

Executive Summary

This dissertation prepared for partial fulfillment of Master's Degree requirement examines empirically the managerial, financial and ecological sustainability of two-tier cooperative system with particular reference to Kotwali Thana Central Cooperative Society (KTCCA), Comilla which is recognized as the laboratory area of the Comilla Model. Empirical studies were conducted through three types of questionnaires. Moreover, an opinion survey of the management and employees of KTCCA have been incorporated to understand their feelings and interpretation on the issues.

Bangladesh has long and rich experiences in rural development since early 20th century. In order to speed up the socio-economic development of the country, Bangladesh Academy for Rural Development (BARD), Comilla was established in May 1959. Dr. Akhter Hamid Khan was appointed as the Director of the Comilla Academy in 1960 and he started a pilot experiment immediately after his appointment in the nearby villages to test the solutions to the problems prescribed by him in a previous research. The two-tier cooperative system is the outcome of his research for economic emancipation of the rural people. KTCCA was established as the laboratory to test the efficacy of the model through providing effective support services to primary societies. In the early seventies the model was replicated to other areas of the country.

The study found that the organization did well in the initial years, but democratic tradition of the society was not built in the Association: it never had a chance to take roots. The society was, however, running at a profit due to strong leadership of Dr. Akhter Hameed Khan and his dedicated colleagues. When Dr. Khan left the KTCCA immediate after the independence it started incurring loss over the years. The cumulative loss of this organization is huge: Tk 83, 46,056 taka. KTCCA could not distribute any dividend for a long time. The sustainability of the organization is questioned because a system cannot sustain with losses for indefinite period.

The study observed that a number of the primary societies remained inactive for a long period indicating its weakness in motivational capacity to create a center of attention for the rural people.

The study found that out of 433 primary societies affiliated with the KTCCA; only 308 societies were functioning actively. This position of the primary societies is due to lack of proper supervision by the managing committee and ineffective guidelines to motivate members of the primary societies.

The study found that the accumulation of capital is a source of strength for a cooperative organization, but the rate of capital accumulation at KTCCA's level is low considering a large number of primary societies affiliated to it.

The study found that the primary societies have defaulted badly in the repayment of their loans from KTCCA. In the absence of the recycling fund, the Association is facing extreme difficulties to operate its credit programmes.

Training is an important service through which members of the cooperative societies can enhance their skills, knowledge and change the attitude. The study found the quality and volume of the training arranged by this central organization deteriorated over the years. Only 10 members from each society got the training annually in the previous five years.

The study found the support services to the primary societies have been reduced to the point that some of the active societies would not hesitate to leave the KTCCA if facilities are made available to them by other organizations.

The Comilla Model of cooperative system is often perceived as responsible for the arsenic contamination and creating environmental hazards because of the introduction of the Shallow and Deep Tube Well, popularization of use of fertilizers and insecticides in the country. The study finds, regarding the environmental impact of this programme, that arsenic problem was not detected first in the study area. Arsenic contamination of ground waters was first detected in Bangladesh in 1993 by the DPHE in Chapai Nawabgonj in the far west of Bangladesh in a region adjacent to an area of West Bengal which has been

found to be extensively contaminated in 1988. So, the arsenic contamination in ground water is not the effect of cooperative system.

The study found that quality of soil structure and fish farming in the command area of KTCCA have suffered owing to over use of fertilizers and insecticides. It was observed in the study that cooperative system played a pioneering role in the green revolution of Bangladesh in the sixties introducing HYV crops, irrigation, fertilizer and insecticides, but these intensive production systems exerted excessive pressures on agricultural soil due to high cropping intensity.

The study observed that two-tier cooperative system has made significant contribution to farm modernization in the societies and had helped the BARD to test its model and provided some social services. It has also made significant contribution to introduction of supervised credit through primary cooperatives at village level, training of local farmers and leaders for managerial and technical skills, introduction of mechanized cultivation and promotion of improved practices.

But as a central cooperative society, it has a poor record both in terms of management indicators or economic viability. The KTCCA does not stimulate hope for other Upazila Central Cooperative Associations (UCCA) which is allowed to ignore principles envisaged in the cooperatives act and rules to develop it as self reliant organization based on sound business model.