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A Critique of The Industrial Estate Programme of BSCIC:
A Case Study of The Industrial Estate, Comilla.

SLB-01

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A Critique of The Industrial Estate Programme of BSCIC:
A Case Study of The Industrial Estate, Comilla.

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CONTENTS

Preface	i-ii
Abbreviations	iii
Executive Summary	iv-vii

CHAPTER-I

♦ 1.0 Introduction	1
1.1 Objectives	1
1.2 Methodology	2
1.3 Scope and Limitations	2

CHAPTER-II

♦ 2.0 The Industrial Estate Programme of BSCIC:	3
(Analysis and Findings)	
2.1 Current Implementation Status.....	3-4
2.2 Status of Industrial Plots,	
Industrial Units and Employment.....	5
2.3 Status of Plots and Industrial Units	6
2.4 Land Premium, Service Charges and Taxes.....	7

CHAPTER-III

♦ 3.0 Industrial Estate, Comilla:	8
(Analysis and Findings)	
3.1 Salient Feature	8
3.2 Status of Different Industrial Units	9
3.3 Status of Land Premium, Service Charges and Taxes	10
3.4 Employment Generation	11-12

CHAPTER-IV

♦ 4.0 Problems:	13
4.1 Delay in Development Works	13
4.2 Wrong Site Selection	13
4.3 Financial Problem	13
4.4 Lack of Trained Entrepreneurs	14
4.5 Lack of Coordination	14
4.6 Inadequate Supply of Utilities	14
4.7 Poor Maintenance	14
4.8 Lack of Publicity	14

♦ 5.0	Recommendations	15
5.1	Rapid Development of IEs	15
5.2	Proper Site Selection	15
5.3	Special Credit Line for Entrepreneurs	15
5.4	Investment Counselling and Management Training	15
5.5	Formation of High Powered Committee	16
5.6	Formation of Cell in IEs	16
5.7	Maintenance of Roads and Drainages	16
5.8	Publicity	17
6.0	Conclusion	17
7.0	References	18

PREFACE

Preparation and presentation of a seminar paper are essential requirements of the training programme of the Senior Staff Course of BPATC, Savar, Dhaka. As I am working in Bangladesh Small and Cottage Industries Corporation as General Manager(MIS), I was given the task by Honourable Rector, BPATC, Dr. Ekram Hossain to present a paper on "A Critique of The Industrial Estate Programme of BSCIC: A Case study of The Industrial Estate, Comilla".

The seminar paper reflects the position of Industrial Estates developed by BSCIC and the problems for non-utilization of Industrial plots in the Estates. It also endeavours to suggest specific recommendations for improvement.

I express my gratitude to Dr. Ekram Hossain, Rector, BPATC who met all the participants in a session, talked to them individually with regard to selection of topics for the seminar paper and necessary guidelines.

My greatest debt is also to Waliul Islam, a Retired Secretary to the Government of The People's Republic of Bangladesh, who has kindly enriched my ideas as to its standard formatting of the seminar paper.

I express my gratitude to Ziaul Islam Chowdhury, Chairman, BSCIC who kindly allowed me to attend the training course and ensured my participation in time. I must also put on record my sincere thanks to Md. Badruzzaman Mian, Beer Pratik, Secretary, BSCIC for his sincere co-operation and help in the participation of this course.

I am grateful to Tofazzel Hossain, MDS, BPATC and Course Director for his wholehearted co-operation and help in the preparation of this paper. I would also express my heartfelt thanks to Md. Adilur Rahman, Deputy Manager, MIS, BSCIC and Md. Nazmul Hoque, Estate Officer, Industrial Estate, BSCIC, Comilla for helping me with data and information.

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Md. Abul Hashem Sarker

ABBREVIATIONS

ADP	Annual Development Programme
BPATC	Bangladesh Public Administration Training Centre
BSCIC	Bangladesh Small and Cottage Industries Corporation
EPSIC	East Pakistan Small Industries Corporation
GOB	Government of the Peoples Republic of Bangladesh
IE	Industrial Estate
IEs	Industrial Estates
IU	Industrial Unit
MDS	Member Directing Staff
MIS	Management Information System
NGOs	Non Government Organizations
NO	Number
OSMs	Organizational Support Mechanisms
PP	Project Proforma
SCIs	Small and Cottage Industries

EXECUTIVE SUMMARY

- 1.0 In this seminar paper attempts have been made to evaluate the real situation of the Industrial Estate Programme of BSCIC. Industrial Estate, Comilla was taken as a case study. Attempts were also made to identify the problems for non-utilization of the industrial estate plots and recommended ways and means on how to address the problems.
- 2.0 Bangladesh is a small country. Its economic resources are limited. But the population is very large. More than 12.4 million people live here in 1.47 lacs sq.km of area.¹ Hunger, Poverty, Illiteracy and low rate of economic growth are some of the main problems that the country has been facing. In such a situation GOB entrusted BSCIC to undertake a programme for development of Industrial Estates with infrastructure facilities.² The objectives were to provide developed industrial plots to the private sector small entrepreneurs for setting up of industries thereon for balanced economic and industrial growth and employment generation.
- 3.0 BSCIC, a successor organization of the former EPSIC, took up the Industrial Estate Programme in the early part of 1960 and completed 61 out of total 77 IEs taken up for development in different phases from 1960 to Feb. 2000. The overall position of these IEs is not satisfactory. These estates are now facing various problems, which should be addressed as early as possible to achieve the desired goal.
- 4.0 The Government has invested through BSCIC Tk. 1438.94 million in developing 77 Industrial Estates of which 61 Estates have been developed up to February, 2000. The progress achieved in respect of time and investment is not satisfactory.

- 5.0 A total of 9433 (92%) industrial plots were developed up to Feb. 2000 against the target of 10,219. Out of 9433 developed plots only 6354 (67%) plots have been allotted to the entrepreneurs and the remaining 3079(33%) plots are yet to be allotted. No. of established industrial units are 3506 which is only 65% against the target of 5392. On the other hand, out of 3506 established Industrial units in the allotted plots only 1706 (49%) units are in production. 1427 (41%) units are under different stages of implementation and 373 (10%) are sick. Employment generation is 84,144, which is only 76% against the target of 1,10,861. The progress achieved in respect of IE's optimum utilization is far from satisfactory.
- 6.0 The recovery status of different service charges in the estates is 81%. Intotal Tk. 40.30 crores is due to entrepreneurs up to Feb. 2000, of which Tk. 32.69 crores has been recovered. But the total outstanding amount remained still is Tk. 8.15 crores. BSCIC should take immediate necessary steps to realize this outstanding amount through intensive programme.
- 7.0 The Industrial Estate, Comilla, was established in 1960. Its development work completed in 1979. The area of the estate is 54.35 acres. In the estate total no. of plots developed were 155, out of which 149 were allotted against 137 industrial units and the rest 6 plots for office buildings, staff quarter, & pump house. Out of 137 established industrial units, only 92 (67%) units are in production and 7 (5%) are sick. 17% of the total units i.e. 23 units are closed and 15(11%) units are still in different stages of construction. Even after 21 years of completion of the estate 33% of industrial units remained out of production. This clearly shows that the scenario of the industries in the estate is not satisfactory.

- 8.0 BSCIC maintains a staff complement of 8 (2 officers and 6staff) for the management and operation of each Industrial Estate. The responsibility of the members of the staff is to operate and maintain the Industrial Estates, which includes allotment of land, realization of service charges, maintenance of utility services. The total fund for this comes from the revenue budget.
- 9.0 Realization position of different service charges in IE, Comilla is only 70% which is not at all satisfactory. The local office should put all its efforts to realize the outstanding amount Tk. 32.23 lacs.
- 10.0 Scopes for 8 direct job/employment have been created in the establishment of IE, Comilla. Besides, 1919 employment opportunities have been created in the established units of the estate. But the condition of internal roads, drainages and water supply system is worst in the estate. BSCIC management should take immediate steps to repair the roads and drainages. Steady water supply should also be ensured.
- 11.0 There are multiple reasons for not achieving the desired goal of industrialization programme taken by BSCIC. The main reasons are such as: Inadequate allocation of fund; in the ADP, Delay in development works of IEs, Wrong site selection due to political/other interference; Financial problem of the entrepreneurs, lack of trained entrepreneurs, Lack of co-ordinations among the different agencies involved in the establishment of IEs, Lack of maintenance of internal roads, drainages and water supply system, etc.

12.0 To over come the problems mentioned the following measures are recommended.

- (i) Rapid development of Industrial Estates.
- (ii) Without potential entrepreneurial demand selection of sites (for Industrial Estate) should not be done under political/external pressure.
- (iii) Estatewise Special Credit line for the entrepreneurs may be arranged.
- (iv) Pre-investment and post-investment counseling and In-plant advisory services to the investors in private sector maybe provided.
- (v) A cell may be introduced in each of the IE's office for giving one-stop service to the entrepreneurs.
- (vi) A high powered committee should be constituted to monitor the functioning of the concerned agencies.
- (vii) To explore funds for maintenance of buildings, roads, drainages, water supply systems, etc. of established IEs.
- (viii) Extensive publicity is needed for effective utilization of Industrial Estates.

It is expected that BSCIC will consider the recommendations for redressing the problems for proper utilization of the existing Industrial Estates.

CHAPTER-1

1.0 Introduction

Bangladesh Small and Cottage Industries Corporation (BSCIC) is the prime mover organization in Bangladesh entrusted with the responsibility for promotion and development of Small and Cottage Industries in the country. Development of Industrial Estates (IEs) with infrastructure facilities is one of the important functions of BSCIC². It is the successor organization of former EPSIC. In the early part of 1960, BSCIC took up Industrial Estate Programme. The main objectives of the programme were to create infrastructure facilities within the estates for providing developed industrial plots to the private sector small entrepreneurs for setting up of industries and employment generation.

In the industrial areas, land is acquired and developed plots are allotted to industrial establishments on 99 years lease. Facilities provided generally include internal roads, drainage, electricity, water and gas supplies. Government provides huge subsidy to create such facilities in the estates to encourage the small entrepreneurs.

BSCIC completed 61 out of 77 Industrial Estates taken up for development in different phases from 1960 to Feb. 2000. The overall position of the estates is not encouraging. They are now facing various problems which should be addressed quickly to achieve the desired goal.

1.1 Objectives

The objectives of the seminar paper are

- (i) To analyse and evaluate the current status of the Industrial Estate Programme of BSCIC
- (ii) To review the different dimensions of the Industrial Estate, Comilla.
- (iii) To identify the problems of the Industrial Estates, and
- (iv) To suggest possible recommendations for proper utilization of the Industrial Estates.

1.2 Methodology

The methodologies I had recourse to in preparing the paper includes

- (i) Secondary data collection from MIS report, BSCIC Head Office.
- (ii) Discussion with concerned officers of BSCIC.
- (iii) Data collection from Industrial Estate Office, Comilla, BSCIC.
- (iv) Consultation of different Project Proforma of Industrial Estates.
- (v) Also I made the best use of my thoughts and concepts.

1.3 Scope and Limitations

The scope of the study is clearly defined by the title "A Critique of The Industrial Estate Programme of BSCIC: A Case Study of The Industrial Estate, Comilla". The title indicates the limitations and scope of the study. The paper did not fully capture all the basic information required. Due to time constraint, no empirical investigation could be made. To analyse the present situation of the Industrial Estate Programme, time taken for development of 61 IEs, its investment, No. of plots to develop, No. of Industries to establish, No. of Employment to generate and the progress achieved against these targets were taken into considerations.

In evaluating different dimensions of the IE, Comilla, No. of industrial plots developed and allotted to entrepreneurs, No. of industrial units established. position of established units, employment generated, Revenue collection (i.e. different land premium and service charges) and the conditions of Infrastructure like roads, drainages, water and electric supply were considered. Within these specified areas, the problems were identified and suggested possible recommendations for improvement. The approach is characterised both by analysis and discussion on different aspects. However, despite constraints allout efforts have been made to make the paper useful.

CHAPTER-II

2.0 THE INDUSTRIAL ESTATE PROGRAMME OF BSCIC (Analysis and Findings)

2.1 Current Implementation Status

The current implementation status of 77 Industrial Estates, its progress and expenditure incurred as on February, 2000 are shown in below, Table-1.

Table-1

Implementation Status of 77 Industrial Estates (Up to Feb. 2000)

Sl. No	Description of Industrial Estates (IEs)	Year of Starting implementation	Target for Completion Year	Actual Completion Year	Expenditure (Tk. in Lakh)	Progress	Remarks
1	2	3	4	5	6	7	8
1.	1 st Phase-20 IEs	1960	1965	1979	1101.02	100%	
2.	2 nd Phase-9 IEs	1980	1990	1991	1453.68	100%	
3.	3 rd Phase-Mymensingh IE(Extn.)	1988	1990	1991	194.00	100%	
4.	3 rd Phase-IE-Electronic Complex	1988	1990	1991	969.00	100%	
5.	4 th Phase-21 IEs	1985	1990	1998	6122.56	100%	
6.	4 th Phase-IE for Jamdani	1993	1998	1999	610.00	100%	
7.	4 th Phase-24 IEs	1987	1995	2000	3939.58	42%	Revised (16)
	Total=77 61+(16)				14389.48		

Source: MIS report, BSCIC, Feb. 2000

The table-1 shows that in 1st phase during 1960-79, BSCIC had developed 20 IEs. Except very few the position of most of the estates were satisfactory and encouraging. Based on the experience and results obtained and following the strategy to provide infrastructural facilities to the potential entrepreneurs but in less developed areas BSCIC

took up another 9 IEs during Second Five Year Plan (1980-85) as second phase. The development of these 9 IEs was completed in 1991. Besides, during this period BSCIC completed another two IEs, namely Mymensing IE (Extn.) and Electronic complex at Mirpur as 3rd phase.

During, Third Five Year Plan (1985-90) BSCIC took up additional 21 IEs, the development of estates completed in 1998. BSCIC also had taken up a monotype IE for Jamdani in 1993 and its development work completed in 1999. Considering the requirement of giving a total coverage to the newly created 64 districts, the GOB approved establishment of another 24 IEs during the Third Five Year Plan (1985-90) and Forth Five Year Plan (1990-95). Development of 8 IEs out of 24 IEs completed in June 2000, while the work of the rest 16 IEs are in progress.

It seems that BSCIC took 40 years to develop only 61 IEs with a huge investment of Tk. 1438.94 million. Now it is the time that BSCIC should put all its effort for early completion of the existing scheme. If it is analysed from the view point of time and investment, it gives a very dismal picture.

2.2 Status of Industrial Plots, Industrial Units and Employment

The present position of the no. of industrial plots developed, no. of industrial units established and employment generated in 77 IEs against target (as per PP) are shown in Table-2.

Table-2

Status of Industrial Plot, Industrial Units and Employment

SL No.	Description of Industrial Estates	Target			Progress		
		No. of plots to be developed	No. of Industries to be established	No. of Employment to be created	No. of plots developed	No. of Industrial units established	Employment generated
1	2	3	4	5	6	7	8
01.	Established IEs 61+ Electronix Complex	8560 + 98000 sq.ft. space	4065	90,956	8560 + 53000 sq.ft. space	3488 + 8	83904
02.	Industrial Estates under implementation(16)	1,659	1327	19905	873	10	240
Total: 77		10,219 + 98000 sq.ft	5392	1,10,861	9433 (92%) + 53000 sq.ft	3506 (65%)	84144 (76%)

Source: MIS report, BSCIC, Feb. 2000.

The objectives of the Industrial Estate Programme were to create infrastructure facilities for establishment of 5392 industrial units in 77 IEs. The targets were to develop 10219 industrial plots and scope for employment of 1,10,861.

Table-2 indicates that even after so many years BSCIC could develop only 9433 (92%) industrial plots against the target of 10219. No of established industrial units are 3506 (65%). Employment created only 76%. In terms of employment generation and establishing industrial units the programme could not attain its objectives fully.

2.3 Status of Plot Allotment and Industrial Units:

The details of plot allotment and status of industrial units as on Feb. 2000 are shown below in Table-3.

Table-3

Status of Plot Allotments and Industrial Units: (Feb. 2000.)

Sl. No	Description	Total no of plots to be developed	plots developed	No. of plots allotted	No. of plots to be allotted	No. of industrial units	Units under production	Units awaiting for implementation	Sick units
1	2	3	4	5	6	7	8	9	10
01.	Established 61 IEs + E. Complex	8560	8560	6339	2221	3488	1695	1420	373
		98000sq.ft	53000 sq. ft.	53000 sq. ft.	-	8	8	-	-
02.	IEs under implementation (16)	1659	873	15	858	10	3	7	-
Total=77		10,219	9433	6354 (67%)	3079 (33%)	3506	1706 (49%)	1427 (41%)	373 (10%)

Source: MIS report, BSCIC, Feb. 2000.

It would be seen from the Table-3 that out of 9433 plots only 6354 (67%) plots have been allotted to the entrepreneurs, and the remaining 3079 (33%) plots are yet to be allotted. On the other hand out of the 3506 IU's established in the allotted plots only 1706 (49%) are in production. 1427 (41%) are under implementation and 373 (10%) are sick. As a result private and public efforts for Industrial development and investment proved futile.

It would be seen from the Table 1, 2 and 3 that Govt. has invested through BSCIC Tk. 14389.48 laks in developing IEs. The progress achieved in respect of their optimum utilization is far from satisfactory.

2.4 Land Premium, Service Charges and Taxes:

Table- 4

**Status of Different Service Charges:
(IEs: 61 Upto Feb. 2000)**

(Tk. in Crores)

Sl. No.	Description	Amount Due for recovery	Amount Recovered	Amount outstanding	Rate of recovery
1	2	3	4	5	6
1.	Land installment	29.07	24.04	5.03	83%
2.	Service charge	2.16	1.36	0.80	63%
3.	Land Development	5.64	3.94	1.70	70%
4.	Water	2.11	1.49	0.62	71%
5.	Others	1.40	1.86	-	133%
	Total	40.38	32.69	8.15	81%

Source: MIS, BSCIC, Feb, 2000.

Table-4 shows that Land Premium due to entrepreneur is Tk. 29.07 crores up to Feb. 2000 of which Tk. 24.04 crores has been recovered. An amount of Tk. 2.16 crores is due on account of service charge of which Tk. 1.36 crores has been recovered.

Similarly, Tk. 5.64 crores is due as land development tax against which Tk. 3.94 crores has been recovered. The amount due on account of water charge is Tk. 2.11 crores on which Tk. 1.49 has been recovered. Other taxes due amount to Tk. 1.40 crore of which Tk. 1.86 crore has been recovered. The realisation of these above accounts is more or less satisfactory.

The above information and statistics obtained from the analysis of the above Table-1,2 and 3 about non-utilization of estates plots and position of industries etc. are quite alarming. BSCIC, in fact could not achieve the desired goal during its long 40 years of service rendered from 1960-2000 to implement this programme. Of course, there are multiple reasons for this sorry state of BSCIC industrialization programme.

CHAPTER-III

3.0 THE INDUSTRIAL ESTATE , COMILLA (Analysis and Findings)

3.1 Salient Feature

i.	Land	54.35 acres
ii.	Year of Establishment	1960-79
iii.	Total Investment	Tk. 84.18 Lacs
iv.	Total no. of plots developed	155
v.	No. of plots allocated for office, Staff Quarter, Pump House, etc.	6
vi.	No. of Industrial plots	149
vii.	No. of plots allotted for industries	149
viii.	No. industrial units established in alloted plots	137
ix.	Industrial Units under production	92
ix.	Types, Nos and sizes of different industrial plots	
	A. 12 Nos 25000 Sq.ft.	
	B. 49 " 17600 "	
	C. 40 " 8750 "	
	D. 23 " 3000 "	
	S. 25 " different sizes	
xi.	Value of developed Land	Tk. 7.0 Lacs/acre

3.2 Status of Different Industrial Units

Table-5

Status of Industrial Units, IE, Comilla.
(April, 2000)

Sl. No	Industrial Sector	Total no. of Industrial units	Units under production	No of sick units	No of closed units	Units under construction
1	2	3	4	5	6	7
01	Food & Allied	56	42	-	10	4
02	Textile	21	12	4	2	3
03	Paper, Paper Board & Packaging	3	1	-	1	1
04	Chemicals & Pharmaceuticals	16	10	1	4	1
05	Engineering	29	19	-	2	6
06	Misc.	12	8	2	4	-
	Total:	137	92	7	23	15
			(67%)	(5%)	(17%)	(11%)

Source: IE Office, Comilla.

It would be seen from the Table-5 that in Comilla Industrial Estate, the total no. of industrial establishment is 137, out of which only 92(67%) units are in production and 7(5%) are sick. 17% of the units i.e 23 units are closed and 11% of the total units i.e 15 units are still in different stages of construction. Even after 21 years of completion of the estate 33% of industrial units remained out of production. This clearly indicates that the scenario of the industries in the estate is not at all satisfactory.

3.3 Status of Land Premium, Service Charges and Taxes

Table-6

Status of Different Service Charges, IE, Comilla Up to April, 2000
(Tk. in Lakh)

Sl. No.	Description	Amount due for recovery	Amount recovered	Amount out standing	Rate of recovery
1	2	3	4	5	6
1	Land premium	51.94	40.40	11.55	78%
2	Service charge	12.59	7.00	5.59	56%
3	Land development	15.98	8.44	7.54	53%
4	Water	16.79	9.24	7.55	55%
5	Others	7.39	7.39	-	100%
	Total:	104.70	72.47	32.23	70%

Source: IE Office, Comilla.

Table-6 shows that the total amount due for recovery on these accounts is Tk. 104.70 lakhs up to April, 2000 of which Tk. 72.47 lakhs has been recovered. The rate of recovery is only 70%. The realisation of these above accounts is not at all satisfactory. The local office should put all its efforts to realize the outstanding amount.

3.4 Employment Generation

Table-7

Manpower Position of IE Office, Comilla
(April, 2000)

Sl.No.	Name of the Post	Approved	Existing
1	2	3	4
01	Estate Officer	1	1
02	Technical Officer	1	1
03	Accountant Cum- cashier	1	1
04	Clerk Cum Typist	1	1
05	Pump Driver	1	1
06	Peon	1	1
07	Guard	2	2
	Total:	8	8

Source: IE Office, Comilla.

Table-8

Status of Employment Generation, IE, Comilla.
(April, 2000)

Sl. No.	Industrial Sector	No. of employment needed	Existing employment
1	2	3	4
01	Food & Allied	1260	1200
02	Textile	240	200
03	Paper, Board, Printing and Packaging	20	14
04	Chemicals & Pharmaceuticals	350	300
05	Engineering	190	160
06	Misc	55	45
	Total:	2115	1919 (91%)

Source: IE Office, Comilla.

Table-7 indicates that a scope has been created for 8 direct job/employment in the established industrial estate. Besides, about 1919 job opportunities have been created in the established industrial units of the estate (Table-8). Moreover, various economic activities and township developed in the adjoining areas of industrial estate by which indirect employment opportunities were also created. Although there is no study conducted in this field, it is expected that it would be around 25% of the total manpower engaged in the units of this estate.

CHAPTER-IV

4.0 PROBLEMS:

There are multiple reasons for not achieving the desired result of industrialization programme taken by BSCIC in the Industrial Estates. The following are the main reasons for this situation:

4.1 Delay in Development Works of IEs

The implementation of each industrial estate scheme, has in the past taken long time. The most important reason for this is inadequate allocation of fund in the ADP. Another reason is the long time taken for land acquisition.

4.2 Wrong Site Selection.

Even after completion of physical infrastructure, it takes long time to complete the allocation of plots. This is because of the fact that site selections, in many cases were not based on proper techno-economic studies but on political or other external considerations. Ultimately setting up of Industrial Units suffers because of the non-availability of potential entrepreneurs.

4.3 Financial Problem

The process of setting up industries after allotment of plots is delayed due to inadequate financial assistance and complications in receiving loans by the entrepreneurs from the financial institutions. Even after setting up the industries, in many cases, the commercial operations can not be sustained mainly because of working capital shortage.

5.0 RECOMMENDATIONS

Despite its remarkable progress in some cases BSCIC could not achieve the desired targets in matters related to the development and utilization of the Industrial Estates because of the grounds discussed in the foregoing paragraphs. The situation will definitely improve if proper attention is given to implement the following recommendations:

5.1 Rapid Development of IEs

Necessary steps should be taken to get adequate ADP fund for completing development works rapidly in the Industrial Estates. The process of acquisition of Land for Industrial Estates should be minimized, if necessary by amending the existing laws.

5.2 Proper Site Selection of IE

No New Industrial Estate project should be undertaken without assessing potential entrepreneurial demand. Selection of site should not be done under political/external pressure.

5.3 Special Credit Line for the Entrepreneurs

A special credit line for the entrepreneurs may be explored for establishment of industries in the Industrial Estates.

5.4 Investment Counseling and Management Training

BSCIC should provide pre-investment and post investment counseling including In-plant advisory services to the investors in the private sector.

For this purpose, counselling and training facilities of BSCIC Training Institute, if necessary may further be improved and expanded.

5.5 Formation of a High Powered Committee

A prompt and cohesive attempt should be made to execute the Industrial Estate Programme taken up in different phases by co-ordinating with all concerned agencies including financial institutions. A high powered committee should be constituted to monitor the functioning of the concerned agencies.

5.6 Formation of Cell in IE

It is necessary to have a cell in the offices of the Industrial Estates for giving one-stop service to the entrepreneurs such as electricity, gas, water supply and telephone services. The cell will assist in keeping liaison with concerned organizations related to the setting up of industries.

5.7 Maintenance of Roads and Drainages:

Every IE's office should take special drive to collect different service charges fully from the owners of the industries. This collected money may spend in maintenance of the roads and drainages of the estates. In addition, BSCIC should explore a separate fund under ADP for maintaining buildings, roads, drainages, culverts, etc. of Industrial Estates. Immediate action should be taken by BSCIC management to repair the internal roads and drainages of IE, Comilla. Similarly, steady supply of water also should be ensured.

5.8 Publicity/Advertisement

Arrangements for extensive publicity/advertisements should be made through mass media to boost public awareness for proper utilization of the Industrial Estates.

6 Conclusion

BSCIC should actively and closely work together with organizational Support Mechanism (OSMs) particularly the GOB agencies and the NGOs. A working partnership between the Government and the private sector needs to be established. BSCIC can play the role of fostering the Govt. private sector partnership as it relates to SCI's. This will allow BSCIC to use its minimal resources with maximum clients and above all, can take the leading part in SCI development with OSMs including NGOs and private sector.

Without ensuring financial viability and high potential demand no further Industrial Estates Project should be undertaken. The present subsidy system should be withdrawn for development of any IE's in future. Attention should be given to proper utilization of the existing IE's. It is necessary to introduce separate estate-wise credit line to avoid complications in getting loans for the establishments of industrial units by the entrepreneurs. Private sector entrepreneurs should be encouraged to take initiative in the development of Industrial Estates and BSCIC will play the role of a facilitator only.

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**REFORM-THE GOVERNMENT SERVANTS
DISCIPLINE AND APPEAL RULES, 1985**

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MD. SHAFIQUUL ISLAM



SL No-02

**BANGLADESH PUBLIC ADMINISTRATION TRAINING CENTRE
SAVAR, DHAKA.**

REFORM-THE GOVERNMENT SERVANTS DISCIPLINE AND APPEAL RULES, 1985

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Contents

Preface	...	i
Acknowledgement	...	ii
Abbreviations	...	iii
Executive Summary	...	iv-v
<i>Chapter-1</i>		
Introduction	...	1
Objectives and Rationale	...	2-3
Methodology	...	3-4
Scope and Coverage	...	4
<i>Chapter-2</i>		
Analysis and Discussions	...	5-10
<i>Chapter-3</i>		
Data Analysis and Findings	...	11-14
<i>Chapter-4</i>		
Recommendations	...	15-17
<i>Chapter-5</i>		
Conclusion	...	18
References	...	19
Annex.	...	A-D

Preface

This seminar paper is the outcome of an assignment given to me as a participant of the 32nd Senior Staff Course at BPATC, Savar, Dhaka. I am rather happy for the selection of such a subject matter as I had an opportunity to be experienced with some problems and deficiencies in the Establishment Ministry, while I discharged my duties as Deputy Secretary (Discipline) for more than two years. But the paper could not be prepared upto the desired standard for some limitation largely due to time constraint. Still efforts have been made to present the paper to cope with the needs of the time.

Md Shafiqul Islam

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Abbreviations

ACAD	– Advance Course on Administration and Development
BPATC	– Bangladesh Public Administration Training Centre
BCS	– Bangladesh Civil Service
DA	– Discipline and Appeal
etc	– et cetera
Fy	– Financial year.
IO	– Inquiry Officer
i.e	– (L. id est) = that is
MO	– Ministry Of
No	– Number
SSC	– Senior Staff Course
SRO	– Statutory Rules and Orders.

Executive Summary

Efficiency and effectiveness of an office is largely dependent upon the standard of discipline of the employees of the office. The better the standard of discipline, the better is the efficiency of the office. To ensure discipline in Government offices, the Government of the People's Republic of Bangladesh introduced "The Government Servants (Discipline and Appeal) Rules, 1985" vide No. S.R.O. 381-L/85/ME(R-V)ID-13/4 dated August 20, 1985 (Hereinafter referred to as D.A Rules, 85). These rules were unique in the sense that action at different stages of departmental proceedings were time-bounded. There were also provisions of taking disciplinary actions, after fixing responsibility, against those officials who failed to perform within the specified time-limit. But taking advantage of these provisions, genuine offenders were automatically getting discharged on expiry of the specified time-limit. On the other hand, officials failing to perform within the specified time were being proceeded against.

To address such an undesirable situation, Government through a gazette notification dated September 13, 1989 amended certain rules of the D.A. Rules, 85 and abolished the time-limit at different stages of proceedings. As a result of the amendments, disposals of departmental proceedings under these rules slowed down to a great extent. At every stage, the cases started getting delayed for several months, at times for several years causing untold-sufferings for the accused Government servants proceeded against under the D.A. Rules, 85 (amended). A suspended Government servant remained under suspension for an unlimited period without being proceeded against. Inquiry Officers were neglecting inquiry for a long time. Incomplete inquiry reports were submitted on many occasions as a

result of which the discipline cases could not be finally disposed of by the authority. Similar things happened in appeal cases also. Many Government offices, Ministries and Divisions were experiencing almost the same degree of backlog in the disposal of discipline and appeal cases.

Three case studies were conducted. In one such case the accused has been put under suspension and charge-sheeted on 26.01.92. The proceedings against this officer could not be finalised yet and he has been under suspension for more than eight years. In another case, the decision of the Secretary, Ministry of Food as an appellate authority was implemented after four years. On review on 'cumulative numbers' and 'disposal numbers' of the discipline cases of some Ministries for three consecutive years, a discouraging picture was revealed.

It is, therefore, high time for the Government to further amend the existing DA Rules, 85 and re-introduce time-limits at different stages of departmental proceedings. A sample survey conducted among senior and mid-level Government officials of different Ministries/Divisions and SSC/ACAD trainees of BPATC came out with strong suggestions in favour of re-introducing time-limits at different stages of departmental proceedings.

Based on the above facts and after an analytical study of the existing D.A. Rules 85, certain reforms have been suggesting emphasising the need for re-introducing time-limits at different stages of departmental proceedings. For that matter amendments to the relevant rules of the existing Discipline and Appeal Rules, 1985 have been suggested.

Chapter-1

1. Introduction

1.1 The word "discipline" comes from the Latin word "discipulas" which means disciple. A disciple obeys the orders of his preceptor without any question. Discipline is therefore a moral quality. It is related to the conduct of a disciple. In its broad sense, however it includes obedience to any system of rules for orderly conduct. According to Collins Cobuild English Language Dictionary, discipline is the practice of making people obey strict rules of behaviour and of punishing them when they do not obey them.

1.2 Article 21(1) of the Constitution of the People's Republic of Bangladesh stipulates "It is the duty of every citizen to observe the constitution and the laws, to maintain discipline, to perform public duties and to protect public property". Article 21(2) states – "Every person in the service of the Republic has a duty to strive at all times to serve the people. All Government servants therefore have dual responsibilities – one as a citizen and the other as a servant of the Republic. In discharging the responsibilities as a servant, they are required to obey certain rules and regulations.

1.3 Efficiency of an office is largely dependent upon the standard of discipline of the employees of that office. The better the standard of discipline, the better is the efficiency of the offices. To ensure discipline in Government offices the Government have made "The Government Servants (Discipline and Appeal) Rules 1985.

1.2 Objectives and Rationale

1.2.1 The Objective of this paper is to review the Government Servants (Discipline and Appeal) Rules, 1985 as amended in 1989 and suggest reforms to certain rules so as to redress sufferings of those employees who are proceeded against these rules. At present departmental proceedings under these rules linger several months, even several years in many cases without any decision. This situation is quite undesirable – resulting into moral degradation of the employees on one hand and reducing their efficiency and interest for work on the other. Moreover, normal office works suffer a lot because of this situation. Quick disposal of departmental proceedings has become an immediate need of the hour for increasing efficiency in public administration. To achieve this goal, certain rules of this existing Discipline and Appeal Rules, 1985 need further amendment. Alternatively, a modified Discipline and Appeal Rules need to be introduced repealing the existing one. The focus is on re-introducing time-limit at different stages of proceedings especially at inquiry stage, consultation with Public Service Commission and decision making stage etc. Disposal of Appeals, if any, within a specified time is also equally important for the sake of natural justice.

1.2.2 Failure on the part of an official at any stage of proceedings without any reasonable ground needs to be identified and appropriate action against the concerned official/officials needs to be taken. The Discipline and Appeal Rules, 1985 need to be suitably reformed for this purpose.

1.2.3 A Government servant against whom action is proposed to be taken under the Discipline and Appeal Rules, 1985, may be placed under 'suspension' if the authority feels it necessary to do so. Departmental proceedings start as soon as a Government servant is placed under suspension. This action should normally follow communication of charges to the suspended Government servant within a specified time. Since the existing rule does not compel the authority to proceed with the required steps within a given time-frame, the suspended Government servant remains under suspension without being proceeded against for an unlimited period. Such a situation is quite undesirable and needs to be addressed by suitably reforming the relevant rules.

1.3 Methodology

1.3.1 A questionnaire comprising 11 (eleven) questions with multiple choice of answers for each question was prepared by the author based on his personal experience dealing with discipline and appeal cases for many years at different places of postings. The same was distributed to senior and mid-level officers of different Ministries/Divisions including Ministry of Establishment & Cabinet Division; participants of 32nd Senior Staff Course and 35th ACAD. Responses received from these Government officials comprise a primary source of data. It may be mentioned here that many of the respondents to the questionnaire are directly associated with the decision making process of discipline and appeal case in their respective work-place and their opinions may be considered as expert opinions.

1.3.2 Annual Reports on the activities of different Ministries/Divisions for Fy 1996-97, Fy 1997-98 and Fy 1998-99 published by the Cabinet Division of the Government of the People's Republic of Bangladesh have been used as another source of data. Personnel Manual; Establishment Manual (vol-1) of the Ministry of Establishment, Government of the people's Republic of Bangladesh; Bangladesh Service Rules (Part-1) and available books on the analysis of Discipline and Appeal Rules, 1985 have also been consulted.

1.3.3 Three case-studies were conducted in the Ministry of Establishment & Ministry of Food which revealed unusual delay at different stages of departmental proceedings against one officials of BCS (Administration) cadre and two officials of BCS (Food) cadre.

1.4 Scope and Coverage

1.4.1 This paper is segmented into four parts – the first part deals with justification for setting time limits at different stages of departmental proceedings under the above rules; the second part with 'suspension' to be followed by formal proceedings within a given time; the third part with the necessity of fixing responsibility of those officials at whose ends unusual delay occur and the fourth part with suggested modifications of the relevant rules in these areas only. The paper does not make analytical review of all the 27 rules and sub-rules of the Discipline and Appeal Rules, 1985 because of time constraint and other limitations.

Chapter-2

2. Analysis and Discussions

2.1 The Government servants (Discipline and Appeal) Rules, 1985 was first published by the Ministry of Establishment in the Extraordinary Gazette of August 21, 1985 under the SRO. 381-L/85/ME(R-V)ID-13/4 dated August 20, 1985 and was given immediate effect (Annex-A). The Government Servants (Discipline and Appeal) Rules, 1984 was thereby repealed simultaneously. The new rules consist of five Parts, 27 rules and is made applicable to all Government servants except seven categories of Government servants listed in sub-rule (4) of Rule 1.

2.2 Amendments

2.2.1 The new feature in the original version of the Discipline and Appeal Rules, 1985 was setting time-limit at different stages of departmental proceedings described in rules 6 through rules 22. Some important steps of the departmental proceedings required to be completed within the stipulated time-frames are mentioned below: -

- # Rule 6(1)(b) – for offences calling for one or more 'minor' penalties, the whole proceedings was required to be completed within thirty working days from the date the allegations were made known to the accused in writing. In such cases the 'inquiry' must be completed within twenty-one workings days from the date of receipt of the order of inquiry by the inquiry officer. Upon written request from the inquiry officer, extension of this period not exceeding ten working days were allowed for inquiry and another fourteen working days were

allowed for completion of the whole proceedings. The above time-limits have been deleted by amendment of the rules on September 13, 1989.

- # Rule 6(4) provided ninety working days for taking final decision by the authority after observing all formalities failing which the allegations against the accused would stand withdrawn and person or persons responsible for delay could be proceeded against on charges of inefficiency under rule 3(a)(iv). This sub-rule has been deleted altogether.
- # In Rule 7(2), 7(4) and 7(5) where the inquiry procedure in cases calling for major penalties were described, time-limited were set for the 'Inquiry Officer' or the 'Board of Inquiry' which subsequently were either amended or deleted.
- # In Rule 7(7) where consultation with the Public Service Commission is necessary, the authority was required to wait for twenty working days for Commission's advice. After the expiry of that period, the authority could take final decision. This provision has also been deleted by way of amendment. Now the authority is bound to wait for Commission's advice for an unlimited period.
- # In Rule 7(9), the authority was restricted to one hundred and fifty working days from the date of communicating the charges to the accused, for taking final decision. On expiry of that period, the accused stood automatically discharged of the charges brought against him and the person or persons responsible for such failure were subject to proceedings under rule 3 (a) (iv) for inefficiency. This sub-rule has also been deleted altogether.

Sub-rule (2) of Rule 11 provided that suspended Government servant must be communicated with the charges brought against him within thirty working days from the date of suspension failing which the order of suspension stood vacated. Similarly, sub-rule (4) of the same rule empowered the authority to hold further inquiry of the charges brought against the accused on the basis of which the accused was dismissed or removed from service or compulsorily retired and the order of the authority was set aside or declared void by a court of law or Administrative Tribunal. But such action of the authority would be valid if take within thirty working days from the date of issuance of court order. The above two sub-rules also were deleted. As many as 18 (eighteen) amendments of the Discipline and Appeal Rules, 1985 including those described above were done through a SRO dated September 13, 1989.

2.3 Why amendments were necessary

2.3.1 All Ministries/Divisions, Directorates and Government offices had a large number of disciplinary cases instituted under 'The Government Servants (Discipline and Appeal) Rules, 1985'. Every year the number was increasing because of failure of the concerned employees dealing with such cases within the stipulated time-frame at different stages of proceedings. In many cases genuine grounds existed for such failures. On the other hand many accused were getting advantage of these unintended failures and remained unpunished. This situation creating dissatisfaction among the sincere and honest employees. Work-load increased manifold, work-

efficiency deteriorated and office-discipline was getting loose day by day. Many Government offices sent requests to the Ministry of Establishment with justifications for necessary amendments of the Discipline and Appeal Rules, 1985. The Government, after careful consideration, amended certain rules in September 1989 and deleted the time-limit set at different stages of proceedings (Annex-B).

2.4 Post amendment scenario

2.4.1 Although it is quite unethical to continue a departmental proceedings against a Government servant for an unlimited time, but disposal at different stages of proceedings started getting delayed after the amendment of the Discipline and Appeal Rules, 1985. Maximum delay was happening with the inquiry officers who were taking unreasonable time in submitting the inquiry report to the authority. In many cases incomplete inquiries were done, laid-down procedures were not followed and at times findings of the inquiry officer were vague and inconclusive. As a result, the authority had to ask the inquiry officer to conduct further inquiry on incomplete issues, thereby causing more delays. Ministry of Establishment vide their memo No: সম্ম(বিধি-৫)১ডি-২১/৮৯-১৯০(১০০); তারিখ : ৪-১২-৮৯ (Annex-C) requested all Ministries/Divisions to issue necessary instructions to all concerned for completion of inquiry in departmental proceedings within 3 (three) months where charges calls for major penalties and 2 (two) months where charges calls for minor penalties. The above memorandum is still in force but seldom adhered to by the concerned officials. Inquiry stage is not the only stage where unusual delay occurs. It happens so in other stages too including the final stage of decision making by the appropriate

authority. Where consultation with the Public Service Commission is necessary for imposition of major penalty, the authority forwards the case with necessary documents for Commission's advice (Rules 7(7) of Discipline and Appeal Rules, 1985). In the original rule, the authority was empowered to impose the proposed penalty if Commission's advice was not received within twenty working days of sending the case to the Commission. But the said time-limit has been withdrawn at the time of amendment of the rules in 1989 and now the authority has to wait for an indefinite period to get Commission's advice. This is another stage of delay in most cases. Such a scenario is very much common in almost all the Government offices. It is, therefore, an immediate necessity to re-introduce reasonable time-limits at different stages of departmental proceedings. Three case studies – of which two are disciplinary cases and one is appeal case, conducted in the Ministry of Establishment and Ministry of Food involving one officer of BCS (Administration) cadre and two officers of BCS (Food) cadre will demonstrate unique examples of unusual delay in disposal of departmental proceedings.

2.5 Case Study-I

2.5.1 A class-I Officer of BCS (Administration) cadre was charge-sheeted on 3.4.96 by the M/O Establishment. The Charges were inquired by an inquiry officer appointed on 13.7.96. The inquiry officer submitted inquiry report on 17.11.97 i.e. one and half year later. Then due to incomplete report the case was further inquired by an inquiry board on 14.6.98 and the inquiry board submitted inquiry report on 5.11.98 i.e. after 5 months. The case is finally disposed of on 13.1.99. i.e. after about 3 years.

2.6 Case Study-II

2.6.1 A. Class-I officer of BCS (Food) cadre was suspended and charge-sheeted on 26.1.92 by the Ministry of Food. On inquiry he was found guilty of charge brought against him and was dismissed from service on 7.12.93 i.e. after about two years. He filed an appeal with the Administrative Tribunal and got verdict in his favour. Ministry of Food after obtaining legal opinion of the Ministry of Law, Justice and Parliamentary Affairs appointed an inquiry officer on 9.2.98 for further inquiry of the same charges under rule 11(3) of the Discipline and Appeal Rules 1985. He remained suspended from the date of his dismissal from service under the provision of the said rule. It is interesting to note that it took about 5 (five) years to institute a further inquiry of the charges. This time the inquiry report was received on 1.7.99 i.e. about one and a half years later. The case of this officer could not be finalised yet and he has been under suspension for more than eight years.

2.7 Case Study-III

2.7.1 A class-II employee of the Directorate of Food, after being punished by his appointing authority under Discipline and Appeal Rules 1985, preferred an appeal to the Secretary, Ministry of Food the appellate authority. The Secretary gave decision in favour of the appellant and declared the penalty imposed by the Directorate as irregular and cancelled it. The Secretary's decision in the concerned file dated 20.7.95 was communicated to the Directorate of Food on 14.7.99 through an office order issued from the Ministry of Food. Surprisingly Ministry of Food took 4 (four) years to communicate the Secretary's decision.

Chapter-3

3. Data Analysis and Findings

3.1 The Cabinet Division of the Government of the People's Republic of Bangladesh publishes every year an annual report on the activities of all the Ministries/Divisions of the Government. After reviewing the annual reports for the Fy 1996-97, Fy 1997-98 and Fy 1998-99 cumulative numbers of discipline cases of the following 10 Ministries/Divisions along with the yearly disposals of such cases are tabled below to observe the trend of delay in disposals resulting into increase of the cumulative number of cases.

3.1.1 Statement of cumulative number of discipline cases and the number of disposals per year in respect of 10 (ten) Ministries/Divisions of the Government of Bangladesh:

Table-1

Sl. Nos	Name of Ministry/Division	1996-97		1997-98		1998-99	
		Cumulative Total	Disposal During the year	Cumulative Total	Disposal During the year	Cumulative Total	Disposal During the year
1.	M/O Home Affairs	3467	666	6586	1583	9204	5024
2.	M/O Post & Tele Communication	1675	490	2016	383	1964	376
3.	Finance Division	260	84	1577	258	1558	976
4.	M/O Environment & Forest	976	488	528	509	374	122
5.	M/O Shipping	981	354	745	240	656	263
6.	M/O Water Resources	438	120	689	221	662	275
7.	M/O Health & Family Welfare	326	99	368	94	536	182
8.	M/O Power & Mineral Resources	333	174	362	344	317	254
9.	M/O Agriculture	292	47	138	45	181	68
10.	M/O Establishment	88	39	226	113	172	59
	Grand Total :	8836	2561	13229	3790	14524	7599

3.1.2 From the prepage statistics (Table-1), it may be observed that the number of discipline cases disposed during the three financial years under consideration were quite satisfactory in two Ministries i.e. M/O Power and Mineral Resources and M/O Home Affairs though the cumulative numbers of discipline cases have increased progressively in both the Ministries during the same period. The Ministry of Environment & Forest only showed a decreasing trend of disciplinary cases during this period. Disposal of cases during the year were also quite satisfactory every year under study. All other Ministries/Divisions had progressively increased numbers of disciplinary cases which indicates that withdrawal of time-limits at different stages of departmental proceedings contributed positively to such a scenario.

3.2 Sample Opinion Survey

3.2.1 An opinion survey was conducted among the 50 senior and mid level officials (Joint Secretary/Dy. Secretary) of different Ministries/Divisions including the participants of 32nd Senior Staff Course and 35th ACAD during the second week of June 2000. The respondents were asked to freely opine whether 'time-limits' should be re-introduced at different stages of departmental proceedings, whether responsibility should be fixed and punitive actions be taken against those officials at whose end disposals are delayed, whether suspension should be followed by proceedings within a specified time failing which the order of suspension be withdrawn, and whether time limit for penalty censure should be fixed.

3.2.2 Result of sample survey

Table – 2

Sl. Nos	Questions	Responses in Percentge (%)
1.	Should proceedings be time-bounded?	Yes : 98%/ No : 2%
2.	What should be the time-limit?	3m: 22%/6m: 56%/12m : 22%
3.	Should there be time-limit at different stages?	Yes : 100%/ No: Nil, No Comment: Nill
4.	Time for disposal : Minor penalty	3m : 62%/6m:32%/12m:6%
5.	Time for disposal : Major penalty	3m: 2%/6m : 64%/12m : 32%
6.	By what time suspension should follow charges?	1m: 68%/2m:20%/3m: 12%
7.	Time to wait for PSC's advice	1m:74%/45 days:20%/15 Days : 2%/ No comment : 4%
8.	Time for completing inquiry.	1m: 16%/ 2m:40%/3m: 40%
9.	Time for disposal of appeals.	45days :28%/ 2m: 60%, No comment 12%
10.	Automatic withdrawal of suspension	Yes : 72%/Continue : 20% Suo-moto Penalty : 4%, No : 4%
11.	Responsibility for dealy and penalty	Yes :52%/Formal proceedings:40% /Censure: 4%/No Comment 4%
12.	Time for penalty censure	Yes : 82%, No 6%/ No comment 2%, 6m : 40%/12m 38%

3.2.3 From the tables above, it may be observed that: -

- (i) 98 percent respondents are in favour of setting a specific time-limit for disposal of departmental proceedings; 56 percent are in favour of setting 6 months, 22 percent in favour of setting 3 months and another 22 percent in favour of setting 12 months time limit.
- (ii) Disciplinary cases with charges calling for minor penalties should be completed within 3 months opines 62 percent respondents. Similarly cases with charges calling for major penalty should be completed within 6

months, opines 64 percent respondents. 68 percent officials say that a suspended Government servant must be served with formal communication of charges within one month from the date of suspension.

- (iii) The proposal of setting reasonable time-limits at different stages of departmental proceedings has been supported by all respondents.
- (iv) 74 percent are in favour of waiting for 30 working days to get Public Service Commission's advice whereas about 20 percent are not ready to wait for more than 45 days for Commission's advice.
- (v) 40 percent of surveyed population are in favour of allowing maximum three months time for holding the inquiry in any discipline case, whereas 60 percent are ready to allow only two months for disposal of appeal cases.
- (vi) 72 percent of the surveyed population are in favour of automatic withdrawal of suspension order after the expiry of the specified time.
- (vii) Similarly 52 percent respondents are in the opinion of identifying persons responsible for delay at one or more stages of proceedings and initiate action against them.
- (viii) 82 respondents are infavour of time limit for the penalty centure and 40 percent opine for 6 month and 38 percent opine for 12 months. The result of the opinion survey is annexed at D.

Chapter-4

4. Recommendations

4.1 Based on the above observations and analysis and keeping into consideration of various constraints of officials dealing with discipline cases the following reforms in the relevant rules of The Government Servants (Discipline and Appeal) Rules, 1985 are recommended: -

- (i) Departmental proceedings against a Government servant charged with offences calling for 'major' penalty must be completed within 6 (six) months from the date of issuing charges. Rule 7(9) which was deleted may be suitably amended and revived for the purpose.
- (ii) Departmental proceedings against a Government servant charged with offences calling for one or more 'minor' penalties must be completed within 3 (three) months from the date of initiating the case. Rule 6(4) which was deleted may be suitably amended and revived accordingly.
- (iii) A Government servant placed under 'suspension' should be communicated with the charges brought against him in writing within 1 (one) month from the date of issuance of suspension order. Failure to do so by the authority will go in favour of the Government servant for his automatic-reinstatement to his substantive post. But the same authority may, if it considers necessary, continue with the departmental proceedings so as to complete it within the

specified time. Rule 11(2) which was deleted may suitably be amended and revived for this purpose.

- (iv) The inquiry officer inquiring into the allegations calling for one or more 'minor' penalties must submit the inquiry report with findings to the appropriate authority within 2 (two) months of receiving the order of inquiry. Rule 6(1), 6(2) and 6(3) may be amended accordingly.
- (v) The inquiry officer inquiring into the charges calling for 'major' penalty must submit the inquiry report with findings to the authority within 3 (three) months of receiving the order of inquiry. Rule 7(4), 7(5) and 7(7) may suitably be amended.
- (vi) Recommendations at iv & v above have already been circulated to all concerned by Ministry of Establishment vide memo. No: সম(বিধি-৫)১ডি-২১/৮৯-১৯০(১০০)দ তারিখ ৪-১২-৮৯ which is not being followed by the concerned agencies. As such it is recommended to incorporate the directives of the above circular in the Discipline & Appeal Rules by way of amendment of the relevant rules.
- (vii) Where Consultation with the Public Service Commission is necessary, the authority shall send the case with relevant papers to the Commission and wait for Commission's advice up to 30 (thirty) working days from the date of dispatch to the Commission. On expiry of that period, the Commission's agreement may deem to have been received by the authority for timely disposal of the case.

(viii) By way of enacting the Administrative Tribunals (Amendment) Act, 1997 (Act XXIV of 1997) section 4 of Act VII of 1981 has been amended which provides that, "where no decision on appeal or application for review in respect of an order, decision or action has been taken by the higher administrative authority within a period of two months from the date on which the appeal or review application was preferred or made, it shall on expiry of such period be deemed, for the purpose of making an application to the Administrative Tribunals, under this section, that such higher authority has disallowed the appeal or the application".

In conformity with the above amendment, the Discipline and Appeal Rules, 1985 also need suitable amendments. Rules 20,21,22 and 23 of the said rules may likewise be suitably amended for the purpose.

Chapter-5

5. Conclusion

5.1 In our endeavour to relieve the Government servants from harassment through delay while under departmental proceeding and to ensure dispensation of quick justice, the suggested reforms of the Discipline and Appeal Rules, 1985 are considered immediate need of the hour.

5.2 It is but natural that Government servant in course of discharging his duties may commit mistakes or offences knowingly or unknowingly. The Discipline and Appeal Rules, the Conduct Rules and such other service rules are there to regulate the conduct and services of all public servants. Natural justice, therefore, demands that by application of these rules no public servant is harassed or demoralised rather these should act as instruments to raise the standard, moral and efficiency level of the public servants.

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মন্ত্রিপরিষদ বিভাগ, (১৯৯৭), বিভিন্ন মন্ত্রণালয়/বিভাগের ১৯৯৬-৯৭ অর্থ বৎসরের কার্যাবলীর বার্ষিক প্রতিবেদন, ঢাকা, বাংলাদেশ সরকারী মুদ্রণালয়।

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For official use



GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH

MINISTRY OF ESTABLISHMENT

REGULATION BRANCH

Section V

**The Government Servants
(Discipline and Appeal)
Rules, 1985**

(As amended up to 1990)

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GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH
MINISTRY OF ESTABLISHMENT

Regulation Branch

Section V

NOTIFICATION

Dhaka, the 20th August, 1985

No. S. R. O. 381-L/85/ME(R-V)ID-13/84.—In pursuance of the Proclamation of the 24th March, 1982 and in exercise of all powers enabling him in that behalf, the President, after consultation with the Bangladesh Public Service Commission, is pleased to make the following rules, namely:—

PART I

GENERAL

1. Short title, commencement and application.—(1) These rules may be called the Government Servants (Discipline and Appeal) Rules, 1985.

(2) Subject to sub-rule (3), they shall come into force at once.

(3) Rule 15 shall be deemed to have come into force on the 1st January, 1985.

(4) They shall apply to all Government servants, except—

- (a) persons to whom the Railway Establishment Code applies;
- (b) subordinate officers of a Metropolitan Police;
- (c) members of any other police-force below the rank of Inspector of Police;

- (d) subordinate officers, Riflemen and Signalmen of the Bangladesh Rifles;
- (e) subordinate Jail officers below the rank of Jailor of Bangladesh Jails;
- (f) members of such services and holders of such posts as may be specified by the Government by notification in the official Gazette;
- (g) persons in respect of whose conditions of service, pay, allowances, pensions, discipline and conduct, or any one of them, special provisions have been made by any contract.

2. **Definitions.**—In these rules, unless there is anything repugnant in the subject or context,—

- (a) “accused” means a Government servant against whom any action is taken under these rules;
- (b) “authority” means the appointing authority or, an officer designated by it to exercise, subject to such general or specific guideline as may be issued by the Government from time to time, the powers of the authority under these rules and shall include a superior officer, if any, of the appointing authority in the chain of command;
- (c) “Commission” means the Bangladesh Public Service Commission;
- (d) “desertion” means quitting of service without permission or remaining absent from duty for a period of sixty days or more or remaining absent from duty in continuation of absence from duty with permission for a period of sixty days or more without further permission or leaving the country without permission and remaining abroad for thirty days or more or overstaying abroad after leaving the country with permission, for sixty days or more without further permission;
- (e) “Government servant” means a person in the service of the Republic and includes any such person on foreign service or whose services are temporarily placed at the disposal of a local authority or other authority or of a foreign Government or agency;
- (f) “misconduct” means conduct prejudicial to good order or service discipline or contrary to any provision of the Government Servants (Conduct) Rules, 1979, or unbecoming of an officer or gentleman and includes—
 - (i) disobedience to lawful orders of superior officers,
 - (ii) gross negligence of duty,
 - (iii) flouting of Government orders, circulars and directives without any lawful cause, and
 - (iv) submission of petitions before any authority containing wild, vexatious, false or frivolous accusation against a Government servant; and
- (g) “penalty” means a penalty which may be imposed under these rules.

PART II

DISCIPLINE

3. **Grounds for penalty.**—Where a Government servant, in the opinion of the authority,—

- (a) is inefficient, or has ceased to be efficient, whether by reason of—
 - (i) infirmity of mind or body, or

- (ii) having, on two or more consecutive occasions, failed to pass in a departmental examination prescribed for the purpose of maintaining or raising general efficiency, or
 - (iii) having, without reasonable cause, failed to appear at any such examination as aforesaid, or
 - (iv) otherwise,
- and is not likely to recover his efficiency; or
- (b) is guilty of misconduct; or
 - (c) is guilty of desertion; or
 - (d) is corrupt, or may reasonably be considered corrupt, because—
 - (i) he is, or any of his dependents or any other person through him or on his behalf is, in possession (for which he cannot reasonably account) of pecuniary resources or of property disproportionate to his known sources of income, or
 - (ii) he has assumed a style of living beyond his ostensible means, or
 - (iii) he has a persistent reputation of being corrupt; or
 - (e) is engaged, or is reasonably suspected of being engaged, in subversive activities, or is reasonably suspected of being associated with others engaged in subversive activities, and whose retention in service is considered prejudicial to national security;

the authority may, subject to the provision of sub-rule (6) of rule 4, impose on him one or more penalties.

Explanation.—For the purpose of clause (d) (iii), a person shall be presumed to have a persistent reputation of being corrupt if allegations of corruption are received against him during his tenure of service in more than two stations of posting.

4. **Penalties.**—(1) There shall be two kinds of penalties which may be imposed under these rules, namely, minor penalties and major penalties.

(2) The following are the minor penalties—

- (a) censure;
- (b) withholding, for a specified period, of promotion or of increment otherwise than for unfitness for promotion or financial advancement in accordance with the rules or orders pertaining to the service or post;
- (c) stoppage, for a specified period, at an efficiency bar in the time-scale, otherwise than for unfitness to cross such bar;
- (d) recovery from pay or gratuity of the whole or any part of any pecuniary loss caused to Government by negligence or breach of orders;
- (e) reduction to a lower stage in the time-scale.

(3) The following are major penalties—

- (a) reduction to a lower post or time-scale;
- (b) compulsory retirement;

(c) removal from service;

(d) dismissal from service.

(4) Removal from service does not, but dismissal from service does, disqualify from future employment under the Government or under any body corporate established by or under any law.

(5) Penalties may be imposed as follows—

(a) for inefficiency as laid down in sub-clause (i) of clause (a) of rule 3, any penalty except censure and dismissal from service;

(b) for any other inefficiency, any penalty except dismissal from service;

(c) for misconduct, any penalty;

(d) for desertion, any penalty;

(e) for corruption or subversion, any major penalty except reduction to a lower post or time-scale.

(6) No authority subordinate to that by which a Government servant was appointed shall be competent to impose on him any major penalty.

(7) In this rule, removal from service or dismissal from service does not include the discharge of a person—

(a) appointed on probation, during the period of probation or in accordance with the probation and training rules applicable to him; or

(b) appointed otherwise than under a contract to hold a temporary appointment, on the expiration of the period of appointment; or

(c) engaged under a contract, in accordance with the terms of his contract.

5. Inquiry procedure in case of subversion.—(1) When a Government servant is to be proceeded against under clause (e) of rule 3, the authority—

(a) may, by order in writing, require the Government servant concerned to proceed on such leave as may be admissible to him and from such date as may be specified in the order;

(b) shall, by order in writing, inform him of the action proposed to be taken in regard to him and the grounds of that action; and

(c) shall give him reasonable opportunity of showing cause against that action before an Inquiry Committee to be constituted under sub-rule (2) to inquire into the charge:

Provided that no such opportunity shall be given where the President is satisfied that in the interest of the security of Bangladesh it is not expedient to give such opportunity.

(2) Where an Inquiry Committee is to be constituted in pursuance of clause (c) of sub-rule (1), the appointing authority shall constitute it with three Gazetted Officers of the rank not below that of the Government servant proceeded against.

(3) The Inquiry Committee constituted under sub-rule (2) shall hold inquiry into the charge and submit its findings to the appointing authority and the appointing authority shall pass on the findings such orders as it deems fit.

6. Inquiry procedure in cases calling for minor penalties.—(1) When a Government servant is to be proceeded against under clause (a) or (b) or (c) of rule 3, and the authority or in cases where the President is the authority, the Secretary of the Administrative Ministry or Division to which the Government servant belongs or such officer as the authority or the Secretary of the Administrative Ministry or Division may, by general or special order, specify in this behalf, is of the opinion that the allegations, if established, would call for a minor penalty heavier than that of censure, the authority or the Secretary of the Administrative Ministry or Division or the Officer, as the case may be, shall—

- (a) make the allegations against the accused known to him in writing and call upon him to explain his conduct within a period of seven working days from the date of receipt of the allegations by the accused and to state whether he desires to be heard in person; and
- (b) consider the explanation of the accused, if any, submitted within the specified time and, if he has desired to be heard in person, or if no explanation is submitted within the specified time, may award any of the minor penalties within such time so that the whole proceedings are completed within thirty working days from the date the allegation is made known to the accused in writing:

Provided that the authority, the Secretary or the Officer, as the case may be, may, if it or he thinks fit, appoint an officer not below the rank of the accused, within seven working days from the date of hearing of the accused in person, to inquire into the allegation and submit his findings within twenty-one working days from the date of receipt of the order of inquiry:

Provided further that if the Inquiry Officer cannot complete the inquiry within the specified time, he may request, in writing, the authority, the Secretary or the Officer, as the case may be, ordering such inquiry for extension of time and the ordering authority, Secretary or Officer may, after considering such request, grant such extension of time not exceeding ten working days, as it or he may consider necessary.

(2) On receipt of the findings of the Inquiry Officer, the authority, the Secretary or the Officer, as the case may be, shall take final decision in the case within seven working days from the date of receipt of the findings or may order such further inquiry as it or he may consider necessary and such further inquiry shall be completed within ten working days from the date of such order.

(3) On receipt of the findings of further inquiry, the authority, the Secretary or the Officer, as the case may be, shall take final decision within fourteen working days from the date of receipt of the findings.

(4) In case of failure of the authority, the Secretary or the Officer, as the case may be, to take final decision in a case under this rule within ninety working days from the date the allegations against the accused are made known to him, the allegations against the accused shall stand withdrawn and the proceedings shall be disposed of accordingly and in such event the person or persons responsible for such failure shall have to explain the reason therefor and, if the explanation is not found satisfactory, he or they may be proceeded against on charge of inefficiency under rule 3(a)(iv).

(5) When a Government servant is to be proceeded against under clause (a) or (b) or (c) of rule 3, and the authority, the Secretary or the Officer as mentioned in sub-rule (1), is of the opinion that the allegations, if established, would call for the penalty of censure, the authority, the Secretary or the officer, as the case may be, may impose upon the accused the said penalty after hearing him in person and recording the reasons therefor. If, however, the accused does not appear or refuses to appear, the said penalty may be imposed upon him without any hearing or after following the procedure laid down in sub-rules (1) to (4) in which case, if the allegation is established, the penalty higher than that of censure shall be imposed. If the accused demands that the allegation be communicated to him in writing, the procedure laid down in sub-rules (1) to (4) shall be followed and, in that event, if the allegation is established, the penalty higher than that of censure shall be imposed.

7. Inquiry procedure in cases calling for major penalties.—(1) When a Government servant is to be proceeded against under clause (a) or (b) or (c) or (d) of rule 3, and the authority is of the opinion that the allegations, if established, would call for a major penalty, the authority shall—

- (a) frame a charge and specify therein the penalty proposed to be imposed, and communicate it to the Government servant together with a statement of allegations on which it is based and of any other circumstances which the authority proposes to take into consideration when passing orders on the case;
- (b) require the accused to submit, within ten working days from the day the charge has been communicated to him a written statement of his defence and to show cause at the same time why the penalty proposed to be imposed on him should not be imposed and also to state whether he desires to be heard in person;

Provided that if the accused prays for extension of time before the expiry of the specified period, the authority may allow him such extension up to ten working days for submission of the statement.

(2) Where the accused submits his statement of defence within the specified or extended time, the authority shall consider such statement together with all materials relating to the charge and if, after such consideration, the authority is of the opinion that—

- (a) there is no good ground for proceeding against the accused, it shall withdraw the charge and the proceeding shall accordingly be disposed of,

- (b) there is good ground for proceeding against the accused, but the allegations, if established, would call for a minor penalty, it may after giving him an opportunity of being heard in person, award any of the minor penalties within thirty working days from the date of submission of statement of defence or may follow the procedure laid down in rule 6 for imposition of minor penalty by appointing an Inquiry Officer under that rule,
- (c) there is good ground for proceeding against the accused for imposition of major penalty, it shall appoint an Inquiry Officer who shall be an officer not below the rank of that of the accused or a Board of Inquiry to inquire into the allegations contained in the charge.

(3) Where the accused does not submit his statement of defence within the specified or extended time, the authority shall appoint an Inquiry Officer who shall be an officer not below the rank of that of the accused or a Board of Inquiry to inquire into the allegations contained in the charge within ten working days from the date of expiry of the specified or extended time.

(4) The Inquiry Officer or Board of Inquiry, as the case may be, shall start holding of the inquiry within seven working days from the date of receipt of the order of inquiry and shall conduct the inquiry in accordance with the procedure laid down in rule 10 and submit his or its findings to the authority within thirty working days from the date on which the Inquiry Officer or Board of Inquiry was appointed:

Provided that if the Inquiry Officer or Board of Inquiry cannot conclude his or its findings within the specified time, he or it may request, in writing stating the reasons therefor, the authority ordering the inquiry for extension of time; and the ordering authority may, after considering such request, grant such extension of time not exceeding fifteen working days, as it may consider necessary.

(5) On receipt of the report of the findings of the Inquiry Officer or the Board of Inquiry, the authority shall consider the report and record its decision on the charge and communicate the same together with a copy of the report to the accused within ten working days from the date of receipt of the report.

(6) If the authority decides under sub-rule (5) to impose any major penalty, it shall ask the accused to show cause within seven working days why the proposed penalty shall not be imposed on him.

(7) Where consultation with the Commission is necessary for imposition of major penalty, the authority shall, within seven working days after expiry of the time specified in sub-rule (6), forward the proceedings, together with the cause shown, if any, by the accused within the time specified in that sub-rule, to the Commission for advice, and the Commission shall give its advice within twenty working days of the receipt of such proceedings. If no advice is received within the specified time, the authority shall presume that the Commission agrees with the decision to award the penalty.

(8) The authority shall take final decision on the proceedings—

- (a) where consultation with the Commission is not necessary, after considering the cause shown, if any, by the accused within the time specified in sub-rule (6),

- (b) where consultation with the Commission is necessary, after considering the cause shown, if any, by the accused and the advice, if any, given by the Commission within time specified in sub-rule (7),

and communicate the same to the accused within ten working days, where consultation with the Commission is not necessary, from the expiry of the date specified in sub-rule (6) or, where such consultation is necessary, from the expiry of the date specified in sub-rule (7) for giving advice by the Commission.

(9) In case of failure of the authority to take final decision in a case under this rule within one hundred and fifty working days from the date of communicating the charge, the accused shall automatically be discharged of the charge brought against him and in such event, the person or persons responsible for such failure shall have to explain the reason therefor and, if the explanation is not found satisfactory, he or they may be proceeded against on charge of inefficiency under rule 3 (a)(iv).

(10) The proceedings of an inquiry under this rule shall contain sufficient record of the evidence and, where an Inquiry Officer or Board of Inquiry is appointed, also the report of the findings of the Inquiry Officer or Board and the grounds therefor.

8. Savings.—Nothing in rule 6 or 7 shall apply to a case—

- (a) where the accused is dismissed or removed from service or reduced in rank on the ground of conduct which has led to his conviction of a criminal charge; or
- (b) where the authority competent to dismiss or remove the accused from service or to reduce him in rank is satisfied that, for reasons to be recorded in writing by that authority, it is not reasonably practicable to give the accused an opportunity of showing cause.

9. Power to order medical examination as to mental or bodily infirmity.—

(1) Where it is proposed to proceed against a Government servant on the ground of inefficiency by reason of infirmity of mind or body, the authority may, at any stage of the proceedings, require the Government servant to undergo a medical examination by a Medical Board or a Civil Surgeon, as the authority may direct, and the report of the Medical Board or the Civil Surgeon shall form part of the proceedings.

(2) If the Government servant refuses to undergo such examination, his refusal may, subject to the consideration of any ground he may give in support of it, be taken into consideration against him as showing that he had reason to believe that the result of examination would prove unfavourable to him.

10. Procedure to be followed by Inquiry Officer.—(1) The Inquiry Officer shall hear the case from day-to-day, and no adjournment shall be given except for reasons to be recorded in writing.

(2) In an inquiry conducted under this rule, the Inquiry Officer shall hold an inquiry at which oral evidence shall be heard and recorded as to such of the allegations as are not admitted and, documentary evidence relevant or material

in regard to the charge shall be considered. The accused shall be entitled to cross-examine the witnesses against him, to give evidence in person and to have such witness called for the defence as he may wish. The person presenting the case in support of the charge shall be entitled to cross-examine the accused and the witnesses examined in his defence. The accused may also consult relevant files, but he shall not have access to the note portion of the files:

Provided that the Inquiry Officer may, for reasons to be recorded in writing, refuse to call for a particular witness or to summon or admit a particular evidence.

(3) In an inquiry under this rule, the accused may, if he so desires, adduce oral evidence in his defence which shall be subject to such cross-examination as may be necessary.

(4) The authority may nominate any person to present the case in support of the charge before the Inquiry Officer.

(5) If the Inquiry Officer is satisfied that the accused is hampering or attempting to hamper the progress of the inquiry, he shall administer a warning and if thereafter he is satisfied that the accused is acting in disregard of the warning, he shall record a finding to that effect, and proceed to complete the inquiry in such manner as he thinks best fitted to do substantial justice.

(6) If the Inquiry Officer is satisfied that the conduct of the accused amounts to contempt of his office, he shall record the relevant facts and circumstances relating to such contempt and inform the authority on the matter, whereupon the authority may, if it deems fit, proceed against the accused separately under rule 3(b).

(7) The Inquiry Officer shall, within seven working days of the conclusion of the proceedings, submit his findings and the grounds therefor to the authority.

(8) The Inquiry Officer shall give his findings stating whether the accused is guilty or not guilty on each charge and he shall not give any recommendation regarding punishment or otherwise.

(9) The authority may, in any case it deems fit, instead of appointing an Inquiry Officer under these rules, appoint a Board of Inquiry consisting of three persons, and, where a Board of Inquiry is appointed, references in this rule to an Inquiry Officer shall be construed as references to the Board.

(10) No proceedings or decision of a Board appointed under sub-rule (9) shall be invalid or be called in question merely on the ground of absence of any member thereof in any sitting of the Board.

11. Suspension.—(1) A Government servant against whom action is proposed to be taken under clause (b) or (c) or (d) of rule 3, may be placed under suspension if, in the opinion of the authority, suspension is necessary or expedient :

Provided that the authority may, if it considers it more expedient, instead of placing such Government servant under suspension, by order in writing require him to proceed on such leave as may be admissible to him from such date as may be specified in the order.

(2) An order of suspension made under sub-rule (1) shall stand vacated on the expiry of a period of thirty working days unless before the expiry of that period the allegations brought against him under rule 6 are made known to him or the charge framed against him under rule 7 is communicated to him.

(3) Where a penalty of dismissal, removal or compulsory retirement from service imposed upon a Government servant is set aside or declared or rendered void in consequence of, or by a decision of, a court of law or Administrative Tribunal and the authority, on consideration of the circumstances of the case, decided to hold a further inquiry against him on the allegation on which the penalty of dismissal, removal or compulsory retirement was originally imposed the Government servant shall be deemed to have been placed under suspension by the authority from the date of original order of dismissal, removal or compulsory retirement and shall continue to remain under suspension until further orders. In such an eventuality, the limitation imposed under rule 7 (9) shall count from the date of decision to proceed against the accused following the court decision.

(4) Further inquiry under sub-rule (3) against a Government servant shall not be held unless the decision to do so is taken within thirty working days from the date of decision of the court or Administrative Tribunal.

12. Compensation pension, gratuity, etc., of Government servants compulsorily retired, removed or dismissed.—(1) Subject to any order of the President as to the amount of compensation pension or gratuity to be paid, a Government servant compulsorily retired shall, except as hereinafter provided, be entitled to such compensation pension or gratuity or provident fund benefits as would have been admissible to him on the date of the retirement under the rules applicable to his service or post if he had been discharged from service on account of the abolition of his post without alternative suitable employment being provided :

Provided that where the compulsory retirement follows a period of suspension ordered under rule 11, such compensation pension or gratuity or provident fund benefits shall be admissible only for the period of service rendered excluding the period of suspension :

Provided further that if a temporary Government servant is retired for inefficiency due to mental or physical infirmity, he shall be allowed pensionary benefits as if he was required to retire in terms of rule 321 of the Bangladesh Service Rules, Part I.

(2) Subject to any order of the President made on compassionate grounds, a Government servant who is removed or dismissed from service shall not be entitled to any compensation pension, gratuity or benefits accruing from Government contribution to a contributory provident fund.

13. Re-instatement.—(1) If a Government servant proceeding on leave in pursuance of an order under clause (a) of sub-rule (1) of rule 5, is not dismissed, removed, reduced in rank or compulsorily retired, he shall be re-instated in service or, as the case may be, restored to his rank or given an equivalent rank and the period of such leave shall be treated as duty on full pay.

(2) Re-instatement after suspensions shall be governed by the Service Rules.

14. Procedure of inquiry against officers lent to local authorities, etc.—

(1) Where the services of a Government servant to whom these rules apply are lent to a local or other authority, in this rule referred to as the borrowing authority, the borrowing authority shall have the power of the authority for the purpose of initiating proceedings against him under these rules :

Provided that the borrowing authority shall forthwith inform the authority which had lent his service, hereinafter in this rule referred to as the lending authority, of the circumstances leading to the commencement of the proceedings.

(2) In the light of the findings in the proceedings taken against the Government servant in terms of sub-rule (1), if the borrowing authority is of opinion that any penalty should be imposed on him, it shall transmit to the lending authority the record of the proceedings and thereupon the lending authority may, if it is the authority, pass such orders thereon as it deems necessary or, if it is not the authority, submit the case to the authority which shall pass such orders on the case as it deems necessary.

(3) The authority may make an order under this rule on the record of the inquiry transmitted by the borrowing authority or after holding such further inquiry as it may deem necessary and, in passing such order, shall comply with the provisions of sub-rules (6) and (7) of rule 7.

15. Exceptions.—Notwithstanding anything contained in these rules,—

- (a) the time limit specified shall not apply to the proceedings of a case after the submission thereof to the President where such submission is necessary and where all actions required to be taken thereunder before such submission have been taken within the time specified in rule 7 (9) ;
- (b) no act, proceeding, decision or order taken or made by any authority, Secretary, Officer, Inquiry Officer or Board of Inquiry shall be invalid or called in question merely on the ground that such act, proceeding, decision or order was not taken or made within the time limit specified therefor provided final decision in the case is taken within the time specified in sub-rule (4) of rule 6 or sub-rule (9) of rule 7, as the case may be ; and
- (c) in calculating the time limit, the period during which an accused or an Inquiry Officer in a case remains unable to participate in the proceedings because of illness or any other cause beyond his control or any order of court of law or Administrative Tribunal, shall be excluded.

PART III

APPEALS

16. Orders made by President not appealable.—Notwithstanding anything contained in this Part, no appeal shall lie against any order made by the President.

17. Appeals against orders.—(1) A Government servant may appeal against any order—

- (a) imposing upon him any penalty,
- (b) terminating his services in accordance with the terms of his contract, if he has been engaged on contract and has rendered continuous service for a period exceeding five years at the time when his services are terminated,
- (c) altering, varying or denying to his disadvantage his pay, allowances, pension or other conditions of service as regulated by rules or contract of service, or
- (d) interpreting to his disadvantage the provisions of any rules or contract of service whereby his pay, allowances, pensions or other conditions of service are regulated,

to the authority specified in this behalf by a general or special order made by the Government or, where no such authority is specified, to the authority to which the authority making the order is immediately subordinate or, where the order is made by an authority subordinate to the appointing authority, to the appointing authority.

18. Limitation for appeals.—No appeal under this part shall be entertained unless it is submitted within three months of the date on which the appellant was informed of the order appealed against:

Provided that the appellate authority may entertain an appeal within three months after the expiry of the above period, if it is satisfied that the appellant has sufficient cause for not submitting the appeal in time.

19. Form and manner of submission of appeals.—(1) Every person submitting an appeal shall do so separately and in his own name.

(2) The appeal shall be addressed to the authority to whom it lies, shall contain all material statements and arguments on which the appellant relies, shall not contain any disrespectful or improper language and shall be complete in itself.

(3) Every appeal shall be submitted through the head of the office in which the appellant serves or, if he is not in service, the head of the office in which he served last and through the authority against whose order the appeal is preferred :

Provided that an advance copy of the appeal may be submitted direct to the appellate authority.

20. Withholding of appeals.—(1) The authority which made the order appealed against may withhold the appeal, if—

- (a) it is an appeal against an order for which no appeal lies; or
- (b) it is not submitted within the period specified in rule 18 and no cause is shown for the delay; or

- (c) it does not comply with any of the provisions of rule 19; or
- (d) it is a repetition of a previous appeal and is made to the same appellate authority by which such appeal has been decided and no new facts or circumstances are adduced which afford grounds for reconsideration of the case:

Provided that in every case in which an appeal is withheld, the appellant shall be informed of the fact and the reasons for it within seven days from the receipt of the appeal:

Provided further that an appeal withheld on the ground only of failure to comply with the provisions of rule 19 may be resubmitted at any time within one month of the date on which the appellant was informed of the withholding of the appeal, and, if resubmitted after compliance with the said provisions, shall not be withheld.

(2) No appeal shall lie against the withholding of an appeal by a competent authority.

(3) A list of the appeals withheld by any authority under this rule, together with the reasons for withholding them, shall be forwarded quarterly by that authority to the appellate authority.

21. Forwarding of appeals.—(1) The authority which made the order appealed against shall forward to the appellate authority every appeal which is not withheld under rule 20, together with its comments thereon and the relevant records within three working days from the date of receipt of the appeal.

(2) The appellate authority may call for any appeal withheld under rule 20, and thereupon such appeal shall be forwarded to that authority together with the comments of the authority withholding the appeal and the relevant records.

22. Disposal of appeals.—(1) In the case of an appeal against an order imposing any penalty, the appellate authority shall consider—

(a) Whether the procedure prescribed in these rules has been complied with and, if not, whether such non-compliance has resulted in failure of justice;

(b) whether the findings on the charge are justified; and

(c) whether the penalty imposed is excessive, adequate or inadequate;

and pass such orders as it deems fit within a period of sixty working days.

(2) In the case of an appeal against any other order, the appellate authority shall consider all the facts and circumstances of the case and pass such orders as it deems just and equitable within a period of thirty working days from the date of receipt of the appeal.

(3) The authority which passed the order appealed against shall give effect to the orders passed by the appellate authority within thirty working days from the date of receipt of the order of the appellate authority.

PART IV

ଆବେଦନ

REVIEW AND REVISION

23. **Review.**—(1) Where an order by which a Government servant is aggrieved was made by the President, the Government servant may apply to the President for review of the order.

(2) No application for review shall be entertained unless it is submitted within three months of the date on which the applicant was informed of the order by which he is aggrieved:

Provided that the President may entertain an application for review within three months after the expiry of the above period if he is satisfied that the applicant had sufficient cause for not submitting the application in time.

(3) Every person submitting an application for review shall do so separately and in his own name.

(4) Every application for review shall be submitted to the President through the head of the office in which the applicant serves or, if he is not in service, the head of the office in which he served last.

(5) The President may pass such orders on an application for review as he deems fit.

ଆବେଦନ

24. **Revision.**—The President may, on his own motion or otherwise, after calling for the records of the case, revise any order passed in appeal, or any order which is appealable but against which no appeal has been preferred, under these rules within one year of the date on which the order was passed.

PART V

MISCELLANEOUS

25. **Court proceeding.**—(1) If there be any prosecution or legal proceeding against a Government servant pending in any court on the same issue, there shall be no bar on the disposal of the departmental proceedings against him; but if the authority decides to impose any penalty on such Government servant in the departmental proceedings, imposition of such penalty shall be stayed until disposal of the prosecution or legal proceeding.

(2) In the case of a Government servant convicted by a court of any offence, other than an offence specified in the Public Servants (Dismissal on Conviction) Ordinance, 1985 (V of 1985), the authority shall decide whether the Government servant so convicted should be punished under these rules or not.

(3) If the authority decides to punish him under these rules, it may impose such penalty as it deems fit in the circumstances of the case and for the imposition of such penalty, no proceeding need be drawn up and no opportunity need be given to such Government servant for showing cause against the proposed penalty.

(4) If the authority decides not to impose any penalty upon such Government servant, it shall obtain approval of the authority immediately superior to the appointing authority or of the President, where he is the appointing authority, to re-instate or retain him in service.

26. **Rules not to deprive any person of any right or privilege under any other law.**—Nothing in these rules shall deprive any person of any right or privilege to which he is entitled—

(a) under any law; or

(b) under the terms of any contract or agreement subsisting immediately before the date of the commencement of these rules between such person and the Government.

27. **Repeal and savings.**—(1) The Government Servants (Discipline and Appeal) Rules, 1984, are hereby *repealed*.

(2) Such repeal shall not affect the previous operation of the said rules or anything done or any action taken thereunder and any proceedings under the said rules pending at the commencement of these rules shall be continued and disposed of in accordance with the provisions of these rules.

(3) Any officer or authority designated by the President to exercise the powers of the authority under the rules mentioned in sub-rule (1), or any officer or authority deemed to be an authority so designated by the President under those rules shall be deemed to be an authority designated under these rules.

By order of the President

MD. SHAMSUL HAQUE CHISHTY

Secretary.

[বাংলাদেশ গেজেট অতিরিক্ত, সংখ্যায় ১৪ই জুন ১৯৮৯ তারিখে প্রকাশিত]

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার

সংস্থাপন মন্ত্রণালয়

বিধি শাখা-৫

বিজ্ঞপ্তি

ঢাকা, ২৯শে ডিসেম্বর, ১৩৯৬/১৩ই সেপ্টেম্বর, ১৯৮৯

নং এস আর ও ৩০৪-আইন/৮৯/সম(বিধি-৫) ১ডি/৮৮—গণপ্রজাতন্ত্রী বাংলাদেশের সংবিধানের ১৩৩ অনুচ্ছেদের শর্তাংশে প্রদত্ত ক্ষমতাবলে রাষ্ট্রপতি, উক্ত সংবিধানের ১৪০(২) অনুচ্ছেদের বিধান মোতাবেক বাংলাদেশ সরকারী কর্ম কমিশনের সহিত পরামর্শক্রমে, the Government Servants (Discipline and Appeal) Rules, 1985 এ নিম্নরূপ সংশোধন করিলেন, যথা:—

উপরি-উক্ত Rules এর—

(১) rule 6 এর—

(ক) sub-rule (1) এর clause (b) এর পরিবর্তে নিম্নরূপ clause (b) প্রতিস্থাপিত হইবে, যথা:—

“(b) consider the explanation of the accused, if any, submitted within the specified time and, if he has desired to be heard in person, after giving him an opportunity of being heard in person, or if no explanation is submitted within the specified time, may award any of the minor penalties :

Provided that the authority, the Secretary or the Officer, as the case may be, may, if it or he thinks fit, appoint an officer not below the rank of the accused to inquire into the allegation and submit his findings.”.

(খ) sub-rule (2) এর “within seven working days from date of receipt of the findings or may order such further inquiry as it or he may consider necessary and such further inquiry shall be completed within ten working days from the date of such order” শব্দগুলির পরিবর্তে “or may order such further inquiry as it or he may consider necessary” শব্দগুলি প্রতিস্থাপিত হইবে;

(গ) sub-rule (3) এর “within fourteen working days from the date of receipt of the findings” শব্দগুলি বিলুপ্ত হইবে;

(ঘ) sub-rule (4) বিলুপ্ত হইবে;

(ঙ) sub-rule (5) এর ৮ম ও ১১তম লাইনে “sub-rules (1) to (4)” শব্দগুলি, সংখ্যাগুলি ও বন্ধনীগুলির পরিবর্তে “sub-rules (1) to (3)” শব্দগুলি সংখ্যাগুলি ও বন্ধনীগুলি প্রতিস্থাপিত হইবে;

(২) rule 7 এর—

(ক) sub-rule (2) এর clause (b) এর “within thirty working days from the date of submission of statement of defence” শব্দগুণি বিলুপ্ত হইবে ;

(খ) sub-rule (4) এর পরিবর্তে নিম্নরূপ sub-rule (4) প্রতিস্থাপিত হইবে, যথা:—

“(4) The Inquiry Officer or Board of Inquiry, as the case may be, shall start holding of the inquiry within seven working days from the date of receipt of the order of inquiry and shall conduct the inquiry in accordance with the procedure laid down in rule 10 and submit his or its findings to the authority.” ;

(গ) sub-rule (5) এর “within ten working days from the date of receipt of the report” শব্দগুণি বিলুপ্ত হইবে ;

(ঘ) sub-rule (7) এবং sub-rule (8) এর পরিবর্তে নিম্নরূপ sub-rule 7 এবং sub-rule (8) প্রতিস্থাপিত হইবে, যথা:—

“(7) Where consultation with the Commission is necessary for imposition of major penalty, the authority shall forward the proceedings together with the cause shown, if any, by the accused within the time specified in sub-rule (6) to the Commission for advice.

(8) The authority shall take final decision on the proceedings—

(a) where consultation with the Commission is not necessary, after considering the cause shown, if any, by the accused within the time specified in sub-rule (6) ;

(b) where consultation with the Commission is necessary, after considering the cause shown, if any, by the accused and the advice given by the Commission, and communicate the same to the accused.” ;

(ঙ) sub-rule (9) বিলুপ্ত হইবে ;

(৩) rule 11 এর—

(ক) sub-rule (2) বিলুপ্ত হইবে

(খ) sub-rule (3) এর “In such an eventuality, the limitation imposed

under rule 7(9) shall count from the date of decision to proceed against the accused following the court decision" শব্দগুণি, কমা, সংখ্যাগুণি ও বন্ধনীগুণি বিলুপ্ত হইবে ;

(গ) sub-rule (4) বিলুপ্ত হইবে ;

(৪) rule 15 বিলুপ্ত হইবে ;

(৫) rule 20 এর sub-rule (1) এর clause (d) এর পরিবর্তে নিম্নরূপ clause (d) প্রতিস্থাপিত হইবে. যথা :-

"(d) it is a repetition of a previous appeal and is made to the same appellate authority by which such appeal has been decided and no new facts or circumstances are adduced which afford grounds for reconsideration of the case :

Provided that in every case in which an appeal is withheld, the appellant shall be informed of the fact and the reasons for it :

Provided further that an appeal withheld on the ground only of failure to comply with the provisions of rule 19 may be resubmitted at any time within one month of the date on which the appellant was informed of the withholding of the appeal, and, if resubmitted after compliance with the said provisions, shall not be withheld." ;

(৬) rule 21 এর sub-rule (1) এর "within three working days from the date of receipt of the appeal" শব্দগুণি বিলুপ্ত হইবে ;

(৭) rule 22 এর—

(ক) sub-rule (1) এর clause (c) এর "within a period of sixty working days" শব্দগুণি বিলুপ্ত হইবে ; এবং

(খ) sub-rule (2) এর "within a period of thirty working days from the date of receipt of the appeal" শব্দগুণি বিলুপ্ত হইবে।

রাষ্ট্রপতির আদেশক্রমে

কে. এম. রশ্মী
সচিব।

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার

সংস্থাপন মন্ত্রণালয়

বিধি শাখা-৫।

নং- সম (বিধি-৫) ১ ডি-২১/৮৯-১৯০(১০০)

তারিখ :- ৪-১২-৮৯ইং

২০-৮-৯৬বাং

সংস্থাপন মন্ত্রণালয়ের ১৩-৯-৮৯ইং তারিখের এস, আর, ও ৩০৪-আইন/৮৯/সম (বিধি-৫) ১ডি/৮৮ নম্বর বিজ্ঞপ্তি জারীর মাধ্যমে ১৯৮৫ সনের সরকারী কর্মচারী (শৃঙ্খলা ও আপীল) বিধিমালার অধীনে চালুকৃত বিভাগীয় মামলাসমূহ নিষ্পন্ন করিতে চূড়ান্ত সময়-সীমানসহ বিভিন্ন পর্যায়ের সময়-সীমার বিধান রহিত করা হইয়াছে। বিভাগীয় মামলার তদন্ত প্রতিবেদন দাখিল করিবার জন্য সময়-সীমার কোন বিধান রাখা হয় নাই। তদন্ত প্রতিবেদন সত্ত্বর দাখিল করিবার জন্য একটি নির্দেশক সময়-সীমা সাধারণভাবে উল্লেখ করিয়া তদন্ত বোর্ড/তদন্ত কর্মকর্তাকে নির্দেশ দেওয়া যাইতে পারে। সম্ভাব্য ক্ষেত্রে ওয়ার্ডদের বিভাগীয় তদন্ত প্রতিবেদন ৩ (তিন) মাসের মধ্যে এবং লগুদন্ডের বিভাগীয় তদন্ত প্রতিবেদন ২ (দুই) মাসের মধ্যে দাখিল করিবার জন্য তদন্ত বোর্ড/তদন্ত কর্মকর্তাকে সাধারণভাবে নির্দেশ দেওয়া যাইতে পারে।

২। উপরোক্ত নির্দেশ যথাযথভাবে অনুসরণ করিবার জন্য সকল মন্ত্রণালয়/বিভাগকে অনুরোধ করা হইল।

স্বাঃ আতহার ইসলাম খান

উপ-সচিব (নিধি)

ফোনঃ ২৪৩৩০৬

**Bangladesh Public Administration Training Centre
Savar, Dhaka.**

32nd Senior Staff Course, 2000

= Result of =

Sample survey on "Suggested Modifications of The Government Servants
(Discipline and Appeal) Rules, 1985 (as amended on September 13, 1989)".

Sl. No.	Questions	Response Result
1.	Do you think departmental proceedings under the above rules should be disposed of within a specified time? a) If 'Yes' then within what time?	Yes : 98 % No : 27 % 3 months : 22 % 6 months : 56 % 12 month : 22 %
2.	By what time proceedings with charges calling for 'Minor penalty should be completed?	3 months : 62 % 6 months : 32 % 12 months : 6 %
3.	By what time proceedings with charge calling for 'Major penalty should be completed?	3 months : 2 % 6 months : 64 % 12 months : 32 %
4.	By what time an order of 'Suspension' should follow formal written charges?	1 months : 68 % 2 months : 20 % 3 months : 12 %
5.	Should reasonable time limit be re-introduced at different stages of departmental proceedings under the present Rules?	Yes : 100 %
6.	Should there be a specified time within which advice from Public Service Commission be obtained?	1 month : 74 % 45 Days : 20 % 15 Days : 2 % No comments : 4 %
7.	Should Inquiry be finished within?	1 month 16 % 2 months 40 % 3 months 40 %
8.	Should appeals be disposed of within?	1.5 months : 28 % 2 month : 60 % No comments 12 %
9.	After expiry of the specified time should suspension charges be automatically withdrawn?	Yes : 72 % Continuation of proceeding : 20 % Suo-moto penalty: 4 % No comments: 4 %
10.	Should responsibility for delay at any stage be fixed through an independent inquiry and show cause notice be issued proposing appropriate penalty to be imposed straightway after considering the reply of show-cause notice?	Yes : 52 % Formalities to be observed : 40 % Censure : 4 % No comment : 4
11.	Should there be any time limit for the Penalty censure? If yes then within what time?	Yes : 82 % No : 6 % No comment : 2 % 6 months : 40 % 12 months : 38 %

REFORMS IN TRADING CORPORATION OF
BANGLADESH (TCB)

Md. Asaduzzaman



REFORMS IN TRADING CORPORATION OF BANGLADESH (TCB)

Md. Asaduzzman

Joint Secretary

Govt. of the People's Republic of Bangladesh

And

Director

Trading Corporation of Bangladesh.

CONTENTS

	<u>Page No.</u>
PREFACE	I
ABBREVIATION	II
EXECUTIVE SUMMARY	III-IV
METHODOLOGY	v
 CHAPTER - I	
INTRODUCTION	1
OBJECTIVE	2
 CHAPTER - II	
STATE TRADING – INTERNATIONAL PERSPECTIVE	3-4
BANGLADESH PERSPECTIVE	4-7
DOMESTIC MARKET INTERVENTION OPERATION BY TCB	7-9
 CHAPTER - III	
FINANCIAL STAND OF TCB	10
PRESENT FUNCTIONAL HINDRANCE & POSSIBLE WAY OUT	10-12
 CHAPTER - IV	
RECOMMENDATION	13
 CHAPTER - V	
CONCLUSION	14
 ANNEXURE	
BIBLIOGRAPHY	15
 TABLE : 1 - 4	

PREFACE

Standing on the footsteps of the new century, Government of the day, are more concerned to ensure a minimum tolerable standard of life for its citizens. Time has come for the government to make earnest efforts to workout its own agenda of public sector Reforms where the scope exists. I have identified such an area – Reforms in Trading Corporation of Bangladesh (TCB), a State Trading House. While the geographical boundary of a state delimits its state powers and functions, there are no such compulsions for a state to thrive in International trade and commerce, Singapore and Hongkong are cases to be cited. Accordingly, readers will enjoy and evaluate the stuff, narrated hereunder, I believe.

In this study my greatest debt is to the BPATC, especially to its Rector Dr. Ekram Hossain for entrusting this subject to me. M. Waliul Islam (Retired Secretary to the Govt. of Bangladesh) has kindly enriched my ideas as to its standard format by delivering a long lecture. M. Tofazzel Hossain, Member, Directing Staff and course Director, Syed Shamsul Alam, Director BPATC, Sk. Mustafizur, Deputy Director, BPATC did contribute a lot as to its logistic support.

I have been greatly inspired by my fellow colleagues in TCB in writing this seminar paper. My Office colleagues, M. Motiur Rahman Chowdhury, Chief Officer, M. Rafiqul Hossain, Senior Executive, assisted me in supplying necessary data & materials. M. Motiur Rahman Chowdhury contributed a lot in composing and editing this report.

I am also thankful to M. Nasir Uddin Talukdar of TCB and Ms. Salma Akter of BPATC for composing this paper in computer.

I express my heart-felt gratitude to all of them. BPATC, Savar

ABBREVIATIONS

BPATC	Bangladesh Public Administration Training Centre.
CPA	Counter Purchase Arrangement.
CTA	Counter Trading Agreement.
DESA	Dhaka Electric Supply Authority.
GOB	Government of Bangladesh.
GCI	Galvanized Corrugated Iron.
IMF	International Monetary Fund.
MS	Mild Steel.
MF	Ministry of Food
MDS	Member Directing Staff.
OPEC	Organization of Petroleum Exporting Countries.
STO	State Trading Organization.
STC	State Trading Corporation of India.
STA	Special Trading Arrangement.
SSC	Senior Staff Course.
TCB	Trading Corporation of Bangladesh.
WASA	Water and Sewerage Authority.

EXECUTIVE SUMMARY

State participation in domestic as well as in foreign trade has gained a great momentum during the last few decades in the planned economic development of a state. It yielded places to current free economy which is fast sweeping across the seven seas. Under such an atmosphere, we shall talk about Trading Corporation of Bangladesh (TCB) which is the State Trading Corporation of Bangladesh & was created in 1972 to take up the challenging task of importing needed industrial raw materials and essential consumer goods and to help restore internal trade. TCB did the commendable job for which it had been established.

During the initial years, TCB handled the major portion of the country's import, sometimes to the extent of 75% of the total commercial import, as many as 63 items with vast ware housing facilities and country wide distribution net work so that the imported goods could reach to the door steps of the ordinary consumers soonest.

The import trade of the corporation has been drastically curtailed since 1975 in line with the privatization policy of the Government. With the reduction in the volume of import business under mixed economy, TCB started giving more emphasis on export trade and made rapid strides in the eighties. It played pioneering role in exporting non-traditional & "difficult to sell" items by introducing an effective system in export trade namely STA, CTA, CPA some what like private barter with multinational business houses of the World. It also opened branch offices abroad, participated in several International fairs and exhibitions to find out new markets for Bangladeshi exportables. All these promotional efforts resulted in boosting up TCB's export to Tk. 240.00 Crores in 1988-89.

TCB's export-import trade again got a setback with the imposition of IMF restriction and consequential stoppage of trade under STA, CPA, CTA, etc. and market economy drive of the Government in the nineties & presently it is reduced to such an extent that TCB cannot survive.

The necessity of keeping TCB alive & active has been proved by its performance during the difficult period of the nation from 1972-75 & thereafter whenever TCB was called upon by the Govt. to meet emergencies by undertaking intervention imports of essential commodities like Sugar, Salt, Dry Chillies, Onion, Mashur Dal to arrest domestic market spiral & stabilize prices & thereby to meet the needs of the people. TCB thus acts as deterrent to speculative tendencies.

TCB a self sustaining organization, depending on its commission on exports & imports, never created any burden on the Public Exchequer. Presently, it is in fact running at a loss leaning on its capital & sundry deposits.

Under present Free Economy, in the absence of any canalized item of imports & exports, TCB with its present Governmental character, consequential accountability & limitation of functional flexibility is unable to compete with the private sector importers & exporters. TCB as a state trading organ can neither indulge in over or under invoicing nor recourse to tax evasion & other unethical trade practices. It is widely believed that a restructured TCB in the line with STC India Ltd., a quasi Govt. body will enable TCB to act more efficiently & profitably in the interest of the nation.

METHODOLOGY

The total ambit of the functioning of State Trading Organization and for that matter its adaptability in the changed circumstances of international trade is vast. It demands of research works/library works specially to have an insight into the achievements made by STOS of different countries through trials and tribulations. The author inspite of the best wishes could not attend to it much due to time constraint and the size of the paper to be read out in an academic session. As such I have relied mostly on the few printed literature, annual reports of TCB and lastly but not the least on my talks and discourses with senior officials of TCB whom I consulted freely to find out the required materials through interactions. The inferences to the extent of practicability were widely drawn and used by the author.

CHAPTER – I

1. Introduction

1.1 Trading Corporation of Bangladesh (TCB) is an autonomous body created under presidential Order No. 68 of 1972 to carry on the business of imports and exports of all kinds of materials in a bid to rehabilitate the war turn economy of the country. I have been deputed to TCB as a Director since August, 1999. During this short span, I have seen the pitfalls of TCB, thought of it in retrospect which well convinced me about its utility, continuation and the enormous prospect that this State Trading Corporation may assume to in the interest of the nation, if it is run properly.

1.1.2 I have a mixed feeling to address this distinguished gathering about Reforms in TCB, a State Trade Organization at a time when the concept of free economy is fast sweeping across the seven seas including the countries where till other day centrally planned economy was exclusively practiced and trade was regarded a state function. Notwithstanding the same, the readers will find in the successive paragraphs why state trading as a system to be still reckoned with and augmented further in Bangladesh, what commendable services rendered by TCB in the field of imports, exports, market intervention and market stabilization over the years. Although the present financial standing of TCB due to the functional hindrances faced by it, is not refreshing, its performance in the past will act as a qualifying factor for the new assignments proposed to be undertaken by the Corporation. It is also considered expedient to allow more and more operational freedom or alternatively to convert TCB into a public limited company in line with STC, India to accept the challenge of the new Economic order. The final chapter seems up the recommendation for an optimum results. My views may differ with that of many. However, if they generate debate and discussions with a view to arrive at a consensus, I will consider my efforts have been successful.

1.2 **Objective:**

1.2.1 It is widely believed that there lies vast scope for realistic solution of diverse problem and further development of government sector organization by way of appropriate planning and efficient management. With this end in view, BPATC has even selected public Administration reforms in Bangladesh as the central theme of the twenty eighth Senior Staff Course as conducted by it. As a sequence to the same, I have chosen this subject "Reforms in Trading Corporation of Bangladesh (TCB)" as the topic of my seminar paper as a participant of the 32nd Senior Staff Course of BPATC. My task here is to discuss on how to render TCB a viable worthy organization in the light of the national and international perspective, TCB's past and present performance.

CHAPTER – II

2. State Trading: International perspective:

2.1 Why need TCB, a State Trading House?

2.1.1 Under free economy where there is least governmental interference in the performance of economic activity, question may arise as to what warrants the author to defend and suggest remedial measures for rejuvenation of TCB, at the moment a declining organization. And also how? The ready answer to this question is the national interest. Before I elaborate the caption, it would be worthwhile to look back to the circumstances leading to the State participation in the domestic as well as in the foreign trade in the world in general and in Bangladesh in particular.

2.1.2 Kostecki defined State Trading as exporting and importing on government defined terms of transaction.

2.1.3 Two important events gave a fillip to State participation in foreign Trade. The first was a law passed in the USSR in 1918 which made foreign trade, heither to considered a private affair, a State monopoly. The second and the most important was the occurrence of the great depression in the thirties resulting in a precipitate fall in agricultural prices, mass unemployment, disequilibrium in the world balance of payments etc. The states started superseding the private individuals and firms to insulate their economics from the world wide depression. In most of the advanced countries where over-production created problems in the agricultural sector, several government backed marketing boards were created who exercised control over competing imports, checked the monopolistic trend in a given market, and drew on the support of the public Treasury whenever their cost exceeded their revenues. State control was commonly felt necessary before young indigenous enterprises were in a position to be exposed to foreign competitors.

2.1.4 During 1973-79 more that 95% of world wheat trade involved state traders as exporters, importers or both. A considerate expansion of State

Trading took place in the case of oil, specially in the wake of the OPEC policies of the early seventies and the concomitant moves in the advanced countries to assure adequate access to oil supplies. In reality industrialization of the developing countries relies upon access to foreign market where the newly produced goods can be sold. State traders may have an specially important task to perform here to establish the link between the domestic producers and the foreign buyers. The above narration on functional jurisdiction of Modern State Trading though does not fall under the purview of the present study paper has been deliberately made by the author so as to show how and where the reorganized TCB could or can traverse to in the interest of national trade and the nation.

2.2. State Trading : Bangladesh Perspective:

2.2.1 Imports: - Immediately after independence in 1971, the country was saddled with unprecedented serious problems. The economic life was completely crippled. There was complete disruption of trade and communication due to the war and exodus of alien private business community and industrialists who used to own, run the industry and control the economy. There was scarcity of food and clothing and other essential products. Export of agricultural products like jute, tea, etc. were to be reorganized to earn foreign exchange to pay for essential imports. There was thus complete vacuum in trade and industry.

2.2.2 TCB was created in this background in 1972 to fill up the vacuum in the field of trade and to take up the challenging task of importing needed industrial raw materials and essential consumer goods and to help restore internal trade. TCB established trade links between Bangladesh and the rest of the world. It played vital role to stabilize the internal market of any item that might have been in short supply to arrest rising price by increasing supply thus providing succour to the common man in those days. During the initial years TCB handled the major portion of the country's import, sometimes to the extent of 75% of the total commercial import, as many as 63 items starting

from spare parts, ball bearing to complex machineries, marine diesel engine, tyres and tubes to vehicular transport, car, bus, truck, raw cotton, cotton yarn to finished fabrics, Pharmaceutical raw materials to finished life saving drugs, milk food and construction items GCI sheet, cement etc. Vast ware housing facilities and country wide distribution net work were also established so that the imported goods could reach to the door steps of the ordinary customers soonest. TCB was not free to sell the imported goods to any body on merely commercial consideration. It was to strictly adhere to the principles and policies determined by the government. Consumer goods were to be allotted to and distributed through approved dealers appointed by local district administration through out the country and industrial raw materials to entitlement holders as determined by the government.

2.2.3 The import trade of the Corporation has been drastically curtailed since 1975 in line with the privatization policy of the government. Different public sector corporations and private business houses have been allowed to make their procurement directly. During eighties TCB's import business remained confined to only a few shared items like cement 75%, milk food 50%, MS billets, Pig Iron, AL Ingot, Drugs & Medicines etc. The bulk handling of the Corporation of these consumer items and industrial raw materials had given relief to the consumers and helped reduction in the cost of production of the individual industrial units which would not perhaps have been otherwise possible, had each individual unit imported those items. By now TCB's import share has come to the barest minimum.

2.2.4 **Exports:** With the reduction in the volume of import business under the mixed economy, TCB started giving more emphasis on export Trade and made rapid strides in the eighties. It played pioneering role in exporting non traditional and "difficult to sell" items like molasses, specialized textiles, packet tea, fresh vegetables etc. by introducing an effective system in export trade namely STA, CTA, CPA some what like private barter with multinational business houses and STOS of countries of free economy as well as Central

Economy. For example, TCB supplied Jute goods, newsprint, plastic pipe, galvanized Iron Sockets to a State Trading organization of Burma against import of rice by our Ministry of Food. Under another CTA with Yugoslavia against supply of Raw Jute and finished leather etc. essential defence imports were made. These served double purpose, saving of cash foreign exchange as well as boosting up of overall exports.

2.2.5 TCB opened branch offices at Dubai, Jeddah, Milan, Copenhagen in order to continuously secure market intelligence, locate buyer, woo him with competitive bids and act as contract points. STC India has 17 such branch offices abroad. TCB also participated in several international fairs and exhibitions to find out new markets for Bangladeshi exportables to feed back buyers preference to local industry and also sent sales mission abroad to publicise Bangladeshi exportables and firm up business. TCB is proud of having pioneering role in its credit for export of readymade garments from Bangladesh for the first time in 1975 which has now become prime export items of the country. TCB officers personally participated in international bids for jute and jute goods in Srilanka, Burma, Tehran & Cairo and secured substantial business. All these promotional efforts resulted in boosting up TCB's export to taka 240.42 crores in 1988-89 which ran almost parallel with TCB's contemporary import figure and which was otherwise less than 25% in earlier days. (Table 1 & 2 show the exports and imports from 1987-88 to 1991-92).

2.2.6 TCB's export trade again got a set back with the imposition of IMF restriction and consequential stoppage of trade under STA, CPA etc. and market economy drive of the government in the nineties. TCB did not participate in any international fairs or could send no sales mission abroad in this decade as per the directives of the government. Government permission for any foreign trip by TCB personnel is a must. TCB's branch offices abroad were closed down earlier.

2.2.7 Intervention imports: TCB's activities both in the import and export field is reduced to such an extent that TCB can not survive. But the necessity of keeping it alive and active has been proved by its performance during the difficult period of the nation from 1972-75 and there after. It would not be in appropriate to mention here that Bangladesh economy is one of the most unstable economy in the world. Not to speak of various commodities, the cost of its staple food often registers upward trend highly in and off the seasons, its farmers/producers are drawn adrift to burn its cash crop jute, once called the golden fibre when the production cost out weight the selling price. Our economy is not one of abundance. Naturally the country at times is faced with supply constraints of one or the other essential consumer goods. In the recent months one vital constructional item cement witnessed a market price of over 300 taka as against the previous 225 taka per bag. TCB is no longer in cement trade and its total importations is handled by the private trade. TCB is the lone organisation in the country which is called upon by the government to meet these emergencies by undertaking intervention imports. Notwithstanding is infrastructural handicaps and uncontrollable variable of foreign trade, TCB, in all cases, succeeded in arranging prompt import of these essential commodities like sugar, dry Chillies, Onion, Masur dal, Ginger, Salt etc. to meet the needs of the people. At times TCB had to sell these below their cost price to stabilise the local market. So long as TCB holds buffer stock of a particular item, local market price of the same seldom registers any upward trend. TCB thus acts deterrent to speculative tendencies.

2.3. Domestic Market Intervention Operation by TCB:

2.3.1 A new dimension for TCB commences in 2000. In 1999, there was bumper production of salt in the country and consequently the growers at Cox's Bazar, Moheshkhali, Kutubdia failed to sell their products at the minimum optimum prices. Expecting a similar crop this year and apprehending consequential loss to the salt growers at the hands of the traders and intermediaries, TCB has been called upon by the government to

undertake market intervention operation in salt and buy at the first instance a quantity of 10,000 tons of Mud wash salt @Tk.85.00 per maund from the growers of salt at the field level. TCB is likely to incur huge loss on this account and hence proposed that the whole operation to be done on government account. Pending decision on the modus operandi of the same, TCB has already under taken the job as per government instruction. The fact that farmers can sell their salt to TCB at a guaranteed minimum price will have salient effect on the price at which private traders may purchase salt from the growers. Pertinent to mention here that State Traders in both food deficit and food surplus countries handle such domestic market intervention job and TCB may function in the light of the same as cited below.

UNO :

2.3.2 According to the Annual Report 1998-99 of the State Trading Corporation of India Ltd. (STC) undertook market intervention operation of natural Rubber and Tobacco in 1998-99 when called upon by the government of India. These operation were handled on government account. STC procured over 13,000 M. Tons natural rubber from the local market valued at over Rs. 38 crores. Most of the rubber purchased was sold to the advance licence holders as per policy approved by the government. Similarly, in order to arrest the declining trend in the domestic market prices of tobacco, STC procured about 1.80 million kgs valued at over Rs. 6 crores. This tobacco has been disposed by way of export after due processing.

2.3.3 Similarly Srilankan food department enjoys a monopoly in food items. It imports rice, sugar etc. The resale price for rice fixed by food department is some times lower than the import cost and the loss thereby incurred is made good by profits earned on sugar imports.

2.3.4 In the light of the above it is imperative that TCB as and when asked to undertake domestic market intervention operation, it should either be on government account or against profitable canalized items of imports and exports. Gold, wheat, urea etc. are understood to be canalised import items

of STC, India. TCB has no such canalised items worth mentioning. In the recent past, TCB has been allowed to share import trade of sugar with Bangladesh Sugar and food Corporation. Last year TCB as foreign supplier's Bangladesh Associates, supplied 76000 M. tons of rice and 1,00,000 M. tons of wheat to Ministry of Food, GOB. Like STC India, TCB can better handle the import trade of wheat and rice as canalised item in place of Ministry of food.

2.3.5 In the light of foregoing paras, for the over all interest of the nation to fill up the vacuum in the supply and demand that may occur, to stabilise price and arrest domestic market price spiral through intervention imports, to undertake government supported business like local procurement of salt etc. the necessity of continuation of Trading Corporation of Bangladesh in whatever the scale, deem fit, cannot be denied and therefore maintaining TCB should be considered necessary. This answers to the question posed in 4.1. And now how? Before we start search for it, we may look into the present financial position of TCB with a deep insight in to the inherent weakness thereto an outlined below.

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CHAPTER – III

3. Present Financial Stand of TCB:

3.1 Financial Trend:

3.1.1 TCB neither at its inception or during its strenuous journey over the last 28 years, ever created any burden on the public exchequer. On the contrary, TCB contributed more than 23 crores taka to the national exchequer over the years out of its turn over profit. It is a self sustaining organ, depending on its commission on exports and imports which ranges normally in between one to three percent. As a result of the continued liberalization of country's foreign trade and in the absence of any canalised item of imports and exports, the turn over and profitability of the corporation has been under strain during the last 4/5 years (Table 3 & 4 show the business turn over and income and expenditure). Presently it is in fact running at a loss leaning on its capital and sundry deposits.

3.2. Present Functional Hindrance Of TCB And Possible Way Out:

3.2.1 I have no hesitation to say that private sector is more efficient and can act more promptly whereas TCB has to walk through the graded path of public sector functioning with less freedom in operation. TCB again as a state Trading organ can neither indulge in over or under invoicing nor recourse to tax evasion and other unethical trade practices. In the past whether as an exclusive item or shared, TCB used to import a particular item through out the year and with every fresh dose of import at lower or higher prices, the average selling price of TCB was always at its favour. On the contrary, during the last few years, TCB's import of various items, be it cement or Milk food or Masur Dal or Pig Iron was restricted to single or two consignments. TCB was unable to dispose of these single consignments at the initially fixed up prices based on actual import cost and bare minimum service charge. TCB's sale prices were repeatedly rendered in competitive by the private importers who were free to undercut TCB. TCB being an autonomous body, is fully owned and

managed by government. Its rules and regulations resemble those of the government and all its Directors are selected by the government. TCB in view of its accountability and limitation of functional flexibility to sell the goods at lower than the cost prices, was compelled to hold the goods and sell them under auction at a loss in the long run. A recalcitrant State Trading house with wider powers would have gone for repeated shopping of these items & built up a big stock till these private importers are tamed. They cannot go beyond the brake even point indefinitely. Here we need to make an objective and realistic assessment of the situation of a fully owned government sector organisation like TCB and see if it can really function effectively and productively under the new economic regime.

3.2.2 The government of the day seems to have realised the importance of liberalising the state owned organisations and granting more and more operational freedom. This is apparent from the government decision partially implemented or being implemented with regard to WASA, DESA, Bangladesh Railway, Commercial Bank etc. As an alternative, government may examine the feasibility of converting TCB in to a limited company with 51% shares being held by the government and the Directors being selected by the government as well as being elected by the private share holders as is the case with STC India, Limited. This alternative shall not conflict with the strategic thinking of the policy makers in the government and seems to be a better alternative. Simultaneously this will enable TCB to run on Commercial consideration, to man it properly by competent, aggressive, committed and dedicated personnel, on such terms and conditions commensurate with their business experience and worth, consistent emolument package to stop brain drain, to undertake various business entrepreneurship including joint venture export oriented projects, establish branch offices at potential international trade points etc.

3.2.3 Pertinent to mention here that although TCB over the years developed a highly skilled group of professionals experienced in trade and commerce, a

good segment of the same had already left TCB under golden handshake programme of the government during 1993-94. Practically no recruitment of officers and staff worth mentioning was made in TCB during last ten/twenty years. As a result a big vacuum is going to be created soon of experienced persons in TCB. This necessitates injecting new blood in the Corporation personnel in the near future.

3.2.4 A study group consisting of TCB, Ministry of Commerce, Chamber of Commerce and Industries and professionals may examine and in case of need visit India, Philippines, Singapore to see the functioning of State Trading Corporation of these countries and suggest measure in this context. This may necessitate the amendment of presidential order no. 68 of 1972 under which TCB was established and which reads, inter alia as follows:

3.2.5 (i) Subject to rules and regulations made under this order, the general direction and superintendence of the affairs and business of the Corporation shall vest in a Board of Directors which may exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

(ii) The Board in discharging its functions, shall act on Commercial considerations with due regard to the interest of the nation and the public generally and be guided by such general or special instructions as may be given to it by the government from time to time." The co-existence To act on commercial consideration" & "be guided by such general or special instruction" seems to run in contradistinction.

CHAPTER – IV

4. Recommendation:

4.1 To come to the expectation of the new millennium what I would like to recommend first for TCB is to restructure it in the line with STC India, Ltd. a quasi government body, client oriented which will enable TCB to act more efficiently. The existing government character with little or no operational freedom is TCB's weakness which has got to be recognised under the changed circumstances of new economic regime and taken care of at the first. Such reorganised TCB shall better combat the undesirable trade practices too.

4.2 A study group for I above as enumerated earlier may be formed to start functioning soonest.

4.3 The reorganised TCB may continue to handle bulk buying imports, intervention as well as canalised import of salt, sugar etc. as and when warranted, government supported domestic intervention trade on government account or against profitable canalised imports on such terms and conditions agreed upon.

4.4 The reorganised TCB may undertake export oriented joint venture projects.

4.5 TCB may be allowed to participate in international trade fairs and exhibitions, send sales missions and open branch offices abroad as and when & where warranted. Sector corporation and established manufacturers/traders may not agree to allow TCB to encroach on their already established market and to share the quantity of goods which can be sold by themselves. They would definitely part with the uncommitted surplus products, if any, for the heither to untapped market. TCB's performance in the past as an exporter will also act as qualifying factor.

4.6 TCB should take in hand by phases recruitment of officers fit to cope with sophisticated international trade.

CHAPTER – V

5 Conclusions

1.
2. 5.1 Gentlemen. I have talked and taxed you so much about the pregnant
3. prospects of TCB, State Trading Corporation of Bangladesh. I think, I should
4. end here lest an order from the chair size it down abrupt. I feel honoured that
5. you have heard me. I thank you, Sir,

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TABLE - I



EXPORT FROM 1987-88 TO 1991-92

Value in crore taka

Name of items	1987-88	1988-89	1989-90	1990-91	1991-92
1. Raw Jute	2.952	14.770	14.940	22.224	9.795
2. Jute goods	40.949	39.445	37.380	25.949	13.716
3. Jute twine/Yarn	17.616	10.171	12.520	5.600	5.961
4. Finished leather	34.307	27.308	25.730	8.043	11.988
5. Wet blue leather	7.731	3.952	5.050	--	--
6. Tea	45.740	57.119	0.650	1.013	0.081
7. Ready-made garments	7.951	5.440	7.820	13.507	13.782
8. Frozen fish/shrimps	2.275	3.255	0.990	--	--
9. Urea fertiliser	17.937	70.283	10.150	43.527	14.540
10. Ceramic goods	0.429	0.384	0.060	--	--
11. Crushed bone	0.995	0.203	--	--	--
12. Tobacco	0.465	0.306	--	--	2.645
13. Molasses	3.410	3.946	0.030	0.850	1.056
14. Turmeric	0.071	0.021	--	--	--
15. Arhar dal	0.028	0.034	--	--	--
16. Newsprint	0.840	1.764	1.220	--	--
17. Handicrafts	0.093	--	0.340	--	--
18. Pump set	0.062	--	--	--	--
19. Soap	0.013	--	--	--	--
20. Snake skin	--	0.131	--	--	0.075
21. Two-in-one	--	0.207	0.140	--	--
22. Lizard skin	--	0.859	--	--	--
23. Superfine rice	--	0.101	--	--	--
24. Vegetables	--	--	--	0.021	--
25. Frozen frog legs	--	0.721	--	8.582	16.612
26. Vermicelli	--	--	--	0.013	0.007
27. Pickles	--	--	--	--	0.017
28. Black cumin seed	--	--	--	--	0.154
Total	183.864	240.420	117.020	129.329	90.429

TABLE-2

IMPORT PERFORMANCE FROM 1987-88 to 1991-92

Sl. Item	Unit	1987-88		1988-89		1989-90		1990-91		Value in Crore Rs	
		Qty	Value	Qty	Value	Qty	Value	Qty	Value	Qty	Value
1. Cement	M.Ton	93600	11.473	58638	8.119	61408	9.63	89055	19.81	46000	10.49
2. C.I. Sheet	M.Ton	--	--	6813	17.700	--	--	--	--	--	--
3. Milk Powder	Cms	175800	11.831	557977	48.570	275120	26.93	340240	32.39	103702	12.86
4. Pig Iron	M.Ton	--	--	12325	8.300	--	--	11,000	8.41	--	--
5. Al. Ingo'	M.Ton	--	--	800	3.780	--	--	497.494	2.98	--	--
6. Cartr Jages	Pcs.	208000	0.130	--	--	--	--	--	--	--	--
7. Drugs & Med.	--	--	9.020	--	8.250	--	--	--	--	--	--
8. Pesticides	--	--	--	--	--	--	--	--	--	--	--
9. Sugar	M.Ton	31200	22.607	102700	109.384	31800	44.93	--	1.11	--	0.40
10. Glass Sheet	Slt.	--	--	--	--	--	--	--	--	--	--
11. Soyabean Oil	M. Ton	500	1.240	--	--	--	--	--	--	--	--
12. Masur Dal	M. Ton	3000	4.020	--	--	--	--	--	--	--	--
13. Salt	Ton	9750	0.770	159724	11.709	17025	1.28	--	1.54.286	21.45	--
14. Tyres & Tubes	Sets.	--	--	14112	3.135	--	--	--	--	--	--
15. White Cement	M. Ton	--	--	500	0.248	--	--	--	--	--	--
16. Arms & Ammunations	Pcs	--	--	--	--	--	--	--	--	--	--
		61.091		219.195		84.20		7.30.000	0.36	65.06	45.30

Table - 3

<u>YEAR</u>	<u>Import (in crore Taka)</u>	<u>Export (in crore Taka)</u>
1972-73	134.59	4.73
1973-74	97.50	7.50
1974-75	67.31	10.30
1975-76	72.49	10.36
1976-77	22.04	11.04
1977-78	57.50	27.35
1978-79	93.58	20.49
1979-80	94.44	29.82
1980-81	100.79	27.87
1981-82	145.28	45.04
1982-83	61.87	34.82
1983-84	82.38	40.47
1984-85	37.62	64.94
1985-86	149.62	131.45
1986-87	144.42	154.71
1987-88	66.11	183.86
1988-89	204.19	240.42
1989-90	82.63	117.02
1990-91	64.14	129.33
1991-92	43.88	90.43
1992-93	57.86	54.11
1993-94	44.56	25.59
1994-95	11.07	26.50
1995-96	40.05	19.59
1996-97	9.64	10.30
1997-98	6.52	12.86
1998-99	9.80	11.44
1999-2000(UPTO MAY)	6.70	12.00

TABLE-4

সিটি কর্পোরেশন এর বাজেট

পরিশিষ্ট - 'গ'

বিগত ৫ (পাঁচ) বৎসরের প্রকৃত আয়-ব্যয়ের খতিয়ান

(টাকার অংক কোটি টাকায়)

বিস্তারণ / খাত	১৯৯৮-৯৯	১৯৯৭-৯৮	১৯৯৬-৯৭	১৯৯৫-৯৬	১৯৯৪-৯৫
১। আমদানি	১০.২৫	১০.৪৩	৫.৬০	৪০.৪৭	১১.০৭
২। রপ্তানি	১১.৪৪	১২.৮৫	১০.৩০	১৯.৬৮	২৬.৫০
৩। রপ্তানির উপর কমিশন	০.২৯	০.২৫	০.২৭	০.১৯	০.২৯
৪। আমদানিকৃত পণ্য বিক্রয়	১৯.১৬	১৭.৮২	২৮.০৪	৪৯.৪০	৫১.৯১
৫। নিট লাভ / ক্ষতি	(১.৫১)	(১.৮৫)	(৩.৭৭)	(১.৫৩)	৩.১৩
৬। প্রশাসনিক ব্যয়	৯.৩৮	৭.৭৩	৭.৯৩	৮.১১	৮.৬১

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**POLICY STATEMENT ON
POWER SECTOR REFORMS**

M. SHAMSUL HUQ



**Bangladesh Public Administration Training Centre
Savar, Dhaka.
June - 2000**

Policy Statement on Power Sector Reforms

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Power Division
Ministry of Energy and Mineral Resources

**Seminar Paper is Submitted in Partial Fulfilment of completion of 32nd
Senior Staff Course held during 23rd April to 6th July 2000 at B.P.A.T.C**

CONTENTS

Preface	I
List of Acronyms	II
Executive Summary	III - IV

CHAPTER - I

Introduction	1-2
Objectives of Seminar Paper	02
Methodology	02
Scope and Limitations	02

CHAPTER - II

Power Sector Reforms Goals	03
Power Sector Entities	03-04
Current Reforms measures	04-05

CHAPTER - III

Analysis and Findings	06-07
-----------------------	-------

CHAPTER - IV

Recommendations	08-09
Conclusion	09-10
Annex 1 – 5	11 - 15
References	16

PREFACE

Supply of electricity is a pre-requisite for economic growth, technological progress and social development. Ensuring electricity available to all the citizen of the country at affordable price can improve the standard of living of the people and enhance the economic development of the country. Access to electricity in Bangladesh is one of the lowest in the world. In recognition of the importance of electricity in socio-economic development, the government has given highest priority to the power sector by adopting every possible measure to minimise the gap between demand and its supply. Since independence of Bangladesh all out efforts were initiated by the government to reform the power sector in pursuance with the suggestion of development partners of late, development partners have suggested to unbundling the power sector in order to reduce monopoly of electricity and also to corporatize power sector for bringing competition among the several utilities. In this connection, government amended it's industrial policy to enable private and foreign investment in the power sector. To this direction, government has taken massive reforms program to make the power sector most efficient and reliable. Now an attempt is made to highlight the existing problems and positions of the sectors and suggests remedial reforms program for improvement of the system. As a result of this policy initiatives and reform measures, the government has been able to address the problems of power sector gradually.

I take the opportunity to convey my sincere thanks and heartiest gratitude to Dr. Ekram Hossain, **Rector**, Bangladesh Public Administration Training Centre to select the seminar paper, 'Policy Statement on Power Sector Reforms'. I also express my gratitude to Md. Tofazzel Hossain, MDS (P&S) and Course Director Syed Shamsul Alam, Director (ET) & Course Co-ordination-I, Mustafizur Rahman, Deputy Director and other resource personnel for helping me for preparation of this paper.

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27 June 2000

M. Shamsul Huq

LIST OF ACRONYMS

BPDB	-	Bangladesh Power Development Board.
DESA	-	Dhaka Electric Supply Authority.
DESC	-	Dhaka Electric Supply Company.
IPP	-	Independent Power Producer.
kM	-	Kilo Meter.
kW	-	Kilo Watt.
kWh	-	Kilo Watt hour.
MW	-	Mega Watt.
MEMR	-	Ministry of Energy and Mineral Resource.
MKWh	-	Million Kilo Watt hour.
MWh	-	Mega Watt hour.
PBS	-	Palli Biddut Samity.
PC	-	Power Cell.
PARC	-	Public Administration Reforms Commission.
PGCB	-	Power Grid Company of Bangladesh.
REB	-	Rural Electrification Board.

EXECUTIVE SUMMARY

A reliable and quality power supply is prime consideration for both social and economic development. Bangladesh power sector, although beset with many problems, is contributing to the country's economic growth. Access to electricity in Bangladesh is one of the lowest, if compared with world-coverage today which stands at less than 20% of the total population ; consumption of power is also meagre, only about 110 kWh per capita per annum. Statistic manifests that demand for access to power is most popular in the rural area, which brings about overall benefits. Thus by creating atmosphere through reform national goal of providing access to the majority of the people of Bangladesh by 2020 is expected to be achieved.

The Government, through the Ministry of Energy and Mineral Resources, bears overall responsibility for the power sector institutions, with exclusive control of policy formulation, key appointments, and investment decisions. Outside the government structure there is no regulatory mechanisms for sector operations. However an Electrical Inspector performs some functions under the existing Electricity Act 1910, but this is limited to safety measures only. The functions of the inspector are limited only with the private institutions and organizations.

In order to create appropriate and enabling conditions for improved public sector performance, attracting private and multilateral capital flow on a sustainable basis and giving value for money to the customers, Government has undertaken a series of reform measures. To set out the overall framework for the improved performance of this sector, the National Energy Policy was prepared and adopted in 1996. The policy, besides other, provides the broad guidelines for power sector reform including the evolving structure of the industry and its regulation. A separate organization termed as Power Cell was created under the Ministry of Energy and Mineral Resources in 1995 to design, facilitate, co-ordinate and monitor reform measures.

The key constraints affecting the performance of the power sector are acute scarcity of resources, high system loss, high accounts receivable, absence of clear organizational goal, lack of differentiation of responsibilities among different sector entities of the industry and lack of accountability. Absence of corporate culture in the existing entities has dilapidated the condition worse. Even the absence of transparency has jeopardised the responsibilities with respect to different functional levels of the same organization. Absence of competitiveness has hindered technological improvement. All these need to take care for smooth and effective improvement of the sector.

To overcome the above deficiencies in Power Sector, the following major reforms are recommended.

- (a) Establish independent, corporatized power generation company to be operated on profit and loss basis both in public and private sectors.
- (b) Design, develop and manage public sector power transmission network on commercial basis.
- (c) Encourage participation of private sector in power distribution process including palli biddut samities.
- (d) Introduce modern frontier application technologies such as remote reading, monitoring and control including access in Internet network.
- (e) Recognize customer voice and introduce customer charter to ensure accountability.
- (f) Secure employees opinion in power sector restructuring and reforms processes.
- (g) Promulgate legislation pertaining to establishment of a Regulatory Body as soon as possible.
- (h) Establish a renewable Energy development authority for development of renewable energy.

Ministry of Energy and Mineral Resources with responsibility as apex organization to oversee the problems of power sector is entrusted with power sector reforms. The reform is to make power sector more commercial oriented and technically feasible. We have experience of publicly owned enterprizes, which could not cope up with the increased demand. As electricity is vital input for national development and with the advent of market globalization it has become imperative to go forward with drastic reform activities which will suit the new requirements. It is high time for us to take any opportunity towards the development of power sector.

CHAPTER - I

1.1 INTRODUCTION

1.1.1 Electricity is a vital ingredient for both economic and social development. Adequate, reliable and reasonably priced supply of electricity is an essential input for national development. Making electricity available to all the people of the country at affordable price can improve standard of living of the people and enhance the economic development of the country. Access to electricity in Bangladesh is one of the lowest in the world, coverage today stands at less than 20% of the total population; consumption of power is also meagre, only about 110 kWh per capita per annum. Shortage of power supply, at times very acute and unreliable, has constrained economic growth.

1.1.2 The key constraints affecting the performance of the power sector are as follows :

- (a) Acute scarcity of resources hinders financing the huge cost required for the development of the sector from the national budget.
- (b) High system losses, large amount of accounts receivable, existing tariff rates & structure negative impact on the financial viability of the sector and attractiveness for domestic and foreign investment.
- (c) Absence of clear organizational goals, adequate financial and commercial autonomy and lack of adequate incentive are some constraints for improvement of power sector.
- (d) Lack of differentiation of responsibilities for generation, transmission and distribution of electricity is hindering specific corrective measures.
- (e) Lack of appropriate cost and asset accounting system by plants, absence of effective operational performance evaluation of the different areas of the system such as generation, transmission and distribution have shadowed the accountability of the total power system.

- 1.1.3 The Government of Bangladesh is committed to introduce reforms in power sector to overcome the problems within a reasonable time. The purpose of this policy paper is to layout, within the framework of the Vision Statement, a set of specific programs and measures to establish financial viability and to restructure the power sector on a new and sound footing. These are designed to respond effectively to the current demand for power and to maximize the long-term development potential of the power sector in Bangladesh.

2.1 OBJECTIVES

- 2.1.1 The core objectives of the seminar paper are stated below :

- (a) Review and analyse the present re-formative programmes of the government of Bangladesh in power sector.
- (b) Identify major problems encompassing the power sector.
- (c) Propose a comprehensive policy and reform package to improve the quality and productivity of the power sector service delivery in proper way.

3.1 METHODOLOGY

- 3.1.1 The seminar paper is modelled mainly on secondary source of data. However, Primary source in designing some of the tables, analysing power sector problems and other related issues were also explored. Most of the tables as referred in this paper, vision statement, management structure and other basic statistics were drawn from the secondary source. List of references annexed to this paper is the major secondary sources of data.
- 3.1.2 In analysing power sector problems and drawing sectoral reform proposal, personal knowledge, experience creative thoughts and ideas were also explored. Discussion with BPDB, DESA, Power Cell and REB officials were also helpful in writing this paper.
- 3.1.3 The topic of seminar paper is related to my present assignment in power division under the ministry of MEMR for the last two years.

4.1 SCOPE AND LIMITATIONS

- 4.1.1 The study is intended to identify and analyse the public sector electricity problems, review reform initiatives of the government and formulate integrated reform strategies from macro viewpoint. The major variables to be covered under the study are :
- * Existing power supply and demand situation.
 - * Vision, goals and objectives, reforms initiatives, management process.
 - * System loss, voltage situation, load shedding, meter problems, financial situation and other strategic issues.
- 4.1.2 The study does not consider management and operational problems of any specific power plant or organization in public or private sector.

CHAPTER - II

5.1 POWER SECTOR REFORMS GOALS

5.1.1 In order to effectively introduce appropriate reforms measures in power sector the government has set some visions which are presented below :

5.1.2 Supply of electricity to all citizens at a affordable price least cost by 2020, encourage participation of private sectors to generate competitions and improve the reliability of the power sector to the customer. The specific objectives/goals however, are listed below :

- a) Bringing entire country under electricity service by the year 2020.
- b) Making the power sector financially viable and able to facilitate economic growth.
- c) Increasing the sector's efficiency.
- d) Making the sector commercial.
- e) Improving the reliability and quality of electricity supply.
- f) Using natural gas as the primary fuel for electricity generation and exploring the possibility for export of power to augment and diversify foreign exchange earnings.
- g) Increasing private sector participation to mobilise finance.
- i) Ensuring reasonable and affordable price of electricity by pursuing least cost options.
- j) Promoting competition among various entities.
 1. To provide energy to the citizen for sustainable economic growth in the country.
 2. To introduce competition, induct foreign private capital in power Sector.

6.1 POWER SECTOR ENTITIES

6.1.1 The entities responsible for generation, transmission and distribution are stated below. It reveal that BPDB alone is engaged in all the basic functions of electricity generation, transmission and distribution process. The trend also reveal that some private companies have entered the electricity production and marketing process.

6.1.2 Generation

- Bangladesh Power Development Board.
- Rural Electrification Board.
- Private Power Generation Companies.

6.1.3 Transmission

- Bangladesh Power Development Board.
- Power Grid Company of Bangladesh Ltd.

6.1.4 Distribution

- Bangladesh Power Development Board.
- Dhaka Electric Supply Authority.
- Dhaka Electric Supply Company Ltd.
- Rural Electrification Board through Rural Electric Co-operatives.

7.1 CURRENT REFORMS MEASURES

7.1.1 The government is actively considering to adopt the vision statement/ policy statement to guide and expedite the reforms program on power sector. Some of the specific measures already undertaken by the Government for each of the industry segment are presented below :

7.1.2 Generation :

- (a) Under the Private Sector Power Generation Policy and using model security documents, till now, 1188 MW of capacity has been contracted through competitive bidding offering some of the lowest tariffs in the world and private projects totalling 1050 MW are under negotiation. Moreover a mixed sector power plant of initial capacity of 70 MW with ownership divided among REB, PBS and eventually private sector is also under implementation.
- (b) The Policy also aims at promote in small-scale generation in the private sector particularly to serve non-grid areas and provide opportunity for sale of excess power from captive generation to consumers in the neighbouring areas.
- (c) Decision has been taken to corporatize one of the major publicly owned power generation centers at Ashuganj (724 MW) and develop another set of installations at Haripur (99 MW) as profit center to provide opportunity for improving performance through efficient management, autonomy, punishment and incentives schemes and market competition.

7.1.3 Transmission : The transmission segment is in the process of unbundling and separation. Power Grid Company of Bangladesh (PGCB) has been set up in 1996 and planned to be made operational in stages. Unlike other

entities in public sector, this has been incorporated under the Company Act; the recruitment policy and pay packages are more in line with private sector including the provision for hire and fire.

- 7.1.4 Distribution :** A distribution company named Dhaka Electric Supply Company Ltd. (DESC) has been created in 1996 under the Companies Act with public ownership. Distribution assets of a part of Dhaka City have been handed over to DESC from Dhaka electric Supply Authority (DESA) about a year back. After evaluation of its performance future course of reforms will be designed and implemented. Rationalization studies on distribution area have been completed and is under implementation.
- 7.1.5 Establishment of a Regulatory Authority :** To set out a level playing field for all stakeholders and ground rules for participation, draft legislation replacing the old laws and regulations has been prepared for setting up of a Regulatory Body. The draft law has been approved in principle by the Government and is expected to be enacted by the Parliament soon.
- 7.1.6 Establishment of Renewable Energy Development Authority (REDA) :** A renewable energy policy has been prepared and under active consideration of the Government. GOB has taken a plan to form a Renewable Energy Development Authority (REDA) which will be responsible for the development of renewable energy in the country.

CHAPTER - III

8.1 ANALYSIS AND FINDINGS

8.1.1 Although the power sector plays a very important role in the process of economic development of Bangladesh the sector besets with some major problems. The development of power sector needs huge investment but due to resource scarcity adequate financing is not possible from national exchequer. High system loss, high accounts receivable and absence of clear organizational goals also hampers developments of power sector. Due to non-existence of accountability and transparency of officials under power sector, the required improvement is not possible. Absences of corporate culture in the existing entities lead to the sector worse situation. Rather absence of competitiveness has hindered technological improvement. As electricity is vital ingredient of national development and also with the advent of globalization it is pertinent for the government to address these problems on an urgent manner. Thus the reforms in Power Sector on the following issues is most inevitable.

8.1.2 High System Loss : High system loss existing in the Power System is staying almost at the same level (between 30% to 32% at national level) from the last few years showing no sign of improvement. Similar condition exists in DESA but recently it has marginally reduced the system loss. In 1995 system loss of DESA was 31% and it came down to 28.5% in 1999. System losses of PBS's are comparatively low but it has raised from 15.7% to 18.8% in last few years. National System loss and also system loss of different utilities (BPDB, DESA, PBS) for the last 5 (five) years are presented in Annex -1 & 2 respectively.

8.1.3 High Accounts Receivable : High accounts receivable are likely to increase the bad debt and adversely affecting the financial viability of the utilities in the sector. In case of BPDB it has raised from 9.16 month to 14.17 months in last few years. On the other hand in DESA it raises from 6.72 months to 11.12 months. PBSs are comparatively in a better position and their account receivable is around 2.38 month in average for the last few years. Accounts Receivable of different utilities (BPDB, DESA, PBS) in terms of month for the last 5(five) years have been presented in Annex-3.

8.1.4 Low Voltage : At present low voltage problem in the country, specially in Dhaka distribution system is a much talked crisis. The matter has really

moved from worse to worst. The Government has considered the problem as a burning issue. To ease out persistent crisis of low voltage, the Government has created an enquiry committee to solve the problem immediately. Low voltage problem occurs when the demand increases in an erratic manner. It is manifested that with the increase of demand it is dominated by the reactive power, which reflects low power factor in the system. The low voltage problem is so severe now that at 132 KV level, the voltage drops to as low as 100 - 110 KV and at 33 KV level, it drops to as low as 28 KV. To eradicate this problem and thereby to improve the power factor, a crush programme has been taken by DESA to install capacitor bank of 650 MVAR capacity within the Dhaka distribution system. Among other measures a step has also been taken to motivate the consumers to use the capacitor at the load end to improve power factor and thereby to release demand.

- 8.1.5 Load Shedding :** The maximum demand of the country is now about 2800 MW, which could not be met most of the time due to shortage in generation capacity. The maximum demand so far supplied is 2655 MW. In last few years the load-shedding situation is improving gradually from its worst scenario of about 700 MW 200 to 300 MW. It is expected that by the year 2003, there will be no load shedding in the country, if the planned and under construction power plants come into operation in time. Load shedding, maximum generations vs. maximum demand for the period January to April 2000 is presented in Annex-4.

CHAPTER - IV

9.1 RECOMMENDATIONS

The overarching guiding principles for the reform strategy for the future will be pragmatism based on the experiences gained from the ongoing measures, reliance on the empirical findings about the best practices and giving due consideration to the socio-economic context of the country.

9.1.1 Generation : Improvement of operational efficiency in the existing generating stations should be pursued along with the addition of more capacity in both public and private sectors. Present installed capacity of power plants in different parts of Bangladesh is 3703.00 M.W. Detail position of the generation plants are shown in Anex-5.

9.1.2 Existing Generation :

- a) Separating out all existing power generation units through a corporatized National Power Generation entity.
- b) The power stations under construction and the future ones in the public sector would be configured as individual profit center and these may be incorporated as independent generation companies.
- c) Evaluation of performance of the profit centers and the corporatized entities will form the basis for expansion, enlargement and design of future reform measures.

9.1.3 New Generation : New generation projects would be selected to enable the desired security of supply at generation level at least cost. The Government would seek new electricity generation through a mix sources i.e. both by public and private.

9.1.4 Transmission : Efficient transmission networks development, expansion and management capable of accessing the most efficient supply of power and transport it to distributors/customers should be designed and implemented. The transmission network should be planned, developed owned and managed by a corporatized entity in the public sector.

9.1.5 Single Buyer : The broad features of the emerging structure of the industry have been generally agreed. To start with, a single buyer model may be adopted where the buyer purchases all the required power from the generators and sells to different distribution companies. The single buyer shall be a public sector entity.

9.1.6 Distribution : Commercial and financial performances of the distribution entities are viewed as topmost agenda of power sector reforms. The specific measures being pursued to strengthen the distribution segment are as follows :

- a) Upheld consumer voice and organizational accountability in the form of introducing citizen/ client charter.
- b) Transform existing distribution system of BPDB and DESA into a number of new corporatized entities.
- c) Encourage private capital and management participation in distribution companies.
- d) Continue and expand operations and functioning the rural electric co-operatives (PBSs) to and additional PBSs.
- e) Introduce frontier application technologies such as remote reading, monitoring and control including accessing Internet Network.

9.1.7 Employees Issues : The Government recognizes that for successful implementation of the reform and restructuring of the power sector, the participation of the employees of the sector need be ensured. The employee's views and constructive suggestion on the reform program should receive due consideration during the restructuring process. The Government must ensure that the interests, needs and aspirations of the employees are protected during reform process.

10.1 CONCLUSION

Sophisticated and fast changing technology, globalize market competitions, increased citizen expectations warrant for commercially viable, technically feasible and operationally efficient power generation, transmission and distribution system. Continued failure characterized by high system loss, high load shedding, low voltage, low bill recovery, high bad debt and poor service delivery justifies immediate strategic interventions by the government. Long term vision statements with specific power sector objectives and integrated reforms measures to be implemented as soon as possible. Legal framework wherever applicable is promulgated to operationalize the reforms initiatives.

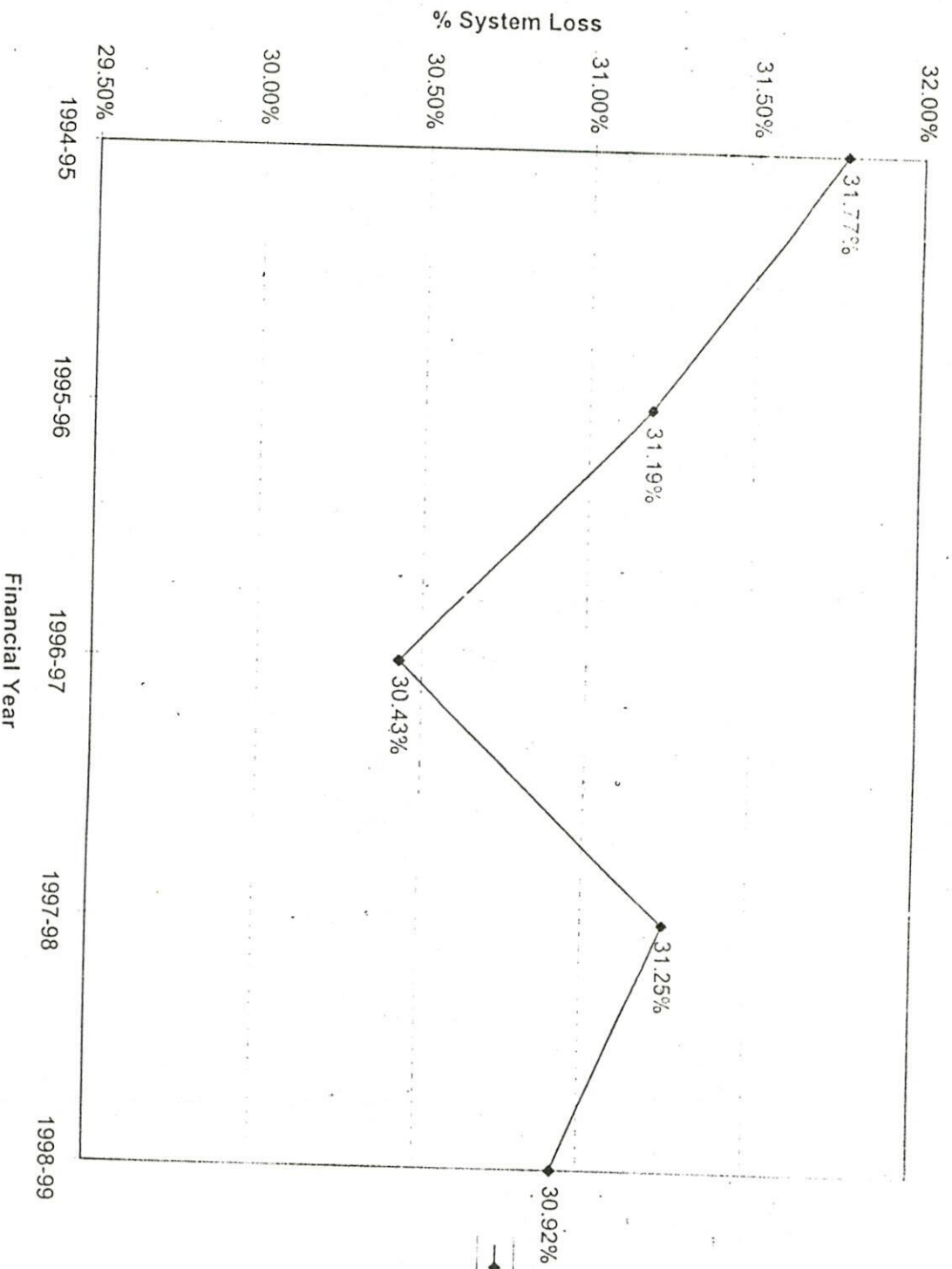
A revised and updated implementation program for reforms and restructuring of the power sector incorporating the ongoing measures will have to be prepared considering a realistic timetable. All concerned agencies should design a time bound performance/ result oriented implementation program on priority basis for under taking reforms programme in the power sector for economic growth and social development of the country.

The author believes, the reform intervention would significantly improve the power sector capacity to better service to the customer and thereby facilitating the economic development of the country. Ministry of Energy and Mineral Resource (MEMR) bears over all responsibility of power sectors organization to oversee the problems and also entrusted with power sector reforms. The reform is to make power sector more commercially viable and technically feasible. We have experienced of publicly owned enterprizes, which could not cope up with the increased demand. As electricity is vital input for national development and with the advent of market globalization it has become imperative to go forward with drastic reform activities which will suit the new requirements in the 21st century. It is high time for us to take any available opportunity towards the development of power sector in the country.

National System Loss

Financial Year	National System Loss
1994-95	31.77%
1995-96	31.19%
1996-97	30.43%
1997-98	31.25%
1998-99	30.92%

National System Loss

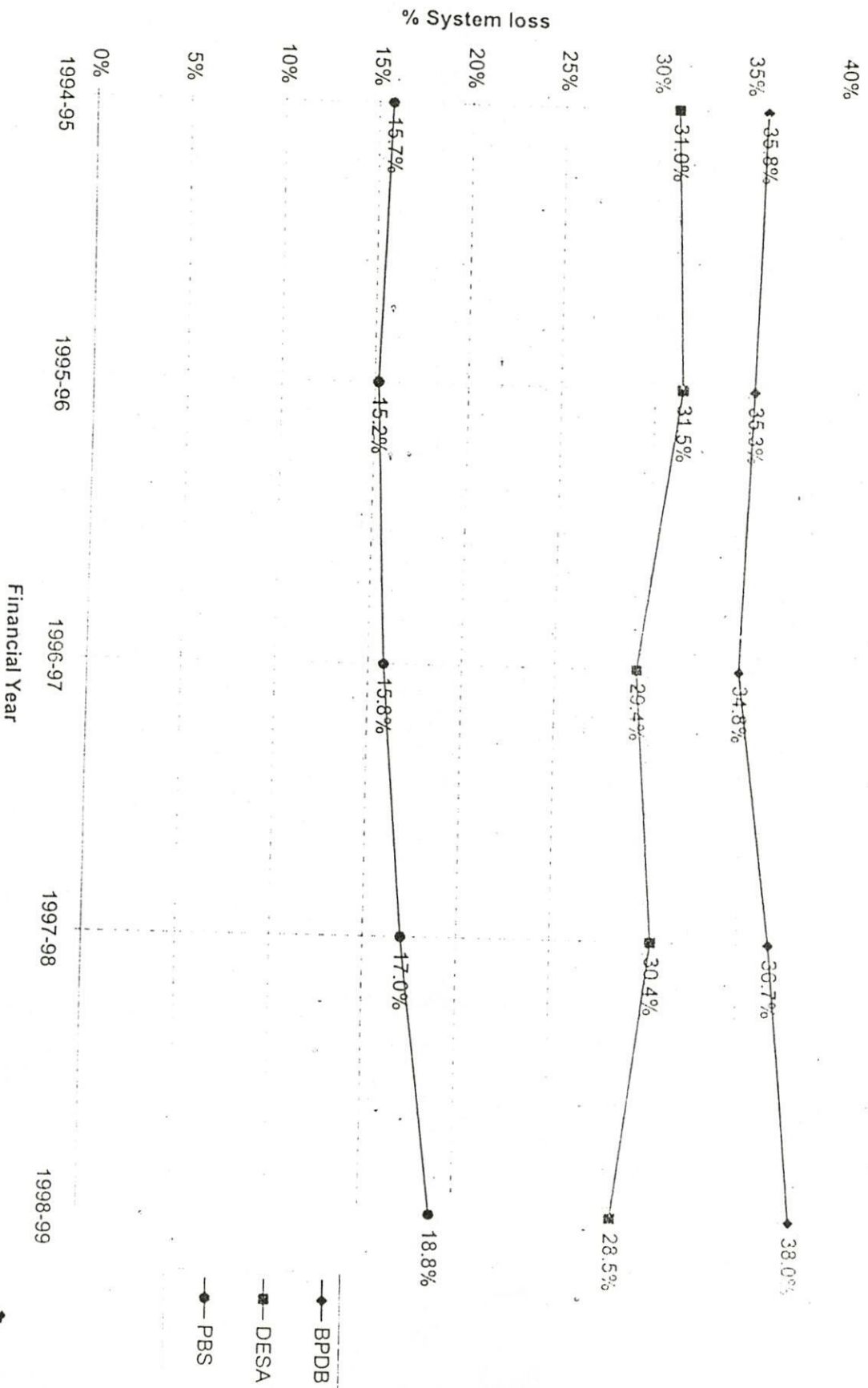


—◆— National System Loss

System Loss

Financial Year	BPDB	DESA	PBS
1994-95	36%	31%	16%
1995-96	35%	31%	15%
1996-97	35%	29%	16%
1997-98	37%	30%	17%
1998-99	38%	29%	19%

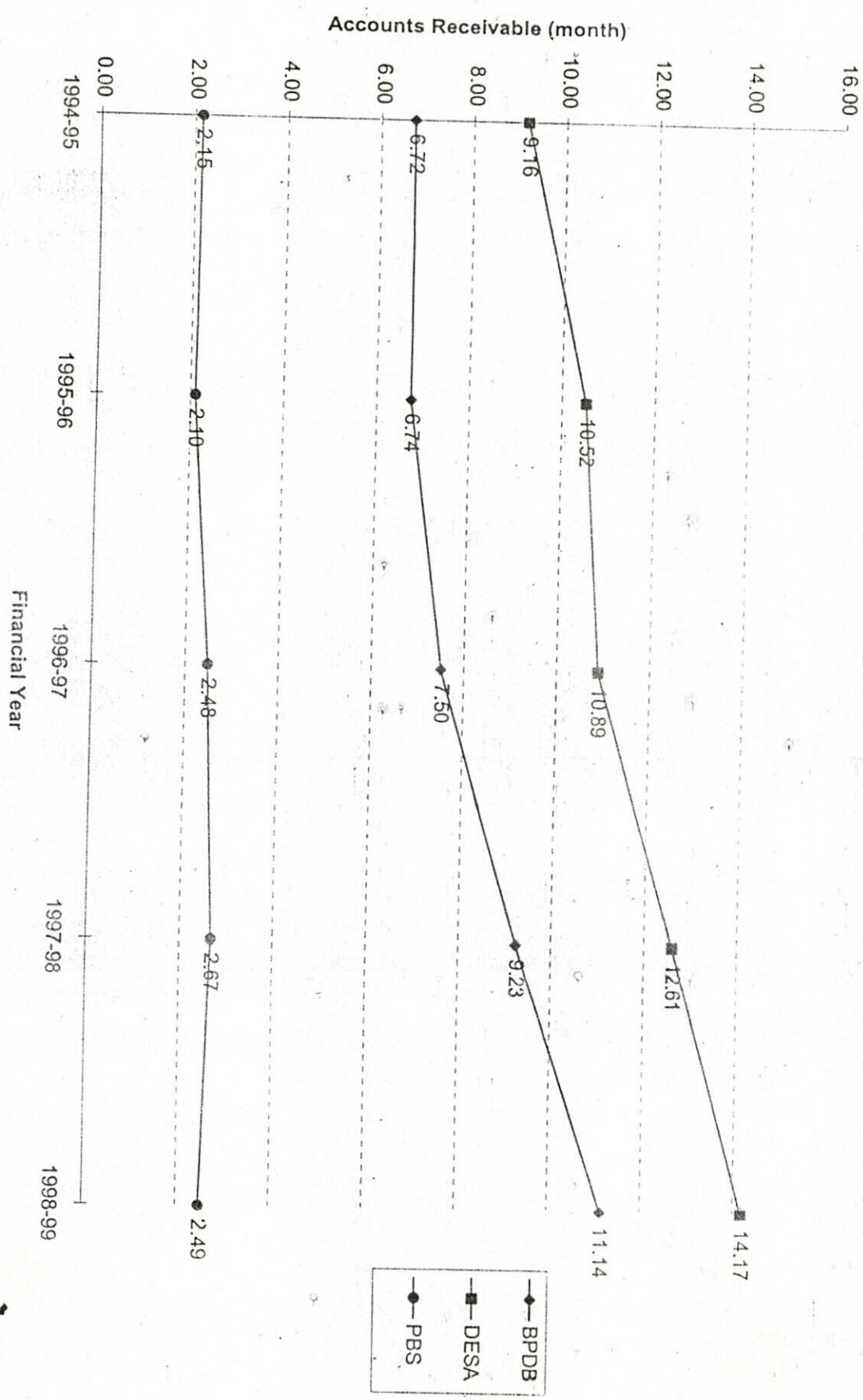
System loss of BPDB, DESA & PBS (FY'95 to '99)



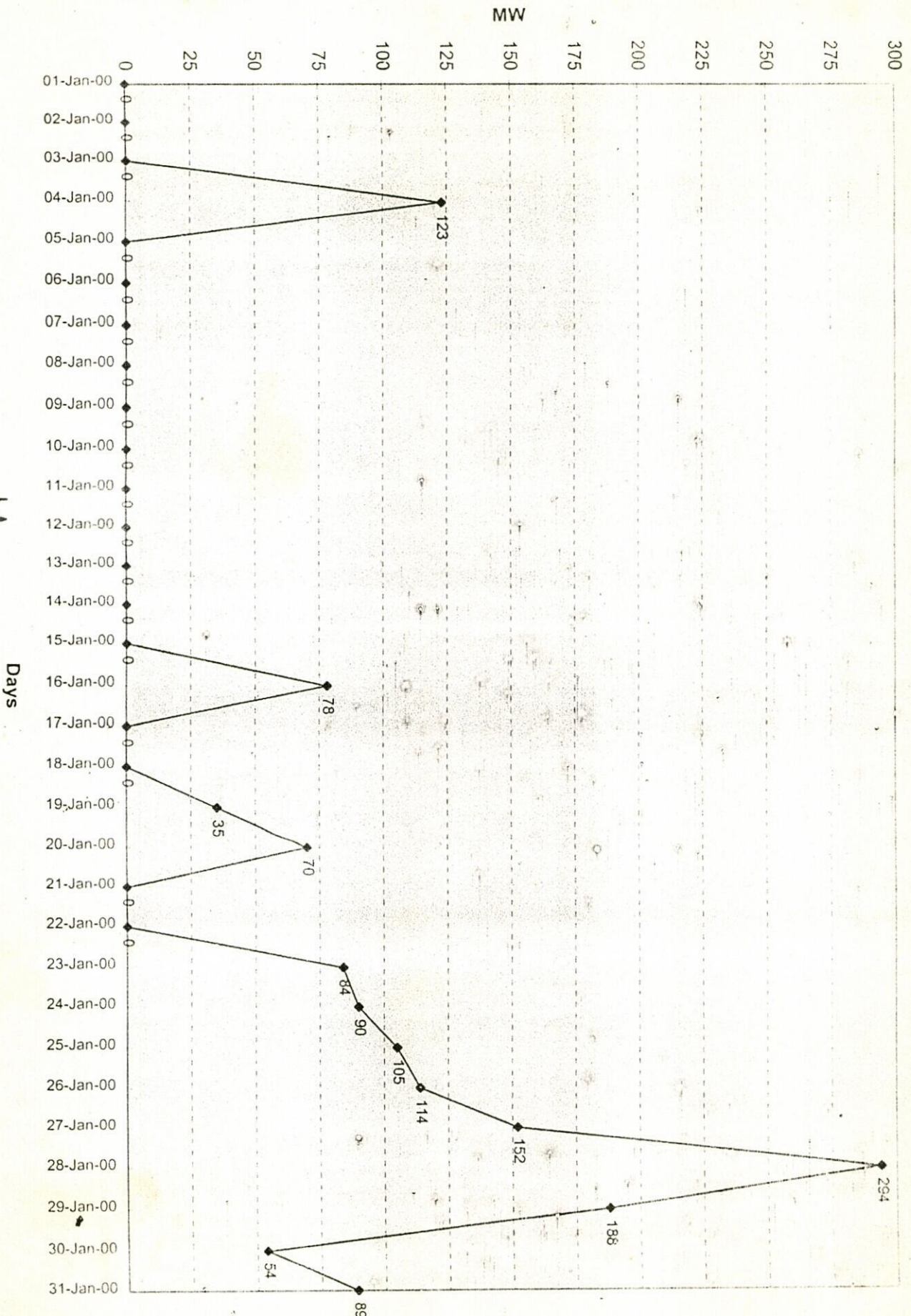
Accounts Receivable
(equivalent month)

Financial Year	BPDB	DESA	PBS
1994-95	6.72	9.16	2.15
1995-96	6.74	10.52	2.10
1996-97	7.50	10.89	2.48
1997-98	9.23	12.61	2.67
1998-99	11.14	14.17	2.49

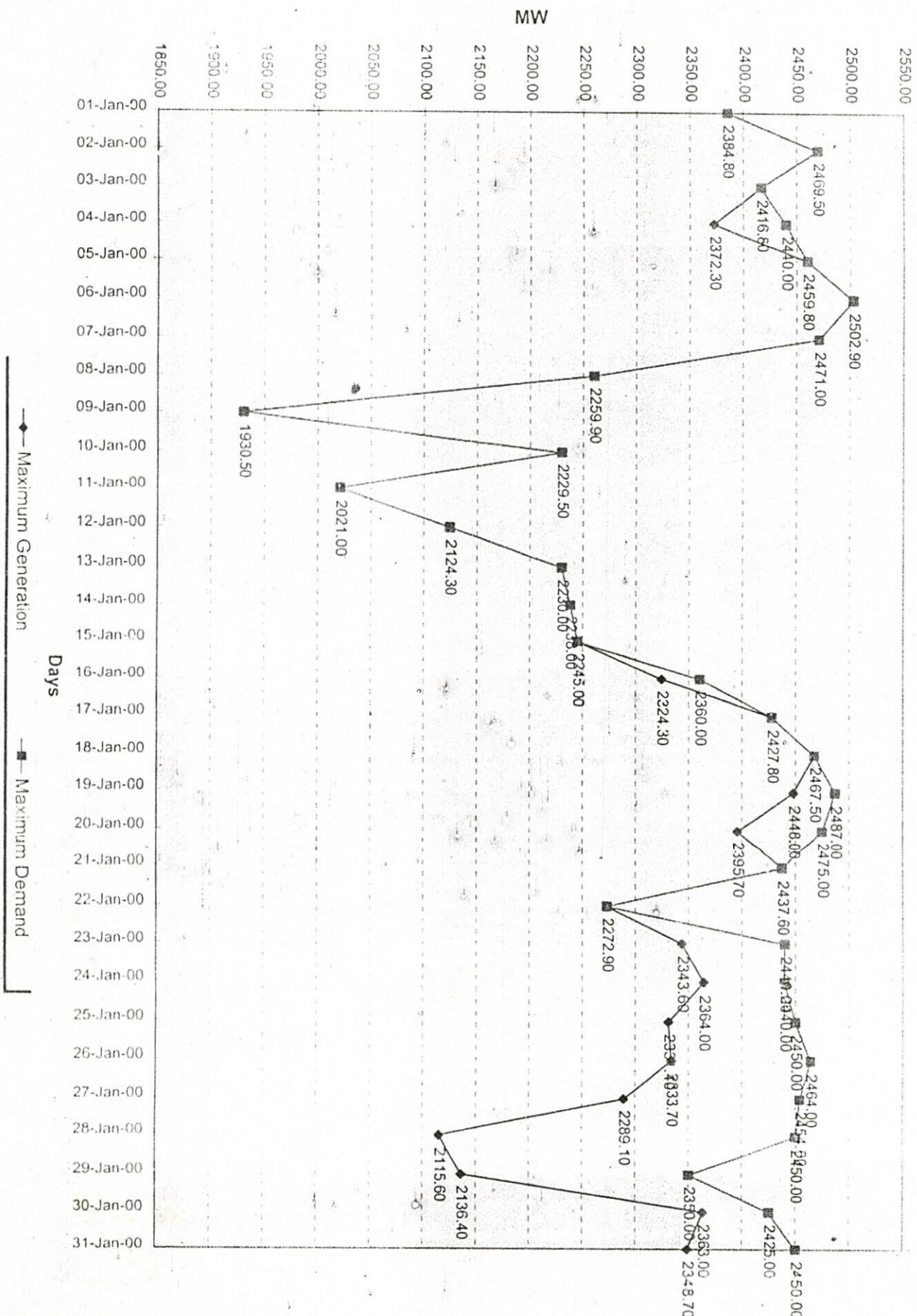
Accounts Receivable (month)



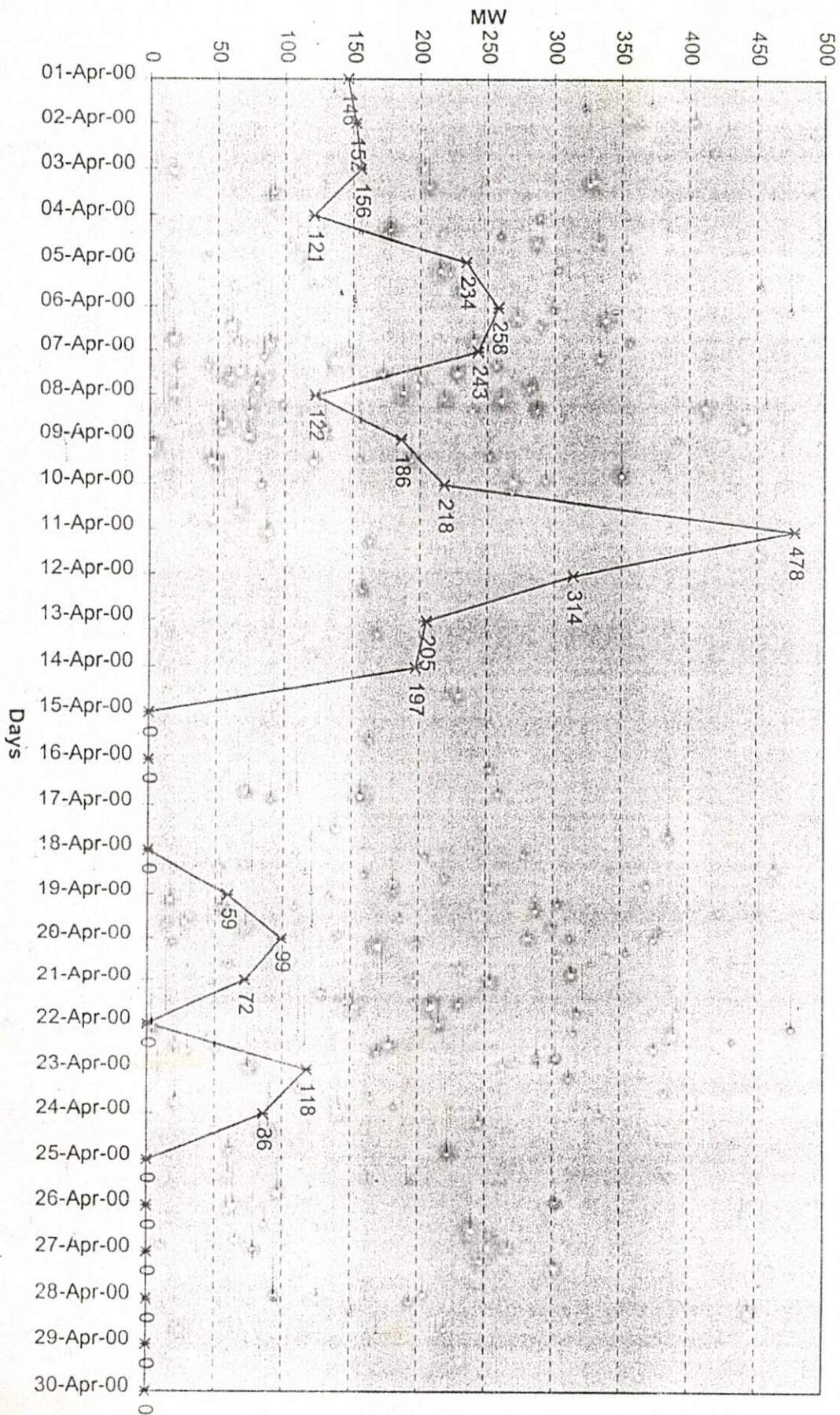
Load Shedding for the Month of January 2000



Maximum Demand and Maximum Generation Capabilities for the Month of January 2000



loadshedding for the Month of April, 2000



YEAR WISE INSTALLED CAPACITY OF POWER PLANTS

Year	Commissioning	Cumulative figure of Commissioning
1959	10	10
1962	80	90
1965	1.66	91.66
1966	6	97.66
1967	1.30	98.96
1968	109	207.96
1970	178	385.96
1973	60	445.96
1974	55	500.96
1976	95	595.96
1979	10	605.96
1980	82.5	688.46
1981	7.5	695.96
1982	106	801.96
1984	224	1025.96
1986	492	1517.96
1987	339	1856.96
1988	233	2089.96
1989	210	2299.96
1991	71	2370.96
1993	210	2580.96
1994	240	2820.96
1995	60	2880.96
1997	210	3090.96
1998	110 (pvt.)	3200.96
1999	210	3410.96
2000	292	3703.00

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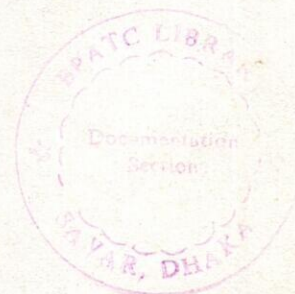
REFORMS IN BUDGET PROCEDURES IN BANGLADESH

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J. Hossain
03/6/02

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SL No-05



**BANGLADESH PUBLIC ADMINISTRATION TRAINING CENTRE
SAVAR, DHAKA
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REFORMS IN THE BUDGET PROCEDURE IN BANGLADESH

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This paper is prepared and submitted in partial fulfillment of the requirement of successful completion of 32nd Senior Staff Course held in BPATC, Savar, Dhaka from 23rd April to 6th July, 2000

Contents

Preface	iii
Abbreviation	iv
Executive Summary	v
Chapter 1	
Introduction	1
Objectives	1
Methodology	1
Scope / Limitation	1
Chapter 2	
Budget Overview – Preparation Approval and Implementation	3
Chapter 3	
Reforms made under RIBEC	8
Chapter 4	
Areas needed further Reforms	10
Chapter 5	
Summary of the problems	15
Findings	15
Recommendations	16
Conclusion	17
Reference	18
Annex A	19
Annex B	20

Preface

This paper is prepared and presented as part of the partial fulfillment of the requirements of training programme under 32nd Senior Staff Course held in BPATC.

Budget preparation and submission are constitutional obligation. It is also a means of resource allocation, controlling and monitoring expenditure and tool for financial management. Budget plays a key role in our national development and economic uplift.

In this paper I have tried to describe briefly the Budget procedure followed in Bangladesh and reforms so far made and the reforms programme required to be undertaken. I shall consider my labour fruitful if it helps the reader take interest in the Budget procedure practiced in Bangladesh.

I express my profound respect and acknowledge my indebtedness to those who have inspired and helped me in the preparation of this paper. At the beginning I sincerely thank and express my gratitude to Dr. Akbar Ali Khan, Secretary, Finance Division who has kindly given me permission to participate in this course at a time when national budget was being prepared. I also thank Dr. Ekram Hossain, Rector, BPATC who has kindly agreed to allocate this subject to me. I acknowledge my indebtedness to Mr. Waliul Islam, Ex-Secretary to the Government of Bangladesh, who has given us valuable advice on seminar paper writing. In this connection, I also remember with heartfelt thanks and gratitude the name of Syed Naquib Muslim, Director whose valuable guidance on how to write seminar paper has immensely benefited us.

I sincerely express my gratitude and indebtedness to the RIBEC project authority whose all out co-operation helped me to a great extent in the successful completion of this paper

I also express my sincere thanks and gratitude to Mr. Tofazzel Hossain, Member of Directing Staff and Course Director, Syed Shamsul Alam, Course Director and Course co-ordinator from whom I have received valuable suggestions and immense help in preparing this paper.

Last of all I feel obliged to express my gratitude and indebtedness to other officers and staff of BPATC who have rendered help and co-operation during our stay in BPATC.

June 24, 2000

Mohammad Habibur Rahman

Abbreviation

ADP - Annual Development Programme
BPATC - Bangladesh Public administration Training Centre
CORBEC - Committee on Reforms in Budgeting and Expenditure Control
GOB - Government of Bangladesh
IMF - International Monetary Fund
RIBEC - Reforms in Budgeting and Expenditure Control

Executive Summary

According to article 87 of the Constitution of the People's Republic of Bangladesh a statement showing the estimated receipts and expenditure of the Government in respect of each financial year, shall have to be laid before the Parliament. This statement is called the Annual Financial Statement or the Budget. The expenditure charged upon the Consolidated Fund is of two categories: (i) Charged Expenditure and (ii) Other Expenditure. Budget is divided into two: (a) Non-Development or Revenue Budget (b) Development Budget. Entire budget process can be divided into three distinct stages

- (a) Preparation
- (b) Approval
- (c) Implementation

The Finance Division of the Ministry of Finance has the overall responsibility for the preparation, submission to the Parliament and implementation of budget. The other Ministries/Divisions/Departments are required to furnish materials on which the estimates are to be based. The responsibility of budget approval vests in the Parliament. Budget implementation is done by all the Ministries/Divisions in accordance with relevant rules and regulations and authority delegated to them

Since budget is an integral part of financial management, Government felt the need to reform the budget procedure and as such a Committee on Reforms in Budget and expenditure control (CORBEC) was constituted in 1990, to review the existing budget procedure and suggest recommendations for its improvement. In order to implement the recommendations of CORBEC, Reforms in Budget and Expenditure Control (RIBEC) project was undertaken with ODA Assistance. Under RIBEC the following reforms were implemented;

- Computerisation of budget System
- Introduction of New Classification
- Change in budget format (partially)
- Detailed Development Budget

Still improvement in the budget procedure in the following fields are needed.

- Budget rules and regulations
- Shortening the budget cycle,
- Introducing a forward perspective,
- Resource forecasts,
- Co-ordination in the preparation of revenue and development budgets:
- Co-ordination between the Planning Commission and the Ministry of Finance :
- Providing the Sector Ministries with ceilings at the beginning of the budget cycle: and
- Budget estimates, budget format and budget presentation.

In view the facts stated, the reforms programmes mentioned below may be undertaken:

1. The rules regulations and standard documentation relating to the budget should be revised, consolidated and simplified and published in one document entitled as Budget Manual
2. The current cycle of revenue budget preparation needs to be compressed
3. There is a need to integrate the process of planning and budgeting through the introduction of a forward perspective for the Development and Revenue Budgets
4. A resource envelope describing projected funding for the forthcoming year and enabling the preparation of a resource framework for the Development and Revenue Budgets should be made available prior to the commencement of the budget preparation process.
5. Improvements should be introduced in the co-ordination in the Development and Revenue Budgets.
6. At the Sector Ministry level, budget committee should be established and be chaired by the Secretary in his role as Principal Accounting officer. This committee would be responsible for the co-ordination of the preparation of Development and Revenue Budgets and presentation of the case to the Finance Division of Ministry of Finance
7. Resource allocation should be based on identified needs and priorities
8. Government accounts must be brought up to date to provide adequate data for use in the budget process
9. The number of budget documents should be reduced, remove overlapping tables and duplication and contain descriptive chapter on objectives and priorities of the Government.

Chapter 1

1. Introduction

Budget is the embodiment of the legal authorisation by Parliament of the country's expenditure and taxation proposal. It is also a means of allocating resources for achieving the objectives of the Government, a management tool for national economic and fiscal planning and a means of controlling and monitoring the use funds to ensure its proper and efficient use.

The budget makers and budget users were confronted with many problems in budget formats, budget estimating process, budget classifications budget presentations budget documentation etc. It was very keenly felt that reform should take place in budget procedure. In this paper I have tried to describe briefly the budget procedure followed in Bangladesh, reform so far made by RIBEC in pursuance of CORBEC recommendations, the areas that need further reforms and the recommendation of reforms to be undertaken in those areas.

2. Objectives

This paper seeks to achieve the following objectives

- To identify the areas that need reforms in our budget procedure.
- To suggest reforms in those areas, with a view to improving budget procedure in Bangladesh

3 Methodology

The authors long experience in budget work as an officer in the Budget Wing of the Finance Division in the Ministry of Finance and as a Budget Consultant in RIBEC project has supplied materials for this paper writing. Moreover, the Constitution of the People's Republic Bangladesh, different books on financial rules and regulations, various reports on budget reforms by RIBEC have been consulted. Besides, the officers engaged in budget work in the Finance Division of Ministry of Finance and other Ministries / Divisions have been interviewed and their suggestions taken.

4 Scope and Limitations

This paper is segmented into several parts. The first part describes briefly the budgetary concept including the Constitutional provisions relating to Budget, budget preparation, budget approval and budget implementation. Then in second part, attempts have been made to give a brief description of reforms so far made in classification, budget format and computerisation. The third part identifies the areas that need further reform. These are Budget rules and regulations, Budget Cycle, Forward perspective, Budget Format,

resource estimates etc. The last part gives the analysis findings and recommendations with conclusion.

The discussion on the reforms so far made is confined within the areas of reforms made by RIBEC on the basis of CORBEC recommendations. The problems identified are also limited within two main categories as follows:

1. Problems relating to the budget preparation process
2. Problems relating to Budget format and presentation of budget documents.

Chapter 2

Budget Overview – Preparation, Approval and Implementation

1. Budgetary Concept

1.1 Annual Financial Statement

As per article 87 of the Constitution of the People's Republic of Bangladesh, a statement of the estimated receipts and expenditure of the Government in respect of each financial year, shall have to be laid before the Parliament. This statement is called the Annual Financial Statement or the Budget

1.2 Consolidated Fund and Public Account of the Republic

The Annual Financial Statement consists of two main parts the "Consolidated Fund" and the "Public account of the Republic". Under Article 84(1) & (2) of the Constitution the consolidated Fund comprises all revenues received and all loans raised by the Government, all moneys received by it in the repayment of any loan shall form part of one fund known as Consolidated Fund. All other public moneys received by or on behalf of the Government are credited to the "Public Account of the Republic"

1.3 Charged and Other Expenditure

The Annual Financial Statement also shows separately :-

- (a) the sums required to meet expenditure charged by or under this Constitution upon the Consolidated Fund and
- (b) the sums required to meet other expenditure proposed to be made from the Consolidated Fund;

and shall distinguish expenditure on revenue account from other expenditure.

1.4 Charged Expenditure

As per the Constitution, the following expenditure is charged upon the Consolidated Fund

- a). The remuneration payable to the President and other expenditure relating to his office.
- b). The remuneration payable to :-
 - i). The Speaker and Deputy Speaker
 - ii). The judges of the Supreme Court
 - iii). The comptroller and Auditor General
 - iv). The election commissioners
 - (v) the members of the Public Service Commissions
- c). The administrative expenses of, including remuneration payable to the officers and servants of the Parliament, the Supreme Court, The comptroller and Auditor General, the Election Commission, and the Public Service Commissions.
- d). All debt charges for which the Government is liable, including interest, fund charges, the repayment or amortisation of capital, and other expenditure in connection with the raising of loan and the service and redemption of debt.

- e). Any sums required to satisfy a judgement, decree or award against the republic by any court or tribunal.
- f). Any other expenditure charged upon the Consolidated Fund by the Constitution or by Act of Parliament

1.5 Budget is divided into two distinct category

- a. Non Development
- b. Development

Non Development or Revenue Budget includes expenditures on pay and allowances, supplies and services, repair and maintenance, interest payment, subsidies and other transfer payment, miscellaneous investment, food purchase Debt servicing and Non-ADP projects etc.

Development Budget is based on Annual Development Programme. In fact it is ADP translated into budgetary format excluding the Self Financing Projects plus the FFW schemes with relevant Grants and Head of Account numbers.

1.7 Revenue Receipts

Revenue receipts also forms the part of Budget. Revenue Receipts includes Tax Revenue, Non Tax revenue Foreign Grants and loans etc. Tax Revenues are of two category -

National Board of Revenue Taxes

Non - National Board of Revenue Taxes

Income Tax, Customs Duties, VAT, Supplimentary Duties, Wealth Tax, Gift Tax, Electricity Duties, Travel Tax etc are National Board of Revenue Taxes. Non-NBR Taxes includes Land Revenue, Narcotics Duties, Stamp Duties, Vehicle Tax etc.

Dividend and Profit from Financial and Non Financial Institutions, Interest on Loans and advances, Administrative Fees and Charges, Service Charges, Sale Proceeds from Govt. owned firms and Forests, Earning from Railway, T&T and post Offices, Sale of Govt. Assets etc. come under Non Tax Revenue.

Foreign Grants and Loans include all types of loans and Grants including Food Aid and other commodity aid. Majority of our Development projects are by financed by Foreign loans and Grants.

1.8 Heads of Account

As per Classification that existed up to 30th June 1998, budgetary allocation is made against Heads of Accounts which were as follows :-

Major Head of Account

- Minor Head of Account
- Sub Head of Account
- Detailed Head of Account

Opening, addition, alteration, abolition of any head of account required the permission of C&AG.

The New Classification introduced from July 1998, was based on coding structure which is categorised as

- a. Legal Code

b. Functional Code

c. Economic Code

Each Ministry / Division will be identified by major functional codes.

The entire Budget process can be divided into three distinct stages

a. Preparation

b. Approval

c. Implementation

2. Procedure of Preparation

2.1 Responsibility of Ministry of Finance

The Ministry of Finance is responsible for the preparation and submission of Budget to the Parliament or National Assembly and for this purpose other Ministries/ Divisions/Departments are required to furnish materials on which the estimates are to be based. Most of the ministries/Divisions/Departments depend for this material on local officers who collect the revenue or incur expenditure.

2.2 Budget Calendar and Budget Forms

For the preparation and submission of national budget, the Finance Division of Ministry of Finance follows a calendar (Annex 1) which is prescribed in the Secretariat Instructions. As per the budget calendar, the Finance Division has to supply within 31st August, Budget forms (Sample, Annex 2) for both receipts and expenditures to the estimating authorities who are to return the estimates to Finance Division within 31st October.

2.3 Preparation of Budget Estimates - Revenue Budget / Non - Development Budget

The estimates of expenditure are divided into two parts

1. The estimates for ordinary charges

2. The estimates for new expenditure

Secretariat Instructions contain detailed instructions regarding the preparation of Budget estimates. Any variation from the previous year's estimates has to be properly explained. Ministries / Divisions / Departments are very particular about expenditure estimates. But they are least concerned about the receipts estimates. It is always found that the percentage of increase is higher in the expenditure estimates. But there is hardly any increase in receipts estimates.

The actuals of previous years ordinarily afford an important guide in framing the Budget Estimates, and a continuance of any trend of growth or decline in income indicated by them may, in the absence of definite reasons to the contrary, properly be assumed in all cases in which the proportionate estimate can be usefully employed

The Budget estimates serves two purposes:-

(a) their primary function is to forecast the expenditure of the ensuing year, and thus enable the Government to make the necessary arrangement for financing the charges which it will be called upon to meet, and

(b) as finally passed, they fix the allotments at the disposal of officers for expenditure in the ensuing year.

(2) An over estimate of expenditure under one head reduces the amount which can be treated as available for other heads, while an under estimate of expenditure or the omission of items of outlay which are likely to be incurred can be remedied later only by postponement of other items of expenditure for which provision has been duly made. It is consequently of great importance that expenditure estimates should be accurately framed, programmes involving new expenditures should be carefully worked out before the Budget Estimates are forwarded

2.4 Preparation of Budget estimates - Development Budget

Revised estimates - On completion of the discussion on the Revised ADP in Planning Commission with the representatives of the Ministries / Administrative Divisions and the Ministry of Finance, the estimates are finalised. Particulars of each approved projects / schemes included in the Revised ADP, showing revised and capital components with the breakdown and estimated receipts, if any, are furnished to the Ministry of Finance for incorporation in the Budget

Budget estimates - After the Annual Development Programme is finalised, particulars of each Development Projects / Schemes included in the programme, showing the Revenue and Capital components and receipts if any, are furnished to Ministry of Finance by the Planning Commission for incorporation in the Budget.

Ministry of Finance then classify the projects / schemes provision by Major, Minor or detailed Heads of Budget appropriation for incorporation in the Budget and submission before the Parliament. In the new Classification, instead of heads of accounts appropriate code number will be assigned.

Budget estimates of completed Development projects / schemes are prepared alongwith the Revenue / Non Development Budget.

2.5 Budget Discussion

The Finance Division examines the Budget proposal both for receipts and expenditure within 20th January and prepares the first edition. The first edition is to be finalised and sent to the estimating authorities within 10th February. Thereafter budget discussion meeting is held with the Ministries / Divisions / Departments. In the Budget discussion meeting the allocation is finalised. Then the Budget documents are printed and submitted the National Assembly usually in the first part of June.

2.6 Demand for Grants

Proposals for expenditures is submitted in the Parliament in the form of Demand as per article 89 of the constitution.

2.7 Resource Committee

Ministry of Finance, before going to Budget discussion with other Ministries / Divisions / Departments examines the possibility of revenue receipts and prepares an estimates of receipts which forms the basis of allocation. The receipts estimates is finalised by the Resource Committee assisted by a Technical Committee.

3 Budget approval

3.1 Budget Speech

Budget is placed before the Parliament by the Finance Minister in the month of June with introductory speech known as Budget Speech consisting of two parts. Part one deals with the overall economic and financial conditions prevailing in the country and Government economic performance during the last one year and Government economic plans and programmes and Budgetary allocation. Part two deals with taxation measures.

3.2 Cabinet Approval

Before placing the Budget to the Parliament, approval of the parliament is obtained. Usually the Cabinet meeting is held in the Assembly Building just before the session starts.

3.3 Approval of the President

No Demand for Grants shall be made except on the recommendation of the President.

3.4 After the Budget discussion following bills are placed before the Parliament

- a. Money Bill
- b. Supplementary Bill
- c. Appropriation Bill

3.5 No money bill or any bill which involves expenditure from Public moneys, shall, be introduced into Parliament except with the recommendation of the President.

3.6 Vote on Accounts

If for any reason it is not possible to pass the Appropriation Bill within 30th June, a Vote on Account Bill has to be placed before the Parliament. Usually, through this Bill an amount equivalent two months expenditure is sanctioned.

4. Budget Implementation

4.1 Budget implementation is carried out through various rules and regulations and orders issued from the Ministry of Finance. Some of them are as follows-

1. No expenditure can be incurred for the item for which no budgetary allocation exists.
2. Funds allocated must be spent for the purpose for which they are allocated.
3. Funds allocated must be spent in accordance with financial rules and regulations.
4. The expenditure must not exceed the sanctioned budget allocation made for the respective items / sub-heads.
5. No expenditure be incurred in anticipation of an annual budget / Supplementary grants without prior concurrence of Ministry of Finance.

4.2 Expenditure from the authorised Budget is incurred by the Administrative Ministry / Division through their offices and agencies according to the delegation of power given by the Finance Division of Ministry of Finance. Separate Delegation of power exists for Development and Revenue Budgets.

Chapter 3

Reform made under RIBEC

1. Budget plays a very important role in our Financial Management system. The makers and users of budget faced a number of problems relating to its format, estimating procedure, resource allocation, classification, presentation etc. The need for an all out reform in budget procedure was keenly felt. Therefore, under the condition of PRMAC credit agreement, the Government of Bangladesh established a Committee on Reforms in Budgeting and Expenditure Control (CORBEC) in March 1990 with the terms of reference to review the procedure for budgeting and expenditure control and to prepare recommendations for improvements in the existing system. The CORBEC identified a number of problems in our Budget and Accounts system and submitted a number of Recommendations to the Government to address those problems relating to Budget format, Budget documents, Classification and Budget presentation.
2. The report of the committee was accepted by the Government. Foreign Assistance was sought to implement the recommendations of the CORBEC. ODA (now DFID - Department for International Development) came forward to finance the reforms Programme. It was decided to implement the Programme in phases. First phase known as Design Study started in October 1992. The term of reference of Design Study was
 1. Review the present Budget system and propose changes.
 2. Review Classification system and prepare revised system
 3. Review Accounting system and suggest required changes.
 4. Prepare a plan for computerization
 5. Design training programs
 6. Prepare an implementation plan.
3. RIBEC (Reforms in Budgeting and Expenditure Control) Phase 2 was undertaken to implement the recommendation made in the final report of the Phase 1. As regards Budget the following items were included in the PP of Phase 2
 1. Design and Implement new Budget format.
 2. Incorporate Manpower planning in the Budget.
 3. Presentation of Revenue and Development Budget into a single document
 4. Integrate Three Year Rolling Plan for both Revenue and Development Budgets.
 5. Revised Classification system.
 6. To make the Resource Envelope available to the line Ministries in advance of Budget preparation.
 7. Revised presentation of a transparent food Account.
 8. Incorporation, within Budget, the Donor inputs in kind in a format that they can be identified and monitored.

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9. Shorten Budget Cycle.
 10. To create ability to identify gross flows of funds between Government and Autonomous Bodies.
 11. Preparation and distribution of Budget rules and regulation.
 12. Computerisation
5. Among the above mentioned items Ribec project delivered the following financial tools in respect of Budget procedure
- ☐ Budget system computerised
 - ☐ New Budget Classification introduced
 - ☐ Alternative Budget presentation format developed
 - ☐ Detailed Development Budget produced for the first time
6. The salient features of new classification are:
- ☐ It reflects the administrative and legal structure of the Government.
 - ☐ It is designed to allow easier translation to meet the IMF Government Finance Statistics.
 - ☐ It will facilitate the technical integration of Development and Non-Development Budget because functional structure of both the regular government establishments and those of projects are accommodated within the classification structure.
 - ☐ The codes are entirely numeric. The Budget documents and other reports can be easily produced in two languages – Bangla and Englis- from the same source of computer data.
 - ☐ The classification facilitates the production of financial information at different levels of aggregation.
 - ☐ It is applicable to all financial transaction whether accounted for through the Consolidated Fund or Public Account
7. The new classification introduced from 1998-99 financial year is distinctly divided into functional and economic group. The functional group indicates the ministry, division and the spending unit under the ministry/division. Budget allocation of all departments, offices and units under a ministry/division are brought under one grant. This reduces the number of grants as well as facilitates better supervision for controlling officers. Under previous classification allocation for different department and offices under a ministry/division under different heads created difficulty for the controlling officers to locate the allocations and effective supervision
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Chapter 4

Areas needed further reforms

Budget preparation and approval procedures, followed in Bangladesh is a lengthy one. It starts with the circulation of Budget forms to different ministries / divisions and departments and ends with the assent of the President to the Appropriation Bill. So far reforms have been implemented in Budget classification and preparation method. Still a lot problems remains unattended. The problems which need immediate attention are summarised below.

1. Budget rules and regulations : The rules and regulations detailing budget preparation procedures are contained in numerous documents inherited from numerous administration and which have been expanded to meet identified needs over time. The standard budget documentation is prepared on an ad hoc basis to cover shortcomings in available accounting information. There is need for the consolidation of all the budget rules and regulations and standard forms in one publication and for their simplification.

2. Budget Cycle: The revenue budget cycle is too long. It commences soon after the start of current year. At the end of August a budget call circular in the form of a letter accompanied by revenue budget submission proforma is sent by the Finance Division of Ministry of Finance to each sectoral ministry and separately to all directorates under each ministry, requesting submissions for the following year and also revised budget figures for the current year. The call circular provides no information on budget ceilings or guidance as to the growth, or forecast inflation percentages.

The early start of budget preparation prevents the proper analysis of expenditure trends and the exercise continues right up to the end of the financial year. Submission of budget to the Parliament is often delayed for accommodating the request from sector ministries to make special provision for funds while the budget exercise is being finished.

Delays in submitting budget returns are often caused by sector ministries awaiting expenditure and income performance figures. The time allowed for Non-Development budget submissions from the commencement of the financial year is seen by the ministries as both too short and at a time in the financial year before current trends are apparent.

Sector Ministries have to provide the same information several times for the Development Budget, the revised ADP, the ADP and the Three Year Rolling Investment Programme

4. Resource Estimates: The availability of resource is secondary to past expenditure experience in the budgeting process, despite the lack of accurate past expenditure information.

The view exists that early estimates of total resource availability would be inaccurate and thus the final resource framework is not agreed until the end of the financial year.

Because of delay in formulating resource availability, sector Ministries are not given formal ceilings, nor any indicators of growth or inflation factors for use in the preparation of budget.

5. Forward Perspective: The budget process continues to be largely incremental, based on previous year's expenditure and covering only one year at a time. The Budget is not being used as a management tool for restructuring government expenditure. Although the Three Year Rolling Investment Programme (TYRP) was developed to introduce a planning perspective into Development Budget, the ADP and the TYRP are still separate exercises, and the ADP still focuses on one year ahead. There is no Forward planning of Non-Development Budget. The impact of new loans on debt servicing capability is not assessed, nor are the long term recurrent cost implications of development projects. The lack of simple medium term forecasting model prevents sensible projections of future resource utilisation.

6. Non-Development and Development Budget: In Bangladesh Non-Development and Development Budgets are prepared and published separately but presented to and considered by the Parliament at the same time. The Non-Development Budget is prepared by the Budget Wing and Development Budget is prepared by the Development wing of Finance Division. The exercise is done by two complete sets of people in the ministries and departments without any link and necessary co-ordination resulting in overlapping of works and delay in disposal.

Ministries do not always calculate recurrent costs arising from development projects and demand for additional recurrent costs are frequently covered initially from Unexpected Head in the Non-Development Budget. The impact on the revenue budget is not always assessed before the project commences, nor the appropriate provisions made in future revenue budget projections. There is no mechanism for providing for recurrent costs of development projects in the future. As a result, due to the paucity of funds, project activity and its sustainability as well projects people face immense sufferings.

7. Responsibility of Budget Preparation: The Secretary in the sector Ministries is also the Principal Accounting Officer for the Ministry with the responsibility of financial management and control. It is his responsibility to ensure that the ministry/division Budgets are prepared correctly to reflect Government and ministry policies and to liaison with the Minister in order that the Budget also meet its political objectives. However, in practice neither the Secretary nor the Minister is involved in the preparatory stages of the budget with the result that the top level control and monitoring is lacking. The lack of involvement of the Minister and his Secretary in the budget process are noted in the CORBEC report. Their lack of involvement in the estimating process not only denies them the opportunity to ensure that the budget complies with the policies of the Ministry but also creates difficulties throughout the budget process from the budget discussion

with the Finance Division, where the Ministry's case is presented, through to the period immediately prior to the presentation of the Appropriation Bill to Parliament.

8. Co-ordination: Although there is said to be a system of co-ordination between the Finance Division of Ministry of Finance and the Planning Commission on the Development and Non-Development Budgets, it appears that the interface does not work as well as might be expected. For example, demands to cover the recurrent costs of the newly completed development projects need commonly to be funded from the Government's Unexpected Expenditure Head and the calculation of the total provision under this head is based on previous year's experience. Lack of proper co-ordination between Finance Division and Planning Commission results in insufficient allocation for newly completed development projects.

There is no informal feedback between the Finance Division and sector ministries during the formative stages of revenue budget process. This results in inadequate and inconsistent justification of requested increases.

9. Budget Basis: The budget is prepared on an incremental basis and the lack of accurate financial statements for previous years means that the incremental increases are predicted on a flawed base

The system does not take into account the objectives of the ministries and shows no narrative description of their targets. Within incremental budgeting it is rare to find financial provisions that are static or that have decreased between budget years.

There is little attempt made to identify ministerial objectives and to provide funds on that basis or to link the revenue budget to specific development programmes. The lack of defined objectives and adherence to the principles of incremental budgeting deny the Ministry the opportunity to develop budget based on their priorities or service requirements or to measure their physical and financial performance.

The predetermination of establishment numbers and pay roll costs on an incremental basis commits 60-70% of the budget and allows little room for reallocation or growth within service provisions.

10. Budget Format : After the introduction of new classification and Computerised Budget System (CBS) in Finance Division by the Ribec project, budget format has undergone some important changes

- ❑ Old Heads of Accounts have been replaced by Code numbers and each Ministry / Division is identified by Code numbers
- ❑ The Demand for Grants and Appropriation now follow the administrative organisation of the Government with a single grant representing each Ministry / Division and with the total number of grants limited to the number of Ministries / Divisions. Prior to this there were many grant numbers for Ministry / Division for each Major Head of Accounts and it used to take a

considerable time of the parliamentarians for budget approval. Now with reduction in the grant number, much time is saved.

- Previously it was very difficult for any body to identify the allocation for a Ministry / Division. Now all the allocations for all the departments, offices including projects under a Ministry / Division are placed together, it is now very easy to know.
- Previously, the revenue and capital expenditure of a projects were placed under separate heads and grant number, creating great difficulty for fund management. Now both the revenue and capital expenditure are placed in one place facilitating easy flow of funds.

But still there are certain issues as follows which need to be addressed:

1. The classification of sectors in revenue and development budgets are not common. This creates confusion.
2. Receipts from T&T, Railways and Post Offices are shown net basis which gives a wrong idea regarding the total Receipts
3. There are overlapping and duplication

11. Debt Management : Budget documents only project the amount of loans (domestic and external) taken and repayment made during the year. But it does not give any idea regarding the total debt burden. The impact of new loans on debt servicing is not assessed. The Ministry of Finance does not have the expertise to make cash flow projections and short term borrowing requirement, nor the capacity to monitor repayment of loans by Autonomous Bodies and semi-autonomous public agencies.

12. Budget Presentation: Budget is presented to the Parliament with the following documents:

- 1) Budget Speech
- 2) Budget Summary Statement
- 3) Budget Estimates or Annual Financial Statements
- 4) Consolidated Fund Revenue Receipts
- 5) Demand for Grants and Appropriation (Non-Development)
- 6) Demand for Grants and Appropriation (Development)

These are considered essential Budget documents as estimates of receipts and demand for expenditure are contained in them. They provide basis for legislative approval. In addition, following documents are also submitted to the parliament

- 1) Economic Survey
- 2) Annual Report of Financial Institutions
- 3) Autonomous Bodies Budget
- 4) Annual Development Programme

These are submitted for information only and no legislative approval of these is sought or given.

Problems commonly found in the Budget documents may be summarised as follows:

1. The documents are all in numbers. Hence, it is very difficult to understand.
2. The figures for the same item shown in different documents are different which creates confusion.
3. In the Budget Summary Statements and Demand for Grants expenditure figures appear on the net total with refund deducted from gross provision. On the other hand, figures in Annual Financial Statement are all on gross basis. This creates confusion regarding the total amount of Budget figures.
4. There are overlaps, duplication or repetition in these documents. Some examples are given here. The Budget Summary Statement include twelve statements which summarise the various aspects Government fiscal operations and translate expenditure into economic categories following IMF Government Financial Statistics. Statement-I (Budget at a Glance) and Statements-XII provide essentially the same information, though using different terms and format. Statement-IV (Foreign Loans and Grants Receipts) shows the total amount of foreign assistance as well as uses thereof. Statement -IX (Resources for the Annual Development Programme) shows the financing of ADP, including external financing which is the same as the uses of external resources shown in Statement -IV

Chapter 5

Summary of the problems, Findings and recommendations

1. Summary of the problems :

- 1.1 The problems identified in budget procedure can be divided into two main categories
 - Those relating to the budget preparation process
 - Those relating to the format and presentation of the document itself
- 1.2 The budget is not being used as a management tool for allocation of resources to meet objectives as it is prepared on an incremental basis using past expenditure rather than forward projection. The Revenue and Development budgets are prepared separately, with little linkage between them nor co-ordination between the Planning Commission and the Ministry of Finance, nor between those responsible for the two budgets within the Sector Ministries. There are too many departments involved in the total budget process.
- 1.3 The revenue budget preparation process is too long and is exacerbated by the lack of guidance as to the growth and inflation indices and the lack of an advance resource framework.
- 1.4 Non-availability of adequate accounting data.
- 1.5 Establishment levels are fixed and staff are appointed within approved establishments. There is, however, no manpower planning exercise attaching to the budget and Ministries are not encouraged to review establishments with a view to the employment of optimum staff numbers to provide the services for which they are responsible.
- 1.6 The Revenue and Development budgets relate to single financial year and there is no forward perspective.
- 1.7 There is minimal involvement of the Principal accounting Officers in the Ministries in the budget process with the result that there can be no guarantee that the budget reflect Government policies and priorities.
- 1.8 The budget documents are difficult to understand.
- 1.9 There is a need for the consolidation of all budget rules and regulations and standard forms in one publication and for their simplification.

2. Findings

Improving the budget procedure will involve issues described below:

- Revision, simplification and consolidation of budget rules and regulation into one document.
- Shortening of budget cycle
- Introducing a forward perspective
- Improving revenue forecast
- Providing the Sector ministries with ceilings at the beginning of the budget cycle
- Co-ordinating the preparation of revenue and development budgets

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- Improving Co-ordination between the Ministry of Finance and Planning Commission
 - Improving budget estimates
 - Improving budget presentation
 - Identification of needs and priorities by the Sector Ministries
 - Establishment of budget committees in sector Ministries
 - Improving government accounting

3. Recommendations

In view of discussions in the foregoing pages, the following recommendations are made:

3.1 Budget Rules and Regulations: There is a need for consolidation of all the budget rules and regulations and standard forms in one publication and for their simplification. A Budget Manual may be prepared incorporating all the necessary rules and regulations in a simplified form .

3.2 Budget cycle: The current lengthy cycle of revenue budget preparation should be compressed so that the required information on past trend are available from Accounts offices and Sector Ministries.

3.3 Resource Forecast: Efficient, accurate and a firm resource forecast is a must for good budgeting. The Administrative Ministries should give proper attention to the collection of Government revenue and dues from sector corporation. Regular monitoring of revenue collection should undertaken. Efforts should be made improve the revenue collection

3.4 Resource Envelope: The resource projections should be prepared early in each year and a resource envelope for the year for Revenue and Development budgets should be made available to the Sector Ministries at the beginning of the budget cycle. Budget request circulars should include indicative ceilings and comprehensive guidelines.

3.5 Forward Perspective: As a long term target, a forward perspective for the Revenue and Development budgets should be introduced. This would involve producing resource and expenditure projections for a three year period, requesting sector ministries to submit estimates for three year for both revenue and development budgets. The resource and expenditure projections would be updated and rolled over each year.

3.6 Non-Development (Revenue) and Development Budgets : To establish proper co-ordination and interaction between two budgets a joint budget committee should be formed with the representative of Ministry of Finance and Planning Commission. The committee would be responsible for the issue of joint guidelines for the Revenue and Development Budgets.

To avoid duplication of work and delay, Revenue and Development Budgets should be integrated

3.7 Budget Committee: Budget Committees to be chaired by the Secretary in his role as Principal Accounting Officer should be set up in Sector Ministries with budget officers, Planning Cell officers and with CAO playing his role as adviser financial matters. The committee should be responsible for consideration and approval of the Ministry's overall objectives, plans for achieving them and should review all departmental submission for the Revenue and Development budgets. It should ensure the inclusion of the effects of Development budget in the revenue budget, collate departmental submissions and submit them to the Finance Division of Ministry of Finance and to the Planning Commission.

3.8 Budget Estimates: The current incremental base for budgeting should be reviewed and the actual requirements of the ministries and local governments to be determined and the resource should be made on the identified need and priorities.

Government accounts must be brought up to date to provide adequate data for use in the budgeting process. Reconciliation must be completed.

3.9 Budget Format: The budget format needs to be improved so that it can effectively act as a mechanism for control, allocation of resources and as a management tool. It should be simplified.

Deduct Refund from expenditure side should be avoided. The netting of T&T, Railways and Post Offices receipts, as a matter of principles, should not be practiced. 1

3.10 Budget Presentation: The number of Budget documents should be reduced. Overlapping and repetition in budget documents should be avoided. All the budget documents are in numbers. Hence, it is difficult to understand. To make the budget documents accessible to the common readers, some descriptive chapters should be incorporated. A brief for each ministry/division describing its functions and budget objectives, requirements etc should be placed in the budget documents.

4 Conclusion

Budget is a vast subject. Within the short span of this paper, I have tried to describe briefly some reforms made and reforms yet to be made in the field of budget preparation and presentation. Besides these, many aspects of budget procedure are left. Reforms in other areas of budget and budget related matters must be considered to be taken up for reforms.

Reform is a continuous process. Partial reforms may not produce desired result. Budget is a very important part of our financial management. In order to achieve efficiency, accountability and transparency in financial management, all out reforms in our financial management system are very much needed. Fortunately, various programmes are being taken up and I hope and believe that we will reach our desired goal.

References :

1. Bangladesh Secretariat Instructions.
2. The Constitution of the People's Republic of Bangladesh.
3. The Design Study Report, RIBEC, Finance Division,
Ministry of Finance.

Annex A
Budget Calendar

Particulars	Last Date	
1. Printing and Distribution of Budget (Estimating Officer's forms and Controlling Officers' forms).	31st August	
2. Preparation, printing and supply of Budget forms to the Accounts Officer concerned.	30th September	
3. Submission of estimates by the Estimating Officers.	10th October	
4. Receipt of estimate in the Accounts Office and Ministry of Finance from the Controlling Officers with 3 months' actuals.	31st October	
5. Receipt of Consolidated Estimates in the Ministry of Finance with 3 months' actuals from the Accounts Officer	25th November	
6. Completion of examination of Budget estimate in the Ministry of Finance	20th January	
7. Receipt of Schedule of New Expenditure in the Ministry of Finance	22nd January	
8. Preparation and despatch of the 1st editions of the Budget to administrative ministries / Division	10th February	
9. Forecast of Foreign Assistance for Development Programme.	14th March	
10. Discussions of the Estimates with Administrative Ministries/Divisions.	1 - 28th March	
11. Finalisation and despatch of 1st edition and Schedule of New expenditure to Press	7th April	
15. Receipt of final Development Programme from Planning Commission	1st week of May	
16. Printing of Budget Documents.	End May	

ANNEX - B**RECOMMENDATIONS OF CORBEC**

1. Three of the primary units- namely pay, allowances, and works- by and large, conform with the standard functional categories of expenditure. The meaning and economic characteristics of three other categories- namely, contingencies, operation and maintenance, and transfer payments of various types- are vague and blurred. The meaning of the units of appropriation need to be clearly defined consistently with their functional and economic characteristics.
2. Departmentalisation of accounts does not seem to have been adequately institutionalised yet: CAOs have ineffective accounting control: and PAOs/Secretaries are more concerned with administrative management than financial propriety and financial accountability. Creation of DAOs and UZAOs within a short space of time have expanded the accounts administration outfit which have been filled up by persons without adequate training and experience.. To overcome these weakness, it would be necessary to : define clearly the functions and authority of CAOs ; their relationship with PAOs/Secretaries; the responsibilities of PAOs/Secretaries in regard to financial accountability; and train the accounting staff. In addition, consideration should be given to the possibility of reducing the range of the functions of UZAOs transferring all those functions to the district offices.
3. Several weaknesses are found in the accounting information and control system-eg: wrong classification of accounts; expenditure in excess of budget provision or without budget provision, specially in cases where book adjustments are made or the spending agencies are competent to issue cheques; proliferation and misuse of PL Accounts; withdrawal of money from the treasury and maintaining idle balances with commercial banks often in pursuance of stipulations in aid agreements. Sanctions available in the existing financial rules should be strictly enforced; in addition, such other new measures may be necessary may be installed to make accounting control more effective.
4. Receipts and expenditures on account of aid are not captured in the accounts prepared by CGA. Aid accounts compiled by ERD also show a number of deficiencies such as: dependence on disbursement reports by donors only a few of whom furnish the same regularly; absence of reporting by project entities; no reconciliation between ERD, Bangladesh Bank, the project entities, and CGA. Additional problems of aid accounts include: absence of accounting (internal audit) control in innovative arrangements such as SAFE, RF, CONTASA, etc.; adjustments of valuation of outstanding loans in phase with changes in exchange rate; etc. A system needs to be devised to bring aid accounts within the accounts compiled by CGA and to address the other problems.

5. Accounts of food operations have grown in complexity as a result of increase in the quantities, diversity of procurement modes and sources, and specific requirements regarding accounting procedures and utilisation stipulated in aid agreements. According to recommendations of SIFAD Task Force, food aid will be used mainly as a source for development programmes. FAO and Price Waterhouse (on behalf of USAID) have suggested certain changes. Efforts are needed to set up a uniform basic food accounting system, keeping at the minimum level additional elements which may be required to meet specific needs of donors according to their aid legislation or other modes of aid authorisation and use of food as a resource for development.
6. The existing accounting system is set up primarily to meet legal requirements. A financial management information system needs to be installed which can provide financial data on a regular periodic basis. An integrated system which serves the needs of the spending agencies, the administrative ministries and the Ministry of Finance is preferred to separate systems for these several units. An interim financial management information system may be set up to meet urgent needs, while a more efficient system may be prepared later on the basis of the reformed budget and accounting system.
7. The definition of public debt and deficit and the coverage of data thereunder may be examined with a view to determining inclusion of borrowing by parastatals not engaged in commercial operations and local government units.
8. Maintenance of records of local currency loans given by the government to the parastatals, relenting of aid, as well as equity participation, needs to be improved urgently. This responsibility may be given to the monitoring cell attached with the A.B Wing of the Finance Division, with necessary strengthening of the cell.
9. It should be examined whether the government should continue a guarantee domestic loans raised by the parastatals, for the eventually tend to become an obligation of the government. Guarantee for foreign loans, for the public and private sectors, may be necessary; and effective procedures to screen such cases should be installed to determine the time and mode of their budgetary recognition and reporting to the parliament.
10. Estimates of revenue expenditure are made on an incremental basis. As reliable and relatively recent expenditure data are not available, the estimates remain somewhat weak. Budgetary control is also rendered effective by excess expenditures and obligations for payment incurred by the spending units. Improved accounting data are necessary for better budget estimation and more effective budgetary control need to be established over the spending units.
11. Development budget is presented separately from the revenue budget, which makes it difficult to view allocation of resources for a sector in an integrated framework. Juxtaposition of revenue and development budgets, undoubtedly a desirable course

of action, would be facilitated by adopting for both budgets a common system of sectoralization, accounting classification, and units of appropriation. The government may also examine the need and benefit of eventual integration of the two budgets, taking into account the institutional roles of the Planning Commission and Finance Division in preparing respectively the annual development programme and the budget.

12. The linkage between macroeconomics policy and the budget can be improved by use of formal models by the Finance Division. The model should be simple in view of the difficulty of getting adequate and reliable data. The relationship between budgetary concepts and the national income accounting concepts should also be clarified and established.
13. The budgeting techniques currently in use, which mention only sums of money for expenditure without specifying either the volume of inputs or the public policy goals, do not allow assessment of outcomes of the public expenditure. Innovative budgeting techniques suited to the needs of the country- such as programme budgeting, programme and performance budgeting, zero-based budgeting, but not confined to them- should be adopted on a pragmatic basis for the purpose.
14. The budget autonomous bodies, legally different from the government, should not be included in the budget which is submitted to the legislature for appropriation. However, information on key performance indicators in abridged form should be submitted to the parliament so as to ensure legislative oversight over public enterprises. Budgetary transfers to the PSES should be made transparent. However, the need for managerial autonomy of the public enterprises should be clearly recognised.
15. The present staffing pattern of the Ministry of Finance which follows uniformly the principle of three-year rotation, may be reviewed with a view to allowing officials in the Ministry of Finance to acquire professional expertise required for the ever growing complexity of financial administration. The officials may be drawn from the general administrative cadres as well as the finance services cadres. Besides working in the Ministry of Finance, they may also have brief spells in other ministries so as to have a better understanding of administrative and management problems.
16. The existing manuals and codes, numbering nearly sixty, may be reviewed with a view to eliminating the obsolete, update and modernise the relevant, and compile them for easy access and consultation.
17. Training in public financial management may be organised for officials of all levels. Training of Secretaries and Additional Secretaries will be organised in the format of workshop or seminar of 2-3 days duration; for officers below that level, training programme may be 4-8 weeks duration or more rigorous, the length and the rigour more the junior the officers. The training curricula may include, among other topics, budgeting, public financial management, economic policies, use of computer.

Training in simple arithmetic skills, financial rules, accounting and audit, may be arranged for the budget examiners. While training may commence at the existing training institutions such as BPATC, APD and BIBM, in the long run separate facilities will have to be created for training and research in budgeting and public financial management. To make training effective and realise the benefits of the trained manpower, the government may introduce appropriate policies for deployment of the trained officials and incentives compatible with the government's compensation structure.

18. The existing training facilities for accounting and audit officials suffer several constraints: inappropriate training method; inadequate physical and infrastructural facilities; shortage of trained instructors; lack of modern training aids and equipment; insufficient financial resources. No training facilities exist for officers above the level of Assistant Accountant General. Facilities for training of audit and accounting officials, including that for Deputy Accountant General, Deputy Directors, and Additional General, may be established and the existing facilities improved. In the long run, a well-staffed residential training institution should be established which may also undertake research and publication.
19. Computerisation of accounts and budgetary data will improve management of the public finance. It may be done in two stages: first, the personnel may be trained and small multiple systems or PCs may be used to handle data as available now with some modifications if necessary; secondly, after adoption of accounting and budgeting reforms programme, a computer system may be installed encompassing the administrative units involved in public finance management and having limited access to BBS and the Planning Commission in respect of data on national income accounts, economic growth and performance, development targets and expenditures, etc. The system may not include district and upazilla accounts offices; it may include the administrative ministries but not other agencies under their control. Efforts should be made from the beginning for integrating the new units with the existing units, including greater use of computer generated inputs into decision making.

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**PROBLEMS OF THE DEPARTMENT OF SOCIAL
WELFARE SERVICES AND SUGGESTED REFORMS**

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JOINT SECRETARY
MINISTRY OF ESTABLISHMENT**

This Seminar paper is prepared and submitted in partial fulfillment of the requirement of the Thirty 32nd Senior Staff Course held during the April 23-July 6, 2000

CONTENTS

Preface	i
Abbreviation	ii
Executive Summary	iii

CHAPTER - I

Introduction	1
Objectives	2
Methodology	2
Scope and limitations	3

CHAPTER - II

Social Welfare – a historical perspective	4
Present activities of the Department of social welfare services	6
On-going Development Projects	7
Programmes	9
Promotion and Supervision of the Non-Govt. Organisation (NGO)	12
Problems related to the Department of social services	12

CHAPTR - III

Suggested Reforms	14
Conclusion	16
Bibliography	17

PREFACE

The main theme of the seminar paper is assigned by the course authority for the 32nd Senior Staff Course is "Administrative Reforms". Each participant in the course was asked to select a topic related to reforms in the ministry/organization he represents. As one of the participant I opted for "problems of the Department of Social Welfare Services in Bangladesh and Suggested Reforms". Though the subject is quite vast, I have concentrated my best efforts to transform the wide subject in precise outcome.

I recall with honour those who helped me in preparing this paper. First of all I like to thank Dr. Ekram Hossain, the Rector, BPATC who help me in selecting the topic of the seminar paper with guidelines. I thank to Md. Tofazzel Hossain, MDS and Course Director for kind Co-operation and counseling for the topic. I am also grateful to Syed Shamsul Alam, Director and Course Co-ordinator and Md. Serajul Islam, Director for their good counseling at the final stage of the draft. I am very much grateful to Mohammad Saifuzzaman, Director General, Department of Social Services, Sanaur Rahman, Project Director, Rural Social Services and Chowdhury Abul Kalam, Deputy Director, District Gazipur for supplying the upto date necessary data and informations about social services and problems of the Department. I also thank my fellow participants, through interaction with whom I am immensely benefited.

Finally, I also thank to BPATC employees for providing logistic support to prepare this seminar paper and my special thanks to Tahmina Akhter who took a lot of pains in typing out my paper.

June, 2000

Mian Mohd. Abdul Hamid

ABBREVIATIONS

MSW	Ministry of Social Welfare
DSS	Department of Social Services
MIS	Management Information System
BPATC	Bangladesh Public Administration Training Centre
SSC	Senior Staff Course
DG	Director General
RSS	Rural Social Service
CEDC	Children in Especially Difficult Circumstances
NGO	Non-Government Organization
HQ	Head Quarter
BTV	Bangladesh Television

EXECUTIVE SUMMARY

The Department of social services under the aegis of the ministry of social welfare is headed by one Director General who is assisted by three Directors and 1000 support staff. The department has its jurisdiction over whole Bangladesh from union level to district level.

It undertakes regular programmes for ameliorating the condition of Socio economically disadvantaged people like (a) the poor, (b) the landless, (c) the assetless, (d) unemployed and distressed men and women, (e) the old, (f) the disabled, (g) the vagrants, (h) the orphans, (i) the sex workers etc. Besides the normal programmes, the Department has as many as 28 on going development projects. Objective of this Seminar Paper is to find out the causes of problems of the Department of Social Services and to recommend remedial measures.

Based on information, observation/suggestions from professional groups of this department and particularly based on my working experience and the following problems arising from the study are summarised below:

- (1) Lack of Inter-Ministerial coordination and linkage among the Ministry of Social Welfare and the Department of Social Services with other Ministries/Departments/Directorates and NGOs.
- (2) Absence of National Social Welfare Policy with explicit vision and objectives.

- (3) Lack of appropriate, effective and scientific information system on various programmes of the Department of Social Services.
- (4) Absence of any systems of integration of women in the whole planning and work process.
- (5) Lack of adequate provision for Human Resource Development through training.
- (6) Absence of any system of Progressive legislation, specially in matters relating to programmes activities like orphanages, baby home, destitute children, mentally retarded children, visually impaired children, vagrants, socially disadvantaged women, correctional institute, socio-economic centre, voluntary social welfare agencies etc.
- (7) Absence of proper survey of target groups like the disabled persons, baggers, orphan children, old and invalid persons, destitute women, sex workers etc.
- (8) Lack of publicity and lack of public awareness of the activities of the DSS.
- (9) Lack of proper evaluation and monitoring of the works of the Department.

To overcome these problems the following recommendations have been made to make the Department of Social Services more effective:

- (1) Inter-Ministerial/Departmental of Social Services and other Ministries/Departments and NGOs need to be strengthened as most of its programmes are related with other Ministries/Departments, such as health, education etc.

- (2) Formulate and enact of National Social Welfare Policy which will integrate/incorporate equity and equality measures for the disabled, distressed and disadvantaged women, girls and children in specific and the disadvantaged segment of population in general, taking into account of their interests, needs and priorities.
- (3) Improvement of working facilities for women staff at Head Quarter, District, Upazila and Union Levels. Provide support to women victims of violence with linkages within the existing programmes.
- (4) Provide Human Resources Development Training particularly project activities, conceptual skill, technical skills, gender and human rights to the staff of the DSS as well as to the beneficiaries.
- (5) Initiate steps to enact necessary laws, ordinances, rules etc. And modify, simplify existing rules and procedures, specially relating to orphans, baby homes, destitute and disabled etc.
- (6) Proper survey of target groups (i.e. baggers, disabled, orphans destitute women etc.) should be conducted regularly.
- (7) For public awareness, the activities of the DSS should be regularly broadcast in the BTV and Radio Bangladesh.
- (8) Develop and strengthen the monitoring and evaluation system by establishing Management Information System (MIS) cell.

For better monitoring of the works at field level a small monitoring cell may be established with appropriate staff in head quarter of the department. This cell must visit the field as well as the Head Quarter to ensure policy implementation.

- (9) Amend functions and regulations of the DSS relating to its existing activities that are feasible to the competencies of the department.
- (10) Strengthen programmes for the rehabilitation of vagrants, orphans, disabled, sex workers etc.
- (11) Beneficiaries participation at all stages of the activities must be ensured.
- (12) An independent audit cell should be established in the Department for regular auditing of all expenditures both at head quarter and field level offices.
- (13) Corruption should be stopped with strong hand and exemplary punishment should be given to the offenders.
- (14) Honest, efficient and active officers and staff may be patronized by providing benefits like extra increment/reward etc.

CHAPTER - I

INTRODUCTION

1.1 Background

1.1.1 In the eve of the millennium Bangladesh will encounter increased internal pressures from a competitive global economic environment. Time has come for the government to make earnest efforts to work out its own agenda of public sector reforms through consultation with various stakeholders, including donors to bring about good governance in Bangladesh.

1.1.2 It is widely believed that the efforts for appropriate planning and efficient management by the senior administrators have scope for further improvement in terms of adequate appreciation of various dimensions of development policy and realistic solution of diverse problems of its management system.

1.1.3 With this end in view, Bangladesh Public Administration Training Centre has selected Public Administration Reforms in Bangladesh as the core theme of the 32nd Senior Staff Course. Contemporary studies on public administration reforms will be reviewed to discuss the critical issues and aspects related to public administration reforms in Bangladesh.

1.1.4 As a participant of the 32nd senior staff course of BPATC, my seminar paper is on the Department of Social Services, its problems and necessary reforms to make it more effective and dynamic.

1.2 Objectives

The paper seeks to achieve the following:

- ◆ To present a precise framework (including growth stages, structure, financial allocation, activities, etc.) of the Department of Social Services, with a view to examining the efficiency, effectiveness and transparency of the Department;
- ◆ To find out the problems of the Department depicting structure, manpower, implementation, monitoring and evaluation systems; and
- ◆ To suggest necessary reforms/suggestions for improving efficiency and transparency in the Department.

1.3 Methodology

This paper is based on author's personal observations made during his four years of work experience in the Ministry of Social Welfare as Deputy Secretary. Meeting, discussion with the D.G., Directors, Deputy Directors, and other junior officers of the Department of Social Services helped the author in gathering ideas and information. Field level officers of the Department of Social Services and people from different walks of life with whom the author met and also in informal occasions have been a good source. Interviews and discussions with the beneficiaries of the Department of Social Services also significantly helped in securing information on the subject.

1.4 Scope and Limitations

This paper has been prepared to meet the requirements of the course contents of 32nd S.S.C. As such it is mere academic in nature. For the study of this issue and preparation of a paper like this which requires long time, labour, researches, close examination of different aspects and prevalent, rules which is not possible due to the time constraint. The study was mainly focused on the Department of Social Services. Other agencies involved in social welfare activities have been excluded from the purview of the study.

CHAPTER - II

SOCIAL WELFARE: A HISTORICAL PERSPECTIVE

- 2.1** The Directorate of Social Welfare was set up by the erstwhile government of East Pakistan in Dhaka in the year 1961 with a small number of staff.
- 2.2** The normal programme and day-to-day activities of the Department of Social Services to take care of socio-economic problems through various institutions like orphanages, vagrant's homes, socio-economic centres, care and protection centres, old destitute, widows and registration of NGOs etc.
- 2.3** After the emergence of Bangladesh in 1971, some responsibilities suddenly developed upon the Department of Social Welfare. The Department took care of the uprooted and displaced women and children who lost their husbands/parents during the war of liberation. The Department set up 64 centres for care, protection and rehabilitation of war affected women and children through out the country.
- 2.4** The field and scope of social work in our country is so wide and vast that one simply wonders from where one should start and how broad based the social welfare schemes should be formulated and implemented to meet the desired goals.
- 2.5** The coverage is insufficient. Therefore, it is intended to be conveyed through this lines is that special schemes should be formulated to tackle each problem separately on permanent basis.

2.6 It was mid 1974 that the idea of extending the social welfare activities up to the village level was conceived.

2.7 Department of Social Services was to devise formula under which the villagers would get maximum freedom and benefit to locate their problems and suggest solution thereof on the basis of their experience with scope to utilize their local resources to the maximum to be supplemented by government help only to make up the shortfall. Such a scheme was the Rural Social Service (RSS) scheme formulated by the Department of Social Services in 1974.

2.8 The activities taken up by the village folk under the RSS are generally of the following types.

2.8.1 Women: Mothers Club where vocational training in various crafts and skills are given.

2.8.2 Children and youths: In youth clubs the village youths are provided recreational facilities like games, cultural activities etc. Arrangements for attached library, reading room, community hall are also made. The children and youths are initiated into small income-oriented projects like keeping kitchen gardening, sericulture, pisciculture and according to their aptitude and willingness.

2.8.3 Landless Labour: Vocational training in various crafts and trades are selected on the basis of locally available raw materials and marketability of the products are imparted to the landless people.

2.8.4 The task before the Social Welfare Department seems to be consolidation of existing rural services and giving coverage to the left out segments of socio-economically handicapped (like blind, deaf and dumb, etc.), the old and invalid, helpless widows, orphans and the like. The above categories of any supportive institution to fall back upon, pose a great threat to the society and unless effective and pragmatic steps are taken to rehabilitate them at the village level, whatever success we may achieve in any programme of nation/village development, in any field cannot provide solution to the innumerable socio-economic ills from which our society has been chronically suffering for ages.

2.9 PRESENT ACTIVITIES OF THE DEPARTMENT OF SOCIAL SERVICES

2.9.1 Ministry of Social Welfare with its 17 officers and 52 other staff members attaches two very important divisions: (1) The Department of Social Services (2) The Bangladesh National Social Welfare Council. Another division like Protibandti Foundation will function shortly.

2.9.2 Social Services Department with the Director General as the executive head, three Directors, three Additional Directors, 77 Deputy Directors, 62 Assistant Directors along with eleven thousand officers and staff is responsible for the implementation of Social Welfare Programme for empowerment of socio-economically disadvantaged people like (1) the poor, (2) the landless, (3) the assetless, (4) the unemployed and the distressed men and women, (5) the old, (6) the disabled, (7) the vagrants, (8) orphans, (9) widows and (10) sex workers, etc.

2.9.3 The DSS has approximately eleven thousand staff members with 4000 women of which 400 are officers. Besides the normal social welfare programmes as stated above the DSS has as many as 28 ongoing development projects which are presented below:-

2.9.4 On-going development projects

Name of the Projects	Location	Estimated cost (Taka in lakh)
a. Institute for Mentaly Retarded Children, Roufabad	Chittagong.	312.00
b. Conversion of Existing Sarkati Shishu Sadans into Shishu Paribars. Phase-II	Whole country	7,670.00
c. Development and Extension of Destitutes and Vagrants Training and Rehabilitation Centres. (Revised), Konabari	Gazipur	535.00
d. Extension and Development of Bangladesh Association for the Aged and Institute of Geriatric Medicine.	Dhaka	900.00
e. Training and Rehabilitation Centre for Socially Disadvantaged Women in Six Division.	Divisional HQs	1,370.00
f. Social Welfare Complex,	Dhaka.	1,120.00
g. Expanded Rural Social Services (Phase-V) 311 Thanas of the country	42 Districts	121.00
h. Expansion and Development of Urban Community Development Programme.	Mirpur, Tangi, Chuadanga, Natore Serajgonj, Chapai Nowabgonj and B-Baria	195.00

i. Extension of Cardiac Unit of Birdem Hospital (REVISED).	Dhaka	3,568.00
j. Community Welfare and Health Care Centre of Bangladesh Medical Studies and Research institute	Dhaka.	998.00
k. National Correctional Institute for Girls, Konabari	Gazipur	663
l. Development and Modernization of the Industry for the Physically Handicapped Persons	Tongi.	941.00
m. National Vocational Training Institute for the Disabled	Tongi	3,500.00
n. Sheikh Rasel Training and Rehabilitation Centre for the Destitute Children.	Gopalganj	721.00
o. Community Based Rehabilitation (CBR) for the Physically Handicapped.	230 thanas of 64 Districts	1,600.00
p. Establishment and Development of Regional Training Centres	Sylhet, Chittagong & Barisal.	1,052.00
q. Establishment of Baby Home	Sylhet, Barisal, Khulna.	1,045.00
r. Shanti Nibash (Home of Peace)	Six Divisions.	999.90
s. Support to Department of Social Services for Sustainable Village Development	276 villages of various districts	273.06
t. Orphan, Destitute, Rootless Children's Training and Rehabilitation Centre	Faridpur	906.00

u. Establishment of Shishu paribar at Bandarban Hill District.	Bandarban	500.00
v. Capacity Building, Poverty Alleviation and Sustainable Livelihood of the Socially Disadvantaged Women and their Children.	Narayongonj, Jessore, Mymensingh & Daulatdia	999.97
w. Appropriate Resources for Improving Street Children Environment	6 Divisional HQ.	1,944.88
x. Strengthening of Population Activities Through Rural Mother's Centre (Phase-V)	128 Thanas of the country	2,116.00
y. Infrastructure Development of the Registered Non-Govt. Social Welfare Organisation	Thana level	500.00
z. Strengthening of development and monitoring Activities of the M/O Social Welfare.	Dhaka	33.38
za. Special Credit Programme for the socio-economic Development of poor and distressed Freedom Fighters.	461 thanas of the country	998.00
zb. Abashar for the rich elderly people ...	Chittagong	1,000.00

2.10 Programmes

2.10.1 Community based programme

Old age allowance for elderly people (Bayaskha Bhata) covering 4,03,110 persons of 4479 unions, covering 461 Thanas. 50% of the selected persons are female.

2.10.2 Child Welfare Programme:

- (i) Sarkari Shishu Paribars (state orphanages) – 73 Institutions for 9500 orphan children.
- (ii) Baby Home for abandoned children –03 Institutions for 250 inmates.
- (iii) Day care centres for Children of Working Mothers – 01 unit for 30 children.
- (iv) Destitute Children's Rehabilitation Centre – 01 unit for 400 children.
- (v) Vocational Training Centre for the orphans and destitute children – 01 unit for 100.
- (vi) Institute for Mentally Retarded Children for 100.
- (vii) Appropriate resources for improving street children environment.

2.10.3 Welfare & Rehabilitation Programmes for persons with disabled:

- (i) School for the Visual Impaired children 05 schools, for 300 children.
- (ii) School for the Hearing Impaired Children – 07 Schools for 330 children.
- (iii) Training Centre for the Physically Handicapped Children – 04 units for 200.
- (iv) Employment Rehabilitation Centre for the Orthopaedically Handicapped – 02 units for 100.
- (v) Training and Rehabilitation Centre for Visually Impaired Children – 47 units for 470.

- (vi) National Centre for Special Education, Mirpur one Training College, One Resource Centre and three Laboratory Schools capacity – 210.

2.10.4 Welfare Programmes for the Vagrants/Debtors

- (i) Training and Rehabilitation Centre for Vagrants – 06 units for 1900, inmates.
- (ii) Training and Rehabilitation of Socially Handicapped Women 06 units for 600 inmates
- (a) Capacity Building Poverty Alleviation and their Children and sustainable livelihood of the Socially Disadvantaged Women.

2.10.5 Correctional Services for Youth Offenders

- (i) Probation and After Care Services Programmes in 22 Districts Head Quarter.
- (ii) Correctional Institute for Youth Offenders – 02 units for 350 inmates.

2.10.6 Welfare Programmes for Poor Patients Medical Social Services Programmes in 64 Districts Head Quarters – 84 Units.

2.10.7 Socio-Economic Development Centre for Women

- (i) Socio-Economic Centre of the Women – 01 unit for 100.
- (ii) Vocational Training Centre for the Women – 01 units for 100.

2.10.8 Training Academy/Centres

- (i) National Academy of Social Services – 01 unit.
- (iii) Regional In-services Training Centre – 03 units.

2.11 Promotion and Supervision of Non-Govt. Organization

2.11.1 Promotion, registration, assistance supervision and control for voluntary social welfare agencies working in the field of social welfare – registered 23,000 so far.

2.11.2 Assistance to private orphanages for care, education and rehabilitation of orphan children – 22,187 orphanages.

2.11.3 The war of liberation caused tremendous set back in socio-economic conditions for the people specially the disadvantaged. It drew the attention of the politicians, planners and social workers, in order to combat the socio-economic problems and alleviation of poverty, the budget allocation has been increased in the post liberation period in social sector. The Government of Bangladesh is committed to make all out efforts to alleviate poverty and improve the lot of the disadvantaged segments of population through Go-NGO collaborative programmes in which the Department of Social Services is playing a key and vital role.

2.12 PROBLEMS RELATED TO THE DEPARTMENT OF SOCIAL SERVICES

- (i)** Lack of Inter-Ministerial coordination and linkage among the Ministry of Social Welfare and the Department of Social Services with other Ministries/Department/Directorates and NGOs.
- (ii)** Absence of National Social Welfare Policy with explicit vision and objectives.

- (iii) Lack of appropriate, effective and scientific information system on various programmes of the department of social services.
- (iv) Absence of any systems of integration of women in the whole planning and work process.
- (v) Lack of adequate provision for human resource development through adequate training.
- (vi) Absence of any system of Legislation, specially in matters relating to project activities, like orphanages, baby homes, destitute children, mentally retarded children, visually impaired children, vagrants, socially disadvantaged women, correctional institute, socio-economic centre, voluntary social welfare agencies etc.
- (vii) Absence of proper survey of target groups like the disabled persons, baggers, orphan children, old and invalid persons, destitute women, sex workers etc.
- (viii) Lack of publicity and lack of public awareness of the activities of the DSS.
- (ix) Lack of proper evaluation and monitoring of the works of the Directorate.

CHAPTER - III

REFORMS TO MAKE THE DEVELOPMENT OF SOCIAL SERVICES MORE EFFECTIVE

- 3.1** Inter-Ministerial/Departmental coordination and linkage between the MSW/Department of Social Services and other Ministries/Departments and NGOs need to be strengthened as most of its programmes are related with other Ministries/Departments, such as health, education etc.
- 3.2** Formulate and enact a national social welfare policy which will integrate/incorporate equity and equality measures for the disabled, distressed and disadvantaged women, girls and children in specific and the disadvantaged segment of population in general, taking into account of their interests, needs and priorities.
- 3.3** Improve working facilities for women staff at head quarters, districts, thana and union level. Provide support to women victims of violence with linkages within the existing programmes.
- 3.4** Provide human resources development training particularly project activities, conceptual skill, technical skills, gender and human rights to the staff of the DSS as well as to the beneficiaries.
- 3.5** Take steps to enact necessary laws, ordinances, rules etc. and modify, simplify existing rules and procedures, specially relating to orphans, baby homes, destitute, disabled and ageing etc.
- 3.6** For public awareness, the activities of the DSS should be regularly broadcast in the BTV and Radio Bangladesh.

3.7 Develop and strengthen the monitoring and evaluation system by establishing Management Information System (MIS) cell. For better monitoring of the works at field level a small Monitoring Cell may be established with appropriate staff in head quarter of the Department. This cell must visit the field as well as the head quarter offices to ensure policy implementation.

3.8 Amend functions and regulations of the DSS relating to its existing activities that are feasible to the competencies of the Department.

3.9 Review, reformulate and strengthen programmes for rehabilitation of vagrants, orphans, disabled, sex workers etc.

3.10 Beneficiaries participation at all stages of the activities project must be ensured.

3.11 An independent Audit Cell should be established in the Department for regular auditing of all expenditures both at head quarter and field offices.

3.12 Corruption should be stopped with strong hand and exemplary punishment should be given to the criminals.

3.13 Honest, efficient and active officers and staff may be patronized by giving extra increment/rewards etc.

3.14 Disseminate information on the need objectives, implementation procedures, monitoring, supervisions and evaluation system of the respective activities to all the partners/concern parties of the department.

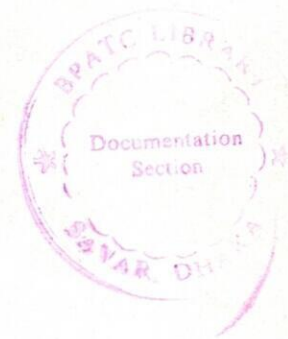
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**AN ANALYTICAL STUDY OF THE GOVERNMENT
SERVANTS (CONDUCT) RULES, 1979 :
SUGGESTING REFORMS**

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This seminar paper is prepared and submitted in partial fulfilment of the requirement for successful completion of the 32nd Senior Staff Course held at BPATC during 23 April - 06 July, 2000.

CONTENTS

Preface	i
Abbreviations	ii
Executive Summary	iii
Chapter-I	
Introduction	1
Background	1
Objectives of the Study	2
Methodology of the Study	2
Scope and Limitations of the Study	3
Chapter-II	
Provisions of the Government Servants (Conduct) Rules, 1979	4
Review and Analysis of the Rules	5
Chapter-III	
Effectiveness and Appropriateness	15
Compliance and Enforcement	16
Chapter-IV	
Recommendations	18
Conclusion	21
Bibliography	22
Annex	

PREFACE

I have been assigned to write a seminar paper as part of the 32nd Senior Staff Course (SSC) arranged by Bangladesh Public Administration Training Centre (BPATC), Savar for an analysis and suggesting reforms of the Government Servants (Conduct) Rules, 1979. This paper forms a part of the main theme of Administrative Reforms in Bangladesh. Presently Administrative Reforms are engaging attention in many countries of the world and Bangladesh in particular.

Since progress of the country depends largely on the performance of the Government servants, it is imperative that they perform their assigned responsibilities with efficiency and dedication in order to help build the nation on a solid footing. It has become urgent that the Government Servants (Conduct) Rules, 1979 framed twenty one years back are now revised and updated to meet the requirements of the day.

The seminar paper has been prepared through interactions and discussions with many of my superiors and colleagues who have earned wide range of knowledge and experience in their service career.

At the outset, I must express my deep gratitude to Dr. Ekram Hossain, Rector, BPATC and Course Adviser who very kindly gave me the overall guidelines for preparation of this paper.

I am deeply indebted to Mr. M. Waliul Islam, a former Secretary to the Government of Bangladesh for his invaluable advice he gave me in writing this seminar paper.

I take this opportunity also to acknowledge the kind assistance and co-operation I received from the Member Directing Staff (P & S) and Course Director Mr. Md. Toffazzel Hossain. I would also like to thank Director (E & T) Syed Shamsul Alam and Deputy Director (Pro. Mgt.) Sk. Mustafizur Rahman of the Centre for their ungrudging help and cooperation they extended to me.

My appreciation goes to Mr. Ramkishore Gour, Steno-typist of BPATC who has taken all the troubles in typing the draft as well as the final one.

ABBREVIATIONS

BPATC	:	Bangladesh Public Administration Training Centre
PARC	:	Public Administration Reforms Commission
SSC	:	Senior Staff Course

EXECUTIVE SUMMARY

For a nation of about three decades with a colonial legacy of under-development, the role of the Government servants, both in governance and in development programmes, can hardly be over-emphasised. The Government servants are the important elite segment in a society which has still remained trapped with curses like poverty, illiteracy, poor health etc. In such a context, it is only expected that they play a crucial role in lifting the society from the darkness of the colonial era. The Government servants must conduct themselves as honest, diligent, imaginative and pragmatic segment of the society which, in turn, will have a healthy impact in the society and create examples for others to emulate.

2. In this backdrop, the Government servants are required to discharge their duties and responsibilities effectively as required under Rules and their conduct is made transparent and accountable.

3. The urgency to revise and update the Government Servants Conduct Rules have become crucial in order to meet the new requirements in the light of the changed democratic norms and social values. For the purpose, the suggestions for modification, amendment and revision of the said Conduct Rules, have been made in respect of gift, acceptance of foreign awards, buying and selling of valuable property (both movable and immovable), construction of building etc., declaration of property, declaration of liquid assets, speculation and investment, private trade and employment, approach to members of Parliament etc., taking part in politics and elections and membership of service associations. Regrettably, punctuality in office attendance is hardly observed now-a-days. A new provision on punctual attendance in the office has also been proposed for inclusion in the Government Servants (Conduct) Rules, 1979.

4. After a lapse of more than two decades, on review of the contents of the Government Servants (Conduct) Rules, 1979, a number of recommendations have been prepared to make these Rules more relevant, effective and enforceable. These are found to be more appropriate, rational and explicit. The Government servants will find them easy to comply without any difficulty.

5. It is imperative that a permanent institutional arrangement is created for facilitating implementation of the Administrative Reforms. Under this arrangement such Rules would be reviewed/ amended in future, if required in its normal course. This would be an important step forward to make the Government servants more effective and efficient in discharging their duties and responsibilities.

6. In conclusion, I would like to mention that the changes and suggestions as proposed for amending and updating the Government Servants (Conduct) Rules, 1979, are appropriate in the changed circumstances at present.

CHAPTER-I

1.1 INTRODUCTION

The Government servants are the core constituent in keeping the administration and state affairs on track and functioning. In the colonial era, the administrative machinery was basically geared to the maintenance of law and order and collection of revenue. Now the role of the Government servants has reversed; it is development- oriented and essentially aimed at improving the quality of life of citizens in general. Transparency and accountability of the Government servants are important elements in good governance under democratic dispensation. They are to be guided by the social norms and ethics. They also must be committed to their assigned responsibilities such as maintenance of law and order, delivery of justice with equity and fairness, welfare of the people and collection of revenue. The moral and ethical propriety of the Government servants have been laid down in the Government Servants (Conduct) Rules, 1979 which also spelt out in clear terms what they should refrain from. These rules which are applicable to all Government servants in the civil service have, however, made exceptions for some categories of personnel in the Bangladesh Railway, sub-ordinate officers of Bangladesh Police Force, Bangladesh Jails and Bangladesh Rifles.

1.2 BACKGROUND

With the march of civilization, human activities have been regulated through various means of social, ethical, religious values and tenets. Constitution for the statehood, laws for maintaining rules and order of the society, international conventions and charters for group of nations etc. were all the natural outcome of the process. The Government Servants Conduct Rules are also part of that process and framed to provide the guidelines for Government servants in carrying out their assigned duties and responsibilities.

1.3 OBJECTIVES OF THE STUDY

After the emergence of Bangladesh, several administrative reforms were taken up by the Government from time to time. These are namely, (i) Administrative and Services Reorganization Report of 1973 by Prof. Muzaffar Ahmed Choudhury (ii) Pay and Service Commission Report of 1976 by Mr. A. Rashid (iii) Public Administration Efficiency Study (1989) by USAID (iv) Public Administration Sector Study in Bangladesh (1993) by UNDP (v) Towards a Better Government (1993) by four Secretaries to the Government (vi) Administrative Reorganizing Committee 1993-96 by Mr. Nurun Nabi Chowdhury (vii) The Government That Works by World Bank and lastly, (viii) Public Administration Reforms Commission, 1996 (PARC). The last one is currently preparing its report which is expected to be submitted to the Government soon. The Chairman of the PARC is learnt to have proposed to the Government that the PARC should be made a permanent body. The Choudhury Commission of 1973 envisaged wide-ranging changes in the administration, but somehow the recommendations were not implemented. Rashid Commission of 1976 brought about some changes in the salary structure. In respect of other reports also, most of the recommendations have not been implemented. After the present Government took office, it felt the need for a major reform in the administration and constituted the PARC for the purpose. The main objective of the PARC is to make the administration transparent, accountable and people-oriented in the light of enhanced context. It has thus become necessary to analyse and review the existing Government Servants (Conduct) Rules, 1979 for revision/reforms and updating to meet the needs of the present-day.

1.4 METHODOLOGY OF THE STUDY

In preparing this seminar paper, the methodology followed is as follows :

- (a) analysis and review of the Government Servants (Conduct) Rules, 1979 and 1966;

- (b) circulars, orders issued in this regard from the Government from time to time;
- (c) concerned papers and records preserved and available in the library of BPATC;
- (d) relevant books/booklets including the Constitution of the People's Republic of Bangladesh etc. as mentioned in the bibliography.

In order to elicit opinion of the Government servants on different aspects of the reforms, a questionnaire (vide Annex-1) was distributed among senior officers in Bangladesh Secretariat. Due to time constraint, a limited number of officers were approached with the questionnaire. Of the thirty officers supplied with the questionnaire, only sixteen responded.

A good number of officers were also interviewed in the Finance Division of the Ministry of Finance and their views and comments were considered.

1.5 SCOPE AND LIMITATIONS OF THE STUDY

The Government Servants (Conduct) Rules, 1979 is applicable to all civil Government servants in Bangladesh except the following :

- (i) Sub-ordinate officers of the Metropolitan Police Force;
- (ii) Members of any other Police Forces below the rank of Inspector of Police;
- (iii) Sub-ordinate officers, Riflemen and Signalmen of Bangladesh Rifles;
- (iv) Sub-ordinate officers below the rank of Deputy Jailor and Sergeant Inspector of Bangladesh Jails; and
- (v) Members of such services and holders of such posts as may be specified by the Government by notification in the official gazette (vide Annex-II).

Since the member of the Armed Forces have their own rules, the Government Servants (Conduct) Rules, 1979 is not applicable to them.

CHAPTER-II

2.1 PROVISIONS OF THE GOVERNMENT SERVANTS (CONDUCT) RULES, 1979

There are 34 Sections/Rules in the Government Servants (Conduct) Rules, 1979. Generally, these Rules may be categorized as follows :

- (a) Rules 1 to 4 deal with the title, commencement, application, definitions and repeal;
- (b) Rules 5 to 31 have set the standard and norms for the Government servants in respect of gift, acceptance of foreign awards, public demonstrations in honour of the Government servants, raising of funds, lending and borrowing, buying and selling valuable properties (both movable and immovable), construction of building etc., declaration of properties including liquid assets, speculation and investment, promotion and management of companies, private trade or employment, insolvency and habitual indebtedness, communication of official documents or information, approach to members of Parliament etc., management of newspapers or periodicals, radio broadcasts and communication to the press, criticism of Government and publication of information or opinion upon matters relating to foreign countries, evidence before committees, taking part in politics and elections, propagation of sectarian creeds etc., nepotism/favouritism/ victimization etc., vindication by Government servants of their public acts or character, membership of service associations, use of political or other influence, approaching foreign missions or aid-giving agencies;
- (c) Rules 32 to 34 deal with the contravention of the rules, delegation of power and derogation of any law.

Due to limitation of pages, the details of these Rules could not be reproduced in this seminar paper. But while reviewing these Rules, some provisions will be discussed and analysed.

2.2 REVIEW OF THE RULES

- (i) The Government Servants (Conduct) Rules, 1979 was framed under the provision of the Article 133 of the Constitution of the People's Republic of Bangladesh;
- (ii) This has been done by the Vice President exercising the power as delegated to him by the President vide President Secretariat, President Division (Public) Notification No. PS/Admn/3(24)/78-1569 dated 20.11.1978;
- (iii) These Rules have been notified by the Regulation wing of the Establishment Division vide no. 133-L/79 dated 18.5.1979 and came into force from the same date (Annex-III);
- (iv) These Rules have replaced the Government Servants (Conduct) Rules, 1964 and 1966 of the then East Pakistan.

Some of the major Rules requiring modification or amendment are reviewed with analysis as follows :

2.3 RULE-5 : GIFT

This Rule provides that no Government servant without prior permission, shall accept gift or permit any member of his family to accept gift which will place him under official obligation to the donor. If it cannot be returned, it may be accepted and delivered to the Government for decision as to its disposal. If offered by representative of a foreign state, the Government servant should try to avoid, if unavoidable, it may be accepted and reported to the Establishment Division. Secretaries to the Government or officers of equal status may accept gift inside or outside Bangladesh from foreign Government officials or institutions upto Tk. 500/= . This should be used in his office or in official residence. Otherwise, he may retain it for his own use.

2.3.1 ANALYSIS

A Government servant should be law-abiding and should have complete faith in Rule of Law. While these principles need to be observed faithfully without any breach whatsoever, the changes occurring over the time span in respect of social values, outlook and inflation, the restriction of the value of the gift to Tk. 500/= be enhanced to at least Tk. 5,000/=. The revised value has been calculated applying future value method (vide Annex-IV) which is commonly used in finalizing development project proposal.

2.4 RULE-6 : ACCEPTANCE OF FOREIGN AWARDS

The Rule provides that no Government servant shall accept foreign award, title or decoration. He may, however, accept the same with prior approval of the President; but *ex post facto* approval should be taken when sufficient time is not available.

2.4.1 ANALYSIS

The President of the country normally remains very busy with state activities. It is, naturally not possible for him to look into such a petty matter. At present, the Ministry is headed by the Minister-in-charge. As such the approval for receiving award, title or decoration may be given by the Minister-in-charge of the controlling/parent Ministry of the concerned Government servant under intimation to the President's Office.

2.5 RULE-11 : BUYING AND SELLING OF VALUABLE PROPERTY, MOVABLE AND IMMOVABLE

This Rule provides that any Government servant wishing to transact any purchase, sale or disposal of movable or immovable property exceeding Tk. 15,000/= in value will obtain orders from the appropriate authority as to the method of purchase, sale or disposal of the property.

A Government servant quitting the station, district or other local limits for which he has been appointed may without reference to any authority, dispose of any of his movable property by circulating list of it generally or by causing it to be sold by public auction.

2.5.1 ANALYSIS

Presently, a Government servant is allowed to take a loan of Tk. 35,000/= and Tk. 60,000/= from the Government as advance for the purchase of motor cycle and motor car respectively (vide Annex-V, VII). The Rule requires that a Government servant wishing to transact any purchase, sale etc. of movable and immovable properties exceeding Tk. 15,000/= in value clearly appears to be in constraint to financial dealings with the amount of loan allowable to a Government servant. The Rule, therefore, is not in conformity with the reality on the ground i.e. high rate of inflation and upward revision in the salary structure of the Government servants over the period. Furthermore, this provision is contrary to the fundamental right of a citizen as guaranteed in the Constitution of the People's Republic of Bangladesh i.e. right to acquire, hold, transfer or otherwise dispose of his property in a legal manner.

2.5.2 In this context, the value of property exceeding Tk. 15,000/=:, a very small amount in respect of value of properties now-a-days which a Government servant wants to transact with the permission of the Government needs to be enhanced to at least Tk. 1,50,000/=. This revision of value has been calculated by following the same future value method (Annex-IV).

2.6 RULE-12 : CONSTRUCTION OF BUILDING, ETC.

This Rule provides that no Government servant shall construct a building, whether intended to be used for residential or commercial purpose, except with previous sanction of the Government obtained upon application (vide Annex-VI)

made in this behalf disclosing the source from which the cost of such construction shall be met.

2.6.1 ANALYSIS

For construction of building, a Government servant is allowed to take a loan of Tk. 1,20,000/= in advance (vide Annex-VII). In addition, he is also allowed to take loans from the House Building Finance Corporation as well as from other banks. While these loans are specially meant for house building purposes from the Government including House Building Corporation, a public sector corporation and other banks also, a Government servant should not be required to take permission once more for construction of building (for which the Government had already sanctioned loans). This would obviously relieve a Government servant of the bureaucratic hassle which is avoidable on grounds of duplication of work.

2.6.2 The property statement as well as income tax return is given annually to the concerned authority by a Government servant. The Government servant may be allowed to construct a house for his own residential purpose for one time only just by informing the authority. The Government servant must, however, seek permission from the Government for construction of such building for the second time.

2.7 RULE-13 : DECLARATION OF PROPERTY

This Rule provides that at the time of entering Government service and also annually thereafter, a Government servant shall declare his movable and immovable property valuing Tk. 10,000/= or more belonging to him or any member of his family.

The declaration shall state :

- (i) Location of the property;
- (ii) Individual item of jewellery exceeding Tk. 10,000/= in value;

- (iii) Every Government servant shall submit annual return invariably in the month of December of every year showing increase or decrease of value of property (vide Annex-VIII).

2.7.1 ANALYSIS

In view of inflationary trend and resultant escalation of the cost of living that took place during more than last two decades since the framing of the Government Servants (Conduct) Rules, 1979, it has become quite relevant to revise the value of property (statement, which is to be submitted to the concerned authority at the time of entering into the service and annually thereafter) from Tk. 10,000/= to Tk. 1,00,000/= This enhancement has been calculated by following the future value method (vide Annex-IV).

2.7.2 The Government Servants (Conduct) Rules must include the provision to make a Government servant liable to disciplinary action if he fails to submit his property statement to the concerned authority annually. This has the reference to the circular of Establishment Division dated 27.7.1980 (vide Annex-IX). Compliance of this order of the Establishment Division should be included in the Government Servants (Conduct) Rules. It must be strictly implemented. Any Government servant defaulting, must be made liable to disciplinary action by the competent authority.

2.8 RULE-14 : DECLARATION OF LIQUID ASSETS

This Rule provides that a Government servants shall also disclose his liquid assets when required to do so.

2.8.1 ANALYSIS

A Government servant is required to submit income tax return every year. A Government servant is again required to submit his annual statement in respect of movable/immovable properties including jewellery, stocks and shares etc. to the

concerned authority vide Rule-13 of the Government Servant (Conduct) Rules, 1979. Evidently, this is duplication of work on the same subject. Therefore, Rule-14 may be deleted.

2.9 RULE-15 : SPECULATION AND INVESTMENT

This Rules provides that -

- (i) No Government servant shall speculate in investment;
- (ii) No Government servant shall make or permit any member of his family to make any investment likely to embarrass or influence him in discharge of his official duties;
- (iii) No Government servant shall make investment in a case of which he has special information.

2.9.1 ANALYSIS

As this Rule imposes some norms for the Government servant in case of his involvement in transacting shares and securities in a speculative manner, it is very difficult to set a standard as to what should be regarded as speculative investment. In this modern world of computerization, there should not be any restriction on dealings in investment by a family member of a Government servant through authorised agencies and institutions after taking permission from the concerned authority of the Government servant.

2.10 RULE-17 : PRIVATE TRADE AND EMPLOYMENT

- (a) This Rule provided that no Government servant shall engage in any trade or employment without permission from the Government;
- (b) A Government servant may undertake honorary work of religious, social, charitable, literary or artistic character provided official duties do not suffer thereby, but the Government may at any time forbid him to undertake or require him to abandon any employment which in its opinion is undesirable;
- (c) A Government servant shall not, without the previous sanction of the Government, permit any member of his family to engage in any trade in the area over which such Government servant has jurisdiction.

2.10.1 ANALYSIS

For the sake of integrity and transparency, the Government servant whose family member is engaged in trade/employment may keep the concerned authority informed about the nature of trade or business or employment in regard to having any benefit or share of profit from trade or business or employment by the member of his family. The Government servant should also certify that he has no personal involvement or influence over the management of the trade or business or employment of the member of his family.

2.10.2 In earlier days, there was a joint family membership system in our country. One old man called the headman used to look after the whole family and would spend money for them. But the system has changed now. The big family has been splitted and small separate units of family have emerged. In hard days like now, it is impossible to run a family alone either by husband or wife. Furthermore, the Government servant may not have control over his adult family members. As such, a family member of the Government servant may be allowed to engage in trade/employment with a certificate from the Government servant that he has no involvement or influence over the trade or business or employment of his family members.

2.11 RULE-20 : APPROACH TO MEMBERS OF PARLIAMENT, ETC.

This Rule provides that no Government servant shall, directly or indirectly, approach any member of Parliament or any other non-official person to intervene on his behalf in any matter.

2.11.1 ANALYSIS

As a matter of fact, this Rule is observed more in violation than compliance. While members of Parliament and persons involved in politics are not bound by any Rules applicable to the Government servants, no action can be taken against

any of them for violating this Rule. As a public representative, members of the Parliament or the politicians consider this as their right to come in aid of the Government servants.

2.11.2 The Government servants might have also genuine grievances which they cannot vindicate for various reasons. They should have the opportunity to seek support from the member of the Parliament or the politicians. The Government may consider to set up a Parliamentary Standing Committee to look after the grievances of the Government servants. In that case, a Government servant should not approach any individual member of the Parliament but approach only the Parliamentary Standing Committee.

2.12 RULE-25 : TAKING PART IN POLITICS AND ELECTIONS

This Rule provides that

- (a) No Government servant shall take part in politics;
- (b) No person dependent on the Government servant or under his control, to take part in any movement or activity, which is subversive of the state;
- (c) No Government servant shall canvas in any election;
- (d) He may vote without indicating the manner of it;
- (e) Member of his family are not permitted to canvas etc.

2.12.1 ANALYSIS

Though this Rule is explicit, there are allegations that the Government servants involve themselves in politics. This can be prevented if the political parties have the will to prevent the Government servants from taking part in politics. The provision restricting a Government servant from allowing any member of his family from taking part in politics or contesting election is also not enforceable. Any member of the family of a Government servant who is an adult cannot be legally prevented by the Government servant from participating in

politics and contesting elections, because he has the right under the Constitution to take part in politics and contest the elections.

2.12.2 To discourage the Government servants from involving themselves in politics and participating in elections, provision in the Rule may be made so that no Government servant can take part in politics or contest elections within three years after his retirement or quitting Government service.

2.13 RULE-29 : MEMBERSHIP OF SERVICE ASSOCIATIONS

A Government servant may be a member of a service association provided:

- (a) membership confined to a distinct class and open to all in that class;
- (b) affiliation to a federation subject of some condition;
- (c) political activity or connection with political party prohibited;
- (d) no periodical publication without Government permission;
- (e) no publication of representation without Government permission;
- (f) no expenditure by association for candidature for election;
- (g) no support of candidature of any person;
- (h) the association shall not maintain any member of any legislative body;
and
- (i) the association shall not bear expenses of any Trade Union.

2.13.1 ANALYSIS

A Government servant is required to fulfil some conditions for becoming a member of a service association. This Rule, however, does not specify anything about the membership of clubs or professional associations. Controversies exist regarding membership of professional associations like Institute of Engineers, Bangladesh Medical Association, Lions Club, Rotary Club etc. This Rule should also specify the conditions that the Government servants need to fulfil to become members of such associations and clubs.

2.14 PROPOSAL FOR A NEW PROVISION

It is commonly observed these days that punctuality in office attendance has become scarce. It should be brought to order once for all.

2.14.1 Although the Public Employees Discipline (Punctual Attendance) Ordinance, 1982 (Ordinance No. XXXIV of 1982) is in force, it is obeyed more in breaches than in observance. This kind of behaviour on the part of a Government servant is not acceptable in an independent state. This should be stopped forthwith in order to bring discipline in the conduct of a Government servant. I think if this provision is included in the Government Servants (Conduct) Rules, it will acquire importance and draw attention it deserves by all concerned.

CHAPTER-III

3.1 EFFECTIVENESS AND APPROPRIATENESS

With a view to making the Government Servants (Conduct) Rules, 1979, more effective and relevant to meet the contemporary realities and make the Government servants accountable and transparent in their undertakings, certain provisions of the said Rules urgently need to be revised and updated. Thus the Rules relating to gift (Rule-5), acceptance of foreign awards (Rule-6), buying and selling of property, both movable and immovable (Rule-II), construction of building etc. (Rule-12), declaration of property (Rule-13), declaration of liquid assets (Rule-14), speculation and investment (Rule-15), private trade and employment (Rule-17), approach to members of Parliament etc. (Rule-20), taking part in politics and elections (Rule-25), and membership of service associations (Rule-29) call for revision, modification and amendment.

3.1.1 In order to make the Rule effective, it must be ensured that they are rational and in harmony with the prevalent cultural, moral and ethical values. It should be taken into consideration that mere enactment of Rules cannot serve its designated purpose unless they are observed and complied in right earnest. Prohibitive provisions of the Rules such as restricting Government servants from purchasing properties (both movable and immovable) exceeding in value of Tk. 15,000/= and over, with the permission of the Government is not rational and also not in conformity with the fundamental rights of a citizen as laid down in the Constitution of the People's Republic of Bangladesh. Again, the Rule prohibiting a family member of a Government servant to deal in trade or employment or to take part in politics or elections is also not appropriate. Any adult member of the family should have the right to pursue any profession in order to earn his livelihood and also to take part in politics and elections as a free citizen of a sovereign nation.

Such restrictive provisions are, therefore, not appropriate and not enforceable. These provisions are, therefore, proposed for amendment and modification.

3.2 COMPLIANCE AND ENFORCEMENT

The compliance of the provisions of the Government Servants (Conduct) Rules, 1979, in general is not satisfactory. The concerned authority also seems not quite keen to ensure enforcement of the provisions of the Rules. Due to time constraint and non-availability of the concerned officers in the respective Ministries who were either absent or busy with other important assignments, sufficient information could not be gathered on compliance and enforcement of the Rules. Some senior officials in the Finance Division were, however, consulted and their view-points were taken into consideration. The Government servants are often found to approach the members of the Parliament and use political influence for personal purposes, but these are hardly called to question. There is also no denying the fact that the provision to submit the declaration of property by the Government servants annually is hardly complied with. It has been found that out of 140 officers, only 48 submitted their property statement to the concerned authority in the Finance Division. It is, therefore, proposed that the provision of this Rule be modified with the recommendation that the default officers are liable to disciplinary action.

3.2.1 A short questionnaire was distributed among the officers in the Secretariat. But it went mostly unresponded. Out of sixteen respondents, eight opined for modification of Rule-5, 6, 11, 12, 13, 15, 17, 20, 25, and 29, four favoured for omission of Rule-14 because of duplication and four suggested for provision of a new Rule on punctual attendance in Government offices. There is an Ordinance named the Public Employees Discipline (Punctual Attendance), 1982 (Ordinance No. XXXIV of 1982) which deals with the punishment in respect of absence from work without permission, leaving office without permission, late attendance in

office, repetition of such offence etc. for a Government employee. A proposal for a new provision to ensure punctual attendance in Government offices, is, therefore, made for inclusion in the Government Servants (Conduct) Rules.

3.2.2 On compliance and enforcement, two respondents opined that the Rules are not complied by the Government servants, while five thought that the Rules are complied with. Two respondents felt that the Government is not keen to enforce the Rules while another seven thought that the Government servants do enforce the Rules. No body commented on the formation of a monitoring agency for implementation of the Government Servants (Conduct) Rules, 1979.

CHAPTER-IV

4.1 RECOMMENDATIONS

In the context of the socio-political changes over the last two decades, the conceptual changes about the mores of the Government, the bureaucracy and the civil society, the technological advancement, globalization and the ensuing reforms in the public administration, the Government Servants (Conduct) Rules, 1979 needs a thorough revision and modification so that these Rules become updated and effective.

4.1.1 Rules relating to gift, acceptance of foreign awards, buying and selling of valuable property (movable and immovable), construction of building etc., declaration of property, declaration of liquid assets, speculation and investment, private trade and employment, approach to members of Parliament etc., taking part in politics and elections and membership of service associations need to be modified, revised and updated to be in tune with the present-day requirement.

4.1.2 A new Rule on punctual attendance in the office should be included in the revised Government Servants (Conduct) Rules. In the light of my analysis on certain Rules mentioned above, the following recommendations are made and those Rules may be revised, modified and amended accordingly to effect clarity, remove vagueness and ensure explicitness of words and phrases used in the Rules.

(j) **RULE-5 : GIFT**

The financial limit of Tk. 500/= should be enhanced to Tk. 5,000/=.

(ii) **RULE-6 : ACCEPTANCE OF FOREIGN AWARDS**

The approval for receiving foreign award, title, decoration should be given by the Minister-in-charge of the controlling/parent Ministry of the concerned Government servant.

(iii) RULE-11: BUYING AND SELLING OF VALUABLE PROPERTY (MOVABLE AND IMMOVABLE)

The value of property at Tk. 15,000 should be increased to Tk. 1,50,000/=.

(iv) RULE-12 : CONSTRUCTION OF BUILDING, ETC.

A Government servant should not require any permission from the Government while constructing personal residential house for the first time. But if a Government servant goes for construction of his second house, he should seek permission from the Government positively.

(v) RULE-13 : DECLARATION OF PROPERTY

The value in respect of declaration of property at the time of entry into Government service and annually thereafter to the concerned authority, should be raised from Tk. 10,000/= to Tk. 1,00,000/=. In case of default to submit his annual property statement by any Government servant, he should be liable to disciplinary action and this should be included in the Government Servants (Conduct) Rules.

(vi) RULE-14 : DECLARATION OF LIQUID ASSETS

This provision in the Government Servants (Conduct) Rules, 1979 should be deleted.

(vii) RULE-15 : SPECULATION AND INVESTMENT

There should not be any restriction on dealings in investment by a family member of a Government servant through authorized agencies and institutions after taking permission from the concerned authority of the Government servant.

(viii) RULE-17 : PRIVATE TRADE AND EMPLOYMENT

A member of the family of a Government servant may be allowed to engage in trade/ employment provided he obtains a certificate from the Government

servant to the effect that he (the Government servant) has no involvement or influence over the trade/ employment/business etc. of his family member.

(ix) RULE-20 : APPROACH TO MEMBERS OF PARLIAMENT, ETC.

The Government may consider to set up a Parliamentary Standing Committee to look after the grievances of the Government servants. In that case, a Government servant should not approach any individual member of the Parliament but approach only the Parliamentary Standing Committee.

(x) RULE-25 : TAKING PART IN POLITICS AND ELECTIONS

A Government servant should not be allowed to take part in politics or contest elections within three years after his retirement or quitting Government service.

(xi) RULE-29 : MEMBERSHIP OF SERVICE ASSOCIATIONS

The Rules does not mention regarding membership of clubs or professional associations such as Institute of Engineers, Bangladesh Medical Association, Lion Club, Rotary Club etc. The Rule should be explicit about the conditions that the Government servants need to fulfil to become members of the above mentioned clubs or associations.

(xii) INCLUSION OF A NEW PROVISION

A new provision on punctual attendance of the Government servants to their offices should be included in the Government Servants (Conduct) Rules. Any defaulter should be made liable to disciplinary action.

4.2 CONCLUSION

On the basis of my critical and analytical study, I have put forward recommendations in this paper concerning the Government Servants (Conduct) Rules, 1979. These recommendations I have made keeping in view of the present-day needs for effecting an improved administration in the country. It is hoped that the Government will give attention to the recommendations in all seriousness. I however, would like to say that these recommendations are not the ultimate in itself and may be called for changes, if required, in future to make it easy for the Government servants to comply, difficult to defy and for the authority easy to enforce. My recommendations and suggestions may be sent to the Public Administration Reforms Commission for their consideration and help the same implement by the Government at the earliest.

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Questionnaire on Government Servants (Conduct) Rules, 1979.

- (1) Have you read each and every provision of the Government Servants (Conduct) Rules, 1979 ?
- (2) Do you feel that the Government Servants (Conduct) Rules, 1979 is suitable for the Government servants in Bangladesh ?
- (3) If the reply is positive, please explain in brief.
- (4) If the reply is negative, please also state in brief.
- (5) Do you feel that the Government servants in Bangladesh are keen to follow the provisions of the said Rules ?
- (6) Do you feel that the Government servants should be guided by the provisions of the Rules referred above ?
- (7) Do you think that the Government is keen to implement the provisions of the said Rules ?
- (8) In your opinion which provisions of the Rules, should be deleted ? Please explain briefly.
- (9) In your opinion, which provisions of the Rules you suggest for revision/ amendment and why ?
- (10) In your opinion, what should be the new provisions of the Conduct Rules for the Civil Servants in Bangladesh ? Please explain in brief.
- (11) Please narrate in brief how the existing provision of the said Conduct Rules be made more accountable and transparent.
- (12) Do you think that a monitoring agency in respect of implementation of the Government Servants (Conduct) Rules, 1979 should be instituted on a permanent basis ?
- (13) If the reply is positive, please explain in brief.
- (14) If the reply is negative, please also state in brief.

The following categories of Government Servants are now **OUTSIDE THE PURVIEW** of (i) The Government Servants (Conduct) Rules, 1979 and (ii) The Government Servants (Discipline and Appeal) Rules, 1976.

- (a) Persons to whom the Railway Establishment Code applies;
- (b) Subordinate Officers of the Dacca Metropolitan Police and the Chittagong Metropolitan Police;
- (c) Members of any other Police force below the rank of Inspector of Police;
- (d) Subordinate officers, Rifle-men and Signal-men of the Bangladesh Rifles;
- (e) Subordinate Jail Officer below the rank of Deputy Jailor and Sergeant Instructor of Bangladesh Jails and
- (f) Members of such services and holders of such posts as may be specified by the Government by notification in the Official Gazette.

These rules shall apply to all Government Servants in Bangladesh **EXCEPT** as mentioned above in accordance with Rule 1(2) of the Government Servants (Discipline and Appeal) Rules, 1976 and Rule 2 of the Government Servants (Conduct) Rules, 1979.

[Published in the Bangladesh Gazette, Extraordinary, dated the 18th May 1979.]

GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH

CABINET SECRETARIAT

Establishment Division

Regulation Wing

Section VI

NOTIFICATION

Dacca, the 18th May, 1979.

No. 133-L/79.—In exercise of the powers conferred by the proviso to article 133 of the Constitution of the People's Republic of Bangladesh, the Vice-President, exercising the powers of the President as delegated to him by the President under President's Secretariat, President's Division (Public) Notification No. PS/Admn/3(24)/78-1569, dated the 20th November, 1978, is pleased to make the following rules, namely:—

THE GOVERNMENT SERVANTS (CONDUCT) RULES, 1979

1. **Short title and commencement.**—(1) These rules may be called the Government Servants (Conduct) Rules, 1979.

(2) They shall come into force at once.

2. **Application.**—These rules shall apply to all Government servants, whether on duty or on leave, within or without Bangladesh, serving in a civil capacity in respect of the Government of Bangladesh or while on deputation with any other Government agency, institution or authority, except—

(a) persons to whom the Railway Establishment Code applies;

(b) subordinate officers of the Dacca Metropolitan Police and the Chittagong Metropolitan Police;

FAYEZUDDIN AHMED

Secretary.

Appendix Table 2 Future value of \$1 by the end of t years = $(1 + r)^t$

Number of years	Interest rate per year														
	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	11%	12%	13%	14%	15%
1	1.010	1.020	1.030	1.040	1.050	1.060	1.070	1.080	1.090	1.100	1.110	1.120	1.130	1.140	1.150
2	1.020	1.040	1.061	1.082	1.102	1.124	1.145	1.166	1.188	1.210	1.232	1.254	1.277	1.300	1.323
3	1.030	1.061	1.093	1.125	1.158	1.191	1.225	1.260	1.295	1.331	1.368	1.405	1.443	1.482	1.521
4	1.041	1.082	1.126	1.170	1.216	1.262	1.311	1.360	1.412	1.464	1.518	1.574	1.630	1.689	1.749
5	1.051	1.104	1.159	1.217	1.276	1.338	1.403	1.469	1.539	1.611	1.685	1.762	1.842	1.925	2.011
6	1.062	1.126	1.194	1.265	1.340	1.419	1.501	1.587	1.677	1.772	1.870	1.974	2.082	2.195	2.313
7	1.072	1.149	1.230	1.316	1.407	1.504	1.606	1.714	1.828	1.949	2.076	2.211	2.353	2.502	2.660
8	1.083	1.172	1.267	1.369	1.477	1.594	1.718	1.851	1.993	2.144	2.305	2.476	2.658	2.853	3.059
9	1.094	1.195	1.305	1.421	1.541	1.689	1.838	1.999	2.172	2.358	2.558	2.773	3.004	3.252	3.518
10	1.105	1.219	1.344	1.480	1.629	1.791	1.967	2.159	2.367	2.594	2.839	3.106	3.395	3.707	4.046
11	1.116	1.241	1.384	1.539	1.710	1.898	2.105	2.332	2.580	2.851	3.152	3.479	3.836	4.226	4.652
12	1.127	1.268	1.426	1.601	1.796	2.012	2.252	2.518	2.813	3.138	3.498	3.896	4.335	4.818	5.350
13	1.138	1.294	1.469	1.665	1.880	2.133	2.410	2.720	3.066	3.452	3.883	4.363	4.898	5.492	6.153
14	1.149	1.319	1.513	1.732	1.980	2.261	2.579	2.937	3.342	3.797	4.310	4.887	5.535	6.261	7.076
15	1.161	1.346	1.558	1.801	2.079	2.397	2.759	3.172	3.642	4.177	4.785	5.474	6.254	7.138	8.137
16	1.173	1.373	1.605	1.873	2.187	2.540	2.952	3.426	3.970	4.595	5.311	6.130	7.067	8.137	9.358
17	1.184	1.400	1.653	1.948	2.292	2.693	3.159	3.700	4.328	5.054	5.895	6.866	7.986	9.276	10.76
18	1.196	1.428	1.702	2.026	2.407	2.854	3.380	3.996	4.717	5.560	6.544	7.690	9.024	10.58	12.38
19	1.208	1.457	1.754	2.107	2.527	3.026	3.617	4.316	5.142	6.116	7.263	8.613	10.20	12.06	14.25
20	1.220	1.486	1.806	2.191	2.651	3.207	3.870	4.661	5.604	6.727	8.062	9.646	11.52	13.74	16.37
25	1.282	1.641	2.094	2.866	3.386	4.292	5.427	6.848	8.621	10.81	13.59	17.00	21.23	26.46	32.92
30	1.348	1.811	2.427	3.243	4.172	5.743	7.612	10.06	13.27	17.45	22.89	29.96	39.12	50.95	66.21

Number of years	Interest rate per year														
	16%	17%	18%	19%	20%	21%	22%	23%	24%	25%	26%	27%	28%	29%	30%
1	1.160	1.170	1.180	1.190	1.200	1.210	1.220	1.230	1.240	1.250	1.260	1.270	1.280	1.290	1.300
2	1.346	1.369	1.392	1.416	1.440	1.464	1.488	1.513	1.538	1.563	1.588	1.613	1.638	1.664	1.690
3	1.561	1.607	1.643	1.685	1.728	1.772	1.816	1.861	1.907	1.953	2.000	2.048	2.097	2.147	2.197
4	1.811	1.874	1.939	2.005	2.074	2.144	2.215	2.289	2.364	2.441	2.520	2.601	2.684	2.769	2.856
5	2.100	2.192	2.288	2.386	2.488	2.594	2.703	2.815	2.932	3.052	3.176	3.304	3.436	3.572	3.713
6	2.436	2.565	2.700	2.840	2.986	3.138	3.297	3.463	3.635	3.815	4.002	4.196	4.398	4.608	4.827
7	2.826	3.001	3.185	3.379	3.583	3.797	4.023	4.259	4.508	4.768	5.042	5.329	5.629	5.945	6.275
8	3.278	3.511	3.759	4.021	4.300	4.595	4.908	5.239	5.590	5.960	6.353	6.768	7.206	7.669	8.157
9	3.803	4.108	4.435	4.785	5.160	5.560	5.987	6.444	6.931	7.451	8.005	8.595	9.223	9.893	10.604
10	4.411	4.807	5.234	5.695	6.192	6.728	7.305	7.926	8.594	9.313	10.09	10.92	11.81	12.76	13.79
11	5.117	5.624	6.176	6.777	7.430	8.140	8.912	9.749	10.66	11.64	12.71	13.86	15.11	16.46	17.92
12	5.936	6.580	7.288	8.064	8.916	9.850	10.87	11.99	13.21	14.55	16.01	17.61	19.34	21.24	23.30
13	6.886	7.699	8.599	9.596	10.70	11.92	13.26	14.75	16.39	18.19	20.18	22.36	24.76	27.39	30.29
14	7.988	9.007	10.15	11.42	12.84	14.42	16.18	18.14	20.32	22.74	25.42	28.40	31.69	35.34	39.37
15	9.266	10.54	11.97	13.59	15.41	17.45	19.74	22.31	25.20	28.42	32.03	36.06	40.56	45.59	51.19
16	10.75	12.33	14.11	16.17	18.49	21.11	24.09	27.45	31.24	35.51	40.36	45.80	51.92	58.81	66.54
17	12.47	14.43	16.67	19.24	22.19	25.55	29.38	33.76	38.74	44.41	50.85	58.17	66.46	75.86	86.50
18	14.46	16.88	19.67	22.90	26.62	30.91	35.85	41.52	48.04	55.51	64.07	73.87	85.07	97.86	112.5
19	16.78	19.75	23.21	27.25	31.95	37.40	43.74	51.07	59.57	69.39	80.73	93.81	108.9	126.2	146.2
20	19.46	23.11	27.19	32.43	38.34	45.26	53.36	62.82	73.86	86.74	101.7	119.1	139.4	162.9	190.0
25	45.85	50.66	56.67	64.79	75.40	88.4	104.2	126.9	156.5	187.8	223.0	266.7	323.6	388.8	465.6
30	85.85	111.1	141.4	184.7	237.4	304.5	389.8	497.9	634.8	807.8	1026	1301	1646	2078	2620

Ex If the interest rate is 10 percent per year, the investment of \$1 today will be worth \$1.611 at the end of year t .

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার
অর্থ মন্ত্রণালয়, অর্থ বিভাগ
বাজেট অনুবিভাগ
উঃউঃ - ২ শাখা।

নং-অম/অবি/বাজেটঃউঃ-২১/১৯৪-কগ ও অগ্রিম(৩৩২১)/১০/অঃশঃ/৩৪ তারিখঃ- ২০/৯/৯৭ ইং

বিষয় :- সরকারী কর্মকর্তা/কর্মচারীগণের মটর সাইকেল এন্ড অগ্রিম ঋণ সংশ্লিষ্ট।
=====

অর্থ বিভাগের ৩০/০৯/৯৬ ইং তারিখে জারীকৃত অম/অবি/বাজেটঃউঃ-২১/১৯৪ কগ ও অগ্রিম(৩৩২)/৯৬/৭৭২ সংখ্যক স্মারকের আংশিক সংশোধন পূর্বক মটর সাইকেল এন্ড অগ্রিম ঋণের বিষয়টি বিমোহিতভাবে নির্দেশক্রমে পুনঃ বিপরীকরণ করা হ'ল।

- (ক) মটর সাইকেল এন্ড অগ্রিম ঋণ বিদ্যমান ২৫,০০০/- টাকার স্থলে ৩৫,০০০/- টাকায় উন্নীত করা হ'ল।
- (খ) নিম্নের সংখ্যা বিদ্যমান ৪৮ থেকে বৃদ্ধি করে ৬০ এ উন্নীত করা হ'ল।
- (গ) এ সুবিধা সকল সরকারী কর্মকর্তা/কর্মচারীগণের ক্ষেত্রে আদেশ জারীর তারিখ হতে কার্যকর হবে।
- (ঘ) অর্থ বিভাগ কর্তৃক ৩০/৯/৯৬ ইং তারিখে জারীকৃত এতদসংশ্লিষ্ট স্মারকে বর্ণিত অন্যান্য শর্তাদি অপরিবর্তিত থাকবে।

(স্বাক্ষর)
২০/৯/৯৭
(মোঃ আব্দুল নজির)
সহকারী সচিব।

- ১। সচিব, মান্বি পরিষদ বিভাগ/প্রধান মন্ত্রীর মুখ্য সচিব।
- ২। সচিব, রাষ্ট্রপতির সচিবালয়।
- ৩। সচিব ----- মন্ত্রণালয়/বিভাগ।
- ৪। হিসাব মহা নিয়ন্ত্রক, সিডিএ ভবন, সেগুন বাগিচা, ঢাকা।
- ৫। প্রধান হিসাব রক্ষণ কর্মকর্তা -----
- ৬। সিনিয়র সহকারী সচিব/সহকারী সচিব, বাজেট অনুবিভাগ, অর্থ বিভাগ।

APPLICATION FOR PERMISSION FOR ACQUISITION OF PROPERTY
BY A GOVERNMENT SERVANT.

Annex-VI

Vide S. & G.A. (Regulation) Department Circular No. R1111S-102/67/208, dated
June 25, 1968)

To

The

(Competent Authority).

I request that permission may be granted to me for acquiring land/construction of a house as per particulars given below:

1. Schedule of property in land intended to be acquired.
2. Name, address and occupation of the owner of the land intended to be acquired.
3. Schedule of land upon which construction of a house is proposed.
4. Particulars of permission if already obtained from Govt. for acquiring the land.
5. Estimated cost of purchase of land.
6. Estimated cost of construction of the house.
7. Source (s) from which the expenditure is proposed to be met (indicating the amount to be taken from each source).
8. Particulars of the building(s) already owned by the applicant/his wife/dependents at Dacca or any other town in the country.
9. Particulars of permission if obtained from Government for constructing the building(s) already owned.
10. Total expenditure incurred in acquiring land and constructing the building (s) already owned indicating source (s) from which it was met.
11. Pay.

I declare that the above information is correct and complete.

Date:

Address:

Signature
Name and Designation of Applicant.

নং-অম/অবিউঃউঃ-২১/১৯৮-এণ ও অগ্রিম (৫০)/১৬/৭৭৫

তারিখ : ১৫-০৬-১৯০৩ বাং
০০-০৯-১৯৯৬ ইং

বিষয় :- সরকারী কর্মকর্তা/কর্মচারীগণের গৃহ নির্মাণ/মোটর গাড়ী/মোটর সাইকেল ও অন্যান্য
পরিবহন/বাই-সাইকেল অগ্রিম এণ সংক্রান্ত।

নির্দেশিত হয়ে অর্থ বিভাগের ২০-১০-৯০ ইং তারিখে জারীকৃত অম/অবি/বাউ, উঃউঃ-২১/
বিবিধ(৭)/৯০/৭০৪ স্মারকের আংশিক সংশোধন ও অনুবর্তিত্ব জ্ঞাননা যাচ্ছে যে, গৃহ নির্মাণ
মোটর গাড়ী, মোটর সাইকেল ও অন্যান্য পরিবহন/বাই-সাইকেল অগ্রিম এণ প্রদানের পরিমাণ/সীমা
সরকারি নিয়ন্ত্রণভায়ে পুনঃ নির্ধারণ করলেন :-

- (ক) গৃহ নির্মাণ অগ্রিম ২৪ মাসের মূল বেতনের সমান সর্বোচ্চ ৮০,০০০/- (আশি হাজার) টাকার অহলে ৩৬ মাসের মূল বেতনের সমান সর্বোচ্চ ১'২০ লক্ষ (এক লক্ষ বিশ হাজার) টাকা এবং গৃহ মেরামত বাবদ ১২ মাসের মূল বেতনের সমান সর্বোচ্চ ৪০,০০০/- (চল্লিশ হাজার) টাকার অহলে ১৮ মাসের মূল বেতনের সমান সর্বোচ্চ ৬০,০০০/- (ষাট হাজার) টাকা অগ্রিম এণ হিসাবে নির্ধারণ করা হ'ল। গৃহ নির্মাণ এণ সর্বোচ্চ ১২০ মাসিক কিস্তি এবং গৃহ মেরামত সর্বোচ্চ ৬০ (ষাট) মাসিক কিস্তিতে আদায়যোগ্য।
- (খ) মোটর গাড়ী অগ্রিম এণের ক্ষেত্রে ১২ মাসের মূল বেতনের সমান সর্বোচ্চ ৪০,০০০/- (চল্লিশ হাজার) টাকার অহলে ১২ মাসের মূল বেতনের সমান সর্বোচ্চ ৬০,০০০/- (ষাট হাজার) টাকা অগ্রিম এণ হিসাবে নির্ধারণ করা হ'ল। সর্বাধিক ৬০ (ষাট) মাসিক কিস্তিতে উক্ত অগ্রিম এণ আদায়যোগ্য। যে সকল কর্মকর্তা/কর্মচারীর মূল বেতন ৬,০০০/- (ছয় হাজার) টাকা বা তদুর্ধ্ব কেবল মাত্র তাঁরাই এ এণ পাওয়ার যোগ্য।
- (গ) মোটর সাইকেল অগ্রিম এণ ১২,০০০/- (বার হাজার) টাকার অহলে ২৫,০০০/- (বৈচিত্র হাজার) টাকা নির্ধারণ করা হ'ল। এ এণ সর্বোচ্চ ৪৮ মাসিক কিস্তিতে আদায়যোগ্য। যে সকল কর্মকর্তা/কর্মচারীর মূল বেতন ২,০০০/- (দুই হাজার) টাকা বা তদুর্ধ্ব কেবল মাত্র তাঁরাই এ এণ পাওয়ার যোগ্য।
- (ঘ) বাই-সাইকেল অগ্রিম এণের ক্ষেত্রে ১,২০০/- (বার শত) টাকার অহলে ৩,০০০/- (তিন) হাজার টাকা নির্ধারণ করা হ'ল। সর্বোচ্চ ৩০ (ত্রিশ) মাসিক কিস্তিতে এ এণ আদায়যোগ্য।
- (ঙ) পুনঃ নির্মায়িত এণ ও অগ্রিমের পরিমাণ/সীমা এবং সুদের হার ১লা জুলাই, ১৯৯৬ ইং তারিখ হতে কার্যকর হবে। অর্থাৎ, ১৯৯৬-৯৭ সালের আগে যারা অগ্রিম এণ গ্রহণ করেছেন তাঁদের ক্ষেত্রে অগ্রিম এণের নয়া সীমা প্রযোজ্য হবে না।
- (চ) ১৯৯৬-৯৭ ইং অর্থ বছর হতে যারা অগ্রিম এণ গ্রহণ করবেন তাঁদের সবার ক্ষেত্রে নয়া সুদের হার কার্যকর হবে। ১৯৯৬-৯৭ সালের পূর্বে গ্রহীত এণ ও অগ্রিমের ক্ষেত্রে ১-৭-১৯৯৬ ইং তারিখে, কিংবা পরবর্তীতে প্রদেয় সুদের ক্ষেত্রে নয়া হার প্রযোজ্য হবে। অর্থাৎ, উক্ত তারিখের পূর্বে প্রদেয়, কিন্তু অপ্রদত্ত, সুদের ক্ষেত্রে নয়া হার প্রযোজ্য হবে না।

(ছে) আনোচ্য অগ্রিম ঋণ সমূহের ক্ষেত্রে অর্থ বিভাগ কর্তৃক ২০/১০/২০ ইং তারিখের সারীকৃত স্মারকের বিদ্যমান অন্যান্য শর্তাবলী অপরিবর্তিত থাকবে।

উপরেত্তর সকল অগ্রিম ঋণের ক্ষেত্রে বার্ষিক ১০% হারে সুদ প্রযোজ্য হবে। কিন্তু
অনুযায়ী অগ্রিম ঋণ পরিশোধে ব্যর্থ হলে ১১% চক্রবৃদ্ধি হারে দণ্ড সুদ আদায়যোগ্য।

স্বা/- এ, কে, এম আজিজুল হক
 সিনিয়র সহকারী সচিব
 তাং- ৩০/৯/৯৬ইং

বিতরণ : সচিব, স্বার্থ বিভাগ.

ଅର୍ଥ ସମୀକ୍ଷାଳୟ, ଅର୍ଥ ବିଭାଗ
ପ୍ରଶାସନ ଶାଖା-୧

নং- অম/অবি/প্রশা-১/বিবিধ-১১/৯৫/৩০৫

তারিখ : ১০/১০/১৬ইং

অবগতি ও প্রয়োজনীয় ব্যবস্থা গ্রহণের জন্য অনুলিপি প্রেরণ করা হইল :

১। মহা হিসাব নিরীক্ষক ও নিয়ন্ত্রক, ৪৩, কাকরাইল সড়ক, কাকরাইল, ঢাকা।

୨। ଅର୍ଥ ବିଭାଗର ସକଳ କର୍ମକର୍ତ୍ତା ।

২৫/৭/১৯৭২
(মোঃ আবদুল হালিম চৌধুরী)
সহকারী সচিব (প্রশাসন-১)
ফোন: ২৩৫০
৮৬ ৮৬ ৫৭ (সেরাসরি)

[Proforma for Subdivision of Annual Returns of Assets]

I..... employed in..... hereby declare that the property and assets described in the statement were held by me or on my behalf, by my wife, my children and my dependents at the time of my entry in government service on.....

Description of property or assets.	Date of acquisition.	Acquired and held in the name (s) of	Nature of property and quantum of interest held. Location of property— District, thana, village.	Total area	Value of assets or property at the time of acquisition.	How acquired (if purchased state source of funds).	Remarks.
1	2	3	4	5	6	7	8
Immovable Property							
Jewellery, stocks and shares.							
Motor vehicles, televisions set, refrigerator, etc.		From whom acquired.	Price paid and source of funds.				

(P.T.O)

The following accretions have been made to property declared above by me, my wife, children or any other member of my family residing with, and dependent on me:

Description of property or assets.	Date of acquisition.	Acquired and held in the name (s) of.	Location of property.	Total area.	Value of assets or property at time of acquisition.	How acquired (if purchased state source of fund).	Remarks.
1	2	3	4	5	6	7	8
Immovable Property							
Jewellery, stocks and shares.							
Motor vehicles, television set, refrigerator, etc.		For whom acquired.	Price paid and source of funds.				

I hereby declare that the property and assets described in the statement are to the best of my knowledge and belief, a complete accurate statement of assets as required under the general declaration of assets and which has been signed by me on.....19.....

Note: "Assets" or "Property" mean land, houses acquired, built or under construction, stocks and shares, television set, refrigerator, motor vehicles, and include any assets or property which are under mortgage.

Signature

Designation

Establishment Division

No. ED/DIII/(P)-104/80-232(500) dated 27th July 1980

SUBJECT: Annual Return of Assets.

It has been observed that many of the officers/employees have been found to be defaulting in submitting their annual returns of assets as required under rule 13 of the Government Servants (Conduct) Rules, 1979 inspite of instructions issued in this regard from time to time for timely submission of the annual returns. It needs to be recalled that failure to submit the returns renders a Government servant liable to disciplinary action under the Government Servants (Discipline and Appeal) Rules, 1976.

All Ministries/Divisions/Departments/Corporations/Autonomous and Semi-Autonomous Bodies are therefore requested to direct all their officers/employees under their control, to submit their returns for the year 1979, without any further delay and also to avoid defaults in timely submission of the returns in future.

Sd/-SAD'AT HOSSAIN
Joint Secretary,
Establishment Division.

Reforms in Bangladesh Council of
Scientific and Industrial Research

Jiban Krishna Shaha

SL No-08



Bangladesh Public Administration Training Centre
Savar, Dhaka
June, 2000

Reforms in Bangladesh Council of Scientific and Industrial Research

Jiban Krishna Shaha
Member (Administration)
BCSIR, Dhaka

Bangladesh Public Administration Training Centre
Savar, Dhaka

Paper submitted in partial fulfillment of the requirements for completion of
32nd Senior Staff Course held at BPATC, Savar, Dhaka during April 23 to July
06, 2000.

Table of Contents

Preface	i
Abbreviation	ii
Executive Summary	iii
Chapter-I	
Introduction	1
Methodology	1
objectives	1
The Evolution of the BCSIR	1
Chapter-II	
Management of the Council	3
Board of the BCSIR	4
Administration & Personnel Management	4
Functions of the BCSIR	5
Chapter-III	
Activities of the BCSIR	6
Planning and Development Division	6
International Co-operation & Research Association	7
Computer Center	7
Industrial liaison Division	8
BCSIR Library	8
Publication	9
Public Relation Activities	9
Maintenance and Support Service	10
Research Co-operation	10
Management of R & D Activities	11
Research and Technological Activities of the Council	12
Research Achievements	13
Industrial Services	14
Development Projects Under Implementation	15
Chapter-IV	
Analysis & Findings	16
Recommendations	17
Conclusion	17
Bibliography	18



Findings of the study have been based on the available information and documents available on the council and also on my experience as the member (Admin) of the council.

Preface

In this paper attempts have been made to highlight the historical background of BCSIR and its division-wise composition and functions as briefly as possible because of the limitation of writing the paper within a limited volume. In spite of such limitations, nothing important and relevant have been left out. From my experience, information and available statements I have tried my best to find out the establishment and continued activities, failures and achievements and include in the study.

In fine, I have tried to put ^a few recommendations for Reforms of BCSIR. If ^{Acceptance of} these recommendations ^{by Govt} on Administrative and financial problems are accepted may be of great help for the Govt. as well as the Country. ^{and benefit the country.}

First of all, I am extremely grateful to Dr. Ekram Hossain, Rector, BPATC who gave me ^{the} opportunity to take this subject as my seminar paper.

I express my sincere gratitude to my respected Secretary Mr. M. Fazlur Rahman of Ministry of Science and Technology who has kindly encouraged me to participate in the 32nd Senior Staff Course (SSC).

I must express my gratitude to Dr. M. Mosihuzzaman, Chairman, BCSIR who has allowed me to join the course despite of my heavy responsibilities at office. On the other side his expert suggestions and guideline have enriched the seminar paper. Besides,

Our Course Director Mr. Md. Tofazzel Hossain, Course Coordinators Mr. Syed Shamsul Alam and Mr. Sk. Mustafizur Rahman were very helpful all through the course. I am grateful to them.

I am also grateful to Mr. Amalendu Sen, Director (LTA) and Mr. Ramkishore Gour, Steno-typist who extended all possible cooperation as and when needed by me.

Abbreviations

BCSIR	:	Bangladesh Council of Scientific and Institutional Research
CSIR	:	Council of Scientific & Industrial Research
NCSIR	:	National Council for Scientific and Industrial Research
PCSIR	:	Pakistan Council of Scientific and Industrial Research
PCB	:	Printer Circuit Board
R & D	:	Research & Development
S & T	:	Science & Technology
SSC	:	Senior Staff Course
TT & C	:	Transfer of Technology & Commercialization

Executive Summary

The Bangladesh Council of Scientific and Industrial Research (BCSIR) is a semi-autonomous Organisation under the Ministry of Science & Technology. The overall administration of this Organisation is vested in a Board which consists of a full time Chairman, four full-time Members and four part-time Members appointed by the Government. There is an Advisory Council, headed by the Minister in-charge of the Ministry of Science & Technology to provide guidelines to the Board.

The history of the BCSIR originated from PCSIR, ^{it was} and established in 1973 with its three laboratories in Dhaka, Rajshahi and Chittagong.

The total number of employees sanctioned for BCSIR is 1416. At present, the existing number is 1169, of them 309 are Scientists and Engineers. The rest 860 are technical, administrative and security personnel working in different units, laboratories & head office of BCSIR.

As a scientific establishment the function ^{the} of Council ^{are} states as follows :

- (a) to initiate, promote and guide scientific, industrial and technological research having a bearing on problems connected with the establishment and development of industries and such other allied matters as the Government may refer to it;
- (b) to establish, maintain and develop laboratories, workshop, institutes, centers and organization for furtherance of scientific and industrial research with the object of utilizing exploiting the economic resources in the best possible manner;
- (c) to give grants-in-aid for specific, industrial and technological research schemes and projects of the Universities as by law established and other research institutions;
- (d) to adopt measures for the commercial utilization of discoveries and invention resulting from the researches carried on by the Council, Universities or by any other research organization;

- (e) to establish and award fellowships in areas of research covered by the Council;
- (f) to collect and disseminate information of scientific, industrial and technological matters and publish scientific papers, reports and periodicals on such matters;
- (g) to encourage establishment of industrial research organizations;
- (h) to maintain contact with scientific, industrial research organizations;
- (i) to take out patents and make arrangement for the industrial utilization of research processes developed in the institutes and laboratories established by the Council;
- (j) to establish such libraries, museums, experimental plantations and herbaria as the Board may consider appropriate;
- (k) to do such other acts and thing as may be necessary for carrying out purposes of the Ordinance.

The scientists of the Council developed 516 industrial processes using local raw materials. Of these, ~~processes~~ 204 processes have been patented. Techno-economic feasibility of most of the processes were evaluated. 198 processes were leased out to 100 entrepreneurs to establish industries. At present 45 industries are in full production using the processes developed in the Council.

The processes developed by BCSIR are leased out to the investors. But all the leased processes have not been gone ^{into} commercial production. In order to decide appropriate strategies, for the application of research results in socio-economic development, it is necessary to undertake a study to identify the factors that have facilitated commercial application of previous leased out processes.

Huge number of staff are engaged in the laboratories in the name of technical staff doing same work. These technical staff can be reduced ^{to} half of the strength sanctioned.

In view of the foregoing discussion and present status of BCSIR, the following recommendations are made :

- (1) The management may be allowed to fill up the vacant posts of Scientists and Engineers and reduce the technical posts who are engaged in same type of work gradually by not filling up the vacant posts.
- (2) For the application of research results and commercialization a post namely Member (TT & C) may be created.
- (3) The tenure of the posts of the Chairman and Members may be fixed five years in place of three years for better performance.
- (4) Certain percent say 20% of the posts of Scientists at all level may be appointed directly to attract brilliant researchers.
- (5) In order to meet the shortage of trained manpower, BCSIR should establish and award fellowship to persons having M. Phil and Ph. D degrees in different fields of Science and Technology. Govt. should make separate allocation to implement the fellowship programme of NCSIR. Each of the fellow may be assigned a specific task at the time of appointment on yearly basis.
- (6) Every Laboratory should have a Management Committee & Research Committee to broaden the policy & decision making bases.

Chapter-I

1.0 Introduction:

While going to make some changes and recommend some new actions for any organization it is of utmost importance to know its past and present. This becomes more so when it relates to the reorganization of the present structure. It is therefore, necessary to study the past and present of the Bangladesh Council of Scientific and Industrial Research before giving recommendations.

1.1 Methodology:

The seminar paper has been prepared mainly on the basis of data, publication materials, books, journals etc published from time to time by the Institution Bangladesh Council of Scientific and Industrial Research. Chairman and Member (Science & Technology) and concerned scientists of BCSIR were also consulted for obtaining an overall view of the Institute.

Moreover, the personal knowledge of the writer as Member (Administration) BCSIR has also been utilised.

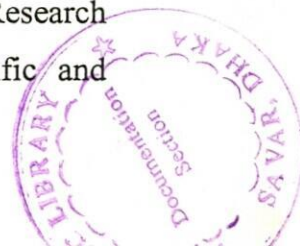
1.2 Objectives:

The objectives of this seminar paper are :

- (i) To have an idea on the present status of the BCSIR.
- (ii) To highlight the present research works of BCSIR.
- (iii) To identify problems/bottleneck of the present management of the Organisation.
- (iv) To suggest measures/reforms to improve the service and quality of research of BCSIR.

1.3 The Evolution of the BCSIR:

The history of the Bangladesh Council of Scientific and Industrial Research (BCSIR) originated in the establishment of Pakistan Council of Scientific and



Industrial Research (PCSIR) which had taken its roots from the Council of Scientific and Industrial Research (CSIR) that was set up in September 1942 under the British Rule in India by a resolution of the then Legislative Assembly as an autonomous body registered under the Registration of Societies Act. XXI of 1860.

After the partition of India in 1947, following the same way of establishment of CSIR India, the Govt. of Pakistan Established PCSIR in April 1953 as an autonomous body. In 1954 a research laboratory/division was created at Dhaka like other 20 Research divisions.

The Bangladesh Council of Scientific and Industrial Research (BCSIR) was reorganized after the liberation war and independence of Bangladesh in 1971. Father of the Nation Bangabandhu Sheikh Mujibur Rahman duly recognized the importance of Science and Technology in the sustainable development of the Country and established the Ministry of Natural Resources, Scientific and Technological Research & Atomic Energy. The BCSIR was first established in 1973 with its three Laboratories in Dhaka, Rajshahi and Chittagong. In pursuance of the ordinance No. V of 1978, the Govt. reestablished the BCSIR and revoked its order 1973, which was amended in 1984.

Chapter-II

2.0 Management of the Council:

For the purpose of providing guide lines to and overseeing the activities of the council, an Advisory Council which shall consist of the following members, namely :

- (a) The Minister in-charge of the Ministry of Science & Technology who shall be its President;
- (b) The Chairman who shall be its Vice-President;
- (c) All other Members of the Board;
- (d) One officer, not below rank of Joint Secretary, from the Ministry of Science & Technology to be nominated by the Government;
- (e) One officer, not below the rank of Joint Secretary, from the Ministry of Industries to be nominated by the Government;
- (f) One officer, not below the rank of Joint Secretary, from the Ministry of Commerce to be nominated by the Government;
- (g) One officer, not below the rank of Divisional Chief, from the Planning Commission to be nominated by the Government;
- (h) One person from the University Grants Commission to be nominated by the Chairman of the Commission;
- (i) One person from the Federation of Chambers of Commerce and Industries to be nominated by the President of that Federation;
- (j) One person not below the rank of Director, from each of such research institutions as the Government may decide to be nominated by the Chairman of such institutions;
- (k) Two eminent scientists or technologists to be nominated by the Government; and
- (l) Two Directors of the Council to be nominated by the Chairman.

Such member of the Advisory Council as may be nominated by its President shall act as the Member-Secretary of the Advisory Council.

The administrative set up of the Council is shown in Annex- 'A'.

2.1 Board of the BCSIR:

Subject to the rules and regulations, the general direction and administration of the affairs of the Council vest in a Board consist of a Chairman and eight members (4 full-time & 4 part-time members) appointed by the Government. The present constitution of the Board is as follows:-

(a) Chairman of BCSIR is the Chairman of the Council.

(b) Full-time Members

1. member Science & Technology
2. Member Administration
3. Member Finance
4. Member Development

(c) Part-time Members:

Four part-time members are appointed by the Government.

The organogram of the BCSIR is shown in Annex-'B'. All personal, financial, development, co-ordination, purchase, supplies, maintenance and day to day administration is to run by the council secretarial and Board under the laws and regulations of the Council.

2.2 Administration & Personnel Management:

The Chairman is the Chief Executive of the Council. He supervises and controls the overall activities of the Council subject to the general or special direction of its Board. The Chairman is also responsible for the efficient administration, discipline and proper conduct of the affairs of the Council. In running day to day administration the Chairman is supported by the full-time Members of the Board. Departmental Promotion Committee, Selection Committee, Local Committee etc. Administration of the Laboratories/Institutes /Centers lies in the hand of Directors.

2.3 Functions of the BCSIR:

As a scientific establishment the function of Council states as follows:-

- (a) to initiate, promote and guide scientific, industrial and technological research having a bearing on problems connected with the establishment and development of industries and such other allied matters as the Government may refer to it;
- (b) to establish, maintain and develop laboratories, workshop, institutes, centers and organization for furtherance of scientific and industrial research with the object of utilizing exploiting the economic resources in the best possible manner;
- (c) to give grants-in-aid for specific, industrial and technological research schemes and projects of the Universities as by law established and other research institutions;
- (d) to adopt measures for the commercial utilization of discoveries and invention resulting from the researches carried on by the Council, Universities or by any other research organization;
- (e) to establish and award fellowships in areas of research covered by the Council;
- (f) to collect and disseminate information of scientific, industrial and technological matters and publish scientific papers, reports and periodicals on such matters;
- (g) to encourage establishment of industrial research organizations;
- (h) to maintain contact with scientific, industrial research organizations;
- (i) to take out patents and make arrangement for the industrial utilization of research processes developed in the institutes and laboratories established by the Council;
- (j) to establish such libraries, museums, experimental plantations and herbaria as the Board may consider appropriate;
- (k) to do such other acts and thing as may be necessary for carrying out purposes of the Ordinance.

Chapter-III

3.0 Activities of the BCSIR

Different Establishments/Units of BCSIR with their Scope of Activities

Name of Units (with Divisions)	Head of Unit	Scope of Activities
(i) Head office, Dhaka Advisory Council & Board	1. Chairman 2. Four full-time Members	1. Over all supervision 2. Gen. Administration
(ii) BCSIR Laboratories, Dhaka 1. Glass & Ceramics Division 2. Chemical Research Division 3. Analytical Research Division 4. Physical Instrumentation Division 5. Industrial Physics Division 6. Biological Research Division 7. Leather Research Division 8. Pulp & Paper Division 9. Fibre & Polymer Division	Director	Research on natural products, organic & in-organic chemicals, Glass & Ceramics. Leather & animal by products, Pulp & paper, industrial physics, physical instrumentation, fibres & polymers etc.
(iii) BCSIR Laboratories, Chittagong 1. Pharmacology Division 2. Botany Division 3. Chemistry Division 4. Workshop Division	Director	Research for development of plant based drugs as well as providing assistance to industries in the Chittagong region.
(iv) BCSIR Laboratories, Rajshahi 1. Oils, Fats and Waxes Division 2. Lac Research Division 3. Fibre Research Division 4. Fruit processing and preservation	Director	Research for economic utilization of agricultural & natural resources of the region including providing technical assistance to the industries of Rajshahi region.

3.1 Planning and Development Division:

The Division plans for the institutional and infrastructure development of the Council which include formulation of development programs in consultation with different units under the overall plan of the Government, preparation and submission of development plan to the Government, monitoring evaluation, coordination of the implementation and reporting of the progress of the development projects.

3.2 International Co-operation & Research Association:

The Council may enter into any agreement with any person/organization to render technical advice or to carry out any scientific, technological or industrial research or investigation on behalf of that person/organization on a mutually agreed terms and condition. With due and previous approval of the Government, the Council may enter into any agreement with any foreign countries/International Organizations/UN-Bodies etc. So far the Council has gone into agreement with a number of National and International Organizations, Agencies, foreign Governments on bilateral and multilateral basis under the cover of various National and International Agreements, MOU, Technical Assistance Programs, Aid package etc.

3.3 Computer Center:

In recent years computer has become a very powerful tool in solving a wide variety of human problems. Such problem areas include research and development, information, data processing, financial accounting etc. BCSIR has planned to develop all the fields as stated. Bearing this in mind very recently a Computer Center has been setup in BCSIR. It provides Internet facilities. The PCs' are enriched with Pentium and operating system is Windows-95. These computers are equipped with highly sophisticated software, such as Mathcad, Mathlab, Board Maker, Circuit maker, ORCAD, Autocad-14, Visual Basic, Foxpro Basic, Microsoft Word, Microsoft Excel, Power Point, Photoshop, Coral draw, etc. This center has a Ink Jet color printer, Laser Printer, dot matrix printer and a scanner.

The advantages of Computer Networking in BCSIR can be enumerated as:

- a) Computer Networking provides multi-user computer environment;
- b) It offers e-mail facility;
- c) It provides Internet facility;
- d) It offers sharing of mass central storage information
- e) It provides computer aided printer circuit board (PCB) design and manufacturing;
- f) It provides training facilities for the scientists, engineers, students.

3.4 Industrial Liaison Division:

The main activities of the Division is to assist the higher authority and the scientists in matters relating to the promotion, development and exploitation of the research results and inventions of the Council; maintaining liaisons with industrial enterprises and entrepreneurs with a view to transferring technologies developed by the Council; obtaining patents of the processes developed by the scientists; to assist individual or organizations in the establishment of the industry; to issue exclusive and/or non-exclusive licenses on such terms and conditions regarding payment of premia, royalties etc., to keep close liaison with the lease of the processes of the Council to help/monitor them in the proper utilization of the discoveries; to do any work that will be needed to establish/improve the liaison with any industrial/commercial/private or nationalized or Government owned enterprises.

3.5 BCSIR Library:

BCSIR Library is a special type of library. It serves the special need of the scientists. It has been planned strictly in the practical lines with the activities closely related to the development of science & technology of the country. The management of the library is to serve the cause of creation of the Council.

The Library has about 80,000 volumes of journals and 20,000 volumes of books monographs etc. The library collects almost all local scientific and technological journals and periodical and about 100 foreign periodicals and journals regularly. Most of the journals are purchased and some are collected as exchange. The collection is mainly on basic and applied science. Among all types of collections, some are rare and maintained as confined within the library. It is important to mention that a complete and upto date collection of some important publications such as Chemical Abstract, Encyclopedia Chemical Technology, Encyclopedia of Chemical Analysis, Encyclopedia of Polymer Science and Technology, Encyclopedia of Ullmann's Industrial Chemistry, Encyclopedia of Nutrition and Food Technology,

Encyclopedia Britanica, American Encyclopedia, Wealth of India and various Dictionaries are available only in this library. Further the library has a rich collection various of scientific journals and periodicals of home and abroad.

3.6 Publications:

To disseminate the scientific and technological achievements of the Scientists of the Council and those of the Scientists working in other R & D Organizations of the country, the Council (PCSIR) from its inception in 1955 had undertaken the task of publishing the research journal "Pakistan Journal of Scientific and Industrial Research". Recently another journal named "Science, Technology & Development", a half yearly journal is going to be published containing articles on original research and research reviews on growth of science; development, adaptation and dissemination of technologies in the country. Further to promote and popularize the understanding of science & technology among the common people two periodicals namely "Purogami Biggan" (পুরোগামী বিজ্ঞান) and Bigganer Joyjatra" (বিজ্ঞানের জয়যাত্রা) are being published in Bangladesh since the early sixties. Recently a series of publication entitled "Scientific & Technological Contribution of BCSIR" is being published.

3.7 Public Relation Activities:

In the history, R & D activities used to be conducted in isolation from the society and public. There was little or no participation of the public. So there was no role of public relation. Because the discoveries were the property of the Ruler, not of the public and use and application of those discoveries were limited for the Ruler. But time has changed the relation between the ruler and the public. R & D activities are no more conducted in isolation. Now a days the entrepreneur and the user of the S & T discoveries are the common public and the success of R & D activities largely depend on the participation of the public in various stages of development of R & D activities. Successful and rapid dissemination, adaptation and application of S & T

discoveries are considered to be one of the most important and essential tools of development of the country.

Main activities of the public relation section include maintenance of social relation of the scientists with the public, Government, other organizations, foreign countries, UN-Bodies etc. In doing so the section has been publishing a quarterly news bulletin entitled " Sangbad Parikrama" (সংবাদ পরিক্রমা), containing the news on social, scientific & technological events of the Council. Report regarding meeting, seminar, symposium, workshop, innovation process leased out etc. are circulated to the news media, Government agencies, radio, television, individuals etc. Booklets, pamphlet, leaflet etc. are published on various scientific discoveries and innovations.

3.8 Maintenance and Support Service:

For maintenance and support service, there is a division named Engineering Division headed by a Superintendent Engineer. Besides the maintenance and protection of the buildings, various movable and immovable properties, the essential services like water supply, electric supply, gas supply, cleaning, gardening, lighting, transport etc. are provided by the division.

3.9 Research Co-ordination:

As the Council conducts research and development activities in multidisciplinary fields, there is a need for cooperation and coordination between and among the scientist and Institutes/Laboratories. Research Coordination Division headed by a Research Coordinator performs the job. Besides the Research Coordinator helps the Authority in planning monitoring and evaluating the research programs/projects. The progress reports of the research work is also maintained by the Division. The Division also maintains coordination with Scientists, Laboratories, Institutes and organizations outside the Council. Coordination between and among the persons/Scientists/ Laboratories/Institutes for smooth and timely procurement/supply of the essentials to the Scientists is done by the Division.

Manpower

Classification of Manpower	Number of Approved Post	At Present Working
Scientists/Engineers	345	309
Technical Worker	407	350
Officers	144	120
Other Worker	520	390
Total	1416	1169

Number of Scientists having Ph. D Degree 44

Number of Scientist pursuing higher studies
under Human Resource Development Program 35

Pursuing higher studies at own initiative 10

It is mentioned here that the present democratic govt. has increased budget allocation for Research & Development activities of BCSIR.

3.10 Management of R & D Activities:

The Council is an autonomous organization headed by a Chairman, administered by a Board according to the rules formulated by the Government and Board. The power and responsibility of management of research lies with the Board. The Board selects the research area, gives approval of the research projects planned by the scientists, allocate funds for research, ensures supplies, evaluate and monitor the progress of research activities. The Board also selects, appoints, arranges training, approves remuneration and honoraria, gives promotion of the scientists. The Board also maintains liaison with other organizations and Governments to help scientists in their research activities. The Ministry of Science & Technology provides supports to the Board in discharging its duties and gives general and special guidance if and when needed.

3.11 Research and Technological Activities of the Council

Principal Research Areas

1. Glass & Ceramics
2. Pulp & Paper
3. Biotechnology
4. Production of various chemical from organic sources
5. Production of durable & low cost housing materials
6. Analytical Research
7. Industrial Physics
8. Production of Instrument useable in Laboratories
9. Biological Sciences
10. Leather Research and Development
11. Fibre & Polymer
12. Food Science & Nutrition
13. Food Microbiology
14. Animal Food Technology
15. Oilseeds & Legumes Technology
16. Plant Food Technology
17. Food Science & Quality Control
18. Conservation of Energy and Exploration of the New Energy Sources
19. Improved Oven Technology
20. Biogas Technology
21. Chemistry
22. Plant Science
23. Pharmacology
24. Khair
25. Lac
26. Processing of fruits
27. Fats and Waxes
28. Fibre
29. Oil and Oilseeds
30. Pilot Plant and Techno-economic Study
31. Environmental Pollution
32. Tissue Culture
33. Solar Oven
34. Aromatic Plants
35. Medicinal Plants
36. Human Nutrition
37. Effect of processing on the nutrient content of foods
38. Poultry feeds



3.12 Research Achievements:

The scientists of the Council published about 2,500 research papers in various national and international journals developed 516 industrial processes using local raw materials. Of these process 204 processes have been patented. Techno-economic feasibility of most of the processes were evaluated. 198 processes were leased out to 100 entrepreneurs to establish industries. At present 45 industries are in full production using the processes developed in the Council. It may be noted that 15 new industries have been setup based only on the processes developed in the Council.

Research Achievement

Number of research papers published	2500
Number of industrial/commercial problems solved	7500
Number of industrial process developed	516
Number of patents gained	204
⊗ Number of industries under full production using process developed in the Council.	45
Number of new industries setup based on the process developed in the Council	15
Number of entrepreneurs taking lease of the process developed in the Council	100
⊗ List of items is shown in Annex - 'C'	

The Scientists of the Council have developed a number important and notable industrial and commercial processes such as development of new variety of spirulina suitable for cultivation under Bangladesh condition, development of a technology to cultivate spirulina at the domestic level, technology to dry spirulina at the rural level, evaluation and determination of the specific properties of spirulina ; production of pulp from green jute for production of paper, iodination of common salt and method for determination iodine in iodinated salts; production of protein enriched soyaprotein biscuits, soya protein breads, soya milk, soya nuts; production of fire extinguishing chemicals and equipment's; indelible ink; extraction of oil from lemon grass; design

and fabrication bio-gas plants; non-sticky stamp pad; transformation of automobile engine suitable for burning natural gas instead of classical liquid fuel; transformation automobile engines suitable to burn both gas and liquid fuel (dual fuel engine); improved cooking stove, improved commercial stove; diabetic biscuits; determination and control of aflatoxin in foods and feeds; production of bakers' yeast; production of ferrous sulfate; production of ammonium chloride; manufacture of water filter to prepare pure and drinking water; production ^{of} special water filter ^{to} remove arsenic from drinking water, recovery of glycerin from soap lye; production of starches of various grades and uses from different sources; production of ultramarine blue, fabrication and manufacture of various equipment such as shaker, electric and magnetic stirrer, dryer, water bath, centrifuge, oven suitable for use in research and educational institutes; canning of hilsa fish; production of juice from various fruits; production jams, jelly marmalade, sweets etc, from various fruits; production of high calories food for vulnerable groups specially malnourished children; nutrient rich multipurpose foods for all ages; feeds for different varieties of poultry; production of phosphor-gypsum, dental cement and plaster of Paris from the wastes of TSP industry Chittagong; cheap and durable house building materials suitable for use in rural areas; solar dryer to dry vegetables in rural areas; production of granular zinc sulfate for use as fertilizer, production of different ceramic frits; production of defeated lacs; production of menthol. Dab shell (Green coconut) based vegetable dye, dehydrated mango slices.

3.13 Industrial Services:

The industrialists of the country faces a lot of problems and the Scientists of the Council use, find solution and or advise to solve scientific, industrial, technical and commercial problems. So far the scientists of the council has solved and or advised to solve about 7,000 problems referred to the Council by the industrialists, Government organizations and non-government organizations. Some of the important services include the quality evaluation of exportable commodities,

determination of the grade and quality of the imported items in determining the tax, utility and safety of public health.

3.14 Development Projects Under Implementation

Sl. No.	Name of the Project	Implementation	Project Cost (Taka in Lakhs)
1	Leather Research Institute	1994-2000	957.02*
2	Human Resource Development	1996-2002	440.00
3	Bio-gas Pilot Plant	1995-2000	913.52
4.	Glass & Ceramic Research Institute	1997-2000	909.00
5	Development of Aromatics & Medicinal Plants	1997-2001	234.61
6	Studies of Packaging of Foodstuffs : Effect of Packaging Material on the Quality of Foods	1998-2002	811.50
7	Feasibility study on R & D if "Renewable Energy Technology (Solar, Wind, Mini-Micro- Hydro)	1998-2000	158.07
8	Dissemination of improved stove	1998-2001	402.33
9.	Modernization of Laboratories, Institutes, Centers and Divisions of BCSIR	1998-2001	1110.08
10	Pilot Plant Study of the BCSIR Research Projects (2nd Phase)	1999-2002	905.61
11	Development of Cyclone Affected chittagong Laboratories	1999-2000	41.00
12	Development of Physical Facilities for BCSIR Laboratories	1999-2002	940.00
13	Collection of Modern Equipment for BCSIR Laboratories	1999-2002	965.00
14	Modernization of BCSIR Library	1999-2001	97.00
	TOTAL		8884.74

- Second Amendment is under consideration

Chapter-IV

4.0 Analysis & Findings:

It appears from the above discussion that out of existing 1416 personnel 345 are scientists and Engineers of which 36 posts ^{are} lying vacant. On the other hand 57 posts of Technical staffs are also lying vacant. These posts of Scientists and Technical staffs should be filled up for smooth running of the research works of the institutions.

It is also known that processes developed by BCSIR are leased out to the investors with pilot plant study. But all the based processes have not been gone commercial production. In order to decide appropriate strategies, for the application of research results in socio-economic development, it is necessary to undertake a study to identify the factors that have facilitated commercial applications of previously based out processes. For this purpose and to transfer of technology of BCSIR, a post name Member (Transfer of Technology & commercialization) is required to create.

The posts of the Chairman, Member (Administration) and Member (Finance) are being filled up on deputation and the posts of member (Science & Technology) and Member (Dev.) on promotion by the Govt. for a period of three years. Sometimes these posts are lying vacant due to some technical reasons. For which the activities of the institution badly suffer. To remove this bottleneck the tenure of the post of Chairman and Members may be fixed five years.

Huge number of staff are engaged in laboratories in the name of technical staff. These technical staff can be reduced by half of the strength sanctioned. Because same type of work is being done by two personnel having almost the same nomenclature. As for example, in a section of a laboratory there are two posts such as Senior Technician & Junior Technician. Their job are same.

5.0 Recommendations :

In the light of the present status of BCSIR and on the basis of the above discussion the following recommendations are made :-

- (1) The management may be allowed to fill up the vacant posts of Scientists and Engineers and reduce the technical posts who are engaged in some type of work gradually by not filling up the vacant posts.
- (2) For the application of research results and commercialization a post namely Member (TT & C) may be created.
- (3) The tenure of the posts of the Chairman and Members may be fixed five years in place of the three years for better performance.
- (4) Certain percent say 20% of the posts of Scientists at all level may be appointed directly to attract brilliant researchers.
- (5) In order to meet the shortage of trained manpower, BCSIR should establish and award fellowship to persons having M. Phil and Ph. D degrees in different fields of Science and Technology. Govt. should make separate allocation to implement the fellowship programme of NCSIR. Each of the fellow may be assigned a specific task at the time of appointment on yearly basis.
- (6) Every Laboratory should have a Management Committee & Research Committee to broaden the policy & decision making bases.

6.0 Conclusion :

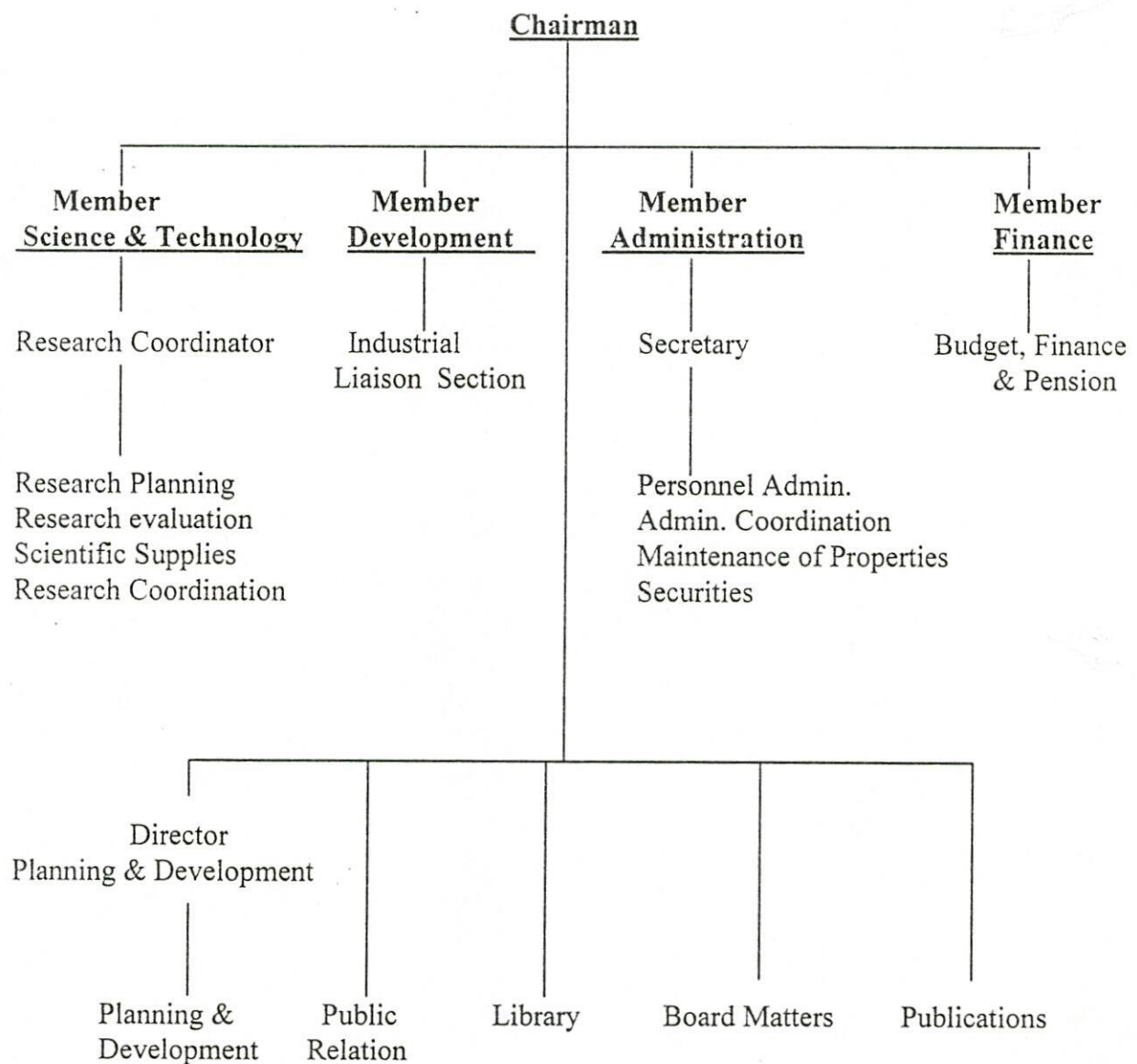
There is no limit of improvement. Reforms is generally identified with "improvement" or creation of good administration.

Success after success comes forth something which create a greater expression. But without administrative support research and development cannot be succeeded and sustained. My present recommendations for reforms the BCSIR is also not an end. It may require further improvement if time demands. But so far as the present situation is concerned these recommendations may be helpful for the better operation of the Bangladesh council of Scientific and Industrial Research by which the Country might get sufficient benefit.

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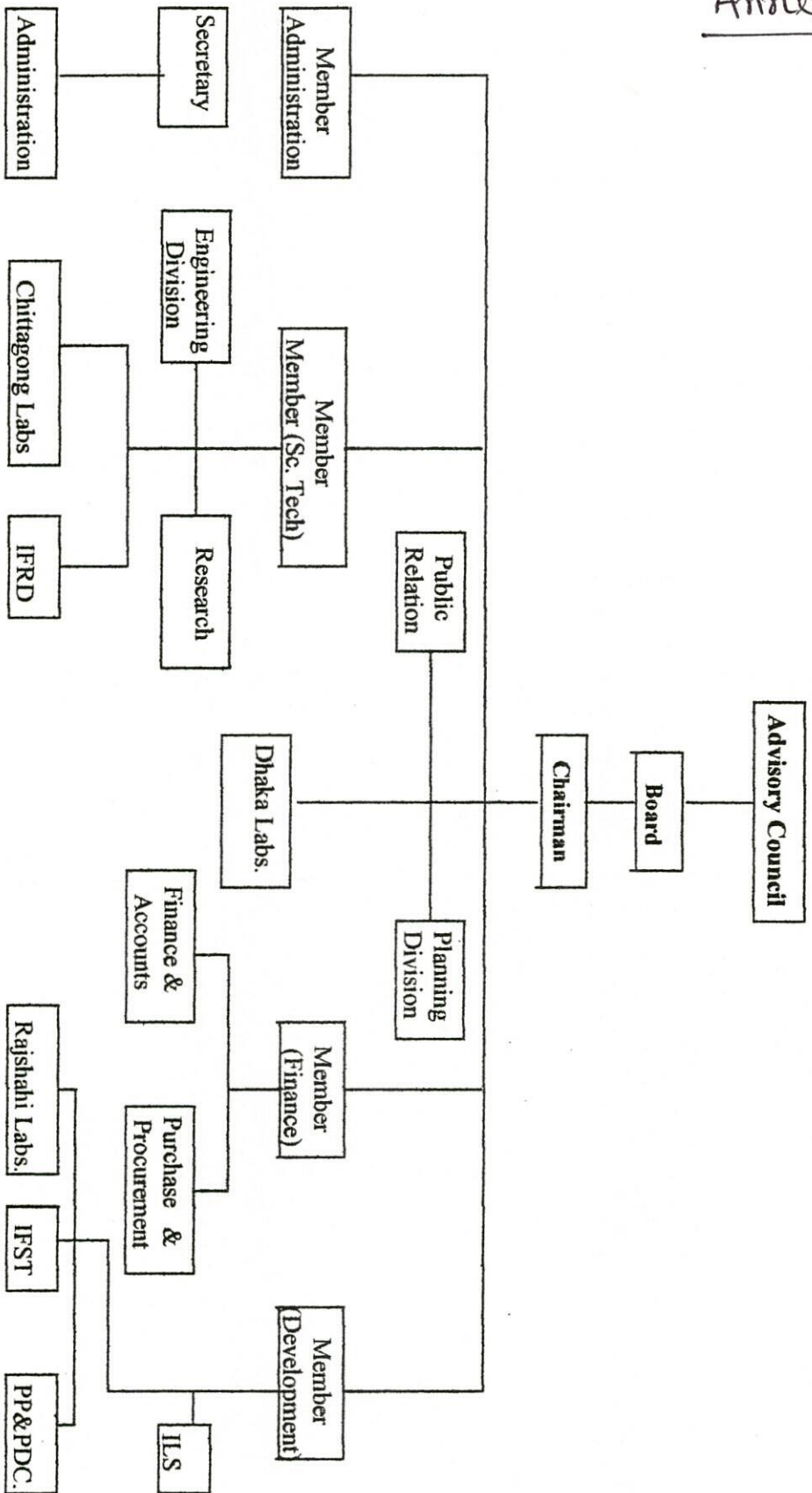
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Council Secretariat



Organogram

Bangladesh Council of Scientific & Industrial Research



বর্তমানে শিল্পোৎপাদনে ব্যবহৃত পদ্ধতি সমূহ
Processes in Commercial Production

- | | | |
|-----|---|--|
| 1. | Sizing material for textile (Taltex). | M/S Chandana Traders, Dhaka. |
| 2. | Nutritious and tasteful soya flour biscuits. | M/S. Soya Protein Prekalpa, Dhaka. |
| 3. | Bland flavoured and debittered full fat soya flour. | -do- |
| 4. | Soya milk | -do- |
| 5. | Fire fighting chemicals and equipments. | M/S. Mac Incorporated, Dhaka. |
| 6. | Lemon grass oil. | M/S. Ahsan Ullah, Dhaka. |
| 7. | Sweets for diabetic patients. | M/S. Alauddin Sweetmeat, Dhaka. |
| 8. | Guava jelly. | M/S Nahar Garden, Dhaka. |
| 9. | Pineapple squash. | -do- |
| 10. | Pineapple jelly. | -do- |
| 11. | Orange jelly | -do- |
| 12. | Tomato ketchup. | -do- |
| 13. | Tomato squash | -do- |
| 14. | Orange squash | -do- |
| 15. | Domestic oven | M/S Alam Shilpa Sangstha, Dhaka. |
| 16. | Soft drink powder (Monovita) | M/S. Bangladesh Food Development, Industries, Dhaka. |
| 17. | Tooth powder | M/S Palmolive Ltd. Dhaka. |
| 18. | Water purification filter | M/S Dilcon Enterprise. |
| 19. | Synthetic adhesive. | M/S Nipu Chemical, Dhaka. |
| 20. | All season cream | M/S. Shabera Chemicals, Dhaka. |

21.	Formulation and preparation of spot test solution for iodine in iodated salt.	Produced by BCSIR on order from UNICEF.
22.	Development of a test kit for quantitative estimation of iodine in iodated salt.	UNICEF.
23.	Agarbati and wax candle.	M/S. Bangladesh Rural development board, Faridpur.
24.	Spirulina.	M/S. Project Builders, Dhaka. M/S. Nature Food, Dhamral. M/S. Wonder Herbs, Dhaka.
25.	Diabetic biscuits	M/S. Linda Bread and Biscuits, N.Gonj.
26.	Oral saline	M/S. Dhaka Food products, Dhaka.
27.	Tooth powder, nail polish	M/S. Bangladesh Rural Dev., Dhaka.
28.	Diabetic jam	M/S. Nahar Garden, Dhaka.
29.	Diabetic jelly	-do-
30.	Diabetic squash	- do-
31.	Instant tea	M/S.Bangladesh Food Development Industries, Dhaka.
32.	Mango pickles	M/S. National food Products, Dhaka.
33.	Tooth powder	M/S. BRDB, Faridpur.
34.	Nail polish	-do-
35.	Attar	-do-
36.	Wax pencil	M/S. Revive Chamicals, Dhaka.
37.	Powder cleaner	M/S. Need Suporters, Dhaka.
38.	Textile softening agents	M/S. Buisness fromtier Ltd. Dhaka.
39.	Brake oil	M/S. Expe Trade International, Dhaka.
40.	Butta and soyabean mixed food.	M/S.Grameen Brishi foundation, Dhaka.

- | | | |
|-----|---|--------------------------------------|
| 41. | Correcting fluid. | M/S. Taipei Chemical, Co. Dhaka. |
| 42. | Hand made paper and brown pulp from patipata plant. | M/S. Rana International, Chittagong. |
| 43. | White shoe shine | M/S. Poly Co. Ltd. Dhaka. |
| 44. | Wax pencil | M/S. Rivive Chemical Co |
| 45. | Transparent gum. | -do- |
-

**PRESERVATION OF CULTURAL HERITAGE IN
BANGLADESH: AN APPRAISAL**

MD. ANISUR RAHMAN



**BANGLADESH PUBLIC ADMINISTRATION TRAINING CENTRE
SAVAR, DHAKA.
JUNE, 2000**

Preservation of Cultural Heritage in Bangladesh: An Appraisal

Md. Anisur Rahman

Joint Secretary

Ministry of Cultural Affairs

Government of the People's Republic of Bangladesh.

This seminar paper is prepared and submitted in partial fulfilment of the requirements for successful completion of 32nd Senior Staff Course held at BPATC from the 23rd April to 6th July, 2000.

Contents

	<u>Page No.</u>
Preface.....	i
Abbreviations.....	iii
Executive Summary.....	iv
 Chapter- 1	
Introduction.....	1
Justification of the Study.....	2
Objectives	3
Methodology	3
Scope and Limitations.....	4
 Chapter- 2	
Analysis	5
Findings.....	11
 Chapter- 3	
Recommendations.....	13
 Chapter- 4	
Conclusion.....	15
Bibliography.....	16



PREFACE

As a participant to the 32nd Senior Staff Course (SSC) conducted by the Bangladesh Public Administration Training Centre, the learned Rector, of the centre has been pleased to assign me to write a seminar paper on the 'Preservation of Cultural Heritage in Bangladesh: An Appraisal' for presentation in a seminar to be arranged at the BPATC.

I am rather happy to work on the assignment which provides me to be experienced with the problems and prospects in the field work of preservation, presentation and management of the cultural heritage of the country.

The present monograph embodies an evaluative study on preservation of cultural heritage in Bangladesh. This preservation work is conducted by the Department of Archaeology of the Ministry of Cultural Affairs as sole Government agency every year as their routine work.

I am grateful to Dr. Ekram Hossain, Rector, BPATC for helping me in selecting this said topic for the seminar paper.

In course of preparation of this paper I received ample cooperation and assistance from the officials of the Department of Archaeology. I would like to mention the names of a few of them here. I am grateful to Md. Abdur Rashid Khan, Director (Joint Secretary) Department of Archaeology for his cooperation. I thank Dr. Shafiquel Alam, Deputy Director (Publication) for his whole hearted assistance. I am grateful to Tofazzal Hossain, Member, Directing Staff and Course Director for his kind cooperation and guidance in

writing the seminar paper. Sayed Naquib Muslim, Director, BPATC deserves special thanks for his deliberations on the technique of writing a good seminar paper in a systematic manner. Sayed Shamsul Alam, Director and Course Coordinator and SK. Mustafizur Rahman, Deputy Director were kind enough to extend their cooperation and assistance whenever needed.

Finally I offer my sincere thanks to Thamina Akhter, Steno-Typist, who took all the pain of typing the paper very efficiently.

June, 24, 2000

Md. Anisur Rahman

ABBREVIATIONS

A.D.	=	Anno Domini
B.C.	=	Before Christ
BPATC	=	Bangladesh Public Administration Training Centre
C.	=	Circa
Dept.	=	Department
GOB	=	Government of Bangladesh
Govt.	=	Government
i. e.,	=	That is
Km	=	Kilometer
S.S.C.	=	Senior Staff Course
Viz.	=	Namely

EXECUTIVE SUMMARY

Bangladesh is heir to a rich cultural legacy of a few millennia. The earliest evidence of human habitation in the country goes back to the Holocene period (C.4000- 5000 B.C). Since then there has been a continuous occupation of humankind in the largest delta of the world. The evidence of this long cultural sequence is scattered throughout the country.

The Department of Archaeology of the Ministry of Cultural Affairs as the Government agency of Bangladesh bears the main responsibility for preservation of the cultural heritage in the country. Its prime function is to take care of those cultural sites which have been declared as protected monuments and the objects acquired by the regular excavation of cultural mounds or as surface finds. Before independence, the total number of archeological sites in the country was 152 and now it has increased to 318 which included two World Heritage sites, namely, Paharpur, the largest monastery of the country of 8th century A. D. and a group of monuments at Bagerhat of 15th century A. D. Movable antiquities are innumerable. This is increasing gradually as the excavations are going on at a number of sites every year. The department also runs 12 museums located in different parts of the country.

However, these cultural monuments and objects are facing a series of problems including lack of knowledge of the total picture of the archaeological sites, unauthorized occupation, vastness of the monumental buildings, salinity, water logging, vandalism, illicit trafficking in antiquities, urbanization and industrialization. In order to solve these problems, the Department of Archaeology has been carrying out the preservation works

under the revenue budget and through development projects as well. The preservation is conducted in two ways: (a) structural conservation of the architectural remains and (b) chemical treatment of the buildings and antiquities.

The measures taken for the preservation of both types of cultural heritages, movable and immovable are not enough due to multifarious problems like shortage of skilled manpower, lack of befitting policy and inadequate fund.

So for proper preservation of the cultural heritage of the country, the Department of Archaeology needs to be expanded in terms of skilled manpower as well as fund and scientific equipment. It also needs proper planning to complete some important tasks on priority basis in accordance with the available resources like completion of survey of all archaeological relics in the country, protection of the important monuments and acquisition of land around them, checking vandalism, illicit trafficking in antiquities, unplanned urbanization and industrialization, solution of water logging and removal of salinity, enhancement of capability of manpower through training.

CHAPTER-1

1.1 Introduction

1.1.1 Though Bangladesh has emerged as a new state only 30 years back, it inherits a rich cultural heritage of its colourful history of a few millennia. These are evidenced by the splendid monasteries, mosques, mousolea, temples and public buildings of various periods throughout the country as well as innumerable cultural objects including stone age tools and inscriptions, coins, sculptures, terracotta plaques, seals, sealings, balls, beads and a large variety of objects of every day utility of historic period.

1.1.2 The recent discovery of prehistoric implements made of petrified wood from Lalmai-Mainamati hill range by systematic exploration has proved the existence of humankind several thousand years before the Christian era (C.4000-5000 B.C.) in the largest delta of the world¹. The cultural remains of Wari-Balteshwar in Narsingdi district bears the testimony of the continuation of human habitation in the protohistoric period. The extensive ruins of Mahasthangarh on the bank of the river Karatoya, once mighty now almost dried up, represents Pundranagar, the earliest and the largest city site of Bangladesh which was the provincial capital of the Mauryan². The vast remains spreading over the northern part of Lalmai-Mainamati amply testify the existence of several dynasties of Rata, Khadga,

¹ Dilip K. Chakrabarti, *Ancient Bangladesh: A study of the Archaeological Sources*, Delhi, 1992, pp., 25-42.
Md.Shafiqul Alam, Fossil wood Assemblage from Lalmai-Mainamati Hill Range, Comilla, *Proceedings of 4th South Asian Archaeological Congress*, held in Dhaka, 1991.

² N.Ahmed, Mahasthan: *A Preliminary Report of the Recent Archaeological Excavations at Mahasthangarh*, 1981, Dhaka.

Chandra and Deva from 6th to 13th century A.D. The remains at Salvan Vihara³, Ananda Vihara, Kutila Mura, Rupban Mura⁴, Itakhola Mura⁵, Bhoj Vihara⁶ and Ranir Banglow exposed by the archaeological excavation of the Dept. of Archaeology in last few decades clearly evince this long cultural sequence. The single spectacular monastery of Paharpur in the Nagaon district, founded by Dharmapala⁷, is an example of extraordinary architectural development of the Pala dynasty. A few clusters of monuments located at Bagerhat⁸, Barobazar⁹, Gaur, Sonargaon and Dhaka represent the city sites of Muslim period. Modern Bangladesh thus is a cross road of its diversified mental and material culture of its glorious past.

1.1.3 Bangladesh as a culturally conscious nation has been concerned with the discovery of unknown history and preservation of the glorious cultural heritage. The Department of Archaeology as the sole Govt. agency is responsible for these works. The present paper focuses the achievement and failure of the Department of Archaeology in preserving our rich cultural heritage.

1.2 *Justification of the Study*

1.2.1 If this glorious past is not preserved in the proper way all the evidences will disappear in course of time as many of them have already gone due to natural and biotic factors. So it is now our prime duty as a

³ F.A. Khan, *Mainamati*, Dept. of Archaeology of Pakistan, 1963, Karachi, pp 1-37.

⁴ Md. Shafiqul Alam, Buddhist Establishments of Rupban Mura, Mainamati, Bangladesh, *East and West*, Vol-42, No-2-4, 1992. Pp.281-300.

⁵ Habibur Rahman, *Excavation Report on Itakholamura* 1997, Dhaka, pp 1-15.

⁶ Abu Musa, Unpublished *Excavation Report of Bhoj Vihara*, submitted to the Dept of Archaeology.

⁷ K. N. Dikshit, *Memoirs of the Archaeological Survey of India* No. 50.

⁸ N. Ahmed, *Bagerhat*, Dept. of Archaeology.

⁹ Khondokar Alamgir, Archaeological Remains at Barobazar, *Journal of Bengal Art* Vol.3, 1998.

responsible nation to protect this invaluable wealth from further deterioration and preserve them for the present and future generations of home and abroad. Being a conscious citizen of the country and a senior officer of the Ministry of Cultural Affairs, which basically deals with the cultural activities of the country, I decided to select this topic.

1.3 *Objectives*

1.3.1 Objectives of the present study are as follows:

- i) to evaluate the problems of preservation of the cultural heritage in Bangladesh.
- ii) to identify the prospects of conservation of the cultural heritage in the country.
- iii) to analyse the findings.
- iv) to put forward the recommendations with a view to solving the existing problems.

1.4 *Methodology*

1.4.1 The following methods were adopted to carry out the study:

- i) Interaction with the concerned personnel i.e., archaeologists, engineers and chemists of the relevant organization viz. Department of Archaeology has been considered as primary source of information.
- ii) Written documents (books, journals, reports, research papers, Acts of the Govt.) have been consulted as secondary source.

- iii) A short visit to Lalbagh Fort in Dhaka was paid to get a real picture of conservation. This visit has provided me an opportunity to know the techniques and methods of conservation carried out by the Department of Archaeology.

1.5 *Scope and Limitations*

1.5.1 The scope of this monograph basically lies with pointing out the causes of gradual deterioration of the archaeological sites and movable cultural objects as well. The paper briefly spells out our colourful history also and the government policy for the preservation of the cultural heritage of the country. Apart from these, it also evaluates the achievements and failures of the Department of Archaeology in the preservation of our heritage.

1.5.2 The paper consists of 4 chapters. Chapter-1 deals with the introduction, justification, objectives, methodology, scope and limitations. Chapter-2 spells out the analysis and also the findings of the analysis. Chapter-3 puts forward some recommendations based on analysis and findings of study whereas Chapter-4 presents some concluding remarks.

1.5.3 Since a large number of standing monuments and an enormous quantity of movable cultural objects of various types and periods are being preserved, it is impractical to deal with each and every individual object and monument in so short a time. The present paper thus focuses the points mentioned above in a generalized form.

1.5.4 It would have been much better if some important sites of diverse nature and periods could be visited to get the real picture of the sites. But due to time constraints only a visit to the Lalbagh Fort in Dhaka city could be arranged by me.

CHAPTER-2

2.1 *Analysis*

2.1.1 It has been already stated that the preservation of the cultural heritage particularly the archaeological monuments is carried out by the Department of Archaeology as the sole govt. agency. The preservation work is conducted in a few stages. First, any cultural object which is more than 100 years old having historical importance and artistic value can be declared as protected monument under the purview of Antiquity Act of 1968 (revised in 1976)¹⁰. By this declaration the Dept. of Archaeology possesses a right over those sites so that no one is allowed to make any sort of damage to those. The second step is to acquire the land around the protected site. When the land is acquired the Department possesses a right to excavate the site (in case of mound where the cultural remains are buried) and to preserve (in case of standing monument i.e., mosques, temples, buildings etc).

2.1.2 The architectural conservation is conducted by the engineers under the supervision of the archaeologists of the respective Regional offices as per the Conservation Manual¹¹. Sufficient care is taken to keep the original character of the monuments. Usually lime with brick dust or mud is used as mortar and the brick of the original size is manufactured specially or modern bricks are dressed.

2.1.3 Chemical treatments are applied to the standing monuments in order to remove the vegetal growth like algae, fungi, moss on the wall surface and salinity and the antiquities like sculptures, inscriptions, terracotta

¹⁰ The Antiquities Act 1968 Govt. of People's Republic of Bangladesh. The Antiquities (amended) Ordinance 1976.

¹¹ Sir John Marshall, *Conservation Manual*, Superintendent Government Printing, India, Calcutta 1923.

figurines and other metal and nonmetal objects of every day utility displayed in the museums and housed in the stores.

2.1.4 Before liberation of the country the Department of Archaeology had 152 protected monuments. At present it has 318 archaeological sites¹². Of these, two sites, namely, Paharpur monastery and a group of monuments at Bagerhat have been included in the World Heritage List. Amongst these a good number are cultural mounds which are awaiting excavation. As a routine work the department regularly executes maintenance work, chemical treatment and architectural preservation of some protected monuments on a priority basis with its limited resources allocated in the annual revenue budget (slightly more than TK. 4 crores). Besides, the department has been carrying out preservation work under some development projects like Conservation and Presentation of Paharpur and Bagerhat group of monuments, Construction of Mausoleum of Bangabandhu Sheikh Mujibur Rahman, the Father of the Nation, at Tungipara, Gopalganj, Establishment of Madhupalli at Sagardari, Jessore, Excavation and Conservation of Archaeological sites and Light and Sound project at Lalbagh Fort.

2.1.5 In the arena of our cultural heritage a series of problems prevail which need to be solved for better management, preservation and presentation of the national wealth. A few of them are discussed here for understanding the present scenario of cultural heritage in the country.

¹² List of protected sites displayed in the office of the Department of Archaeology.

2.1.6 Lack of enumeration of archaeological sites

We do not yet know the exact number of ancient monuments and cultural mounds of the country as the survey of archaeological sites has not yet been completed. So far, only two administrative divisions have been brought under the survey project. The remaining four divisions are yet to be surveyed. Unless the total enumeration of the cultural mounds and monuments is over, a complete picture of our cultural heritage will remain unknown and as a result some of these may disappear in course of time without our knowledge.

2.1.7 Unauthorized Occupation

In the urban area most of the monuments remain unacquired because of the very high acquisition value. The owners or unauthorized occupants of those monuments do not want to vacate and hand over the monuments to the Department of Archaeology. Bara Katra and Chhoto Katra in Dhaka city fall in this category of monuments where possession could not be taken over though they had been brought under the protection of the department long ago.

2.1.8 Vandalism

For various practical reasons all the monuments and mounds do not receive adequate and equal treatment for their preservation. Many sites are just declared as 'protected' under the prevailing Antiquity Act, but no preservation work could be worked out due to financial constraints and lack of manpower. Even the necessary land around these sites could not be

acquired. Most of the sites are still without fencing and guards. In such cases the private owners of the lands often destroy the cultural remains buried in these mounds by removing brick and selling them out. In the course of destruction, they collect and sell antiquities also recovered from these mounds. Though under the Antiquity Act any sort of destruction is forbidden, implementation is difficult since the department does not often receive adequate assistance from the administrative authorities. In this way many mounds are gradually disappearing. The situation is the worst in case of unprotected mounds. The number of destroyed unprotected mound is quite large. Unless those mounds are protected and the land on which those mounds are situated is acquired, it is impossible to check vandalism.

2.1.9 Vastness of Individual Buildings

The country has another problem- to take care of some large monuments like the feudal palaces and other such buildings. There are many monumental buildings of the British period, which are worth protection. But due to their gigantic nature even the usual maintenance cost involves huge fund and manpower. So only a few of them have been protected recently. These are Nator Rajbari ,Dubalhati palace, Balihati Palace, Rose Garden etc. Adequate care could not be taken even for these few monuments. A large number of magnificent mansions and palaces yet remain outside the purview of protection for reasons noted above. Unless these monuments are protected, they will disappear or be disfigured and altered by the present users.

2.1.10 Illicit Trafficking in Antiquity

One of the major problems we are facing is the clandestine traffic in valuable movable objects by unscrupulous agents and theft. In this regard it may be mentioned that a large number of miniature bronze images were stolen from Mainamati Museum few years back. Later, only a few could be recovered. A large number of small antiquities were reported to have been sold out from Mahasthan area by the villagers and local collectors to the agents of illicit traders. Unless this illegal trafficking of our valuable antiquities is stopped we shall be the poorer in our archaeological heritage.

2.1.11 Chemical Preservation

The nature of problems with regard to chemical preservation varies according to the materials and the kind of objects. For example, one bronze lamp closely adhering to a heavily rusted iron axe could not be separated from one another. A large bronze image of Buddha recovered from Paharpur could not be treated properly. Usually sand stones and black basalt have been used as various architectural elements in some ancient monuments. Both the types particularly sandstone are steadily decaying on their outer surface which need immediate treatment. But very little attempt could so far be taken to arrest their decay. Algae, moss, fungi even herbs & shrubs grow on the walls and roofs of the monuments due to long monsoon need to be treated properly.

2.1.12 Water logging

The central shrine of Paharpur Buddhist monastery is gradually deteriorating primarily due to water logging and salinity. The vast inner courtyard becomes a catchment area of monsoon rain. The shrine seems to float on a vast sheet of trapped water which could not be drained outside as the surrounding level of the ground has been raised considerably due to centuries of soil formation. This has been undermining the foundation of the central lofty temple and contributing towards the decay and disfigurement of the terracotta and stone sculptures adorning the base of the temple. This problem has not yet been fully solved.

2.1.13 Salinity

Salinity is another grave threat to the preservation of many monuments including Paharpur, Bagerhat and particularly monuments in the southern region of the country nearer to the sea-coast.

2.1.14 Urbanization and Industrialization

Urbanization and industrialization in nearby area of the ancient sites pose another problem. The construction of multistoried building near the archaeological sites seriously destroys their environment. Besides, the rapid and extensive urbanization in the capital city of Dhaka has made sweeping changes in the surrounding setting of many old mosques mainly through their extension. The smoke emitted from the industries in Lalbagh area blacken the wall and roof of the monuments at Pari Bibi's tomb and Lalbagh Mosque. Similar is the case with Sat Gumbad Mosque. Even the rural areas are not free from the threat of industrialization. For example, Jamalganj coal mine

which is only 5 km off from Paharpur probably extends below the monument itself. Again exploitation of limestone at Jaipurhat, about 10 km away from Paharpur is another grave threat to the monument's survival. The newly constructed Chapainawabgonj-Gaur highway running very close to the Chhoto Sona Mosque has posed a serious threat to this noble stone monument by the great vibration of the passing heavy trucks and buses.

2.1.15 Condensation

Condensation is noticed mainly at the monuments of the southern region. It is caused by warm moisture coming in contact with a cooler surface, which help droplets of water to form on that cooler surface. In Ranvijaypur Mosque the continual conversion of moisture laden air caused damage at the upper level of the internal brick walls. In other mosques of the area also the incidence of condensation is very high.

2.1.16 Tourism

Last but not the least is the problem of wear and tear of the monuments by the tourists. The ever growing influx of tourists in large groups causes great problems in not only keeping the fragile monument and its immediate adjacent areas clear but also poses a threat to its otherwise peaceful environment.

2.2 Findings

2.2.1 The Department of Archaeology may be appreciated for their achievement to some extent in preserving the cultural heritage with its limited fund and manpower. The number of protected monuments has increased

from 152 in 1971 to 318 in 2000. But there are still a large number of sites remaining unprotected due to shortage of fund, manpower and survey. Preservation of archaeological monuments and chemical treatment of objects are being carried out every year under four regional offices as a routine work in the revenue budget.

2.2.2 Under the projects also conservation of heritage is in progress. Though all the components of each project could not be implemented 100%, some components have been completed satisfactorily. However, amongst the unresolved problems, water logging and salinity at Paharpur and other monuments in the coastal area in the south including Bagerhat still prevails. Terracotta plaques in Paharpur Central Temple could not be restored. Even their replicas have not been prepared. The archaeological excavations at Paharpur, Bagerhat, Jagaddal Vihara, Ranir Banglow and Ananda Vihara in Comilla are not yet completed. Even this excavation programme has not been well attempted due to lack of archaeologists in the concerned projects. So the fundamental work (i.e., the excavation) has not been properly considered which is a major lacunae of two Projects entitled "Preservation of Paharpur and Bagerhat group of Monuments" and "Preservation, Conservation and Excavation of Archaeological sites and Monuments". However three new museums at Paharpur, Bagerhat and Khulna and one big auditorium at Shajadpur, Sirajganj have been constructed. In the museums of Paharpur and Khulna, the objects are being displayed. Collection of antiquities for display in Bagerhat museum is also in progress.

CHAPTER- 3

3.1 *Recommendations*

3.1.1 On the basis of the above analysis and findings, the following recommendations are being put forward to solve the problems of preservation of cultural heritage:

- a) Since the Department of Archaeology is the custodian of the cultural heritage of the country it needs to be well equipped with fund and scientific equipment.
- b) Only two divisions, Dhaka and Rajshahi, have been brought under archaeological survey. Survey in the remaining four divisions should be immediately completed and accordingly all the important monuments and mounds should be protected.
- c) The Prehistoric and protohistoric exploration should be done throughout the potential areas of the country.
- d) The land around the protected sites should be acquired to establish the right of ownership. Otherwise it will not be possible to protect those sites by simply declaring them as protected monuments.
- e) Comprehensive and perspective plan should be taken up to carry out the excavation, preservation, presentation and for management of the sites.
- f) Problems of each monument should be found out and attempts should be made to solve them. For this a micro-level study is essential.
- g) Problems of salinity and water logging of the monuments should be solved completely.

- h) A public awareness regarding the preservation of heritage should be created through mass media and by organizing national and local seminars, symposiums and workshops.
- i) Most of the officers and technical staff involved in archaeological excavations and preservation are lacking proper training in the respective fields. So they should be provided with training from abroad as there is no training institute of archaeology in the country.
- j) Bangladesh needs to frame a law to check the unplanned urbanization and industrialization near the important sites which cause damage to the monuments and also to revise and modify the existing Acts, Rules etc to cope with the present situation.
- k) The number of archaeological sites is increasing every year i.e., the volume of work is also increasing. But the manpower of the department remains almost same. For instance, in 1983 the department was reorganized with a total human resource of 425. At that time the department had 186 sites and 8 museums. Now it possesses 318 sites and 12 museums. On the contrary 61 posts are lying vacant at present. Consequently it has now become a very difficult task to maintain almost double the number of sites with lesser manpower. So the Department of Archaeology needs to be expanded with its human and financial resources if we feel the necessity to preserve our glorious cultural heritage for future generations.

CHAPTER- 4

4.1 *Conclusion*

4.1.1 The cultural heritage of a country reveals its glorious past. It co-relates the present with the past and works as a bridge between the two. So every nation is concerned with the archaeological relics i.e. past heritage for their preservation and presentation. Bangladesh, though a poor nation, is not out of that track. It has been discovering the archaeological relics through exploration and excavation and preserving our rich cultural heritage through structural and chemical conservation.

4.1.2 Besides the revenue budget, the Govt. has been launching some projects for protection, promotion and presentation of some important monuments at Paharpur, Bagerhat, Mausoleum of Bangabandhu, Ranir Banglow, Anada Vihara, M.M. Dutta Bari. Now it is our pride that Paharpur and Bagerhat are not only the national heritage, they are part and parcel of the World Heritage. The Govt. should try more effectively to include Mahasthangarh, Mainamati and Lalbag Fort in the World Heritage List. However, there are many sites, which need to receive urgent treatment. The most important task appears to be the protection of all the important sites stretching throughout the country for which a reconnaissance is a must. This should be followed by taking over the possession of the land on / around the mounds and monuments. If we fail to do so, we will lose our heritage unknowingly with the passage of time. So we need to make an integrated programme for preservation of our cultural heritage with the sustainable development programme for the present as well as future generations.

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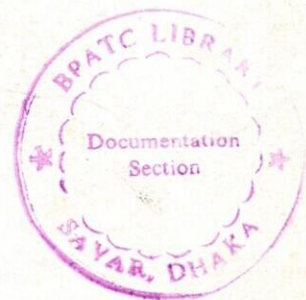
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SEMINAR PAPER

**Bangladesh Integrated Nutrition Program
and Reforms Required**



SL No-10

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**Bangladesh Public Administration Training Centre
Savar, Dhaka**

June, 2000

**Bangladesh Integrated Nutrition Program
and Reforms Required**

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**This Seminar Paper is submitted in partial fulfilment of the
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Contents

Subject	Page
• Preface	i
• Acknowledgment	ii
• Executive Summary	iii
• Acronym	iv
Chapter – 1	
1. Introduction	1-2
2. Objectives and Rationale	2
3. Methods, materials and its limitations	2
Chapter – 2 Brief description of BINP	
1. Introduction	3
2. General Objectives	3
3. Ultimate goal of the program	4
4. Implementation strategies	4-6
5. Inter-sectoral sub-projects	7
6. Operation Research	7
7. Management and Information System	7
8. Mid-term evaluation results	7-8
9. Sustainability issues	8
10. Highlight of success	8-9
Chapter – 3	
• Analysis of some primary and secondary data.	9
Chapter – 4	
1. Findings of the interview	9-10
2. Findings of group meeting	10-11
3. Findings of the performance of the nutrition management committees.	11
Chapter – 5	
1. Recommendations for reform	11-13
Bibliography	14-15

Preface

Amongst national problems, malnutrition is being considered as most important factor hindering overall socio-economic development. The extent and severity of malnutrition among population of Bangladesh is highest in the world. Protein Energy Malnutrition (PEM), Vitamin 'A' Deficiency Disorders (VADD), Iodine Deficiency Disorders (IDD) and Nutritional Anaemia are being considered as the major public health problems in Bangladesh since independence of this country. Recent national nutrition survey depicts that every alternate child under age 05 years are stunted; more than 60% women of child bearing age (WCBA) are anaemic and chronically malnourished, about 47% of the population have goiter. The most catastrophic effect of malnutrition is being revealed by the high incidence of Low Birth Weight (50%) - the highest in the world.

The economic loss of this country due to malnutrition alone has been estimated by UNICEF which is more than US\$2.3 billion every year (more than the amount of national development budget of our country) just because of low productivity resulting from heavy burden of malnutrition prevailing among women and children. The World Bank and other development partners have identified 'reduction of chronic malnutrition' as a key component in the war against poverty world-wide.

It has been observed in many countries that without waiting for the economic development, nutritional status of women and children can be improved leading to fast socio-economic development with effective and proper reform of the nutrition programs. Based on this idea, this paper has reviewed in-depth, the existing nutrition status of the women and children of Bangladesh and the reform of BINP for better results.

This study is based on the factual events that occurred in past 5 years in Bangladesh. Data (both primary and secondary) has been collected from all the authentic and nationally/ Internationally accepted publications and interview. Depending on the findings of this meticulous and in-depth study on the success of BINP, recommendations have been made.

I am confident, if the policy makers do really go through this paper, they would definitely feel the need of persons having both technical and management skill-mix as the managers for this sort of intervention programs, and support reform of the nutrition program (BINP) for better results and sustainability.

June 20, 2000

Mohammad Ayub

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Mohammad Ayub

June 20, 2000

Executive Summary

Bangladesh is one of the signatories to achieve the goals set in (1) The Declaration of the Child Rights at the World Summit for the Children held in 1990 and (2) The International Conference on Nutrition held in Rome in December 1992. Apart from the above, the government is also committed to Alma Ata Declaration to achieve 'Health For All by the Year 2000'. As health goals can never be achieved without achieving the nutritional goals, Bangladesh Government has rightly recognized malnutrition as the most important factor hindering the overall national development.

Recent national nutrition survey depicts that every alternate child <5 years of age are stunted; more than 60% women of child bearing age (WCBA : women between 15-45 years) are anaemic, about 47% of the population have goiter (enlargement of thyroid gland). The most catastrophic effect of malnutrition is being revealed by the high incidence of Low Birth Weight (LBW : birth weight below 2.5 kg) which is about 50%, - the highest in the world. Maternal malnutrition is also highest (more than 60% are malnourished) as revealed by low Body Mass Index (BMI). Malnutrition cause brain damage as manifested by low IQ and also causes death among children.

Analysis of data reveals that Bangladesh is loosing more than US\$2.3 billion every year (more than the amount of national development budget of our country) just because of low productivity resulting from heavy burden of malnutrition of its population. It has been observed in many countries that without waiting for the economic development, nutritional status of women and children can be improved leading to fast socio-economic development with effective and proper management of the nutrition programs. Based on this hypothesis, this paper has reviewed in-depth the perception of the policy makers which clearly shows that they firmly believe that individuals having sound technical and management expertise should be directly involved with the top management of the nutrition programs. The program implementors of BINP are individuals of technical expertise and management experts. All of them confidently opined that the skill and management mix of the team working in BINP is an asset for the country, and this mix is definitely responsible for the success of BINP.

The beneficiaries also expressed that they were very happy with BINP activities for improvement of nutritional status of women and children, but they wanted to have more control over the program. The reform recommendations for BINP would be highly benefited for NNP if the recommendations are considered. Considering the findings of this meticulous and in-depth study on BINP, few reform recommendations are: posting of PD should be for the entire period of the project to keep a conformity with the pace of development of the project, its activities and the implementation; responsibilities and accountabilities of all concern including the NGOs should be spelt-out in the Project document; micro-credit program should be interest-free; duration of the supplementary feeding program for all the groups should be curtailed to half; nutrition management committees should be more broad-based including more Teachers, Imams and local elites; IEC should be more comprehensive and focused.

Acronym

BBS	Bangladesh Bureau of Statistics.
BIRTAN	Bangladesh Institute of Research and Training in Applied Nutrition.
BINP	Bangladesh Integrated Nutrition Program.
BNNC	Bangladesh National Nutrition Council.
BMI	Body Mass Index
BSCIC	Bangladesh Small and Cottage Industries Corporation
DGHS	Director General of Health Services
EID	Environmental Iodine Deficiency
GOB	Government of Bangladesh
Hb	Haemoglobin
HKI	Helen Keller International
ICMH	Institute of Mother and Child Health.
IDA	Iron Deficiency Anaemia
IDD	Iodine Deficiency Disorders
INFS	Institute of Nutrition and Food Science
IPHN	Institute of Public Health Nutrition
IQ	Intelligence Quotient
IEC	Information Education & Communication.
LBW	Low Birth Weight
MOH&FW	Ministry of Health and Family Welfare
NB	Night Blindness
NID	National Immunization Day.
NGO	Non Government Organisation
PEM	Protein Energy Malnutrition
UNDP	United Nations Development Program
UNICEF	United Nations Children's Fund
VADD	Vitamin 'A' Deficiency Disorders
WCBA	Women of Child Bearing Age
WHO	World Health Organization

Bangladesh Integrated Nutrition Program and Reforms Required

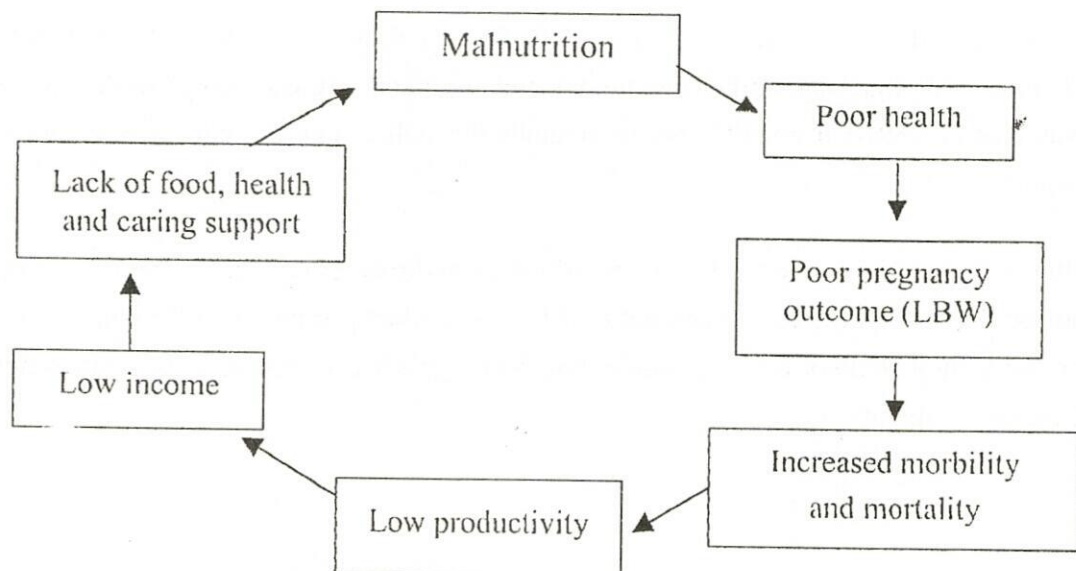
Chapter – 1

1. Introduction

Despite abundance in the natural beauties and bounties, the people of this country are suffering from the catastrophe of "silent emergency" of malnutrition. Protein Energy Malnutrition (PEM), vitamin 'A' deficiency disorders (VADD), iodine deficiency disorders (IDD) and nutritional anaemia are being considered as the major public health problems in Bangladesh since 1973. Recent national nutrition survey depicts that every alternate child under 5 years of age are stunted; more than 60% women of child bearing age (WCBA) are anaemic, about 47% of the population have goiter. Maternal malnutrition is also highest (more than 60% WCBA are malnourished) as revealed by low body mass index (BMI) in Bangladesh. The most catastrophic effect of malnutrition is being revealed by the high incidence of Low Birth Weight (LBW) which is about 50%, - the highest in the world.

Malnutrition cause brain damage as manifested by low IQ and also causes death among children. Improved nutritional status would lead to better child-survival. This would also result in greater acceptance of family planning, thus helping to control another major problem of Bangladesh, namely, over-population.

Malnutrition and poverty are closely related. Poverty causes lack of enough food, which leads to malnutrition; but the relationship also works in the other direction-malnutrition causes decreased earning capacity, increased disease burden and results in worsen poverty. Thus, malnutrition and poverty are in a vicious circle, making each other worse and worse.



Analysis of data reveals that Bangladesh is losing more than US\$2.3 billion every year (more than the amount of national development budget of our country) just because of low productivity resulting from heavy burden of malnutrition of its population. It has been observed in many countries that without waiting for the economic development, nutritional status of women and children can be improved leading to fast socio-economic development with effective and proper management of the nutrition programs.

2. Objectives of the study

Considering the seriousness and the magnitude of the problems of malnutrition in Bangladesh, the objectives of the study has been finalized as follows:

1. To review the present nutritional scenario of the population of Bangladesh.
2. To review the Bangladesh Integrated Nutrition Program (BINP) under the Ministry of Health and Family Welfare.
3. To review the implementation mechanism of BINP.
4. To know and analyse the reasons for success / failure.
5. To propose reform for better implementation of the National Nutrition Project.

3. Methods, materials and its limitation :

This study is based on the factual events that occurred in past 05 years in Bangladesh. Data (both primary and secondary) has been collected from all the authentic and nationally/ Internationally accepted publications. I have also reviewed and analyzed data (secondary) from the monthly performance report of BINP, fortnightly report of BINP, Mid-term review of BINP, Aide-Memoire of World Bank on BINP, documents of IPHN on Community Nutrition Program, reports of BBS, Demographic and Health Survey Report of 1998, NGOs, UNICEF, UNDP, DGHS, IPHN and many other institutions and organizations to accomplish the task. Primary data was also collected from different individuals through discussion and interview to prepare this document.

Due to time and fund constraint, many of the formalities for collection and analysis of data could not be done. It would have been better if I could collect primary data through in-depth interview of the policy makers and top managers; focus group discussion; cluster meetings and stakeholders participation.

Chapter – 2

Brief description of BINP

1. Introduction:

Considering the severity, magnitude and the extent of malnutrition among women and children of Bangladesh, Government with the financial support from IDA has launched Bangladesh Integrated Nutrition Program (BINP) under the Ministry of Health and Family Welfare on 2nd August, 1995. Within this short span of time, BINP has achieved commendable success in reducing the severity and magnitude of malnutrition in the program areas. The BINP has been working in the field of both macronutrient and micronutrient encompassing several ministries as inter-sectoral support and collaboration.

This program is the first major dynamic attempt by Bangladesh to translate the nutritional goals into a reality. Therefore, the program goals and objectives are in line with International Conference on Nutrition (ICN) and World Summit for Children (WSC) goals and targets. In addition to this, the program concept is consistent to the National Food and Nutrition Policy.

The program was approved by GOB on 22-2-95. The duration of the program is from July 1995 to December 2001. It is an IDA-GOB financed program, contribution of them is 89% and 11%, respectively. The original program cost is Tk. 26103.93 lac. The program is being implemented in 40 upozilas as per original Project Proposal (PP). Considering the success of BINP, GOB has taken decision to expand the program in another 20 upozilas, which will be implemented very soon.

1. General Objectives:

BINP has three major component: National level component; Inter-sectoral component and the Community-based nutrition component. For all these components, BINP has few major objectives to achieve:

- a) Reduction of severe protein-energy malnutrition among under-two children by half.
- b) Reduction of moderate protein-energy malnutrition among under-two children by one-third.
- c) Reduction of low birth weight incidence by half.
- d) Improvement in maternal weight gain to 7 kilograms in at least 50% of pregnant women.
- e) Virtual elimination of iodine deficiency disorders.
- f) Virtual elimination of Vitamin-A deficiency disorders and its consequences, including blindness.

- g) Reduction of iron-deficiency anaemia among children and pregnant and lactating women by one-third.

3. Ultimate Goal of the Program:

- Reduction of infant mortality rate by half at the end of the year 2001.
- Reduction of maternal mortality rate by half at the end of the year 2001.
- Achievement of other FP/health goals related to maternal and child health.
- Overall socio-economic development through increased productivity and improved learning.

4. Implementation strategy:

To fulfill the objectives, the program has been following the strategies mentioned below :

- Accelerating the formulation of a national nutrition program to translate the political will and commitment into concerted action
- Developing national expertise and capacity to control malnutrition
- Ensuring inter-sectoral action to combat malnutrition from all the different angles - especially, to provide enough food security to the people and to give access to good health care
- Strengthening existing nutrition activities, particularly the vitamin-A distribution program, salt iodization program, iron supplementation to pregnant women and the promotion of breast-feeding and
- Establishing community-based nutrition interventions in a phased manner.

BINP is being implemented at 40 upozilas under all the divisions, and these upozilas are distributed in 17 districts. Considering the success of BINP, the partners (IDA) and the GOB have decided to expand the activities of BINP in another 20 upozila.

Table I : Names of the Upozilas where BINP is working

SI #	District	Upozila
1	Faridpur	Faridpur Sadar
2	Magura	Mohammadpur
3	Moulavibazar	Rajnagar
4	Chandpur	Shahrasti
5	Barisal	Banaripara
6	Bogra	Gabtolli
7	Narsingdhi	Narsingdhi Sadar
8	Barisal	Barisal Sadar
9	Chandpur	Chandpur Sadar

Sl #	District	Upozila
10	Khulna	Dumuria
11	Narsingdhi	Shibpur
12	Faridpur	Bhanga
13	Madaripur	Madaripur Sadar
14	Panchagar	Tetulia
15	Chittagong	Fatikchhari
16	Moulvibazar	Kulaura
17	Gopalganj	Gopalganj Sadar
18	Safiatpur	Bhedarganj
19	Bogra	Adamdighi
20	Cox's Bazar	Teknaf
21	Magura	Sreepur
22	Khulna	Dacobe
23	Kishoreganj	Tarail
24	Chandpur	Matlab
25	Faridpur	Sadarpur
26	Faridpur	Madhukhali
27	Gopalganj	Tungipara
28	Jamalpur	Jamalpur Sadar
29	Kishoreganj	Nikhli
30	Narsingdhi	Monohardi
31	Sariatpur	Damudia
32	Barguna	Ametali
33	Barisal	Gaurnadi
34	Bogra	Sherpur
35	Bogra	Sariakandi
36	Cox's Bazar	Chakaria
37	Khulna	Batiaghata
38	Khulna	Rupsha
39	Moulvi Bazar	Sreemangal
40	Panchaghar	Boda

Table 2 : Names of the Upozila where BINP will work

Sl. NO.	Thana	District
1.	Rowmari	Kurigram
2.	Lalmonirhat Sadar	Lalmonirhat
3.	Dimla	Nilphamari
4.	Mithapukur	Rangpur
5.	Natore Sadar	Natore

Sl. NO.	Thana	District
6.	Kuliarchar	Kishorgonj
7.	Nikli	Sherpur
8.	Bhaluka	Kishorgonj
9.	Serajgonj Sadar	Serajgonj
10.	Sunamgonj Sadar	Sunamgonj
11.	Bashkhali	Chittagong
12.	Kachua	Chandpur
13.	Chouddagram	Comilla
14.	Kapasia	Gazipur
15.	Lakhipur Sadar	Lakhipur
16.	Ramu	Cox's Bazar
17.	Phultala	Khulna
18.	Jhalkathi	Jhalkathi
19.	Babuganj	Barisal
20.	Tongibari	Munshiganj

The core strategy of implementation of the upozila (and below) level activities (known as community-based nutrition component) are being managed jointly by GOB and the partners NGOs. The names of the NGOs are : BRAC, CARE, SARD, SHED, Proshika, World Vision and TMSS. For every 1200 population, there is one Community Nutrition Prompter (CNP), and for every 10 CNPs, there is one Community Nutrition Organizer (CNO). The whole program is being monitored and supervised by the nutrition management committees at different levels of service delivery. There is also a women's group consisting of 11 members to support CNPs.

The CBNC is targeted and focused on children under 2 years, pregnant and lactating women and newly married couples. Moreover, the most appropriate time to prevent malnutrition in children is below the age of two years, since it becomes too late to reverse the mental and physical damages done. Therefore, the best strategy to reach the goal to reduce malnutrition under five years, is to focus on children under two years. The idea is to try to change eating, feeding and health behaviors (caring practices) through a strong element of Information, Education and Communication (IEC). The IEC includes a strong element of exclusive breast-feeding until 5 months of age followed by continued breast-feeding for 2 years combined with complementary foods of adequate quantity and quality. All children under 2 years of age are being weighed regularly to monitor their growth. Those children who are malnourished or growth faltered are being provided with supplementary foods.

5. Inter-sectoral sub-projects :

Inter-sectoral program development is one of the major components of BINP. The main purpose of this component is to respond to nutritional program needs, which can not but be met by activities being done at the Community Nutrition Centre (CNC), but by supporting innovative activities with a potential for positive synergistic nutritional impact carried out by sectors other than Health/Family Planning. The ISNC has so far approved 7 sub-projects - 2 of which are Food Security based, 1 about impact of Food Policy and the rest 4 covering IEC approaches.

6. Operation Research :

Operation Research (OR) is a very important area of BINP. The designers of BINP expected that the applications of findings and lessons learned from BINP's operation and policy research will ensure effective implement of the program. ICDDR'B was identified and assigned the responsibility to assist BINP in the matter and provide expertise and administrative resource to co-ordinate, conduct, guide and supervise research activities for the BINP under the supervision of the Research Advisory Committee (RAC) of BINP.

The research agenda were identified through a workshop jointly organized by the ICDDR'B and BINP. Research areas were IEC, BINP programme design, sustainability, duration of and graduation from the food supplementation, Management Information System (MIS), referral, intervention for moderate malnutrition etc.

7. Management Information System :

As there are several components and sub-components under BINP, the performance of all the components need to be monitored carefully. With this end-in-view, the MIS of BINP has been institutionalized, and this unit publishes a monthly report on BINP for all concern for better utilization of data.

8. Mid-term evaluation results :

Mid-term evaluation (MTE) was conducted by the Institute of Nutrition and Food-Science (INFS) of the University of Dhaka under the authority of BINP to determine the relevance, adequacy, progress, effectiveness and impact of the program. Some of the Health and Nutrition behavior results are :

- Mothers in the program thanas are more frequently visited by Health workers for antenatal advice (93.7% vs. 75.2%) than in the control thanas.
- More mothers (64.0%) in the program thanas than in the control (35.2%) thanas take rest during their pregnancy. 86.1% mothers in the program and 73.9% in the control thanas reported to have taken regular rest after mid-day meal.

- 83.6% mothers in the program thanas and 51.5% in the control thanas are aware of the additional needs for food during pregnancy, and 55.7% in the former as against 21.9% in the latter thanas reported to have taken additional food during pregnancy .
- Mother's knowledge of prevention of anemia is better in the program area than in the control thanas. Intake of iron tablet or syrup, during pregnancy were appreciably higher in the former than latter thanas.
- Significantly higher proportion of newborns in the former (60.4%) as against 30.9% in the latter were put to breast immediately after birth.
- In the program thanas 93.8% of the mothers interviewed fed colostrum to their newborn babies as against 76.1 in the control thanas.
- The mean birth weight was 2.7 kg and 2.6 kg respectively in program and control thanas. The prevalence of LBW was 25.6% in program thanas and 29.9% in control thanas.
- The mean weight gain of pregnant mothers was 8.2 kg in the program thanas, and 7.8 kg in the control thanas, indicating that the mean weight gain was substantially higher in the program thanas compared to the control thanas.

9. Sustainability issue:

This is the most critical issue of the program. The management authority of the program has been working on this issue. It has been identified that if the strength of the IEC is used efficiently, then this will help to achieve the desired behavior change of the target population, and thus, the outcome of the intervention will sustain. Considering the vivid role of IEC in the overall context of the sustainability of the program, the BINP management has given appropriate weighting in program implementation. As a result of this initiative, BINP has achieved unbelievable success in only three years of its implementation, and the international body of experts, after critically reviewing the activities of BINP has identified this program as the "world's path breaking program".

10. Highlights of success at a glance :

Serial No	Indicator	Base-line (1995) %	Present (2000)%
1.	Children with normal nutritional status	20	26
2.	Children with severe malnutrition	13	1.8
3.	Incidence of Low Birth Weight	40	18
4.	Growth monitoring and promotion	0	91
5.	Ante-natal care	3.6	90
6.	Iron tablet supplementation	4.5	80
7.	Use of iodized salt	19	68

Serial No	Indicator	Base-line (1995) %	Present (2000)%
8.	Vitamin A supplementation to mothers after delivery	5	90
9.	Colostrum feeding	67	88
10.	Appropriate breast-feeding behavior (up to 03 months)	<30	>80

Depending on the success and experience of BINP, GOB and the international development partners have come foreword to reform BINP to National Nutrition Program which is scheduled to be launched from the 1st of July, 2000. This program will also have similar approaches, but the total area of coverage will be much wider in nature.

Chapter – 3

1. Analysis of primary and secondary data

All possible steps and measures were taken to collect as much as possible relevant primary and secondary data. Data collected were both qualitative and quantitative. However, as most of the data were qualitative in nature, analysis was done based on the statements made by the individuals. No computer program was used for analysis of the qualitative data. However, for quantitative data, computer program was used, and data (basically secondary) were analysed. Results are expressed in terms of percentage, proportion and significance.

Chapter – 4

Results

- Findings of the interview:** Due to time and fund constraint (which is mentioned before), the gamete of interview was limited in three groups: a) the policy makers b) the implementers and 3) the beneficiaries. The perception of the policy makers clearly shows that they firmly believe that individuals having sound skill and management - mix expertise should be directly involved with the nutrition program management. In this connection, they cited the example of BINP (as success) and CPHNP (as not that much success). It is worth mentioning that both the programs are under the MOH&FW, but just because of the technical and management failure / weakness, the CPHNP could not show that much of success as BINP. However, it was evident from the documents of the forthcoming National Nutrition Program (NNP) that the foundation of NNP is based on the success of BINP. It appears that the GOB

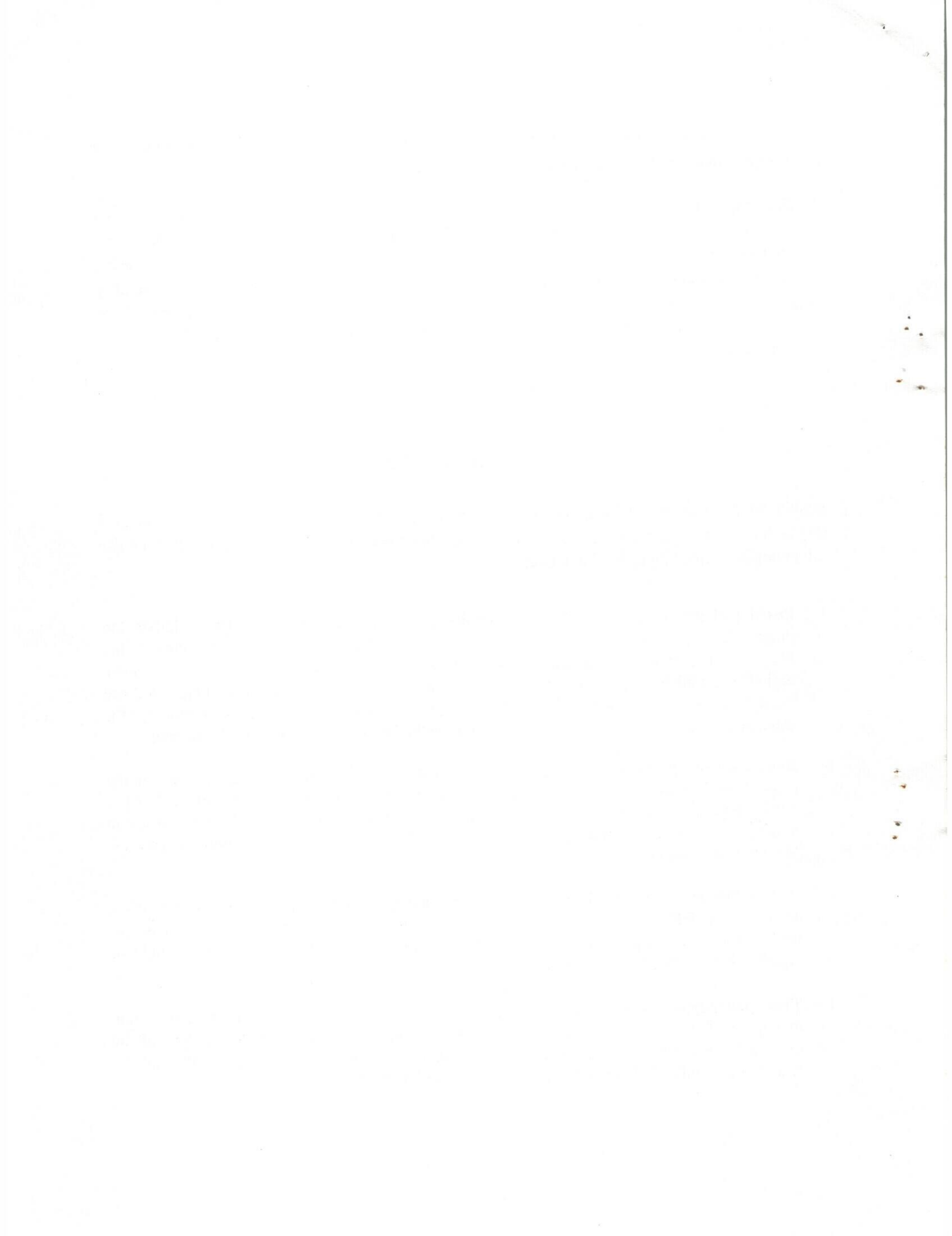
has taken a right decision to go for NNP. However, the beneficiaries also pointed out some of the deficiencies of BINP which need to be reformed. The issues/points/concepts need to be reformed are :

- a. Nutrition worker (CNP) – Population ratio should be reduced to 1:500.
- b. Moderately malnourished under 2 year children should be brought under supplementary feeding program for 2 months, with highly focused IEC intervention.
- c. Supplementary feeding program for severely malnourished children should not be more than 3 months.
- d. Supplementary feeding program for pregnant and lactating women should not be more than 4 months.
- e. Supplementary feeding should be on alternate day, and not every day.
- f. GOB should not take any interest from the money which is being used as “micro-credit”. This money should be ‘interest-free’.
- g. BINP should focus more on other groups of population of the community like Teachers, Imam and Elites. More IEC activities should be there for this groups of population.
- h. BINP should also include de-worming and plantation program. This two concepts are very important both from environment and nutrition point of view.
- i. BINP should also go for sub-project in the field of fisheries.
- j. Imams should be made ‘Chairperson’ of the nutrition management committees at ward/village level.
- k. The PMU of BINP should be reformed to given more focus on the IEC Unit. This unit must have its autonomy.

The program implementers of BINP are mixed groups - of technical experts and management experts and work in the Program Management Unit of BINP at the head office. All of them confidently opined that the skill and management mix of the team working in BINP is an asset for the country, and this mix is definitely responsible for the success of BINP.

The beneficiaries also expressed that they were very happy with the program of BINP, and they expressed their satisfaction on the program which is a rare event in Bangladesh. It was also surprising to observe that they consider BINP as their own program. This is a great achievement. But unfortunately, none could say anything about other nutrition intervention programs, like CPHNP.

2. **Findings of group meeting:** Group meetings were mainly organized with the beneficiaries. Altogether, three group meetings were organized in Norsingdhi thana – a BINP thana to get an idea about what people were thinking in groups. Surprisingly, all the three groups unanimously expressed that they know that BINP is doing lot of good works for the community, and they always support the program. On the other hand, none could say



anything about the existence of other program in their thana. All of them opined that they would like to involve with similar program like BINP.

3. **Findings on nutrition management committees :** From thana below, BINP has three nutrition management committees – at thana level, at Union level and at village level. The committees are represented by both local government officials / staff , NGOs, local elite, political leaders, people's representatives, religious leaders and elderly persons. Monthly performance reports of these committees revealed that they meet every month, and review the total activities. They also provided supportive supervision, political and administrative backup etc.

Chapter - 5

Recommendations

Based on the findings of this study, the author recommends the followings points and issues for further improvement of BINP. If the recommendations are accepted, the results intervention would be even far better.

- a. **Posting of PD:** It has been observed that due to frequent transfer of the PD of BINP, the project has suffered. In the early days of BINP, it was discussed several times at the Ministry that an officer (at the rank of a Joint Secretary) would be posted for the entire period of BINP for better implementation of the project activities, but in reality, it did not happen so. Considering the above facts, Ministry should post officials (including the Deputies, if otherwise not conflicting with the BSR) for the entire period of the project.
- b. **Responsibilities of the officials:** The responsibilities of the PD and the officials of the project (BINP) should be fixed-up before (if possible) they are posted in the project. It has been found, in many cases, that the delegation of responsibilities in the BINP office is not in accordance with the actual power of the PD. This is true for both financial and the administrative aspect.
- c. **Accountability:** It is also observed that the ultimate responsibility of implementation of the activities of BINP is on the shoulder of the PD, although the partners NGOs are implementing the major tasks (CBNC) at the grass-root level. The partner NGOs should be equally accountable for any failure / success of the project.
- d. **Transparency of service :** To achieve better standard of services and transparency in total management of BINP, officials/ individuals having technical background should be involved. This will create a sense of accountability to the appropriate authority and the recipient as well as help achieving efficiency at all levels of program management.

- c. **Reform of the organogram:** Depending on the findings, a total management reform of BINP is required. All the programs involving community should be administered through skill mix of individuals – administrative, financial and technical. Government should take care to reform the organogram as per need of the components of BINP.
- f. **Supplementary feeding :** Moderately malnourished under 2 year children should be brought under supplementary feeding program for at least 2 months. As about 30% of the supplementary food used in the program is being wasted, this supplementary feeding program for severely malnourished children should not be continued for more than 03 months. Considering the core objectives of the supplementary feeding program, the pregnant and lactating women should not be under it for more than 04 months. From programatic and sustainability aspect, it would be highly effective to provide supplementary food on alternate days.
- g. **Interest from the micro-credit:** BINP is also investing a small proportion of its total allocation as micro-credit to the target beneficiaries to improve the house-hold food security and the nutritional status. GOB should not take any interest from the money which is being used as “micro-credit”. This money should be ‘interest-free’.
- h. **BINP and IEC :** BINP should focus more on other groups of population of the community like Teachers, Imam and Elites. More IEC activities should be there for this groups of population. BINP should also include de-warming and plantation program. This two concepts are very important both from environment and nutrition point of view. BINP should also go for sub-project in the field of fisheries. To achieve this idea, social mobilization and program communication are utmost important – and these are IEC approaches. The PMU of BINP should be reformed to give more focus on the IEC Unit. This unit must have its autonomy.
- i. **Nutrition Management Committees:** Success of any program commands for management committees at different levels of interventions. Our findings suggests that to make a program effective and efficient, there should be provision of ‘efficiency unit’ (at central level - NNMC) and ‘efficiency cells’ (at perepheral level - TNMC, UNMC, VNMC) from central level down to the village level like BINP with specific terms of reference. BINP should involve more teachers in these management committees.

- j. **Cost of reform :** Analysis of the nutrition situation and the cost involved to improve the situation clearly shows that only one billion (US\$) dollar investment in the nutrition sector for overall reform and program implementation for 10 years would save more than 22 billion US\$ of Bangladesh.
- k. **Parliamentary vigilance :** As the nutrition intervention programs are primarily community-based, the people's representatives should be involved with the activities. BINP has involved people's representatives from thana downwards, but they should also involve the MPs and the parliament as a whole. This will facilitate the accountability, acceptability and sustainability.
- l. **Operations Research:** BINP should undertake practical and cost-effective operations research items for further improvement of the program. It has been observed in BINP that ICDDR, B is the sole institution which has been given the responsibility to conduct and co-ordinate the research. This approach needs to be rectified, and BINP should co-ordinate all the research agenda. This will provide better outcome of the research and also the desired objective of the intervention.

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**Prospect of Production and Marketing
of High Yielding Variety Jute**

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28 June, 2000

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**This paper is submitted as a participant in the 32nd Senior Staff Course
organised by the BPATC from 23 April, 2000 to 06 July, 2000**

CONTENTS

Page

Preface	i -ii
Tables & Annexures	iii
Abbreviations and Acronyms	iv
Executive Summary	v -vi

CHAPTER - I

Introduction

Introduction	1
Objective	2
Methodology	2
Scope and Limitation	2

CHAPTER - II

Production and Prospect of Jute Fibre and HYV Jute Seeds

Area of Land Under Jute Cultivation in Bangladesh and the Causes of its Decrease	3
Production of Jute in other countries	6
Production of Jute per Acre and the Demand of Jute Seeds in the Country	6
Production of Jute in India	8
The Sources of Jute Seeds	9
Reduction of Cost - Two Technologies	10
Production of HYV Jute Seeds and its Contribution to the Production of Jute	11

CHAPTER - III

Marketing of Jute and Newly Developed Jute Seeds and Jute for Environment

Marketing of Jute and Jute Goods Prospect of Two New Products of Jute	14
Jute Leaves as Vegetables	17
Other New Products	18
Race of \$ 1 billion FDI in Jute from U.S. Company	20
Contribution of Jute to Environment	20

CHAPTER - IV

Recommendation and Conclusion

Recommendations	21
Conclusion	24

Preface

This paper has been prepared in partial fulfillment of the requirements for successful completion of the 32nd Senior Staff Course held at the BPATC, from April 23, 2000 to July 06, 2000. Before joining this course, I worked as the Director General, Department of Jute for five months. In this short period, I could learn a little on the jute sector; nevertheless I was convinced that the sector had not received due priority. The area of jute production has been decreasing considerably for the last three decades. Bangladesh earned 90% of the foreign currency from jute in 1947-48 and then the production was about 68 lac bales and now it is about 40 lac bales and jute constitutes around 10% of export income. Recently a few high yielding variety (HYV) jute seeds have been developed and without increasing the land area, the production can be made double or more. Many new jute products have also been developed and it can multiply our export income from this sector. I collected some information on the potentiality of HYV jute seeds, increase in jute production and newly developed jute products. I cherished the idea of writing something on the subject.

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Sharif Taibur Rahman

Tables

	<u>Page</u>
Table -1 Acreage Production, Export and Mill Consumption of Jute	3
Table -2 Export Income from Jute and Jute Goods from FY 1972-73 to February, 1999	4
Table -3 Production of Jute Fibre per Acre (1947-1999)	7
Table -4 Production of Food Grain per Acre (1947-2000)	8
Table -5 Production of Jute in India from 1997-1999	9
Table -6 Jute Seeds supplied by BADC	9
Table -7 List of HYV Jute Seeds Developed by BJRI	12
Table -8 Production of Geo jut in the Adamjee Jute Mills, Narayanganj from 1997-2000	16

Annexures

Annexure - I Traditional Uses of Jute	26
Annexure - II Diversified Uses of Jute	28

Abbreviations and Acronyms

BADC	-	Bangladesh Agriculture Development Corporation
BARC	-	Bangladesh Agriculture Research Council
BCIC	-	Bangladesh Chemical Industries Corporation
BEXIMCO	-	Bangladesh Export & Import Company
BPATC	-	Bangladesh Public Administration Training Centre
BJMC	-	Bangladesh Jute Mills Corporation
BJRI	-	Bangladesh Jute Research Institute
BJSA	-	Bangladesh Jute Spinners Association
DAE	-	Department Agriculture Extension
DOJ	-	Department of Jute
FDI	-	Foreign Direct Investment
GDP	-	Gross Domestic Product
HYV	-	High Yielding Variety
IJO	-	International Jute Organisation
IT	-	Information Technology
JTPDC	-	Jute and Textile Product Development Centre
MCC	-	Micro Crystal Cellulose
MNC	-	Multi National Companies
MOA	-	Ministry of Agriculture
MOJ	-	Ministry of Jute
NGO	-	Non Governmental Organisation
SSC	-	Senior Staff Course
WDB	-	Water Development Board

The Executive Summary

In 1947-48, Bangladesh produced 68.42 lac bales jute, in 1970-71, it was 68.01 lac bales and in 1999, it was 47.33 lac bales. The average yield per acre was 3.32 bales (16.60 mds.) in 1947-48, 3.05 bales (15.35 mds.) in 1980-81 and 4.22 bales (21.10 mds.) in 1999. It means that the yield per acre increased only 27% in 50 years. In the same period, food grain increased 384% in Bangladesh. On the other hand, India produced 49.55 lac bales jute in 1954 and more than one crore bales in 1999. Her yield per acre in 1948 was 2.54 bales and now it is 4.56 bales. Although Bangladesh produces the best quality jute and the soil is the best in the world for its production, the yield per acre has not increased considerably. In 1947-48, Bangladesh produced 80% of the world jute and now it is 24.49%. This proves that jute is a major neglected sector in this country; but it is not neglected in India and other countries. Specially India has shown tremendous development in this sector during the last half century.

In the country, the area of cultivation of jute has reduced from 20.58 lac acres in 1947-48 to 11.19 lac acres in 1998-99. A lot of factors are behind this decrease. The area can not be increased. Our farmers do not get enough high yielding variety (HYV) jute seeds as per their requirements for cultivation. Only 10% - 11% HYV seeds are supplied by the Govt. agencies. So the farmers have no way other than purchasing low quality smuggled Indian seeds. The scientists working in this field of the country developed many HYV jute seeds. If the farmers get those seeds adequately, they can make the production double or even more.

Many people are sceptical about the future of jute. They say that marketing of jute and jute goods is the major problem. But the scientists developed many new jute products. On 25 March, 1998, on the occasion of the Jute Product Day, the BJRI exhibited 50 of such products. Among their new products, Geojute, jute made Pulp and Paper, jute for medicines and a few other products can change the whole scenario. Only jute leaves, as vegetables, can fetch foreign currency worth of Taka ten crore per annum. Jute is a bast fibre. It has 64% cellulose. A lot of useful chemicals can be prepared from it. Today, the western developed countries, specially Germany, France, U.K. and U.S.A. are performing research works on jute. In this year, a one billion U.S. dollar project of a major American Company on jute composite board, is perhaps, going to India.

The potentiality of HYV jute seeds and marketing of newly developed jute products has been discussed in this paper. The HYV jute seeds will enable Bangladesh to produce even one crore bale jute fibre. The marketing of new products can fetch foreign currency so much so to regain Bangladesh's lost glory in the world jute market. This sector should get priority next to Information Technology (IT) in the 21st century. The Government and the private entrepreneurs should come forward for saving the jute sector by producing HYV jute seeds. The Non Governmental Organisations (NGO) may also, extend their help for the production and management of HYV seeds as they have adequate facilities to work in the rural areas. The private investors and Multi National Companies (MNC) can establish industries to manufacture newly developed potential jute products. It is sure that these efforts will give incredible positive results, so that jute will be a flourishing sector in future. This paper gives the recommendations accordingly.

CHAPTER -I

1. Introduction

Jute is called the golden fibre of Bangladesh. It is an annual plant and the fibre is procured from its bark. There are over thirty species which belong to the genus *Corchorus* but only two of them, *Corchorus Capsularis* and *Corchorus Olitorius* are cultivated for commercial purposes. The former is popularly known as 'Pat' or 'Koshta' (white jute) in trade; the latter is called 'bogi' in common parlance and Tossa jute by the business community. The English word 'jute' applies to both the species. It is a raw material known for ages becoming adopted to the production processes of a mechanical age and thus emerging as the premier packing materials for the entire world. For Bangladesh, in the middle of the last century, among all the exportable items, jute and jute goods, earned ninety percent foreign currency. But as many other countries had started producing jute and allied fibres, the supremacy of Bangladesh, in this sector, came down significantly. The condition, further, deteriorated due to the reduction of the jute growing land and the want of High Yielding Variety (HYV) jute seeds. The production of synthetic fibres in home and abroad has brought about an adverse effect on the world jute market resulting in instability in the internal jute production of Bangladesh.

Today, many people, even a good number of scholars of home and abroad are sceptical about the future of jute. But HYV jute seeds and marketing of new products of jute can, really, change the whole phenomenon in a positive direction. At present, jute constitutes about 8% - 10% of the foreign exchange and 4-5 million families are involved in this sector; it has occupied a major part of the economy and politics of the country. Moreover, the world community have become conscious of the pollution of environment and jute is friendly to that. So producing more and more jute and selling new products to the world market, Bangladesh can increase her Gross Domestic Product (GDP) and decrease the poverty of millions of beneficiaries of this sector.

2. Objective of the Paper

The paper has got the following objectives :

- 2.1. To suggest the Government and private entrepreneurs to produce HYV jute seeds as per national demand so that the jute growers can multiply their jute production.
- 2.2. To encourage the entrepreneurs for the adoption of technologies for production of newly developed jute goods, in addition to the traditional ones to re-establish jute as the prime cash crop of Bangladesh.

3. Methodology

This paper is not the outcome of a serious study on the technical aspects of jute and jute goods done by an expert. It is based on the author's personal observations as an humble civil servant. The author had a brief experience of only five months in this sector before writing this paper. However, before starting to write, the author tried to collect some papers/informations from the Ministry of Jute (MOJ), Bangladesh Jute Research Institute (BJRI), Department of Agriculture Extension (DAE) and Department of Jute (DOJ). The author went through a few books available in the BPATC library. Further, the author, discussed the matter with many experts of jute and jute trade, civil servants, field staff and growers.

4. Scope and Limitation

The paper is segmented into three parts. The first part deals with the area, production of jute in the country, causes of its decrease and the role of HYV jute seeds in increasing the yield, the second part with the marketing of jute specially with newly developed products and the third part with the recommendations and conclusion.

The paper will not discuss the quality of jute seeds and fibre, in detail. It has no scope to discuss the procedures of implementation of HYV jute seeds and the marketing

processes elaborately. The losses incurred by the jute industries can not be discussed. The time was too short to write the paper and essential books were also not available.

CHAPTER - II

Production and Prospect of Jute Fibre and HYV Jute Seeds

5.1. Area of Land Under Jute Cultivation in Bangladesh and the Causes of its Decrease

The total area of land under jute cultivation in the country from 1947-48 to 1999-2000 is shown in Table-I

Table -I

Acreage Production, Export and Mill Consumption of Jute

(Quantity of Jute Shown in lac bale)

Season	Acreage	Production	Mill Consumption	Export	World Production	Bangladesh share%	World Demand	Bangladesh Share%
1947-48	20.58	68.42	-	60.55	85.34	80.00	88.03	68.78
1952-53	19.06	68.22	1.12	53.00	125.50	54.40	91.77	57.76
1957-58	15.62	57.00	9.41	45.81	139.31	40.90	133.76	38.53
1962-63	17.23	65.60	17.47	44.76	181.89	36.10	N.A.	N.A.
1967-68	23.54	70.20	30.01	38.63	200.00	35.00	53.10	72.75
1970-71	22.00	68.01	27.39	21.98	183.92	36.98	48.50	45.32
1971-72	16.75	42.86	17.90	19.71	175.46	24.43	43.83	43.00
1976-77	16.03	43.46	28.91	22.76	216.27	20.10	34.27	66.41
1980-81	15.68	47.83	33.56	19.44	216.93	22.05	30.00	64.61
1985-86	25.00	86.58	28.45	23.00	356.31	24.30	-	-
1990-91	14.07	50.81	28.88	16.74	201.83	25.17	21.26	76.74
1995-96	10.83	36.26	28.91	15.65	148.06	24.49	18.94	82.63
1998-99	11.19	47.33	28.91	17.60	-	-	-	-
1999-2000	8.27	32.00 (Est.)						

The total area was 20,58,000 acres in 1947-48, 22,00,000 acres in 1970-71, 15,68,000 acres in 1980-81 and 11,19,000 acres in 1998-99. The average cultivating area per year was 12,57,986 acres, for the last ten years. The export income from jute and jute goods from the FY 1972-73 to February, 1999 is shown in Table-2. It shows that in 1972-73, the income of jute was \$31.32 crore and in 1997-98, it was \$38.93 crore. But in 1972-73, jute earned 89.89% of the foreign currency and the earning was 7.54% in 1997-98 and 6.47% in 1999.

Table-2.

Export Income from Jute & Jute Goods from Financial year 1972-73 to February, 1999.¹

Financial Year	Raw Jute (Crore U.S. dollar)	Jute Goods (Crore U.S. dollar)	Total Export Income (Crore U.S. dollar)	Percentage of total Export Income (%)
1972-73	13.39	17.93	31.32	89.89
1973-74	12.78	19.78	32.56	90.00
1974-75	9.20	22.43	31.63	82.65
1975-76	12.67	18.15	30.82	81.00
1976-77	11.77	17.91	29.68	71.18
1977-78	9.70	24.90	34.60	70.08
1978-79	14.53	28.34	42.87	69.28
1979-80	14.80	40.45	55.25	73.72
1980-81	11.89	36.66	48.55	68.40
1981-82	10.16	29.12	39.28	62.76
1982-83	10.98	31.97	42.95	62.56
1990-91	10.42	29.04	39.46	22.98
1991-92	8.55	30.17	36.72	19.42
1995-96	9.08	32.90	41.98	10.81
1996-97	11.63	31.97	43.42	9.82
1997-98	10.78	28.41	38.93	7.54
July '98 to February '99	4.09	17.65	21.74	6.47

¹ Bijan Lal Dey, "পাটের সেকাল ও একাল এবং উন্নত ভবিষ্যৎ" The Daily Ittefaq, June 28, 1999.

Owing to a number of reasons, the cultivating area has been decreasing considerably for the last three decades. Some of the causes of this decrease, are given below :

5.1.1 Industrialisation, Construction of New Dwelling Houses, Construction of Roads, Highways and Bridges etc.

5.1.2 Aggression of Urbanisation,

5.1.3 Extraction of Minerals and Gas etc.

5.1.4 Downward Trend of Raw Jute Market :

Perhaps the raw jute market is the most unstable and unpredictable market in the country. The cost of production is increasing day by day but the price of raw jute decreasing. At present, the cost of production of one maund of raw jute is about Tk. 350/-. But sometimes, the farmer does not get this amount. As for example, in the last year the average price of jute per md. was Tk. 330/-. It was Tk. 343/- in August Tk. 342/- in September Tk. 338/- in October Tk. 332/- in November, Tk. 330/- in December and Tk. 331/- in January, 2000. But in a private statistics, the price was Tk. 200/- only. If there were a correct jute marketing and utilisation system, the price of raw jute could exceed even Tk. 500/- per maund.²

5.1.5 Late Release of Fund to the Purchasers of Public and Private Sectors

The jute is, normally, harvested in July, August. The farmers sell their products in those months. At that time, generally no fund is released so that the Public Sector and Private Sector Mills can purchase raw jute directly from the jute growers. As a result, the middle men (Farias) enter into the jute market and purchase the goods at a lower rate. The poor farmers have no way rather than selling their products at the price dictated by the middle men. The alternate is to sell the goods on credit. The fund is released in October, November when the farmers come to an end of their sale of goods.

² Fazlul Bari. "বিশ্ব বাজারে পাট পাণের চাহিদা কমেছে তবে রফতানি আয় বেড়েছে ৫%" দৈনিক ইনকিলাব, মে, ২০০০।

So, for, the above reasons, the farmers of our country are loosing interest in cultivating jute day by day. They are cultivating cereal crops, vegetables etc. which offer them ready market and sufficient profit. It is not possible to increase the jute growing area further. As a result, it is wise to produce more jute in the present land of jute cultivation.

5.2. Production of Jute in the Other Countries

Table -I shows that the total raw jute production in 1947-48 was 68,42,000 bales and that in 1970-71 was 68,01,000 bales i.e., the quantity remained almost same for 25 years. But in 1947-48, Bangladesh produced 80% of the world raw jute and producing the same quantity in 1970-71, her share fell down to 36.98%. In 1985-86, Bangladesh's production was 86,58,000 bales and her share in the world production was 24.30%. In 1995-96, the production in the world was 1,48,06,000 bales and producing 36,26,000 bales, her share was 24.49%.

So the other countries of the world produce about 75% of the jute to-day whereas in 1947-48 Bangladesh produced 80% of the world jute. This means, that, this sector has been neglected in this country, but the others did not. Here, this sector is treated as a decaying sector, but the world does not treat it as such.

5.3.1 The Production of Jute Per Acre and the Demand of Jute Seeds in the Country

Bangladesh has around 10-11 lac ares of land left for jute cultivation today. The area can not be increased. So to produce more and more jute in this limited land, there should be pragmatic programmes. The cultivators can be encouraged to cultivate jute with HYV jute seeds. The demand of jute seeds in the country is known to be around 5000 M.T. If this quantity of HYV jute seeds are supplied to the farmers, the production can be made double or more. Even some experts say that 50% of the above quantity will

7
be enough. To analyse the matter, the background of jute production may be discussed. Table-3 below shows the average production per acre in the last 50 years.

Production of Jute Fibre Per Acre :

Table-3

Year	Area (In lac acres)	Production (In lac bales)	Production per Acre	
			In bale	In maund
1947-48	20.58	68.42	3.32	16.60
1970-71	22.00	68.01	3.09	15.45
1980-81	15.68	47.83	3.05	15.25
1998-99	11.19	47.33	4.22	21.10

The yield per acre was 3.32 bales (16.60 maunds) in 1947-48, 3.09 bales (15.45 mds.) in 1970-71, 3.05 bales (15.25 mds.) in 1980-81 and 4.22 bales (21.10 mds.) in 1998-99. The yield per acre was almost same from 1947 to 1981. Due to the utilisation of HYV seeds, the yield per acre in recent years was higher. The yield per acre increased 27% in 50 years. This can not be treated as a good achievement. On the other hand, the total production of food grains increased tremendously as the Table-4 below shows :

Production of Food grain per Acre (1947-2000)

Table-4

Year	Production of food grains (In million M.T.)
1947-48	6.5
1972-73	9.6
1996-97	20.0
1999-2000	25.0

It means that, taking 1947-48 as the base year, the rise of food grains is 47% in 1972-73, 330% in 1996-97 and 384% in 1999-2000. These great achievements were

possible due to the intensive care taken to this sector and the cultivation of HYV paddy and other cereal crops. So, in fifty years, the rise of food grains is 384% and that of jute is only 27%. Hence it is evident that gross negligence to this sector is the cause of such a crippled figure for jute.

5.3.2 Production of Jute in India: The production of jute in India is shown here to bring out the difference between the performances of the two countries. India produced 20.6 lac bales jute in 1948-49 and 49.55 lac bales in 1954. The present area and production of jute in India is shown in Table-5 below.

- In 1947-48, when the yield of Bangladeshi jute per acre was 3.32 bales, Indian yield was 2.54 bales. But now Indian yield per acre is 4.56 bales and Bangladeshi yield per acre is 4.22 bales, where Bangladeshi soil is the best soil in the world for production of jute. Indian production of jute was 20.6 lac bales in 1948 and now it is more than 1 crore bales and that of Bangladesh was 68.42 lac bales and now it is 47.33 lac bales. It is astonishing that when Bangladesh neglects this sector, India is producing jute, developing new products more and more and occupying the world market.

Production of Jute in India in 1997-1999:³

Table-5

Year	Are in lac hectars		Area in acre		Production in bale		Production per acre (in bale)	
	Jute	Mesta	Jute	Mesta	Jute	Mesta	Jute	Mesta
1997-98	919.5	195	22,72,084	4,81,895	1,00,11,000	11,04,000	4.40	2.29
1998-99	822.1	177.9	20,31,409	4,39,590	92,66,000	10,08,000	4.56	2.29

³ Source, Deptt. of Jute, Govt. of India.

5.3.3 The Sources of Jute Seeds

- a) Seeds from the Bangladesh Agriculture Development Corporation (BADC) : The Table-6 below shows the supply of HYV seeds by the BADC in the last three years.

Jute Seeds Supplied by BADC :

Table-6

(Quantity in M.T.)

Year	Variety of Seeds			
	0-9897	0-4	Deshi	Total
1997-98	135	76	338	549
1998-99	120	87	220	427
1999-2000	135	58	267	460

- b) **Seeds Supplied the by Department of Jute**

The Department of Jute (DOJ) has got a Project on HYV seeds "The Production and Exchange Programme of HYV Jute Seeds at Farmer's Level". The project will expire on 30-06-2000. This project supplied 30 M.T. 0-9897 seeds in 1996-97, 36 M.T. in 1997-98, 30 M.T. in 1998-99 and 45 M.T. in 1999-2000, i.e., 141 M.T. Seeds in 4 years.

- c) **The Farmer's Own Production.**

The quantity of seeds produced by the farmers is not known.

- d) **Indian Seeds.**

Low quality Indian jute seeds enter into Bangladesh during the sowing season. The quantity is not known as the seeds enter into the country through illegal way. This year the Government of Bangladesh allowed to import 1000 M.T. of Indian certified jute seeds (HYV), but so far as it is known, Indian Government allowed only 200 M.T. HYV seeds for export to Bangladesh. The influx of low quality jute seeds has become a major cause of low production of jute fibre in the country.

It is seen that the Government can supply 10% - 11% of the total demand of jute seeds, the farmers have no way other than procuring Indian seeds. But earlier, the seeds division was in the hands of BJRI. This Institute can supply sufficient HYV seeds. As for example, BJRI supplied about 2000 M.T. seeds in 1987. The BADC can not meet the demand. The seed produced by BADC are brought to Dhaka for quality control. The system is very much centralised. For this reason, the BADC could not show efficiency in seed management. Often the seeds remain in the Go-downs for 1-2 years.

5.3.4 Reduction of Cost -Two Technologies.

Reduction in the cost of production is one of the major agenda. This can be done by improving on the crop management practices, improving on the yield and quality of jute fibre and increasingly making quality seeds available to the farmers. However, to ensure the stable market price, demand needs to be made diversified so that it is not only fibre, rather potentialities of stick, leaf, skin and all chemical and physical properties of jute plant can be harnessed in the most cost effective manner.⁴ Cost of production can be reduced in many ways. It is not possible to go deep into the matter, but two of the new technologies are mentioned here. In traditional methods, normally, three hand weedings and one raking are done. But if the farmer performs one raking after 15 days of sowing the seeds, hand weeding after 30 days, thinning by pulling (Tanabachh) after 50 days and partial cutting after 80-90 days (Katabachh), experience proves that the cost of production is reduced by 30% - 40%.⁵ The other technology is ribbon retting. In brief, the retting is done with the ribbons only instead of the whole plants. Through this method, less water is required and the quality of fibre is improved. It takes a few hours with the help of certain chemicals instead of keeping the plants steeped in water for 15-20 days. It is interesting to note that bio-gas can be obtained as a by-product from a specially conducted retting method.

The Department of Jute has been implementing two projects named, "Production

⁴ Dr. S.M. Ilias, "Jute's future is Bright in Bangladesh" The Guardian, August, 1998, P-26

⁵ Ramendra, Chowdhury, "Meeting the Challenge", The Guardian, August, 1995, P-42

and Exchange Programme of HYV Jute seeds and Marketing at Farmer's level" and "Integrated Jute Production and Marketing" for the last four years. These Projects are disseminating new technologies of producing HYV 0-9897 (Falgoni tossa) jute and jute seeds. In the last four years 181 M.T. certified and 19.00 M.T. foundation 0-9897 seeds were distributed among 40,000 listed jute growers of 800 Unions of 200 Thanas of the country. The result of yield was very much enthusiastic. In one acre, a farmer earned around Tk. 6441/- per year. The yield, on average, was 37.59 mds. per acre; but in the same area the yield with local variety and '0-4' were 16 mds. and 23 mds. respectively. The author visited Muktagacha of Mymensingh and Daudkandi of Comilla in March, 2000. A few jute farmers told that they had got even 55 mds. of jute per acre sowing 0-9897 seeds. This year the leading Non Governmental Organisation (NGO). Bangladesh Rural Advancement Council (BRAC) has procured 200 Kg. HYV jute seeds from BJRI. This will contribute to the HYV seed production in the country to a great extent as the seeds will be multiplied by fifty..

The above discussion indicates that the future of jute is bright if the result of the research work on HYV jute seeds is implemented and entire low quality jute seeds are replaced by 0-9897 or alike jute seeds. If the yield of jute fibre is taken to be 50 mds. per acre, on average, then the production of jute fibre in 10 lac acre land will be 5 crore mds. which is equivalent to 1 crore bales.

5.4. Production of HYV Jute Seeds and its Contribution to the Production of Jute.

The Bangladesh Jute Research Institute (BJRI) was established in 1951. The scientist of BJRI have developed a good number of HYV jute seeds and new jute products. The scientists and research workers of the BJRI are of the opinion that the production of jute can be made double or even more through an integrated jute

production. The BJRI scientists have become successful in developing the following variety (Table-7)

List of HYV Jute Seeds Developed by BJRI : ⁶

Table-7

Name of the Variety	Year of release	Average Yield (T/acre)	Average Yield (M/acre)	Field duration (days)	Special Characteristics
Jute, Kenaf and mesta Jute (<i>Corchorus</i> spp.)					
A. Deshi Pat (<i>C. Capsularis</i> L.)	1961	1.866	51.315	110-120	P2 pigment, petiole coppery red
1. D-154(Sada pat)					
2. CVL-1 (Sabuj Pat)	1977	1.886	51.865	110-120	Full green, less cutting, better fibre, tolerant to mosaic disease
3. CVL-3 (Ashu pat)	1977	1.748	48.07	100-110	Petiole and stipule bright red, shorter field duration
4. CC-45 (Jo Pat)	1979	1.724	47.41	120-150	Wide seeding range, low temp tolerant, poor seed yield, late maturing
5. BJC-7370 (Deshi pat-5)	1995	1.72	47.41	100-110	Early maturing, fruit height, red at young stage, higher seed yield, leaf wavy margin, short maturity, early harvest
B. Tossa Pat (<i>C. Olitorius</i> L)					
1. 0-4	1967	1.866	51.315	130-140	Late seeding, sensitive to low temp. pod dehisced when ripened
2. 0-9897 (Falgooni tossa)	1987	1.890	51.975	120-125	Early seeding, fruit non shattering, fast growing,

⁶ Dr. S.B.Siddique, "Agricultural Research on Jute and Allied Fibres," The Guardian, August, 1998, P-33

					attain maximum height
3. OM-1 (Tossa Par-3)	1995	1.82	50.05	120-125	Early seeding, fruit non shattering, leaf glossy deep green, better fibre quality
C. Kenaf					
1. C-2 (Joly Kenaf-2)	1977	1.87	51.425	120-125	Stem light coppery red, petiole larger, leaf entire
2. HC-95 (Kenaf-2)	1995	1.81	49.775	120-125	Stem deep green, leaf lobed, tolerant to water stress condition, more tolerant to root knot nematode
D. Mesta (Hibiscus - sabdariffa)					
1. HS-24 (Tani Mesta)	1977	1.90	52.25	120-125	Stem green and nodes pigmented, drought tolerant, resistant to leaf mosaic and root knot nematode. Fruit contains 20% edible oil

The table-7 above shows that the average yield per acre is around 50 mds. Three more varieties are on the process of release. The best of the above varieties is the 0-9897 (Falgooni Tossa). The scientists of Bangladesh Agriculture Research Council (BARC) under Ministry of Agriculture (MOA) gave a prescription in a booklet published in 1993, on the production of jute with 0-9897 seeds, transplanted Aman with BR-11 seeds and wheat with Kanchan seeds. The Falgooni tossa (0-9897) variety is the only variety which can be planted in between 15 March to 15 April. The crop is harvested in July. Transplanted Aman with BR-11 variety seeds can be planted in July/August and harvested in November/December. Then wheat of Kanchan variety can be planted and

14
harvested in march next year. The scientists of the BARC showed in their booklet that a farmer could earn Tk. 12,550/- per acre of land per annum. If the farmer works in his own field he will earn Tk. 6880/- more.⁷

CHAPTER- III

6. Marketing of Jute and newly developed Jute Goods

6.1 Prospect of Two New Products

The greatest problem of jute is the marketing. In the previous chapter, production of jute with HYV seeds was discussed. But what will be done with a production of one crore bale jute ? The solution of this problem is not beyond reach. If somebody thinks about the traditional production of jute and jute goods, he will be perhaps, frustrated. But the matter should be dealt with new dimensions. The traditional products of jute is given in Annexure-1. The marketing of these products is really difficult if no innovation is undertaken. In February, 2000, one jute expert from the U.K. and another from the U.S.A. met the author at the DOJ. After the discussions, both of them were optimistic on the marketing of the new products. This author is convinced that in Europe and America, research on jute and jute goods has got some priority now.

The scientists of BJRI invented and developed many new products. The International Jute Organisation (IJO) is a partner with BJRI in these efforts. On 25 March, 1998, an exhibition of 50 of those products was held on the occasion of Jute Product Day organised by the Institute. The names of some of the products is shown in Annexure-II.

6.1.1 The Jute as a Raw Material for Pulp and Paper :

In Bangladesh, there are four major Paper Mills in the public sector. The Karnaphuli Paper Mills, North Bengal Paper Mills, Khulna Newsprint Mills and Sylhet Pulp and Paper Mills use 1,44,000 M.T. bamboo/wood, 87,000 M.T. of bagasse and

47,000 M.T. gewa wood annually. Availability of these raw materials are decreasing and the prices increasing dya by day. Jute has emerged as a potential raw material for producing pulp and paper. Bangladesh Chemical Industries Corporation (BCIC) took up a programme of manufacturing 25,000 M.T. of pulp for its four paper and pulp mills using 70,755 M.T. of green jute. In India, whole mesta and kenaf have been tested for manufacturing newspaper. As for example, the Central Pulp and Paper Research Institute (CPPRI) of India, successfully, made good quality news prints from local mesta and tossa are being used by two daily newspapers in Madras. The Research Institute for Newsprint Development (RIND), Madras, has taken up research and development programmes for promoting kenaf and mesta to pulp as raw material for manufacturing newsprint. In India, one special paper unit named Tribeni Tissues Limited is using 80,000 bales of low grade jute fibre and jute waste annually and their sister unit Bhadrachalam Paper Board has successfully experimented with the use of whole mesta for manufacturing paper.⁸

Moreover, to remove pollution from the bleaching effect of present paper industries biopulping and environmentally friendly technology for paper making has emerged. The IJO has taken up a project for making pulp and paper from green jute using biotechnological process. Bangladesh, India, China, France, Netherlands and Thailand will participate.⁹

6.1.2 The Jute, a Raw Material for Producing Geotextiles.

Geojute has emerged as an alternative product of jute with new hope. We know that, the non-biodegradable synthetic products create pollution of the environment. It has been assumed that the temperature of the soil increases by one or two degrees where synthetic geotextile products are used. For this reason, the quantity of fish is reducing day by day. Hence, geojute can play a vital role in this respect.

⁷ Md. Azizur Rahman, Ital, পাট - রোপা আমন - গম শস্য পথায়ের জন্য উন্নত উৎপাদন পদ্ধতি, জুন ১৯৯০।

⁸ Dr. G. Mohiuddin. "Jute as a Raw Material For Pulp and Paper", The Guardian, August 1998, P-44

Let us have a brief discussion on this product. The scientists of BJRI have prepared a number of geojute. It can be used for the improvement of construction and stabilisation of rural roads, railway tracks embankments etc. It can also be used as filter, separator, drainage, reinforcing material, nursery sheet, irrigation liner etc and in the canals of irrigation system. Almost 50% water loss occurs in such system. So water irrigation liner prepared from green jute ribbon may be used. The ABC Unit of Adamjee Jute Mills Ltd. has been producing and exporting this item for several years. There is an advantage i.e., good quality jute is not required for producing geojute. On 05-06-2000 the author and six other participants of this 32nd SSC visited Rajshahi. There is a 'T' groyne at the bank of the river Padma. Six lac jute bags filled up with sand were dumped into the ditches created due to scouring by the Water Development Board (WDB). This is a glaring example. The following table will show the condition of the production and export of geojute at the ABC unit of Adamjee Jute Mills. Table-8 shows the performance discussed above.

Production of Geojute in the Adamjee Jute Mills, Narayanganj to from 1997-2000 :

Table-8

Year	Production (on M.T.)	Export Price (per M.T.)	Loss/Profits (in lac Taka)
1997-98	34433	Tk. 13,148/-	+ 35.54
1998-99	3421	Tk. 12,713/-	- 1.04
1999-2000 (upto April, 2000)	2957	Tk. 13,935/-	+ 21.14

⁹ Ibid.

The Adamjee Jute Mills has only this unit profitable. In Government enterprises, it is very difficult to earn profit. If the private entrepreneurs or the Multi National Companies (MNC) come forward for the production of Pulp and Paper and Geojute, the demand will be excellent and may it be, so, that the entire jute will be consumed by the above two items.

6.2. Jute leaves as Vegetables :

Mr. Royle of the Indian Central Jute Committee wrote in 1855 that the ancient Greeks used to refer to a herb named Korkhoros from which the generic name Corchorus was derived. Experiments show that the jute leaves are rich in carbohydrates, protein, calcium, phosphorus, iron, zinc, magnesium, sodium, potassium and amino acids etc. So it is being used since ancient times as vegetables in Middle-East and Indo-Bangladesh Sub-Continent. The Arabs call it molokheya.

An interesting event took place. A Japanese scholar Dr. Imori while studying in Egypt became fond of molokheya. In 1984, this was introduced in Japan from Egypt as a popular vegetable. Now Japan imports 500 M.T. dry jute leaves from Egypt. It has become popular so much so that a book has been published with the title 'Jute the miracle vegetables' in Japanese language.¹⁰ Presently, jute leaves are sold @ 10 US \$ per Kg. in Japanese market. The experts say that Bangladesh, can produce at least one million M.T. jute leaves which is equivalent to 0.2 M.T. dry leaves. Research and development can make it more. So foreign currency worth of 5-10 crore Taka can be fetched by this sector. It is surprising to note that jute leaves can

¹⁰ Dr. M.A. Sobhan, "Prospect For Utilization of Jute Leaves as Vegetables", The Fuardian, August 1998, P-37

also be used as ingredients of vegetables soup, vegetables candy, powder, chops and noodles and also that jute leaves can be produced round the year specially for vegetables. At present jute leaves are used as vegetables in the Mediterranean region, South-east Asia, and Europe. During the author's field visit on 28-03-2000, he came to learn from a departmental staff of Madaripur that one acre jute field can give vegetables of Tk. 2000/- to Tk. 3000/-. They also informed that one acre land can produce 40-45 mds. of stick which cost around Tk. 1000/-.

Vegetables worth of Tk. 49,03,67,000/- and Tk. 36,49,67,000/- were exported from Bangladesh in July '98-January 1999 and July '99 - January 2000 respectively. So Bangladesh can earn an additional amount of Tk. 10 crore exporting jute leaves.

6.3 Other New Products.

Jute has many other diversified products. Partex can be manufactured for use as an alternative to wood. Processes have been developed to use jute stick as timber substitute for making furniture, ply wood and insulation materials. So by using jute for these purposes, the pressure on the forest and local trees can be reduced. This is very much needed for maintaining a pollution free environment for us.

Jute and Textile Product Development Centre (JTPDC) in BJRI is carrying out research and development works for the use of jute in manufacturing outer apparel, like jacket, blazer cloth, gown, buckram etc.¹¹ The fibre has many drawbacks. It is brittle and has meshy structure and less

affinity to dyeing and loses strength in wetting. If these intrinsic properties can be removed, then modified jute fibres mixed with cotton can be used to manufacture home furnishing products like window/door screen, bed spread, sofa cover, table cloth, wall hanging, cushion cover etc. The scientists of BJRI have succeeded in removing the above mentioned intrinsic properties of jute and if the cost effective textile products can be identified then the technologies can be transferred to textile industries. The modification as above was done in 1998. The list of some of the new products developed by BJRI is shown in Annexure-II

Perhaps, for the first time, Hugo Muller studied the fibre chemistry of jute in 1876. As per his description, jute fibre has about 64% cellulose. From this cellulose, micro crystal cellulose (MCC) was extracted by the BJRI scientists. This is used as the outside cover of tables. The product was tested and verified in Germany and U.K. BEXIMCO, a leading Pharmaceutical Industry in the country purchased its patent in 1990. This cellulose can produce cellunitrate, cellucitrate, celluacetate etc. The latter one is used as a raw material for producing photo film, carboxymethyl cellulose (K- CMC) was produced from jute sticks. Pressed board can be used as a substitute of timber. The jute seed has got a chemical named raffinose which is a substitute of sugar for the diabetic patients.¹²

¹¹ Dr. Md. Abdus Sobhan Sheikh, "Use of Jute in the Field of Textiles", The Guardian, August 1998, P-32

¹² Dr. Shamsuddin Ahmed, Pat (1985) P-110

Trial blending of jute and synthetic fibres were conducted in May 1999 for spinning fine yarns and jute blended yarns in presence of IJO officials at the pilot spinning plant of a company in mullhouse, France.¹³

6.4 Contribution of jute to environment :

The lush green canopy of jute spread over the country helps to maintain ecological balance. The leaves give the soil enormous fertilizer. The jute is biodegradable (deteriorates organically) and replenishes earth with nutrients. It poses no threat to the environment because it neither emits toxic gas nor harmful chemicals. It does not cause problems like synthetic materials in waste management cycles through emitting hazardous gases during incineration and preventing the stabilisation of landfill sites. It removes substantial amount of carbondioxide gas partly responsible for green house affect. At the time of defolitation, an estimated 5-6 tons of green leaves per hector (2 tons per acre) are produced and left over in the field. The added nutrients measure up to the equivalent of about 25,174 tons of urea 3,733 tons of TSP, 2733 tons of MP, 38,080 tons of gypsum and 30,545 tons of dolomite, 360 tons of ferrous sulphate, 160 tons of magnesium sulphate and 33 tons of zinc sulphate.

¹³ Spinner's News, BJSA's mopnthly Magazine, March 2000, P-21

6.5 Race for \$ 1 billion FDI In Jute From US Company.¹⁴

21

A major American Company has decided to set up a thermoplastic jute composite Plant in our region. The company has already arranged for the necessary technology to manufacture the jute composite boards. The boards will be made by reinforcing jute fibre and plastics with resin. It will be a substitute to timber. The recent news says that India is likely to get this \$ 1 billion Foreign Direct Investment (FDI) during the next five years. This was disclosed by Mr. R. Mandal, a Senior Officer (Industry) in International Jute Organization (IJO), Dhaka a few months ago. However, the American Company has not yet taken any final decision as to which country would get the investment. There may be a race among Bangladesh, India and China.

CHAPTER-IV

Recommendations and Conclusion

7. Recommendations :

After the discussions above and on consideration of the salient features of production of HYV jute seeds and marketing of new jute products, the following recommendations are put forward.

7.1. The Conceptual Change is Required.

Nobody should cherish the concept that the subject of jute is a decaying issue, rather, this subject should have priority over some others. If all the potentialities of new jute products are utilised,

¹⁴ Ibid, P-16

this sector may get priority next to IT in this 21st century. Nevertheless, the lives of members of 4-5 million rural families are involved in this sector. No alternative employment is possible for those people, so the restoration and development of jute and jute goods are required for the survival of the nation. The present Five Year Plan should include substantive programmes ^{on jute} ~~for the~~ subject sector.

7.2. **Target of Production of 5,000 M.T. HYV Seeds to be Fixed.**

The target of production of HYV jute seeds should be fixed to 5,000 M.T. This will, ultimately allow the country to produce, one crore bale jute fibre. The government should undertake proper plan so that the target is fulfilled within 2-3 years. For the implementation coordinated efforts among the Govt. Departments, Corporations and other concerned agencies should be undertaken. The concerned bodies are MOJ, MOA, BJRI, DAE, DOJ, BJMC, BJA etc. Private entrepreneurs and NGO's should be encouraged to come forward for the production and management of HYV jute seeds and marketing of new products. MNC's may be invited for the investment in jute sector.

7.3. **Strengthening the BJRI for Research Works.**

The BJRI should be strengthened. The scientists working there, should have adequate scope of research and development activities on HYV seeds as well as new jute products. No fund

constraint should hinder their research works. The results of research works should not be confined within the shelves of the laboratories but those should be disseminated to the country and to the entrepreneurs and clientele groups. All the research works should be cost effective. The NGO's may also come forward for such researches.

7.4. Conversion of old Industries to Manufacture Newly Developed Goods.

The industries producing traditional jute goods should be converted slowly to make those ready to manufacture new products and the old ones should be abandoned as and when required. Since, today, the market is a buyer's one the industries should produce goods as per demand from home and abroad. Desperate efforts should be taken by all concerned to find out domestic as well as foreign markets. Special attention should be given to explore markets for geojute, pulp and paper (made of jute), chemical products used in pharmaceutical industries and vegetables.

7.5. Restriction of Polythene Products.

The production and marketing (including import, if any) of polythene products should be restricted/banned immediately. As jute is friendly to nature, publicity works all over the world should be done in favour of jute and against the pollution caused by polythene products. It should be understood by all concerned

that encouraging polythene industries in the country, jute sector can never flourish.

8. **Conclusion.**

The author tried to give an idea of promoting jute production and marketing new products where the sector is mostly neglected. This sector does not, at all, deserve such inattention. Today, the subject jute is not available either in discussion tables or in public speeches. It is not available in the Five Year Plan even, To the author, this is not right. The author believes that jute has a bright future if the hidden potentialities are explored. If it is lost, many other countries will take a catch of it and this country will have to repent in future.

The author, in this humble connotations, tried to convey this message to the nation. If the nation accepts it, the jute sector, really will lead the foreign trade of this country, once more, in the beginning of this 21st century.

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Traditional Uses of Jute

Annexure-1

1. Awnings	2. Back Clothes for shop winding
3. Baling cloth	4. Bedding foundations
5. Bonded fabrics	6. Boot and shoe linings
6. Brattice cloth (fire and/or water proofed)	8. Buckram (starched and glued, single and ply)
9. Camouflage cloth	10. Camp beds
11. Cargo separation cloth	12. Cattle bedding (waste)
13. Concrete cleavage fabric	14. Covers for haystacks and farming equipment
15. Damp course foundations	16. Imitation leather foundations
17. Industrial aprons	18. Interlinings
19. Iron and Steel tube wrappings (also treated to prevent corrosion)	20. Linings for irrigation canals and ditches (bituminised jute)
21. Mail bags	22. Mattress shields and covers
23. Meat wrappers	24. Motor can body linings
25. Needlefelts	26. Oakum
27. Oven clothes	28. Palliasses
29. Plasters screen	30. Prefabricated road and air runway surfaces (bituminised hute)
31. Deckehair (jute or jute/cotton Unions)	32. Electric cable Wrapping
33. Electric cable bradings and linings	34. Fibrous plater re-inforcement
35. Filter clothes	36. Fire curtainsq
37. Fish barrel cover	38. Frost and sum protection (agricultural)

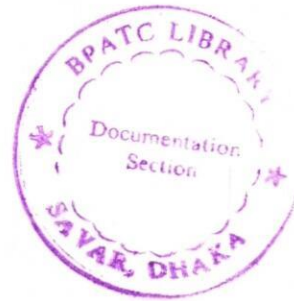
39. Furnishing fabrics	40 Fuse yarns
41. Gaskins	42.Handbags
43.Hessians for cement curing	44.Hop pockets
45.Horse blankets	46.Vineyard nets
47.Wall Coverings	48.Waterproof wrapping material (jute cloth+bitumen+paper)
49.Roller cloth for machinery	50.Roofing felt foundations
51.Ropes, cordage, tying twines, horticultural twins	52.Rope soled sandals
53.Saddle cloths	54.Satchels
55.Sludge cloth	56.Tailors paddings
57.Tarpaulins	58.Theatrical canvas and screens
59. Toolkits	60.Trunk covering fabrics
61.Tyre wrappings	62.Upholstery foundations
63.Wind screens	64.Wire rope cores
65.Woollenised jute	66.Wool pack and sheets

Diversified Uses of Jute

1. Novocel yarn and Novotex fabric for curtain, upholstery, tapestry, jeans and handicrafts.
2. Jute and Jute/acrylic mixed blanket.
3. Chemically modified jute yarn for carpet-pile.
4. Light weight yarn and fabric for shopping bag.
5. Patwool for knitwear.
6. Nursery sheet and pot for plant nursery.
7. Fire, water and rot-proof process.
8. Improved bleaching, mercerizing, dyeing, printing and resin finishing methods for jute goods.
9. Microcrystal cellulose for pharmaceutical products.
10. Industrial activated charcoal, carboxymethyl cellulose, cellulose acetate and nitrate.
11. Geo-jute and jute geo-textiles and agro textiles for civil engineering and bio-engineering.
12. Rot-proof sandbag for floor control, embankment and defence bunker.
13. Solid state fermentation technology for softening jute cuttings.
14. Photostable dye for textile materials.
15. UV protective umbrella
16. Decorative fabrics.

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Rajshahi Development Authority
Reforms Requirements



Abdus Salek

SL No-12

Bangladesh Public Administration Training Centre
Savar, Dhaka
June, 2000

Rajshahi Development Authority Reforms Requirements

Seminar paper in partial fulfilment of the requirements
for successful completion of the 32nd Senior Staff Course.
(April, 23 – July 6, 2000)

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June 2000

CONTENTS

	<u>Page</u>
Preface	(i)
Abbreviations	(iii)
Executive Summary	(iv)
Objectives	(v)
Methodology	(vi)
Scope (Including Limitation)	(vi)
Study Area	(vii)
CHAPTER-I : INTRODUCTION	
Introduction	1
Short history of Rajshahi City	1
Problems Identification	2
Origin of the Population	2
CHAPTER-II : ESTABLISHMENT, POWERS & FUNCTIONS	
Establishment, Powers and Functions	4
Composition	4
Present Volume of work	5
Performance Comparison with City Corporation	6
CHAPTER-III : SURVIVABILITY & GROWTH ANALYSIS	
Whether the organization is SMART ?	8
Situation analysis by the tool SWOT	8
Situation analysis by the tool PEST	9
Situation analysis by the tools SWOT & PEST together	10
Stakeholders' Influence analysis	10
Privatisation of any Component	11
CHAPTER-IV : ANALYSIS OF ADMINISTRATION	
Delegation of Power	12
Present Manpower	12
Creation of some new Posts	14
Up-gradation of some posts	14
Posting of a magistrate	14
Financial position on expansion of manpower	14
Creation of Transfer Provision	15
Introduction of Service Counter	15
CHAPTER-V : FINANCIAL POSITION	
Analysis of financial position	16
Levy of betterment fee	16
Formulation of procedure to realise betterment fee	17
Population growth & development of housing areas	17

CHAPTER-VI : FUNCTIONAL OVERLAPS	
Functional Overlaps with City Corporation	19
CHAPTER-VII : REQUIREMENT OF AMENDMENTS IN LAW	
The RTDA Ordinance, 1976 & The Rajshahi City Corporation Act, 1987	20
Acquisition and Requisition of Immovable Properties Ordinance, 1982.	20
Building Construction Rule, 1996	21
CHAPTER-VIII : RECOMMENDATIONS	
Recommendations	22
CHAPTER-IX : CONCLUSION	
Conclusion	25
Bibliography	25

PREFACE

This seminar paper is in partial fulfilment of the requirements for successful completion of the 32nd SSC (Senior Staff Course) at BPATC (Bangladesh Public Administration Training Centre) held from April 23 to July 06, 2000. This endeavour is to study the urbanization conditions of the Rajshahi city in an effort to devise reform requirements for the RDA (Rajshahi Development Authority) with a view to promote its efforts and effectiveness in the development of the Rajshahi City in a planned manner, to suit the future socio-economic needs of the city dwellers.

But planning and developing a city in the present day context, to provide for basic municipal services at an adequate standard, to accommodate the growing population, to provide for services to the city visitors and the commuters, enhancing the beautification, creation and maintenance of recreational facilities and community service structure are not easy tasks. Inflow of population in cities in a land constraint country like ours is so rapid that development of housing and other facilities, always lag behind the newly created demand. It causes growth of slums along with all its curses like increased unemployment, lawlessness, health hazard, drug addiction and so on.

Requirements of new investments are huge to address such curses. But procurement of such funds is far beyond the capacity of the RDA in the present day context of Bangladesh. People of Bangladesh, at the present context, demand all such facilities from government sources, without considering as to how the government or a government organization will procure such funds. Even, the people oppose acquisition of their land, though with compensation to provide for them road and other infrastructure.

Under all such circumstances, the RDA is proceeding to attain its objectives and therefore, this study will endeavour to devise some reform recommendations for the RDA to accelerate the development of the city to satisfy the ever-growing needs.

In this study, my greatest debt is to the BPATC, especially to its Rector Dr. Ekram Hossain for entrusting this subject to me. M Waliul Islam (Retired Secretary to the Government of Bangladesh) has kindly enriched my ideas as to its standard formatting by delivering a long lecture. M T Hossain, Member, Directing Staff, and Course Director, Syed Shamsul Alam, Director, BPATC and course coordinator and Syed Naquib Muslim, Director BPATC did contribute a lot as to its logistic support.

Sohel Ahmed Chowdhury, Secretary, Ministry of Housing and Works, Government of Bangladesh, indirectly contributed to this study by previously asking for and receiving a recommendation for amendment of the Rajshahi Town Development Authority Ordinance, 1976.

My office colleagues, Abdur Rab Zoarder, Chief Accounts Officer, Aminul Islam, Chief Town Planner & Abu Baquar Siddique, Estate Officer assisted me by supplying necessary data. Abul Kalam Azad, Authorized Officer, contributed a lot in composing this report. Moslem Ali Mollah, Chief Executive Officer took the troubles of sharing my office responsibilities during this course. RDA's Computer Operator Altaf Hossain took a lot of troubles in completing this report by extending his services beyond office days & hours.

I express my heart-felt gratitude to all of them.

BPATC,
June, 2000

Abdus Salek

ABBREVIATIONS

AD	After the death of Jesus Christ
B G Press	Bangladesh Government Press
BIT	Bangladesh Institute of Technology
BPATC	Bangladesh Public Administration Training Centre
C C	City Corporation
CDA	Chittagong Development Authority
i.e.	id est (=that is)
KDA	Khulna Development Authority
PDB	Power Development Board
PEST	Political Economic Social Technological
PHE	Public Health Engineering
RAJUK	Rajdhani Unnayan Katripakhya
RDA	Rajshahi Development Authority
RTDA	Rajshahi Town Development Authority
REB	Rural Electrification Board
RMC	Rajshahi Medical College
RMCH	Rajshahi Medical College Hospital
RU	Rajshahi University
SMART	Stretching Measurable Achievable Realistic Time bound
SWOT	Strength Weakness Opportunity Threat
T & T	Telephone & Telegraph
WDB	Water Development Board

EXECUTIVE SUMMARY

The RDA, a body corporate was established by the RTDA Ordinance 1976 and started to function since afterwards. By this time, it has passed about 23 years. So, time has come to study its achievements to justify its existence and to devise any reform, if required.

The RDA, since its inception had taken up and implemented widening of three intra-city roads in the dense old city Centre, developed housing and commercial areas, established markets, parks, bus and truck terminals. Some of the above works faced so much local opposition that City Corporation might not have endeavoured for it. It also prepared and published general and functional master plans and endeavoured to regulate development of the city as per those Plans. It really changed the look and environment of the city. On the other hand, it is gradually becoming financially self-sustaining. All these proved that the organization should stay and also to extend some of its coverage with necessary reforms.

Analysis by modern analytical tools like SMART, SWOT, PEST and STAKEHOLDERS' INFLUENCES also proved that the organization shall survive and expand.

The Rajshahi Development Authority and the Rajshahi City Corporation have some overlapping and duplicating functions like preparation of master plans, regulation of city developments as per those plans and demolition of obsolete and unhygienic buildings and structures. These functions may be exclusively given to the RDA by legal amendments to avoid conflicts

The RDA for its own fund generation should utilize the scope of levy of betterment fees and make a provision for realisation of 0.5% of the holding taxes from the City Corporation's collection.

The Rajshahi Town Development Ordinance, 1976 requires some amendments; to drop the word 'Town' and to include two more ex-officio members, namely, Superintending Engineer, PDB, and a representative of the Metropolitan Police Commissioner, Rajshahi; to replace Municipal Chairman by a representative of the Mayor, Rajshahi City Corporation in the list of the ex-officio members and to waive compulsory hand over of income generating projects to the City Corporation. Besides, a few other minor amendments are also required to standardize some procedures.

Its manpower strength is required to be raised by farther 39 men to include some technical posts with support staff and a provision of transfer of mid- top level offices with similar other organizations of the country may improve the efficiency of all such organizations.

The RDA's policy to develop housing areas should be made more land owners oriented.

In the Acquisition and Requisition of Immovable Properties Ordinance 1982¹ and the Acquisition of Immovable Properties Rule 1982, amendment may be made to exempt the RDA from some provisions of prior permissions for acquisition and changed use of land for its development projects as it takes up and implements development projects within the general and functional master plans as is approved by the Government and published in the official gazette and also with approval of the administrative Ministry.

Building Construction Rules, 1996² should have a minor amendment in Rule 8 to enhance the lower ceiling of required width of roads from 3.65 metre to 6.10 metre for new areas.

Introduction of service counters for delivery of services like issuance of land use certificates, passing of building designs, permission for transfer of ownership of leased out housing and such other plots is a necessity to relieve the authority from accusations of malpractice in such activities.

Finally, a first class magistrate is required to be deputed with necessary powers to the RDA, to lead demolition drives and try some plan violation and certificate cases of the RDA.

OBJECTIVES

An organization emerges at a time of need with pre-conceived ideas and policies along with sharing of experiences of similar other existing organizations, if there be any. Then it gradually enriches its ideas and knowledge on gathering of experiences with passage of time. In the same way the RDA was established in 1976 sharing the experiences of the RAJUK, the CDA and the KDA. Now the RDA has passed about 23 years and gathered wide experiences in its line.

Therefore, the experiences now require analysis to decide as to whether it should continue, reduce or widen and whether it is to devise some reforms to promote its efficiency and effectiveness in the interest of the city dwellers. This study is dedicated in that behalf.

¹ Section 4 (3), 5 & 17

² Rule 8

METHODOLOGY

This is really a **case study**. But at the same time has the scope of application of other methodologies to study its affairs and therefore, those will also be applied in the manner as noted below :

Historical Method: Since, past contains the key to the present, historical data, events, processes etc. will be examined to find a causal relation with the present and try to devise ways and means to redress the defects and difficulties of the past.

Interview Survey Method: This type of study will be applied in a limited sampling form to find out the views of the people of the levels of organizational employees giving the services and the city dwellers receiving the services.

Comparative Method: As the term suggests, comparisons, with similar organizations like the RAJUK, the CDA and the KDA will be made whenever possible to assess the performances and needs of the RDA.

Field Observation Method: This will also be employed in a limited form to examine the data and information available in other methods to bring the picture near to reality.

Primary Data: Some primary data from the RDA and the City Corporation will be collected and processed to find out the picture / indicators to formulate reformative suggestions.

Secondary Data: Such data from history, statistical yearbooks and other publications will be utilized wherever necessary.

SCOPE & LIMITATIONS

The subject of study is not a vast one, because of the organization being a small one and having limited functions. Required data are also available with it & some other organizations & few books & reports. Comparison with similar other organizations of the country is also not that tough. So the study is likely to bring some accurate findings.

However, since the author is the head of the organization at the moment, it may have some personal bias as to his own perception of the problems and favour to his own power to exercise.

STUDY AREA

Jurisdiction of the RDA:

Rajshahi City and its vicinity are within the Jurisdiction of the RDA and the area to be annexed in future will be the field for this study. The present Jurisdiction of the RDA is 177 square kilometres having 84 square kilometres outside the Jurisdiction of the Rajshahi City Corporation.

Farther 164 square kilometres of land is likely to be annexed to the Jurisdiction of the RDA in view of promising urbanization in near future.

Situation: The city area lies just on the northern bank of the great river Padma and the other bank of the river is Indian territory excepting a few dwelling huts of Bangladeshi people on temporarily alleviated river bank. Therefore, the city really got a half-adjoining area as its hinterland.

Communication: The city is well connected by road, rail and airways. Though it is on the bank of a big river, it has no water routes, because the river itself being the border river with India.

Weather: Here the highest and lowest temperature is 10.5°C to 26°C in winter and 24°C to 40°C in summer. Average rainfall is 1500 mm and relative humidity is 65% to 90%.

Topography: It stands at the cross point of 88.5° east longitude and 24.5° north latitude and at 18.5 metre above mean sea level. It is a plain land and its soil is calcareous alluvium. Soil is good for cultivation of vegetables and tree crops. Its mango crop is famous all over the world. Its soil has a load bearing capacity of 0.5 to 0.75 ton per square foot only, for construction of buildings and other structures.

CHAPTER - I

1. INTRODUCTION

1.1 INTRODUCTION

Urbanization started with the dawn of history, when the prehistoric people started living in cluster huts. But modern urbanization is more & more sophisticated with advancements of science and technology and thereby to provide for more and more amenities of life. In Bangladesh, it got a momentum in the event of unfavourable man-land ratio, increasing land lessness, low level of industrialization, rudimentary infrastructure and gigantic population size.

1.2 A Short History of the Rajshahi City

1.2.1 Rajshahi City originated as a market place and then as the home of local feudal lords, which dates back to the 13th century AD. During the British colonial period, it became seats of British & indigenous landlords, and then as the seat of Police Station and Sub-division. District headquarter was shifted to this town in 1825 AD from Natore, a town 48 kilometres to the east, the then homes of zominder Rani Bhubani and the zominder of Dighapatia. The said home of the zominder of Dighapatia is now known as the Uttara Gana Bhaban.

1.2.2 The population of the city stood at 5,44,649¹ in 1997, and the growth rate of population was 6.4%. Therefore, population in this 2000 AD may be about 6,56,000 in the city area of 93 square kilometres. Since the RDA's area of jurisdiction is wider by another 93 square kilometres, its population is much higher. Accurate figure is not available due to non-maintenance of such data by the RDA or in the Statistical Year Book of Bangladesh.

1.2.3 In this town, municipality was established in 1876 AD when it had a small population. But the town got a momentum on partition of India in, 1947. It then became the divisional headquarter, getting under its jurisdiction the old districts of Dinajpur, Rangpur, Bogra, Pabna, Kushtia, Jessore and Khulna. But in 1959, the districts of Khulna, Jessore and Kushtia seceded from this division. But the city kept its momentum as the seats of a university, a EIT, a medical college and many other educational institutions, which brought for it a nickname, "City of education".

1.2.4 However, at that stage, on the consideration, the Rajshahi Municipality could not cope with the need to regulate development of the city in a planned manner and on

required standard and as all other divisional headquarters of the time already had development authorities for regulated development of such divisional cities, the Rajshahi Town Development Authority was established in , 1976 by the ordinance no. LXXVIII of 1976.² However, in 1987 the Rajshahi municipality was upgraded as city corporation. Even, the RDA is continuing, as in other cities of the country. May be mentioned, as per ordinance, this organization is Rajshahi Town Development Authority. But by practice, it is now known as Rajshahi Development Authority and an amendment of the Law is in process to undo the word 'Town' from its name.

1.3 Problem Identification:

Old parts of the Rajshahi city are densely populated with insufficient roads, infrastructure and open spaces. Most of such roads were and are narrow to bear modern and growing traffic load due to rise of population. The city formerly had indigenous rural culture. But due to establishment of educational institutions & influx of new population, the culture has taken a new shape. Settlement of huge emigrants from India after 1947 to this border town and also settlement of huge population from the then Chapai Nowabgonj Sub-division, (which was a part of the Indian district of Maldah and became a Sub-division of Rajshahi district in 1947) & other parts of Bangladesh contributed a lot to the new culture. However, its the then Sub-divisions of Natore, Naogaon and Chapai-Nowabgonj became independent districts in 1984.

1.4 Origin of the Population:

1.4.1 Origin of the population of the Rajshahi city may be shown in the following table as per guesstimate by the elderly citizens:

• Indigenous (Saotal Tribe)	0.50%
• Original Bangalee residents	15.00%
• Settlement by emigrants from India after 1947	35.00%
• Settlements from Chapai Nowabgonj	25.00%
• Settlements from other parts of Bangladesh including retired government & other institutional servants & teachers, who served in Rajshahi	24.50%
Total	= 100%

¹ Statistical Year Book Bangladesh, 1997.

² Rajshahi Town Development Ordinance, 1976,

1.4.2 All such groups are maintaining a little-bit different culture and under such social conditions, the Rajshahi Development Authority has endeavored to turn the city to a modern one. But population growth and daily influx of new population is always putting a challenge as to its investment needs in infrastructure.

CHAPTER-II

2. ESTABLISHMENT, POWERS AND FUNCTIONS:

2.1 Establishment and functions:

Historically, functions entrusted to Rajshahi Development Authority were being performed by the Rajshahi Municipality along with other municipal functions. The Rajshahi Town Development Authority was established by the Rajshahi Town Development Authority Ordinance, 1976 (ordinance no. LXXVIII of 1976) to do the regulatory functions for planned development of the city. It is a body corporate, having perpetual succession and a common seal with power, subject to rules under the ordinance, to hold, acquire and dispose off properties or shall in its name be in a position to sue and be sued. Its functions include collection and holding of land sketch maps, maps showing drainage upon public or private lands forming part of drainage system with capacity, water supply and distribution system with capacity, educational institutions, public open spaces, play grounds, places of recreation, existing road and traffic system along with efficiencies and deficiencies, land under public ownership showing their use. Such records should be in printed maps and books and shall be made available to public on payment of certain fees to be decided by the Authority. In addition, it is to prepare general development plan as well as functional master plan for the city and administrate its implementation. It will also have the authority to take up development schemes and implement the same for infrastructure, housing etc.

2.2 Composition :

2.2.1 The Authority consists of a full time chairman as appointed by the Government, seven ex-officio (divisional heads of PWD, R & H, T & T, Health, PHE, Municipal Chairman & Deputy Commissioner) and three non official members as appointed by the Government. The non-official members are appointed for a three year term as part-time members.

2.2.2 Metropolitan Police Commissioner or his representative and the divisional head of the Power Development Board if included as members, the effectiveness in execution of regulatory function and co-operation in project implementation may improve.

2.3 Present volume of work :

2.3.1 Regulatory and Administrative Functions:

<u>Name of work</u>	<u>No. done in a year</u>	<u>Remarks</u>
1. Issue of land use certificates as per general master plan	800	
2. Passing of building designs	600	
3. Taking action against unauthorised structures	800	
4. Demolition of unauthorised and plan violated constructions	100	(1800 cases are pending, few thousand not yet taken up)
5. Violation cases and other civil litigation	40	(Four of them are in the High Court)
6. Administrative activities	Report, return, personnel management etc.	
7. Planning activities	Revision of master plan & project planning, revising etc.	
8. Management of estates:		
(a) The RDA Market	Management of 960 shops	
(b) Shahid Quamruzzaman Bus Terminal	Management & collection of rents from 65 shops and collection of tolls from buses	
(c) Shaheed Capt. Mansur Ali Park	Management of general and children's park	
(d) Padma Residential Area	Management of 576 plots	
(e) Banalata Commercial Area	Management of 117 commercial plots	
(f) Chyanir Residential Area	Management of 224 housing plots	
(g) Truck Terminal	Management	
(h) Parijat Residential Area	Management of 57 plots	
(i) Civil Maintenance works	For all self constructed markets & terminals	

2.3.2 Development Projects Under Implementation in the financial year 1999-2000:

Name of Projects	Total allocation (in lacs)	Current year's allocation (in lacs)
9. Own fund Project Implementations		
(a) Talaimari Super Market	263.98	1.00
(b) Chandrima Residential Area	708.35	700.00
(c) Banalata Commercial Area extention	575.89	1.00
(d) Varendra Housing Area Development	950.18	1.00
Total		703.00
10. Govt. Funded Project Implementation		
(a) RDA Office Building Construction	743.45	250.00
(b) Inter District Bus Terminal construction	484.50	230.00
(c) Greater Road – By pass Road Connecting Road	1422.18	1.00
(d) Airport Road – above no. (c) road connecting road	777.45	1.00
(e) Revision of Master Plan	317.00	1.00
Total	483.00	
Grand total	1186.00	

Source: The RDA's office.

2.4 Performance Comparison with City Corporation :

2.4.1 It had within a few years of its creation, prepared and published a **general and a functional master plan** for smooth and planned development of the Rajshahi City and is administering it. Since the RDA got new momentum with four fold population growth since its inception, it is now going to revise both the old plans. The City Corporation though have similar authority to prepare and publish and administer such master plan, could not as yet do so. They however, prepare their own functional plan.

2.4.2 Rajshahi Development Authority since its inception widened three intra-city roads, which really changed the traffic system of the city. Otherwise, the city centre would have become a dead area now, for lack of wide roads enough to allow the traffic. The city corporation is now widening such a road, but in a rather sparsely populated area. People's as well City Corporation executives' view is that City Corporation could not have done such jobs in the dense areas due to inability to convince or enforce the landowners to sacrifice their land on acquisition with compensation. They would not have gone for it for risk of creation of hostility with some vested quarters. The Rajshahi Development Authority is also going to construct farther such roads in near future.

2.4.3 The Rajshahi Development Authority by this time developed three housing areas providing modern facilities, 631 plots for high and mid income group families, 250 plots for low income group families and a commercial area with 118 plots and is going to develop other four areas, The City Corporation does not do so. The Rajshahi Development Authority also developed markets, bus and truck terminals, and recreation centres. However, such facilities are normally being provided by the City Corporation. But administration of planned city growth by controlling constructions as per master plan and the Building Construction Act, 1952 improved a lot in the hands of the Rajshahi Development Authority than in the hands of the City Corporation, which is admitted by 20 cross section of people, interviewed by the author.

As such it may be said that an organization like the Rajshahi Development Authority, a Central Government Agency to intervene in the smooth and planned development of a large city like Rajshahi is a requirement, as the case with the RAJUK, the CDA and the KDA.

CHAPTER-III

3. SURVIVABILITY AND GROWTH ANALYSIS

3.1 Whether the Organisation is Smart ?

Objectives and functions of the RDA may be examined as to whether and how far they conform to the modern analytical tool SMART ?

1. **Stretching:** The objectives and functions of formulating general and functional master plan, maintenance of records of urban facilities and regulation of private or other agencies' constructions are slightly stretching in volume with growth of the city. But the agenda of developing road network, housing area and other infrastructure are more stretching with growth of the city and to meet the backlog.
2. **Measurable:** Since the functions of the RDA are clear and either countable or varifiable by physical existence, the objectives are simply and easily measurable.
3. **Achievable:** functions of regulating and facilitating planned growth of the city are quite reasonably achievable and are being achieved, but in a slow rate due to poverty and slow growth of income of the people.
4. **Realistic:** The objectives of the RDA are realistic, but poverty of the people stands on the way as to the standard growth of the city.
5. **Time bound:** Objectives of the RDA are to extend services in the ever continuing time frame. However, it has also time bound projects and schemes for completion and on completion of one, another is taken up to meet the growing need.

3.2 SITUATION ANALYSIS BY THE TOOL 'SWOT'

Analysis of the RDA's situation by the tool SWOT, will simply show its viability to continue :

1. **STRENGTH:** Small number but skilled manpower,
- (2) Own office building and ancilliary facilities,
- (3) Own fund generation to maintain office and taking up own funded development projects,

- (4) Government provides reasonable fund for specific development projects in addition to its own
- (5) Political and social support for regulated growth of the city through this organization , in addition to the city corporation, is very high,
- (6) Most of the services and works are contracted out to perform efficiently and economically.
- (7) Being the organisation a small one, it has no trade union problem.

(2) **WEAKNESS :**

- (1) It has at present shortage of some manpower in view of manifold growth of the city and the growth of the RDA's estates and projects to manage,
- (2) Taxation source is unpopular and is not yet on its agenda to generate funds from that source

(3) **OPPORTUNITIES:**

- (1) The RDA itself will grow farther with the growth of the city.
- (1) Employees have maximum belongingness
- (3) Political and social support is infading

(4) **THREAT:**

- (1) The city corporation may try to absorb it, boosting political support. But then also, it will do the same job as a branch to the city corporation, leaving some top officials,
- (2) Government development grant may shrink
- (3) Developers in future may compete in housing area development projects more strongly.

3.3 ANALYSIS OF THE RDA'S PROMISES BY THE TOOL PEST

- (1) **POLITICAL** Political support for such an organization is high.

(2) **ECONOMICAL**

- (1) The income and expenditure statement shown in the later part will prove its self sustaining position
- (2) Its own income will rise a lot to take up own funded new development projects, if it starts to utilise its taxation source.

- (3) **SOCIAL:** Social support for this organization is high for regulation of planned development of the city and taking up and establishing model housing areas and building up road network and other infrastructure within its jurisdiction.

(4) TECHNOLOGICAL:

- (1) It has no technological problem as it uses the contracting out process in getting most things done
- (2) It has no high-tech component in its activity.

3.4. Situation analysis by the tools SWOT & PEST together.

Situation Analysis by Tools SWOT and PEST together gives a matrix. Since, space will not allow, it is being shown by point taking from para 3.2 & 3.3. To decide by weight we are to examine para 3.2 and 3.3 carefully.

PEST SWOT	Political	Economical	Social	Technological	Total
Strength	7	5	4	1	17
Weakness	2	1	-	-	3
Opportunities	1	2	1	-	4
Threat	3	1	-	-	4

3.5. Analysis of stake holders influences by matrix.

Stakeholdin g Agency	Present interest			Future interest			Present influence			Future influence		
	Hig h	Medu m	lo w	High	Medu m	low	Hig h	Medu m	lo w	Hig h	Medu m	lo w
Ministry	✓			✓			✓			✓		
The City Corporation		✓			✓			✓			✓	
Employees	✓			✓			✓			✓		
Citizens	✓			✓			✓			✓		
Contractors	✓			✓			✓			✓		
Developers		✓			✓			✓			✓	
Total	4	2	-	4	2	-	4	2	-	4	2	-

3.6 Whether Any of Its Services Can be Privatised to Make It Competitive in the Market Economy:

Its functions for control of building construction and planning and controlling of growth as per plan is regulatory. Municipal authorities earlier proved their inefficiency in this sector. Therefore, there is no scope for its privatisation or letting to market forces. But its other functions like developing of housing areas; parks, open areas, markets, bus and truck terminals are not monopolised. Other authorities like city corporation, upazila and union parishad and even private people can do all these things. The Rajshahi Development Authority does such things in areas where such other organisations or people are not coming up or cannot meet the total demand. Construction of roads and other infra-structure in cities are not being done by private organisations. However, part of managerial function like day to day management and collection of tolls at recreational parks, bus and truck terminals and all types of construction works are always contracted out to private sectors. Therefore, Rajshahi Development Authority does not require to let out any of its job to private sector.

CHAPTER-IV

4. ANALISIS OF ADMINISTRATION

4.1 DELEGATION OF POWER:

The RTDA Ordinance vested powers in two levels namely at Government and at the Authority.

4.1.1. Powers Retained at the Government Level:

The RTDA ordinance, 1976 empowered the Government to appoint chairman, three non-official members for each 3 year term & the Chief Executive officer and the Chief Accounts officer. It also gave to the Government power to approve general and functional master plan, projects and schemes of the RTDA and control of expenditure by budgetary means. Ministry has also all supervisory power.

4.1.2. Delegation of Power to RDA Level:

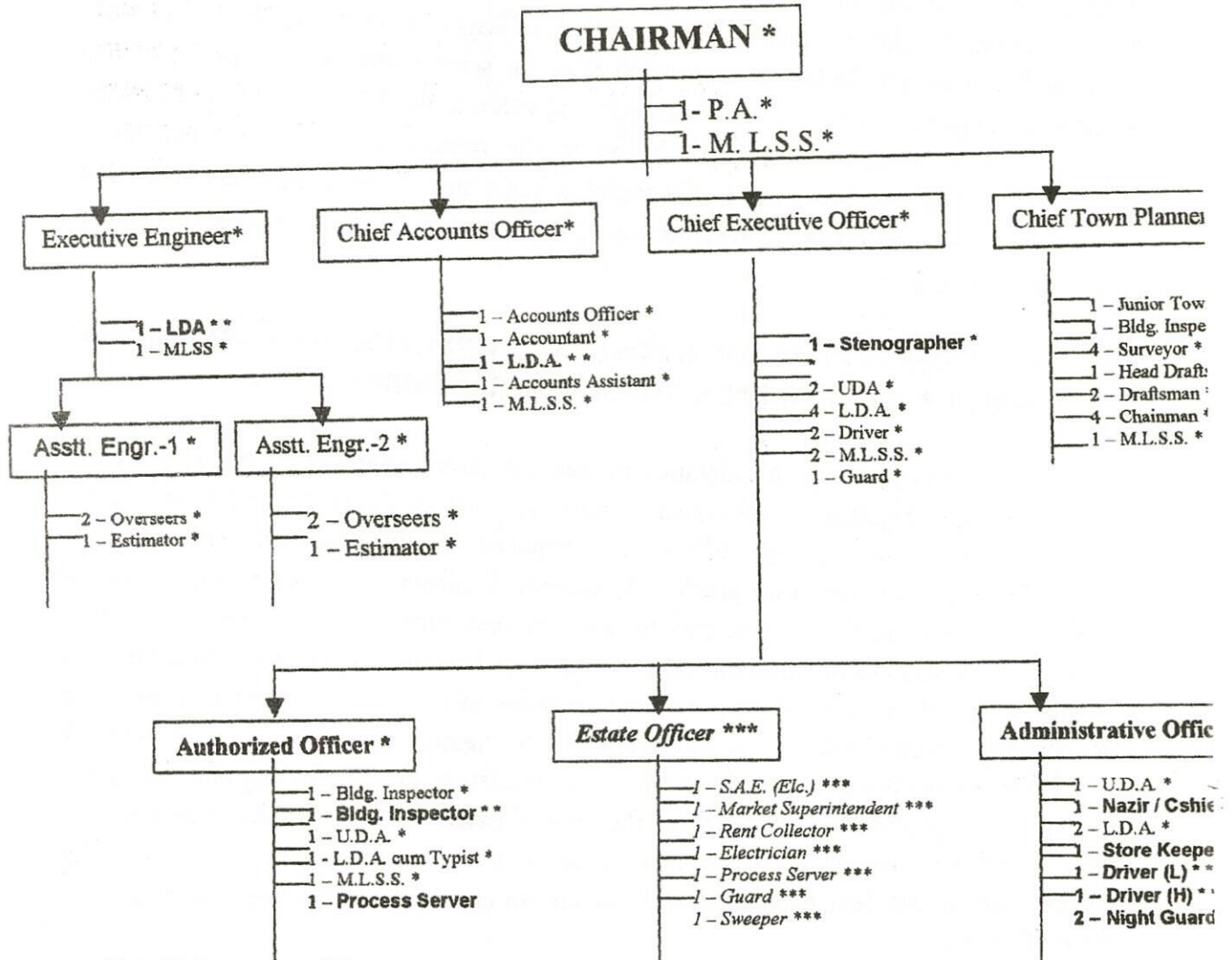
The RTDA ordinance, 1976 vested all the powers of the RDA to the Authority under section 22 as a whole, which consists of a Chairman, Seven ex-officio and three non official members appointed by the Government under section. 4 & 6(4). At the same time , the ordinance by section 56 empowered the Authority to delegate any of its power to the Chairman or to a member or to the Chief Executive officer. The authority in its meeting liberally delegated powers to different levels and may revise the same in any meeting. As such there is no problem of delegation of power.

4.2 Present Manpower :

For carrying out of the functions entrusted to it, there is sanction of 76 full time employees for the organisation as per the following organogram:

Rajshahi Development Authority

Organogram



Total Manpower 76

Source:

* Brig. Enam Committee recommended & approved by the Ministry vide HWM-SXIV12M-39/83(RTDA)/505 dt. 15.07.84

** MHPW-Ad. 10/RTDA-1/88/110 Date-12/8/92

*** MHPW-Sec. (Ad.) 5/2S.-RTDA 39/83 (Part.) 1253, dt. 21/11/88

4.3 CREATION OF SOME NEW POSTS

The RAJUK, the CDA, the KDA have got 736, 505 & 230 men in their strength against that of only 76 men, for the RDA to do similar jobs. However, volume of work in the RAJUK, the CDA and the KDA are heavier, because of higher population & greater area of jurisdiction. Population of all the above cities & of Rajshahi are 69.51, 23.48, 10.01 and 5.45 lacs³ respectively. In that consideration & as for some particular type of job certain number of employees are required irrespective of volume, the RDA should have at least 115 men in its manpower strength to be at the minimum standard of the above organisations. The new posts will be for technical positions, which is lacking in the RDA in consideration of its present added volume of work and to set up a revenue (betterment fee) collection branch.

4.4 UPGRADATION OF SOME POSTS AND CREATION OF SOME HIGHER POSTS WITHIN THE PREVIOUSLY SAID NUMBER LIMIT:

4.4.1 On the other hand, in consideration of status in those organisations and also the job necessity of the Rajshahi Development Authority, posts of Chief Town Planner, Chief Accounts Officer and Estate officer are required to be upgraded. One post of Superintending Engineer and another Executive Engineer, to design and supervise constructions are required to be created. Post of one Architect under the Chief Town Planner for proper planning of the city, one post of System Analyst for introduction of management information system and computerization of recording and reporting, one post of another Authorised Officer are also required to be created. The extra Authorised Officer is required to monitor and control unauthorised constructions, the existing one may serve to pass building plans. Up-gradation of the post of Estate Officer is required to meet the need to manage the gradually increased properties and estates. One post of Revenue Officer along with that of support staff should be created to utilise the source, levy of betterment fees.

4.5 POSTING OF A MAGISTRATE:

Besides, a full time magistrate is required to be deputed, to lead demolition of unauthorised constructions and try plan violation and certificate cases of this Authority.

4.6 FINANCIAL POSITION ON EXPANSION OF MANPOWER:

Such expansion in manpower strength will rather make it economically more viable than to make it overburdened by enhancing the income of the the organisation by way of

³ Statistical Year Book of Bangladesh 1997

starting collection of betterment fee, and giving more services to the people against fees and service charges.

4.7 CREATION OF TRANSFER PROVISION :

4.7.1 Above reorganisation of posts is also required for creation of transfer provision for at least some employees with such other organisations on two grounds. The first ground is that, since, all the people employed in these organisations are mostly from the locality, they cut both way. On one hand, they have full belongingness to the organization, they know the locality and the people and therefore, can understand the pulse and problems of the people at an ease. On the other hand, since in a smaller city, the people are mostly interrelated kith and kin. Some of such related employees stand on the way of taking drastic actions against illegal constructions or other acts when committed by their relatives. The second ground is that, working in the same organisation and environment, one does not enhance his multi-faculty competency. However, it will require amendment in the Laws and Service Rules of all such Authorities.

4.7.2 Therefore, an interim system of deputation from one authority to another for a certain period for certain posts may be created through the same administrative Ministry of all the four organisations.

4.8 INTRODUCTION OF SERVICE COUNTER :

The RDA and all its sister organizations like the RAJUK, the CDA and the KDA always face huge criticism and accusations of mal-treatments and even malpractice in its branches to give services like- issuance of land use certificates, passing building designs, issuance of permission for transfer of ownership of plots by the lessees and allotment of housing and commercial plots. For allotment of plots, standard procedures had been chalked out and if the same is followed there cannot be any confusion, because it is done by the top people of the organizations. Therefore, introduction of service counters and specifying time limits for delivery of services shall relieve the authorities from most of the accusations. May be mentioned that in the Building Construction Rules, 1996, provision of such time limits are already there.

CHAPTER-V

5. FINANCIAL POSITION

5.1 Analysis of Financial Position:

5.1.1 Income and expenditure 1998-99

<u>Rev. Income</u>		<u>Rev. Expenditure</u>	
Receipts of fees and fines	80.26 Lac	Salary	47.41 Lac
Profit from lease of plots/ shops	20.00 Lac	Administrative & other Expenditure	76.08 Lac
Bank Interest	74.49 Lac		
Govt. Grant	8.00 Lac		
Total Tk.	182.75 Lac	Total Tk.	123.49 Lac

Total Income – 182.75 Lac

Total Expenditure - 123.49 Lac

Surplus - 59.26 Lac

Source : RDA's office

5.1.2. The above statement shows that the RDA's office is now running on own income and a part of the interest accrued on previously earned money. The same previously earned money would rather cause higher earning, when invested in development of housing areas or other income generating projects. Therefore, it is certain that the organization is a self-sustaining one.

5.2 Levy of Betterment Fee:

Section 44 to 48 of the RTDA ordinance, 1976, provides for levy of betterment fees upon land, where value of such land enhances on implementation of certain projects by the RDA. In true sense, this is the real source to raise fund for the RDA for taking up farther development projects. Because, other sources like fees for issuance of land use certificate and passing of building plans are really service charges and the amount receivable from

those sources are negligible to pay for the activities required to provide the services. Similar provisions of betterment fees are there in the RAJUK, the CDA and the KDA too. But none is utilizing the source. Reason, is to avoid unpopular jobs. As such, all these organizations are earning some amount as a profit from developing housing estates to meet its revenue expenditure and to invest in farther housing area development and income generating projects. Infra-structure development projects are taken up and implemented with government fund only. But such situation cannot continue for long. As such source of betterment fee is required to be utilized without farther lapse of time.

5.3 FORMULATION OF PROCEDURE TO REALISE BETTERMENT FEES:

5.3.1 Implementation of projects by the RDA or such organizations really enhances the value of the neighbouring land manifold. The owners of the lands at that moment become richer in disguise i.e. unless they sell the land, or use the land for urban purposes they do not get the benefit of the enhanced value. Therefore, till the owners continue to use the land for agricultural purposes, their income do not rise to pay up such betterment fees.

5.3.2 As such a simplified procedure may be introduced. Betterment fee may be levied on completion of the project, but if not paid at the time on option, shall be payable at the time of sale or use of the land for urban purposes i.e. during construction or extension of buildings. Such late payments should be with certain rate of interest from the date of levy, which is there already in the existing law. Sub-Registrar's office at the time of sale and the RDA's Authorised Officer's Office, at the time of passing building designs can ensure realization of such fees. In such cases, bill board advertisements should be kept hanging in conspicuous places, so that the future buyers can know of such liabilities on the land beforehand.

5.3.3 For assessment and realization of such levy, no manpower are there in the RDA's organogram. So necessary posts are to be created.

5.4 Population Growth and Development of Housing Areas and Housing

5.4.1 As the statistics show, inflow on in-migration of people to the city is higher than new construction of houses being done. It is causing excess population in existing houses and raising of huts and slums. All these create a lot of socio-environmental problems in the city. Therefore, housing development activities should be farthered by the RDA as well as private developers. Housing area development with construction of houses for sale on hire purchase is also required to be introduced. Road network development should also be geared up farther.

5.4.2 Housing area development should be pro-land owners. What the RDA and similar other organizations of the country are doing at present is that they acquire private lands and develop housing estates and sell the plots to the promising new-comers. There is also some inadequate privilege of giving compensatory plots to the landowners, being evicted by the acquisition. But the attitude shall be modified to develop an area for planned housing for the landowners and then to accommodate the new comers in the surplus areas available.

CHAPTER-VI

6. FUNCTIONAL OVERLAPS

6.1 Over-lapping functions with the City Corporation:

Really the RDA is established to do some jobs taking out those from the municipality in 1976. The Rajshahi Municipality has been upgraded as Rajshahi City Corporation by the Rajshahi City Corporation Act, 1987. But, the RTDA ordinance, 1976 and the above City Corporation Act provides for some over lapping functions, some of which are between the two, giving scope for contradictions and conflicts. Those are as follows:

6.2 Both the organisations have the authority to prepare master plans and regulate land uses and future expansion of the city. None can construct anything without permission of such organizations under sections 10,11,12,and 23(1) of the RTDA Ordinance, 1976 and sections 107, 108, 109 and 112 of the Rajshahi City Corporation Act, 1987. Preparation of master plan is a costly affair and then regulation of the constructions of buildings, public and private roads, markets and expansion of the city are also complicated and tedious. At the moment, there is no problem, because the city corporation is not doing it. The RTDA Ordinance, 1976 by its section 28 barred the pourashava from sanctioning such construction under Municipal Ordinance, 1960 without prior approval from the RTDA. But since the Rajshahi City Corporation Act, 1987 had been enacted later, the above bar is not applicable to the City Corporation. On the other hand the RTDA Ordinance, 1976 has not also been amended to extend the bar on the city Corporation. So, to avoid future conflicts, either the Rajshahi City Corporation Act, 1987 is to be amended to omit such jobs from its jurisdiction or the RTDA Ordinance,1976 is to be ammended to extend the bar upon the city corporation.

6.3 Ensuring demolition of unhygienic, dilapidated & obsolete buildings is given to the City Corporation under section 110 of the Rajshahi City Corporation Act,1987, but demolition of irregular and unauthorized constructions lie with the RDA under section 24 of the RTDA Ordinance,1976 and section 3A,4,6,and 7 of the Building Construction Act,1952. For smooth functioning both type of functions may be given to the RDA by amending the law.

CHAPTER-VII

7. REQUIREMENT OF AMENDMENTS IN LAW

7.1 RTDA Ordinance, 1976 and The Rajshahi City Corporation Act, 1987

7.1.1 The RDA is concerned with Rajshahi Town Development Authority Ordinance, 1976, Building construction Act, 1952, Building Construction Rules, 1996, Acquisition and Requisition of Immovable Properties Ordinance, 1982 and Acquisition of Immovable Properties Rules, 1982.

7.1.2 The Rajshahi Town Development Authority Ordinance is the source of authority of the RDA. It provides for both operational & regulatory procedures and actions. It requires some amendments to make the organization more effective. Suggestions for such amendments are as follows:

7.1.3 The Rajshahi Municipality is upgraded as City Corporation and Mayor City Corporation is in the rank of State Minister. The law should be amended to provide for the membership to a representative of the Mayor, Rajshahi City Corporation in place of "Chairman of the Rajshahi Pourashava" in section 4(1)(b) of the RTDA Ordinance, 1976.

7.1.4 At present there is a provision in section 37(1) of the RTDA Ordinance, 1976, that completed development schemes should be handed over to Pourashava for maintenance. It did not specify types of projects and therefore, the City Corporation may demand any project including income-generating projects to be handed over to it. Since the Rajshahi Development Authority is to sustain on its own income, the income-generating projects should be left from compulsory handover to the City Corporation and the law should be amended for that purpose.

7.1.5 The RAJUK has got the provision of receiving one half percent of the holding taxes collected by the City Corporation for taking up development schemes for the city dwellers. But there is no such provision in the RTDA ordinance 1976. Such a provision may be made.

7.2 Acquisition and Requisition of Immovable Properties Ordinance, 1982 :

7.2.1 This law provides for requirements of prior sanction of the District Land Allocation Committee, District Site Selection Committee and of the Ministry of Land for acquisition

of land for taking up development projects. But since the RDA and other such organizations takes up projects as per master plan already approved by the Government and published in the official gazette and with prior approval the administrative Ministry, such requirements may be exempted for such development Authorities by amendment in the law.

7.2.2 Provision of prior permission of the Ministry of Land for use of acquired land in projects, other than for which it was acquired may also be exempted on the same ground.

7.3 Building Construction Rules, 1996 :

This Rule (Rule 8) provides for necessity of 3.65 metre wide roads in residential, commercial & other areas to allow construction of buildings. But this width of road is not sufficient to build a modern city. So, amendment is required to provide for roads, not less than 6.10 meter in the new areas. Provision of 3.65 metre wide roads may remain for old townships and existing built areas.

CHAPTER- VIII

RECOMMENDATIONS

The study showed that the RDA is a self sustaining organisation and may survive so. It need not privatise any of its functions or services, as none of them is proved ineffective or uneconomic. It only requires some improvements to make it more effective. As such, few recommendations for improvements as were observed in the discussions and analysis are made for due consideration. The recommendations are :

1. The Rajshahi Town Development Authority ordinance, 1976 should be amended to make the name 'The Rajshahi Development Authority' instead of the existing 'The Rajshahi Town Development Authority'.
2. Number of the ex-officio members may be raised by two, taking Rajshahi Metropolitan Police Commissioner or his representative and Additional Chief Engineer, Power Development Board, Rajshahi as ex-officio members. This may improve co-operation and effectiveness in achieving the objectives of the Rajshahi Development Authority. It may be done by an amendment in section 4(1) of the Rajshahi Town Development Authority Ordinance, 1976.
3. Levy of Betterment Fees : Instead of there being provision of such levy, it is not being implemented by the RDA as well as, such other organizations for some unavoidable realization problems. The problem should be overcome by introducing a system of realization of betterment fees at the time of sale or construction of buildings on it. Otherwise the RDA and similar other organizations of the country shall remain as organizations to cause enhancement of prices of private lands at the cost of government money.
4. Manpower strength of the organization should be raised from 76 to 115 to the minimum to include posts for some technical positions, one Revenue officer and their support staff. Up-gradation of status of few departmental heads like Chief Accounts Officer, Chief Planning Officer and Estate Officer and Creation of a post of Superintending Engineer, another post of Executive Engineer, another post of Authorized Officer and a post of Architect and a System Analyst are also of extreme necessity for improvement of performance of the RDA.

5. Provisions for transfer of some mid top level officers if done within the RAJUK, the CDA, the KDA and the RDA, may bring further efficiency in the organisation.
6. A first class magistrate may be appointed on deputation to the RDA to lead demolition of unauthorized structures, to try cases of plan violation and certificate cases for realization of fines and betterment fees.
7. To avoid simple over-lapping and duplication and safety of huge government money, preparation of general and functional master Plan as a function of the City Corporation should be dropped by amendments in the City Corporation act. or in section 28 of the RTDA ordinance to extend the bar for such acts upon the city corporation. As no city corporation is doing it, though it is in their laws and the RDA and other such organizations of the country are doing it effectively, the above correction may be done easily to avoid future complications and conflicts with the city corporations.
8. Provision for demolition of unhygienic, dilapidated and obsolete buildings lies with the City Corporation, which they are not found to execute. Demolition of unauthorized structure is the pertinent job of the RDA and it is doing it effectively. So, as the job of demolition of obsolete buildings is of similar nature, it may be transferred to the RDA by amendment in the Law.
9. The RDA's housing policy should have a change in attitude. The attitude should be to develop planned housing areas for the land owners and the surplus land available should be distributed to new comers.
10. The Rajshahi Town Development Authority Ordinance 1976, should be amended to replace 'Municipal Chairman' by 'A representative of the Mayor, Rajshahi City Corporation' as a member to the RDA.
11. The Rajshahi Town Development Authority Ordinance, 1976, should be amended to leave aside compulsory transfer of income generating completed projects to the City Corporation.
12. The Rajshahi Town Development Authority Ordinance, 1976 should be amended to provide for receiving one half percent of the Rajshahi City Corporation's realized holding taxes as a source of fund for the RDA.
13. Acquisition and Requisition of Immovable Properties Ordinance, 1982 may allow exemption to the RDA from the necessity of prior sanction of District Land

Allocation Committee, District site selection Committee and Ministry of land for acquisition of land for its development projects. It may be done since the RDA takes up projects with approval from the administrative Ministry and as per its general and functional master plan as is previously approved by the Government and published in the official Gazette.

14. On the same above ground, provision for prior permission of the Ministry of Land for changed use of acquired land may also be exempted.
15. Building Construction Rule 1996- (Rule-8) may be amended to provide for 6.10 metre wide road, a minimum necessity in the newly developed areas and the existing provision of 3.65 metre width of roads may be kept for the old and constructed areas .
16. Service counters to deliver services to the service receivers, instead of from respective tables, may be introduced to ease people's problems in receiving delivery of services.

CHAPTER-IX

CONCLUSION

This paper brought in 16 number of recommendations for reforms in the RDA. If the proposed reforms are implemented, it is hoped, performance of the RDA will improve manifold. May be mentioned that the RAJUK, the CDA & the KDA are also similar organizations with bigger areas and job volumes. All those three organizations and RDA really work on similar rules and procedures and are under the same Ministry of Housing and Public Works. Therefore, all those organizations may also be benefited from such reforms.

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REFORMING THE LAND RECORDS SYSTEM IN BANGLADESH

32

03/02

MD. AKRAM ALI MRIDHA



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REFORMING THE LAND RECORDS SYSTEM IN BANGLADESH

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Chittagong

**This paper is submitted in partial fulfilment of the requirement
for successful completion of the 32nd Senior Staff Course held
during the period from 23rd April to 6th July, 2000**

CONTENTS

	Page
Preface	i
Abbreviations	ii
Executive Summary	iii

CHAPTER-I

Introduction	1
Background	2
Objectives	4
Methodology	4
Scope and Limitation	4

CHAPTER-II

Present Position	5
Why reforming is required	9
What to do	9
What are the requirements	11
How to Function	15
Manpower and Training	15
Creation of Central Land Data Bank.....	16
Organisational Structure	17
Legislation	18
Funding	18

CHAPTER-III

Findings and Analysis.....	19
Recommendations	19
Conclusion	20
Bibliography.....	21

Preface

A Seminar Paper on “Reforming the Land Records System in Bangladesh” has been prepared in partial fulfilment of the requirements for successful completion of 32nd Senior Staff Course in Bangladesh Public Administration Training Centre (BPATC), Savar, Dhaka.

In our socio-economic structure the land ownership is still a significant factor in the determination of social status. I have seen scenario of saddest sufferings and miseries caused by the present Land Record System in Bangladesh. Reform is a vast area for discussion. I have tried to address the issue through the practical knowledge I gathered while I was working as a Zonal Settlement Officer, discussion with officers working in the field and consulting the relevant Acts, rules, regulations, manuals, reports etc. I have tried to give some recommendations to reform the present land records system.

I express my regard and gratitude to my Course Adviser Dr. Ekram Hossain, Rector, BPATC for his personal attention in allocating the topic and valuable advice in the preparation of this paper.

I convey my heart felt thanks to Course Director Tofazzel Hossain MDS, for guidance in writing this paper. I also express my sincere gratitude to A. S. M. Mobaidul Islam, Commissioner, Chittagong Division, who has kindly encouraged me to participate in the 32nd Senior Staff Course. I also express my thanks to Course Coordinators, Syed Shamsul Alam, Director, and Sk. Mustafizur Rahman, Deputy Director, and all concerned staff of BPATC for providing me with the logistic support and cooperation.

Dated. BPATC, Savar.
June 24, 2000

Md. Akram Ali Mridha
(Joint Secretary)
Additional Divisional Commissioner,
Chittagong

ABBREVIATIONS

ADB	=	Asian Development Bank
ASO	=	Assistant Settlement Officer
A.D	=	Assistant Director.
BPATC	=	Bangladesh Public Administration Training Centre
B.T. Act	=	The Bengal Tenancy Act
C. S	=	Cadastral Survey
DD (SO)	=	Deputy Director (Settlement Operation)
D.G	=	Director General
DLRS	=	Directorate of Land Records and Surveys
EBT Rules	=	The East Bengal Tenancy Rules
EDM	=	Electric Distance Measurement
MDS	=	Member Directing Staff
NICAR	=	National Implementation Committee for Administrative Reforms
ROR	=	Record Of Rights
R. S	=	Revisional Settlement
SSC	=	Senior Staff Course
S. S. Manual	=	The Survey and Settlement Manual
S.A Operation	=	State Acquisition Operation
ZSO	=	Zonal Settlement Officer

Executive Summary

Reform in public administration may be different in meanings to different people at different times. The perceptions about such reforms are based on political, economical, social and cultural background of a country.

Bangladesh is a small country with a large population of about 127 million. For a better land record system, transparency and accountability should be ensured. Land resource is scarce in Bangladesh and it is necessary to use our land accurately and effectively.

The East India Company got Dewani (Revenue administration) of Bengal, Bihar and Orrisa from Shah Alam, the then Emperor of Delhi on the 12th Augst, 1765 on payment of an Annual sum of 26 lakhs of rupees. On company's failure, the British Government under took the direct administration of revenue and concluded a quinquennial settlement in 1772 and decennial settlement was introduced in 1790. This decennial settlement was declared permanent by the then Governor-General Lord Cornawallis which is known as permanent settlement with the existing Zaminders in 1793.

First pilot cadastral survey (modern survey) started in Bengal in the year 1888 from Chittagong. Ultimately it covered all the districts of the country. After the enactment of SA & T. Act, the SA operation for rent roll preparation was done and since 1965 and onwards Revisional Settlement covered greater Dhaka, Rajshahi, Kustia, Chittagong and Pabna. Again in the years 1985-87, 10 Zonal Settlement operation started their function but progress in quantity as well as quality is not up-to the expected satisfaction. It is slightly above 9% of Khatians which have been finally published (up-to July, 1999).

As land is a vast subject, it is not possible to discuss everything about it in this paper. I have attempted to write the paper with some of the areas of the present land records system which can be modernised on preparation of Record of Rights (ROR).

The methodology adopted is based on my personal experience as a zonal settlement officer and study and perusal of official documents, books and other relevant documents.

The field staff are inefficient, semi-educated, There is no training institute to train up them. Data captured manually are very low quality, The poor quality of ROR can not satisfy the demand of the time.

In the present system there is wide scope of tempering the records. The format of the currently used in khatian (ROR) does not contain many informations.

To cause the suggested reforms, the accurate and effective technology, skilled manpower, accountable and transparent land administration system are the components seriously warranted. For legal support of new technology, amendment is required to change existing rules and regulations. A huge fund is necessary to introduce a computerised system for which World Bank and ADB may be requested to fund.

An effective, efficient and transparent land record system is recommended instead of the present system. The existing system should be reformed in the following area.

- a) The services of seasonal amins (surveyors) should be made permanent.
- b) Course on survey and settlement should be included in the syllabus of secondary school certificate level.
- c) Public awareness so as to land matters are concerned should be developed through meeting, information and electronic media.
- d) The Post of Director (survey) to be redesignated as Director (Technical and ~~Survey~~) with degree of computer engineering.
- e) New post of system analyst, computer programmer, computer operator and land survey sub-engineer post for digital field survey by total station to be created.
- f) Collected spatial and textual data must be accurate
- g) Training both theoretical and practical on land survey and land administration should be arranged for newly recruited officers and staff.
- h) Act of new data protection should be promulgated and existing land laws are to be amended.

To make the land record system most modern and to ensure transparency, effectiveness, accountability, efficiency and dynamism in the land record system computerisation is a must.

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Chapter-I

1.1 Introduction

1.1.1 Bangladesh achieved its freedom in 1971 through a heroic arms struggle. It is a small country with a large population of about 127 million. Its area is 147, 570 Squ. K.m. and its per capita able land quantum is about 0.24 acres which perhaps is the lowest in the world. Land resource is scarce in Bangladesh. So it is necessary to use our land accurately and effectively so far any kind of development in the field of agriculture or in the industrial sector is concerned.

1.1.2 An efficient land record system is a basic tool for stimulating economic and social development. We can ensure transparency, effectiveness, accountability, efficiency, dynamism in the present land records system of our country by reforming the land records system.

1.1.3 The land record system means the series of activities relating to preparation and maintenance of land records. The task of maintenance is connected with the updating the land records. Comprehensively, land record includes land maps and record of rights. To the members of the public, land-record is a document of evidence recognising their property right in the land.

1.1.4 The land record system can serve the following immediate purpose:

- a) To serve as an evidence of right in land;
- b) To help proper assessment and collection of land revenue;
- c) To help minimising the land disputes, criminal and civil litigations;
- d) To help preparing proper land use plan;
- e) To help implementing the land-reform measures.

1.2 Background:

- 1.2.1 We all know that on the 12th August, 1765 Shah Alam the then Emperor of Delhi made a perpetual grant to the East India Company for the Dewani (revenue administration) of Bengal, Bihar and Orissa on payment of an annual sum of 26 lakhs of rupees. Consequent upon the grant of the Dewani, the East India Company undertook the administration of revenue. But it was very difficult for company's servants to manage land and revenue administration. They mainly came to this country for trade purpose and were lacking in the experience of revenue administration. Moreover, there was no system of written rules, codified regulations and procedural principles by which they could learn the revenue administration by careful application. Further more, those upon whom they relied for information were prompted by self interest. On Company's failure, the British Government undertook the direct administration of revenue and concluded a quennial settlement in 1772 with those who offered the highest bid to secure a better control of the collections. But these did not last long. In 1777 annual settlements were made for several years. The Company's Government understood that such settlements were injurious to the land holders and their tenants as it discouraged all improvement in agriculture and consequently inimical to the general prosperity of the country. Then decennial settlement was introduced in 1790. This decennial settlement with the existing Zaminders was declared permanent by Lord Cornwallis in 1793. This is known as permanent settlement.
- 1.2.2 The modern or Cadastral Survey started in the Sub-continent in the year 1888 as a pilot scheme taking Ramu Thana of Chittagong district. With the initial success of cadastral survey it started simultaneously in all the districts of Bengal (except Hill Tract). In 1940 with the successful completion of Dinajpur district, the programme of Bengal cadastral survey ended. In order to make the cadastral records and maps up-to date, again from 1940 to 1952 in the districts of Faridpur and Barisal, a revisional settlement was completed. In 1951 East Bengal State Acquisition and Tenancy Act, was passed and Zemindari system was abolished.

As per provision of the SA Act land records were corrected for preparation of Rent Roll from 1956-1963 in all the districts except Sylhet where full-fledged cadastral survey was done. From 1965 and onwards revisional settlement operations were taken up in Dhaka, Rahshahi, Kustia, Pabna, Chittagong and Mymensingh. Except in a few mouzas of Mymensingh and two mouzas of Pabna all operations of those districts have been completed.

1.2.3 Since 1985-87 as per decision of NICAR revisional settlement operation in the name of Zonal Settlement started functioning in the grater districts of Bogra, Comilla, Jessore, Khulna, Faridpur, Rangpur, Tangail, Noakahli, Sylhet and Barisal In the Char Area Diara Settlement has been working since 1963. Re-classification of 183 mouzas of Dhaka Metropolitan Area (since 1995) and the six middle sized town (since 1996) namely Khulna, Dinajpur, Panchagarh, Kurigram, Habiganj and Moulovibazar have been taken up with the financial help of ADB.

1.2.4 No man made plan is free from defects. Amidst some advantages the P.S had experienced multifarious demerits. Attempts were made to take actual measurement of lands. As a result the B.T. Act was passed in 1885 and the most dependable revenue maps and records were prepared during the period 1910-19922 of the areas of the South-Western parts of the present Bangladesh. This operation is known as C.S Operation. Mention is made that Chapter X of the B.T. Act, 1885 and the Bengal Survey Act, 1875 deal with procedural matters of Survey and Settlement. General Public were agitating against the P.S. (Zamindari system). Moreover, in rural areas, the Zamindars' amount to be paid to the British Administration was permanently fixed whereas how much tenants would pay to the Zaminder was not fixed. This was another cause of agitation. The Government felt in a necessity to determine land ownership and to separate the Government Estates from private lands. So during the period from 1956 to 1962 new land records were prepared in the whole country. This settlement operation is known as S.A operation in the history of land settlement. One distinguishing feature of the S.A operation was that it prepared also compensation assessment rolls side by

side with survey and preparation of record of rights. There after R.S. operation emerged with a view to prepare clear maps and records in all district. But unfortunately there was a great difference between theory and practice. It was hoped to conduct the intended survey and prepare record of rights simultaneously within scheduled time. In practice some settlement operations took more than a decade to complete the work. Lastly zonal settlement operation has been working now with head quarter in old districts from 1st July, 1985 phase by phase and this is a revolutionary step taken by the Government in the history of survey and settlement on permanent basis having offices in Thana level.

1.3 Objectives

- 1.3.1 Land is a vast subject. It is not possible to discuss everything about land in this paper within a short period of time. So attempts have been made to write the paper with some of the areas of the present land record system which can be modernised on preparation of record of rights.

1.4 Methodology:

- 1.4.1 The methodology adopted in this paper is based on the following sources:-
- a) Primary sources: Personal experience as a zonal settlement officer, interviewing many land owners.
 - b) Secondary sources: study and perusal of official documents books on administrative reforms available at the BPATC, Journals, seminar papers.

1.5 Scope and limitation.

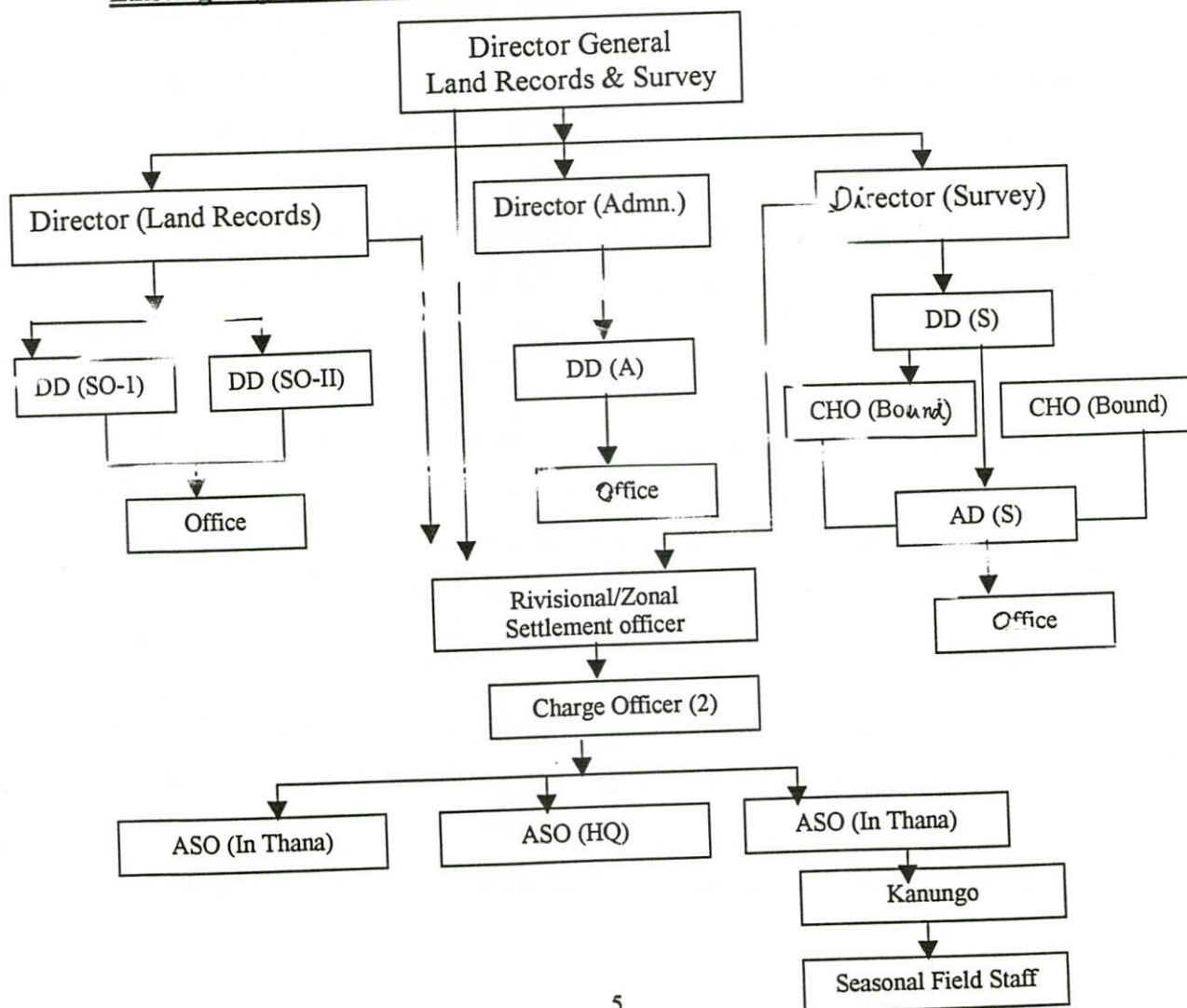
- 1.5.1 Writing a seminar paper on "Reforming the Land Records System in Bangladesh" is a very complex job within a limited time. Due to time constraint and other business of SSC Course, I was not able to collect extensive data from primary and secondary sources. I tried my best to collect data from the office of the DLRS and also from the field.

Chapter-II

2.1 Present Position

2.1.1 Mention is made here that survey work is conducted by the Bengal Survey Act, 1875, SS manual, 1935 and Technical Rule and Instruction of the settlement department, 1957. In mouza maps alamats (objects in situ) must be shown as per standard and design laid down in the Bengal SS Manual, 1935 and the general instructions of the Directorate of land records and Surveys. Settlement officer prepare the Record of Rights (Khatian and map). He is directly under the control of the Directorate of land Records & Surveys. An organisational chart of the DLRS is given below:

Existing Organisational Chart of Directorate of Land Records and Surveys



2.1.2 The following stages of settlement operation are very important of the present working system:

- a) Traverse survey
- b) Kistwar
- c) Khanapuri
- d) Bujharat
- e) Attestation
- f) Draft publication
- g) Objection
- h) Appeal
- i) Final Janch
- j) Printing of Maps and khatians
- k) Final publication

2.1.3 Traverse Survey The traverse party attached to the Office of the Director General of land Records and Surveys makes a traverse survey of the area. One of more large polygons, known as main circuits are first laid out. The angles of the these polygons are measured by the theodolities and the distance from each angle is measured by Gunter's Chain. 66 feet in length and consisting of 100 links. The main circuits are then similarly divided into smaller polygons, one for each village or mauza. This frame works to which the subsequent detailed mapping will be set is connected with pre-existing fixed stations of the G.T. Survey. The traverse surveyors mark their "stations" i.e. the place where they have observed angles. Great care is always taken to locate a station on the exact point where three villages meet. This trijunction point is marked by a triangular stone when the field work is found correct, the traversed stations are plotted on a square paper which is called p-70 sheet.

2.1.4 Kistwar This is the start of cadastral survey. Plot to plot survey of a village is made. Kistwar work is carried out by a set of seasonal staff. A set of seasonal staff is comprised of a Sarder Amin, a Badar Amin and a chainman under the supervision of Settlement kanungos. The Amins are semi skilled workers. They

work manually with very unsophisticated age old instruments like one table with tripod, one Gunter's Chain, one optical square, one ivory offsheet, one 16-inch into a mile metal scale, one pair of dividers, one flat ruler and one table conventional signs. The kistwar work is done with the scale of 16" = 1 mile in the rural area and 32" or 64" or 80" = 1 mile in the urban area.

- 2.1.5 Khanapuri** Khanapuri is the first stage of preparation office draft record of rights. During this stage a khatian is opened for each group of proprietors as well as a khatian for each tenancy. The khatian will show the persons or persons who are in possession of the interest in question together with their respective shares.
- 2.1.6 Bujharat** It is a persian word which means "explanation" to the tenants regarding the particulars recorded in the field of each plot and holding. Sarder Amin doing Bujharat moves from field to field checking the map, record and correcting mistakes where necessary in presence of the landlords and tenants or their representatives. Disputes arising during khanapuri are decided in this stage.
- 2.1.7 Attestation** From kistwar to Bujharat are checked and corrected by Revenue officers usually, called attestation officers. Each attestation officer is provided with one peshker, one bench clerk, one or two Badar amins, janch mohris and 2 or 3 peons. Attestation commences on notified dates. All the entries in the draft khatians are read out to the persons concerned and corrections where necessary are done under the initial and seal of the attestation officer. Disputes and prayer for "Badars" remeasurement of fields coming up at the attestation stage are heard, enquired into and disposed of. On completion of attestation record of individual manzas, a "Janch" or scrutiny of the same is made and attested record-of-rights are placed in draft publication for a period of not less than 30 days.
- 2.1.8 Draft Publication** During draft publication the record will be kept open at the attestation camp or other public place which may be convenient for parties, in order that land owners be able to inspect the entries and to take pencil copies of the same.

- 2.1.9 Objection** During the draft publication period any one who is dissatisfied with any entry in the record of rights may file objection in the prescribe form. These objections, after due notice to the parties concerned are disposed of by the assistant settlement officer duly empowered in this behalf.
- 2.1.10 Appeal** Parties aggrieved by the orders in objection cases may fill appeals to the settlement officer. These appeal after due notice to the parties are heard and disposed of by the settlement officer
- 2.1.11 Final Janch** After the field work is over, including the disposal of all appeals the village maps and khalian are taken for janch or scrutiny by the Janch Muharrirs. This is the final checking stage of prepared record.
- 2.1.12 Printing of Maps and Khaliens** The maps and khatian are checked thoughly. The maps are sent to the settlement officer's drawing office for inking. The maps and khatians are sent to Directorate of land record and surveys for printing. Printed maps and khatian are checked and corrected and sent back to the settlement officer.
- 2.1.13 Final Publication** The settlement officer shall publish the final record of rights by placing it for public inspection during a period of not less than 30 days at such convenient place. A proclamation shall be published in each village informing the malik and tenants and collector of the village at which the final record of right of that village will be open to public inspection and the period during which it will be open to such inspection.
- 2.1.14** When a record of right has been finally published, the revenue officer shall within 60 days from the date of final publication make a certificate stating the fact of such final publication and the date there of and shall date and subscribe the same with his name and official tittle. Finally the Government may by notification in the official gazette, declare with regard to any specified area that record of rights has been finally published for every village include in such area and such notification shall be conclusive proof of such publication.

2.2 Why reforming is required

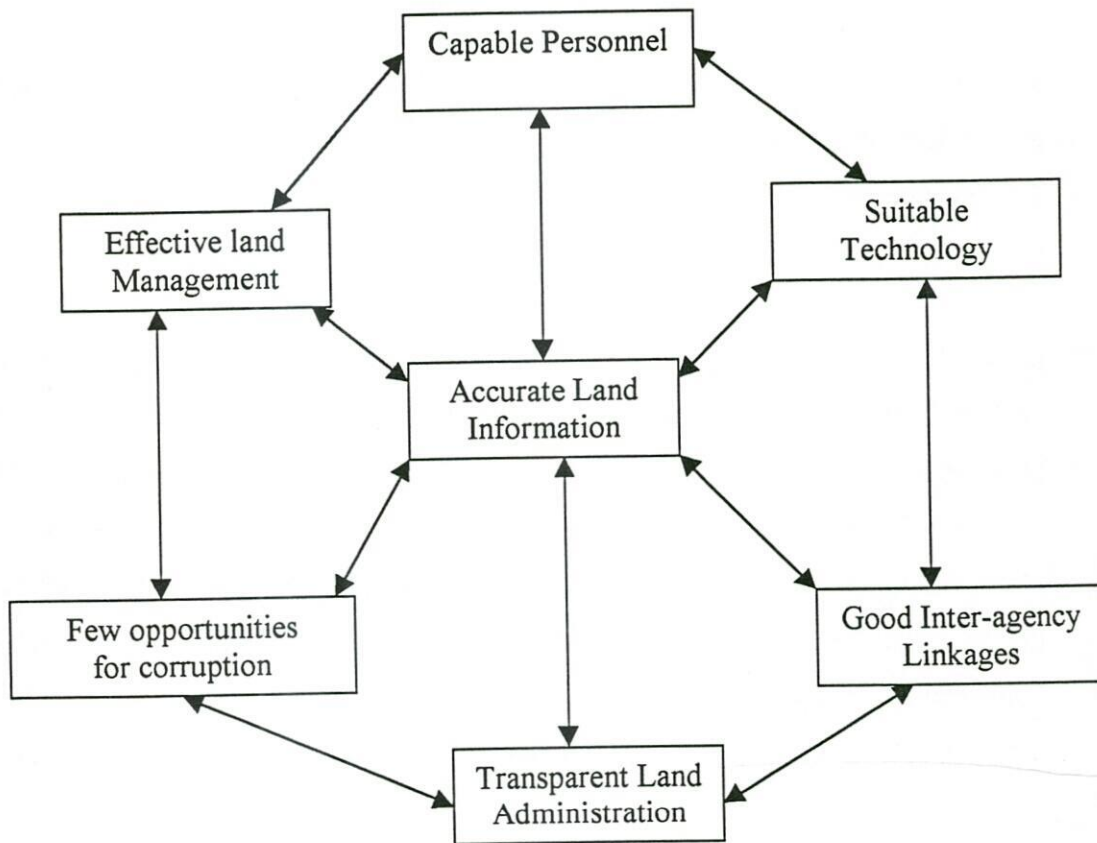
2.2.1 Present situation of our land record system is far behind of what we expect. The traverse surveyors are inefficient, semi skilled and semi trained. The instruments they use are out-dated, obsolete. As a result output is of very poor quality. They manipulate data manually which occurs errors. Unskilled seasonal staff do the kistwar work by the outdated instruments. With the preparation of low quality maps make problems among land owners and for which sometimes civil and criminal litigation arises. Huge back log of unpainted khatians and maps are in the DLRS's Office to be printed. At least 15 years to be required to print the same as they are using old type of printing press.

2.2.2 Most of the officers and staff are not efficient in survey work as they find it boring. Since most of the people have no knowledge about land laws the touts take the advantage of the weakness of those people with the connivance of the corrupt officers which invites corruption and lack of transparency in the system. Many of the supervisory officers have no knowledge about the service of the organisation. As a result they can not supervise the work of their sub-ordinates efficiently. The ROR of poor quality fails to satisfy the needs of the present situation. The present system of the settlement operation is a time consuming one.

2.2.3 As the accountability and transparency are absent in the system, the inefficient staff have got enough scope of tempering the records. Since the present system is out dated and not scientific, it is difficult to get information quickly.

2.3 **What to do** If the entire system is modernised (i.e. computerised) accurate data can be made available as soon as it is required. As a result transparency, accountability and efficiency can easily be ensured.

Effect of Computerised Land Administration System



2.4 What are the requirements

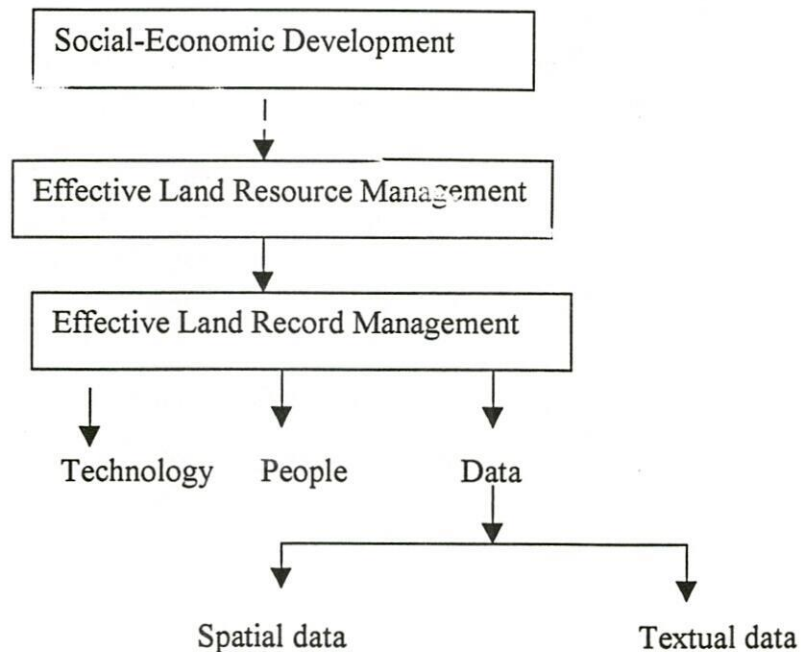
2.4.1 Now a days socio-economic development is highly dependent on effective land record management. Effective land records management requires a combination of three major integrated components.

- a) Technology
- b) People
- c) Information (Data)

a) **Technology** The whole land recording system should be computerised from beginning to the end. For this, Desk top, Printer, E.D.M, Total station etc. i.e a complete computer network is to be set up.

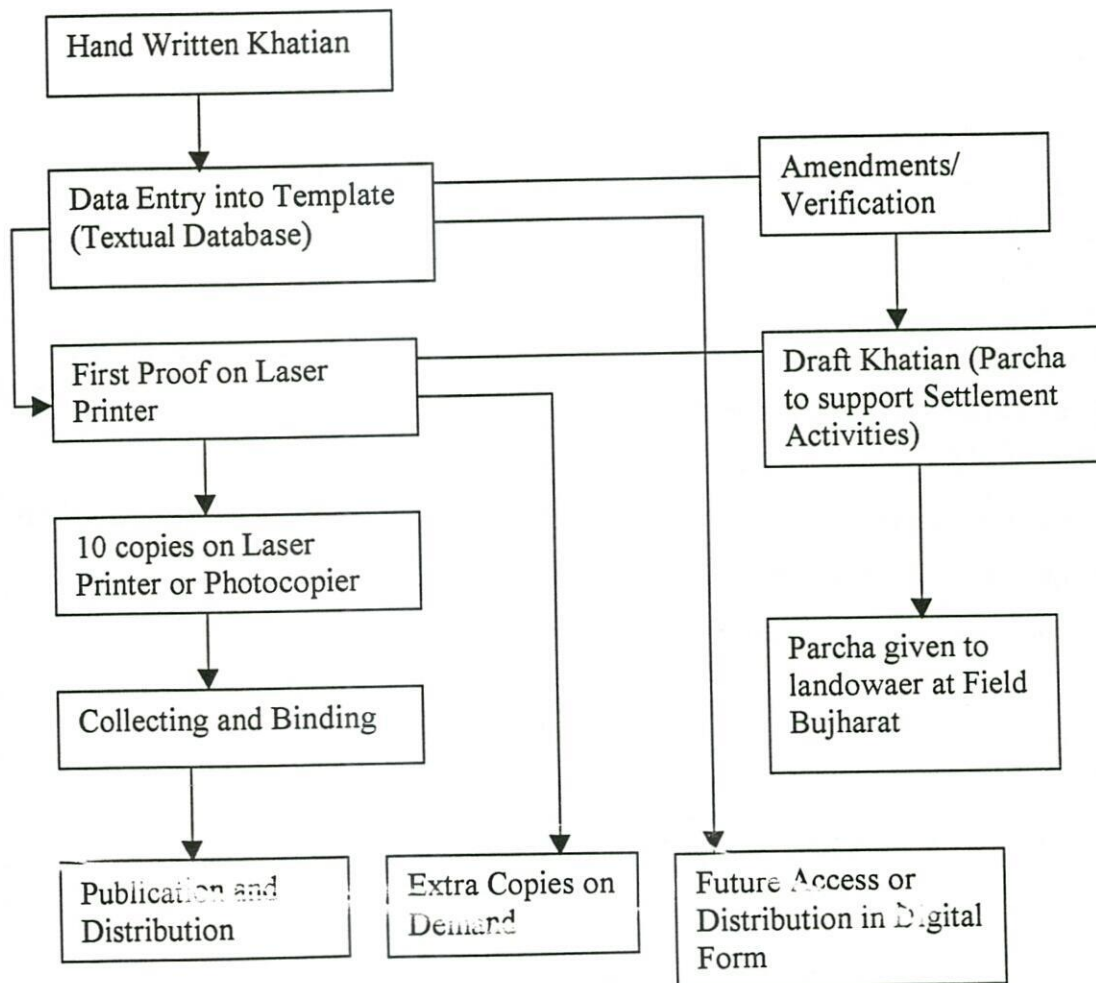
b) **People** People mean the manpower who will work in the system. They must be trained and skilled in their respective field.

c) **Information (Data)** There are two types of data, spatial and textual. Spatial data are used for map preparation and textual data are used for khatian preparation. Through the electronic media (Total station) the spatial data are to be captured.



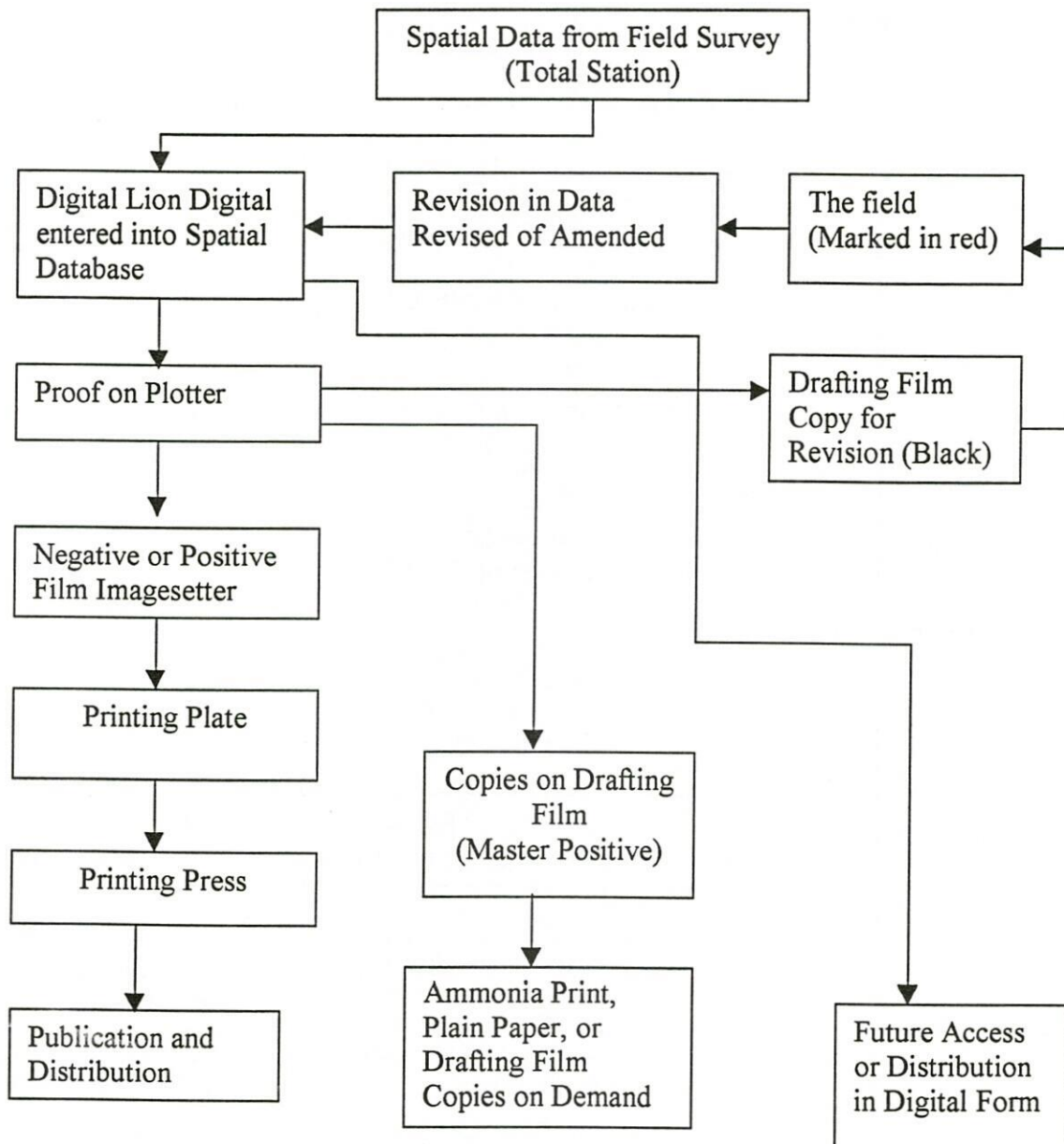
The computer and a final khatian can be produced easily within a very short time.

Computerised Khatian Production



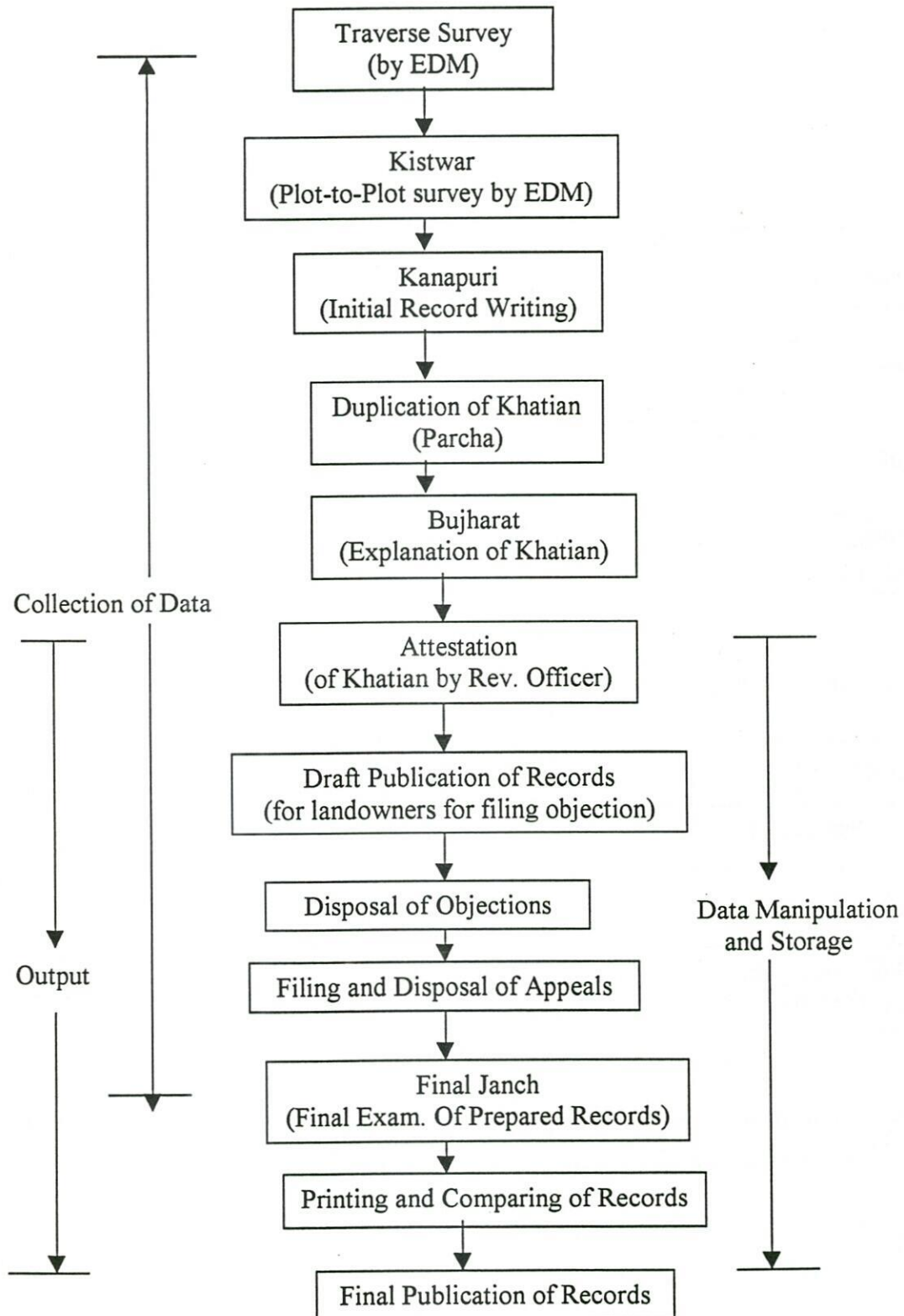
Data both spatial and textual must be of quality and accurate. Data will be input into the computer as an input and output will be production of Mouza map or khatian.

Computerised Mouza Map Production

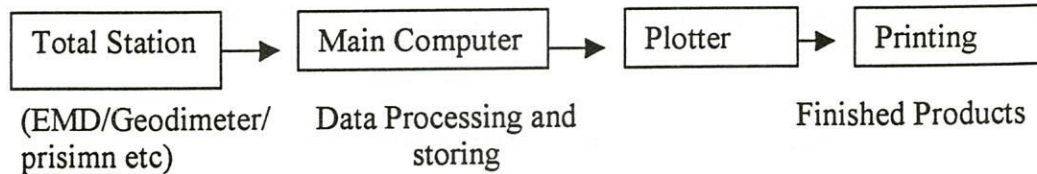


Multi-layer maps for different purposes can be produced from the stored data.
Spatial data, textual data can also be manipulated in.

Stages of Survey and Settlement Operations



2.5 How to Function Raw spatial data for preparation of maps are to be captured by field survey. With the help of this manipulated data, mouza maps will be prepared within a period of 2 to 3 months time. For security purpose copies of this disk can be kept in different places. This stored data can not be changed. The transparent map sheet (master copy) can be produced from this stored data.

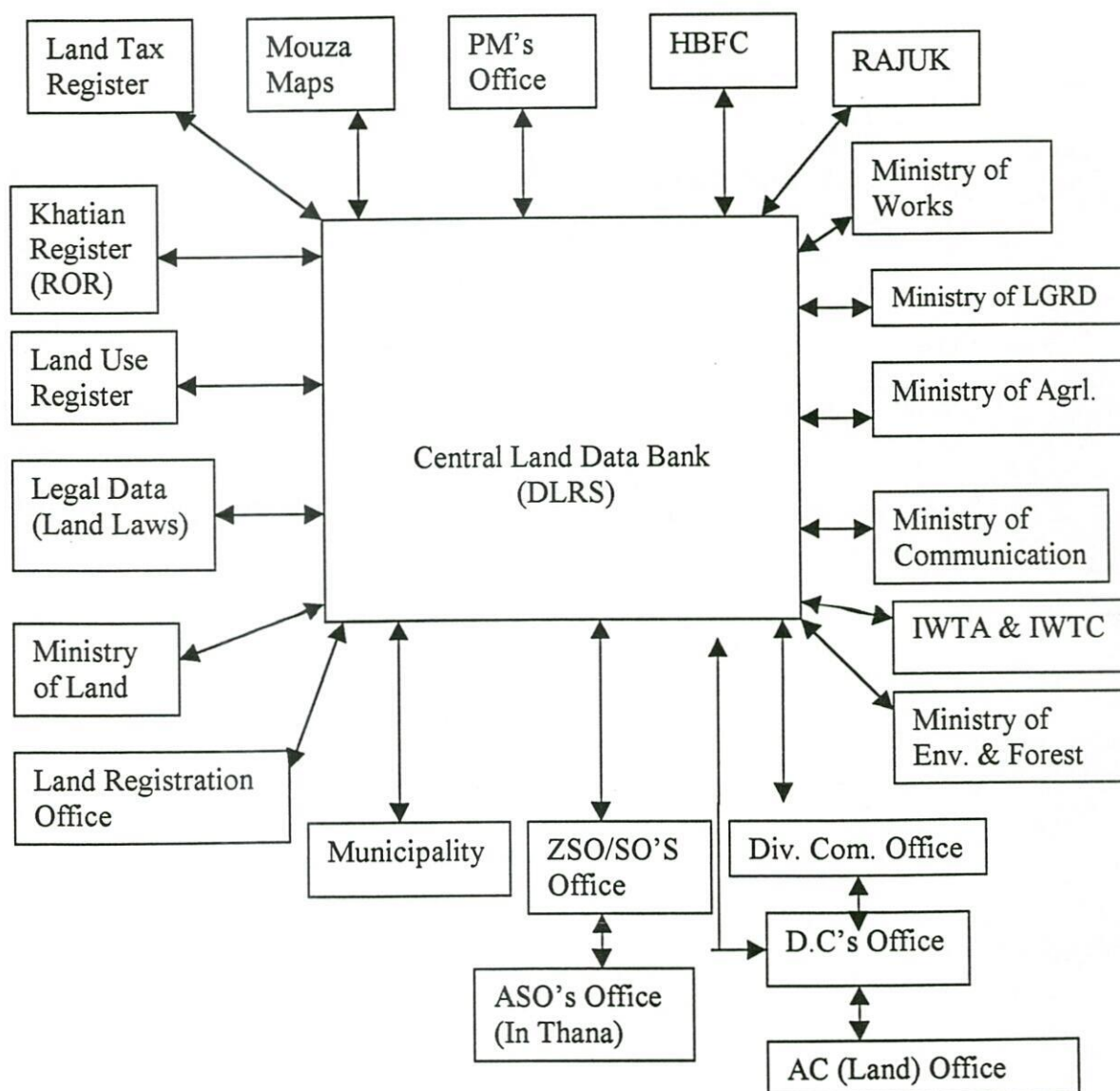


Khatian Textual data are to be captured through manual process for preparation of khatian. Like spatial data, textual data can also be manipulated in the computer and a final khatian can be produced easily within a short period of time. Captured data must be of quality and accurate.

2.6 Manpower and Training To make the system computerised training and skilled manpower is badly required. Field staff holding diploma from Polytechnic Institute should be recruited and trained in the land survey system so that they can convert the existing manual system into modern one, efficiently, and accurately.

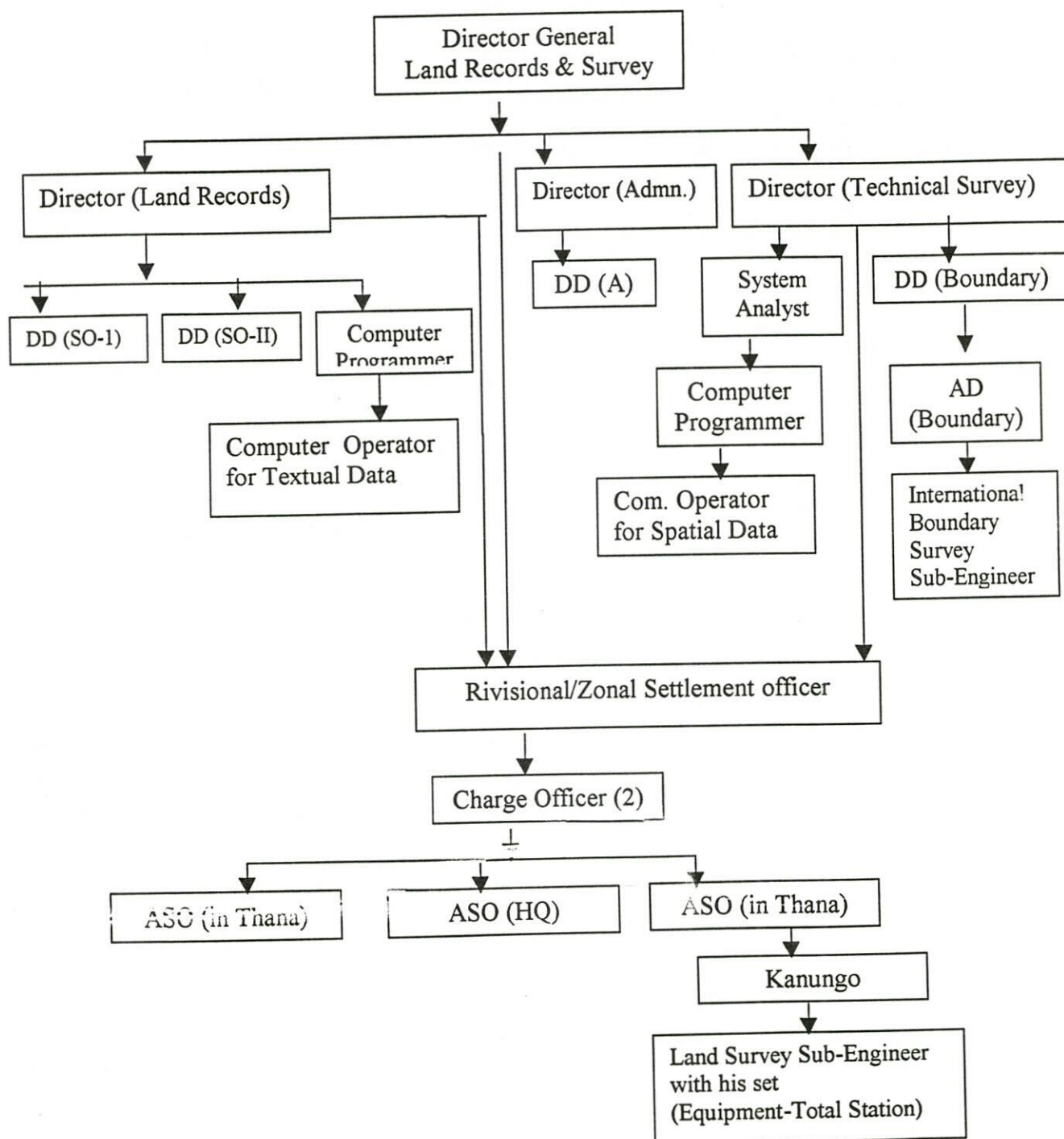
2.7 Creation of Central Land Data Bank With the help of the processed spatial and textual data, a Central land Data Bank System should be established. In this data bank, data should be analysed and stored. The agencies related with this Central land Data Bank System will use these data free of charge. But other agencies may use these data on a payment basis. This system will prevent duplication of data collection and data processing by different agencies.

Proposed Central Land Data Bank System



2.8 **Organisational structure** For functioning effectively organisational structure is to be modified.

Proposed Organisational Chart for Directorate of Land Records & Surveys



2.9 Legislation To bring about a change in the land survey and Record system, introduction of the computer is required amending the existing rules, regulation, orders and ordinances.

2.10 Funding For introduction of a modern computerised system, a huge amount of fund is necessary, Since Bangladesh is not economically capable, an international funding agencies like World Bank, ADB etc may be requested to fund the cost.

Chapter-III

3.1 Findings and Analysis

3.1.1 From the above discussion and present situation prevailing in preparation of land record system the following observations can be made:

- i) Absence of sound land management policy and land use policy.
- ii) Creation of zonal settlements and upazilla level set-ups as permanent offices.
- iii) Discipline and punctuality in map and record preparation in the field are totally absent.
- iv) Absence of use of modern land survey techniques.
- v) Preparation of wrong land records by the field staff in collusion with the land grabbers and political touts
- vi) Tempering of records in the various stages of legal procedures and before printing and final publication.
- vii) Want of proper training facilities for the lower level officers and technical staff to increase quality of services and products.
- viii) Awareness regarding importance of public needs as well as transparency are lacking.
- ix) Accountability in all levels is insignificant and weak.
- x) Dependability on the seasonal Amins without recruiting trained permanent surveyors.
- xi) Weak administration and management in the printing press
- xii) Lack of modern record room and information dispensing management.

3.2 Recommendations

3.2.1 It is recommended that the existing system should be reformed and a computerised system should be introduced for an efficient, effective, accountable and transparent land Record system. The following recommendations may be considered to implement this:

- a) The Services of Seasonal Amins (Surveyors) should be made permanent

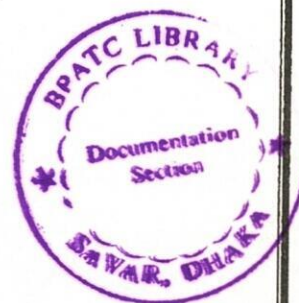
- b) Course on survey and settlement should be included in the syllabus of SSC level.
- c) Public awareness so as to land matters is concerned should be developed through meeting, information and electronic media.
- d) The post of Director (Survey) to be redesignated as Director (Technical Survey) with degree of computer engineering.
- e) New Posts of System Analyst, Computer Programmer, computer operator, and land survey Sub-Engineer post for digital field survey by Total station to be created.
- f) Collected spatial and textual data must be accurate.
- g) Training both theoretical and practical on land survey and land administration should be arranged, for newly recruited officers and staff.
- h) Act of New data protection should be promulgated and existing land laws are to be amended.

3.3 Conclusion

- 3.3.1 Land plays a vital role in our economy. So an efficient transparent and accurate land record system is very much essential for our economic upliftment. Survey of land brings a clear measurement of possession and Ownership of both the owners and the Government. Had there been no settlement operation, the principles of "might is right" in respect of land would perhaps be followed. The best way to ensure the right and title of the land owners is to provide up-to-date records and maps.
- 3.3.2 Computerisation of land record system in Bangladesh is feasible, although, it will require a considerable foreign assistance to implement these recommendations. By modernising land record system and settlement operation through computerisation, transparency, effectiveness, accountability, efficiency and dynamism can be ensured.
- 3.3.3 The surrounding countries like India, Pakistan and Sri Lanka have shown considerable achievement in this regard. There is no reason why Bangladesh should lag behind.

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**ROHINGYA MUSLIMS: PROBLEM AND
SUGGESTED ACTION PROGRAMME**



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SL No 14

**BANGLADESH PUBLIC ADMINISTRATION TRAINING CENTRE
SAVAR, DHAKA
JUNE, 2000**

ROHINGYA MUSLIMS: PROBLEM AND SUGGESTED ACTION PROGRAMME

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A Seminar Paper is prepared and submitted in partial fulfilment of the requirements for successful completion of 32nd Senior Staff Course held at BPATC, SAVAR, DHAKA From May'23-July 06, 2000.

Contents

	Page
Preface	i-ii
Abbreviations	iii
Executive Summary	iv-v
CHAPTER-I	
Introduction	1
Definition of Refugee	1
Camp Administration	1-2
Background	2
Objectives of the paper	2
Methodology	2-3
Scope of Study	3
Limitations	3
Coverage	3
CHAPTER-II	
Historical Background of the Refugee Issue	4
Genesis of the Exodus of Rohingya Muslims	4-5
Influx of Rohingya Muslims of Myanmar into Bangladesh in 1991-1992	5-6
Consequence and Problem of the Influx	6
Bangladesh Myanmar Relation	7
Multilateral and Bilateral Steps taken to resolve the Myanmar Refugees Problem	7-8
CHAPTER-III	
Analysis and Discussion	9
Repatriation Operation	9-12
CHAPTER-IV	
Problems and Suggested Action Programme	13
Present Problems Hindering Repatriation of Myanmar Refugees	13
A comparative statement regarding the previous and present system of repatriation	13-15
Impact of Senior Official level Meeting between Bangladesh and GOUM	15-17
Recommendations	17-18
Conclusion	18

Preface

The world is gradually turning to a global village. Advancement of science and technology has created the opportunity globally for people irrespective of race, religion, Community and nationality to come closure in terms of economy, culture, trade, communication and other aspects and eventually to the present human civilization. Despite all these facts, it is a set-back on the understanding and principle of peaceful co-existence and friendly ties when we see the exodus of people from their homeland owing to civil war, strife, ethnic conflict, coercion, persecution, tyranny, grave abuse of human rights and deprivation of citizenship right and status. People after the flight take refuge or asylum in other countries for a safe and secured life. Govt. of the host country on humanitarian ground and for the succour of the refugees give shelter to them in makeshift camps, arrange food, provide water, sanitation and health care facilities and other logistics.

Refugee relief and repatriation operation is a sensitive issue and difficult task. Since a huge financial assistance is necessary, normally in most occasions the host country invites the UNHCR to come forward and involve in the operation. The material needs of refugees are likely to cover sectors for which other organizations in the UN system have special competence, as for example, WFP, WHO and UNICEF in the food, health and water supply sectors. UNHCR seek assistance and expertise from such organizations and from UNDP as appropriate; UNHCR also seek financial assistance from donor countries as well. Under the statute of UNHCR, under 1951 Refugee convention and 1967 protocol some basic human rights of the Refugees have been protected.

Repatriation of the refugees is one of the durable solutions of the refugee problem. As per UNHCR's mandate repatriation of the refugees must be voluntary and be accomplished in a way that ensures safety and dignity upon return.

The internal political problem of Myanmar has turned the exodus of Rohingya Muslims into Bangladesh a regular feature. In 1947 and 1978 large number of Rohingya Muslims took asylum into Bangladesh. Again a number of 250877 Rohingya Muslims crossed the border of Myanmar during the period from Nov. 1991 to June 1992 and took

refuge in Cox'sbazar and Bandarban district of Bangladesh casting a tremendous political and economic problem on her. After relentless efforts of GOB a bilateral agreement was signed in April, 1992 with GOUM for repatriation of the Rohingya Muslims. On the basis of this agreement repatriation started in the month of Sept. 1992 and so far (up to 14.06.2000) the number of the returnees is 231576. Bangladesh is still bearing the load of 21000 Myanmar nationals. GOB has since been trying through bilateral and multilateral negotiations to resolve the long pending problem once for all, but unfortunately due to lack of response, absence of proper cooperation and lax attitude shown by GOUM the problem remains unresolved.

I am grateful to Dr. Ekram Hossain, Rector, BPATC for kindly assigning me the topic of "Rohingya Muslims: Problem and suggested action Programme" and for his proper guidance to make the 32nd SSC a success.

I would like to express my sincere thanks and gratitude to Mr. Azad Ruhul Amin, Secretary, MDMR for his affection, sympathy and advice. His magnanimity allowed and inspired me to participate in this course.

I express my sincere thanks and gratitude to Mr. Waliul Islam, ex-secretary to the govt. of the people's Republic of Bangladesh and Mr. Naqib Muslim, Director, BPATC, for their valuable suggestions and instructions relating to writing and presentation of a seminar paper in orderly and correct format.

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I am indebted and thankful to Syed Shamsul Alam, Director, BPATC, Mr. Mustafizur Rahman, Deputy Director and other faculty members who have extended all cooperation to write this seminar paper and in all other relevant matters during my stay in BPATC. I am indebted to Mr. Zakir Hossain and Mr. Mufazzal Hossain who have enriched my knowledge by efficiently conducting the computer training classes. I acknowledge the sincere service rendered by the computer operator Jesmin Akhter who worked hard in typing the Seminar Paper.

Md. Burhan Uddin

Abbreviations

GOB	=	Government of Bangladesh
GOUM	=	Government of Union of Myanmar
INRD	=	Immigration and National Registration Department
MDMR	=	Ministry of Disaster Management and Relief
MOU	=	Memorandum of Understanding
RRRC	=	Refugee Relief and Repatriation Commissioner
UN	=	United Nations
UNHCR	=	United Nations High Commissioner for Refugees
UNICEF	=	United nations International Children Emergency Fund
WEF	=	With Effect From
WFP	=	World Food Programme
WHO	=	World Health Organization

Executive Summary

Bangladesh is a small country with an area of 1,47,570 sq. kms. The total population is estimated at 125 million with about 837 inhabitants per sq.km. Bangladesh is one of the Least Developed Countries in the world and can hardly bare the additional load of a large number of Rohingya refugees. At the initial stage of the influx during the period Nov. 91-June 92 Bangladesh govt. had to incur a substantial amount to the tune of Tk. 75 million for the survival of 250877 refugees.

To cope with the emergency situation GOB made a request to UNO on Feb 13, 1992. UNHCR immediately responded and started the relief operation w,e,f. April, 92 together with GOB. Many non-governmental organizations (NGO) also stepped in the operation.

Repatriation of the refugees has since been the prime objective and supreme goal of GOB and to implement these objective and goal intensive negotiation took place at Ministerial and Official level between GOB and GOUM. As an outcome of the bilateral meeting repatriation started from Sept, 1992, but the process of repatriation was closed unilaterally by Myanmar Authority several times from April 01, 1997. UNHCR also got involvement in the repatriation process. After long gap repatriation started from 25.11.1998 with some unreasonable conditions imposed by Myanmar Authority in the tripartite meeting held on 18.11.98 among the officials of GOB, GOUM and UNHCR at Mangdaw, Myanmar. The hindrance and impediments have slowed down the pace of repatriation. GOB officials are taking measures and all out efforts to create momentum in the repatriation process, but to no satisfactory result due to non-cooperation of Myanmar Authority.

Remaining 21000 refugees staying in two camps namely Kutupalong and Nayapara under Ukhia and Teknaf thanas respectively are yet to return to their own country Myanmar and the problem is to be resolved as per the decisions of the meeting held between Senior level Officials of Bangladesh and Myanmar on 14.1.2000 in Yangon and on the basis of recommendations made in this seminar paper.

It is very much unfortunate to say that Myanmar Authority is not properly responding to and implementing the commitments made in that meeting, rather remaining silent over the issue causing unwarranted delay in the repatriation process of the refugees. But we are optimistic to achieving a durable solution of the long pending problem through repatriation within a shortest possible time by way of negotiations bilaterally and multilaterally.

CHAPTER-I

1.1 Introduction:

Burma which was officially re-named as Myanmar on June 18, 1989 is an independent country in South East Asia bordered by Thailand, Laos, China, India and Bangladesh with its capital at Yangon. The Myanmar refugees have come from the province of Rakhine (formerly Arakan) which is situated to the western side of Myanmar. The people of this province are generally known as Rohingyas. The term Rohingya has its origin in the terms Rohang or Roshan, the ancient name of Arakan. The Rohingyas are the descendants of the Arab Seafarers who settled along the coasts of Arakan. These Arabs frequented the Arakan coast since pre-Islamic days. As a result, Islam made its appearance in Arakan earlier than in the Indian sub-continent where it came about half a century later. In the subsequent periods Islam was the bond linking with the people of other races who settled in Arakan.

1.2 Definition of Refugee:

According to article 1A(2) of the 1951 convention the term "refugee" shall apply to any person who: As a result of events occurring and owing to well founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, is outside the country of his nationality and is unable or owing to such fear, is unwilling to avail himself of the protection of that country; or who not having a nationality and being outside the country of his former habitual residence as a result of such events, is unable or, owing to such fear, is unwilling to return to it. The criteria as set out in this definition is applied for determining a person's refugee status.

1.3 Camp Administration:

For providing all facilities to the refugees as well as maintenance of law and order, each camp has a Camp-in-charge who is deputed by the Government. The camp-in-charge is responsible for overall administration and co-ordinates all the activities of the camp. An Assistant Commissioner is also deputed by the

Government who assists the Camp-in-charge. There are other members staff like clerks, typists, messengers, guards etc. in each camp. Police and Ansar are also deputed to the camp for maintenance of law and order who work under the direct supervision of the camp-in-charge. The camp-in-charge frequently holds co-ordination meeting in the camp with the law enforcing agencies, NGOs and others.

1.4 Background:

Rohingya Refugee issue is a burdensome problem on Bangladesh. This problem should be properly addressed and a durable solution is necessary with intent to mitigate and redress the untold sufferings of the refugees and to strengthening further the friendly relationship with Myanmar as well. Recommendations on this issue bears much significance and may help to resolve the problem within a shortest possible time.

1.5 Objectives of the paper

The paper seeks to achieve the following objectives:

- i. To identify the consequence of the influx-the problems
- ii. To find out ways to remove impediments and hindrance on repatriation process & thus getting momentum of repatriation.
- iii. To put forth recommendations aiming to achieve a durable solution of the refugee problem through repatriation within a shortest possible time.
- iv. To close the refugee relief operation after repatriation of all the refugees.
- v. To remove the burden of refugees for the sake of national interest.

1.6 Methodology:

The seminar paper has been prepared on the basis of my personal experience gathered during discharging of functions and responsibilities related to refugee relief and repatriation operation. The data and information as mentioned in this paper was collected from office records available with refugee relief and repatriation commissioner's office. Information received in the course of

discussion with camp officials, refugee leaders and officials of UNHCR and Myanmar has supplemented to a considerable extent in writing this paper. Leaders of the locality near by the camps also have been hard with a view to completing this paper.

1.7 Scope of Study:

The Rohingya Refugee problem is a national issue of Bangladesh. Majority of our people are living below the poverty line. So, Bangladesh cannot afford maintenance and can hardly bear the load of a large number of refugees. Repatriation of the refugees is the main objective and goal on the refugee issue. Repatriation process of the refugees is staggering owing to lax attitude shown by GOUM. The problem needs to attaching a priority for early resolution. A systematic study can help properly identification of the problem and put forth recommendations accordingly to resolve the problem.

1.8 Limitations:

- i) No research/study has been done earlier on this subject.
- ii) The time for such a comprehensive study was quite short.

1.9 Coverage:

The paper is segmented into four parts. The first part deals with the introduction, a short background, objectives of the paper, methodology, scope of study and limitations, second part conveys the historical background, consequence of the influx - problems and related matter, the 3rd part encompasses the analysis and discussion on repatriation process and operation, involvement of UNHCR and Bangladesh-Myanmar relation and the fourth part delineates the present situation-problems hindering the repatriation, impact of the last 22nd Senior Official level meeting between GOB and GOUM and the most important suggested action programme-the recommendations and finally conclusion.

CHAPTER-II

2.1 Historical Background of the Refugee-Issue.

2.2 Genesis of the Exodus of Rohingya Muslims:

The internal political problem of Myanmar has turned the exodus of Rohingya Muslims into Bangladesh a regular feature. Since 1947 a number of 1.2 million Rohingyas had to flee their country. These Rohingyas are found in Bangladesh, Pakistan, Saudi Arabia, Malaysia, UAE and other Gulf States. In 1978 the "Dragon Operation" launched by General Ne Win forced at least 3,00,000 Rohingyas to enter into Bangladesh casting tremendous political and economic problems on her. Most of the Rohingyas went back to Burma (Myanmar) in 1979 under an agreement between the two countries. Earlier also Rohingya Muslims in bulk numbers came to Bangladesh as refugees on many occasions and also returned staying for some time in Bangladesh. In 1982 the Government of General Ne Win declared Rohingyas as stateless people through promulgation of an act. This agitated the Rohingya Muslims as they became uncertain of their national status. As a result exodus of Rohingyas to Bangladesh increased substantially. Besides Myanmar Authority use to adopt some unfair policies which led the Rohingya people to flee their motherland and the following irrational, improper and unjust activities have created a state of dismay:

- a) On different occasion the Rohingya Muslims are forced to give money to NASAKA camp adjacent to the village.
- b) No new born baby can be registered in the family census sheet without paying money.
- c) The people of Rakhine area have to give bribe if they want to get married with.
- d) Land acquisition without compensation.
- e) Charged with RSO excuse randomly.
- f) Communal biasness in case of the conflict between Rohingya Muslim and Rakhine.

- g) Either forced labour or money instead of labour.
- h) Psychological and physical persecution, coercion.
- i) Restriction on free movement.
- j) Crop procurement without giving price.

2.3 Influx of Rohingya Muslims of Myanmar Into Bangladesh in 1991-1992:

- 2.3.1 The refugees from Myanmar started to come to Bangladesh crossing the Naf river from November, 1991. After an incident that took place between the border security forces of Bangladesh and Myanmar in December, 1991, the influx started to increase substantially. Rohingya refugees crossed Bangladesh border in large numbers from the period from February to June, 1992. Most of the refugees came to Bangladesh by crossing the river Naf by boats and all these transborder migration of refugees took place during the day time and in the full view of the border security forces of Myanmar.
- 2.3.2 Bangladesh Government, for the succour of the Myanmar refugees, immediately took effective steps for giving temporary shelter, food, Medicare and health and sanitation facilities. To cope with the increasing number of refugees large number of officials were mobilized and posted to different places of Bandarban and Cox's Bazar district. Officials set up temporary camps at the arrival points of the refugees and recorded names and addresses of the incoming refugees and transported them to makeshift refugee camps at different places of these two districts.
- 2.3.3 During this period Government of Bangladesh took the entire responsibility for providing shelter, medicine, food, drinking water etc. to the refugees and a substantial amount of money to the tune of Tk. 75 million was spent for this purpose. To ascertain the actual number of refugees in all the camps a census was conducted in September, 1992. And according to the census the total population of the refugees stood at 2,50,877. All these refugees were accommodated in 20 camps situated in Cox's Bazar and Bandarban district. These camps were built with bamboo thatch having CI sheet or tarpaulin as roof.

- 2.3.4 To solve the problem of the Myanmar refugees Ministerial level meeting was held in Dhaka in April, 1992. After detailed discussion a Memorandum of Understanding was signed by the Foreign Minister of Bangladesh and his counter-part of Myanmar on the subject of refugee repatriation on April 28, 1992.

2.4 Consequence and Problem of the Influx:

- 2.5.1 Initially the refugees took shelter in schools, colleges, madrasa and other institutions of Cox's Bazar and Bandarban area. Then for erecting temporary accommodation for the refugees khas land, cornfields and forest land were used. There has been heavy depletion of forest resources due to construction of camps and use of forest wood as fire wood by Myanmar refugees.
- 2.4.2 A good number of refugee camps were established on forest land damaging the existing forest resources. Further, the refugees usually go to the nearby forest for collecting fire-wood as their fuel causing again damage to the valuable forest. In this way the refugees are causing an irreparable loss to the forest in particular and contributing too much in creating ecological imbalance as a whole. Even if Bangladesh were to be given all the money needed to replenish the depleted forest resources, forests would not grow over night. It would take years for Bangladesh to recover the damaged forest resources.
- 2.4.3 It is observed that a section of the refugees take part in the smuggling and other illegal trading. Many refugees frequently leave the camps without taking any permission from the camp Authority and commit a number of crimes which is actually deteriorating the law and order situation of Cox's Bazar and Bardarban district. Further the refugees out side of the camps sell their labour which makes the wage rate of the local labourer cheaper. Thus labour market grows imbalance and drive local people from job market due to the influx. This invariably causes resentment and hatred towards the refugees. Unauthorized movements of the refugees result in their fading with the local people which is not at all desirable.

2.5 Bangladesh-Myanmar Relation:

The relation between Bangladesh and Myanmar may be described as good and cordial. Bangladesh and Myanmar have about 176 miles of common frontier and have traditional, commercial and cultural ties. Since establishment of diplomatic relations between the two countries regular exchange of visits at different level have been maintained. Although we are a close neighbour of Myanmar, there is not much interaction in the field of economic and trade etc. between the two countries. In order to further increase and strengthen the trade relations between the Government of Myanmar and the Government of Bangladesh, the two Governments have signed a Border Trade Agreement in Dhaka on May 18, 1994. Foreign Minister of Bangladesh visited Myanmar from 3rd-5th September 1996 and also in 1999, which may contribute to strengthening bilateral relations between the two countries. For the last time foreign Minister of Myanmar visited Bangladesh from 17th to 19th July, 1999. On 17th July a meeting was held between hon'ble Foreign Ministers of Bangladesh and Myanmar. In that meeting hon'ble Foreign Minister Myanmar expressed his opinion that the long pending refugee problem could be resolved through discussion in the Senior Official level meeting. His excellency also agreed to holding of such a meeting.

2.6 Multilateral and Bilateral steps taken to resolve the Myanmar refugees problem:

Since the beginning of the Myanmar refugee problem, Bangladesh has made both bilateral and multi-lateral efforts to arrive at a quick resolution of this various issue. Multi-laterally it has sought the assistance of friendly countries and international organizations and bilaterally the Government of the People's Republic of Bangladesh has made continuous efforts with the Government of the Union of Myanmar to arrive at a quick resolution of the problem. The Myanmar refugee issue has been always identified as the main outstanding problem between the two neighbouring countries and it was agreed that, this problem should be resolved amicably in the quickest possible time. A Joint Statement was then signed by the two Hon'ble Foreign Ministers of Bangladesh and Myanmar

outlining the main broad principles for resolution of the problem. In pursuance of the understanding reached between the Government of Bangladesh and Union of Myanmar to achieve a common objective of voluntary repatriation of the Myanmar refugees 22 senior official level meetings have so far been held. The last senior official meeting between GOB and Myanmar was held on 14th January, 2000 in Yangon.

CHAPTER-III

3.1 Analysis and Discussion

Early repatriation of the Rohingya refugees is the main objective and goal of GOB. Analysis and discussion on this important aspect of refugee issue will show a scenario how the repatriation has been staggered. All out efforts and necessary measures should be taken to create a momentum in repatriation process by all concerned.

3.2 Repatriation Operation

- 3.2.1 Repatriation of Rohingya refugees from Bangladesh began, on a very limited scale, in September 1992, without UNHCR's active involvement. UNHCR involved itself to assist GOB in relief and repatriation operation responding to a request made to UN on 13.2.92. On 8th October, 1992 Bangladesh reached an understanding with UNHCR on modalities of cooperation to speed up repatriation. It spelt out the relations between the Government of Bangladesh and UNHCR vis-à-vis their functions and responsibilities for the repatriation. The refugees remained under care of Bangladesh Government and UNHCR was to assist Bangladesh Government in arranging repatriation. To ensure voluntary repatriation a one-year Memorandum of Understanding was signed between GOB and UNHCR on 12.05.93, which allowed UNHCR to carry out its mandate. The overall activities like maintenance and provision of budgetary allocation relating to Rohingya refugees is done under agreement signed between GOB and UNHCR. UNHCR has been maintaining its association in the repatriation process under this agreement. Voluntary repatriation movements did not gain momentum until the signing of an agreement between the Union of Myanmar and UNHCR on 5 November 1993, and the establishment of an operational UNHCR presence in Rakhine State in early 1994.

- 3.2.2 UNHCR adopted a policy of private interviewing in 3 Transit Camps and subsequently in the camp of origin to determine the individual refugee's willingness to return. According to the Memorandum any head of refugee family when opted for repatriation voluntarily then his family was taken to a transit camp where the voluntariness was ascertained by UNHCR staff. If the head of the family expressed willingness for repatriation only then the particulars of the family were sent to the Immigration Department of Maungdaw, Myanmar for clearance. The Immigration Department after examining the records gave clearance to the refugee family and the family was then repatriated on a date mutually agreed by the local officials of Refugee Relief and Repatriation Commissioner's office and the Immigration Department of Maungdaw.
- 3.2.3 In November 1993, UNHCR also signed a memorandum of understanding with the Union of Myanmar on repatriation of refugees, which expedited the pace of repatriation. By virtue of the MOU, UNHCR laid the foundation stone of their operation in Arakan. The agency got free access to Arakan. They started to keep good liaison with the Govt. Authority. They started monitoring the situation of returnees in Arakan. They ensured the protection as well as settlement of the repatriated refugees in Myanmar.
- 3.2.4 Prior to UNHCR involvement on the Myanmar side, much of the camp population in Bangladesh was fearful of the conditions in their homeland. Once UNHCR established an effective presence and the rights of returnees were manifestly being observed voluntary repatriation began in earnest. Large-scale movements were at first hampered by the devastating damage caused by a powerful cyclone in May, 1994; but major repatriation facilities were swiftly reconstructed. In mid-1994, UNHCR replaced individual interviews by a voluntary mass repatriation registration campaign. This campaign was conducted jointly by GOB and UNHCR. Over 90% of the refugees were registered.

3.2.5 In July 1994, UNHCR changed from information sessions to promotion of repatriation, stating that the situation in Myanmar is "conducive for return". UNHCR changed the absolute system of private interviewing and put into practice a system of mass registration with proper interview for voluntary repatriation. From the stage of mass registration to the final stage of repatriation, the refugee had the opportunity to say "no" to repatriation. Practically, they enjoyed this opportunity of saying "no" to repatriation on different ground extending from mental to physical. There are a number of cases who, during the period of mass registration for repatriation, took advantage of the opportunity of saying "no" to repatriation on the plea of pregnancy, new born baby, partial clearance, split family, extremely vulnerable individuals cases etc. Refugees also used to misuse this opportunity with a view to evade repatriation. From September'94 the repatriation activities got momentum due to all out participation of all partners concerned. From July'94 to March'95 a total of 1,24,408 persons (a monthly average of about 14000 persons) were repatriated.

3.2.6 The pace of repatriation declined from April 1995 due to various reasons. It should be mentioned that repatriation is directly related to clearances received from Myanmar Authority i.e the more clearances, the more repatriation. Myanmar recalled clearances in march, 95 that they issued and was available at that time with RRRC office, for further verification.

3.2.7 UNHCR reintroduced private interviewing system from Feb'95 on the plea that some NGO raised objection alleging that repatriation at that time was not purely voluntary. The reverification attempt of Myanmar Authority of the already cleared cases slowed down pouring of clearance from Myanmar Authority. This slowing down of clearances and private exclusive interview of the refugees reintroduced by UNHCR contributed largely to the slowing down of repatriation from April'95.

3.2.8 The process of repatriation was closed unilaterally by the Myanmar Authority with effect from 1st April, 1997. Such unilateral closure of repatriation led to uncertainty. The Bangladesh Govt. perused the matter to which the Myanmar Authority agreed to receive 2,000 refugees within a period from 21st April, 97 to 30th April '97. On the other hand the UNHCR floated the idea of local settlement & integration of the remaining refugees in Bangladesh. Given the time limit (21st April '97 to 30th April '97 of sending back the refugees), side by side the proposal for local settlement & integration by the UNHCR only 247 of the refugees could be repatriated. The reason for repatriation of such small number of refugees was obviously due to the fact that the refugees thought that they would be able to evade possible repatriation by crossing the deadline fixed by the Myanmar Authority and also will have a chance to stay under the UNHCR's proposal for local settlement & integration. The GOB officials tried their best to convince the refugees, who have been cleared, in favour of repatriation to Myanmar. The refugees showed violence, involved in anti repatriation activities and aggravated the law and order situation in the present two camps namely Kutupalong and Nayapara (location is shown in the map-annexure-A).

3.2.9 After 30th April '97 the repatriation process again met with uncertainty & stalemate. At the field level meeting held on 13.05.97 at Maungdaw, the Myanmar officials were made to understand the procedural requirement of repatriation, the reasons for taking longer time for sickness, new born child, pregnancy, link family etc. for which the cleared cases could not be repatriated by the terminal date. The Myanmar officials attending the meeting appreciated the situation and later the Myanmar Govt. agreed to open repatriation from July 20th, 1997 for cleared cases of 8,734 refugees. This time again they gave a terminal date up to 15th August, 1997. It is mentioned that Myanmar side suspended the repatriation for three times unilaterally during the period from April '97 to 24th November '98. After a long stoppage of about 16 months repatriation of Myanmar refugees resumed on 25.11.98- and a total number of 231576 refugees has been repatriated upto 14.06.2000 since repatriation began in Sept. '92.

CHAPTER IV

4.1 Problems and Suggested Action Programme

4.2 Present problems hindering repatriation of Myanmar refugees:

4.2.1 From Nov. 25, 1998 repatriation has been resumed under a changed procedure imposed by Myanmar Authority. Some of the points which hinder repatriation are as follows:

- (i) There will be only one movement (one repatriation) in a week.
- (ii) A maximum of 50 refugees can be repatriated in one movement.
- (iii) Myanmar Authority have introduced a process of reconfirmation of refugees who have already been cleared by them. They receive only reconfirmed refugees.
- (iv) A list of maximum of 70 refugees form the cleared pool of refugees is to be resubmitted to Myanmar Authority one week before the date of repatriation for reconfirmation. Of late this ceiling has been raised to 100 persons. It may be mentioned that there was a cleared pool of 8734 refugees before the resumption of repatriation on 25.11.98.
- (v) Myanmar Authority do not receive any split family or family whose members are left behind in Bangladesh. But previously they had no restriction to receive such families.
- (vi) The flow of reconfirmation of the refugees by Myanmar Authority is very meager resulting in a very meager repatriation.

4.3 A comparative statement regarding the previous and present system of repatriation is mentioned below.

Previous system of repatriation	Present system of repatriation
a. Repatriation movement 5 days in a week.	a. Only one movement in a week.
b. There were five reception centres including Kaninchaung.	b. Refugees are received only in Kaninchaung centre.

- | | |
|--|---|
| c. 500 (five hundred) refugees could be repatriated through Kanyinchaung in one movement. | c. In each batch maximum 50 refugees are allowed for repatriation. |
| d. Split families were accepted. | d. Split families are not accepted. |
| e. The intending members of a split family for repatriation were accepted and left behind members of such family were accepted subsequently as and when they wished to be repatriated. | e. Left behind cases are not accepted. |
| f. Lists of clearance were given in a bulk number. The GOB officials had the scope to select families for repatriation from pool of cleared families. | f. Now only a few number of families are selected and reconfirmed by the Myanmar Authority for repatriation |

4.4 Under the circumstances stated above, a number of proposals were placed before INRD officials for consideration to gear up pace of repatriation and the proposals are as follows:

- (1) There will be 3 (three) movements for repatriation in a week.
- (2) In each movement the number will be at least 100 (one hundred) refugees in each reception centre.
- (3) No. of reception centre should be 2 (two) including Taungbro and through these 2 (two) centres the total no. of refugees for each movement will be 200 (two hundred). So, in a week there should be scope for repatriation of 600 refugees. If it is not possible to reopen the Taungbro reception centre and to increase the movement to 3 (three), provision should be made to receive 600 (six hundred) refugees in a week in the Kanyinchaung reception centre in one movement.
- (4) If the process of reconfirmation is continued in such case the number of refugees for reconfirmation should be at least 850 (eight hundred fifty) per week since there are occasions of hospitalization, illness, pregnancy, new born cases etc.

- (5) Since non-acceptance of split families hinders the pace of repatriation, this condition should be waived and excluded. There should be provision for acceptance of members of split families.
- (6) Next Senior Official level meeting should be held in Yangon as per the decision no. 8 of the minutes of the 21st Senior Official level meeting held on 08.01.97 at Chittagong. Arrangement may be made accordingly.
- (7) It is experienced that resubmission of refugees list on Monday is simply useless. So it is proposed that all operations and transactions like resubmission of the list by GOB officials to INRD officials, receiving reconfirmation list from Maungdaw and repatriation of the refugees should be conducted on only Wednesday.
- (8) Myanmar Authority stopped issuing clearance of about 14000 Myanmar refugees since April'97 without valid reason. Clearance of these uncleared refugees should be handed over to Bangladesh Authority immediately by the Myanmar Authority.

4.5 The system of reconfirmation of clearance of refugees imposed by Myanmar Authority without consent of GOB has been hampering repatriation to a great extent. Reconfirmation is not at all desired and on the other hand Myanmar Authority is not providing reconfirmation at a spectacular rate and the number of reconfirmations is limited to 50 to 60 persons per week.

4.6 Impact of Senior official level meeting between Bangladesh and GOUM:

Senior official level meeting between Bangladesh and GOUM were previously held at regular intervals with a view to monitoring the progress of repatriation. The last 22nd meeting after a stoppage of 3 years was held in Yangon on 14th January, 2000 after much efforts of GOB. In that meeting both the country discussed threadbare on the long pending problem and eventually came to some decisions which could expedite the process of repatriation of 7000 cleared refugees. The decisions are as follows:

- a) There shall be no ceiling on the number of the Myanmar residents to be submitted for reconfirmation, or on the number to be repatriated in one movement or on the number of movements each week.
- b) The Bangladesh side may submit for reconfirmation as many cleared cases as they can finalize each week. The Myanmar side at the field level may reconfirm as many cases as they can finalize for repatriation each week.
- c) Movement of Myanmar residents should take place any day of the week and if necessary more than once in a week according to the consultation at the field level.
- d) In case of the repatriation of split families and their left behind members, It could be carried out on the presentation of legal document certified by Government of the People's Republic of Bangladesh and UNHCR.
- e) The cases of linked families who for various reasons wish to be repatriated together will be considered on a priority basis upon submission of legal document as specified in sub-para (d) above.
- f) The meeting noted the issue of clearance of about 14000 Myanmar residents raised by the Bangladesh delegation. Both sides will put up the issue to the higher Authorities.
- g) Field level officials of Government of the People's Republic of Bangladesh and Government of the union of Myanmar will meet each other in respect of monitoring the progress of repatriation process.

4.7 As a follow up of the above meeting Myanmar Authority in Yangon and at field level, Maungdaw, are being repeatedly requested and persuaded by GOB officials to implement the decisions of the meeting. But unfortunately, Myanmar officials are not responding with due attention; rather showing lax attitude and as a result the pace of repatriation is not getting momentum. The overall scenario of repatriation is not at all satisfactory. An early repatriation of all the refugees depends solely on the good conscience of the Myanmar Government. It is worth mentioning that Myanmar Govt. have not yet cleared 14000 refugees staying in 2

camps namely Kutupalong and Nayapara. Myanmar Government have been remaining silent over the issue of uncleared 14000 refugees.

- 4.8 It is relevant to mention here that since influx of the refugees a number of 31944 babies took birth and a number of 7664 refugees died upto 14.06.2000 in the camps. If the number of refugees repatriated per week and the no. of babies born in a week are juxtaposed, the facts will depict a very frustrating scenario on the repatriation process and probably repatriation will not come to an end within the next several years unless Govt. of Union of Myanmar shows keen interest.

4.9 **Recommendations:**

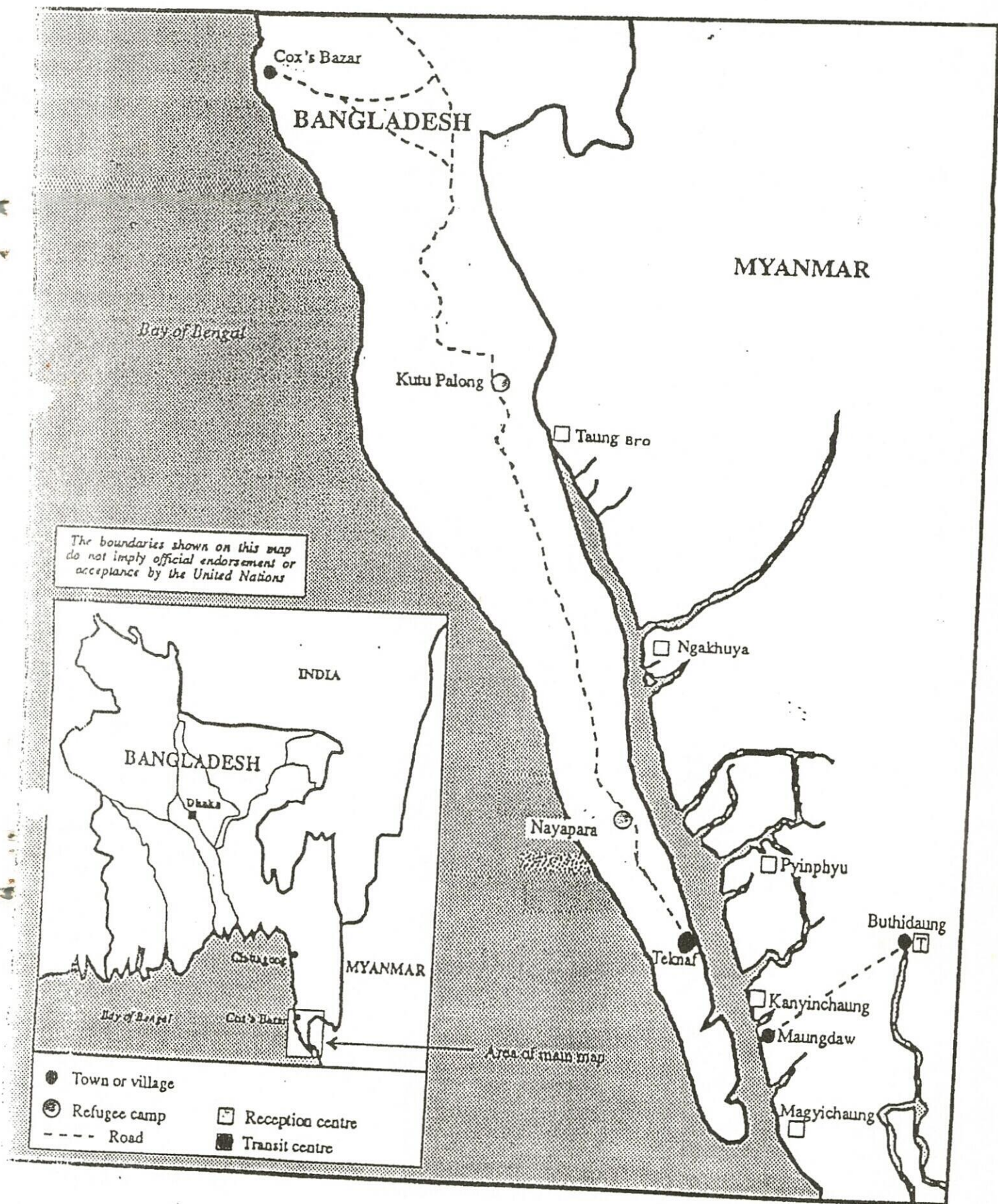
- 4.10 The following recommendations are made keeping in view the overall situation of refugee relief and repatriation process and operation. It is expected that if the recommendations are taken in to consideration and properly implemented by GOUM the long pending refugee problem will come to an end within an expected reasonable time and a durable solution of the problem can be ensured. Recommendations are:
- i. There should be a scope for repatriation of at least 600 (six hundred) refugees in a week and Myanmar Authority should accept the refugees.
 - ii. The decision of Myanmar Authority relating to the system of reconfirmation of previously cleared refugees should be waived and discontinued. If Myanmar Authority stick to the process of reconfirmation in such case the number of reconfirmed refugees should be at least 900 (Nine hundred) per week; since there are occasions of illness, hospitalization, pregnancy, new born cases etc.
 - iii. Split families and left behind members should be accepted by Myanmar Authority on pragmatic and rational consideration basis within a shortest possible time.
 - iv. Linked families also should be accepted by Myanmar Authority on priority basis within a shortest possible time.

- v. Senior Official level meeting between GOB and GOUM should be held regularly in every month to monitor the progress of repatriation and other related matter. In case, any unavoidable circumstance arises and as such meeting cannot be held in a month, then the same should be held in the next month.
- vi. The decisions of the senior official level meeting held on 14.01.2000 in Yangon should be strictly followed and implemented to resolve the problem early.
- vii. GOUM should take effective measures for acceptance of 14000 uncleared refugees who are Myanmar nationals within a shortest possible time.

4.11 Conclusion:

The relation between Bangladesh and Myanmar may be described as good and cordial. The two countries have about 176 miles of common frontier and have traditional, commercial and cultural ties. Early resolution of the Rohingya refugee problem can bring the two countries closer and eventually build a stronger relationship between the countries for achieving common interest.

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**BANGLADESH JUTE MILLS CORPORATION:
MARKETING OF JUTE GOODS - A NEW APPROACH**

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MUHAMMAD ABDUL KARIM



**BANGLADESH PUBLIC ADMINISTRATION TRAINING CENTRE
SAVAR, DHAKA
JUNE, 2000**

BANGLADESH JUTE MILLS CORPORATION :
MARKETING OF JUTE GOODS -- A NEW APPROACH

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This seminar paper is prepared, submitted and presented in partial fulfillment of the for successful completion of the 32nd senior staff course held during the period from 23rd April to 6th July, 2000.

CONTENTS

	<u>PAGE</u>
List of table	i
Preface	ii
Acronyms	iv
Executive Summary	vi
 Chapter-1	
Introduction	1
Objectives	2
Methodology	2
Scope and Limitations	4
Pian of Presentation	5
 Chapter-2	
Historical Background : Emergence of Jute Industry	6
Birth of Bangladesh Jute Mills Corporation	7
Institutional Goals	9
Objectives of BJMC	9
Functions of BJMC	9
Organization Structure of BJMC	12
Functions of Marketing Division	13
Manpower position of BJMC	14
Major Products of BJMC	15
Major Uses of Jute products	17
Existing production Facilities	18
Plant Capacity Utilization	18
Comparison of BJMC's Production with BJMA & India	19
Analysis of BJMC's jute goods sales	20
Comparison of BJM's export with BJMA and India	21
Comparison of BJMC's export with world export of jute goods	22
Customers and markets of BJMC products	23
Foreign customers/markets of BJMC	24
Foreign customers	25

Local customers of BJMC	26
Channel of distribution of BJMC's products	27
Physical Distribution Systems	28
Pricing System of BJMC Products	28
Factors of Price Fixation	28
Marketing/Sales Organisation of BJMC	29
Competitors of BJMC	30
Major problems of BJMC	31

Chapter-3

Market Research	34
Market and its Nature	34
Customer Consultation	34
Customer Behavior	35
Major Factors Influencing Customers Behavior	36
Cultural Factors	36
Social Factors	36
Personal Factors	37
Psychological Factors	37
Marketing of Products	38

Chapter-4

Marketing of jute Goods	39
Previous System	39
Present System	39
Recommendations	41
Conclusion	51

BIBLIOGRAPHY	52
---------------------	----

APPENDICES

APPENDIX-1 : Existing Enterprises under BJMC	54
APPENDIX-II: Organization Structure of BJMC	56
APPENDIX-III : Organization Structure of Marketing Division	57

LISTS OF TABLES

Table No.	Description	Page
1.	Manpower position of BJMC	14
2.	Plant Capacity Utilization	18
3.	Production of Jute goods of BJMC, BJMA & India	19
4.	Sales Volume of BJMC in Units and Value	20
5.	Export of Jute goods of BJMC, BJMA & India	21
6.	BJMC's export of Jute goods compared to world	22
7.	Region wise Export of BJMC during 1997-99	24

PREFACE

As we are moving through millenium-2000 and the business scenario all over the world, has completely changed, the competition among the business community has become so hard and tough that the business people having past ideology and old concept are no more in existence. Now is the age for survival of the fittest. Every day the marketing concept and techniques are being changed. Business people are now consolidating their entire efforts for satisfaction of the customers though supplying quality product, offering competitive price, making goods available at the doorsteps, ensuring better after- sales service, attractive package, firm commitments etc.

In case of marketing of jute goods, since the demand is much less than the supply, it has become a buyers market. So the competition among the jute goods suppliers are fierce. Hence, for existing and survival, Bangladesh Jute Mills Corporation, the largest exporter of jute goods, must follow a very dynamic and aggressive marketing policy.

The present marketing policy is no more effective and reform is a must for a new approach to be developed. My study intended to formulate a new approach for effective marketing of jute goods for BJMC.

I take the opportunity to express my deep sense of gratitude to BPATC authority specially to its enlightened Rector and Course adviser of the 32nd SSC Dr. Ekram Hossain for not only giving me an opportunity to write a report on BJMC : Marketing of Jute goods - A new Approach but also providing me a general outline and guidance for preparation of this seminar paper.

I acknowledge my indebtedness to Waliul Islam Ex. Secretary to the Govt. of Bangladesh who has given me valuable advice on seminar paper writing. In this connection I also remember with heart felt thanks & grateful the name of Syed Naquib Muslim, Director,

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Muhammad Abdul Karim



ACRONYMS

Admn	=	Administration
ADP	=	Annual Development Program
A&F	=	Account and Finance
Asst. M.	=	Assistant Manager
A. Twill	=	Australian Twill
BADC	=	Bangladesh Agricultural Development Corporation
BCIC	=	Bangladesh Chemical Industries Corporation
BCSIR	=	Bangladesh Centre for Science and Industrial Research
BJMA	=	Bangladesh Jute Mills Association
BJMC	=	Bangladesh Jute Mills Corporation.
BJSA	=	Bangladesh Jute Spinners Association
BJMDC	=	Bangladesh Jute Manufacturers Development Council
Board & Co.	=	Board and Company
BPATC	=	Bangladesh Public Administration Training Centre
B. Twill	=	Birmingham Twill
C&B	=	Cost and Budget
CBC	=	Carpet Backing Cloth
CORP	=	Corporation
DGM	=	Deputy General Manager
EEC	=	European Economic Community
e.g	=	For example
ERD	=	External Resource Development
Estt	=	Estate
FAO	=	Food and Agricultural Organization
Fig.	=	Figure

GM	=	General Manager
GOVT.	=	Government
IJO	=	International Jute Organisation
ILO	=	International Labour Organisation
JMDC	=	Jute Manufacturers Development Council
KEBICO	=	Kendryo Bikray Committee
LAB	=	Laboratory
LTD	=	Limited
L. Twill	=	Liverpool Twill
M	=	Manager
MEP	=	Minimum Export Price
MIS	=	Management Information System
MRP	=	Marketing Research and Promotion
M.Ton	=	Metric Tonnes
NEC	=	National Economic Council
NGO	=	Non-government Organisation
Oz	=	Ounce
PA	=	Project Accounts
PJ&R	=	Production Jute & Research
PM&QC	=	Planning Maintenance & Quality Control
S.S.C	=	Senior Staff Course
TLX	=	Telex
UMC	=	United Meghna Chandpur
USA	=	United States of America
Vol.	=	Volume
%	=	Percentage

EXECUTIVE SUMMARY

Bangladesh jute mills corporation (BJMC) founded in 1972, is the largest public sector corporation controlling, supervising and coordinating the business in jute sector and activities of the owned 33 jute mills and 3 non-jute mills. BJMC is an export oriented, labor intensive manufacturing organization with its manpower capacity of 16897 officers and staff and 258812 registered and attendance workers. BJMC with its head office in Dhaka has 3 zonal offices one each at Dhaka, Khulna and Chittagong, 2 foreign market promotion offices one in Brussels and the other in Harare.

BJMC mills with their 15738 installed operable looms consumes about 1.35 million bales of raw jute and produces about 276 thousand tones of jute goods annually. BJMC export about 250 thousand tones of jute goods, about 90% of its total production, to more than 100 countries all over the world and earn about 5687 million Taka every year.

BJMC through its 33 Jute mills produces a wide variety of Jute goods like hessian cloths and bags, sacking cloths and bags, carpet backing cloths, carpets, yarn/twine, wall covering cloths, wool packs, geo jute, webbing, felt and many other non-traditional products. Bags and sacks are used for packing agricultural and industrial products and CBC is used as backing for carpets. Other jute products have specific use for each.

Some major issues which contributed in declining sales of BJMC in world market are: (a) competition from synthetic (b) lack of product development efforts (c) higher procurement cost of jute goods compared to synthetic (d) long delivery time and unassured supply and (e) lack of market promotional activities.

The study suggests following remedial measures to overcome present crisis in world jute goods market :

- 1) Product Development : BJMC should develop new improved Jute Products according to customers requirement. BJMC should continuously try to innovate diversified products which are acceptable to the buyers.
- 2) Warehousing : BJMC should establish warehouses in strategic location so that delivery can be made to the buyers/users at short notice or telephone call. This will help customers to avoid present complicated procurement process and save huge expenditure.
- 3) Competitive Price : BJMC should follow a pricing policy for jute goods which attracts customers. Jute goods prices need to be fixed considering transportation cost, inventory cost, handling cost etc. so that doorstep price of the jute goods becomes competitive and cheaper than synthetic. Price benefit need to be sufficiently attractive to the customers.
- 4) Market Promotion Activities : BJMC should take following market promotion activities : i) BJMC market promotion offices should be manned with sufficient experienced and knowledgeable staff who can keep constant touch with foreign buyers and users to collect sales order, ensure timely supply, offer better after-sales service, settle claim quickly and contact potential and new customers. Personal selling can play here a vital role. ii) Develop Awareness : BJMC should take promotional steps to develop customer awareness about Jute products as a environmentally friendly product and other merits like biodegradable for which does not cost environmental damage, inflammability, free from health hazard etc. iii) BJMC should attend different exhibitions/trade fairs in different countries and promote its Jute goods. iv) BJMC should undertake a detailed market study of Jute goods to know other factors that might play vital role for erosion of demand of Jute goods.

CHAPTER-1

1.1 INTRODUCTION

Jute is the backbone of the national economy. It provides about 10% of total national employment in the economy and 7% of GDP. It is grown in about 15 lack acres of land. About three crore people from growers to workers and jute traders are directly and indirectly associated with the jute industry. The country's banks earn an estimated Tk 150 crore annually on account of interest and commission from the jute industry while the insurance companies and the Power Development Board get about Tk 100 crore from this sector. Besides, a sum of Tk. 60 to 70 crore is deposited with the public exchequer in the shape of excise duty, custom duty, land revenue etc. The road and both inland and overseas water transport sector earn some 100 crores of taka from transportation of jute / jute goods. On the top of all, the country's foreign exchanges earnings from export of jute goods stand around Tk 1200 to 1300 crore annually.

As per existing curriculum of senior staff course training program each and every participants is required to write a seminar paper on specific topic. I was assigned the topic Bangladesh jute mills corporation: Marketing of Jute goods, a New approach. The main purpose of the seminar paper is getting familiarization with organizational activities, find out different shortcomings of the organizational and marketing system and to point out remedial measures to bring reforms. After completion of my field work and study, I have prepared this seminar paper for onward presentation in the session for evaluation.

1.2 OBJECTIVES

The main objective of writing this seminar paper is getting familiarization with the concerned organization and marketing system, its functional activities, operational procedures, its strength and weaknesses, its opportunities and threats so that the problems its faces can be identified and remedial measures can be suggested. The detailed objectives of my writing this paper on BJMC are as follows :

- a) To review BJMC's role and functions, production facilities, sales and marketing strategy, distribution channel, pricing policy, markets, competition etc.
- b) To analyze and evaluate the strength and weaknesses of BJMC and its marketing policy.
- c) To analyze and evaluate the opportunities and threats of BJMC and its marketing policy.
- e) To suggest recommendation to face threats and weakness utilizing available opportunities and strengths.
- f) To recommend new approach/policy and reform for marketing of Jute goods.

1.3 METHODOLOGY

For familiarization and collection of primary information through discussion/consultation with different level of executives/ staff of the concerned departments, I spent my 2 weeks period as follows:

BJMC and its Divisions	1 week
Field Study	1 week
Total	2 week

I also collected various secondary information from different periodicals, publications available at BJMC and different libraries as follows:

- a) BJMC's Management Information Services (MIS) Division: Annual Jute Goods Statistics (Vol 84-88).
- b) BJMC's Market Research and Promotion (MRP) Section: Different Reports on Jute Goods Marketing.
- c) BJMC's different functional divisions : Different reports on functional activities.
- d) International Jute Organization (IJO): Bulletin on Jute Goods.
- e) Food and Agricultural Organization (FAO) : i) Half yearly Statistics on Jute, Kenaf and Allied Fibres. ii) Jute : Competition with Synthetic.
- f) Different books on Marketing and Research.

I checked various records of various departments as mentioned below:

- a) Records relating to sales review committee meeting
 - b) Records relating to offer, acceptance, allocating of sales to mills, production and shipment monitoring
 - c) Minutes of the meeting of Board of Directors
 - d) Tlx/Fax correspondence files with customers
 - e) BJMC's organization chart
 - f) BJMC's Service rule
 - g) BJMC's Set-up
 - h) Minutes of Meetings of Pricing Committee
 - i) List of Products
- and many other documents.

I also visited some of BJMC's Jute mills, BJMC's show room and display centres to see the production process and sales procedure of the traditional as well as non-traditional jute products.

1.4 SCOPE AND LIMITATIONS

Major variables centred around the study are listed below :

1. BJMC's origin and its historical background
2. BJMC's physical production facilities
3. BJMC's customers and/or the end users
4. Sales/Marketing procedures
5. Physical distribution channel
6. Price Structure
7. Competition
8. Customer consultation and market research
9. Marketing activities
10. Future opportunity and challenges

The study concentrates on the marketing aspects of BJMC. Other components of BJMC are excluded from the purview of the study.

1.5 PLAN OF PRESENTATION

I have divided this report into two parts – the first part is about the organization as a whole, the second part is on Marketing of jute goods: A new approach'. In the first part, I have presented detail information about the organization "BJMC" its historical background and its present position, its organizational structure, functions and activities, problems it is facing and their probable solution along with other relevant information.

In the second part I have focused on Marketing of jute goods : A new approach. In this part, I have discussed Marketing of jute goods previous system, present system and recommended new approach. I have analyzed the reasons of sales decline and have recommended strategic option for sales growth.

CHAPTER-2

2.1 Historical Background: Emergency of jute industry

In the wake of partition of British India the entire jute goods manufacturing industry was located in west Bengal and 90% of raw jute was produced in the area now born as Bangladesh. After partition from India, the then Pakistan Govt. planned to set up jute industry in this area with the aim for effective utilization of available raw jute, to reduce the dependency on foreign countries for export of raw jute, to increase earning of foreign exchange through exporting processed raw jute and jute goods and finally to create employment through quick industrialization. In erstwhile East Pakistan jute industries were established with Govt. direct assistance as an export oriented industry and the first jute Mill, Bawa Jute Mills Ltd. was established in the year 1951 in private sector. Afterwards the industry was expanded both in private and public sectors. There were 77 jute goods manufacturing unit (including 4 under construction mills) before liberation of Bangladesh. At the very inception, jute industry had to face huge loss due to serious competition with India and also because of revaluation of local currency. For the sake of continued expansion of jute industry through ensured profit the then Govt. introduced bonus voucher system which increased export earning in local currency by about 52% (average) during 1968-70 than ruling exchange rate.

During early sixties, the world jute goods markets were practically controlled by European buyers and in broad sense, the jute mills played the role of subcontracting only. As a result, although there was huge possibility of increasing demand of jute goods, the jute goods manufactures did not take either any market promotional activity or tried to produce new products. They kept on

producing standard fabrics and earned profit under Bonus Voucher system. At that time synthetic a cheaper product and a contribution of new technology came as a major threat to jute goods. Bulk handling technology also evolved and became another threat to jute goods.

During end sixties, in the market of jute goods, Thailand, China and Nepal came as new competitors. During early seventies, jute goods market started shrinking due to expansionism by synthetic and bulk handling technology. In that shrinking market of jute goods Bangladesh, India, Thailand, China and Nepal started serious competition of capturing market.

2.2 BIRTH OF BANGLADESH JUTE MILLS CORPORATION (BJMC)

In the aftermath of independence, the jute industry in Bangladesh was in shambles. Mills looted, jute godowns damaged and gutted, administration shattered, expertise lacking, spares missing, workforce disorganised, cash position hopeless and above all organised long-term planning for the salvage of the jute industry being totally absent. Not only that the jute industry was beset with problems of post independence, jute industry inherited some problems of pre-liberation also. In the pre-liberation period large number of managerial, supervisory and technical posts were held by the non-Banglees. Their exodus left a big gap in the administrative supervisory and technical positions. In such a vulnerable situation after independence, Bangladesh Govt. came forward to protect the jute industry from ruin and established Bangladesh Jute Mills Corporation (BJMC) under Article 10 of the Bangladesh Industrial Enterprises (Nationalization) Order 1972 (P.O. 27 of 1972) with the aims and objectives of controlling, supervising and coordinating the

activities, business and affairs of the Industrial enterprises engaged in manufacturing of jute goods and also for establishment and development of such industrial enterprises and matters connected therewith or incidental thereto.

Bangladesh Govt. originally nationalized 67 jute mills vide P.O. 27 of 1972. Subsequently 10 more jute mills were nationalized from time to time vide P.O. 51 of 1972, P.O. 87 of 1972 and P.O. 153 of 1972 making total of 77 jute mills and all were placed under BJMC. Further a non-jute unit named Mills furnishing was placed under BJMC vide ordinance no 1 of 1974 and another non-jute unit named Galfra Habib was also placed under BJMC vide Gazette Notification dated 19.6.1976. Afterwards BJMC established 3 units namely (1) Jute Plastic Plant (2) Bangladesh-Dhaka Carpet Factory and (3) Furat-Karnafuli Carpet Factory. This made a total of 82 enterprises under control of BJMC until 1977.

During 1977-78, Govt. again adopted the policy of disinvestment/ denationalization and it disinvested 7 jute mills from 1977-78 to 1981-82. Govt. denationalized 32 enterprises during the year 1982-83 and 1983-84. Later on Govt. further denationalized 4 mills. At present BJMC has been operating 33 jute mills and 3 non-jute mills with a total of 36 enterprises. Detail position of the enterprises existing under BJMC is shown in ANNEXURE-I.

2.3 INSTITUTIONAL GOALS

2.3.1 Objectives of BJMC

Bangladesh Jute Mills Corporation came into existence with the objectives of :

- a) Controlling, supervising and coordinating the activities of the nationalized jute mills.
- b) Establishment and development of new industrial enterprises in jute sector.
- c) Operating industrial enterprises on commercial consideration considering national interest, in the most efficient and economic manner within the policy framework and guidance given by the Govt. from time to time.
- d) Continuously strive to improve its performance for attaining better results.
- e) Increasing earning of foreign exchange for the country.
- f) Creating employment opportunity for the people of the country.

2.3.2 FUNCTIONS OF BJMC

To attain the above specified objectives BJMC is carrying out the following broad functions:

- i) Overall management/administration of the affairs and activities of the corp. and proper implementation of Govt. policy directives concerning the corporation and its enterprises.

- ii) Overall financial planning and control over the enterprises including analysis/evaluation of cost, income, expenditure and profit/loss.
- iii) Arrangement and disbursement of foreign aid/loan, ADP fund etc.
- iv) Assistance to Bangladesh Bank for making credit policy for jute sector and to mills for arrangement of funds from commercial banks.
- v) Overall control of all insurance matters including administration and operation of BJMC welfare.
- vi) Internal and external audit of the office/enterprises.
- vii) Production planning of the enterprises in relation to market trend and demand in the international market.
- viii) Supervision, review and evaluation of production, performance of the enterprises.
- ix) Assistance to Govt. for making jute policy.
- x) Ensure minimum price for jute growers including purchase of jute from border belt to stop smuggling.
- xi) Formulation of planning strategies for development of jute manufacturing sector.

- xii) Formulation of schemes, projects, policies as per Govt. guidelines.
- xiii) Control upon procurement of capital machinery, spares and raw materials.
- xiv) Supervision and control of all types of construction work.
- xv) Arrangement of fund for development works, including fund from local, foreign and technical assistance from international organization.
- xvi) Planning and supervision of the research and product development activities for diversified uses of jute.
- xvii) Planning and supervision of the process quality control and statistical quality control activities and survey/inspection of jute goods.
- xviii) Maintain close liaison with the different research institution and labs e.g. Bangladesh Standard Laboratories and BCSIR etc.
- xix) Maintain close liaison with the Directorate of Inspection of Jute Goods.
- xx) Planning sales and marketing of jute goods abroad to earn maximum foreign exchange for the country.
- xxi) Execution of sales contract, allocation and shipment of jute goods.

xxii) Conduct market research and promotional activities to explore new market.

xxiii) Collection of information on product development.

xxiv) Fixation of minimum export price (MEP) of jute goods.

xxv) Assistance to Govt. for making export policy.

xxvi) Represent Bangladesh in the international tender for jute goods and arrangement of sales through barter.

xxvii) Storage, collection and publication of statistical information/reports covering inside/outside the country relevant to jute industry.

xxviii) Represent Bangladesh in the international fair to boost up export of jute goods.

2.4 ORGANIZATION STRUCTURE OF BJMC

Organization structure of BJMC shows the interpersonal relationship among executives who are working in BJMC. At present the general direction and administration of the affairs and business of BJMC is managed by a five members board of directors headed by the chairman and all appointed by the Govt. The board of directors is constituted with members as follows:

1) Chairman (2) Director (Finance) (3) Director (Marketing) (4) Director (Production Jute and Research) (5) Director (Planning Maintenance & Quality control).

The organization structure of BJMC and Director (Marketing) are shown in the Appendix II and III.

BJMC with its Head Office in Dhaka has three zonal offices - one each at Dhaka, Kuhlana and Chittagong, two foreign market promotion offices - one each in Brussels, and Harare.

The performance of each of the enterprises is supervised and controlled at the plant level by the enterprise board. The board of individual enterprise is headed by Chairman or any of the directors of the corporation and other members from the administrative ministry, Ministry of Finance, BJMC and Banks. The Board reviews the performance of each of the enterprises from time to time and issue guidance/decision for smooth and efficient operation of the mills.

2.5 FUNCTIONS OF MARKETING DIVISION

- 1) To be responsible for planning the marketing and sale of jute goods of all the enterprises under BJMC to all the countries of the world.
- 2) To formulate policy, sales strategy and supervision and execution thereof.
- 3) To be responsible for obtaining information on development of new product in order to feedback the information to production division of the corp.
- 4) To explore possibilities of diversification of market product-wise and area-wise.

- 5) To be responsible for making sales forecast and help Director (Production) to make plans for production in the enterprises under BJMC.
- 6) To perform function in respect of day to day sales of end-products of the enterprises.
- 7) To arrange and control shipment of jute goods as per contract with different buyers.
- 8) To review performance of different jute mills/zones.
- 9) To be responsible for conducting market research and market promotion and market intelligence activities.

2.6 MANPOWER POSITION

The manpower position of BJMC head offices, three zonal offices, two foreign market promotion offices and its enterprises as on 30.06.99 are shown below :

TABLE-1

MANPOWER POSITION ON BJMC AS ON 30.06.99

1. EMPLOYEES

Offices	Officer	Staff	Total
Head Office (including Zonal Office)	248	240	488
Foreign Offices	2	4	6
TOTAL	250	244	494

2) ENTERPRISES

A) EMPLOYEES

Offices	Clerical Staff	Non-Clerical Staff	Total
2591	4020	3736	10347

B) WORKERS:

REGISTERED				ATTENDANCE			
Permanent	Adhoc	Badli	Total	Permanent	Badli	Casual	Total
67066	3475	33892	104433	50385	22556	453	73394

2.7. MAJOR PRODUCTS OF BJMC:

BJMC's Major Products Classified according to Product Lines, Product Classes and Product Items:

Product Lines	Product Class	Product Items
Hessian	Hessian cloth	Items are of various construction having width from 20" to 72" and weight per linear yard from 4.5 oz to 21 oz, e.g. 40"-10 oz/40", 72"-11 oz/45" etc.
	Hessian bag	Items of bags are of different sizes and of different weight e.g. 40"×23", 40"×20" etc.
Sacking	Sacking cloth	Items are of various construction having width from 26.5" to 30" and weight from 14 oz to 18 oz.

	Sacking bag	Items of bags are of various sizes and weights e.g. B. Twill - 44"×26.5" with weight 2.00/2.25 pounds, A. Twill - 44" × 26.5" with weight 2.625 pounds, L. Twill - 44" × 26.5" with weight 2.50 pounds, Sugar Twill - 48" × 28" with weight 2.50/2.25 pounds, Corn sacks - 41" × 23" weight 1075 pounds.
CBC	Primary	Having different width from 40" to 203" and weight per sq. yard from 8 oz to 12 oz, e.g. 150"-9 oz/36".
	Secondary	Having different width from 40" to 203" and weight of per sq. yard from 5.5 oz to 7 oz, e.g. 150"-5.5 oz/36".
Carpet	Plain	Different sizes of 2 × 4' to 9' × 12'.
	Design	Different sizes of 2' × 4' to 9' × 12'.
Yarn/Twine	Sacking	14400 yards, weight 12 pounds to 28 pounds.
	Hessian	14400 yards, weight 8 to 20 pounds.
	Special	14400 yards, weight 5 to 20 pounds.

2.8 MAJOR USES OF JUTE PRODUCTS

JUTE PRODUCTS BEING IDEALLY USED AS:

- 1) Bags and sacks are used for packing almost all kinds of agricultural products like paddy, wheat, rice etc., industrial products like sugar, fertilizer, cement etc. and mineral products.
- 2) Jute clothes are used as wrapping wool and cotton.
- 3) Wool packs/cotton packs are used for packing wool and cotton.
- 4) Geo-jute are used for protecting soil from erosion.
- 5) Carpet backing clothes (CBC) are used for primary and secondary backing of carpets.
- 6) Webbing and fabric are used for covering inner springs in auto seat and upholstered furniture.
- 7) Jute fabrics are used as footwear lining, wall covering and furnishing fabrics, fashion accessories.
- 8) Sand bags are used for military purposes.
- 9) Coffee, tea, cement bags are used for packing coffee, tea and cement respectively.
- 10) Jute products are also used for carrier, cargo separator in ship, brattice cloth mine ventilation and partition, filling materials in

cable, nursery pots for nursing plants, garbage bags for collecting garbage, jute reinforced plastic for making furniture etc.

2.9 EXISTING PRODUCTION FACILITIES OF BJMC

BJMC, at present, owned 33 jute mills having 15738 installed (operable) looms with a production capacity of 343824 tons per year. But a large segment of looms remained idle mainly due to (1) acute shortage of spares and accessories, (2) heavy incidence of irregular power supply (3) absenteeism of workers (4) labor unrest, (5) machine breakdown (6) raw material shortage etc.

2.9.1 PLANT CAPACITY UTILIZATION

The table-3 will show the year-wise plant capacity utilization of BJMC enterprises for last five years (1994-95) to 1998-99).

PLANT CAPACITY UTILIZATION OF BJMC ENTERPRISES FROM 1994-95 TO 1998-99

Description	1994-95	1995-96	1996-97	1997-98	1998-99
Installed operable looms	15738	15738	15738	15738	15738
Actual running looms	12554	12359	12236	11882	11448
Capacity utilization (in %)	81%	79%	78%	75%	73%

Source: Annual Jute Goods Statistics of BJMC Vol. 84 to 88.

It is clear from the above table that the capacity utilization of operable looms is showing downward trend and it come down to 73% during 1998-99. The main reason behind the falling trend is lack of sufficient sales order.

2.9.2 COMPARISON OF BJMC'S PRODUCTION WITH BJMA AND INDIA

A comparison of production of BJMC, BJMA (Bangladesh Jute Mills Association) and India is shown in Table : 3

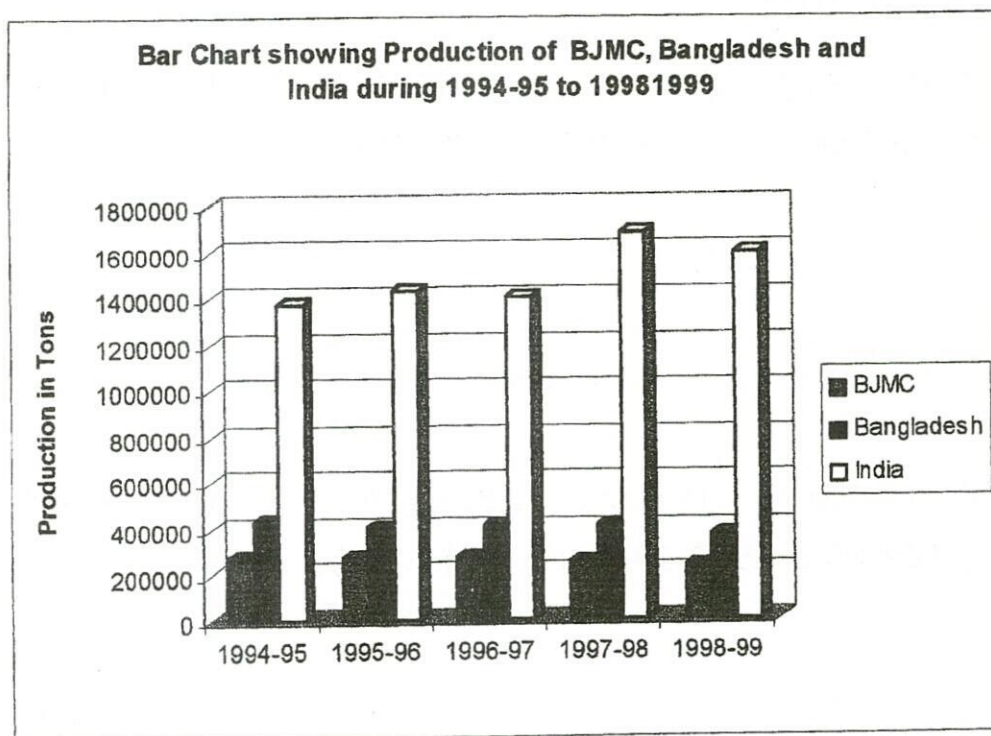
Table 3

Production of Jute Goods of BJMC, BJMA & India for last five years (1984-85 to 1998-99) : (Fig in M. Tons)

Year	BJMC	BJMA	Total	India
1994-95	275709	149656	425365	1374200
1995-96	274720	130261	404981	1433000
1996-97	271532	139218	410750	1400900
1997-98	255288	153594	408882	1678400
1998-99	236193	132062	368255	1596200

Source : Annual Jute Goods Statistics of BJMC (Vol : 84-88)

It is evident from above table that jute goods production of BJMC and BJMA are showing slight downward trend. Whereas production of India increased. The main reason for decline situation in Bangladesh is the inadequate sale for downward demand pattern of jute goods in the whole world.



2.10 ANALYSIS OF BJMC'S GOODS SALES

BJMC produces about 2.75 lac tons of jute goods every year of which more than 90% are exported to all over the world and balance about 10% are sold in the local market. BJMC's sales volume both in units and value for last 5 years are shown in the following Table -4 :

Table - 4

Sales volume of BJMC both in units and value for 1994-95 to 1998-99 :

Year	Export (Tons)	Local sales (Tons)	Export value	Local Sales Value
			(Million Taka)	
1994-95	279774	19758	5774.7	439.6
1995-96	268694	22418	6615.8	516.6
1996-97	212932	32407	6340.8	908.3
1997-98	160275	24300	4612.9	619.2
1998-99	223843	30612	5687.3	606.6

Source : Annual Jute Goods Statistics of BJMC (vol : 84-88)

It is evident from Table-4 that BJMC's export continuously decreased upto 1997-98 and the volume of export came down from 279774 tons of 1994-95 to 160275 tons of 1997-98. But during 1998-99 it sharply increased to 223843 tons due to increased market demand and better marketing efforts. However local sales volume increased from 19758 tons of 1994-95 to 32407 tons of 1997-98. But during 1998-99 it again decreased to 24300 tons of 1998-99.

2.11 COMPARISON OF BJMC'S EXPORT WITH BJMA AND INDIA

Table-5 below shows the total export of BJMC to the whole world vis-a-vis the export of BJMA and alternate major jute goods exporter India :

Table-5

Export of Jute Goods of BJMC, BJMA and India during last five years 1994-95 to 1998-99) (Fig. in Tons).

Year	BJMC	BJMA	Total	India
1994-95	279774	104417	384191	210300
1995-96	268694	77889	346583	218100
1996-97	212932	70980	283912	155000
1997-98	160275	76201	236476	240000
1998-99	223843	78970	302813	171000

Source : Annual Jute Goods Statistics of BJMC (vol : 84-88)

It is evident form Table - 5 that BJMC's export from 1994-95 to 1996-97 gradually decreased. During 1997-98 the export volume of

BJMC came down to 160275 tons only. But during 1998-99 it increased to 223843 tons. The export volume of BJMA came down to only 78970 tons in 1998-99 from 104417 tons of 1994-95. The total of both Bangladesh and India shown down ward trend during last five years.

2.12 COMPARISON OF BJMC'S EXPORT WITH WORLD EXPORT OF JUTE PRODUCTS

Bangladesh is the biggest exporter of jute goods in the world of which BJMC holds the lion share about 65%. Table 6 shows the export of jute products from all manufacturing countries in the world during 1994-95 to 1998-99 :

Table - 6

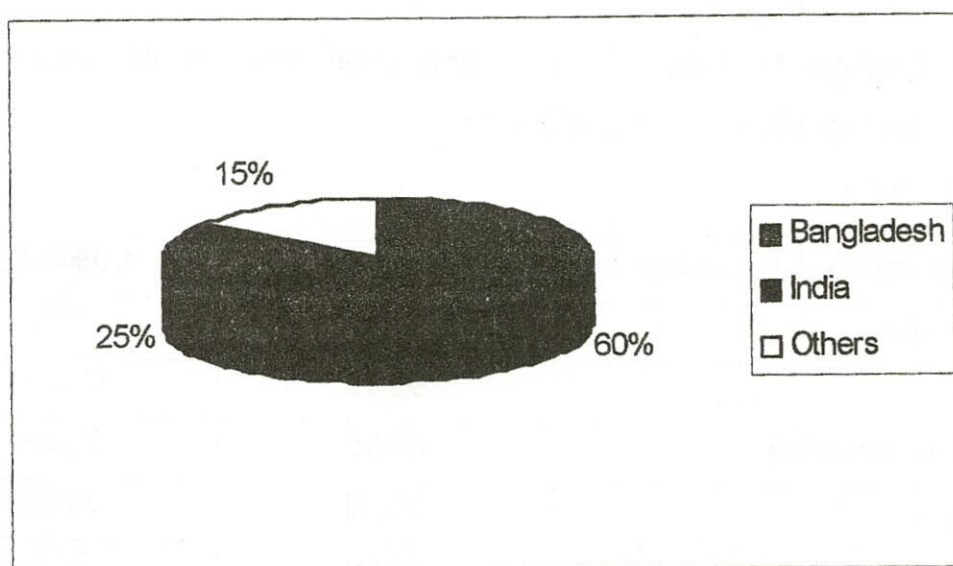
BJMC'S Export of Jute products compared to World Jute Products Export. (Fig : 000 tons)

	1995-96	96-97	97-98	98-99
World	820.6	728.7	717.7	722.4
Bangladesh	427.9	409.6	343.9	432.2
BJMC	268.7	212.9	160.3	223.8
China	29.9	16.7	13.3	5.9
India	229.4	180.7	245.4	180.0
Nepal	10.0	10.0	10.0	10.0
Thailand	24.7	11.7	9.8	6.7

Source : FAO half yearly statistics, Dec, 99 on Jute Kenaf and Allied Fibres.

It is evident from the Table-6 that Bangladesh is the biggest exporter among all five jute product exporting countries followed by India. Bangladesh has been maintaining its share of about 60% of total world export of which 52% contributed by BJMC and rest 48% by BJMA and BJSA.

Pie Chart showing Export of Bangladesh, India and Rest of the World during 1988-1999



2.13 CUSTOMERS AND MARKETS OF BJMC PRODUCTS

BJMC is mainly an export oriented organisation and 90% of its products are exported and less than 10% are being consumed locally. The customers and markets of BJMC products are described under :

2.13.1 Foreign customers/Markets

A. FOREIGN MARKETS

BJMC exports its products to more than 100 countries of the world. USA, EEC countries, Australia, Africa and Middle East are the major markets of BJMC products. Table-9 shows the different markets of BJMC and their volume of import from BJMC for last two years :

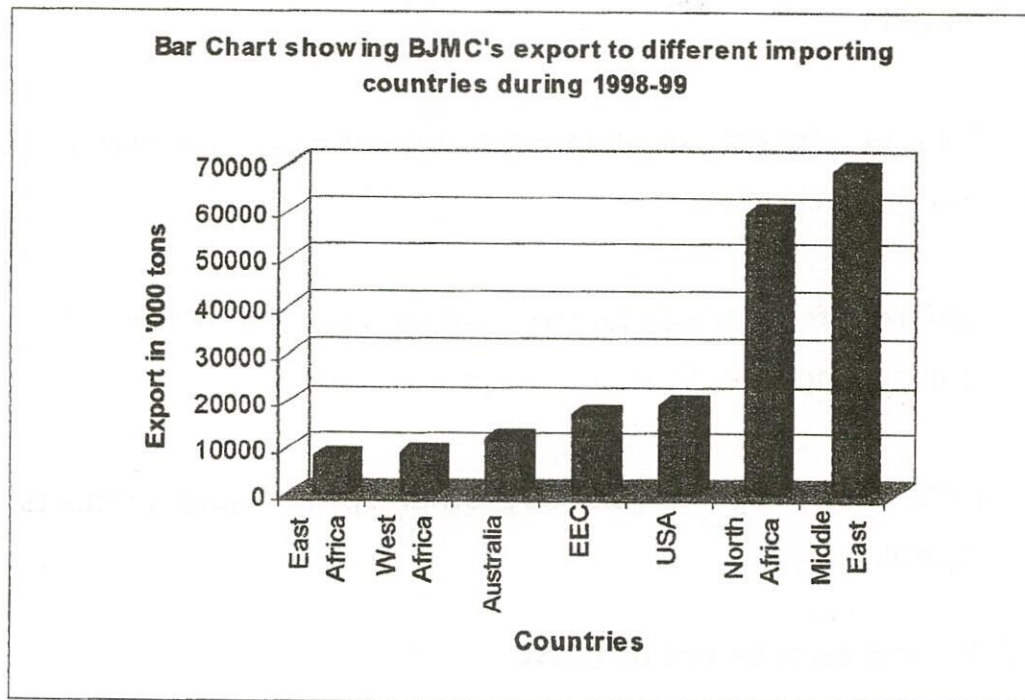
Table - 7

Foreign Markets of BJMC and their Volume of Import from BJMC during 1997-98 to 1998 - 99.

(Fig in tons)

Region / Country	1997-98	1998-99
Australia	12010	11767
USA	9350	19216
Rest of America	4465	7165
Russia	5598	1150
Centrally Planned Countries	4660	230
EEC Countries	22522	17245
Rest of Europe	2780	133
North Africa	26722	59777
East Africa	7472	7871
West Africa	2639	8672
South Africa	3282	1168
Middle East	48249	68960
South East Asia	956	4836
Pakistan	291	241
Rest of World	9279	15413
Total	160275	223843

The Table-7 clearly shows that almost entire world is the market of BJMC products of which the biggest market is the Middle East followed by African countries. EEC countries are the 3rd biggest market and then comes USA, Australia and other markets.



2.13.2 FOREIGN CUSTOMERS

- i. Different Govt. organisations of Middle East countries like Syria, Iraq, Iran etc. African countries like Sudan, Egypt, Tunisia, Zimbabwe etc., Asian countries like Pakistan, Burma etc. but jute bags for packing mainly their agricultural products such as paddy, wheat, pulse, lantiles, etc. and industrial products such as sugar, cement etc. and hessian cloth for packing and construction purposes.

- ii. Different private organizations all over the world buy jute bags and clothes for packing and other purposes.
- iii. Different carpet factories of USA, Canada, Australia, New Zealand, European countries, Egypt, Japan, Pakistan, Turkey etc. buy CBC for primary and secondary backing of their carpets.
- iv. Different foreign Govt./private organisation and carpet users buy jute carpet.
- v. Different foreign jute factory owners buy yarn, twine, jute cloth for making jute cloth, jute bags, CBC, etc.
- vi. Different foreign buyers buy other specific jute products for specific use.

2.13.3 Local customers of BJMC

- i Ministry of Food : Standard B Twill bags for packing rice, paddy, wheat etc.
- ii. BCIC : Double warped flour bags for fertilizer packing, double warped cement bags for cement packing.
- iii. Bangladesh Sugar and Food Ind. Corp. : A twill bags and laminated hessian bags for sugar packing.
- iv. BADC : Laminated hessian bag for packing seeds of wheat, paddy, etc.
- v. Bangladesh Post Office : Canvas cloth and canvas bag for parcel packing.

- vi. Education Boards : Laminated B twill bags for packing papers, books etc.
- vii. Bangladesh Election Commission : Standard B twill bags for packing polling material.
- viii. Textile Mills : Hessian cloths for packing textile clothes.
- ix. Different NGOs who buy bleached and dyed hessian cloth and CBC for making handicraft items for local and foreign sales.
- x. Different carpet stores / Govt./ Private organisations / individual buy carpets, rugs, mats, etc.
- xi. Govt. organization to buy geo-jute for erosion control purposes.

2.14 CHANNEL OF DISTRIBUTION OF BJMC'S PRODUCTS

BJMC uses four different types of channel for distribution of its products which are shown below :

- i. Channel - 1 :
BJMC - Local exporter - Foreign buyers - end users.
- ii. Channel - 2 :
BJMC - foreign buyers local agent - foreign buyer - end user
- iii. Channel - 3 :
BJMC - foreign buyers - end users.
- iv. Channel - 4 :
BJMC - end users.

BJMC usually do not appoint any commission agent for marketing its products.

2.15 PHYSICAL DISTRIBUTION SYSTEM

Every mill maintain a warehouse at mills premise for stockpiling finished goods. From there goods are delivered to the inland ports Chittagong or Mongla by barges / trucks / rail. From these ports goods are shipped to foreign buyers destination by break bulk or container vessels. From port of destination goods go to the buyers warehouse or direct to the customers / users godowns.

2.16 PRICING SYSTEM OF BJMC PRODUCTS

Earlier when BJMC controlled all the jute mills, BJMC used to fix up prices for its jute products. Lateron when some mills were disinvested, a pricing committee comprised of BJMC, BJMA and Bangladesh Banks representatives did the job. Afterwards KEBICO (Kendryo Bikray Committee) of Ministry of Jute took the responsibility of fixing up price for jute goods. After abolition of KEBICO BJMC again have been authorised to fix up price of their products. BJMC now have pricing committee headed by Director (Marketing) who fix up price for hessian sacking and CBC products.

2.16.1 Factors of Price Fixation

BJMC consider following factors in fixation of price for its products :

- i. Demand of the product item
- ii. Competitors price of the item
- iii. Cost of production of the item
- iv. High / low productivity of the item
- v. Easy / difficult productivity

Although in fixing up price for any product, the factor of cost of production plays most vital role but in case of jute goods pricing, cost of production has nothing to do with sale price. Sales prices are being fixed far below the production cost considering the competitors price and international market acceptance.

2.17 Marketing / Sales Organisation of BJMC

BJMC has a well organised marketing division headed by Director (Marketing) followed by General Managers, Deputy General Managers, Managers, Deputy Managers and Assistant Managers. A detailed organisation chart of Marketing Division is shown in Annexure - III.

2.17.1 FIELD MARKETING / SALES ORGANISATION

BJMC has two market promotion offices - one each in Brussels and Harare. They contact the buyers and end users directly and collect sales orders. They undertake market promotion activities like arranging media advertisement and personal selling. They provide after sales service to the customers such as claim settlement, arranging resupply of damaged goods and provide customer feedback to BJMC.

The marketing / sales executives of BJMC head office also directly contact the local intermediaries, foreign buyers agents, foreign buyers and end users and collect sales orders. The sales executive issues mills allocation letter and advise concerned mills to arrange production and shipment of sold goods as per sale contract terms.

2.18 COMPETITORS OF BJMC

Although the demand for world packaging materials increased several times over the years but the demand for jute goods as packaging material did not increase rather decreasing. Synthetics, the main competitor of jute products have not only been taking away the increased demand but also taking the existing share of jute goods. At present the demand of jute goods is less than the capability of supply of jute goods manufacturers. So with higher volume of supply jute goods manufacturers are competing with each other.

BJMC have been facing serious competition in marketing its product all over the world. The major competitors of BJMC are mentioned below :

2.18.1 LOCAL COMPETITORS

- i. Each of 38 privately owned jute mills are competing with BJMC.
- ii. Each of 3 privately owned carpet mills are also competitor of BJMC.
- iii. Local synthetic product manufacturers are competitors of BJMC products.

2.18.2 FOREIGN COMPETITORS

- i. India, the main competitor of BJMC, has been competing with BJMC all over the world.
- ii. China, Thailand, Nepal, are also competitors of BJMC.
- iii. Synthetic producers of developed countries, specially of USA now have become the most powerful competitors of jute products.

2.19 MAJOR PROBLEMS OF BJMC

BJMC has quite a big number of problems. The major problems are as under :

- i. **Chronic losses :** The financial position of the Jute Industry were unhealthy even in preliberation period. At that time the jute industry was not making any operating profit. To keep the industry operational and expanding the Pakistan Govt. infused indirect subsidy through issuance of bonus voucher at the rate of 30-35% of export value which were sold in the open market at a rate around 200% and as a result the industry made profit. The system of bonus voucher was withdrawn after independence. As a result BJMC has been suffering from chronic losses from its very inception. During last 28 years of life, BJMC made profit only in 3 years (79-80, 80-81, 82-83) and in all rest years it made loss.
- ii. **Interest :** Payment of huge interest on borrowed long-term liabilities like foreign debt / bank loan / pre-liberation loan / Govt. loan etc. and short term capital hamper BJMC's ability to generate profit.
- iii. **Excess Employment :** BJMC mills have about 20,000 excess workers for which BJMC has been paying huge amount of fund causing cost of production very high.
- iv. **Low level of Production Efficiency :** Level of production efficiency is generally low in BJMC mills. Output per loom is about 30% lower in BJMC mills than India.

- v. High Cost of Production : BJMC's cost of production is very high compared to India. Production cost increases every year with the increase of salary / wages and value of other inputs.
- vi. Stagnant low export price : BJMC's sale price is much lower than its cost of production. BJMC sell its products below production cost because of competitor's low prices and low prices of substitute synthetic products.
- vii. Lack of working Capital : Most of BJMC mills are suffering from lack of working capital and are unable to procure raw materials and spares in due time hampering production.
- viii. Low Level of machine efficiency : Most of the BJMC mills possesses age old machineries whose efficiency decreased to a great extent and need to be replaced.
- ix. Unbalance state of Machinery : Many BJMC mills do not have balanced machinery. Some section like back processing need to run 3 shifts to feed weaving section operating 2 shifts. For better productivity machineries need to be balanced, modernised and replaced.
- x. Lack of sufficient Sales : Since supply of jute goods is lower than its demand, BJMC unable to procure enough sales to run all its looms in full capacity. Lack of sales result abnormal stock.
- xi. Power Supply Problem : Capacity operation of BJMC mills is seriously hampered due to power problem for which mills have been continuously losing production, paying unproductive

wages, failing to maintain export commitments, losing markets and valuable foreign exchange.

- xii. Shrinkage of World Demand : The abnormal shrinkage of world demand for jute goods has created a serious problem for BJMC as well as other jute goods manufacturers.
- xiii. Competition from Synthetic : Synthetic is the most powerful competitor of BJMC's jute goods. Jute goods have been facing cut throat and fierce competition from synthetic who is taking away existing shares of jute goods market.
- xiv. Competition from India : BJMC have been facing serious direct competition with India in procuring sales from all over the world.
- xv. Competition from Private Bangladeshi Mills : BJMC have been facing cutthroat competition from private owned mills of Bangladesh resulting in severe undercutting and consequent loss of effective income.
- xvi. Loss of production owing to strikes, social instability and deterioration of law and order situation.
- xvii. Long delivery time : BJMC need long delivery time to reach their goods to buyer compared to synthetic who can deliver their products within few hours.
- xviii. Lack of research and product development : BJMC lacks in successful research with less costly raw material.

Chapter-3

3.1 MARKET RESEARCH

3.1.1 Market and its nature

Originally the term market stood for the place where buyers and sellers gathered to exchange their goods like village square. But Economists use the term market to refer to a group of buyers and sellers who interact over a particular product or product class like jute goods market, grain market, housing market and so on.

Business people use the term market colloquially to cover various grouping of customer. They talk about different markets like-

- i) Need markets such as diet market.
- ii) Product market such as jute good/shoe market.
- iii) Demographic market such as youth market.
- iv) Geographic market such as French market, Australian market etc.

There are some non-customer markets also. They are-

- i) Voter market
- ii) Labour market
- iii) Donor market.

3.2 Customer consultation

The key of new marketing approach is the proper customer consultation through effective market research. Customer consultation means to consult the customers, to obtain knowledge about the customers, to analyse customers behavior, identify the

factors that influence customer behavior and through all these processes the goal/purpose is to know the buyers needs, wants and demand. Once we know the buyers needs, wants and demand, we can successfully plan to satisfy those needs, wants and demands.

3.3 Customers behavior

Since the market consists of different customers, the marketer should understand customers behavior. In earlier times, marketers could understand customers through the daily experience of selling to them. But the growth in the size of firms and markets it has become very difficult to establish direct contact. As a result customer research has become most vital to know about market and customer behavior.

The following customer behavior model called seven O's of the market place can help a marketer to understand the customer behavior.

- | | | |
|------|---------------------------------|---------------|
| i. | Who constitute the market? | Occupation. |
| ii. | What does the market buy? | Object. |
| iii. | Why does the market buy? | Objective. |
| iv. | Who participates in the buying? | Organization. |
| v. | How does the market buy? | Operation. |
| vi. | When does the market buy? | Occasions. |
| vii. | Where does the market buy? | Outlets. |

If a marketer can have the answers to the above seven questions then he can assess the behavior of the customers whether individual or industrial.

3.4 Major Factors Influencing Customers behavior

For formulating an effective new marketing policy, marketer should know the major factors which influence customer. Buyers purchasing decisions are highly influenced by the following factors :

3.4.1 Cultural Factors

- i) Culture : Culture is the most fundamental determinants of a person's wants and behavior. A child growing up in America is exposed to the following values-achievement and success, activity, efficiency, practicality, progress, material comfort, individualism, freedom, external comfort, humanitarianism and youthfulness. In Bangladesh, by born values are quite different.
- ii) Sub-culture : Nationality groups, religions groups, racial groups, geographical areas etc. constitutes sub culture.
- iii) Social Class : Social classes show distinct product and brand preferences.

3.4.2 Social factors

- i) Reference groups : Primary groups like family, friends, neighbours & co-workers. Secondary groups like : religions, professional and trade union groups influence greatly on buyers.
- ii) Family : Parents, husband, wife, children, influence purchase widely.
- iii) Roles & status : Roles and status of a justice, a manager, a clerk are different which influence buying decisions.

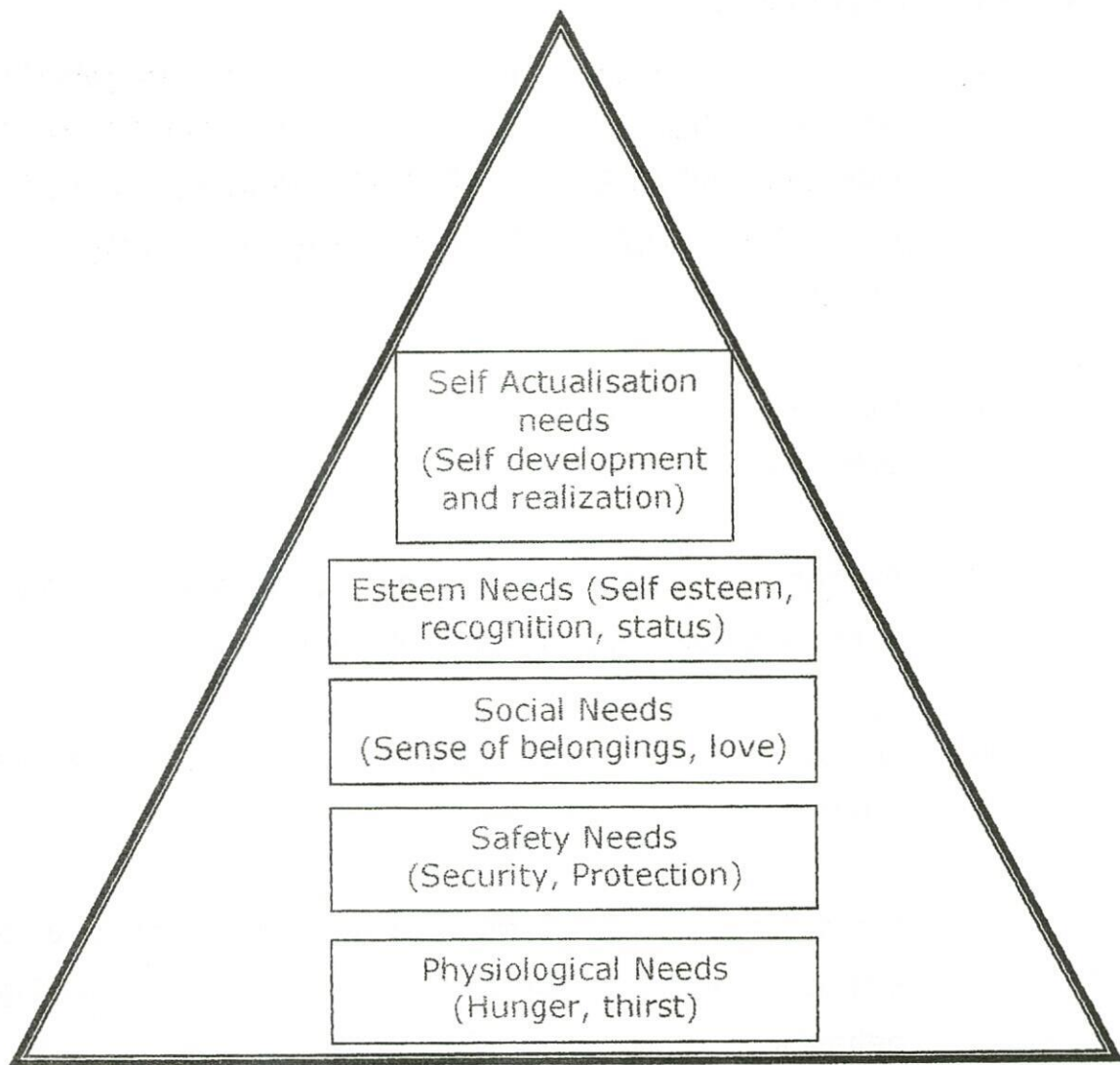
3.4.3 Personal factors

- i) Age and life cycle stage : people changes goods and services they buy over their life time. People's taste in clothes, furniture and recreation is also age related. Life cycle stage like boyhood, youth, old age influence buying decision.
- ii) Occupation : Occupation affects buying decision to a great extent.
- iii) Economic conditions : Spendable income, savings, borrowing power etc. influence buying decisions.
- iv) Life style : life style of people influence buying decisions greatly.
- v) Personality and self concept (image): Each person has a distinct personality that will influence his or her buying behavior.

3.4.4 Psychological factors

A persons buying choices are also influenced by psychological factors like motivation, perception, learning and beliefs and attitudes.

American Economist Maslow's Hierarchy of needs explain the different needs of the people at different stages as under :



3.5 Marketing of Products

Once the market research is completed and customers are identified then we start marketing of products. Marketing has four factors- 4 Ps

- i. Product
- ii. price
- iii. place
- iv. promotion

Products to be produced as per need of the customers, price to be set what the buyers willing to pay, goods to be made available to the buyers door-steps and finally promotional activities to be undertaken.

Chapter-4

4.1 MARKETING OF JUTE GOODS

4.1.1 PREVIOUS SYSTEM

During Pakistan period, marketing of jute goods was not that difficult. The mill owners only produced the goods and they practically did not play any role in marketing of jute goods in the world. A group of London based traders having liaison offices in Dhaka actually operated the marketing affairs. They procured sales from the buyers all over the world and placed order to the producing mills. The mills on receipt of order would produce the goods and supplied as per instruction of the London-based renowned traders. The traders would fix the price, terms and condition of the contract. The traders had direct contact with the ultimate buyers and users. The mill owners least bothered contacting the ultimate buyers/users. They were totally controlled by the London based buyers and with the govt. financial support through Bonus Voucher System, they were financially sound and made profit. As a result local marketing firms/experts did not grow in this part. Local traders engaged in export business were very few and negligible.

4.1.2 PRESENT SYSTEM

After liberation of Bangladesh, BJMC was formed and all the jute mills were given under the control of BJMC. From the very inception, BJMC had to face serious problem with huge stock of jute goods as there was no market to sell. Since the export marketing expertise did not develop in this part and the London based traders mostly dominated by Indians, behaved step-brotherly with new born Bangladesh, BJMC could not find any market to sell its products. To

face the situation, the then dynamic leadership of BJMC organized BJMC'S marketing division with a group of very energetic capable and dynamic officers who put their all efforts to capture the world market of jute goods. They followed an effective marketing strategy and went to each market, contacted the ultimate buyers and users directly and succeeded to capture most of the big markets of Middle East and African Countries. BJMC followed dynamic pricing policy and made their price most competitive to the customers. BJMC was controlling 77 jute mills having huge production capacity to the tune of 500,000 M. tons. It has the unique capability of meeting the requirement of any quantity within shortest possible time, which no other source could do. BJMC, with this ability, snatched all the big International Traders of Syria, Iraq, Sudan and other countries and performed the contracts very well. In this way BJMC became the largest exporter of jute goods and dominated all over the world.

To strengthen its marketing efforts further, BJMC opened eight foreign market promotion offices one each in Brussels, Atlanta, Abidjan (which subsequently shifted to Zimbabwe), Kenya, Istambul, Singapore, Melbourne and Calcutta.

BJMC, with its effective marketing strategy became the world leader in jute goods export and earned a very good name in supplying quality products, timely shipments and firm commitments. BJMC, from its worst situation after 1972, stood on a strong footing and made profit in three consecutive years from 1979-80. After 1981, when Bangladesh Govt. started privatization policy BJMC's ability to control price and dominate on export market was scuized. BJMC had to compete with the private mills of Bangladesh in different markets and as a result due to unhealthy price war and under cutting, the price of jute goods came down resulting continuous loss

of the mills. Now BJMC can not dictate the price in international tenders and markets due to lower offer by the competitors of both private traders & India. As a result price of jute goods is continuously coming down and jute mills have been incurring huge loss every year. This resulted closure of many private mills and some of BJMC's mills also. This process of closure of jute mills will continue unless appropriate remedial measures are not taken immediately. The jute Industry as a whole is passing through a critical juncture and heading forward abnormal death.

4.1.3 RECOMMENDATIONS

1) TO FACE SYNTHETIC BOLDLY

Synthetic has already proved itself as the major threat to jute goods and have already snatched away major share of different markets like USA. Bangladesh & India have lost entire CBC market of USA to synthetic which was the largest CBC market. Market for Hessian & Sacking in USA also reduced substantially. Same is the case all over the world. Synthetic has been expanding their hands of expansionism to everywhere. Synthetic with their strengths like a) abnormally cheaper price, b) lower production cost, c) higher production capacity, d) easy and quick delivery, e) lower freight cost, f) easy handling, g) highly effective market promotion activities, h) powerful lobby, i) better settlement of claim, j) better after sales service, k) quick replacement etc. have been forcing out jute goods from different markets.

To retain jute goods market, marketing of jute goods is to be tailored in such a way that buyers are offered similar facilities as synthetics offered like quick & timely delivery, better after sales

service, quick settlement of claim, quick replacement of damaged goods etc.

2) PRODUCT DEVELOPMENT

BJMC should give maximum importance on research and development for new product development. BJMC should be ready to produce any products as per buyers requirement. Demands of products in different markets are being changed continuously. For example:

- a) In Iran, the major demand was for Hessian cloth 45-110z, 45-90z but recently the demand has been shifted to 40-70z Hessian cloth.
- b) In India, the demand of large size bags of 100 kgs has been shifted to 50kg bags as per ILO convention.
- c) In many countries like Ghana, Japan etc. they are using vegetable oil treated jute bags for packaging of food items instead of mineral oil processed jute bags.

BJMC should be ready to accept the changes/shifting of demand and produce goods as per requirement of the time. BJMC's research division should be equipped with expertise and strong lab facilities so that they can continuously try to innovate better acceptable new products.

3) DIVERSIFIED PRODUCTS

Traditional products do not have very bright future in respect of profitability. But diversified products have very bright future. These are highly value-added fashionable items and can fetch desired profit for jute industry. The per ton sale price of any

diversified product will be many times more than traditional products.

BJMC presently have the facilities to produce following diversified products:

a) From jute-reinforced plastics

- i) Cans
- ii) furniture
- iii) grain silos
- iv) water tanks
- v) acid tanks
- vi) dustbins
- vii) bathroom fittings
- viii) gas pipes
- ix) corrugated sheets
- x) window panes etc.

b) From jute

- i) Geo textiles for agriculture
- ii) Cable yarn for use as filter in cables
- iii) Dyed fabrics of different colors
- iv) Nursery plant pots
- v) Christmas bags
- vi) Flexible Tea chests & bags
- vii) Door mats
- viii) Kitchen aprons
- ix) Conference bags
- x) Table mats
- xi) Bedside mats
- xii) Brief cases

- xiii) Suitcases
- xiv) Soft luggage's
- xv) Portfolio bags
- xvi) Shopping bags
- xvii) Ladies purse
- xviii) Ladies fancy bags etc.

BJMC should take special marketing efforts to market these diversified products and any other diversified products that the market may demand. These products can be sold at a very good price and BJMC can earn much profit.

4) **COMPETITIVE PRICE**

BJMC should fix up price as per market demand. The price should be competitive with competing products and competitors. Buyers will never buy costly products when cheaper product will be available. To make price competitive or cheaper, production cost to be reduced by increasing machine efficiency, workers skill, uninterrupted power supply, smooth production without political disruption and labour unrest.

5) **INCREASE PRODUCTIVITY**

BJMC's productivity level is very low compared to India and synthetic producers. BJMC's productivity need to be increased sufficiently to reduce cost of production.

6) **EASY AND QUICK DELIVERY SYSTEM**

BJMC should ensure delivery of goods to the customers quickly and within contracted time. Production planning should be perfectly made so that goods are produced in time. Disruption of production due to strike, over sale position should be properly handled, so that delivery commitments are kept. After timely production, BJMC should

arrange overseas vessels, whether container vessel or break-bulk vessel, timely. This can ensure timely delivery of goods to the buyers.

7) **WAREHOUSING FACILITY**

To overcome problems due to different factors like strike, production backlog etc., BJMC should establish centralized warehouse system in strategic locations of international markets. Such warehouse facility would eliminate the need of buyers to place order long ahead, would solve uncertainty of supply and can challenge delivery system of synthetics.

8) **DEVELOP PEOPLES AWARENESS OF JUTE**

BJMC should take market promotion campaign to develop peoples awareness about jute as a environmentally friendly products, biodegradable in nature etc. BJMC should focus the advantages of jute over other manmade fibre which is still supreme in modern world because of its many inherent yet unique properties like :

- a) Under stress jute extends only 0.5% to its stable form and so gives wonderful dimensional stability.
- b) The hairy surface of jute fabric gives it a capacity to grip any surface if comes in contact with. They can be stacked high and wide without any risk of slippage.
- c) The ignition temperature of jute is 190⁰c. It, thus remains very stable upto near ignition point. Even at boiling temperature its intact physical properties guard it from undergoing possible distortion.

- d) Jute being hygroscopic and aeriferous permit normal breathing and humidity in the contents and so ensures their storage without deterioration.
- e) Hooks may be used freely and easily on jute products during handling.
- f) Jute being natural is biodegradable and for this it does not plug the natural pore of the earth soil and surface.
- g) When burned, it emits the same fume as a burning wood which is nothing dangerous.
- h) It has no adverse effect on human body and the mother nature as a whole.
- i) Protecting environment is one of the major duty it does for all our tomorrows.
- j) Reusability of jute goods.
- k) Easy disposability of used bags.

9) **INTERNAL MARKET**

BJMC need to increase its internal market to a great extent to reduce full dependency on foreign markets. Govt. may ban use of synthetic locally and make use of jute products as packing material compulsory which will definitely increase local market of jute goods. Our competitor India consumes 90% of their jute goods production locally which we should follow.

10) **VIGOROUS MARKET PROMOTION ACTIVITIES**

BJMC need to start vigorous and effective market promotion activities. BJMC should keep close contact with the foreign buyers/users through frequent visits., through participating in international exhibitions/fairs, attending international seminars/symposiums, representing in the meetings of jute goods buyers associations of different countries and offering attractive

package/ facilities to the foreign buyers/endusers. BJMC should arrange buyers/sellers meet in regular interval in different markets to have the buyers reaction. BJMC should use the international periodicals, medias for advertisement to popularize jute products.

11) RECRUITMENT OF MARKETING EXPERTS

BJMC is heading towards disastrous situation due absence of regular recruitment specially in marketing department. Presently marketing department is facing acute shortage of expert marketing personnel and in near future there will be a tremendous gap. BJMC should recruit fresh MBA's/Commerce graduates having knowledge in Marketing immediately who will be able to fill up the future gap.

12. STRENGTHEN BJMC'S MARKET PROMOTION OFFICE

BJMC's decision for closure of its market promotion offices abroad has been proved to be suicidal. Export statistics reveals that BJMC's export of jute goods had drastically gone down in those countries/area/continent where the offices were closed. For example BJMC's export to USA, the largest jute goods market has now emerged as the smallest market. Same is the feature of other areas. BJMC so far has closed 6 offices and only two offices one in Brussels and other in Harare are left. BJMC recently has decided to close Brussels office also which will be one step forward for BJMC's natural death. BJMC should immediately review the decision of closing Brussels office. Rather two existing offices should be manned with sufficient experienced and knowledgeable staff who can keep constant touch with buyers, Collect sales order, offer better after-sales services, settle claims quickly and contact potential and new customers to convince them to use jute goods.

13. ADOPT SERIOUS MARKETING STRATEGY

BJMC should adopt serious marketing strategy to capture new markets by offering better price, quality product, timely supply, satisfactory after-sales service. BJMC though adopting serious marketing strategy recently succeeded to enter into Indian market and exported huge quantity of jute goods. With similar efforts BJMC can enter into China, Pakistan, Sri Lanka and other potential untapped markets.

14. REALISTIC PRICE FIXATION

BJMC's price is presently tagged with US dollar only for which buyers from different countries, outside US, are forced to buy US dollars first and then to buy jute goods. Since US dollars is the strongest currency, the buyers of non US countries, even BJMC does not increase price, always suffer loss. As the dollar becomes stronger, jute goods become costlier to them. This can be avoided by fixing price of jute goods in local currency which will be convertible to all major currencies like US dollars, UK pounds, yen etc., without tagging with US dollars only.

15. STRENGTHEN BJMC'S MARKET RESEARCH AND PROMOTION (MRP) DEPARTMENT

BJMC's MRP department is presently can not cope up with the need of the time. It should be properly manned with sufficiently experienced, knowledgeable officers who can really research the market, identify the problems and need of the market, can suggest remedial measures well-ahead. This is the age of information technology and information is the most powerful weapon to win in any game. BJMC's MRP department should play as an alternative to DATA bank having all required information, data, analysis, forecast, market behavior etc. which are vital to take proper marketing decisions.

16. STRENGTHEN COMMUNICATION SYSTEM

BJMC's present Communication System is not smart enough. Each Desk officer of marketing department should be provided with personal computer to keep all relevant information handy and for easy & quick communication with buyers. All modern electronical facilities like E-mail, E-commerce, Internet Connection etc. should be provided to marketing personnels for better marketing operation.

17. PORT FACILITY TO BE IMPROVED

Timely shipment is greatly hampered due to problems at port. Frequent port strike must be stopped by any means to ensure timely shipment and to earn buyer's confidence.

Mis handling of equipments during loading time by the port workers also greatly damaged jute goods which results complaints and claims from the buyer. The port workers use forklift very carelessly which causes damage of costly goods during containerization. Sometimes they put jute goods on the dirty ground having mud which makes the bales very dirty. This also creates dissatisfaction. These things are to be avoided by anymeans.

18. CONTAINERS AND BREAK BULK VESSELS ARE TO BE MADE AVAILABLE

Timely shipments sometimes fail due to non-availability of required containers and break bulk vessels specially in Mongla port. For timely and quick shipment, sufficient containers are to be made available at Mongla port and Bangladesh Shipping Corporation is to be organised in such a way that it can place required vessels in care of requirement. Shipping corporation of India (SCI) in playing vital note in shipments of Indian goods. Bangladesh Shipping Corporation should give similar service.

19. CONTRIBUTION OF INTERNATIONAL JUTE ORGANISATION (IJO)

International Jute Organisation (IJO) was contributing positively towards development of jute and jute goods. But recently IJO has been abolished for which jute countries specially Bangladesh will be effected badly. Bangladesh government should try to keep IJO alive.

20. CASH AGAINST DOCUMENTS (CAD) AND OTHER FACILITIES TO BE EXTENDED

Payment through letter of credit (L/C) has become very costly, complicated and time consuming to make the payment system easy and cheaper facilities like Cash against document, Payment against letter of assignment, Bank guarantee etc. are to be introduced in a larger scale. This will help to make our product competitive to buyer, export documentation will be easy, buyers will be more benefited etc.

21. SET UP BANGLADESH JUTE MANUFACTURE'S DEVELOPMENT COUNCIL (BJMDC)

Bangladesh need to set up Bangladesh Jute Manufacture's Development Council (BJMDC) to look after the marketing of jute goods and diversified jute products in different parts of the world. India has similar organisation. Jute Manufacture's Development Council (JMDC) which have been playing vital role in marketing of Indian jute goods and diversified products. Indian JMDC has been undertaking huge market promotion activities for jute goods. Bangladesh govt. should set up similar organisation immediately to undertake similar activities.

22. TO BOOST UP COTTAGE INDUSTRIES

To increase local consumption of jute goods, Bangladesh like India should encourage setting up huge number of cottage industries all over the country. BJMC should supply the cottage industries with required yarn, fabrics, etc. so that they can produce home furnishing, apparels, material for soft luggage / shopping bags and many other handicrafts. This can increase the local consumption of jute goods a great extent.

4.1.4. CONCLUSION

Since the jute industry in Bangladesh plays a vital role in the history, society and economics of the country and shall continue to do so in the foreseeable future. Jute is the life blood of Bangladesh economy. The nation cannot afford to ruin jute. So BJMC and the jute sector as a whole must be set on strong footing by any means.

Now we are at the age of globalization, our socio-economic setting is quite different from what it was in the past. Moreover information technology and open market policy have dramatically altering many aspects of our lives. To face the situation BJMC should formulate a new marketing strategy and approach for jute goods based on the recommendations enunciated in this paper. This will enable our economy to reach from creeping stage to take-off stage resulting our national economy firm and sound.

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Existing Enterprises Under BJMC

Jute Units : Dhaka

1. Adamjee Jute Mills, Narayangonj
2. Associated Bagg. Co., Narayangonj
3. Bangladesh Jute Mills, Narshingdi
4. Bawa Jute Mills (Now closed), Narayangonj
5. Karim Jute Mills, Demra
6. Latif Bawany Jute Mills, Demra
7. Munwar Jute Mills (Now closed), Narayangonj
8. Mymensingh Jute Mills, Shambugonj
9. Nabarun Jute Mills, Narayangonj
10. Nishat Jute Mills, Tongi
11. UMC (United Meghna, Chandpur) Jute Mills, Narsingdi
12. Rajshahi Jute Mills, Rahshahi
13. Quami Jute Mills, Serajgonj

Khulna / Jessore :

14. Aleem Jute Mills, Atra
15. Carpeting Jute Mills, Noapara
16. Crescent Jute Mills, Khulna
17. Daulatpur Jute Mills, Khulna
18. Eastern Jute Mills, Atra
19. Jessore Jute Industries, Jessore
20. Peoples Jute Mills, Khulna
21. Platinum Jute Mills, Khulna
22. Star Jute Mills, Khulna

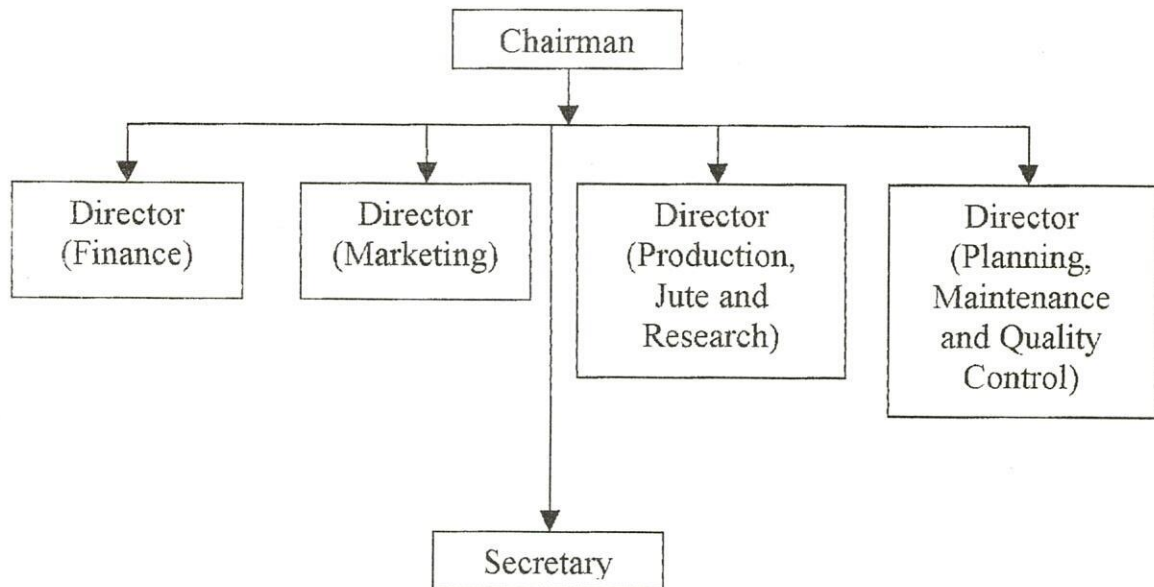
Chittagong :

23. Amin Jute Mills, Chittagong
24. Amin Old Field, Chittagong
25. Gul Ahmed Jute Mills, Chittagong
26. Hafiz Jute Mills, Chittagong
27. Hafiz Textile Mills, (Now closed) Chittagong
28. Karnafuli Jute Mills, Rangunia
29. M. M. Jute Mills, Chittagong
30. R.R. Jute Mills, Chittagong
31. Baghdad - Dhaka Carpet Factory, Chittagong
32. Furat-Karnafuli Carpet Factory, Rangunia
33. Development of Decorative Fabric, Rangunia

Non-Jute Mills :

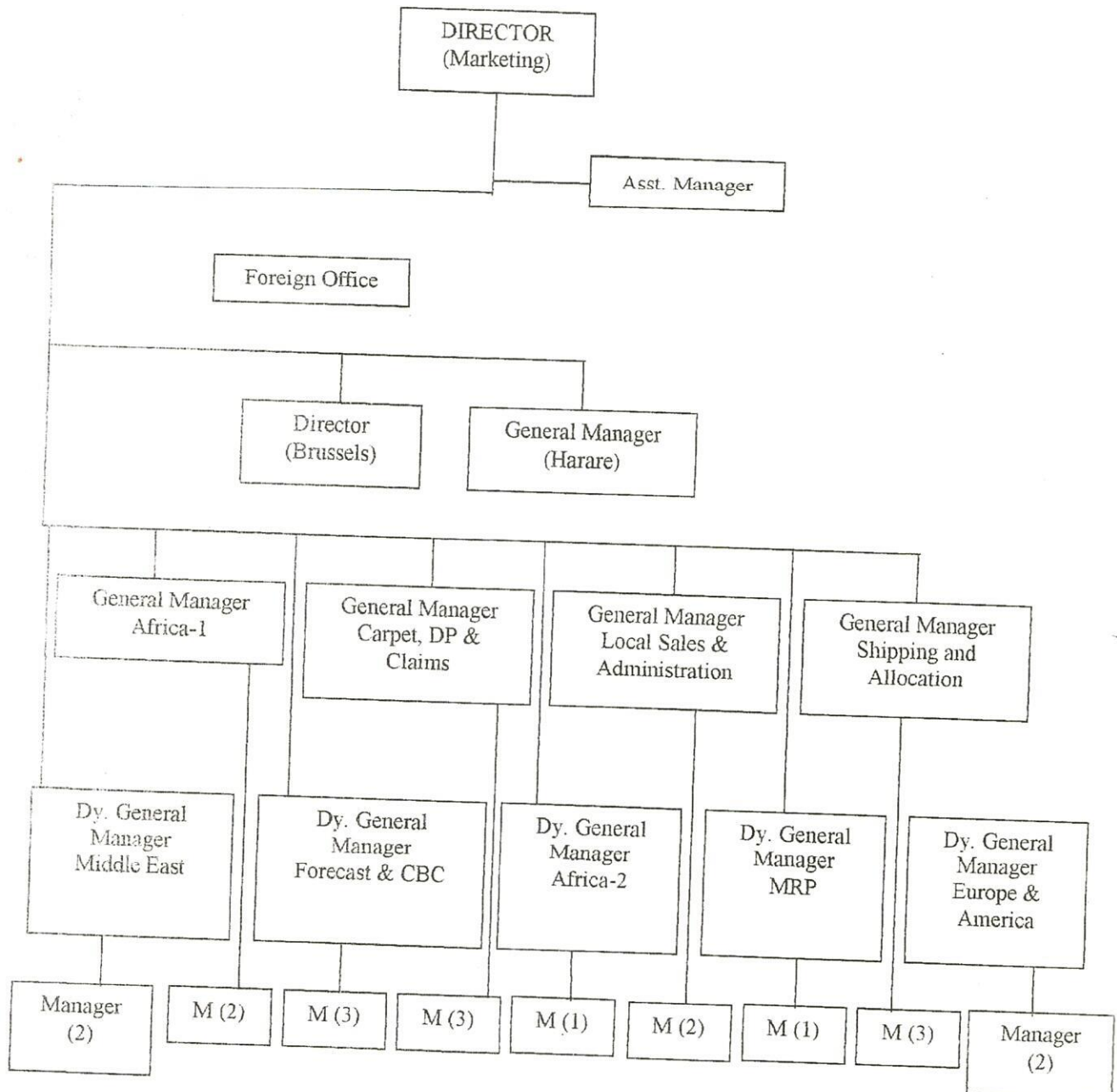
34. Galfra Habib, Chittagong
35. Mill Furnishing, Chittagong
36. Juto Fibre Glass Industry, Dhaka

ORGANISATION STRUCTURE OF BJMC.



APPENDIX - III

ORGANIZATIONAL STRUCTURE OF MARKETING DIVISION



GM : General Manager
DGM : Deputy General Manager
M : Manager

Doc

SSE

32

10/10/02

**JAIL REFORMS IN BANGLADESH : HUMANE TREATMENT
TO THE OFFENDERS**

MD. NAZMUL AHSAN



SL/16-16

**BANGLADESH PUBLIC ADMINISTRATION TRAINING CENTRE
SAVAR, DHAKA**

**JAIL REFORMS IN BANGLADESH : HUMANE TREATMENT
TO THE OFFENDERS**

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SAVAR, DHAKA**

Submitted in partial fulfilment of the requirements for successful completion of
the 32nd senior staff course held in BPATC from 23 April to 06 July 2000

CONTENTS

	<u>Page no.</u>
Preface	i
Abbreviations	iii
Executive Summary	iv
 <u>CHAPTER I:</u>	
INTRODUCTION	
Background	1
Human rights	1
Initiative by the UN	2
Journey to reforms	3
Objectives	4
Methodology	4
Limitations	4
 <u>CHAPTER II:</u>	
PRISON ADMINISTRATION	
Historical background	5
Classification of prisons	6
Organisation and manpower	7
Laws and rules relating to prisons	7
Critical problems	8
 <u>CHAPTER III:</u>	
LIVING CONDITIONS	
Accommodation	10
Diet	13
Clothing and bedding	15
Sanitation	15
Health	16
 <u>CHAPTER IV:</u>	
REFORMATIVE PROGRAMMES	
Works	18
Education	19
Contact with outside world	20
 <u>CHAPTER V:</u>	
RECOMMENDATIONS	21
 <u>CHAPTER VI:</u>	
CONCLUSION	23
Bibliography	24
Appendices	

PREFACE

Human rights are those minimal rights every individual must have against the state or other public authorities by virtue of being a 'member of the human family' irrespective of any other consideration. A prisoner is entitled to all human rights within the limitations of incarceration. A person sent to prison does not become a non-person. He is sent to prison 'as punishment' and not 'for punishment'.

I am grateful to Dr. Ekram Hossain, Rector, BPATC, for approving the topic of my seminar paper. It gave me an opportunity to read, reflect, and write on an issue of every enlightened individual's concern. This study covers some basic requirements of a prisoner for being treated as a human being. The identification of problems, analysis etc. are principally based on my experience of over two and half decades as a Civil Servant closely associated with jail administration in different capacities from the beginning of my career. I visited jails as a Magistrate first class, Sub-divisional Magistrate, District Magistrate and Deputy Secretary, Ministry of Home Affairs. I think the experiences I gathered during my service life especially serving as the concerned Deputy Secretary to the Ministry of Home Affairs, give me the kind of insight on the basic issues and problems of jail administration, which could not be gained through any secondary literature.

I express my gratitude to Brig. M. Waliur Rahman Chowdhury, IG Prisons and Liakat Ali Khan, Addl. IG Prisons for their hospitality, cooperation and encouragement. I thank the prison officials who rendered their active cooperation in providing necessary information, reports and documents. I am

indebted to Shawkat Akbar, Senior Assistant Secretary and Abdul Hye, Deputy chief of Planning, both working in the Ministry of Home Affairs for updating me with the latest information.

I thank Md. Tofazzel Hossain, MDS, BPATC and Course Director for his kind understanding and encouragement in preparing the paper. I am indebted to Syed Shamsul Alam Director, BPATC and Course Co-ordinator-I and Sk. Mostafizur Rahman, Deputy Director, BPTAC and the Course Co-ordinator-II for their sincere support and cooperation to overcome the constraints. I also thank Librarian A. Khaleque, Computer Operator Salma Akhter, Attendant Enamul Haque and other staffs of BPATC associated with the course management.

To M. Waliul Islam, Ex. Secretary to the Government and Resource Person to the BPTAC, I owe special thanks for his kind guidance in writing a seminar paper. I am also thankful to Syed Naquib Muslim, Director, BPATC, and Rizwan Khair, Deputy Director, BPATC for their guidance as well as many informal talks that clarified my thinking.

Md Nazmul Ahsan

25 July 2000

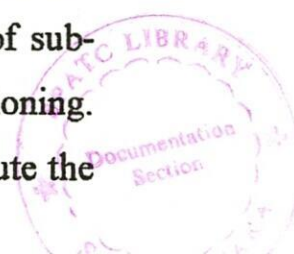
ABBREVIATIONS

Addl. IG	-	Additional Inspector General
ADP	-	Annual Development Programme
BJRC	-	Bangladesh Jail Reforms Commission
DIG	-	Deputy Inspector General
Div	-	Division
IG	-	Inspector General
NGOs	-	Non Governmental Organisations
No.	-	Number
Sl.	-	Serial
Sr. Super	-	Senior Superintendent
Super	-	Superintendent
TV	-	Television
UN	-	United Nations
UTPs	-	Under trial prisoners

EXECUTIVE SUMMERY

Prisons came into existence as an interim house of detention for an offender until he underwent some legal process. Imprisonment as a punishment is relatively of recent origin. Prisons were used mostly for punitive, deterrent and coercive purposes with infliction of cruel and inhumane tortures on the offenders and this trend continued till the end of colonial rule.

2. The first United Nations Congress on 'The Prevention of Crime and the Treatment of Offenders' held in 1955, and subsequently the General Assembly of the United Nations in 1988 and 1990 adopted some rules and principles to provide a comprehensive set of safeguards to protect the rights of persons who are detained or imprisoned. The main theme of these rules is that all prisoners must have to be treated with respect for their human dignity with regard to the conditions of their detention, treatment and discipline, contact with outside world, health, classification and separations, complaints, records, works, recreation, religion and culture.
3. In Bangladesh we inherited the colonial prison system of the British India. Although time demanded changes in the system and attitude but no substantial improvement could be made as yet. The Bangladesh Jails Reforms Commission (BJRC) in 1980, put forward 180 recommendations, about two third of which are lying unimplemented. The existing living conditions inside the jail may be considered of sub-human level. The re-formative programmes are not worth mentioning. Because of our failure to correct the offenders in prison, they pollute the



society after their release from the prison. The society gets infested with crimes and drug abuses increasingly that impedes and vitiates all our development programmes. In such a situation, the basic needs of a prisoner should be addressed attaching top priority to make him a good citizen. We must ensure that the offenders are treated with human dignity and corrected for rehabilitation in the society after their release.

4. *Objectives:*

- a. To have an overview on the prison system in Bangladesh, initiatives for reforms undertaken so far, implementation thereof and critical problems faced by the jail authority;
- b. To look into the existing facilities and understand how far the prisoners are treated with respect for their human dignity with regard to the basic requirements for living and reforms;
- c. To appreciate the needs to be addressed immediately to provide the minimum requirements of prisoners and to put forward recommendations.

5. *Methodology:*

- a. Review of previous studies; assessing available documents pertinent to jail administration;
- b. Visit to Prison Directorate and Dhaka Central Jail;
- c. Interview with Inspector General of Prisons, Additional Inspector General of Prisons and other officials of the jail administration.

6. *Prison administration:* Under the overall control of the Ministry of Home Affairs the Prison Directorate is headed by the Inspector General of Prisons. Total manpower of the organisation is 7510 including 133 class I officers. The organisation has no system of imparting institutional

training to its officers and staff. Introduction of a change process cannot be thought of in the absence of an experienced performer to head the organisation. For many years officers from a different discipline come for 3-4 years. Acts and Rules are followed as inherited from British India which need amendment and updating.

7. *Accommodation:* In 1979, the number of inmates throughout the country was 26342 against the registered accommodation of 16,381 and that reached to 58324 against the registered accommodation of 23,462 in the year 2000. More than 50% of the jails have overcrowding 3-4 times the capacity. There is hardly any segregation except for male, female and Div I prisoners. BJRC'80 recommended for 14000 additional accommodation of which 6561 could so far be provided; if the ongoing development projects are implemented by 2004, another 9856 accommodations will be added. But there is no certainty that the projects will be completed within the timeframe because of poor allocations in the ADP. The study reveals that if the need for accommodation is projected to 55,000 with provisions of segregation particularly for the juveniles, it may serve the purpose for another 20-30 years provided all the socio-economic factors move in the right direction.

8. *Food:* In every prison there is only one kitchen irrespective of the number of inmates. Cooking of large quantities of food in one kitchen for one meal or breakfast takes long time and that deteriorates the quality. Very recently Government has taken up construction of 27 additional kitchens, one for 400 persons. To meet the requirement another 61 kitchens will be necessary.

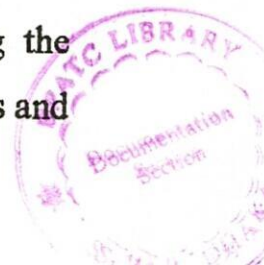
9. *Clothing and bedding:* Jail clothing are not provided to the under trial prisoners (UTPs). There should be provisions of such supply in case private clothes of the UTPs are inadequate for decency or warmth.
10. *Sanitation:* Additional latrines should be constructed to provide 1 latrine for 20 prisoners. Night latrines in the wards are most unhygienic and without privacy. Water supply in almost all the jails is very poor. Inmates can take bath once in several days. Sufficient water supply should be ensured.
11. *Health:* Both indoor and outdoor patients in prison hospitals do not get treatment for the lack of Medical Officers and poor supply of medicine. At present 28 posts of Assistant Surgeons are lying vacant out of 66 posts. Patients are sent to civil hospitals for pathological tests, x-rays and other services including specialist treatments. Jail authority faces difficulties in transportation of prisoners to outside hospitals for treatment.
12. *Works:* The central and district jails situated in the old districts have some types of small industries where limited number of convicts say 50% of them can be engaged for work. 75% of the entire jail population are UTPS who do not have any provision to work. Nearly 90% of the entire jail population remains idle. Unless they are converted into a productive workforce, they may find themselves socially maladjusted and again indulge in antisocial activities.

13. *Education:* Prison system suffers from total lack of educational programmes. Since 90% of the jail population remain idle, provisions for general education religious education and vocational training etc. should be provided to them.

14. *Contact with outside world:* The system of visits by families, friends and lawyers is unreasonably restrictive. Obtaining permission is cumbersome. There is no waiting room or shed or toilet for the visitors. It is hard to listen a visitor who form a crowd during the visit.

15 *Recommendation:*

- a. A training institute should be established attaching top priority for imparting basic training of all the jail officials and guarding staff at the entry level and also refreshers training at regular intervals during service;
- b. Officers having rich background in jail administration should be appointed to head the organisation;
- c. Jail Code and all other Acts pertinent to jail administration should be updated without further delay;
- d. Special arrangements should be made for speedy disposal of criminal cases. Retired judges and magistrates should be appointed on contract basis to dispose of the backlog.
- e. The on-going development projects should be implemented within the timeframe and allocations should be given accordingly.
- f. New development projects should be undertaken projecting the need for accommodation to 55,000 for the coming 20/30 years and



implemented within a timeframe of five years to make provisions for:

- (1) additional accommodation for 15000 inmates with separate arrangements for juveniles ;
 - (2) 50 kitchens each for 400 persons with dinning halls or spaces;
 - (3) bath spaces and latrines, one for 20 persons with sufficient water supply;
 - (4) visiting room with seating and toilet facilities for visitors, at least one in each jail;
- g. The central jails should be provided with facilities of pathology, radiology and the district jails with pathology; Assistant Surgeons should be placed at the disposal of the Prison Directorate on deputation and should not be taken back without replacement;
- h. Facilities to train and engage the inmates in different productive works should be ensured and they must be paid for the work done;
- i. Literacy programme should be made compulsory, arrangement should be made for secondary level education with special opportunities for higher studies.
- j. Each ward/cell of the prison should have a TV or radio for recreation as well access to information regarding outer world.
- k. NGOs should be involved in certain areas like generating employment opportunities, providing recreational, educational and other aids for developing the mental faculties of the offenders.

16. . *Conclusion:* A law breaker is brought to book and sent behind the bar as he disturbs or injures the social order, peace and values. Once he gets into the jail we forget that he is also part of the society and bother less about his wellbeing. Passing the days of punishment and miseries without having least opportunity for getting corrected and converted into a productive workforce, someday he comes out again, starts the same antisocial activities and pollutes the society. So in safeguarding the social values we undermine the human rights. It is high time for us to must think for the wellbeing of the prisoners to keep this society liveable in future.

CHAPTER - I

INTRODUCTION

A. Background:

1.1. Prisons in the shape of dungeons existed during the ancient rule in Rome, Egypt, China, India and Babylon and were used for detention of the offenders supposed to be executed or sent for exile after trial. Many of such prisons inflicted cruel and inhumane torture on the offenders and no prisoner could come out alive. Often individuals who were posed a particular threat to a local ruler or state might be deprived of their liberty for a long period. The use of imprisonment as direct punishment of the court was introduced to Western Europe and North America in 18th century. It spread gradually to most of the countries, often as a result of colonial oppression.

B. Human rights:

1.2. Human right is a modern term but the principle which it invokes is as old as humanity. The term 'Human Rights' means that certain rights and freedoms are fundamental to human existence. These are not privileges, nor gifts given at the whim of a ruler or a government. Neither these can be taken away by any arbitrary power. These cannot be denied, nor can these be forfeited because an individual has committed any offence or broken any law.

1.3. Initially these claims had no legal basis. Instead these were considered as moral claims. In due course these rights were formally recognised and protected by law. In fact, the widespread abuses of human rights and freedoms in 1930's, which culminated in the atrocities of the Second World War from 1939 to 1945, put an end to the notion that individual states should have the sole say in the treatment of their citizens. The signing of the charter of the United Nations in June 1945, brought human rights within the sphere of international law. All

2

member countries of the United Nations agreed to take measures to safeguard human rights. The constitution of the Peoples Republic of Bangladesh also guaranteed the fundamental human rights and worth of the human person.¹

C. Initiative by the UN:

1.4. The United Nations adopted the following three instruments to provide a comprehensive set of safeguards for protecting of the rights of persons who are detained or imprisoned²:

- a. Standard Minimum Rules for the Treatment of Prisoners: Adopted by the first United Nations Congress on the Prevention of Crime and the Treatment of Offenders, held in Geneva in 1955 and later approved by the Economic and social council.
- b. Body of Principles for the Protection of All Persons under Any Form of Detention or Imprisonment: Adopted by the General Assembly in December 1988.
- c. Basic Principles for the Treatment of Prisoners: Adopted by the General Assembly in December 1990.

1.5 The contents of these instruments form the basis for organising any prison system where all prisoners must be treated with respect for their human dignity with regard to the conditions of their detention, treatment and discipline, contact with outside world, health, classification and separations, complaints, records, works, recreation, religion and culture.

¹ The Constitution of The Peoples Republic of Bangladesh, Article -11.

² Indo-British Training Project on Human Rights & Prisons management, British Council Division, British High Commission, India, 1999, p.19.

D. Journey to reforms:

1.6. Jail or prison system in Bangladesh was inherited from British India. During the colonial rule, prisons were used mostly for punitive, deterrent and coercive purposes. British rulers formed several Commissions and Committees from time to time for reforms of prisons. Reports of these committees and Commissions could help elevate the situation to some extent in the material aspects of food, health, labour and prison administration. But re-formative and rehabilitative aspects got little attention in the reports. The same tradition continued during Pakistani regime (1947-1971) despite the only commission formed in 1957, specifically recommended for re-formative and rehabilitative measures. After Bangladesh emerged as an independent state, the first and only Commission "The Bangladesh Jails Reforms Commissioner (BJRC) was constituted in 1978. The Commission submitted its report in 1980, about two third of which are lying unimplemented. The existing living conditions inside the jails cannot be said to be above sub-human level. The re-formative programmes are not worth mentioning. Because of our failure to correct the offenders, they pollute the society after release from prison.

1.7. Although long 30 years has elapsed after independence of Bangladesh, she is still considered as one of the Least Developed Countries. In the recent years the per capita income, literacy rate and other socio-economic development indicators have shown an increasing trend and we propose to develop further with all our earnest. But our efforts will not see the light of day unless we can do something about our society that gets infested with crimes and drug abuses increasingly. Now only putting the offenders behind the bar as a punitive measure will not do any good to the society. They will come out some day and do the same again unless we can make them different men. So we must ensure

B. Classification of Prisons:

2.3. Prison system as inherited by Bangladesh, had three classes of prisons viz. central jails, districts jails and subsidiary jails (Table 2.1)

Table- 2.1
Classification of jails as inherited by Bangladesh

Class	Total Numbers	Type	Location
1. Central jails.	04	maximum security.	Dhaka, Jessore, Rajshahi and Comilla.
2. District jails.	15	medium security.	All district headquarters having no central jail.
3. Subsidiary jails	38	minimum security	All sub-divisional headquarters where there was no central or district jail.

Source: Prison Directorate, Dhaka.

2.4. During 1980's, Government undertook a massive administrative reorganisation. All the subdivisions were upgraded to districts. Some new districts were also created. Similarly all the subsidiary jails were upgraded and declared district jails. New district jails are being constructed in the newly created districts in phases. In late 1990's, five district jails were upgraded to central jails. As criminal courts were set up at the sub-district i.e. upazila level, government decided to construct upazila jails. Construction of 25 numbers of upazila jails were undertaken by Public Works Department (PWD) of which, 16 were completed and handed over to jail authority. But as the subsequent government abolished Upazila Parishad and withdrew the courts from upazila headquarters, the upazila jails were left barren. So at the moment we have only two categories of jails (Table-2.2).

CHAPTER – II

PRISON ADMINISTRATION

A. Historical background

2.1. The origin of jail system in Bangladesh can be traced back to the reign of Pathan ruler Sher Shah. He built a fort known as 'Afgan Durga' for detaining the pirates who caused havoc in the riverine belt of southern Bengal. Subeder Islam Khan rebuilt it which was used as the main administrative building and army headquarter of the Mughals. In course of time, the same fort has turned into the present Dhaka Central Jail, which is regarded as the oldest prison in Bangladesh.

2.2. The existing prison administrative system is almost the copy of the British Colonial system. In view of the social and political changes that occurred due to the emergence of Bangladesh as an independent sovereign state through the historic War of Liberation, the prison system was supposed to be reorganised and restructured as re-formative institution. The BJRC constituted in 1978, with Justice F.K.M.A. Munim, Judge of the Appellate Division, Supreme Court of Bangladesh as its Chairman submitted report in 1980, and put forward 180 recommendations. As per the data collected from the Ministry of Home, 64 recommendations are claimed to be implemented fully and 28 partly; 88 are still lying unimplemented.

Table-2.2
Classification of existing jails

Class	Total no.	Location	Administrative Head
1. Central jails	09	Dhaka, Mymensing, Sylhet, Comilla, Chittagong, Rajshahi, Rangpur, Jessore and Barisal.	Senior Superintendent
2. District jails	55	All district headquarters having no central jails.	Superintendent

Source: Prison Directorate, Dhaka.

C. Organisation and manpower:

2.5. Under the overall control of the Ministry of Home Affairs, the Prison Directorate is headed by the Inspector General of Prisons (IG Prisons). He has one Additional Inspector General (Addl.IG) and five Deputy Inspector Generals (DIG) to assist him. Among the five DIGs, one remains in the Headquarters and the rest four are posted in Dhaka, Comilla, Jessore and Rajshahi to control, supervise and monitor the functioning of the prisons in their respective area of operation. Total manpower of the organisation is 7510; the administrative set up is annexed (Table-1). The organisation has no training institution and eventually, there is no system of institutional training for the officers or employees.

D. Laws and rules relating to prisons:

2.6. All activities of prison are governed by Prisons Act-1894, Prisoners Act-1900, Prisoners Act-1920, Reformatory School Act-1897. Besides, Criminal Procedure Code-1898, Civil Procedure Code-1908, Penal Code-1860 and other Acts having penal provisions or otherwise related to prison are also followed. The first edition of the Bengal Jail Code, the rules for the superintendence and management of jails and subsidiary jails appeared in 1864. Its seventh edition came followed by the introduction of various reforms by the Government on the

basis of the recommendations of the Indian Jail Committee of 1919-20.³ The seventh edition of the Code was reprinted in 1989 and is being followed for all the day to day activities of jail administration in Bangladesh. All these century-old Acts and Codes need thorough amendments but nothing could be done as yet.

E. Critical problems:

2.7. In the foregoing discussions, it has been mentioned that whole prison system in Bangladesh may still be regarded as the carbon copy of the British colonial legacy. Compilation of data from relevant sources substantiates that to protest against the internal unhealthy environment of the prison, maladministration, malfunctioning and corruption of the jail officials, the inmates of Rajshahi jail in 1950, went on hunger strike and in 1960, they defied the jail authority and indulged in rebellious activities. From 1976 till date as many as 25 insurrections or rebellious incidents have occurred in different jails causing loss of life and property. In 1979, the inmates of Khulna jail defied the jail authority and a violent section of them being armed with dao, lathi spear etc. took over the control of the prison. They made some prison officials captive and threatened them to cause death. In restoring control 41 prisoners had to die in police firing. In 1996, in a similar incident in Jessore central jail, six prisoners and one police constable died; the rebels killed one convict before the authority could restore control.

2.8. This sort of incident may reoccur at any time if the problems inside the prison as well as the prison administration are not properly addressed. The Prison Services in advanced countries are considered to be highly technical

³The Bengal Jail Code Volume I, 'Preface' to the 7th edition.

because of the fact that prison officials are required to guide, train and educate the offenders in the prisons who proved to be problems to the society. Hence qualified and trained staff is a prerequisite for the improvement of prison administration. It is unbelievable that training facilities for the prison staff are totally absent. The Superintendents, Jailors, Deputy Jailors, Sub-jailors or the guarding staff, whether appointed directly or on promotion are not required to undergo any formal training in correctional methods. All of them undergo on-the-job training. Besides, introduction of a change process cannot be thought of in the absence of an experienced performer to head an organisation. For many years officers from other disciplines come for 3-4 years on deputation as IG Prisons.

CHAPTER- III

LIVING CONDITIONS IN PRISONS

3.1 If we really recognise the prisons as a re-formative institution, we must have to consider the living conditions inside at the first instance. Before creating an environment congenial to reforms we cannot proceed. So let us have an idea about the living conditions inside the prisons of Bangladesh.

A. Accommodation:

3.2 The most prominent feature in almost all the prisons is overcrowding. A comparative study of the figures of total number of inmates throughout the country in the preceding six years and also on 1st Sep' 79 (Table- 3.1), shows that on 01Sept 1979, total number of inmates was 26,342 against the capacity of 16,381, that means overcrowding was 1.6 times. On 01April 2000, the number was more than double and reached to 58,324 against the capacity of 23,462 while accommodation could be increased only for 7081 inmates. This shows that the overcrowding has gone up to 2.21 times. This also shows an increasing trend of criminal activities in the society and that is a matter of real concern for all of us. The statement showing number of prisoners in different jails as on 01 April 2000 (Table- 2), gives us a clear idea regarding the extent of overcrowding and the sub human level at which the prisoners were put in. This can be considered in no way as a liveable environment. So to talk about a healthy living favourable for conducting re-formative programmes is too far to achieve.

Table- 3.1

Comparative year wise total number of prisoners against capacity

Year	Capacity	No. of inmates				Remarks
		Convict	UTP	Detainee	Total	
1979 (01 Sept)	16,381	6512	19830	No figure	26,342	
1995	20,777	15713	26041	1193	42992	Capacity of Thana Jail 480 not included
1996	21,140	14,787	27,726	1927	44720	Do
1997	21,140	13,078	30,750	1121	45174	Do
1998	21,959	13,480	32,938	984	47764	Do
1999	23,462	13,422	37,531	877	52370	Do
2000 (01 April)	23,462	13,925	42,846	963	58324	a. Do b. Total no of inmates includes 590 released prisoners priorities awaiting repatriation

Source: Prison directorate, Dhaka. UTP indicates under trial prisoner.

3.3. Segregation: The Jail Code provides separate accommodation for (a) civil prisoners, (b) under trial prisoners, (c) female prisoners, (d) male prisoners under 21 years of age, (e) male prisoners who have not attained the age of puberty, and (f) other male convicts. But in reality, for lack of accommodation in most of the jails, separation as per provision cannot be done. Separations of males and females only are in practice. Male prisoners on the basis of their age cannot be accommodated separately. On 10 April 2000, the number of juveniles is 265, of whom 223 are males as per data collected from Prison Directorate, on 19 June 2000 Whatever separation is done in sleeping accommodation, it no longer remains so at daytime. So, the jail authority fails to give necessary protection to the juvenile inmates. At present two remand homes, one at Tongi and another at Jessore are in operation. But for the purpose of trial in different courts throughout the country, the juvenile UTPs require to be accommodated in central or district jails. Furthermore, judicial officers often send some persons for safe custody under executive orders although there is no separate accommodation for such custody.

3.4. Delay in disposal of criminal cases: Apart from increase in population and increase of crime in the society, delay in investigation and trial may be viewed as the prominent factor for the extent of overcrowding in jails. A comparative statement (Table 3.2) regarding disposal of criminal cases in the preceding five years shows that in 1995, total number of criminal cases for disposal was 5,34,763, of which, 3,02,986 cases were disposed of during the year and 2,31,777 cases remained pending for disposal. While in 1999, total number for disposal reached to 7,01,783 cases; 3,05,875 were disposed of and 3,95,908 were pending for disposal at the end of year.

Table-3.2

Statement of Criminal Cases from 1995 to 1999

Sl. no.	Year	From previous year	Current year	Total	Current year's disposal	Pending for disposal	% of disposal
1.	1195	218989	315774	534763	302986	231777	56.66
2.	1196	231777	289836	521613	255234	266371	48.93
3.	1997	266379	309878	576257	270124	306133	46.88
4.	1998	306133	315865	621998	271642	350356	43.67
5.	1999	350356	351427	701783	305875	395908	43.58

Source: Cabinet Division.

3.5. Apart from this, 60,402 cases were pending for disposal on 31 Dec'1999 in different courts of the Sessions Judges throughout the country as it appears from the data collected from the Ministry of Law, Justice and Parliamentary Affairs, on 19 June, 2000. The accumulation of indisposed of criminal cases over the years denies justice, cause immense sufferings to both persecution and defences and creates intolerable pressure on jail accommodation.

3.6. Report of BJRC'80 shows that total accommodation in different jails was 16381 and number of inmates was 26,342. Projecting the accommodation need in coming years to be 30,000, the BJRC recommended for 14000 additional accommodations. But in reality, the present requirement is almost double the number so projected. Out of the recommended 14000 additional accommodations, Government could so far provide 6561 and after completion of the ongoing development projects, another for 9856 could be added. But because of the allocation of very insignificant amount in ADP every year, the progress of implementation of the projects (Table-3) is being impeded.

3.7. If allocations are made in a similar fashion, then it may take another 20 years to complete the projects and by that time the estimated cost will surely escalate several times. The study reveals that if the need for accommodation is projected to 55000 with provisions of segregation particularly for the juveniles, it may serve the purpose for another 20-30 years provided all the socio-economic factors move in the right direction.

B. Diet of Prisoners

3.8. According to the divisions of prisoners separate scales of diet are supplied in all the jails throughout Bangladesh (Table- 3.3).

Table- 3.3**Daily diet chart of the prisoners**

Sl. No.	Articles of Diet	Quantity (grams)			
		Convict		UTP/Detainee	
		Class I & II	Class III	Class I	Class II (ordinary)
1.	Bread (Breakfast)	116.64	-	87.48	-
2.	Bread (Lunch & dinner)	349.92	-	299.60	-
3.	Atta	58.32	116.64	58.32	87.48
4.	Rice	178.96	583.20	145.80	495.72
5.	Fist/meat	364.50	36.45	218.70	36.45
6.	Dal (Pulse)	87.48	945.80	87.48	145.80
7.	Vegetable	145.80	291.60	145.80	291.60
8.	Oil (edible)	43.78	20.50	83.78	20.50
9.	Potato	116.64	-	116.64	-
10.	Onion	43.74	4.69	43.74	4.69
11.	Chillies	-	2.05	-	2.05
12.	Turmeric	-	1.02	-	1.02
13.	Dhannia	-	0.59	-	0.59
14.	Salt	29.16	32.80	29.16	32.80
15.	Masalla	7.29	-	7.29	-
16.	Tea	14.58	-	14.58	-
17.	Sugar	58.32	-	58.32	-
18.	Milk (Powder)	14.58	-	14.58	-
19.	Butter	21.87	-	21.87	-
20.	Jelly	14.58-	-	14.58	-
21.	Gur.	-	14.58	-	14.58

Source: Prison Directorate, Dhaka.

3.9. In Bangladesh the daily requirement of calories per adult man ranges within 2400 to 2700 and per adult women 1900 to 2200⁴. The scale of diet in prisons provides adequate daily requirement of calories ranging from 2727 to 4098 in consideration of the class of the prisoners and type of works⁵. The diet chart was updated as recommended by the BJRC'80. But the inmates do have complaints about the quality of cooked food. In fact, cooking of large quantities of food at a time for each meal or breakfast in one kitchen deteriorates the quality. It takes long time to cook large quantities of chapati and by the time it is

⁴ Report of Bangladesh Jail Reforms Commission' 1980, Vol. II, p.197.

⁵ Ibid., p.195.

served it becomes rubbery and hard to take. Similarly some other items also often found rotten at the time of service. BJRC'80 recommended one kitchen for 500 persons. No action was taken until 1998, when the Government took up construction of 27 additional kitchens at an estimated cost of Tk. 518 lacs, each for 400 persons in the jails of higher congestion. To meet the requirement more 61 kitchens need be constructed.

C. Clothing and bedding:

3.10. Only the convicts are supplied with clothing. For winter some additional clothing made of wool and flannel are supplied. The UTPs and the prisoners undergoing simple imprisonment are allowed to wear their own clothes. There is no provision for bed, mattress, pillow and mosquito net etc. except for the convicts of Div I and Div II. Nevertheless, blankets, bedding, cup and plate are supplied to all the inmates. Complaints are not noticeable regarding clothing and bedding or any of the items issued to the convicts. But the jail authority often faces acute problem to address the issues of UTPs. In case private clothes are inadequate for decency or warmth, jail clothing need to be supplied but there is no provision as such.

D. Sanitation:

3.11. *Unhygienic latrines:* The sanitation arrangements in the jails are very unsatisfactory. Jails with the exceptions of newly constructed ones, had service latrines. Recently those were converted into sanitary latrines. Latrine facilities for the ordinary prisoners are inadequate and with very little privacy. The night latrines in wards or cells create very unhygienic conditions.

3.12. Poor water supply and cleanliness: Water supply in all the jails is very poor. The prisoners can take a bath once in several days. Overcrowding has made the situation worst. Skin diseases are prevalent in jails because of overcrowding, in-sanitary living conditions and blankets not disinfected with regular intervals. At present the ordinary male prisoners are supplied with 2 cake of washing soap, 1 chatak of mustard oil and 1 cakes of toilet soap per month. Whereas, the ordinary female prisoners are supplied with 2 cakes of washing soap, 4 chataks of coco-nut oil and 1 cake of toilet soap per month.

3.13. Improvements needed: More sanitary latrines need to be constructed. There should be 1 latrine for 20 persons. The night latrines in the wards should be provided with more privacy and sufficient water supply. These should be adequate number of group bathroom for each ward. Sufficient water supply is to be ensured.

E. Health

3.14. Common diseases: The most prevalent diseases in prisons are dysentery, abscesses, ulcers etc. Skin diseases are very common due to unhygienic living conditions and overcrowding. Besides, there are cases of tuberculosis, respiratory diseases and pneumonia.

3.15. Services: Both indoor and outdoor patients in prison hospitals do not get proper medical treatment because of the lack of Medical Officers and insufficient supply of medicines. Assistant surgeons are being posted on deputation from Directorate of Health. As per data collected from Prison Directorate, Dhaka on 19 June, 2000, there are 38 Assistant Surgeons in different jail hospitals against the sanctioned posts of 66 i.e. 42% of the posts are lying vacant at the moment. This always happens because of the lake of proper

co-ordination. The Civil Surgeons in District Headquarters are the Medical Officers of respective central or district jails and their duties are limited to supervision only. In the absence of the Assistant Surgeon in a particular jail the Civil Surgeon of the district assigns an Assistant Surgeon locally. Patients are sent to civil hospitals for treatment by specialists and also for pathological tests, X-rays and other services. There is a separate prison wing in Bangabandhu Medical University Hospital, Dhaka for treatment of serious patients.

3.16. Problems: Old hospital buildings are in dilapidated condition. Some of the buildings are vulnerable to rain water. Over congestion in jail hospitals is a common feature. Medical services provided to the prisoners are inadequate and problem arise when they suffer from serious diseases. Jail authority faces difficulties in transporting as well as escorting the prisoners and guarding them in the civil hospital. Proposal for the creation of 10 posts of Lady Doctors has been under consideration of the Government for the last 5 years and may never see the light of day.

3.17. Need for improvements: The old hospital buildings are to be reconstructed and repaired. Extension of the present buildings is also necessary. Number of physicians should be increased. Assistant Surgeons on deputation should be placed at the disposal of Prison Directorate for posting in different jails and they should not be taken back without giving any replacement. The Central jails should be provided with the facilities of pathology and radiology. The district jails should have the facilities for pathology. A separate ward with beds should be earmarked in all Sadar Hospitals of the districts and Medical College Hospitals for treatment of serious patients. Jails must be provided with ambulances. Creation of posts of Lady Doctor should be expedited.

CHAPTER-IV

REFORMS AND REHABILITATION PROGRAMS

A. Works:

4.1. The pursuit of productive employment and vocational training for prison inmates has been recognised universally. The philosophy of operating industries and farms within jails originated from this awareness.

4.2. *Existing facilities:* The convicts sentenced to suffer rigorous imprisonment are supposed to be engaged in hard work inside prisons. Compilation of data from relevant sources conforms that at present there are nearly 14000 convicts in different jails in Bangladesh. Leaving aside the old and infirm say 8-10%, the rest are to be provided with works. About 15% are engaged in kitchen, store, office, hospital, and works as cook, attendant, writer, watcher, sweeper etc. but large numbers say 75% remain available for industrial works. Only the central and district jails in the old district headquarters, 19 in total, have different types of small industries (Table-4) where 25% of the convicts i.e. very limited number of the workforce can be engaged. So about 50% of the convicts remain idle.

4.3. *Need:* The attitude towards prison employment should be changed. If opted the UTPs should also be allowed to work on payment of wages. All the prisoners should be converted into a productive workforce that would help them in resuming normal life after release. Otherwise they will be socially maladjusted and again involved in antisocial activities. Enforced idleness makes people both physically and mentally incapable. Re-formative measures will never succeed unless the prisoners find suitable employment after release. The prisoners must be paid for the work done so that they have some earning in prison. This can be used as pocket expenses in prison and some money can also be sent home for supporting family.

B. Education:

4.4. Prison system in Bangladesh suffers from the total lack of educational programmes. In prison there appears no consciousness of the value of education, whether general or moral or religious though there is provision for imparting religious instructions in The Jail Code.

4.5. The prisoners in Bangladesh normally comes of very poor families, they are neither literate nor skilled in any art or craft. Three fourth of the jail population are UTPs and there is no provision to engage them in prison works. More than 50% of the convicts cannot be provided with any work for limited scopes. So nearly 90% of the total jail population i.e. 50,000 prisoners live without doing any work or learning any trade. The idle population in the jails, often indulge in breaking discipline and make law and order situation. This is mere wastage of national resources. Although the jail authority claims to have provisions for imparting primary education to the inmates but one or two teachers along with educated inmates are engaged for the purpose, which is too insignificant. Apart from this, religious education is being imparted by Moulavi Shahebs who get a negligible amount as remuneration. So in consideration of the need of the inmates, teaching staffs and other aids are not worth mentioning.

4.6. Need: A comprehensive programme should be taken up for (a) general education of the inmates, (b) vocational training for all the able bodied prisoners, (c) imparting moral education to all, (d) supplying books, magazines and other reading materials and (e) creating scope of socio-cultural activities. Literacy programme should be made compulsory for every prisoner and arrangements should be made for secondary level education with special opportunities for higher education. Systems should be introduced to encourage, reward and recognise good students. This will also help improve behaviour and interpersonal skills.

C. Contact with outside world:

4.7. Prisoners have a right to communicate with the community e.g. families, friends, legal representatives through letters and visits. They should have access to books, newspapers, radio and television. From rehabilitation point of view also, the need of an inmate to keep contact with his family must be recognised.

4.8. *Existing situation* : Under the existing Jail Regulations, Div. I and II convicts are allowed one interview every 15 days and in case of Div. III convicts it is once in 2 months. UTPs and the civil prisoners are also allowed to have interviews with their friends, relations and lawyers under restrictions.

2.9. The system of visits is restrictive without any valid reason. Rules provide 20 minutes for an interview. Obtaining permission is something very cumbersome and time consuming. The visitors are to wait outside the jail gate in open space. There is no waiting-room or even a shed or toilet for them. A large number of inmates assemble behind the wire netted windows facing their friends and relations standing in the crowd at a distance. It takes several minutes to find out the right person. Then everybody starts talking at the same time. It is hard to understand or communicate anything in such a disgusting situation. The visitors as well as the inmates get back with bitter feelings for not being able to communicate properly with each other. Most of the inmates complain against prison officials regarding proper arrangements of visits and corrupt practices.

2.10. *Need*: Frequent visits by family members and friends exert a healthy influence on the inmate's mind and disposition. The present procedure of obtaining permission for visit should be made easier. That will minimise the scope of corrupt practices. There should be more flexibility as regards visiting time. Specious rooms having seating arrangements with toilet facilities should be constructed for the visitors.

CHAPTER V

RECOMMENATIONS

5.1. On the basis of the foregoing discussions, analysis and findings the following recommendations are put forward for consideration:

- a. A training institute should be established attaching top priority for imparting basic training of all the jail officials and guarding staff at the entry level and also refresher training at regular intervals during service;
- b. Officers having rich background in jail administration should be appointed to head the organisation;
- c. Jail Code and all other Acts pertinent to jail administration should be updated without further delay;
- d. Special arrangements should be made for speedy disposal of criminal cases. Retired judges and magistrates should be appointed on contract basis to dispose off the backlog.
- e. The on-going development projects should be implemented within the timeframe and allocations should be given accordingly.
- f. New development projects should be undertaken and implemented within a timeframe of five years to make provisions for:
 - 1). additional accommodation for 15000 inmates with separate arrangements for juveniles ;
 - 2). 50 kitchens each for 400 persons with dinning halls or spaces;
 - 3). bath spaces and latrines, one for 20 persons with sufficient water supply;
 - 4). visiting room with seating and toilet facilities for visitors, at least one in each jail;

- g. The central jails should be provided with facilities of pathology, radiology and the district jails with pathology; Assistant Surgeons should be placed at the disposal of the Prison Directorate on deputation and should not be taken back without replacement;
- h. Facilities to train and engage the inmates in different productive works should be ensured and they must be paid for the work done;
- i. Literacy programme should be made compulsory, arrangement should be made for secondary level education with special opportunities for higher studies.
- j. Each ward/cell of the prison should have a TV or radio for recreation as well access to information regarding outer world.
- k. NGOs should be involved in certain areas like generating employment opportunities, providing recreational, educational and other aids for developing the mental faculties of the offenders.

CHAPTER VI

CONCLUSION

6.1. In my endeavours to review and assess available previous studies and relevant documents, visit to Prison Directorate and Dhaka Central Jail, and interview high officials of Prison Directorate, I confined my interest in areas of the basic requirements of an prisoner viz. accommodation, diet, sanitation, health and some reformatory programmes. I, tried to appreciate the principles and rules adopted by the United Nations providing a comprehensive set of safeguards for the protection of rights of persons who are detained or imprisoned. I also made efforts to look into the progress of reform initiatives undertaken and appreciate the matters at immediate concern.

6.2. BJRC'80 put forward 180 recommendations. Only 64 recommendations could be fully and 28 partly implemented. Some of the recommendations required no resources but agreement in principle to implement. Resources required for the rest 88 recommendations could not be materialised so far. It is not because of our resource constraints, but our lack of commitment. The political masters do not show interest in any development project that cannot be shown or projected before the voters in a particular constituency. Our policy makers give more emphasis on policing than investigation and trial. No attention is paid for correctional and rehabilitative programmes for the offenders. We always forget that the group of people inside jails is also a part of the society or human family. After release from the prison they may again start the same thing and pollute the society unless we recognise them as part of us and correct them. In doing so, we must ensure humane treatment to them and also convert them into a productive workforce and take necessary steps to correct them for rehabilitation in the society after release.

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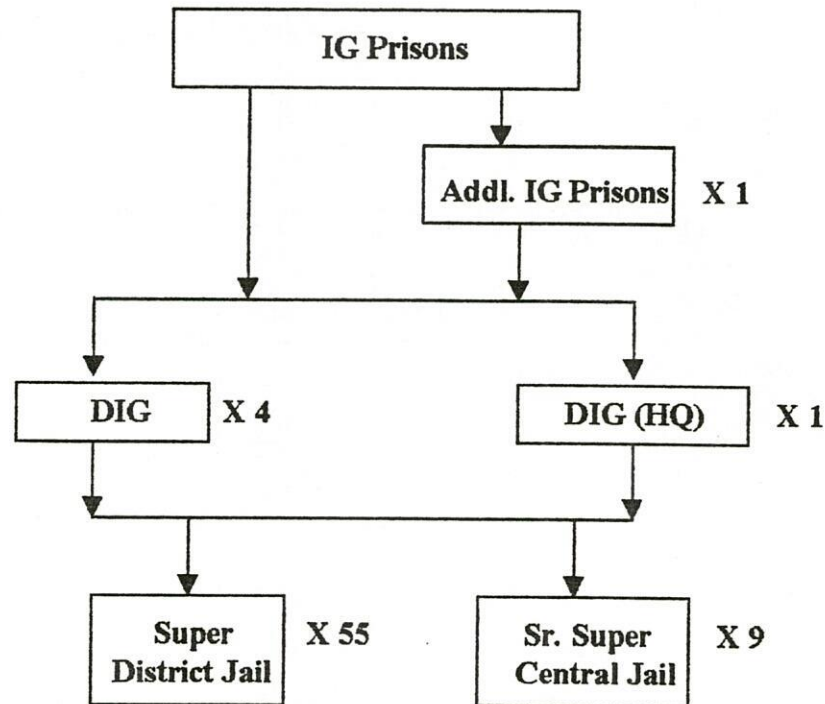
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Table – 1

Organogram of Prison Directorate



MANPOWER

(Total:7510)

PRISON DIRECTORATE:

01 x IG Prisons
01 x Addl. IG Prisons
01 x DIG Prisons
01 x AIG Prisons
63 x Others

<u>Division level (4 units):</u>	<u>Central Jails:</u>	<u>District Jails:</u>
01 x DIG Prisons	01 x Sr. Super	01 x Super
04 x Others	01 x Deputy Super	01 x Jailor
	01 x Jailor	3-5 x Deputy Jailor
	5-8 x Deputy Jailor	56-380 x Guards
	400-700 x Guards	
	5-15 x Others	

Source: Prison Directorate, Dhaka.

Appendix-2

Table-2

Statement showing number of prisoners in different jails as on 01 April' 2000.

Sl. No	Name of the Jail	Capacity	No of inmates					Remarks
			Convict	UTP	Detainee	Awaiting repatriation	Total	
1	Dhaka Central Jail	2572	1625	5834	219	27	7705	3 times
2.	Tangail Dis. Jail	319	150	776	39	0	965	3 times
3.	Kishorgang Dis. Jail	231	82	695	09	0	796	3 times
4.	Narasindhi Dis. Jail	145	151	494	07	0	652	4 times
5.	Gazipur Dis. Jail	104	98	476	02	0	576	5 times
6.	Sherpur Dis. Jail	104	127	238	12	0	377	3 times
7.	Narayanganj Dis. Jail	159	44	727	14	0	785	5 times
8.	Manikgang Dis. Jail	100	53	238	0	0	291	3 times
9.	Munshiganj Dis. Jail	108	26	284	0	0	314	3 times
10.	Rajbari Dis. Jail	73	17	279	04	0	300	4 times
11	Maymensingh Dis. Jail	1361	1150	998	15	3	2166	1.59
12	Faridpur Dis. Jail	719	210	556	49	1	816	1.13
13	Sariatpur Dis. Jail	100	23	107	0	0	130	1.3
14	Netrokona Dis. Jail	266	50	435	5	0	490	1.84
15	Madaripur Dis. Jail	110	22	191	12	0	225	2.05
16	Jamalpur Dis. Jail	177	93	242	6	0	341	1.93
17.	Gopalganj Dis. Jail	75	45	314	0	0	359	5 times

Rajshahi Division								
18.	Rajshahi central Jail	1277	1854	1223	09	23	3009	2.5 times
19	Rangpur Dist Jail	722	648	608	40	1	1297	1.80
20	Pabna Dist Jail	571	190	723	39	0	952	1.65
21	Bogra Dist. Jail	476	186	1484	05	0	1675	3 times
22	Dinajpur Dist. Jail	590	167	900	1	13	1081	1.83
23.	Joypurhat Dist. Jail	116	73	357	01	0	431	4 times
24.	Nobabgang Dist. Jail	153	59	372	0	04	435	3 times
25	Takurgong Dist Jail	168	55	177	0	0	232	1.38
26.	Sirajgang Dist. Jail	171	70	563	22	0	655	4 times
27	Panchagar Dist. Jail	200	35	114	4	0	153	0.77
28	Natore Dist. Jail	94	18	162	9	0	189	2.01
29.	Naogaon Dist. Jail	101	64	747	0	02	813	8 times
30.	Gaibandha Dist. Jail	114	33	453	06	0	492	4 times
31	Lalmanirhat Dist Jail	100	57	158	14	0	229	2.29
32	Kurigram Dist. Jail	200	19	176	2	0	197	0.99
33.	Nilphamary Dist. Jail	94	26	223	02	0	251	2.7 times

Chittagong Division								
34.	Chittagong Central Jail	897	185	4748	117	54	5104	6 times
35	Kumilla Central Jail	1816	1817	999	2	255	3073	1.69
36	B.barua Dist. Jail	280	57	511	7	19	594	2.12
37	Noakali Dist. Jail	388	117	711	15	0	843	2.17
38	Chandpur Dist. Jail	135	33	251	0	12	296	2.19
39	Rangamati Dist. Jail	245	13	455	2	28	498	2.03
40.	Cox's Bazar Dist. Jail	140	47	930	11	17	1005	7 times
41	Kagrachar Dist Jail	70	17	7	8	24	121	1.73
42	Bandarban Dist. Jail	114	19	649	05	17	690	6 times
43	Lasmipur Dist Jail	100	0	0	0	0	0	0.00
44.	Feni Dist. Jail	122	62	469	03	0	534	5 times

Sylhet Division								
45	Sylhet Central Jail	1210	668	1342	2	78	2090	1.73
46.	Moulavi Bazar Dist. Jail	194	57	384	03	07	451	2.5 times.
47.	Habiganj Dist. Jail	157	49	623	09	0	681	4 times
48.	Sunamganj Dist. Jail	104	41	258	03	0	302	3 times

Khulna Division								
49.	Khulna Dist. Jail	542	252	1611	47	0	1910	3.5 times
50	Jessore Central Jail	1919	1718	1704	64	2	3488	1.82
51	Kustia Dist Jail	600	153	889	26	0	1068	1.78
52.	Jhinaidah Dist. Jail	161	83	585	18	1	687	4 times
53.	Magura Dist. Jail	42	40	271	06	0	317	7.5 times
54.	Narail Dist. Jail	34	10	245	01	0	256	7.5 times
55.	Bagherhat Dist. Jail	130	96	607	03	0	706	5.5 times
56.	Satkhira Dist. Jail	90	115	460	13	0	588	6 times
57.	Meherpur Dist. Jail	38	39	269	0	02	310	8 times
58.	Chuandanga Dist. Jail	99	81	441	0	0	522	5 times

Barisal Division								
59	Barisal Central Jail	1132	409	790	25	0	1224	1.08
60	Jalakati Dist Jail	155	35	185	17	0	237	1.53
61	Pirojpur Dist Jail	177	19	261	0	0	280	1.58
62	Barguna Dist Jail	120	72	143	0	0	215	1.79
63	Patuakhali Dist Jail	278	67	257	1	0	327	1.18
64.	Bhola Dist. Jail	100	34	390	04	0	428	4 times

Source: Prison Directorate, Dhaka.

Appendix-3

Table-3

Existing projects in the Jail Directorate under the Ministry of Home Affairs

Name of the Project	Approval Status	Duration	Total Estimated Cost	Accumulated Allocation upto June 99	Revised ADP Allocation FY 1999-2000	Accumulated Allocation upto April/00	Allocated Fund	Current FY to April		Achievement	
								Allocated Fund	Expenditure	Financial	Actual
19 Districts Jail Construction Project	Approved	1998-04	18445	11013	700	11713	16110.50	597.5	597.50	16110.5 (62%)	58%
Kasimpur Dhaka Central Jail. Construction Project in Gajipur District	Approved	1995-02	12621	815	512	1327	1227.50	412.5	412.50	1227.50 (9%)	10%
12 Districts Jail Construction Project	Approved	1996-02	13531	1500	375	1875	1875	375	375	1875 (13%)	15%
3 Districts Jail Construction Project	Approved	1997-02	9148	162	300	462	462	300	300	462 (5%)	8%
Chittagong District Jail Extension Modernization Project	PCP Approved	1998-03	5731	50	112.50	162.50	162.50	112.50	112.50	162.50 (3%)	5%
Jail Reform/Development Project	Approved	1998-00	1423	150	300	450	450	300	300	450 (30%)	13%
Jail Directorate Office Building Construction Project	PCP Approved	1997-00	397	101	-	101	101			80 (20%)	5%

Source: Ministry of Home Affairs, Dhaka.

Appendix- 4

Table-4
DHAKA DIVISION

SL. No.	Name of Jails	Name of Industries	
1.	Dhaka Central Jail	1) Socks knitting 2) Radio Tansistor Machinism 3) Carpentry Section	4) Leather craft 5) Smithy Sction 6) Carpet & Durrie Weaving
2.	Mymensingh Dist. Jail	1) Tailoring Section (Singer Sewing Machine No.8) 2) Dhubi 3) Carpentry 4) Cane & Bamboo works 5) Carpet & Durrie Weaving	6) Coir Industries 7) Plumbing 8) House Wiring 9) Masonry 10) Barbar shop Wheat grinding Machine
3.	Faridpur Dist. Jail	1) Tailoring Section (Singer Sewing Machine-2nos) 2) Carpentry 3) Dhubi Section	4) Coir works 5) Wheat grinding Machine
4.	Tangail Dist. Jail	1) Tailoring Section (singer Sewing Machine-2 nos) 2) Smithy Section 3) Carpentry	4) Cane & Bamboo works 5) Dhubi Section 6) Barbar shop 7) Wheat grinding Machine

RAJSHAHI DIVISION

SL. No.	Name of Jails	Name of Industries	
1.	Rajshahi Central Jail	1) Tailoring Section (sewing machine 6 nos.) 2) Smithy Section 9One binding Machine)	3) Printing press
2.	Rangpur District Jail	1) Carpentry 2) Cane & Bamboo works 3) Carpet and Durri Weaving 4) Tailoring (sewing Machine No. 2)	5) Coir works 6) Book Binding 8) Wheat grinding Machine
3.	Dinajpur Dist. Jail	1) Tailoring Section (Sewing Machine No.2) 2) Cane & Bamboo works	3) Carpet and Durrie Weaving 4) What grainding Machine
4.	Bogra Dist. Jail	1) Carpet & Durrie Weaving 2) Coir Works 3) Cano & Bamboo works 4) Carpentry	5) Plastic cane works 6) Tailoring section singer sewing machine-2. nos) 7) Dhubi Section 8) Wheat grinding machine
5.	Pabna Dist. Jail	1) Tailoring Section (Singer Sewing Machine-1 no.) 2) Carpentry 3) Smithy Section 4) Coir Works 5) Carpet & Durrie weaving	6) Bamboo & cane works 7) Dhubi Section 8) Weaving section (4 looms with accessories) 9) Wheat grinding machine

CHITTAGONG DIVISION

SL. No.	Name of Jails	Name of Industries	
1.	Cornilla central Jail	1) Plastic cane Industries 2) Weaving section 3) Carpentry 4) Smithy Section	5) Coir Works 6) carpet & Durrie weaving 7) Tailoring Section (Sewing Machine 8) Nos.)
2.	Chittagong Dist. Jail	1) Weaving Section (Looms-8Nos. with accessories) 2) Tailoring Section (Sewing Machine 4 Nos.) 3) Carpentry	4) Cane & Bamboo works 5) Wheat grinding machine
3.	Noakhali Dist. Jail	1) Tailoring Section (Sewith Machine 2 nos.) 2) Cane & Bamboo works	3) Coir works 4) Wheat grinding machine
4.	Sylhet Division	1) Tailoring section (Sewing Machine No.4)	2) Wheat grinding Machine
5.	Rangamati Sub-Jail	2) Tailoring section (Sewing Machine No.1) 3) Weaving (2 looms)	4) Bamboo & cane works

Khulna Division

SL. No.	Name of Jails	Name of Industries	
1.	Jessore central Jail	1) Tailoring Section (Singer Sewing Machine Nos. 4) 2) Guarden set & grill 3) House wiring 4) Smithy Section	5) Radio Transister Macanism 6) Kneeting & Embroidery 7) Coir Works
2.	Khulna Dist. Jail	1) Tailoring Section (Singer sewing Machine No. 2)	2) Wheat grinding Machine
3.	Barisal Dist. Jail	1) Tailoring Section (Singer sewing machine No.)	2) Wheat grinding machine
4.	Patuakhali Dist. Jail	1) Smithy section 2) Tailoring section (singer swing machine No. 2)	3) Wheat grinding machine
5.	Kustia Dist. Jail	1) Tailoring Section (Singer sewing machine No. 2) 2) Carpentry	3) Wheat grinding machine

Source: Prison Directorate, Dhaka.

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**HOW BEST CAN BANGLADESH ARMED FORCES
BE EMPLOYED IN NATIONAL DEVELOPMENT**

3 *2015/05/15*

MOHAMMAD MOTAHAR HOSSAIN

81 No-17



**BANGLADESH PUBLIC ADMINISTRATION TRAINING CENTRE,
SAVAR, DHAKA.
JUNE 2000**

How Best can Bangladesh Armed Forces be Employed in National Development

**Colonel Mohammad Motahar Hossain
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This Seminar Paper is prepared in fulfilment of the requirement
of 32nd Senior Staff Course conducted by BPATC, Savar, Dhaka.

Contents

Contents	i
List of Tables	ii
Abbreviation	iii
Preface	iv
Executive Summary	v
Introduction	1
Nation Building	3
Socio Economic Condition On Bangladesh	5
Capabilities of Armed Forces	8
Some of the Achievements	11
Fields of Employment	14
Methods of Employment	17
Examples from Other Countries	19
Recommendations	20
Conclusion	20
Annex A	21
Annex B	22
Bibliography	23

List of Tables

Table : 1	Humanitarian Support by AF	11
Table : 2	State of Barrack Houses (Asrayan Project)	12
Table : 3	Support to Ports	12

Abbreviations

AF	-	Armed Forces
BAF	-	Bangladesh Air Force
BASB	-	Bangladesh Armed Services Board
BN	-	Bangladesh Navy
BDR	-	Bangladesh Rifles
CHT	-	Chittagong Hill Tracts
ECB	-	Engineer Construction Battalion
EEZ	-	Exclusive Economic Zone
MES	-	Military Engineering Service
NGO	-	Non Government Organization
SKS	-	Sena Kalyan Sangstha
UNPKF	-	United Nations Peace Keeping Force

Preface

The Armed Forces (AF) of Bangladesh actively participated in the War of Liberation. The requirement of the AF in Bangladesh and their roles have often been debated in various national levels, but the nation is yet to arrive at any consensus in this issues. Nation building remains to be a complex and multi dimensional process like any other country and at the same time the most cherished goal of the nation. The AF have the potential to contribute towards fulfilling national needs and they can devote their inherent potential in meeting these national requirements. Besides their primary role, the AF have been employed in nation building activities, but there are still scopes for their larger involvement. A sound national policy based on public opinion and political consensus will provide the best scope for employing the AF in nation building activities. This study analyses the feasibility of employing the AF in such role and tries to identify the suitable areas where they can be so employed. It also recommends the procedures to be followed before and after such employment of the AF.

As part of the course curriculum of 32nd Senior Staff Course I have made sincere endeavour to write this Seminar Paper primarily based on my experience. I owe much to our course director and deputy directors for their sincere whole hearted support and co-operation. I am indebted to the officers of Army Headquarters (Military Operation Directorate and Military Training Directorate), Defence Services Command and Staff College and officers and staffs of Directorate General of Forces Intelligence who provided me with data, necessary information and adequate assistance. I am immensely grateful to BPATC library staffs who helped me finding different references, books and publications within shortest possible time. However, I wish to express that the opinions contained in this paper are mine only and I am solely responsible for any failings therein.

BPATC
Savar, Dhaka
20 June 2000

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EXECUTIVE SUMMARY

The objective of this paper is to assess the role of the Bangladesh AF in national development activities in the past in the context of military potential in order to provide appropriate direction for effective employment in the future.

The present socio economic condition of Bangladesh with problems of poverty, illiteracy, health and unemployment remains as an enduring challenge to any Government of Bangladesh. The problems are further compounded by over population, environmental degradation and frequent natural and man made disasters. Every year 2.2 million people are added thwarting the prospects of socio-economic development of the country. Heavy dependence on foreign aid had several adverse effect on the choice of appropriate technology, selection of projects and annual development programming. The process of globalization is also going to influence the trade and economic opportunities at local and international level to shape the destiny of the country.

The Constitution of Bangladesh provides clear directives for formulating development strategies and objectives. The current Socio economic development strategies and programmes are focused on poverty alleviation particularly in rural area, enhanced agricultural production, maintain ecological balance, erradicating illiteracy and promoting quality of education at all levels, reduction of population growth to zero, preservation and distribution of quality food grains through dependable channels, sustainable environment management and protection, rehabilitation of landless people, wider deregulation of the industries to enhance productivity and offering quality services to the people through good government. The plans are ambitious and the tasks to implement them are enormous. It is not possible to implement the programmes perfectly through the established government mechanism. Well planned and active participation of all public sectors, NGOs and other organizations including AF can help ease the government responsibilities.

Bangladesh AF are organized, trained and equipped as a cohesive field force to defend the sovereignty and integrity of the country. Bangladesh AF's characteristics are built through vigorous training to undertake challenging assignment. The training emphasizes on building character and leadership qualities with physical and mental endurance. It helps in formation of individual and group skills. A common living and training environment of the AF members make them a cohesive force to attain common objective. Field units are mobile and self contained to carry out any sustained operation for a considerable period of time. Their organization has a distinct channel of command to ensure quick response with minimum possible instructions. The analysis of the specialities of AF indicates that it has trained manpower, adequate expertise and suitable equipment at its disposal.

Bangladesh AF being an honest, skilled and expensive component of the national strength cannot be kept aside the socio-economic problems of the country. The growing social, economic and security needs has made its tasks diversified during the recent years. Its spectrums of activities has increased in different sectors of national life for fostering social advancement besides its fundamental responsibility of safeguarding the country. These activities broadly fall under different categories ; namely Humanitarian Support, Socio Economic

Development Activities, Technical Assistance and Foreign Employment. A huge number of ex-servicemen with their experience and skill are also contributing to the society in the similar ways.

An assessment of the recent employment of AF indicates that they used to work in dispersed manner in adverse working environment to accomplish their assigned task. The tasks were basically of humanitarian assistance during natural calamities. Construction and rehabilitation projects at CHT were mostly in difficult terrain. Overseas peacekeeping missions were hazardous too. AF had to compromise its training activities and accept the wear and tear of equipments considerably in performing all such duties. On the other hand the nation is benefited because of the employment of AF in those activities. It helped to save life and mitigate sufferings. Their employment kept the economic life open to all types of communication during disasters. The rehabilitation projects contributed to poverty alleviation and social welfare. Participants from all societies are pursuing their higher studies in military training institutions alongside the military members. Technical assistance provided by AF to different services organizations had improved the security and managerial performance that resulted in quality services to the people. Remittances of AF personnel from abroad had significantly contributed to national economy. AF financial institutions had created a competitive, efficient and financially sound system in the country.

There are arguments about the role of AF both in development and defence. Similarly there are questions on legitimacy of involving AF in social development works. The constitution of Bangladesh vests the supreme command authority of AF on the President of the Republic. As per Criminal Procedure Code and AF regulations, AF may be called to participate in certain civil activities. Examples of employment of AF in civic action programmes in different countries are many. Their activities of serving the society may be considered legitimate as long as they are not abused. There is no legal bar in the law of the land for Bangladesh AF to participate in socio-economic development activities of the country. However, potentials of the AF, needs of the society, assessment of past performance in the social service and the prevailing democratic environment together form the basis of national consensus on the issue of legitimacy.

Future employment of the AF should be based on the analysis of the Governments development strategies, AF's potential as a workforce, assessment of past performance and legitimacy. Training is the foremost requirement of the AF to fulfil the primary role of defending the country, therefore adequate time should be devoted to training. Preparation of biennial career planning and balanced grouping of manpower will be prerequisites for conducting effective training. Reduction of administrative activities and leave will be helpful. The selection of fields of employment should aim at economic viability. Formulation of employment policy should be based on national development strategy, resources available with AF, professional commitments as well as acceptability of the people. Employment of ex-servicemen in the rural projects will be more beneficial to the economy. Elaborate pre-release training are conducted for them. Available manpower markets in foreign countries may be exploited for skilled and semi-skilled servicemen. On the other hand, strong diplomatic efforts should be maintained for assigning various bilateral and UN responsibilities to the servicemen. Arrangements for

special training along the line of socio-economic development will have to be arranged. Predicting the future is important to focus on the needs of the people and to preserve the environment for future generations. This is necessary to keep in mind while formulating policy for employment of AF in the socio-economic development of the country.

It is recommended that the role of Bangladesh AF in national affairs may be carefully scrutinized, debated at the national level and settled for ever giving a legal framework. The AF may be employed in a more organized and well planned national development activities for obtaining maximum benefit for our country.

Chapter 1

INTRODUCTION

1.1 Bangladesh emerged as an independent nation through the great Liberation War of 1971. People from all walks of life were involved and the majority actually participated in the nine month long bloody and gruesome war either directly or indirectly. They made unprecedented sacrifice for the liberation of their motherland. The AF of Bangladesh came into existence in the backdrop of this War of Liberation. The AF, being well organised and most disciplined, spontaneously took over the leadership at the very outset of the war when the Pakistan Army suddenly cracked down on the sleeping and unarmed people of Bangladesh on the fateful night of 25/26 March 1971. The subsequent events are history of unprecedented co-operation between the members of the AF and the citizens from different strata of society for resisting the barbaric activities of Pakistan Army against the innocent masses. Military commanders and politicians worked together with a common aim of liberating the motherland from the clutches of the occupation force.

1.2 The close and intimate involvement of Bangladesh AF in the process of the Liberation War has earned them a respectable place in the national life. In the post liberation period, our AF has emerged as one of the most disciplined forces in the country and the symbol of our national solidarity. They are skilled and promise bound forces capable of carrying out nation building tasks. In most countries, the AF have great social and political significance, they remain as the symbol of national unity and power. Most welfare states, developed and developing, utilise this well-organized state machinery for national development tasks. In Bangladesh the AF are utilized "in aid of civil power" roles which contains a wide range of tasks like disaster management, anti-smuggling drives, building roads and bridges in remote areas, guarding Exclusive Economic Zone etc. But are their optimum potentials being utilised without compromising the primary role? Can they be employed for more demanding challenges, like nation building, with the present structural arrangements? To what extent they can really be spared to perform this role? Apparently, the notion of AF in nation building role, in the conventional sense of the term, may appear complicated and perhaps debatable. In this context, an attempt is made in this paper to explore the feasibility of employing the AF in nation building role and identifying the suitable areas compatible to their functional capabilities. The paper will also focus on the similar roles played by the AF of some other nations to justify the applicability of the notion.

Objective

1.3 The Objective of this paper is to assess the role of Bangladesh AF in national development activities in the past in the context of its military potential in order to provide appropriate directions for effective employment in future.

Methodology

1.4 This paper is based mainly on the personal observations and experience of the writer in working in the field of development work with the members of Bangladesh Army. Opinions of some high-ranking officials are obtained through discussion. Data and figures are collected

mostly from Army Headquarters. Various reference materials and documents are consulted from Defence Services Command and Staff College and BPATC Library.

Coverage

1.5 This paper stresses the concept of employment of the AF in a democratic environment for achieving strategic goals in the service of the society. Therefore, it includes the discussion on socio-economic development activities where AF have participated during the last 20 years only. Their role towards humanitarian assistance is less emphasised in this paper. The paper is divided into following chapters:

- a. Nation building
- b. Socio economic condition of Bangladesh.
- c. Capabilities of AF.
- d. Some of the achievements of AF
- e. Fields of employment.
- f. Methods of employment.
- g. Examples from other countries.
- h. Recommendations for future employment.

Chapter 2

NATION BUILDING

2.1 Most of the third world countries while striving to become modern nations are faced with the task of nation building in the first place. In many cases 'they have the form but not the substance of nationhood'¹. A nation according to Karl Freidrich, is "a sizeable population which can be called: independent; cohesive politically organized: autonomous and internally legitimate"². In fact nation building is 'a matter of building group cohesion and group loyalty for international representation and domestic planning'³. The concept of nation building is associated with ideas like national development, political modernization, political development, nationalism, and national identity⁴. Many component scholars believe that political development and nation building process are phenomenon deeply rooted in the political culture of a particular country⁵. The nation-state is a critical unit of human and social organisation, where the existences of certain political and authoritative institutions are essential for steady development and viability of a nation⁶. Hence nation building is rooted in the need for creating more effective, more adaptive, more complex and rational organisations. Among the state organs the AF are believed to be more rational and most disciplined entities capable of carrying out the due roles in the nation building process like national development, nationalism through greater cohesion and integration, creation and maintenance of national identity born through the great sacrifices made in the liberation war in 1971.

2.2 Nation building is a complex and multidimensional process and at the same time, it is the cherished goal of any nation state. The nation building tasks are three folded: defining the national goals, defining the desired process/ mechanism of attaining the goals and then going through the process. In the process of nation building there is hardly any alternative to an articulated effort with a sense of direction, commitment and sacrifice. The consensus, allegiance, and participation of the mass are in essence preconditions of nation building. Experience has shown that impositionistic approach, as was followed in the past, had alienated not only the mass but also different functional and institutional groups and has in effect been counter productive. In this perspective, the role of AF for nation building activities in the developing countries should be studied for its more meaningful employment in the peacetime.

¹ L W Pye, "Politics, Personality and Nation Building" (New Haven: Yale University Press, 1969). p.3.

² Karl W Deutsch, "Nation Building and National Development", in Karl W Deutsch and William J Faltz (eds), Nation Building (New York: Artherton Press, 1966). pp11-12.

³ Ibid . , p.10.

⁴ Ibid . , pp 2-3.

⁵ Gabriel A Almond and Sidney Verba, "The Civil Culture", (Boston: Little Brown and Co, 1986). p.13.

⁶ L W Pye; op. cit. , p.11.

2.3 The disciplined organisation of the AF has attracted greatly even Mahatma Gandhi. Although he disliked the brutalised features of the military, yet he felt its better qualities could be exploited and utilized for well being of the society. Mahatma Gandhi said in 1946 " If 'Sawraj' is round the land we can look upon the military as ours and have no hesitation in taking all the constructive works, we can from them. Today they must plough land, dig well, clean areas and also do every other constructive work that they can and thus turn people's disliking into love". While inaugurating the Indian National Defence College on 27 April 1960, the then Prime Minister of India, Jawharlal Nehru said, "Defence itself is not an isolated matter now. It is intimately connected with the economic, industrial, and many other aspects in the Country". In the book titled 'Arms Services and Society', Martin Edmonds opines that arms services, compared with many other institutions stood out as the most organized, efficient and trained one.

2.4 General understanding about nation building is three folded, firstly, social development that would create a social environment or platform for any development. Secondly, economic and infrastructure development which means adding hard currency to the national exchequer by means of employment of AF at home and abroad, besides developing infrastructure conducive for economic, activities. Thirdly, environmental development where suitable growth is possible.

Chapter 3

SOCIO ECONOMIC CONDITION OF BANGLADESH

3.1 Social Condition. Social condition has deteriorated over the years in this country. The rate of social crimes has sharply escalated. The crimes have now become endemic instead of isolated events. Not only the nights are unsafe, but also during the day street crimes are rampant. Organised crimes appear to have reached the level of quasi terrorism. Corruption has crept into the public and private offices, where bribe is no more an unusual phenomenon. Education department is also not free from its negative influence. Students are being used as the tools of meeting unlawful gains. Under such apathetic conditions, healthy development of any discipline of social life is practically impossible. Some days back a Japanese investor called for a press conference where she alleged that the 'Power Development Board' high officials were demanding unlawful gratification from her Company. She had threatened to internationalise the issue. No less than the Prime Minister had to interfere to save the situation. The curse of illiteracy and high birth-rates directly act on the deteriorating social conditions.

3.2 Illiteracy and High Birth-Rate

3.2.1 Illiteracy is one of the primary problems in Bangladesh. The average adult literacy level of the population is low and the female literacy standing is half of that of male. Monthly household expenditure on education is only Take 37.70 of which 70% is spent on boys. The literacy rate of Bangladesh is very low.

3.2.2 According to 1991 Census, population of Bangladesh is about 120 million with a density of 755 persons per sq. km. The growth rate is about 2.17%. Over population creates most of the problems for Bangladesh. It has a great adverse affect on our socio-economic condition. Every increment in population, and thus in population density further aggravates the pressure on the already scarce land resources engendering growth and distribution problems and besets political unrest.

3.3 Political Unrest. Economic development is intimately linked with the political stability of the country. There have been eight governments in last about 30 years but political integration could not yet be achieved. Democracy is still in the process of institutionalization; hartals are frequent, business organizations and industries are captives in the hands of the unions. In this kind of political environment investment is difficult to come by. The existing industries are crippling down due to political unrest. The foreign investors are apprehensive of the obtaining situation; they feel discouraged to invest in such - an appalling environment.

3.4 Economic and Infrastructure Condition.

3.4.1 Poor Technical Know How. This is the era of free market economy, information technology and global village concept. The countries that have technological base will be able to keep up the pace of development with the rest of the world. We are sustaining with the ready made garments market as less technical know how is required in this sector but this sector will soon become too competitive after the withdrawal of quota system in 2005. To exploit the possibilities and potentials of software and data entry markets, as an alternative, we need to develop required technical know how. According to FH Abed, the opportunity of present millennium shall rest on the nations who can acquire knowledge on information technology. His study reveals that only 80,000 trained personals can export billion dollar software products to the US only. This obviously demands immediate development of software infrastructure, which is an uphill task. In reality, we are facing acute deficiencies of skilled manpower coupled with poor management, especially in the field of technology, to keep pace with the requirement of free market economy.

3.4.2 Poor Management. Most of our projects in the public sectors are failing because of poor management. In the present context, success or failure of a project greatly depends on the efficiency of the managerial level and not on the skill of the workers. Resource utilisation is most effective if the management is efficient. This phenomenon is not given due consideration in our country. Unplanned and uncoordinated use of domestic and foreign resources is leading us to a frightening destiny.

3.4.3 Poor Communication System. The major aspect of economic infrastructure is a system of good communication network, which is a prerequisite for economic development. We have communication facilities available through land, water, and sky but these modes are not always available due to various reasons. Hartals and floods often disrupt the land communication. The riverine communication system is the cheapest mode of communication, but it cannot be used in its full stretch through out the year because of siltation, though some portions of water routes does remain navigable round the year. The sky route is not economically viable. The transportation system is also backward which hampers balanced economic growth; thus the overall development of the country is severely handicapped. The tele-communication system is equally in a deplorable state. In this era of information superhighway, a nation that has latest information technology will most certainly prosper. In this context Professor Yunus opined that if we had the required tele communication network then hundreds of semi educated Bangladeshi girls could earn thousand dollars a month right sitting in a remote corner of Bangladesh. Foreign companies are interested to provide this development opportunity; but because of lack of tele-communication infrastructure this potential sector may go to Sri Lanka or Vietnam or some other country.

3.4.4 Backward Agro-Based Economy. In a land-scarce country based on agrarian economy, such as Bangladesh, the attention of policy makers is naturally focused on ways to increase the productivity of agricultural resources in general and land in particular. The share of agriculture in GDP of such countries is always high. But during the period 1973-90 in Bangladesh, it actually decreased from 58% to 38% as against the rise of garments and services sectors. Even though, due to the rural nature

of the state, agriculture continues to get priority over all other sectors yet our agrobased economy runs in a backward manner. Our farmers have lack of knowledge about new technology and they also remain satisfied by only being able to feed themselves. So our production capabilities remain at subsistence level. Only very recently our farmers have become aware of the profits of poultry, cow fattening, dairy projects etc but the production capacities are low due to their poor economic conditions. Our densely populated agro-based structure directly bears upon the degradation of the environment.

3.5 Environmental Condition. The term environment is usually defined as the system of biological and physical resources and their process of interaction, which affects life and livelihood. The major environmental problems are:

3.5.1 Deforestation. In 1947 about 24% of our land was covered with forest, which declined to only 8% in 1988. This massive deforestation has brought severe environmental degradation for the country, since at least 25% of the area should be under forest cover for the purpose of ecological balance. Deforestation has been caused mainly by greater demand for forest products, especially in urban and commercial sectors, as source of energy in the rural areas and conversion of forestland into agricultural use and infrastructure development. Depletion of forest has severe socio-economic and environmental impacts especially on trade, employment, income, agricultural products, and health.

3.5.2 Flood. While normally about 18% of 26000 sq. km of the geographical area of the country are flooded each year, the inundated area during severe floods may extend to 36% or 52000 sq. km of land. Heavy rainfall during the monsoon in the region causes the flood, which damages crops and lot of resources every year. In recent years as a result of unplanned construction of rural roads and flood embankments, drainage system has often been affected aggravating the flooding conditions.

3.5.3 River Bank Erosion. A substantial area of Bangladesh is affected by riverbank erosion. About 1200 km of riverbank is under active erosion every year. The Brahmaputra has the highest (726 m per year) rate of erosion due to its meandering nature. It is estimated that the riverbanks move between 60 to 1700 miles in every flood season. Riverbank erosion has significant socio-economic and environmental impact in Bangladesh every year. Each year, erosion causes substantial amount of land loss, displacement of about a million people leading to rural poverty and out migration. These people loose their homes, land and livelihood and become rural land less labourers or squatters in urban areas.

3.5.4 Pollution. Land-people ratio of our country is extremely critical. As a result it is adversely affecting environmental condition. The urban cities are severely polluted due to excess population. The problem is compounded by the emission of smoke from the city's two-stroke engine transportation system and the buses both of the public and the private sectors. In Dhaka City, the suspended lead percentage is much higher than the danger limit. In effect environmental threat is looming as a major problem in all the urban areas. The cold death is approaching unobserved due to environmental pollution.

CAPABILITIES OF ARMED FORCES

4.1 General. AF are organized, trained and equipped as a cohesive force to defend the sovereignty and territorial integrity of Bangladesh. The capacity to meet this responsibility is built in its organogram. It is composed of combat and logistical units, which any modern AF possesses. Customarily, AF are assigned additional responsibilities during peacetime to utilise their capabilities in different other roles. Some of the other roles of the AF are:

4.1.1 To aid the civil power, when requested, in the maintenance of law and order with the support of normal law enforcing agencies.

4.1.2 To assist the civil administrations, when requested, in the event of any natural calamity or disaster.

4.1.3 To provide assistance to peacekeeping operations world over.

4.2 Military Characteristics. The special military characteristics are developed in the military organisation through a chain of actions over a period of time. These characteristics are acquired and sustained through a deliberate and continuous effort. These institutional qualities are necessary to undertake any challenging assignment. Through a process of selective recruitment, sustained and progressive training and continuous motivation, these organisational and conceptual development and practices are achieved. Some of the military characteristics are discussed below:

4.2.1 Well Trained and Highly Skilled. Training is to army what air is to human. Training is considered to be the best welfare of a soldier. In peacetime the main concern of the AF is to prepare for war through effective training. All members undergo a number of exhaustive training courses throughout their career. The training emphasises on building of leadership and character qualities, physical and mental endurance, professional competency etc. It stresses on developing self-discipline, sense of duty and responsibility, organising ability, esprit-de-corps etc. Training is imparted to develop individual and group skills and their performances are assessed through individual as well as collective assignments. Special training is also imparted to specific group to perform special task. Updating of training curriculum is an important agenda in the AF.

4.2.2 Organized and Disciplined⁷. The AF in every country are the disciplined forces bounded by a systematic organisational structure, which is a requirement of the profession. The military training emphasises on the virtues of patriotism, hard work, co-operation, discipline and honesty. A large cross-section of personnel with such

⁷ Major General H M Ershad, "Role of Military in Underdeveloped Countries", Bangladesh Army Journal, Vol. One, Number One, (June 1979) p-4.

traits and under dynamic framework of organisation can prove themselves as a powerful force of human resource in the nation building activities of the country.

4.2.3 Loyalty. In the AF command descends down from the upper links of the chain of command towards the lower links which is reciprocated upwards with due loyalty. This quality alone makes a soldier march forward in the face of certain death. It clearly depicts how loyally a large group of personnel of this profession carryout a given task when their superior reposes it on them.

4.2.4 Reliability. This is an important trait, which each member of the AF wears in his or her character. People with such quality can be relied upon for any job involving financial matters or valuable assets.

4.2.5 Resourcefulness. It refers to the ability of doing things with the available resources. This capability of the AF enables them to accomplish critical tasks like protecting a threatened dam, constructing shelters in the remote areas, establishing temporary hospitals in epidemic struck areas etc.

4.2.6 Courage and Determination. The members of AF are groomed to acquire strong determination to attain set goals. This group of people put in their best effort in order to complete the given task within the stipulated time and the available resources. The other invaluable quality of the personnel of AF is courage, which enables them to take up any challenging job under any adverse situation.

4.2.7 Homogeneous and Cohesive. Recruitment of the members of AF is not based on religion, class or region. The pattern of recruitment emphasises on nation-wide selection based on educational achievement, medical fitness and disciplinary background. Training is conducted mostly in-groups to achieve common objective. The members live, dine and fight together. There exists a common bondage of understanding and fellow feeling; they share their personal feelings, emotions and help each other to work as a team every time and every where.

4.2.8 Highly Mobile and Self Contained. The AF have a highly mobile outfit to move from one place to another and operate at a very short notice. Army is trained to move with or without any means through any type of terrain, in any weather and at any time of the day. It can carryout sustained operation without any outside support for a considerable period of time. AF units are furnished with manpower, transport, equipment etc so that they are capable of carrying out quick regrouping to suit the changing needs of the battlefield. They are trained to tackle any unforeseen and challenging situation with minimum possible instructions.

4.2.9 Technology. The AF has to continuously up grade its technology in order to keep pace with the AF of the rest of the world⁸. The application of this technology is not restricted to the sphere of warfare only; a large part of it can be effectively applied in a number of non-military fields as well.

⁸ Major General MA Kabir Talukder " Bangladesh Armed Forces and future Possibilities," Bangladesh Army Journal, 23rd issue (December 1994) P.7.

4.2.10 Other Characteristic. Some other notable characteristics are shown below:

- a. They decide their own policy of recruitment, education, training, promotion, transfer, retirement, and punishments.
- b. The members are highly motivated to attain the desired goals.
- c. Their administration is efficient and laws are enforced effectively.
- d. They have a distinct channel of command to ensure quick response in mobilisation and all other operational and administrative activities.
- e. They are equipped with own reliable means of line and radio communication, which helps to react faster.
- f. It can provide 100% physically fit men who are young, energetic and disciplined to face any adverse situation.

Chapter 5

SOME OF THE ACHIEVEMENTS OF AF

5.1 Background. Bangladesh AF are an honest, skilled and expensive component of our national strength. Besides the fundamental constitutional obligations of safe guarding national security, the growing social, economic and security needs has made its task diversified during the recent years. Bangladesh AF being an enormous and suitable work force, has been used in different sectors of national life for fostering social advancement of the country and also in overseas missions where they have made praiseworthy achievements, which are broadly mentioned as under:

5.1.1 Humanitarian Support. Following humanitarian support are provided when called in for post disaster or natural calamity management:

- a. Medical service.
- b. Distribution of food and pure drinking water (Table 1).
- c. Monetary assistance.
- d. Distribution of paddy seedling.

Table: 1 HUMANITARIAN SUPPORT BY AF
(July - September 1998)

Items	Quantity/Numbers	Remarks
Cooked Food	4.21.777 Packets	Bread/Halua/Khichori etc
Pure Drinking Water	50, 33, 125 litres	Distributed from water purifying Plants, water bousers and water tanks.
Dry Food	60 Tons	Rice/wheat/Staffed Rice/ edible oil/ biscuit/salt/ molasses/pulses etc.
Clothing Items	2000 pieces	Old clothing
No of Patients Treated	62000	20 medical teams and mobile Hospital provided treatments.

SOURCE: Army Headquarters.

5.1.2 Socio-Economic Development Activities. The AF participated in following activities:

- a. Protection, repair and maintenance of embankments and highways.
- b. Restoration of communication.
- c. Construction of barrack houses through Asrayon project (Table 2).
- d. Rehabilitation of surrendered insurgent and refugees.
- e. Pacification programme in Chittagong Hill Districts.
- f. Construction and maintenance projects (Annex A).
- g. Repair, maintenance and other projects (Annex B).
- h. Development of training and education.

Table: 2 STATE OF BARRACK HOUSES (ASRAYAN PROJECT)

Year	No of Barracks	Completed	Under Construction	Not yet started	Remarks
1997-98	547	546	1	-	
1998-99	1233	1030	42	156	
1999-2000	931	10	214	707	
Total	2711	1591	257	863	

SOURCE: Army Headquarters.

5.1.3. Technical Assistance. Technical and security assistance were successfully provided to the following agencies:

- a. WASA.
- b. PDB.
- c. Chittagong and Mongla Ports (Table 3).
- d. Equipment support to Petro Bangla.
- e. Assistance to Titas Gas Company.
- f. Assistance to Police for Traffic Control.
- g. Security support to United Meridian Corporation.

Table: 3 SUPPORT TO PORTS

Ports	Food Grains Unloaded and Despatched			Remarks
	Rice (MT)	Wheat (MT)	Other items	
Chittagong	529156	1517913	2516493	
Mongla	82742.12	58709.95	-	

SOURCE: Army Headquarters.

5.1.4 Foreign Employment. Our AF participated in following overseas missions and earned international commendations:

- a. Participation in twenty-six UN Missions till Jun 2000.
- b. Participation in OKP.
- c. STMK.
- d. Operation DESERT SHIELD and DESERT STORM.

5.1.5 Employment of Ex-Servicemen. Army service personnel have shorter career span as compared to their civilian counterparts. They are inducted at an early age and start retiring in their mid-thirties while they are still fit to make meaningful contribution to the nation. Every year approximately 4500 army personnel retire and the total number is ever increasing. This group of ex-servicemen having experience and training, is capable of rendering service to the society. Keeping this aim in view pre-release training is organized to assist the ex-servicemen in their rehabilitation. Necessary liaison and co-ordination is done with Bangladesh Armed Services Board (BASB) Sena Kalyan Sangstha (SKS) and other organisations in this regard. Different welfare and fund generating projects are established and maintained for them throughout the country.

5.1.6 Different Welfare and Income Generating Projects. Following are the highlights of the projects of which few have been executed while others are in the offing:

- a. Trust Bank Ltd.
- c. Hotel cum Shopping Complex.
- c. Future Housing Complex Project.
- d. Hospital.
- e. Commercial Projects of Different Nature.

Chapter 6

FIELDS OF EMPLOYMENT

6.1 General. Having identified the socio-economic condition vis-à-vis the expertise of the AF it can be reasonably discerned that AF are suited for employment in socio-economic development, infrastructure development, and environmental development of the country. Employment policy might be formulated keeping into consideration the resources available with the AF, professional commitments as well as acceptability by the people.

6.2 Social Sector

6.2.1 Mass Literacy. Illiteracy and ignorance are perennial problems of our country, people are not even aware of their basic rights and responsibilities to the nation. This is more pronounced in rural areas which are not easily accessible. AF maintains several schools and colleges at almost all stations and bases. These institutions perform a considerable role in promoting education where a large number of students from general mass receive education in addition to the children of AF personnel. There are 10 cadet colleges including one for girls, which are directly administered by AF; more Cadet Colleges can be opened if demanded for. Establishing Military Institute of Science and Technology and the Medical Institute is the right kind of initiative at the right time⁹. Army Education Corps can run primary and secondary schools and organise adult literacy in the adjacent villages of the Cantonments. However, books and stationery facilities can be obtained from Ministry of Education sources.

6.2.2 Medical and Public Health. AF may strengthen the efforts of local NGOS and Public Health Department by sinking and repairing of tube wells to provide fresh drinking water in the villages around the Cantonments. They can also supervise and help in building sanitary latrines in the rural areas. The AF is also capable of providing Medicare facilities to the areas where they are most needed. In CHT, AF are providing medical services in the remote and inaccessible areas of the hill tracts. Fazle Hussein Abed¹⁰ feels that AF can effectively take part in eliminating child mortality diseases. Presently the mortality rate is 72 in 1000 as compared to only 34 in Indonesia. As per his version a project of five years can eliminate those diseases once for all. BAF Base Pahar Kanchanpur has been offering a Monday Clinic service to the villagers for last few years. The Ministry of Health and the Red Crescent Society can be approached for provision of essential drugs for such programmes.

6.2.3 Anti Smuggling and Illegal Arms Collection. AF can effectively assist the BDR, Police, and Customs to reduce the smuggling by merely controlling the markets and choke points. Given the right environment, AF can help the law enforcing agencies in illegal arms collection as they have done in 1996. Navy is rendering commendable

⁹ Chief of Army Staff, Bangladesh Army, 'Bangladesh Army As It Steps Into The Next Century', (presentation at DSCSC, Mirpur 24 May 1999).

¹⁰ Fazle Hussein Abed, Founder and Executive Director, BRAC, in an interview with Army persons in Mymensing Cantonment.

service in curbing the menace of smuggling in coastal areas and illegal fishing within our territorial water.

6.2.4 Disaster Management. The AF perform relief and rehabilitation tasks during calamities. They provide relief in the form of food, drinking water cloths, and house building services. They repair roads, culverts, and bridges and also offer medical treatment. They act as the government agent for distribution of relief goods and sometimes themselves collect relief materials from their own services and personnel for distribution. Their honest and dedicated efforts saved distressed millions from famines and epidemics. Their performance has been highly appreciated at home and abroad. Disaster management has been identified as an important area where concerted effort will be required to meet any exigency and it has been proved that our AF can play a vital role. However, with the provision of more aircraft and surface craft Bangladesh AF will be in a better position to deal with relief work in future. Few steps like establishment of Disaster Management Cells (DMC) at each service levels, preferably at different Zonal levels, may be helpful for organising and training of personnel for disaster management and quick employment in actual time of need. An effort of co-ordination with other government and non-governmental organisations dedicated for such duties would yield a successful co-operation during the training/organising as well as execution phases.

6.2.5 Other Fields. These include agricultural extension, village adoption, slum development etc.

6.3 Economic and Infrastructure Development

6.3.1 Development Projects. Remote areas of our country, which have considerable amount of resources potential, are still inaccessible. The AF has an inherent engineering capability, which lies under-utilised during peacetime. Use of such a capability in opening up the remote areas and enhancing communications is a most desirable objective. Bangladesh has used this capability in great advantage. The recent 'Asrayon project' where Army is constructing houses for the landless is a need of the time. The AF was involved in the constructions of embankment of Gumti river in Comilla, Sirajgonj town protection groins, Gudagari road, Chiringa-Alikadam road, Dhaka city protection embankment, Matir Dak programme etc. The AF may be utilized in similar projects of economic and infrastructure development in the future as well.

6.3.2 Managerial Expertise. The world at large has accepted that the availability of managerial expertise is one of the greatest assets of a developing country¹¹. In Bangladesh every year a large number of persons are released from AF between the ages of 35-40 years. These veterans have played an important role not only in low-level jobs, but also in managerial positions. These men were imbibed with disciplinary values and spent their career in managing human and material resources. Their induction into private industry and government concerns can rejuvenate those enterprises.

¹¹ Brigadier OP Kaushik, VSM, "Role of Military in Developing Countries", (Indian Defence Review, Vol. II, 25 July 1987) p-16.

6.3.3 Managing Ports and Dockyards. Besides protecting all economic activities within Exclusive Economic Zone, Navy can also be tasked for manning ports and dockyards. It will certainly help smooth functioning of those ports and dockyards. This employment will ultimately help greatly in the development of national economy. Similarly, Air Force can be tasked to maintain the airports.

6.3.4 Economic Emancipation. Effective use of AF can augment the economic emancipation of the country. The tasks they are performing presently include anti-smuggling drivers, earning foreign exchange for the national exchequer by training overseas AF officers, cadets and men from friendly countries and lately by sending members of the AF to UN PKF. The peace keeping tasks not only enable them to earn foreign exchange, more importantly the role brings international prestige, honour, and diplomatic gains for the country. As such whenever possible Bangladesh should be responsive if asked for such roles. The services are directly involved in various commercial and agricultural projects like Savar Dairy Farm, BAF agricultural projects of Lalmonirhat and Shamsheernagar and SKS. All these projects contribute to the upliftment of the country's economy although apparently they bring gains for the concerned service.

6.4 Preservation of National Wealth. Bangladesh has got her future in the Bay of Bengal- a widely believed theorem and probably rightly forecasted. The vast unexplored economic resources in the Bay of Bengal may prove to be very important for the country's economic development. Recent agreement with several foreign companies for offshore oil and gas exploration on production sharing basis indicates the prospect. BN has been providing commendable services in ensuring necessary security and safe-guarding national wealth there with its limited capability. Bangladesh government has rightly and timely formed the 'Coast Guard'. Co-ordinated effort of BN and the Coast Guard may provide better results. Dedicated BAF helicopter squadrons may be deployed in suitable locations along coastal areas to augment the EEZ security measures.

6.5 Preservation of Forest and Afforestation. The country is presently having 13% forest land. From ecological point of view, such situation is critical. In addition to plantation programme in the cantonments, bases and around airfields, AF can be effectively utilized in plantation in the reserve forests to fill up the gaps. BN can be tasked for undertaking afforestation programme in the coastal areas and other offshore islands including the St. Martin Island. In CHTs Security Forces may be employed to carry out plantation as they are spread over the entire stretch of the hill tracts.

6.6 Slum Development. Slums are contributing to the pollution of the city environment. Government has taken up a number of projects to develop slums; in many cases assisted by NGOs. The AF have a lot of potentials to participate in such projects particularly in extending primary health care, sanitation, building shelters and literacy programme etc.

6.7 Information Technology. AF has the organisation and facility to develop infrastructure for information technology to catch up the next millennium. Fazle Hasan Abed strongly feels that AF can quickly help in human resources development especially in this sector.

Chapter 7

METHODS OF EMPLOYMENT

7.1 Legitimacy of Involving AF. Members of the AF are the citizens of the country and members of the society. Article 61 & 62 of the constitution¹², the Criminal Procedure Code 129 and 130, and Army Regulations Rule 557¹³ clarifies adequately that the AF can participate in certain activities under legal provision. The US Engineering Corps has been involved in many civic action programmes for a very long time that are strictly non military in nature and no one in the US questions the legitimacy. The members of the AF in democratic countries like UK, India and Korea have taken part in the development of their society without having written provision on such participation. These are beneficial to the society and are accepted by the nation. In fact in a democratic environment the political leadership should decide the role of the AF. There is no legal bar for our AF to participate in socio-economic development activities without having prejudice to their main role of safe guarding the sovereignty of the country. The skill and experience of the AF, assessment of their performance in the field of social service, the need of the society and the democratic environment together form the basics of national consensus to establish legitimacy of involving AF in the development activities of the nation. Having this justified the method of employment can be planned.

7.2 Formulation of Policy. A national policy on employment of AF in nation building roles needs to be articulated. Once AF are certain of their task then they can easily formulate their policy and conduct training as per the requirement. This will minimise time and effort of the AF and reduce the chances of unnecessary conflicts between civilian and military authorities.

7.3 Co-ordination with Local Representatives. Employment of AF, specially in sensitive and controversial areas, must be done with proper planning. Basing on the policy, as formulated at national level, co-ordination at functional level between civilian and military authorities along with local representatives must be done prior to the implementation of the projects is made.

7.4 Training Requirement. The effective use of the AF in the national development role, will be greatly dependent on the quality of training imparted, both motivational and specialisation, in the selected tasks. The designated personnel can be given adhoc training by experts drawn from different government departments and within the services. Graduates or diploma holders with appropriate subjects can be inducted in the services as officers or junior commissioned officer, who would direct the socio-economic -

¹² Ministry of Law, Justice and Parliamentary Affairs - The People's Republic of Bangladesh, The Constitution of the People's Republic of Bangladesh, 1998, p 22.

¹³ Army Headquarters, Bangladesh Army, Army Regulations Rules (ARR), p 57.

projects, The remaining future work forces can be developed through on the job training process which may continue with the requirement since skill will not be a major factor for them.

7.5 Disaster Management. In disaster management role, the designated forces can be given specially arranged training, as it is done for the paratroopers. No professional training will be required for personnel who would work in the health and population control programmes. The doctors and the medical attendants can mostly be drawn from the services. Similarly for constructing roads, bridges and embankments the AF has got the required experts.

7.6 Evaluation. Periodic qualitative as well as quantitative evaluation of different ongoing projects will help to bring improvement in AF's development oriented tasks. Evaluation teams may be formed at individual service's Headquarters level or at interservices level under the Ministry of Defence. Suggestions and guidance may be sought from different allied ministries. Personnels may be rewarded with commendations, promotions and with incentives for good works and also vice versa. The process will make the tasking units and individuals accountable.

Chapter - 8

EXAMPLES FROM OTHER COUNTRIES

8.1 India. Indian political culture has less involvement of AF in internal security, disaster management and relief works etc. But their role in literacy programme and extending facilities of hygiene in difficult areas are worth mentioning. Their participation in road building and afforestation is well known. The AF adopt backward villages in the vicinity of cantonments and camps for socio economic upliftment. Gradually, the AF are being involved in a number of national development activities. The latest employment of AF for maintaining ecological balance while terming particular units as Eco-Battalions is worth mentioning.

8.2. USA. The US AF has a long background of nation building activities. For instance, their corps of engineers developed the western part and after the civil war army provided considerable amount of skill and knowledge which combined with the influx of immigrants provided a basis for much of their industrial development. The US army has been taking part in various development activities in different parts of the world. Their corps of engineers bid for contract in the international tender for construction activities and clearance of mine. These are economic activities, which directly contribute to earning of hard currency i.e. to nation building.

8.3 Myanmar. In Myanmar the AF maintain their own economic enterprises, which range from manufacturing plants to departmental stores. The defence service institute, which was mainly concerned with supplies to the AF establishment was expanded to Myanmar Economic Development Corporation. Myanmar AF was effective in production and sale of cotton and rice and meat distribution during their national crisis.

8.4 Malaysia and Philippines. In Malaysia and Philippines the army has been the main instrument for training people in operating and maintaining motor vehicles and other forms of machinery.

8.5 Pakistan. The corps of engineers of Pakistan left a remarkable contribution in the 'Karakorum Silk Route' connecting Pakistan with China.

8.6 China and Nepal. Peoples Liberation Army of China and the Royal Nepalese Army are employed in enormous nation building activities such as construction of roads and dams, transportation of tourists, rescue operation etc.

Chapter 9

RECOMMENDATIONS

9.1 After studying the likely areas and methods of employing Bangladesh AF in national development activities, following are recommended :

9.1.1 The role of Bangladesh AF in national affairs may be critically scrutinized, debated at the national level and settled.

9.1.2 The AF may be employed in more organized national development activities.

9.1.3 The employment of AF for national^{ol} development activities should be under legal framework.

CONCLUSION

9.2 The task of nation building in Bangladesh essentially rests with all the cohesive and organized national forces including the AF. Ideally the task will include national socio-economic development, political modernization and development, nationalism and national identity. The political culture in Bangladesh is yet to develop. However the task of national development is to be carried out by the institutional and national forces like the AF of Bangladesh.

9.3 In a democratic society the peaceful use of military personnel in the development of the society should not be seen as image building. A strong society and a strong economy require strong work force. Bangladesh AF being an well organized institution of the government is always prepared to be integrated in the national development process. Its skills and experiences typically suit the needs of the society. It can be employed with adequate legitimate basis in the field of social development activities without compromising its professional excellence. But, the programmes to be implemented by the AF should be carefully selected from the national development strategy and the efforts should be directed to the national core issues to make real contributions. It is not enough to get involved in activities of marginal issues, preference should be given to the social agenda predicting the future. Thus the role of AF is best suggested by George D Foster, who said "Ideally the military should be a useful instrument of national power that facilitates attainment of the countries strategic goals, as well as a socially, politically and economically responsible institution that contributes to the preservation and functioning of the civil society". Therefore it is now time for all of us to work together to make a prosperous Bangladesh.

Annex - A**RECENT CONSTRUCTION AND MAINTENANCE WORKS
UNDERTAKEN BY ARMY**

1. **Chimbak Thanchi Road.** To improve the social environment of the people of hill districts, Army Engineer - Construction Battalion (ECB) is constructing Road from Chimbuk to Thanchi in CHT. The length of the road is 58.7 km and is expected to be completed by the year 2002.
2. **Dhighbhinala - Marishiya Road.** Army ECB is constructing a road from Dhighbhinala to Marishiya in CHT. The length of the road is 19.5 km and is expected to be completed within next few months.
3. **Tanka Para - Matiranga Link Road.** Repair and development work of road from Tanka Para to Matiranga (46 km) was carried out by Army Engineers two years back.
4. **Gauranga Para - Panchari Road.** A 14 km road was constructed by Army Engineers in 1997.
5. **Jaliapara - Ramgar Road.** A 20 km road was repaired and maintained by Military Engineering Service (MES) in 1998.
6. **Khagrachari - Manikchhari Road.** A 50 km road was repaired and maintained by MES in 1998.
7. **Khagrachari - Mahalchhari Road.** A 24 km road was repaired and maintained by MES in 1998.
8. **Cox's Bazar - Teknaf Marine Drive Road.** Construction of Cox's Bazar - Teknaf Marine Drive road will be carried out by ECB. The length of the road is 80 km. Alignment of 75 km has been completed and about 5% of the main work has been completed.
9. **Khagrachari - Dighinala Road.** A 22 km road was repaired and maintained by MES in 1998.
10. **Baghahat - Massalong - Sajek Road.** Initial alignment and estimation of work of Baghahat-Massalong - Sajek road has been completed by Army ECB. The project is likely to be undertaken by Army as per government decision.

Annex - B**REPAIR AND MAINTENANCE WORK**

1. Repair and Maintenance of Bangla Academy extension building and press building.
2. Repair and maintenance of Dhaka-Narayanganj Dam in 1998.
3. Repair of Tangail Town Compartmentation Pilot Project Embankment in September 1998.
4. Repair and maintenance of Rupganj - Kaliganj Embankment in 1998.
5. Repair of Rajshahi Town Embankment in 1998.
6. Repair of Tarakandi - Sharishabari - Jamalpur Embankment at Bhuapur in 1998.
7. Repair of River Gumti Embankment in July 1998.
8. Repair of Teesta Flood Protection Embankment at Gangachara thana of Rangpur in August 1998.
9. Construction of Goda Gari Protection Embankment project.

OTHER CONSTRUCTION WORKS

1. Construction work for the memorial of Bangabandhu Sheikh Mujibur Rahman at Tungipara.
2. Construction of School at Neshbathganj of Rangpur in assistance with US Engineer Corps in April 1999.
3. Construction of road bridge at Mirzapur of Tangail and bailey bridge at Posikmari on Chandra - Tangail Road in September 1998.
4. Construction of four Public Schools and Colleges in Dhaka, Rajendrapur, Mymensingh and Sylhet.
5. Development and extension of ten Public Schools and Colleges in Dhaka, Savar, Bogra, Ghatail, Chittagong, Jessore, Rangpur, Sylhet, Syedpur and Parbotipur.

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Chittagong Port: Reforms for Improved Operating Efficiency

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CONTENTS

Preface	i
Abbreviations	iii
List of tables	iv
Executive summary	v
 Chapter I	
Introduction	1
Background	1
Objectives	2
Methodology	2
Scope and limitations	3
 Chapter II	
An overview of port operations	4
Port performance at a glance	4
Cargo traffic	4
Finance	4
Productivity	5
Shipping	5
Container operation facilities	6
General cargo berth	7
Chittagong container terminal	8
Inland container depot Dhaka	9
 Chapter III	
Analysis and Discussions	11
Present scenario	11
Logistic support/Physical facilities	12
Door to door movement of containers	12
Inland distribution system	12
Inland container depot	13
Documentation	13
Shortage of cargo handling facilities	13
Shortage of adequate handling equipments	14
Shortage of yard and storage space	15
Labor and employees constraints	15
Excessive supply of port labor	15
Excessive trade unions	16
Large gang size/excessive manning scale	16
Resistance to the adoption of the new technologies	17
Dock workers management board	17
Stevedoring companies	18

Institutional/organizational constraints	18
Bureaucratic bottlenecks	18
Limited autonomy	19
Financial constraints	19

Chapter IV

Recommendations	20
Operational improvement	20
Reduction of container high dwell time	20
Development of private ICDs at Chittagong	20
Introduction of second block train	21
Development of container overflow yards outside the port	21
Upgradation of inland distribution system	21
Procurement of high stacking container handling equipment	22
Introduction of electronic data interchange	22
Introduction of the computer system for container terminal management	22
Labor reforms	23
Institutional reforms	23
Enhancement of financial power of the CPA board	23
A greater role for the private sector involvement in the port	24

Chapter V

Conclusion	25
Bibliography	27

PREFACE

An adequate and efficient port facility is a pre-requisite for both initiating and sustaining the economic development of a country. Thus a port has a key role to play in facilitating the growth of trade and commerce in the context of global economy. Economic growth can be achieved most rapidly from increased specialization in international trade. Consequently a country's port, core of the transport system subject to heavy pressure is to innovate an improved operating efficiency and better service level by reviewing the national port development policy as well as embarking upon far reaching port reforms in order to foster the increased trade. Consideration may be given to the options of private sector involvement, taking into account the particular circumstances prevailing in the country including the consequences for management's function and structure, employment, labor conditions and supply.

The ports of the world have undergone many changes since seventies with the introduction of containerization in the international trade. The port of Chittagong despite many constraints continues to cope with changing patterns of the trade and creates facilities to meet the market demands. The Chittagong Port is the principal Port of Bangladesh and therefore has very special role to play in the national development process. The responsibilities of the Chittagong Port are to render necessary facilities and services in proper and efficient handling of export-import cargo of sea-borne trade. Inefficient ports may hamper economic development through operating procedure, inadequate facilities and excessive charges. The process of trade liberalization and globalization in the eighties has resulted in greater mobility of goods and services across the international borders. The subsequent shift in manufacturing activities towards countries with comparative economic advantages has presented a challenge for many developing countries aspiring to expand their manufacturing bases and stimulate domestic economies through improved global linkages in trade and commerce. Bangladesh is seeking to explore opportunities to further expand international economic activities for sustainable development. To meet trade objectives, we have to improve efficiency of maritime gateways and make Chittagong Port more responsive to commercial needs of exporters, importers and carriers. In today's global environment, the seaports must be able to offer level of efficiency and costs, which are comparable to other ports. So, it is imperative to upgrade the efficiency in the key operational areas of the port through the procedural reforms to reap the potential benefits of the existing facilities. The

development partners like World Bank, Asian Development Bank, KFW of Germany, ESCAP and JIBC have expressed their great concern about the poor performance level of the Chittagong Port Authority compared to regional ports on many occasions either through discussions or writing various reports/aide-memoire. Besides they also suggested to undertake reform process like legislative changes, investment in infrastructure development, upgrading of existing operating system under broad umbrella of commercialization/privatization to ensure optimum efficiency, control and co-ordination over integrated operation at the port in the wake of today's global economy and liberalized trade.

I have the pleasure in expressing my sincere gratitude and thanks to Commodore Ghulam Rabbani, psc, BN, Chairman, Chittagong Port Authority who encouraged me to attend the 32nd senior staff course organized by BPATC. I am grateful to Dr. Ekram Hossain, Rector, BPATC for guiding me in choosing the title of my seminar paper. While preparing the seminar paper, I received valuable advice and suggestions from Tofazzel Hussain, Member Directing Staff and Course Director, Syed Shamsul Alam, Director and Course Coordinator and Syed Naquib Muslim, Director, BPATC.

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Lastly, I feel obliged and indebted to my wife Mahmuda Begum who inspired me in attending the course, took single-handedly all the troubles in taking care of my two daughters; Jummy and Nimmy residing in Chittagong during my long absence.

June 24, 2000

Hadi Hussain Babul

ABBREVIATIONS

ADB	➤	Asian Development Bank
BMSA	➤	Bangladesh Master Stevedores Association
BOO	➤	Build Own and Operate
BOOT	➤	Build Own Operate and Transfer
BOT	➤	Build, Operate and Transfer
BPATC	➤	Bangladesh Public Administration Training Centre
BR	➤	Bangladesh Railway
BSAA	➤	Bangladesh Steamer Agents Association
BSC	➤	Bangladesh Shipping Corporation
CCCFAA	➤	Chittagong Customs Clearing and Forwarding Agents Association
CCCI	➤	Chittagong Chamber of Commerce and Industries
CCT	➤	Chittagong Container Terminal
CEPZ	➤	Chittagong Export Processing Zone
CFS	➤	Container Freight Station
CPA	➤	Chittagong Port Authority
DWMB	➤	Dock Worker's Management Board
EDI	➤	Electronic Data Interchange
ESCAP	➤	Economic and Social Commission for Asia and the Pacific
FCL	➤	Full Container Load
FY	➤	Financial Year
GCB	➤	General Cargo Berth
GOB	➤	Government of Bangladesh
ICD	➤	Inland Container Depot
IDA	➤	International Development Association
KFW	➤	Kreditanstalt für Wiederaufbau
LCL	➤	Less Container Load
TEU	➤	Twenty Foot Equivalent Unit
JIBC	➤	Japan International Bank for Cooperation

LIST OF TABLES

Table 1	Cargo traffic handled	4
Table 2	Revenue and capital expenditure	4
Table 3	Productivity indicators	5
Table 4	Total number of vessels calling the port	6
Table 5	Container handling at GCB and CCT	9
Table 6	Container handling at Dhaka ICD	10

EXECUTIVE SUMMARY

Bangladesh as a developing country is constantly seeking to explore opportunities to develop all of its potential sectors to boost up its economy where transport sector has been assigned the highest priority. In order to meet the international trade requirement there is an urgent need to improve optimum operating efficiency of the principal gate way of the country. Modern and efficient ports are necessary and powerful tools for facilitating and fostering trade and development and more so at a time of globalization of trade. Now a days port must offer efficient and reliable services to ships and cargo including communication systems to allow timely flow of goods through transport chain which has in fact become a production chain. Therefore, port is no longer simply a place for cargo transfer between sea and land but is a functional element in the dynamic logistics chain through which cargo flow. Ports can be crucial element in developing competitive advantages for a country like Bangladesh and therefore, the Chittagong Port being the premier port of the country requires not only adequate infrastructure, superstructure and equipment but also ensure high standard of efficiency and productivity of operation in a competitive environment to minimize costs of services.

The impact of containerization in Bangladesh has so far remained mostly confined within the protected area of Chittagong port due to lack of hinterland and transportation facilities. Only 10%-15% containers are delivered intact to Dhaka ICD and CEPZ. As a result to port has been under severe strain to meet not only the growing need of container traffic but also to cater for all stuffing and unstuffing services including receiving and delivery of contained^{ized} cargo in break bulk form. This is also depriving the country to reap the manifold advantages of containerization such eliminating multiple handling, reducing pilferage, damage and economic transport cost.

In the seminar paper all out efforts are made to identify, review and analyze the current problems effecting the smooth functioning and also to suggest reforms aim to improve the operational efficiency of the critical areas of the port of Chittagong. The paper is based on authors personal observations made during his 23 years of work experience in the planning department of the Chittagong port Authority. Besides the author had enough opportunity to discuss of port problems and possible measures to improve with various missions of the development partners and other stakeholder groups on plenty of occasions. During the authors long career in the Chittagong port he availed the chances to meet the

stake holder organizations and obtained thier personal responses to the major problems, causes of problems and reforms needed to improve to operating efficiency. Besides formal or informal dialogue were made very often with the officials of CPA, BSC, CCCI, DWMB, and customs. An attempt has been made to pinpoint the current problems in general the containerization aspects to the port in particular and to suggest reforms towards for an integrated system to evolve out of the conventional system to over come the impediments. Having recognized all these issues, there are ample opportunities to upgrade existing container operations system at port to foster trade and economic growth of Bangladesh. The paper will not discuss areas relating to historical background, present structure, development scenario and operation of general cargo, dry and liquid bulk.

A general description of port operations, which includes performance of cargo traffic, finance, productivity of indicators and movement of vessels at the port, is discussed briefly to have a fair understanding of overall port activities. From the performance of port activities it is observed that the overall cargo throughput in the Chittagong port shows a positive trend between 1993-94 and 1998-99. It reflects the general trend of the overall Bangladesh economy. The total throughput grew at an average annual growth of 12% and the container handling in particular has grown an average growth of 17% per annum during the last five years. Financial achievements are also improving with the increase in cargo traffic. As regards productivity indicators it is revealed that some performance indicators are lagging behind the set target. This deterioration in productivity has necessitated ensuring high standard of efficiency and productivity of operation in a competitive environment to minimize costs of services. It is of interest that total number of vessels (seagoing and lighters) calling at the port increased between 1993-94 and 1998-99, which represents an average growth rate of 4.9% per annum. Nevertheless the present scenario of container operations facilities exists in major operational areas like CCT, GCB, ICD, Dhaka including operating systems and constraints there of within and outside the port is highlighted.

However it is agreed that the optimal use of container operation with main operational areas of the port as envisaged is not done in orderly manner rather it is far away from the international standard by any means. To ensure sustainability in efficiency physical investment need to be complemented by procedural reforms to facilitate private sector participation in port operations, rationalize customs clearance procedure, reduction of high dwell time, upgradation of inland distribution system covering addition of second block train, river based ICDs, upgradation of Dhaka-Chittagong road corridor, high stacking handling

equipment and yard and storage space for quay and land side improvement, computerized container management system, creation of backup facilities for multimodal transport operations. There is a general recognition however that the performance of the Chittagong port has been constrained by a number of problems of poor productivity and poor operational efficiency among which physical facilities and logistic support, labor/employee issues, institutional/organizational bottlenecks with limited autonomy to the CPA are prominent. This poor performance is demonstrated by the instances of ship/container congestion, imposition of surcharges and delay of cargo/containers to the consignee's premises resulting in increased transportation cost and thus port becoming expensive in the region.

Through the problem analysis, it is interesting to note that only reforms will not resolve the complex problems confronted by the CPA. To move towards a more efficient system of operation it is necessary for the port and the government to take several initiatives, which can provide short terms benefits and a better climate for promoting investment and economic growth. For the port to function efficiently in a global economy it must be free from the constraints of an over regulated, centralized and public sector dominated environment. The current high levels of inefficiency and costs in the port of Chittagong offer great scope for major improvements in productivity through the introduction of more commercially oriented management and operating systems. Improvements in CPAs productivity and efficiency can be achieved effectively through greater involvement of private sector on specific operational areas parallel to the public sector alone. The dynamics of the commercialization/ corporatization process are complex and there is still considerable debate in Bangladesh about whether to go for an accelerated privatization program or for incremental change. However, despite the debate it is certain that port policies need to reflect and respond to the continuous changes in macro-economic environment. Within institutional changes envisaged for CPA full autonomy in terms of enhancement of financial power and recruitment of required staff is most important.

From the problem analysis and findings in the foregoing para an attempt has been made to take a balanced approach to the complex problems confronted now by the Chittagong port Authority. It is recognized that there is an urgent need to improve the operating efficiency of the port of Chittagong through procedural reforms if it is to handle increased volume of cargo/container in the wake of globalization and liberalized economy. Due to urgent need to improve port efficiency some short term recommendations have been made below to address the prevailing situation :-

urgent need to improve port efficiency some short term recommendations have been made below to address the prevailing situation :-

Operational Improvement

- Reduction of container high dwell time;
- Development of Private ICDs in and around port by private sectors;
- Introduction of second block train by the Bangladesh Railway;
- Development of container over flow yards outside main port;
- Upgradation of inland distribution system,;
- Procurement of high stacking container handling equipment.
- Introduction of electronic data interchange system;
- Introduction of the computer system for container terminal management

Labor Reforms

Institutional Reforms

- Enhancement of financial power of the CPA Board;
- A greater role for private sector involvement in the port.

If these recommendations are implemented effectively, they will provide immediate benefits and cost savings conducive to the port user community and port employees/labor. Hope that the recommendations presented in the paper however will help to resolve many of the current problems, clarify the confusion that exist and assist in chalking out a clear policy direction for the government/port authority, the users, private sectors and trade unions.

CHAPTER I

INTRODUCTION

1.1 Background

The ports of the world have undergone revolutionary changes since seventies with the introduction of containerization in the trade. In today's global environment, seaports must be able to offer levels of efficiency and costs, which are comparable with other ports. The port of Chittagong despite a lot of constraints continues to cope with the changing patterns of trade and creates facilities to meet the demand. Chittagong port is the premier port of Bangladesh and therefore has a very special role to play in the development process. It handles about 80% of the country's sea borne trade. It constitutes an important link between international maritime transportation, coastal shipping services and national transport corridors (road and rail) to all parts of the country. In future the port may also provide international transit facilities to neighboring countries mainly Nepal, Bhutan and eastern states of India.

According to the provisions of the Chittagong Port Authority Ordinance 1976, the Chittagong Port Authority (CPA) is a body corporate having perpetual succession and a common seals with power subject to the provisions of the CPA ordinance to acquire, hold and dispose of property, both movable and immovable. The CPA is a service organization under the aegis of the Ministry of Shipping, Government of the Peoples' Republic of Bangladesh and has attempted to formulate development plans and co-ordinates port activities to meet the challenge of global politico – economic development and technological thrust in the shipping and port industries. Because of port's critical importance in national economy, any dislocation in the functioning of Chittagong Port becomes a matter of great national as well as international concern. Since the last quarter of the century cargo-handling volume has gone up manifold. Unfortunately the expansion and development of physical facilities of the port has not matched the growing need. The situation became worse in the recent time with annual increase of 17% in the container traffic. Moreover, the performance of the port has been constrained by problems associated with poor cargo handling facilities, lack of trade services and inadequate inland distribution systems. On the other hand, the growth of cargo handling especially the container traffic in the past decade has been very fast, resulting in increased pressure on the existing port facilities and demand for increased operating efficiency. Port's efficiency not only depend on

its own operation and available facilities but also on the infrastructural facilities like rail, road and river transport for inland movement of cargo and container to and from the port.

Bangladesh needs to achieve sustainable annual economic growth rate of at least 5-7% to alleviate poverty and to build up socio-economic infrastructure development especially in the field of power, energy, gas, telecommunication and seaport. To achieve the targeted national growth the upgradation of port facilities for handling international sea borne trade through maritime ports of the country is pre-requisite. Without modern seaport, economy cannot achieve the planned growth. It seems inevitable for Bangladesh to upgrade the port of Chittagong as a hub port in an urgent manner to make it competitive in the region.

From the foregoing discussion it goes without saying that a major expansion is required in the Chittagong Port to facilitate national economic development. Thus it is important to review the current operation of the Chittagong port to identify operational problems before designing measures to improve the efficiency.

1.2 Objectives

The paper seeks to achieve the following :

- ◆ to identify, review and analyze the current problems affecting the functioning of the Chittagong Port ; and
- ◆ to suggest reforms aimed at improving operational efficiency of the critical areas at the Port of Chittagong.

1.3 Methodology

This paper is based on author's personal observations made during his twenty-three years of work experience in the planning department of the Chittagong Port Authority. Besides the author had the opportunity to discuss with various missions of the IDA, ADB, KFW, JIBC and other stakeholder groups on formal and informal occasions.

The representative from the following key stake holder organizations were interviewed informally during my tenure as Chief of Planning in the Chittagong Port: -

- ◆ BMSA

- ◆ BSC
- ◆ CCCFAA
- ◆ CCCI
- ◆ CPA (Trade Union Leaders)
- ◆ CUSTOMS
- ◆ DWMB.

and obtained their personal responses to the following questions :

- i) What will be important future global developments with respect to commerce, transport and trade?
- ii) What are the major problems confronting the CPA?
- iii) What are the fundamental and most important problems facing the port?
- iv) What are the underlying causes of the problems?
- v) How can these organizations help to address the problems particularly of the fundamental one?
- vi) What reforms are urgently needed to improve operating efficiency?

There were informal discussions with Chairman, Members and Heads of the departments of the CPA on the reforms that are needed to improve the operating standard of efficiency of the port. Besides, the recent study reports by the ESCAP, ADB, IDA, KFW and Master plan of the Chittagong port (1995-2010), have been consulted to conceptualize the issue in its proper perspective.

1.4 Scope and limitations

The paper is segmented into three parts: the first part deals with the port performance as well as scenario of container operation, and the second part aims at focussing the problems related to declining performance of the Chittagong port, and the third part indicated that in some key operational areas through reforms there exists an opportunity even in the short term to make significant progress in improving the productivity as well as operating efficiency of the country's premier port. The paper will not discuss areas relating to general information like historical background, present management structure, progressive development scenario since independence and operations of general cargo, dry bulk and liquid bulk. The author reflects his personal observations, which may be viewed by others as suggestions. In fact an insider view will be realistic to identify the real problems, which a formal study can always miss.

CHAPTER II

AN OVERVIEW OF PORT OPERATIONS

2.1 Port performance at a glance

2.1.1 Cargo traffic

The overall development of cargo throughput at the Chittagong port shows a positive trend between 1993-94 and 1998-99. It reflects the general trend of the overall Bangladesh economy. The total throughput during the period 1993-94 to 1998-99 grew from 7.89 million tons to 13.88 million tons registering an average annual growth rate of 12%.

Table-1
Cargo traffic handled

(In million metric ton)

Items	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Import	6.72	8.90	8.82	9.09	9.54	12.19
Export	1.17	1.35	1.45	1.44	1.52	1.69
Total	7.89	10.25	10.27	10.53	11.06	13.88
Container (TEUs)	174,958	227,172	250,867	290,330	329,163	365,572

Source: Chittagong Port Authority

The above table indicates that the container handling in the port of Chittagong has grown an average growth rate of 17% per annum during the last 5 years. During current financial year the Chittagong post is expected to handle more than 4,00,000 TEUs and such high growth likely to continue in the future.

2.1.2 Finance

Financial achievements of CPA are also improving with the increase in cargo traffic. As the revenue income increases, the total revenue surplus has accordingly increased.

Table-2
Revenue and Capital expenditure

(In crore taka)

Head	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Income	205.56	260.40	315.86	324.31	345.22	374.22
Expenditure	157.13	196.32	223.46	213.33	242.72	262.17
Surplus	48.43	64.08	92.40	110.98	102.50	112.05

Source: Chittagong Port Authority

2.1.3 Productivity

Table – 3
Productivity indicators

Indicators	Target	1993/94	1994-95	1995/96	1996/97	1997/98	1998/99
Throughput per ship day							
· Containers (boxes)	150	125	132	120	140	129	141
· General cargo (tons)	500	550	569	567	645	566	672
Throughput per gang hour							
· Containers (boxes)	12	9.03	9.43	8.70	9.35	8.92	9.40
· General cargo (tons)	15	17.48	16.16	16.31	16.67	17.03	19.03
Ship turn around time (days)	-	4.42	4.88	5.13	4.69	7.11	6.49
Equipment availability (%)	70	57.28	49.84	37.92	50.25	50.04	52.72

Source: Chittagong Port Authority

The above table indicates that the general cargo throughput per ship day has shown a steady increase to reach 672 tons in 1998-99 over target set of 500 tons. The general cargo handled per gang hour in 1998-99 was 19.03 tons, which exceeded target. Unfortunately container productivity has never reached the target of 150 boxes per ship day due to non-existence of ship to shore quay gantry crane. The throughput per gang hour for container operation shows a similar productivity per gang hour below target. The low equipment availability has extended the services and waiting time of ships and there by ship turn around time has increased. The average ship turn around time has increased 5.13 days in 1995-96 to 6.49 days in 1998-99. It is often the case that some performance indicators are lagging behind the set target. So this deterioration in productivity has drawn attention of all concerned to provide the same at more competitive price. Otherwise question of efficient functioning of the port arises. Port performance indicators are simply measure of various aspects of port's operation. They provide in sight to port management into the operation of key areas. The indicators can also be used as input for negotiation on port congestion sur-charges, port development, port tariff considerations and investment criteria and decisions.

2.1.4 Shipping

The total number of vessels (seagoing ships and lighters) calling at the Chittagong port increased by 366 Nos. from 1362 Nos in 1993-94 to 1728 Nos in 1998-99. This represents an average growth rate of 4.9% per annum.

Table-4
Total number of vessels calling port

Type of Vessels	(In numbers)					
	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Container Vessels	372	341	493	455	385	470
General Cargo Vessels	165	207	193	187	229	226
Tanker	136	98	108	154	151	193
Roll-on-Roll off	-	8	35	36	21	19
Others	543	518	457	494	481	517
Number of Sea going Vessels	1216	1172	1286	1326	1267	1425
Number of Lighters	146	188	123	156	153	303
Total	1362	1360	1409	1482	1420	1728

Source : Chittagong Port Authority.

2.2 Existing container operations facilities

Containers started coming to the Chittagong port in small numbers in 1977 when there was no purpose built facilities in the port. M/S Maunsell consultants, Australia was appointed in 1980 under IDA assistance for conducting a feasibility study with a view to developing container-handling facilities in the Chittagong port. The consultant recommended construction of two new multipurpose berths including development of interim facilities within existing GCB area of the port and simultaneously steps were taken to construct a two-berth container terminal (now known as CCT) suitable for handling 90,000 TEUs annually and the construction of berth was completed in 1986. According to container forecast of the consultants target for handling container throughput was estimated at 80,000 TEUs per annum in 1989. But the actual container handling throughput at Chittagong port in 1989 was 1,00,529 TEUs which surpassed the forecast by a wide margin. Meanwhile with the construction of back-up facilities the CCT started operating in full swing in 1992. In view of the increase growth of containers CPA reviewed container projection on the basis of forecast in 1989 and estimated that the container throughput in 1995 at Chittagong port would be 1,90,000 TEUs. Accordingly steps were taken to procure container-handling equipment for handling containers through integrated use of interim facilities and newly built CCT connecting a bridge over Moheskhal. In the meantime actual growth of containers at the port exceeded the forecast and during 1994-95, 2,27,172 TEUs of containers handled whereas existing planned handling capacity at port was 1,90,000 TEUs per annum. In

one hand such a high growth of container traffic is registering in the port on the other hand there is a shortage of infrastructure facilities like equipment, berth, yard etc. to handle such a large quantity of containers. Thus actual growth of container traffic in Chittagong port has surpassed by a wide margin, which resulted that the development of facilities has not matched with the growth in the traffic. The existing container handling facilities and operating system in the port have already made it extremely difficult for the port to cope with the increasing demands of various services and efficient and orderly handling of containers is being seriously impaired. The situation will deteriorate further as traffic grows and soon be unmanageable if no steps to ensure optimum efficiency in the key operational areas of the port are taken on priority basis. Container handling operations at Chittagong Port are currently carried out at a dedicated CCT berth and also at number of General cargo berth (GCB). Ship to shore handling operation is done by ship's own gear while transfer of container to the storage yards and CFS is by straddle carriers or tractor-trailer system. Straddle carriers or Forklift trucks do yard operations. Container staking is carried out pre-dominantly to the rear of berths but also at a number of other locations necessitated by congestion within stacking areas. However container-handling operations is confined to the following operational areas at the Chittagong port: -

2.2.1 General cargo berth

The GCB area comprises 13 berths which are designed and constructed for break-bulk and general cargo. Out of these 13 berths, four berths (10-13) are being used for berthing of container vessels. In GCB area the yards are generally small and of irregular shape and widely scattered. Also due to limited load bearing capacity of the jetties equipment like Forklift Truck cannot operate alongside vessels. Therefore vessels must load and off load containers directly on/from trailers by their own gears. Tractors trailer units do transport of containers between jetty head and yards. Container stacking is arranged by size i.e. separately for 20 foot and 40 foot boxes and for each size import load and empties are stored separately for efficient utilization of space and equipment. Dangerous cargo containers and reefer containers are stored separately in the yards as far as practicable. Although 60% of import containers coming to Chittagong port are FCL in status, due to lack of facilities for hinterland transportation most of these are required to be unstuffed in the port and cargo delivered as break-bulk. For this custom appraisalment of FCL containers are done in their respective yards. Only about 10% - 15% FCL containers go out of the port intact to Dhaka ICD and CEPZ under bond. Import LCL containers are stripped in their

respective yards and cargo transported in break-bulk for storage in CFS from where these are subsequently delivered after custom out-pass. A very high proportion of LCL exports as 70% export cargo is coming to the port in break-bulk for consolidation and subsequent stuffing into containers directly from truck. This generates massive labor activities and truck congestion inside the port impeding efficient container handling operation. Although 80% of import containers are FCL, 90% of these FCL are at present required to be out passed by customs and stripped inside the port for delivering cargo in break bulk and create similar problems. A limited number of empty containers are also brought into Chittagong port because of imbalance of import and export of individual container lines. These empty containers generated by release of FCL and LCL import consignments are stored separately for subsequent utilization for export cargo or for removal to private depots outside the port area. Large number of empty containers are generated by stripping import containers in the port are kept for a long time occupying valuable space causing congestion in yards impeding smooth operation.

2.2.2 Chittagong container terminal

Main handling equipment in CCT is the straddle carriers which can make both vertical and horizontal transfer of containers within CCT and can stack containers at one over two high. The straddle carriers are used for all yard operation in the CCT including placing of containers for custom appraisalment, ^{unloading}unstop^{ing}, delivery etc. and also used for transport of containers from ship to yard and vice versa while loading/unloading of containers from ships are done by ship's own gears. Handling and storage of large nos. of empty container are done by Forklift trucks and empty containers are removed to empty pool. FCL and LCL containers are stacked separately.

For full scale operation of CCT all necessary equipment such as ship to shore quay gantry crane for vessel's operation, rail mounted yard gantry crane for ICD transfers and adequate numbers of straddle carriers are essential. Due to non-existence of quay gantry crane dedicated to container handling at CCT, loading/unloading of containers to and from container vessels have relied on ship's gears which resulted in low productivity of container handling at 8 TEUs per hour per ship. By introduction of quay gantry crane the productivity of 20-25TEUs per hour per ship at CCT the current vessels operation time at berth of about four to five days in average can be reduced to a half day or one day.

The statistics of container handling during the last five years at GCB and CCT is shown below:-

Table-5
Container handling at GCB and CCT

(In TEUs)			
F.Y	GCB	CCT	Total
1994-95	61721	165451	227172
1995-96	122482	128385	250867
1996-97	125518	164812	290330
1997-98	144772	184391	329163
1998-99	157368	208394	365752

Source: Chittagong Port Authority

The present daily holding capacity of CCT is 4062TEUs with terminal area of 15 hectors but occupancy is about 8000TEUs, which is considered over capacity that created congestion of container in the port.

2.2.3 Inland container depot, Dhaka

The only rail dedicated inland container depot (ICD) in Bangladesh was setup near Kamlapur railway station, Dhaka in 1987 in collaboration with the Bangladesh Railway (BR) in order to facilitate handling of containers serving the greater Dhaka Catchments area. Responsibility for providing infrastructure facilities and transportation of containers between Chittagong port and Dhaka ICD is vested with the BR. Operation and maintenance responsibility of ICD including equipment services vests with the CPA. The ICD was declared as customs port by NBR vide notification dated 23-06-1987 and is managed on a payment per move basis by a private operator who is responsible for all container handling operations. The operator also supplied personnel and is responsible for operation and maintenance of all handling equipment. At present one container train runs daily either way between Chittagong port and Dhaka. The original facility of ICD was set up with adequate yard area including daily holding capacity of 1000 TEUs and annual throughput design capacity of 25,000TEUs. Due to rapid growth of Dhaka bound containers the capacity of ICD has been upgraded recently to handle up to 90,000 TEUs per annum. The year on year growth and market share achieved by the ICD over last five years are shown in the table below :-

Table-6
Container handling at Dhaka ICD

F.Y	Dhaka ICD	Year on year growth	Chittagong throughput	Year on year growth	ICD share of Chittagong container traffic
1994-95	21538 TEUs	43.04%	227172TEUs	29.84%	9.48%
1995-96	25362 “	17.75%	250867 “	10.43%	10.11%
1996-97	30012 “	18.33%	290330 “	15.73%	10.33%
1997-98	33591 “	11.93%	329163 “	13.27%	10.21%
1998-99	38269 “	13.92%	365752 “	14.11%	10.46%

Source: Chittagong Port Authority

CHAPTER III

ANALYSIS AND DISCUSSIONS

3.1. Present Scenario

The review presented in the foregoing chapter reveals that the optimal use of container operations in the major operational areas in the Chittagong port is constrained by many limitations within and outside the port. The interim facilities in GCB area which are being used for handling, stuffing and unstuffing of containers as well as for CFS service and delivery of cargo in break-bulk form were not obviously planned and designed for carrying out such activities in orderly manner. Use of these facilities in the present shape cannot therefore be continued indefinitely for container handling and other related activities. The layout of facilities in the area of GCB such as location of CFS, yards, siding, roads, railway track, gates needs to be upgraded, re-planned and relocated. To attain desired level of efficiency and service urgent and immediate measures are required to decongest the Chittagong port and allow for more effective integrated operating system through massive land side and quayside improvement.

To ensure sustainable efficiency, physical investment need to be complemented by policy reforms to facilitate private sector participation in port operations, rationalize customs clearance procedure, reduction of high dwell time, upgradation of inland distribution system covering addition of second block train, river based ICDs, upgradation of Dhaka – Chittagong road corridor, high stacking equipment, computerised container management system, creation of backup facilities for multimodal transport operations. To involve private sector participation in port development and operation, as done in India, formulation of a clear, transparent policy guidelines and procedural improvements in current GOB practices in port operations is urgently required to meet the increasing requirements of opening up of globalization and liberalized trade. There is general recognition that the performance of the Chittagong port has been constrained by a number of factors among which physical facilities and logistic support figures prominently and reforms on institutional and labor issues is to be persuaded by the government to make the port function better. Now an attempt has been made to focus the constraints which are affecting the productivity as well as efficiency of the Chittagong port which can be grouped into three major categories, namely logistic support/physical facilities, labor and employees constraints, and institutional/organizational constraints.

3.2. Logistic Support/Physical Facilities

The actual growth of container traffic in the Chittagong Port has surpassed by a wide margin and as a result development of facilities in the port has not matched the growth in the traffic. The facilities for inland movement of containers from/to the port have not also been developed with the consequence that 90% of the boxes handled terminate their journey at the port and have to be delivered/received in break-bulk form for consolidation/reconsolidating of the containers within the port protected area including completion of customs clearance formalities. This has deprived the port of Chittagong from using purpose –built container facilities to the best advantage of the port and the trade with planned handling of containers and has put additional stress on port facilities due to multiple handling of container and also handling their cargo in break-bulk form. Such a situation is not known to exist in any other port of the world and completely alien to the concept of containerization. This is also depriving the trade and industries of the benefit of containerization, which is intended primarily for door to door delivery or at least as near to the premises of consignee possible. However, the requirements of globalization and the full benefits of containerization are not being fulfilled in the Chittagong Port in terms of the following: -

3.2.1 Door to door movement of containers

Being an important link in the distribution chain, it serves as the interface between inland and maritime transport and thus should provide services for the smooth consolidation and dispersion of cargo between shipping, the port and its hinterland. The Chittagong Port is connected with its hinterland by rail, road and inland waterways. However, the door-to-door movement of containers in Bangladesh is very restricted and well below international norms. This is partly because freight forwarders/multi-modal transport operators are not legally recognized or registered as yet.

3.2.2 Inland distribution System (road, rail and waterways)

The inland distribution system is dependent on three different modes: road, rail and inland waterways. Adequate facilities are not developed for inland movement of containers by all these modes, which is essential pre-requisite for door-to-door services of container. Containers are now carried from Chittagong to Dhaka by road and rail in a very limited manner. There is no facility to carry container by waterways. As a result 90% of containers terminate their journey at



this Port and these are handled in the port protected area including completion of customs clearance formalities putting additional stress on port facilities due to multiple handling of container. Such a situation does not exist in any other port of the world.

3.2.3 Inland container depot (ICD)

CPA has been operating an inland container depot (ICD) at Kamalapur, Dhaka since 1987 in collaboration with the Bangladesh Railway. The present container holding capacity of the Dhaka ICD is only 1,000 TEUs which given the long dwell times of containers, is too small to meet the demand from massively increase traffic. Currently one container train runs daily each way between the Dhaka ICD and the Chittagong Port. The establishment and licensing of private ICDs can be applied for through the National Board of Revenue (NBR), Ministry of Finance. The problem for prospective ICD operators is that investments must be made to complete the ICD facility, including office accommodation for customs, before the license is granted. Risk is therefore considered to be high. Under the present regulations private ICDs are allowed for stuffing export and storage of empty containers only. These are not allowed to handle import containers. Unless import is allowed development of ICDs is not financially viable. In addition, restriction imposed by NBR for setting up ICDs within 20 kilometre from the port is also discouraging potential investors. Despite these 2/3 private ICD is functioning near the Chittagong port.

3.2.4 Documentation

Shipping lines/agents/masters/freight forwarders in one way or another are facing with compilation and clearance of all the forms and documents to be submitted to authorities at different locations which include CPA, Mercantile Marine Department, Shipping Masters Office, Port Health Officer and Dock Labor Safety Officer. It causes delay in obtaining landing permits and permission for the discharge, loading and clearance of cargo. This in turn contributes to increase in ship turn around time, inventory and cost.

3.2.5 Shortage of cargo handling facilities

The rapid growth in traffic has surpassed the designed handling capacity of the existing facilities and equipment capacity, which was originally planned to handle 5 million tons

annually. But during 1998-99 CPA handled 13.88 million tons of cargo after addition of a few facilities. A significant factor that has a great bearing on the throughput of the port is the amount of time the cargo/container spends in the port after being discharged from the vessel. This is commonly known as dwell time. While the container traffic in the Port of Chittagong has grown at a rate much faster than anticipated, unfortunately infra structural and institutional facilities have not developed for transport of the containers out of the port to inland destinations or for faster clearance of the container/cargo out of the port. This has on the one hand greatly restricted the effectiveness of containerization and on the other hand resulted in a very high dwell time of container/cargo creating congestion in the port yards and calling for multiple handling of the containers within the port. The outcome is the increased requirement of container yard and delivery spaces within the port, increased requirement of container handling equipment for re-handling and shifting of containers, chaos and confusions in the container yard/operation areas due to a large number of labor and trucks engaged in consolidation/de-consolidation in loading/unloading of cargo. This contributes to the increase in the turn around time of vessels which in turn adds to cost to ship operations and the trade. Therefore, the shortage of facilities can be seen in two aspects: equipment and space.

3.2.6 Shortage of adequate handling equipment

Cargo handling equipment owned by CPA includes Shore Cranes, Mobile Cranes, Fork Lifts, Tractors, Trailers and Straddle Carriers. These equipments are not sufficient to match the increasing demand particularly in handling container. Moreover CPA does not have Gantry Cranes, which most of the modern ports in this region have. In addition container-handling equipment of the port was procured during the mid eighties anticipating the demand at that time. But by the end of the last decade the growth of container surpassed the projections made by different consultants. Consequently CPA is subjected to shortage of container handling equipment in catering to the need of ever increasing container traffic. Besides for transfer of container from yard to rail wagon for Dhaka ICD is presently done by straddle carriers, which requires much time and multiple handling. To do away this problem rail mounted yard gantry crane for quick loading/unloading of containers to railway wagon is urgently required.

3.2.7 Shortage of yard and storage space

CPA owns and operates a general cargo terminal with 13 berths and a dedicated container terminal with three berths due to lack of storage space in the container yard at CCT (holding capacity 4062 TEUs), nearly half of the current containers are handled /stored at the general cargo berths, which has a holding capacity of about 4885 TEUs. Even so the total capacity of the yards is not sufficient to store the rapidly growing number of container traffic. As a result container discharge operations of vessels have to be suspended until space is available through container delivery. The shortage of space can be ascribed to two main reasons: long dwell time of containers; and the low density of stacking containers. The average dwell time of imported and empty containers in the Chittagong Port is 21 days while that of export is 2-3 days. Compared with international standard the dwell time of the import is too long. In addition the low storage rate, which is currently US\$ 1.50 per TEU per day for first 28 days and US\$ 4.50 there after, has also resulted in shippers using the port for long-term storage space rather than using space outside the port, which involves more expenses. At present the average stacking height of containers at the storage yard is 1.5 at CCT using Straddle Carrier and 2.5 – 3.0 high in general cargo areas using Fork lift truck resulting in under utilization of space for which CPA should explore the use of high stacking equipment like Rubber tyred gantry (RTG) crane to accommodate more containers within the port. In addition the repair and maintenance of existing equipment has not been sufficient owing to lack of spare parts and financial constraints.

3.3 Labor and Employees Constraints

The major root of port's inefficiency lies in the port labor. The situation at the Chittagong port is complex with strong organized port interest groups ranging from port users to port employees and dock workers who are organized as much along political party. There has been some degree of apprehension among employees and dock-workers that any new system would disrupt their current practices and benefits. For this the labor unions are not responding to the free play of market mechanisms and trying to influence the government to maintain protective regimes. The avoidance and fear of exposure to market mechanisms in labor supply led to the following :

3.3.1 Excessive supply of Port labor

A contributory factor in the excessive supply of port labor in the Chittagong port and which makes rationalization particularly difficult is the four tiers of labor supply. In the

Chittagong Port, Port workers are supplied from four source: CPA, DWMB, Bangladesh Master Stevedores Association and Customs clearing and forwarding agents .

CPA permanent pay-roll strength is 8,086 employees (including 219-class-I & 171-class -II officers) which include managers, supervisors, engineers, tally clerks, mechanics, equipment operators/ drivers, security guards, workers/staff for repairs and maintenance of infrastructures, school teachers, doctors and hospital staff etc. Handling equipment onshore such as shore cranes, fork lift trucks, mobile cranes, tractors and trailers are operated and maintained by the CPA workers. There are about 7,000 registered dock workers engaged by the Stevedores from the Dock Labor Management Board for working in ships and related works. They also employ white collared staff for planning, supervision and documentation works. Apart from this there are 3500 merchant labors and coaster- hatch labor working in the port involved in cargo clearance engaged by the Customs Clearing and Forwarding Agents. The BMSA also employs 1500 stevedoring workers including supervisors, foreman, tally clerks etc. There is no formal or informal channel for coordination among the labor groups with very often-conflicting interests. As a result strikes by one group may paralyze the whole port operation.

3.3.2 Excessive trade unions

There are five trade unions for CPA employees, four for dock labor and other unions representing merchant labor, hatch labor etc. With all these there are as many as 28 labor unions constituted with the labors working in the Chittagong Port. In one category of workers/ employee, there are even 5/6 unions, despite the restriction of law up to three unions in an organization

3.3.3 Large gang size/excessive manning scale

The gang for container handling consists of 36 workers (26 onboard and 10 onshore) per "hook". For break-bulk cargo handling, a gang consists of between 16 and as many as 56 onboard plus from 16 to 32 onshore workers totaling from 32 to 88 people depending on the cargo type. Large gang sizes are rooted in the historic demands for labor-intensive operations in the years prior to mechanization. This has been perpetuated to some extent due to the shortage of proper handling equipment in the port and an insufficiently skilled worker force. The recent deteriorating situation in the availability of handling equipment has resulted in the unions

seeking to further increase gang sizes. However, the already excessively large gang sizes has exceeded the normal "span of command" and has made the control system loose and unworkable. As a result excessive manning levels leave some workers idle for a high proportion of the working time. The consequence is that the annual labor productivity per man has fallen a very long way below international standards, resulting in high cargo handling labor costs.

3.3.4 Resistance to the adoption of new technologies

Specially leaders of the dock workers' unions are well aware that the port needs to offer efficient services to assist Bangladesh in competing in the global economy. However, they are afraid that increased mechanization, commercialization and privatization of port activities will provide entrepreneurs with an opportunity to gain control of transportation and reduce employment by substituting labor with modern cargo handling equipment. This is of particular concern given the employment opportunities in Bangladesh, which afford little possibility of alternative employment at similar wages levels. At the same time it has to be recognized that some elements of labor do not support the introduction and operation of additional equipment, possibly provided by the private operator because of the anticipated loss of informal earnings paid by port users.

3.3.5 Dock workers' management board

With the objective of regulating the employment of dockworkers and improving ship turnaround time, the GOB enacted the Dock Workers Act 1980. A Dock Workers Management Board (DWMB) was subsequently established, which is headed by the Chairmen of CPA, DWMB constituted a dock workers booking scheme to regularize and control the supply of dock labor needed by the stevedoring companies for cargo handling both onboard and onshore. Under the system stevedoring companies book labor from the registered DWMB pool. Within the pool dockworkers are grouped into 11 categories but the scope of each category is not well defined and management of labor is not systematic. Shipping agents believe that the creation of DWMB has caused more problems than it has solved. In particular the stevedoring companies which have to employ labor from DWMB feel unhappy in managing and controlling the workers for whose services they are paying. Most of the union leaders only have experience in the Chittagong Port and lack broader knowledge of global practices. In addition, a significant part of the labor force is unskilled and requires training to operate the increasingly mechanized cargo handling

equipment. However, little could be done by the DWMB to identify the new skills needed by the workers to perform their duties more effectively or to provide the opportunity to gain overseas experience which could help in developing a long term collaborative perspective labor and employers.

3.3.6 Stevedoring companies

To operate in the port, fifty stevedoring companies are allowed to obtain license by CPA. There is no specific CPA licensing requirements for stevedores, of which only 25 to 35 are currently active since licensed stevedores have to compete for private contracts negotiated with shipping lines. Stevedores are provided with dockworkers, for both on board and onshore handling of cargo by the DWMB. The stevedores, however, only control the onboard workers, the quayside labor being controlled by CPA, which monopolizes the operation and use of onshore equipment. To undertake supervisory work, stevedoring companies utilize labor supplied by the BMSA, which employs 1500 staff who are guaranteed at least 23 duties per month. Stevedoring members of the Association pay a levy based on tonnage handled. As a result of these arrangements stevedores principally act as a contractor of labor and do not provide any cargo handling equipment. In addition, the stevedore's renewable licensing period of only one year is a major contributory factor to their lack of motivation to invest in handling equipment or to place adequate importance on training of workers under their control. Although the existence of DWMB have been commonly used in many countries in the past as a mean of regularizing employment in the ports industry their popularity has declined sharply.

3. 4 Institutional/Organizational Constraints

3.4.1 Bureaucratic bottlenecks

Like most state owned agencies the CPA is confronted with many procedural and external procedural bottlenecks, in particular related to procedural formalities. The present formalities and complexity in the decision making process has resulted in delay in taking many timely decisions. The need for CPA Board to refer higher authority for even modest expenditure of (more than 5 crore taka) and for the appointment of necessary staff clearance has diminished CPA's effectiveness in taking prompt measures for procurement of required goods and services. The overall impact of the bureaucratic bottlenecks has hindered CPA from taking a lead in responding quickly to the needs and demands of the port community.

3.4.2 Limited autonomy

The bottlenecks in the decision-making processes and dominance of political control have in practice deprived the CPA of its autonomy which in legal terms is fully bestowed upon it. Thus, the executive power of the CPA Chairman can not be thoroughly exercised in terms of finance and administration and accordingly the decision-making process of the board of CPA and the function of its Advisory Committee are considerably constrained.

3.4.3 Financial constraints

Under the CPA Ordinance of 1976, the fund of CPA is to be fully utilized to meet CPA's all expenses including development expenses. CPA however cannot in practice decide to purchase new equipment even though there is sufficient fund available for the purpose. The port authority can approve any expenditure of up to taka 5 crore. But for the purchase of any item exceeding this limit, the port authority forwards the case to the Ministry of Shipping for approval. For the development of infrastructures and procurement of equipment, project approval is required from the highest authority of the government. Inadequate and slow investment in port equipment and infrastructure in turn have been accompanied by lower productivity and inefficiency which virtually has hindered development and potential foreign exchange earning of the country.

CHAPTER IV

RECOMMENDATIONS

An attempt has been made to take a balanced approach to complex problems confronted by the Chittagong Port Authority. Due to the urgent need to improve current port performance, the following recommendations are made which can be initiated by the port in the immediate/short term:-

4.1 Operational Improvement

4.1.1 Reduction of container high dwell time

A significant factor that has a great bearing on the throughput of the port is the dwelling time that the cargo/container spends in the port after being discharged from the vessel. Ideally the dwelling time should not be more than 7 to 10 days in typical international container ports. Immediate steps should therefore be taken to remove the containers out of the port to inland destination so that a minimum number of containers are required to be consolidated /reconsolidated within the bonded area. Besides the current tariff structure encourages the use of port as a secure storage area rather than the transit for port throughput. So CPA should review the current container storage tariff and revise it in a direction to encourage shippers to remove container more quickly. The customs authority should be involved in the process of reducing container dwell time in a manageable level by adopting simple procedures. CPA and customs authority should workout a procedure to simplify the existing documentation procedure of container. The average dwell time for import containers and empty containers should be reduced to 10 days by 2001 and further reduced to 7 days by 2003.

4.1.2 Development of private ICDs at Chittagong

To handle rapidly growing container traffic and to cope with the current shortage of staking space more container yards are required. So the development of private ICDs outside the port area should be encouraged. Recently NBR has issued guidelines regarding construction of ICDs by the private sector. Although issuance of such guidelines represents significant step towards relieving congestion of containers in the port, some of the conditions are restrictive and

will require modification to achieve the port efficiency. Existing restriction imposed by NBR for setting up ICDs within 20 kilometer from the port and the condition for not allowing to handle all forms of import- export containers to be lifted on urgent basis.

4.1.3 Introduction of second block train

The existing block train service between Dhaka ICD and Chittagong Port consists of one trip in each direction per day using two trains of 25-30 wagons. Currently the block train handles about 30,000 TEUs or 10% of the total Chittagong port throughput. At the current rate of increase for container traffic and assuming that BR handles about the same proportion of port throughput, there will be need for procurement of 100 wagons which will allow a second block train to run without major scheduling difficulties. So BR will procure the wagons on urgent basis and ensure timely and efficient operation of second block train in order to facilitate handling of about 90,000 TEUs per annum.

4.1.4 Development of container overflow yards outside port

The container yards within port is crowded especially with longer-term empty container, which is the major, cause of congestion inside the port. Existing unstuffing operations presently carried out within CCT container-stacking yards is to be discontinued and the yard used for container staking as originally designed. The unstuffing operation should be relocated outside the main port for storage of containers by developing sites adjacent to the port and by purchasing private land, the new off dock sites to be developed as ICD/CFS to relieve prevailing congestion at main port installation.

4.1.5 Upgradation of inland distribution system

Container handling being a part of multi-modal transport system. Chittagong Port Authority cannot be unilaterally blamed for its inefficient handling. The performance of the Chittagong port is constrained by problems associated with poor trade facilitation and inadequate inland distribution system. The inland distribution system in Bangladesh is expensive relative to its economic environment, particularly due to the geographical factors. Now the road network played dominant role followed by railway for facilitating movement of container for port to inland destinations. There is a potential scope carrying containers by inland waterways in Bangladesh. Immediate steps to be taken on priority basis is to upgrade and three modes of

transport by respective department for transportation of containers to the important distribution center.

4.1.6 Procurement of high stacking container handling equipment

The existing fleet of cargo handling equipment owned by CPA is not sufficient to match the increased demand particularly handling container. At present the average stacking height of import, exports and empty containers at the storage yard is 1.5, 2.0 and 3.0 respectively resulting under utilization of space for which CPA should immediately procure high stacking equipment like Rubber Tyred Gantry (RTG) crane to accommodate more containers within port. Besides for loading/unloading of Dhaka-ICD container at CCT one rail mounted gantry crane is to be acquired by CPA for installation the same at CCT while BR will procure the similar one for loading/unloading at Dhaka end. In addition the operational performance can be further improved by adding ship to shore gantry crane on the CCT berths where crane rail already in existence. The use of quay crane will decrease cycle times and raise productivity at 20-25 TEUs per hour. With gantries on CCT berths the capacity will be about 3,50,000 TEUs per annum.

4.1.7 Introduction of electronic data interchange system

Throughout the World ports there is an increasing trend that ship manifests, customs declarations and many other standard information are being exchanged speedily and efficiently between Computer installations. CPA in collaboration with customs and trade community should initiate for development of EDI in Bangladesh.

4.1.8 Introduction of the computer system for container terminal management

The container handling operations at CCT and GCB area is not wholly controlled by a single party which takes the full responsibility from receiving to delivering containers. Many parties are involved in container handling operations at same terminal at the same time. Such fragmented operations by various parties generally make it difficult to achieve efficient container operations. The Chittagong port handled throughput containers more than 3,50,000 TEUs per annum, the introduction of computer system is a must for land side improvement. As a short-

term measure it is recommended that container terminal management system (CTMS) including computer package should be purchased on priority basis for which CPA is to initiate right at now.

4.2 Labor Reforms

The successful implementation of the port reforms depends on satisfactory resolution of labor and their wages and welfare scheme. By adopting new and more appropriate conditions of employed and innovative working practices are essential to the successful modernization of cargo handling operation and improvement of port efficiency. Port labor practices need to be streamlined within the parameters of market mechanisms. Market mechanisms are the most effective means to bring the supply and demand for port labor into commercial equilibrium. In this respect, the current fragmented arrangements for cargo handling should be changed. The distinction between ship and shore labor should be abolished and replaced by a system where workers can be deployed to any location and for which they should have required skills. Labor reforms will have a much greater chance of success if all labor engaged in cargo handling is employed on a permanent basis by a single organization, preferably by the stevedoring company not by the DWMB. However it is very difficult to achieve this immediately and may be viewed as a long-term objective. As an interim arrangement it is recommended that the role of BMSA and DWMB may be merged and create an integrated pool of port workers possibly under one organization.

4.3 Institutional Reforms

4.3.1 Enhancement of financial power of the CPA Board

CPA is confronted with many internal and external bureaucratic bottlenecks related to procedural formalities and chain of command. Under the CPA Ordinance of 1976, the fund of CPA is to be fully utilized to the charges in connection with the authority's functions including payment of development expenses. CPA however cannot in practice decide to purchase new equipment even there is a significant revenue surplus. The port Authority can approve any expenditure up to taka 5 crore. But for the purchase of any item exceeding this limit the CPA forwards the case to the Ministry of Shipping for approval, which resulted delay in taking many timely decisions. Inadequate and slow investment on construction of port physical facilities in turn have been accompanied by lower productivity and inefficiency which again has reduced the

potential foreign currency earnings of the port as well as nation. To tackle this situation the present financial power of the CPA Board is to be enhanced from the present limit of taka 5 crore to at least taka 10 crore in line with other corporate bodies of Bangladesh so that the board have sufficient commercial freedom to make decision and to adjust quickly to changing market conditions.

4.3.2 A greater role for the private sector involvement in the port

In the Chittagong port various private agencies such as stevedoring companies, truckers, clearing forwarding agents, equipment operator/supplier are presently working in the port and their performance are more or less satisfactory. With the globalization of trade, the port must be part of a cost-effective inter modal distribution system that contributes to the competitiveness of goods in world market. Port users are rightly no longer prepared to accept services, which are inefficient and expensive, and rather demanding facility innovations and enhanced productivity. Analysis of the problems, which the Chittagong port is facing, clearly indicates the capacity additions will be required through the provision of equipment and port facilities especially for containers. This challenge can be successfully tackled by involving private sector within an appropriate port development and management partnership, as is the case throughout most Asian countries. The approaches like improvement in port productivity and efficiency through available options like commercialization/Corporatization and expansion of existing facilities or create new facilities in green field sites on BOO/BOOT/BOT type are adopted worldwide to increase port capacity by involving the private sector. To this end GOB may adopt a clear and transparent guidelines for private sector participation in port services and port facilities for both the maritime ports of Bangladesh. Such a guidelines as approved by the government of India is functioning. As per guidelines ports will continue to discharge their regulatory role under ordinance.

CHAPTER V

CONCLUSION

The recommendations stated above may not be adequate to the expectation of the trade community. Particularly globalization and liberalized economy has offered a big scope for Bangladesh to attract capital investments in different sectors of the economy. But for this to materialize reliable and efficient infrastructure, particularly transport infrastructure of which seaport forms an important link is absolutely needed. Otherwise Bangladesh will loose competitiveness and fail to take advantage of the opportunity offered by globalization. For improvement of infrastructure not only a lot of capital investment is required but institutional/organizational reforms is necessary. Increased private participation in the development and operation of infrastructure is viewed now a day in many Asian countries as a means to obtain much needed capital as well as private expertise for improved efficiency. Public sector agencies like port authority in general lack flexibility and freedom to respond quickly to market demand. Whereas private investors have their own freedom to decide and act on pure motivation of profitability and thereby produce the required service. But caution must be exercised for transition from state-owned , controlled, managed and operated facilities to private one. For this a lot of groundwork is required to be done including consultation among the stake holders to reach consensus about mode and process of reform measures to be undertaken in phases for involvement of private sector participation in the port development.

As we enter the 21st century, the future of the port industry is both exciting and challenging. Exciting, because the global expansion of trade will mean a sustained increase in transport. Ports are an essential part of the transport chain especially with international trade. The cost of transportation reflects on the competitiveness of the products sold and every nation like Bangladesh has a vested interest in developing an efficient transport system. Road, rail, air and ship transportation will all be seeking a slice of this market and will be looking for innovative improvements for efficiency of its maritime ports to increase customer share. The ports will play a major part in that development. Challenging, because ports will continue to compete for business but also have to take into account the increased responsibilities that port management is being held accountable for. There is no doubt that over the next twenty years, ports around the world will see reform process in structure, organization and corporate objectives. These changes in one hand will need competent management in other hand will assist government/port authority professionals to meet these challenges for the future.

Having said this the CPA is continuing in its endeavor to improve efficiency and level of service in overall port operation and management. We hope in the near future all activities of the port will reach the optimum level of efficiency of the modern ports of the world. Assessment of operating efficiency of a port of a particular country is judged in the perspective of overall economic and infrastructure development level, inland distribution system, labor productivity, socio-politico scenario of that country. Ignoring these factors it is not justifiable to compare the efficiency level of our port with that of any port in the globe where all these factors are made improved and stable. Efficient functioning of port is influenced by overall prevailing conditions of the country where it is situated. So the efficient functioning of the port does not depend alone on the port authority itself.

Let us hope that the public/private agencies, labour organization, trade community, social and political institutions, press and media will extend thier positive and active co-operation to make the chittagong port a dynamic efficient port and uplift the operational efficiency of the Port to a level of international standard in the South East Asian region to meet the future requirement of Bangladesh.

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MODERNISING GOVERNMENT AUDIT

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BANGLADESH PUBLIC ADMINISTRATION TRAINING CENTRE
SAVAR, DHAKA
JUNE, 2000



Modernising Government Audit

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A seminar paper submitted in partial fulfilment of the requirement of successful completion of 32nd Senior Staff Course held from 23rd April to 6th July, 2000.

CONTENTS

Preface	iii
Executive Summary	v
Abbreviations	vii
Chapter - I	
Introduction	1
Objectives	1
Scope	2
Methodology	2
Chapter - II	
Present Status	3
Chapter -III	
Weaknesses	6
<i>Institutional</i>	6
<i>Professional</i>	7
Chapter -IV	
Analysis and findings	9
<i>Facts behind</i>	9
<i>Misconception removed</i>	9
<i>Findings</i>	11
Chapter -V	
Recommendations	12
<i>Institutional</i>	12
<i>Professional</i>	12
<i>Auditing standard</i>	12
<i>Auditing personnel</i>	13
<i>Professional registration</i>	14
Chapter - VI	
Conclusion	15
Bibliography	16
Annexes	I, II, III and IV

PREFACE

This seminar paper was prepared and presented by me in a seminar arranged by Bangladesh Public Administration Training Centre during my training in the 32nd Senior Staff Course during the period from 23rd April to 6th July, 2000.

The subject matter of the seminar paper entitled " Modernising Government Audit " is very much important and relevant in the present -day context of transparency and accountability in the Governance of our country . A good governance underlies transparency simultaneously ensuring a good deal of accountability in the utilisation of scarce resources of the country.

The Government Audit is one of the most important mechanisms through which this vital need of accountability and transparency is ensured . The Government Audit bearing a legacy of our colonial past is presently beset with a host of problems and drawbacks. It is persistently becoming incapable and ineffective in meeting newer challenges and national requirements with its present age-old practices . Therefore, it is high time for the Supreme Audit Institution of the country to launch positive action programmes. This will require reforms in all vital organs of the department which can only ensure quality outputs keeping pace with the time and ensure sustainability. With this end in view , the paper has been prepared identifying certain basic weaknesses with analysis of prevalent national situations and international standards and certain positive recommendations for modernisation of the department.

I am grateful to Dr. Ekram Hossain, the honourable Rector who was kind enough to allow me my chosen subject, " Modernising Government Audit", for the seminar paper. In course of preparation of the paper I have been immensely benefited by some guidelines given by Waliul Islam , former secretary to the

Government of Bangladesh who was very kind to advise on the format and design of the paper including sequential arrangement of contents. Syed Shamsul Alam, Director, BPATC and Course coordinator, helped me very sincerely all the time whenever I approached him for any purpose relating to the training. I also extend my thanks to Syed Naquib Muslim, Director, BPATC, whose valuable suggestions from some of his books helped me a lot to enrich the paper. Finally, I extend my thanks to Das Sagarika who was very prompt and sincere in wordprocessing this paper to the best of her ability.

I shall be happy if this exercise comes to any use either in the Audit department or in this Training Academy in future.

The 24th June, 2000
Savar .

Arunangshu Sen

EXECUTIVE SUMMARY

Today issues like transparency and accountability are embedded in the process of good governance. Supreme Audit Institution of Bangladesh like any other country in the world is assigned with the constitutional responsibility to ensure measurement of accountability of Government functionaries. Accordingly, the Government Audit functioning under the independent control of the Comptroller and Auditor General of Bangladesh has a very important and positive role in the overall accountability process of our country when we are constrained in the field of proper utilisation of our scarce resources.

The institution of Government Audit, being an age-old organisation like most other Government and constitutional bodies, is persistently failing in its endeavours to attend to the parliamentary as well as the need of other national and international stakeholders. In this paper, while highlighting the above aspects of the hard realities present status of Government Audit has been described. It is seen that although the Comptroller and Auditor General of Bangladesh heading the audit institution enjoys independent constitutional status, the institution has been kept subservient to many Government functionaries which affects discharge of his responsibilities adversely. Apart from this, inadequate and improper attention given to this department after independence of our country caused certain drawbacks and problems which impede its smooth functioning and in meeting the national audit needs.

In order to counteract the problems certain basic weaknesses have been identified. These are mainly 'institutional' and 'professional'. The institutional weaknesses have been identified to be the financial and administrative control of the Government. Although constitutionally the audit department has been kept independent, it is actually not so in practice. In the professional field, there was a misconception of indispensability of chartered accountants for bringing about reforms in the department. But this has been proved faulty over years of

hard realities in the field. The misconception has been removed with the setting of a definite professional standard for Government Audit in the 90s by the international organisation of supreme audit institution. A thorough analysis of the prevailing situations was made and views from some Supremes Audit Institutions of Asia have been obtained ; for modernising Government Audit recommendation in the form of institutional change and professional standardisation as per present day needs have been outlined . Finally, emphasis has been laid on quick transformation of the present general character of the Audit department into professional one . This has been deemed essential in order to respond quickly and properly to the overall accountability and audit needs of the country.

ABBREVIATIONS

AATA	:	Audit and Accounts Training Academy
ASOSAI	:	Asian Association of Supreme Audit Institutions
BPATC	:	Bangladesh Public Administration Training Centre
C &AG	:	Comptroller and Auditor General
C A	:	Chartered Accountant
CPA	:	Certified Public Accountant
FIMA	:	Financial Management Academy
INTOSAI	:	International Organisation of Supreme Audit Institutions
ISA	:	International Standards on Auditing
SAI	:	Supreme Audit Institution
SAS	:	Subordinate Accounts Service
SOE	:	State Owned Enterprise

CHAPTER - I

1.1 Introduction

*"Old order changeth yielding place to the new"*¹. Social changes, necessitating changes in the economic discipline and other modern technicalities, open up the door of modernisation. In order to keep pace with the need of the time and of future, modernisation through change or improvement in the system or technicalities in any discipline, is necessary. Statutory or Government Audit being an age-old system and institution in our country now-a-days faces newer challenging requirements from its users. Our pluralistic society with its ever expanding democratic dimensions throws a regular demand for accountability and transparency to the Government functionaries. Statutory or Government Audit, being an effective tool for measuring accountability has, in the recent days, been instrumental to forcing the Government or the executing authorities in matters of proper utilisation of scarce resources of the country. In our country, the present traditional audit system has been found incapable of measuring accountability of executives as per parliamentary requirement. This coupled with international requirements (particularly from development partners) for quality audit has necessitated modernisation of Government Audit in our country .

1.2 Objectives

Objectives of this paper have been broadly outlined as :

- to identify basic weaknesses of Government Audit in the institution and in the profession.
- to examine and analyse the existing situation and recommend measures for modernisation of the system.

¹ Tennyson, Alfred.- *In Memorium*.

1.3 Scope

The subject matter and scope of this paper is Statutory Audit or Government Audit engaged in the audit of all transactions pertaining to expenditures from the consolidated fund of the Republic. The authority of Government Audit, its institutional set-up, responsibilities, present status, weakness and recommendations for meeting the challenges for the present and also in future, are the main points of discussion. Simultaneously, the importance and the role of Government Audit in the overall accountability process and link and interaction with Asian Organisation of Supreme Audit Institutions (ASOSAI)² have been highlighted. The scope of discussion is limited within the situation and realities prevailing within the department and does not extend over the auditing field and practices outside Government transactions.

1.4 Methodology

The methodology adopted for collection of information and data is based on both from primary and secondary sources. Primary sources include, collection of information and views from some Supreme Audit Institutions (SAI) through E-mail, discussion with Dy. Comptroller & Auditor General (Audit and Reports), Directors General of Financial Management Academy (FIMA)³, commercial Audit, Foreign-aided project Audit, interactive discussion with Mrs. Saraswathy Rajagopal⁴. Secondary sources include some books, Journals and publications listed in the 'Bibliography' at the end of this paper.

² ASOSAI was formed in 1978 to bring all the institutions of the Auditors General of Asia under an umbrella for upholdig an uniform govt. auditing standard under affiliation of International Organisation of supreme Audit Institution (INTOSAI)

³ FIMA was Established in 1999 Transforming Audit & Accounts Training Academy. The institution like other Audit Directorates is headed by a Director General and is under the control of the C & AG.

CHAPTER - II

2. Present Status

- 2.1 The constitution of the Peoples Republic of Bangladesh provides (Article 127 to 132) for the post of one Comptroller and Auditor General (C & AG) , audit of all financial transactions of the Government and preparation of report for the Parliament. The C&AG (Additional Functions) Act, 1974 requires C&AG to exercise some more functions for keeping of Government accounts, preparation of Appropriation and Finance Accounts, audit of accounts of statutory public authorities, preparation of Commercial accounts and General Financial statement. All these reports are required to be submitted to the President who causes these to be laid before the parliament.
- 2.2 In the discharge of his responsibilities C &AG maintains a structural set-up (Annex-1) comprising of 9(nine) audit directorates and three establishments for accounts. Total manpower for the audit establishments is 3371 (1051 professional + 2320 Support Staff)⁵ for audit of about 22,250 audit units. A list showing functional areas of Audit is given at Annex -II. The auditors coming from diverse academic background and trained in FIMA are required to qualify in Subordinate Accounts Service (SAS) examination . The syllabus of the SAS examination is almost traditional having no scope of specialisation and inculcation of latest techniques and audit programmes in the system.
- 2.3 Article 128 (4) of the Constitution provides C&AG with independence in the discharge of his duties and is not "subject to direction or control of any other person or authority."

⁴. A resource person from Malaysia during BPATC training from 13th to 15th May, 2000.

⁵ Source : *Annual Audit Report* (Page-II) -July 99, published from 'AUDIT House', Dhaka.

- 2.4 The audit work of C & AG is traditional . It is financial audit following traditional audit codes and manuals. Recently, 'Auditing Standards' and some manuals following the standards have been published. But audit report following the new standards and manuals are yet to be issued except the audit reports being issued from the Foreign – aided Project Audit Directorate since 1998 in the form of short - form report (with Audit opinion) with accompanying management letter.
- 2.5 There had been some sporadic efforts for improvement of audit performances and updatation of audit works clearing a backlog of 8/10 years. The backlog has been cleared and some special audits and performance audits were conducted. The result was undoubtedly good but nothing spectacular in the absence of a comprehensive plan and observance of modern audit programmes and technicalities . Overseas training for performance audit was imparted to some mid-level officers. Some other officers of different levels were also imparted overseas and local training. But all these were not properly planned and organised for which these could not generate qualitative improvements in audit output.
- 2.6 There had been very little efforts in the distant past for a meaningful reform in the auditing system. In this regard, one attempt was made through a project (84-89) for bringing about a reform in the Audit and Accounts Training Academy(AATA). This project failed because of poor performances of some inefficient and inexperienced Chartered Accountants(CA). However, after some years again in 1994, one project entitled 'Development of the Auditing System of Foreign -aided projects ' was launched . This was completed in 1997 successfully because of commendable performances of all the consultants having experience and working knowledge in Government Audit . Very recently, three projects for modernising Government Audit have been started. These are :

- i) Reforms in Government Audit (RIGA) - July 98- June 2000 ;
- ii) Strengthening of the office of Auditor General (STAG) - July, 98 - June, 2001 and
- iii) Enhancing Training Facilities of FIMA -July,99 - June, 2002.

These are now under implementation . After implementation, qualities of audits are likely to improve.

CHAPTER - III

3. Weaknesses

- 3.1 Modernising efforts for Government Audit requires identification of its basic weaknesses. That may be judged from the users' point of view. As pointed out earlier, audit report is submitted to parliament which serves as a tool for measurement of accountability. Secondly, audit report from independent audit organisation is a compulsory pre-requisite for foreign - aid (loans and grants) from all development partners which finance almost 50% of the development projects in our country.
- 3.2 Recent audit needs both from the parliament and development partners lay stress on '**Timeliness, Materiality and Qualitativeness**'. Government Audit in view of its present institutional and professional limitations is facing problems to cope effectively with the audit needs. These are enumerated below.

3.2.1 *Institutional*

C & AG is the head of statutory or Government Audit. As per article 128 (4) of our constitution, he is fully independent in the exercise of his functions. But in practice, it is not established by the rules of business of the Government. He is to depend on executive ministries like Finance, Establishment etc. for his budget, manpower, recruitment, training and other important operational and administrative matters. The cadre control of the officers of the department is vested with the Finance Ministry. Besides this, the administrative control of C & AG's establishment is left with the Finance Ministry. These financial and administrative limitations are found to have seriously limited the independence and functions of the Auditor General.

3.2.2 Professional

3.2.2.1 International professional status of C & AG is recognised as head of Supreme Audit Institution (SAI) . Our auditing standard is yet to assume the full international standard being pursued since 1991⁶. Although Auditing Standards, an Audit code and some manuals have been recently published incorporating international standards, its practice and sustainability is yet to achieve. The present traditional system with some successful reforms in the field of Foreign-aided project audit has necessitated the need for improvement and sustainability in other audit directorates. FIMA is not professionally equipped to take the load of regular professional training . Audit directorates are also incapable of arranging regular meaningful professional in-house training. The syllabus for both probationer cadre officers and SAS examinations lack in professionalism . There is little or no professional interaction with International Organization of Supreme Audit Institutions (INTOSAI) . As a result, project package deals may not succeed in generating dynamism or a self- propelling force in the practice of a true professional standard.

3.2.2.2 In terms of article 128 of our constitution, year-end financial audit of all Government expenditure is the present responsibility of Government Audit. Special audits done at special requests from administrative ministries are in addition to the routine works . Recently Performance Auditing is also being conducted amid many limitations . The year - end audit is dependent on completion of accounts at the end of the financial year. Accounts is under direct control of executive ministries and their subordinate offices and departments. In certain big organizations like, Railway, Posts, Telephone and telegraph, defence etc, there are strong internal control and audit within the system. But in most of the Government offices, absence of such control mechanism render

⁶ *Financial Accountability and management in Government.* (Page -5)-An ASOSAI publication -1992 from office of the Auditor General, Malaysia, 50518, Kuala Lumpur.

adoption and conduct of 'System-based Audit' impossible . This has left proper utilisation of limited resources of Audit department very difficult . Besides, the standard of financial discipline and quality of financial management are so poor that it seriously limits the scope of proper discharge of responsibilities by the audit.

CHAPTER – IV

4. Analysis and findings

4.1 *Facts behind*

It is apparent and also clear that, in the absence of a definite auditing standard in the Government Audit and its isolation from international Government Audit arena, particularly from ASOSAI, weakness of Government Audit in our country started to grow. When ASOSAI was established in 1978 under the umbrella and affiliation of INTOSAI which issued an auditing standard in 1991, Government Audit in our country was not found to respond to it. We only started occasional interactions from mid-90s with no positive action for quality improvements. The decaying situation was further aggravated by political situation in the country, absence of transparency and accountability even in the democratic environment of recent past. Above all, the national and international audit firms and their organisations added fuel to the fire when they started with their full strength and lobby to get business out of the foreign-aids and other expenditures made from the consolidated fund of the Government.

4.2 *Misconception Removed*

Professionalism in any discipline implies a set of definite functional standards with provision for concurrent elevation in line with global developments. Earlier, absence of professionalism coupled with absence of transparent and accountable environment ate into the vitals of our Government Audit. The decaying situation encouraged Chartered Accountants (CA) and Certified Public Accountants (CPA) to delve deep into Government Audit performances. National and international agents of these vested groups started to misconstrue the facts behind the

weakness of Government Auditing standard for getting hold in the field . Even openly they pleaded⁷ for CA/CPA as the only panacea for Government Audit malady. It was seen that in the 80s these CA/CPAs, through their patronisers in our Government leadership, managed to get into important positions in the field of public finance without any experience and knowledge . This deteriorated the performance and financial discipline in some State owned Enterprises (SOE) and sector corporations which are in the losing account till now. In the AATA under C&AG a reform project was undertaken for implementation during 1984-89. The project turned into total failure for appointment of four local and expatriate consultants who were CAs having little experience in the field of public finance and Government Audit . Another glaring example of incompetency of inexperienced CAs may be cited from an exercise⁸ (Annex-III) of an audit directorate under C&AG in 1998. It was seen from comparative analysis of audit results of 4(four) private audit firms and Government Audit that when these private audit firms manned by CAs , gave 'unqualified' audit opinion, the Government Audit found material audit observations in the same transactions leading to 'Qualified' audit opinion. Very recently a reference was made to some SAls of Asia about their views regarding indispensability of CAs or CPAs for modernisation of Government Audit. All of them opined vide Annex-IV that CAs and CPAs are not essential. Rather, intensive training and interactions among SAls are the only possible solutions. It is therefore established that inexperienced CA/CPAs very much like any fresh graduate from any discipline, is not at all a solution to the problem or weakness in the SAI. Mr. Osman Ghani Khan, former C & AG of Bangladesh opines , " For auditing Government accounts, it is not necessary to appoint any Chartered Accountant. Even if a Chartered Accountant is appointed in

⁷. *Government that works : Reforming the Public Sector* (page-xxii) - An world Bank Publication; Feb'96, Dhaka , Bangladesh.

⁸. Foreign -aided project audit directorate's memo no. 7/FAPA/cord Section/Mise-1/96-97/60 Dt. 30.3.98

the Audit department, he would have to undergo rigorous and intensive training to be able to audit Government accounts⁹.

4.3 Findings

Hard core findings coming out from above analysis are as under :

- Certain basic institutional and professional drawbacks and limitations are responsible for the present weaknesses of Government Audit.
- Reform process or modernisation efforts in the Government Audit discipline should be started from within sincerely following SAI's own professional standard.
- For permanent solution to the weaknesses, development, sustainability and continuous improvement in the professional standard of SAI is absolutely essential.

To that end, a comprehensive action plan for a thorough institutional and professional reform process is a prime need of the hour. These are outlined in brief in the next chapter.

⁹ . *Public Money & Management* (page- 7) - A FIMA annual Journal published in Nov./99 by DG/FIMA, 11nd 12 - storied Govt. building , Segunbagicha, Dhaka.

CHAPTER - V

5. Recommendations

Fundamental weaknesses in Government Audit as identified in the weakness and analysis call for immediate address through institutional and professional reforms. There are outlined below.

5.1 *Institutional*

The Supreme Audit Institution headed by C & AG should be placed direct under the President of the Republic in order to make it really independent. The present unconstitutional provision in the rules of business of the Government relating to C & AG's establishment and rules thereof should be deleted. Warrant of precedence should also be set right accordingly. C&AG should be given full authority in matters of budget, recruitment of manpower, training and all types of structural settings and adjustments. A full-fledged Government secretariat division should be set up under complete administrative control of C & AG with complete accountability to the parliament through the President of the Republic. A legislative action should be taken incorporating the above provisions leading to enactment of laws. Finally, in order to make the office of C&AG really effective in matters relating to enforcement of financial discipline, "Court of Audit" may be set-up as has been done in Turkey and many other countries of the world.

5.2 *Professional*

Professionalism in Government Audit depends mainly on two factors. These are (a) Auditing standard and, (b) Auditing personnels or manpower. In order to update or modernise the professional base of our Government Audit the following actions are essential.

5.2.1 *Auditing Standard*

In line with INTOSAI Auditing Standard, the draft published in 1991, all audit technicalities should be arranged. Particularly it should be ensured that field audits are conducted following the audit programmes set forth in INTOSAI International Standards on Auditing (ISA). A special cell in

C & AG's office headed by a senior officer may be established. The cell will look after the compliance of the standard by all the audit directorates, maintain regular international (ASOSAI & INTOSAI) link to uphold the international standard and also conduct research work in the field to contribute to the standards internationally through INTOSAI.

5.2.2 Auditing Personnel

Quality of audit personnel or auditors is an important parameter of auditing standard of any organisation. In Government Audit there are two distinct levels of audit personnels or auditors. These are (a) Audit officer and (b) Auditor. The former category comprises of officers of the level of Superintendents, Assistant officers and all other cadre officers above. The second category is the subordinate audit staff comprising of auditors and junior auditors. Leadership in audit works at field level devolves on the former category of officers who after rigorous and intensive training are required to qualify in the SAS examination. The cadre officers are also required to qualify in a two-yearly departmental examination against a definite syllabus. At present, the syllabus in both the category of audit personnels are of general nature having little scope for specialisation. Therefore, it is essential that in order to modernise auditing skills the syllabus should be thoroughly updated keeping provision for 'Programme'- oriented applied exercises, training modules on preparation of auditors' working papers on different types of transactions, macro and micro audit planning, etc. Separate and special provision of training in the field of performance auditing incorporating the above technicalities should be kept for audit officers at all levels. The techniques of performance auditing with special skill in quantification and measurement of socio- economic benefits and costs, revenue audit technicalities, environment audit techniques, etc. as per INTOSAI Auditing Standard should be carefully incorporated in the officers' training syllabus at the entry level and strictly as qualifying criteria for promotion

upto the level of senior administrative grade. This is essential in view of international professional emphasis on training and interaction with SAls as pointed out by the SAI community over E-mail responses placed at Annex IV .

5.2.3 Professional registration

In view of international setting of professional auditing standards for Government Auditing under the umbrella of INTOSAI, time has come to arrange and produce Certified Public or Government Auditors backed by institutional support from FIMA. The fresh graduates entering into cadre service of Bangladesh Civil Service : Audit & Accounts from diverse background i.e. from Engineering. Agriculture. Medicine, Economics , Public Administration, even from CA, CPAs, etc, may be picked up for articleship. These new officers , after their placement may be brought under a special programme for articleship under direct supervision from FIMA in addition to the departmental responsibilities of the officers concerned. The field of articleship may be programmed in Railway, Defence, Commercial Audit (Specially in the SOEs, Bank, Insurance, Biman and Shipping), Revenue audit and port transactions, works audit and Foreign -aided project audit. On completion of articleship covering a period of 3/4 years, examination in two parts may be arranged for registration in association with ASOSAI or INTOSAI. Qualification in this examination may lead to registration or certification for public or Government Auditors. Special pay or handsome allowance may be provided for these registered auditors who can only be considered for promotion to the level of junior administrative grade and afterwards. This will lead to perfection, consolidation, sustainability and provide scope for regular improvement in the auditing standard of Government Audit.

CHAPTER - VI

Conclusion

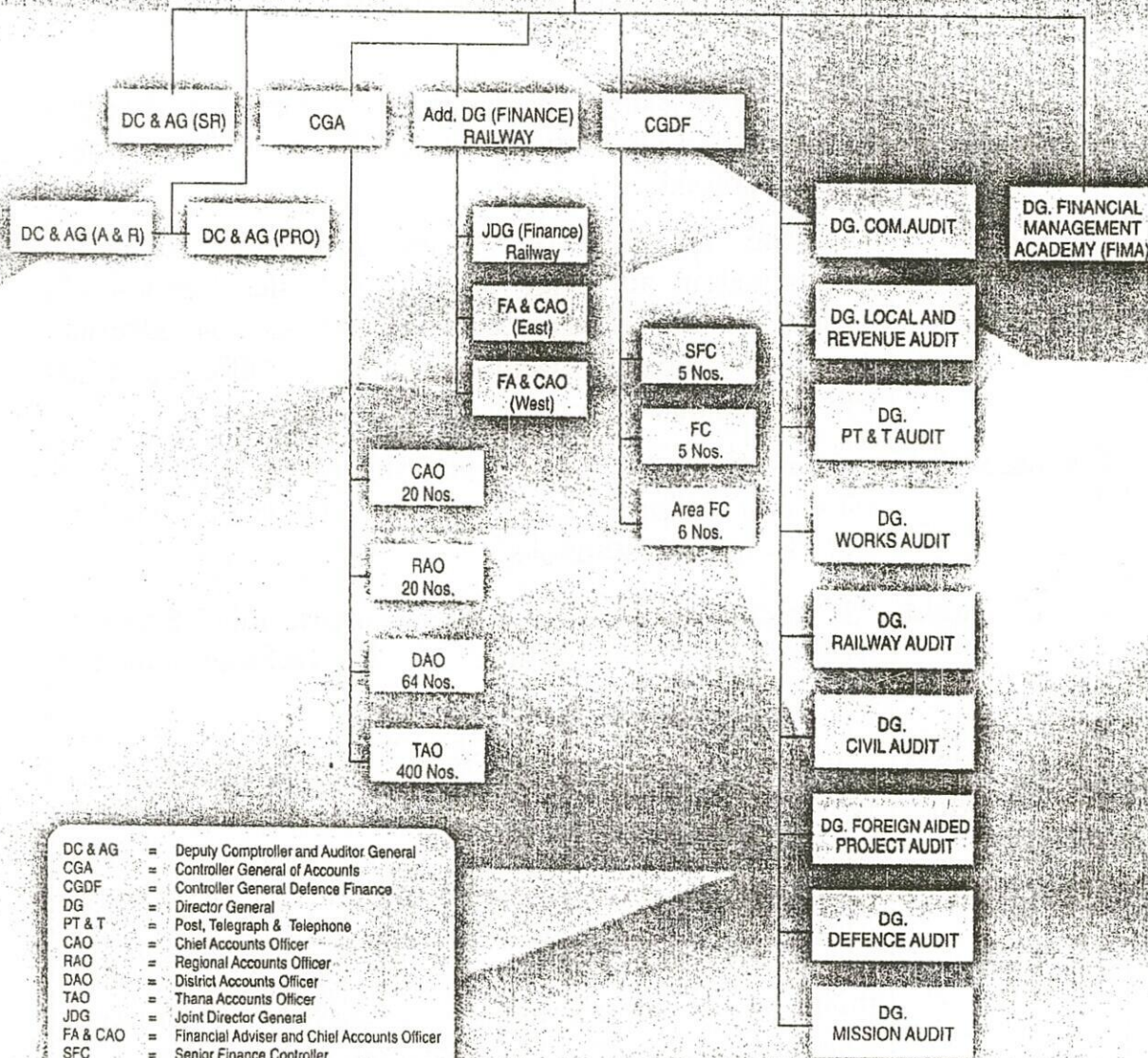
Basic reforms in vital organs of SAI is essential for modernising Government Audit . For this, generalistic character of Government Audit discipline needs quick transformation into a technical and profession-based discipline. In the modern age of specialisation no discipline can survive without specialisation backed and nurtured by its national and internationally organised professional base and network. Modernising efforts need be streamlined and managed accordingly with newer zeal and vigour from the top leadership of Government Audit. In a resource-scarce welfare state like Bangladesh where proper utilization of scarce resources is the crying need of the hour, Government Audit should be treated as an important tool of accountability-measurement and it needs to flourish with no loss of time.

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COMPTROLLER AND AUDITOR GENERAL OF BANGLADESH



FUNCTIONAL AREA OF GOVT. AUDIT.

Sl. No	Directorates	Functional Areas
1.	Local and Revenue Audit	All Civil Government Departments, Local and Statutory bodies including Municipalities/City Corporations
2.	Foreign Aided Projects Audit	All Investment and Technical Assisted Programs funded by Foreign Aid.
3.	Mission Audit	All overseas Bangladesh Missions, Nationalised Banks, Shipping Corporation Offices, Biman Offices, etc. situated abroad.
4.	Civil Audit	Financial Auditing of Accounts of the Republic maintained in all office of the Controller General of Accounts 400 Thana Accounts Offices, 64 District Accounts Offices, 20 Regional Accounts Offices and 20 Chief Accounts Offices
5.	Commercial Audit	All Government parastatals and State Owned Enterprises (SOEs) including National Commercial Banks (NCBs) and Financial Institutions.
6.	Defence Audit	All units/formations of Armed Forces, Inter Services Organizations and Offices of the Defence Finance Department
7.	Railway Audit	All establishment of Bangladesh Railway
8.	Works Audit	Works expenditure relating to Public Works Department, Roads and Highways Department, Water and Power Development Boards, Dhaka Electric Supply Authority, Water and Sewerage Authority, Civil Aviation Authority of Bangladesh, LGED, Public Health Engineering Department, Rajdhani Unnayan Kartripaksha and other city development authorities.
9.	Post, Telephone and Telegraph Audit	All establishment of Postal, Telephone and Telegraph Departments and the Offices of the Chief Accounts Officers, Ministry of Post and Telecommunications.

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার
বৈদেশিক সাহায্যপুষ্টি প্রকল্প অডিট অধিদপ্তর,
সিঙ্গিএ বিল্ডিং (তৃতীয় সারি), তৃতীয় তলা,
সেগুনবাগিচা, ঢাকা।

নং-৭/ফা/সমন্বয় শাখা/বিবিধ-১/৯৬-৯৭/১০

তারিখঃ-৩০/০৩/৯৮ইং

বরাবর,
মহাহিসাব নিরীক্ষক ও নিয়ন্ত্রক,
বাংলাদেশ, ঢাকা।

স্মৃঃ আকর্ষণঃ- জনাব রনজিত কুমার চক্রবর্তী, এডিঃ ডি সি এজি।

বিষয়ঃ- প্রকল্পের অর্থে বেসরকারী অডিটর নিয়োগ প্রসঙ্গে।

সূত্রঃ- সিএজি কার্যালয়ের পৃঃ নং-সিএজি/প্রো-১/মাসিক সভা/০০৬/খন্ড-২/৩৫৮ তাং-১৬-৩-৯৮ এর মাধ্যমে
গেরীত সভার কার্যবৃত্তের ৭ নং অনুচ্ছেদ।

উপরোক্ত বিধি ও সূত্রের প্রতি দৃষ্টি আকর্ষণ করা যাইতেছে।

বর্তমানে প্রায় ৪০টি উন্নয়ন সহযোগী প্রতিষ্ঠান/দেশ এর আর্থিক সহায়তায় বাংলাদেশে প্রতি অর্থ বৎসরে প্রায় ৬০০টি প্রকল্পের অর্থ বিনিয়োগ করা হইতেছে। বৃহৎ দাতা সংস্থা, যেমন, IDA, ADB, CIDA, USAID ইত্যাদি মূলতঃ তাহাদের অর্থে পরিচালিত প্রকল্পে তাহাদের প্রয়োজনে ব্যক্তিগত/কোম্পানী/অডিট ফর্ম নিয়োগ করার জন্য প্রকল্প কর্তৃপক্ষকে শর্ত অথবা অন্যকোন উপায়ে প্রদান করে। ফলে প্রকল্পের অর্থে এ ধরনের ফর্ম এর নিয়োগ এর প্রয়োজন না থাকিলেও প্রকল্পের অর্থে (অধিকাংশ ক্ষেত্রে পি,পি বহির্ভূত) এ ব্যয় মিটানো হয়।

প্রকল্পের বাস্তবায়ন কর্তৃপক্ষ, এমন কি যোদ দাতাদের নিকট এ ধরনের অডিট ফর্ম এর প্রতিবেদন এর প্রয়োজনীয়তা কতটুকু সেব্যাপারে এই কার্যালয়ের যথেষ্ট সংশয় রহিয়াছে। কেননা বাস্তবে দেখা যায়, প্রকল্পের লেনদেনের মূল্যায়ন ও পর্যালোচনার সময় এই অধিদপ্তরের অডিট রিপোর্ট এর ফাইন্ডিংস ই আর্থিক শৃঙ্খলা ও ব্যবস্থাপনার আর্থিক ক্ষতি-বিচ্ছাদিত তুলিয়া ধরে। মূলতঃ প্রকল্প ব্যবস্থাপনা হইতে ইচ্ছা করা বিভিন্ন রকমের আর্থিক নিবরণী ও এম আই এস ব্যবস্থাপনার উর্ধ্বতন পর্যায়ের প্রয়োজন মেটায়। কিন্তু অডিট ফর্মের অডিট রিপোর্ট প্রকল্প বাস্তবায়ন প্রক্রিয়ায় মাঠপর্যায়ে কোন কাজে আসে বলিয়া দেখা যায় না। দেখা যায়, এ ধরনের রিপোর্ট অধিকাংশ ক্ষেত্রে নিয়োগদাতার নির্দেশ ও পরামর্শ অনুযায়ী প্রণীত হয়। ফলে তাহাতে আর্থিক বিশৃঙ্খলা ধরা পড়ে না। এমন কি, সিএজি অধীনস্থ অডিট অধিদপ্তর যেখানে অডিট রিপোর্ট QUALIFIED হিসাবে চিহ্নিত করে সেখানে অডিট ফর্ম UNQUALIFIED রিপোর্ট দাখিল করার বহু যেকর্ড রহিয়াছে। এ অবস্থায় প্রকল্পের তহবিল হইতে এ ধরনের অডিটর জন্য অর্থ যোগান কতটুকু যুক্তিসংগত সে ব্যাপারে বর্তমানে প্রশ্ন দেখা দিয়াছে।

এই অধিদপ্তর হইতে এবং একই সঙ্গে অডিট ফর্ম দ্বারা একই প্রকল্পের যে অডিট করা হয় সে ব্যাপারে ৪টা প্রকল্পের উপর প্রণীত অডিট রিপোর্ট এর ফাইন্ডিংস এর তুলনামূলক অবস্থা এতদূর করা হইয়াছে। বিভিন্ন অডিট ফর্ম এবং এই অধিদপ্তরের রিপোর্ট এ চিহ্নিত অনিয়ম ও আর্থিক ব্যবস্থাপনার তুলনামূলক মূল্যায়ন এর একটা চিএ সংলগ্ন একটা বিবরণীতে সংযোজিত হইল। অডিট ফর্ম এর অডিট ক্যালেন্ডার বৎসর এবং এই অধিদপ্তর এর অডিট অর্থ বৎসরের উপর ভিত্তি করিয়া করা হইলেও আপত্তির বৈশিষ্ট্য, মান এবং ISA/INTOSAI এর বিধানগত মান এর বিবেচনায় তুলনামূলক বিশ্লেষণে অডিট অধিদপ্তরের অডিট এর মান ও নির্ভর যোগ্যতা অনেক বেশী বলিয়া আমাদের ধারণা।

মহাপরিচালক মহোদয়ের অনুমোদনক্রমে।

৩০/৩/৯৮
o/c

৩০/৩/৯৮
(মইনুল ইসলাম)
পরিচালক

সংযুক্তি : বর্ণনামুখ্যায়ী।

**COMPARATIVE FINDING POSITION
IN THE
Audit Reports Of DG/FAPAD And Private Audit Firms.**

CASE -I

1. Name of the Project :Strengthening MCH/ FP services at MCWCS in Bangladesh.
2. Audit report : Done by D.G./FAPAD on 23-9-97 and by S.F Ahmed Company (Private Auditor) on for the F.Y. 1995-96.
3. Auditee :Directorate of Family Planning.
4. Fund Audited :Tk.35.80 Lac.
5. Comparative Findings.

Sl.No	D.G. FAPAD	S.F Ahmed & Company.
1.	Over-all opinion QUALIFIED Transaction fair but errors/lapses exists.	Over-all opinion-UNQUALIFIED (transaction perfect).
2.	It has comments on accounting system	Similar Comments.
3.	It has comments on accounting records & accounting control.	No Such Comments .
4.	It has detailed findings & recommendation for corrective measures .	No such comments
5.	Project description, Financing plan, Fund flow etc. outlined.	No such comments
6.	Statement of Financial transactions examined in detail as per ISA/INTOSAI standard.	Financial Statement is concise and not in detail.
7.	Audit observations as under has been made.	Position of corresponding Audit observation.
a)	No comments.	---Income tax deducted Tk.13,577 was deposited into national exchequer but treasury challan was not available for verification.
b)	expenditure incurred Tk.17,36,685 reimbursed by UNFPA in 1997.	--- No such comments
c)	Excess amounting to Tk.60,200 paid to C & F agent on account of commission..	--- No such comments
d)	Demurrage charge paid for Tk.1,76,600 for delay in clearing imported goods.	--- No such comments
e)	Irregular payment of Tk.161488 made on account of extra storage charge for delay in clearing imported materials.	--- No such comments
f)	Expenditure of Tk.619788 incurred on the basis of single tender.	--- No such comments
g)	Tk.138.99 lac was not reimbursed	--- No such comments
h)	Payment of Tk.58,568 on account of wharf rent & gang booking charge not in order.	--- No such comments
i)	Payment of carrying charge amounting to Tk.25465.00 without supporting documents.	--- No such comments
j)	Drawal of house rent of Tk.24,111 residing in official residential accommodation.	--- No such comments
k)	Irregular expenditure of Tk.9820 incurred over entitlement on account of Telephone bill.(Residential)	--- No such comments
l)	Tk.1,38,139/85 not drawn by authority of D.D.O.	--- No such comments

m)	Doubtful expenditure of Tk.14,869.00 financial loss of the project recoverable.	--- No such comments
n)	Expenditure amounting Tk.1,21,470/97 without voucher	--- No such comments
o)	Vat amounting to Tk.3605 not deducted from the contractor bill	--- No such comments
p)	Separate cash book not maintained	--- No such comments
q)	Unspent balance Tk.5341/38 not surrendered	--- No such comments
r)	Tk.2,94,283/07 not utilized by the local authority.	--- No such comments
s)	Gas bill amounting to Tk.3000 stands recoverable from a medical officer	--- No such comments

CASE -2

1. Name of the Project : Rural Maintenance Programme (RMP-III)
2. Audit report : Done by D.G./FAPAD on 22.3.98 & by A. Kasem & Company (Private Auditor) on 12.11.97.
3. Auditee : CARE Bangladesh through LGED.
4. Fund Audited : Tk. 112.32 Crore.
5. Comparative Findings.

Sl.No	D.G. FAPAD	A. Kasem & Company..
1.	Over-all opinion QUALIFIED transaction fair but errors/lapses exists.	Over-all opinion- UNQUALIFIED (transaction perfect).
2.	It has comments on accounting system	Similar Comments.
3.	It has comments on accounting records & accounting control.	No Such Comments .
4.	It has detailed findings & recommendation for corrective measures .	No Such Comments .
5.	Project description, Financing plan, Fund flow etc. outlined.	No Such Comments.
6.	Statement of Financial transactions examined in detail as per ISA/INTOSAI standard.	Financial Statement is concise and not in detail.
7.	Audit observations as under has been made.	Position of corresponding Audit observation.
a)	Difference between Bank Statement and in the ledger amounting to 80 lacs and 23.85 lacs. in the opening and closing balance respectively resulting in misstatement in the F/S.	--- Not pointed out.
b)	Transaction of Hard currency worth US\$ 1.23 ml. (Tk.5.32 Crore) not reflected in the F/S--- a serious lapse.	--- Not pointed out.
c)	Transaction in Bank A/C for Fund involving around Tk.59 lacs not reflected in the F/S. - a serious lapse.	--- Not pointed out.
d)	Expenditure made in excess of budget amounting to Tk.97.83 lacs shown headwise in a statement which resulted in over statement in the F/S.	--- No such clear cut headwise excess and its effect on F/S. has been pointed out.
e)	Wrong Booking of Tk.6.40 lacs not pointed out.	--- Wrong Booking of Tk.6.40 lacs pointed out and suggested rectification in next year's F/S.

CASE-3

1. Name of the project: Health and Demographic Survey project .
2. Audit Report: Done by D.G/FAPAD on January 26/1998 &
by B Alam & Co(private Auditor) on March 17,1997
3. Auditee:Bangladesh Bureau of Statistics,Dhaka.
4. Fund Audited : Tk.88.66 lac
5. Comparative Findings:

Sl.No.	D. G. FAPAD	B Alam & Co.
1.	Overall opinion QUALIFIED for following observation: The project was unable to supply supporting documentation for Tk.27.00 lac of expenditures concerning external training.	Over all opinion UNQUALIFIED (transaction perfect).
2.	It has comments on accounting system	Similar Comments
3.	It has comments on accounting records & accounting control.Bill /register was maintained for UNFPA grant. However,project was unable to supply supporting documentation for expenditure of Tk.27.00 lac concerning external training .	It has comments on accounting records & control .According to them Bills & vouchers were not found serially arranged & properly filed .All records , disbursement vouchers etc. found in order. However entitlement regarding using vehicles,residential phone & ceiling of monthly bill were not produced to them.
4.	It has detailed finding & recommendation for corrective measures.	Findings are of negligible quantities & concise
5.	Project description, Financing plan ,Fund flow etc. outlined.	Similar Comments
6.	Statement of Financial transactions examined in details as per ISA/INTOSAL standard.	Audit has been carried out as per the Scope of audit defined in the UNFPA Guide lines.
7.	Audit observations as under has been made.	Audit observations as under has been made.
a	Records for expenditure of Tk.27.00 lac not produced	Not pointed out
b	Yearly excess expenditure of Tk.3,44,976 as office rent.	Not pointed out
c.	Tk.63,363.96 spent as wharfage and removal charge.	Not pointed out
d.	Interest of Tk.39075 accrued has not been deposited in to Govt.A/C	Not pointed out
e.	Advances amounting to Tk.17,100 not adjusted	Not pointed out
f.	Expenditure of Tk.37,755 incurred for repairing of vehicles beyond financial power	Not pointed out
g.	Spare parts purchased for Tk.22,550 but Dead Stock Register not maintained for old Spare parts.	Not pointed out
h.	Certificate regarding deduction of in com tax for Tk.33,266 not produced.	
i.	Not pointed out	Tk.2000 lying with Mr.Halazur Rahman,DD. remained un adjusted till the time of audit
j)	Not pointed out	Entitlement regarding using vehicles, residentialphone and ceiling of monthly telephone bill were not produced for verification.

CASE -4

1. Name of the Project :Family welfare education & Motivation for FP services.
2. Audit report : Done by D.G./FAPAD on 13-4-97 and by Khan Wahab Shafique Rahman & company. (Private Auditor) on for the F.Y. 1995-96
3. Auditee :Bangladesh Rural Development Board.
4. Fund Audited :Tk.45 Lac.
5. Comparative Findings.

Sl.No	D.G. FAPAD	S.F Ahmed & Company.
1.	Over-all opinion QUALIFIED Transaction fair but errors/lapses exists.	Over-all opinion- UNQUALIFIED (transaction perfect).
2.	It has comments on accounting system	Similar Comments.
3.	It has comments on accounting records & accounting control.	No Such Comments .
4.	It has detailed findings & recommendation for corrective measures .	No such comments
5.	Project description, Financing plan, Fund flow etc. outlined.	No such comments
6.	Statement of Financial transactions examined in detail as per ISA/INTOSAI standard.	Financial Statement is concise and not in detail.
7.	Audit observations as under has been made.	Position of corresponding Audit observation.
a)	Tk.29914 spent for repairing of vehicales beyond delegation of financial power.	--- No such comments
b)	Tk.57,576 spent for pay & allowances beyond provision of P.P.	--- No such comments
c)	Interest accrued amounting to Tk.81,602 . not deposited into treasury.	--- No such comments
d)	Non utilization of fund Tk.10.74 lac.	--- No such comments
e)	Vat of Tk.1213 not deducted from the contractor's bill.	--- No such comments

Pritom Phookun, 03:10 PM 5/22/00 , Re: Information on CPA/CA

X-POP3-Rcpt: caomofa@dns1
Return-Path: <pritomp@hotmail.com>
X-Originating-IP: [202.54.72.74]
From: "Pritom Phookun" <pritomp@hotmail.com>
To: <caomofa@bdcom.com>
Cc: <subhu66@hotmail.com>
References: <200005211051.QAA05815@dns1.bdcom.com>
Subject: Re: Information on CPA/CA
Date: Mon, 22 May 2000 15:10:21 +0530
X-MSMail-Priority: Normal
X-MimeOLE: Produced By Microsoft MimeOLE V5.00.2314.1300

SAI - INDIA

Subject: Information on CPA/CA

Dear Kashem Bhai,

Please find my responses to each of your points below.

> Hope you all are fine and have settled down in your job. The memory of
nice
> days of Tokyo is very fresh and the dream of Japan is well fulfilled.
Thanks
> to ASOSAI.

Very true! The memories are still fresh in my mind.

> By the way, one of our senior colleague is presently working on
> Modernization of government auditing. He wants to have some idea on your
SAI
> on the following queries. It will be appreciated if you respond.
>
> a) Normally college/university fresh graduates are recruited in SAI.

In our case, the minimum requirement for recruitment is a graduate degree (BA/BSc/BCom) in any subject, except in case of clerical staff and below. However, for one particular category of direct recruits, namely, Section Officers (Commercial), the minimum requirement is a graduate degree in Commerce.

Non-supervisory auditing as well as clerical staff have to pass a rigorous departmental examination called the Section Officers Grade Examination (SOGI)

in short) in order to be considered for promotion to the first supervisory grade called "Section Officer". This examination has two parts -- SOGE-I and

SOGI-II. Only those candidates who successfully negotiate SOGE-I are eligible to take the SOGE-II. It is only after passing SOGE-II that promotion to the first supervisory grade is possible. Both these papers have

various papers in auditing and accounting.

>Some

- > SAI may have a system of producing Chartered Accountant(CA) after giving
- > them required training & after conducting public examination on CA course
- by
- > the SAI itself. Is it the case in your SAI?

Our SAI does not conduct any public examination on CA course. However, our executive level recruits (what we refer to as "Group A Officers") under go an almost two year long training programme which includes training on a number of subjects such as government auditing, government accounting, commercial accounting, public finance, quantitative techniques, computers, government rules, etc.. This period of training includes an on-the-job training for 6 months in specified field offices (offices of the Accountants General).

The direct recruit Section Officers also undergo a specified period of theoretical and practical training after which they have to pass the above-mentioned SOG examination.

b) If the above answer is no, what is the system of having Certified Public

> Accountant(CPA) in your SAI?

We do have Chartered Accountants (CAs) in our SAI but they are recruited through the same public examination taken by other university graduates. Normally there is no separate recruitment of CAs.

> c) Is it essential that CPA is a must for SAI?

Not in my SAI.

>

- > d) How professionalism can be developed to modernize the Govt. auditing?
- > Any suggestion.

Various steps need to be taken, including:

- effective training infra structure and programs
- inter action with other SAIs
- continued research
- preparation of medium- and long-term action plans
- harnessing information technology

Hope my responses are of use. All the above responses are based on my personal experience and may not necessarily be the "correct" official position. However, for official views of SAI, India on the above queries, I suggest that the senior colleague you mentioned get in touch with the Research and International Division of the office of the Comptroller & Auditor General of India, New Delhi (e-mail: cag@nda.vsnl.net.in). You can also contact the RIR division through our website www.cagindia.org

Pritom Phookun, 03:10 PM 5/22/00 , Re: Information on CPA/CA

Bye for now. Please write to me only at my Yahoo account
(pphookun@yahoo.co.uk)

Pritom
Shillong
22 May, 2000

siritorn Akaphant, 07:20 AM 5/22/00, Re: Information on CPA/CA

X-POP3-Receipt : caomofag@dnsl

Return-Path : < siritorn@coag.go.th >

X-Sender : siritorn@coag.go.th

To : caomofag@bdcom.com

From : Siritorn Akaphant < siritorn@coag.go.th >

Subject : Re : Information on CPA/CA

Date : Mon, 22 May 100 07 : 20 : 41 PDT

SAI - THAILAND

Dear Kashem,

> a) Normally college/university fresh graduates are recruited in SAI. Some
> SAI may have a system of producing Chartered Accountant (CA) After giving
> them required training & after conducting public examination on CA course by
> the SAI itself. Is it the case in your SAI ?

NO. Our SAI does only support the staff to be CA or CPA by providing the training course and on-the-job training for them to pass the examination and auditing experience. They have to pass examination from the another government office which is under Ministry of Commercial.

>

> b) If the above answer is no, what is the system of having Certified Public
> Accountant (CPA) in your SAI?

>

> c) Is it essential that CPA is a must for SAI?

It's not necessary. If the one who is already CPA, he or she will be assigned to audit in the specific division where audits the state enterprise

If he or she is willing to do so.

> d) How professionalism can be developed to modernize the Govt. auditing?

At this moment we use training course and on-the-job training.

I'm not sure whether my answer will be helpful for your colleague or not

If you would like to get more information, you can ask Jarawan since she is fully in charge of training division. She will have good suggestions for you.

X-POP3-Rcpt: caomofa@dns1
Return-Path: <wmumpuni@yahoo.com>
Date: Tue, 23 May 2000 02:59:28 -0700 (PDT)
From: Widodo Mumpuni <wmumpuni@yahoo.com>
Subject: Re: Information on CPA/CA
To: caomofa@bdcom.com

SAI-INDONESIA

--- caomofa@bdcom.com wrote:

> Dear Friends,
> Hope you all are fine and have settled down in your
> job. The memory of nice
> days of Tokyo is very fresh and the dream of Japan
> is well fulfilled. Thanks
> to ASOSAI.
> By the way, one of our senior colleague is presently
> working on
> Modernization of government auditing. He wants to
> have some idea on your SAI
> on the following queries. It will be appreciated if
> you respond.

>
> a) Normally college/university fresh graduates are
> recruited in SAI. Some
> SAI may have a system of producing Chartered
> Accountant(CA) after giving
> them required training & after conducting public
> examination on CA course by
> the SAI itself. Is it the case in your SAI?
Yes, except that we don't have the system. They (the
recruitees) do themselves for the examination.

>
> b) If the above answer is no, what is the system of
> having Certified Public
> Accountant(CPA) in your SAI?

>
> c) Is it essential that CPA is a must for SAI? No.
it is not essential. However, I feel that CPA for SAI
is very essential.

>
> d) How professionalism can be developed to
> modernize the Govt. auditing?
Yes, modernizing the gov't auditing should through
professionalism. It can be done through training,
sending people for degree program (in-country or
overseas), good recruitment, etc.

>
I hope it will help you.

COCA, 12:12 PM 6/4/00 +, No Subject

X-POP3-Rcpt: caomofa@dns1
Return-Path: <coca@y.net.ye>
From: "COCA" <coca@y.net.ye>
To: <caomofa@bdcom.com>
Date: Sun, 4 Jun 2000 12:12:29 +0400
Organization: COCA
X-MSMail-Priority: Normal
X-MimeOLE: Produced By Microsoft MimeOLE V5.00.2314.1300
X-Info: Y.NET Mail Server - Service with Smile

SAI - YEMEN

June 6, 2000

From: <coca@y.net.ye> Mr. Mohamad Sofian A. Saif
To: <caomofa@bdcom.com> Mr. Mohamad Abul Kashem

Dear Kashem;

How are you? Hope you and your family are in good health. I agree with you that the memory of the nice days of Tokyo is still very fresh and the dream of Japan is fulfilled. Many thanks and to ASOSAI and JICA.

Responding to your queries, please be informed the following:-

- a) Yes, we have what we call basic professional training that aims to enhance professional capabilities.
- b) We have a seemlier system as prescribed by the law.
- c) Yes, it is essential for our SAI.
- d) Professionalism can be developed to modernize the Govt. audit through:
 - 1.. professional training
 - 2.. and through exchanging ideas and experience between SAIs..

Doc
SSC
32
15/6/00

PUBLIC SECTOR IMPORT OF FOODGRAINS:

SOME SUGGESTED REFORMS

SL No - 20

MD. SHAH JAHAN



Bangladesh Public Administration Training Centre

Savar, Dhaka

June, 2000

**PUBLIC SECTOR IMPORT OF FOODGRAINS:
SOME SUGGESTED REFORMS**

MD. SHAH JAHAN

This paper is submitted in partial fulfillment of the requirement for successful completion of the 32nd senior staff course held during the period from the 23rd April to the 6th July, 2000.

Preface

It is the responsibility of the Ministry of Food (MOF) to manage country's overall food system and preserve adequate food reserve. MOF has to discharge this duty, if necessary, by importing foodgrain from abroad. After the devastating flood of 1998, MOF floated tenders and signed contracts with foreign suppliers for import of rice and wheat. Although the consignments of wheat were delivered without much problem, some of the rice contracts ran into very serious problems. So the topic is a live issue for MOF.

I am grateful to Dr. Ekram Hossain, Rector, BPATC for assigning the topic "Public Sector Procurement of Foodgrains: Some Suggested Reforms" to me which is very relevant to my current responsibility as Joint Secretary in charge of the procurement wing of the Ministry of Food. I am also grateful to Ministry of Establishment for nominating me for the 32nd Senior Staff Course and to Ministry of Food for allowing me to attend this course.

I express my gratitude to Md. Tofazzal Hossain, MDS and Course Director, Syed Shamsul Alam, Director and Course Coordinator, Syed Naquib Muslim, Director and Mustafizur Rahman, Deputy Course Coordinator for their excellent co-operation and guidance. I am deeply indebted to Dr. Mohammad Ayub Meah, Deputy Secretary, Ministry of Food, Ruhul Amin, Director (Research), FPMU, Dr. Yameen Akbory, Project Director, EWFISP, Dr. Paul Dorosh and Mahfuzur Rahman of FMRSP for their help and assistance in preparation of this paper.

While working as Joint Secretary (procurement) in the Ministry of Food during the last one year, I had to deal with the issues directly. Also as the convener of the inter-ministerial committee for improvement of tender documents for foodgrain import, I had the privilege of interacting with other relevant ministries and agencies. For preparing this paper, I also consulted some of the food related reports and documents in the MOF, research publications and seminar papers available with FPMU and FMRSP.

I shall be happy if my work and endeavor in preparing this paper and the analysis and recommendations made in it are found useful in revising the public sector foodgrain import procedure.

Md. Shah Jahan
Joint Secretary, Ministry of Food
and
Participant, 32nd Senior Staff Course

Abbreviations and Acronyms

BCIC	– Bangladesh Chemical Industries Corporation
BPATC	– Bangladesh Public Administration Training Centre
B/L	– Bill of Lading
BSTI	– Bangladesh Standards and Testing Institute
CAO	- Chief Accounts Officer
C&F	- Cost and Freight
DG (Food)	– Director General Food
ERD	– Economic Relations Division
EWFISP	– Early Warning and Food Information System Project
FDR	– Final Discharge Report
FOB	– Free on Board
FPMC	– Food Planning and Monitoring Committee
FPMU	- Food Planning and Monitoring Unit
FMRSP	– Food Management Research Support Project
GOB	– Government of Bangladesh
Kg	- Kilogram
ICC	- Institute of Cargo Clause
IDTS	– Inspection, Development and Technical Services
JS	– Joint Secretary
L/C	– Letter of Credit
MOF	- Ministry of Food
MT	- Metric Ton
MLJPA	– Ministry of Law, Justice and Parliamentary Affairs
NBR	– National Board of Revenue
NOC	– No Objection Certificate
NOR	– Notice of Readiness
PFDS	- Public Food Distribution System
SGS	- Societe Generale Securite
TCB	– Trading Corporation of Bangladesh

Executive Summary

1 Introduction

- 1.1 Bangladesh has made substantial progress in increasing foodgrain production over the last two decades. Nonetheless, public sector imports, both food aid and commercial imports, remain important resources for the Public Foodgrain Distribution System (PFDS) to stabilize foodgrain markets and increase household food security.
- 1.2 In context of chronic poverty and a hazardous natural environment, the Government of Bangladesh is firmly committed to achieving food security for all, defined as access by all people at all times to sufficient food to meet their dietary requirements for a healthy and productive life.
- 1.3 Government needs to maintain the planned quantum of security stock to cater for shortfalls in domestic production as well as to respond adequately to floods, cyclones and such natural disasters, which stress the food supplies of the populace.
- 1.4 Owing to production shortfalls of rice in recent years of natural disasters, Government resorted to large-scale purchases of rice by international tender in order to maintain the government foodgrain stocks at a comfortable level, and to supply the needs of additional distribution under various channels.
- 1.5 The objectives of this report are to review this recent experience of the Ministry of Food in floating international tenders, to analyze problems caused due to non-performance by suppliers and to suggest reforms in the process of tendering and international procurement.

- 1.6 Methodology: The report is based on a review of previous tender documents, contracts, ongoing arbitration and court cases, other relevant documents available with the Ministry of Food, data on rice imports and personal experience of the author. The problems with international tenders for rice following the 1998 flood are discussed in detail. The report then proposes changes to procurement procedures on the basis of the draft recommendations of an inter-ministerial committee, with the author as its convener, to review international tender procedures for the Ministry of Food.
- 1.7 Scope and Limitations of the Report: I have not had practical experience with actual procurement, there being no international procurement during the last one year. Within the limited scope of time and space of this seminar paper I have tried to examine only the important issues and problems which MOF faced in recent years.

2 Foodgrain Imports in Recent Years

- 2.1 Rice production in 1998/1999 was 19.9 million MTs, twice the level of production in 1971/72 and nearly three times the level of 1946/47. Projected rice production in 1999/2000 is 24.54 million MTs.
- 2.2 Total cropped area has expanded from 25.3 million acres in 1947/48 to 28.2 million acres in 1971/72 and to 34.1 million acres in 1998/99.
- 2.3 Private sector imports have accounted for a major share of total imports in recent years. While 2.66 million MTs of rice were imported by the private sector in 1998-99, Government commercial rice imports were limited to only 393 thousand MTs.
- 2.4 Most rice imports in recent years have come from India: 75.8 percent of total imports from 1994/95 – 1997/98 came from India.

3 Current Government Procedures for International Tenders

- 3.1 The most important responsibilities of the Ministry of Food are maintenance of adequate food reserve and procurement and distribution of foodgrain to save human lives in case of flood, scarcity or famine.
- 3.2 For the purpose of international procurement of foodgrain, standard tender documents have been prepared by an inter-ministerial committee headed by the Secretary, MOF.
- 3.3 The Food Planning and Monitoring Unit (FPMU) of the MOF regularly monitors and analyzes the food situation in the country. There is also a high level Food Planning and Monitoring Committee (FPMC) headed by the Honorable Minister for Food.
- 3.4 Whenever there is any threat of natural calamity that might damage a major crop like Aman or Boro, the FPMU prepares an analytical report on the food situation giving the overall picture about the projected shortfall. Considering different aspects, the FPMC takes a decision about the import of foodgrain.
- 3.5 International tenders are then floated by using the standard bidding document earlier vetted by the MLJPA. All the responsive tenders are duly evaluated by the interministerial tender committee as per approved criteria.
- 3.6 Proposals for import of foodgrains are placed before the Council Committee on Government Purchase based on recommendations of the tender committee. Contracts are signed after getting approval of the Purchase Committee.

4 Problems Encountered with Tenders in 1998/99

- 4.1 The Ministry of Food faced many problems with procurement of rice through international tenders in 1998/99. Government decided to import 6 lakh MTs of rice and 4 lakh MTs of wheat to meet projected shortfall.

- 4.2 The Ministry of Food floated 12 international tenders for procuring foodgrain in 1998/99 of which 8 were for rice and 4 were for wheat. Wheat was procured through international tender with only minor difficulties.
- 4.3 In case of rice, Indian suppliers dominated the tenders. They quoted relatively lower prices in the tenders because of good communication facility and low transport costs.
- 4.4 Work orders were given to different suppliers for shipment within 30 days of signing the contracts. Indian suppliers, however, often applied for extensions. The Ministry of Food decided that to get the rice as soon as possible there was no alternative to granting time extensions for the original contracts.
- 4.5 In addition to the problems of delayed shipments, the Ministry also faced problems of poor quality rice.
- 4.6 In total, Ministry of Food tendered for 5.45 lakh MTs of rice and contracted for 3.50 lakh MTs. Total quantity actually received was 2.54 lakh MTs, 72.9 percent of the contracted amount.

5 Issues and Recommendations

- 5.1 **Specifications and sources of supply.** Thai standard specifications (broken 15 percent, parboiled) and BSTI Standard 3 (instead of the current Standard 4) should be used for international rice tenders.
- 5.2 **Reliability of Suppliers and Local Agents.** Evidence of past satisfactory performance and a banking credit should be required for suppliers. The period of supply may be allowed upto 50 days delivery and may be extended upto another 10 days only by imposing a penalty @ US\$ 2.00 per day per metric ton. Separate tenders may be invited for delivery at Chittagong and Mongla ports.
- 5.3 **Terms of Payment and Securities.** The current system of 90 percent of payment against sight Letters of Credit imposes great risks on the Ministry of Food. The present mode of payment may be modified so that 50% of payment

may be made after receipt of Notice of Readiness (NOR). The balance 50% of payment may be made only after Final Delivery Report (FDR). The time limit for issuance of FDR may be reduced from present 90 days to a maximum of 45 days. For rice, earnest money/bid bond may be raised from 1% to 2%. This security may be accepted only in terms of Pay Order.

- 5.4 **Packing and Shipping.** Only 50 kg jute bags may be used. It is also recommended that the current C&F liner terms may be continued. After receiving information from MOF about the proposed nomination of the ship by the suppliers, the BSC and SBC may either raise objections or give no-objection certificates (NOC) within 24 hours after checking with Lloyd Registers and other appropriate records. Suppliers should furnish all information about the ship which are required by MOF for nomination purpose. Taiwan flag vessels may also be eligible for carrying cargo for Ministry of Food.
- 5.5 **Adequate Risk Management.** For pre-shipment inspection and certification, only those agencies which have been authorised and notified by the National Board of Revenue (NBR) may be appointed to conduct pre-shipment inspection also in case of foodgrains imported by MOF. Unsatisfactory performers may be 'black listed'.
- 5.6 **Post Shipment Inspection:** the process of collecting samples and testing procedures is to be amended/ improved. The Directorate of Food has prepared a draft circular about sample collection and inspection methodology. If there is any discrepancy between the test results of IDTS and BSTI, the BSTI report should prevail.
- 5.7 **Claims:** MOF may accept rice of 3-D variety up to 4% at the double penalty rate. The highest limit upto 6% of 3-D rice can also be accepted but with quadruple rates of penalty.

- 5.8 **Insurance:** Comprehensive insurance under ICC clause A (with a rate of premium of 2.5 %) may be considered.
- 5.9 **Organisational Improvements.** The DG Food may float and execute international tenders under the policy directives of the Ministry. Alternatively, the government may consider setting up a specialised cell for international procurement in the Ministry of Food with specialists and experienced officers from ministries of law, commerce, shipping etc posted on a permanent basis.

6 Conclusions

- 6.1 The recommendations may be considered by the government with a view to avoid similar problems in future. If upon implementation any of the recommendations is found to be not suitable or problematic, further amendment may be carried out in due course based on critical analysis and review.

TABLE OF CONTENTS

Preface.....	i
Abbreviations and Acronyms	ii
Executive Summary.....	iii
Table of Contents.....	ix
List of Tables	x
List of Figures	x
1. Introduction.....	1
2. Foodgrain Imports in Recent Years	4
3. Current Government Procedures for International Tenders.....	6
4. Problems Encountered with Tenders in 1998/99	8
5. Issues and Recommendations	13
6. Conclusions.....	25
Bibliography	27

TABLES

Table 1 - Foodgrain Production in Bangladesh, 1948, 1972 and 1999

Table 2 - Foodgrain Availability in Bangladesh, 1980/81 to 1999/2000p

Table 3 - Bangladesh Foodgrain Imports, 1980/81 to 1999/2000p

Table 4 - Bangladesh Rice Imports by Sources, 1994/95 to 1997/98

Table 5 - Consolidated Statement for International Tenders for Procurement of Rice,
1997 – 1999

Table 6 - Import of Rice by Ministry of Food in 1998-99

FIGURES

Figure 1 - Total Availability of Foodgrain in Bangladesh, 1980/81 to 1999/2000p

Figure 2 - Bangladesh Rice Imports, 1980/81 to 1999/2000p

Figure 3 - Rice Prices and Quantity of Private Rice Imports in Bangladesh, 1993-2000

1. Introduction

- 1.1 Bangladesh has made substantial progress in increasing foodgrain production over the last two decades. Because of this increase in domestic production, the country has been able to maintain per capita availability of foodgrain near target levels without major increases in commercial imports, in spite of a long-term decline in food aid. Nonetheless, public sector imports, both food aid and commercial imports, remain important resources for the Public Foodgrain Distribution System (PFDS) to stabilize foodgrain markets and increase household food security.
- 1.2 About half the population of Bangladesh lives in poverty, lacking adequate resources to meet their basic human needs, including food. And millions of households are threatened by natural disasters, such as the devastating flood of 1998, that often involve substantial loss of lives and short-term emergency needs for food and shelter. In this context of chronic poverty and a hazardous natural environment, the Government of Bangladesh is firmly committed to achieving food security for all, defined as access by all people at all times to sufficient food to meet their dietary requirements for a healthy and productive life.
- 1.3 To implement this policy, regular supplies of foodgrains for the Public Food Distribution System (PFDS) are necessary for distribution under various monetized and non-monetized channels. Government needs also to maintain the planned quantum of security stock to cater for shortfalls in domestic production

as well as to respond adequately to floods, cyclones and such natural disasters, which stress the food supplies of the populace. Throughout the 1990s, Government has utilized the mechanism of internal procurement, as well as procurement of foodgrains by commercial purchases from international markets, mostly for wheat. However, due to production shortfalls of rice in recent years of natural disasters, Government resorted to large-scale purchases of rice by international tender also, as domestic procurement was inadequate to cover PFDS needs.

- 1.4 Because of draught in 1997/98 and floods in 1998/99 aman production was badly affected in the country. Because of the shortfalls in rice production, estimated at 1.1 million MTs in 1997/98 and 2.1 million MTs in 1998/99 respectively, local market prices rapidly rose above the declared procurement price and government fixed price internal procurement failed to acquire significant amounts of rice. In order to maintain the government foodgrain stocks at a comfortable level and to supply the needs of additional distribution under various channels, the Ministry of Food decided to procure rice by both international and local tenders.

1.5 Objectives

- 1.5.1 This report focuses on the international tenders for rice in 1998/99, which faced many problems including long delays in delivery and several shipments of poor quality rice. The objectives of this report are (i) to review this recent experience of the Ministry of Food in floating international tenders and signing contracts, (ii) to analyze problems in contract performance by the

suppliers and (iii) to suggest reforms in the process of tendering, particularly for rice.

1.6 Methodology

- 1.6.1 This report is based on a review of previous tender documents, contracts, ongoing arbitration and court cases, other relevant documents available with the Ministry of Food, data on rice imports and personal experience of the author. Much useful material has also been obtained from an earlier analysis by a consultant to the Ministry of Food (Rahman, 1999).
- 1.6.2 Chapter two of the report provides background on the role of government international procurement in foodgrain markets in Bangladesh, including data on the volume and sources of procurement in recent years and the role of private sector imports and food aid. Chapter three describes current government procedures for international procurement. In chapter four, the problems with international tenders for rice following the 1998 flood are discussed in detail. Chapter five discusses key problems and issues with international procurement of rice and proposes changes to procurement procedures. These recommendations are based partly on the draft recommendations of an inter-ministerial committee, with the author as its convenor, on international tender procedures for the Ministry of Food. The last section presents conclusions.

1.7 Scope and Limitations of the Report

- 1.7.1 I have joined the Ministry Food only in June 1999. Since that time, there has been no need for international procurement of foodgrains because we have had bumper crops for rice and wheat. Hence, I have not had practical experience with actual procurement. Within the limited scope of time and space of this

seminar paper, I have tried to examine only the important issues and problems which MOF faced in recent years. Also, this paper does not address the whole gamut of issues regarding procurement. Instead, it focuses on issues relating to international tenders and does not go into detail issues of the setting of the procurement price and quantity targets, storage or transportation.

2 Foodgrain Imports in Recent Years

- 2.1 As shown in Table 1, Bangladesh has made substantial progress in foodgrain production. In 1947/48, production of rice in the then East Pakistan was only 6.86 million MTs, 170.7 kilograms/capita. Because of rapid population growth in the 1950s and 1960s, production per capita fell to 136.8 kilograms only at the time of our liberation in 1971, despite an increase in production to 10.05 million MTs. The production in 1971/72 was slightly lower than that in the late 1960s, though, because of the adverse effects of the war of liberation and poor weather.
- 2.2 Since then, irrigation, improved seeds and fertilizer use have expanded rapidly enabling a large increase in foodgrain production. Rice production in 1998/1999 was 19.9 million MTs, twice the level of production in 1971/72 and nearly three times the level of 1946/47. Projected rice production in 1999/2000 (assuming a boro harvest of 10.80 million MTs) is 24.54 million MTs.
- 2.3 This production increase has been achieved despite a slight decline in net cropped area from 20.37 million acres to 19.40 million acres. However, because of the expansion of irrigation, much more land is planted with more than one crop per year and the total cropped area has expanded from 25.3 million acres in 1947/48 to 28.2 million acres in 1971/72 and to 34.1 million acres in 1998/99.
- 2.4 Over the last two decades, domestic rice production slightly outpaced population growth (2.0 versus 1.9 percent per year), enabling annual per capita

rice availability to increase from 137.1 kilograms in the 1980s to 143.8 kilograms in the 1990-1999 period while annual average rice imports declined from 308 thousand MTs to 160 thousand MTs (Table 2 and Figure 1). In contrast, wheat availability has declined despite sharp increases in wheat production (from 112 thousand MTs after liberation in 1971/72 to 1.91 million MTs in 1998/99), because of lower levels of food aid.

- 2.5 As shown in Table 3 and Figure 2, private sector imports have accounted for a major share of total imports in recent years. In periods of low domestic production and high domestic prices, large-scale private rice imports have been profitable. These imports were particularly important following the 1998 floods. According to official figures, 2.66 million MTs of rice were imported by the private sector in 1998-99. Government commercial rice imports were limited to only 393 thousand MTs, in part because of the problems with tenders described in this report.
- 2.6 Most rice imports in recent years have come from India. As shown in Table 4, 75.8 percent of total imports from 1994/95 – 1997/98 came from India. Pakistan accounted for 13.6 percent of imports in this period, but these were almost all in 1994/95. Only 2.1 percent of rice imports came from Thailand, the world's largest rice exporter. As shown in Figure 3, the costs of delivering Thai 15 percent broken rice (including the costs of shipping, handling and domestic transport to Dhaka) were 2-3 Taka/kg higher than the costs of delivering coarse rice from India to Dhaka throughout most of 1998/99. Thus, ordinary Thai rice was not competitive with Indian rice during this period.

3 Current Government Procedures for International Tenders

- 3.1 As per allocation of business among the different Ministries and Divisions under the Government of Bangladesh, the responsibilities of the Ministry of Food, among other things, are (i) maintenance of stock and preservation of adequate food reserve, (ii) management and operation of country's overall food system and (iii) import/procurement/purchase and distribution of foodgrain and (iv) to save human lives in case of drought, flood, scarcity or famine.
- 3.2 To fulfill its responsibility for import of foodgrain whenever required, the Ministry of Food has a procurement wing headed by a Joint Secretary who is assisted by one Deputy Secretary and two Senior Assistant Secretaries.
- 3.3 For the purpose of international procurement of foodgrain, standard tender documents have been prepared by the inter-ministerial tender committee headed by the Secretary, MOF. The Director General of Food, Joint Secretary (procurement) are, among others, members of the committee. The Ministry of Commerce and the Ministry of Agriculture are also represented in this committee at the level of Joint Secretary. The draft tender document has been adopted as standard after necessary vetting by the Ministry of Law, Justice and Parliamentary Affairs, (MLJPA).
- 3.4 The Food Planning and Monitoring Unit (FPMU) of the MOF regularly monitors and analyzes the food situation in the country. There is also a high level Food Planning and Monitoring Committee (FPMC) headed by the Honorable Minister for Food. The Ministers in charge of the Ministries of Agriculture, Finance and Disaster Management and Relief are members of this committee. Secretaries of the Ministries of Finance, Agriculture, Statistics, Disaster Management and Relief, ERD, Food and Member (Agriculture) of the Planning Commission are also included in this committee.

- 3.5 The FPMC reviews the food situation regularly. Whenever there is any threat of natural calamity that might damage a major crop like aman or boro, the FPMU, which provides the secretarial services to the FPMC, prepares an analytical report on the food situation giving the overall picture about the projected food requirement, production, availability and likely short fall. After considering different aspects including quantity, cost and desired time of delivery, the FPMC takes a decision about the import of foodgrain. Accordingly MOF prepares a proposal and places it in cabinet meeting for approval.
- 3.6 Based on cabinet approval the MOF decides about the number of tenders to be floated and also about the quantity and expected time of delivery in respect of individual tenders. International tenders are then floated by using the standard bidding document earlier vetted by the MLJPA. Any change in the standard documents has to be approved by the tender committee and also vetted again by the MLJPA.
- 3.7 The inter-ministerial tender committee evaluates all valid tenders as per criteria formulated by it. Proposals for import of foodgrains along with evaluation report and recommendations of the Committee are placed before the Council Committee on Government Purchase which is headed by the Honorable Finance Minister. The tender is generally awarded to the lowest evaluated bidder. Contracts are signed after getting approval of the Purchase Committee and also after necessary performance guarantees are properly furnished by the suppliers.

4 Problems Encountered with Tenders in 1998/99

- 4.1 The Ministry of Food faced many practical problems with procurement of rice through international tenders in 1998/99 following the devastating of flood of 1998. This flood damaged the aman crop, increasing the usual foodgap of the country from 21.00 lakh MT. to 42.00 lakh MT. In August 1998, the foodgrain stock in government godowns was 6,63,398 MTs of which rice was 4,32,204 MTs and the wheat was 2,31,194 MTs. Under these circumstances, in order to avoid a possible food crisis, the government decided to increase the foodgrain stock by increasing the previous target for foodgrain import from 6 lakh MTs to 10 lakh MTs (6 lakh MTs of rice and 4 lakh MTs of wheat).
- 4.2 During FY 1998-99, the Ministry of Food floated 12 international tenders for procuring foodgrain, of which 8 were for rice and 4 were for wheat. Wheat was procured through international tender with only minor difficulties.
- 4.3 The suppliers shipped wheat from Europe and America within the specified time and there were no complexities in the overall import procedure. On the other hand, in case of rice, Indian suppliers dominated the tenders. They quoted relatively lower prices in the tenders because of good communication facility and low transport costs.
- 4.4 Under the rule of international tenders, work orders were given to different suppliers on the condition of performing shipment within 30 days of signing the contracts. Indian suppliers, however, often applied for extensions. In one case of earlier import in 1996, the Food Ministry increased the time limit up to 10 months in the maximum of 12 phases. Table 5 shows the time extensions for the 8 contracts for procuring rice during the fiscal year 1998-99.
- 4.5 The suppliers in their applications for extensions reported that they failed to comply with the specified time limit in 1998/99 due to the flood situation in

India, problems of collecting ships below 20 years of age, problem of procuring rice from internal markets and sending them to the port, delays due to official formalities for interstate rice transportation in India, problems of rail and other modes of transport and communication, problems of packing rice in specified jute bags as per contracts, etc.

- 4.6 The Ministry of Food had two options given these long delays and requests for extensions: (1) floating new tenders after cancelling the earlier contracts; (2) granting a time extension. Floating a new tender after cancelling the contracts, however, would involve further delays before signing a new contract and the uncertainty of whether the new tender would result in successful procurement of rice. After consideration of these factors, the Ministry of Food decided that to get the rice as soon as possible there was no alternative to granting a time extension for the original contracts.
- 4.7 In total, Ministry of Food floated international tenders for 5.45 lakh MTs of rice and contracted for 3.50 lakh MTs. Total quantity actually received was 2.54 lakh MTs, 72.9 percent of the contracted amount. This does not include the 70 thousand MTs contracted with TCB, of which only 17,800 (25.4 percent) was delivered (Table 6).
- 4.8 In addition to the problems of delayed shipments, the Ministry also faced problems of poor quality rice. In fiscal year 1998-99, under contract number one, 12,000 MTs of rice were shipped by M/S R. Piarilal in the ship MV Zing Yee. When this rice was being offloaded in the Chittagong port, an excessive amount of rotten rice was discovered, so further discharge of rice was stopped. Upon request of the supplier, permission was given to deliver the rice after separating out the rotten rice at the owner's own expense, risk and responsibility. But the supplier did not take any practical steps to segregate the rice because of a disagreement between the owner of the ship and the supplier in bearing the cost for segregation. The Food Ministry applied to the court and got

the ship arrested under the admiralty law, as there were no other alternatives. At present this case is under trial. It is noted that, under the contract, the suppliers received payments for 90% of the value of rice by producing Bill of Lading to the negotiating bank. In failing to thoroughly check the shipping documents before paying the supplier, the L/C opening bank failed to do its proper duty. In order to make up its loss, the Food Ministry appeared before the court. The case is still pending.

4.9 In the same way, under contract number six, 8,325 MTs of rice were shipped by the supplier Ramesh Kumar and Co. in the ship MV Bishwa Kumudi. In addition, under contract number three, 6,874 MTs of rice were shipped by the supplier Navcom Industries limited in the ship MV Ardial. At the time of releasing the rice from these two ships in Mongla port, a huge amount of rotten rice and rice below the specifications was observed. According to the requests of the suppliers, permissions were given them to deliver good rice by separating rotten rice at their own expense, risk and responsibility. As in the first case discussed above, the suppliers abstained from taking any practical step to separate the rice, again because of disagreements between the owners of the ship and the suppliers on bearing cost of segregation.

4.10 It is evident in the cases of these three ships that the suppliers had violated the contracts by shipping rotten rice and low quality rice that they were not allowed/ supposed to supply as per the law. It was surprising that pre-shipment inspection certificates from SGS or an equivalent agency were furnished with the shipping documents but the quality of the rice actually supplied was not in conformity with these certificates.

4.11 Under contract number two, the supplier Ramesh Kumar and Co. shipped 12,000 MT of rice in the ship MV Hafina. This ship was last reported to be at Colombo, Srilanka after departing from Kandla port, India on its way to Chittagong port. Thereafter the ship disappeared with rice and could not yet be

traced out. It is noted that under the contract, payment for 90 percent of the value of the rice had been obtained through the negotiating bank in India immediately after shipment from Kandla port. It is also noted that, even though the L/C opening bank had reported the discrepancies in the shipping documents, the negotiating Bank had paid the value to the supplier, contrary to international banking rules.

- 4.12 The L/C opening bank received the said 90 percent value by submitting a cost memo to the CAO of the food ministry, before resolving the issue of discrepancy. In such circumstances much complexity developed regarding the issue. The L/C opening bank filed a case in a Dhaka Court against the Indian negotiating bank.
- 4.13 The condition of 90 percent sight payment and shipment on C&F linear terms appears in the currently used tender schedules and contracts by the Ministry of Food. In the case of all four ships mentioned above, i.e. MV Hafina, MV Zing Yee, MV Bishwa Kumudi and MV Ardial, 90 percent of the value was paid according to the contracts. But in the case of the missing ship (MV Hafina), no rice has been received, and in the case of the other three ships, though the shipped rice reached the Bangladeshi port, the Food Ministry did not receive the contracted rice because most of it was below specification and rotten. In such circumstances the Food Ministry faces a huge financial loss.
- 4.14 Finally, the Food Ministry encountered difficulties with a fifth shipment of rice. Under contract number two, 5000 MTs of rice was shipped by Ramesh Kumar and Co. in the ship MV King Dong to Chittagong port. According to the contract, the supplier was supposed to nominate a ship and obtain no objection for that ship from the Food Ministry. But for the ship MV King Dong, the supplier did not give any nomination and did not receive approval from the Food Ministry. Under these circumstances, the Food Ministry refused to receive the rice loaded in the ship.

- 4.15 Apart from the cases mentioned above, there are other cases in dispute regarding testing procedures and modalities because methods of testing are not clearly laid out in the tenders or contracts. For example, there is the issue of whether a single “representative sample” is sufficient or whether running samples are needed. Suppliers often argue that a single representative sample be drawn soon after the arrival of the ship. But the Directorate of Food often insists on drawing running samples from different hatches of the ships during discharge of the same rice shipments at port jetty, silo jetty and again at Mongla port. But the sampling procedure is important because sometimes the quality of the cargo in different hatches of the same ship may indeed differ substantially. The DG Food should issue a circular regarding sampling procedures that could be included in or annexed to the tender documents and contract.
- 4.16 According to contract provision, testing should be done in the IDTS laboratory, Dhaka, and based on this test report, final discharge report (FDR) might be prepared. If necessary, suppliers may get their own samples tested from BSTI. It is not clearly stated, however, how to resolve disputes when the two test reports differed. This confusion should be removed while signing contracts in the future.
- 4.17 As part of its investigations into international procurement procedures, the Ministry of Food collected and examined bidding documents used for procurement by Nepal, Pakistan, Sri Lanka and Indonesia. Similar documents used by two of our state owned enterprises, namely the Trading Corporation of Bangladesh (TCB) and the Bangladesh Chemical Industries Corporation (BCIC) were also examined.

5 Issues and Recommendations

5.1 As stated earlier, in times of need, government has to purchase large quantities of food-grain to help ensure the food security of the people by public food distribution as well as to maintain an adequate security stock. However, to efficiently procure food-grains from the international markets, pricing, timing, quantity and quality issues are of paramount importance. It is also to be ensured that the goods are supplied to the designated port/s of supply in good condition within the stipulated time. The earlier chapters of this report have shown that some of the international tenders for rice during the critical times of flood in 1998/99 have not performed as well as expected.

5.2 This chapter discusses issues pertaining to international procurement and suggests certain modifications of the existing tender procedures. The objectives of the modified terms and procedures are to adequately resolve the difficulties encountered in the past. The following issues are covered: specifications and sources of supply, reliability of suppliers and local agents, period of delivery or shipment, terms of payment and securities, packing and shipping, adequate risk management and organizational improvements.

5.3 Specifications and Sources of Supply

5.3.1 To avoid difficulties associated with single source of supply, alternative source/s of reliable supply may be utilised. Unfortunately, not many rice-exporting countries produce parboiled rice in quantities that are required for Bangladesh. India and Thailand are notable exceptions. In this respect, some difficulties were encountered in the differential specifications of MOF and Thai standard specification. However, an expert committee constituted by

MOF, recommended Thai rice of 15% broken as the acceptable grade to be utilised in case of importation of rice from Thailand. But the standard specification for the tenders remains antiquated and not conforming to modern standards.

5.3.2 Recommendations:

- (a) Thai Standard Specifications for Rice: Broken 15%, Parboiled, as recommended by the expert committee to the Ministry of Food may be adopted for future tenders.
- (b) Standard Specifications of rice for Ministry of Food may be upgraded to BSTI Standard 3 from the current Standard 4.
- (c) No change in specifications in wheat are needed since no difficulties whatsoever have been encountered in procurement of wheat from international markets.

5.4 Reliability of Suppliers and Local Agents:

5.4.1 The business goodwill and past performance of the supplier/s are major considerations to be taken into account in awarding purchase contracts after evaluation of tenders. To ascertain the reputation of a supplier from another country is an onerous task and is never totally foolproof. Besides, currently, the local agent of the supplier is not legally or financially liable for defaults. However, the following documentation will assist in determination of the supplier's reliability and enforce liability upon the Local Agent.

5.4.2 Recommendations for Suppliers:

- (a) Certificates of Membership from the respective Chamber and Commerce and Industries from the supplier's own country of origin.

- (b) Evidence of past satisfactory performance in export of the item by the supplier.
- (c) A confidential banking credit report obtained through Bangladesh Bank or through the designated L/C Opening Bank of the Ministry of Food.
- (d) If required, a credit report may be obtained from the Commercial Section of the Bangladesh Embassy or High Commission.

5.4.3 Recommendations for Local Agents:

- (a) The Local Agent is to submit appropriate legal documents to prove that they represent the supplier in Bangladesh.
- (b) Submission of indenter's registration certification from the CCI&E and permission from Bangladesh Bank for agency business.
- (c) Bank Solvency Certificate as per the approved format attached with the tender documents.
- (d) The Local Agent may participate in the Tender Bids on behalf of the foreign supplier.
- (e) The Local Agent must mention in the Tender Bid the rate of commission he would earn in case of award and performance. This commission will be deducted from the supplier's bills and the Ministry of Food will pay that commission to the Local Agent in local currency after completion of the delivery.
- (f) In case of any default and/or failure to supply as per contract, legal instruments may be drawn for making Local Agent also liable for payment of adequate penalty.

5.5 Period of Delivery and/or Shipping:

- 5.5.1 The stipulated period of 30 days is too short to ship rice, especially as the goods are packed in bags that need manual handling. It may be noted that in

the past, in some cases suppliers requested and obtained several extensions of delivery period and the total period of extension ran even up to 10 months.

When delivery times were extended three times or more, there was a penalty of 20% of Performance Bond Guarantee imposed on the suppliers. However, no time extension was granted after December 1999, resulting in failures by a few suppliers. Many suppliers reported that the delivery time of 30 days was not at all realistic.

5.5.2 It is also seen that for most tender contracts, off-loading in Chittagong and Mongla ports are stipulated at 60:40 basis. In many such cases disputes arise as regards testing of samples and weighing of consignment from the same ships in the two ports, resulting in many arbitration cases. It is thus felt that there should not be two ports of discharge in a single contract.

5.5.3 **Recommendations:**

- a. The period of supply may be allowed up to 50 days. In case of inability to effect supply by this time, on application by the suppliers, time may be extended up to another 10 days only by imposing a penalty @ US\$ 2.00 per day per metric ton of the contracted goods for which extension is sought. In such a case, the supplier will have to apply in advance to the Ministry of Food with the money deposited in the form of Pay Order.
- b. Separate tenders may be invited for delivery at Chittagong and Mongla ports. In such an instance, only one port of discharge will be stipulated in each single tender.

5.6 **Terms of Payment and Securities**

5.6.1 Currently, 90 percent of payment is made against sight Letters of Credit from the negotiating bank. This system imposes great risks on the Ministry of Food

as payment is made on production of B/L to the negotiating bank long before the food grain reaches Bangladesh ports. This problem has assumed a serious nature with the disappearance of MV Hafina with government grains.

- 5.6.2 It has also been experienced in the past that difficulties are created by the bidders by engaging in litigation when earnest money/bid bonds are encashed by the MOF, if those are in the form of bank guarantees. As a result the process of encashment of these guarantees become complicated and delayed.

5.6.3 Recommendations

- a. The present mode of payment may be modified to incorporate restricted negotiation terms in the letters of credit, which may also be clearly stated in the Letter of Intent as issued by the MOF. Under the modified terms of payment, 50% of payment may be made after receipt of NOR (Notice of Readiness) upon arrival of the ship at port of discharge and this notice may be considered as an integral part of negotiating documents. The balance 50% of payment may be made only after FDR (Final Delivery Report). At the same time, the time limit for issuance of FDR may be reduced from present 90 days to a maximum of 45 days.
- b. For rice, 2% of earnest money/bid bond may be stipulated. This security may be accepted only in terms of Pay Order.

5.7 Packing and Shipping

- 5.7.1 Currently, rice in both 75 and 50 kg bags are acceptable. It has been ascertained that only 50-kg bags are in use as standard in international trade. Many agencies of the GOB, notably BCIC and TCB are using only 50 kg bags.

5.7.2 Previously, the MOF used to float tenders on the basis of FOB terms.

Currently, C&F liner terms basis of shipment is utilized by the Ministry. The Bangladesh Shipping Corporation (BSC) had been requesting since long that these terms be altered to FOB terms in consideration of economy and for exercising control over goods. There are many considerations both for and against both these terms of shipment.

5.7.3 In the existing C & F contract, the suppliers nominate the ship. For this nomination, approval is needed be taken from the buyers, the Ministry of Food. The information currently furnished by suppliers is not sufficient to decide about the nomination of the ship.

5.7.4 At present, Israel and Taiwan flag vessels are prohibited. But there is no such restriction by the government against Taiwanese vessels which carry cargo for Bangladesh.

5.7.5 **Recommendations on packing and shipping**

- a. In conformity with the norms of international trade practices, it is recommended that only 50 kg jute bags be used for carriage of food grains for MOF. Use of 75-kg bags may not be used in future.
- b. In full consideration of the pros and cons of the arguments for and against FOB and C&F terms of carriage of goods by sea, and the present manning levels at the MOF, it is recommended that the current C&F liner terms may be continued.
- c. After receiving information about the nomination of the ship from the supplier, the food ministry may instantly send it to the BSC and Saharan Bima Corporation (SBC) for checking. The BSC and SBC may raise

objections or give no-objection certificates within 24 hours after checking the Lloyds registers and other relevant records. In addition, provision can be made to impose penalty on the supplier for giving any information which is later proved to be not true.

- d. It is further recommended that while nominating ships the suppliers should furnish the following information which are required by MOF to give a decision about nomination of the ship:

- i. Name of the vessel
- ii. Previous name (if any)
- iii. Flag
- iv. Month and year of Built
- v. Date of last survey
- vi. GTE/NTR (gross/net registered tonnage)
- vii. Cubic Capacity
- viii. LOA (length overall)
- ix. BEAM
- x. Classification Society
- xi. P&I club and other membership (if applicable)
- xii. Hull underwriter
- xiii. Owner's Name and citizenship
- xiv. Whether original owner or Time Chartered owner (in case of chartered ownership, give name and address of the original owner)
- xv. Other tonnage of the owner (name of vessels, etc.)

- xvi. Cargo gear (cranes/derricks)
- xvii. Bulk carrier or other type
- xviii. HO/HA
- xix. IMO number of the vessel
- xx. Other information (if any)

e. Taiwan flag vessels may also be eligible for carrying cargo for Ministry of Food.

5.8 Adequate Risk Management

5.8.1 Risk management is an integral part of any business transaction, in particular, for safe and satisfactory execution of international trade. For importation of grains, the remaining risks regarding quality and quantity of contracted goods as well as marine and other risks need to be addressed.

5.8.2 **Pre-Shipment Inspection and Certification:** In the current practices, inspections are to be conducted by “SGS or equivalent agent authorised by the government of country of supply”. There are some objections by the suppliers to these terms. Besides, NBR has already ‘black listed’ SGS.

5.8.3 It has been experienced that the pre-shipment inspections conducted by agencies appointed by the suppliers issued certificates which did not conform to goods actually shipped. It has also been seen that same type of dubious certificates were issued by inspection agents who were earlier appointed by MOF. In both instances, corruption and dishonesty need to be rooted out.

5.8.4 Recommendations (re: pre-shipment inspections)

- a. It may be stipulated that only those agencies which have been authorised and notified by the National Board of Revenue (NBR) may be appointed to

conduct pre-shipment inspection also in case of foodgrains imported by MOF.

- b. The performance of the inspection agencies conducting pre-shipment inspection may be periodically reviewed and unsatisfactory performers may be 'black listed'.

5.8.5 Post Shipment Inspection: The process of inspection of landed food-grain is mentioned in the 11th and 12th clause of the tender schedule and contract. But absence of clear cut procedures used in those clauses for collecting sample and making laboratory test, at different times disputes arose with the suppliers on collection of samples and results of the laboratory tests. To eliminate any such situation, the process of collecting samples and testing procedures are to be amended/ improved and clearly stated in tender schedule.

5.8.6 According to the directives of the food ministry, the directorate of food has prepared a draft circular on sample collection and testing methodology, which is under consideration of the authorities. In that document, provisions have been made to test the food-grain by IDTS of the Food Directorate. Collection of samples from each hatch of the ship at each stage of off loading, every day, to be conducted in presence of the agent of the suppliers.

5.8.7 In addition to the collection of primary samples, provisions are also kept for getting running samples at various discharge points by the IDTS officials of Food Directorate who will test the sample in their laboratory. If there is no great variation in the quality from different hatches, a composite sample is prepared for the ship, but if much deviation is noticed in the quality, then samples from each hatch of the ship will be prepared for testing separately.

5.8.8 Recommendations on post-shipment inspections:

- a. The sample will be collected from each hatch/ compartment of the ship immediately after its arrival at the port. These samples will be tested in the laboratory of the regional food director at Chittagong/Mongla ports and if samples are prima facie found to be in order, then the off loading of cargo may commence. But this primary sample cannot be considered as a representative sample for making claims. If it appears at any stage of off loading that the food-grain is unfit for human consumption, then off loading of cargo will be stopped and collected samples will be tested by the IDTS, Dhaka.
- b. Representative running samples will be collected separately from different hatches/ compartments of the ship in the presence of the representatives of buyer and seller at the time of off loading. Buyer and seller will preserve these samples after dividing it into two composite sizes.
- c. The buyer's sample will be tested by IDTS, Dhaka within seven days of its collection and the result of the test will be informed in writing to the supplier or his agent within the next seven days. The supplier may apply for testing his preserved sample in BSTI laboratory if it is necessary. In that case, the sample of the supplier will be sent to the BSTI laboratory through Food directorate within seven days. BSTI will test the sample in the presence of representatives of both buyer and seller within seven days of its receipt. If there is any discrepancy between the test results of IDTS and BSTI, the BSTI report should prevail.

- d. It may be stipulated in the contract that the collection of rice/wheat sample, and the test by IDTS will be accomplished according to the circular to be notified by the food directorate. In that case, the recommendation mentioned in (a), (b), (c) may be incorporated in the circular to be issued by the food directorate.

5.8.9 **Claims:** In the current tender document/contract there is a provision for imposing of penalty at double the rate for supply of rice beyond specified parameters. But the maximum limit of deviation that may be considered acceptable with penalty has not been clearly specified. According to the contract, 3% of dead, damaged and discoloured (3-D) grain is allowed. But some of the rice shipments were found to contain as high as 10 % of 3-D grains.

5.8.10 **Recommendations on claims:** According to grade-3 of BSTI, amount of dead, damaged and discoloured grain will be within 2% limit. MOF may accept rice of 3-D variety up to 4% at the double penalty rate. The highest limit of 6% 3-D rice can also be accepted but with quadruple rates of penalty.

5.8.11 **Insurance:** At present, insurance contracts for imported rice is covered by MOF under ICC-clause C for which the rate of premium is 0.515%. For coverage of risks as in the case of missing cargo of MV Hafina, it is evident that this insurance coverage by ICC clause C is not adequate. So it becomes very difficult to receive adequate compensation in case of loss or damage. On the other hand, there are possibilities of receiving full compensation through comprehensive coverage under Clause A. But for comprehensive coverage; the rate of premium is 2.5%, which is much higher.

5.8.12 **Recommendation on insurance:** Insurance under ICC clause A may be considered. This will ensure receipt of due compensation in cases of repetition of such incidents in future.

5.9 **Organisational Improvements.** Currently, one wing in the Ministry of Food under the JS (procurement) conducts all business in relation to international tenders. As may be kindly noted, these operations are most complex requiring specialised knowledge and experience in many sectors and sub-sectors of trade and commerce. They include, among others, tender process, banking, shipping, insurance, legal, arbitration, and many other activities especially in cases of default, all involving enormous amounts of public monies. The officers charged with these responsibilities are not specialists, and are subject to normal transfer and posting.

5.10 On the other hand, the DG Food had a specialist directorate of procurement with adequate resources and manpower level. They mostly procure internally, but also float and execute international tenders for some items under the guidance of Ministry of Food.

5.11 **Recommendations:** It is suggested that in future, DG Food may float and execute international tenders under the policy directives of the Ministry. Experienced officers may be co-opted to the Directorate if so needed. The ministry may supervise and act in an advisory role.

5.12 Alternatively, the government may consider setting up a specialised cell for international procurement. In such an organisation, specialist and experienced officers from ministries of law, commerce, shipping etc may be posted on a

permanent basis to expedite decision-making process and also to advice superior authorities in the Ministry.

6 Conclusions

- 6.1 About half of the 129 million people of Bangladesh live below the poverty line (these people do not have enough income to consume 2122 kcal/ person/ day). One quarter of the people are hardcore poor (lacking enough income to consume even 1805 kcal/ person/ day). In the backdrop of this poverty scenario and also because of the vulnerability to natural calamities like flood, drought, and cyclone, it is a challenging task for the government of Bangladesh to ensure food security to all, particularly for the poor.
- 6.2 It is the responsibility of the Ministry of Food to manage and operate country's overall food system, to maintain stock and preserve adequate food reserve. If necessary MOF has to import in case of food shortage which cannot be met with available food aid or food reserve.
- 6.3 After the devastating flood of 1998, tenders were floated and contracts were signed by the MOF with foreign suppliers for import of rice and wheat. Although the consignments of wheat were delivered without much problem, some of the rice contracts ran into very difficult problems.
- 6.4 In total, Ministry of Food floated international tenders for 5.45 lakh MTs of rice in 1998/99 and contracted for 3.50 lakh MTs. Actual total quantity received was 2.54 lakh MTs, 72.9 percent of the contracted amount. This does not include the 70 thousand MTs contracted with TCB, of which only 17,800 were

delivered. Many of these rice shipments, however, were delayed, and the

Ministry also faced problems of poor quality rice.

- 6.5 This report contains recommendations on specifications and sources of supply, reliability of suppliers and local agents, period of delivery or shipment, terms of payment and securities, packing and shipping, adequate risk management and organizational improvements.
- 6.6 The analysis and recommendations made in this report are based on my one year work experience in MOF and interactions with other related ministries and agencies in several meeting convened by MOF on the issues.
- 6.7 The recommendations may be considered by the government with a view to avoid similar problems in future. If upon implementation any of the recommendations is found to be not suitable or problematic, further amendment may be carried out in due course based on critical analysis and review.

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Table 1 - Foodgrain Production in Bangladesh, 1948, 1972 and 1999

	1947/48 ^a	1971/72	1998/99
Population (million)	40.1	72.6	129.0
Foodgrain Production (000 MTs)	6864	10046	21813
Rice	6844	9931	19905
Wheat	20	115	1908
Foodgrain Production Per Capita (kgs/cap)	171.2	138.4	169.1
Rice	170.7	136.8	154.3
Wheat	0.5	1.6	14.8
Net Cropped Area (000 acres)	19428	20371	19401 ^b
Total Cropped Area (000 acres)	25293	28169	34089 ^b
Per Capita Net Cropped Area (acres/cap)	0.48	0.28	0.15
Per Capita Total Cropped Area (acres/cap)	0.63	0.39	0.26

^aEast Pakistan

^b1996/97 data.

Source: Statistical Year Book 1998, BBS; A Data Base on Agriculture and Foodgrains in Bangladesh (1947-48 to 1989-90) by Mohammad Abdul Hamid; 20 Years of Pakistan in Statistics (1947 - 1967), Central Statistical Office, Pakistan.

Table 2 - Foodgrain Availability in Bangladesh, 1980/81 to 1999/2000p

Year	Rice			Per Capita			Per Capita			Per Capita			Food Aid of Total Government
	Production ('000 MT)	Net PFDS Distribution ('000 MT)	Private Imports ('000 MT)	Rice Availability (kg/cap)	Wheat Production ('000 MT)	Net PFDS Distribution ('000 MT)	Private Imports ('000 MT)	Wheat Availability (kg/cap)	T Foodgrain Availability (kg/cap)	Foodgrain Availability (kg/cap)	Foodgrain of Total ('000 MTs)	Commercial Import ('000 MTs)	
1980/81	13,880	-327	0	135.3	1,092	852	0	20.4	155.7	751	325		
1981/82	13,629	482	0	138.7	967	1,282	0	23.4	162.1	1141	114		
1982/83	14,215	328	0	139.7	1,095	1,415	0	25.6	165.3	976	868		
1983/84	14,509	358	0	139.7	1,211	1,427	0	26.2	166.0	1441	615		
1984/85	14,623	266	0	136.9	1,464	1,948	0	33.3	170.1	1306	1287		
1985/86	15,038	153	0	136.5	1,042	1,039	0	19.7	156.2	1087	113		
1986/87	15,406	358	0	138.8	1,091	1,574	0	24.9	163.7	1425	342		
1987/88	15,413	180	0	134.2	1,048	1,948	0	27.6	161.8	1787	1130		
1988/89	15,544	326	0	134.0	1,021	2,199	0	29.2	163.2	1356	780		
1989/90	17,856	-243	0	145.3	890	1,447	0	20.6	166.0	949	584		
1990/91	17,852	244	0	146.9	1,004	1,345	0	20.3	167.2	1540	37		
1991/92	18,252	-180	0	143.8	1,065	1,509	0	21.8	165.6	1414	150		
1992/93	18,341	243	0	145.7	1,176	597	355	17.5	163.1	735	93		
1993/94	18,041	202	74	141.1	1,131	1,008	238	20.0	161.1	654	0		
1994/95	16,833	83	583	132.9	1,245	1,213	430	28.1	161.0	935	620		
1995/96	17,687	240	650	138.9	1,369	1,133	200	26.6	165.5	738	839		
1996/97	18,883	226	15	140.1	1,454	550	222	17.0	157.2	618	112		
1997/98	18,854	130	993	144.8	1,803	875	142	21.1	166.0	549	253		
1998/99	19,905	35	2,661	162.3	1,908	1,346	804	30.5	192.7	1233	763		
1999/2000p	22,840	166	390	163.7	1,700	835	745	24.1	187.8	870	0		
Av. 1980/81 - 88/89	14,695	236	0	137.1	1,115	1,520	0	25.6	162.7	1,252	619		
Av. 1989/90 - 98/99	18,250	98	498	144.2	1,305	1,102	239	22.4	166.5	937	345		

Note: (i) before 1985/86 requirement was calculated @15.5 oz/day/capita and (ii) before 1991/92 private import of foodgrain was not allowed.
Sources: BBS, MIS, DG Food and author's calculations.

Table 3 - Bangladesh Foodgrain Imports, 1980/81 - 1999/2000p

(000 MTs)

Year	Food Aid			Commercial			Public Import			Private Import			Total Import		
	Rice	Wheat	Total	Rice	Wheat	Total	Rice	Wheat	Total	Rice	Wheat	Total	Rice	Wheat	Total
1980/81	19	732	751	65	260	325	84	992	1076	0	0	0	84	992	1076
1981/82	30	1111	1141	114	0	114	144	1111	1255	0	0	0	144	1111	1255
1982/83	131	845	976	186	682	868	317	1527	1844	0	0	0	317	1527	1844
1983/84	117	1324	1441	62	553	615	179	1877	2056	0	0	0	179	1877	2056
1984/85	125	1181	1306	570	717	1287	695	1898	2593	0	0	0	695	1898	2593
1985/86	27	1060	1087	10	103	113	37	1163	1200	0	0	0	37	1163	1200
1986/87	108	1317	1425	150	192	342	258	1509	1767	0	0	0	258	1509	1767
1987/88	192	1595	1787	398	732	1130	590	2327	2917	0	0	0	590	2327	2917
1988/89	40	1316	1356	21	759	780	61	2075	2136	0	0	0	61	2075	2136
1989/90	41	908	949	258	326	584	299	1234	1533	0	0	0	299	1234	1533
1990/91	10	1530	1540	0	37	37	10	1567	1577	0	0	0	10	1567	1577
1991/92	39	1375	1414	0	150	150	39	1525	1564	0	0	0	39	1525	1564
1992/93	19	716	735	0	93	93	19	809	828	0	355	355	19	1164	1183
1993/94	0	654	654	0	0	0	0	654	654	74	238	312	74	892	966
1994/95	0	935	935	230	390	620	230	1325	1555	583	430	1013	813	1755	2568
1995/96	1	737	738	487	352	839	488	1089	1577	650	200	850	1138	1289	2427
1996/97	10	608	618	9	103	112	19	711	730	15	222	237	34	933	967
1997/98	0	549	549	0	650	650	0	1199	1199	993	142	1135	992.6	1341	2334
1998/99	59	1174	1233	334	429	763	393	1603	1996	2663	805	3468	3056	2408	5464
1999/2000p	5	865	870	0	0	0	5	865	870	390	745	1135	395	1610	2005
Average (1980/81 - 89/90)	83	1139	1222	183	432	616	266	1571	1838	0	0	0	266	1571	1838
Average (1990/91 - 98/99)	15	920	935	118	245	363	133	1165	1298	553	266	819	686	1430	2117

Note: before 1991/92 private imports were not allowed.

Source: FPMU; MIS, DG Food and National Board of Revenue (NBR).

Table 4 - Bangladesh Rice Imports by Source, 1994/95 - 1997/98

Country	Imports ('000 MTs)				Total Import ('000 MTs)	Share of Total Imports (%)
	1994/95	1995/96	1996/97	1997/98	(1994/95 - 1997/98)	(1994/95 - 1997/98)
India	575.19	1069.33	145.18	1119.95	2909.65	75.84%
Pakistan	442.12	39.87	16.60	23.82	522.41	13.62%
United States	30.24	56.70	14.77	0.05	101.77	2.65%
Myanmar	90.12	0.00	0.00	1.86	91.98	2.40%
Thailand	46.87	19.33	15.11	0.00	81.31	2.12%
Other Countries	32.44	53.54	2.87	40.49	129.34	3.37%
Total	1216.99	1238.75	194.54	1186.17	3836.45	1.00

Source : Foreign Trade Statistics of Bangladesh, BBS.

Table 5 - Consolidated Statement for International Tenders for Procurement of Rice, 1997 - 1999
FY 1997/98

Sl. No	Tender Date	Contracts Date with Quantities	Average Price per MT in US \$	Date of Shipment as per contract and Last Date of Extension	B/L Qty MT	Last Dates of Vessel Arrival	Remarks
1	15/01/98	Date: 24/02/98 50,000 MT No. of Suppliers 3 (three)	US \$ 268.05	25/03/98 4 extensions allowed up to 20/05/98	47,907.15	Last Date of Arrival 14/05/98	Time Taken: 80 days Percentage of Supply: 96
2	24/02/98	Date: 31/03/98 50,000 MT No. of Suppliers 3 (three)	US \$ 267.98	29/04/98 3 extensions allowed up to 25/06/98	51,599.97	11/07/98	Time Taken: 103 days Percentage of Supply: 103.2
3	Tender cancelled due to difficulties of extension of bid bond and the price quoted in the 4 th tender was lower by about US \$ 5.00 per metric tons						
4	12/04/98	Date: 21/06/98 55,000 MT No. of Suppliers 2 (two)	US \$ 260.98	20/07/98 2 extensions allowed up to 09/08/98	56,369.94	15/08/98	Time Taken: 56 days Percentage of Supply: 102.5
Sub-total A =		155,000	US \$ 265.67		155,877.06		Avg. time of Supply: 80 days

Table 5 - Consolidated Statement for International Tenders for Procurement of Rice, 1997 - 1999 (continued)
FY 1998/99

Sl. No.	Tender Date	Contracts Date with Quantities	Average Price per MT in US \$	Date of Shipment as per contract and Last Date of Extension	B/L Qty MT	Last Dates of Vessel Arrival	Remarks
1	01/06/98	Date: 13/07/98 70,000 MT No. of Suppliers 4 (four)	US \$ 249.89	11/08/98 3 extensions allowed up to 05/12/98	48,561.798	17/12/98	Time Taken: 158 days Percentage of Supply: 70
2	29/07/98	Date: 17/09/98 70,000 MT No. of Suppliers 3 (three)	US \$ 252.74	16/10/98 3 extensions allowed up to 22/01/99 with penalty of 20% PG encashment	21,862.500	27/02/99	Time Taken: 164 days Percentage of Supply: 31 One vessel with 12000 MT was not delivered
3	25/08/98	Date: 18/10/98 75,000 MT No. of Suppliers 3 (three)	US \$ 257.35	17/11/98 3 extensions allowed up to 15/02/99 with penalty of 20% PG encashment	52,495.225	07/03/99	Time Taken: 141 days Percentage of Supply: 70
4	29/09/98	Date: 25/11/98 1,00,000 MT No. of Suppliers 3 (three)	US \$ 256.35	15/12/98 3 extensions allowed up to 25/03/99 with penalty of 20% PG encashment	97,517.332	19/04/99	Time Taken: 146 days Percentage of Supply: 60
Nil	12/11/98	Lowest bid offered in this tender was US \$ 249.74/ MT					Cancelled

Table 5 - Consolidated Statement for International Tenders for Procurement of Rice, 1997 - 1999 (continued)
FY 1998/99

Sl. No	Tender Date	Contracts Date with Quantities	Average Price per MT in US\$	Date of Shipment as per contract and Last Date of Extension	B/L Qty MT	Last Dates of Vessel Arrival	Remarks
6	22/11/98	Date: 10/01/99 & 12/01/99 20,000 MT No. of Suppliers 2 (two)	US \$ 255.83	11/02/99	17,625.000	17/03/99	Time Taken: 59 days Percentage of Supply: 20
*	01/12/98	Date: 20/12/98	US \$ 262.00	20,000 by Dec/98	17,800.025	16/02/99	Time Taken: 59 days Percentage of Supply: 25
TC B	TCB	70,000 MT No. of Supplier 1 (one)		50,000 by Jan/99			Time Taken: 59 days Percentage of Supply: 25
Nil	05/01/99	Contract Cancelled	US \$ 256.58				Cancelled
8.	18-01-99	Date: 01-04-99 40,000 MT No. of Suppliers 4 (four)	US \$ 256.49	01/05/99	19,949.775	09/05/99	Time Taken: 39 days Percentage of supply: 50
Sub-total B =		445,000	US \$ 255.81		2,75,811.655		Avg. time of Supply: 109 Percentage of supply: 62
Grand Total = (A+B) (155,000+445,000)		600,000	US\$260.74		4,31,688.715		Avg. time of Supply: 102 Percentage of supply: 72

Note: This purchase contract was on the basis of TCB's offer. However due to non-performance, part of PG has been en-cashed. The matter is now sub-judice as TCB has filed for injunction and applied for arbitration.
Source: Rahman (1999).

Table 6 - Import of Rice by Ministry of Food in 1998-99

(MTs)

Types of Tender/ Offer	Quantity Tendered/Offered	Contracted Quantity	Quantity involved in Cancelled Contracts	Actual Quantity Received	Percentage (%)
International	545,000	350,000	100,000	254,169	72.91
Offered by TCB	70,000	70,000	52,200	17,800	25.43
Local Tenders	295,000	174,000	125,000	52,084	29.94
Total	910,000	594,000	278,000	324,058	54.56

Figure 1 - Total Availability of Foodgrain in Bangladesh, 1980/81 to 1999/2000p

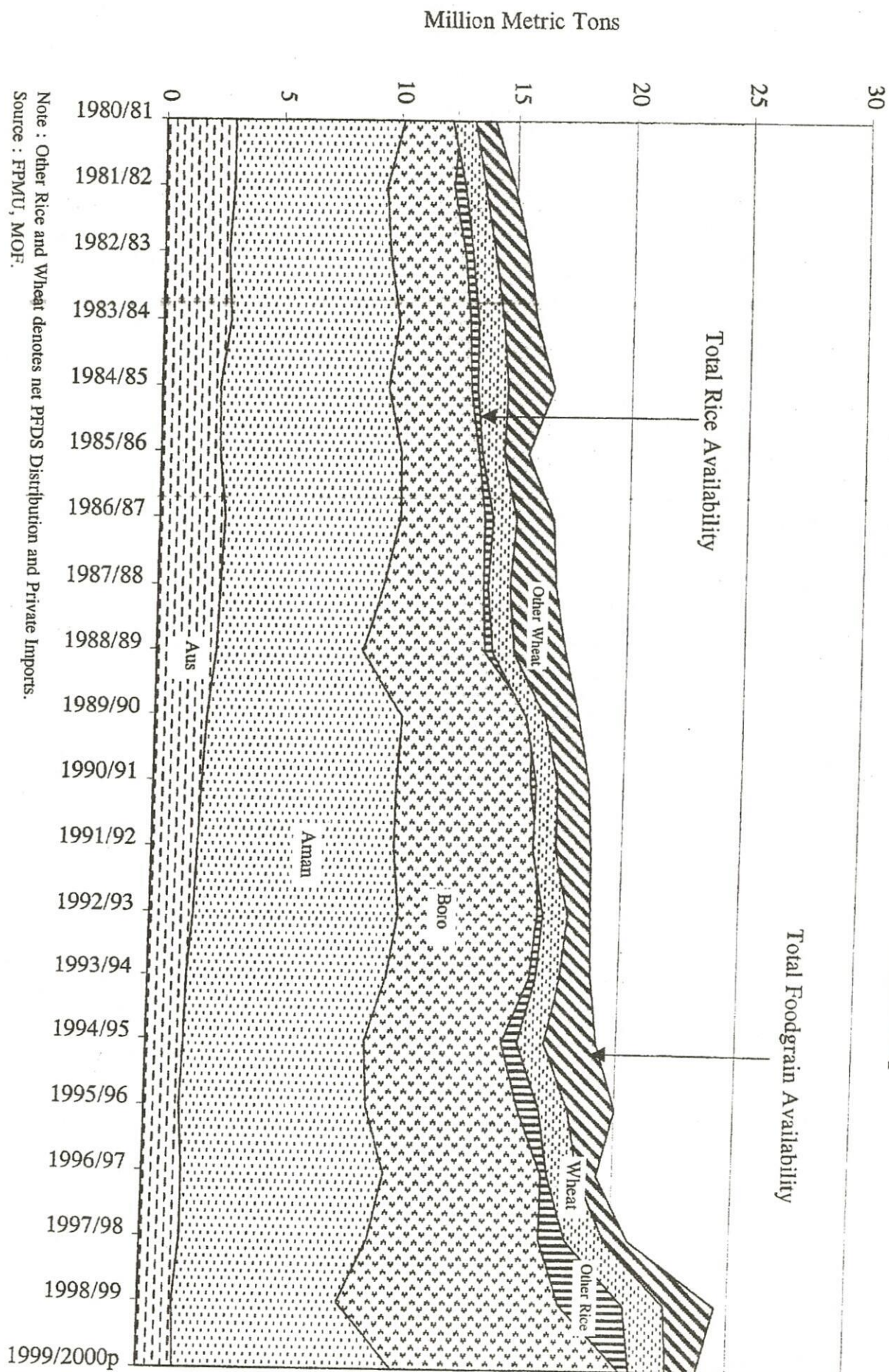
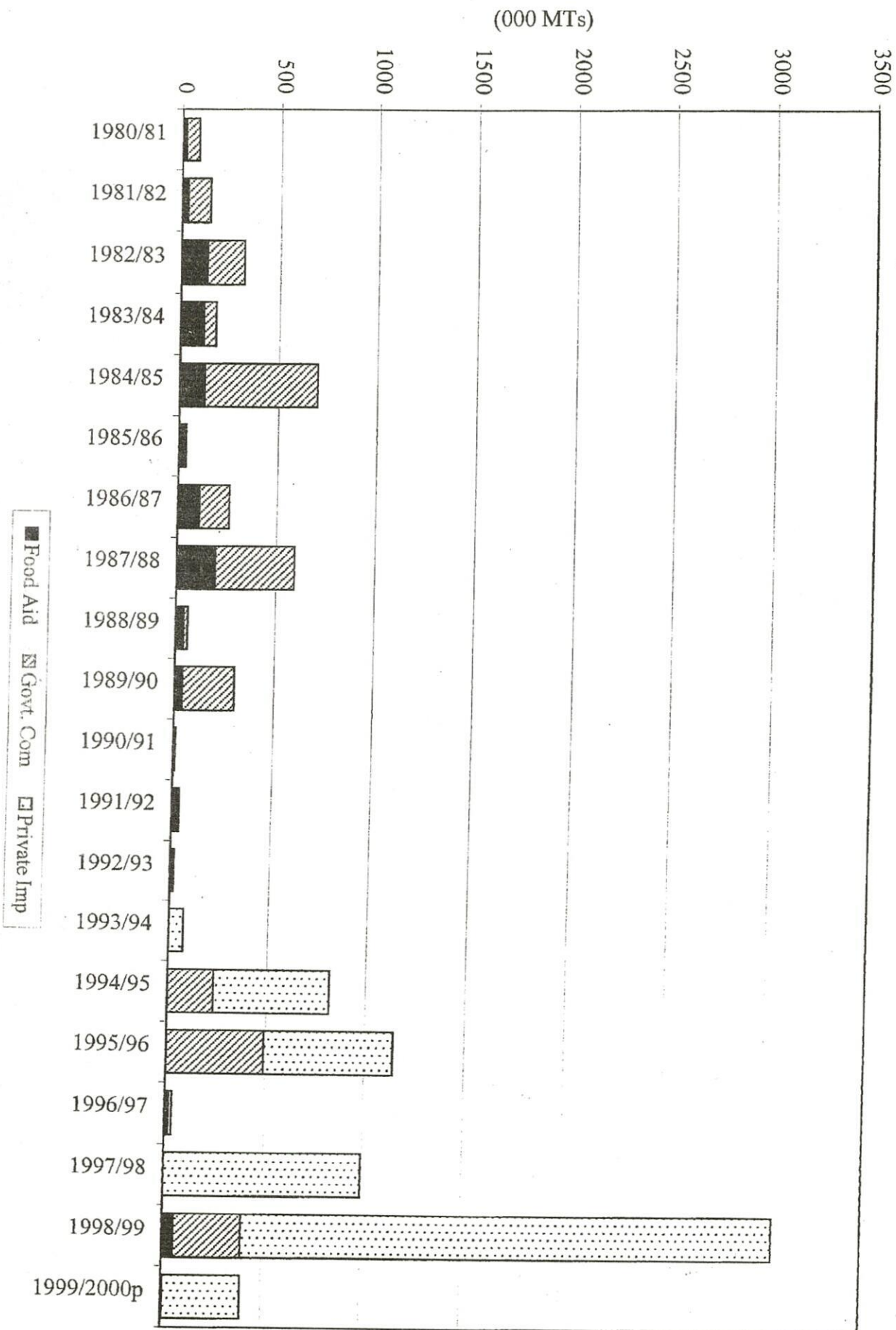
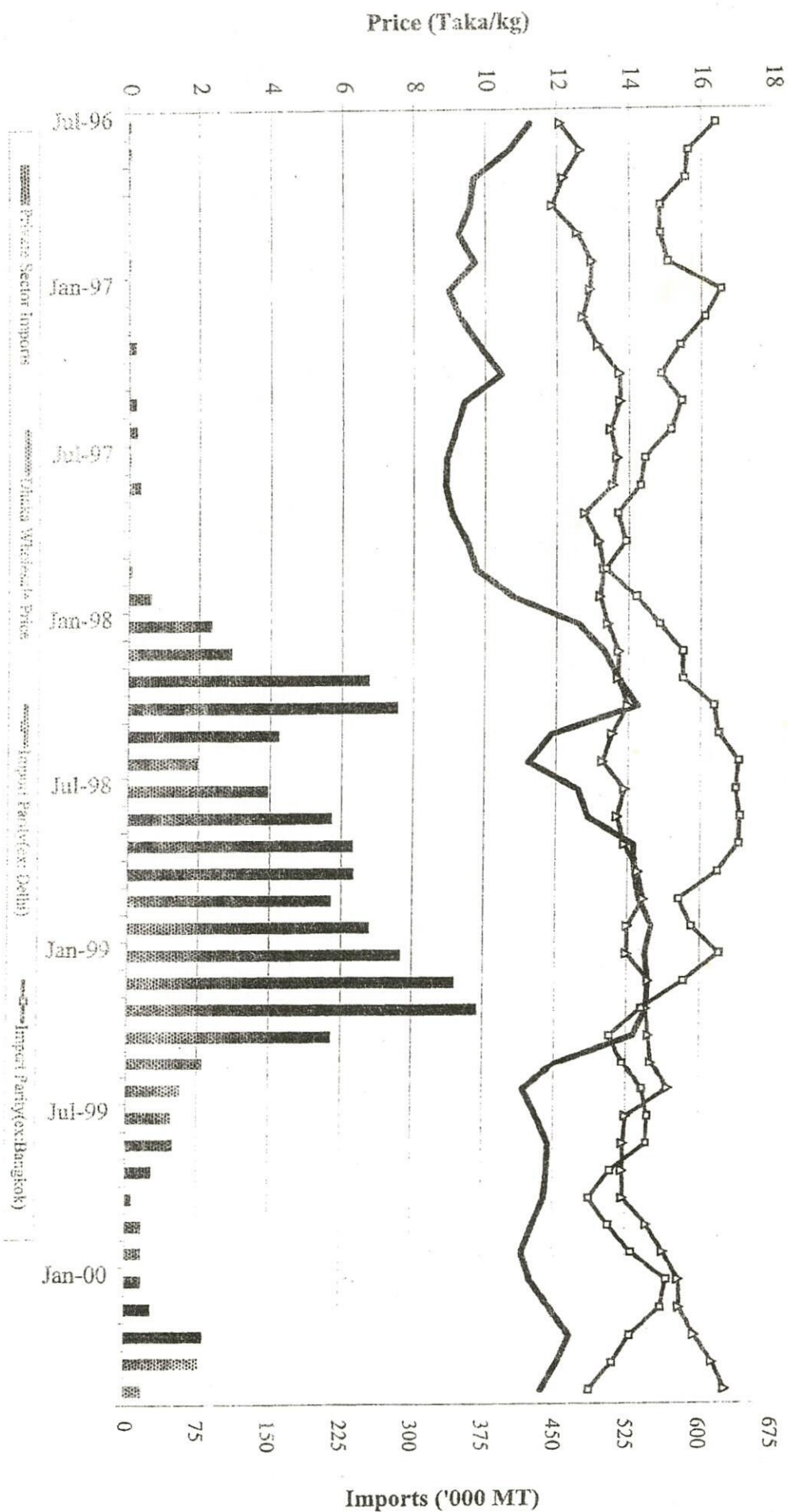


Figure 2 - Bangladesh Rice Imports, 1980/81 - 1999/2000p



Source: National Board of Revenue (NBR), FPOU and ICS, DCR, 1999.

Figure 3 - Rice Prices and Quantity of Private Rice Imports in Bangladesh, 1996-2000



Note : Price data for May 2000 is up to the fourth week only; private sector imports are as of 31st May 2000. From November 1998, the carrying cost has increased by 1.1 Tk/kg to 4.1 Tk/kg. Export parity price includes Hongkong price from July 93 to Nov 1997, and Delhi wholesale price thereafter. From January 2000, 5% tax imposed on rice import.

Source : Dorosh (1999), calculated using data from (JAM, FIMV) and WGS, (CCI Road, CMHE (1998, 1999, 2000), USDA and Barich, Das et. al, (1999).

Doc *SSC*

REFORMS IN TEXTILE AND APPAREL SECTOR

32 *15/05/02*

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This Seminar Paper is prepared in partial fulfilment of the requirement for successful completion of the 32nd SSC held at BPATC during the period from April 23 to July 06, 2000

CONTENTS

	<u>Page</u>
PREFACE	i
ABBREVIATIONS	iii
EXECUTIVE SUMMARY	iv
 CHAPTER-I	
INTRODUCTION	1
1.1 Rationale of the Study	1
1.2 Objectives	1
1.3 Methodology	3
 CHAPTER-II	
ANALYSIS OF KEY ISSUES	4
2.1 Current State of Textile and Apparel Industries	4
2.2 The Practical Scenario	10
2.3 Impact of the Uruguay Round Agreement on Textile and Clothing (ATC)	10
 CHAPTER-III	
CHALLENGES AND OPPORTUNITIES	14
 CHAPTER-IV	
REFORMATION PACKAGE	19
4.1 Need for Backward Linkages	19
4.2 Relocation of Garments Industries	20
4.3 Organizational Restructuring	20
4.4 Development of Marketing and Linkages	22
 CHAPTER-V	
RECOMMENDATIONS AND CONCLUSION	23
5.1- 5.6 Recommendations	23
5.7 CONCLUSION	25
BIBLIOGRAPHY	26

PREFACE

International trade in textile and apparel sector has long been characterised by a very high level of protection by the developed world against the interest of the developing exporting countries. This sector received no enthusiastic attention for inclusion into the General Agreement on Tariffs and Trade (GATT) discipline by the dominated developed world during its inception in 1948. The GATT-inconsistent nature of trade in this sector was further intensified in 1970s with the inception of Multi-Fibre Arrangement (MFA) in 1974. The MFA was highly discriminatory at country and product level. It encouraged importing and exporting countries to enter into bilateral arrangements requiring exporting countries to restrain their exports of either all or certain categories of textile and apparel.

As a result of the Uruguay Round, the Agreement on Textiles and Clothing (ATC) replaced the MFA as of 01 January, 1995. It calls for gradual, phase-wise and eventual elimination of all MFA restrictions and complete integration of this sector into the World Trade Organisation (WTO) by the year 2005. The Uruguay Round Agreement (URA) leaves importing countries considerable elbow room in their choice of products and sub-sectors for liberalisation. It is likely that clothing/apparel products which are the most vulnerable to imports (such as T-shirts, pullovers, blouses and shirts) will be the last to be integrated.

But nothing is over until it is over. The ATC allows a 10-year transition period during which most of these restrictive and discriminatory measures will remain in force. Moreover, the provisions of the transitional safeguards bear a strong resemblance in criteria and procedures to the MFA and it left some of the vital concerns of the developing countries unaddressed. So, the evaluation of the impact of the phasing out of MFA is, therefore, a complex issue. It has created uncertainty on the world economy in general and on the developing countries in particular. However, realising the importance of the textile and apparel sector in

the Bangladesh's economy, an attempt has been made in this paper to highlight some of the key policy issues and identify the challenges and opportunities of this sector in the post-Uruguay Round trade regime.

Although the paper has been prepared in partial fulfilment of the requirements of completion of the 32nd Senior Staff Course (SSC) at BPATC, it is my hope and aspiration that the policy makers in Bangladesh and potential investors might find the information contained in it useful and interesting and help assisting them to create conducive environment for investment as well as invest in the textile and apparel sector.

I would like to take this opportunity to thank Dr. Ekram Hossain, Rector, BPATC and course adviser, 32nd SSC for kindly allowing me to take up the subject of my choice. I feel honoured to express my gratitude and thanks to Mr. Waliul Islam, Secretary (on LPR), Government of the People's Republic of Bangladesh and Syed Naquib Muslim, Director, BPATC for their guidance and valuable suggestions in framing the outline and producing this seminar paper. I am grateful to Mr. Md. Tofazzel Hossain, MDS, BPATC and Course Director, Mr. AKM Shamsul Alam, Director, BPATC and course co-ordinator and Mr. Mustafizur Rahman, Deputy Director, BPATC and course co-ordinator for their sincere and continuous support in matters relating to the preparation of this paper. I am deeply indebted to the officials of Ministry of Commerce, EPB, BGMEA, BTMA, Ministry of Textile, BTMC and Bangladesh Handloom Board who helped me providing with valuable Data and publications. Finally, I would like to put on record the services rendered by Ms. Salma Akter who took all the pains in typing out the manuscript.

BPATC, Savar
24th June, 2000

Hasan Mahmood Delwar

ABBREVIATIONS

ASEAN	-	Association of South East Asian Nations
ATC	-	Agreement on Textile and Clothing
BGMEA	-	Bangladesh Garments Manufacturers and Exporters Association
BMRE	-	Balancing, Modernization, Replacement and Expansion
BOI	-	Board of Investment
BPATC	-	Bangladesh Public Administration Training Centre
BTMA	-	Bangladesh Textile Mills Association
BTMC	-	Bangladesh Textile Mills Corporation
CM	-	Cut and Make
CCI & E	-	Chief Comptroller of Imports and Exports
DCCI	-	Dhaka Chamber of Commerce & Industry.
EPB	-	Export Promotion Bureau
EQS	-	Environment Quality Standards
EU	-	European Union
FY	-	Fiscal Year/Financial Year
GATT	-	General Agreement on Tariffs and Trade
GC	-	Grameen Check
GDP	-	Gross Domestic Product
GSP	-	Generalised System of preferences
GTZ	-	German Technical Co-operation
IRs	-	Indian Rupees
ITCB	-	International Textile and Clothing Bureau
Kgs	-	Kilograms
LC	-	Letter of Credit
LPR	-	Leave preparatory to Retirement
MDS	-	Member Directing Staff
MFA	-	Multi Fibre Arrangement
OECD	-	Organisation of Economic Cooperation and Development
QRs	-	Quantitative Restrictions
SAARC	-	South Asian Association for Regional Cooperation
SSC	-	Senior Staff Course
TCB	-	Trading Corporation of Bangladesh
UNCTAD	-	United Nations Conference on Trade and Development
USA	-	United States of America
URA	-	Uruguay Round Agreements
VAT	-	Value Added Tax
WTO	-	World Trade Organisation

EXECUTIVE SUMMARY

The international trade in textiles and apparel has been guided by various restrictions on a global or regional basis since 1974 under MFA. The entire business in RMG has been subjected to bilateral quota negotiated under MFA. With the emergence of the WTO, trade in textiles and garments have to be liberalized. The arrangement of bilateral quotas and restrictions on import under MFA has begun to be phased out from January 1995 and the process will be completed by 2005. Therefore, there will be no more quotas and only barrier to import penetration will be the normal rules of competitiveness such as price, quality, service, fashion and Tariff. Again, the GSP scheme is keen on the basic rules of origin and to meet this rule, we need to mobilise the textile sector to feed up the RMG sector.

Bangladesh has confirmed its long term commitment to the GATT stipulations, the setting up of the World Trade Organisation and all that it stands for. The key challenge for Bangladesh now is to examine and identify the steps necessary for it to be able and ready to absorb the shock of a totally free international trade regime in textiles after the year 2004.

This particular study has made endeavour to examine and investigate the elements, structures, challenges and opportunities of the Textile and Apparel (RMG) sector in Bangladesh.

The future of our RMG would depend on proper utilization of the transition period for establishing backward linkages, on improvement in product quality and design, on diversification of products and markets and on marked improvement in labour productivity so that we can penetrate into high value-adding, high-priced, highly competitive global apparel market. In achieving these, actions like establishment of backward linkages and Fashion Institute, relocation of garments industries and Commercial Wings abroad, product diversification, guarding the non-tariff barriers and structural reforms of Ministry of Commerce, EPB, TCB, CCI & E, Supply and Inspector and Department of Coal Control are recommended.

CHAPTER – 1

INTRODUCTION

1.1. Rationale of the study

The Uruguay Round Agreement (URA) marks the beginning of a new phase in the international economic relations. The Agreement on Textile and Clothing (ATC) which forms an integral part of the URA, has evoked a lot of apprehensions. Because, it calls for complete integration of MFA restrictions/regulations into WTO/GATT by the year 2005. With the phasing out of the MFA, Bangladesh apparel (RMG) will lose restricted but some what guaranteed access to the US markets and unrestricted and preferential access under GSP scheme to the markets of the EU where more than 95% of the apparel exports now end up. That means, almost entire apparel export business of Bangladesh will be at stake with the elimination of the MFA and GSP trade regimes under the Uruguay Round on the morning of January 02, 2005, when no quotas will be left and the ATC itself will be terminated. So, the challenges for Bangladesh is elephantine in size, formidable in magnitude and simply overwhelming in comprehension.

1.2. Objectives:

1.2. (1) World Trade Organization (WTO) is the embodiment of Uruguay Round results and the successor to the GATT. Bangladesh, as a signatory to the Uruguay Round Agreement (URA) has confirmed its long term commitment to the GATT stipulations, the setting up of the WTO and all that it stands for. The key challenge for Bangladesh now is to examine and identify the various steps necessary for it to be able and ready to absorb the shock of a totally free international trade regime in textile and apparel after the year 2004.

1.2.(2) There are 3043 garment factories in Bangladesh, a prime component of the textile and apparel sector. It contributes about 76% of the country's total export earning and has employed about 1.5 million people (90% female, but not in Knit). Besides, it helps in generation of several million jobs in linkage industries such as garment accessories, spinning, weaving, dyeing & printing, finishing, shipping, road transport and real estate development. Again, the growth of textile products, transport, banking, insurance, cosmetics, hotel etc. has direct link with the development of apparel industry. In brief, this sector can be termed as the prime engine of economic growth. But the fullest realization of the possibilities of the garments sector on a sustained basis would depend on how skillfully Bangladesh can equip and reform itself to operate in the restriction free international trading regime in textile and apparel scheduled to be in place by the year 2005 under the Uruguay Round. The challenge is enormous, multi-dimensional, wide-ranging and far reaching.

1.2. (3). This seminar paper attempts to determine the challenges and prospects of the textile and apparel (RMG) sector. The analysis encompasses the effects of the ATC in the liberalized trade regime under WTO. So, the objectives of the study are -

- a) To identify the challenges and opportunities in our textile and apparel sector;
- b) To find out as to whether the present structure and organization of this sector is capable of meeting the new challenges;
- c) To identify certain areas where reforms are needed.

1.3. Methodology :

Data used in the study are mostly from secondary sources. The concerned officials of Ministry of Commerce, Ministry of Textile, EPB, BGMEA, BTMC, BTMA and Bangladesh Handloom Board have been interviewed for the purposes of updating and cross-checking the available information. Besides, class lectures and the personal knowledge and experience gained by the author during his long attachment with Ministry of Commerce (from 1987 to 1997) were also used in preparation of this seminar paper.

CHAPTER – 2

2. ANALYSIS OF KEY ISSUES

2.1. Current State of Textile and Apparel Industries:

The textile sector occupy a very important position in Bangladesh. It is the largest manufacturing sector contributing about 5% to the GDP. It contributes 76% of export earnings, generates employment for over four million people, meets the second basic need for clothing of the country and contributes around 50% of the industrial value addition.

2.1. (1). The textile sector of Bangladesh may be classified in the following way :

- a. Readymade Garments (RMG) Industries
- b. Spinning Mills
- c. Weaving Mills
- d. Knitting/Hosiery Mills.
- e. Dyeing, Printing & Finishing Industry
- f. Handloom Mills

a. The present position of the RMG sector

(a). 1. The role of RMG in our national economy can hardly be over-emphasized. There has been a phenomenal growth in the field of our RMG export during the last 15 years. Table below shows the comparative statement on export of RMG (both woven and knit) and total export of Bangladesh-

Table - 1

COMPARATIVE STATEMENT ON EXPORT OF RMG AND TOTAL EXPORT OF BANGLADESH			
Year	Export of RMG (in million US\$)	Total Export of Bangladesh (in million US\$)	% of RMG's to Total Export
1983-84	31.57	811.00	3.89
1984-85	116.2	934.43	12.44
1985-86	131.48	819.21	16.05
1986-87	298.67	1076.61	27.74
1987-88	433.92	1231.2	35.24
1988-89	471.09	1291.56	36.47
1989-90	624.16	1923.70	32.45
1990-91	866.82	1717.55	50.47
1991-92	1182.57	1993.90	59.31
1992-93	1445.02	2382.89	60.64
1993-94	1555.79	2533.90	61.40
1994-95	2228.35	3472.56	64.17
1995-96	2547.13	3882.42	65.16
1996-97	3001.25	4418.28	67.92
1997-98	3783.64	5161.20	73.30
1998-99	4020.10	5312.86	75.67

Source: Export promotion Bureau (EPB).

(a). 2. The export of RMG recorded a growth of 14.3% in 1995-96, 17.82% in 1996-97, 26.06% in 1997-98 and 6.25% in 1998-99. This sector made its first appearance in 1977-78 with 9 enterprises when it contributed less than US\$ 1 million. By fiscal year 1998-99, the number of enterprises has increased to 3043 (1855 units in Dhaka, 356 in Narayangonj, 758 in Chittagong and the rests are located in different parts of the country).

(a). 3. Bangladesh is now one of the largest apparel exporters of the world. Bangladesh exported 52.38% of its apparel exports to EU in 1998-99. Table below shows the position:

Table-2

Volume is Million US\$

APPAREL EXPORT TO MAJOR MARKETS IN 1998-99				
Countries	Woven	Knit	Total	% of Total Exports
Australia	12.41	7.45	19.86	0.49
Belgium	84.85	66.75	151.6	3.77
Denmark	18.33	30.01	48.34	1.20
Finland	9.74	5.90	15.64	0.39
France	184.27	138.15	322.42	8.02
Germany	421.48	161.00	582.48	14.49
Greece	2.31	0.8	3.11	0.08
Ireland	8.06	3.87	11.93	0.03
Netherland	137.17	79.96	217.13	5.40
Portugal	2.12	1.00	3.12	0.08
Spain	38.74	20.38	59.12	1.47
Sweden	36.39	24.30	60.69	1.51
UK	280.81	114.86	395.67	9.84
Total EU	1389.71	715.89	2105.60	52.38
Canada	62.09	29.37	91.46	2.28
USA	1475.59	262.73	1738.32	43.24
Others	57.57	27.03	84.60	2.10
Grand Total	2984.96	1035.02	4019.98	100.00

Source: Export Promotion Bureau (EPB)

The main reason for this growth is duty and quota free access to this market. The basic requirement of the EU's GSP scheme is the "Rules of Origin" and they have allowed us good mileage in the import content of our exports. But with the liberalization of apparel exports in 2005 a different set of Rules of Origin will apply.

(a). 4. The current structure of the Textile and RMG sector is as follows:-

Table – 3: Current structure of the Textile & RMG sector

Industry	No. of Units	Installed Capacity	Annual capacity	Production
Spinning				
• Ring Spinning	146	2,809,940 spindles	-	-
• Rotor Spinning		45,000 spindles	-	-
<i>Total</i>		-		200 m. kg.
Weaving				
• Shuttle	1263	49,000 looms	-	-
• Shuttle Less		1298 looms		1000 m. meter
• Handlooms		500,000 looms		800 m. meter
<i>Total</i>		-		1,800 m. meter
Knitting				
• Domestic	335	3,131 m/c		36 m. kg.
• E.O.U	272	2,115 m/c		42 m. kg.
<i>Total</i>		-		78 m. kg.
Dyeing, Printing & Finishing				
• Semi-mechanised & Mechanised	375	-		900 m. meter
• E.O.U	12	-		48 m. meter
<i>Total</i>		-		948 m. meter
Ready Made Garments	3043	-		101 m. dozen

Source : BGMEA

(a). 5. Besides fast growing export oriented RMG industry, the textile sector of Bangladesh also embraces a fragile spinning sector, an even weaker dyeing and finishing sub-sector and an emerging knitting sub-sector. Given intensive nature of backward and forward linkages between these sub-sectors, progress of any of these sub-sectors intricately depend on the state of other. Table above gives a capsule view of the existing structure of the textile industry in Bangladesh.

(b) Spinning Sub-sector:-

Bangladesh currently has 146 ring spinning mills with 2,854,940 spindles and 23 open end units with 45,000 rotor-heads. Apart from cotton spinning, there are some specialized mills in wool, nylon, viscose and silk. There were only 830,000 spindles in the country in 1972. Although this growth is significant, most of the spinning capacities added over the years are considered to be unsuitable for producing export quality yarn, which could be used by the RMG sector.

(c) Weaving sub-sector :

Handlooms : Traditionally the handlooms have been a dominant part of the textile industry in Bangladesh. In recent years, semi-automatic handlooms are gradually displacing older types of handlooms. There are 1263 handloom/powerloom units in the country with installed capacity of 550,298 looms, capable of producing 1800 million meters of fabrics. The number of handlooms did not increase much in the recent years. Although handlooms remain important for production of varieties of fabrics, such as saris, lungies, shirting, suiting cloth, household linen, mosquito nets etc., this sector has been experiencing stagnating growth in the 1990s. Moreover, almost entire handloom products are used for domestic consumption only. The only exception being the Grameen Check (GC), a recent development locally produced handloom fabric, which currently supplies about 4 million meters of fabric for the export-oriented RMG sector. The GC is being used since 1993, when only 1 million meters were used. Demand for GC is on the rise as it continues to attract buyers in international markets.

(d) Knitting and Hosiery :

The knitting industry is the fastest growing textiles production activity in Bangladesh after garment manufacturing. Bangladesh had only 141 units of local hosiery and knitting in 1972, but it is 607 now with a production capacity of 78 million kgms. Out of which 272 are regular exporters while the rest 335 units are irregular exporters. The country's knitting industry got a shot in the arms in 1986 when the EU granted unrestricted duty free access to Bangladeshi textile products. Knitwear factories began to spring up overnight to take the advantage of the GSP facilities.

(e) Dyeing, Printing and Finishing Sub-sector

It is an important intermediate processing link in the textile industry but here it represents the weakest link among textile sector. In 1972 there were 7 mechanized and semi-mechanized dyeing and finishing units in Bangladesh. The number has now increased to 112 mechanized and 275 semi-mechanized units with a total annual production capacity of 948 million meters. Out of these, only 12 units have a combined dyeing capability of 48 million meters to serve the needs of the export-oriented RMG.

(f) Fabric Production :

Bangladesh can hardly meet its demand for fabrics for domestic consumption as well as export-oriented RMG sector from its own production. At present, only 18% of the woven fabric requirement of the export-oriented RMG industries is met with local supplies. Most of the locally manufactured fabrics are unsuitable for export-oriented RMG industry.

2.2. The practical scenario

2.2. (1) Bangladesh entrepreneurs took advantage of the Multi-Fibre Arrangement (MFA) and the Generalized System of Preferences (GSP) to successfully capture a significant market share for Bangladesh garments in Europe and USA. Almost all major retailers, brands and importers of Europe and USA buy garments from Bangladesh and many have set up offices here. They have invested time and money in transferring critical know-how, and establishing strong and long-term relationship. Even in trading, Bangladesh entrepreneurs have made their slow but sure entry. Under these circumstances, Bangladesh must look at the future of RMG export after 2004 with strong optimism. The human capital and customer preference must be leveraged to its full potential, rather than lost due to illogical and unnecessary pessimism about the future.

2.2. (2). By 2005, the WTO agreement will become effective and the protection of quotas will disappear so that all countries will be bound to liberalise imports of garment from any supplying countries. In a level playing field, Bangladesh garment exports will naturally face strong competition. Bangladesh will also have to look carefully to the rules of origin that will be in force in that level playing field. So, the burning question of today is how should Bangladesh look towards and react to the future after 2004 ?

2.3 Impact of the Uruguay Round Agreement on Textile and Clothing (ATC):

2.3. (1). The basic aim of ATC is to integrate the textiles and apparel regulations into the World Trade Organisation (WTO) by requiring member countries maintaining restrictions to phase these out over a period of 10 years. After the termination of this period, i.e. as from 1 January 2005, it will not be

possible for any WTO member country to maintain restrictions on imports of textiles, unless it can be justified under the safeguard provisions of the Agreement on Safeguards. This means that an importing country can impose restrictions only when it is able to prove that increased imports cause damage to its domestic textiles and clothing industry. Furthermore, such restrictions will have to be applied to imports from all sources, and not on a discriminatory basis to imports from one or two countries as is the case with MFA.

2.3. (2). Starting point for integrating the textiles trade into WTO is the list of textiles products contained in the annex to the Agreement. The list covers all textiles products, whether or not they are subject to restrictions. The integration process in first instance focuses on quota and takes place in four stages, with the emphasis on the final years. During each stage a certain minimum percentage of the country's imports in the year of reference 1990 are to be included in the integration process. Every importing country may choose which textiles products it wants to integrate in each phase, provided that the products are selected from each category: tops and yarns, fabrics, clothing and made-up textiles products. Table below shows the phases of integration:-

Table - 4 : Phases of integration

To take effect on		Liberalisation of the import volume of 1990 by
Stage - 1 :	01-01-1995	16%
Stage - 2 :	01-01-1998	17%
Stage - 3 :	01-01-2002	18%
Stage - 4 :	01-01-2005	49%

2.3. (3). At the same time, the remaining quota for products which are not yet integrated should automatically be liberalized by a certain percentage in every phase (respectively 16 percent, 25 percent, 27 percent and 32 percent). During the transition period, selective safeguard measures may be applied when serious disadvantage is inflicted on the domestic industry. These safeguarding measures can only apply to those products which are not yet integrated and may not last longer than a period of three years or until the product is integrated in the WTO regulations. On 1 January 2005, all quota should be removed.

2.3. (4). Despite the Uruguay Round agreement, tariffs will remain very high in the textiles and clothing sector. In the post-Uruguay Round period, the average tariff for all goods will be 4 percent compared to 6 percent in the pre-Uruguay Round period. In the case of textiles, however, the average post-UR tariff will be three times the average for all goods, 12 percent compared to 16 percent pre-UR. The textiles and apparel sector will, therefore, remain one of the most protected sectors.

2.3. (5). For most importing countries the clothing sector will be the last sector to be integrated. In the interim period upto 2005, most clothing products will remain subject to quantitative restrictions (QR's), agreed bilaterally and accompanied by tariffs. The UR agreement leaves importing countries considerable elbow room in their choice of products and sub-sectors for liberalization. It is likely that those clothing products, which are most vulnerable to imports, will be the last to be integrated. Indeed, the most import-sensitive items, such as T-shirts, pullovers, blouses and shirts, are unlikely to have their quota removed until 2005, at which time the remaining textiles and clothing products will be integrated into the WTO framework.

2.3. (6). Countries which are not a member of the WTO have no obligation to proceed with the liberalisation process. This is especially important with respect to china. Until the country joins the WTO and undertakes measures to comply with the rules of tariff reduction and market opening, existing tough controls on Chinese exports to the West are likely to remain.

2.3. (7). Bangladesh is currently exporting 66 categories of RMG to about 60 overseas destinations. At present 31 and 11 categories of garments are under restraint in USA and Canada respectively. However, the European Union which accounts for 52% of the total RMG has not imposed any restraint on Bangladesh's textile and apparel. On the other hand, the EU has extended to Bangladesh GSP facilities to help it develop backward linkage facilities and enhance export earnings. The extension of the GSP facility makes Bangladesh garment cheaper by about 12% vis-a-vis other exporters.

2.3. (8). An analysis of the US customs service data reveals that Bangladesh has consistently achieved a very high rate of quota utilization. Indeed it is noticed that Bangladesh quota utilization rate is higher than that of India, Hongkong and Korea. The levels of quota utilization indicate the competitive position of an exporting country. If they are being fully utilized, they indicate the possibility of further trade expansion. If the levels have been consistently high, they demonstrate the comparative advantage of the country's product.

CHAPTER – 3

CHALLENGES AND OPPORTUNITIES:

- 3.1 Bangladesh has to confront two fold challenges. In the short-run it has to confront the challenges emanating from the phasing out of the MFA. In the long-run it must prepare itself to meet the challenges of quota-free and unrestricted trade regime in the textile and clothing sector in the post Uruguay Round World. It is not likely that Bangladesh's RMG export will be adversely affected during the phasing out of MFA.
- 3.2 The real challenges for the export-oriented RMG industry lies in the long-run. Almost entire RMG exports business of Bangladesh will be at stake with the elimination of the MFA and GSP trade regimes under the UR on the morning of January 2, 2005, when no quotas will be left and the ATC itself will be terminated.
- 3.3 It is believed that china (when it will join GATT/WTO) will, in the long run, be the biggest gainer from rearrangement of export shares that will follow the implementation of the Uruguay Round Agreements. The country is expected to capture as high as 60-80% of the import market for textiles and clothing in the United States and in the European Union. Suppliers in Bangladesh, India, Pakistan and member countries of the ASEAN will have to face china's challenge if they are to maintain and gain market shares.
- 3.4 The opening up of Central and Eastern Europe, Many countries of which had traditionally textile industries, should be viewed by a developing countries like Bangladesh as a cause for worry as far as competition for

the European market is concerned, Preferential arrangements (African, Caribbean and Pacific states have duty free entry into European market), outward processing agreements, lower transport cost, wage cost comparable to those of some developing countries, market nearness and European political realities are likely to make these countries increasingly important trading partners of the European Union.

- 3.5 Most exporters of apparels from the developing economies are of low quality. Demand for these products is relatively inelastic, and hence further increases in exports may drive down world prices. Exporters from developing countries, especially the established ones like Bangladesh, will have to upgrade their products further. The high quality end of textile and apparel market will continue to be dominated by industrial economies as proximity to markets and better designs of products give them a competitive edge over developing economy exporters.
- 3.6 An analysis of supply and demand shows that the current requirement of yarn both for domestic and export-oriented RMG industry is about 590 million Kgs. and this will be about 818 million kgs by the year 2005 (table given below). The requirement for fabrics is 4400 million meters of which only 18% is met with local supplies and by 2005 it will be 6000 million meters. This offers a tremendous opportunity for further industrialization in our country.

Table - 5

Yarn requirement for the coming years from FY 1998-99 to FY 2004-05

Year	Domestic	Export Oriented Knit/RMG/Industry	Total
1998-99	196	395	590
1999-2000	207	434	641
2000-2001	218	456	674
2001-2002	231	479	710
2002-2003	245	503	747
2003-2004	259	528	787
2004-2005	263	554	818

Source : BGMEA

3.7 Currently, with the back-to-back LC system, importers in Europe or the USA finance Bangladesh garment industry's imports of cotton, yarn, dyes and fabrics. This system keep the industry chronically dependent on imports. In the near future, it will become more difficult for Bangladesh to procure yarns and fabrics from neighbouring Pakistan and India. Because, they may need these raw materials for their own clothing industries, as a result of increased export opportunities.

3.8 The Uruguay/GATT agreement includes a decision on measures in favour of least developed countries. It states that consideration shall be given to further improve GSP and other schemes for products of particular interest to least developed countries. Bangladesh is seeking an extension to the deadline for phasing out of MFA quotas, so that it has the time to attract the necessary investment to set up domestic fabric industry.

3.9 Non-Tariff Barriers

While the tariff barriers are being removed, non-tariff barriers are going to be put up by the developed countries. We are already implementing Quality Standards for the RMG manufacturing companies as the buyers are putting immense pressure for better quality products. Buying countries are looking for suppliers practicing in standards specifying minimum requirements and including definitions in the following areas:

- Child Labour
- Forced Labour
- Health & safety
- Freedom of Association and Right to Collective Bargaining
- Disciplinary Practices
- Working hours
- Compensation
- Management Systems etc.

Quota Acceleration during the Transition Period:

3.10 The ATC provides for acceleration of the growth rate of the bilateral quota under MFA during the transitional period of integration. In the first stage, the growth rate of quota volumes will increase by 16%. In the 2nd and 3rd stages, it will be 25% and 27% respectively. The growth rates under the existing bilateral agreements are usually 6% to 7%. The application of the growth factors would mean that in the first stage a growth of 7% will rise almost to 8.12% an increase of nearly one percent point. The ITCB has estimated that Bangladesh quotas will increase by 169% in Canada and by 168% in USA in the year 2004.

Table – 6

Quota Acceleration in cat 237 with existing MFA growth rate of 7% and ATC growth rate of 16%, 25% and 27% during the transitional period

Year	Base level with MFA growth 7%	Base level with ATC growth rate of 16,25,27%	ATC growth rate in different phases of transition
1994	3,48,622		
1995	3,73,026	3,76,930	8.12 1 st phase
1996	3,99,138	4,07,537	8.12 1 st phase
1997	4,27,078	4,40,629	8.12 1 st phase
1998	4,56,973	4,85,353	10.15 2 nd phase
1999	4,88,961	5,34,616	10.15 2 nd phase
2000	5,23,188	5,88,880	10.15 2 nd phase
2001	5,59,811	6,48,651	10.15 2 nd phase
2002	5,98,998	7,32,262	12.89 3 rd phase
2003	6,40,928	8,26,651	12.89 3 rd phase
2004	6,85,793	9,33,206	12.89 3 rd phase

Source: Textile cell, EPB.

3.11 The EU, with its single market undoubtedly offers developing countries with substantial opportunities for an increased export trade in textiles and clothing. The upward trend in trade is almost certain to continue. Many developing countries have already gained more than a foothold on the market, and recent ITCB studies have confirmed not only the existence of a large market, but also that if the product is right, if stringent technical specifications and quality requirements are adhered to, if contractual requirements are met, and if market requirements are carefully considered, the market can be further exploited.

3.12 The World Bank and the OECD centre project that the global economy will grow at the rate of \$ 213 billion a year by 2002 after the GATT deal. UNCTAD estimates that complete non-discriminatory liberalization (involving both tariff and MFA quotas) could increase developing country export of clothing by 135 percent and textiles by 78 percent.

CHAPTER -4

4. REFORMATION PACKAGE

4.1. Need for backward linkages :

RMG industry in Bangladesh has grown primarily by executing orders received from buyers on CM (cut and make) basis whereby the buyers supplied the fabrics from their own sources or recommended suppliers abroad, as no fabrics and accessories were available within the country in the absence of backward linkage industries. During the early phase of RMG industry, the quality of fabrics produced in the country did not cater to the buyers' choice, hence the country was dependent on imported fabrics. However, in the mean time, the local entrepreneurs invested in spinning, weaving, dyeing and printing industries. further , the existing units took up programmes for BMRE. The performance and products of the mills are improving, but not at the rate RMG is flourishing. To meet up the gap of fabrics requirement, Bangladesh needs installation of 156 spinning mills each with 25000 spindles, 371 weaving mills each with 125 shuttles loom and 371 dyeing, finishing mills each with 10 million meter capacity per year. It is estimated that Tk. 210 billion investment will be required to establish the above industries. The development of textile industry in the country is imperative in view of the impending change of quota free environment in the international apparel and clothing market. From 2005, the quotas will be eliminated and the readymade garment industry of Bangladesh is likely to experience stiff competition in the quota free environment. To remain competitive in the international market, Bangladesh must develop the nascent textile sector, otherwise, RMG industry is most likely to lose the competitiveness in the quota free environment.

4.2. Relocation of garments industries :

Due to the rapid and unplanned growth of RMG sector, it has created a tremendous pressure on the services, namely, housing, water supply, sewerage, electricity, transport etc. It has already been said that most of the garment factories are located in Dhaka, Chittagong and Narayanganj, of which a large number (60%) of factories are situated in the residential buildings. About 90% of the employees of these factories (not knit) are women, of them 58% are unmarried and 74% have come from rural areas. Their average age is 21. For obvious reasons, the female factory workers live in the adjacent areas to their work places. As such, the growth of slums in the major cities are on the increase. It makes the city areas over-crowded and creates deep pressure on the scarce resources. Environmental disorder by the unlimited population in the developed cities is certainly a burning issue of today. On the other hand, since the garment factories have been established in an unplanned manner (in residential houses and in commercial offices), provisions of factories Act could not be followed due to which accidents like fire are occurring frequently and thereby causing losses of valuable lives. Moreover, there is no scope to make any modernization/extension/expansion and to ensure provisions of factories Act including safety measure of the workers at their present locations. So, to overcome this situation, government should undertake establishing garment villages outside the city areas.

4.3 ORGANIZATIONAL RESTRUCTURING

4.3 (1). Textile Mills under BTMC;

Several BTMC mills have already been privatised, but the manpower strength at BTMC headquarters has not been commensurately reduced. So, BTMC should be asked to operate on the basis of simultaneously reducing

headquarters staff/officers as mills gradually get disinvested. Analysis proves that certain mills are not viable, it should be shut down and land, facilities and equipment should be liquidated. This would prove to be more cost-effective in the long run.

4.3 (2) Export promotion Bureau (EPB)

4.3 (2) 1. Under the administrative control of EPB, there is a textile cell which looks after the garment industries, GSP matters and quota administration. As many as 41 posts have been created for this cell headed by one Director-General. These posts are retained on year to year basis since November, 1987. Moreover, they have borrowed 30 officers and staff from TCB, CCI & E, Supply & Inspection and Department of Coal Control to cope with the present volume of work..

4.3.(2) 2. It has been calculated out that there is a monthly expenditure of Tk. 8.50 lacs for the above 41 officers and staff of textile cell including office rent, telephone/fax and other miscellaneous expenses. If we take pay and allowances of borrowed 30 officers into account, the expenditure will be much more. But EPB does not need to pay for them. They draw their pay and allowances from their respective departments.

4.3. (2) 3. When textile and clothing sector will be integrated into WTO discipline by 2005, there will be no need for quota administration then and the officials of textile cell may be absorbed into EPB to utilize their services for export promotion rather quota administration. Otherwise, they may be declared surplus and be absorbed elsewhere.

4.3. (2). 4. Ministry of Commerce :

There is a textile cell as well under the Ministry of Commerce for which 8 posts have been created headed by a Deputy Chief. The government has to incur an expenditure of Tk. 52. thousand per month for them. By the year 2005, these posts may be abolished and the officials occupying the posts may be posted elsewhere, where their services may best be utilized.

4.4 Development of marketing and linkages:

Step should be taken to develop marketing and to establish linkages in order to address the challenges which might have to face by the year 2005. Some of the steps may be as under:

- (a) To establish "liaison councils" between RMG industry and textile mills owners to foster better co-operation;
- (b) To gear up production to demand;
- (c) To develop ties with foreign buyers through co-ordinated efforts by both public and private sector;
- (d) To intensify/strengthen the activities of the Commercial Wings of Bangladesh Missions abroad and to make some relocations of Commercial Wings wherever necessary for better results.

4.5 Adoption of appropriate technology and rehabilitation measures:

Out dated technologies, low labour productivity, overstaffing, inadequate skills and disruptions in electricity supply are some of the problems plaguing the public sector mills. Due to these factors, many mills are no longer viable. It is now necessary to take significant steps to increase the quality of yarn/fabric production both in the areas of processing as well as in the end products. A proper mill-by-mill study to update equipment and overall rehabilitation is, therefore, imperative.

CHAPTER-5

5. RECOMMENDATIONS AND CONCLUSION

5.1. Setting up of Backward Linkage Industries

5.1.(1) The survival of the RMG sector beyond 2005 is critically dependent upon the country's capacity to build up to backward linkages industries in the fabrics and accessories sector. To attain self-sufficiency in fabrics by 2005, it will be necessary to set up 156 spinning mills each with 25000 spindles, 371 weaving mills each with 125 shuttles looms and 371 dyeing, printing/finishing mills each with 10 million meters capacity per year.

5.1.(2) All the above backward linkages are to be developed by 2004. A total of Tk. 210 billion will be needed for investment. The government should encourage private sector investments and should create a special fund of Tk. 150 billion to provide equity capital to those sound entrepreneurs who will come up with 30% equity. Similar support is available in many countries. India has embarked on a programme of IRs 25000 crore to re-vamp its entire textile industry.

5.1. (3) To help the clothing and garment industry in keeping abreast of latest changes in fashions and designs, government may establish a Fashion Institute. India has already established such institute.

5.2 Relocation of garments industries:

Government should take immediate steps to establish garment villages out side the city areas for shifting the existing RMG units in phases. This is how productivity can be improved and ensure security, social benefit, utility services essential for the workers. This will rather help implementing the Environment Quality Standards (EQS) under the Environment Policy, 1992.

5.3. Organizational Restructuring

5.3.(1). Officers and staff of TCB, CC1 & E, Supply & Inspection and Department of Coal Control (30 in number) working with the Textile cell of EPB for long should be absorbed in EPB. It seems that the above four organizations are able to cope with their present volume of work without them. So, their posts in the respective organizations should be abolished. This will ensure their accountability to EPB authorities which will ultimately ensure more productivity/services.

5.3.(2). The government may decide as to how the services of 41 officers/staff of textile cell (EPB) and 8 officers/staff of the Ministry of Commerce, will best be utilized after 2004. Because, responsibilities like quota administration and GSP matters will no longer be existed after 2004, which they are dealing with now.

5.4 Relocation of commercial wings:

Considering the nature of export market and to ensure better results and thereby to face the challenges of 21st century, some Commercial Wings of Bangladesh Missions abroad may be relocated. They may be as under:-

Present location	Proposed location	Reason for relocation
(a) Ottawa, Canada	Toronto, Canada	Toronto is the largest financial market and commercial city in Canada. Most of the commercial wings of other countries are located in Toronto.
(b) Post of First Secretary (commercial), London, UK	Paris, France	France is one of the largest markets in Europe for Bangladesh. But there is no commercial wing there. On the other hand, there is one Economic Minister in UK in addition to the First secretary (com.)
(c) Canberra, Australia	Sydney, Australia	Sydney is the central point of all economic activities in Australia.
(d) Colombo, Sri Lanka	Tashkent, Soviet Russia	Trade with Sri-Lanka is insignificant. Tashkent is a potential Market for us.

5.5. Diversification of products :

The USA and Canada have respectively imposed quota on 31 and 11 categories of apparel exports from Bangladesh. This means that despite the remarkable growth in the RMG sector, it has not done very well in the remaining MFA categories which are about 114 in number. Since there are no quotas in Europe, the opportunities for growth are limitless. RMG sector has now to concentrate on developing capacity to manufacture and export these categories .

5.6 Vigilance against new non-tariff barriers :

The developed countries have now come to accept that they can not compete for long with the exporters of developing countries. One reason being the availability of cheap labour. They will employ every possible trick to prevent growth of exports from these countries by creating hidden non-tariff barriers in the name of environment, labour and safety standards etc. The government and the BGMEA must remain vigilant against such protectionist designs.

5.7. CONCLUSION

Bangladesh does enjoy comparative advantage in the production of export oriented RMG industry. As the discussion above demonstrates, over the years, it has already come of age. But the future of Bangladeshi RMG would depend on the following:-

- proper utilization of the transition period for establishing backward linkage;
- sharp improvement in its product quality and design;
- diversification of products and markets;
- marked improvement in labour productivity.

So that it can penetrate into high value-adding, high-priced, highly competitive global apparel markets. To succeed in the fiercely competitive world of tomorrow, the RMG manufacturers as well as the government must understand that every dollar/pound saved is equivalent to every dollar/pound earned for the economy.

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