

## Bangladesh Legal Framework Analysis: Key Highlights

This one-pager aims to provide a brief overview of the most notable features of Bangladesh's national cooperative legal framework, based on the work of national legal expert and ICA member input.

“Co-operative societies” in Bangladesh are currently regulated by:

- 1) The Co-operative Societies Act, 2001 (most recently amended in 2013) and
- 2) The Co-operative Societies Rules, 2004 (“the Rules”).

The Act entered into force on 15 July 2001 and repealed and replaced The Co-operative Societies Ordinance, 1984. The Rules were gazetted on 16 July 2004 and repealed and replaced The Co-operative Societies Rules, 1987. Under this legislative framework, there is no distinct, special law for particular type of cooperatives. However, the Rules recognise a non-exhaustive list of 29 different types of co-operatives and within the general framework of the Act, special provisions are made for *inter alia* worker co-operatives, real property-related co-operatives and co-operative land development banks.

**Cooperative Friendliness:** In general, the cooperative legislation in Bangladesh can be termed as ‘quite cooperative friendly’. However, there are certain provisions within the cooperative legislation which may be oppressive for its members and thereby discourage the use of the cooperative form. One of the primary problems that affects the development of co-operatives in this country is the inadequate implementation of existing co-operative laws.

**Key recommendations for improvement:** It would be desirable for the Act to explicitly integrate the ICA’s statement on the Co-operative Identity into the Act so as to emphasise the cooperative difference. Current inconsistencies between the Co-operative Societies Act, 2001 (as amended) and other laws, rules and regulations maybe rectified. Empowering and facilitating co-operative societies to resolve most disputes internally, would strengthen their autonomy and self-sufficiency. The same could be said about the requirement for a co-operative’s annual audit to be conducted by a representative of the Department of Cooperatives, instead of an independent chartered accountancy firm. Greater autonomy for cooperative organizations could be provided independent of the Registrar of Cooperative Societies. The training provided to co-operative members should be tailored to the evolving needs, across sectors and geographic locations and in relevant domains such as basics of auditing and accounting co-operative financial documents. The distinction between co-operative surplus, earned through (non-monetary) transactions with members, and co-operative profit should be re-instituted and the former should be tax exempt.

**Conclusion:** Even though the cooperative legislation in Bangladesh is quite cooperative friendly but there is scope to modernize the legislation and to improve the implementation of existing legislation.

