.
 - vi. Prohibitive interest rates imposed on international money lending to developing countries.
- 2.5 Out of these factors, the protectionism shown towards agro-commodities produced in the developed countries has mostly aggravated the plight of major population of developing countries, who consist of farmers and small entrepreneurs. Certain developed countries also compelled not only developing countries but also some developed countries in the region to come to losing trade agreements.
- 2.6 The modern technology has influenced the society to the extent of introducing the concept of “throw-away” society. The basic interest was to cut down the cost of production and also to integrate the fast changing technical developments into the main industries. This has created obsolescence in the current society. This has also resulted in frequent changes in the popularity of products and brands and also shortened the life cycle of the products. The introduction of plastic and fibre material has accelerated this process. In-

stant food recipes and take-away packs have become a part of this culture.

- 2.7 These changes have also created the concept of market economy. With the technological change, the economy becomes marketized. Companies who promoted the contradiction between the producer and the consumer ultimately lead the economy into a 'profit-based economy'. The traditional societies were disintegrated to become individualized market societies. Commercial values became central. Economic growth became primary goals of the state. This resulted in several uprisings not only in the open economies, but also in centralized economies towards more open systems.
- 2.8 In a market economy situation, the companies either working at the national level or multi-national level would become competitive and transcend in their approaches to business. In order to achieve more profits, the selling techniques should become more aggressive and the consumer has to be manipulated. Manufacturers in developed economies have used communication strategies to advertise and market their synthetic products over tropical natural commodities. Packeted instant baby milk powder became more popular than mother's milk or cow's milk. The manufacturers and companies dealing with export of consumer commodities started planning obsolescence in order to achieve replacement sales. More sophisticated developments in the communication technology such as television, satellite communication and computer based information technology has been used for this purpose. The advertisements became more attractive to the psychology of an average consumer.
- 2.9 In a situation where a developing economy has semi-literate consumers, they could easily be persuaded to advertisements and other types of communications to become dependent on these commodities. This would affect the psychology of consumer and he becomes confused of his actual

needs. When the economies in the developing countries become more open gradually, the gap between the rich and poor will also get widened. Multi-national and trans-national companies thrive in their business both by attracting them to become dependent on products they promote.

2.10 Although such artificial demand is being created in developing countries for hi-tech commodities and also inspite of low-cost of production, the prices keep escalating due to foreign exchange rates and interest on consumption and capital credit facilities provided by developed countries and international monetary agencies as aid to developing countries.

2.11 In a commercially oriented society, the values have gradually changed. This change is also influenced by the behavioral techniques used by the companies. Some companies have already started using approaches such as Total Customer Responsiveness (TCR) which tries to bridge the gap between the supplier, distributor and the customer. By using executives who are competent in using communication techniques and also psycho-therapeutic process, the companies try to realize stable and formalized customer reference groups in order to plan their products to suit the tastes of the consumer. This would inevitably influence the consumer behaviour and also result in wasteful life styles integrated into their lives. Eventually this concept would be introduced into the developing countries by adapting the approaches to suit the local clientele. They also would succeed in creating new markets with new customer groups. Multi-national and trans-national companies would become internationalists in pure sense by merging with cultures of new societies. Many have already started working with live-stock farmers. Their factories have reached the customer by bridging the gap between the designer and the consumer.

2.12 As described above, the consumer in a developing economy too would become influenced by the technological and social changes in the modern society. The traditional family

and social systems have already started getting disintegrated. With the contradictions created by the confusion in the modern society, individual has become isolated from socially accepted value systems. Consequently, the struggle in search of identity has been introduced by individuals and groups who came to the front with communal, racial or political ideologies. The manufacturing companies too have got entangled in this struggle by making use of such situation to their ultimate benefit of profit making. They also started getting the consumer to participate in the working of the entire sales process. As an example, the self service super markets introduced were not only meant to be for cutting down the costs of sales, but also to involve the consumer in the process which was meant for the manufacturers or the sales companies. Some companies went ahead and introduced "do it yourself" packages in not only food commodities but also industrial products in order to bridge the gap between the producer and the consumer which resulted in maximization of profits for them. The average consumer too is satisfied that such an arrangement, which satisfies his ego.

03. Matching Co-operative ideologies with the needs of Consumer in developing economies

- 3.1 In order to create a counter balance to this situation the concept of consumerism and consumer protection came into existence. This concept is not new. The Rochdale pioneers themselves started looking at the entire sales operations from the point of view of the consumer and tried to organize themselves to become more enlightened about their needs and also the necessity of managing their budgets for the benefit of the family as well as the community. After some time, many countries introduced legislation to prevent manufacturing companies and marketing companies exploiting the consumer in order to accrue more profits. Even in developing countries, the consumer protection laws are in the process of propagation by the state itself. Consumer protection agencies are being formed voluntarily or being sponsored by the state itself.

3.2 The International Cooperative Alliance(ICA) declared in 1969 the basic rights of consumers as follows:

- i. A reasonable standard of nutrition, clothing and housing,
- ii. Adequate standard of safety and a healthy environment free from pollution,
- iii. Access to unadulterated merchandise at fair prices with reasonable variety and choice,
- iv. Access to relevant information on goods and services and to education on consumer topics,
- v. Influence in economic life and democratic participation in its control.

3.3 The ICA Consumer Committee has also declared a Consumer Policy Programme, which places a very important bearing on economic and social development and welfare and quality of life to peoples of all countries.

3.4 The very first cooperative society which began in 1844 in Rochdale was the culmination of the struggle between the exploiting companies and the exploited consumers. The pioneers thought that the existing market relationship were un-equal and un-just. Individual consumers do not have the power of bargaining. Therefore, the pioneers organized the consumers who were ill-paid workers, into a body who pioneered the modern consumer cooperative movement. They also propagated economic democracy in cooperative who conducted business with a sense of humanism. The very principles they advocated have reflected in the 1966 ICA Declaration of Cooperative Principles representing the basic ideas they were trying to propagate. The Cooperative principles thus propagated are:

- a. Membership of a cooperative society should be voluntary and available without artificial restriction or any social, political, racial or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities of membership.

- b. Cooperative societies are democratic organizations. Their affairs should be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary societies should enjoy equal rights of voting (one member, one vote) and participation in decisions affecting their societies. In other than primary societies the administration should be conducted on a democratic basis in a suitable form.
- c. Share capital should only receive a strictly limited rate of interest, if any.
- d. The economic results arising out of the operations of a society belong to the members of that society and should be distributed in such a manner as would avoid one member gaining at the expense of others.

This may be done by decision of the members as follows:

- By provision for development of the business of the Co-operative;
- By provision of common services; or
- By distribution among the members in proportion to their transactions with the Society.
- e. All cooperative societies should make provision for the education of their members, officers, and employees and of the general public, in the principles and techniques of cooperation, both economic and democratic.
- f. All cooperative organizations, in order to best serve the interests of their members and their communities should actively cooperate in every practical way with other cooperatives at local, national and international levels.

3.5 Consumer Cooperative movement has been changing since the introduction in 1844. In some countries, the consumer cooperative movements have undergone severe crisis and some have been closed. In some countries, consumer cooperatives have been growing and changing its role to counter

balance the ill-effects of market economy. Even in the developing countries in the Asian Region, the consumer cooperatives have been subjected to such turbulent experiences. However it has become necessary to identify the role of consumer cooperatives in a developing situation. The importance and necessity of having consumers organizations in a strong economic footing has been felt at present than ever because of the dangers faced by the human society due to the threat of their very existence caused by hazardous technological developments and also toxic pollution of environment. It has also become necessary for the cooperatives to function to educate the consumers in order to achieve a balanced life style based on their income.

3.6 The ICA Consumer committee declaration emphasizes the need of encouraging the formation of new cooperatives and strengthening the existing ones in order to improve living standards of consumers and provide necessary goods and services for the communities. They also proposed following action for developing countries, which could be matched to the needs arising out of the factors described above:

- i. Cooperatives should promote consumer protection in matters such as nutritious food, hazardous products and instructions for use.
- ii. Cooperatives should establish and apply rules to ensure health and safety of consumers.
- iii. Cooperatives should take initiatives to reject import of products which, by law in the exporting country, has been declared as hazardous and prohibited for sale in that country.
- iv. Cooperatives should be responsible for providing to the members and other consumers various types of information about the range of products, difference between various brands, unique pricing, background information on market trend and prices, information to help household budgeting, information on kind of products required to meet certain specific needs, information on

quality, quantity, price and use in clear terms.

- v. The establishment of a Code for truth in advertising.
- vi. Promotion of fair trading through adequate information and choice, including information on contents and ingredients on food labelling.
- vii. Cooperative should ensure adequate supply of basic essentials.
- viii. Cooperatives should advise consumers on wise spending.
- ix. Cooperatives should not try to tempt the consumers to over consumption by promoting sales on credit.
- x. Collaboration with cooperatives in industrialized countries so as to benefit from their experiences.
- xi. Consumer representatives on all bodies concerned with consumer questions.
- xii. Measures to ensure that individual members can make their will known through cooperatives.

3.7 The ICA Congress in 1988 discussed the ideology and values of cooperatives in terms of present developments in the society. The discussion undertaken during the consumer meetings of the ICA have emphasized the importance of mobilizing the cooperatives to observe the values propagated such as:

- self help values,
- democratic values,
- educational values,
- voluntary effort values,
- values of universality and cooperatization, and
- values of purpose.

04. Strategy for the Development of Consumer Co-operatives in a Developing Economy

- 4.1 Countries in the Asian Region have shown varying degrees of development in consumer cooperatives from non-existence to market oriented modern super market systems. The strategies of consumer cooperative development may differ from country to country depending on the needs. However, the cooperative values and the basic principles are universal to all cooperatives irrespective of their developmental stage. Therefore, it is necessary to adhere to cooperative form of management and development approaches in all aspects of consumer cooperation.
- 4.2 Considering the vivid development levels of cooperatives in the Region, some consumer cooperative movements have been developed into purely business-oriented enterprises. They have their own corporate and business strategies developed by professionals. In this situation, the pricing and margins are some what similar to the private enterprises, which negates the essence of cooperation. The responsibilities as quoted by the ICA Consumer Committee are not much observed. Sometimes hazardous and unsafe products come to the cooperative shops.
- 4.3 When the basic principles of cooperation and the responsibility towards the members and the consumers are not observed, the existing consumer cooperatives would lose the character of a cooperative organization as perceived and propagated by the pioneers. Therefore, the existing cooperatives would have to observe a critical awareness on the market forces influencing the consumer behavior and actively involve themselves to promote not only a fair deal to the consumers but also to create social concern, ecological awareness and also the solidarity among cooperatives and its members. The policies and the educational training activities of the cooperatives should reflect the consumers' rights and the cooperatives' responsibility to safeguard the consumer interests in the process of their business activities of wholesaling and retailing.

- 4.4 The management culture prevailing in developed and large consumer cooperative organizations should not isolate the members in decision making. The members being the owners and beneficiaries of cooperative organizations, should be developed into a group who could take far reaching business decisions as well as decisions on the social activities. The management of consumer cooperatives should promote the acceptance of its business policies and strategies by the membership at large.
- 4.5 The existing consumer cooperatives would have to undertake bridging the producer with the consumer. It is some thing similar to what Alvin Toffler called as “Pro-sumerism” in his book titled ‘Third Wave’. This would counter balance the new trend of private companies trying to merge the two operations into one individual. This would also eliminate the middlemen who are involved in coordinating the producers with consumers.
- 4.6 It is also necessary to deal with situations where the consumer cooperative organizations do not exist in certain communities. Mobilizing consumers into consumer cooperative organization cannot be the same as the pioneers have undertaken some time ago. Market forces and the social behaviour of people have changed to different dimensions over the last few decades. The economic and social requirements of the people too have changed. Therefore, the promoter of such an idea should observe the present developments in the market as well as the society.
- 4.7 The objectives of a consumer cooperative organization could be stated as “to provide many types of goods and services for the welfare of the members of the society as well as community at large”.
- 4.8 Such a society could have the following functions:
- i. Mobilise consumers into strong participative consumer enterprises,
 - ii. Strengthen the management of consumer cooperative organizations which should result in surplus and viability of operations,

- iii. Integration of consumers with producers to achieve mutually helped economic activities and integration of members into a cohesive group.

4.9 The activities to be undertaken by such a consumer cooperative organization could cover development of quality goods and services at low prices along with good customer services and cautious investment in product development too. Unlike in a traditional consumer cooperative society, where the activities are restricted to the procurement and distribution of consumer goods to the members, the present day consumer cooperatives would have to undertake complex and wide range of activities in order to influence the consumer market in a market based economy. Therefore, in order to carry out the functions stated above, certain specific business strategies would have to be utilized as follows:

- i. Cooperative acquisition of goods and services via joint purchasing, own production and distribution which influences market supply.
- ii. Cooperative information distribution and education about goods and services among members and consumers which influences market demand.
- iii. Cooperative consciousness-raising of different kind, own press, committee reports, participation in investigation, government authority, supervisory board, etc.

4.10 These strategies have been identified and quoted by Mr. Sven Ake Book of Sweden in a paper presented to the ICA Congress in 1988.

05. Role of ICA in the Development of Consumer Co-operative Movements

5.1 The ICA has developed an overall Cooperative Development Policy in keeping with the role it has to play in their member organizations. The development policy is observed in all sub-sectors of cooperative development including consumer cooperatives. The basic development objectives of the ICA are:

- i. Establishment and growth of independent, democratic and viable cooperative organizations capable of serving their members efficiently and contribute to economic and social equity.
- ii. Strengthening collaboration between cooperative organizations of various types and in different countries, thereby promoting international solidarity which is the foundation of constructive peace.
- iii. Influence public opinion, international authorities and international organizations to stimulate growth of a favourable atmosphere for cooperation promoting enactment of appropriate cooperative legislation enlisting the support of governments and international organizations for the development of cooperative movements.

5.2 The role of the ICA in the development of cooperative organizations is to function as a coordinator and catalyst for cooperative development.

5.3 In order to perform this role, the ICA would undertake the following activities:

- a) Assist member organizations in developing countries to identify their needs and comprehensive development programmes;
- b) Establish an on-going policy dialogue with governments in developing countries;
- c) Resource mobilization:
 - assist in project identification, design, monitoring and evaluation,
 - advise in identifying country and sectoral priorities,
 - policy guidance in methodology,
 - identify new donors encouraging more movement-to-movement assistance.
- d) Increase liaison with UN agencies.

- 5.4 The ICA has established a Consumer Cooperative Development Project at the Regional Office for Asia to perform the task described above.
- 5.5 The overall objective of the Consumer Cooperative Development Project is to help member movements in the Region in developing sound and effective consumer cooperatives.
- 5.6 In keeping with the overall objective, the following specific objectives have been formulated:
- i. To assist member movements in strengthening member participation in their cooperatives and the development of organizational structure of their movements.
 - ii. To assist member movements in evolving an appropriate strategy for the promotion and development of effective and sound consumer cooperative movements in their respective countries.
 - iii. To assist member movements in developing human resources.
 - iv. To provide technical know-how and information on retail management and shop operations, etc.
 - v. To create favourable climate for the growth of self-reliant and autonomous consumer cooperative movements in developing countries.
 - vi. To review trends of consumer cooperative movements in the Region.
 - vii. To assist member movements in the Region in preparing their long-term perspective plans.
- 5.7 The project has prepared a 4-year plan at present covering activities related to these objectives. The ICA Sub-Committee on Consumer Cooperation for Asia guides in the implementation of the plan and initiates changes whenever necessary. The Sub-committee meetings are normally held twice a year to provide a forum for such monitoring.

5.8 The ICA would undertake to help the member movements in developing countries on priority basis, in the lines which have been explained above. It has become a difficult and complex task to promote the idea of cooperation for consumers in the light of monopolies existing in several developing countries. Even in the case of existing consumer cooperative movements in certain countries in the region, they struggle with big market powers to receive a major share in the consumer market. However, through mobilization of their members, leaders and staff members in keeping with their principles and values, they could achieve planned development as against private enterprises. The consumer cooperatives in developed countries could play a major role in this effort through sharing technical know-how and collaborated market activities through joint ventures with cooperatives in developing countries.

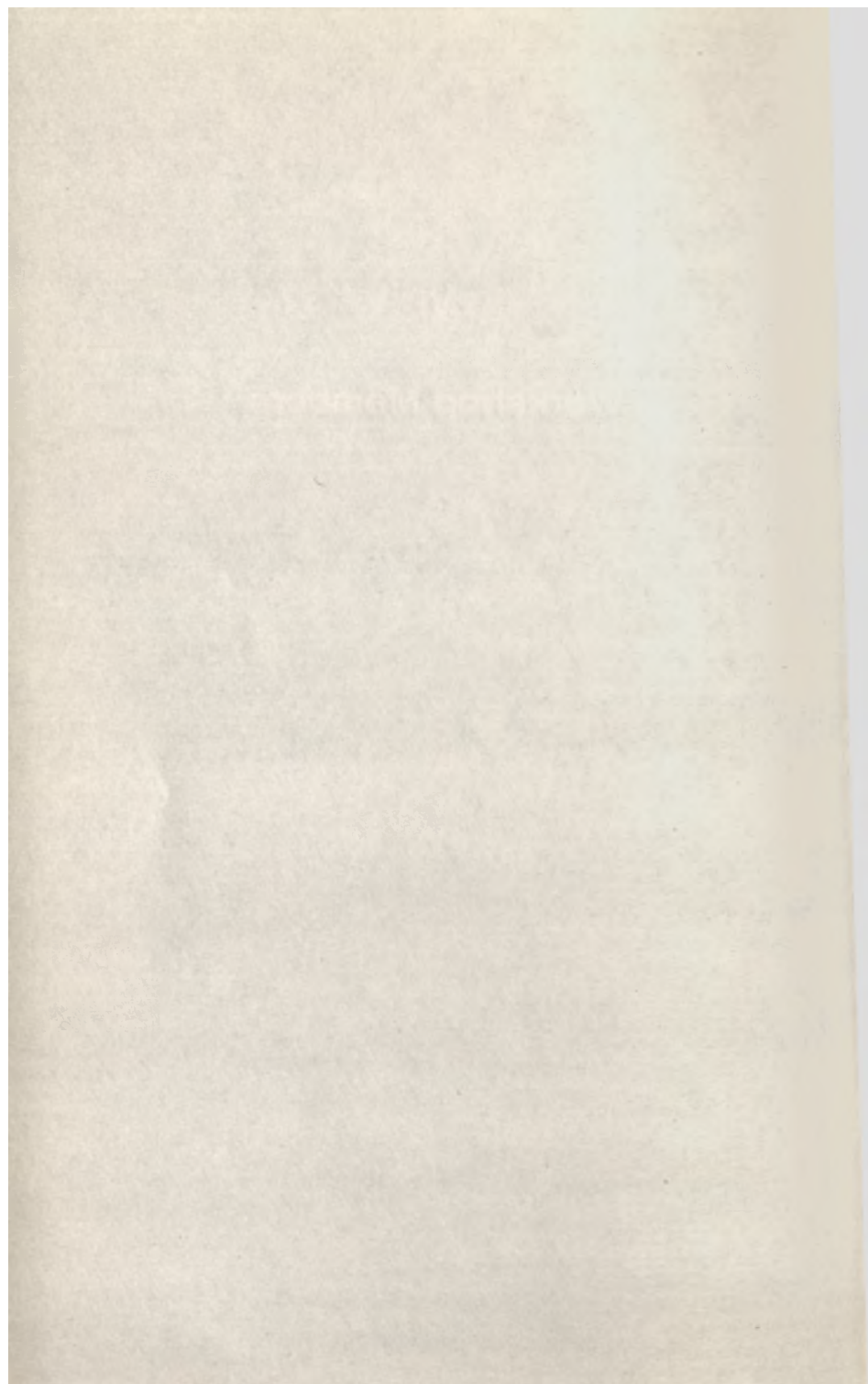
5.9 The ICA ROA, during the next few years, would try to help the international cooperative movements to establish sound consumer cooperatives. The visible strength we have in this direction is the positive attitude of developed consumer cooperative movements such as in Japan and Sweden to help other cooperative movements in the Region.

06. Conclusion

6.1 This presentation tried to analyse trends in consumer movements in market economy at universal and regional levels. The presentation has also tried to identify the challenges faced by the consumer cooperatives in developing countries and the tasks they have to undertake. The role of the ICA in developing sound and effective consumer cooperative movements has also been discussed. The nature of developmental activities that would be undertaken by the ICA for the next few years have been highlighted to serve as background for further discussions.

VI

Workshop Members



VI

Members of the Workshop

1. Mrs.Scheli Haque Secretary, Bangladesh Jatiya Mahila Samabaya Samity Ltd.,
2. Mrs.Firoza Zaman Director, Bangladesh Jatiya Mahila Samabaya Samity Ltd.
3. Mrs.Ashrafun Mosharaf Chairman, Mirpur Kendriya Mahila Samabaya Samity Ltd.
4. Mrs.Nurjahan Kamal Chairman, Joydevpur Kendriya Mahila Samabaya Samity Ltd.
5. Mrs.Gulshan Ara Amin General Secretary, Jhinaidah Kendriya Mahila Samabaya Samity Ltd
6. Mrs.Saleha Muyeed Director, Sylhet Kendriya Mahila Samabaya Samity Ltd.
7. Mr.A.S.M.Zahiruddin Ahmed Chairman, Sachibalaya Karma-chari Bahumukhi Samabaya Samity Ltd.
8. Mr.Hasan Ali Sardar Vice Chairman, Bangladesh Jatiya Samabaya Union
9. Mr.Mukhlesur Rahman Chowdhury Director, Bangladesh Jatiya Samabaya Union
10. Mr.Abdul Kasem Director, Bangladesh Samabaya Marketing Society Ltd.
11. Mr.Moslemuddin Manager, Bangladesh Samabaya Marketing Society Ltd.
12. Mr.Siddiquzzaman Officer-in-charge, Bangladesh Samabaya Marketing Society Ltd.

13. Mr. Mustafizur Rahman Joint Registrar, Co-operative Department.
14. Dr. Shamsuddin Munshi Professor, Co-operative College, Comilla.
15. Mr. Sarwar Jahan Assistant Registrar, Co-operative Department.
16. Mr. Shajahan Sardar Vice Chairman, Khulna Samabaya Bank Ltd.
17. Mrs. Aleya Sharif Chairman, Rajshahi Kendriya Mahila Samabaya Samity Ltd.
18. Mr. Salahuddin Marketing Manager, KARIKA
19. Mrs. Kazi Selima Begum Sholaghar Kendriya Mahila Samabaya Samity Ltd.
20. Mr. M. A. Sobhan Assistant Secretary, Ministry of LG RD & Co-operatives.
21. Mr. Iqbal Hossain Forkan Chairman, Barisal Samabaya Bank Ltd.
22. Mrs. Dilara Haroon Chairman, Brahmanbaria Central Women Co-operative Society Ltd.
23. Mr. Kamaluddin Director, Chittagong Ispat Karkhana Multi-purpose Co-operative Society Ltd.
24. Mrs. Ferdus Ara Begum Mirpur, Shah Ali Bagh Consumers Co-operative Society Ltd.

Workshop Chairman : Mr. Liaquat Ali, Chairman, Bangladesh Jatiya Samabaya Union.

Resource Persons : Mr. A. K. M. Zahrul Haque, Chief Executive, Bangladesh Jatiya Samabaya Union.

Mr. Nurun Nabi, Deputy Secretary to the Government of Bangladesh.

Mr.M.Ohya, Executive Director,
Japanese Consumers Co-operative
Union and Chairman, ICA
Committee on Consumer Co-
operation for Asia.

Mr.W.U.Herath, Advisor, Con-
sumer Co-operative Develop-
ment Project of the ICA ROA.

Mr.Maniruddin Ahmed

Mr.Mohd.Shahidullah.

Drafting Committee :

Mr. Mostafizur Rahman, **Convener**

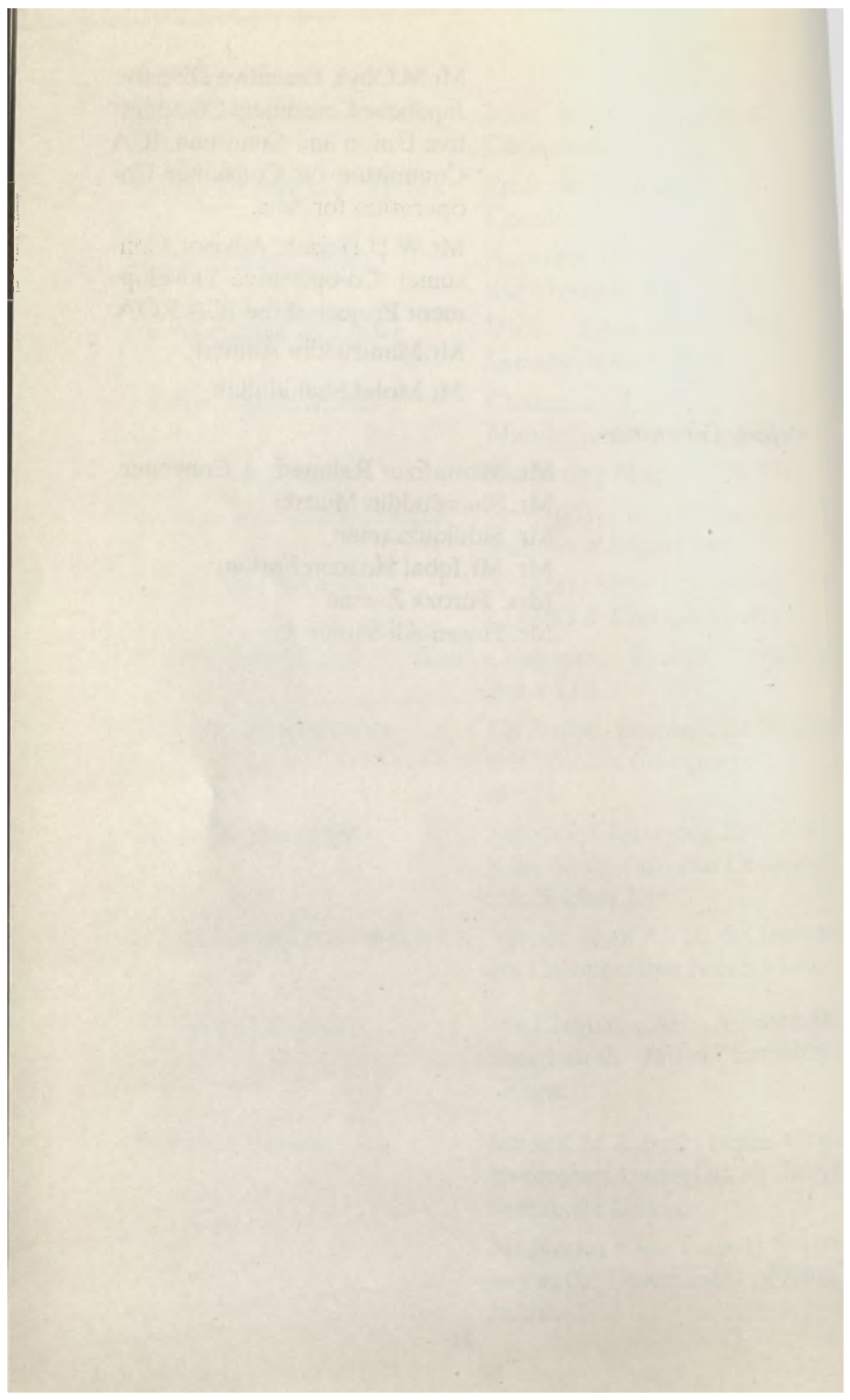
Mr. Shamsuddin Munshi

Mr. Siddiquzaman

Mr. Mr.Iqbal Hossain Forkan

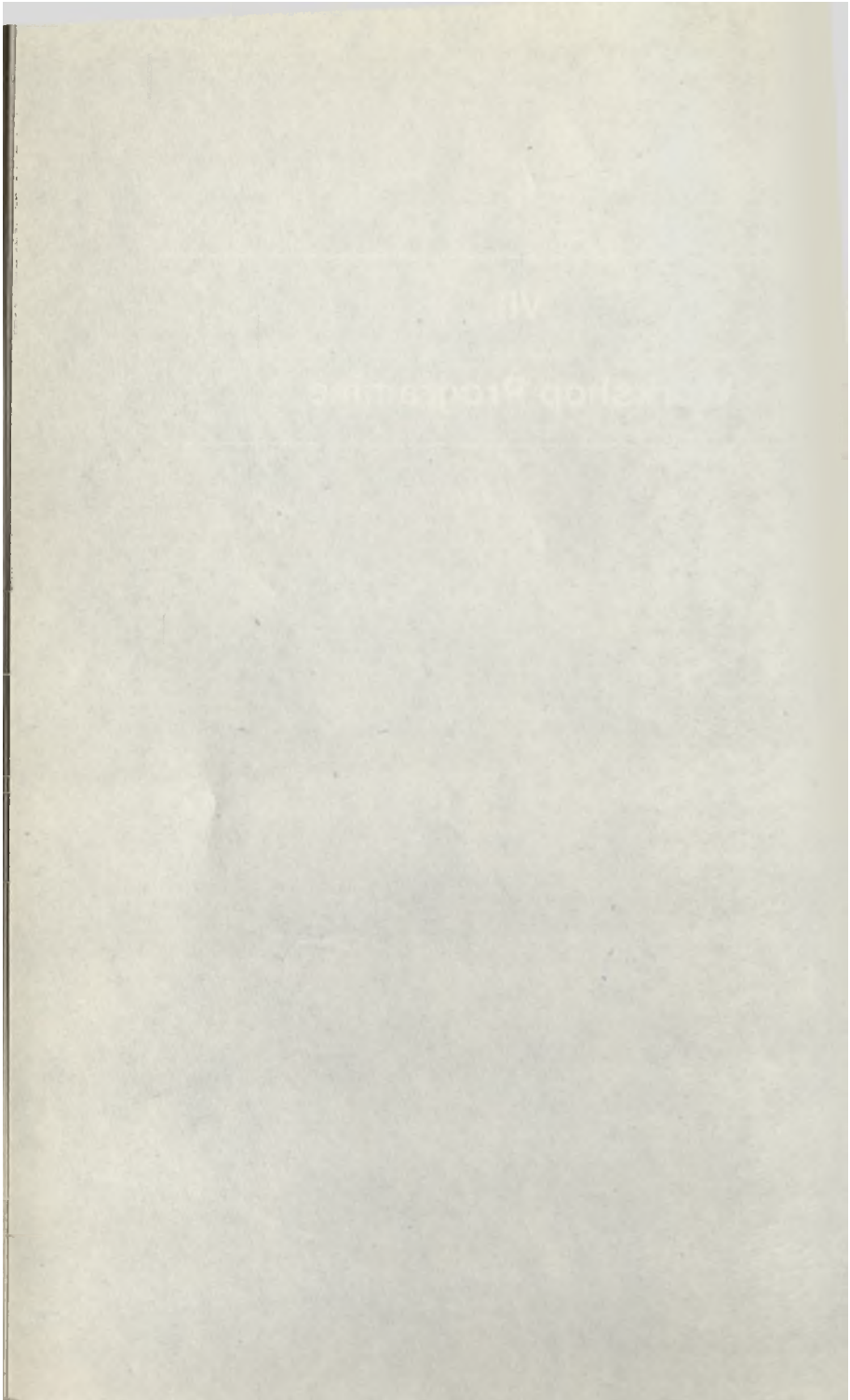
Mrs. Feroza Zaman

Mr. Hasan Ali Sardar



VII

Workshop Programme



VII

Workshop Programme

1st Day (28 March 89)

- | | |
|-------------|--|
| 09.00-10.00 | Registration of participants in Conference hall. |
| 10.00-10.30 | Welcome on behalf of BJSU by Mr.Liaquat Ali, Chairman.
A paper on current situation of consumer co-operative movement in Bangladesh by Mr.A.K.M.Zahirul Haque, Chief Executive Officer, Bangladesh Jatiya Samabaya Union and Chairman, Bangladesh Council for Mass Education. |
| 10.30-11.30 | Discussions |
| 11.30-12.00 | Tea Break |
| 12.00-12.30 | Talk on consumer co-operatives in Japan by Mr.M.Ohya, Chairman, ICA Consumer Committee for Asia and Executive Director of Japanese Consumer Co-operative Union. |
| 12.30-13.00 | Discussions. |
| 13.00-14.00 | Lunch Break |
| 14.00-14.30 | Group work on identification of problems faced by the consumer co-operatives in Bangladesh. |
| 14.30-15.00 | Discussions |
| 15.00-15.30 | Break |
| 15.30-16.30 | Inauguration of the Seminar by the Hon'ble State Minister of LG RD & Co-operatives at Main Ball Room |

16.30-17.00 Tea break
17.00-17.30 Group work continued.

2nd Day (29 March '89)

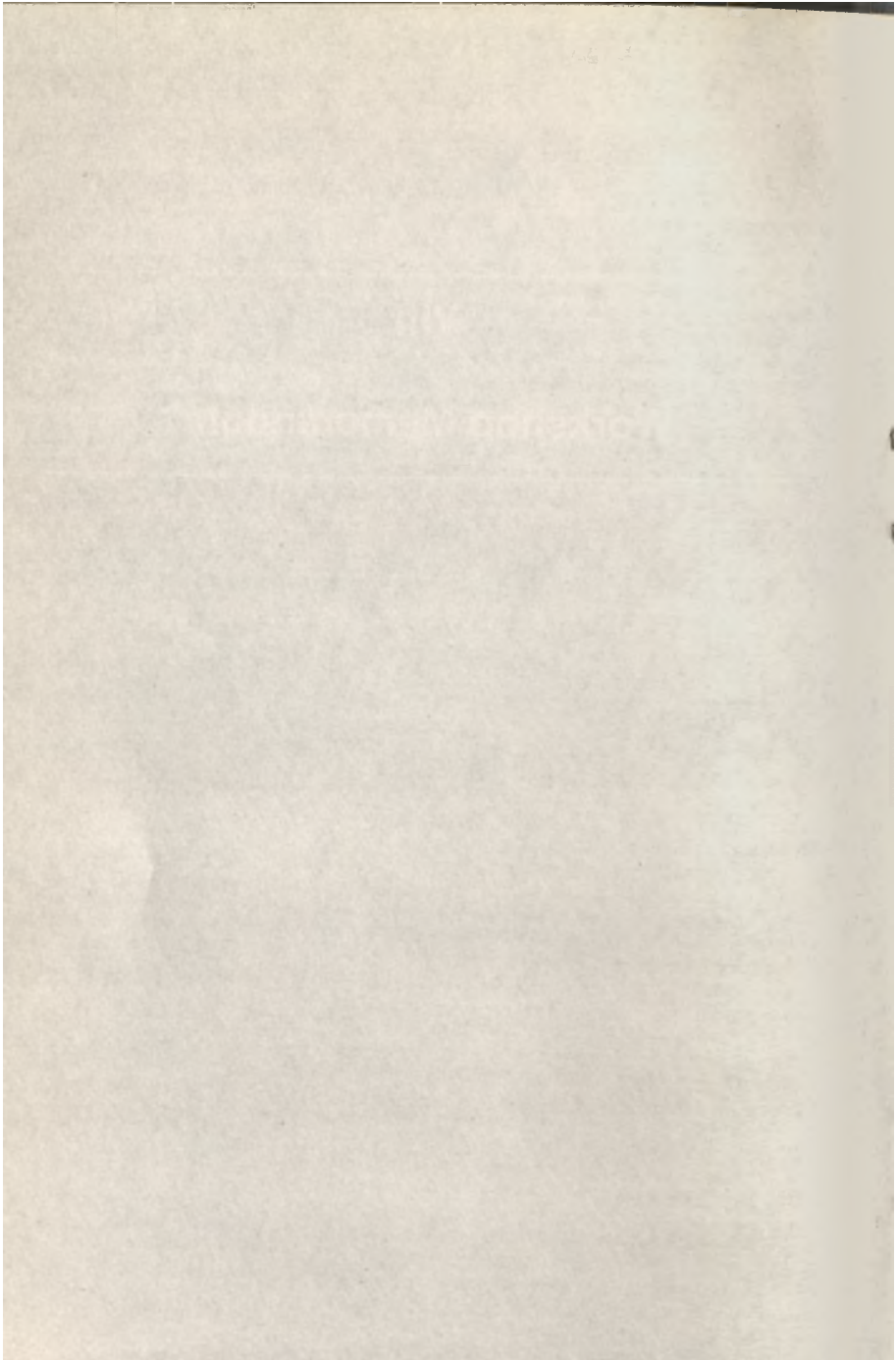
09.00-10.00 Presentation of group reports.
10.00-10.30 Talk on Government policy on consumer trade and development of consumer co-operatives by Mr. Mohd. Nurun Nabi, Deputy Secretary to the Government of Bangladesh.
10.30-11.00 Tea break
11.00-11.30 Discussions.
11.30-12.30 Paper on Role of Consumer Co-operatives in a developing economy by Mr. W U Herath, Adviser, ICA Consumer Co-operative Development Project.
12.30-13.30 Lunch break
13.30-15.30 Formation of groups and group discussion on suggestions and recommendations for improvements in the policy, structure and preparation of a plan of action.
15.30-16.00 Tea break
16.00-17.00 Group discussions

3rd day (30 March 89)

09.00-11.00 Presentation of group reports by group leaders.
11.00-11.15 Tea break
11.15-13.30 Presentation of group reports continued.
13.30-14.00 Lunch break
14.00-16.30 Plenary session on Final draft of recommendations.
16.30 Closing ceremony followed by Tea party.

VIII

Workshop Memorandum



VIII

Workshop Memorandum

BJSU/ICA National Workshop on Developing Consumer Co-operative Movement in Bangladesh

1. Background

The Bangladesh Co-operative movement is undergoing changes in terms of policy and structure at present. The government is preparing a new Co-operative Policy to be declared soon. Simultaneously, the entire co-operative development programme promoted by various national and international agencies is also subject to evaluation and review.

The consumer co-operative movement in Bangladesh has been subjected to many ups and downs in its functioning. As it is now, the movement has experienced many difficulties for want of capital, facilities and also assistance from the agencies concerned. The structure remains the same as it started some time back inspite of the new co-operative systems which have been introduced during the recent past. Therefore, it has become necessary to have a re-thinking on the basic issues such as the structure, scope and possible activities to be undertaken by the co-operative organisations working in the consumer field for the benefit of the members and also the community at large.

The ICA Regional Sub-Committee on Consumer Co-operation, in which Bangladesh is a member, has decided to collaborate with BJSU to organize a national workshop which has become timely in the circumstances described above.

Preliminary discussions have already taken place with the Ministry of Local Government, Rural Development and Co-operatives, Department of Co-operative Development and BJSU, where a general consensus was arrived at for holding the workshop.

2. Objectives

The objectives of the national workshop are as follows:

- i) To assess the current situation in regard to consumer co-operative movement in Bangladesh,
- ii) To suggest changes and improvements that are necessary in regard to the policy, structure and the scope of the consumer co-operative movement in Bangladesh, and
- iii) To identify and suggest an appropriate strategy and indicative plan for the development of consumer co-operative movement in Bangladesh.

3. Workshop Programme

1st Day

Inauguration of the workshop and the presentation on the current situation of consumer co-operatives in Bangladesh, followed by discussions.

2nd Day

- Presentation on the salient features of an ideal consumer co-operative movement and a presentation on the government policy on consumer trade and the overall economic development policy, followed by discussions.

3rd Day

- Group discussions on the problems and issues hindering the development of consumer co-operative movement in Bangladesh and also the possible conclusions and recommendations on the changes and improvements in the policy, structure and scope of consumer co-operative movement in Bangladesh.

4th Day

- Presentation of group reports and plenary on the workshop conclusions and recommendations as indicated above.

4. **Organisers**
- i) Bangladesh Jatiya Samabaya Union
Samabaya Sadan
9/D Motijheel Commercial Area
Dhaka - 2 (Bangladesh)
Tel.231597 - Grams : 'Rangdhenu'
 - ii) International Co-operative Alliance
Regional Office for Asia
Bonow House
43 Friends Colony (East)
New Delhi 110 065 - India

Tel. 11-6835123/6835319
Telex. 31-75025 DICA IN
Telefax.11-6445568