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মোঃ সানোয়ার জাহান ভূঁইয়া

সহযোগী সম্পাদক

সামসুল আলম খন্দকার

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Managing Accountability Challenges in Public-Private Partnerships

Noor Mohammad Masum*

Abstract: *Though both public-private partnerships and accountability are widely discussed and debated, there is lack of adequate research on the accountability challenges in partnerships. Many scholars viewed partnerships as horizontal networks of public and private organizations and attempted to address accountability challenges in partnerships accordingly. In this paper, however, I contend that partnerships are semi-hierarchical networks and argue that neither hierarchical nor horizontal approach of accountability can effectively address the accountability challenges in partnerships. Therefore, a multidimensional, semi-hierarchical model of accountability grounded on the extended models of the principal-agent theory of accountability may better ensure accountability in partnerships. External control mechanisms are necessary, though overdependence on them may overlook other significant dimensions of accountability. To maintain integrity and avoid harmful practices, we need equally emphasise the ethical dimension of accountability.*

Introduction:

Both public-private partnerships (PPPs) and accountability are two highly discussed and debatable issues in public administration. Accountability is a popular topic of research articles, books and discussion. Academics have examined various aspects of accountability such as the meaning of accountability (Bardach & Lesser, 1996; Romzek & Dubnick, 1987), relationships between accountability and performance-based management (Barberis, 1998; Moynihan & Ingraham, 2003), pathologies of accountability (Koppell, 2005), new types of accountability (Roberts, 2002; Whitaker, Altman-Sauer, & Henderson, 2004), and accountability in reinvented governments (Romzek, 2000) and social service contracting (Dicke, 2002; Dicke & Ott, 1999; Romzek & Johnston, 2005).

On the other hand, since they initially became fashionable about 30 years ago, the concept of PPPs has been formidably contested in modern public administration until now though their use are increasing throughout the

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world (Bovaird, 2004). There has been a significant growth in research on various aspects of PPPs such as governance (Klijn & Teisman; Wettenhall & Thynne, 1999), contract negotiations (Ahadzi & Bowles, 2004), finance capital (Asenova & Beck, 2006), risk transfer (Baldwin, 2003; Hood & McGarvey, 2002), accounting systems (Broadbent & Laughlin, 2002; Hodges & Mellett, 1999; Minow, 2002), strengths and weaknesses (Domberger & Fernandez, 1999; Grimsey & Lewis, 2005; Rosenau, 1999), and problems of contractualism (Freedland & King, 2003; Lonsdale, 2005; Zitron, 2006).

However, though many academics noted that partnerships may challenge traditional concept of accountability (e.g. Agranoff & McGuire, 2001; Kenis & Provan, 2006; McGuire, 2006; Milward & Provan, 2000; Page, 2004; Considine, 2002; Mulgan, 2006), there has been lack of adequate research on the topic and the concept still rotates in general around single, sovereign, hierarchical organisations (Acar & Robertson, 2004). In this context Acar and Robertson (2004, p. 331) took 'one of the first attempts to remedy the paucity of research on the topic' by exploring the accountability challenges in partnerships. Sands (2006) examined the significance of public knowledge and enforcement of freedom of information regulations in ensuring accountability in partnerships.

Academics differed on how accountability challenges can be addressed effectively and proposed diverse approaches and frameworks such as dialogue-based accountability (Roberts, 2002), mutual accountability (Whitaker et al., 2004) and multidimensional accountability (Considine, 2002). By reviewing existing theoretical as well as empirical literature in this context, I will examine in this paper how better accountability may be ensured in PPPs. Acar and colleagues (2008, p. 4) viewed partnerships as horizontal networks of public and private organizations 'where one party has no hierarchical authority over its partners and no full control over the performance'. Many other academics (e.g. Whitaker et al., 2004) agreed more or less about this non-hierarchical characteristic of partnerships and examined accountability accordingly. However, I contend that partnerships are semi-hierarchical or more hierarchical networks than generally perceived, and argue that semi-hierarchical model of accountability based on extended models of the principal-agent theory of accountability may better ensure accountability in partnerships.

Accountability in Public-Private Partnerships

Before examining accountability in public-private partnerships, it is required to define public-private partnerships as well as accountability, examine organizational aspects of partnerships with reference to accountability systems, different approaches of accountability with their inherent strengths and weaknesses and accountability challenges in partnerships. By doing so, I will revisit the approaches of accountability to identify which approach better meets accountability challenges in partnerships.

Public-Private Partnerships

Based on the conception of roles and functions of the state in a nation's political economy, the diversity of concept of PPP is so much that the interpretation of role and functions of PPP can differ greatly both in time and place and not only between countries and between public management systems and business systems but also within a single country (Bovaird, 2004; Broadbent & Laughlin, 2002). Although the concept of PPP may be interpreted in a number of ways, it is fundamentally a type of collaboration between public and private sectors (Ahadzi & Bowles, 2004). Baker (2003, p. 462) observed that because of existing tradition of providing public service by private sectors, the US did not need resort to privatisation and hence he defined PPPs as 'contractual arrangements, tax incentives, favorable regulation and regulatory exemptions that favor a particular interest to the detriment of others' and considered utilities companies such as Enron, a regulated private sector provider of gas and electric public service utilities, as the original PPPs in the US. As this definition is broader in perspective than most other definitions, I will adopt it in this paper.

By facing fiscal problems, capital-starved public organisations often resort to PPPs as the last resort of mobilising fund for public services which suggests that partnerships are not 'marriages based on love, or even on respect for the qualities each could bring to the relationship, but rather marriages for money' (Bovaird, 2004, p. 201). Up to now, most PPPs are largely based not on relational contractingⁱ but on transactional contractingⁱⁱ which suggest that, PPPs only partially deserve the partnership label (Bovaird, 2004).

Public-Private Partnerships: Hierarchical or Horizontal?

Acar and colleagues (2008) viewed partnerships as horizontal networks of public and private organizations where no partner possesses hierarchical authority over others and full control over their performance. Many other academics (e.g. Whitaker et al., 2004) agree more or less about this non-hierarchical characteristic of partnerships and examine accountability accordingly. In fact, some scholars (e.g. Bovaird, 2004) suggested that PPPs disintegrate structures and processes which in turn blurs responsibilities and accountability—as each partner sacrifices some of its sovereignty to join the partnership and it can also claim that not itself but the partnership is the accountable body—yet there is no explicit mechanism by which partnerships can be held accountable properly.

However, I contend that partnerships are such networks which are not entirely hierarchical or horizontal but semi-hierarchical. Though apparently it seems that in partnerships, horizontal characteristics dominate the hierarchical characteristics, I contend that it is hierarchical characteristics that dictate partnerships. It may be assumed that a completely horizontal organisation requires level playing fields for all of its actors which are missing in partnerships. Partnerships involve diverse actors of unequal strengths and weaknesses from public and private sectors. It may be argued that only when all partners achieve expertise in collaborative advantage with their partners then partnerships may be truly horizontal. However, as partnerships involve different actors from different public and private organisations with different levels of strengths and weaknesses, they may not be perfectly horizontal though they may possess some other horizontal characteristics. In fact, often public partners, though not with formal hierarchical positions, dominate others in varying degrees in different contexts. However, in-depth analysis of this aspect is beyond the scope of this paper.

Therefore, I consider partnerships as semi-hierarchical networks with public officials contracting out services at the top and private partners providing contracted services at the bottom. In addition, for accountability purposes, instead of the legislature or the chief executive, the citizenry as a whole may be considered as the highest principal in partnerships (1996). The line staff in private partners are not directly accountable to public partners but to their direct authorities in private agencies. However, public officials exercise indirect authority over the

line staff in private service providers. Through their own higher authorities, the ordinary staff in private agencies are accountable to public officials. As opposed to public agencies, to ensure accountability public partners cannot suspend, demote or sack staff in private partner agencies. However, they can compel private partners to account for the failure of their line staff by withholding payments, terminating contracts and blacklisting companies. Different government bodies such as contracting public agencies, parliaments and courts possess the final say in partnerships as they have in traditional bureaucracy. Consequently, neither hierarchical nor horizontal accountability mechanisms are fit for ensuring accountability in partnerships. But as partnerships are semi-hierarchical, therefore it needs semi-hierarchical accountability mechanisms including dynamic features from both hierarchical and horizontal theories of accountability.

Concept of Accountability

Accountability is an old and tricky term which involves much debate (Barberis, 1998). Transparency, liability, controllability, responsibility and responsiveness are some distinct dimensions of accountability (Koppell, 2005). At the core of the accountability system is to give and demand reasons for conduct or in other words 'the capacity and willingness to give explanations for conduct, stating how one has discharged one's responsibility' (Boland & Schultze, 1996, p. 62; as quoted in Broadbent & Laughlin, 2003, p. 24). The concept of accountability 'is steeped in notions of governmental responsibility and popular sovereignty' and 'means more than simply hierarchical, legal, or political answerability' (Dicke & Ott, 1999, p. 504). The public are not content with mere legal accountability but they demand moral, professional and ethical services from governments and their partnerships. Therefore, accountability amounts to a moral and professional value that comes from public officials and their private partners who serve with public service values (Dicke & Ott, 1999).

Costs of Accountability

Accountability has certain costs. The threat of harsh punishment is mitigated by a culture that legitimates a number of excuses including some genuinely well-founded ones for falling short and a culture of civil service protections. Therefore, the main concern of accountability system

is not to inflict punishment but to motivate better performance by presuming that it stimulates a better quality of effort to achieve targeted results (Bardach & Lesser, 1996).

Highly formal accountability systems has opportunity costs by negating the spirit of morality of accountability (Barberis, 1998). But it may be argued that accountability systems do not necessarily replace the ingrained morality of public virtue. However, in cases where common understandings are absent, stronger checks and balances are required. Liberal democracy presumes that irrespective of link with public virtue, checks and balances need be upheld. Morality, virtue and ethical conduct are prerequisites for ensuring accountability; in their absence or diminution, well-conceived accountability mechanisms may fail (Barberis, 1998). However, public virtues such as long-term trust alone cannot ensure accountability in hard and practical real world. Batson (1991) rightly argued that though stirring up empathy may help induce altruistic actions, most persons are not martyrs but rather usually driven by profit-making or some other self-interest.ⁱⁱⁱ

Consequently, there must be some strong formal mechanisms and procedures to ensure accountability of actors in partnerships by making private partners answerable for the quality of their services and public officials responsible for ensuring quality services from the private partners (Dicke & Ott, 1999). Therefore, a formal legal system of accountability based on a democratically conception of responsibility is needed.

Approaches of Accountability

Approaches of accountability are broadly divided into two: more popular hierarchical approach and still nascent horizontal approach. Hierarchical approach may be subdivided into two: accountability as answerability (AA), and accountability as managing expectations (AME) which can be pinned down to the Friedrich-Finer debate in the 1940s (O'Loughlin, 1990), when Finer argued that strong external control is a prerequisite for ensuring accountability, whereas Friedrich viewed that by self-control based on expectations and norms, administrators themselves can ensure accountability (Acar et al., 2008).

Accountability as Answerability: Principal-agent relationships are at the heart of the AA approach where as an agent bureaucracy is accountable to one or multiple principals. For ensuring public goals and

priorities, the traditional AA approach emphasises the external control aspect of accountability, generally referring to the oversight and control of public bureaucracy by making it answerable and responsive to the public and/or their representative institutions (O'Loughlin, 1990). External accountability 'methods give the appearance of upholding accountability in contracting—even when they are ineffective—which, in part, may explain why they are so popular' and hence '[i]t is doubtful that methods derived from the principal-agent perspective will ever be replaced' (Dicke, 2002, p. 468).

The AA approach involves upward mechanisms of accountability to ministers, parliaments and courts (Scott, 2000). In this approach, incentives and sanctions are emphasised to shape bureaucratic accountability (Acar et al., 2008). External accountability systems have a number of limitations: false and inaccurate documentation, inadequate performance measurement, an unwillingness to punish poorly performance providers and insufficient resources to effective monitoring (Dicke, 2002).

Accountability as Managing Expectations: As an umbrella term of mutual exchanges of expectations, AME offers an understanding and recognition of diverse social contexts of humans in organisations (Fry, 1995). This approach emphasises the internal control aspect of accountability, typically referring to the administrative control and management of diverse expectations created within and outside of an organisation (O'Loughlin, 1990). In the principal-agent perspective, as an agent bureaucracy is responsible to itself and its one or multiple principals for managing a range of expectations. This approach provides public managers more discretionary power to predict and define diverse expectations placed by internal and external stakeholders in certain contexts and respond in proactive and/or reactive ways (Kearns, 1994). Romzek and Dubnick (1994) identified four often-competing structural dimensions of the AME approach—hierarchical, legal, professional and political.^{iv} In this approach, the challenge of accountability 'is to select and train public managers so that they adhere to professional ethics and behave responsibly' (Acar et al., 2008, p. 7).

The Horizontal Approach: This approach is still nascent. It has been developed based on the traits of the AME approach. Whitaker et al. (2004) proposed the mutual accountability approach^v while Roberts

(2002) did dialogue-based accountability approach^{vi} to meet accountability challenges in partnerships. By assuming partnerships as horizontal networks, Acar et al. (2008) argued that a horizontal approach is required for ensuring accountability in partnerships. As the AME approach involves some horizontal features such as exchanges of expectations, they considered it to be relevant to partnerships. However, to make it fit network settings precisely they extended the approach by changing the strategic focus of accountability. Instead of focusing on balancing competing expectations in the AME approach, the extended model focuses on facilitating the emergence of mutual expectations. In essence, these three approaches assume mutual trust among partners as given which suggests that conflicts of interests may be avoided by facilitating the development of mutual expectations and dialogues.

The Mixed Approach: To overcome the limitations of the AA and the AME approach there arose some other mixed approaches. By extending the AA model, Spiro (1969, p. 98) advocated for multi-centric accountability 'to different authorities, for different purposes, to different degrees and in terms of different, though mutually complementary standards' (as quoted in Barberis, 1998, p. 464). This argument has been favoured by many though in different dimensions. Horizontal mechanisms such as grievance-handlers and auditors extend the traditional model to the extended model (Scott, 2000). Extended accountability mechanisms has significant 'capacity to hold not only public but also private actors accountable for the exercise of power which is broadly public in character' (Scott, 2000, p. 60).

Dick and Ott (1999) developed a five-dimensional framework of accountability by adding moral and ethical dimension of Dwivedi and Jabbra (1988) to four dimensions—hierarchical, legal, professional and political—of Romzek and Dubnick (1994). Though Romzek and Dubnick provided their framework under the AME approach, Dick and Ott adopted it in the AA approach.

Accountability Challenges in Public-Private Partnerships

PPPs have hollowed the state authority by diminishing its ability in imposing accountability on them (Bardach & Lesser, 1996). Some major accountability challenges are as follows:

Lack of Public Knowledge: Sands (2006) rightly observed that diminishing public knowledge is a major cause of accountability

challenges in PPPs. She argued that commercial confidentiality clauses reduce transparency and thereby adversely affect public accountability. Secondly partnerships often entail legislative changes, including changes to freedom of information legislation that restrict citizens' free access to information (2006).^{vii}

Claimed Efficiency of PPPs: Governments insist that partnerships make available infrastructure and services which may not otherwise be affordable (Debande, 2002), provide better efficiency and strengthen monitoring and accountability by combining the strengths of the public and private sector partners (Nisar, 2007), but that is merely political rhetoric and salesmanship of privatisation (Hodge, 2004; Mulgan, 2006) through the 'faulty economics' of partnerships^{viii} (Broadbent, Gill, & Laughlin, 2003; Froud & Shaoul, 2001; Ruane, 2000) and hiding their adverse impact on the quality of service delivery (Dunnigan & Pollock, 2003; Glaister, 1999; Mayston, 1999).

Voluntary Arrangements of PPPs— Free Exit and Entry: Except some mandated PPPs, partnerships are usually voluntary arrangements where partners enter and exit at their free will. The voluntary partners assume diverse values, beliefs and goals which can create challenges for determining the means of accountability mechanisms (Rosenau, 1999).

Responsibility without Required Formal Authority: Managers in partnerships often face the challenge of governing the behavior and performance of individuals from different partner organizations without having the required formal authority (O'Toole, 1997).

Liabilities for Weaker Partners: Partnerships consist of partners of unequal power, commitments and opinions. Therefore PPPs may be liabilities for weaker partners who cannot direct policies and decisions.

Weakness in Internal Accountability: In partnerships, internal accountability mechanisms have some shortcomings such as once a contract is signed the public sector is not in a position to renegotiate it if parliament or some other authority finds that the contract does not meet present or future public needs or the contract contain some other problems (Elsenaar, 1999).

Contractor Bidding Decision Making: PPPs are competitively tendered but some projects attract very few bidders initially that makes it difficult to show transparency and public value for money (Zitron, 2006).

Analysis of Approaches of Accountability with Reference to Partnerships

Accountability challenges are multi-dimensional—some hierarchical and some horizontal while others are either semi-hierarchical and/or ethical. For instance, the accountability challenge concerning the lack of public knowledge involves several dimensions. Firstly the ethical dimension demands that the taxpaying public have the right to know about activities of partnerships and accordingly, actors in partnerships must provide the public free access to information. This dimension also assumes that persons involved in partnerships would be imbued with ethical standards and will not provide inaccurate or distorted information. Secondly, the hierarchical dimension requires that there should be some hierarchical system of information management so that information may be provided easily. And in the case of failure of some actors in providing information, there should be some hierarchical checks and balances. Thirdly, information should flow both horizontally among actors in partnerships and the public as well as hierarchically from the grassroots in private partner agencies to public officials, political representatives and the public as a whole. Therefore, to meet the challenge of lack of accountability in partnerships there is required a multi-dimensional approach of accountability.

The traditional AA approach may solve the hierarchical problems inherent in the accountability challenge of lack of knowledge. But this approach may not suggest how ethical and horizontal problems may be faced. The AME approach suggests that public and private partners would strategically manage diverse expectations of insiders and outsiders regarding the public knowledge. However, it cannot explain how partners will ensure public knowledge strategically when they withhold information intentionally for their self-interest, or how the public will extract information kept under the veil of secrecy and confidentiality. The mutual accountability approach, the dialogue-based approach and the extended AME approach of Acar et al. (2008) can explain how partners can collaboratively devise mechanisms to provide information or withhold it. But these approaches cannot explain how information may be collected from such partners who withhold it for their vested interest. Multi-centric accountability of Spiro (1969, p. 98) can explain hierarchical aspects of public knowledge but it cannot explain horizontal and ethical aspects.

In the above framework of ethical, hierarchical and horizontal dimensions of accountability challenges the strengths and weaknesses of different accountability approaches may be examined whether they can meet other accountability challenges in partnerships.

Considine (2002) observed that vertical accountability does not fit non-hierarchical partnerships whereas horizontal accountability is largely a problem in partnerships characterized by competition among public and private partners so far, and argued for multidimensional methods of accountability. In this context, "the five-dimensional framework of accountability of Dick and Ott (1999) draws attention. The ethical dimension of this approach can explain the problems concerning the challenge of public knowledge. While hierarchical, legal, professional and political dimensions touch both hierarchical and horizontal aspects. Therefore, it is evident that this approach can address the accountability challenge of public knowledge. Likewise it can also address above mentioned other accountability challenges such as unilateral claim of efficiency and accountability without formal hierarchical authority.

Conclusions:

As capital-starved political governments throughout the world are more inclined to deliver public services through partnerships and hide their shortcomings under the veil of commercial confidentiality and secrecy, accountability of partnerships has been facing serious challenges. Though governments and their partners claim unilateral success largely based on confidential data, many academics revealed poor performance and significant lack of public accountability in partnerships.

As partnerships are not entirely hierarchical, traditional top-down accountability mechanisms cannot address the accountability crisis in partnerships. In addition, patronage of partnerships by political governments also aggravates the capacity of traditional external approach of accountability. To meet the challenge there developed some other accountability approaches in the line of hierarchical, horizontal and even bi-directional approaches. Many scholars viewed partnerships as horizontal networks of public and private organizations and attempted to address accountability challenges in partnerships accordingly. The above discussion reveals, however, that partnerships are semi-hierarchical or more hierarchical networks than generally perceived, and neither hierarchical nor horizontal approach of accountability can face the

accountability challenges in partnerships. The paper finds that a multidimensional, semi-hierarchical model of accountability based on the extended models of the principal-agent theory of accountability may better ensure accountability in partnerships.

External control mechanisms such as legal sanctions are necessary, though overdependence on them may overlook other significant dimensions of accountability. To maintain integrity and avoid harmful practices, we need equally focus on the moral dimension of accountability. It is imperative that commercial confidentiality clauses should be relaxed enough to provide citizens' access to significant information. A stronger and more comprehensive framework for releasing information on partnerships projects would help foster confidence and thereby promote members of the public to participate in what may probably become new democratic arenas (IPPR, 2004; as cited in Flinders, 2005). Finally external public accountability mechanisms for scrutiny should be adequate to disallow opportunities for corruption and patronage (Sands, 2006).

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Notes:

¹ Relational contracting refers to contracts based on relation of mutual trusts.

² Transactional contracting refers to contracts based on business-customer relation.

³ For instance, Baker (2003) explored accountability failure in the US concerning one of the most widely discussed public scandals: Enron. He revealed the dangers that can ensue if the public sector fails to ensure accountability over the public service delivery by PPPs. In the process, another partner of the accountability mechanism, a supposedly respectable firm of accountants, connived in the disaster (Baker, 2003).

⁴ Hierarchical dimension involves hierarchical relationships, direct supervision and compliance with formal directives. Legal dimension refers to compliance with laws, rules and regulations. Professional aspects deal with discretion exercised by the staff in public and private agencies, while political dimension demands responsiveness to the citizenry as a whole.

⁵ This approach emphasises accountability mechanisms based on mutual negotiations among partners.

⁶ This self-evident approach emphasises dialogues among partners as mechanisms for accountability.

⁷ For instance, to provide commercial confidentiality to private prison providers, the Freedom of Information (Amendment) Act 1993 (Victoria, Australia) significantly restricted public access to public documents by widening confidentiality exemptions to more Cabinet documents and charging a considerable application fee (Sands, 2006).

⁸ It is claimed that partnerships transfer risks to the private sector but it is not true. Asenova and Beck (2006) aptly argued that partnerships do not focus on effective procurement by considering a pragmatic choice of procurement mechanisms that can potentially compromise public participation and input; rather they emphasise a process where government creates new profit opportunities for private investors at a time when the international financial system is increasingly short of safe investment opportunities. Secondly, as partnerships focus on investment opportunity primarily, they prioritise the risk-return criteria of private finance over the needs of the public. Private financiers such as banks ensure that risks pass through private contractors to the public sector (Asenova & Beck, 2006). For instance, Edwards and Shaoul (2003) examined how risk transfer, which is at the core of the PPPs, worked in reality. He found that two information technology partnerships in the UK failed to transfer risk in a way that had been expected. It is not the commercial partners but the public agencies that bore the management risk and costs befell the public generally and/or other public agencies. And citizens are becoming objects of a profit-making calculus instead of a public service ethos (Rosenau, 1999).

A Comparative Analysis of Foreign Direct Investment (FDI) in South Asia: Charting a Roadmap for Bangladesh

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Abstract: Foreign Direct Investment (FDI) plays a vital role for the economic development and an important determinant of the economic growth and development of Bangladesh. This paper is analyzed in the form of trends of FDI inflows, sources of FDI in Bangladesh along with Country Share and Ranks, status of FDI inflows as compared to SAARC Countries, major attracting determinants and some suggestions regarding issue. The analysis is mainly based on yearly variations and changes in growth of FDI inflows. Data have been presented in tabular form to facilitate numerical examinations and graphical representations. FDI has emerged as the most important source of external resource flow for developing countries over the 1990s and has become a significant part of capital formation in the country despite their share in global distribution of FDI continuing to remain small or even declining. The trends of FDI show that during 1980-2006, Bangladesh received a meager amount of FDI. However, the flow of FDI increased in the later years but not significantly. But, recent trends of FDI in Bangladesh could be regarded as very insignificant compared to SAARC Countries. Due to the friendly investment policy measures taken by the present GOB, foreign investors are showing their interest to invest in Bangladesh and the country holds better prospects for significant FDI inflows in the coming years.

Introduction:

Foreign Direct Investment (FDI) is defined as long-term investment reflecting a lasting interest and control, by foreign direct investor or parent enterprise of an enterprise entity resident in an economy other than that of the foreign investor (WIR 2005). Bangladesh has embarked on a massive program to attract foreign investment both of direct and portfolio types. In this situation FDI is generally welcomed because it does not create any fixed obligations for Bangladesh. FDI is often accredited with import of superior technology developed in the industrially advanced countries at a huge cost on research and development. FDI is thought to be able to infuse new management skills and training facilities, which can have a beneficial impact on the local management practices. Besides,

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foreign entrepreneurs usually maintain branch network at the international level. They can employ this network for marketing the local products in the overseas markets.¹ The government has therefore launched vigorous campaigns to attract foreign investments. Official and unofficial delegations are being sent abroad to scout potential investors and to erase the negative images created by the western media about Bangladesh.² The Board of Investment-the BOI-are churning out attractively illustrated booklets with recitations of the incentive packages for the foreign investors. Since 1980s, the government of Bangladesh introduced open door economic policy and implemented macro and micro economic reform programs to attract foreign investment. Consequently, Bangladesh has been experiencing an upward trend in FDI inflow. However, by international standards, so far Bangladesh could attract only an insignificant amount of foreign capital. This paper attempts to measure the Trend of FDI inflows in Bangladesh including Country Share and Rank, Sector-wise Trend as a Percentage of Gross Fixed Capital Formation and Trends of Global FDI Inflows within SAARC Countries. In addition it also investigates the problems and prospects of FDI in Bangladesh and identifies major determinants affecting the investment climate.

2.0 Literature Review

Barro, Robert J (1991) FDI plays an important role in the process of industrialization and economic growth in the developing countries. Most of the countries in the world have recognized that FDI by Transnational Corporations (TNCs) contribute in many ways to the process of economic growth of host countries. Since 1980s, there has been a dramatic shift in the attitude of developing countries towards FDI.

Reza, S., and M. A. Rashid (1997) prepared a study and define that FDI as investment by multinational corporations in foreign countries in order to control assets and manage production activities in those countries.

Kumar, Nagesh (2002)³ says that Foreign Direct Investment (FDI) has emerged as the most important source of external resource flows to developing countries over the 1990s and has become a significant part of capital formation in the country despite their share in global distribution of FDI continuing to remain small or even declining.

1 Soloiman, M. and Akheruzzaman, Export Processing Zone in Bangladesh problems and Prospects, The journal of ICMAB, Dhaka, 1999, pp. 12-15.

2 Special News of Daily News Paper, Prothom Alo, 6th March, 2006, Monday, p.14.

3 Kumar, Nagesh (2002). *Globalization and Quality of Foreign Direct Investment*; RIS, New Delhi

Ikiara, M. M (2003)⁴ proposed that compared to foreign bank loans and portfolio investment, the capital flow associated with FDI is more stable, has no fixed interest payments or repayments, is invested directly into productive capacity, and is largely motivated by prospects of long-term profitability

Mamun, AL. A. (2003)⁵ states that FDI is widely thought to bring it, into the host country, a bundle of productive assets, including long-term foreign capital, entrepreneurship, technology, skills, innovative capacity and managerial, organizational, and export marketing etc.

Emad Ullah Mian and Quamrul Alam (2006)⁶ prepared an important study entitled “Foreign direct investment and development: The Bangladesh scenario”. They mentioned that Foreign Direct investment is an important determinant of the economic growth and development of Bangladesh. Both government ineffectiveness in controlling corruption, improving political stability and establishing rule of law and its failure to create physical and policy infrastructure is the most influential determinant for FDI in Bangladesh.

The number of studies examining these aspects of FDI into Bangladesh is very limited and most of the studies are based on traditional methods, further study on FDI based on recent information and analytical tools will be able to put fundamental contribution to the store of knowledge on FDI in Bangladesh. In this backdrop the main reason for undertaking the study is planed to identify the problems & prospects of FDI in Bangladesh.

3.0 Objective of the Study

The main objective of the study is to measure scenario of BDI in Bangladesh by analyzing the trends including problems and prospects. The specific objectives of the study are as follows:

- i. To measure the trends of FDI inflows in Bangladesh during 1980 – 2006.
- ii. To highlight the sources of FDI in Bangladesh in terms of Country Share and Ranks.

⁴ Ikiara, M. M (2003) “Foreign Direct Investment (FDI), Technology Transfer, and Poverty Alleviation: Africa’s Hopes and Dilemma”, ATPS Special Paper Series, No. 16, Nairobi, Kenya, p. 3.

⁵ Mamun, AL. A (2003). “Globalization and Foreign Direct Investment: Policies, Strategies, Status and Challenges for Bangladesh. “A Quarterly-Periodical of BIBM, Vol. 6, No 1 and 2, pp. 1-4.

⁶ Emad Ullah Mian and Quamrul Alam “Foreign direct investment and development: The Bangladesh scenario, “Monash Business Review Volume 2, Issue 1- April 2006, pp. 1-9. Quamrul.Alam@buseco.monash.edu.au

- iii. To measure the status of FDI inflows in Bangladesh as compare to SAARC Countries.
- iv. To indicate the major determinants attracting FDI in Bangladesh
- v. To identify the major problems of FDI in Bangladesh
- vi. To identify the prospects of FDI in Bangladesh; and finally-
- vii. To provide suggestions regarding FDI in Bangladesh.

4.0 Methodology of the Study

4.1 Data Sources: Data required for the study are taken from different sources i.e. World Investment Report (WIR), Yearly Publications of the UNCTAD, UNI Nations and Key Development Indicators, a Yearly Publication of the Asian Development Bank (ADB). Also relevant data has been collected from Annual Reports of Bangladesh Bank and Bangladesh Economic Survey ~ published documents from Board of Investment (Bol) of Bangladesh. Period of the Study: This study covers for the period of 1998-2006.

4.2 Techniques of Analysis

In order to review the trends of FDI in Bangladesh this paper is analysed in the form of the Trend of FDI inflows in Bangladesh during 1980-2006, Sector-wise Trend of FDI Inflows as a Percentage of Gross Fixed Capital Formation, FDI inflows in BD including Country Share and Rank, Trends in Global FDI Inflows within SAARC Countries, Sector-wise FDI inflows in Bangladesh. The analysis is mainly based on yearly variations and changes in growth of FDI inflows. Data have been presented in tabular form to facilitate numerical examinations and graphical representations.

4.3 Analysis and Interpretation of Data

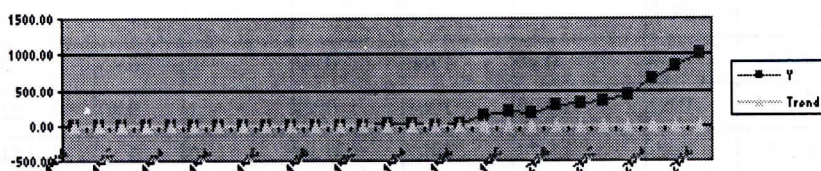
Table No. 1 : Trend of FDI inflows in Bangladesh during 1980-2006.

(US \$ in Million)

(in %)

Year	FDI Inflow	Year-wise Change	Trends of Year-wise Changes				Year-wise Change
			Year	Y	X	Trend	
1980	0.90	0.00	1980	0.90	0	0.64	0.00
1981	1.80	100.00	1981	1.80	1	0.65	1.32
1982	0.70	-61.11	1982	0.70	2	0.03	-96.09
1983	1.90	171.43	1983	1.90	3	0.67	2521.43

1984	0.50	-73.68	1984	0.50	4	0.68	1.27
1985	-6.70	-1440.00	1985	-6.70	5	0.68	1.26
1986	2.40	-135.82	1986	2.40	6	0.69	1.24
1987	3.20	33.33	1987	3.20	7	0.70	1.22
1988	1.80	-43.75	1988	1.80	8	0.71	1.21
1989	0.30	-83.33	1989	0.30	9	0.72	1.20
1990	3.20	966.67	1990	3.20	10	0.08	-88.19
1991	1.40	-56.25	1991	1.40	11	0.74	766.43
1992	3.70	164.29	1992	3.70	12	0.74	1.15
1993	14.10	281.08	1993	14.10	13	0.75	1.14
1994	11.20	-20.57	1994	11.20	14	0.64	-14.67
1995	1.90	-83.04	1995	1.90	15	0.77	19.83
1996	13.50	610.53	1996	13.50	16	0.78	1.10
1997	139.40	932.59	1997	139.40	17	0.14	-81.45
1998	190.10	36.37	1998	190.10	18	0.79	450.84
1999	178.00	-6.37	1999	178.00	19	0.80	1.07
2000	279.80	57.19	2000	279.80	20	0.81	1.06
2001	310.58	11.00	2001	310.58	21	0.82	1.05
2002	328.30	5.71	2002	328.30	22	0.83	1.03
2003	441.40	34.45	2003	441.40	23	0.64	-22.53
2004	652.52	47.83	2004	652.52	24	0.85	31.73
2005	845.40	29.56	2005	845.40	25	0.85	1.00
2006	1000.00	18.29	2006	1000.00	26	0.86	0.99
AVG	163.75					0.67	
SD	276.08					0.22	
CV	168.60					33.18	
AAGR	57.55		$Y_c = a + b x$			134.83	
Max. Lev.	1000.00		Intercept	a	0.64182	0.86	
Min. Lev.	-6.70		Slope	b	0.00848	0.03	



Sources: World Development Indicators 1992, UNCTAD, World Investment Report during 1980-2006, FDI in a Least Developed Countries at a Glance 2006, UNCTAD.

This table shows that the Trend of FDI in Bangladesh during 1998-2006. The economy of Bangladesh has been gradually drawing the attention of foreign private investors since it opened up in the early 1990s. During 1980 to 2006, cumulative foreign Private investment (both 100 percent equity and joint venture) registered with Board of Investment (BOI) totaled US\$ 1,188 million (BER-2006). The FDI inflow in Bangladesh was very much insignificant i.e. US\$ 0.90 to 3.70 million during 1980-1992. That gradually over time it was increasing but not at a satisfactory level. Inward FDI never exceeded on an average US\$ 200 million between 1980-2006, increased nearly 1139 to 1000 million during 1997 to 2006. SD indicates the huge fluctuation during the period. Year -wise change of FDI inflows have dramatically decreased during 1997 to 2006 and it reached to only 966.67 percent in 1990. In terms of economic conditions, over the past two decades, particularly during the 1990s, the economic growth in Bangladesh registered remarkable progress. Although AAGR position of FDI in Bangladesh was found 57.55 percent yet overall position of the same was not so good. But the inflow positions of FDI in BD fluctuate but trend line of the same represents the plane line during 1980-2006. The average growth rate of Gross Domestic Product (BER-2006) was around 5 percent in this decade. Implementation of a wide array of reforms during the early 1990s made it possible to achieve this higher rate of growth. The rate of inflation in the economy is reasonably low and averaged 5.5% annually in 1980-2006. The level of industrialization in Bangladesh is yet to make headway.

Table No. 2: Sector-wise Trend of FDI Inflows as a Percentage of Gross Fixed Capital Formation

(In %)

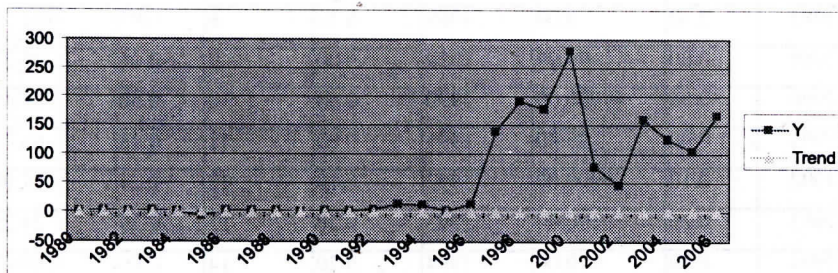
(in %)

Year	FDI Inflow as % of GFCF	Year-wise Change	Trends of Year-wise Changes				Year-wise Change
			Year	Y	X	Trend	
1980	0.40	0.00	1980	0.40	0	0.45	0.00
1981	0.52	30.00	1981	0.52	1	0.40	-12.70
1982	0.49	-5.77	1982	0.49	2	-0.17	-143.64
1983	0.34	-30.61	1983	0.34	3	0.28	-262.48

Year	FDI Inflow as % of GFCF	Year-wise Change	Trends of Year-wise Changes				Year-wise Change
			Year	Y	X	Trend	
1984	0.19	-44.12	1984	0.19	4	0.22	-20.52
1985	-0.40	-310.53	1985	-0.40	5	0.17	-25.81
1986	0.20	-150.00	1986	0.20	6	0.11	-34.79
1987	0.10	-50.00	1987	0.10	7	0.05	-53.35
1988	0.10	0.00	1988	0.10	8	-0.01	-114.36
1989	0.00	-99.00	1989	0.00	9	-0.06	796.22
1990	0.50	49900.00	1990	0.50	10	-0.58	788.42
1991	0.00	-99.80	1991	0.00	11	-0.18	-68.74
1992	0.10	9900.00	1992	0.10	12	-0.24	31.99
1993	0.20	100.00	1993	0.20	13	-0.29	24.24
1994	0.20	0.00	1994	0.20	14	0.00	-100.00
1995	0.50	150.00	1995	0.50	15	-0.41	0.00
1996	0.20	-60.00	1996	0.20	16	-0.47	14.03
1997	1.60	700.00	1997	1.60	17	-0.98	109.22
1998	2.10	31.25	1998	2.10	18	-0.58	-40.44
1999	1.80	-14.29	1999	1.80	19	-0.64	9.88
2000	2.70	50.00	2000	2.70	20	-0.70	8.99
2001	2.30	-14.81	2001	2.30	21	-0.76	8.25
2002	2.64	14.78	2002	2.64	22	-0.81	7.62
2003	3.10	17.42	2003	3.10	23	0.45	-155.75
2004	2.92	-5.81	2004	2.92	24	-0.93	-304.78
2005	3.41	16.78	2005	3.41	25	-0.99	6.20
2006	3.92	14.96	2006	3.92	26	-1.04	5.84
AVG	1.12						
SD	1.29						
CV	115.15						
AAGR	2309.25		$Y_c = a + b x$				
Max. Lev.	3.92		Intercept	a	0.45295		
Min. Lev.	-0.40		Slope	b	-0.0575		

Source: FDI in Least Developed Countries at a Glance 2002, UNCTAD

This table shows that the position of FDI Inflows as a % of GFCF in Bangladesh. In order to properly capture a country's performance it is necessary to supplement the analysis of trends in absolute volume of FDI inflows by the analysis on relative role played by FDI in gross fixed capital formation (GFCF) The contribution of FDI in GFCF was not so significant in Bangladesh during 1980-1990. It was below 1.00% during 1980-1996. However, in 1997 the ratio has increased gradually, which is sign of good performance presented in a following graph;



According to UNCTAD report inflow, which indicates the above graph increased mainly due to the huge investment in energy sector. It is very clear from the graph that the FDI inflows were level off from 1986 to 1995. There was a rising trend from 1996 to onward until the year 2006. It reached peak at US\$ 280 million in 2000, and a tapering off thereafter in the trend. One notable feature emerging from the various table is that the inflows of FDI in Bangladesh has been marked by significant periodical as well as variations, with the peak inflow in 1998, after major policy reforms were introduced in the economy in the early 1990. Though no discernible pattern can be traced in respect of annual variations, a clear difference can be easily observed in the overall quantum of FDI above into Bangladesh in different periods coinciding with changes in governments and policies.

Table No. 3: FDI inflows in BD including Country Share and Rank during 2005 and 2006
(US \$ in Million)

Source / Regions	No. of Projects	FDI Inflow for 2005 and 2006			Country Share	Country Rank
		2005	2006	Change		
Developed Countries	46	347.39	434.90	87.51	51.45	-
Western Europe	30	252.40	245.90	-6.50	29.09	-
European Union	26	247.15	243.60	-3.55	28.82	-
Denmark	1	0.40	18.20	17.80	2.15	13
France	2	0.51	1.70	1.19	0.20	20

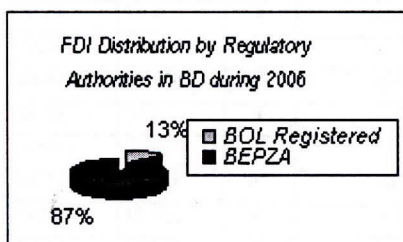
Source / Regions	No. of Projects	FDI Inflow for 2005 and 2006			Country Share	Country Rank
		2005	2006	Change		
Germany	3	5.80	1.60	-4.20	0.19	21
Luxembourg	1	0.10	0.40	0.30	0.05	27
Netherlands	1	0.51	15.40	14.89	1.82	14
Norway	1	40.50	53.50	13.00	6.33	5th
United Kingdom	17	237.43	152.80	-84.63	18.08	1st
Other Western Europe	4	5.24	2.30	-2.94	0.27	-
Switzerland	4	5.25	2.30	-2.95	0.27	19
North America	8	90.01	142.50	52.49	16.86	-
Canada	3	79.47	0.70	-78.77	0.08	25
USA	5	10.55	141.80	131.25	16.78	2nd
Other Developing Countries	8	4.97	46.50	41.53	5.50	-
Japan	8	4.97	46.50	41.53	5.50	8
Developing Countries	74	538.08	365.40	-172.68	43.23	-
Africa	1	0.78	48.40	47.62	5.73	-
Egypt	1	40.48	48.40	7.92	5.73	7
Asian and the Pacific	70	526.21	317.00	-209.21	37.50	-
Asian	70	526.21	317.00	-209.21	37.50	-
West Asia	6	62.24	56.30	-5.94	6.66	-
Saudia Arabia	2	57.05	0.90	-56.15	0.11	24
United Arab Emirates	3	4.87	55.40	50.53	6.55	4th
South, East and South -East Asia	64	463.97	260.70	-203.27	30.84	-
China	14	25.50	1.60	-23.90	0.19	22
Hong Kong	4	9.64	53.10	43.46	6.28	6
India	16	19.43	2.70	-16.73	0.32	18
Indonesia	2	5.71	1.30	-4.41	0.15	23
Malaysia	1	313.04	33.10	-279.94	3.92	9
Nepal	2	0.10	0.10	0.00	0.01	30
Pakistan	5	16.62	25.50	8.88	3.02	12
Singapore	2	90.58	97.50	6.92	11.53	3rd
South Korea	2	7.82	29.80	21.98	3.53	11
Sri Lanka	2	1.76	4.10	2.34	0.49	17
Taiwan	9	35.58	11.40	-24.18	1.35	16
Thailand	2	1.28	0.20	-1.08	0.02	29
Vanuatu	2	0.25	0.30	0.05	0.04	28
Others	15	43.56	45.00	1.44	5.32	-
ADB	8	10.15	12.70	2.55	1.50	15
IFC	5	25.13	31.70	6.57	3.75	10
Others	2	0.50	0.60	0.10	0.07	26
Total		929.03	845.30	-83.73	100.00	-

Sources: Bangladesh Bank Enterprise Survey, 2006. and Bangladesh Economic Review 2006, p. 101.

This table implies the FDI inflows in BD including Country Share and Rank under the two heads like developed & developing countries during 2005 and 2006. Actually country share covered by the developed countries, , developing countries & others by 51.45, 43.23 and 1.44 percent & Regarding this, if we look at the Ranking position for the same find that United Kingdom stood first position followed by USA, Singapore, United Arab Emirates & Norway.

In 2006, most of the FDI i.e. 87% have been brought by companies registered with the Board of Investment BOI) balance 13% have been invested in companies registered with Bangladesh Export Processing Zone Authority (BEPZA). Graphically presented below;

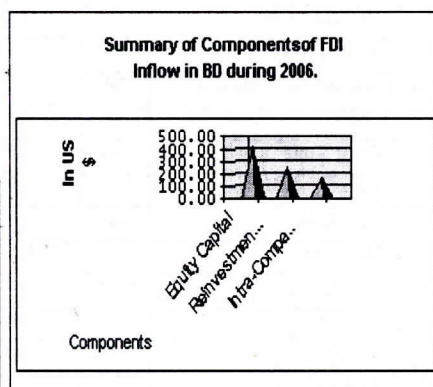
BOL Registered 13%,



BEPZA 87%

Summary of Components of FDI inflows in Bangladesh during 2006.

FDI Components	2006 (US \$ in Million)	Country Share	Country Rank
Equity Capital	425.60	50.35	1
Reinvestment Earning	247.50	29.28	2
Intra-Company Loans	172.20	20.37	3
Total	845.30	100.00	



It implies that **FDI** have been originated from 30 different sources dominated by the developed Economics i.e. 51.45%. Interestingly, a significant share of FDI also came from developing economics i.e. 43.23% rest 5.32% comes from other sources in BD. But among the 32 Countries the Top – 5 sources are selected by the ranking position on the basis of utilization of funds UK 18.04%, USA 16.78%, Singapore 11.53%, UAE 6.55 % and Norway 6.33%. Investors from Norway invested \$ 175.70 million in 2004 followed by those from the United Kingdom (\$72.86 million), Malaysia (\$38.97 million), Canada (\$29.19

million), and Egypt (\$19.96 million). Investors from Denmark, Switzerland, China, Germany and Hong Kong are the major investors who registered with the Bol.⁷ **As a Region:** An analysis of the source of FDI projects registered with BOI shows⁸ that investors came from 29 countries. Among them, about 64.2% of the investment sources are developed economies lead by Europe as a whole (50.57%). South and South-East Asia is the second largest region contributing about 34.15%. North America is the third largest investment source (10.90%). **As a Country:** UK is the single largest source (36.55%) followed by China (17.49%), South Korea (9.13%) USA (5.98%), Switzerland (4.95%) and Canada (4.92%). Europe is still the main source while investment from Southeast Asia has increased.

Table No. 4: Trends in Global FDI Inflows to SAARC Countries during 1990-2006.

S A A R C Countries															
	Bangladesh		Bhutan		India		Maldives		Nepal		Pakistan		Sri Lanka		Total
	%	T	%	T	%	T	%	T	%	T	%	T	%	T	
1990	0.65	39.68	0	0	34.91	257.64	1.29	6.08	1.29	5.11	52.59	430.36	9.27	77.45	464.00
1991	0.21	42.27	0	0	32.98	520.18	1.49	6.55	0.43	5.62	54.68	414.97	10.21	91.68	470.00
1992	0.57	44.87	0	0	33.14	782.72	1.00	7.02	0.14	6.13	47.65	399.58	17.50	105.91	703.00
1993	1.23	47.46	0	0	50.31	1045.26	0.61	7.48	0.35	6.64	30.41	384.20	17.09	120.13	1141.00
1994	0.57	50.05	0	0	68.37	1307.80	0.31	7.95	0.31	7.15	21.80	368.81	8.64	134.36	1922.00
1995	0.08	52.65	0	0	72.99	1570.34	0.19	8.42	0.19	7.66	24.18	353.42	2.38	148.59	2643.00
1996	0.39	55.24	0	0	69.79	1832.88	0.25	8.89	0.53	8.17	25.37	338.03	3.68	162.82	3618.00
1997	2.98	57.83	0	0	77.69	2095.41	0.24	9.35	0.49	8.68	9.30	322.64	9.30	177.05	4658.00
1998	6.04	60.43	0	0	83.67	2357.95	0.38	9.82	0.38	9.19	4.77	307.25	4.77	191.27	3147.00
1999	6.51	63.02	0	0	78.38	2620.49	0.43	10.29	0.14	9.70	7.27	291.86	7.27	205.50	2766.00
2000	9.45	65.61	0	0	78.29	2883.03	0.44	10.76	0.00	10.21	5.91	276.47	5.91	219.73	2962.00
2001	2.15	68.21	0	0	92.50	3145.57	0.33	11.22	0.57	10.72	2.23	261.08	2.23	233.96	3679.00
2002	1.13	70.80	0	0	86.23	3408.11	0.30	11.69	0.25	11.23	6.05	245.69	6.05	248.19	4000.00
2003	0.68	73.39	0	0	88.33	3670.65	0.33	12.16	0.16	11.74	3.95	230.30	6.56	262.42	3675.00
2004	0.90	75.99	0	0	89.01	3933.19	0.23	12.63	0.29	12.25	3.80	214.92	5.76	276.64	5125.00
2004	1.24	78.58	0	0	85.67	4195.72	0.32	13.09	0.24	12.76	4.39	199.53	8.15	290.87	3803.00
2005	0.23	81.17	0	0	88.72	4458.26	0.25	13.56	0.25	13.27	4.23	184.14	6.31	305.10	5149.00
2006	0.36	83.77	0	0	88.37	4720.80	0.25	14.03	0.26	13.78	4.24	168.75	6.52	319.33	5306.00
Avg	1.96				72.19		0.48		0.35		17.38		7.64		100

Source: Key Indicators of Developing Asia and Pacific Countries, ADB, 2006.

Asian Development Outlook, ADB, 2004, World Investment Report, 1990 to 2006.

Note: Figures in parentheses are percentage shares in total FDI per year in SAARC countries.

7 The Daily News Paper, "The Daily Star," 12 May 2005.

8 Investment Directory, Board of Investment of Bangladesh. Prime Minister's Office, 2006. Web: <http://www.boibd.org>, e-mail: ecboi@bdmail.net, bdboi@bdmail.net and boibd@btb.net

This record shows that FDI inflow in Bangladesh is not satisfactory according to the country's expectation compared to other SAARC members. Actually INDIA had the maximum average % of share i.e. 72.19 % global FDI inflow to SAARC countries followed by Pakistan, Shi-Lanka, Bangladesh, Maldives, Nepal i.e. 17.38 & , 7.64 %, 1.96 & , 0.48% & 0.35 % respectively during 1990-2006. Practically incentives and policy package would have a positive significant influence on the foreign investors to come with large amount of FDI. But significant FDI has yet to be poured in Bangladesh as compared to the FDI flows into South and South-East Asian countries like Malaysia, Singapore, India, Pakistan, and Sri Lanka. According to UNCTAD WIR, 2002, the flow of FDI to Bangladesh was the lowest in the world in 2001.

Table No. 5: (Sector-wise FDI inflows in Bangladesh during 1995-2006):

Pearson Correlation

	fdi _ ag. X1	fdi _ ind. X2	fdi _ srv. X3	gr _ ag. X4	gr _ ind. X5	gr _ srv. X6
X1- fdi _ ag. Pearson Correlation Sig. (1-tailed) N	1 10					
X2 fdi-ind. Pearson Correlation Sig. (1-tailed) N	0.579* 0.40 10	1 10				
X3 fdi-srv. Pearson Correlation Sig. (1-tailed) N	-0.215 0.276 10	0.332 0.174 10				
X4 gr-ag. Pearson Correlation Sig. (1-tailed) N	-0.105 0.386 10	-0.476 0.82 10	-0.175 0.315 10	1 10		
X5 gr-ind. Pearson Correlation Sig. (1-tailed) N	0.058 0.436 10	0.111 0.380 10	0.161 0.329 10	0.665* 0.018 10	1 10	
X6 gr_srv. Pearson Correlation Sig. (1-tailed) N	0.067 0.427 10	-0.148 0.342 10	0.296 0.203 10	0.149 0.341 10	0.133 0.358 10	1 10

*. Correlation is significant at the 0.05 level (1-tailed). This Matrix has been generated by the Xls Programme.

(Sector-wise FDI inflows in BD1996-2006): X1 - 'fdi _ ag.' means FDI Inflow in Agriculture Sector, X2 - 'fdi _ ind.' means FDI Inflow in Industrial Sector, X3 - 'fdi _ srv.' means FDI Inflow in Service Sector, X4 - 'gr _ ag.' means FDI Inflow in growth in Agriculture Sector, X5 - 'gr _ ind.' means FDI Inflow growth in Industrial Sector, & X6 - 'gr

_srv' means FDI Inflow growth in Service Sector during 1996-2006. If we look at the compute Pearson Correlation and corresponding p- values (Probability) between the FDI inflow and the sectoral growth pattern, using the data we obtained the following results (table No. 5) for 10 observations (1996-2006). From the estimated Pearson Correlation Coefficient & corresponding p- values (shown in parentheses), it is evident that FDI inflow in Industrial Sector does not appear to correlate much to industrial growth. It relates better to service sector growth. On the other hand, FDI inflow in the agriculture sector does not have any close relationship with the sectoral growth pattern. Practically close relationships are found in between FDI inflow in Agriculture to FDI inflow in Industry i.e. 0.57 % and FDI inflow in growth in Agriculture to FDI inflow in growth Industry i.e. 0.665 % during 1996-2006. The paucity of data prevents further inference.

5.0 Findings of the Study

Foreign direct investment (FDI) is increasingly becoming a preferred form of capital flows to developing countries in recent years, as compared to other forms of capital flows. The reasons for this are not hard to seek. In the context of the gloom and despair of the heavy debt burden plaguing these countries, FDI promises to be the bright ray of hope for harnessing capital flows to the country's economic development without the pangs of capital repayment with interest. The major impacts of FDI are as follows;⁹

- **Job Opportunity:** FDI inflows generate jobs through expanded activities
- **Competition:** FDI indirectly increase competition within domestic markets
- **Technology and Management Techniques:** FDI facilitates the transfer of improved technology and management techniques.
- **Industrial Activities:** Foreign Investment with particular preference to foreign direct investment encourages in all industrial activities in Bangladesh
- **Marketing Benefits:** The investors benefit by penetrating a market, gaining access to raw materials, diversifying business activity, better

⁹ Board Of Investment, Investing in Bangladesh: A Guide to Opportunities, Prime Minister Office, Oct. 1999, pp. 9-11.

rationalizing production processes and overcoming some exporting drawbacks, like trade barriers and transport costs.

5.1 Following critical determinants for attracting FDI are selected

- **Cheap Labour:** The recent inflow of FDI in the RMG and Textiles sector and labor intensive processes of electronics and machinery in Bangladesh has been induced by cheap labour.
- **Economic Policies:** It implies the interest rate, exchange rates, tax etc),
- **Economic Conditions:** The overall economic condition and business climate as well as various specific economic factors have a serious bearing for FDI.
- **Infrastructure:** Infrastructure refers to the quality and quantity of physical infrastructure (such as Power, Transport and Telecommunications, Roads and Highway, Railway, and Air port, Sea Port, Bridges, Energy and Water, Low Cost Utilities and others facilities are most important infrastructural factors in attracting FDI.
- **Financial Infrastructure:** Financial infrastructure refers as banking to access for financing. Access to finance influences a firm's propensity to invest.
- **Governance:** Governance relates to government interactions with business, which typically mean regulation and corruption, both of which affect the costs of starting and running a business.
- **Human Resources:** Bangladesh has created an improved education infrastructure but failed to generate a pool of skilled workforce to attract investment in non-traditional industry sectors.
- **Investment Environment:** Investment is driven by profit, and foreign investors will always prefer a country with a buoyant business sector (measured in terms of GDP growth rate, rate of inflation, level of industrialization etc.) than one, where the outlook is, at best, sluggish.
- **Internal factors:** It indicates the availability of raw material, labour of the host countries
- **International Integration:** International integration is another determinant associated with investment. The low level of

incoming FDI in Bangladesh indicates poor integration with the global economy. Bangladesh has been very slow to integrate into the global economy, despite some growth in trade in recent years.

- **Legal and Infrastructural Aspects:** Corruption is a major governance problem in Bangladesh. Transparency International ranked Bangladesh the most corrupted country in the world for five consecutive years.
- **Location Factors:** Location factors are related of the host country is to be considered for the same.
- **Macroeconomic Environment:** Macroeconomic / Country-level factors include issues such as fiscal, monetary, and exchange rate policies and political stability
- **Macro-economic Policies:** Foreign investors choose a location where there is evidence of success and availability of favorable macro-economic conditions.
- **Natural Resources:** It is the most attracting factors for FDI like the gas field of Bangladesh.
- **Poor Investment Climate:** though Bangladesh performs well on some areas, it still fails to keep up with the growth in other low-income countries, which means it needs to improve its investment climate and also to attract FDI.
- **Political Stability:** Political factors like change of government, attitude of opposition group, transparency in bureaucracy, degree of nationalism, corruption, terrorism and so on, are seriously considered by the investors in pre-investment decision making. Moreover, a deterioration of law and order, political rivalry, unauthorized strike, militant gang action / incidents and ineffective enforcement of regulations has affected the confidence of foreign investors in Bangladesh.
- **Pricing Factors:** It is especially considered regarding FDI.
- **Profitability:** The growth of profitability are to be considered for the same.
- **Protection:** Protection afforded towards investing firms by tariffs is to be ensured.
- **Skills and Adequate Knowledge Infrastructure:** In the absence of skills and adequate knowledge infrastructure development programs the traditional sector has not been able to improve productivity and efficiency.

- **Proximity to Markets:** Alternative products are to be used.
- **Regulatory Practices:** Actually FDI depends of the role of Regulatory practices in BD.
- **Tax Regime:** It is also the vital matter for the same.
- **Technological Infrastructure:** Technological Infrastructural change and progress plays an important role in economic growth, which stimulates FDI. It includes more modest advances and the implementation of better business processes and involves the adaptation and adoption of new technologies.
- **Domestic and Foreign Market:** It is also be considered which depends on the size and growth of the host country market.

5.2 Problems of FDI in Bangladesh

The GOB has been taking efforts since the early 1980s, to attract FDI for speedy industrialization to bridge the gap of capital, technology and managerial skills of the country. Due to severe problems FDI does not play role exactly for economic development of Bangladesh. Potentials problems regarding FDI in Bangladesh are identified by the different Experts, these are as follows;

- **Mal-practices:** Some times Foreign Investors are not interested due to mal-practices in the field of investment sectors in Bangladesh.
- **Corruption:** It is the major problem because corruption does not favorable impact for the investment sectors in Bangladesh.
- **Poor Governance:** Poor governance does not attract the mind of the Foreign Investors to invest the funds in any Country.
- **Political Instability:** It creates the bad impact to the Investors.
- **Weak Rule of Law:** This does not support to create the favourable sign for the development of investment market.
- **Inefficient Power Supply:** Efficient Power Supply should be ensured; otherwise it is a great problem to produce the products investing their funds in Bangladesh.
- **Administrative Burden:** Large numbers of countries are interested to invest their funds in BD, to maintain the administrative role for the issue of FDI.
- **Shortage Of Skilled Labour :** Although Bangladesh bears easy labour supply systems but skilled manpower is limited in BD.

- **Communication Networks:** There is huge number of communication medias are available in BD but to maintain the communication network is too difficult as a developing country like BD.
- **Transport Systems (Air Ports and Sea ports):** Only limited ports are used for transport purpose in BD like Zia International Air Port, Chittagong Sea Port and Mongla Sea Port.
- **The Lack of Continuity of Policy Regime:** Short-term policies are the major problems regarding FDI in BD.
- **Inadequate Knowledge Infrastructure:** It is another critical problem about FDI in BD.
- **Lack of Long-Term Industrial Development Strategy:** Due to lack of Long-Term Industrial Development Strategies FDI attitudes are hampered in BD.
- **Reform Initiatives:** The lack of reform initiatives places constraints upon the flow of FDI.
- **Interrelationship:** Bangladesh is not well integrated with the global economy, which puts the country at a disadvantageous position to channel more foreign investment.
- **Poor Infrastructural Development:** As a developing country poor Infrastructural Development bears a discredit for creating the real environment regarding FDI in BD.
- **Human and Institutional Facilities:** With out any support of Human and Institutional facilities, no country is capable to attract the satisfactory issues of FDI in BD.

6.0 Conclusions

There is no doubt that globalization has resulted in large increase in FDI providing huge incentives; FDI is still low in Bangladesh. Bangladesh provides the best package of incentives in the region for the foreign investors. In reality, expected amount of FDI yet not come as compared to the FDI flows into the SAARC Countries. Bangladesh has finally been able to convince investors about emerging lucrative opportunities, holding better prospects for significant FDI inflows in the coming years and the government has been taken strong efforts regarding FDI. Bangladesh facing the critical problems such as Govt. decisions, conflict between BEPZA and customs, strong policies, customers harassment,

communication gap, modern machine, old technology, lack of proper training, load shedding, regular power failure, load shedding in the EPZ areas, in sufficient current supply of zone area, lack of telecommunication, mis-management, lack of MIS and AIS, regular traffic jam in the EPZ area, lack of raw materials, two days holiday in our country i.e. three days gap for foreign correspondence with foreign countries, lack of proper rules and regulations for the management, no implements of existing planning, no securities, adequate securities, misunderstanding between staff and managers, illiterate workforce etc. We have more opportunities for the development of FDI environment in different region. Promotion of export-oriented industries is one of the trusts for the economic recovery program of Bangladesh. Overcoming the identified problems economic development may be possible by the prompts action of the govt. of a country. Now, foreign investors can enjoy various facilities by investing in Bangladesh. Bangladeshi leaders are flow focusing on attracting new foreign investments to the country.

7.0 Recommendations

A strong integration with international economy could influence Bangladesh to improve the investment climate and make it conducive for FDI. So special steps should be taken by the Govt. of BD to protect intellectual property in respect of new goods and formulas by investing the funds through FDI in Bangladesh.

- **Attractive Incentives:** Government should offer attractive incentives to the foreign investors to explore the investment prospects by keeping in view the incentive as well as the accessibility to various markets.
- **Strategic Location and Liberal Investment Policy:** It leads favorable position for FDI in a Country.
- **Government Clearance:** Government clearance regarding FDI should be provided within the shortest possible time (within one Month). Otherwise it creates lots of problems or the Investors like Investment of TATA Groups in Bangladesh, which is hanging during last four years.
- **Cost Minimization:** All types of Fees, Charges, VAT, Customs duty and costs for FDI should be minimized.

- **Infrastructural Supports:** Infrastructural supports should be provided at minimum cost to attract the Investors attitude like as CHINA (Outsider's facilities are ensured by the Govt. of CHINA to the Investors for developing the Industrial Sectors tremendously.
- **Safety and Security:** Safety and Security should be ensured by the GOB in all respects.
- **Political Stability:** It creates the favorable impact to the Investors.

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How the Party System Influences Populism: a comparative analysis on India and Venezuela

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Abstract: *The relationship between the demise of traditional representative institutions and the eruption of new forms of populist leadership is added recently into the area of study on populism. The paper in this regard attempts to analyse how specific nature of party systems in India and Venezuela feeds distinguished pattern of populist mobilization and shapes outcomes in the two countries. Following shared colonial past and same set of state-led economic policies, both the countries face contrasting features of populism. Populist resurgence in Venezuela sets unique example among other developing countries by breaking down highly institutionalised party system in 90s. Instead, in India, the largest democracy in the world, a variety of populist mobilization from central to state level shows a tendency of "self-limiting in the domain of representative democracy" following the same decade. Our analysis shows that if party system fails to respond to new needs and demands of people in the changing social context, this drives a populist leader to go against partidocracia or dominating institutional apparatus. Both the cases most appropriately reveal that populism is influenced by the rational strategy of electoral victory and the incapacity of existing political institutions to incentivize the people and the leadership.*

Introduction:

Populism in its myriad forms manifests in divergent parts of the world and brings widely varied phenomena into the analysis of comparative politics ranging from regime types to party organisation, leadership, patterns of mobilisation and economic restructuring. Although the contested nature on its meaning, characteristics and significance puts obstacle toward a consensus on the concept, the analysis of comparative politics especially on developing world heavily cultivates analytical leverage from the concept due to its capability to encompass rich and multi-faceted phenomena.

Though there is a tendency in literatures to link populism with specific model or phase of economic development, i.e. statist versus market centric (Weyland 1996; Ayyangar 2007, 94), contemporary populism

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increasingly establishes its relative autonomy from such (Roberts 2003, 36). Instead, "there appears to be a dialectical relationship between *the demise of traditional representative institutions* and *the eruption of new forms of populist leadership*" (Roberts 2003, 36, italic added). That is, populist leader fixes the rational strategy of electoral victory on the basis of strength and weakness of existing institutional setting.

But the richness of the term is entrapped in elastic format and says little in individual case study. A comparative analysis instead captures specific institutional characteristics which contribute to the variation in the rise of populist movement and its outcome. The paper in this regard attempts to analyse how specific natures of institution in India and Venezuela incentivizes and accelerates distinguished pattern of populist mobilization and outcome in the two countries.

The paper loosely restricts its focus for populist mobilization within the duration of 1990s which is earmarked for the rise of religious and ethnic upsurge in India and of Hugo Chavez, the protagonist of economic populism in Venezuela, during economic restructuring. It posits on an understanding that party system evolves from the "interactions resulting from inter-party competition" (Sattori 1976, 44), resembles contextual features and, largely determines political-institutional pattern of a country and its political-shock absorbing capacity. This guides the paper to seek the influence of this variable on populism in India and Venezuela.

First part of the paper briefly maps the academic debate on populism and locates the paper's institutional understanding on it. Second part discusses the significance and justification of the two cases to be analysed and formulates the research question. Grounded on the discussion made in this part, the third offers a brief examination on party system in Venezuela and India. After the party system being unveiled in the third part, the fourth one goes to comparative analysis of its influence on populism and follows with the conclusion of the paper.

2.1 Mapping the debate on populism:

Among a plethora of conceptualisation, the classic account on it comes from the sociology of modernisation. Influenced by modernisation theory, Germani (1965) proposes functionalist explanation. Their classic approach though sheds the light on how the interaction of tradition and modernity of 60s grounds populist movement; it fails to account how the status-quo of man-made institutions ignites and incentivizes the populist actions rationally.

On structural claim, populism can be derived from people's choice as a direct function of their position in an exogenously given material landscape. Its proponents influence the explanation on the first wave of populist movement generally in developing regions during the primary stage of Import Substituting Industrialization (ISI). They relate this to the structural predicament embodied in pre-industrial and semi-feudal coercive system. But their exclusive focus on exogenous factors fails to explain the next wave of neo-populist revival which is prominently fed by endogenous institutional impediments and incentive patterns.

On contemporary populism, a strong constructivist explanation is offered by Canovan (1999) and later extended by Laclau (2005). Relying on "a-rational" interpretation of the events (Parsons 2007, 131), they claim that populism is rooted in the ever-present phenomena of the power structure and the gap between the 'pragmatic' and the 'redemptive' components of democracy. For them, populist leaders capitalize the perception of the people "against both the established structure of power and the dominant ideas and values of the society" (Canovan 1999, 3). With some validity, not only does this claim tend to capture the populist movement as a simplified overlapping phenomenon with politics, but also misses rational and particularistic dimension of populism.

2.2. Institutional account:

Against those major theoretical contributions, institutional account provides a more nuanced understanding on populist mobilization by subsuming it to *rational action of human being as a function of their position* in man-made domain. This claim is *particularistic* in the sense that any definition of populism is not manifested until people create new causal dynamics through their own course of actions (Parsons 2007, 14). On the second wave of populism, the *man-made structures* are identified as post war frustration, rise of liberal democracy and economic development (Zaslove 2008, 319; Weyland 1999, 2003). Institutional account points out that the dispossessed mass, being delinked from formal party organisation, provides "an untapped electoral market" with a demand for more socio-economic benefits (Roberts 2006, 134) to the resentive elites to vehicle them by organic, labour, partisan or electoral mobilization (Robert 2006).

3. Populism in India and Venezuela: the research question:

Populist resurgence in Venezuela considers unique attention among other

examples in the Latin American(LA) countries exclusively for the reason that populism brings party system breakdown in the country which was identified as strong and highly institutionalised (Roberts 2003, 35). In tandem with its distinctive feature of gearing “the institutional decomposition of the old order”, populist mobilization led by Hugo Chavez brings forth the practice of economic populism in politics and policies. Chavezian populism proves the retaining capacity of “more traditional statist and nationalist variants of populism” against a dense demonstration of “unexpected affinities” between neoliberal economic restructuring, an ‘atomized’ social setting and populist political leadership (Weyland 1996, Roberts 1995, Roberts 2003, 36). In the decade of 90s he grounded the political base by streamlining the demands of economically oppressed mass and manifested populist economic policies by ignoring adverse economic effects of such.

On the other hand, in India, the largest democracy in the world, a variety of populist mobilization from central to state level emerged especially during the same decade in 1990s, shows a tendency of “self-limiting in the domain of representative democracy” (Muralidharan 1998, 317). Contrasting to Venezuela, Indian populist movement does not enforce anti-institutional decomposing elements in politics and anti-neoliberal manifestation in economic policies. But the possibility of distortion was not less in Indian case than in Venezuela. A joint concert of populist rhetoric with highly regressive reality which is rooted in higher socioeconomic inequality along with deeper ethnic and cultural diversities could destabilize the country’s democracy and economic reform progress.

Besides contrasting features of populism, both India and Venezuela share a colonial past with around two centuries’ experiences which influences political institutions, language and popular culture in each of the region. The politics in the two countries is shaped by diversity of ethnicities, classes and interest groups. State led Import Substituting Industrialisation (ISI) dominates their economic policies in the last century until 1980s. These striking similarities in the two countries mismatch with the rise of different types of populism and their different outcomes. Guided by this understanding the paper attempts to identify the differences in institutional landscape of India and Venezuela that explains the variances in their populist mobilization.

4.0 Party system influencing populism:

4.1. In Venezuela

In Venezuela, urbanization and industrialization coincided with the demise of oligarchic rule and the commencement of mass politics after 1920s and 1930s. Rapidly increasing industrial working class who became disconnected from 'rural-based patron-client networks of traditional oligarchic parties' fed the rise of new populist parties with state-led ISI policies. On the basis of such political cleavages, two new parties emerged in the decade of 40s: Accion Democratica (AD) in 1941 and Christian Democratic 'Comite de Organizacion Politica Electoral Independiente' (COPEI) in 1946. After the end of centuries' long colonial period in the late 18th century, Venezuela, in its post-1958 democratic regime, first experienced such highly institutionalized socially entrenched party system who "were electorally stable, internally disciplined, and deeply embedded in civil society" (Roberts 2006).

Following K M Roberts the strength of these parties lies on two crucial features. *Firstly*, differing from party structures in other LA countries, both AD and COPEI operated with hierarchical and bureaucratic control mechanism which embedded "every nook and cranny of Venezuelan society". They successfully confirmed massive political loyalties and, in turn, provided integral collective identities. *Secondly*, the party-society linkages, like many other LA countries, are built on clientelism and corporatism. On clientelistic relations, "[v]ertical patronage networks managed by political brokers link individual clients to a party machine by means of discretionary and selective distribution of political favors, public employment and services, and government contracts or subsidies" (Roberts 2003, 44). On the other hand, corporatist bonds represent a horizontal link between parties and different outsider-groups, for instance, confederation of labor organizations. In exchange of material benefits under state-led ISI, the linkage additionally concretes horizontal support which otherwise would not possible to be extracted by patron-client relations.

Mostly incentivized by the earlier political cleavages and "state-centric matrix", such highly institutionalized pattern inarguably made the parties "to last" and turned Venezuela into a "least likely case" for endemic populist resurgence in most part of LA. But with the stunning victory of Chavez, who was indeed a political outsider and former leader of military

coup, the consecutive demise of the traditional party system grounded the loopholes in its design.

Institutional explanation points to the over-institutionalized and formalized party system what blocks off "most of the informal channels through which citizens voice their demands" (Coppedge 1994, 158). In the same vein, Crisp (2000) advances the logic that arrangement in political institutions though confirms political stability by keeping institutions rigid, it impedes adaptability with changing socio-economic context.

Even structural approach of Karl (1997) on the crisis of party system reinforces the institutional fault-line in Venezuelan case. For him, in 80s and 90s, the declining share of oil bonanza, what traditionally feeds state-interventionist incentive structures and patronage-driven party system, threatens stability in the political institutions. This claim shows the intimidating features of how corporatist and clientelistic state-society linkage, overwhelmingly standing on the provision of material incentive, became vulnerable while failed to provide. Coppedge (1994) rightfully asserts that "there is no other pluralistic system in which parties control so many aspects of the democratic process so completely" and that makes the country "probably the most extreme case of a pathological kind of political control" (Coppedge 1994, 2).

Arrival of Hugo Chavez in political scene convinces the electorate to reach at a rational decision on whom they should support. Political currency of the two traditional parties went down and earmarked by a range of endogenous factors discussed above. The electoral found traditional *partidocracia* no more attractive rather than the promise coming with the direct and personalistic appeal of Hugo Chavez against it. The jointly concerted rationality of electorate and the populist leader confirms the decay of earlier political institutions in Venezuela from 1990s and onwards. Concomitantly, as independent variable it explains an inevitable popular upsurge of economic populism led by Chavez.

4.2. In India

In the same line, the decade of 90s in India embraces peaked populist mobilization from its central to state level. In India, populist rhetoric was integral part of party politics from traditional Congress to newly created Bahujan Samaj Party (BSP).

Congress party who ruled the country for many post-colonial decades is traditionally dominated by the Nehruvian liberals and secular minded politicians. These drivers are considered as the part of elitist segment of the society. Congress frequently responds to losing control over electoral in different states by taking populist initiatives in party politics and state policies. With a pledge to eradicate poverty, Indira Gandhi reoriented the party in the late 1960s to confirm her authoritarian domination. In doing so, she replaced many existing leaders claiming that they worked for elite dominance in the party. To extend and strengthen the party's support among marginalized people, her populist policies include piecemeal anti-poverty programs and nationalization of some major banks for microcredit operation among others. The success of such populist venture of Indira Gandhi in mobilizing a mass support induces the successive party leaders of Congress and other parties to follow the same strategy, though it makes delayed to follow economic austerity and liberalization programs until the 1990s.

Domination of the Congress party has ceaselessly been challenged since the mid-1960s by different populist mobilization backed by people ranging from middle class to marginalized lower with numerous ethnic, language and caste identities. In the domain of incentive structures of democratic politics, a plethora of parties and coalitions has been formed in different states. With populist appeals, these party organizations, such as the Dravidian parties, the socialist parties, the Samajwadi Party, the Rashtriya Janata Dal, the BSP, and the Teugu Desam(TD), attempts to confirm their share of vote banks. These local parties with coalition ruled the national government in different time spans: from 1977 to 1980, from 1989 to 1991 and between 1996 and 1998. The manifested possibility to share the power in coalition or to rule in numerous lower tiers of government incentivizes the party leaders at least to loosely institutionalize the party structure.

Contemporary populism in India since 1990s faced eruption of religious rhetoric in politics led by Hindu nationalist Bharatiya Jnata Party (BJP). BJP secured its majority in the Lok Sabha, in the lower parliament, in 1998 and formed national government in New Delhi. This party is the political front of the militant Hindu organization, Rashtriya Swayamsevak Sangh (RSS), which led a contentious move since the mid-80s to build a Hindu temple in Ayodha city of Uttar Pradesh state by demolishing a famous mosque. The BJP by appealing a religious

fundamentalist view of Hindutva, an ideology of "one nation, one people, one culture" based on Hinduism, gained popularity among the Hindu majority.

But by electoral process it was trapped into "the compulsions of coalition politics" (Ruparelia 2006, 317) and while in power shelved the contentious religious issues. The diversification of interest among atomized population in terms of class, race, religion and language in different states of the country keeps competition among parties intensified. For example, the politicians, who opposes both Hindu majoritarian politics and secularly driven Congressian politics, usually rests on the support from the same-minded "Backward Castes" who represent around 50 percent of total Hindu population (Ayyangar 2007, 96). These "Backward Castes" are again subdivided by religion and ethnicities. Even the federal party system created indigenous public spheres that countered gaining majority for any party. Especially, after 1989 the inability of a single party to confirm parliamentary majority became prominent and forced the parties to form coalitions with each other who otherwise hold conflicting interests and policy aims. Consequentially, it quarantined the domination of single party politics and policies. (Ruparelia 2006, 317-8).

Though the pace of neoliberal reform in India is slow, interestingly, it is the coalitional features what enforces the BJP led government to accelerate the reform even with its exclusive reliance on "Backward Castes" for support. The economic restructuring program under every government in 90s is undertaken due to a linkage of the prominent parties with the huge beneficiary group of liberalized economy. Instead of any "shock therapy" model, the reform is slowly advanced with diversified and numerous anti-poverty programs, such as food rationing to the poor, run by central and state governments. As the slow pace in neoliberal reform coincided with shock absorbing pro-poor programs, parties even tagged with socialist did not find an extreme version of economic populism lucrative for them. Moreover, more than a half century long parliamentarian system along with federal system is capable to absorb any possibility of authoritarian rule and puts obstacle for any political outsider.

5.0 Comparative discussion

Contrasting to the rigidity of party structure in Venezuela, Indian Congress attempted frequently to rejuvenate its organization by bandwagoning populist agenda since the decade of 60s. Facing the eminent threats from the rise of numerous provincial and national parties, unlike AD and COPEI in Venezuela, Congress in India links itself with informal channels of people's voice. As we see, with a variety of populist welfare policies, parties in India from traditional Congress to BSP rest on a mix of institutionalized and personalized interaction spaces with people.

The flexibility in Indian party politics comes from a highly competitive and multi-party based political space given the plurality of electoral characteristics and demands in different provinces. For example, the data on recent elections in India reveals that "the effective number of national parties" is near 7, whereas "the average effective number of parties" at the constituencies is only around 2.5. This approaches that "different parties are getting significant shares of votes across constituencies and that many parties get votes only in particular locales" (Chhibber and Kollman 2004, 9). Indian federal system under parliamentary regime directly incentivizes electorally successful parties by positioning them in numerous legislative and executive posts from provinces to centre.

On the contrary, centralized system in Venezuela under presidential regime was confined to two-party system and their all-encompassing operations with strong clientele base do not incentivize making any new party under the dominating institutional apparatus. Hence, incentive-driven Indian multi-party system, by the way it continuously revitalizes itself responding to societal change, keeps itself capable to challenge and restrain any possible rise of anti-status quo forces. But in Venezuela, on one hand, the two parties failed to respond to changing social context and, on the other hand, the status quo of the existing party system blocks any flow of incentive if any new party is made to bandwagon new need.

But the party system in India in most cases cannot supersede the democratic polity which is largely demarcated by a dense of well functioning institutions including the independent judiciary and "steel-framed" bureaucracy among others. The strength what these institutions hold to confine any populist mobilization is not only inherited from British colonial rule but also built on the thousand-years institutional "path dependency" since *Mughal* regime. Instead, in Venezuela the

institutionalized party regime captured all the state institutions and shaped them discretionarily. For example, appointment in judiciary and administration, the two important organs of the state, is distributed among "local brokers" as reward for their work of mobilizing horizontal and vertical clienteles for AD or COPEI (Coppedge 1993, 262). Non-institutionalized features of state mechanism provides a fertile and unrestrained political landscape for any populist uprising in Venezuela, while the situation is opposite in India for strong presence of state institutions.

On economic policies, Indian parties are concomitantly inclined to both state-centric and neoliberal matrix. Given the huge population with fragmented interests and needs, Indian parties coming into power avoid any drastic shift toward specific set of policies. The increasing trend of coalitional politics for power since 1977 places also obstacle for an absolute consensus on neoliberal policy shift or "state-centric matrix". Unlike "oil bonanza" based horizontal and vertical clientelistic relations in Venezuela, party-society linkage in India does not depend on such overwhelming flow of material benefit to the clienteles. From ideology to caste-consciousness shapes the rationality of the linkage as well (Ayyangar 2007). For Congress, a segment of support-base comes from middle class who wants to uphold secularism against religious fundamentalism which instead convinces other to support BJP. The support of some backward caste-based parties like BSP or TD comes for their sensitivity to those people who, for example, are grateful to these parties for confirming their quotas in governmental jobs and higher education institutes. (Ruparelia 2006)

Instead, in Venezuela, Party-society linkage with its basis on direct material benefit makes it vulnerable to shock on the flow of such bonanza. Following to the oil shocks and initiatives of austerity policies in 80s and 90s, withdrawing support by people from AD and COPEI indicates their skyrocketing expectation from the promising leader who cannot stand on such massive demands anymore.

6. Conclusion

The sharp difference between Indian and Venezuelan party system is clear. If new needs and demands of people in the changing social context remain uncultivated, this drives a populist leader. The first and foremost rational action expected from him is to go against dominating

institutional apparatus. Inevitably the existing party-captured weak state-mechanism along with the “highly” institutionalized and rigid party system are not capable to challenge or restrain such populist mobilization.

Hugo Chavez in Venezuela followed these loopholes by articulating people’s need in 1990s and appealing against *partidocracia*. His political aspiration and people’s need converge into economic populism explained as massive statist policies ignoring the effect of such. In Indian case, the possibility of such unilineal convergence is always contested by the party system and the associated incentive pattern. In both the cases, populism does not rest on a causal link with specific economic model; rather it links with the rational strategy of electoral victory and the weakness of existing institutions to incentivize both the people and the leadership.

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Female Representatives in Local Government System of Bangladesh: Role and Reality

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Abstract: *In order to strengthen the local government and uplift women's status in the society every government has been trying to take initiatives in every area of development including participation of women in the local government. This trial starts from just after the liberation of Bangladesh and continues. Involvement of women in activities of government has been emphasized and time befitting changes have been made in the ordinances with a view to have vital role to be played by this group. Government thinks the voice of vast women folks will be transmitted to every key position through these groups. Government policy and related rules and regulations are everywhere to support this group. However, it is a question whether they can play a positive role to achieve the goals the government wants. This paper has an attempt to identify the real situation in the workplace and reasons behind why they can not play desired role. This article critically analyzes the reason of present poor situation of elected female representatives on the basis of first-hand data collected from the field. The authors try to match between the theories and practical situation of elected female representatives at the lowest tier of local government.*

Introduction:

Theoretically local government started its journey in 1870 by enacting law in order to strengthen the administrative, economic, political and colonial authority. However, this sector becomes precedent and the center

This article has been developed on the basis of a regional dialogue on "Empowerment of Women: The Role of the MPs" held on 11 February 2006 at Hotel Agrabad, Chittagong organized by the Strengthening of Parliamentary Democracy (SPD) Project, Bangladesh Institute of Parliamentary Studies (BIPS), Minister's Hostel, Shere-e-Bangla Nagar, Dhaka-1207. This dialogue provides a vast scope of interaction among Women MPs of National Parliament, Local government female representatives and representatives of civil society with an objective of identifying alternative ways of reducing gender imbalance prevailing in different spheres of national life, in the political area in particular. Authors pick up local government Issue Union Parishad and status of female representatives.

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of all development activities as the part of national development emerging it as the democratic institution with the wrong practice of democracy (Faizullah, 1987; GoB, 1997:p1; Khanam et al, 1996; Siddiqui, 2005:p6, Shamim & Kumari, 2002). Over the period of years, there has been a radical change in the development arenas including local government in terms of volume and complexity. According to the need of the era and time local government institutions move to the democratic entity with the provisions of elected representatives where the female representative are the edition of recent past. Although there was no provision of women representatives to be elected as the representative in any stages of four tiers, the participation was very minimal, elected female representatives have now become an important agenda as the indicator of empowerment of women and democracy.

In line with the changing nature of work, advancement of global competition, are female representatives really in position to play their role in the local development? This paper attempts to analyze the realities and reasons of present condition of this group.

2.0 Methodology

This article has been developed on the basis of opinions made by the local government representatives in a regional dialogue held at Hotel Agrabad organized by Strengthening of Parliamentary Democracy (SPD) project. There were more than eighty participants attended the workshop including women MPs, female representatives of local government, university teachers, NGO workers, media personnel and government official as well. However, more than fifty percent were from local government particularly women members. Though it was a regional dialogue, the methodology was combination of seminar and workshop with presentation of paper followed by floor discussion, working in group on some issues, question & answer session and feedback. A group of rapporteurs compiled ongoing procedures and a submitted report on the issue. The participating people were requested to make comments or question on the local government issue and role of women. However, the dialogue proceeded towards female representatives and their roles. Everybody emphasized on the second tier of local government and UP members particularly female UP members. This is a limitation of the dialogue and the article as well. This article describes the role of women members in the Union level and their sufferings they face. However, it

depicts real life experience and sharing of lower level public representatives that indicates the miserable condition of women in a political environment where they came to raise voice in favour women's empowerment and advancement.

In order to make the article more realistic, data are also collected from the field. A good number of female representatives of Sarail Upazilla of Brahmanbaria District were interviewed. Authors conduct four FGD (two with women members, one with members and one with the family members of FRs) for collecting data. This first-hand data help to analyse the fact and internalize the situation.

3.0 Local Government and Female Representatives

3.1 Constitutional obligations

Local Government and Female Representatives - these two issues are significantly emphasized in the constitution of Bangladesh. In the article no. 9 of second part of the constitution it is said that 'the state shall encourage local government institutions composed of representatives of the areas concerned and in such institutions special representation shall be given, as far as possible, to peasants, workers and women'. In this connection participation of women in every sphere of national life must be ensured by taking steps. These two articles (article 9 & 10) are directly involved in improving 'material and cultural standard of living of people' of the country with view of securing basic human needs (GOB, 1997; Maslow, 1970). In order to meet up these common necessity the constitution has states some directions in the article 16 which says ' the State shall adopt effective measures to bring about radical transition in the rural areas through the promotion of an agricultural revolution, the provision of rural electrification, the development of cottage and other industries, and the improvement of education, communications and public health, in those areas, so as progressively to remove the disparity in the standards of living between the urban and the rural areas'.

3.2 Provisions of women in the local government issues:

From British regime to Bangladesh regime before 1976, there was no provision of women in the local government to be selected or elected. According to the Local Government Ordinance 1983, the formation of Gram Parishad was twelve member team consisting nine general members and three women members (Haque, 2003; Khan, 2011, Khan

and Ara, 2006). This parishad would be headed by the ward member of concern ward. However, this Gram Sarker has been omitted by enacting the ordinance named the Gram Sarker (Omission) Ordinance, 2008 (Saikat, 2007). In the Local Government Ordinance, 1976 there was provision of nine members to be elected by the voters, with a provision of selection of two women and two farmer members. In the Local Government (Union Parishads) Ordinance, 1983, there is an increase of three women member in stead of two and the selection of two farmer members has been omitted (Chowdhury, 1987; GOB, 1983; GOB, 1997; Mahbubuzzaman, 2008; Saha, 1997; Siddiqui, 1995; Siddiqui, 2005). In the Thana/Upazilla level, there was no provision of women to be elected or selected before 1982. As the Union Parishad Chairmen would be the ex-officio member of Thana Parishad in 1976, if there was any woman chairman, she should be the member of thana Parishad. However, the Local Government Ordinance (Upazilla Parishad and Upazilla Administration Restructuring), 1982 opened a window for women for taking part in the direct election. The Upzilla parishad Act, 1998 (amended upto 30th Jnne, 2008) provides vast scope of development and active participation (GoB, 2008). This ordinances provides more opportunity to talk with general people and make them more confident since they are elected by the direct vote of people. At present there is a provision of woman vice-chairman in the Upazilla level and Pourshava level (Sidduqi, 2008, Taleb, 2004). At District level there is a provision of representative member, selected member, women member and officer members to form the Zila Parishad according to the Local Government (Zila Parishad) Act, 1988. Before then, there was no provision of women member at this level of local government. However, this level is running on paid employees where a deputy secretary is as the Chief Executive Officer and a Senior Assistant is serving as the secretary.

3.3 Functions performed by the Female Representatives

Although a series of functions is assigned for local government representatives, there is no specific responsibility for female representatives defined in any tier of local government. So it can deemed that the regular functions of the local government stage are the functions to be performed by the both male and female representatives or the distribution of tasks depends mostly on the team leader of the concerned tier of local government. At the Gram Parishad level three women

members help performing the various types functions¹ that related to social and economic development, social safety and national development (GOB, 1997; Haque, 2003, Islam, 2003; Unus, 2003). These functions are supervised by the concerned member acting as the convener of seven permanent committees i.e. a) Law and order, b) Health and Family Planning, c) Agriculture, Irrigation and Environment, d) Education, Social welfare, women and child development, e) Sports, culture and youth development, f) Fisheries and Livestock, and g) others. Here woman members of Union Parishad can play a vital role. There are eleven specified functions² of Union Parishad relating to overall development of the union (GOB, 1983; GOB, 1997; Saha, 1997; Siddiqui, 2005). These functions are broader than that of Gram Parishad. Women member can help the Union Parishad in performing the functions smoothly. They can be convener of any permanent committees of Union Parishad. Upazilla is the third tier of local government which started with a good reputation of development activities. At this level, elected body including woman vice chairman involves in coordination of functions³ taken by respective unions (Ahmed, 1993; Ahmed, 2000; Hussain, 1993; Siddiqui, 2005). However, these functions are very important for

1 Functions of Gram Parishad: 1) Preparing report on the basis of socio-economic Survey of Household; 2) Sending vital statistics on birth and death registration, marriage registration to the Union Parishad; 3) Supervising laws related to divorce, dowry and ... 4) Preparing plan to use natural resources in order to increase productivity and develop the utilization; 5) Supervising Primary, Madrasa, Maktab and motivate guardians to send their children to school; 6) Awareness building on primary healthcare, family planning and supervising health workers; 7) Helping to create secured society by protecting Nari nirjatton, terrorism, stealing, bulgery etc. ; 8) Assisting the local and national programmes by ensuring the participation of local people; 9) Encouraging people to establish cooperatives in order to increase economic growth and assisting NGOs for social development. 10) Building small road, culverts, bamboo-made bridge with the local help; 11) Assisting people for deep pump for irrigation, assisting Union Parishad about the fertilizer, insecticides; encouraging people to use cow dung; 12) Assisting various programmes taken institutions; 13) Encouraging Plantation in the bare land or beside the road; 14) Encouraging villagers to cultivate fish in the pond or ditch 15) Motivating local people to participate in development activities through cooperatives and NGOs.

2 There are thirteen specified functions which are 1) Agriculture, 2) Fisheries, 3) Livestock, 4) Health, 5) Family Planning 6) Education, 7) Irrigation, 8) Cottage Industry, 9) Infrastructure, 10) Poverty Alleviation and 11) Development Projects related (GOB, 1997).

3 Functions of Upazilla Parishad: 1) Preparing five-year plan for Upazilla integrating five-year plans of all unions; 2) Implementing various programmes of government institution in the Upazilla; 3) Taking initiatives for most utilization of surface water ; 4) Establishing sewerage system, sanitation, pure drinking water in order to ensure good health of general people; 5) Making, repairing and maintaining connected roads interconnected to all unions of the Upazilla; 6) Encouraging and motivating people for education and monitoring secondary and madrasa education; 7) Taking initiatives for establishing and spreading the small and cottage industries; 8) Coordinating the activities of NGOs and cooperatives; 9) Assisting and implementing programmes taken on women, children, social welfare, sports and culture; 10) Monitoring and Implementing programmes on agriculture, livestock, fisheries and environment; 11) Helping the Police department in order to maintain the law and order situation of the Upazilla; 12) Taking initiatives of poverty reduction and self-employment; 13) Monitoring, assisting and coordinating all activities of Union Parishad.

sustainable development of union parishad and national development. Zila Parishad is the highest tier of local government where the main functions⁴ are coordination and communication between the Zila Parishad and different ministries in terms of local and national development (Ahmed, 2000; GOB, 1988; Siddhui, 1995). There is a provision of one-third women members to be elected who can play important role at this level. It is noted that no elected body has served at this level. These functions are performed by the government employees. Although these functions are not gender or person specific, female representatives are taking part in performing some tasks assigned by the chairman or some other tasks are being supervised by them. They are extending their area of activities making them involved in different activities of every tier of local government. Their involvement in local government indicates the gender mainstreaming which helps to establishing gender parity and gender friendly society and assist government to take development initiatives for sustainability.

3.4 Female representatives of Local Government: Reality at home, at work and in the society and reasons of different types of sufferings they face

Mainstreaming women through gender specific policies is considered as the precondition of the development in developing country like Bangladesh and that has been identified as the important agenda in the local government reforms. Women are encouraged to have their access in every initiative taken by the government. For the better output and wholehearted involvement of women folks, government of Bangladesh over the last few years have been trying to engage them in the local government initiatives. However, their performance at work, at home and in the society is in question whether they can perform very well. Their state and status are affected by so many factors.

3.4.1 Huge workload and vast jurisdiction

At the union level, at the lower tier of union parishad, there is a provision of the female representatives to be elected in the three wards, whereas nine male representatives are elected from the whole union, i.e. the area

⁴ Functions of Zilla Parishad: 1) Preparing development plan on the basis of need and prospect; 2) Monitoring activities of Upazilla Parishad; 3) Monitoring and supervising government hospitals, family planning clinics; 4) Monitoring schools and colleges; 5) Assisting central government on different issues and establishing linkage between Zilla Parishad and different ministries; 6) Taking initiatives for spreading industry and trade; 7) Supervising activities of police and recommending to stop terrorism in order to develop law and order situation of the district.

of three male representatives is as same as the female representative. Democratically she is more powerful as she is elected by as many as voters. Simultaneously she has to work harder than any male representatives. Here comes the reality whether she enjoys the power what she really is supposed to get. She receives the same honorarium like male colleagues receive. She is more responsibility to the inhabitants of that area. About 11 types of tasks are to be performed where female representatives do more. At Upazilla parishad, City Corporations, all female representatives have to work more than any male representatives. Beauty Haque (an elected chairperson of a union of Brahmanbaria district) informs that a female representative is elected from an area where three male representatives are elected. In that case we have to work harder during the election period and after the election. Here development works are also remarkably a lot which are addressed with the same limited resources allotted for both. She recommends minimizing this discrimination.

3.4.2 Harassment by the male representatives and male secretaries

Female representatives (FR) are supposed to be evaluated like their male counterparts in terms of job responsibilities and sharing responsibilities with the cordial support from all corners of the area. However, the fact is FRs do not get support from the chairman, members as well as secretaries. Most of the FRs complaint about this. Rather they face discrimination from the other colleagues even harassment (Reza, 2006). This harassment is both verbal and physical which undoubtedly illegal and punishable offence. As the chairman, in most cases, are male they support their male colleagues. In some areas female members are harassed by the secretaries which is never expected to happen. FRs in their workplace face problem from all corners with a 360-degree dimension i.e. from the top level representatives, peers/colleagues both elected or paid employees, general people who are against of gender mainstreaming and family.

Different types of harassment they face at the time of performing their responsibilities. These all sorts of harassments are categorized on the basis of responses made by the female representative attended in the workshop.

- Misbehave with female representatives which comes from chairman, or male counterparts or even paid employees. However, this mostly happens from the chairman.

- Verbal abuse that can be termed as the use of slang words practiced by man in official periphery as well as in society where a group of people who actually are against of women's advancement do it. They use these languages as the instrument of demotivation.
- Physical torture is likely to happen where female members are in very vulnerable condition. Though nobody cites the real life experience due to fear to be harassed again, one female emotionally exposed this issue which needs to be examined as the possible occurrence to happen.
- Exclusion from the development activities. FRs are elected from a wide area comparing to the area of male counterpart which is almost three times than any male representative. This indicates females are likely to be engaged more with the development activities. However, the fact is that they are deprived of allocation of activities so that they are thought workless in the society. This creates another harassment in society that female representatives can not bring benefits for the people (Reza, 2006).
- FRs are kept excluded from the decision making process. Other colleagues take decision without the involvement of female counterparts. This happens due to some reasons. MRs think that FRs are honest, want to do the welfare of the society, which may go against those corrupt persons. Another reasons these women are to serve two jobs in the official capacity as well as in the family for house keeping which may keep them away from the official work. Interesting finding is that male personnel try to take decisions sitting in meeting at around evening when women are busy with household works and are unable to attend the meeting. This also happens as the women are most cases not well educated where they have to depend on others.
- Making forced signature without assigning any tasks is also one kind of harassment and mental torture. This is one of significant issues raised by the women that they are generally ignored in the decision making process or implementing any development activity. However, as there is a condition to make involved every member including female members, male colleagues distribute their development works among themselves and later they

request or create force the female representatives to sign so that authority can think that everything is done properly. FRs alleged sometimes some corrupt chairmen with other male person do corruption. But they want to keep upto date in papers where they may need to have signature from the FRs. In this case, they are threatened to put signature. While collecting information from the field, this is found proved.

- Women members are still thought that they should be engaged themselves in household works and child rearing. They are not capable of doing any administrative or political work. Male colleagues think that they are not capable of doing these all activities which supposed to do at Union level. Some chairmen and members underestimate FRs in working area before the office staff or mass people.
- This is natural and proved that female are less corrupt and more responsible in workplace. Local government representatives are always blamed for doing illegal things where it becomes difficult to make involved FRs in doing so. So some corrupt chairmen and members create psychological pressure in doing illegal activities and pressurize them to help in illegal issues.
- One of the female representatives working as member of a union expresses her deep concern that her male colleague who abused verbally and tried to harass sexually. This indicates women in the local government are really in vulnerable condition and are not away from the cruel paws of male counterparts.

3.4.3 Non Cooperation

Although Local Government started long ago, there has not been remarkable involvement of women in every sphere. And this rate is increasing. However, the relation between man and woman is not cooperative, mutual sharing particularly in doing work together for the nation building. It is like proverb that women are not cooperated by their male colleagues. This non-cooperation is in various dimension in the workplace of local government

Dimensions of non-cooperation:

This begins from the male chairman with a series of items of non-cooperation including assigning less work, less sanction

of development activities, avoiding in decision making process, undermining in proposals. As the main decision makers, chairman along with his other male colleagues can do on his own ways (Ahmed, 1993). Three female representatives said that they performed their responsibilities well. However sometimes they are not provided expected support from members and chairman. It was argued that sometimes chairman want to involve in all activities, they are excluded for the pressure of male members.

- ✓ Male members try to avoid FRs and do not want to include in every sphere of day-to-day activities so that they can take benefit without creating scope of involvement of FRs.
- ✓ If the chairman does not cooperate with the FRs, other male representatives, the secretary who is bound to assist everybody do the same thing. The secretary moves also on the same way of other male representatives. He does not inform FRs time to time about the tasks or sanctions, or roles, or activities. He tries to hide in order to pick the advantage from the unseen benefit.
- ✓ FRs are also facing non-cooperation from the male members in their families. From sociological viewpoint this is not new dimension, in the modern era is still happening in the society. Husbands or sons (not in all cases) do not help them in performing their responsibilities. In some cases where the poverty level remains FRs face problem with their day-to-day activities to be performed. They have to give share of the development activities or financial service which hinders them to do their jobs smoothly.
- ✓ Although there male members do not to cooperate with the female representatives in all sorts of activities of local government issues, some of them expressed their happiness regarding the cooperation received from their family members. Some argued that they are encouraged to compete in the election and won with the great help of their kith and keen. Family heritage in politics also sometime encouraged them to feel to work for the betterment of people and nation building.

Types of non-cooperation:

This non-cooperation comes from horizontal point where male members, family members of FRs and societal issue are involved. In the vertical line UP chairman, UP secretaries are dominating factors. Many types of non-cooperation are normally faced by the female representatives.

One of the most significant dimension of non-cooperation is not to inform FRs to attend the meeting where important decisions are taken. They are not provided sufficient allocation of fund or food (used for work) according to the need of the area. Sometime real information regarding development activities or official works are provided to the FR, even sometimes no information is given to them if they are illiterate women. Generally women are not made involved in assigning any job on social or national issue. Another dimension is not creating woman friendly environment in order to perform the job whereas creating artificial crisis so that women can not perform the task efficiently. Sometimes they are asked to be busy with household works. Some clever members show the legal limitation or misinterpret the law so that they are afraid of taking any challenge or risks. With the help of secretaries meetings sometimes are conducted in odd times, suppose at night or in the morning so that FRs can not join there. Female representatives are sometimes shown the threats of local politics. These issues of non-cooperation were also found at the time of talking with female representatives in the field.

- > Not informing FRs to attend the meeting where important decisions are taken
- > Not sanctioning sufficient allocation for work or what their right and need
- > Not providing real information
- > Not involving them in assigning any job on financial
- > Not creating woman friendly environment in order to perform the job whereas creating artificial crisis so that women can not perform the task efficiently.
- > Making them busy with household works or telling them by the chairman and members to do so. Indirect pressure
- > Showing the legal limitation or misinterpreting the law so that they are afraid of taking any challenge or risks
- > Not involving in the most of the development work and implementing project

- > Conducting meeting in odd times, suppose at night or in the morning so that FRs can not join there.
- > Threatening by of local politicians.

3.4.4 Social Issues

As the patriarchal society, people are comfortable to work with male than female. Everybody in the family, society wants to dominate female. So they are dominated from the every corner, such as family members i.e. husband, sons; social elites i.e. Imams, guardians, aged people, Moulanas etc.; Local Government representatives i.e. chairman, members, secretaries even from the general people as whole. Woman members have to perform duties in an adverse environment struggling daily with the life, family responsibilities, official responsibilities as well as negative opinion from the general mass people.

3.4.5 The other side of the coin

FM can hardly play vital role in decision making process of the local government due to many social, economic and practical reasons. In most cases, female representatives are elected with the practical and financial support of family members, particularly husbands and sons. A very few women come to compete in the election from their own choice rather they are passively involved in preparing them for election (**Hakim, 2000**). Decision comes from the family and very specifically from the family head and sometimes from the society. Since it is a guided decision women come forward with the help of family members and can not move beyond the family decision. Some FR and male representatives acknowledge that FR sometime consult or have to consult with the family members that creates hurdle in taking proper decision. As FR are elected with the financial help of family members and relatives it guides them to work for them and voice is low for any kind of mishandling by the nears and dears. Even sometimes they have to take convinces from their husbands for which they have to take decision on the basis of demand of male counterparts in their houses. Women who compete in local government election are comparatively less educated than the male representatives. This creates great weakness for them to raise voice against any type of decisions because of unaware of circular, rules and regulations etc. Since they are less educated, they hardly know their responsibilities, code of conduct, and official procedures. FR have to play dual role in performing

responsibilities in activities of local government i.e. official duties and in maintaining family activities (Karim & Bhowmik, 2007). Male representative can easily utilize their more time for official work even in the evening. For the strong social structure women have to emphasize working in the family than the official work. This increases absence in the official work that provides instrument of male representative for taking decisions in favour of them ignoring role of female representatives. Male persons of the family take also advantage from this position of female.

The society is circled with so many complex factors which lead to complex decision making process. Naturally women are honest and simple and less tactful. These positive factors of women are misused by the chairmen and members. Issues of village and national politics are also against of female representatives. It is very difficult to accept any decision by male members. This is power politics of the rural society where women are dominated. Women can not overcome these limitations.

It is found that women members (with few exceptions) are less qualified or educated even less experienced in the politics which serve as the negative point for them. Since they are not well educated they can not understand ordinances, rules and regulations and for that reason there is a scope of taking decision bypassing them.

Women, particularly local women, by nature are considerate minded and want to avoid hassle and even afraid of taking challenges. When the counter part try to take advantage from the allocation of funds, development activities, FR want to settle the matter quickly without any counter argument even compromising with legal issues. This serves sometime as difficult task to manage some members with vested interest who want to take advantage, they try to make FR convinced them showing the critical issue of rules and regulations. If FRs would be well educated, fully aware of official procedures they could handle this issue well.

Women empowerment is associated with four dimensions of empowerment i.e. cognitive, psychological, economic and political (Mahtab (time not found), <http://www.cfsr-uk.com/Nasmunnesa%20Mahtab.pdf>). Due to many factors local female representatives are not fully aware of subordination, are less confident to interaction with male counterparts, are not independent in controlling economic resources and to some extent unable to organize, mobile the

social changes which lead them to contribute less in the local government either for the development of women in the society or performing their duties for local development.

4.0 Recommendations

A good number of recommendations were made by the participants attended in the workshop. Some important issues are stated below which are matched in the workplace and also recommended by the scholars of local government. These recommendations are the most important issues mentioned by the female representatives and urgent need for strengthening the local government.

- 4.1 As a condition of fulfillment of local government female representatives elected from a specific territory in order to ensure women's participation in democratic institutions. At Union level a female representative has to work harder than other male counterparts from election campaign to regular tasks. It is practically impossible for a women to perform there three times responsibilities than any other male representative. In other words there is mismanagement of allocation of development activities. Most of the FRs opine that area should be reallocated which may be as same as the male counter parts enjoy. Alternatively, there is another recommendation is that each Female Member should get three times more honorarium than that of male members in Union level.
- 4.2 Some UP Chairmen and members acknowledge that they are sometimes ignored in decision making process due to female as well as to be illiterate or not being well-educated. They recommend that there should be minimum qualification for being elected as the member/FR in local government. This may be a long term policy initiative which will take time. However for the short period, all LG representatives with a special emphasize to female should be trained on structured and well designed training on local government issues. This training will certainly guide them to move forward not only for their development but also help capacity building of the local government (Sultana and Khalid, 2003a; Sultana and Khalid, 2003b).
- 4.3 All chairmen and members suggest that information should be circulated though print and electronic media so that people can

know what is going on in the local government and what is their rights. Besides, awareness about women involvement can also be developed in order to create positive changes in mindset which will create a women friendly society. If the activities of local government and rights of general people are circulated through media, accountability and transparency will be ensured.

- 4.4 There is no close relationship between lower tier of local government and parliament. Members of Parliament seldom visit their unions. So people move to union level representative to demand their rights to be fulfilled or ask them to meet up election manifesto of national government. Lower level representatives are in pressure which can be solved by frequent visit or having discussion with the local people by the MPs. Woman MPs can take initiatives to discuss with the female representatives and listen their problems and sufferings and send suggestions to the central government. Most of the representatives recommended frequent visit and discussion of local MP with the local government representative and general people as well.
- 4.5 Local government representatives are paid an honorarium which should be increased according to the need of present price hike of necessary articles.
- 4.6 Woman members of local government recommended not only for their own development but also raised some issues related to national development. They suggest to emphasize on increasing female education, stopping child marriage, early marriage, allowance for divorced women, allowance for old people, stopping woman and child trafficking. They also requested the authority to submit their appeal to the central government on identifying the great women who has great contribution in the society. Those women should be honored duly.
- 4.7 All rules and regulations, ordinances regarding local government are published in in English which is difficult to understand by the LG representatives who are mostly below SSC. These circulars, gazettes, notifications should be supplied in Bangla version for clear understanding and proper utilization of resources.
- 4.8 In the training curriculum for elected representatives and working employee, gender issue should be incorporated in order

to sensitize this issue among men. A specific module on gender issue incorporating recent issues can be developed to impart training to the LG representatives and working employees (Siddiui, 1995).

- 4.9 Women are the half of the total population. No development will be sustainable keeping them unutilized, unskilled and overall empowerment of women is also precondition of development. This goal can be achieved through active participation of women in the power structure of local government (Ranu, 2008). In order to establish a strong local government institute to provide better services to the people women in everywhere should be emphasized. This is to meet the constitutional obligation as well as to meet social need for establishing a gender neutral harmonious society. This gender equity can be ensured by setting provision of equal number of male and female representative to be elected which is more justified comparing with the ratio of men and women in the society. This recommendation is also supported by the social scientists (Siddui, 2008)
- 4.10 Although female representatives have the three-times area with huge development activities, they do not have additional allotment for doing these activities. Even the existing allotment which is provided is not sufficient. In order to build the capacity of local government and empower female representatives, allotment should be increased (Sultana and Khalid, 2003a; Sultana and Khalid, 2003b).

5.0 Conclusion

Local government is the connecting bridge between the political government and the general mass in order to accelerate the national development of the country. If the state and status of lower level women is not changed, it would not be possible to solve hunger, poverty and malnutrition problem prevailing in the society where the starting point can be strengthening the capacity of female representative through whom initiatives can be implemented (Hossain, 2006; Majumdar, 2008; Uddin, 2008). In order to do so, there should be regular meeting, paying attention to them, listening to them and take actions immediately. If female representatives can not play their role in the local government institutions, there will be negative impact in the society as a whole which impact may be multifaceted. As the consequence of this negative results, local government will be weaker governmental institutions, role of female representatives will be fruitless, womenkind may be demoralized due to be underestimated by the male counterparts. On other hand, this potential group can be utilized in a country by developing avenues where local government can be important one. Not only the government interventions but also societal interventions are necessarily important.

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Child Labor in Harmful Works: A Case Study on Bangladesh Scenario

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Abstract: *Child labor is considered an absolute truth in Bangladesh and so as to chiefly be denoted as one of the major socio-economic problems of the country. The working children, as a socio-economic group or members of the society are the most disadvantaged on account of their survival of self and family. They are forced to work for living, sacrificing their childhood in addition to their prospect. Studies reveal that one in every six children in Bangladesh is working children doing their jobs in diverse unhygienic environment in their work places across the country. The gravity of the situation led us to study on child labor in harmful or risky works in the working area of children at Dhaka, Khulna and Kurigram. The study looks into one of the key aspects of child protection – prevalence of harmful child labor using the definition of children and harmful labor. The study also generates baseline information on major characteristics of child labor including income and household dependency on work/income from the children.*

Introduction:

Bangladesh is the home of 6.6 million working children, accounting for more than 5% of the world's working child population numbering 120 million. National Sample Survey of Child Labor in Bangladesh defined child laborers as children in the age group of 5-14 years.¹ A large segment

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¹ National Sample Survey of Child Labor in Bangladesh: 1995-96 and 2002-03

of the labor force in Bangladesh is engaged in informal activities, and child labor is a notable feature of the growing informal labor situation. They are found working as garbage pickers, shoeshine boys, electroplates workers, metal workers, leather workers, brick breakers, coolies, porters, motor transport helpers, restaurant boys, domestic workers, vendors on streets or waysides. Those who are fortunate live in some slum and poor residence area, for others, addresses are on the footpath days or night, in rainy season or in winter. Many of them work 48 hours a week on an average, earning less than 500 taka per month. The scenario of child labor are highly affected with these major discrete indicators e.g. duration of work, no wage, irregular wage, minimum daily wage, leave, break for lunch, break for education, medical care, Toilet, safe drinking water, safety measure, physical risks, verbal abuse, physical abuse and sexual abuse. Besides, the study also focuses on other issues of the risky environment of child labor such as distribution of harmful child labor across the major occupations, its relative share with child labor, working children and all children in the households.

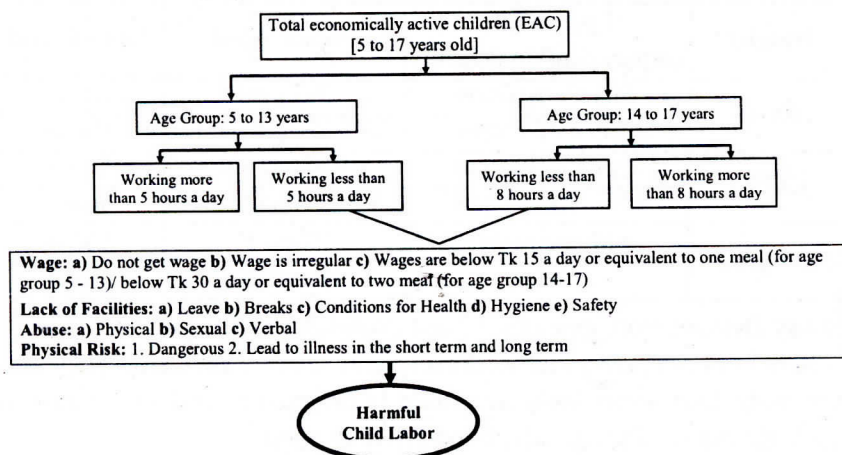
1.1 Meaning of Harmful Child Labor in General

According to ILO Convention defines harmful work as work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children.² The Government of Bangladesh ratified the ILO Convention on the Worst Forms of Child Labor. The Convention calls for immediate and effective measures to secure the prohibition and elimination of the worst forms of child labor as a matter of urgency. The children work in vulnerable conditions, exposed to hazards including street crime, violence, drugs, sexual abuse, toxic fumes and substances without adequate safety protection, carrying heavy loads and using high speed machinery. Child trafficking, sexual exploitation, physical torture, low payment for work are common among poor children³. Inconvenient atmospheres of children in workplace harm their physical and mental health thereby, taking them in vulnerable and susceptible conditions in living place or outside.

² Article 32 of ILO Convention 182 on the Worst Forms of Child Labor

³ Hameeda Hossain, Human Right in Bangladesh 2004, *Ain-O-Shalish Kendra (ASK)*, 2005

Figure 1: Harmful Child Labor Scenario



1.2 Objectives of the Study

The key objective of the study is to find out the prevalence of harmful child labor in work places and to quest of the way-forward of harmful child labor through which child may get convenient environment in their respective work places. The specific objectives are: (a) to estimate the prevalence of harmful child work, and (b) to quantify household dependency on the work/income of children.

1.3 Methodology of the Study

This study describes all pertinent methodology and implementation issues.

1.3.1 Study Area: The study covers five sample areas from different places of the country covering 2 City corporations, 1 municipality and 2 rural unions scattered over 3 districts under Dhaka, Khulna and Rajshahi divisions. Among the districts, Khulna and Kurigram has both rural and urban features as opposed to Dhaka having only urban. Of the total 6 study areas, 4 were selected from urban locations and rests from rural locations. Although the study was confined to limited areas, the survey has generated useful information and insights, supported by qualitative data.

The sample wards/unions of respective districts are mentioned in Table 1.

Table 1: Study locations by sample unions/wards

District	Upazila/City corporation/Municipality	Union/ Ward	Urban/rural
Dhaka	City Corporation	Ward 60	Urban
	City corporation	Ward 61	Urban
Khulna	City Corporation	Ward 22, 30	Urban
	Koira	Uttar Bedkashi	Rural
Kurigram	Municipality	Ward 1	Urban
	Sadar	Holokhana	Rural

Study Design: Both quantitative and qualitative techniques were used to collect in-depth/perceptual information on selected indicators related to the study. Qualitative tools were used in the present analysis, to capture the wide range of perspectives and group dynamics.

1.3.2 Sample Design-

1.3.3 Sample Design for Quantitative Study: Two categories of respondents namely, the children and parents were considered for collection of relevant information. Thus, 'household' was taken as a Primary Sampling Unit (PSU) to cover the parents as well as their working and non-working children. Final sample size of households is $n = 345$. Sampling frames in rural and urban areas were provided by our own initiatives while we were the employees of two research institutes.

Table 2: Study location and sample size

Study location	Proportionate share of sample size
Uttar Bedkashi Union, Koira Upazila, Khulna	32
Holokhana Union, Kurigram Sadar, Kurigram	61
Lalbagh, Ward 60, Dhaka City Corporation	107
Lalbagh, Ward 61, Dhaka City Corporation	49
Khulna, Ward 22, Khulna City Corporation	31
Khulna, Ward 30, Khulna City Corporation	51
Kurigram, Ward 1, Kurigram Municipality	14
Total	345

Above allocation has been made on the basis of approximate estimated household per location.

Simple Random Sampling (SRS) Procedure was adopted to select sample households. After proportional allocation among study locations SRS was adopted.

1.3.4 Study Respondents: Parents = 345, Child labor = 154, Total= 499

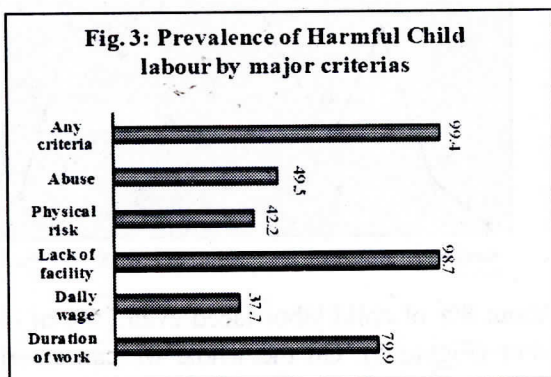
1.3.5 Qualitative Study Design: In Dhaka City, having only urban sample areas, both boys and girls were interviewed in urban locations. In Khulna district, urban location was selected for boys and rural for girls. In Kurigram district, urban was selected for girls and boys for rural locations. The methods were applied for male and female children separately.

2.0 Analytic Approaches to Child Labor and Harmful Child Labor:

The following steps were followed to analyze prevalence of child labor and practices of harmful child labor. First, the Prevalence of Child Labor (PCL) has been defined as follows:

$$PCL = \frac{\text{Number of child labor (5-17 yrs) observed in the sample}}{\text{Total number of observed sample children (5-17 yrs)}} \%$$

95% Confidence Interval (CI) has been constructed for this indicator. In order to study the scenarios of harmful child labor, the following strategy was adopted:



2.1 Prevalence of Harmful Child Labor by Major Criteria

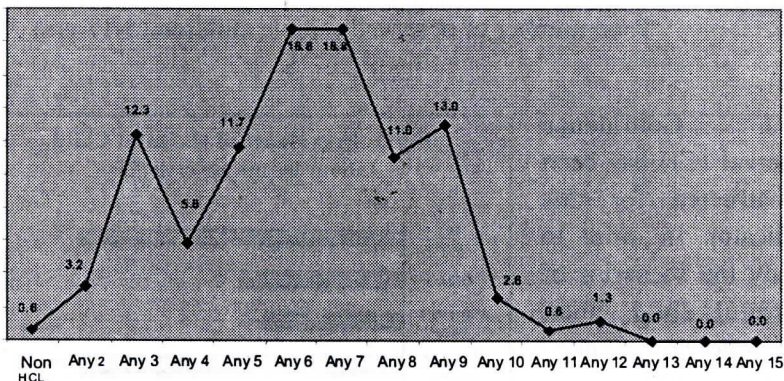
The study has made an attempt to estimate the prevalence of child labor in harmful work as well its distribution across the various categories related to harmful work. Almost all the child labors (99.4%) were reported as harmful in the study areas (Figure 3). Substantial variation has also been noticed across the major categories. The highest proportion of

child labor, (little less than 99%) was identified harmful in terms of a major category labeled as 'lack of basic facilities', which includes leave/holiday, break for lunch and recreation, health and hygiene, protective measures, education. This was followed by 'prolonged working hours' at work places (80%). The stated proportion of harmful labor in terms of other major categories like 'abuse', 'physical risk' and 'daily wage' were also high with 50%, 42% and 38% respectively. The extremely high prevalence of harmful child labor may be attributed to two factors, (1) child labor *per se* is harmful, and (2) the definition (indicator) of harmfulness may be much liberal in the context of Bangladesh (e.g. lack of health facility, lack of safety measures, etc).

2.2 Degree of Harmful Child Labor among the Working Children

Among child labor there was acute prevalence of harmful child labor. As we notice in Figure 3, about 37% child labor had to undergo 6 or 7 types (components) of harmful child labor. Even, 13% child labor faced 9 different types of harmful labor. We also noticed in Figure 4 that 47% of child labor regularly faced at least 6 different types of harmful works.

Fig. 4: Percentage distribution by degree of harmful child labour

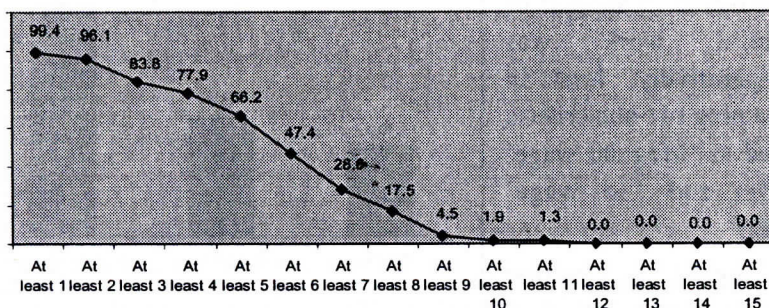


About 8% of child labor faced even 75% of indicators of harmful child labor (Figure 5). On the whole we can assert that among child labor, substantial proportions were doing harmful labor regularly. In order to have some idea about the extent of harmful child labor in the target population we have constructed few 95% Confidence Intervals (CI) as shown below.

a) 95% CI for at least 2 Indicators: Upper Limit (UL) = 99%, Lower Limit (LL) = 97%

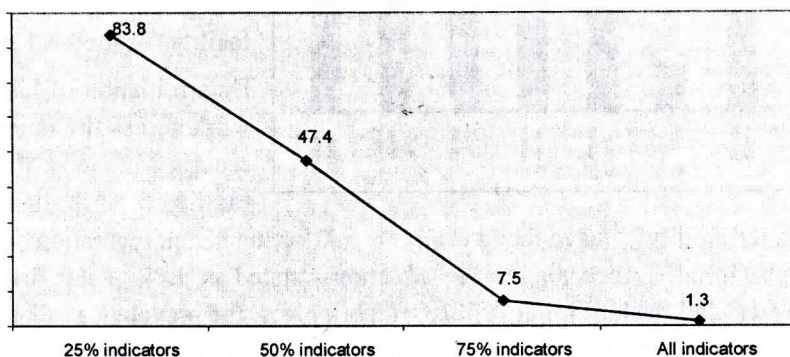
b) 95% CI for at least 7 Indicators: Upper Limit (UL) = 55%, Lower Limit (LL) = 39%

Fig. 5: Percentage distribution by lower bound (degree) of harmful child labour



Above two 95% Confidence Intervals convey a signal of severe scenario of harmful child labor. In the population it can be expected that 97%-99% child labor faced at least two types of harmful labor. It is also clear that in the target population there is high chance that among 39%-55% of child labor there are at least 7 different types (50%) of harmful labor.

Fig. 6: Relative weight of indicators of harmful works as possessed by child labor



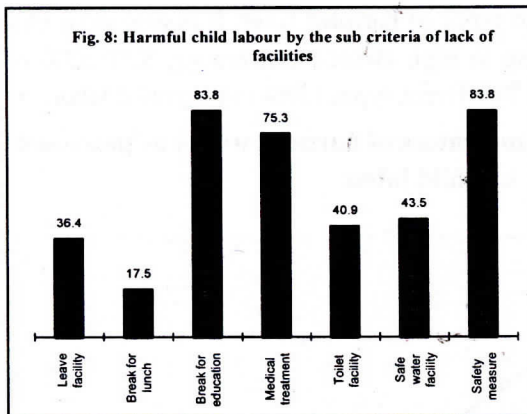
2.3 Distribution of Harmful Work across the Sub-criteria

For the convenience of description, some of the major criteria like daily wage, physical risks and abuse were further broken down into several sub-criteria as illustrated in Figures 7, 8 and 9 respectively. Under the major category like daily wage, it appeared that relatively higher proportions of works (27%) were marked harmful due to low wage lies

with the sub-criteria termed as 'minimum daily wage'. The information in support of harmful work was comparatively less in remaining two sub criteria stated as 'irregular wage' (14%) and 'no wage' (10%)

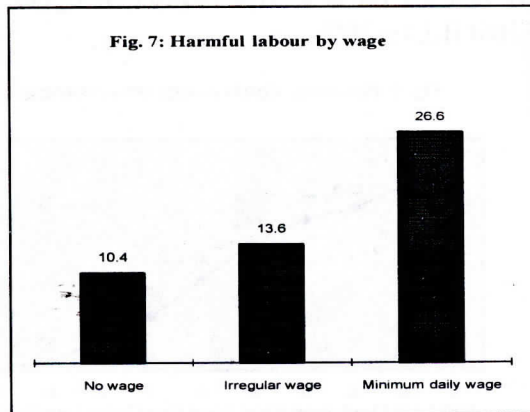
As regard to another

major criterion – 'lack of basic facility' at work place, the finding of higher frequency of harmful work (84%) was largely detected in terms of each of the sub criteria stated as 'no break for education' and 'lack of



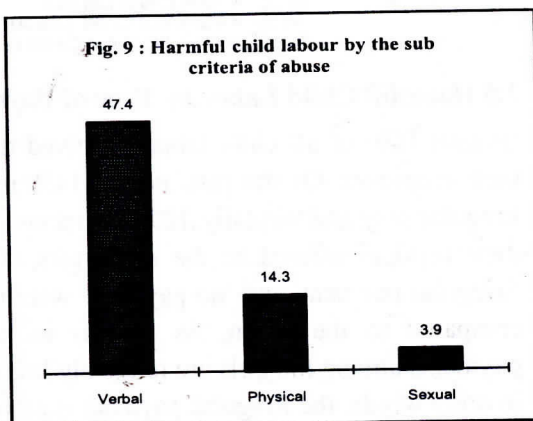
safety measure' at work places. Second most appearance (75%) of harmful work was identified in accordance to the sub criterion identified as 'lack of facility for medical care'. Determination of harmful work across the other sub criteria like 'lack of toilet facility', 'safe drinking water facility', 'leave facility' and 'break for lunch and recreation' varied substantially. According to the sub criteria stated as 'lack of safe drinking water' and 'lack of toilet facility' at work place, the prevalence of harmful work was 44% and 40% respectively. Least prevalence of harmful work was noticed under the sub category of lack of break for lunch and recreation, merely stand as 18%.

To describe by region, distribution of those few work places having the facility of break for education were mostly located at Dhaka city and least were at Khulna City. No work place was reported to have break for education at Kurigram district. By gender composition, it was 16% among the female child laborer and as low as 2% among the male



counterpart who have enjoyed the opportunity. In contrast, qualitative information could not find any such break that can be termed exclusively as break for education. According to case study, *"No extra time was allocated to us for education other than 1 hour break at lunch time. Moreover, we had to compensate the employer for the time lost for education by working extra time."*

While, almost two-third of the child labor reported to have the access to leave according to their need but to speak about the benefit of holiday (weekly & govt.), half of child laborer stated that they could not avail holiday to their need. Regarding medical care at work place, reported information showed that hardly have the access to such facility at work place for more than one-fourth of the child laborer. As regard to safety measure, it is virtually nonexistent in most (84%) of the work places. Location wise, the provision of this facility was exclusively limited to a few work places in Dhaka city. The situation of work places having facility for education and skill training was noted quite low, stated as 8% in each. On the whole it indicate that the provision of such basic facilities were not a common practice at the work places located at the study areas.



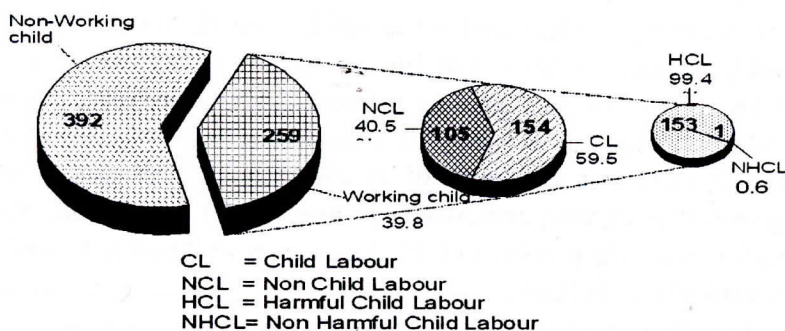
With respect to the major category like 'abuse', the identification of harmful work was largely acknowledged due to frequent occurrence of the sub criterion denoted by verbal abuse (47.4%) in work places. The exposure to other stated forms of abuses at work places were relatively less reported and denoted by sub criteria like physical and sexual abuse. Abuse of any form, be it verbal, physical and sexual were considered, as harmful child labor and demonstrated proportions of physical abuse and sexual abuse were 14% and 4% respectively (Figure 9).

2.4 Percentage Share of Harmful Child Labor

Figure 10 portrays the harmful child labor in terms of its relative share with 'all children', 'working children' and 'child labor'. The proportion

of harmful child labor against the total child population, working children and child labor were estimated and the projected share asserted as 24%, 59% and little higher than 99% respectively. The proportions of boys engaged in harmful works were almost double compared to the corresponding girls working at different places.

Figure 10 : Relative share of harmful works



2.5 Harmful Child Labor by Type of Payment

Overall 76% of all child labors received their payment regularly from their employer. Of the rest, nearly 14% received their payment at an irregular way and virtually 10% not received any payment at all against their services offered to the employers (Table 4). The prevalence of 'irregular payment' and 'no payment' were noted more in rural locations compared to the urban. As regards to gender composition, regular payments among the girls are relatively less than that among the boys, or in other words, the irregular payment is comparatively higher among the girls than their counterpart boys.

Table 4: Harmful Child labor by type of payment

Type of payment	Boys			Girls			Both		
	Urban	Rural	All	Urban	Rural	All	Urban	Rural	All
Regular	79.3	68.42	77.2	76.6	50.00	73.6	78.3	64.0	76.0
Irregular	9.8	21.05	11.9	17.0	16.67	17.0	12.4	20.0	13.6
No salary	11.0	10.53	10.9	6.4	33.33	9.4	9.3	16.0	10.4
N	82	19	101	47	6	53	129	25	154

2.6 Harmful Child Labor by Amount of Payment per Day

As regards to daily wage, it appeared that almost 20% of the children working for less than 5 hours received payment less than Taka 15 or the equivalent of one meal and 17% of the children working over 8 hours received payment less than Taka 30 or equivalent of two meals considered harmful. In both the age groups, prevalence of such harmful work was fairly high among the female child labor (53%) compared to their male counterpart (31%). By region, overall distribution of harmful child labor was somewhat higher in urban areas within the age group of 5 -13 and in rural areas within the age group of 14 -17 years of ages.

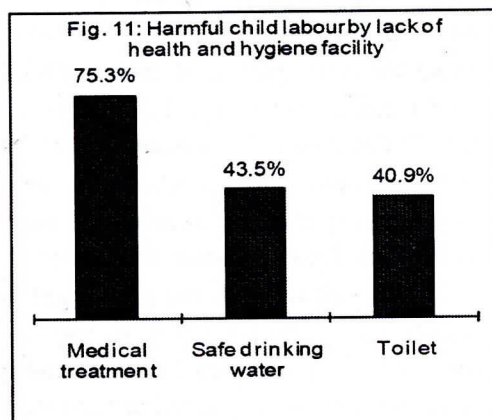
Table 5: Harmful Child labor by amount of payment per day

Amount of payment per day in Taka	Boys			Girls			Both		
	Urban	Rural	All	Urban	Rural	All	Urban	Rural	All
Working < 5 hrs									
< 15 Tk.	25.5	12.5	22.5	46.2	66.7	48.3	32.1	21.1	19.5
≥ 15 Tk.	74.5	87.5	77.5	53.8	33.3	51.7	67.9	78.9	45.5
Working > 8 hrs									
< 30 Tk.	33.3	100.0	40.0	61.9	33.3	58.3	45.8	66.7	16.9
≥ 30 Tk.	66.7	—	60.0	38.1	66.7	41.7	54.2	33.3	18.2

2.7 Harmful Child Labor by Presence of Facility for Medical Treatment at Work Place

On the whole, more than 75% of child laborer expressed that there was no facility for medical care at their work places. Similarly, on an average there was no facility for safe drinking water (44%) and toilet (41%) facility at work places (Figure 11) as stated by the respondents at the time of interview.

Region wise, it was evident from data that 21% of the child labor working at Dhaka informed to have medical care in their work place. Whereas the proportion of child laborer reported to have medical care in their work place at Khulna and Kurigram were observed low at 3% and 1%



respectively. Of the work places having facility for basic medical care, other than Dhaka, existence of such facility was mainly reported at rural locations.

Of the children working as child labour at Dhaka, little higher than 50% reported the existence of facility for drinking water at their work place. Around half of the children working in Dhaka areas had no facility for drinking water at their work place. A more critical situation was unveiled in Khulna and Kurigram districts where hardly 21-23% of the children working at different places had the facility for drinking water at their work places.

In order to have a look into the matter of whether the work places of the children at different regions were provided with toilet facility or not, about 84% of children working at Dhaka affirmed the presence of toilet at their work place. To other end, the overall situation of the work place having toilet facility at Khulna (9%) and Kurigram (7%) districts were reported miserable. No substantial variation was noticed in gender composition regarding its use by sex.

2.8 Child Labor by Source of Safe Drinking Water at their Work Places

Of the interviewed parents and child laborer, majority (52%) mentioned about supplied tap water as a source of safe drinking water at their work places. Mentioning tap water as a source of safe drinking water demonstrated their deficiency of idea about safe drinking water. However, the most alarming finding revealed regarding safe drinking water was that about 29% of child laborers use arsenic contaminated tube-well as a source of drinking water. No precise explanation could be made in this regard on basis of collected data/information. Ignorance about the consequence of arsenic toxicity or lack of alternate source of safe drinking water nearby may be the possible reason. The motive behind this type of life threatening unhealthy practice should be explored and immediate measure should be taken by the concerned authority to stop drinking arsenic contaminated water. The remaining less stated main sources of drinking water were filtered water, boiled water and arsenic free tube-well water at the proportion of 12%, 8% and 5% respectively. Location wise, the filtered water and tap water were primarily reported at the work place of urban locations and tube-wells irrespective of arsenic contamination were located at rural locations

Table 6: Child labor by source of drinking water at their work place

Source of drinking water	Boys			Girls			Both		
	Urban	Rural	All	Urban	Rural	All	Urban	Rural	All
Filter water	15.9	4.5	13.5	8.5	—	8.0	13.2	4.0	11.7
Tap water	57.3	27.3	51.0	57.4	—	54.0	57.4	24.0	51.9
Boiled water	7.3		5.8	10.6	66.7	14.0	8.5	8.0	8.4
Tube well (arsenic safe)	4.9	18.2	7.7	—	—	—	3.1	16.0	5.2
Tube well (arsenic contaminated)	18.3	72.7	29.8	27.7	33.3	28.0	21.7	68.0	29.2
Well	1.2	—	1.0	—	—	—	.8	—	.6
River	3.7	—	2.9	—	—	—	2.3	—	1.9
N	82	22	104	47	3	50	129	25	154

2.9 Perceived View of the Working Children regarding Harmful Works

While the questionnaire interview was administered to collect quantitative data valuable qualitative information were also collected using FGD, CPM and case study. The FGDs and CPMs were conducted in groups while case studies by personal approach/interviews with the child laborers found within the sample households. Based on the views of aforementioned children, the qualitative information revealed the following criteria as a key determinant of harmful work. Discussion with the child laborers further explored their understanding and perception towards harmful and non-harmful work as follows:

Table 7: Key indicators of harmful work as perceived by the working children

01. Working with electricity	12. Works require excessive physical strength
02. Works associated with physical contact to acid, chemical and/or corrosive	13. Works with fragile sharpened materials
03. Works related to exposure of persistent smoke and/or fumes	14. Long working hours
04. Works with sharp and pointed instrument	15. Works create barrier to attend school
05. Works lead to physical injury	16. Works related to abuse of any kind
06. Works lead to short or long term illness	17. Works without salary or payment
07. Forced to work during illness	18. Inadequate salary or payment
08. Cooking or working with fire	19. Irregular salary or payment
09. Working without protective measure	20. Continuous work without adequate rest
10. Operation of heavy machine	21. Works related to excessive load
11. Works require excessive physical strength	

3.0 Recommendations

Child labor is a sheer reality in Bangladesh. They are involved in harmful work and also under most unhygienic and risky conditions that the study reveals. Based on the analysis of the findings the following recommendations having policy and programmatic implications have emerged-

3.1 Use of protective equipment, regulations concerning procedures and safety practices can control occupational health hazard as well as lessen extent of harmfulness.

3.2 Working children experience health problems such as fever, cough, headache/backache, as well as serious problems from factory materials causing skin problems, respiratory infections. An improved primary health care system, such UPHCP, NSDP, should make services available to various categories of working children. This system can be either work place or household based. Moreover, NGOs can explore different health services for working children in semi-urban and rural areas.

3.3. The study findings show that in most of the children's occupations, whether in agriculture, factories, shops, domestic services or even in own house, the working hours are quite long. Seven days a week becomes a standard for some factories, although usually garment workers get one day off (sometimes they are trapped into emergency order and overtime which leads to seven days work). Save the Children (UK) with its alliance, government, other NGOs, local institutions, ward commissioners, media can play active role in advocacy to lessen the working hours without any negative effect on their wages.

3.4 Although they work as much as an adult does, they are ill-paid. There should be an attempt to determine and implement wage-scale for the children who are compelled to work both in rural and urban areas so that they should not be discriminated.

3.5 According to principle of universal compulsory primary education children should all be in schools, and not in the factories, shops and other workplaces. Education is 'free' and the students get stipends.

3.6 A number of NGOs take initiatives to provide basic learning which deserves appreciation. Several factors should be kept in mind regarding this initiative. Firstly, hours spent for the learning should be longer to be properly educated. Secondly, the employers may get incentives if they

allow their employees to be educated at the NGO-run or privately initiated education institutions.

3.7 Working children at harmful work face most severe form of child abuse and exploitation. Save the Children alliance has prepared Child Protection Policy (CPP) to raise awareness of the problem of child abuse and protect children from this. The alliance along with government and other rights-based organizations can take initiatives for social awareness, rehabilitation promotion, and prevention among different factories as well as other work places, both in urban and rural area.

3.8 Another in-depth comprehensive study needs to be conducted to get the employers perspective (also a list of incentives) on child labor, harmful work, ensuring basic facility at work place, skill development of working children.

4.0 Conclusion

Determinants of Child labor in Bangladesh are multifarious. Two factors are the major determinants of child labor in Bangladesh. *One* is supply factor in which poverty is the most important factor for the prevalence of child labor in the country. They contribute around 20-25% of family income. Since poor households spend most of their income on food, the earnings of working children are crucial for their survival. Usually, poor parents fail to appreciate the long-term value of education, instead of for the short-term economic gains of child labor. It is often argued that where the alternative to child work is starvation, perhaps, child's rights might include the right to feed oneself and one's family, be it through paid work. In poor families, parents as well as children consider employment in certain occupations (work in engineering workshop, metal factory) as a rare opportunity to learn employable skills. In this way, work becomes an alternative to them with more practical value than the traditional primary education. In the face of poverty, child labor is regarded as a 'necessary evil'⁴. Every year, natural calamities such as floods, cyclones, river erosion causes many people homeless and helpless. Poor families can hardly cope with these. Moreover, abandonment or divorce, illness or death of parents (or adult members of a family) trap children of such family early entry in the world of work. *Second* one is demand factor.

⁴ Scott, S.P. 1997: Education of Garment Workers in Bangladesh: A case study of the MOU Involving the ILO, UNICEF, BGMEA and Ontario Institute for Studies in Education of the University of Toronto, Canada.

The lower cost of employing child workers is often cited to explain the demand for child labor. Employers are also tempted to hire children because they are much less aware of their rights and less likely to organize against exploitation. As compared to the adults, they have weak bargaining power, and can easily be punished physically, and dismissed. To the employers, they are trustworthy, moreover, they can do monotonous work and are less likely to be absent from work.

These two factors of child labor urge them to engage various activities which ultimately become the harmful work for child. Our suggestions mentioned above in this regard could be the magnet in easing the harms of child in the working places. In fact, concerned authorities and organizations (national and international organizations) who are working on child have to come forward for making place convenient in the working place of child by which child or child labor could be free from all types harmful works in Bangladesh.

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Impact of Micro Credit on Poverty Reduction through Comprehensive Village Development Programme: A Case Study

Md. Mashiur Rahman*

Abstract: *The role of micro credit on poverty reduction is well recognized throughout the world. Bangladesh is the place where the seedbed of micro credit was prepared, experimented and flourished with a recognized system to serve the poor. Bangladesh Academy for Rural Development (BARD) introduced micro credit in the early sixties through two tier cooperatives and further experimented it following the target group approach through SFDF since 1976. In 1983 BARD undertook Comprehensive Village Development Programme (CVDP) for the holistic development of the villagers through the participation of all classes of people. The main functions of this society are to collect deposit and to disburse the collected amount of money to the members of the society as micro credit for poverty reduction. This study is an attempt to assess the impact of micro credit on poverty reduction through an institutional approach like CVDP. The study emphasizes on the access of micro credit through capital accumulation and its utilization and assesses the changes in poverty situation through micro-credit. The study also comes up with some important findings related to impact of micro credit on food provisioning, asset formation, capital formation, income generation, housing condition, incidence of income and human poverty related issues like health, nutrition, sanitation etc and overall economic condition. The findings of the study will be useful for the policy planners to formulate appropriate policy and review the existing policies for poverty reduction.*

Introduction:

Poverty free world is a worldwide dream of our time. Today we have enough resources, knowledge and techniques to invest to end poverty and exclusion for the sake of human dignity, peace and stability in the world. Our constitution recognizes the rights to health, education and livelihood as basic rights of the people. Bangladesh has declared its aim to eradicate poverty and endorsed Millennium Development Goals (MDGs) as its goal by unlocking potential of growth and equity. Apart from many positive changes in promoting quality of life, the poverty situation in

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Bangladesh is not changing significantly. Providing the poor with access to financial services is one of many ways to help increase their incomes and productivity. In many countries, however, traditional financial institutions have failed to provide this service (Adams, Graham, and von Pischke 1984; Braverman and Guasch 1986, 1989; Hoff and Stiglitz 1990; World Bank 1975, 1993). Microcredit and cooperative programs have been developed to fill this gap.

In the 1970s and 1980s, a large sum of money in the form of loans and grants for microcredit programs were mobilized to combat poverty of the people in many developing countries (Dasgupta, 2004). Bangladesh made considerable progress in alleviating poverty in the 1980s and 1990s (Khan 1990; Osmani 1990; Hossain and Sen 1992; Rahman and Hossain 1995; Sen, 2003; World Bank, 2007). The attractive feature of microcredit is its ability to address the credit needs of the poor. Microcredit Institutions in Bangladesh have developed strategies for providing collateral free loans to the poor and assetless households. The country has been going through the experience of an extensive system of microcredit operation involving a variety of organizations. Grameen Bank and a large number of NGOs in Bangladesh came forward to cater to the credit needs of the rural poor through the supply of microcredit. A number of government organizations have also been involved in the microcredit sector for more than three decades. During sixties under the leadership of Dr. Akhter Hameed Khan, Bangladesh Academy for Rural Development (BARD), Comilla innovated two tier cooperative system, which added a new dimension in the sphere of cooperative movement in this country. Initially the two tier cooperatives were aimed at ensuring a comprehensive development of the entire villages. But with the East Pakistan Government's slogan of grow more food, the cooperative society was mainly based on agriculture. Considering the aspects of heterogeneity of rural people, BARD undertook a rural development project in 1975 in the name of Total Village Development Programme (TVDP), which later on was renamed as Comprehensive Village Development Programme (CVDP). The view of the project was to develop a package programme for an integrated and total development of the villages by bringing all classes of people within one institutional framework. From the eighties to till CVDP is performing its various activities considering poverty reduction. Microcredit operation is one of the prime activities of CVDP.

Findings of different studies implied that the per capita income of the micro-finance borrowers was significantly higher than that of the non-borrowers. International Development Association (IDA) in 1999 showed that beneficiaries of Palli Karma Shahayak Foundation (PKSF) increased their income by 98 per cent. Among the microfinance borrowers, 89 per cent improved quantity and quality of food intake, 88 per cent improved clothing, 75 per cent improved housing condition, 69 per cent improved sanitation and overall quality of life improved by 95 per cent. An evaluation study on BRAC micro-finance programme revealed that percentage of households living below the upper poverty line was about 17 percentage point lower than that of comparison groups. But Ahmed in 2004 showed that there had no significant decline in the overall levels of poverty. Biswas in 2008 through before after comparison with recall method showed that 16 percentage points poverty reduced among the borrowers within 5 years. But poverty line estimated through direct calorie intake method in programme and control areas revealed that 6 percentage points poverty reduced due to the involvement in micro-finance programme. A summary of findings of different studies showed that percentage of income or expenditure increased varies widely from 8 to 82 per cent (Biswas, 2010).

Although most of the individual evaluations studies show significant contribution of micro-finance to poverty reduction, the national level poverty reduced by only one per cent per year during 1995-96 to 2005 (BBS, 2007). Moreover, the poverty reduced during the last 10 years is not only due to the implementation of micro-finance programmes. There are some other factors including foreign remittance, government safety net and other development programmes. With the passage of time, the Microcredit Institutions are facing new challenges and are operating in a changing economic environment. Therefore, an evaluation of the programmes for microcredit and the condition of such credit in poverty alleviation in Bangladesh is called for. A large number of studies on the impact of microcredit of CVDSP societies have been conducted so far. The results of these studies should be reviewed in order to examine whether there is a consensus on the major findings. Such an assessment can serve as the basis for an analysis of the emerging concerns about the role of Microcredit Institutions in poverty reduction. Moreover most of the studies did very much qualitative assessment. So the study will make to discuss the impact of microcredit on household income, savings or capital

accumulation and its utilization, employment generation, factors that contributing reduces poverty etc. The findings of the study will be useful for the policy planners to formulate appropriate policy and review the existing policies for poverty reduction and also this study will add new knowledge for the researchers and academicians. This study will also give us the idea of coping strategies of estimating poverty levels and designing poverty alleviation measures.

2.0 Objectives of the Study

The general objective of the study is to assess the impact of micro credit on poverty reduction. The specific objectives of the study are to:

- i) enumerate capital accumulation and its utilization in micro credit,
- ii) assess the changes in poverty situation through micro-credit, and
- iii) investigate the factors related with the changes in poverty.

3.0 Study Methods

The study was based on both primary and secondary sources of data. A combination of qualitative and quantitative methods was used in collecting the primary data. The research approach and methods of the study are as follows:

3.1 Selection of Study Area and Sample Respondents

The study was conducted at Digholgaon Village under Adarsha Sadar Upazila of Comilla district. The study area was selected purposively considering the poverty reduction strategy through micro credit by the CVDP Societies. Selected respondents were interviewed using a structured questionnaire. To determine the sample size from the universe/population, standard statistical formula in case of known population as mentioned by Kothari (2004) were used. Sample size was also be calculated at 95% confidence level and 5% margin of error.

The formula for calculating the sample size is as follows:

$$n = \frac{z^2 pqN}{e^2(N-1) + z^2 pq}$$

Where,

n = Sample size;

z = The value of the standard variate at a given confidence level and

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n = Sample size;

z = The value of the standard variate at a given confidence level and

to be worked out from table showing area under Normal Curve. In the present study it would be considered standard normal deviate at 95% confidence level =1.96;

- p = Sample proportion, which may either be based on personal judgment, experience or may be result of a pilot study. In absence of such estimation one method may be to take the value of p=0.50 in which case 'n' will be the maximum and the sample will yield at least the desired precision. In the present study value of p will be estimated as 0.50;
- q = 1-p (In the present study q=1 - 0.50 =0.50)
- e = Acceptable margin of error (the precision), usually considered 0.05
- N = Size of household

The estimated sample size:

$$n = \frac{(1.96)^2 (0.50 \times 0.50) 70}{(0.05)^2 \times (70 - 1) + (1.96)^2 (0.50 \times 0.50)}$$

$$= \frac{67.228}{1.1329} = 59.34$$

A total of 60 beneficiaries from 70 members those who come from poor and medium family will be considered for the study. Following the formula of Kothari, size of sample was calculated as 60. Thus, the sample size of 60 was selected purposively from the study area.

3.2 Methods of Data Collection

Both quantitative and qualitative data was used to address the objectives of the study. For collecting the data a structured interview schedule were developed with combination of both closed and open-ended questions. The researchers themselves were also involved to collect the information of the study. Focus Group Discussion was conducted for the study. Secondary information was also collected from books, journals, newspapers, office records of CVDP and other published documents. Researchers' observations were also incorporated in the study.

3.3 Data Processing and analysis

MS Access 2000 was used to develop the data entry programme, while Statistical Package for Social Science (SPSS) Version-11.00 was used for processing and analysing the data. Collected data was presented in tables, graphs and charts. Simple statistical tools such as percent, average, correlation, regression were also used to interpret findings of the study. The data was also tabulated by the researchers themselves.

4.0 Results and Discussion

4.1 Access to Micro-credit and Its Utilization

To generate income activities as well as to reduce poverty are the important roles of micro credit. The poor people can not be able to take loan from the commercial banks of the country. This is why; they face many problems regarding the poverty reduction. CVDP, a concerned of BARD, has attempted to meet the necessities with a view to reducing the poverty through utilization of micro-credit. This chapter discusses issues regarding the duration of the membership, own capital formation, credit disbursement, utilization of credit, formulation of assets among others of the respondents.

4.1.1 Duration of Membership

The membership duration of the respondents in micro credit program is an important issue needed to discuss its role in poverty reduction.

Table-1.1: Duration of Membership

Duration of the membership (year)	Number	Percentage
0 to 10	9	15
11 to 20	28	46.7
21 and above	23	38.30
Total	60	100.0

The above table shows that the number of membership has not been increased significantly out of 60 observations collected through survey. We got only 9 observations in the latest decade whereas it was 23 during its decade of inception. There was a little improvement in the number of membership during the second decade from its inception. So there is a problem enlisting procedure from the third decade.

4.1.2 Own Capital Formation

Utilization of micro-credit through capital formation is an important indicator. If the poor can increase their received loan by investing in different sectors then it would facilitate to generate income and to reduce their poverty.

Table-1.2: Own Capital Formation

Share Values (Taka)	Frequency	Percentage
Up to Tk. 5,000.00	12	20
5001-10,000	32	53.3
10001-15,000	13	21.7
15001-20,000	2	3.3
20001 and above	1	1.7
Total	60	100

Capital can be formed through either by savings or buying shares. Out of 60 members 53.3 percent belongs to the range of share values from Tk.5001 to Tk.10000 which obviously the highest percentage whereas, only 17 percent of the respondents belong to the range of share values Tk. 20,001 and above. So the comparison among the share values tells that there is a below moderate level of capital formed by the maximum respondents.

4.1.3 Number of Credit Disbursement

Both the frequency and the amount of credit received by the respondents are very important to reduce the poverty.

Table-1.3: Frequency of Credit and Composition of Credit Disbursement

Frequency of Credit			Composition of Credit Disbursement		
Number of Times Credit Received	Frequency	Percentage	Volume of the respondents received credit (Taka)	Frequency	Percentage
1	20	33.3	up to 10,000	22	36.7
2	27	45.0	10,001-20,000	18	30.0
3	13	21.7	20001-30,000	11	18.3
-	-	-	30001-40,000	7	11.7
			40,001 and above	2	3.3
Total	60	100.0	Total	60	100.0

Maximum respondents have borrowed from the cooperative for two times and the volume of credit received the same is belong to the range up to Tk. 10,000.00 with the range Tk.10,001.00 to Tk.20,000.00 as the next to maximum. From the above comparison we can able to say that maximum respondents moderate volume credit receiver.

4.1.4 Credit Utilization

Effect of micro credit on poverty reduction depends on how effectively credit is being utilized, particularly to initiate income generating activities as well as to earn income through proper utilization of credit.

Table-1.4: Credit Utilization

Sector	Frequency on Purposes	Frequency on Uses	Members utilized credit as per purpose
Agriculture	27	27	100%
Livestock	6	6	100%
Poultry	5	5	100%
Fisheries	5	5	100%
Sewing	1	1	100%
Home Construction	3	3	100%
Going Abroad	8	8	100%
Small Business	5	5	100%
Total	60	60	100%

From the above given table-1.4, we can observe that modal number of membership received credit fro agriculture purpose followed by going abroad, livestock, poultry, fisheries, home construction, sewing among others. In terms of credit utilization, almost 100 percent members utilized credit as per proposed activities for eight areas out of the same.

4.1.5 Training Received

Training plays vital role for proper utilization of micro-credit. Disbursement of micro-credit along with training on concerned income generating activities is more effective compared to the disbursement of micro-credit alone for initiating income generating activities.

Table-1.5: Received Training by the Respondents

Major Types of Training Received	Number of Members	Percentage of members received training
Agriculture	35	58.3
Livestock	21	35
Fisheries	12	20
Poultry	10	16.7
Sewing	3	5
Dai	3	5
Cottage Industry	1	1.7
Family Planning	5	8.3
Co-operative Management	13	21.7

It was found that a total of 43 respondents out of 60 respondents in the given program area received training on micro-credit utilization indicating 71.33 (app.) of the total respondents. Major types of training received by the respondents in program area are mentioned in the table-1.5. It implies that maximum number of respondents received training on agriculture and livestock rearing. It is to be noted that micro-credit institutions imparted training to their members not only on income generating activities but also on health, sanitation, family planning, nutrition and social development issues. These types of training may help in reducing human poverty along with income poverty.

4.1.6 Formation of Assets

Asset helps people to generate income as well as to cope with the crisis. Therefore, those households who have more assets they are less vulnerable in different crisis period. In this section attempted has been made to asses the number and the percentage of households that formed asset through utilization of credit.

Table-1.6 (a): Number and Percentage of Households Formed Assets through Utilization of Micro-credit

Types of Assets Formed	Before Membership	After Membership
TV	6 (10%)	56(93.33)
Refrigerator	0	25(41.66)
Sewing Machine	5 (8.33%)	15(25%)
Furniture	3(5%)	25(41.66%)

It was found that maximum number of respondents purchased TV followed by the household furniture with the income generated from micro-credit. Income generated from the utilization of micro-credit was used for both households necessities and future income generating activities. There are some assets that were formed by the profit derived from micro-credit like cattle, sewing machine, rice mill and other income rearing related assets. On the other hand, assets like household furniture, TV, refrigerator, were important necessities for household would not any further income. Therefore, at initial stage, emphasis should be given to utilize the profit in further income generating activities and then it can be utilized for households necessities.

Table-1.6 (b): Own Housing Land before and after membership

Land (Decimal)	Before Membership		After Membership	
	Frequency	Percentage	Frequency	Percentage
0 to 5	15	25	14	23.3
6 to 10	31	51.7	30	50.0
11 to 15	6	10.0	8	13.3
16 to 20	5	8.3	5	8.3
21 and above	3	5.0	3	5.0
Total	60	100.0	60	100.0

Observing above given table-1.6 relating to own housing before and after membership (in decimal) we come to conclusion that there is no significant change in the area coverage for housing of the respondents.

Table-1.6 (c): Number and Percentage of Households Owned Livestock

Category	Before Membership	After Membership	Increased (Percentage)
Number of Livestock (Cow)	57	113	98.24
Number of Livestock (Goat)	20	48	140.00

From the above table it could easily say that live stocks possess by the respondents have been increased significantly.

5.0 Impact of Micro-credit and Changes in Economic Condition

5.1 Changes in Food Intake

Any changes in food intake measures the poverty status of the household. Food intake and incidence of poverty are inversely related. This means that the higher the food intake the lower the incidence of poverty. Food

intake of the households depends on their own production and procurement ability from all other sources of income. Since rice is the main food of our country, food security depends mainly on how much rice produced by the household members. In this study food intake means the availability and affordability of food in terms of quantity, quality and culturally acceptable from own production and all other sources of income of the household members.

Table-2.1: Changes in Food Intake

Food intake with before and after comparison	Food Intake (month)			Total number of the respondent	Average	Standard Deviation
	6	9	12			
Ability to meet up food demand before membership	7 (11.7%)	42 (70%)	11 (18.3%)	60	9.20	1.64
Ability to meet up food demand after membership	-	8 (13.3%)	52 (86.7%)	60	11.60	1.03

Changes in food intake of the respondents are measured through a comparison between before and after with recall method. Food intake of the respondents increased due to the micro-credit intervention during the before membership compared to the present context. Average food intake of the respondents increased about 9 months to 12 months. It is also mentioned that not only average food provisioning is increased but also inequality of the respondents regarding food intake is reduced. This implies that the difference between the changes in food intake found through before and after with recall method plays impact remarkably.

5.2 Changes in Housing

Housing condition is one of the important indicators for assessing the poverty situation. Because when the economic condition of a person is improved he or she tries to construct a new house or to repair the old house. Housing conditions of the respondents in the study area were classified into three categories – *pacca*, *semi-pacca* and *kancha*. Changes in poverty situation of the respondents was assessed through comparing the housing condition in before and after involving in micro-credit programme through recall method of the respondents.

Table-2.2: Changes in Housing

Type of main dwelling house	Before membership	After membership
Pacca	-	2 (3.3%)
Semi pacca	5 (8.3%)	53 (88.3%)
Kancha	55 (91.7%)	7 (11.7%)
Total	60 (100%)	60 (100%)

The above table shows that due to the micro-credit programme there was a significant improvement in structure of dwelling house of the respondents. The major changes occurred among the respondents those who had kancha. It was found that before involving micro-credit programme, about 92 per cent respondents' main dwelling house was *kancha* and after involving in micro-credit programme it was significantly changed to *semi-pacca* (88%) and also reduced of *kancha* house (12%).

5.3 Changes in Access to Safe Drinking Water

Access to safe drinking water is a primary need for a human being. In order to analyse the access to safe drinking water the respondents were asked to mention the main sources of drinking water. All respondents expressed that they have easy access to tube-well water before membership of the cooperative.

Table- 2.3: Changes in Access to Safe Drinking Water

Sources of Drinking Water	Before membership	After membership
Owned tube well	4 (6.7%)	51 (85%)
Not owned tube well	56 (93.3%)	9 (15%)
Total	60 (100%)	60 (100%)

This study was asked to the respondents regarding the ownership of the tube-well through a comparison between before and after with recall method. The study is found that whereas about 93 per cent household had no owned tube-well before membership of the co-operative, 85 per cent household has managed owned tube-well after membership of the cooperative. It implies that numbers of tube-well of the study area were increased regarding ownership remarkably.

5.4 Changes in Types of Latrine

Types of latrine used by a household indicate the level of hygienic awareness as well as poverty level of the household. In this study, all types of latrines used in the study area are classified into four categories - Pacca latrine, Pit latrine, Ring latrine and Open latrine.

Table-2.4: Changes in Types of Latrine

Types of Latrine	Before membership	After membership
Pacca latrine	-	17(28.3%)
Pit latrine	1 (1.7%)	2 (3.3%)
Ring latrine	17 (28.3%)	41 (68.3%)
Open latrine	42 (70%)	-
Total	60 (100%)	60 (100%)

The above table shows that nobody use open latrine in the study area after membership whereas 70 per cent open latrine were used before membership of the cooperative. Moreover, percentage of households using ring latrine increased significantly in situation compared to the before membership of the cooperative society. This implies that micro-credit programme helped the respondents to use at least ring latrine instead of open latrine.

5.5 Changes in Poverty

To assess the improvement of economic condition, the respondents were asked to answer through recall method whether their economic condition improved due to their involvement in micro-credit programme.

Table-2.5: Changes in Poverty

Economic Status	Before membership	After membership
Middle Class	3 (5%)	25 (41.7%)
Poor	23 (38.3%)	33 (55%)
Ultra Poor	32 (53.3%)	-
Below poverty line	2 (3.3%)	2 (3.3%)
Total	60 (100%)	60 (100%)

Changes in poverty of the respondents are measured through a comparison between before and after membership of the cooperative society. From above table shows that there is no existence of ultra poor household after membership of the society whereas about 53 per cent

respondents' household were under ultra poor before membership. It is also implies that about 42 per cent household now is in middle class whereas 5 per cent household as same class. Moreover, economic status of the household is improved enormously due to micro-credit intervention.

5.6 Networking

Various government and non-government organizations perform their different activities in rural areas. Since most of the people are found weak in financial incapability of the rural areas, they have to involve in several organizations for survival. It is mentioned that all respondents are the members of the cooperative society named Digholgaon Comprehensive Village Development Society (DCVDS). Moreover, the respondents were asked having involvement with other organizations and which one is the best.

Table-2.6: Involvement of the respondents with other organizations

Networking	Name of the various involved organizations						Best Organization
	Grameen Bank	ASA	BRAC	Insurance Company	Others	No involvement	CVDP
Involvement of the respondents with other organizations	13 (21.7%)	1 (1.7%)	1 (1.7%)	1 (1.7%)	2 (3.3%)	42 (70%)	18 (100%)

It is observed that out of 60 respondents, only 30 per cent respondents were found involved with other organizations whereas 70 per cent respondents have only access to DCVDS. That means most of the members of DCVDS have trust on their cooperative society. The respondents those who are involved with other organizations side by side DCVDS opined that DCVDS is playing major roles in poverty reduction through its various activities other than organizations.

5.7 Contributing Factors of the Co-operative Society in Poverty Reduction

Identification of significant factors and their relative contribution to poverty reduction is an important aspect for formulating future development policy regarding poverty reduction.

Table-2.7: Contributing Factors of the Co-operative Society in Poverty Reduction

Indicators	Frequency of Respondents	Percentage
Irrigation facilities through DTW	51	85
Low rate of interest	28	46.7
Awareness building through training	25	41.7
Installment at a time after using credit	24	40
Savings habit	17	28.3
Cultivation facilities through tractor	13	21.7
Accumulation of capital and asset through utilization of credit	8	13.3

It is observed that 85 per cent respondents identified irrigation facilities through deep tube-well which most contributes in poverty reduction. It also reveals that low rate of interest and awareness building through training was the second and third factors which contributed in poverty reduction.

5.8 Problems Experienced by the Respondents

In order to develop strategies for poverty reduction, identification of the problems faced by the respondents is the crucial aspect. For this regard, the respondents were asked to mention the problems related to poverty reduction activities. Among the different problems identified by the respondents, a large proportion of respondents mentioned that the cooperative society don't provide credit to the respondents at present.

Table-2.8: Problems Experienced by the Respondents

Indicators	Frequency of Respondents	Percentage
Not to provide credit at present	40	66.66
Tempered voucher of expenditure from management of the society	20	33.33
Pressure of influential member in various activities of Society	19	31.7
Small amount of loan	10	16.7
Absence of training program at present	10	16.7
Don't provide credit in time	2	3.3

Tempered voucher of expenditure made by the management of the cooperative society was also identified by the respondents as one of the important problems. Pressure of influential member in various activities of Society was also identified an important problems which belongs to about 32 per cent. On the basis of the problems mentioned by the respondents and the researcher's observations during the field survey, lack of providing credit to the respondents at present was identified as the core problem.

6.0 Conclusions & Recommendations

Micro credit plays an important role to improve the socio-economic status of the borrowers those who received credit from the Comprehensive Village Development Society. It helped borrowers in initiating income generating activities by that they were able to earn some additional income for their households. According to the self-assessment of the respondents, access to micro credit was significantly related to the improvement of their economic condition. Improvement level of economic condition through micro credit was related to the duration of membership in micro credit programme, number of credit disbursement, number of credit received, amount of credit received and proper utilization of credit money. Besides these, micro credit helped to the credit receiver significantly regarding capital formation and formation of assets etc. It is mentioned that CVDPs imparted training to their credit receiver not only on income generating activities but also on health, sanitation, family planning, nutrition and social development issues. Live stocks possess by the respondents have been increased significantly through the utilization of credit. Utilizing of received credit, not only average food provisioning is increased but also inequality of the respondents regarding food intake is reduced. After the intervention of credit changes in housing condition, access to safe drinking water, changes in types of latrine of the respondents was developed significantly. But the major limitation of the study is that the researcher didn't able to differentiate the impact of credit and other than factors on poverty reduction. Moreover, micro credit helped borrowers to improve their socio-economic condition as well as to reduce poverty to a certain level. To reach beyond that level some more strategies need to be developed and implemented. Therefore, micro credit can be considered as one of the important instruments to reduce poverty. In order to make the

micro credit programme more effective through institutionalization like CVDPs for poverty reduction some recommendations based on the study findings are mentioned below:

Firstly, as the most of the respondents opined that the management authority will have to control the power of influential member of the society in various decisions making.

Secondly, as the respondents opined that the amount of credit received by them were not enough to generate effective income, therefore, based on demand and credit utilization ability of the members, size of micro credit can be increased.

Thirdly, the authority must be ensured the transparency & accountability of management of the society with the integrity.

Fourthly, appropriate training to the beneficiaries on concerned income generating activities should be the integral part of micro credit disbursement.

Fifthly, accelerating the agriculture sector the authority must take decision to install or reinstall minimum one deep tube well in one CVDP village.

Sixthly, in addition to economic activities micro credit programmes need to be integrated with human poverty related issues like health, nutrition, sanitation, population etc. This will help in reducing both income and human poverty.

Seventhly in order to generate effective income, proper utilization of micro credit as per approved plan by the beneficiaries should be ensured. For this regard, micro credit organizations need to establish an effective monitoring and evaluation systems for utilization of credit by the borrowers.

Lastly, there is huge number of younger and elder age population who do not have formal education. For them, micro credit programmes may introduce non-formal education with credit support. This type of non-formal education needs to be provided to the micro credit recipients before receiving their credit. So that they can apply this education for initiating income generating activities through micro credit.

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