

JOURNAL OF THE INSTITUTE OF BANGLADESH STUDIES

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Articles are accepted with the understanding that they have not been published either in full or in a summary form or accepted for publication elsewhere.

Two copies of the manuscripts should be submitted. Manuscripts should not normally exceed 20 pages of standard size paper. All manuscripts must be computer composed double-spaced on one side of the paper only. The article should contain an abstract within 100-150 words.

Footnotes/Endnotes should be numbered consecutively and the numbers should be shown as super-scripts, i.e. slightly above the line. It should be composed single space at the bottom of the relevant pages or at the end of the article. The technical style of putting footnotes should be methodical and conform to the accepted standard.

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Rammohan Roy's Plea for Modern Scientific Education: A Reappraisal

Dr. Golam Kibria Bhuiyan*

Raja Rammohan Roy was the pioneer of Bengal renaissance. He is considered one of the most eminent intellectuals of Bengal in early nineteenth century. Whatever might be the limitations of his ideas, he no doubt remains as the harbinger of modernism in Bengal. We have had in him the first touch of modern mind a mind that refuses to rest content with existing condition of life and sincerely longs for social change. Social historians like Ahmed (1965), Kopf (1969), Das (1970), Bhattacharya (1980), Chottopadhyaya (1983) and Raychoudhuri (1988) deal with nineteenth century social history talk about Rammohan Roy along with others. But Roy's plea for modern scientific education has not been analysed with due attention which it deserves. In this article, we shall try to review Roy's attitude to Sanskrit learning and his plea for modern education.

Before we go to explain his effort, we may elucidate briefly Rammohan's mind and the then society of Bengal. Raja Rammohan Roy (1774-1833) appeared on the stage of Indian history in the last quarter of the eighteenth century when the Muslim rule was on the decline. This period was the darkest age of modern Indian history. Old society and polity had crumbled down and a new one was yet to take its place. Rammohan was born in an orthodox Hindu¹ family. Whatever may be his family Rammohan was not a Hindu reformer and his new religion Brahmoism also not Hinduism (Das, 1970, Preface). However, Rammohan's activities at his young age covered many places in and outside India including Tibet where he had the opportunity to study many inaccessible scriptures of Buddhism. He was well-versed in Arabic,

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Persian² and Sanskrit languages and had thorough knowledge of the philosophy of religion in each system. All this convinced him of the logic of a unitarian conception of God and the need to rediscover the basic rationality of the religion of man.

Rammohan joined the post of 'Diwan' in the Rangpore Collectorate. Here he had the opportunity to exchange views with John Digby, the Collector. The association with Digby largely modernized the outlook of Rammohan and kindled his interest in social and political affairs. After accumulating wealth, Rammohan left the job and settled in Calcutta. Within a short time he became popular among the urban intelligentsia. He initiated a number of movements in Calcutta. The first of these movements led to the birth of the Brahma Samaj (1828) a society of worshippers of one God devoid of rituals prejudice or parochialism. The other movements branched forth into a variety of activities – campaign against the suttee (Hindu practice of burning widows on their husbands' funeral pyres), emancipation of woman, initiating native journalism and fight for the press (Raychoudhuri, 1988, 16-17). Rammohan Roy rightly called the father of the Bengali press, entered the field of journalism in 1819 as editor of *Sambad Kaumudi*, the first issue of this journal carried a demand for free education. Female education was also advocated. But the most momentous question the *Kaumudi* took up was the abolition of Sutee. Another periodical started by him was the *Brahmanical Magazine* (1821). It featured vehement attacks on the missionaries (Bhattacharya, 1980): 16). To Rammohan Roy again belongs the credit of bringing out the first Persian language newspaper in India. He began to publish the *Mirat-ul-Akhbar* (April, 1822). It was personally edited by him (Ahmed, 1965: 104). In 1818, Roy published his famous pamphlet on Suttee. "A conference between an Advocate for and an opponent of the practice of burning widow's alive'. In 1820, he wrote another pamphlet on the same (Ahmed, 1965: 130).

Being well-versed in Arabic, Persian and Sanskrit and an enthusiast for modern European education and literature Rammohan was like a bridge between the East and the West. A man with reforming zeal Rammohan was a protagonist of modern education in Bengal though he himself had been insulted by a British official for his failure to show respect due, to a member of the master race (Raychoudhuri, 1988:17). In spite of such incidents Rammohan along with David Hare (1775-1842) was most active for introducing English education in Bengal.

Rammohan's proficiency in the English language was acknowledged by Europeans.³ He as also the students of Hindu College and their sympathizers were the first among Indians to issue periodicals in English. Roy had a natural instinct for English education and learning. His letter to Lord Amherst⁴ (11 December, 1833) the Governor general was written in English with forcible arguments for introducing modern education. This letter was written as a protest against the Government's expenditure of money on Sanskrit College instead of supporting English education. In his letter Rammohan argued:

We were filled with sanguine hopes that this sum would be laid out in employing European gentlemen of talents and education to instruct the natives of India in Mathematics, natural Philosophy, Chemistry, Anatomy and other useful sciences, which the nations of Europe have carried to a degree of perfection that has raised them above the inhabitants of the other parts of the world (Mahmood, 1895:28).

But the government was adamant to establish a Sanskrit College immediately. Rammohan was against this decision and explained the uselessness of Sanskrit learning in his letter. He argued:

This Seminary (proposed Sanskrit College) can only be expected to load the minds of youth with grammatical niceties and metaphysical distinctions of little or no practical use to the possessors or to society (Mahmood, 1895:29).

About the impracticability of Sanskrit learning Rammohan also cited examples taken from such Sanskrit works as *Mimansa*, *Vedanta*, *Nyaya Shastra*:

... Since no improvement can be expected from inducing youngmen to consume a dozen of years of the most valuable period of their lives, in acquiring the niceties of vyakaran or sanskrit grammer. ... Neither can much improvement arise from such speculations ... in what manner the soul absorbed in the Diety? (Vedant) what relation does it bear to the divine essence? what is real nature and operative influence of passages of the vedas? (Mimansa) ... what speculative relation the soul bears to the body, the body to the soul, the eye to the ear etc. (Mahmood, 1895:29).

Here we get a clear idea of Roy's view of Sanskrit learning and vision of modern scientific education. This was undoubtedly the result of his deep study of west. At the end of his memorial Rammohan made the following appeal to the Governor-General:

In order to enable your Lordship to appreciate the utility of encouraging such imaginary learning as above characterized. I beg your lordship will be pleased to compare the state of science and literature in Europe before the time of Lord Bacon with the progress of knowledge made since he wrote (Mahmood, 1895: 29).

This historic letter Rammohan concluded with the following remarks:

But as the improvement of the native population is the object of the government it will consequently promote a more liberal and enlightened system of instruction embracing mathematics, natural philosophy, chemistry, anatomy, with other useful sciences, which may be accomplished with the sum proposed, by employing a few gentlemen of talents and learning educated in Europe and providing a college furnished with the necessary books, instruments and other apparatus (Mahmood, 1895:29).

However, the government regarded this letter as having been penned under a somewhat erroneous impression respecting the views of government in the establishment of the Sanskrit College but forwarded it to the committee of Public Instruction for their information. The memorial remained unanswered and the design of founding a new Sanskrit College was carried into execution (Feb. 1824).

Like other social ideas of his, Roy wrote the memorial on modern education as a moral duty. He declared "I conceive myself discharging a solemn duty which I owe to my countrymen and also to enlightened sovereign and legislature which have extended their benevolent care to this distant land"

Rammohan's memorial on modern scientific education was a secular one. His idea was that Western education should be imparted to develop the minds of Indians on modern lines. The company refused Rammohan Roy's request that English be taught at Sanskrit College but three years later had to accede to the popular demand (Seal, 1968: 17n). Thus like his advocacy of social, political and economic changes Rammohan's conception of modern scientific education also made deep impression on the then educated Bengalis. His rational approach to modern education surprise us even today. He was ahead of his time. He had set a brilliant example. His talent for organisation gave Calcutta its leading school, its first Indian news papers and the Brahma Samaj an organisation for religious reform which played an important part in Bengal's renaissance. A great rationalist as Rammohan was his Utilitarian considerations made him a truly secular man, and his

Rammohan Roy's Plea

approach to modern scientific education made him a champion of the time.

Endnotes

¹ Kontala argues Rammohan's family as a Vaishnavite one (Kontala 1975: 13).

² Rammohan was nicknamed 'Jabardast Maulvi' (Chattopadhyay 1983:14).

³ See, Bishop Haber's letter (Kontala 1975: 40).

⁴ Full text of the letter is cited by Syed Mahmood (Aligarh, 1895: 28-29).

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approach to modern scientific education made him a champion of the

Endnotes

- 1. Kenneth G. Pyle, *Ken Kesey's Journey: A Study in the American* (1972).
- 2. Kesey was the central figure in the 'beatnik' movement.
- 3. *Ken Kesey: The Man Behind the Myth* (1972).
- 4. Full text of the letter is given by Ken Kesey in *Ken Kesey*.

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- 1. *Ken Kesey: The Man Behind the Myth* (1972).
- 2. *Ken Kesey: The Man Behind the Myth* (1972).
- 3. *Ken Kesey: The Man Behind the Myth* (1972).
- 4. *Ken Kesey: The Man Behind the Myth* (1972).
- 5. *Ken Kesey: The Man Behind the Myth* (1972).
- 6. *Ken Kesey: The Man Behind the Myth* (1972).
- 7. *Ken Kesey: The Man Behind the Myth* (1972).
- 8. *Ken Kesey: The Man Behind the Myth* (1972).
- 9. *Ken Kesey: The Man Behind the Myth* (1972).
- 10. *Ken Kesey: The Man Behind the Myth* (1972).

Rural Development In Bangladesh: The Formative Phases

Dr. Md. Moksuder Rahman*

Abstract

The achievement of the goal of rural development, which is the key to the modernisation of all aspects of the village life, should be taken into consideration. In order to achieve the desired objectives of the rural development, the villages must be developed. The idea of rural development germinated during the British period and it took the pragmatic shape in the period of Pakistan. These experiments on rural development during 1890 to 1971 have been termed as the "Formative Phases".

Introduction

Development can be seen as an aspect of human will. It can be viewed as a particular kind of planning aimed at transforming an under-developed country into a developed one. It is a process through which individuals or institutions move from being to becoming. The development may be understood as the process of overall progress in the area of social, political and economic activities. It means the transformation of society or state from under developed to develop one in all respects of human life. But it must be kept in mind that without the development of the rural areas, the development of the nation as whole can not be possible, because overwhelming majority of the people lives in the rural Bangladesh. It is popularly said that the policy of the rural development is a policy of national development. The rural development means the access by the rural people to many of the amenities of life that have been heretofore been associated largely with urban living.

The concept of rural development has merged with a new force and new light near the top of the agenda in national policies of the developing countries particularly in Asia, Africa and Latin America. The developed countries have also recognized this need and have directed their efforts

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towards meeting the basic needs of the poorest people in the developing countries. The People's Republic of Bangladesh, as a developing nation, is very much concerned with the idea of rural development. Bangladesh has inherited the ideas which were taken during the British and Pakistan periods. In the following paper the rural development experiments, followed by the regimes, shall be taken into consideration as the main points of the discussion.

Initial Stages: British Period (1830-1947)

Attempts have been made for rural development in Bangladesh since the later half of the 19th century. As early as 1890's, the famous Bengali poet Rabindranath Tagore urged the construction of villages. Though his activities were confined for a limited area, yet he was the pioneer of rural development in the subcontinent. His programme at Santiniketon and at Sriniketon was efforts in which he sought to practice what he had advocated.¹ The establishment of several institutions after 1918, for the purpose of village development, was a landmark in this respect. His institutions were established at Sriniketon in East Bengal in 1921. The institutions worked for more than 30 years and served 85 villages.² It was the organized private initiative, taken by the famous poet, for the cause of the rural or village development. So, it was a noble attempt in this respect. Some high government officials also took the initiative for rural development. F.L. Bryne was the Deputy Commissioner of Gurgaon district of Panjab. He took the vigorous attempt in order to improve the rural life of the district.³ The programme of Bryne, from 1920 to 1928, set one of the exemplary attempts in our country. His programme was the first attempt and the most important to be launched by the British Government.⁴ The work of another important Government official G.S. Dutt, who organized the rural development societies firstly in the district of Birbhum and then in Mymensingh dates back to 1916. N.M. Khan as the S.D.O. of Brahmanbaria set an example of organizing voluntary rural labour force in eradicating water hyacinth and in excavating the canals. Nurunnabi Chowdhury was another important personality in this respect. As a Deputy Commissioner of Bogra district, he organized many village associations, introduced village development funds, village halls and model villages. He did the similar type of works in the district of Mymensingh as the Deputy Commissioner. As the Subdivisional Officer of Sirajganj, he organized the villages with the slogan, "better homes and villages". He did many things for the eradication of illiteracy. Under the eradication of illiteracy programme 1500 night schools were opened and a total number of 50,000 adults and 35,000 children attended. One thousand two hundred fifty primary schools were opened. For the training of the

teachers camps were opened. Improvement in agriculture, cottage industry, communications, health and sanitation were also received same importance. For the development of the agriculture 21 model farms were opened. He contributed much for the cause of rural development.⁵

The concept of community development in India was started in 1923 in Panjab and the idea was taken up by the Central Province in 1930, United Province and Bombay in 1933 and in Bengal in 1936.⁶ Significant stage of the history of the rural development is that the government created the Department of Rural Reconstruction in 1938 in the province of Bengal. Nurunnabi Chowdhury was appointed as the Director of Rural Reconstruction Department in 1940. HMS Ishaque succeeded him. In this respect the contribution of A.K. Fazlul Haque, the then Premier of Bengal, is really praiseworthy. During the tenure of Fazlul Haque (1937-1943) he outlined the broad principles of the rural reconstruction programme. He said,

We have evolved a comprehensive plan of rural reconstruction. Our aim is to change the face of the countryside, to make the villagers healthier and more beautiful, to help our villages to help themselves, to create in them an urge of better living and generally to bring about a great psychological uplift among our rural population⁷

The rural reconstruction movement was not successful in all the contemplated fields, but in certain areas it achieved commendable progress. The rural development movement was strengthened after the introduction of the provincial autonomy in Bengal in 1937 under the Government of India Act, 1935.⁸ Later on the move of rural reconstruction was interrupted due to the difficulties and problems caused by the II World War and the partition of India in 1947.⁹ On the recommendation of the Rowlands Committee of 1944-45 the Department of Rural Reconstruction was abolished. According to the opinion of the committee, rural development was the normal sphere of activity of the national building department of the civil administration. The committee pointed out:

As will be clear from what we have already said, it will be the District Officer, through his own subordinates and as coordinator of the activities of the technical officer who will be responsible for rural reconstruction. We propose to reinforce him in pursuit of this goal in two ways - (i) an increase in the number of the Circle Officers with corresponding reduction in the area in their jurisdiction, and (ii) the strengthening and expansion of Union

Boards' activities.¹⁰

Therefore, the post of the Director of Rural Reconstruction was abolished in 1946.

Pakistan Period (1949-1971)

Village Agricultural and Industrial Development Programme (V-AID)

The introduction of the V-AID Programme in 1953 generated new activities in the rural areas, which aimed at a rural development system through self-help and coordinating the departmental activities. This programme was introduced in Pakistan on the basis of the recommendation of a committee. The committee consisting of five agricultural experts headed by M.H. Sufi, the Deputy Secretary of the Ministry of Food and Agriculture, the Government of Pakistan. In 1951 the Committee had spent four months under the auspices of the U.S. International Corporative Administration in the U.S.A. and studied agricultural science.¹¹ The officials also studied the evolution of extensive science, the functions performed by the agricultural and country agents, Home Demonstration Agent, 4H. Club agents and country and State Advisors' Councils. Later on the committee submitted a report to the government of Pakistan with recommendation to introduce the 'extension' system in the rural areas. The government accepted the recommendations of the committee and the V-AID programme was introduced in both wings of Pakistan. In each province a Director was appointed for this purpose. Mr. Akhtar Hamid Khan was the Director of V-AID programme in East Pakistan. This programme was considered as "the means for bringing better living standard and new spirit of hope and confidence to the villagers, where about 90 per cent people live."¹² The primary aim of the programme was to faster effective citizen's participation in the rural development project in the field of agriculture, cottage industry, adult literacy, health, sanitation, primary education, cooperative, minor irrigation, and reclamation of land, secondary road construction, youth's and women programme, and social and recreational activities. Firstly, this programme was launched with seven-fold objectives- (1) Formation of Village Council, (2) Modernization of agriculture, (3) Improvement of health, (4) Building of road, (5) Giving credit, (6) Arrangement of market and (7) Generating self-help.¹³ This programme was set up outside the Ministry of Agriculture and other ministries.¹⁴

The basic assumption was to help the villagers to acquire greater

confidence in themselves and their government servants. In its five years plan, the V-AID stated its objectives as follows:

... to solve the problems of villages by helping the villagers to help themselves individually and as communities. It is an attempt to look at the villages as a whole through the eyes of its people and in the light of their vast store of accumulated knowledge and wisdom. It uses the principle of community organization and development, which are based on previous experience, and thus avoids the mistakes of the past efforts at community development. It aims at coordinating the total resources of the government and the people for a concerted and determined effort to reconstruct village life in Pakistan.

In former East Pakistan the thana, covering approximately a population of 10,000, was made the development area and the development project was headed by a development officer. The development area composed of approximately 150 villages with a population of roughly 1,50,000 was made the basic unit for administering the V-AID programme.¹⁵ The Development Officer and the V-AID supervisors tried for coordinating among the government departments that had some roles to play in rural development. The Multipurpose Village level workers became the linkpin between the national building departments and the villagers. The village workers acted as extension agents and demonstrated improved methods in agriculture, animal husbandry, health and sanitation, adult education etc. The need for village organizations was realized and some village councils of elders were constituted. The main idea of the plan was that the V-AID worker should be the main functionary of the programme. It was also added that a worker should be the multipurpose development work agent. The main theme of the V-AID programme was to replace the old and back-dated techniques and methods of the villagers by modern and improved techniques and methods. in order to solve the multifarious rural problems faced by the village people. It was felt that until and unless their usefulness could be demonstrated in the farm or houses of the villagers, it was quite unlikely that they would accept and practice all these. Again it was believed that their usefulness could be effectively demonstrated to the villagers by the workers. they would not only adopt the practice or skill themselves but would become the best agents for its propagation in the village. One of the important functions of the V-AID workers as to form a village council in the village.

It was recommended that the workers should try, on the arrival in the village, to become thoroughly acquainted with the villagers and should gain their acceptance and confidence. The village workers should try to develop the village leadership. Then they should bring together the prominent and influential local persons. In this way the village council should be formed and the membership of the village council should be taken from the different interest groups. The village council was a non-official body and it would serve as the voluntary organization on the basis of the general problems of the villagers. The plan should be made to encourage the local leaders to discuss among themselves their problems and unsatisfactory conditions. Their primary responsibility was to stimulate their thought and action and to sustain their interest. Then they were supposed to help the group to pinpoint some problems which promised relatively quick results and involved a number of people in its achievement. But actually the way and process of planning varied from place to place. In many plans the workers did not face any trouble. Having discussed with the village leaders, the plans were prepared by the village workers, the supervisors and the development officers. Later on the formal consent of the village council was obtained.¹⁶ By analysing the details, it can be said that the village workers were the spearheads of the project and the principal agents of change. Their primary duty was to meet the villagers regularly to help them to identify, to agree upon, to plan and last of all to execute the project in full. The young village workers, having passed the School Certificate Exams, were the paid government servants. The activities of the workers were supervised by the supervisors. One supervisor used to supervise the activities of 10-15 village workers. A Development Officer, who was a graduate, was a trainer of a development area (normally a thana). The most common means of institutionalising, planning, development projects and training of the local leaders was through the creation of a council of elders. As the elected body it should be representative of the village as far as possible. All kinds of projects under this programme used to be prepared by this council. The projects were executed either by this council itself or by a project committee. Each development area had an advisory committee, where the problems of mutual interest used to be discussed. The V-AID Programme was introduced with high hope of noble objectives and it started functioning accordingly.

Drawbacks of the V-AID

This programme was rapidly expanded throughout the country by the direction of the government, but unfortunately it did not work

successfully. It was a short-lived programme and it came to an end in 1959. It laid emphasis on results rather than on procedure. Less attention was given to the grass-root level local government and as such institution building did not receive the seriousness it deserved. The village council was the chief and effective organization of the programme. This council was constituted with the wealthy people of the village and it, in many instances, distributed subsidies to the followers and friends. Friction and conflict also cropped up between the V-AID and the technical departments. Agriculture Department regarded it as a rival group of the same type and did not provide it with necessary supplies and services. The V-AID programme faced competition with agricultural officers at thana and union levels. Shortage of funds and lack of training facilities were also other causes of its failure. The dealing of the V-AID workers was not good. They often acted in an arbitrary manner and displayed authoritarian bureaucratic attitudes. The various departments also became vindictive and jealous and frequently stood in the way of the progress of the programme. They did not provide the programme with necessary services and supplies. For this reason successful demonstration of methods and techniques were not always possible on the part of the V-AID personnel. The main theme of the programme was social/moral and cultural development of the rural masses. No doubt, the material development of the rural areas was also its consideration, but it was the secondary responsibility. It devoted a considerable amount of time, money and energy to bring the change in the ways and attitude of the people to improve their civic sense, to teach them the idea of better living, to gain confidence and to encourage them to improved methods of agricultural development, poultry farming, small industries etc. So, it can be said that it was a programme of education in broad sense of the concept.¹⁷

It failed for lack of coordination. This programme was introduced through self-help and coordinating the developmental activities. But the programme, with the pioneering activities, lacked proper direction and method of cooperation. There was no cooperation and eventually came in conflict with the officers of other government departments, local government institutions and especially with the officers of agricultural department. As a result the programme failed leaving behind a message that rural development would largely depend on the coordination and cooperation among the agencies.¹⁸ Under the V-Aid programme the large farmers were benefited much as they got the seeds and fertilizer free of cost.¹⁹ The programme failed largely because of the failure of the village level workers, who were

supposed to be the catalysts of the change, development and leadership to the village community. The defect of it was that the leadership was imposed from outside rather than evolved from within.²⁰

For various reasons the programme was dropped in 1960 as it failed to create any impact upon rural and agricultural development.²¹ In 1960 the programme was merged with Basic Democracies system, introduced by Ayub Khan in 1959. The merged organization was called the National Development Organization (NDO). In 1961 the NDO was discontinued and the new programme was organized under the department of Basic Democracies and Local Government.²² The V-AID Programme was completely discontinued in 1961, because United States International Cooperation Administration terminated its support.²³ In conclusion it can be said that though it failed to achieve the stated objective, it was significant for two reasons. Firstly, it led to the creation of two Rural Development Academies in Pakistan. The Academy at Comilla, popularly known as Comilla Academy, began to conduct training programme for the V-AID personnel and officers of various nation building departments. Secondly, despite many weakness, the V-AID programme was not all in vain. The Comilla Academy, after having learnt a few lessons from the operation of V-AID, made Comilla thana as its laboratory area and undertook pilot programmes and action researches simultaneously in order to find out suitable approaches to rural development.²⁴

Rural Works Programme (RWP)

The Rural Works Programme (RWP) had its origin in the negotiations over the Public Law (PL) 480 programme in August 1961 between the government of Pakistan and the Government of the U.S.A. The Harvard Advisory Group, especially Dr. Gilbert, attached to the Pakistan Planning Commission, came up with the idea of RWP for East Pakistan. In this way the RWP came to be an American conceived and financed programme. It was necessary for the Advisory Group to convert their paper project into a workable programme. To that end they used their intimate contact with the Comilla Academy for rural development to persuade them to try out a pilot workers programme within the Comilla Kotwali Thana.²⁵ Dr. Gilbert, advisor to Planning Commission of Pakistan, asked the Director of the PARD, Mr. Akhtar Hamid Khan, to make it possible in the slack work season to put the idle people of East Pakistan to work in building roads, drainage, canals, irrigation system etc., which were seriously needed by the village people. Akhtar Hamid Khan²⁶ agreed with him and it was decided

that the Comilla Kotwali Thana with an area of 100 square miles should be used as a testing ground. It was felt that the experience, which would be gained in the field of planning, and implementation of projects would enable the Academy to explore the ability of both the people and the civil administration. It would be helpful to develop methods and techniques of planning and implementation, which would be applicable throughout East Pakistan.²⁷

In this respect the Comilla Kotwali Programme was launched on an experimental basis, but it became successful and the record of the accomplishment was outstanding. It became the green signal to the government of East Pakistan. The government allotted Rs. 10 crore for the year 1962-63.²⁸ For the purpose of rural development it was recommended by the Academy that a programme of approximately the same size, as that which was undertaken in Kotwali thana, should be organized in 54 thanas taking one from each of the 54 sub-divisions. At first, only the headquarters thanas were taken. An effective training programme was undertaken by the Comilla Academy, where the S.D.O.'s and the C.O.'s (Dev.) were offered a short training course.²⁹ The methods and techniques of the Academy were popularly known as the 'Comilla Approach'. The province-wise programme, for the year 1962-63, on the basis of Comilla Approach claimed to be a significant success. This success of the year 1963-64 increased the allotment from 10 to 20 crore.³⁰ In the year 1964-65 the allocation was further enhanced to Rs. 25 crore. In respect of exercising the funds, allocated for this purpose, the local councils fruitfully utilized the large amount.³¹ Later on, the government decided to include the RWP as an integral part of the Third Five Year Plan (1965-70) of Pakistan and decided that the RWP would form a separate sector in the plan, mainly concerned with the growth and development of the rural economic condition. During the plan period an allocation of Rs. 2500 million was made for the RWP in East Pakistan and West Pakistan.³²

Each non-official member of the Union Council prepared a plan for that ward. Roughly the population of the ward was one thousand. At the time of preparing the plan he was supposed to consult with the villagers and the suggestions of the villagers were considered. Each member would submit his plan to the Union Council for consideration. After coordinating the plans, submitted by the members, the Union Plan was prepared. The plans, which were small in size and limited only with the jurisdiction of the Union, were included in the plan. The project was discussed in the meeting of the Thana

Council under the chairmanship of S.D.O. or C.O. (Dev.), who were the chairman and the vice-chairman of the Council respectively. District plan was approved on the basis of the suggestion of the Thana and the Union Council plans. The District Council usually built a large mileage of roads. The Plans were approved by the Approving Authority and the decision of the authority was final. The government officials were the final authority in this respect. After getting the approval the execution of the project began. At the thana and the union levels the plans were implemented not by the contractors but by the project committee. The project committee was headed by a member of the Union Council, representing the project area. The membership varied from 6 to 10. It was suggested by the Comilla Academy that the members of each committee should be elected by the village meeting at the project site. But it was not implemented. In most of the cases members were selected by the Chairman of the Union Council. District plan was executed by the contractors, who were selected by the Tender Committee. After the emergence of Bangladesh the system of basic Democracy was abolished and along with this the RWP was also lost its importance.

Shortcomings of the RWP

The RWP, which succeeded the V-AID Programme, was introduced with high hope for the purpose of rural development but its ultimate beneficiaries were traditionally the rural elites and new rising contractors.³³ The objective of the RWP was to provide food for the rural unemployed during the lean period and to build up rural infrastructure but there was no accountability for the expenditure to the people. It provided seasonal employment to the rural people but undoubtedly the long-term benefits were enjoyed by the richer section of the people.³⁴ In many cases the benefits did not even reach the actual target population.³⁵ In practice the RWP came to form the main financial link between the Ayub regime and the rural elites who controlled the Union Council in the countryside. By funneling funds from centre to the dominant groups the regime recruited their allegiance.³⁶ The RWP was not a programme of education. Its primary aim was to develop the rural areas, but the main target was to construct network of roads, bridges, embankments, canals etc. But ultimate objective was to provide the Basic Democrats with the opportunities to derive direct financial benefits so that they felt obliged to the Ayub regime.³⁷ Though huge allocations of money were made for the programme, the accounts were not properly audited. The RWP was failed mainly because the Ayub regime made use of them in order to fulfil its own political interest and also because

there was corruption, malpractices and gross misuse of public funds. There were provisions to select the members and to select the plans in consultation with the villagers. In practice it did not happen. The meetings of the villagers took place rarely. The approving authority had absolute power to approve, reject or amend any plan. As a result of which the bureaucracy had complete control over the final say in respect of all plans of various local councils.³⁸ The RWP had so many drawbacks, but it did many things for the rural development.³⁹ Lastly, it can be concluded that the appearance of modern means of communication and transport in the rural areas in East Pakistan was primarily due to the implementation of the RWP.⁴⁰

Integrated Rural Development (IRDP)

Although the IRDP was formally started as a national programme only in 1970, its genesis is traced back to its experimental stage in the Comilla Academy in 1960's under the leadership of Mr. Akhtar Hamid Khan. In 1970 it was decided to introduce the system by phase to whole of the country. Final analysis of the IRDP involved all things that could improve the living conditions of the rural masses. The IRDP had four components namely, (i) RWP, (ii) Thana Training and Development Centre, (iii) Thana Irrigation Programme and (iv) Two-Tier Cooperative System. Priorly I have discussed separately on the RWP, and now I want to discuss on other three components.

Thana Training and Development Centre (TTDC)

Basic Democracies was promulgated by the Ayub Government in 1959. It introduced a four-tier system of local self-government i.e. the Union Council, the Thana Council, the District Council and the Divisional Council. Among the Units the Thana Council was the noble creation. The Thana became the focal point of rural administration. All the government officers, which were connected with the development programme, were set up at the thana level. The TTDC was established in 1963. The main function was to coordinate the various public and private developmental activities in a thana and especially the work of the Thana Council. The centre became prototype for organizing and administering governmental and private rural development programme in the thanas throughout the province.⁴¹ It provided for coordination of offices of all nation building departments for a decentralized and systematic rural administration. It also provided for a single entry of goods and services supplied to the farmers and a single training centre through which all agencies could disseminate their message.

The TTDC was to be the focus of planning and coordination; it also had special meeting halls and class rooms for giving training to the farmers and the thana level officers. The officers were empowered to teach/train the villagers, model farmers, managers etc., in modern farming, cooperative, fisheries, livestock and so on. With the creation of the TTDC at the thana level the activities of the thana were increased tremendously and ultimately it became the very important tier of rural administration. With the establishment of the TTDC in 1963 the thana level officials were brought into a single campus to work as a team and the circle officer acted as a team leader. The TTDC was the thana secretariate building and it was constructed to accommodate all thana level officials under the same roof to facilitate inter-departmental coordination and cooperation.⁴² It was also the aim of the TTDC to secure coordination of activities between the elective representatives and the thana level officials through regular and monthly meetings.⁴³ In this respect Akhtar Hamid Khan said, "The concept of the TTDC emphasised need for the sake of development of complete coordination between the nation building department and the institutions and the leader of the local government."⁴⁴ The concept behind the TTDC was to introduce the offices of the nation building department to the rural people and to inform the rural people about the plans and programme of the government.⁴⁵

The main functions of the TTDC were to train the villagers and the village leaders in method of rural development and to provide the technical advice as well as material help. A characteristic feature of the TTDC was the housing of the officers of all the government functionaries in one single building. Previously the offices were scattered all over the thana which caused the villagers and the officials a lot of hardship. This scheme also envisioned the provision of modest but adequate housing accommodation to the thana level officials near the TTDC. Earlier the life of the officials were neglected resulting in low morale and inefficiency.⁴⁶ The TTDC system was first introduced experimentally at Abhoy Ashram of Comilla. This idea was well accepted and the government decided to build up the TTDC in phases all over the country.

Thana Irrigation Programme (TIP)

The aim of the TIP was to provide irrigation facilities in small and localised areas through formation of small irrigation groups, each of which comprised the owners of the lands around a deep or shallow tubewells or power pump. The programme was originally designed for the purpose of raising extra crops during the winter season. The irrigation programme was an integral component of the Pilot Public Works Programme for irrigation and rural electrification of Comilla Sadar thana, prepared in the year 1962-63. The draft plan for this purpose was prepared in June, 1963 and the WAPDA accepted the draft plan and it was published in November, 1963, by the Academy under the title 'Comilla Pilot Project Irrigation and Rural Electrification'. The Irrigation Programme as an integral component of the public works programme was started in the Comilla Kotwali thana in 1962-63, with only two deep-tubewells, sunk in two villages and with 36 acres of land under irrigation. Gradually the members of the tubewells were increased and lowlift surface pumps and shallow tubewells were added. The village cooperative societies used irrigation equipment under same arrangement. The experiment of the small-scale community-based irrigation programme formed the basis for gradual expansion of this programme throughout the country under the name of the Thana Irrigation Programme (TIP).⁴⁷ In 1966-67 the programme covered 352 thanas with 30,887 power pumps which irrigated nearly 11,10,5000 acres: 2204 deep tubewells had been sunk, and these irrigated 35,624 acres. One thousand four hundred twenty more tubewells were commissioned; but 2,601 shallow tubewells had been sunk which irrigated about 9,330 acres. The farmers were organized into cooperative (pump) group and they took credit from Jatiya Samabaya Bank at 9 per cent interest.⁴⁸

Underground water was found sufficiently even during the dry season in northern districts and high yield IRRI paddy was successfully cultivated at Natore, Gaibandha and Gouripur projects during 1966-67 season. There was shortage of food in the province in 1966 and the government became interested to develop agriculture rapidly for the purpose of speedy food autarky. High yielding IRRI seeds and model tubewells of irrigation were readily supplied from the Comilla Academy. After personal verification, the government accepted the model for the entire province. A great enthusiasm was noticed and IRRI seeds, with fertilizers and pesticides were spread by the government in all districts during 1967-68. At that time a large number of power pumps and deep tubewells were available for

irrigation. The programme was under progress for agriculture and rural development in March 1971.

The New Comilla Cooperative System

In this subcontinent the history of the cooperative society is very long. Importance of providing the peasants with institutional credit was recognized by the British Government as early as 1880's, with the passage of the Acts, named the Land Improvement Loan's Act of 1883 and the Agriculturists Loan Act of 1884. There was a provision of direct lending by the government in the form of Taccavi Loan. The Taccavi Loan also remained previously as a distress and relief loan. In fact with the enactment of Cooperative Society Act of 1904 the cooperative movement originally started as credit cooperatives to provide credit to the farmers. The cooperative movement in British Indian subcontinent officially began when the Cooperative Credit Society Act received the assent of Lord Curzon, the then Governor-General of India on 5 March 1904. The Act fundamentally provided scope for registration of the village based societies as the credit societies with ultimate liability. After passing the Act the cooperative societies spread all over the country at the initiative of the District Officer. After few years, for certain reasons, the Act was dropped but was again revived in 1912. A committee was set up in 1915 under the Chairmanship of Sir Edward Maglagan. The cooperative was transferred from the centre to the provincial government. The movement showed a good progress upto 1930's, but slowed down during 1930's. It again gained momentum after depression. In 1927 there was 71000 societies with membership of 306.00 million and with working capital of Tk. 5757 million. Amount of loan issued was Tk. 361.00 million. In 1936 the number of the societies was 87,000, members were 395.00 million, working capital was Tk. 880.70 million and loan issued was Tk. 343.3 million. By 1941, 1,24000 societies with a membership of 563.0 million, and working capital of Tk. 984.8 were functioning. Amount of loan issued was Tk. 408.9 million. The system operated with primary societies at the lowest level, the Central Cooperative Bank at the secondary level and an Appex Bank at the top level for credit distribution. In 1947 some major steps were taken to revitalise the movement. The old credit societies with unlimited liabilities were liquidated and a new structure at the Union level as multipurpose societies with limited liability was set up. The Apex Society, which was known as the Samabaya Bank, was registered in 1948. Due to the shortage of capital government provided, on an average, Tk. 1 million a year as short-term loan till 1958.

When the Central Bank was established, it took up the responsibility of providing the finance. Jatiya Samabaya Bank (JSB), as the Apex Society, provided finance to the Central Cooperative Bank. The later Bank provided credit to the Union Multipurpose Cooperative Societies, which were about 41,000 in number.⁴⁹

But the Comilla Cooperative started informally in the month of August 1959, with an idea of organizing the adjacent village of Abhoy Asram' Campus on an experimental basis.⁵⁰ The fourth component, as noted above, was the two-tier cooperative system, under which the farmers in the Comilla district were encouraged to organise themselves into the cooperative societies, called Krishi Samabaya Samity (KSS). Then all village level KSS's federated into Thana Central Cooperative Associations (TCCA). The purpose of these cooperative societies was to act as the supporting organization for the supply of credit inputs and banking services to the KSS's and for coordinating their activities.⁵¹ In the opinion of Akhtar Hamid Khan, "Cooperative in each village and a strong supporting federation at the thana level were adopted as a means for bringing about economic development in the villages".⁵²

The rural society had been undergoing a process of economic disintegration. The small farmers, who constituted great majority of the population, were gradually alienated from the land and joined the classes of landless labourers. On the other hand, a few surplus farmers found it more profitable to invest their surplus income in money lending and trade rather than making investments for higher production. The number of the small farmers was increased and some of them were quite unable to repay their loans with interest. As a result they were bound to sell out the land and the classes of landless agricultural labourers. In the absence of any investment for improvement of agricultural production continued to fall short of the demand. By working with the village groups the faculty members of the Comilla Academy acquired first hand knowledge of rural problems in their search to discover effective solutions. The members identified, among other things, that the problems of increasing agricultural production was a problem of better organizing and the introduction of improved practices. Therefore, in early 1960's an experiment on agricultural and economic development, through a two-tier cooperative system, was undertaken under the initiative of the BARD. The basic objectives of the experiment were to promote the formation of small cooperative group of farmers, who would adopt improve method. This small group of cooperative aimed to become self-sustained.

Members would learn to save and collect their own capital and invest it in better farming. A cooperative group would overcome handicaps of small holdings. It would be possible for members to use machines and materials, which they could not own individually. It was considered that a small village-based unit might not be economically viable to operate large capital intensive and management intensive projects. It was therefore, considered necessary to bring their village-based cooperative units into a federation to be located at the thana centre, as one of the basic components. The central federation was to act as the services and supplies centre for the village primary societies. This was to secure the supplies and services for the primary societies from the relevant agencies of the government. Moreover, it was to undertake such activities, for which there was no specialized agency of the government. Such activities were, of course, invariably related to the accelerated programme for agricultural production and employment.⁵³

It was assured that rural development depends on the willingness of the villagers to accept innovations. It was considered that they would be more effective than the government agencies to introduce innovations as they were familiar with local problems and their proper solutions. The TCCA supplied and guided the activities of the primary societies and provided training to their representatives. It also provided financial and other assistance to the KSS's. The TCCA acted as the advisor, educator and banker of the KSS. The Comilla model of cooperatives produced encouraging results. The system was introduced in three thanas, namely Natore, Gaibandha and Gawripur of Rajshahi, Rangpur and Mymensingh districts respectively in July, 1963. The criteria of selection of these thanas were based on agricultural pattern, density of population and social and economic conditions.⁵⁴ The system also produced encouraging results. In July 1965, seven new projects were adopted in 7 thanas of Comilla district. In 1968-69 the remaining 13 thanas of the district were brought under the programme.⁵⁵ Regular and continuous training programmes of the primary society were organized. In some TCCA's godown, storage and marketing of the production of the KSS members were also provided. As the federation of the KSS, the TCCA made efforts to work out requirement and advance planning for production input like credit, seeds, irrigation, water requirement etc. Such activities of the TCCA based on the bottom-up planning process. The production plan, credit, seeds, irrigation, fertilizer, training etc. were determined at the KSS level and the demands were aggregated at the TCCA level.⁵⁶

The Comilla two-tier cooperative i.e., KSS-TCCA was launched in 1971 throughout the nation in the name of IRDP as a national programme. Following the establishment of nucleus headquarters at Dhaka it started formal functioning in 1971, although it did not take a clear shape until the

emergence of Bangladesh. At the time of First Five-Year Plan, the planners recognized the need for the IRDP. The IRDP cooperatives were extended to 300 thanas.⁵⁷

The main difference between the traditional cooperatives and the cooperative societies under IRDP was that, the traditional society failed to take a sound root in this country due to various organizational and management problems. The members in the earlier cooperatives did not learn how to save. Such cooperatives were in effect merely channels for pumping credit. Necessary supervision was also lacking and that led to non-utilization of credit for productive purpose. Comilla Academy, on the other hand, set as many as ten essential conditions for the members of primary cooperatives to ensure their effective functioning. The members, among other conditions, had to attend weekly meetings, make weekly thrift deposit, keep proper records, production planning etc. It was established to provide support, supervision, credit, knowledge and information to the primary village societies.⁵⁸

Conclusion

More than 90 per cent people of Bangladesh live in the rural areas. So without the development of the villages the development of the nation as a whole is not possible. The government has also accorded the top priority on rural development and all possible measures are being taken. There is a separate ministry for rural development. But if we want to know the details of history of rural development we must go back to the British and Pakistan periods. For the proper evaluation of the present position, an analysis of the past history is essential. For the first time the initiative of rural development was taken up privately and later on the government took up the matter as a national policy. In the following paper a short picture regarding the rural development starts from 1890 to 1971 has been depicted.

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²²S. M. Ali *et al.*, *Decentralization and People's Participation in Bangladesh* (Dhaka; NIPA, 1983), p. 152.

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²⁴Mohammad Sadeque, "Development Administration Strategy for Rural Development in Bangladesh: An Evaluation". *The Journal of the Institute of Bangladesh Studies*, vol. III (Rajshahi University, 1978). For the purpose of rural development, by the financial help of the Ford Foundation, two Rural Development Academies were established - one at Comilla and other at Peshwar. The Comilla Academy started functioning in May, 1959 as the Pakistan Academy for Village Development (PAVD). After termination of the V-AID Programme, the Academy was renamed as Pakistan Academy for Rural Development (PARA). Now it is known as Bangladesh Academy for Rural Development (BARA). Mr. Akhtar Hamid Khan was the founder Director of the Academy.

²⁵Rehman Sobhan, *op. cit.*, pp. 105-111.

²⁶Akhtar Hamid Khan was a member of the ICS. He resigned from the service in 1943. At that time he was the S.D.O. of Netrokona. He joined the Comilla Victoria College in 1950 as the Principal.

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Fundamental Rights: Constitutional Provisions And Their Enforcement by the Supreme Court Of Bangladesh

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Abstract

Fundamental rights are inherent in human nature. These rights are enshrined in the Preamble and fundamental principles of state policy of the Bangladesh constitution. Part III of the constitution which deals with the fundamental rights have been examined in the light of the decisions of the Supreme Court. Relevant provisions and cases from foreign constitutions have also been analysed. An attempt has also been made to study the independence of the Supreme Court in its capacity as the protector of fundamental rights.

1. Introduction

Fundamental rights are the universally and politically identified human values and are determined by human needs. They are based on mankind's increasing demand for a life in which the inherent dignity and worth of each human being will receive due respect and protection. These allow to fully develop human qualities, intelligence, talents and conscience. These rights are considered as inalienable, paramount, sacrosanct and immutable.

A more realistic use of the term is to describe rights which are given priority in social policy, administration and enactment of law. They are fundamental in a particular community because, often embodied in constitutional provisions, they not only can guide policy, but in fact override any administrative act or legislative enactment contrary to them. These rights are, in general practice, to be exercised and respected but they may still be restricted in special circumstances if that is in the common interest.¹ Justice Jackson in *West Virginia State*

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Board of Education v. Barnette held that fundamental rights are established as legal principles to be applied by the courts.² The object of this paper is to examine constitutional provisions and role of the Supreme Court in the enforcement of fundamental rights in Bangladesh.

2. Constitutional Provisions and Role of the Supreme Court

The principle of fundamental human rights is enshrined in the Preamble of the constitution of Bangladesh. It is pledged that it shall be the fundamental aim of the state to realise, among other things, "fundamental human rights and freedom" for all citizens. Besides, it is inserted in the "Fundamental Principles of State Policy" (Part II). The principles declared here shall not be judicially enforceable. These rights are guaranteed by Part III of the constitution, as these will be enforceable by courts.

Article 26(1) of the constitution of Bangladesh provides that all existing laws inconsistent with the provisions of Part III shall, to the extent of such inconsistency, become void on the commencement of this constitution. The next clause ensures that the state shall not make any law inconsistent with any provisions conferred by Part III and any law so made shall, to the extent of such inconsistency, be void. This means that an Act may not be void as a whole; only a part of it may be void. If this part is severable from the rest, then the rest may continue to stand.³

Abstract declarations of fundamental rights are useless unless there exists means to make them effective. Article 44 (1) of the constitution of Bangladesh guarantees the right to move the High Court Division of the Supreme Court for the enforcement of the fundamental rights conferred by Part III of the constitution. It is provided in Article 102(1) of the constitution that the High Court Division on the application of any person aggrieved, may give such directions or orders to any person or authority for the enforcement of any of the fundamental rights. The guarantee of the enforcement of fundamental rights imply judicial review. In *Jamil Huq v. Bangladesh*, K. Hossain, C.J., remarks,

A combined reading of the provisions . . . indicates that full judicial power has been conferred by Bangladesh constitution on the supreme judiciary as an independent organ of the state. It has power to declare a law passed by the legislature inconsistent with the constitution or fundamental rights ultra vires. The supreme judiciary has also been conferred with the power of judicial review of executive acts and proceedings of subordinate courts or tribunals under Article 102.⁴

For the purpose of discussing the fundamental rights, they are arranged in the following manner:

2.A. Right to Equality in General

One basic element in the value system is the principle of human equality. The notion of equality has arisen as a protest against the practice of artificial distinctions between man and man based on wealth, blood and religious superstition and making these as criteria for determining the status of individuals. Article 7 of the Universal Declaration of Human Rights expresses that all men are equal before the law and entitled without any discrimination to equal protection of the law. Article 27 of the constitution of Bangladesh lays down that all citizens are equal before law and entitled to equal protection of law. This corresponds to Art 14 of the constitution of India.

The term 'equality before the law' which implies that no man is above the ordinary law, that is, there is one law for all.⁵ According to Jennings the phrase assumes that among equals the laws should be equal and should be equally administered, that like should be treated alike.⁶

The expression 'equal protection of the laws' can be traced to the Fourteenth Amendment of the U.S. Constitution, which imposes a prohibition on the state power: "Nor shall any state . . . deny to any person within its jurisdiction equal protection of laws". The clause guarantees that similar individuals will be dealt in a similar manner by the government. It does not reject the government's ability to classify persons or draw lines in creation and application of laws.⁷ It should be noted that the expressions of equality before the law and equal protection of the law are not independent or severable concepts in their application and will often be found to overlap each.⁸

Reference may be made to decisions of the Supreme Court in Enforcing equality clause. In the case of *Dr. Nurul Islam v. Government of Bangladesh* it was stated that the appellant, a Professor of Medicine and Director of the Institute of Post-Graduate Medicine and Research, was retired from service by applying section 9(2) of the Public Servants (Retirement) Act, 1974. The question was whether retirement on completion of age of 25 years' service was discriminatory in nature. Provision was made for equal application to all persons who had the same status as that of Dr. Nurul Islam. The Government did not assign any reason as to why the appellant was selected for retirement. The Appellate Division of the Supreme Court held that the impugned order of

retirement is violative of Article 27 of the constitution and declared to be of no legal authority.⁹

In *A. B. Mohiuddin v. Bangladesh* the petitioner challenged Rule 4(2) (gha) of the counting of Ad-hoc Service (Determination of Seniority) Rules, 1990 as discriminatory. The High Court Division held,

We find that merit of the petitioner was tested for the first time when he appeared in the examination in 1977 having been appointed in 1976 on ad-hoc basis and he failed to qualify himself and, as such, he can not stand at par with those who did not at all appear in any such examination or failed to appear in any such examination at the first opportunity as their merit was not tested.

The Court ruled that the classification of two categories of ad-hoc appointed officers is not discriminatory and hence clause 4(2)(gha) of the said Rule does not offend Article 27 of the constitution.¹⁰

2.B. Specific or Particular Rights to Equality

Having analysed the right to equality in general (Art. 27), it is necessary to examine Article 28 and 29, which are specific examples of the general rule of equality guaranteed by Article 27 of the constitution.

(I) Law of Non-discrimination

Discrimination, according to the Concise Oxford Dictionary, means unfavourable treatment based on prejudice, especially regarding race, colour or sex. The Fifteenth Amendment to the constitution of the U.S. guarantees that the right of citizens of the U.S. to vote shall not be denied or abridged on account of race, colour or previous condition of servitude. Article 28(1) of the constitution of Bangladesh which corresponds to Article 15(1) of the constitution of India ensures that the state shall not discriminate against any citizen on grounds only of religion, race, caste, sex or place of birth. The prohibition extends against the Government, parliament and statutory public authorities.¹¹

The word "only" is most important. Thus a law can discriminate on grounds like language, residence, age, physical or intellectual basis. It was held by the Supreme Court of India in *Joshi v. State of M.P.* that a law which discriminates on the ground of residence does not infringe Article 15 of the Indian constitution.¹²

In *Dalia Parveen v. Bangladesh Biman* it was stated that the petitioner was absorbed as an Air Stewardess in 1985. In 1995 the age of retirement of the Flight Stewardess was fixed at 35 years reducing from 57 years, while the age of Flight Steward retirement was fixed at 45

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years. The petitioner alleged that the amendment was made on the basis of sex alone. The High Court Division held that the reduction of the age limit from 57 years to 35 years of the petitioner is violative of Article 28(1) of the constitution.¹³ It should be observed that where a law comes within the prohibitory line of Article 28(1) it can not be violated by recourse to Article 27 and by applying any principle of reasonable classification.¹⁴

(II) Equality of Men and Women

Women is as vital to life as man himself. Society still discriminates against women in favour of men. Article 35 of the constitution of the Soviet Union ensured that women and men have equal rights. Article 28(2) of the Bangladesh constitution provides that women shall have equal rights with men in all spheres of the state and of public life. Fundamental Principle of State Policy, No. 10 and the Proclamation (Amendment) Order, No. 1, 1975 declare that steps shall be taken to ensure participation of women in all spheres of national life. The constitution of India does not provide such rights to women.

Women in Bangladesh are assured equal political and civic rights, e.g., suffrage, employment, etc. In the present (sixth) parliament six women members have been directly elected by the voters. Now, both the Treasury and Opposition Benches are headed by women. In the year 1995 there were 507 female teachers in ten major universities.¹⁵ There are sixty per cent quotas for women teachers in primary schools. Women are also in a prominent position in health services (doctors, nurses, paramedics, etc.) and industries. They are being recruited on a regular basis in the police, paramilitary forces and civil services.

Like men, women in Bangladesh have equal right to bear witness. This was upheld in *Noor Hossain v. State*. In the case the learned lawyer for the appellants argued that there was no male witnesses in the case and for this reason no reliance could have been placed on the evidence of the female witnesses. The Court held that the argument of the advocate had got no substance and that there is no law in the country not to believe the evidence of female witnesses and convicting a person relying on their evidence.¹⁶ But woman's equal right to transmit citizenship to her children is denied. The High Court Division declared in September, 1997 that a law which prevents Bangladeshi women from transmitting their citizenship to children born from marriages to foreign husbands is not in violation of fundamental right.¹⁷ Women in Bangladesh are still struggling for true equality with men.

Non-discrimination in Access to Public Places

The Bangladesh constitution also guarantees social equality without discrimination. The prohibitive clause (3) of Article 28 of the constitution ensures that no citizen shall, on grounds only of religion, race, caste or place of birth be subjected to any disability, liability, restriction on condition with regard to access to any place of public entertainment or resort, or admission to any educational institution. An analogous provision is found in Article 15(2) of the Indian constitution. The High Court of M.P. of India in *Jai Lal v. Padam Singh* struck down the provisions of a local Act which discriminated in favour of one set of debtors on the ground of caste.¹⁸

The protection is available not only against the state but also against private persons. So, besides access to such places of public resort as are owned and managed by the state e.g., a public highway or hospital, access to other places of public resort owned by private individuals, such as cinemas and hotels must not be subject to discrimination on the grounds mentioned in the clause.¹⁹

It should be pointed out that if there is any other ground or consideration for differential treatment besides those prohibited by the clause, the discrimination will not be unconstitutional. A discrimination is permissible in respect of places intended for religious purposes.

(III) Protection of Women, Children and Backward Section

Protective discrimination empowers the authority to make enactments favouring vulnerable sections of the society. Article 28(4) of the constitution of Bangladesh provides for such discrimination. It assumes that nothing in this Article shall prevent the state from making special provision in favour of women or children or for the advancement of any backward section of citizens. An analogous provision is found in Article 15(3) and (4) of the constitution of India.

There shall be reserved in the National Assembly thirty seats exclusively for women members. In *Dr. Ahmed Hossain v. Bangladesh* the petitioner challenged the vires of the Constitution (Tenth Amendment) Act, 1990 which extended the period for reservation of thirty seats for women members. The Appellate Division dismissed the petition.²⁰ In Bangladesh, women are increasingly participating in local affairs, having reserved seats in the Local Bodies. As a matter of fact they are provided some extra protection (like maternity provision) because of their general weak health, responsibilities for motherhood, etc. According to Factories Act, 1965 no child below the age of 14 years

shall be employed to work in any factory in Bangladesh. Protective discrimination is a condition precedent for strength of the society.

(IV) Equal Opportunity in Public Appointment

To attain justice equality of opportunity in matters of public employment is an important democratic right of a citizen. Section 3, Article VI of the U.S. constitution guarantees that no religious test shall ever be required as a qualification to any office under the U.S. Article 29(1) of the constitution of Bangladesh ensures that there shall be equality of opportunity for all citizens in respect of employment or office in the service of the Republic. The service of the Republic, according to interpretation of Article 152 of the constitution, means any service, post or office whether in a civil or military capacity, in respect of the Government of Bangladesh, and any other service declared by law to be a service of the Republic. Clause (2), Article 29 stipulates that no citizen shall, on grounds only of religion, race, caste, sex or place of birth be ineligible for, or discriminated against in respect of, any employment or office in the service of the Republic.

The case of *Aftabuddin v. Bangladesh* seems to be relevant here. In the case the promotion of three District Judges was called in question as ultra vires. The Appellate Division ruled that the promotion was arbitrary and the petitioner's right of getting equal opportunity and office and employment in the service of the Republic had also been infringed.²¹

In *Gazi Jasimuddin v. Bangladesh* it was stated that the applicant was provisionally selected in the B.C.S. examination. But later he was excluded on the basis of police report. The Court ruled that uniformity of principle had not been followed in case of the petitioner vis-a-vis other candidates who had been recommended by the Public Service Commission, as same standard for verification of character of all the candidates were not applied. The petitioner had been discriminated and denied of equal opportunity to employment in the service of the Republic and the respondents were directed to appoint the petitioner.²²

Clause 3 provides an exception by restricting the operation of clauses (1) and (2) of Article 29 of the constitution. But a provision or an exception can not be so interpreted as to nullify or destroy the main provision. Clause (3) of the Articles enables the state to (a) make special provision in favour of any backward section of citizens for the purpose of securing their adequate representation in the service of the Republic; (b) to give effect to any law which makes provision for reserving appointments relating to any religious or denominational institution to

persons of that religion or denomination; (c) and to reserve for members of one sex any class of employment or office on the ground that it is considered by its nature to be unsuited to members of the opposite sex.

2.C. Right to be Dealt with in Accordance with Law

Every action affecting a citizen's right must not be taken according to the whims of the person in authority or under any executive fiat. Article 31 of the constitution proclaims that to enjoy the protection of the law, and to be treated in accordance with law, and only in accordance with the law, is the inalienable right of every citizen, wherever he may be, and of every other person for the time being within Bangladesh. It further proclaims that no action detrimental to the life, liberty, body, reputation or property of any person shall be taken except in accordance with law. The Article is a codification of the concept of "due process of law" as conceived in the Fifth Amendment to the U.S. constitution.

Article 31 was invoked in *Shahadat Hossain v. Executive Engineer*. The dispute centred round the cancellation of a lease granted in favour of the petitioner. It was contended that the respondents by their action violated fundamental right of the petitioner as envisaged under Articles 31 and 40 of the constitution. The High Court Division ruled that the petitioner was entitled to get declaration as prayed for.²³ In *Gias Uddin v. Dhaka Municipal Corp.* the eviction of the petitioner from his accommodation was challenged on the ground that it is violative of Article 31. The Court held that the petitioner was clearly a trespasser and he was rightly evicted in accordance with law.²⁴ Without the guarantee of this right the confidence and trust of the people in the government may be seriously undermined.

2.D. Protection of Life and Personal Liberty

The Magna Carta declared "no freeman shall be taken or imprisoned or dispossessed or outlawed or banished or in any way destroyed except by the legal judgement of his peers or by the law of the land."²⁵ Thus in U.K. right to life and personal liberty has been recognised since 1215. Article 32 of the constitution of Bangladesh declares that no person shall be deprived of life or personal liberty save in accordance with law.

In *M. Mahmood v. Bangladesh* it was stated that Mr. Moudud Ahmed, a former Vice-President of Bangladesh, was detained in his house to protect him from the onslaught of others. The High Court Division held that the impugned action must be violative of the constitutional mandate (Art. 32). The detainee was released from

custody.²⁶ In *S.M. Hossain v. Bangladesh* it was stated that the petitioner's passport was seized as he was preparing to travel to Bangkok for business purpose. He was not given an opportunity to show cause. The High Court Division held that there was an infringement of the requirement of Article 32 of the constitution.²⁷

2.E. Protection against Arbitrary Arrest and Detention

Following the constitution of India (Art. 22) and the constitution of 1956 and 1962 of Pakistan the Bangladesh constitution confers certain protections to arrested persons and prescribes conditions with regard to preventive detention. These can be discussed under the following heads:

I. Right to be informed of the reasons of arrest and to be defended by an advocate

It is a cardinal rule that no one should be condemned unheard. Article 9(3) of the Covenant on Human Rights, 1950, provides that anyone who is arrested shall be informed of the reasons for his arrest and the Sixth Amendment to the U.S. Constitution gives the accused the assistance of counsel for his defence. Article 33(1) of the constitution of Bangladesh guarantees that no person who is arrested shall be detained in custody without being informed, as soon as may be, of the grounds for such arrest, nor shall he be denied the right to consult and be defended by a legal practitioner of his choice. The provision was inserted keeping in view that otherwise the right to be released or bailed to be reduced to a relief on papers.

In *State v. A. Rashid* it was stressed that appointment of a lawyer by the court to defend an accused should be made in time so as to make it meaningful.²⁸ In *H.M. Ershad v. State* (Manjur Murder Case) it was ruled that the judge can not pass any order limiting the appointment of lawyer.²⁹

II. Production of Arrested Person before Magistrate

The writ of Habeas Corpus in U.K. requires a person to be brought before a judge or into court, especially to investigate the right of the authorities to keep him in prison. Clause (2) of Article 33 of the constitution provides that every person who has been arrested and detained in custody has the right to be produced before the nearest magistrate within twentyfour hours of his arrest, excluding the time necessary for the journey from the place of arrest to the court of the magistrate; he is not to be detained in custody, beyond the period of twentyfour hours without the authority of the magistrate. This protections

are not available to alien enemy and a detenu under preventive detention (Article 33(3)(a)(b)).

In *A. Rashid v. Deputy Commissioner* the legality of the detention of two petitioners was challenged on the ground that it is violative of rights as guaranteed under Article 31 and 33(2) of the constitution. They were set at liberty forthwith.³⁰

III. Preventive Detention

The constitutions of India, Pakistan, Ghana, Burma, Malaya, Bangladesh and some other states have enshrined constitutional and other statutory provisions relating to preventive detention. The term implies imprisonment (detention) of somebody because it is thought likely that he will commit a crime. The constitution of Bangladesh, however, embodies certain guarantees regarding persons under the law of detention. The provisions are:

(A) Period of Detention and Advisory Board

Article 33(4) of the constitution provides that no law providing for preventive detention shall authorise the detention of a person for a period exceeding six months unless an Advisory Board consisting of three persons, of whom two shall be persons who are, or have been, or are qualified to be appointed as, Judges of the Supreme Court and the other shall be a person who is a senior officer in the service of the Republic, has, after affording him an opportunity of being heard in person, reported before the expiration of the said period of six months that there is, in its opinion, sufficient cause for such detention.

In *Monoara Begum v. Secretary, Ministry of Home Affairs* it was contended that the detenu had been deprived of his legal right to present his case for consideration of the Advisory Board for more than six months. The High Court Division ruled that the detention was illegal.³¹

(B) Grounds of Detention and Right of Representation

Article 33(5) of the constitution provides that the authority making the order of detention, as soon as may be, communicate to the detenu the grounds on which the order has been made. Sub-section (2) of Special Powers Act, 1974 provides that the grounds of detention must be informed to the detenu at the time of detention, or as soon as thereafter, but within 15 days. Clause 5 of Article 33 also provides that the authority shall afford the detenu the earliest opportunity of making a representation against the order.

In *Sekander Ali v. Bangladesh* the High Court Division found that the grounds of detention that were served on the detenu having been vague and unspecific the detention was illegal.³² In *Prof. Ghulam Azam v. Bangladesh* no grounds having been communicated the detenu could not make proper representation against his detention and so the detention was declared to be without lawful authority.³³

(C) Discretion to withhold facts

While it is obligatory upon the authority to disclose all the grounds, the proviso to clause (5) of Article 33 empowers the detaining authority the discretion to withhold facts which such authority considers to be against public interest to disclose. What facts are against public interest is left to the detaining authority. In *Habiba Mahmood v. Bangladesh* the Appellate Division held that the detenu can not ask as a matter of right to the detaining authority the facts not disclosed on the plea of public interest. It is the court alone which can look into the materials to which privilege is claimed by the detaining authority.³⁴

2.F. Prohibition against Forced Labour

Article 4 of the Universal Declaration of Human Rights guarantees that no one shall be held in slavery or servitude and the Thirteenth Amendment to the U.S. constitution provides that neither slavery nor involuntary servitude shall exist in the U.S. The Slavery act of 1843 of India relieved all persons then subject to slavery from all the disabilities arising out of that status. The expressions "forced labour" denotes compulsory hard work, usually under harsh conditions. Article 34 of the constitution of Bangladesh does not expressly mention slavery but prohibits all forms of forced labour. It shall not apply to compulsory labour by persons undergoing lawful punishment for a criminal offence, or required by any law for public purposes.

Section 374 of the Bangladesh Penal Code lays down that whoever unlawfully compels any person to labour against the will of that person shall be punished. The ingredients of this offence have been interpreted in *Madan Mohan Biswas v. Queen Empress (1892)*. The accused had induced the complainants to consent to live on his premises and to work off their debts. He used to beat them if they did not do so. The judgement held that the accused does not come under section 374 because the complainants had consented to work, but he comes under section 352 for assaulting such persons for not working to his satisfaction.³⁵

2.G. Rights in Respect of Trial and Punishment

The Bangladesh constitution ensures certain protections with regards to trial and punishment. They are the following:

(I) Safeguard against Retrospective Offence

Section 9(3) of the U.S. constitution expresses that no bill of attainder or ex post facto law shall be passed. If an act is not an offence when committed, no subsequent law can make it so and punish its doer retrospectively; nor can a subsequently made law enhance the punishment retrospectively. This is what is meant by protection against ex post facto laws. The two-limbs of Article 35(1) of the constitution of Bangladesh thus provides that no person shall be convicted of any offence except for violation of a law in force at the time of the commission of the act charged as an offence, nor be subjected to a penalty greater than, or different from, that which might have been inflicted under the law in force at the time of the commission of the offence. It imposes restrictions on the parliament in respect to passage of retrospective criminal law.

In *Mofizur Rahman v. Government of Bangladesh* it was stated that if an action is invalid because it was not taken according to any law, it can be validated by making a law retrospectively . . . but there is constitutional provision preventing retrospective operation. Such constitutional prohibition appears to be contained in Article 35 of the constitution.³⁶

(II) Guarantee against Double Jeopardy

The Sixth Amendment to the U.S. constitution ensures that no person shall be subjected for the same offence to be twice put in jeopardy. This principle of double jeopardy can be traced in the maxim "*Nemo debet bis vexari*", that is, a person must not be put twice in peril for the same offence. Article 35(2) of the Bangladesh constitution guarantees that no person shall be prosecuted and punished for the same offence more than once.

In *Sk. Harun-or-Rashid v. Bangladesh* it was challenged that the second departmental proceeding against the petitioner was mala fide as it amounted to fresh prosecution for the same offence for which he had already been prosecuted, exonerated and reinstated in the service. The Court upheld that proceeding before a departmental enquiry committee is not a criminal proceeding to protect a person's right guaranteed under Article 35(2) of the constitution against double jeopardy.³⁷

(III) Speedy Public Trial by an Independent Court

There must have a guarantee that the accused would be fairly dealt with and not unjustly condemned. The Sixth Amendment to the U.S. constitution provides that in all criminal prosecutions the accused shall enjoy the right to a speedy and public trial. Article 35(3) of the constitution of Bangladesh guarantees that every person accused of a criminal offence shall have the right to a speedy and public trial by an independent and impartial court or tribunal established by law. Such provisions make the trial reasonably prompt and it guarantees that justice is done.

In *re oliver* the conviction of a witness for contempt by a judge was held invalid on the ground that the proceeding was conducted in secret.³⁸ In *Belayet Hossain v. Deputy Commissioner* it was stated that three petitioners were alleged to have been held in unlawful custody in an illegal manner. The Court held:

It has been noticed that there has also been violation of the fundamental rights under Article 35(3) of the constitution. The proceeding was started on 8-3-72 and no effective steps have been taken for putting these prisoners on trial until today.³⁹

(IV) Privilege against Self-incrimination

The English common law doctrine of self-incrimination lays down that an accused can not be put on oath and that no evidence should be taken from him which may lead to his condemnation. This is an extension of the doctrine that every person is presumed to be innocent unless his guilt is established beyond reasonable doubt by the prosecution. Article 35(4) of the constitution of Bangladesh which corresponds to Article 20(3) of the constitution of India lays down that no person accused of any offence shall be compelled to be a witness against himself. The Article is a guarantee of the inviolability of the person in the antagonistic ante-chamber of a police station or court or outside the court.

In *Mustafizur Rahman v. Anti-Corruption* it was stated that the impugned memo asking the petitioner to furnish statement of his properties was nothing but compelling him to be witness against himself and violative of the Article 35(4). The court held that there was nothing to suggest that as accused person he was being compelled to give evidence against himself. Calling of statements detailing full particulars can not be characterised as accusation as contemplated under Article 35(4) of the constitution.⁴⁰

(V) Safeguard against Inhuman Punishment

The provision that cruel or unusual punishments shall not be administered was directed mainly at the barbarity of early English law. The Eighteenth Amendment to the U.S. constitution states that excessive bail shall not be required, nor excessive fines imposed, nor cruel or unusual punishments inflicted. Clause (5) of Article 35 of the constitution of Bangladesh states that no person shall be subjected to torture or to cruel, inhuman, or degrading punishment or treatment. Article 35(6) provides that nothing in clause (3) or clause (5) shall affect the operation of any existing law which prescribes any punishment or procedure for trial. The cruelty against which the constitution protects a convicted man has been discussed in *Louisiana v. Resweber*.⁴¹

According to U.S. Human Rights Report, Bangladesh police routinely use torture and other forms of abuse in interrogating suspects. The police also commit extra-judicial killings and some people have died in police custody under suspicious circumstances.⁴²

2.H. Right to Movement

Personal liberty embraces the power of locomotion of changing direction or move one's person to whatever place one's own inclination desires. Article 36 of the constitution has positively expressed that every citizen shall have the right to move freely throughout Bangladesh, to reside and settle in any place therein and to leave and re-enter in Bangladesh. In the Indian constitution there is no such express provision.

In *Dr. Mohiuddin Farooque v. Bangladesh* it was held that this right stretches upto the continental shelf.⁴³ In *Ekrum Ibrahim Lody v. Bangladesh* it was stated that the passport of the petitioner was seized without assigning any reason. The petitioner urgently needed to go to Russia. The Court held the procedure unjust and unfair and of no legal effect.⁴⁴

But this right of movement is subject to any reasonable restrictions imposed by law in the public interest. Freedom of movement can also be denied in case of protected areas.

2.I. Freedom to Assemble Peacefully

Freedom to assemble is a right to hold meetings, demonstration, take out processions and the like. Article 37 of the constitution states that every citizen shall have the right to assemble and to participate in public meetings and processions peacefully and without arms, subject to any reasonable restrictions imposed by law in the interests of public order or public health. This may be contrasted with the provisions of the Second

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Amendment to the U.S. constitution where right of the people to keep and bear arms shall not be infringed. Section 144 of the Bangladesh penal code prescribes a greater punishment for the person who joins an unlawful assembly with deadly weapons.

The High Court Division holds that having regard to the terms of Article 37, the word 'restriction' may be wide enough to include 'total prohibition' of a right for a temporary period, if such total prohibition may be regarded as reasonable for the purpose of public order.⁴⁵

2.J. Right to Form Association

Freedom to form association is the greatest bulwork against power in any form, where a single voice is not heard. Article 38 of the constitution provides that every citizen shall have the right to form association or unions subject to any reasonable restrictions imposed by law in the interests of morality or public order. This freedom is inherent in the common law of U.K.

In *Abul Hossain v. Registrar of Trade Union* the Court held that the Article does not guarantee to form association for all purposes.⁴⁶ In *Nasreen Fatema v. Bangladesh* it was stated that imposing reasonable restrictions on certain persons becoming directors in public interest did not violate their right to form association as share holders in any manner.⁴⁷

2.K. Freedom of Thought, Conscience, Speech and Press

Freedom of thought, conscience, speech and press protect opinion and give right to dissent. Freedom of speech and press are protected by the First Amendment to the U.S. constitution. Subject to any reasonable restrictions imposed by law in the interests of the security of the state, friendly relations with foreign states, public order, decency or morality, or in relation to contempt of court, defamation or incitement to an offence – the right of every citizen to freedom of speech and expression and freedom of the press are guaranteed by clause (2) of Article 39 of the constitution.

In *A. Samad Azad v. Bangladesh* it was submitted that section 10 of Act 27 of 1991 (President's Election Act) which provides for open ballot by the Members of Parliament is derogatory to the freedom of thought and conscience. The High Court Division held that it is not to be extended to a voting system where the member of the Parliament is choosing a President both in his private capacity as an individual and in his capacity as a representative of the people.⁴⁸ In *Bangladesh NCTB v. AMS Shamsuddin* the Appellate Division held that the right to freedom

of speech and expression as claimed by the petitioners does not extend to the right of printing and publishing of note-books on text-books published by the Text Book Board under statutory authority.⁴⁹

2.L. Freedom of Profession, Occupation or Trade

Man is born into a world where, if rationally organised, he can live only by the sweat of his brow. Article 23 of the Universal Declaration of Human Rights speaks of right to work and to free choice of employment. Article 40 of the Bangladesh constitution guarantees that subject to any restrictions imposed by law, every citizen possessing such qualifications, if any, as may be prescribed by law in relation to his profession, occupation, trade or business shall have the right to enter upon any lawful profession or occupation, and to conduct any lawful trade or business. It ensures the citizens that they have a right to use their power of mind and body in any lawful calling.

The expression "reasonable" qualifying the word "restrictions" used in respect of other rights has been omitted in this Article. In *A. Jalil v. Chairman, RED Board* the High Court Division held that restriction on the petitioner's right to be enlisted as a contractor might be bona fide but his fundamental right as enjoyed in Article 40 of the constitution has been violated and therefore the action of the respondent was unauthorised⁵⁰

2.M. Right to Freedom of Religion

Religion is a matter of faith with individuals or communities. The First Amendment to the U.S. constitution provides that Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof. Article 41 of the constitution of Bangladesh guarantees that subject to law, public order and morality every citizen has the right to profess, practise or propagate any religion; every religious community or denomination has the right to establish, maintain and manage its religious institutions. It also provides that no person attending any educational institution shall be required to receive religious instruction, or to take part in or to attend any religious ceremony or worship, if that instruction, ceremony or worship relates to a religion other than his own. Article 2.A of the constitution expresses that the state religion is Islam, but other religions may be practised in peace and harmony.

In *Bangladesh Anjuman-Ahmadiya v. Bangladesh* the High Court Division held that the book *Islam-e-Nabuat* of the Ahmadiya contains matters which are intended to outrage the religious beliefs of the

bulk of the Muslims. Religious freedom should not offend the religious feeling of other Muslims. The government was justified in forfeiting the book.⁵¹

2.N. Property Rights

Property is an institution by virtue of its basic character in society. Engels claimed at Marx's graveside that Marx discovered the simple fact, hitherto concealed by an outgrowth of ideology, that mankind must first of all eat and drink, have shelter and clothing, before it can pursue politics, religion, science, art, etc.⁵² Article 42 (1) of the constitution of Bangladesh guarantees that subject to any restrictions imposed by law, every citizen shall have the right to acquire, hold, transfer or otherwise dispose of property, and no property shall be compulsorily acquired, nationalised or requisitioned save by authority of law. Here also the expression "reasonable" before the phrase "restrictions" has been omitted. It is very likely to widen the authority of the government to limit property right of individuals. Public purpose has not been made a condition precedent for compulsory acquisition or requisition of property by the state. In *Syeda Chand Sultana v. Bangladesh* the High Court Division directed the respondent to exclude the disputed property from the Gazette notification and not to disturb the peaceful possession of the petitioners.⁵³

Clause (2) of Article 42 provides that an act made under clause (1) shall provide for the acquisition, nationalisation or requisition with compensation and shall either fix the amount of compensation or specify the principles on which, and the manner in which the compensation is to be assessed and paid; but no such law shall be called in question in any court on the ground that any provision in respect of such compensation is not adequate. But in U.S. the final determination of "just" compensation is a matter for the Court. In *M.A. Salam v. Bangladesh* the Court did not declare that the order of acquisition of the land of the petitioner under Article 42(2) of the constitution was without any lawful authority.⁵⁴

Article 47 of the constitution of Bangladesh is similar in line with Articles 31-A and 31-B of the Indian constitution. Article 47(1) stipulated that no Act relating to matters under (a) to (b) shall be void on the ground that it is inconsistent with any of the rights guaranteed by Part III, if Parliament declares that such provision is made to give effect to any of the fundamental principles of state policy. According to Article 47(2) the constitutional validity of all the (27) laws which have been specified in the First Schedule can not be challenged. Most of them are

related to property. For this reason, the right to property is considered to be not only the most controversial but also the weakest of all the rights under the constitution.⁵⁵

2.0 Right to Privacy of Home and Correspondence

Nothing is more deleterious to a man's happiness than an interference with his privacy. A common law doctrine is that an English man's home is his castle. The Fourth Amendment to the U.S. constitution states that the right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures shall not be violated. The U.S. Supreme Court upheld the right of marital privacy in *Griswold v. Connecticut* and held unconstitutional a statute penalizing the use of contraceptive.⁵⁶

Article 43 of the constitution of Bangladesh guarantees that every citizen shall have the right, subject to any reasonable restrictions imposed by law in the interests of the security of the state, public order, public morality or public health – (a) to be secure in his home against entry, search and seizure; and (b) to the privacy of his correspondence and other means of communication.

The government sometimes infringes on citizen's privacy rights. Provisions of rule 280 of the Police Regulations Bengal, 1943, if followed, would secure the sanctity of home and dignity of the individuals. The law in regard to searches is contained in Chapter VII of section 102 and 103, 165 and 166, Code of Criminal Procedure. These rules aim to protect citizens against frivolous or motivated searches. Rules of search and necessity of precautions have been examined in *Paigam Ali v. State*.⁵⁷

3. Position of the Supreme Court

An independent judiciary is important for enforcement of fundamental rights of the citizen. The constitution of 1972 of Bangladesh devised a scheme of fully independent judiciary. With the passage of the Constitution (Fourth Amendment) Act, 1975, the Supreme Court was deprived of all jurisdictions over the protection of fundamental rights. This amendment eventually did not survive. But the actual exercise of judicial review was thwarted over and over again by either a Proclamation of Emergency or Martial Law. In 1986 the constitution was revived. Certain provisions in the constitution ensure a significant degree of independence of the Supreme Court.⁵⁸

In accordance with Article 55(1) of the constitution for appointment of the Judges of the Supreme Court by the President no

consultation with the Chief Justice is necessary. In fact, the President is obliged to appoint other Judges in accordance with the advice of the Chief Executive (the Prime Minister), which practically means the advice of the Law Ministry. Such appointment is not also subject to ratification by the National Assembly.⁵⁹ For this reason the Supreme Court is not safe from political and expedient appointments.

Article 99 of the constitution makes a retired Judge eligible for appointment in a judicial or quasi-judicial office. Judges are being appointed as Chairman of Tribunals such as Labour Appellate Tribunal, Administrative Tribunal. But under the colour of quasi-judicial office a retired Judge may be appointed to an executive office also. Opening up of opportunities for appointment after retirement may serve as a temptation and "tamper" with his independence during the concluding period of his service.⁶⁰ Hence the Supreme Court is not in a strong position to fully enforce fundamental rights of citizens.

4. Conclusion

The foregoing discussion shows the constitutional provisions and the role of the Supreme Court in the enforcement of fundamental rights in Bangladesh. The denial of fundamental rights creates conditions of social and political unrest, sowing the seeds of violence and conflict. Though a large case backlog slows the judicial process, the Supreme Court of Bangladesh has declared ultra vires a number of laws, ordinances and executive orders which in its views were denial of fundamental rights of citizens. The Court has also justified several state actions as quite consistent with the provisions relating to fundamental rights. Life, liberty and pursuit of happiness will have a better content if respect for human rights are upheld at all times.

Endnotes

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⁵⁹ Consultation with the C.J. is now a convention which may be ignored.

⁶⁰ *Anwar Hossain Chowdhury v. Bangladesh*, 41 DLR (AD) (1989) 165 at 259; *A. Bari Sarkar v. Bangladesh*, 46 DLR (AD) (1994) 37.

Development of Private Charities in Nineteenth Century Bengal

Begum Hosne Ara*

Abstract

Charities have been used to ameliorate the plight of the poor, the old, the helpless and the sick in all traditional societies and had been enjoined by all the major religions. The motivation behind such charities made by the individuals had been earning of *punya* or *sawab* or 'virtue'. This religious motivation started changing with the introduction of modern social welfare ideas and institutions brought about by the British. The paper explores the changing pattern of charities in Bengal in the nineteenth century, from the erection of temples, *ghats* and opulent funeral feasts to the secular welfare activities like funding for general education, founding of hospitals and dispensaries, establishing lunatic and leper asylums and financing food-for-works programme during famines. Nearly ninety such examples have been traced in this paper to show the change.

As in traditional societies elsewhere, in the traditional Bengali society as well, charity was enjoined by the religions – Islam, Hinduism and Christianity. Among Muslims charity is institutionalised as *zakat* or compulsory dole to be paid to the indigent and the poor at a fixed rate. Other than the *zakat* there is *fitra*. The traditional Hindu concept of charity is similar to the Muslim idea of charity. An act of charity or *dana*, is equivalent to an act of meditation or *dhyana*. The words *dana-dhyana* together were meant to denote that one supplements the other as virtuous action. Charity was considered not only a meritorious act in religious terms but in the 12th century Bengal the *Kula-Shastrakar*'s i.e. the law givers defining social hierarchy, made it a symbol of social status by marking charity or *dana* one of the attributes of the *kulins* – the

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elect among the Brahmins.¹ Charity thus became an obligation attached to a specific social status. However, the Hindu injunctions on charity do not make it compulsory, nor has it any fixed rate. It is left to voluntary munificence.

In the eighteenth and early nineteenth century most of the charity-money went into the erection of temples, construction of funeral *ghats* on the Ganges or just feeding people during the *sradhhas* or funeral feasts. Temples of Calcutta like the Chitteswari on Chitpur Road, Calcutta having been constructed by Monohar Ghose (1610), and the Navaratna Temple with the tallest spire in Calcutta again on Chitpur Road consecrated by Govindaram Mitra (1730) and the Siva Temple at 93, Tollyganj, Calcutta donated by Pyarilal Mondol (1845) are cases in point.²

Likewise, of the eighty four *ghats* on the Ganges in Calcutta that are on record, were mostly erected during the last quarter of the eighteenth and first-half of the nineteenth century. Gokul Babu's, Nayan Mullick's, Nemai Mullick's, Raj Ballav's and Raja Naba Krishna's *ghats* are a fair sampling of these.³

However, the motivation behind such charities in a traditional society was essentially personal and private, *viz.*, 'salvation' through the earning of *punya* or *sawab* – i.e., merit. Coupled with a desire to show off one's munificence, such charities tended to become dissociated from real social need though that was meant to be the goal of all charity. It became irrelevant, frivolous and sometimes even whimsical.⁴

Muslim charities were mostly disbursed through the mosques, *majars* and *khankas* in the country and almost entirely financed by the *wakfs*.⁵

European Christian charities in Bengal in the eighteenth century were made at the initiative and exhortations of the churches in Calcutta and elsewhere and prompted by the demands of an alien society.

Since the middle of the eighteenth century Bengal society was changing fast. Changes brought about by the coming of the British; introduction of a new system of trade and commerce; new type of administration and land settlement; importation of an alien army etc. and the rise of Calcutta as a new city – all these brought along a series of new problems. The new land-revenue settlement since East India Company's assumption of political power, which is now believed to

have been connected with a series of famines⁶ created hundreds and thousands of destitute in their wake, which had to be trackled. The wars of annexation and expansion created hundreds of widows, waifs and orphans in the British-Indian army itself, which was very embarrassing for the rulers. On the top of these were the natural calamities – floods and cyclones, epidemic and endemic diseases of an increasingly crowded insanitary city like Calcutta made matters worse.⁷

The English ruling community as they came to India brought along ideas of social institutions, which had developed in their own country under pressure of emergent capitalism. They were already familiar with the ideas of institutional or statutory relief for the destitutes, social insurance through community funds, legislative measures to curb and control vagrancy or prostitution or organising medical relief through public hospitals. Such and similar ideas and institutions developing out of experiences of their own society were now seen relevant for Bengal as well.

Clive possibly was one of the earliest of important men to notice the problem of vagrancy among European soldiers, and the problem of families left destitute by the death of soldiers. A fund called Lord Clive's Fund⁸ was established in 1770 for granting pension to invalidated European officers and soldiers of the Company and to their widows.⁹

There were however other funds with a similar purpose. Bengal Military Widows Fund¹⁰ which became operative from January 1809 is a case in point.

All these funds starting as charitable funds developed into contributory annuity funds and the initiative was in most cases governmental. The first genuinely private charitable organisation was conceived under the auspices of the St. John's Church in Calcutta and was named 'Charitable Fund' for the Relief of the Distressed Europeans and others'. It depended largely on private collections made in the Church. But the resources of the Fund proved inadequate to the growing demands made on it. The situation became particularly strained in 1806 when the Government came forward with aid to the tune of Rs. 800/- per month.

An association named 'Bengal Military Orphan Society' was formed in March 1783 to house and educate children of officers and soldiers of Bengal establishment dying in indigent circumstances. A

school and boarding house was started as a private institution at Kidderpore entirely supported by contributions from officers.

A clergyman, Rev. Thomason, moved by the destitute condition of the female orphans of European soldiers started a Female Orphan Asylum at Circular Road, Calcutta, with ten girls collected from the 66, King's Regiment on 1 July 1815 with a mistress in charge. The number of inmates swelled everyday and in 1824 it had 76 orphans. It sometimes received even 15-day old baby. These institutions were social, secular and modern. But since these were confined within the European community, such institutions did not even touch the fringe of the problem obtaining in the country and were hardly known to the native population. However, the problem of destitution, along with such other problems, was not confined to only one segment of the society i.e. the Europeans alone. *The India Gazette* had commented on the impracticality of drawing a distinction between the European and the native paupers. The ruling community also discovered in no time that any effective tackling of large-scale social problems like disease or destitution could hardly be done without the co-operation of the natives. As a consequence, we find the Leper Asylum was started on joint initiative of the English and the Indians¹¹ because the number of Lepers seemed to be increasing alarmingly and became a health threat for everybody. The lepers thronged round the St. Johns's Church porch on charity days.

Such co-operations were perforce sought on a number of occasions like the famines and natural calamities. The Barisal flood in 1822 elicited such a spurt of co-operation. People like Ramratan Mullick, Rashomoi Dutta, Rammohan Ray, Gopimohan Deb, Chandra Kumar Tagore contributing to the Relief Fund opened for the occasion much more generously¹² than the Buckinghams, Arnots or Jardins. That was in June 1822. Encouraged by the native response, in October of the same year, the natives were invited to participate in a meeting at Calcutta Town Hall about another relief operation. This time for famine in far away Ireland and no less than forty thousand rupees was promised on the spot. In 1847 again, we find Rev. Alexander Duff addressing a meeting on 5 March in the Town Hall, Calcutta appealing the natives for fund for Scottish famine.¹³

There were a number of very good reasons for seeking this collaboration. Such co-operations were mutually advantageous for both groups of men – the British and the Indians. For the British rulers, since the new *banians* provided the money needed for the very necessary social-welfare work for which no government fund was earmarked, and for the newly rich Bangalees, since they courted the rulers in search of recognition, status and social dominance or merely commercial advantage. The British had discovered that nothing induced loyalty and collaboration in a subject people better than some form of recognition of their services and they adopted it as a principle of administration. The system of giving graded 'Titles' was introduced soon enough. Widespread famines, which had become a recurrent feature, were feared to disrupt the smooth running of the economic system, as well as breed dissatisfaction and thereby subvert the confidence of the people in the competence and good will of the British rulers. Hence measures to quickly alleviate the extreme suffering had to be found and cooperation of the rich and the enlightened Bengalees was the best means to insure it. Lastly in their subsequent efforts to stop certain pernicious social customs like infanticide, widow-burning and child-marriage or introducing new public-health ideas like vaccination, the rulers discovered that co-operation of the people was not only the best means of its success but also the best insurance against social disaffection and distrust of people against the British.

The first charitable organisation comparable to the ones described above in which the Indians participated as near equals was the District Charitable Society founded in 1830. The society actually grew out of the Christian Fund of Calcutta Church, which had different churches of Calcutta working in close collaboration trying to disburse relief to the poor. All the churches developed their funds from their own periodic collections and operated autonomously but the Central Committee supervised with the hope that they would evolve, in the language of Bishop of Calcutta, "a system of exact enquiry and careful superintendence to stop wastage or extravagance." Here the word 'District' did not mean political district but ecclesiastical district or church parish. The branches were Cathedral district, St. James district, Old Church or Mission Church district and Howrah district. But the swelling number of natives thronging the church precinct made them reflect that someway of associating the natives with the effort was

necessary to take the burden off the Church and that the society should be broadened to accommodate the various creeds and colours. As a consequence Mr. E. Ryan, Chief Justice and Rev. T. Dealtry proposed to take in some Europeans and natives. A sub-committee with this end in view was formed on 22nd April, 1833 with eight members, of which Dwarakanath Tagore was one. The committee had power to co-opt and on 27th April in the very first meeting of the sub-committee seven more Indians were co-opted in the committee and on 30th April eight more Indians were included. This gradual influx of native members on the sub-committee was prompted by the desire to accommodate all rival groups and sections of the new Calcutta elite. The *India Gazette* was taking keen interest in the fate and working of this charitable institution, particularly in their very laudable and practical effort of putting the whole thing on a broader basis. They particularly pointed out the necessity of including the *Dharma Sabha* members, a very sensitive section of orthodox opinion in Calcutta society, on the committee. They argued: "Through their influence the orthodox natives may be gradually induced to abstain from the degrading pauper exhibitions usual at *sradhas* and other festivals."¹⁴ Eventually there were thirty-three Indian members on the committee. Baboo Ram Kamal Sen, presided over the meeting of the native committee of the charitable society at Calcutta Town Hall. But he made some very grim comments from the Presidential Chair: "I am afraid the state of the funds of the society will soon oblige us to shut its doors of bounty unless we can secure adequate means to meet the progressive calls of the needy. In the list of donors and contributors I find the members of the Hindu gentlemen are exceedingly few." He also took this early opportunity to express his impatience with traditional system of charity and echoed the sentiments expressed in the *India Gazette* when he said: "There is one thing, which has long struck me. I mean the indiscriminate distribution of charity on the occasion of *sradha*. In some instances of these distributions of vast sums of money have been given away in the course of one night, and the calamity, danger, distress and public inconvenience that have attended it are notorious . . . I might mention a few instances of loss of lives, plunder and many other evils that happen both to donors and receivers of charity." Ram Kamal Sen ended with a fervent appeal, "I beg to recommend that you will see it desirable to lend your aid to this fund and set an example, instead of giving your charity indiscriminately – to grant

it under certain system that the benefit arising from it may be lasting and the names of donors may be remembered."¹⁵ Dwarkanath Tagore initiated the drive by contributing Rs. 100,000/- to District Charitable society, which became one of the most favoured institutions to receive charities.

Such appeal notwithstanding, the merit and prestige seeking individuals continued in their traditional religious charities well into the last decade of the nineteenth century. The desire to placate the gods was an understandable human weakness and we find Rani Rashmoni spending nine lac rupees to erect the *Bhavatarini Kali Mondir* at Dakhineswar¹⁶ or Prince Ghulam Mohammad paying for the construction of Dharmatola Mosque in 1842.¹⁷

But a change was becoming apparent. The desire to attract the attention of the government was gradually becoming a new motive in making munificent donations. The government correctly pulsed this new motive and appealed to the rich for contribution to various funds not always connected with welfare of the Indians. The government however always reciprocated by conferring inexpensive but honorific titles and *khetabs* to the donors¹⁸ - thereby creating a statutory aristocracy superimposed on the traditional hierarchy. Thus we find Jaynarayan Ghosal's son Kalishankar Ghosal helping government with generous donation in the Kabul War, immediately being rewarded with the title of *Raja Bahadoor*.¹⁹ Kalishankar's son Satya Sharan became a C.S.I. too. The Maharani of Gouripur helped the British with money in their expeditions in Manipur.²⁰ The Nawab of Murshidabad likewise contributed to the Burmese War Fund, presumably with a similar motive.

However while these contributions could hardly be described as welfare oriented charities, there were others meant for the immediate relief of the distressed and the poor, but these were also equally removed from India. These were contributions to various famines, relief funds abroad. We have already had occasion to refer one such relief drive for famine in Ireland in 1816. Even as late as 1879 we find the Maharajah of Burdwan, Ray Dhanapat Singh or Maharaja of Baroda contributing to Irish Famine Relief Fund²¹ or Maharani Swarnamoyee contributing Rs. 1,500/- to the Armenian Famine Relief Fund.²²

Since the famines became a recurrent feature in the subsequent decades after 1835 - a good part of the charitable efforts of munificent

people have, both individually and collectively, gone into famine relief. We find Rani Swarnamoyee paying for relief at Burdwan²³ in 1870, Rani Sarat Sundari for relief at Puthia, Rajshahi in 1871, Rani Shayama Mohini for relief at Dinajpur in 1873. The famine in 1873-74 was one of the worst in Bengal. All Maharajahs and Maha Ranis and the big zamindars came out very generously with donations for the famine.²⁴ The contribution of the government was ironically rather meagre being a paltry of Rs. 10,000/- from the Viceroy's fund and another Rs. 10,000/- from Queen Victoria's.²⁵ Small local zamindars organised gruel-kitchens. Most of the money collected for the relief fund was given out through a 'Food-for-Work' programme and the indigent were drafted as cheap labour for public works and road building that were being rapidly expanded at this time.

The famines of 1877 and 1879 were just as bad. In 1873-74 lawlessness, highway robbery, river dacoities and phenomenal increase of petty thefts were reported.²⁶ In 1879 selling of children was widely reported from Munshiganj²⁷. Munshiganj, Manikganj, Faridpur and Dacca being worst affected. There were further famines in Birbhum in 1884 and in Burdwan in 1885. It was during these famines that we find college and school students and political organisation like the National Indian Association and socio-religious organisation like the *Brahmo Sabha* organising charity funds and relief activities. The relief operation on the government side was given an organisational character by the institution of a Famine Insurance Fund in 1881 at the recommendation of the Famine Commission in 1880.

However such organisation under government auspices was too hedged in with formalities and complicated in its operational methods and was slow to act in the face of local exigencies. Hence during the widespread famine of 1885 another private Central Relief Committee was formed in Calcutta to collect subscriptions and organise relief for those forms of distresses, which were beyond the reach of government agencies. At a meeting of the Chamber of Commerce on November 3, 1885, contributions to the Fund were collected – Maharaja Jatindra Mohan Tagore and Maharaja of Darbhanga – each gave Rs. 2,500/-, Joykrishna Mukherjee of Uttarpara gave Rs. 1000/-. There were innumerable such munificent donations. Altogether the committee received Rs. 65,000/-. Of this money they spent Rs. 37,000/- in

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gratuitous relief. The balance was invested as the nucleus of a Distress fund to be used in future events of flood or famine in Bengal.²⁸ What is important to note at the same time is that, an organisational set up was initiated in which even the ordinary people, the members of the middle-class could also make their contributions however meagre and feel a sense of participation and get the experience of voluntary social work.

In the face of another severe famine in 1891 – the Famine Code was enunciated by the government. The duties of the District Boards were defined. The District Boards were made the primary agency for coping with famines. Government would supplement the resources of District Boards for ordinary functions and famine work. In Public Works sector all resources were to be diverted from such works as bridge buildings or building construction which required skilled labour – to unskilled labour in affected areas, for employment in food-for-works programmes. On the 1st of April 1892 about 23000 labourers were on relief work and nearly 900 people were in receipt of gratuitous relief in Dinajpur, and other areas.²⁹

However the government efforts apart, the Raja of Mahishadal and Narajol were financing relief operations in Midnapore, just as Maharajah Surya Kanta Choudhury was doing at Mymensingh or Devendra Mullick and Devendra Nath Tagore at Joynagar.³⁰

All the famine relief operations were not confined to only providing food for the hungry. These were also occasions for organising pauper hospitals and centres for the care of the children.³¹ Mrs. Tonnier, the wife of the Health Commissioner of Calcutta became justifiably famous for her compassionateness in running a child-care centre near the Calcutta Mint during the famine of 1865.³² “Alas! how long hence will our Bengalee women join hands with their sisters from abroad in such august and salutary acts.” *Bamabodhini* wailed on the occasion.

There were other areas of charities opening up about 1820s. The introduction of English education and western medical science provided two such areas in which Bengalee bounty poured in a ceaseless flow. It was discovered early in the nineteenth century that a great number of school text-books would be necessary if the English meant to introduce the English education system in our country.

The first school started coming up by the last quarter of the eighteenth century. The necessity of producing useful office-hands, court

interpreters, *munshis* learned in Persian and Arabic motivated Warren Hastings to establish the Calcutta Madrassah in 1780. Of the English schools, the more famous and early ones were Mr. Kiernander's School established in 1758, Mr. Martin Bowl's School established in 1786, Mr. Hodge's School established in 1780, Mr. Sherborne's Seminary established in 1784, Mr. Archer's School established in 1798, Mr. Griffith's School established in 1781, Mr. Arratoon Peters' established in 1801, Mr. Drumond's Dharmotola Academy in 1810, David Hare's School established in 1811³³ and so on. Establishment of English school did not remain a prerogative of the Europeans for long. Bengalee enterprise was not late in forthcoming.³⁴ Ranajoy Dutta established a school at Kalootola in 1791, Ramnarayan Mitra established his school in Jorabaghan around 1800. Nityananda Sen's School in 1808. Gourmohan Adhya's Oriental Seminary, one of the most famous, was established in 1823. Khemonkar Basu's School likewise came up around 1820, Mr. Gurucharan Dutta of the famous Dutta family of Hatkhola established the Metropolitan Academy in 1842 and the Hindu Charitable Institution was established by Devendra Nath Tagore and others in 1845. Already a number of these schools were charitable institutions and depended on the bounty of rich men.

As a response to the new need for text books for these schools the Calcutta school Book Society³⁵ was established in 1817. Bengalee *pundits* and Mussalman *ulemas* were taken in as members along with Europeans. The Ladies Society for native Female Education was established by Mrs. Hope Cook (Wilson) in 1821. In 1818 as the School Book Society came up, the Hindu College the most seminal institution was established. The then Chief Justice Mr. Edward Hyde East, with the active help of Rammohan Ray from behind, and Radhakanta Deb, David Hare and others in the foreground, brought this institution into existence.³⁶ The Committee for Public Instruction came up in 1821.

Likewise the first medical institution, a hospital, was established near St. George Church, Calcutta in 1707 and a new one near Kidderpore in 1762.³⁷ The Presidency General Hospital was built in 1768. The first hospital for Native people of Calcutta was established at the behest of Sir John Shore at Chitpore Road in 1793. The Medical College came up in 1834.³⁸

Since then, besides the District Charitable Society, education and medical were the two areas that attracted generous native charities. But old habits diehard. Though increasing number were getting into the habit of making secular charities, some tried to have the best both the worlds. Prasanna Kumar Tagore for example was impartial in his endowments in all these fields. By his last will and testament he left ten thousand rupees for the District Charitable Society, ten thousand for native hospital and Mulajore Dispensary, three lacs for Calcutta University.³⁹ But he also had spent lacs in erecting ghats at the bank of the Ganges in Calcutta⁴⁰ and remembered to leave a lac of rupees as bequest to temple and hospices at Mulajore and thirty five thousand to Sanskrit College. Prasanna Kumar Tagore was not alone in this. Motilal Seal who had also spent lacs on a *ghat* on the Ganges, also contributed generously for education and for medical institutions.⁴¹ Seal's Free College, the only charitable institution, offering higher studies is the best memento of his bounty. It was established in 1842.⁴² Maharaja Jatindra Mohan Tagore, Prasanna K. Tagore's nephew, followed his uncle's example. His donations to the District Charitable Society, Mayo Hospital and Stipendiaries for students are equally matched by his contribution for Mulajore Temple. But he will be ever remembered for his unique contribution of a lac of rupees for the rehabilitation of Hindu widows.⁴³ Among the Muslims one notices similar pattern, for instance, Prince Gholam Muhammad who paid for the erection of Dharmatola mosque, also paid Rs. 50,000/- to the Medical College through endowment.⁴⁴ There were others who were equally liberal in their bounties. Durga Charan Laha (d. 1904) of the Subarnabanik family of Chinsura gave Rs. 50,000/- to the Calcutta University to support poor students with stipendiaries at Presidency College, Hoogly College and Hindu College, and another Rs. 24000/- to the District Charitable Society and Subarna Banik Charitable Society. He also gave Rs. 50,000/- to Mayo Hospital.⁴⁵ The Lahas became famous for their charities. But each left a mark of uniqueness amid their various donations. Thus Shyama Charan Laha (d. 1891) for example will be more remembered for his munificent contribution of Rs. 60,000/- for an eye hospital⁴⁶ at Garunhata in 1878. Joy Gobinda Laha (d. 1899) is more remarkable for his donation of Rs. 15,000/- for the establishment of a Chemical Laboratory for the Zoological Garden⁴⁷ than for his donation of a lac of rupees for the famines in the seventies and eighties. Often charity went

by families. Many a family became famous for their tradition of charities for generations on end. Such a family was the Rajas of Jorasanko. Their munificence was also one of the most secular like Dwaraka Nath's. In 1825 Raja Baidya Nath Roy gave Rs. 30,000/- to the Native Hospital. His example was closely followed by Raja Sibchandra Roy and Raja Narasingha Chandra Roy in 1826 who donated Rs. 10,000/- each to the same hospital.⁴⁸ This was among many of their munificent donations. Their contributions to the committee of Public Instruction were as generous. Baidyanath Roy had contributed Rs. 50,000/-, Narsingha Roy Rs. 20,000/-, Sibchandra Roy Rs. 20,000/- to this Committee. By 1825 other Roys in the list of contributors to the Committee for Public Instruction were Raja Kalishankar Roy Rs. 20,000/-, Raja Banwarilal Roy Rs. 30,000/-, Raja Harinath Roy Rs. 20,000/- and Raja Bijoy Govinda Singh of Purnea also presented Rs. 10,000/-. *Alexander's East India and Colonial Magazine* felicitated⁴⁹ these people on such donations, while *Gyananveshan* – a journal of radical young Bengal upbraids those who have failed to donate in the following terms: "What are the Debs, the Mullicks, the Seals and other wealthy natives doing? Surely they cannot exercise their charity in a nobler object than that of being the means of bestowing upon their countrymen that most inestimable gift – the gift of moral and intellectual education."⁵⁰ One is reminded of *Samachardarpan's* comments five years ago: "There are many wealthy and kind-hearted gentlemen in this city of Calcutta who are engaged in activities – calculated to promote the welfare of others. They spend quite generously with a view to preserve their name and fame for posterity but unfortunately are not mindful enough to consider as to what extent of benefit or utility would follow from which bounty."⁵¹

The sentiment had become quite familiar by then, but there is a significant difference in the area suggested for charity. The *Darpan* suggested the building of hospices, near funeral *ghats* on the Ganges for the infirm, the ailing and the dying.⁵² The value of a charity was to be measured not merely by kindness and compassion it expressed but also, and more importantly, by the measure it promoted 'moral and intellectual' upliftment of a society. Charity was connected with social progress. Social welfare becomes a means of social change.

This does not however mean that old kind of charities stopped or that new values were immediately ascendant to motivate the charities of the munificent. However the change can even be traced in the charity pattern of some of the families that have been making donations for several generations. Gokul Mitra's (1724-1809) charities consisted of erecting *ghats* and temples in which he spent lakhs. His grandson Biharilal Mitra contributed his property yielding an annual income of Rs. 4,000/- to Calcutta University for the founding of a college.⁵³

Charities for introduction of medical education and institutions include such names as: Prince Dwarakanath Tagore, 1 lac for Medical College, Calcutta, Robert Milford, Dacca, 3 lacs for hospital; Rani Swarnamoyee Rs. 1.5 lacs for the Medical College, Calcutta in 1884.⁵⁴ Raja Prasanna Nath Roy of Dighapatia Rs. 1 lac for dispensaries at Natore and Rampur Boalia, 1852,⁵⁵ Raja Pramatha Nath Roy of Digha Patia Rs. 10 thousand for a hospital at Dighapatia in 1867,⁵⁶ Ishan Chandra Roy of Rangpur Rs. 5 thousand for dispensary and a zamindari yielding Rs. 3 thousand annually for running of the same dispensary,⁵⁷ Abdus Sobhan Choudhury, Nawab of Bogra paying Rs. 18 hundred annually for the appointment of midwives at Bogra Municipality in 1887⁵⁸ Khawaja Ahsanullah of Dacca Nawab family Rs. 50 thousand to the Dufferin Fund for Medical aid in 1887,⁵⁹ Rajendra Narayan Deb, Raja of Joydevpur Rs. 10 thousand to Mitford Hospital in 1887,⁶⁰ Begum Amir Ali Rs. 10 thousand to Dufferin Fund to erect a "Female Hospital".⁶¹ Girish Chandra Sinha Rs. 1.15 lacs for constructing hospital at Kandi,⁶² Rani Annakali of Kasimbazar for employment of female doctors in Kasimbazar, 1891⁶³ Durga Prasad to Dufferin Fund Rs. 4 thousand, 1892⁶⁴ and so on. As a matter of fact most of the charitable dispensaries that were coming up in the remote district and subdivisional towns of Bengal were established or paid for by local munificence. By 1890 there were 272 charitable dispensaries in Bengal of which only six were being entirely financed by the government.⁶⁵ But sometime old themes of *Kangali Bhojan* reappear at an unexpected quarter in a slightly modified form. For example, we find the Maharani of Cooch Behar, Kesab Sen's daughter, making a gift to the Campbell Hospital to

treat the 800 patients to fruits and sweets - *sandesh* and mangoes in fact. She also gave sixty brasspots for use of the patients. Thus we arrive from *Kangali Bhojan* to patients' welfare.

While the direct government expense on account of charity or charitable institutions was not very large, the contribution of private European individuals towards the welfare of the native community among whom they lived was not negligible. The contribution of people like David Hare or William Carey in the amelioration of the condition of Bengalees around them was only too well-known. There were scores of such other persons who are not quite so well known, but whose compassion and fellow-feeling for the people of this country and charity is nonethelss remarkable. The name of Robert Mitford towards the establishment of a hospital in Dacca has already been mentioned. So have we already mentioned about Charles Weston. Like them we learn of one Francis Mendes who died in England in 1836 left legacies worth Rs. 2000/- to Native Hospital in Calcutta, Rs. 5000/- to the principal Catholic Church as a fund and Rs. 3000/- to Baitak Khana Church for Charities.⁶⁶ Then there was W. T. Russell of Calcutta who at his death in 1887, left Rs. 2,28,000/- for the extension of female education in Bengal.⁶⁷ The widow of Justice Mr. Kemp left ten thousand rupees by her will to the Cathedral and Italian orphanages run by the Loretto Sisters.⁶⁸ Elias Gobboi, a Jew in Calcutta, gave Rs. 10,000/- to the Dufferin Fund.⁶⁹

Like Medical Charities - education, since its introduction, attracted maximum number of charities. One of the major reasons being that government from the very beginning wanted education to be paid for by the people.⁷⁰ Thus whatever schools or colleges or other institutions they had to found or maintain they did it very grudgingly. As a consequence, like the dispensaries and hospitals of Bengal, most of the secondary schools and almost all colleges were founded and maintained by private individuals. However records about such donations and charities are not systematic and we have very sporadic and scanty information on them

We have had occasion to mention of the bounties of Dwarakanath, Matilal Seal, Radhakanta Deb, and Baidyanath Roys for education. Since the early seventies the names that recur again and again

in connection with educational charities are of a few Maharanis and Ranis. Maharani Swarnamoyee's name recur most frequently in the local journals and periodicals of the time. A journal like the *Abala Bandhab* would come out with lists of donations made by Swarnamoyee,⁷¹ while the *Bamabodhini* almost every month in the eighties and nineties continue to report of the ceaseless flow of charities of this lady.⁷² There was hardly a school or college around to which she did not contribute. *Bamabodhini patrika* of *Falgun*, 1299 B.S. (i.e., 1892) reports of her munificence during the preceding six months as follows: Calcutta Dist. Charitable Society Rs. 500/-, paying university fees for indigent students Rs. 929/-, Re-excavation and cleaning of ponds Rs. 5,000/-, charities to beggars, Rs. 6,000/- charities to Brahmin Pundits, Rs. 6,000/-, special charities to indigent people for the marriage of their sons and daughters and Sradhas of near ones Rs. 7,904/-, paying for the passage money of Rs. 1,000/- to send Mrs. Kadambini Gangopadhya to U.S.A. Thus a total of Rs. 33,000/- spent in charity in course of only six months.⁷³ As a matter of fact, she will have spent several lacs of rupees throughout her life time. She used to spend around Rs. 20,000/- annually for defraying the expenses of Berhampore College.⁷⁴ Her charities include Rs. 15,000/- for Medical College and Campbell Medical School⁷⁵ and Rs. 1,25,000/- for famine in North Bengal and Rs. 1,50,000/- for water supply to Berhampore.⁷⁶ plus the regular sundry charities that we have mentioned. Rani Sarat Sundari is another who was famous for her educational charities.⁷⁷ So were Rani Nistarini and Rani Hingal Kumaru.⁷⁸ Rani Annakhali is another who gave Rs. 10,000/- for Bahrapur College in 1886.⁷⁹ We also come to Bhovanipur School⁸⁰ or of the daughter of Harinath Choudhury contributing Rs. 2,000/- to Taki School⁸¹ or Darimba Devi of Raniganj donating Rs. 1,000/- to the India Association for the cultivation of science.⁸² Nawab Faizunnesa and Begum Rokeya are Muslim counterparts of their Hindu women compatriots. Nawab Faizunnesa financed the establishment of and running cost of a number of educational institutions at Paschingaon and at Comilla of which the Girls high school at Comilla established in 1873 is the best known. She also paid for a *zenana* ward in the Comilla Hospital in 1899. This is not to give the impression as though the ladies

alone were interested in education. We have had occasion to refer to Matilal Seal, Durgacharan Lahas and Behari Lal Mitras. We came across the names of Raja of Burdwan and Gopi Mohan Tagore both giving 10,000/- rupees to Hindu College, Raja Pratap Chandra Sinha and Iswar Chandra Sinha his brother, both contributing towards establishment of school at Kandi or their contribution to Medical College.⁸³ Dwarakanath Mitra, the Judge paying for the salary of a European female teacher at the normal school for Teachers' training established by Keshab Sen; Surya Kanta Roy Choudhury of Mymensingh paying for Eden School, Dacca and Kalikrishna Deb liberally financing Hindu Benevolent Institution (est. 1831)⁸⁴ at Syam Pukur.

Muslim charities in education were long a-coming. Awareness of a need for English education was slow to percolate among the Muslim peasantry of Bengal who were in the villages. Bengali Muslim middle-class service-holders and urban-dwellers were slow to appear on the Bengal scene. Barring a few notable exceptions like Haji Mohammed Mohsin, Nawab Abdul Latif, Syed Amir Ali, Wilayat Hussain and Delwar Hossain, whatever *raises* and *zamindars* there were in the nineteenth century, they played a tardy role so far as interest in spreading English education among Muslim community was concerned. But by the turn of the century we find a crop of Muslim gentlemen – mostly members of the aristocracy taking interest in the spreading of education and paying for it.

Endnotes

¹ Rajat Sanyal, *Voluntary Associations and Public Life in Bengal*, Calcutta, 1980, pp. 48-49.

² Radharaman Mitra, *Kolkata Darpan*, Calcutta, 1980, pp. 68-75.

³ *Ibid.*, p. 256.

⁴ *Gyananneshan*, March 2, 1836 quoted in *Glimpses of Old Calcutta*, ed. Ranabir R. Chowdhury, Calcutta, 1978, pp. 7, 81-82.

⁵ The *khankas* were originally abodes of Missionary saints which gradually developed into restrooms for pilgrims and travellers.

⁶ *The Statesman*, Calcutta, October 12, 1877 reported 17 famines between 1770 and 1877.

⁷ Report on Fever Hospital, Cal. 1844. Quoted in *Glimpses of Old Calcutta* (ed.) Ranabir Roy Chowdhury, Calcutta 1978, p. 80.

⁸ J. Long, *Unpublished Records of Govt. of Bengal* (ed.), Saha, Calcutta, 1976.

⁹ *Alexander's East India and Colonial Magazine*, Vol. IX, Jan. 1835.

¹⁰ C. H. Lushington, *The History of the Benevolent and Charitable Institutions in Bengal*, Calcutta, 1824, pp. 265-267.

¹¹ Brajendra Nath Banerjee, *Sangbadpartey Sekaler Katha*, [S.S.K.] Cal. 1970, p. 131.

¹² Brajendra Nath Banerjee, S.S.K., Cal. 1970, Vol. 1, p. 132.

¹³ *Ibid.*, p. 133.

¹⁴ Quoted in *Calcutta Monthly Journal*, Jan.-April, 1833, pp. 596-597.

¹⁵ *The Reformer*, 22 Dec. 1833, quoted in Benoy Ghosh (ed.), *Selections from English Periodicals*, vol. 1, Cal. 1978, pp. 216-217.

¹⁶ The Rani also had her Dinajpur Zamindari at Salbari Parganah with an annual revenue of Rs. 28,000/- made over to the temple by a *Devotwar* Trust vide Harihar Setti, *Prachin Kolikata Parichaya*, Cal. 1952,

¹⁷ Harihar Sethi, *op. cit.*, p. 483.

¹⁸ *Sambad Prabhakar*, Editorial, 14 Jaistha, 1258 B.S./1848 in Benoy Ghosh (ed.), *Samoyik Patrey Banglar Samaj Chitra*, Vol. II, 1978, p. 130.

¹⁹ *Bamabodhini Patrika*, Jaisthya, 1298 B.S./1891.

²⁰ *Ibid.*, Jaishthya, 1298 B.S./1891.

²¹ *Bamabodhini Patrika*, 1286 B.S.

²² *Ibid.*, Agrahayan, 1288 B.S., pp. 225.

²³ *Ibid.*, Chaitra, 1276 B.S., pp. 237.

²⁴ *Ibid.*, Ashar, 1277 B.S.

²⁵ *Ibid.*, Magh, 1280 B.S., p. 310.

²⁶ *Ibid.*

²⁷ *Selections from Bharat Sramajibi* (ed.) Kanailal Chatterjee, Cal. 1978, VI, Bhadra, 1286 B.S.

²⁸ Buckland, *Bengal Under the Lt. Governors*, Vol. II, p. 822; see also Nilmoni Mukherjee, *A Bengal Zamindar*, Cal. 1975, p. 431.

²⁹ *Bengal Administration Report*, 1891, pp. 19-23.

³⁰ *Bamabodhini Partika*, Agrahayan 1299 B.S.

³¹ At Howrah Narit and Uluberia in 1866 for instance. See O'Malley, *Howrah Gazetteer*, Calcutta, 1909, p. 85.

³² *Bamabodhini Patrika*, Aswin 1273 B.S., p. 360.

³³ *Calcutta Review*, 1850

³⁴ Harihar Seth, *op. cit.*

³⁵ Serampore Mission was as active in producing text books and by 1820 under J.C. Marshman they produced 27 text books.

³⁶ There is a difference of opinion among historians as to the relative importance of Rammohan Roy and Hyde East in the founding of Hindu College. For details see A.F.S. Ahmed, *op. cit.*, Appendix.

³⁷ Harihar Seth, *op. cit.*, p. 404.

³⁸ Harihar Seth, *op. cit.*, p. 247.

³⁹ J. W. Farrell, *The Tagore Family*, London, 1882.

⁴⁰ Radharaman Mitra, *op. cit.*, p. 306.

⁴¹ *Ibid.*, p. 309.

⁴² Harihar Seth, *op. cit.*, p. 473.

⁴³ *Ibid.*, p. 444.

⁴⁴ *Ibid.*, p. 216.

⁴⁵ *Ibid.*, p. 449.

⁴⁶ *Ibid.*, p. 450.

⁴⁷ *Ibid.*, p. 451.

⁴⁸ Brajendra N. Banerjee, *op. cit.*, Vol. I, p. 120.

⁴⁹ Vol. XI, No. 67, June 1836, p. 571.

⁵⁰ *Gyananweshan*, Dec. 30, 1835.

⁵¹ Quoted in Brajendra N. Banerjee, *op. cit.*, Vol. I, p. 133.

⁵² *Samachar Darpan*, 3 Sept. 1825 in Brajendra Nath Banerjee, S.S.K., Cal. 3rd ed. 1952, p. 133.

⁵³ Radharaman Mitra, *op. cit.*, p. 274.

⁵⁴ *Bamabodhini Patrika*, Aswin 1275 B.S., p. 174.

⁵⁵ Kishori Chand Mitra in *Calcutta Review*, 1873.

⁵⁶ *Calcutta Review*, 1873.

⁵⁷ *Bamabodhini Patrika*, Aswin, 1275 B.S., p. 112.

⁵⁸ *Ibid.*, Kartik, 1294 B.S.

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⁵⁹ *Ibid.*, Agrahayan, 1295 B.S.

⁶⁰ *Ibid.*, Agrahayan, 1295 B.S.

⁶¹ *Ibid.*, Ashar, 1293 B.S.

⁶² Harihar Seth, *op. cit.*

⁶³ *Bamabodhini Patrika*, Aswin 1298 B.S.

⁶⁴ *Ibid.*, Baisakh, 1299 B.S.

⁶⁵ *Ibid.*, Sravan, 1299 B.S.

⁶⁶ *Alexander's East India and Colonial Magazine*, Vol. XII, No. 73, Dec. 1836, p. 879.

⁶⁷ *Ibid.*, Sravan, 1276 B.S., p. 76.

⁶⁸ *Ibid.*, Baishakh, 1295 B.S.

⁶⁹ *Ibid.*

⁷⁰ Court of Director. Public Despatch in Bengal, 3rd June 1814. Para 13-14 quoted in A.F. Salahuddin Ahmed, *Social Ideas and Social Change in Bengal*, Calcutta 1976, pp. 153-154.

⁷¹ Quoted in *Bamabodhini Patrika*, Baishakh, 1275 B.S.

⁷² *Bamabodhini Patrika*, Aswin 1278 B.S., p. 194.

⁷³ *Bamabodhini Patrika*, Falgoon 1299 B.S.

⁷⁴ *Ibid.*, Chaitra 1291 B.S.

⁷⁵ *Ibid.*, Aswin 1291 B.S., p. 174.

⁷⁶ *Ibid.*, Jaisthya 1291 B.S..

⁷⁷ *Ibid.*, Falgoon 1287 and Kartick 1280, Aswin 1278 B.S.

⁷⁸ *Ibid.*, Falgoon 1287 B.S.

⁷⁹ *Ibid.*, Falgood 1287 B.S.

⁸⁰ *Ibid.*, Magh 1278 B.S.

⁸¹ *Ibid.*, Aswin 1277 B.S.

⁸² *Ibid.*, Aswin 1277 B.S.

⁸³ Harihar Seth, *op. cit.*, p. 453.

⁸⁴ *Report on the Progress of Education in Eastern Bengal and Assam 1902-1907.*

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Structural Change: An Approach to Development

A.H.M. Mustafisur Rahman*

Introduction

Change in any aspect is a continuous and multidimensional process. It is affected by so many factors. "Every facet of life from behavioral ethics to organizational and even national survival is undergoing changes as forces external to each facet change."¹ Change in human history is occurring rapidly with profound effects in many sectors of life throughout the world. In most instances where change is not taking place or taking place only slowly, there is often great concern about how to stimulate change. Because the consequences of change and the consequences of no change can have great impact, there is great interest in managing the change to maximize its benefits and minimize its unfortunate effects. Of course, advantages and disadvantages of changes are relative. A particular change that is beneficial to any party may be disadvantageous to others. Like the invention of more high-powered weapons resulted in more death and poverty of nations at war but conversely to the improvement of economy of weapon producer like the United States and Russia.

Change does not occur by itself, according to Basil and Cook. There are three sources of change – institutional-structural technological and socio-behavioral. The management of change by individual, organization and national and international bodies are critical to survival and the health in the future. The individual who invests his early years in education and his most productive years in occupational activities must build his personal competence both to survive and manage change. Organizations require flexibility in structure and appropriate strategies if they are to survive and be viable in the decade ahead. Government institutions and international coordinators must create the appropriate environment to permit individuals and organizations to prosper and create the fruits of civilization.²

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What is Structural Change?

In the late 1960's and 1970's, the formal style, especially with rigid division of responsibility and authority and mechanistic chains of command, prove too inflexible to meet the many need of changing environment. All the industries tried to look at organizational development. Different approaches were suggested. One of which was the "contingency" theory of organization which points out that there is no "one best way" to organize, but the different companies in different industries need different kinds of structure at various stages of their growth.

Primarily the concept of structural change approach was applied in changing the structure of an organization in the process of management. Later on it is equally being used both in macro level (institution as a whole) as well as in micro levels (an organization). Structural change approach in planning change refers to the revision or reorganization of the present organizational set-up. This restructuring of existing organization brings change in the relationship among or between managers and subordinates towards the attainment of set goals. Thus the structural change in micro level consists of two things – as restructure of existing organization and the change in the relationship between the manager and subordinates. In other words, it is the change in role performance according to their status.

Changes in organizational structure involve multiple sets of complex variables whose identity, interaction and impact vary from situation to situation. Those involved in the serious study of organizational change face an even greater problem in describing change with a static language system when the very concept include the shifting of dynamic variables in relation to each other.

Structural change in macro level is a little bit different from the organizational structure. Especially the third world countries have been experiencing a lot of problems that it becomes inevitable to go into some kind of development. Development being normative and relative, however, is viewed differently by various sectors or countries depending on their state of existence or particular development situation and standard of judgement.

In the process of development, different approaches have been used to create self esteem, growth through the establishment of social, political and economic system and institutions which promote human dignity and respect with the rise of people's levels of living.

In the literature of development, structural change aims to bring the overall change for human beings not specifically in one aspect of development. The structural change involves various aspects as economic structure, political structure, socio-cultural structure and educational structure. So, the development through the structure can be studied by viewing it as a linear process of cause and effect. It could also be analyzed by breaking the nation under study into its various components or parts. The more acceptable tools of analysis is the holistic or system approach wherein the parts of the subject of inquiry are taken not as separate or individualized components but as a functionally interrelated components constituting a whole. Though this approach is acceptable, it also has some flaws. The system approach assumes that regardless of the level of development, there is nothing wrong with the world-wide state of affairs since nation-states positively interact and interrelated with one another as in the state of equilibrium. However, the increasing clamor for a more egalitarian and just international order indicates that there is something wrong with the way nations-states relate with one another. Moreover, within these nation states there is a ever more intense demand for structural reforms to eradicate the obstacle of national development. So, there is a need to reprint the system approach or perspective to be able to meet the challenge of the present decade for a new international order based on social, or redistribution of justice.

Structural Change through Economic Aspect

If we talk about structural change from the economic point of view, it reflects at least two things: one meaning is the contribution of the different sector (e.g., agriculture, industry or service) to gross national product of the country; another is the resultant effect such as the change in labour force participation in each sector. Change in the composition of international trade becomes an effect of both.

Another meaning of structural change is in relation with the alteration in the production relations between the two classes (the capitalist, and the labor) presently existing in the capitalist economy with the objectives of unleashing the production forces.

It is more interesting to study how these approaches affect the structure. Structural change will be viewed through alteration in the level of contribution of the various sections of economy to the Gross National product.

In the first approach there will be transformation of labor force from agricultural sector to the manufacturing sector of the economy. The

shift of labor forces to manufacturing sector causes increase contribution to gross national product which again leads to higher share of processed goods to the total export of a country. Further, as the economy gets mature labor force participation shifts from manufacturing sector to service sector as automation gradually replaces parts of the labor force. In this approach the shifting of agricultural labor force to industrial sector takes a long time. This causes slow structural change. The history of developed countries prevails the fact that structural transformation took a long time. It took more than 125 years for Belgium to reduce agricultural labor force from 51 percent to 7 percent and 90 years for USA to reduce it from 53.5 to 7 percent. A drop of 40-50 points in the last hundred years in countries such as the USA, Japan, Germany, Belgium and Great Britain underlines the rapidity of the structural change.³ This approach of development through industrialization in LDCs has very insignificant effect in the economy. This approach is more on "trickle down theory" which can not solve the overgrowing problems of less developed countries.

The other approach of structural change is in relation with production system in the capitalist economy. This is originally a Marxist concept which is founded on the assumption of existence of two classes in a capitalist society. This approach theorizes that the production relation in a capitalist society is between capitalist and labors, which work against the interest of labor and consequently the society. The very economic structure of the society constraints the smooth working of the production forces because of the defective production relation and thus limits the production potentiality of the society. Marx visualizes a next level of society following a capitalist on which approximates the definition of development are generally used to. So according to Marx structural change is doing away with capitalism and production inherent to it.

Structural Change through Liberation

Besides these, another approach for structural change in our society is liberation. This is achieved through social structural change. In this liberation approach development should be rightfully termed as liberation from elitism so that the people as sovereign have control of their own processes and national destiny. Changes through self-actualization and awareness of the people to help themselves and improve their living condition through active participation in the development process.⁴ This approach stresses on the emancipation of the

individual from the bondage of irrelevance. The consistency of his actuation and life styles with the material base and moral tradition of his social milieu.

Development as commitment to both national progress and liberation from exploitative structure is anchored on the congruence of man's individual goals and aspirations with those of a truly independent, responsive and progressive society of which he is a member. Thus, in this liberation approach, development is the liberation from external and foreign control (external dependency) and from exploitative and iniquitous internal structure (internal dependency) which the former promotes. In this process, self-actualization and self-esteem concentration bring social organization, which leads to the liberation or freedom from servitude. In the process of development, the structural change in one aspect does not bring complete development of human beings. If we look back to the recent history of China, where political structure was changed discarding other socio-cultural values. Of course, land reform was successfully implemented to change the economic structure but later on, cultural and values system of the societies had to include in the process of development. It gives a good insight about how to change the framework of societies and nation in the process of development. The problems for development in less developed countries are more on structural aspect because institution as well as social group relations is unjust and anti-developmental for the greater segment of society. In other words, the hurdles for development are institutionalized which requires the overall structural change in the process of development.

Land Reform as a Structural Change Approach

Different approaches of structural change for the development of third world countries are still in trial and error method. Most of the less developed countries are heavily based on agriculture profession, which is traditional nature in production techniques. Since agricultural sector occupies major component in their economy, it is also considered as one of the sources of structural change of the rural poor. In the agriculture sector, it is not only the production (technical) sector but institution (land reform) itself that is taken for structural change. Land reform in a broader sense means a full range of measurement that may or should be taken to improve the structure of relations among men with respect to their rights in land.⁵ This definition reflects more on the institutional aspect including the redistribution of land, promotion of ownership of land by operators, regulation of rental rate and, in extreme case, control

of land inheritance to check excessive fragmentation of holding. These are supported by efficient extension and agriculture credit service, reforms in agriculture, labor wages, agricultural taxes and improvement in commercial or cooperative marketing, etc.

The success of a land reform program is based on its effectiveness in redistributing the land in an equitable manner and so do away with the exploitative and unproductive production relations in agricultural sector.

Of course, land reform is only one aspect of structural change but it is considered to be the beginning step for development through the land reform. Other benefits are also claimed as income redistribution causes of decline in conspicuous consumption associated with them can be achieved. The net savings associated with the phenomenon can be appropriated by the government and further invested. Another condition that land reform can make is to create conditions in which total family labor can be utilized as fully as existing technologies and capital stocks permit.

Together with other approaches of development, this land reform program is being used as a structural change in many countries. The land reform program carried out in some countries like Taiwan, China, Japan have successful histories. In other countries like the Philippines, Nepal and Bangladesh, land reform has different results.

Conclusion

From our discussion above we can come into a conclusion that structural change approach for the overall development is one of the vital factor. This is especially true for the developing countries where traditional value system and production techniques exist. It requires the structural change not only in the economic and political aspect but also for overall aspects as cultural, social, technological and institutional. The structural change in only one aspect does not bring drastic change. There should be simultaneous change in all aspect of the development.

But there are plenty of slogans and campaigns of structural change in third world countries without the proper implication of

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the ideal structural change. These structural changes are not from that level where it had to be. These types of "Trickle down" structural changes approach lacks sincerity, dedication, commitment towards the actual beneficiary groups.

So in the process of development, the structural change approach should bring break through in the socio-economic and cultural structure through which human beings can live.

Endnotes

¹ Basil Dauglas C. Curtis, W. Cook. *The Management of Change*, McGraw Hill Book Company, 1974.

² *Ibid.*, pp. 2-3.

³ Todaro, Michael P. *Economics for Developing World: An Introduction to Principles, Problems and Policies for Development*, Longman, London, 1977, p. 112.

⁴ Garcia, J.A. Manual. *Development: A Literature Survey of Concepts and Theories*.

⁵ Raup, Philip M. *The Contribution of Land Reform to Agricultural Development: Analytical Framework*. Uphoff and Lehman (eds.), p. 284.

Knocking at the Doors: Impact of RMP on the Womenfolk in Project Adjacent Areas

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Abstract

Present paper is an attempt to assess the nature and scale of economic and social change in the well being of RMP participants, and the economic and other benefits to the womenfolk in adjacent areas, which derive from regular maintenance of roads. The evaluation study is to detect changes. Impact assessment involves the analysis of changes (or their absence) which have occurred due to project or programme interventions, together with an analysis of the causal relationships underlying (or restraining) such changes.

Introduction and Background

The Rural Maintenance Programme (RMP) is a large-scale food-for-cash rural infrastructure programme implemented by CARE Bangladesh in 1982. The project is financed by the monetisation of Canadian wheat food aid. The project currently employs some 36,000 "destitute" women to maintain approximately 72,000 km of rural earthen roads in Bangladesh. The women are paid a cash wage for their work. At the beginning of 1998, RMP participants are being paid Tk. 36 per day of which Tk. 6 is deducted as forced savings. After three years participation, the women are given training in basic life skills, development of a business plan, and "graduate" from RMC (Rural Maintenance Component) are to manage Income Generating Activities (IGAs) which are intended to assist the women to earn sufficient income to remain above the poverty line after their graduation.

The project is national in scope covering some 3600 of 4450 Unions, the bottom tier of directly-elected local government in Bangladesh. The Union Parishads are responsible for direct funding of a part of the costs of the road maintenance (10%) and are involved in the identification of roads which are maintained on an annual basis. CARE

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Bangladesh is in the process of turning over responsibility for the implementation of the project to the Local Government Engineering Department (LGED) of the Ministry of Local Government, Rural Development and Co-operatives (MLGRD&C) of the Government of Bangladesh (CIDA Project Approval Memorandum, Jan. 10, 1989). This process is to be completed by the end of 2001. Some 25 percent of Unions are currently under the implementation authority of LGED.

In Bangladesh, in the absence of maintenance, these roads which are rendered passable in the period during, and immediately after, the monsoon season, for approximately five months, May-September. Road maintenance in the Bangladesh context means not only postponing the costs of future rehabilitation; rather, it is a necessary activity to maintain the use of rural roads in Bangladesh. World Bank Report (1991:28) emphasised that maintenance was considered more important than further development.

The Intervention

The objective of RMP provides full-time employment and income to destitute women for four years. During this time, the RMC participants must participate in a forced saving programme. At the end of their tenure with RMP, they will have accumulated savings amounting to approximately Taka 8300 including accrued interest. In addition to the economic benefits which RMP women are expected to enjoy, previous RMP studies have shown an increased social status and self-confidence among RMC participants (Jahan, 1989; Smillie *et al.*, 1992). Previously marginalised some of these women have demonstrated an ability to manage a successful IGA (Smillie *et al.*, 1992).

Selection Criteria

All women are not eligible targets of RMP. The target group for RMP is women who are:

1. Head of household and not older than 35 years;
2. Without significant landholding "functionally landless" in the Bangladesh context means owning less than 50 decimals (or 0.5 acre) of land;
3. Reliant on manual labour power for income earning; and
4. Not currently married or with disabled husband.

Activities of the RMP Participants

A team of RMP participants work at one Union, selected by the CARE and LGED. Each team consists of ten women. They are supposed to take care of 18 *rashi*, i.e. 10 km. earthen road fortnightly. Their activities include: Filling pit, rain cuts, pathols, ruts and depression; repairing and completing collapsed section; maintaining the side slopes and surface cambering; removing shrubs from the verge and slopes; clearing rain water drainage channels, water way passages of bridges and culverts etc., turfing the verges and side slopes as a protection against rain cuts etc.

Present paper is an attempt to estimate the impact of the project on its beneficiaries, (particularly women) in terms of the economic and social impacts attributable to the project. The paper also tries to assess and observe changes among the RMP participants (to a large extent) and the women living in the adjacent areas (to a little extent), who are exposed to certain social and economic treatment. Empowerment has been stated to be one of the objectives of such treatment.

Research Methods and Technique of Data Collection

Although a combination of case study, survey and RRA methods were used for collecting data yet the information were largely collected by using PRA.RRA (Rapid Rural Appraisal) is a method, used by action researchers, for interacting with the villagers, understanding them and learning from them of their own development. Through RRAs qualitative information from the women as well as other groups regarding the impact of the project was generated. RRAs were facilitated by using various tools such as mapping, wealth ranking metrics ranking, and vector scoring, time trend analysis and focus group interviews based on a well-defined checklist. To compare the pre and post project situation the information was collected through pie diagram, bar diagram, chapati diagram and seasonal chart drawn by respondents. The data was collected from June 1998-August 1998.

The Sample and the RRA Sessions

Seven Unions were selected as sample areas, such as: Ranishimul (Sherpur), Sachail (Kishorganj), Chougram (Singra), Badiakhali (Gaibandha), Maidandighi (Panchagar), Patharghata (Barisal) and Sreenagar (Munshiganj).

The RRA sessions were facilitated with 10-12 RMP participants in each of the Unions. Along with the participants their male

counterparts, traders and business persons, farmers and landowners, representative people, the school teachers, ex-chairmen and other informants, women group members of GOs, NGOs, and Grameen Bank and women living at adjacent areas were also interviewed since they are also the stakeholders of the intervention or holds the information about the impact of the project. We met the RMP participants at their working place while the PRA sessions with other impact holders were arranged at UP offices with the initiative of the concerned UP Chairmen. These informants (number ranged from 25-35) were previously contacted and requested to attend the sessions.

The Indicators for PRA

Assessments of RMP participants on the impact of the project on themselves in relation to:

- (a) Stability in food consumption;
- (b) Increased food consumption and changes in food composition;
- (c) Diversification of income earning sources and increase in the sustainability of income sources;
- (d) Diversion of more income to investment and less to consumption;
- (e) Increased savings and utilisation of savings for investment;
- (f) Changes in quality of life through improved habitat, better clothing and cleanliness.

Increased accessibility to health services.

2. Assessments of RMP participants on the impact of the project on the surrounding areas.
3. The extent to which and how the project has empowered the participants and the women with respect to:
 - (a) Control over income;
 - (b) Participation in household and social decision making;
 - (c) Participation in local judicial process;
 - (d) Previously housewives undertaking profession and speaking about injustices;
 - (e) Acceptance by NGOs and increase in credit worthiness;
 - (f) Increased mobility
 - (g) Increase in self-confidence;

- (h) Women's confidence in taking control of household activities;
 - (i) Changes in the attitude to dowry, polygamy and divorce;
 - (j) Changes in the perception about female education;
 - (k) Changes in the perception about child education; and
 - (l) Changes in attitude to gender differentiation.
4. Perceptions of such changes by other stakeholder groups, especially by the women living in the adjacent areas.

Out put of the CARE in Sample Area
Ranishimul Union, Sreebardi Thana, Sherpur District

There are sixty-four roads in the Unions of which four are constructed by the CARE. The CARE started working at Ranishimul in 1984 and abandoned its programme from 1985 to 1988. In 1988 the work was resumed. The women who are presently at work have started their work since 1997.

Chougram Union, Singra Thana, Natore District

The CARE first undertook its programme at Chougram of Singra under Natore district in 1983. In 1984 the programme stopped functioning.

The RMP started functioning the road maintenance programme in 1991. There are eight Growth Centre Connecting roads of which two main roads have been constructed by the CARE. These two roads include the one from Choto Chougram to Khidrabaria, nearly 5 km long and the other from Choto Chougram to Sthapan Dighi. These are South to the North bounds roads. There are also feeder roads between these and the high ways. The women have worked for RMP since 1994.

Badiakhali Union, Gaibandha Thana, Rangpur District

The CARE constructed six roads out of twenty-two of Badiakhali. The Care started working at Badiakhali in 1984. The programmes of CARE was disrupted during the period 1994-1995 due to the non-deposit of the local contribution of 10 percent of the crews' salaries. In 1996 the work was resumed. The connecting link of the roads constructed by the CARE is from Beily Bridge towards the west via Gel B 52, from 49 DC to the boarder of Boali UP and from pathanganga Nowab Hossain Pukur. Thus it is 22 km. At present the women, who are at work, have been continuing their deeds since December, 1996.

Sachail Union, Tarail Thana, Kishorganj District

The CARE started working at Shailahaty under the Sachail Union in 1985. Till now the CARE has constructed four earthen roads in the area. Of these the first road is the Tarail-Baroni Road passing through a *haor* (extensive marsh). The road has opened up an opportunity of irrigation facilities in the area, which was not present, before the road was constructed. As a result farmers have been harvesting two crops instead of only one a year which was not possible earlier. The road also serves the purpose of an embankment and protects the area from the floodwater. The women who are currently engaged in the RMP have been working since February 1995 and will continue till 1999.

Maidandighi Union, Boda Thana, Panchagar District

CARE started working at Maydandighi under the Boda thana 15 years ago. Till now CARE has been maintaining nine earthen roads in the area. The roads are:

Latapara to Shal Shiri Bazar via Nutun Hat - 3.25 k.

Maydhandighi to Thapukruia Hat - 2 km.

Panchagar Dinajpur (R&H) Pathraj to Shalsiri U.P. via Langga Gram - 2 km.

Latapara to Manik Pir Hat - 8 km.

Holdia Pukuria (Moniram) to Valpukuria - 8 km.

Dhakarhat to Valpukuria - 3.80 km.

Laldighi School - Sharsar Para School to Nalahapara - 8 km.

Maydandighi to Taserpjara School - 4.3 km.

Madandighi (h.w.) to Sapti Village Bagpur - 3.07 km.

The sample group of RMP participants has been working for RMP since 1996.

Patharghata Union, Borguna Thana, Barisal District

CARE began their programme in 1988 at Patharghata. So far they made four important roads and continuously maintaining these roads. The roads are as follows:

1. R-1/03 - Patharghata-Harinbaria, Badurtala, approximate length of the road is 8.15 km.
2. R-1/04 - Patharghata-Sunij Gate, approximate length of the road is 5.45 km.

3. R-1/05 - Patharghata - Baleshwar river, approximate length of the road is 5.10 km.
4. R-2/11 Padma Road-Hatempur Bazar, approximate length of the road is 5.00 km.

Rarikhal Union, Sreenagar Thana, Munshiganj District

Since we wanted to assess the long-term impact of the project on the RMP participants we chose a phase out group, once worked for RMP. This group contains fifteen women, as previously designed by the CARE. We had to confine our interview to only these women and scattered people around the place since the Up Chairman and the Secretary were out of station on subsequent days. Hence the UP office could not provide us with the official records of the output of CARE in this union.

Reaching the Target Group

Prior to join the RMP almost all of the RMP participants were virtually destitute and engaged in stressful low paid jobs. Among them 41.2 percent were divorced, 18.7 percent were deserted, 22.5 percent were living with disabled husbands and one woman was unmarried. Eighty one percent of the women were principal bread earners in the family.

The Impact of RMP on RMP Participants

The impact of RMP on the RMP participants has been assessed by utilising some socio-economic indicators, mentioned above. The changes have been measured with reference to the corresponding situation before the women joined the RMP.

Food Consumption

In relation to food consumption, two aspects of food intake were considered:

- (i) Stability in taking essential food;
- (ii) Quality of food taken by the family members.

Prior to joining the RMP, three meals a day, especially with rice was simply a dream to them. Most of the families could hardly afford two meals a day only during the harvesting seasons, when the price of rice is low. Moreover at that time women and their children can manage procuring some paddy, either in exchange for work at the affluent families or scavenging paddy from farmland. Rest of the time it was hard to them managing one meal a day. Hence they would struggle to meet

their hunger with *shak* (leafy vegetables grown in the road side or beside the ponds), followed by *ludanee*, a dish similar to porridge, made with flour and salt with a large quantity of water), *kochu* (arum), pulp of banana trees, twigs and roots of other crops, boiled wheat etc. Most of the time they would meet their hunger with anything edible, "we had taken anything swallowable, except faeces!"

A small number of families could manage one meal a day with rice or *chapati* (unleavened bread) (viz. Chart 1).

After joining the RMP frequent starvation or semi-starvation is over. According to their view, "We have achieved enormous success – we can escape hunger!"

Since their involvement with RMP 90 percent of the families can afford three meals a day contain vegetables and lentil soup in their regular menu. Small fish is taken every alternate day and meat is taken once a week. Eggs and milk are often added. Here it is evident from the fact that quality and quantity of food intake have improved (viz. Chart 2).

Housing

Prior to join the RMP only 3 percent families owned a homestead. Rests of them lived in other's place or were squatters. Most of the families lived in a thatched or earthen hut with a straw-roof and straw fencing. None of the homestead had more than one room. The impact of RMP on the lives of participants is evident from the fact that almost all families made significant improvement in their housing condition.

Thirty three percent of the women have a homestead with the ownership of the family members. A good number of women changed the roof of their main dwelling house with CI sheets. Around 90 percent of them improved their housing conditions by changing poles, fencing material and doors. A quite good number of women built extra rooms in their houses and installed tubewells as well as latrines. Some of them electrified their houses.

Income Generating Activities

Before joining RMP most of the women were engaged in physical stressful jobs, like earth work, i.e., carrying soil from the riverside to build or repair others' houses, husking and parboiling paddy and working as domestic helpers in affluent families. They earned a maximum of Tk. 20 a day or worked in exchange for a bowl of rice.

Majorities of them were in a hand to mouth situation. Some of them would live by begging and some were simply housewives.

After their involvement with RMP women do not only bring take home salary from the RMP but also engage themselves in various income generating activities which supplement the family income, augment consumption and reduce family expenditures. These activities include raising poultry (36%), tending livestock (33%), husking and trading paddy (32%), selling Indian *sarees*, making fishing nets and sewing *kantha* (rugs). Majorities of the women are involved in more than one income generating activities while some of them do not do anything except the current job. The most successful women were found at Chougram, where 80 percent women owned and operated grocery shops while the least successful were at Sreenagar. It is worthwhile to note that those families can operate multiple income generating activities who have more than one earning members or persons to look after livestock/grocery shops or other petty tradings.

Saving and Investment

Most of the women try to save some money each week. Their intention for saving could be grouped into two sectors, such as (i) consumption sector: to meet the future expenditure like, daughters' marriages, unavoidable medical expenses, buying necessities in workless days, and (ii) productive sector: to start up a new business or expansion of current one, to buy a piece of land, livestock etc. They save as much as they can from their earnings and also from the forceful savings through lowering their food consumption.

Almost all women, save money from their take home salary as well, it may be Tk. 2 or 3 a week. About 80 percent of the women either have some savings or they have invested it for productive purposes. Twenty percent women neither could save any money nor they were able to invest in any sector. This is because they are the sole earning members in the family and being responsible for looking after other relatives besides their own children.

Area of Expenditure

Before joining RMP almost all their earning was spent on food. For clothing most of them had to depend on charity or they had only one *saree*. They could hardly spend on medical treatment and/or children's education.

After joining the RMP their area of expenditure has been expanded. A regular flow of income from the RMP and other income generating sectors enabled them to spend on the areas necessary for leading a decent life, such as education, treatment and fulfilment of social obligations.

Health care is an unavoidable source of expenditure. At Tarail Union, about one-fifth of their income is spent on medical treatment renovation or repairing of dwelling houses, buying clothes etc. mentioned as yearly expenditures.

They spend a good amount of money on clothing. Presently one-third of the women have more than four *sarees*. Now women are able to spend on items such as laundry and toilet soaps, hair oil etc. A part of their income is spent on bus fair and buying tools necessary for their work like spade, basket etc. They also spend on paying occasional visits to relatives, entertain them and attending marriage ceremony with small gifts.

Asset Holding

The improvement of women's living standard is apparent by the fact that asset holding is increased in almost all households. The assets include homesteads, arable land, jewellery, radio, livestock/poultry, items for construction/repairing of houses, tubewells etc. Women usually failed to differentiate between asset and household durable since they identified cots, chairs, wooden poles, brass pitchers, fishing nets, chowkies, CI sheets, blankets, quilts, utensils, even spade and *shill-pata* (stone slab using for grinding spices) as assets. They consider these items as assets or investment because they can sell these objects in crisis period to buy the food. However, 33 percent of the women were able to buy homesteads, 18 percent purchased arable land, 33 percent have livestock, 75 percent poultry and 65 percent have some sort of tiny jewellery. In Chougram, 80 percent of the women each owned a grocery shop.

Access to Health Services

Women's use of modern medicine has increased due to their economic affordability and construction of roads rather than other's inspiration while use of pure water, sanitation, contraceptives and uptake of immunisation have increased because of their awareness created by CARE and BRAC official.

All the women have immunised their children. Seventy percent mothers had taken antenatal check ups during pregnancy. They often go to the urban hospital provided when they find a male companion. Usually they seek private medication offered by the MBBS doctors in the rural areas or they simply buy their medicine themselves from the local pharmacy. Dependency on supernatural remedial measures has been reduced. In spite of these, the project has some negative effect on women's health status. Since the work demands enormous physical strength, women experience irregular and heavy menstrual periods. They also feel back pain and weakness.

A currently married woman discontinued taking oral pills when she felt weak and could not continue work.

Access to Credit

Prior to joining the RMP women used to borrow money from the moneylenders at a higher interest rate. Sometimes they had to mortgage their brass plates, pitchers etc. to the moneylenders. It was a common issue that they failed to repay the debt and lost the items they had mortgaged. Most of the time they tried to get an interest free loan from relatives/friends, which was really hard to receive. Nowadays the shopkeepers and vendors are eager to sell them goods on credit, because they know that the payments would be made in due course of time. Now they do not borrow money instead they themselves become the petty moneylenders (38%). They lend money to other people at a higher interest rate, (known as *logney*) which helps to foster and retain the moneylender class. A good number of women are affiliated with different NGOs and obtain credit from this sector in time of need. Fifty-five percent women received credit for starting a new business or flourishing the current one or for buying livestock while 45 percent for consumption sectors like renovation of homestead, daughter's marriage, repaying outstanding high interest-loan etc.

Social Status

The impact of the RMP on social status of the women was assessed on the basis of their increased decision making power, control over the family income, greater mobility, acceptance in the community, self-esteem and self-confidence, ability to take legal action, attitude and practice towards *purdah* etc. all of which will be discussed in turn below.

Decision Making Power

As a result of economic emancipation and greater mobility women achieved a higher degree of decision making power. The decisions could be divided into two sectors:

- i) decision relating to immediate household matters, like what foods are to be cooked, whether or not to sell a poultry or goat;
- ii) decision concerning the outside world, like children's education and marriage, seeking medical treatment, visiting relative's places, buying assets or household durable, doing shopping, attending meeting, taking a credit and undertaking a new IGA etc. except children's marriage women usually take both types of decision on their own, even in the case of the women living with their husbands. Sometimes they consult with their husbands or male members of the family but ultimate decision is their. Decisions regarding taking a loan or starting a new IGA is sometime shared by any of the male members of the family or in the community. Currently married women are able to take their own fertility decisions, even young divorced or widowed women are able to take decisions for remarriages and to chose their partners.

Control Over the Family Income

In addition to women's take home salary, their involvement in market activities (i.e. selling eggs, chickens, goats, milk, paddy, rice etc.) gives them much greater power to control the family income. Although one woman bought her homestead under the ownership of her husband yet she did it willingly since according to her view, 'husband is the *barir shova o malik* (beauty of the household and the master), thus it is quite logical that the ownership of the homestead goes to him'.

Greater Mobility

Experience of an independent income increased women's mobility as well as enabled them to sustain a wide range of social network. They visit a variety of areas, like Banks, health centres, markets, relatives' and neighbours' houses, court, UP office, a number of elite's houses, other NGOs offices even to cinema halls (viz. Chart - 3). Women buy their own clothes from the market according to their choice, which was a mere dream to them before joining the RMP. Prior to their involvement with the RMP the male family members would buy

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saree for them when a *saree* was viewed as a piece of cloth to cover the body. Now it is considered as an item where their choice or desire could be reflected. Purchasing a *saree* on her own choice is also a way in which a woman's authority, control over money and decision making power is exercised.

It is worth noting that women do their shopping, buy necessities from the market but they never sell their products in the market directly. They sell it either to the neighbouring areas or to a local shop through a middleman (such as, young children or other male members in the community). Nevertheless, in one way they are associated with the market since they control the money obtained from the products.

Social Acceptance

The participants' acceptance in the community has enhanced as a result of their involvement with the project. They are invited by the neighbours, even some elites as well to attend the social ceremonies or religious functions organised in the community. Previously they were not invited to participate such ceremonies due to their low status but they think it was because they could not afford to buy gifts for the occasions. Now they attend these functions with some gift items, like brass-plates, pitchers, a blouse piece, even roller pins.

However women think that their present situation raises their status in the family as well as in the community, but it was observed that in some cases women's participation in RMP is considered as a disgrace to the family prestige, even responsible for breaking up the wedding engagement of a girl. In addition to, the management system of the project helps to perpetuate the age old norms and practices by imposing certain restrictions on their mobility. It was also observed that, except one, in none of the areas women are invited to take part in any judicial activities or to attend a *samaj*. However, people hold a mixed attitude towards RMP participants.

Self-confidence, Awareness and Ability to Take Legal Action

The sense of their ability to shoulder the responsibility of a family makes women more confident. Direct contact with outside world and greater mobility also enable them to realise their rightful status in the family as well as in the society. They do not hesitate to take any step against a system that they think disadvantageous for them. This is evident from the fact that women do their best to resist family violence on their own but when they fail to do so they bring the issue to the *salish*

Sultana

and subsequently to the family court. Women also become assertive and make complaints against injustice. It was found in the case of Badiakhali, the RMP participants lodged complaints against the UP members to the CARE official, even taking the risk of loosing their jobs.

Women also become conscious about family court and Dowry Prohibition Act. Eighty percent of the participants maintain that the system of dowry should be abolished while 20 percent viewed it as a lever to gain economic security. A good number of women said they would not hesitate to sue a case if their husbands or the husband of any of their female family members want any dowry or try to proceed for a second marriage.

This is not the fact that their awareness and freedom is always detrimental to their conjugal relationship. Some mentioned that family bond has increased among the family members because of lowering the hardship due to sustainable income generating activities. It was found that as a gesture of loyalty a woman willingly bought her homestead under the ownership of her husband (at Sachail Union).

Capacity to Explore the Venues

Now a days women know the avenues to explore the possibilities of life. They think they have gained the ability and strength to do any work whatever might be the hardship. It was also found at Sreenagar that an ex-RMP participant was successful to get VGF card for her elderly mother after facing long procedural difficulties. Sreebardi case provides similar example. With the initiative of *salish* Nalemaow, a RMP participant was successful in recovering a part of the money from her husband who sold her cow without her knowledge. This was not possible when she was simply a housewife, she indicated.

Affiliation with NGOs

Women become members of and manage credit from NGO's (like BRAC, ASA) and Grameen Bank etc. Thus they could invest in income generation activities such as trading paddy/puffed and flattered rice pickles or homestead cakes and flourish the current one. They also receive credit from these sectors to meet essential expenses, such as, daughter's marriage, renovation and repairing of houses, repayment of outstanding high interest loan etc. These sectors reduced their dependency on traditional moneylenders. Women also receive training and other advice from the NGOs. Their involvement with NGOs is rapidly growing. Recently at least 20 per cent to 40 percent of the

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participants are engaged in NGOs compared to 'one or two crew members' in a union in 1992 (Smillie *et al.*, 199 :60).

Purdah

Women's greater mobility and work at roadside obviously violate the institution of *purdah*. Women were asked whether it created any mental stress on them. To our surprise, women informed that they could observe *purdah* more strictly than they used to do prior to joining the RMP. Rahela opines, "Where was the *purdah* when we would beg from door to door? We were unable to cover our back with a piece of torn cloth either. Bad guys used to look at us with a dirty look, it was also a sort of *jena* (amour) and we could do nothing. Now we can cover our heads, wear petticoats and blouses as well. Nobody dare to propose us an evil desire. We are not doing any bad deed, we are feeding our children and elderly parents as well. Do you think it is a sin or a noble task?" (Rahela). Such feeling is more profound among the women who passed extreme hardship before joining the RMP.

Community Reaction Towards RMP Participants

Women's participation in the project has brought about positive changes in their socio-economic lives. None of the woman encountered any resistance from any corner to participate in the project rather people encouraged them to do so. Although at the first spell of their involvement with RMP, in some sample areas people would tease them, after realising the nature and effect of the project, they started appreciating women's courage and ability to shoulder the responsibility of the family.

Contrary to our assumption, two religious personnel also appreciated women's courage and ability to maintain a family. When they were asked to express their views regarding the violation of *purdah* due to work at roadside, one elderly person said, "Look, *purdah* is nothing but a vehicle to prevent people from immoral act and to maintain peace in the society. These women are trying to prevent immorality by giving their children a decent life, they are keeping their children away from hunger, which ultimately prevent them from illegal activities like stealing, smuggling, hijacking. It is also a way to keep the society clean'.

Impact of RMP on the Womenfolk in Adjacent Areas

Before construction of roads by the CARE women could not visit frequently the places they wanted. Those who were connected with the business related income-generating activities of GB and NGOs could

find improved road communication for them on and off use that became useful for buying and selling – rice, puffed rice poultry birds vegetables etc. Women have been engaged as caretaker of roadside plantation and women labourers could save money and invest in long term productive activities.

The RMP schemes provide short term to long term job opportunities for rural poor women. Roads have direct contribution to develop independent economic activities or self-employment for women such as selling puffed rice and consumer items, husking paddy, raising livestock etc. The women earthwork labourers are ensured of a regular income for 3 to 4 months at the time of construction and reconstruction of roads. Now they can save money to invest in income earning activities and a good number of them do not need to take credit from moneylender, NGO/Bank.

Participation of the rural poor women's including wives of labourer in development activities have been facilitated because of the construction and maintenance of roads. Wives of labourers become members of and manage credit from NGO's, Grameen Bank etc. Thus they could invest in income generation activities such as trading paddy/puffed and flattened rice pickles or homestead cakes. Many women get involved in homestead and roadside gardening.

The introduction of a maintenance scheme under which women obtain year round employment and NGO support will further secure that the poorest women share the benefits from the road. The project reach more to the poorest and provide them with enhanced development opportunities. Female labourers appear to have obtained greater benefit from NGO services in sample areas due to the active presence of local NGOs.

RMP have changed women's attitude. Previously they worked hard but could not contribute to the family income and so far husbands treated them badly as burden. Now they are treated better because this is the only women who can obtain credit for family. This also improved their prestige in the village as well.

Improved economic condition created various changes for women about children education, especially girls, marriage, family planning health care, dress and diet. Their economic self-sufficiency allows them to take legal action to protest family violence, even to terminate dissatisfactory marital relationship.

Conclusion

An attempt has been made to ascertain the impact of the RMP on its participants and the women in areas adjacent to the project of the sample unions where the roads were constructed and have been maintained by CARE. It was clearly evident that the project has brought significant changes in the lives of the women. They achieved greater freedom to direct their own lives as well as proved themselves capable enough to shoulder the responsibility of a family.

But still there has been an issue in question. Is it because of RMP only or there are other factor?

It is obvious from the fact that only those women can improve their economic condition who have more earning members in the family or those who have lesser family members and decreased financial responsibility. Beside those who hve support from the kin can also improve their financial condition. But the women who themselves take up the responsibility of supporting kin can not improve their economic position.

It as also observed that the rates of economic improvement of the participants were directly related to the duration of the involvement with the RMP.

Although women were given training in IGAs yet it was observed that their training was more theoretical than practical. Such as a good number of women were not able to tend livestock or poultry because they do not have any one to look after it while they were at work. Similarly some of the women did not install a tube well or sanitary latrine despite their ability to install it simply because, the homestead, where they lived were not under their ownership.

In such a situation CARE should have institutionalised their efforts. It would have been better if CARE organised these women and set up co-operative IGAs for them where they could participate. Or CARE should have taken initiative to get these women affiliated with other NGOs. Some of the women, who had been involved with RMP for longer periods opined that it was CARE's moral obligation that while terminating a participant after her stipulated period, they should have replaced her with any of her family members or relatives. Credit wings for the ex-participants could be useful, if set up by the CARE, from where they can get loan at a lower interest rate. These women badly need loans for their daughter's marriages.

In some cases women's involvement with RMP contributes to worsening the economic condition of their family members, because neither they got any relief (which is usually distributed after a natural disaster) nor any of their family members received a VGA card (provided to the destitute person) on the ground that one of their family members was engaged in paid work. But in comparison to the number of their family members their salary was quite insufficient.

It was also found that greater mobility of the women has been successful in cases of the personal characteristic of the respective UP Chairman. The most successful women were found at Chougram Union. Perhaps this is because of the fact that the Chairman of the Chougram takes initiatives of preserving women rights much more than the others.

Considering the management side, it was observed that the involvement of UP office with RMP in some cases creates dilemmas rather than to help run the project smoothly. It is because of the fact that a UP Chairman can not prevent the participant's negligence of duty since he needs support of these women at the time of local UP election. It may help to solve the problem if the CARE set up offices at thana level in the project areas. The CARE monitors could stay there, then it would be possible for them to on the spot supervision whenever needed.

Despite considering some limitations of the project it may be concluded that the impact of RMP has a positive role to ensure a modest life to a group of women, help alleviate their poverty and uncertainty of food and tortuous life (viz. Chart - 4). The project has played a significant role in creating awareness and self-esteem among the womenfolk in the adjacent areas.

Acknowledgement

I am grateful to Jafar Ahmed, NACOB Consultancy Service, Dhaka, for his manifold help in preparing this paper. Thanks are also due to Touhida and Rosie for their enthusiastic support in PRA sessions.

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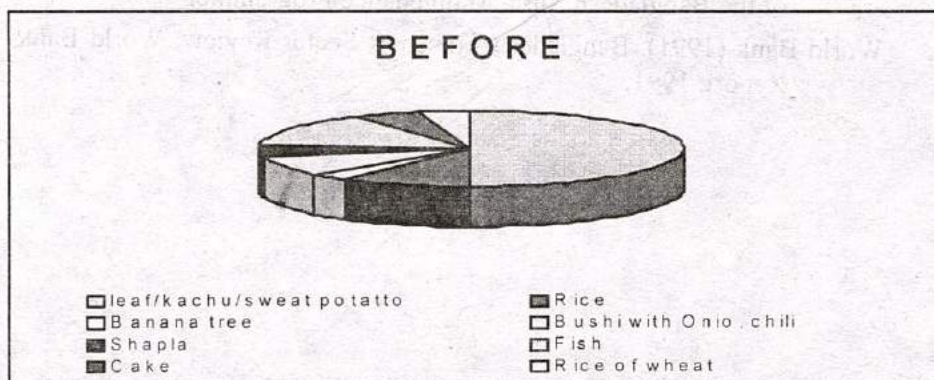


Chart 1: Composition of Food Consumption Before Joining RMP

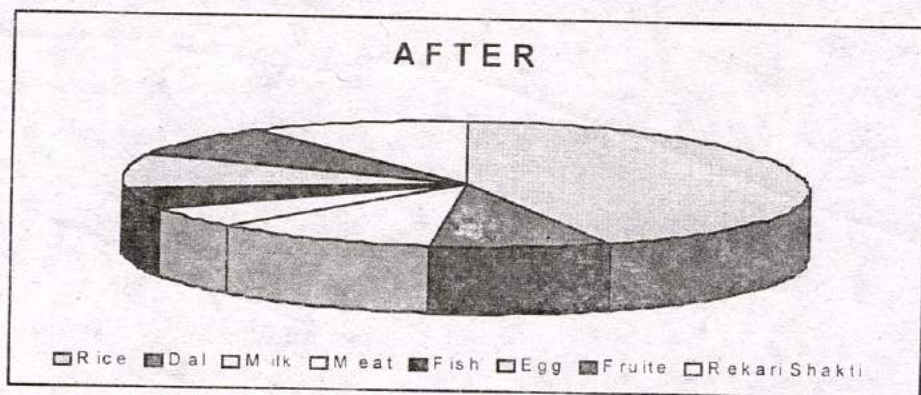


Chart 2: Composition of Food Consumption After Joining RMP

Badia Khali

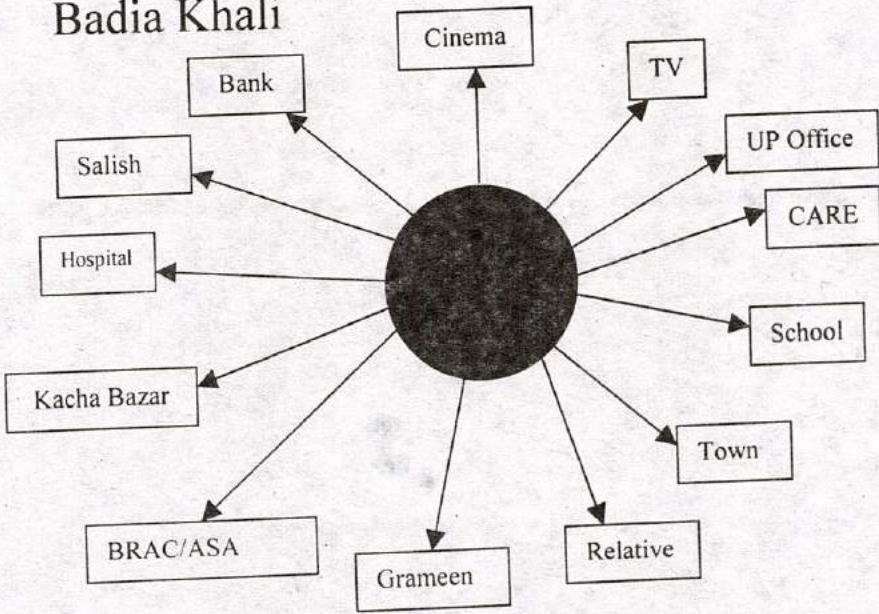


Chart 3: Women's Greater Mobility in Sample Areas

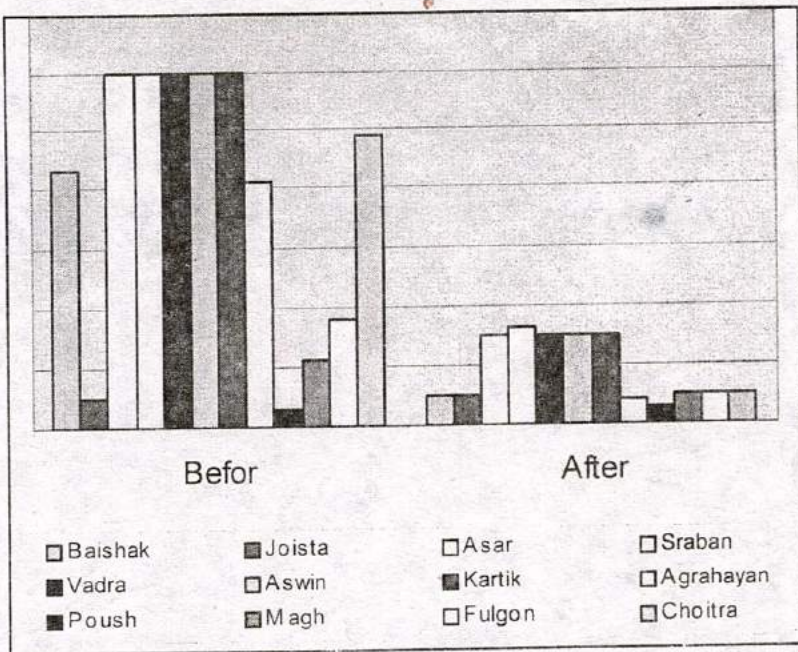
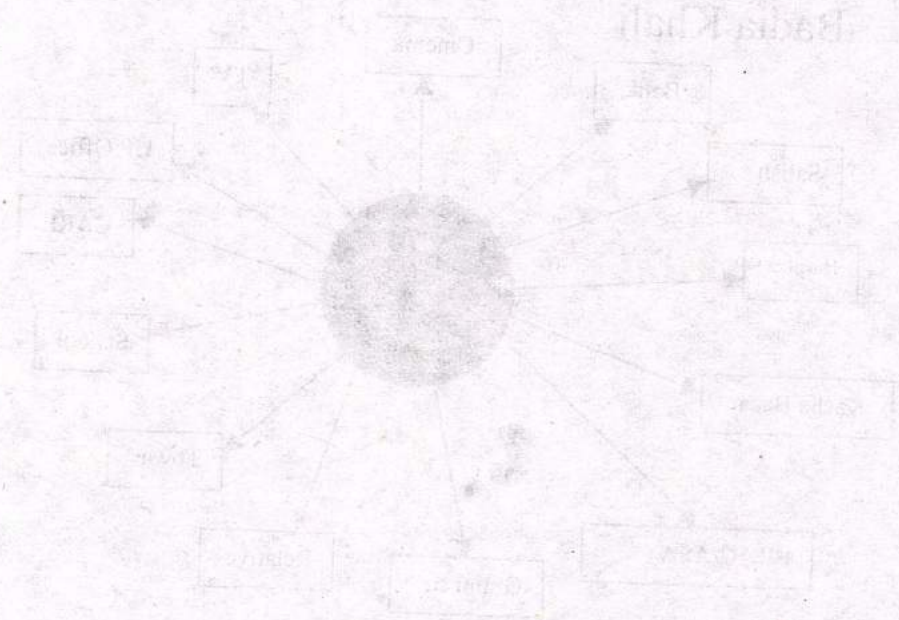


Chart 4: Intensity of Poverty in the Sample Areas

Praxis Knowledge



Social Life of the Slum Dwellers in Dhaka City

Md. Shahadat Hossain*

Abstract

This paper has been made to explain social life of the slum dwellers in Dhaka City. Data have been collected from an old slum of Dhaka by a sample survey. Both nuclear and extended families are found in this slum. Kinship plays an important role in the social life of the slum dwellers. An informal power structure exists in this slum which creates a patron-client relationship among the slum dwellers. Slum dwellers perform different types of religious activities such as saying prayers, reading Quran, observing *milad* and visiting *mazar*. They have very limited access to modern means of amusement for recreation.

Introduction

Slums, shelters of poor migrants, flourished in the cities of both developed and developing countries in different periods. Slums flourished in Europe during Industrial Revolution (Mumford, 1961; Ward, 1976). Slums like ghettos developed in America during the early stage of 20th century due to influx of a large number of immigrants (Abrahamsons, 1976; Gold, 1980). The shift of these immigrants from a rural to a predominating urban society is producing a profound change in social and cultural life (Park, 1968; Writh, 1972; Redfield, 1947). Since the Second World War slums have flourished in the cities of Asia, Africa and Latin America mainly for rural-urban migration.

These rural migrants continue their traditional values in the new urban environment (Lewis, 1968; Roberts, 1986; Gutkind, 1972). Like other developing cities Dhaka faces the problem of slums tremendously in last few decades. The number of slum population is increasing very rapidly (CUS, 1990; Mahbub, 1991; Islam, 1993). The social life of slum

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dwellers is characterised by strong rural bondage, patron-client relationship, intra-district marriage and regionalism (Siddiqui *et al.*, 1990; Majumder, 1992; Mizanuddin, 1992). In spite of having traditional values they try to shape themselves by adopting new values for survival in the new urban environment. A number of changes occur in social life of the slum dwellers. These changes are predominance of nuclear family, non-kinship social network, wide participation in political activities, declining religiosity and increasing access to modern means of amusement for recreation. Yet kinship plays an important role in social life of the slum dwellers. Some of them are not socially and politically conscious. However an attempt has been in this paper to study various aspects of social life of the slum dwellers. For this purpose the pattern of family, marriage, social network, politics, religiosity and recreation has been explained in detail.

Objectives of the Study

The general objective of the study is to assess the social life of slum dwellers in Dhaka. The specific objectives of the study are as follows:

- i) To study the pattern of family and marriage of slum dwellers;
- ii) To study the social network of slum dwellers;
- iii) To study the political involvement of slum dwellers;
- iv) To study the religiosity of slum dwellers;
- v) To study the recreational pattern of slum dwellers.

Data and Methodology

The slum of Gandaria is one of the oldest slums in Dhaka City. It has been selected as the study area because it is located in the city centre and all features of a slum can be found here. It is a large slum of Dhaka City but no survey was conducted on this slum. Therefore a census has been made for the list of total population. Out of 805 households, 685 are headed by male and another 120 are headed by female. We select both types of households proportionately. Out of 114 respondents, 93 are male and 21 are female. For data collection a questionnaire has been made on different relevant variables concerning family and marriage, social network, politics, religiosity and recreational pattern. Both descriptive and inferential statistics have been used for data analysis.

Results

Major Aspects of Social Life of the Slum Dwellers

This section deals with major aspects of social life of slum dwellers *i.e.*, family and marriage pattern, social network, politics, religiosity and recreational pattern.

Family and Marriage Pattern

Family

Family, the most important social organisation, plays an important role in social life of slum dwellers. Extended family pattern is predominated among traditional rural communities whereas nuclear family pattern is predominated among urban communities. But both types of families are common among these slum dwellers. Table – 1 shows that 70 (61.4%) families are nuclear and another 44 (38.6%) families are extended.

Table – 1
Respondents by Types of Families

Types of Families	Frequency	Percentage
Nuclear	70	61.4
Extended	44	38.6
Total	114	100.0

The slum dwellers who came to this slum very recently have mostly nuclear families and the slum dwellers who have been living for many years have mostly extended families. The study also shows that matrifocal families are emerging in this slum because of separations of wives from husbands, broken marriages and widowhood. Out of 21 matrifocal families 10 (47.8%) occur for separations, 6 (28.3%) occur for broken marriages and another 5 (23.9%) occur for widowhood.

Marriage

Both registered and unregistered marriages are common among the slum dwellers. The study shows that the number of registered (conducted by Kazi) and unregistered marriages are 53 (48.2%) and 59 (51.8%) respectively.

Table – 2
Respondents by Number of Marriages

Number of Marriage	Frequency	Percentage
One	88	77.2
Two	23	28.2
Three & more	3	2.6
Total	114	100.0

Table – 3
Respondents by Mate Selection

Mate Selection	Frequency	Percentage
Own	54	47.4
Parental	60	52.6
Total	114	100.0

Table – 2 also shows that out of 114 respondents 88 (77.2%) have single marriage, 23 (20.2%) have two marriages and 3 (2.6%) have three or more marriages. Respondents having two or three marriages are all male. These male respondents have done it simultaneously. These data shows the polygamous tendency of male. The number of own mate selection is increasing among slum dwellers. Table – 3 also shows that 54 (47.4%) respondents select their mates by themselves.

Social Network

Basis of Network

Kinship is the basis of social network in rural areas. In urban settlements kinship becomes loose and non-kinship factors like friendship, common occupation and social class become significant for social network (Gold, 1982). In this slum both kinship and non-kinship factors play important role for social network. Table – 4 shows that 44 (38.6%) respondents have network with their neighbours and 45 (39.5%) respondents have network with people of same occupation. In spite of the heterogeneous mixture of people of diverse occupations the slum dwellers (21.9%) show quite strong kinship ties based on blood and marriage or place of origin.

Table - 4
Respondents by Basis of Social Network

Basis of Social Network	Frequency	Percentage
Blood & kin	25	21.9
Neighbour	44	38.6
Same occupation	45	39.5
Total	114	100.0

Table - 5
Respondents by Living Places of Friends

Living Places of Friends	Frequency	Percentage
Same slum	86	75.4
Other slums	23	20.2
Rural areas	5	4.4
Total	114	100.0

Breadth of Network

The connections of the slum dwellers are not limited to this slum only. Some of their friends live in other places. Table - 5 shows that out of 114 respondents 86 (75.4%) have friends only in this slum and 23 (20.2%) respondents have also friends in other slums. Only 5 (4.4%) respondents point out that their close friends are living in rural areas. The number of friends also varies from one respondent to another. Table - 6 shows that 42.2 percent respondents have 1 to 5 friends, 29.8 percent respondents have 6 to 10 friends, 9.6 percent respondents have 11 to 15 friends, 10.5% respondents have 16 to 20 friends and 7.9 percent respondents have 21+ friends. The number of friends depends on the length of residence. The number of friends of the recent migrants is fewer than old migrants.

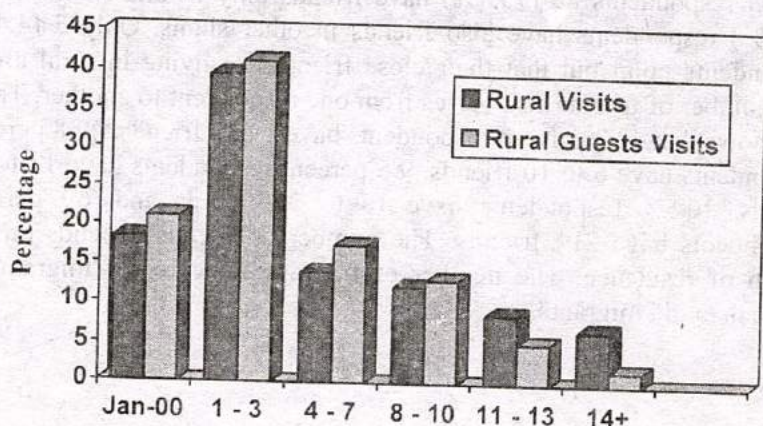
Table – 6
Respondents by Number of Friends

Number of Friends	Frequency	Percentage
1 to 5	48	42.1
6 to 10	34	29.8
11 to 15	11	9.6
16 to 20	12	10.5
21 +	9	7.9
Total	114	100.0

Rural Linkage

The slum dwellers mostly migrate from rural areas and they maintain connections with rural areas (Siddiqui *et al.*, 1990). Graph – 1 shows that 18.4 percent respondents never visit rural areas. Another 39.5 percent visit 1 to 3 times, 14 percent visit 4 to 7 times, 12.3 percent visit 8 to 10 times, 8.8 percent visit 11 to 13 times and 7 percent visit 14 and more times per year. Graph – 1 also shows that rural guests do not visit 21.1 percent respondents. Another 41.2 percent are visited 1 to 3 times, 7.5 percent are visited 4 to 7 times, 13.2 percent are visited 8 to 10 times, 5.3 percent are visited 11 to 13 times and only 1.8 percent are visited by 14 times per year.

Graph – 1
Respondents by Rural Visits and Rural Guests Visits



Politics

Informal Power Structure

The informal power structure of this slum is complex and depends very much on outside influence as well as inside strength. Groupings, factionalism and feeds are characteristics of slum dwellers (Mahbub and Khatun, 1996). Regional factor has become the main cause of groupings in this slum. District of origin divides these slum dwellers. The slum committee consists of leaders of different districts. These slum leaders influencing by local political leaders take decisions about this slum. Local political leaders sometimes use musclemen (locally known as *mastan*) to take control over these slum dwellers. However some sorts of patron-client relationship exist between slum dwellers and local leaders. This relationship continues for poverty and insecurity of these slum dwellers.

Political Participation

In urban settlements people of all classes are more or less politically active. Though the slum dwellers are always busy for earning livelihood, they support political parties and participate in different political activities. Table -7 shows that out of 114 respondents 88 (77.2%) support political parties and 80 (70.2%) cast vote in the Parliamentary election of 1991.

Table - 7
Political Participation of the Respondents

Political Participation	Frequency	Percentage
Supporting political parties	88	77.2
Casting votes in Parliamentary Election of 1991	80	70.2
Participating in meetings and picketing	60	52.6

The table also shows that 60 (52.6%) respondents participate in meetings of political parties and in picketing during *hartals*. Sometimes slum dwellers are compelled to participate in political activities by slum leaders and local political leaders.

Political Consciousness

In spite of illiteracy and ignorance some of the slum dwellers are very much politically conscious. They are conscious about exploitation of upper class (Qadir, 1975; Mizanuddin, 1992). Table - 8 shows that

61.4 percent respondents are conscious about their exploitation. According to them poverty perpetuates in slums and squatters as well as in rural Bangladesh for exploitation of upper class.

Table – 8
Respondents by Political Consciousness

Political Consciousness	Frequency	Percentage
Exploited by rich:		
Yes	70	61.4
No	44	38.6
Struggle against exploiter:		
Have no solidarity	69	60.52
Have solidarity but not organised	45	39.48

Another 38.6 percent respondents blame their fate for poverty. Table – 8 also shows that 60.42 percent respondents have no solidarity so that they can fight against the exploiter and another 39.9 percent respondents have solidarity but have not enough power to struggle against the exploiters.

Religiosity

Saying Prayers

There is a low tendency of saying prayers among the slum dwellers. Table – 9 shows that out of 112 Muslim respondents only 5 (4.5%) respondents say their prayers five times daily. Another 20 (17.9%) respondents say only onetime per day and 50 (44.6%) respondents say only during Ramadan. But 37 (33.0%) respondents do not say prayer at all.

Reading Quran

A very few respondents can read the holy Quran. The study shows that only 11 (9.8%) respondents can read the holy Quran and 101 (90.2%) respondents can not read. Most of the respondents (who can read) read the holy Quran only during the Ramadan. Only two female respondents read the holy Quran regularly.

Table – 9
Respondents by Saying Prayers

Saying Prayers	Frequency	Percentage
Daily 5 times	5	4.5
Once a day	20	17.9
Only in Ramadan	50	44.6
Not at all	37	33.0
Total	112	100.0

Table – 10
Respondents Practising *Millad*

Practising <i>Millad</i>	Frequency	Percentage
1 to 2 times	45	40.2
3 to 4 times	29	25.9
5 + times	6	5.4
Never practice	32	28.6
Total	112	100.0

Practising *Millad*

Millad, a ritual of Muslim, is widely practised by the slum dwellers. Table 10 shows that out of 112 Muslims, 45 (40.2%) practise 1 to 2 times, 29 (25.9%) practise 3 to 4 times and 6 (5.4%) practise 5 and more times per year. The table also shows that 32 (28.6%) never practise *millad*.

Visiting *Mazar*

There is a high rate of visiting *mazar* among the slum dwellers. The slum dwellers visit different *mazars* of Dhaka city and of other cities like Chittagong, Sylhet, Bagherhat etc. Table – 11 shows that out of 112 Muslims, 30 (26.8%) visit from 1 to 3 times, 31 (27.7%) visit from 4 to 6 times, 27 (24.1%) visit from 7 and more times per year. Table – 1 also shows that 24 (21.4%) never visit *mazar*.

Table – 11
Respondents by Visiting *Mazar*

Visiting <i>Mazar</i>	Frequency	Percentage
1 to 3 times	30	26.8
4 to 6 times	31	27.7
7 + times	27	24.1
Never visit	24	21.4
Total	112	100.0

Recreational Pattern

Slum dwellers always remain busy to secure their bare subsistence. They have not enough time for recreation. Yet some of them own different modern means of amusement such as Radio/Cassettee player and Television. Table – 12 shows that 69 (60.5%) respondents do not own any means of amusement, 36 (31.6%) respondent own Radio/Cassettee player and only 9 (7.9%) respondents own Television.

Table – 12
Respondents by Ownership of Means of Amusement

Ownership	Frequency	Percentage
Not own	69	60.5
Own Radio/Cassettee	36	31.6
Own Television	9	7.9
Total	114	100.0

Table – 13
Respondents by No. of Going to Cinema

Going to Cinema	Frequency	Percentage
Do not go	63	55.3
1 to 2 times	20	17.5
3 to 4 times	12	10.5
5 to 6 times	11	9.7
7 + times	8	7.0
Total	114	100.0

Sometimes slum dwellers hire VCR from different areas of the city. The study shows that out of 114 respondents 20 (13.9%) are involved in hiring VCR. To go to cinema is an important way of recreation of the slum dwellers. Table - 13 shows that 63 (55.3%) respondents never go to cinema. Another 17.5 percent, 10.5 percent, 9.7 percent, 7.0 percent respondents go to cinema from 1 to 2 times, 3 to 4 times, 5 to 6 times, 7 and more times respectively. Most of the slum dwellers play various types of indoor games such as *ludu*, *karam*, card with their family members and neighbours.

Conclusion

Nuclear family is predominant among the slum dwellers but a number of slum dwellers express their desire to live in extended families. Matrifocal families are emerging in this slum due to separations of wives from their husbands, broken marriages and widowhood. Though monogamy is predominant, polygamous tendency of the male is noticeable. The number of own mate selections is increasing among them. Non-kinship networks based on neighbourhood and occupation are developing among the slum dwellers. Still kinship plays an important role in social networks of few slum dwellers. Most of them more or less maintain linkage with rural areas. Sometimes regionalism creates factions among them. The slum dwellers widely participate in political activities but they sometimes participate in those activities being influenced by slum leaders. The slum dwellers are not fully conscious about their exploitations. Most of them perform religious activities regularly or occasionally. Most of them have not access to modern means of amusement for recreation.

Slum dwellers migrate from rural areas with traditional rural values. Exposure to the urban environment should have a definite impact on social and cultural life of slum dwellers. But in the case of these slum dwellers this impact is insignificant. In spite of staying a long time in a new urban environment they can not fully achieve urban values. They always combine both urban and rural values in their social life.

However, there are peculiarities of Third World urbanisation. Unlike developed countries the process of urbanisation fails to develop the quality of life in developing countries. Migrants especially poor migrants who take shelter in slums and squatters can not be treated as urbane.

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Conceptual Model for a GIS Based Integrated Urban Data Management and Planning

Ahsanul Kabir*

Abstract

With the development of environmental consciousness and information innovation, urban planning can only be survive and make progress with the support of powerful computer systems for handling spatial data as well as human knowledge. This paper provides an overview of issues and considerations for implementing Geographical Information Systems (GIS) to support urban management and planning in Bangladesh. Topics include information type, data availability and access, organizational issues, staffing and training, hardware and software selection and support. The paper presents the results of an in-depth study, which applied a rigorous scientific methodology and approach to the identification of a municipal database model.

Introduction

Urban management is concerned with the policies, plans, programs, and practices that seek to ensure that population living in an urban area is matched by access to basic infrastructures. For the urban areas municipalities is an important tier of local government, which can be defined as a political subdivision of a state in which a municipal body has been established to provide general local government for a specific urban population concentrated in a defined unit. The municipal bodies have a fairly comprehensive range of functional responsibilities and regulatory powers within their boundaries including health, accessibility, transport, street light, holding taxation, primary education, garbage management, water supply, sewerage, planning and development control. Planning and management of all those urban affairs become a new challenge to the urban planner and policy maker.

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A municipality typically comprises several different departments, each of which perform one or several urban management functions. Though each department has its own mission, the overall objective of municipal government is to provide services to the citizens of the community. Most cities tend to grow slowly and as new services are required, departments are created to provide the needed services.

To perform all these operations a municipality requires a huge quantity of information of different types. At present in most cases, data are stored in paper format, which is very difficult for quick retrieval and necessary updating. Another common problem is being to identify and manage this data. Lack of urban analyzing functions could be considered as an important reason of this delay. Geographical Information Systems are characterized by their capacity to deal with huge amounts of, both spatial and attribute data. It also includes a good number of analyzing functions appropriate for urban applications. Thus the planning community has welcomed this recent technological advances.

GIS in Municipal Functions

Most of the information needed to operate a municipality is geo-referenced, i.e. it is referenced with to a specific geographic location. Information about zoning, properties, roads, schools, and parks all pertain to geographic locations. So, it demands an information system capable of dealing with the spatial phenomena. The particular branch of information technology that can serve urban management and planning functions is called Geographical Information System (GIS), which can be defined as a spatial information system enable to store, manipulate, analyze and display spatially related data. That's why it has proved all over the world that spatial related information system that is a Geographical Information System (GIS) is an effective tool for managing municipal information.

Municipal applications require data of different formats from different sources. Eventually it demands a system, which would enable to integrate them with least problem. The integration should be fabricated in such a way that same data can be used both as background information and as primary data source. For example, traffic flows, accident data, the road design, planning data and highway maintenance data together would provide a better basis for the decision whether to carry out a road improvement scheme or to maintain the road-bed, than considering only the deterioration data. In such cases GIS could be used to bring all relevant information under a single umbrella. Moreover, an efficient GIS

can also perform even a complex set of query operations with different spatial and a spatial information.

In general, each data set is stored optimally for a particular application or a set of applications and accessing the data set from another application area can give rise to identification and security problems. Some municipal data are confidential and accessing such data can be restricted. Some data are sensitive and even the fact that such data is collected and stored must not be made generally available.

It would be possible to store all data in a centralized GIS database, holding all data and supporting all applications. Another alternative is to store individual information layer in their concern department with the capability to link them when necessary. However, these implies that the data structure used would be a composite, not optimized for any application, which would almost certainly cause performance problems. Such a database would simplify the security considerations, since all access would be controlled centrally.

Advantages of a Municipal Information System

The advantages of GIS based Municipal Information Systems (MIS) are many over the traditional system. Some of the most important are given here:

1. From the database point of view, the MIS approach makes sense. Reduction or elimination of data redundancy is one of the first advantages that have been identified. Considering only the base map for a municipality, one department develops and maintains the map while all other use it. This procedure makes it easier to perform quality control on the map. It also ensures that there is no multiple version of it. Also, multiple departments could share the cost for the base map preparation. Time saving is also realized through inter departmental cooperation.
2. Inter departmental cooperation has been one of the most prominent advantages. Once the initial resistances are overcome, participants in the project would realize the benefits and were eager to share data and workload.
3. Not only the automation of field data collection process, electronic field data recorders improved the efficiency of MIS data acquisition, but also boosted the efficiency of the collection of non-MIS related data.

4. Management level advantages were also identified. Managers would be capable to see the interrelated activities more clearly. Also the system facilitated the decision making process by giving managers more information in a timely manner, thus allowing administrators to make more informed decisions.
5. It is relatively easier to update information in a computerized database. Correction and updating of database can be done easily without any major involvement. Transactions or changes which occurring in the data base automatically update not only basic data entities but also the related information on which the data base is dependent.
6. A GIS based system will provide easy and quick retrieval of information. Maps (in selected area/feature) in any scale and size can be produced in a short notice. The cartographic quality of the GIS produced maps is much better than hand drawing maps.

Conceptual Model of a Municipal Information System

To date no attempt has been taken to automate the Municipal Information System in Bangladesh. Even the recent attempts of various kinds of automated Land Information System (LIS) application have been generally handicapped by a lack of full understanding regarding the needs and the capability of various GISs. For a municipality it is at first essential to understand the municipal database model, which generically describes the various components, found in a municipal database. This paper provides a description of these various categories of data and how they interrelate with one another to comprise a municipal database. The purpose of this presentation is to provide a tool for designers and implementers of such systems so they can better understand how various hardware and software tools, as well as database concepts, relate to the overall data model that exists for the typical municipality.

Municipal functions or tasks, and the types of data, which support them, comprise the vital elements of municipal operations. An examination of these generic tasks, together with the manual and automated data bases which are used in support of these functions, provide the fundamental framework upon which to build a "conceptual model" of geographic data entities and their relationships in a municipality. This understanding may then be directed into data base and information system design, and implementation planning. In a conceptual sense, the municipal data model should have several data component.

Each of these may be conceived of as containing a series of data entities. The basic components are as follows:

1. Base map

In general a base map is the simplest map of the area, composed of administrative boundaries with major features. The basic required information for base maps are control data. These provides a framework and reference for integrating all of the other manuscripts and overlays for a particular geographic location.

2. Topographic map

It stores topographic elevation contours. Control data are typically provided in the form of geodetic control. This gives the absolute location in the form of x, y coordinates, whereas contours are provided in the form of line drawings of topographic elevations and altitudes.

3. Environmental layers

These are typical maps of soils, geology, vegetation, landform, hydrography, slope, and related geographic features. In a typical municipality, these layers are used to associate the suitability and capability of land for various types of uses, such as potential mineral or forest resources, as well as possible reference to natural hazards such as floods, earthquakes, landslides, area unsuitable for given types of development, and so forth.

4. Engineering/infrastructure layers

These layers indicate information for locations of roadways, utilities and infrastructure, layouts (i.e. lines for water, sewer, cable television, gas, electric, hydro, sidewalks, fire hydrants, utility poles, etc.). They are commonly used for reference in grading and construction of facilities.

5. Plan profile drawings

These are the architectural and engineering drawings of buildings, roads etc. These highly detailed engineering records are considered in evaluating cartographic activities within the municipality.

6. Parcel map

These maps provide the basic drawings of land ownership boundaries for all public and private lands. Parcel maps are typically maintained at a variety of scales and may flange from very precise to

very general "cartoon maps" (which shows only schematic layouts of the basic land cadastre). Parcel maps commonly related in some manner to legal description documents, which typically constitute the record for describing boundary ownership for a given parcel.

7. Street network file

This is typically a topological street network file providing intersection numbers, street names, link numbers of each street, address ranges of the streets and the polygon the right side and left side of the street. This street base files provides a linkage between address data and street faces that surround a municipal block. By using the concept of address geo-coding, parcel data may be matched with the street network to create street tabular data.

8. Area boundary maps

Area boundary maps are coordinate boundary data bases which define the polygon outlines of blocks, enumeration areas and various administrative boundaries such as school districts, police districts, census summary district, zip codes, and so forth. These maps correspond directly to the area tabular data described above.

9. Land-use maps

It stores important land use information of the area. This layer of maps are useful when planning for a new highways or new facilities to provide.

10. Planning related database

A series of planning related information will require fulfilling a GIS. These are mainly different attributes of the area concern. The data will be stored in such a way as it can be linked to the area boundary or street network file. This type of information also include zoning information, set back rules, other planning data.

Each of these different components contains data about geographic variation and status, which are commonly used to carry out municipal activities. However, some of these are used at much higher rates than others. Findings from municipal studies to date strongly indicate that the majority of municipal transactions are associated with the land parcel or street address tabular data. For the broadest range of municipal applications, the tabular format is more efficient. Other data components, such as plan and profile maps, are used only occasionally in some of the engineering-related functions.

Table – 1
Data Layers in a Municipal Information System

Department	Functions	Base Map	Topographic Map	Environmental Layers	Engineering Layer	Plan Profile	Parcel Maps	Street network	Area boundary maps	Land-use map
Public Works	Construction and maintenance of roads and infrastructure	X	X	X	X	X	X	X	X	X
	Roads and infrastructure maintenance			X	X	X		X		
Revenue	Tax assessment, collection and monitoring	X				X	X	X		X
	Commercial License	X					X	X		X
	Lease of commercial building and shopping centers	X				X				X
Public Health	Tolls from markets	X							X	
	Roads and drainage cleaning	X		X					X	
	Collection and disposal of domestic garbage and night soil	X		X				X	X	X
	Mosquito eradication			X				X	X	X
	Charitable dispensary							X	X	
Water Works	Street hydrants	X	X		X			X		X
	Water supply to individual household	X			X	X	X	X		X
	Installation of deep and shallow tube wells	X	X		X			X		X

Key Considerations for GIS Implementation

GIS implementation is difficult. Roughly half of the attempt to GIS implementation fails in developing countries. Most failures are related to institutional issues, resistances to change, lack of political support, insufficient funding, and the fact that GIS innovation results in a radical change in information flow within an organization (Burke, 1995). The user need assessment is a vital component of GIS implementation within a municipality. It is also important to explore whether there have been previous GIS initiatives within a city, and whether there are any project remnants (equipment, trained staff, or digital data sets) which can be utilized. Some important issues are discussed here:

Institutional issues: Initially, GIS installations are probably most successful when centrally managed, but are later more effective

with a decentralized structure. In most cases GIS brings radical changes to the institutions. So, special attention should be given to the institutional structure when designing a GIS.

People: To run and maintain a GIS based system a substantial number of trained man-power is required. Consideration must be given to what provides the motivation for staff trained in GIS to stay with an institution, rather than joining the private sector.

Training: There is a lack of higher-level training in spatial data analysis and GIS. Universities and other institutions of higher education must become more involved in GIS.

Hardware issues: The recent decline in hardware price made it easier to afford PC but other accessories are still expensive. PC technology is most often the appropriate choice for municipal scale projects in Bangladesh. It is also important to evaluate the user needs, and pick the hardware appropriate for it.

Software issues: GIS and image processing software are still not up to par with other software. Software vendors are beginning to address this, largely due to market and user forces. GIS software is becoming less expensive and easier to use. But proper attention should be given to the need of the project. Expensive specialized software like Arc/Info is not essential if automated topological database is not considered. CAD software having scope to relate with the database can solve it with a least expense.

Data availability and Access: In general, there is a lack of ready made data, especially for urban areas in developing countries. The quality of available data is another essential issue of GIS. A GIS can generate accurate information only if their databases are built on accurate data to begin with. If supplied with incomplete or inaccurate data, even sophisticated GIS techniques will only yield a high-tech and expensive spatial version of "garbage in, garbage out" (Klosterman, 1994 and Seong 1994). Satellite imagery is a significant alternative source of spatial data for development and maintenance of data layers for a municipal GIS. Digital satellite data is often of overwhelming size and format for installation in developing countries. Another relative inexpensive data collection tools is GPS, which stores information of the desired location and helps for contour and other type of mapping.

Conclusions

It is not feasible to develop a GIS based urban information system over night. Automation of different data set could be a good start point. But before that a coordinated planning is required for choice of

Conceptual Model for a GIS

data structure, platforms, linking methods etc. In most cities in developing countries, which are rapidly growing many kind of urban problems are emerging. To improve urban management in the region, atop priority is therefore to strengthen the capacity for planning and policy implementation through better coordination among related agencies. For these a better information system is required.

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Users Opinion on Library and Information Services : A Study of the Rajshahi University Library

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Abstract

In a University, the scholars and the teachers are the head, students are the body and the library is the heart. In the formulation of the library program, three classes of people are involved; those who will use the library; those who will operate the library and those who are responsible for authorizing and financing library development. In the present study, an attempt is made to solicit the opinion of the different level user groups of Rajshahi University Library through questionnaire method supplemented with interview method. The study intends to know the extent of the library use, information needs, library collection- its organization and facilities utilized by teachers and students to identify the inadequacy if any in the existing library system in the Rajshahi University Library. In the Light of these, opinions have been analyzed and solutions are provided which emanates as a felt need of the University Library.

The Universities are the highest seats of learning which produce scientific and skilled manpower for the nation and are having the responsibility to equip Bangladesh for the information dominated in the 21st century. Any university having this target essentially has to depend on its Library and Information services. It is the goal of the University Library to take care of the information needs of the academic

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community. A University Library which occupies the central and primary place in teaching and research has to meet the diverse and growing needs of educational programs at the under-graduate, graduate, and post-graduate levels (Gelfand,1971). Rajshahi University Library was established in 1953 aiming to provide the best library services to the faculty members, researchers, students and allied officials of the university. The library now occupies a 4-storied building of 13,600 square meters which has several reading rooms, each specializing in nearly 300,000 items; including over 2,50,000 books, more than 40,000 journals, 3,000 documents, 10,000 reprints and some audio-visual, microform and machine-readable materials. It also receives different types of current periodicals, popular magazines and daily newspapers on different subjects to facilitate current reading in different channels of information to keep abreast of the latest developments. It has a large number of staff (Please see the Appendix-2 to know the existing manpower and their arrangement). A study of users opinion on collection, organization and service facilities would give an idea about the extent to which the users needs are met. With this point of view the users opinion was conducted to know their reactions about the library and information service facilities in Rajshahi University Library.

Objectives of the Study

The specific objectives of the study are:

- a. to find out the information needs of users for their activities;
- b. to identify the problems faced by the readers in exploiting the benefits of library resources and services;
- c. to find out the type of documents the users of the Rajshahi University Library consult for their information needs;
- d. to elicit opinions about the library and information services and other facilities offered by the library;
- e. to suggest suitable recommendations to overcome the problems and to improve the situation for the benefit of the users.

Limitation of the study

The present study intends to cover the maximum range of facts relating to the Library and information services facilities provided by the University Library. However, the study is limited in its scope covering only the opinion from the selected groups of teachers and students of social science faculties including Library and Information Science Department, Public Administration Department and Mass Communication Department of Rajshahi University.

Methodology

In the study the required data has been collected through questionnaire method, supplemented by informal discussions with the users. Questionnaire consisting of 21 questions have been designed to elicit the opinions from the selected groups of teachers and students of social science faculties including Library and Information Science Department, Public Administration Department and Mass Communication Department of Rajshahi University. Questionnaires were distributed among some 40 including teachers and students. The reason behind such selection is that three out of forty departments have launched their activities recently. All the students and teachers of these departments have to largely depend on the central library. In total, 32 users have responded. Additional data regarding the library, its development, growth, collection and service facilities were collected from office records. The analysis and interpretation of the same are presented in the following passages

Findings and Discussion

Use of the Library

The central role of the library is to help students learn when they are away from their teachers, which is reflected in the library's dedication of the selection, organization, preservation, specialization and making available for use the information and essential knowledge of earlier generations to the later ones (Haider, 1968). Thus a well-stocked, well-staffed and up-to-date library is a pre-requisite in the higher education. The use of the library could be measured by several ways. One of such ways that give an idea of the use of the library is knowing the frequency of users visit to the library.

Table-1
Frequency of the use of Rajshahi University Library

Frequency	Number of respondent	%
Daily	9	28.12
Once in a week	6	18.75
Twice in a week	14	43.75
Once in 15 days	2	6.25
Occasionally	1	3.12
Not respondent	0	0
Total	32	100

It is evident from Table-1 that the majority of the users visit the library twice in a week to meet their information needs. 28.12% of the users visit the library daily. The number of users visits the library once in a week, once in 15 days and occasionally is negligible. This shows that the users frequently visit the library for study, teaching and research purposes.

Table-2
Time spent in the library by teachers on each visit

Time spent in the Library	Percentage of the Respondent
Below 1/2 hour	3.12
1/2 hour to 1 hour	28.12
1 hour to 2 hour	50
2 hours to 4 hours	15.62
4 hours to 6 hours	3.12
Total	100

Table-2 demonstrates that majority of the teachers (representing 50%) spend 1 hour to 2 hours in the library during each visit. About 28.12% of users spend 1/2 hour to 1 hour of their time in the library. The

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teachers who spend two to four hours per visit accounts for 15.62%. The number of users who spend below 1/2 hour and more than 4 hours are very less in number.

The analysis reveals that the users though visit library quite often spend less time in the library. The users due to learning and other classroom work come to the library with little time to consult basic references and other current literature.

Use of the library documents

The knowledge/information is being published in a variety of forms such as books, periodicals, reports, thesis, dissertations and newspaper etc. For university library all types of documents are important. Users use these various kinds of resources of information for their information needs. Table-3 indicates that to know the preference of users towards various kinds of documents.

The analysis of the responses furnished by the respondents in respect of their preference to various kind of information resources, indicates that among others periodicals are the major types of sources much preferred by majority of teachers followed by books. Next in order are the abstracts/indexes and reference documents. The newspapers/magazines follow the next preferred order followed by reports. The thesis/dissertations are the kind of resources taken a low profile among various kinds of information sources.

While periodicals and books occupy the highest 1 and 2 preference, the least preferred type of document are reports and newspapers/magazines.

Table-3
Users preference to type on Documents

Kinds of Documents	Order of preferences (%)
Periodicals	34.37
Books	31.25
Abstracts/Indexes	9.37
Reference Books	9.37
Thesis	6.25
Reports	3.12
Newspapers	6.25
Total	100

Library collection

The users of the university library need highly specialized and advanced material on the subject of their specialization. If the book collection of the library is efficient, ideal and could satisfy the needs of the readers, then it would enhance the image of the library (Datta, 1985). Otherwise it would mar the name and fame of a library. Hence it is appropriate to know now whether the existing collection of Rajshahi University Library resources is adequate for the readers to meet their information requirements in their academic research and development and publication work. (In this regard, the budget 1989-99 are mentioned in Appendix-1).

As evident from Table-4 the analysis of the data supplied by teachers and students indicate that 50% of the users majority in number expressed that books are partially adequate to meet their information needs. Whereas periodical literature is concerned the data show that the available periodicals are totally inadequate. Hence the development of periodical literature/collection calls for serious attention from the library authorities. Similarly, reports, conference proceedings are inadequate and need efforts to develop the collection.

Table-4
Adequacy of Library Collection for Study/Research

Number of Respondent	Adequate	Partially adequate	Inadequate	Total	%
Books	4 (12.5%)	16 (50%)	12 (37.5%)	32	100
Periodicals	5 (15.6%)	9 (28.2%)	18 (56.25%)	32	100
Research reports, conference proceedings, monographs, etc.	4 (12.5%)	5 (15.61%)	23 (71.87%)	32	100
Reference documents	10 (31.25%)	8 (25%)	12 (43.75%)	32	100
Newspapers, magazines, maps, atlases etc.	8 (25%)	11 (34.37%)	13 (40.62%)	32	100

Note: Figures in parentheses indicate percentage

Users Opinion on Library and Information Services

Regarding reference documents majority of users have expressed as inadequate. Some of the reference sources such as Encyclopedias, Handbooks, Yearbooks, Directories and Bibliographies need further development.

The library authorities based on these observation to take suitable measures to improve the existing collection of the library to meet the information needs of the users.

After knowing the adequacy of library collection for study/research, it is necessary to know the sources other than university library to meet the information requirements. A single library can not meet the total requirements of users. And as such the clientele has to depend on another source to meet their information requirements.

Table-5
Sources other than University
Library to meet Information requirements

Sources	No. of respondent	Percentage
By self purchase	1	3.12
By visiting other library	18	56.25
By corresponding with other publishers	4	12.5
By corresponding with authors	8	25
By corresponding with professional associations	1	3.12
Total	32	100

It is evident from table-5 that the majority of teachers (56.25%) meet their information needs by visiting other libraries. An about 25% users meet their requirements by corresponding with authors. Further a few number of teachers meet their needed documents by corresponding with publishers.

The above analysis reveals that majority of users depend on other library's in case they fail to get needed information in the university library. Other sources that the users depend on include self-

purchase, authors, corresponding with publisher's and professional associations.

If the library has to serve its users better, it should add latest literature to its collection. The current literature in the collection development will help the users to up-to-date their knowledge in their respective fields. To add current literature one should have an access to current bibliographical tools and users should be aware of these tools.

Table-6
Sources, Books and Journals for the collection
Development of the library

Sources	No. of respondent	Percentage
By consulting publisher's catalogue	17	53.12%
By consulting journals	3	9.37
By consulting book shops	9	28.12
By consulting other libraries	3	9.37
Total	32	100

Table-6 demonstrates that 17 users representing 53.12% consult publisher's catalogue, to suggest books and journals. About 28.12% users suggest to buy books by visiting bookshops. Another 9.37% users consult journals to suggest for procurement of books and journals. Further about 9.37% users suggest books by visiting other libraries.

Table - 6 reveals that the large number of users consults publisher's catalogue for buying books. The other services that are used by teachers to suggest for purchase of new books and journals include books, other libraries and the journals received in the library.

Library Services

The prime objective of organization and administration of the University Library is to facilitate the academic community to exploit and harness fully the resources of the library for the maximum use (Gelfand,1971). To this end, the library invites the reader, guides him and provides him with literature. The University Library should provide planned service to make its stock easily accessible and conveniently

Users Opinion on Library and Information Services

usable, following the readers needs. Hence, it is essential to evaluate such techniques and services etc. from the point of the view of the users.

Table-7
Satisfied and Not-Satisfied with Rajshahi University Library

Library Services	Satisfied	Not Satisfied	Not Respondent	Total	%
Reference +Circulation	7 (21.87%)	22 (68.75%)	3 (9.37%)	32	100
Reader's guidance/ Assistance	10 (31.25%)	17 (53.12%)	5 (15.62%)	32	100
CAS/Inter Library Loan	5 (15.62%)	20 (62.5%)	7 (21.87%)	32	100
Reprographic Services/ Microfiche	9 (28.12%)	19 (59.37%)	4 (12.5%)	32	100

Note: Figures in parentheses indicate percentage.

As evident from Table-7 the majority of users are of the opinion that the information service such as reference, circulation, reprographic, reader's guidance/ assistance services are not satisfactory to meet their needs. Further analysis shows that Current Awareness Services (CAS), Inter-library loan, and Micro film/fiche reader services needs further improvement.

Arrangement of Library Collection in the University

University libraries have a special responsibility to collect and disseminate reading materials appropriate for study and research. However, it is not merely enough if it acquires, but should arrange them in a proper order, so that the users of a library can get the required documents easily. Table-8 indicates the user opinion regarding the arrangement of library collection in the Rajshahi University.

Table-8
Arrangement of reading materials in the Library

Types of Document	Satisfied	Not satisfied	Not respondent
Text Book	12	17	3
Reference book	10	20	2
Periodicals/Journals	9	18	5
Reports	7	21	4
Theses/dissertation	15	16	1

It is clear from the statistical details furnished in Table-8 that a large number of users has expressed their non-satisfaction about the arrangement of documents of different types in the library.

Library facilities

The library has to maintain in its premises cleanliness, ventilation, space for reading, drinking water and toilet facilities. These are equally important in use of library resources in an effective manner. From the informal discussion with the users it is clear that space for reading is not satisfactory, ventilation, equipment and toilet facilities are not satisfactory as expressed by majority of the users. Thus the over all opinion as expressed by teachers that the existing library facilities are not satisfactory enough which needs to be improved by the authority of the library.

Some problems and the measures

To play the appropriate role and to attract respect, the University Librarian should have a sound academic background in the field of Library and Information Science, professional training, appropriate administrative experiences, intelligence, diplomacy, strong personality and substantial personal authority. But unfortunately, there is no professional librarian in the Rajshahi University Library. A non-professional person is still administrating the library. The practice of appointing a non-professional person, such as a professor as Honorary Librarian or In-charge Librarian should be abolished. This practice inhibits and kills the enthusiasm and the initiative of a professional librarian and his staff. It clips their wings and degrades the staff to the level of clerks/assistants. It will make the library to continue to be a mere collection of books instead of an intellectual workshop and the heart of the university. In view of this, the University Grants Commission of India recommended, "the system of appointing a non-professional person such as professor as Honorary/In-charge Librarian as a head of a library should be abolished". (Talawar, 1989). This practice has been abolished in India a long ago. This is the first and foremost problem for the development of all types of activities in the library. Although the university libraries need intellectual and professional

services of men and women, there is a shortage of well-trained librarian in the whole country. So the University Authority and the Government should take proper initiative at the emergency basis for recruiting a professional librarian in this library.

Library collection of this university can be developed through cooperative and shared acquisition program. The teaching faculties can be involved in selecting text books, supplementary text and subject reference books and also journals for their respective departments but it is expected that the university librarian (if professional) should be given the full autonomy and authority for selecting all types of learning resources.

In the informal discussion with the users it is observed that 90% of the users feel that library services should be kept open on Friday and on Holy days as to facilitate their study and research.

In the library there is no provisions for professional development for the staff through staff orientation, staff manual, staff meeting, in-service training, professional activities outside the university, teaching, writing etc. Training programs, workshops, seminars and short discussions should be regularly organized by the library authority to introduce the library services for the convenient of the users (Dey, 1997). At the same time, the user should take a six months training program from the department of Library and Information Science in this regard.

There should be an effective provision to exempt the library from stock-taking and totally exempt the university librarian and his staff from personal financial liabilities for the loss of any books, journals and other reading materials.

The authority of the library should try to obtain publications of local and foreign universities and research organizations under a publications exchange program. Thus advanced books and journals in all disciplines should be strengthened to support study, teaching and research work.

In Bangladesh, different university libraries use different cataloguing codes, subject headings lists and classification schemes and in some cases, different editions of the tools are even used, uniformity

and consistency being very important, it is inevitable to fix up standards with respect to the use of cataloguing, classification and subject heading tools. It is recommended for Rajshahi University Library that Anglo-American Cataloguing Rules-2 (AACR-2) be followed for the cataloguing purpose, Dewey Decimal Classification (DDC 19th or latest edition) for classification, and The Library of Congress Subject Heading for subject analysis and for assigning subject heading (Dewan, 1992).

In spite of the heart of all research and study in North-Bengal, Rajshahi University library has no well-organized documentation unit. A documentation center within a library may:

- a. create own database;
- b. exchange publications, research programs, data and other information with national and international research organizations;
- c. exchange publications, research programs, data and other information with national and international research organizations;
- d. prepare departmental bibliographies based on the academic syllabus of the university, special bibliographies of various disciplines, subject bibliographies, annotate bibliographies, lists of thesis, on-going and completed researches of the university, etc (Ahmed, 1993).

So it is very essential to establish a documentation unit in the University Library to facilitate automation process, computers and CD-ROM player with multi-media.

Their should be sufficient budgetary provision in the library to procure audio-visual materials. The following types of equipment may be acquired for the audio-visual and reprography unit: film, overhead, slide and opaque projectors, microfilms and micro-fiche readers, microfiche reader printer's, record player, VCR, TV, audio-cassette recorder, video camera, recording unit, photocopying machines, etc (Rahman, 1997).

The library activities are not computerized; as a result, the users are deprived of getting modern library services and thus the valuable time of

library users is wasted in searching for literature. Though, the university is involved in researches beyond conferring higher degrees, the library should be computerized without any further delay to cope with modern systems. The areas may include: acquisition system, cataloguing system, serial control system, documentation system, dissemination etc. computerization has advantage over the traditional library services, such as easy searching, prompt services, etc. The library operation are conducted in several section in which all the functions are performed manually but very recent the university has realized the value and importance of library automation. Accordingly a pilot project of automation in the library will be started soon. The library is going to be linked with the 'Bangladesh National Scientific and Library Information Network (BANSLINK)' a pilot project of the Ministry of Science and Technology, Government of Bangladesh. Bangladesh National Scientific and Technical Documentation Center (BANSDOC) the executing agency of this project, has already supplied server and workstations to the library by which it will be able to participate in the networking and resource sharing among the eleven (11) public universities. In this connection, several formal and informal meetings conducted between the high official and the relevant experts including the library committee have been held. Automation in Rajshahi University Library is expected to begin in near future (Alam, 1996).

Besides the above recommendations some of the suggestions made by the respondents are listed below:

1. Inter-library loan facilities should be improved;
2. The delay in providing Xerox services, reference services, etc. need to be reduced;
3. collection of reprints should be enhanced through exchange of reprints with authors;
4. working hours of reference and periodical section must be extended; and
5. latest books and journals should be kept for use immediately.

Summary of Findings

To sum up, the following are the important findings of the study:

1. Quite a good number of users visit the library frequently. Another about 43.75% of teachers visit the library twice in a week for study, teaching and research

purpose:

2. The teachers due to teaching and another class room work come to the library with a little time to consult basic references and other current literature;
3. Periodicals and books are most preferred documents for use by the users;
4. Majority of the users locate information by self-help and consulting the catalogue;
5. Majority of the users specified as inadequate to their need;
6. In absence of non-availability of needed documents in the Rajshahi University Library, the users have primarily depended on major libraries of Dhaka cities and corresponding authors. The other sources on which they are dependent on self-purchase, corresponding with publishers and professional associations;
7. Majority of users has complained about the non-availability of current issues of periodicals in time in the library;
8. A significant number of users are the opinion that the information services such as reference service, circulation service, reprographic service and reader's guidance/assistance services are not satisfactory at all to meet their needs. Besides these, CAS, Inter-library loan and Micro-film/Micro-fiche reader services are not satisfactory; and
9. Another important findings are that significant number of users has complained about lack of proper attention in arranging documents in proper order.

The finding of the study has implications for deciding the overall opinion of the users about the collection facilities and services in Rajshahi University Library. It has also sought the user's needs, tastes and preferences to library and information requirements and other facilities.

Assessment

From the survey, it is found that majority of the users expressed that the information resources such as books, primary periodicals, reference documents, newspaper and magazines are partially adequate to

meet their curricular needs. Whereas, the researchers indicate that books are partially adequate and periodicals are totally inadequate to meet their information needs. A large percentage of the users meet their informational needs by visiting other libraries.

Conclusion

Mutual understanding between library staff and academicians will help a lot in the sound collection development. Providing personalized information services, encouraging extension of library orientation programs, organizing occasional seminars and workshops for users as well as library staff will play a vital role in understanding the exact information requirements of the users. This will help the library to generate interest among the library staff and bring closer relation with academicians as well as other users. This type of encouragement will thus help not only in better utilization of library resources but also to develop and proper organization of need-based library collection.

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Appendix-1

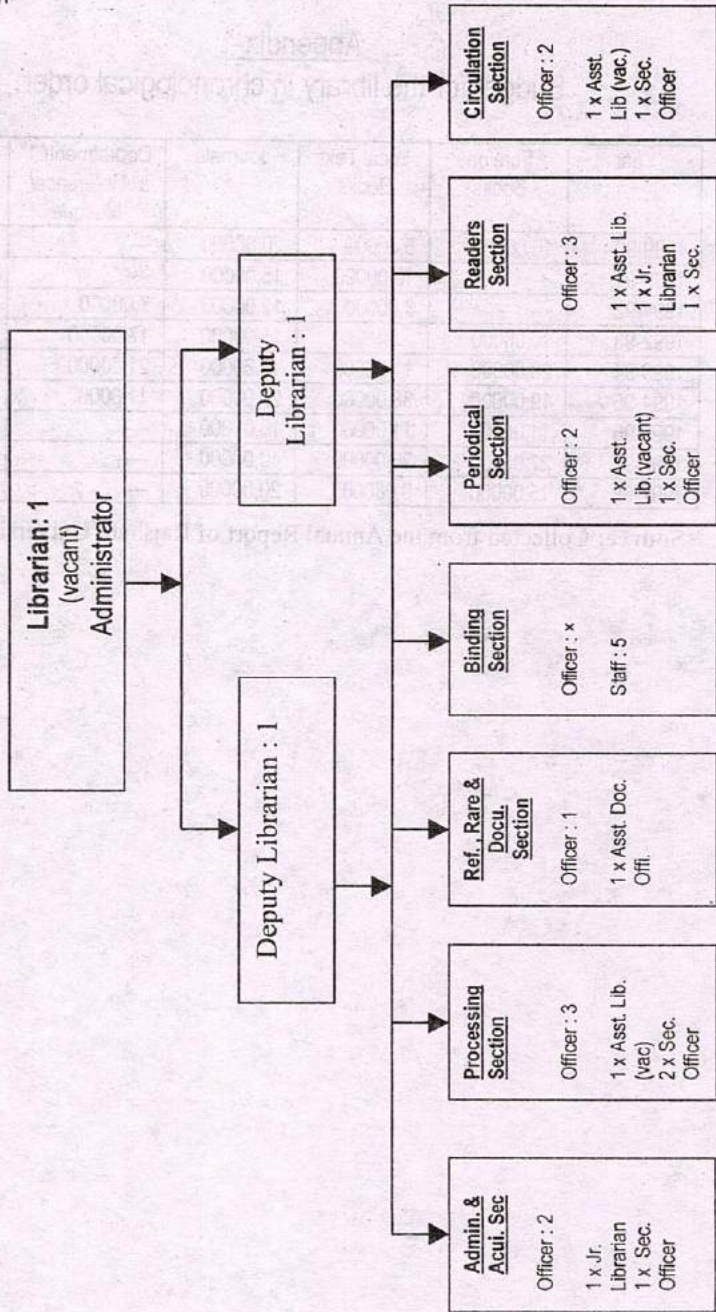
Budget for the library in chronological order:

Year	Foreign Books	Local Text Books	Journals	Department/H all/Reference/ Mosque	Total
1989-90	10,00000	5,00000	20,00000	---	35,00000
1990-91	---	10,00000	15,00000	---	25,00000
1991-92	---	8,00000	12,00000	7,00000	27,00000
1992-93	10,00000	---	15,00000	17,00000	42,00000
1993-94	28,00000	11,00000	17,00000	21,00000	76,00000
1994-95	19,00000	38,00000	27,00000	11,00000	1,2811287
1995-96	11,00000	11,00000	16,00000	---	38,00000
1996-97	27,00000	20,00000	40,00000	---	87,00000
1997-98	15,00000	9,98000	20,00000	---	44,98000

Source: Collected from the Annual Report of Rajshahi University Library.

Appendix-2
Organizational Diagram of the Rajshahi University Library:

Up to 30.5.1999



Innovation in Banking through Information Technology – An Analysis of Some Selected Issues

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Syed Ahsanul Alam†

Abstract

As the pace of competition intensified, information technology (IT) emerges as a critical weapon in the battle to gain an advantage over competitors. The authors show how a bank can use modern IT to create a competitive edge by adding value to present products and services. The paper spells out that a bank can become competitive in all phases of its customer and client relationships. The areas in which IT can confer strategic advantage are considered here. The main objective of this paper has been to stimulate thinking with regard to the types of IT-based tools like BACS, EFT, MSC, PSS, MICR, ATMs, DVI, EFTPOS, home banking, neural net and many others. That is, attempts have been made to identify the IT-based resources at the bank's disposal and the ways in which they are being employed to create competitive advantages.

1. Introduction

Information technology is a powerful and valuable asset. It must be actively sought, guarded and conserved. From a banking institution's point of view, information technology is just as much as an asset as its buildings and equipments. This important asset is very difficult to overlook. Many people adhere to this view and are of the opinion that real competitive advantage comes from the IT. Competitive advantage is an organization's ability to be better than its competitors of performing particular tasks and meeting customers' needs. There are many different ways of achieving competitive advantage like price advantage, cost savings, spawning new business, change in industry nature, creating

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entry barriers, bringing product/service differentiation and many others. Achieving competitive advantage forms a major part of an organization's strategy.

2. Bank Automated Clearing Service (BACS)

Bank Automated Clearing Service is a system for the electronic movement of funds. It is a service for automatically transferring funds from one bank to another, or to and from organizations and individuals (e.g., transfer of monthly salary). In the anglo-saxon countries, the BACS handles one half of all domestic interbank payments. One of the main reasons for its success is the cost saving which it generates. The capital outlay incurred by an organization in installing a BACS system is small and the savings per transaction are considerable. It has been estimated that it costs approximately Tk. 5.00 for an organization to make a payment by cheque but only 40 pence with BACS.¹ The use of BACS reduces the paper work to just an advice note and also removes reconciliation problems while at the same time giving precise control over cash flow.

3. Electronic Funds Transfer (EFT)

This is the electronic movement of money between two organizations via a telecommunication network using electronic data interchange (EDI). This system does not require cheques and paper works. The last step in EFT development, known as closing the electronic loop, has recently been taken. Banks now offer a business-to-business payment system for companies using EDI on Intel and International Network service (INS) networks. Prior to the development of this system, a business using EDI had to break the electronic chain to make payments, by printing out a remittance advice note, writing a cheque and posting the two.² Thus, the new system has minimized transaction related complexities to a great extent. The banks in the USA are now pushing ahead with EDI anxious to become involved before large EDI industry network begin to arrange for payments between suppliers and customers quite independently of the banks and cut them out completely. This would deprive the banks on a section on their traditional business.³

Some banks are now issuing a debit and credit card combination called a combo card. The card allows customers to use the card either as a traditional credit card or a debit card whereby a purchase price is deducted from the individual's bank account electronically.⁴

4. Home Banking

There are several variations on the concept of home banking. The most common technique employs the combination of a user's television, k telephone set and videotext adapter as the means of interrogating the computer system of the providing financial institution.⁵ By such means, account balances can be examined and simple fund transfers initiated.

The fundamental characteristic of these systems is that very little specialist skill needs to be acquired in order to use them. This has a profound consequence. If several financial institutions offer such home banking facilities, there is very little to inhibit the user of one system abandoning it in favour of arrival. Setting aside the correspondence necessary to transfer an entire account from one financial institution to another, using one system is very much like using another.

This has a profound effect on the entry barriers to some of the markets being served by those institutions. Companies, which initiate and promote home banking, are effectively lowering the entry barriers to their markets. Any organization, which offers a videotext based home banking system, can enter in the process easily. A large network of costly high street branches need not necessarily encumber such new entrants.⁶

For individuals, the UK based homelink was world's first home banking service. It was a joint business ventures between many organizations, in particular the Bank of Scotland, the Nottingham Building Society and British Telecom. Homelink provides a range of information services for the individual apart from the transfer of funds through Prestel – a UK television viewdata system.⁷

5. Magnetic Stripe Cards (MSC)

The use of magnetic stripe technology started with automatic teller machines (ATMs) in late 1970s. But it had been available for a long time before it was used for this purpose. The stripe is same type as is used for audio recording. In the late 1970s, the banks were driven to the use of plastic cards because of high cost that would otherwise have been involved in expanding the size and number of branches to meet the increasing number of bank customers. It is to be noted here that the banks did not initially install ATMs to provide a faster or better service to the customer but rather to reduce costs.⁸

One of the causes for the delay in putting MSC technology into practice was the lack of international standards. Now, these standards have been introduced by the International Standards Organization (ISO).

The stripe is divided laterally into three tracks. Each of these tracks can hold a string of magnetically encoded data, which is read by a reader head or terminal. Tracks one and two can only be read. Normally, track two is used by banks and can take an account number of up to nineteen digits. This track is written before the bank card is issued and is read each time the card is used. The account number is read and sent to the bank's computer centre for verification. Track three, which was introduced after the other two, can read and write. Its contents are rewritten each time when it is used. It contains an encoded version of the personal identification number (PIN). The PIN is the number, which the holder enters every time in using the card. The advantage of this card is that the ATM does not have to be on line since verification is done by comparing the PIN number, which is keyed in with the encoded PIN number.⁹ Therefore, transmission costs are reduced to a considerable extent.

6. Passive Smart Cards (PSCs)

Today, the available PSCs are mostly passive. However, active ones are being developed. Therefore, at the time of writing, a reference to a smart card usually refers to a passive one and this usage is adopted here. A smart card can take many forms but usually looks similar to a credit card. The cards contain a micro-processor chip and have an electronically erasable memory. The standard card is divided into three sections. In the open section, the data stored can be obtained by anyone using the card. The data will probably include the account number and name. Data stored into the confidential section are given only when the PIN is used. The section may contain details of transactions and the current balance. The secret section contains detail of the encryption codes and is used by the micro-processor to check encoded PIN.¹⁰

Today, small cards are used in the banking industry of many countries. Perhaps, France is the pioneer in the use of small cards in banking business. Customers are given a card, which allows them to pay for purchase. At the cash desk, it is inserted into a terminal and the assistant enters the amount of the purchase via a keyboard. The customer checks the amount of another display point and, if correct, types in the PIN. The memory in the card checks the requisite funds and tells the terminal either to accept or to reject the transaction. The card has a monthly calendar and operates to preset monthly spending limit. Once this is spent, the card will reject further transactions. When a transaction is accepted, it is recorded into the card's transaction selection and the

Innovation in Banking

terminal generates a printed receipt. The terminal may be connected on-line or polled overnight for the day's smart and transaction by a central computer. Alternatively, small businesses, which do not have this facility, can take out the point of sales (POS) terminal's memory, known as a corlett, and take it to a bank for processing. A minitel (videotext) user can, with a terminal that includes a smart card reader, pay for goods selected via the television using this technology.¹¹

A new variety of smart card is 'Mondex' is also in use. It is used for electronic cash transaction. The Mondex card is a substitute for paper currency. The alternative names given to a Mondex card are Cyber cash and DigiCash. The present user countries of Mondex cards are the USA, Sweden and England. The Mondex card is just like a phone card. The card has a direct connection to the money leg. It remains active unless the specific amount of money is spent. The card establishes a relationship between the banks and the buyers and sellers and this relationship is established through the computer terminals.¹²

7. Magnetic Ink Character Recognition (MICR)

This technique has been used for many years on cheques where the static data like the cheque number, account number, bank and branch code are printed in magnetic ink on each cheque in a special typeface. When a cheque is presented for clearing, the amount or value of the cheque is typed on it in magnetic ink. This makes automatic processing possible. Two standard fonts or typefaces are currently in use. One is UK/US standard called E13B, which is used, by the banks of UK and USA. The other is European standard called CMC7, which is used by European banks.¹³

There are two minor disadvantages, which limit the use of this technology. The first is that the printing of the magnetic characters must be precise and of high quality if they are to be read correctly. The second is that data must be presented in a single horizontal line of characters placed in a standard position on the document.

8. Automatic Teller Machines (ATMs)

The Automatic Teller Machines are computers that allow customers to make withdrawals and deposits and check their account balances electronically during the 24 hours of a day.¹⁴ Banks also benefit because ATM systems are relatively inexpensive to operate. The average operating cost per ATM transaction is \$0.66, compared with a teller cost of between \$0.90 and \$1.20.¹⁵ ATM offers bank customers 24-hour

service on checking, savings, withdrawals and transfer of funds from one account to another.¹⁶

ATMs are IT-based tool used in banks for dispensing services through self-service computer terminals. ATMs reduce transaction costs by increasing automation and self-service. They provide strategic advantages by offering new services. ATMs can offer round the clock service and segment the markets of banks differently.¹⁷

ATMs can be placed in airports, super markets, and other high customer traffic areas. Cheque and account processing volumes demand mainframe computing. The combination of customer service requirements and branch productivity needs demand networks of ATMs.¹⁸ The value-added networks enhance retail-banking operations by providing nationwide ATM services. Banks were found to make alliance to provide nationwide ATM service at a low cost.

9. Neural Net

A neural net is designed to emulate the way the brain works much more closely than a conventional computer system or knowledge based system. It consists of a number of very simple elements or 'neurons' that each carry out a simple piece of processing. The neurons are highly interconnected elements. Each one has a weighting function attached to it, its output is equal to its input multiplied by the weighting functions. Neurons are often arranged in layers, the outermost of which are input layers and output layers.

Neural net is used by the banks to reduce risk, score credit and to combat credit card fraud. It can learn the spending pattern of each individual credit card user. This pattern includes amount, frequency, location, type of expenditure and so on. When a normal transaction occurs, the neural network can detect it immediately. The shop that is asking for confirmation of the transaction can then be asked to call a phone number to see whether the card has been reported stolen, or they can ask the usual question like: "What is your mother's maiden name?" to check that the card user is he who they say they are.¹⁹

10. Digital Video Interactive (DVI)

The American microchip giant Intel has developed digital video interactive (DVI). It enables a suitably equipped desktop computer to display full motion digital video. Banking institutions use DVI systems for providing staff and customers with investment fund information. They also use DVI systems for training programmes on savings and investments. The trainee watches a video clip of client needing savings

advice and can retrieve files and ask questions which are answered by the client. The computer judges the trainee's advice and provides feedback. The Swiss Bank Corporation uses DVI for providing investment fund information and Dutch Institute of Banking and Stockbroking uses DVI for developing training programmes on saving advice.²⁰

11. Electronic Funds Transfer at Point of Sale (EFTPOS)

EFTPOS means the transfer of money electronically, rather than by cash or cheque, at the cash point in a shop. The identity and account to be debited is identified by a card passed through a terminal at the cash till. The EFTPOS systems have considerable advantages for the banks since they reduce the cost of the transfer of funds.²¹

In the UK, one national system is being developed which takes all cards rather than the retailer having to have a number of terminals at the checkouts for a range of different cards. The system works by swiping the card through a terminal, the identity of the customer is then confirmed either by a PIN or a signature on the card. The system went on trial in 1989 and became nation-wide in 1990 based on Switch debit cards, Visa and Access cards.²²

In Belgium, there are two common cash-dispenser networks which were created by two major groupings of the country's banks named Bancontact and Mister Cash, they have recently been linked together to form a single joint facility. By means of a plastic card with a magnetic stripe on the reverse side, a customer can make a balance inquiry or withdraw or deposit cash through this common network at ATMs.²³ The system is now progressively forming the basis of a national EFTPOS network – the Bancontact/Mister Cash cards being, of course, debit cards. As a result, petrol stations, for instance, are linked to one or other system thus allowing petrol to be dispensed 24-hours a day via unmanned pumps.²⁴

12. Deposit Accounts

A traditional deposit account pays a fixed rate of interest to the account holder on a regular basis. Now-a-days, such calculations are obviously performed automatically by computer systems. In order to attract customers to deposit funds, bank have created many types of deposit accounts with more complex but, nevertheless, attractive rates of interest. Different slidings scales of interest varying as a function of the amounts deposited are to be found. Another example is the "Sweep

Account" where funds are automatically transferred by computer system from a client's current account to a deposit account or vice-versa.²⁵

13. Bangladesh Scenario

Computerization of banking operations is not a very recent phenomenon. It is, however, more popular and widely used in the developed society. In some of the developing countries, computerization has been introduced on a limited scale at the Central Bank level for compilation of statistical data on money, banking and balance of payments in recent years. Computerization of commercial banking operations has also been introduced in a number of developing countries on a limited scale.

Bangladesh is on the periphery of world economy having the population of approximately 125 millions. Most of her foreign currency earnings is spent for feeding the ever increasing number of population. The country is not developed in modern micro-electronic technology. In fact, the use of IT in banking is rarely found here and it is in the rudimentary stage. However, there are a few evidences of the application of information technology in service and manufacturing sectors.

Very recently, some banks have installed Automated Telling Machines (ATMs) for providing auto-telling services to their customers. Moreover, some banks have been personal computers for record keeping. Banks like Bank Indosuez, Grinlays Bank, and Standard Chartered Bank use ATMs. The use of ATMs by these banks has reduced telling cost and response time significantly. Computerized record keeping systems serve as the customer database. This allows the information to be reclassified in a suitable way for a particular use.

The authors have conducted a pilot survey over the computerization process of the IFIC Bank, Arab Bangladesh Bank, City Bank, Grinlays Bank, Habib Bank and a few nationalized banking units in Chittagong. According to the survey, banks use computers for preparing account statements, automatic transfer interest calculation, deposit recording and pass book updating. The respondents admitted that computerization reduced their operating cost by approximately 62 percent and clerical staff by 28 percent.

Computer technology has also reduced paper work and stencil writing to a considerable extent. Computers have enormous capacity in recording and analyzing vast volume of data in the shortest possible time. It is a labour saving device and has become indispensable element in the running of banking operations. as such, most of the sample banks

have diversified and enhanced their services. Computerized banks may serve many more customers rapidly than those of the non-computerized banking organizations.

In line, it can be said that in the coming future, the information based technology would bring unthinkable change in the banking operation. On-line banking system, inter-net and customer database will increase the volume of services to the customers. Nation wide network system will bring off the banks under the national village initially and under the global village finally.

14. Concluding Remarks

The concept referred to in this article relate to the strategic use of IT in banking operations. In practice, they require the collaboration of information system specialists, and personnel involved in marketing of services and service operations. It emphasizes the need for information specialists to be trained in banking business, and for the time managers to learn more about the strategic possibilities of IT. The changing role of IT in almost all banking institutions is likely to become more profound in the future. IT is important for competitive positioning of banks. The strategic impact of IT on banks is not only confined to developed countries but also immense bearing in the developing societies. Thus, it could be said that IT tools can revolutionize banking business and provide them with significant competitive advantages in the decades ahead. In large measure, whether this will happen will depend upon the actions taken by individual senior executives to afford this technology. The time and importance it deserves as a critical strategic weapon, instead of merely as a more economical way to do the same old things.

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A Comparative study on Readability of the Financial Statements of MNCs and PLCs in Bangladesh

Madan Mohan Dey*

Abstract

This is a comparative study on readability of financial statements of the MNCs and the PLCs in Bangladesh. The objective is to find out the reading ease level of the financial statements of the MNCs and the PLCs in Bangladesh. It is found that the reading ease level of the directors' reports of both the MNCs and the PLCs is not up to the mark while that of audit reports and notes to financial statements is relatively easier. Significant difference is also observed between the readability scores of the audit reports and notes to the financial statements of the MNCs and the PLCs in Bangladesh.

Introduction

The decision theoretical approach to accounting requires that useful information should be provided to the users. The Communication Theory states that information should be communicated to the users of accounting information. As Littleton and Zimmerman have appropriately observed, "It is noteworthy that the tool of analysis we call accounting has always had communication as an objective".¹ To be useful, accounting information is likely to possess some qualitative characteristics such as relevance, reliability, comparability and consistency. In addition to these, information should be brief but complete, well written and easy to understand.²

As Klare puts it, "readability is an objective and quantitative measure of the ease of understanding, or comprehending a message due to the style of writing."³

For our purposes we define readability as the objective measure of word complexity and sentence complexity of a written material i.e., the

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level of abstraction of a sentence. To alter the metaphor, it is comprehension difficulty or ease of any written material.

Objectives of the study

The specific objectives of the study are:

- (1) to make a comparative study of the reading ease /difficulty level of the directors' report, audit report and notes to the financial statements of the MNCs and the PLCs in Bangladesh;
- (2) to find out whether there is any significant difference between the readability scores of some selected portion of financial statements of the MNCs and the PLCs in Bangladesh;
- (3) to suggest measures for improving the readability of the financial statements of the MNCs and the PLCs in Bangladesh.

Rationale of the study

Shartle has expressed the belief that "While information must be carefully checked for accuracy, it must also be arranged and written in a style that is readable and easy to use."⁴

Adelberg, A.H.⁵, Fertakis, John P.⁶, Pashalian, S and Crissy, W.J.E.⁷ Bedford, N.M. and Baladouni, V.⁸, Adelberg A.H.⁹, Libby, R.¹⁰, Soper and Dolphin,¹¹ Brayfield, A.H. and Reed, P.A.,¹² Taylor, W.L.¹³ - all worked on readability but no work has been done in the context of readability of annual reports of the MNCs and the PLCs in Bangladesh. Before we make an attempt to improve the understandability or reading ease of annual reports, we try to measure how readable are our corporate annual reports?

Methodology

The review of literature on readability suggests two kinds of readability measurement procedure:

- (a) General purpose readability procedure
- (b) Cloze readability procedure.

Of the two methods mentioned, the first method considers the number of words in a sentence and the number of syllables in a word.

Method (b) uses deletion processes i.e. certain words are deleted at random from a paragraph of a piece of writing and the persons on whom the test is conducted are asked to guess the deleted words. If he/she can guess the actual word deleted then a point is scored. The score on a paragraph is the total score obtained by all the interviewees. Of the two methods mentioned earlier we have adopted general-purpose readability

A Comparative Study of Readability

procedure. Among the different general-purpose readability formulas we have chosen Flesch formula for the following reasons:

- (1) it is comparatively easy to use;
- (2) its validity is empirically proved;
- (3) it is extensively used by other researchers such as Soper and Dolphin,¹⁴ Smith and Smith.¹⁵

The Flesch formula reads as follows:

Reading ease: $206.835 - 0.846w1 - 1.015s1$

Where $w1$ = Number of syllables per 100 words

$$= \frac{(\text{Total number of syllables} \times 100)}{\text{Total words}}$$

Sl = average sentence length in words.

$$= \frac{\text{Total words}}{\text{Total sentences}}$$

The reading ease/difficulty score obtained in this way are placed against the difficulty level and grade level which are of seven categories. The grade level varies from college graduate to grade 'V' and the difficulty level varies from 'very difficult' to 'very easy'. If the formula score is higher, the comprehension ease will also be higher and a user of even grade 'V' may comprehend the piece of writing easily.

Period coverage: The study covers a period of 5 years from 1986 to 1990. The choice of the period is dictated by the availability of the data.

Report coverage: The annual reports of 9 MNCs and 9 PLCs enlisted in Dhaka Stock Exchange have been analyzed for the aforesaid period for measuring the reading ease/difficulty. Directors'/ Chairman's Statement, Auditors' Report and Footnotes have been taken for the purpose of our study.

Analysis of Results: From Table 1 we observe that mean readability scores of directors' reports of MNCs for the years 1986 to 1990 are 44.86, 44.69, 56.57, 53.02 and 55.40. About 77.78 percent of the scores are within one standard deviation of the mean and 22.22 percent of the scores are within two standard deviation of the mean in the year 1986. In 1987, 88.89 percent of the scores are within one standard deviation of the mean and 11.11 percent of the scores are within two standard deviation of the mean while 88.89 percent of the scores are within one standard deviation of the mean in 1989 and 11.11 percent of the readability scores are within two standard deviation of the mean in the same period. Highest standard deviation is however observed in the year 1988.

Table- 1
Readability Scores of the Directors' Report of the MNCs

	1986	1987	1988	1989	1990
Mean	44.86	44.69	56.57	53.02	55.40
Std. deviation	37.07	40.94	52.18	43.36	48.88
percent of scores within					
one std. deviation. of mean	77.78	88.89	100.00	88.89	100.00
two std. deviation of mean	22.22	11.11	-	11.11	-

Source: Annual reports of MNCs

Table- 2
Readability Scores of the Directors' Report of the PLCs

	1986	1987	1988	1989	1990
Mean	18.23	18.87	33.23	25.48	18.35
Std. deviation	53.32	58.31	28.58	28.12	29.72
percent of scores within					
one std. deviation of mean	66.67	62.50	62.50	85.71	42.86
two std. deviation of mean	22.22	25.00	37.50	14.29	57.14
three std. deviation of mean	11.11	12.50	-	-	-

Source: Annual reports of PLCs

Table 2 shows the readability scores of the directors' report of the PLCs. The mean readability scores are 18.23, 18.87, 33.23, 25.48, and 18.35 for the years 1986 to 1990 respectively. About 66.67 percent of the readability scores of the PLCs are within one standard deviation of the mean, 22.22 percent of the scores are within two standard deviation of the mean and 11.11 percent of the scores are within three standard deviation of the mean in 1986. In 1987, 62.50 percent of the scores are within one standard deviation of the mean, 25 percent of the scores are within two standard deviation of the mean and 12.50 percent of the scores are within three standard deviation of the mean. In 1988, 62.50 percent of the readability scores are within one standard deviation of the mean and 37.50 percent of the readability scores are within two standard deviation of the mean. 85.71 percent of the scores are within one standard deviation of the mean and 14.29 percent of the scores are within two standard deviation of the mean in 1989. In 1990, 42.86 percent of the scores are within one standard deviation of the mean and 57.14 percent of the scores are within two standard deviation of the mean. Negative readability scores have emerged because of the existence of too many figures in those reports that have resulted in increased number of syllables. The asterisk sign indicates

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that the annual reports have been prepared only in Bengali in those years. A comparison of the results between Table 1 and Table 2 indicates that in all the years, the mean readability scores of the PLCs are lower than those of the MNCs. The average standard deviation of the readability score of the director's report of the MNCs is 44.49 while that of the PLCs is 39.61

Table- 3
Readability Scores of the Audit Report of the MNCs

	1986	1987	1988	1989	1990
Mean	73.46	73.26	70.46	68.53	64.08
Std. deviation	06.37	06.63	15.02	10.22	11.27
percent of scores within					
one std. deviation of mean	77.77	66.67	55.55	66.67	77.77
two std. deviation of mean	22.23	33.33	44.45	33.33	22.23

Source : Annual reports of MNCs

Table- 4
Readability Scores of the Audit Report of the PLCs

	1986	1987	1988	1989	1990
Mean	63.30	55.56	58.56	47.85	53.66
Std. deviation	15.44	24.14	23.55	30.09	32.03
percent of scores within					
one std. deviation of mean	55.56	87.50	87.50	71.43	85.71
two std. deviation of mean	33.33	12.50	12.50	28.57	14.29
three std. deviation of mean	11.11	-	-	-	-

Source : Annual reports of PLCs

It appears from Table 3 that the average readability scores of auditors' reports of the MNCs are 73.46, 73.26, 70.46, 68.53 and 64.08 respectively for the years 1986 to 1990 respectively. 77.77 percent, 66.67 percent, 55.55 percent, 66.67 percent, 77.77 percent of the readability scores of the auditor's report of MNCs are within one standard deviation of the mean and 22.22 percent, 33.33 percent, 44.45 percent, 33.33 percent, and 22.22 percent of the scores are within two standard deviation of the mean during the period under study. Average standard deviation of the auditor's report of the MNCs are 9.90 while that of the PLCs are 25.05.

Table 4 states that the mean readability scores of the audit reports of the PLCs for the years 1986 to 1990 are 63.30, 55.56, 58.56, 47.85, and 53.66 respectively. 55.56 percent of the scores are within one standard deviation of the mean, 33.33 percent of the scores are within two standard

deviation of the mean and 11.11 percent of the scores are within 3 standard deviation of the mean in 1986. 87.50 percent of the scores are within one standard deviation of the mean and 12.50 percent of the scores are within two standard deviation of the mean in the year 1987 and 1988. In the year 1989, 71.43 percent of the readability scores are within one standard deviation of the mean and 28.57 percent of the scores are within two standard deviation of the mean. 85.71 percent of the scores are within one standard deviation of the mean and 14.29 percent of the scores are within two standard deviation of the mean in 1990.

Table- 5
Readability Scores of Notes to Financial Statements of MNCs

	1986	1987	1988	1989	1990
Mean	62.32	58.51	60.48	57.90	59.85
Std. deviation	08.19	05.70	03.68	04.53	07.02
percent of scores within					
one std. deviation of mean	77.78	55.56	66.67	77.78	77.78
two std. deviation of mean	11.11	44.44	33.33	22.22	22.22
three std. deviation of mean	11.11	-	-	-	-

Source : Annual reports of MNCs

Table 6
Readability Scores of the Audit Report of the PLCs

	1986	1987	1988	1989	1990
Mean	46.59	43.72	50.25	40.28	45.91
Std. deviation	22.09	29.16	23.94	31.18	29.40
percent of scores within					
one std. deviation of mean	77.78	62.50	75.00	71.43	71.43
two std. deviation of mean	11.11	37.50	25.00	28.57	28.57
three std. deviation of mean	11.11	-	-	-	-

Source : Annual reports of PLCs

From Table 5 we see that the mean readability scores of "notes to financial statements" of the MNCs for the years 1986 to 1990 are 62.32, 58.51, 60.48, 57.90 and 59.85 respectively. Average standard deviation of readability scores of "notes to financial statements" of the MNCs is 5.82 while it is 27.15 for the PLCs. 77.78 percent of the scores are within one standard deviation of the mean, 11.11 percent of the scores are within two and three standard deviation of the mean in 1986. In 1987, 55.56 percent of the scores are within one standard deviation of the mean and 44.44 percent of the scores are within two standard deviation of the mean. 66.67 percent

Table 7
 Summary of Reading Ease/Difficulty of the Directors' Reports of the MNCs

Grade Level	Difficulty Level	Formula Score	1986		1987		1988		1989		1990	
			No. of Cos.	Percent	No. of Cos.	Percent	No. of Cos.	Percent	No. of Cos.	Percent	No. of Cos.	Percent
College Graduate	Very Difficult	0-30	3	33.33	2	22.22	1	11.11	1	11.11	-	-
XIII to XVI	Difficult	30-50	-	-	2	22.22	2	22.22	3	33.33	3	33.33
X to XII	Fairly difficult	50-60	1	11.11	2	22.22	1	11.11	1	11.11	2	22.22
VIII to IX	Standard	60-70	3	33.33	2	22.22	1	11.11	1	11.11	3	33.33
VII	Fairly Easy	70-80	2	22.22	1	11.11	4	44.44	2	22.22	-	-
VI	Easy	80-90	-	-	-	-	-	-	1	11.11	1	11.11
V	Very Easy	90-100	-	-	-	-	-	-	-	-	-	-
			9	100.00	9	100.00	9	100.00	9	100.00	9	100.00

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of the scores are within one standard deviation of the mean and 33.33 percent of the scores are within two standard deviation of the mean in 1988. In the year 1989 and 1990, 77.78 percent of the scores are within one standard deviation of the mean and 22.22 percent of the scores are within two standard deviation of the mean. The average standard deviation for the five-year period for the MNCs is 5.82 while it is 27.15 for the PLCs for the same period. Thus we observe that the average standard deviation of readability scores of the director's report of the MNCs is higher than that of the PLCs but the standard deviations of the readability scores of the "audit report" and "notes to financial statements" of the MNCs are lower than those of the PLCs.

Table 6 shows the statistics of readability scores of 'notes to financial statements' of the PLCs for the years 1986 to 1990. The mean readability scores are 46.59, 43.72, 50.25, 40.28 and 45.91 for 1986, 1987, 1989 and 1990 respectively. 77.78 percent of the scores are within one standard deviation of the mean and 11.11 percent of the scores are within two standard deviation of the mean in 1986. In 1987, 62.50 percent of the scores are within one standard deviation of the mean and 37.50 percent of the scores are within two standard deviation of the mean. 75.00 percent of the scores are within one standard deviation of the mean and 25.00 percent of the scores are within two standard deviation of the mean in 1988. In the year 1989 and 1990, 71.43 percent of the scores are within one standard deviation of the mean and 28.57 percent of the scores are within two standard deviation of the mean. The average standard deviation for the five-year period comes to 27.15.

Table 7 shows that 33.33 percent, 22.22 percent, 11.11 percent, 11.11 percent and zero percent of the MNCs annual reports for the years 1986, 1987, 1988, 1989 and 1990 respectively contain director's reports that have a reading ease/difficulty level of college graduate while 44.44 percent, 25.00 percent, 50.00 percent, 57.14 percent, and 57.14 percent of the PLCs' annual report for the years 1986, 1987, 1988, 1989 and 1990 respectively contain director's report that have a reading ease level of college graduate which is termed as 'very difficult'. During 1986 to 1990, zero percent, 22.22 percent, 22.22 percent, 33.33 percent and 33.33 percent of the MNCs' annual reports contain director's reports that have been placed in the XIII to XVI level while 33.33 percent, 37.50 percent, zero percent, 14.29 percent, and 14.29 percent of the PLCs annual report contain directors report that have the aforesaid grade level which is termed as 'difficult'. During the period under study, 11.11 percent, 22.22 percent 11.11 percent 11.11 percent and 22.22 percent respectively of the MNCs annual report contain

Table 8

Summary of Reading Ease/Difficulty of the Directors' Reports of the PLCs

Grade Level	Difficulty Level	Formula Score	1986		1987		1988		1989		1990	
			No. of Cos.	Percent	No. of Cos.	Percent	No. of Cos.	Percent	No. of Cos.	Percent	No. of Cos.	Percent
College Graduate	Very Difficult	0-30	4	44.44	2	25.00	4	50.00	4	57.14	4	57.14
XIII to XVI	Difficult	30-50	3	33.33	3	37.50	-	-	1	14.29	1	14.29
X to XII	Fairly difficult	50-60	-	-	1	12.50	2	25.00	1	14.29	1	14.29
VIII to IX	Standard	60-70	1	11.11	1	12.50	-	-	-	-	1	14.29
VII	Fairly Easy	70-80	1	11.11	-	-	2	25.00	-	-	-	-
VI	Easy	80-90	-	-	1	12.50	-	-	1	14.29	-	-
V	Very Easy	90-100	-	-	-	-	-	-	-	-	-	-
			9	100.00	8	100.00	8	100.00	7	100.00	7	100.00

director's report that have a reading ease level of X to XII which is termed as 'Fairly Difficult' while zero percent, 12.50 percent, 25.00 percent, 14.29 percent and 14.29 percent of the PLCs annual reports contain director's report that have aforesaid grade level of 33.33 percent, 22.22 percent, 11.11 percent, 11.11 percent and 33.33 percent of the MNCs annual reports contain directors report for the years 1986, 1987, 1988, 1989 and 1990 respectively that have a reading ease level of VIII to IX. While 11.11 percent, 12.50 percent, zero percent, zero percent and 14.29 percent of the PLCs' annual report for the years 1986, 1987, 1988, 1989 and 1990 contain director's reports that have the same grade level. In terms of difficulty level that grade level is termed as 'standard'.

Thus we see that in case of both the MNCs and the PLCs most of the director's report, most of them fall in the category of 'standard' to 'very difficult' and in all the years except 1988, most of the director's reports of the MNCs and the PLCs could not be categorized as 'fairly easy' to 'very easy'.

Table 9 and Table 10 show the summary of reading ease / difficulty level of the auditor's report of the MNCs and the PLCs. In case of the MNCs, no company's annual report contain auditor's report that have a reading ease level of 'college graduate' and in the difficulty level as 'very difficult'. during the period under study. The same is the case for the PLCs for all the years. In the years 1986, 1987 and 1989, no MNC's annual report contain auditor's report that can be placed in the grade level XIII to XVI. In the years 1988 and 1990 only 11.11 percent of the MNC's annual reports contain auditor's report that have same reading ease level while for the PLCs, 33.33 percent, 12.50 percent, 25.00 percent, 14.29 percent and zero percent of the PLCs annual report contain auditor's report that are placed in the grade level XIII to XVI. In the difficulty level that is termed as difficult. In 1986 and 1987 no MNCs financial statements contain auditor's report that can be placed in the grade level X to XII while in 1988 to 1990, 11.11 percent of the MNCs annual reports contain auditors report that can be placed in the aforesaid grade level which is termed as 'fairly difficult' whereas 11.11 percent, 25.00 percent, 25.00 percent, 14.29 percent and zero percent of the PLCs' annual reports for the years 1986, 1987, 1988, 1989 and 1990 respectively contain auditor's report that can be placed in the grade level X to XII. In the difficulty level, this is termed as 'fairly difficult'. During the period under study, 33.33 percent, 44.44 percent, 22.22 percent, 66.66 percent and 66.66 percent of the MNCs annual reports contain auditor's report that can be placed in the grade level VIII to IX, whereas, in case of the PLCs, 11.11 percent, 25.00 percent, 25.00 percent, 28.57 percent

Table-9
Summary of Reading Ease/Difficulty of the Audit Reports of the MNCs

Grade Level	Difficulty Level	Formula Score	1986		1987		1988		1989		1990	
			No. of Cos.	Percent	No. of Cos.	Percent	No. of Cos.	Percent	No. of Cos.	Percent	No. of Cos.	Percent
College Graduate	Very Difficult	0-30	-	-	-	-	-	-	-	-	-	-
XIII to XVI	Difficult	30-50	-	-	-	1	11.11	-	-	-	1	11.11
X to XII	Fairly difficult	50-60	-	-	-	1	11.11	-	1	11.11	1	11.11
VIII to IX	Standard	60-70	3	33.33	4	44.44	2	22.22	6	66.66	6	66.66
VII	Fairly Easy	70-80	4	44.44	3	33.33	2	22.22	-	-	-	-
VI	Easy	80-90	2	22.22	2	22.22	3	33.33	2	22.22	1	11.11
V	Very Easy	90-100	-	-	-	-	-	-	-	-	-	-
			9	100.00	9	100.00	9	100.00	9	100.00	9	100.00

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and 28.57 percent of the PLCs annual reports for the year 1986, 1987, 1988, 1989 and 1990 respectively contain director's reports that can be placed in the grade level VIII to IX. In terms of difficulty level, this is termed as 'standard'.

In the years 1986, 1987 and 1988, 44.44 percent, 33.33 percent, 22.22 percent of the annual reports of MNCs contain auditor's reports which can be placed in the grade level VII. In the years 1989 and 1990 no MNC's financial statements contain auditor's reports which can be placed in the grade level VII. In terms of difficulty level, this is termed as 'Fairly Easy'. In case of the PLCs, 22.22 percent, 37.50 percent and 25.00 percent of the annual reports for the years 1986, 1987 and 1988 respectively contain auditor's report that have a reading ease of grade level VII.

In the years 1986 to 1990 22.22 percent, 22.22 percent, 33.33 percent, 22.22 percent and 11.11 percent of the MNCs' financial statements contain auditor's report that have a reading ease level of VI whereas, in the same period, 22.22 percent zero percent, 12.50 percent, 28.57 percent and 42.86 percent of the PLCs annual reports contain auditor's report that have the same grade level. In terms of difficulty level, this is termed as 'easy'.

One noticeable point is that both the MNCs' and the PLCs' financial statements contain no annual report that has a reading ease level of grade level V. Thus, no auditor's report is termed as 'Very easy'.

Table 11 and 12 summarize the reading easy/ difficulty of 'Footnotes to Financial Statement of the MNCs and the PLCs'. Table 11 shows that no MNCs' annual reports contain notes to financial statements that have a reading ease level of 'college graduate' whereas, Table 12 shows that 11.11 percent, 12.50 percent, zero percent, 14.29 percent and 14.29 percent of the PLCs' annual report for the years 1986, 1987, 1988, 1989 and 1990 respectively contain notes that have a reading ease level of 'college graduate'. In terms of difficulty level this is called 'very difficult'. 11.11 percent, 11.11 percent, zero percent, 11.11 percent and 11.11 percent of the MNCs' annual reports for the years 1986, 1987, 1988, 1989 and 1990 respectively contain notes to financial statements that have a reading easy level of XIII to XVI. In terms of difficulty level this is termed as 'difficult'. From Table 12 it appears that 55.55 percent, 37.50 percent, 25.00 percent, 14.29 percent and 14.29 percent of the PLCs' annual reports contain 'notes and financial statements' that have a reading ease level of XIII and XVI. Table 11 also shows that 33.33 percent, 55.55 percent, 44.44 percent 66.66 percent and 55.55 percent of the MNCs' annual reports contain notes to financial statements that have a reading ease of grade level X to XII. In terms of difficulty level this is termed as 'Fairly difficult'. Table 12 shows

Table- 10

Summary of Reading Ease/Difficulty of the Audit Reports of the PLCs

Grade Level	Difficulty Level	Formula Score	1986		1987		1988		1989		1990	
			No. of Cos.	Percent	No. of Cos.	Percent	No. of Cos.	Percent	No. of Cos.	Percent	No. of Cos.	Percent
College Graduate	Very Difficult	0-30	-	-	-	-	-	-	-	-	-	-
XIII to XVI	Difficult	30-50	3	33.33	1	12.50	1	12.50	2	28.57	2	28.57
X to XII	Fairly difficult	50-60	1	11.11	2	25.00	2	25.00	1	14.29	-	-
VIII to IX	Standard	60-70	1	11.11	2	25.00	2	25.00	2	28.57	2	28.57
VII	Fairly Easy	70-80	2	22.22	3	37.50	2	25.00	-	-	-	-
VI	Easy	80-90	2	22.22	-	-	1	12.50	2	28.57	3	42.86
V	Very Easy	90-100	-	-	-	-	-	-	-	-	-	-
			9	100.00	8	100.00	8	100.00	7	100.00	7	100.00

that 12.50 percent, 37.50 percent, 42.86 percent and 28.57 percent of the PLCs' annual reports for the years 1987, 1988, 1989 and 1990 respectively contain notes to financial statements that have a reading ease level of X to XII.

It appears from Table 11 that 44.44 percent, 33.33 percent, 55.55 percent 22.22 percent and 22.22 percent of the MNCs' annual reports for the years 1986, 1987, 1988, 1989 and 1990 respectively contain notes that have a reading ease of grade level VIII to IX. For the same period, 22.22 percent, 12.50 percent, 12.50 percent, zero percent, zero percent, of the PLCs' annual reports contain notes to financial statements that have the same reading ease level i.e., grade VIII to IX. This grade level is termed as 'Standard' in terms of difficulty. It also appears from Table 11 that only 11.11 percent of the annual reports of MNCs for the year 1990 contain notes to financial statements that have a reading ease level of 'Fairly easy' and the same percentage of MNCs' annual reports for the year 1986 contain notes that have reading ease of grade level VI whereas Table 12 states that 11.11 percent, 12.50 percent, 14.29 percent, and 28.57 percent of the PLCs' annual reports contain 'notes to financial statements' that have a reading ease of grade level VII. In terms of difficulty level this is termed as 'Fairly easy'. From the same Table we observe that 12.50 percent, 12.50 percent, 14.29 percent and 14.29 percent of the PLCs annual reports for the years 1987, 1988, 1989 and 1990 contain notes to financial statements that have a reading ease of grade level VI which in term of difficulty level is called 'easy'. No MNCs' and PLCs' annual reports contain notes to financial statements that have a reading ease of grade V which is called 'very easy' in terms of difficulty level.

't' value: The theoretical values of 't' for (n-2) i.e. 16 degrees of freedom at 5 percent and 1 percent levels of significance of the directors' reports are 2.12 and 2.921 respectively. The observed values of 't' of the director's reports for the 5-year period are .339, 148, 208, 528 and .322. Since the observed values of 't' are smaller than the theoretical values, we can conclude that there is no significant difference between the readability scores of the MNCs' and the PLCs' director's report during the period under study.

The observed values of 't' of the auditor's report for the year 1986, 1987, 1988, 1989 and 1990 are 11.36, 7.53, 5.61, 5.19 and 4.40 respectively which are greater than the theoretical values at 5 percent and 1 percent levels of significance. So, there is significant difference between the readability scores of the MNCs' and the PLCs' auditor's report.

Table - 11

Summary of Reading Ease/Difficulty of Notes to Financial Statements of the MNCs

Grade Level	Difficulty Level	Formula Score	1986		1987		1988		1989		1990	
			No. of Cos.	Percent	No. of Cos.	Percent	No. of Cos.	Percent	No. of Cos.	Percent	No. of Cos.	Percent
College Graduate	Very Difficult	0-30	-	-	-	-	-	-	-	-	-	-
XIII to XVI	Difficult	30-50	1	11.11	1	11.11	-	-	1	11.11	1	11.11
X to XII	Fairly difficult	50-60	3	33.33	5	55.55	4	44.44	6	66.66	5	55.55
VIII to IX	Standard	60-70	4	44.44	3	33.33	5	55.55	2	22.22	2	22.22
VII	Fairly Easy	70-80	-	-	-	-	-	-	-	-	1	11.11
VI	Easy	80-90	1	11.11	-	-	-	-	-	-	-	-
V	Very Easy	90-100	-	-	-	-	-	-	-	-	-	-
			9	100.00	9	100.00	9	100.00	9	100.00	9	100.00

Table-12

Summary of Reading Ease/Difficulty of Notes to Financial Statements of the PLCs

Grade Level	Difficulty Level	Formula Score	1986		1987		1988		1989		1990	
			No. of Cos.	Percent	No. of Cos.	Percent	No. of Cos.	Percent	No. of Cos.	Percent	No. of Cos.	Percent
College Graduate	Very Difficult	0-30	1	11.11	1	12.50	-	1	14.29	1	14.29	
XIII to XVI	Difficult	30-50	5	55.55	3	37.50	2	25.00	1	14.29	1	14.29
X to XII	Fairly difficult	50-60	-	-	1	12.50	3	37.50	3	42.86	2	28.57
VIII to IX	Standard	60-70	2	22.22	1	12.50	1	12.50	-	-	-	-
VII	Fairly Easy	70-80	1	11.11	1	12.50	1	12.50	1	14.29	2	28.57
VI	Easy	80-90	-	-	1	12.50	1	12.50	1	14.29	1	14.29
V	Very Easy	90-100	-	-	-	-	-	-	-	-	-	-
			9	100.00	8	100.00	8	100.00	7	100.00	7	100.00

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In case of 'notes to financial statements', the observed values of 't' are 6.50, 5.03, 6.63, 4.76 and 4.94 which are greater than the theoretical values for all the 5-year period at 5 percent and 1 percent levels of significance. So, we can conclude that there is significant difference between the readability scores of MNCs' and PLCs' 'notes to financial statements.'

Conclusion

From our study we see that the mean readability scores of director's report, auditor's report, and notes to financial statements of MNCs for all the years are higher than those of the PLCs while the average standard deviation of readability scores of director's report of the MNCs is higher than those of the PLCs but in case of auditor's report and notes to financial statements the average standard deviations of the MNCs are lower than those of the PLCs. An analysis of the grade level and difficulty level of the readability scores indicates that in case of director's reports of the MNCs, most of the scores are ranked in the grade level VIII, IX to college graduate and in the difficulty level, from standard to very difficult. In case of auditors' report of the MNCs, most of them have been ranked in the grade level VI to VIII-IX, and in the difficulty level, 'standard'. In case of 'footnotes to financial statements', most of them have been ranked in the grade level VIII-IX to XIII-XVI, and in the difficulty level, from 'standard' to 'difficult'. Thus among the selected portion of financial statements, the readability of the director's reports of the MNCs are not up to the mark. The same is the case for the PLCs. In comparison with other two statements, the directors' reports are comparatively difficult.

Suggestions

- (i) Simple sentence with as simple words as possible may improve readability. Large words should be avoided as far as possible;
- (ii) The Security Exchange Commission may include a clause about readability of financial statements for the companies enlisted in the Dhaka Stock Exchange; and
- (iii) Further empirical research, incorporating larger sample size is needed for the improvement of the readability of the financial statements.

Endnotes

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Cost Behaviour and Profitability: A Study on Some Selected Sugar Mills in Bangladesh

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Abstract

Cost behaviour and profitability of the sugar mills in Bangladesh depend mainly on volume of production, capacity utilisation, recovery rate, volume of sales, tax burden, interest cost, cane price, overstaffing, development duties, support services etc. Unless there are facilities for full capacity utilisation in each of the sugar mills, cost control efforts, timely sales of available sugar at the prescribed price rates, there is very little scope to arrive at break-even position for any of the sugar mills. The basic assumptions of marginal costing do not prevail at the cost elements. Besides, high fixed cost creates anomalies in cost behaviour. Mill authorities and BSFIC need to provide more incentives like liberal credit facilities, high yielding seeds, fertilizers, insecticides etc. for cultivation of quality cane and ensure its availability to the mills. Pricing strategies also need to be changed in view of the nature of cost element. Application of marginal costing, standard costing and budgetary control techniques may unveil the inherent weaknesses and changes in cost behaviour.

1.1 Preamble

Sugar industry plays a significant role in the national economy of Bangladesh. As an import substitute and agro-based industry, its impact on economy through employment generation, contribution to the national exchequer, consumption of locally available sugarcane, support to the growth of allied industries, saving country's hard earned foreign exchange, benefits to the farm families in the sugar mills zones, etc. is

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highly encouraging. At present, sixteen sugar mills in public sector in Bangladesh produce about two lakh metric tons of sugar annually. In Bangladesh, about eighty five percent of our people live below poverty line. Per capita demand for sugar is 2.80 kg. and accordingly, total demand for sugar stands at three lakh metric tons.¹ This requires Tk. 750 crores to import the whole quantity. We are producing about two lakh metric tons of sugar and deficit of one lakh metric tons is imported spending Tk. 250 crores. Moreover, we need 70-80 lakh metric tons of sugarcane to produce our required quantity of sugar but about 45 lakh metric tons of sugarcane is actually produced.² Most of our sugar mills were established in and around 1940 and 1960. The machinery have become old and partially obsolete. There is a strong necessity for balancing and modernization of the existing machinery to enhance the operational efficiency of the sugar mills in Bangladesh.

1.2 Purpose and Objectives

The purpose of the study is to find out the nature of cost behaviour and profitability of the selected sugar mills in Bangladesh. The specific objectives of the study are as follows:

- i. To analyse the cost behaviour of the selected sugar mills in Bangladesh during 1989-90 to 1993-94;
- ii. To analyse the cost behaviour of the selected sugar mills in Bangladesh during 1989-90 to 1993-94;
- iii. To analyse the various aspects of profitability of the sugar mills during the study period;
- iv. To identify the major factors affecting the cost behaviour and profitability during the period; and
- v. To identify the major problems of the sugar industry and suggest remedial measures in the light of the performance of sugar industry in developing economy.

1.3 Rationale of the Study

All the sugar mills in Bangladesh are in great financial distress having an accumulated loss of about Tk. 328.16 crores at the end of 1993-94.³ The sugar mills had to sell sugar below cost of production. There had been increase in cost of production on account of increase in salary and allowances, cost of materials and other inputs, repairs and maintenance cost, interest burden, low recovery rate, inefficiency in personnel management etc. Thus it has become imperative to analyse the

cost behaviour and profitability of the sugar mills and find out the problems and suggest ways and means to solve the problems and develop the industry. I think that this sort of study will be of immense value to the policy makers, BSFIC and mill management in the development of the sugar industry.

1.4 Review of Related Studies

Rahman⁴ in his study on the identification of cost reducing factor of sugar production in Bangladesh has expressed the view that sugar industry in Bangladesh has been passing through a critical period mainly because of extremely high production cost. He thinks that the basic reasons for high cost of production are: inadequate supply of cane partly because of competition with gur producers and partly because of the fact that some factories are located in places unsuitable for sugarcane supply, increase in cost of raw materials and other inputs like sugarcane, salary and wages, fuel etc. due to general inflationary pressure and the operation of old mills and their obsolete machinery. He thinks that there are two main implicit factors which reduce the production cost. One of them is the recovery of sugar and other is the utilisation of cane crushing capacity of sugar mills.

Khatun⁵ has mentioned in her study that non-availability of sugarcane is one of the major factors in determining capacity utilisation. She thinks that there is enough scope to enhance the capacity utilisation by way of increasing the availability of quality cane at the mill level. Moreover, preventive measures should be taken for cane development programme providing incentive prices to the cane growers, restricting the diversion of cane for gur production and motivating the growers for increasing cane cultivation.

Alam⁶ has observed in his study that a considerable amount has been incurred for the idle capacity which affect the profitability of the factory. Many factors like shortage of quality cane, excessive loss of time due to repairing and maintenance, frequent power failure etc. are responsible for the idle capacity. He thinks that the government should introduce modern technology for sugarcane growers to cultivate quality cane and extend financial facilities towards cane growers.

Bhattacharjee⁷ has mentioned that the majority of the performance indicators show that the sugar industry as a whole has recorded an upward trend. The inter-firm comparison of performance reveals that there are wide variations in the profitability ratios amongst

different firms, although factors like prices of sugar and sugarcane are the same for all the firms. The variations are mainly due to the variations in the supply of sugarcane, sugar recovery rate and wastage in pilferage etc. He has concluded that there is ample scope for increasing the volume of production and profit by ensuring an effective use of human and material resources.

1.5 Methodology

This aspect of the study covers scope of the study, sources of data, preparation of the interview schedule and techniques of analysis.

Scope of the study: Out of the 16 sugar mills in public sector, I have selected five mills for the study. These are Panchagarh Sugar Mill (PSM), Shampur Sugar Mill (SHSM), Jaipurhat Sugar Mill (JSM), Thakurgaon Sugar Mill (TSM) and North Bengal Sugar Mill (NBSM). Virtually the selection of the sample has been done on the basis of the convenience in data collection through prior discussion with the executives of the concerned mills and BSFIC.

A period of five years from 1989-90 to 1993-94 was covered by the study. A period of five years has been considered reasonable to study the trend and make comment over this trend.

Sources of data: In the study, data of both primary and secondary nature have been used. The primary data and information have been collected by the researcher by way of using a specific interview schedule for the executives of the selected mills incorporating the basic objectives of the study. The secondary data and information have been collected from the BSFIC and the ministry of industry.

Preparation of the interview schedule: The primary interview schedule was prepared by the researcher through prior discussion with the academicians and executives of the sugar mills. The validity and reliability of the primary interview schedule was judged through a pilot study with the executives of NBSM. Necessary changes and enclosures were made in the primary interview schedule in the light of the result of the pilot study i.e., the suggestions provided by the executives of the said mill and in this way, the primary interview schedule was finalised.

Techniques of analysis: In conformity with the basic purpose and objectives of the study, the following analyses have been done:

Cost Behaviour and Profitability

- i. Details of cost components like fixed cost, variable cost, its behavioural aspects, impact on profitability have been highlighted;
- ii. Details of cost components like fixed cost, variable cost, its behavioural aspects, impact on profitability have been highlighted;
- iii. Profitability in relation to sales and investment have been highlighted through the specific ratio indicators like profit or loss to revenue and capital employed;
- iv. Major factors for high cost of production have been analysed;
- v. Major causes for low profit and high loss of the mills have also been mentioned;
- vi. Characteristics of procurement of cane, its sources, difficulties and its impact on cost and earnings have been shown;
- vii. Distribution of sugar, complexities, causes and its impact on earning have been analysed;
- viii. Environmental factors like pressure for taxes and duties, road development, VAT, its impact on earnings and cost burden have been shown; and
- ix. Pricing techniques of sugarcane and their limitations, limiting factors of production etc. have been discussed.

1.6 Conceptual Aspects

Before an endeavour is made to analyse the findings as to cost behaviour and relevant aspects, it is important to define the important concepts which are responsible for providing the basis for analysis. Following are the relevant definitions and assumptions:

Classification of cost: Classification of cost based on variability is the most relevant for this study. On this basis, costs are classified into two groups *viz.* fixed cost and variable cost.

Fixed cost: The cost which does not vary but remains constant within a given period of time and range of activity in spite of the fluctuation in production, is known as fixed cost.⁸ Examples are rent, rates, insurance, salaries etc. So, this definition of fixed cost makes it clear that they are time based and, within certain limits, they are unaffected by changes in activity.

Variable cost: The cost, which varies directly in proportion to every increase or decrease in the volume of output or production, is

known as variable cost.⁹ So if a change in volume causes a change in the amount of a particular cost element, then that element becomes variable cost. Examples are material, labour, fuel etc.

Profitability: Profitability is the profit earning capacity of a product, process, plant or an undertaking.¹⁰ Profitability measurement is an important guide to proper and effective management in various fields.

Productivity: Productivity refers to the effective use of expenditure or resources required for the production of goods or the provision of services.¹¹ In other words, it is an index of efficiency showing the effectiveness of the individual or combined factors used in producing goods or services. It is thus the power to produce and indicates the capacity for growth and material progress of the business.

2. Findings and Discussions

Production position: Evaluation of the major determinants of cost behaviour and profitability shows that the volume of production has a significant impact on cost behaviour and profitability of the same sugar mills in Bangladesh. During 1989-90 to 1993-94, average production volume was highest in NBSM. It was 21275.80 M. Tons as against 17568.80 M. Tons, 12018.00 M. Tons, 9954.00 M. Tons and 9687.20 M. Tons in JSM, TSM, SHSM and PSM respectively during the period. Virtually SD and CV were highest in TSM followed by JSM, PSM, SHSM and NBSM respectively. Increasing SD and CV indicate more variation in particular variable compared to the mean value (Table - 1).

Cost behaviour: Average cost of production of sugar per quintal shows that virtually it was lowest in NBSM at Tk. 2363.15. It was highest in TSM at Tk. 3055.32 followed by Tk. 2916.32, Tk. 2808.28 and Tk. 2728.08 in SHSM, PSM and JSM respectively during the period under study. SD and CV were least in NBSM while it was highest in TSM followed by SHSM, JSM and PSM respectively. There is no definite trend as to rise or fall for the samples but a sea-saw trend is noticed (Table - 2).

The details of cost of production *viz.* variable cost and fixed cost show that actually NBSM had the least amount of variable cost during the period. This was Tk. 1399.52 per quintal during 1989-90 to 1993-94. But it was highest in JSM amounting to Tk. 2012.31 i.e., 43.70 percent more than that in NBSM. Average cost of production was 15.42 percent higher in TSM than that in NBSM. The same was 17.74 percent higher in SHSM compared to that in NBSM. Actually average variable cost was only 9.64 percent higher in PSM as against that in NBSM. Virtually SD

of variable cost was least in TSM indicating least change in variable cost over the period. But unusual SD was found in JSM and SHSM showing unusual changes in variable cost. Similar trend is also found in CD.SD of the same variable in NBSM and PSM was more than that in TSM. This also shows greater change in variable cost over the period. Such an alarming variation in variable cost among the selected mills does not comply with the basic philosophy of marginal costing where unit variable cost is assumed to be constant up to certain period of time. Variations in salary and wages for seasonal workers, other charges like fuel and lubricant, factory charges etc. are mainly responsible for unusual difference in variable cost among the five sugar mills during the period under study. All the sugar mills have to buy sugarcane at a prescribed price fixed up by the BSFIC, wages and salaries, cost of indirect materials etc. are also determined by the BSFIC. Exceeding this, unusual variation in variable cost is a major headache for the mill management. As to variable cost, on the average it is seen to have rising trend over the years for all the samples (Table - 3).

Nature of average fixed cost reveals that it was least in JSM at Tk. 406.73 per quintal during 1989-90 to 1993-94 while it was Tk. 1205.79 in TSM i.e. about 3 times of JSM. Fixed cost in PSM and SHSM were also 2.49 times and 2.40 times of JSM respectively during the same period. Virtually in NBSM, it was 1.64 times as against that in JSM. Alike total cost, no definite trend is observed for fixed cost as to rising or falling trend, it varies over the years and among the samples. Unusual SD of fixed cost in TSM shows difference in volume of production over the period. Similar tendency was also found in SHSM and PSM. Practically, little changes were found in JSM and NBSM. By fixed cost, we mean salary and wages, factory maintenance, tax and duties, advertisement, cane development expenses, SRTI levy, selling expenses etc. With the uniform facilities for sugar production, such type of difference in average fixed cost is a great pressure on operating leverage and break-even point of most of the sugar mills. Difference in fixed cost owes to variations in number of permanent staff, loan amount, ageing of the machines installed and other charges like repairs and maintenance, insurance, head office overhead, SRTI levy, printing and stationery, entertainment, training expenses, administrative overhead etc. (Table - 4).

A comparative study between fixed and variable cost revealed that variable cost increased significantly compared to fixed cost with the

exception of PSM and JSM. It was found that the CGR ranged between 0.39 to 4.69. The lowest rise was recorded by TSM and the highest rise was recorded by NBSM. On the other hand, CGR as to fixed cost showed quite ups and downs. It was negative at 8.69 recorded by PSM. The highest rise was recorded by TSM at 7.25. Thus no linear trend as to behaviour of fixed and variable cost is observed.

Status of tax and duties: In addition to fixed and variable cost, there is another element of cost of production *viz.*, VAT, duty and taxes. Variation is also found in such type of expenses among the mills during the period under study. Average of such cost was lowest in TSM showing Tk. 234.26 per quintal while the highest average was seen in JSM (Tk. 309.04) followed by Tk. 295.19, Tk. 292.78 and Tk. 262.39 in NBSM, SHSM and PSM respectively. Here variation in SD and CD also indicates the variation in volume of production and sales of sugar among the mills during the period (Table - 5). The increasing burden of fixed and variable cost and the introduction of VAT, duty and taxes are major factors which hamper the attempts to control the cost of production of each of the mills as narrated by mill officials.

Factors affecting cost behaviour: The researcher while attempting to focus the background factors of unusual changes in variable and fixed cost established that actually low capacity utilisation and poor recovery rates were the major determinants of such unusual behaviour of the cost components. Average capacity utilisation was least in TSM *i.e.* 78.80 percent causing fixed cost to be enhanced by Tk. 799.06 per quintal than JSM during the period under study. In NBSM, capacity utilisation was highest *i.e.* 160.40 percent and the average fixed cost per quintal was about 50 percent of that of TSM. In SHSM and PSM, rates of capacity utilisation were 98.00 percent and 95.20 percent respectively and their fixed costs were also lower than that of TSM, JSM with average capacity utilisation of 86.40 percent showed least amount of fixed cost but the researcher thought that the least amount of fixed cost per quintal should have been available in NBSM where average capacity utilisation is about 160.00 percent. This might not be true for the fact that exceeding capacity utilisation, some other factors like overstaffing, increasing interest burden etc. are predominant. Here least SD in NBSM accompanied by highest average capacity utilisation is very much contributory towards favourable cost behaviour. But highest SD in PSM was due to unusual variation in capacity utilisation ranging

from 52 percent to 117 percent during the period. In all other mills, similar variation in capacity utilisation created unusual SD (Table - 6).

Recovery rate is highly relevant in evaluating cost behaviour. NBSM having highest capacity utilisation had the highest average recovery rate i.e. 8.66 percent followed by 8.49, 8.41, 8.20 and 8.18 percent in PSM, SHSM, JSM and TSM respectively. SD and CF of the recovery rates were highest in NBSM and lowest in TSM (Table - 7).

Profitability position: An overview of profitability shows that there were good profits in NBSM while in all other four sample mills, there were heavy losses during the period under study. Comparison of net profit/net loss to gross revenue portrays that it was worst in TSM i.e. 14.52 percent negative during the period. This is the outcome of highest fixed cost per quintal i.e. Tk. 1205.79 during the period. The same for JSM was 3.06 percent negative where fixed cost was also least but average variable cost was highest. This percentage for both SHSM and PSM was more than 8.00 percent negative. This was also due to unusual behaviour of variable and fixed cost (Table - 8). Similar figures of losses are also found in correlating profit and loss to gross capital employed. Here it is depicted that net loss to gross capital employed was 9.73 percent in TSM followed by 8.47 percent in JSM, 8.17 percent in SHSM and 6.21 percent in PSM. NBSM showed the most satisfactory ROI i.e. 9.72 percent accompanied by least amount of variable cost and reasonable amount of fixed cost during the period under study. NBSM showing highest average rate of profit had also least SD. But JSM having net losses showed highest SD due to unusual difference in percentage of net losses during the period. SD in case of other mills was in between 4.23 percent to 8.11 percent as against 19.29 percent in JSM (Table - 9). Other determinants of profitability are volume of sales and the prevailing sales prices. Here it is seen that average sales volume of sugar was 21000.40 M. Tons in NBSM as against 9454.20 M. Tons in PSM. Practically sales volume of TSM was 54.60 percent of that in NBSM. JSM had the next highest volume of sales i.e. 17564.80 M. Tons followed by 9713.00 M. Tons in SHSM. Although NBSM had highest average of volume of sales of sugar, it had also highest SD. Here it is seen that SD of sales volume was more or less similar among the mills excepting SHSM where it was about 50.00 percent of others (Table - 1). Average gross revenue indicates that it was highest in SHSM followed by PSM, TSM, JSM and NBSM (Table - 10).

Practically these differences are due to varying sales price of sugar sold to dealers, cane growers, retailers etc. Difficulty lies in pricing of sugar in the face of increasing cost of production. BSFIC has a plan to realise fixed rate of profit on the basis of cost. But as there is unusual difference in cost among the mills, uniform sales price of sugar does not ensure the realisation of target profit of the mills. This is why there is burden of losses in most of the mills. So pricing strategies also need to be changed in view of the nature of cost elements. For pricing variable cost should be given more importance. Steps should be taken to reduce fixed cost burden through reducing over-staffing, stock-piling of sugar, taxes and duties imposed by the government and repayment of bank loan. Shahjahan¹² in a study has identified the major factors leading to the losses of the sugar mills. These are high price of sugarcane, low recovery rate, research levy, tax for road development, cost of support services, overstaffing burden for VAT, high rate of interest, excessive repairing and maintenance cost etc. Similar idea was also available in the plan of BSFIC.¹³ Besides, Ministry of Industry¹⁴ in an evaluation paper discussed the comparative cost of production of sugar in Bangladesh, India and Pakistan where it was found that ex-factory price of sugar per ton was Tk. 25,000 in Bangladesh as against Tk. 8365 in India and Tk. 13,400 in Pakistan. Sugar recovery rate was 8.00 percent in Bangladesh as against 10.00 - 11.50 percent in India and 8.50 - 9.50 percent in Pakistan.

3. Conclusion and Recommendations

The detailed scrutiny of data helps the concluding remarks in the following ways:

Cost behaviour of the selected sugar mills has varying nature due to difference in ageing of the machines installed, capacity utilisation, recovery rate, managerial efficiency and other policies of BSFIC. Unusual behaviour in cost components has resulted in net losses in most of the mills excepting NBSM. The major determinants of ROI are cost of sales and sales price. Prices of sugarcane and sugar are fixed up by the Corporation. Prices of oil, lubricants, powers and fuel, other chemicals, seasonal wages and salaries are also regulated by BSFIC. Fixed elements of cost are also controlled by BSFIC. Availability of quality cane is the crying need for the survival of the sugar mills in Bangladesh. Problems of cane growers need to be identified and more incentives should be given in the form of liberal credit facilities along

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with other supports *viz.*, providing good seeds (high yielding varieties), fertilizers, insecticides and liberal purjee facilities ect. at reasonable cost and at times of real need. Restrictions should be imposed on the diversion of cane for gur production. Moreover, experimental and supervised farm areas should be enlarged to have control on sugarcane availability. Management needs to be more cost conscious and try to attain break-even point through installing marginal costing technique. The possible ways of cost reduction are to reduce the number of excess manpower, modernise the machines, curtail the long-term loan, interest burden and increasing productivity of the mills. Uses of standard costing, budgetary control, responsibility accounting are the major steps to be adopted as early as possible. Intensive market research should show the causes of sluggish demand for sugar in our local market in spite of the need for sugar in our day to day lives. Smuggling of sugar should be strictly restricted and before taking decision to import sugar, the unsold stock of sugar in each of the mill should be given priority. BMRE of the most of the sugar mills is deemed to be genuine demand of the sugar sector. Moreover, from demand and supply point, establishment of other proposed six sugar mills and the perspective plan for the next ten years are very feasible steps of BSFIC, but what is urgently necessary is to address the problems of the existing sugar mills so that they can be run efficiently and economically. In this context a thorough review of cost structure, identification of flaws and controllable and uncontrollable cost can be the areas of urgent attention of the concerned authorities.

Table - 1
Volume of production and sales of sugar of sample sugar mills
(Volume in M. Ton)

Mill	89-90	90-91	91-92	92-93	93-94	Average	SD	CV
TSM								
Production	6555	14368	11583	11091	16493	12018.00	3359.79	27.96
Sales	5661	6123	13212	18894	13440	11466.00	4987.30	43.50
JSM								
Production	18605	22295	14582	14432	17924	17568.80	2907.51	16.55
Sales	13042	17318	26465	12545	18454	17564.80	5014.36	28.55
NBSM:								
Production	19306	20197	21413	23502	21959	21275.80	1447.59	6.80
Sales	13767	15553	26142	24043	25497	21000.40	5251.84	25.01
SHSM:								
Production	10352	12116	7329	9349	10624	9954.00	1583.55	15.91
Sales	7261	7212	12449	12203	9440	9713.00	2281.56	23.49
PSM:								
Production	5285	10181	11154	9901	11915	9687.20	2314.46	23.89
Sales	4585	4145	9590	5145	13806	9454.20	4543.97	48.06

Note: SD = Standard Deviation, CV = Co-efficient of variation
Source: Annual Reports of BSFIC for the relevant years

Table - 2

Total cost of production of sugar per quintal of sample sugar mills

(Cost in Taka)

Mill	89-90	90-91	91-92	92-93	93-94	Average	SD	CV
TSM	3161.41	2438.06	2987.22	3004.39	3685.51	3055.32	399.16	13.06
JSM	2389.42	2586.19	3011.29	2959.63	2693.89	2728.08	232.30	8.52
NBSM	2303.66	2417.06	2371.83	2260.51	2462.68	2363.15	73.43	3.11
SHSM	2532.30	2738.24	3355.79	3024.85	2930.44	2916.32	277.23	9.51
PSM	2952.83	2652.87	2699.00	2958.88	2777.80	2808.28	126.96	4.52

Source: Annual Reports of sample sugar mills for the relevant years.

Table - 3

Elements of variable cost of production of sugar per quintal of sample sugar mills

(Cost in Taka)

Mill	89-90	90-91	91-92	92-93	93-94	Average	SD	CV	CGR
TSM									
Raw Materials	1183.72	1221.28	1269.49	1293.17	1232.88	1240.11	38.12	3.7	
Salary & wages (seasonal)	211.35	167.68	175.27	196.82	208.63	191.95	17.58	9.16	
Others	188.33	163.83	204.99	192.65	165.49	183.26	14.40	7.86	
Total	1583.40	1552.79	1649.75	1682.64	1608.00	1615.32	46.26	2.86	0.39
JSM									
Raw Materials	1100.00	1302.96	1208.37	1259.87	1239.02	1222.04	68.33	5.59	
Salary & wages (seasonal)	344.48	371.42	505.41	579.33	500.32	460.19	88.45	19.22	
Others	272.69	327.48	354.19	383.12	312.90	330.08	37.39	11.33	
Total	1717.17	2001.86	2067.97	2222.32	2052.24	2012.31	164.93	8.20	4.56
NBSM									
Raw Materials	1052.88	1230.84	1181.42	1117.75	1251.51	1166.88	73.31	6.28	
Salary & wages (seasonal)	120.56	125.40	122.18	114.44	148.18	126.15	11.58	9.18	
Others	86.08	109.99	109.26	113.95	113.15	106.49	10.36	9.73	
Total	1259.52	1466.23	1412.86	1346.14	1512.84	1399.52	89.35	6.38	4.69
SHSM									
Raw Materials	1101.37	1320.74	1212.24	1186.51	1195.78	1203.33	70.14	5.83	
Salary & wages (seasonal)	147.76	212.41	280.00	186.00	224.26	210.09	43.72	20.81	
Others	209.61	211.96	265.19	275.50	209.30	234.33	29.64	12.65	
Total	1458.74	1745.11	1757.43	1648.11	1629.34	1647.75	107.31	6.51	2.80
PSM									
Raw Materials	1106.31	1173.78	1161.01	1227.36	1234.82	1180.66	47.07	3.99	
Salary & wages (seasonal)	153.97	151.06	136.15	195.94	232.08	173.84	35.26	20.28	
Others	196.37	177.64	176.43	184.25	164.67	179.87	10.39	5.78	
Total	1456.65	1502.48	1473.59	1607.55	1631.57	1534.37	71.49	4.66	2.88

Source: Annual Reports of sample sugar mills for the relevant years.

Table - 2

Total cost of production of sugar per quintal of sample sugar mills

(Cost in Taka)

Mill	89-90	90-91	91-92	92-93	93-94	Average	SD	CV
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JSM	2389.42	2586.19	3011.29	2959.63	2693.89	2728.08	232.30	8.52
NBSM	2303.66	2417.06	2371.83	2260.51	2462.68	2363.15	73.43	3.11
SHSM	2532.30	2738.24	3355.79	3024.85	2930.44	2916.32	277.23	9.51
PSM	2952.83	2652.87	2699.00	2958.88	2777.80	2808.28	126.96	4.52

Source: Annual Reports of sample sugar mills for the relevant years.

Table - 3

Elements of variable cost of production of sugar per quintal of sample sugar mills

(Cost in Taka)

Mill	89-90	90-91	91-92	92-93	93-94	Average	SD	CV	CGR
TSM									
Raw Materials	1183.72	1221.28	1269.49	1293.17	1232.88	1240.11	38.12	3.7	
Salary & wages (seasonal)	211.35	167.68	175.27	196.82	208.63	191.95	17.58	9.16	
Others	188.33	163.83	204.99	192.65	166.49	183.26	14.40	7.86	
Total	1583.40	1552.79	1649.75	1682.64	1608.00	1615.32	46.26	2.86	0.39
JSM									
Raw Materials	1100.00	1302.95	1208.37	1259.67	1239.02	1222.04	66.33	5.59	
Salary & wages (seasonal)	344.48	371.42	505.41	579.33	500.32	460.19	86.45	19.22	
Others	272.69	327.48	354.19	383.12	312.90	330.08	37.39	11.33	
Total	1717.17	2001.86	2067.97	2222.32	2052.24	2012.31	164.93	8.20	4.56
NBSM									
Raw Materials	1052.88	1230.84	1181.42	1117.75	1251.51	1166.88	73.31	6.28	
Salary & wages (seasonal)	120.56	125.40	122.18	114.44	148.18	126.15	11.58	9.18	
Others	86.08	109.99	109.26	113.95	113.15	106.49	10.36	9.73	
Total	1259.52	1466.23	1412.86	1346.14	1512.84	1399.52	89.35	6.38	4.69
SHSM									
Raw Materials	1101.37	1320.74	1212.24	1186.51	1195.78	1203.33	70.14	5.83	
Salary & wages (seasonal)	147.76	212.41	280.00	186.00	224.26	210.09	43.72	20.81	
Others	209.61	211.96	265.19	275.60	209.30	234.33	29.64	12.65	
Total	1458.74	1745.11	1757.43	1648.11	1629.34	1647.75	107.31	6.51	2.80
PSM									
Raw Materials	1106.31	1173.78	1161.01	1227.36	1234.82	1180.66	47.07	3.99	
Salary & wages (seasonal)	153.97	151.06	136.15	195.94	232.08	173.84	35.26	20.28	
Others	196.37	177.64	176.43	184.25	164.67	179.87	10.39	5.78	
Total	1456.65	1502.48	1473.59	1607.55	1631.57	1534.37	71.49	4.66	2.88

Source: Annual Reports of sample sugar mills for the relevant years.

Table - 4
Components of fixed cost of production of sugar per
quintal of sample sugar mills.

Mill	(Cost in Taka)								
	89-90	90-91	91-92	92-93	93-94	Ave- rage	SD	CV	CGR
TSM									
Salary (perm.)	670.83	372.32	476.10	537.81	423.95	496.20	103.15	20.79	
Int. on loan	400.48	180.37	320.30	241.05	118.38	252.12	99.82	39.59	
Depreciation	72.64	26.71	39.91	26.13	92.88	182.58	-	-	
Imported sugar	-	-	-	-	912.88	182.58	-	-	
Others	223.09	151.92	232.37	248.19	260.65	223.24	37.39	16.99	
Total	1367.04	731.32	1068.68	1053.18	1808.72	1205.79	362.42	30.06	7.25
JSM									
Salary (perm.)	138.79	98.61	152.72	169.25	129.10	137.69	23.77	17.26	
Int. on loan	150.92	74.55	158.06	157.84	129.86	134.25	31.57	23.52	
Depreciation	42.63	42.53	38.18	38.21	32.39	38.79	3.75	9.67	
Others	99.76	96.94	106.51	103.22	73.56	96.00	11.67	12.16	
Total	432.10	312.63	455.47	468.52	364.91	406.73	59.06	14.52	-
									4.14
NBSM									
Salary (perm.)	272.93	265.97	284.40	299.33	363.56	297.24	35.03	11.79	
Int. on loan	84.68	124.88	115.12	66.65	41.27	86.52	30.77	35.56	
Depreciation	64.89	60.68	60.64	52.17	56.43	58.96	4.32	7.33	
Others	220.85	218.46	230.02	227.43	219.79	223.31	4.56	2.04	
Total	643.35	669.99	690.18	645.58	681.05	666.03	18.75	2.82	1.43
PSM									
Salary (perm.)	703.43	415.42	424.78	548.91	534.34	525.38	104.45	19.88	
Int. on loan	138.21	197.57	223.29	236.68	121.78	183.51	45.76	24.94	
Depreciation	95.26	78.97	71.06	69.77	51.75	73.36	14.12	19.25	
Others	322.49	189.64	237.49	227.18	169.57	229.27	52.72	22.99	
Total	1259.39	881.60	956.62	1082.54	877.44	1011.52	144.47	14.28	-
									8.64

Source: Annual Reports of sample sugar mills for the relevant years.

Table - 5
Cost on account of VAT, duty and taxes per
quintal of sugar of sample sugar mills

Mill	(Cost in Taka)							
	89-90	90-91	91-92	92-93	93-94	Average	SD	CV
TSM	210.97	153.95	268.79	268.79	268.79	234.26	45.98	19.63
JSM	240.15	271.70	487.82	268.79	276.74	309.04	90.29	29.22
NBSM	400.79	268.79	268.79	268.79	268.79	295.19	52.80	17.89
SHSM	269.96	215.56	440.79	268.79	268.79	292.78	76.87	82.85
PSM	236.79	268.79	268.79	268.79	268.79	262.39	12.80	4.88

Source: Annual Reports of sample sugar mills for the relevant years.

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Table – 6
Capacity utilisation of sample sugar mills

(In percentage)

Mill	89-90	90-91	91-92	92-93	93-94	Average	SD	CV
TSM	43	94	76	73	108	78.80	21.94	27.84
JSM	91	110	72	71	88	86.40	14.32	16.57
NBSM	158	166	175	157	146	160.40	9.69	6.04
SHSM	102	119	72	92	105	98.00	15.61	15.93
PSM	52	100	110	97	117	95.20	22.75	23.90

Source: Annual reports of BSFIC for the relevant years.

Table – 7
Recovery rate of sugar of sample sugar mills

(In percentage)

Mill	89-90	90-91	91-92	92-93	93-94	Average	SD	CV
TSM	8.24	8.38	8.07	7.96	8.24	8.18	0.15	1.83
JSM	8.79	7.84	8.22	8.03	8.12	8.20	0.32	3.90
NBSM	9.27	8.25	8.61	9.07	8.10	8.66	0.45	5.20
SHSM	8.82	8.05	8.16	8.50	8.50	8.41	0.27	3.21
PSM	8.48	8.63	8.78	8.27	8.30	8.49	0.19	2.24

Source: Annual reports of BSFIC for the relevant years.

Table – 8
Profit and loss before tax to gross revenue of sample sugar mills

(In percentage)

Mill	89-90	90-91	91-92	92-93	93-94	Average	SD	CV
TSM	(12.75)	(7.54)	(19.96)	(11.85)	(7.52)	(14.52)	7.22	(49.72)
JSM	12.65	2.57	(6.36)	(24.86)	0.69	(3.06)	12.48	(407.84)
NBSM	19.69	11.50	4.35	5.53	8.21	9.86	5.50	55.78
SHSM	6.93	(11.29)	(20.13)	(16.76)	(3.72)	(8.99)	9.71	(108.01)
PSM	(10.53)	(11.58)	(8.17)	(9.79)	(0.02)	(8.02)	4.15	(51.75)

Note: Brackets indicate losses. Computations have been made by the researcher.

Table - 9
Profit and loss before tax to gross capital
employed of sample sugar mills

Mill	(In percentage)							
	89-90	90-91	91-92	92-93	93-94	Average	SD	CV
TSM	(10.66)	(2.19)	(12.09)	(14.79)	(8.90)	(9.73)	4.23	(43.47)
JSM	14.26	2.90	(22.56)	(38.67)	1.71	(8.47)	19.29	(227.74)
NBSM	17.04	8.54	5.45	5.81	11.78	9.72	4.31	44.34
SHSM	3.25	(4.61)	(17.05)	(17.87)	(4.56)	(8.17)	8.11	(99.27)
PSM	(6.16)	(3.96)	(5.39)	(15.52)	(0.04)	(6.21)	5.11	(82.29)

Note: Brackets indicate losses. Computations have been made by the researcher.

Table - 10
Gross revenue (sales and others) of sugar per quintal of sample mills

Mill	(Revenue in Taka)							
	89-90	90-91	91-92	92-93	93-94	Average	SD	CV
TSM	2527.59	2635.36	2388.34	2472.85	3536.49	2712.13	419.91	15.48
JSM	1663.89	2715.69	2486.64	2399.36	2622.66	2577.65	117.12	4.54
NBSM	2669.99	2723.30	2472.21	2405.57	2578.41	2569.90	118.46	4.61
SHSM	2668.79	2785.51	2484.68	2459.65	3759.16	2831.56	479.10	16.92
PSM	2643.08	2756.02	2460.59	2525.30	2445.18	2766.03	354.32	18.81

Source: Annual Reports of BSFIC for the relevant years.

Endnotes

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⁸ Maheswari, S.N. *Principles of Management Accounting*, Sultan Chand and Sons, New Delhi, 1988, pp. 45-46.

⁹ *Ibid.*

¹⁰ Banerjee, B. *Cost Accounting*, The World Press Private Ltd., Calcutta, 1981, p. 707.

¹¹ Banerjee, B. *op. cit.*, p. 810.

¹² Shahjahan, M. *op. cit.*

¹³ BSFIC, "Strategic Plan to Make the Sugar Industry Profitable", January 1994, p. ii.

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CHAPTER I
THE EARLY HISTORY OF THE UNITED STATES
FROM 1492 TO 1776

SECTION I
THE DISCOVERY OF AMERICA

SECTION II
THE EARLY SETTLEMENTS

SECTION III
THE STRUGGLE FOR INDEPENDENCE

SECTION IV
THE CONSTITUTION

SECTION V
THE UNION

Qualitative Characteristics of Financial Disclosure Of the Commercial Banks in Bangladesh

Md. Kazi Saidul Islam*

1. Introduction

Financial statements are the summarized and classified reports of accounting transactions. The basic financial statements are the profit and loss statement and the balance sheet (International Accounting Standards Committee (IASC: 1989, paragraph – 17). They give information about an enterprise's resources, obligations, earnings, etc. The objective of financial statements is to provide information to the users that are useful in making economic decisions. The success of economic decisions by users depends to a great extent on the quality of accounting information. Developed countries make continuous efforts to improve the quality of financial reporting (International Chamber of Commerce – ICC: 1987, 10th ICC Banking Conference). They try to ensure that financial statements contain relevant, reliable and adequate, but not excessive information for decision making. In the effort to improve the quality of bank financial reporting, IASC (1990) has also issued a separate standard, IAS-30, "Disclosures in the Financial Statements of Banks and Similar Financial Institutions" which requires disclosure of items of information in such a way that the main aspects of bank's liquidity, solvency and potential risk can be demonstrated in the financial statements. This standard apparently states that:

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The users of financial statements of a bank need relevant, reliable and comparable information which assists them in evaluating the financial position and performance of the bank and which is useful to them in making economic decisions. They also need information, which gives them a better understanding of the special characteristics of the operations of a bank (Paragraph-6).

In Bangladesh, it is the primary obligation of the commercial banks to furnish their annual reports in accordance with the provisions of the Bank-Company Act, 1991 repealing the Banking Companies Ordinance, 1962. As to reporting practice, the tradition is that banks in Bangladesh almost invariably comply with the legal requirements, but no attempt is made to comply with the International Accounting Standards (Parry and Khan, 1984: 252). Even the legal framework (forms and contents) relating to bank financial reporting is outdated and inadequate in present day context (Alam, 1991: August 26). All these may cause users dissatisfaction to the accounting information owing to lack of true and fair view of the state of affairs of the banks. The present study is an attempt to enquire into the qualitative characteristics of financial disclosure of the commercial banks in Bangladesh.

2. Objectives of the Study

The purpose of the study is to evaluate qualitative characteristics of financial disclosure of the commercial banks in Bangladesh. The specific objectives are:

- (a) to identify the qualitative requirements for the disclosure of information of the banks;
- (b) to compare the disclosure practices with the qualitative requirements;
- (c) to find out the shortcomings, if any, and suggest for improvements of the qualities of disclosure.

3. Data Sources and Methods

The study covers a period of 1984-94 and is based on the published annual reports of 14 commercial banks including 3 nationalised commercial banks (NCBs), 3 denationalised commercial banks (DNCBs), 7 other new private commercial banks (NPBs)

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incorporated in Bangladesh after liberation and 1 foreign bank incorporated in outside Bangladesh. Although some of the private banks incorporated in Bangladesh came into existence before the end of the study period, the present researcher could not select them for not covering 5 years duration in their operations. Disclosure practices have been analysed in the light of the relevant legal and professional requirements. Special emphases have been given on the Framework for the Preparation and Presentation of Financial Statements (IASC, 1989), IAS-30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions (IASC, 1990), Preface to Statements of Accounting Standards (IASC, 1984) and various accounting Standards (ASs) as adopted in Bangladesh. In order to judge the quality and adequacy of disclosure, a questionnaire was prepared and 60 sets of the same were sent to various individuals and organisations to know the views of the users of information, accountants, professional accountants and the regulators. Thirty-eight respondents of the 60 obtaining the questionnaire reacted and expressed their views in respect of the questions included therein. Of the 38 respondents, 3 were undergraduates, 11 were graduates, 16 Masters, 2 having higher studies after Masters level and 6 did not mention anything about their educational qualifications. Among the graduates and post-graduates, 20 had degrees in commerce including 19 having professional degrees from the ICAB, ICMAB, IBA and the Institute of Bankers Bangladesh. Of the 38 respondents, 12 were not service holders and the remaining 26 were service holders in the department/section of accounts (of the banks), audit and inspection, statistics, bank policy and budget, administration, etc. of the employing entity. The majority of the respondents who were service holders answered from their long experience in the service. Thus, the whole thing considering the educational background, professional qualifications and practical experience of the respondents gives an idea that the views expressed by them in the questionnaire were reliable and would be conducive to interpret the findings of the study and reach a conclusion. Each questionnaire as duly filled in by the respondent was collected through personal visit. Simple tabular techniques have been used to analyse the data for easy understanding of the results.

4. Qualitative Requirements

All information may not be useful. To be useful, the information must fulfil certain qualitative characteristics. Some studies have striven

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to identify similar characteristics and help provide broad guidelines for the nature of financial information and financial reports. The following seven characteristics have been identified (Limmach, 1985:23).

- (a) **Objectivity** (or neutrality): This implies that the measures used in financial reporting should not be biased towards the needs of particular users but should be directed towards the common needs of all user groups (if at all possible).
- (b) **Relevance**: The information included should be that which is likely to be of use to in their decision making function. Only information, which is of material importance, should be included.
- (c) **Understandability**: The manner in which information is presented must be capable of being understood by the users. Not only must the information be comprehensible but it must also be sufficiently detailed to satisfy the needs of different users.
- (d) **Reliability**: Reports may not be capable of 100 per cent accuracy or complete objectivity but users must be able to determine how much confidence to be placed in a particular report. In this respect the verification of reports by independent accountants, i.e., auditors, should increase confidence in reports.
- (e) **Timeliness**: In order to be of maximum usefulness, the date of publication of financial reports should be as soon as possible after the period or event to which they relate. Information, which arrives too late to have any effect on decisions made, will have no value to the users. This attribute of timeliness may, in fact, be considered to be another aspect of the attribute of relevance.
- (f) **Comparability (or consistency)**: The same accounting treatment should be adopted for the same event or transaction wherever possible. This applies not only within reporting entities and from one period to another, but also across different reporting entities in so far as similar treatment does not produce misleading or illogical results.

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- (g) **Completeness:** All information, which is necessary to meet user-needs, should be included in the financial reports.

The IASC Framework for the Preparation and Presentation of Financial Statements (The Framework, 1989) sets out the qualitative characteristics of relevance, reliability, understandability and comparability that make the information in the financial statements useful in pursuing the objectives of financial statements. The Framework also acknowledges the balancing, or trade-off, between qualitative characteristics, which is necessary in preparing financial statements. It, in various paragraphs, states about the qualitative characteristics of information as under:

- (a) Materiality is closely linked with relevance. It is also linked with understandability and the level of precision in which the financial statements are presented. For example, financial statements are often made more understandable by rounding information to the nearest thousand or million units of the relevant currency (Paragraph-40).
- (b) In the context of disclosure, materiality determine the level of aggregation used and is a factor in deciding whether the effect of specific transaction or event should be disclosed in the notes to the financial statements (Paragraph-39).
- (c) Information has the quality of relevance when it influences the economic decision of users by helping them evaluate past, present or future events or confirming, or correcting, their past evaluations. In order to be reliable, information must be free from material error and bias and can be depended on by users to represent faithfully the transactions or events it purports to represent or could reasonably be expected to represent. It must also reflect the substance and economic reality of transactions and events, be neutral, i.e. free from bias, prudently prepared and complete within the bounds of materiality and cost (Paragraph-43).
- (d) In order that financial statements are comparable for the same enterprise overtime, the presentation and

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classification of the financial statements should be consistent from period to period (Paragraph-51).

- (e) Since users of financial statements are likely to wish to analyse the financial statements in detail, comparative amounts should be provided for all numerical information, including information given in notes to financial statements (Paragraph-53).
- (f) In achieving an appropriate balance between relevance and reliability, materiality, cost and timeliness in selecting and applying accounting policies, the overriding consideration is how best to satisfy the economic decision making needs of users (Paragraph-78).

Thus, in the light of the aforesaid IASC Framework (1989), information to be disclosed in the financial statements should have some qualitative characteristics like materiality, relevance, reliability, consistency and comparability, understandability, neutrality (i.e. free from bias), prudence, timeliness and completeness.

Professional requirements are there in Bangladesh regarding the qualities of accounting information. The ICAB in Preface to Statements of Accounting Standards (1984) and in various Accounting Standards (ASs) as adopted in Bangladesh describes the desirable characteristics of financial statements as under:

- (a) **Understandability:** Financial statements must be clear and understandable (AS-1, Paragraph-10).
- (b) **Relevance and Materiality:** Financial statements should disclose all items which are material enough to affect evaluations and decisions (AS-1, Paragraph-9 and AS-2, Paragraph-7).
- (c) **Prudence and Substance over Form:** Prudence and substance over form should govern the selection of accounting policies and preparation of financial statements (AS-1, Paragraph-9).
- (d) **Consistency and Uniformity:** It is assumed that accounting policies are consistent from one period to

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another (AS-1, Paragraph-7). If a change in accounting policy that has a material effect in the current period or may have a material effect in the subsequent periods should be disclosed together with reasons and the effect of the change, if material, be disclosed and quantified (AS-1, Paragraph-22).

- (e) **Comparability:** Financial statements should show corresponding figures for the preceding period (AS-1, Paragraph-21 and AS-2, Paragraph-10).
- (f) **Adequacy:** It is the responsibility for the management for the preparation of financial statements and for adequate disclosure (Preface to Statements of Accounting Standards, Paragraph-6).

The Companies Act as prevalent in Bangladesh prescribes Format for balance sheet, which provides uniformity in the presentation of accounting information relating to assets and liabilities. The Format also requires furnishing information in the balance sheet for consecutive two years, which facilitates comparability of financial position.

The Bank-Company Act, 1991 repealing the Banking Companies Ordinance, 1962 desires some qualitative characteristics of accounting information. For instance, the Forms prescribed for balance sheet and profit and loss account which are being followed over the years provide uniformity and also comparability requiring information for consecutive two years. IAS-30 (IASC, 1990) although not adopted in Bangladesh till to-date desires the most important qualities of accounting information from the financial statements of a bank. According to this standard, it is stated earlier, the users of financial statements of a bank need relevant, reliable and comparable information. Therefore, disclosures in the financial statements of a bank need to be sufficiently comprehensive to meet the needs of users, within the constraint of what is reasonable to require of management.

5. Findings of the Study

The observations conducted on the selected banks depict the different types of characteristics of financial disclosure. It is obvious from Table – 1 that the balance sheet and profit and loss account of the banks were prepared during the study period in the traditional Form A/Ka and Form

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B/Kha respectively which have been prescribed in the Bank-Company Act, 1991 repealing the Banking Companies Ordinance, 1962. These forms are of horizontal in nature and were followed by all the selected banks from period to period. This facilitated uniformity and comparability of information. Previous year's figures alongside the current year's figures also made the financial statements comparable. But it was hardly possible to make comparison of information for more than two years owing to lack of vertical presentation of financial statements. Since the banks did not provide any common-size statements, it was not possible to know the relationship of the items of financial statements in percentage form.

Table – 1
Disclosure Characteristics of Information

No.	Practice	NCBs	DNCBs	NPBs	Total
1.	Preparation of bank financial statements:				
	(a) Prepared in horizontal forms	3	3	8	14
	(b) Prepared in vertical forms	-	-	-	-
	(c) Prepared in any other forms	-	-	-	-
2.	Relegation of details to notes:				
	(a) Relegated	3	3	8	14
	(b) Not relegated	-	-	-	-
3.	Disclosure of accounting policies:				
	(a) Disclosed	3	2	8	13
	(b) Not disclosed	-	-	-	-
4.	Changes in accounting policies:				
	(a) Changed over the years	-	-	-	-
	(b) Not changed	3	2	8	13
5.	Rounding off of the figures:				
	(a) Rounded off	3	3	8	14
	(b) Not rounded off	-	-	-	-
6.	Disclosure of corresponding figures:				
	(a) Disclosed for two years	3	3	8	14
	(b) Not disclosed	-	-	-	-
7.	Authentication of financial statements by auditors and management/directors				
	(a) Authenticated	3	3	8	14
	(b) Not authenticated	-	-	-	-
8.	Nature of audit reports:				
	(a) Clean/unqualified	3	3	8	14
	(b) Qualified	-	-	-	-

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9.	Use of graphs and charts:				
	(a) Used	3	3	7	13
	(b) Not used	-	-	-	-
10.	Mode of publication:				
	(a) Printed	3	3	8	14
	(b) Cyclostyled	-	-	-	-
	(c) Typed	-	-	-	-
11.	Submission of annual reports (submitted):				
	(a) Within 3 months of the close of the period	-	-	-	-
	(b) Within 6 months of the close of the period	-	-	1	1
	(c) Within 12 months of the close of period	-	3	7	10
	(d) After 12 months of the close of the period	3	-	-	3

Most of the banks relegated detailed break-up of the important items of balance sheet and profit and loss account in supporting notes. Rounding off of figures to the nearest taka was also provided for the items of financial statements. All these made the financial statements comprehensive and easily understandable. Disclosure of accounting policies of all the banks except one denationalised bank also provided understanding of financial condition by way of stating accounting treatment for the events, transactions and items of financial statements. It was observed that all the banks prepared their financial statements every year on going concern principle under historical cost concept. Accounting policies relating to valuation of assets and liabilities and recognition of revenues and expenses were also the same in the study period in case of all the sample banks, i.e., no change was found in accounting policies followed over the years. This undoubtedly provided consistency in accounting principles and bases.

Financial statements were authenticated by the bank management/directors and auditors before submission of these to the proper authorities. All the audit reports included in the annual reports of the banks during the study period were clean. This means that the auditors in their report mentioned that the accounts and financial statements were prepared in accordance with relevant laws and these statements exhibited a true and fair view of the state of affairs of the bank. Such pronouncements and authentication of financial statements were the attempts to bring reliability of disclosure. However, the matter

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of reliability was not unquestionable. Because, auditors in their reports did not mention whether the financial statements were prepared in the light of the professional requirements especially International Accounting Standards. They did not pass any comment on the key items of bank financial statements, viz. deposits, loans and advances and foreign exchange transactions. But from the viewpoint of a bank's risk, solvency, liquidity and profitability, amount of loan losses, deposits and foreign exchange transactions are very important. Before pronouncing about true and fair view of the state of affairs, the auditors depended upon the certificate of the management. Even most of the auditors do not strictly follow the code of conduct in Bangladesh (Akter and Hoque, 1993). In Bangladesh, the quality of audit reports is not always satisfactory due to the following facts (Akter and Hoque, *ibid.*):

- (a) Most of the banks, especially private, do not want quality audit and audit report;
- (b) The auditors can not afford to antagonise their clients for fear of losing business though they understand the lapses and gap;
- (c) In some cases the auditors are provided with the fees which may not cover their cost;
- (d) Sometimes the objectives of a bank may be to get an audit certificate and the objective of the auditor is to maintain client.

It is a general expectation that an entity should maintain materiality of disclosure, which is closely linked with full disclosure i.e., relevance, and adequacy of information. Owing to the intrinsic lacking, the auditors' report relating to the sample banks could not ensure whether adequate disclosures were made in the financial statements of the bank. In this respect, we tried to judge the mentality of the respondents by way of asking them whether necessary information to calculate the relevant ratios were available in the financial statements. Table - 2 reveals that majority of the respondents including all the shareholders/brokers and depositors mentioned that information was not available in the financial statements of banks to calculate the relevant ratios. When asked to point out the information seemed to be lacking, they mentioned the following:

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- (a) lack of detailed break-up of interests on various assets and liabilities;
- (b) lack of stuck up and overdue position of loans and advances;
- (c) lack of amount of provision for loan losses;
- (d) lack of market value of securities;
- (e) lack of maturity-wise classification of assets and liabilities;
- (f) lack of amount that could be determined separately for each group of items of income and expenditure and assets and liabilities containing the same nature.

Table - 2

Availability of Information to Calculate the Relevant Ratios

Respondents	Total Nos.	Availability of Information	
		Available	Not available
Commercial Banks	14	8	4
Govt. (Ministry of Finance)	3	2	1
Bangladesh Bank	2	-	2
Shareholders/Brokers	11	-	11
Depositors	3	-	3
Professional Accountants	4	2	2
NCB Consultant	1	-	1
Total	38	12	24

Among the above lacking, the lack of amount of provision for loan losses seems to be the most important from the disclosure point of view of bank information in Bangladesh. Controversy arises in the question of disclosure of this item. In fact, huge amount of loan losses is an inherent feature of our bank advances. Without disclosure of such losses, real picture in the bank financial statements can not be expected. On the other hand, disclosure of huge amount of loan losses may be a cause of losing the users' faith on bank and this may finally create heavy amount of withdrawals from the banks. In this controversial issue, we asked a foreign expert, an eminent Professor of Accounting in the

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SAARC countries, to suggest as to whether the amount of loan losses should be disclosed. He replied such that large amount of loan losses in the SAARC countries like Bangladesh is now-a-days an open secret to all sorts of users of bank information, and hence, disclosure of such item is now only a matter of transparency.

Annual reports of the selected banks were published in a printed mode. Statistical graphs and charts were used to interpret the performance of the banks relating to significant items. All these made the reports attractive and disclose the communicative effectiveness of information. But a disappointing finding was that the banks under study failed to submit their annual reports to the proper authority within three months (as required by the Bank-Company Act) of the close of the accounting period. Even except one bank, the rest of the sample banks failed to submit their annual reports within six months of the close of the accounting period. In most cases, the nationalised commercial banks submitted their annual reports after twelve months of the close of the accounting period. This means that the timeliness of information was hampered. Another way of saying it is that almost all the banks published as well as submitted their annual reports after they lose their ability to influence the users in a significant way.

6. Conclusions and Suggestions for Improvements

Information disclosed in the financial statements of the commercial banks in Bangladesh fulfils certain qualitative characteristics. The observations give testimony that compliance of reporting practices with the legal requirements provided uniformity and comparability of information. Previous year's figures alongside the current year's amount facilitated comparability of financial position of two consecutive years. Since same sorts of accounting treatments were followed every year for the events and transactions, consistency in accounting methods and information was found over the years. Disclosure of accounting policies made the financial statements comprehensive and understandable. Understanding was also provided by rounding off of the figures and disclosing break-up of the items of financial statements in the supporting notes. Clean auditors' report strove to make the financial statements reliable, because the auditors used to mention that financial statements exhibited a true and fair view of the state of affairs of the banks. Various graphs and charts and printing mode made the annual reports attractive and disclosed the communicative effectiveness of information. All these do not mean that qualities of

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information disclosed in the financial statements and other reports were unquestionable. In order to improve the qualities of financial disclosure, the following steps can be suggested:

- (a) In order to increase the comparability of information, financial statements of the banks should be prepared in the vertical forms; figures in the financial statements should be provided for more than two years;
- (b) Common-size statements should be prepared in order to disclose the relationships among and comparability of the items of financial statements;
- (c) The auditors should come forward with their professional ethics; in their reports they should comment on the true picture of the bank's financial position; this would provide reliability of information disclosed in the financial statements;
- (d) The banks should make timely presentation of the financial statements in order to affect the users in a significant way;
- (e) To make adequate disclosure of information and help the users make decisions by way of measuring important ratios, following information should be disclosed:
 - i) detailed break-up of interests on various assets and liabilities;
 - ii) stuck up and overdue position of loans and advances;
 - iii) amount of provision for loan losses;
 - iv) market value of securities;
 - v) maturity-wise classification of assets and liabilities;
 - vi) amounts that can be determined separately for each group of items of income and expenditure and assets and liabilities containing the same nature.

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Current Assets Financing of Bangladesh Tobacco Company – An Empirical Investigation

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1.0 Introduction

Financing current assets of a business enterprise is an important issue wherein the Finance Manager can play an effective role specially in selecting appropriate/suitable sources of fund. Now the question is: What is current asset? Adam Smith (1776) explained, 'the goods of the merchant yield him no revenue or profit till he sells them for money and the money yields him as little till it again exchanged for goods. His capital is continuously going from him in one shape and returning to him in another, and it is only by means of such circulation, or successive exchanges, that it can yield him any profit. Such capital, therefore, may very properly be called circulating capital'.¹ What we called current assets or gross working capital, Smith called circulating capital. 'Economist like Mead, Malott, Baker and Field support this view of working capital. They feel that current assets should be considered as working capital as the whole of it helps to earn profit; and the management is more concerned with the total current assets as they constitute the total funds available for operational purposes'.² For accounting purposes, the term current assets is used to designate cash and other assets or resources commonly identified as those which are reasonably expected to be realized in cash or sold or consumed during the normal operating cycle of business.³ Alexander Wall (1936) has said: 'current assets are such assets as in the orderly and natural course of business move onward through the various processes of production, distribution, and payment for goods, until they become cash or its equivalent, be which debts many by readily and immediately paid'.⁴

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Thus, current assets consist of any one, any combination, or all of items such as cash in hand and with Banks, stock-finished, in-process, and raw materials, receivables for sale of merchandise, advances on merchandise, and marketable securities. All these current assets of a business enterprise are usually supported by a combination of: (i) long-term sources of finance like share capital, retained earnings, debentures and long-term borrowed funds from financial institutions, and (ii) short-term sources like short-term bank borrowing, trade credit, tax provision, accruals, etc. The current assets financing policy of an enterprise may be conservative, moderate or aggressive. A particular policy to be followed depends upon the conditions under which the enterprise operates, the type of product it manufactures, its earning power, costs of the different sources of funds, and the attitude of the management to undertake risk of liquidity.

The financing policy of an enterprise is said to be conservative when it relies more on the long-term sources of funds for financing its current assets requirement. This financing policy depends less on short-term sources of finance which results in a lower degree of financial risk and, therefore, a lower level of anticipated profitability.

On the other hand, moderate financing policy suggests moderate financial risk and moderate level of profitability. In this policy, long-term sources of fund will be used to finance fixed assets and permanent current assets. While, short-term sources of fund will be used to finance temporary current assets. However, it should be noted that exact matching is not always possible because of the uncertainty about the expected life of assets.

Further, the enterprise may follow an aggressive policy in financing its current assets. This policy depends more on short-term sources of finance for its financial needs. Short-term sources of fund will be used to finance 100 percent of current assets and a part of fixed or long-term assets.

The short-term sources of funds involve less cost (such as trade credit, retained earnings, tax provision, accruals, etc.) and have more flexibility but more risky than the long-term sources of funds. It is prudent to finance a certain portion of current assets from long-term sources to provide margin of safety to short-term creditors and to avoid financial embarrassment i.e. liquidity problem. Therefore, an enterprise should use both the sources (long-term and short-term) intelligently to

finance its current assets. Financing current assets from right sources assumes a greater significance in the management of working capital.

2. Objective and Methodology of the Study

With this brief background, the present study strives to examine the current assets financing method followed by Bangladesh Tobacco Company Ltd. for a 10-year period ranging from 1985 to 1994. Thus, the specific objective of the study is to examine and evaluate the financing pattern of current assets in BTC. The study also aims at identifying the strengths and weakness in the aforesaid areas of financial management of BTC and suggesting suitable remedial measures for further improvement in its management of financing current assets.

The study is based on secondary data collected from the Annual Reports and MIS Reports of BTC. For the analysis of data, simple statistical tools like ratios and percentage have been used.

As far as we know there is hardly any study on current assets financing of BTC. The present study is an humble attempt to fill in this gap.

3. Background History of BTC

Bangladesh Tobacco Company (BTC), a part of British American Tobacco Company (BATCO), was set up in 1972. It plays a significant role in the economy of Bangladesh because it contributes a considerable sum of money every year to the national exchequer in the form of income tax, vat, customs duty, etc. On the other hand, it has provided direct job opportunities of about 3,200 people and huge number of farmers are given all possible support by the company to grow tobacco. Now, it has a Cigarette factory at Mohakhali, head office at Gulshan in Dhaka, a Green Leaf Threshing Plant at Kushtia and leaf depots and sales depots all over the country. It will not be irrelevant to mention that BTC is playing a great social role in Bangladesh through its participation in afforestation program.

4. Analysis and Outcome

4.1 Long-Term Funds Invested in Current Assets

Generally, 'the current assets of a firm are supported by a combination of long-term and short-term sources of finance'.⁵ The volume of long-term funds employed in financing current assets can be determined by finding the net current assets (i.e., current assets less current liabilities). The size of net current assets indicates 'margin of

safety' or 'cushion of protection' provided to short-term sources of funds. 'It also reduces the likelihood of insolvency and possible bankruptcy'.⁶ A high ratio indicates that the enterprise follows a very conservative policy by giving emphasis on long-term rather than short-term financing. While, a very low or negative ratio indicates that the enterprise follows an aggressive current assets financing policy.

The data relating to financing of current assets by short-term and long-term sources of finance by BTC have been presented in Exhibit 1. The above exhibit clearly reveals that BTC followed a moderate financing policy. For, the proportion of long-term funds in current assets financing ranged between 22.3 percent and 36.2 percent as against the proportion of short-term funds between 63.8 percent and 77.7 percent during the period of study. Thus, on an average only one-fourth of the total current assets was financed by long-term funds, and about three-fourths by short-term funds. Thus, it seems that BTC followed a moderate current assets financing policy although there was a fluctuating trend in the ratio of long-term funds to total current assets.

Exhibit 1: Financing of current assets (C.A.) in BTC from long-term (L.T.) funds and short-term (S.T.) funds during 1985-94

(Fig. in lakh taka)

Year	Total current assets	Total current liabilities	C.A. financed by L.T. funds		C.A. financed by S.T. funds	
			Amount	%	Amount	%
1985	6398.5	4793.4	1605.1	25.1	4793.4	74.9
1986	8005.5	5940.0	2065.5	25.8	5940.0	74.2
1987	8548.6	6422.5	2126.1	24.9	6411.5	75.1
1988	10558.9	7570.8	2988.1	28.3	7570.8	71.7
1989	11652.5	7934.2	3714.2	31.9	7934.2	68.1
1990	10918.3	7960.6	2957.7	27.1	7960.6	72.9
1991	11034.1	8568.7	2465.4	22.3	8568.7	77.7
1992	12988.3	9686.1	3302.2	25.4	9686.1	74.6
1993	12300.8	7847.2	4453.6	36.2	7847.2	63.8
1994	11411.2	8511.5	2899.7	25.4	8511.5	74.6

Source: Annual Reports of BTC of relevant years.

From the above discussion, the conclusion which can be drawn is that the financial risk and the profitability of BTC has been moderate.

4.2 Short-Term Funds Employed in Financing Current Assets

Having examined the role of long-term funds in financing current assets it would also be relevant to examine the extent and use of short-term sources of funds. The short-term sources of funds are usually divided into two groups: (1) Short-term internal sources comprising of (i) Statutory provisions like tax provision, dividend provision, and (ii) Other current liabilities which include wages, bonus and other benefits due, provident funds, workers' profit participation fund, excise duty, unclaim dividend, and (2) Short-term external sources consisting of (i) bank loans, (ii) trade credit, and (iii) loans other than bank credit.

4.2.1 Internal Short-Term Funds

These funds are the outcome of general business activities in the form of tax provision, dividend provision, outstanding wages and salaries, owner's share of profit etc. There is always a time lag between the incurring of such short-term liabilities and their pay off. During this interval these short-term sources provide funds which are popularly termed as spontaneous sources of short-term borrowed funds. These funds are cost-free and available without any formalities.

(i) Provisions

Tax provision is an internal sources of finance for current assets since taxes are payable at stated intervals. So, a firm may use the funds kept under tax provision for payment of taxes. Similarly, unpaid dividend may be used for financing working capital till the dividend is paid. Both these sources are cost free if we do not consider opportunity cost. It is worthy to be noted that these expenses are not postpondable for long and a firm does not have much control over their frequency and magnitude. It is a limited source of short-term financing.

As is evident from Exhibit 2, the volume of provisions in BTC had not shown any definite trend, although in absolute figure it had increased over the ten-year from Taka 1421 lakh to Taka 1917 lakh (or 1.4 times). More surprising is that in absolute amount provisions showed a negative balance of Taka 214 lakh in 1991. Deferred taxation on plant and machinery acquired during the year has not been provided this year as the provision made in the previous year was adequate to meet the liability of 1991. A substantial tax credit of 299 lakh for gratuity payments to the retrenched employees of Chittagong Factory has been taken. The Chittagong Factory was closed in 1991.

Current Assets Financing of Bangladesh

Exhibit 2: Different internal short-term sources of funds and their share in total current assets in BTC during 1985-96

Year	Provision (Amount)	% of total C.A. (Amount)	Other current liabilities (Amount)	% of total C.A.	% of S.T. internal sources to C.A. (Amount)
1985	1421.0	22.2	2602.3	40.6	62.8
1986	1923.7	24.0	3271.5	40.9	64.9
1987	1444.8	19.2	3071.3	35.9	55.1
1988	1051.4	10.0	4192.6	39.7	49.7
1989	728.3	6.3	3409.7	29.3	35.6
1990	168.2	1.5	3533.3	32.4	33.9
1991	(214.2)	(1.9)	3594.6	32.6	30.7
1992	838.3	6.5	5647.3	34.4	49.9
1993	2496.4	20.3	2881.6	23.4	43.4
1994	1917.4	16.8	3082.5	27.0	43.8

In relative terms provisions provided minus 1.9 percent in 1991 to 24.0 percent in 1986 of the total current assets in BTC. Provisions as percent of total current assets marked with a rising trend in the first two years (from 22.2% to 24.0%), a declining trend in the next five years of the study (from 24.0% to a negative figure of 1.9%), and again a rising trend in the last three years of the study (from a negative figure of 1.9% to a positive figure of 16.9%). Thus, the balance of provisions in BTC was marked with wide and frequent variations from year to year.

(ii) Other Current Liabilities

Another internal sources of short-term funds is other liabilities like wages, bonus and other benefits due, worker's profit participation fund, unclaimed dividend, etc. Thus, they represent a spontaneous and interest-free sources of financing.

The ratio of other current liabilities to total current assets is shown in Exhibit 2, which demonstrates that other current liabilities occupied a predominant position in providing funds for current assets financing. It ranged between 27.0 percent in 1994 and 43.4 percent in 1992 with moderate fluctuation.

Thus, short-term internal sources (provisions + other internal current liabilities) provided 50 percent or above of the total current assets in 5 out of 10 years (i.e. 50% to 65%). While, in the remaining

years these sources provided 31-44 percent of the same. The inference that can be drawn from the above analysis is that cost-free short-term internal sources provided the lion's share of the total current assets in BTC which positively contributed to the profitability of the enterprise. The situation also suggests sound liquidity position of the enterprise.

4.2.2 External Short-Term Sources of Funds

All external short-term sources of funds in BTC have been divided into three groups: (i) Trade credit, (ii) Loans other than Bank credit, and (iii) Bank loan.

(i) Trade Credit

Trade credit refers to the credit that a customer gets from the supplier of goods in the normal course of business.⁷ Generally, in business enterprises, trade credit constitutes an important external source of financing inventories. The seller of goods and services extends credit to the buyer who may use this credit as a source of financing current assets during the period of credit. In some cases, it even constitutes the largest share in the total short-term funds. Weston and Brigham (1978) opined that 'trade credit, is the largest single category of short-term credit, representing about 40 percent of the current liabilities of non-financial corporation'.⁸ The main advantage of trade credit is that it has no cost, if discount is not a part of credit term. The cost of trade credit depends on the terms of credit offered by the supplier. If the terms are, say, 30 days net, then trade credit is cost-free because the amount payable is the same whether the payment is made on purchase or on the 30th day. However, if the supplier offers discount for prompt payment and the terms are, say, 2/10, net 30, there is a cost associated with trade credit availed beyond the discount period'.⁹ It is also spontaneous and available without any formalities. But the primary limitation of trade credit is that the same is available for goods and services only.

The ratio of trade credit to current assets is presented in Exhibit 3, which reveals that the ratio fluctuated between 1.0 percent in 1987 and 5.7 percent in 1989. The contribution from this important spontaneous external source is very negligible. This situation suggests less dependence on trade credit.

Current Assets Financing of Bangladesh

Exhibit 3: Different external short-term source of funds and their share in total current assets in BTC during 1985-94

Year	Bank loan	% of total C.A.	Trade credit	% of total C.A.	Loan other than bank credit	% of total C.A.
1985	408.3	6.4	156.9	2.5	204.9	3.2
1986	361.3	4.5	86.6	1.1	296.6	3.7
1987	1387.3	16.2	85.7	1.0	233.4	2.7
1988	1742.5	16.5	152.8	1.4	431.6	4.1
1989	2922.1	25.1	665.5	5.7	208.6	1.8
1990	3552.2	33.6	365.7	3.3	241.1	2.2
1991	3313.0	30.0	582.5	5.3	1292.9	11.7
1992	2191.9	16.9	277.1	2.1	731.6	5.6
1993	1748.2	14.2	463.1	3.8	257.9	2.1
1994	2631.3	23.1	574.9	5.0	305.5	2.7

(ii) Loans other than Bank credit

Loans other than bank credit include advance against sales and other deposits. The contribution from these source is shown in Exhibit 3, which demonstrates that the same provided 1.8 percent to 11.7 percent of the total current assets. In 8 out of 10 years it was below 5 percent. While, in the remaining 2 years the ratios were 11.7 percent in 1991 and 5.6 percent in 1992. The inference that can be drawn from the above analysis is that advance against sales and other deposits is not an important external source in financing current assets in BTC.

(iii) Bank Loan

Bank borrowings in the form of overdraft and cash credit arrangement constitute a major external source of short-term financing. After trade credit, bank credit is the most important source of financing current assets in Bangladesh. The primary use of short-term bank loans is to finance temporary current assets required for seasonal sales patterns. This source is not spontaneous and cost-free.

Exhibit 3, presents the extent of short-term bank credit to total current assets in BTC. In absolute term bank loan increased to Taka 2631 lakh (or 6.5 times) by the year 1994 as against Taka 408 lakh in 1985. In relative term, it ranged between 4.5 percent and 33.6 percent of total current assets with a sizeable fluctuation. This ratio increased till 1990 (i.e. up to 33.6%) and afterwards it had a declining trend up to 1993 (i.e. 14.2%). Again this ratio showed some improvement in 1994

(i.e. up to 23.1%). This source contributed more than one-fifth of the total current assets in 4 out of 10 years. While in the remaining 6 years it was below 20 percent. Therefore, this company tried to avoid bank credit so that it could minimize interest burden.

5.0 Conclusion

The outcome from the above analysis is appended below:

- (i) BTC followed moderate financing policy as long-term sources provided on an average one-fourth of the total current assets during the period of review;
- (ii) Spontaneous internal sources provided more than 50 percent of the total current assets in most of the years under study. While, spontaneous outside sources provided 5-16 percent of the same. Thus a significant portion of the total current assets has been provided by cost-free short-term sources of fund;
- (iii) Dependence on short-term bank loan was reasonable during the period of study except in 1990. This year it was the second largest source of finance and accounted for 34 percent of the total current assets;

Thus, on the whole, financing pattern of current assets in BTC is almost satisfactory though it deserves some improvement in some respect.

- (i) BTC should strive to maintain consistent ratio of current assets to long term funds and current assets to short-term funds over the years. Moreover, the ratios of funds provided by different short-term sources should also be consistent over the years but this is absent here as these sources showed significant fluctuations from year to year;
- (ii) The company can further reduce its dependence on bank loan by stimulating its credit line with trade creditors;
- (iii) Vigorous efforts on the part of the management should be initiated to speed up the operating cycle in order to quicken the transmutation of working finance. Further, the concept of operating cycle deserves due attention in determining the working finance requirements of the company. An effective use of this concept can help the organization to avoid unnecessary blocking of funds in various current assets.

Endnotes

¹ Smith, A. *The Wealth of Nations* (English version). New York: Modern Library, 1937, pp. 262-63.

² Banerjee, B. *Financial Policy and Management Accounting* (2nd Rev. ed.), Calcutta: The World Press Pvt. Ltd., 1987, p. 71.

³ *Accounting Research and Terminology Bulletins*. New York: American Institute of Certified Public Accountants, 1961, p. 20.

⁴ Wall, A. *How to Evaluate Financial Statements*. New York: Harper & Row, 1936, p. 11.

⁵ Chandra, P. *Financial Management Theory and Practices* (2nd ed.), New Delhi: Tata McGraw Hill Publishing Co. Ltd., 1992, p. 332.

⁶ Johnson, R.W., & Melicher, R.W. *Financial Management* (5th ed.), Boston: Allyn and Bacon, Inc., 1977, p. 139.

⁷ Pandey, I.M. *Financial Management* (6th Rev. ed.), New Delhi: Vikas Publishing House Pvt. Ltd., 1993, p. 783.

⁸ Weston, J.F., & Brigham, E.F. *Managerial Finance* (7th ed.). Hinsdale, Illinois: The Dryden Press, 1978, p. 367.

⁹ Chandra, P. *op. cit.*, p. 340.

**Poverty Alleviation Interventions of Some Selected
GOs and NGOs in Rural Bangladesh with Special
Reference to their Credit Operations:
A Comparative Study**

P.B. Paul*

The paper evaluates the performance of some Government Organisations (GOs) and Non Government Organisations (NGOs) and concludes that the state has an important role to play in the alleviation of poverty by providing a policy and legal framework to create an enabling environment within which both the GOs and NGOs can work together on a cooperative and coordinated basis for eradicating poverty in Bangladesh.

Introduction

Bangladesh with 47.3 percent population below the upper poverty line of 2122 cal/day/person and 27.3 percent below the lower poverty line of 1805 cal/day/person is one of the poorest countries in the world (SPB, 1996). The slow growth of the resource-poor economy is combined with an alarming growth rate of population, which is continually frustrating all efforts at, planned development. Bangladesh is faced with the problem of endemic poverty which manifests itself in landlessness, unemployment, illiteracy, malnutrition and vulnerability to frequent natural disasters.

Poverty alleviation in a country like Bangladesh is a difficult as well as a challenging task. Considering the importance of the problem, both in the pre-and-post-independent Bangladesh, governments have been accorded topmost priority to poverty alleviation programmes.

Immediately after the independence of Bangladesh, Non-Government Organizations (NGOs) have emerged as significant development partners working hand in hand with government agencies in

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the nation's poverty alleviation endeavour. Bangladesh Rural Development Board (BRDB), Pallikarma Sahayak Foundation (PKSF), Grameen Bank (GB) and Bangladesh Rural Advancement Committee (BRAC) are among those organizations which claim to have success stories in the field of poverty alleviation.

Poverty alleviation though targeted income and employment generating programmes designed to provide a 'safety net' to the vulnerable segment of the rural poor, who may have been otherwise left out from the main stream of market based normal development process has yielded positive results. This study aims to find how far rural women in poverty have been benefited from poverty-focused GOs and NGOs interventions. However, this study has kept its investigation confined to the impact of the poverty alleviation programmes of BRDB, PKSF, Grameen Bank and BRAC, which are operating in the country on a large scale.

Review of Related Literature

Mahbubul Karim in his article entitled "Non-Governmental Organization in Bangladesh: Issues of Legitimacy and Accountability" mentioned that until recently, there existed quite a big gap between the NGOs and other groups and institutions of the civil society as the NGOs prepared to keep aloof from them.

Rahman, A. in a study entitled "Rural Development from Below: Lessons learned from Grameen Bank - Experience in Bangladesh" concluded that Grameen Bank made "principle of exclusivity" (i.e. reaching the poor through women) its major preoccupation and designed on appropriate delivery system which is simple, straight forward, open accountable, participative and capable enough to reap the dedication of field workers.

Mukherjee, S. in another study on Grameen Bank mentioned that 92 percent of GB finance reached its target groups and after joining the GB there was substantial increase in the income of the beneficiaries and change in occupation is also significant in some particular cases.

Chowdhury and Saha in their joint study entitled "Rural Development and NGOs in Bangladesh" mentioned that the main criticism against the NGOs is that they are at best a piecemeal reformer selecting their own activity, target group and area of operation. Due to this they could not show any visible change in the development scenario. Further they opined that NGOs do not show any improvement in rural poverty alleviation. So a system of evaluation report may even be

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compulsorily prepared by the associations to show their contribution to the socio-economic development of the country.

Razia Begum in a study on BRAC activities highlighted the significant dimension of development, commonly as human development and market development by BRAC.

P.B. Paul in a study entitled "Role of NGOs in Human Resource Development of Bangladesh" suggested that all NGOs programmes should have targeted for increasing the capability of the poor and disadvantaged to save and invest over time, so that a NGO can gradually withdraw its activities from the concerned area at an early date and shift its activities to another area.

B.P. Paul in his article entitled "Poverty and Poverty Alleviation Programme in Bangladesh – An Evaluation" argued that the high recovery rate of rural finance should not be the main target of a credit institution rather it should give more emphasis on coverage and improvement of beneficiaries.

M. Hossain in a study entitled "Credit for Alleviation of Rural Poverty: The Experience of Grameen Bank in Bangladesh" remarked that the GB loan is taken basically for undertaking non-farm activities. In 1985, 37 per cent of the loan were taken for livestock raising, 25 percent for processing and manufacturing activities and 28 percent for trade and shop keeping.

N.A. Karim in her article entitled "Women Entrepreneurship and Credit Financing in Bangladesh" argued that credit alone is not enough. It must be accompanied by appropriate technological advice, training and applied research.

M.A. Hossain in a study on "Financing the Rural Poor" concluded that any endeavour to undertake rural development programme by neglecting the multitudes of the rural poor will be simply meaningless, ineffective and also disastrous. So the rural poor should get the prime consideration in all rural development programmes.

Though various research studies have been accomplished on the various aspect of the GB and a few studies have been undertaken on BRAC, BRDB and PKSFs activities separately, but not a single one adheres to this particular issue. Taking clues from this gap and considering the importance of the topic to the planners and decision-makers the present study is planned.

Purpose and Objectives of the Study

The purpose of the study is to investigate the nature of poverty alleviation programmes of GB, BRAC, BRDB and PKSF. Specific objectives of the study are as follows:

- (a) To trace out the performances of GB, BRAC, BRDB and PKSF during the last five years period.
- (b) To assess the methods and procedures of their credit programmes.
- (c) To analyze the impact of financing made by them on income and change in occupation of their beneficiaries.
- (d) To make some suggestions on poverty alleviation programmes of GB, BRAC, BRDB and PKSF.

Methodology to be Followed

The present study is an attempt to understand the complex economic and social conditions in which the rural poor pursue their livelihoods. Data collection exercises aimed at gathering statistically representative information on the impact of poverty focused mentioned GOs and NGOs programmes on rural poor in poverty situation in terms of employment and income, as well as their access to basic needs.

Relevant data have been collected from both primary and secondary sources. The major sources of secondary data are the annual reports and other research materials of mentioned GOs and NGOs and publications of Ministry of Finance, Ministry of Planning, Bangladesh Bank and other related institutions like BIDS, BIMB, ADAB etc.

Primary data have been procured from the concern officials of mentioned GOs and NGOs and from their beneficiaries through interview schedules.

Performances of some GOs and NGOs

BRDB and its Rural Development Programme – 12(RD-12)

The BRDB is statutory body under the jurisdiction of the Ministry of Local Government and Rural Development (LGRD). It was formed in 1982 as the successor to IRDP (Integrated Rural Development Programme). The BRDB is a specialised public agency designed to promote rural development and to contribute to the GOBs programmes for alleviating poverty. The BRDB has acquired rich experience in managing poverty alleviation projects. It has been implementing a number of projects in different regions of the country with a view to alleviating poverty through activities directed to (a) generation of productive employment and income of the poorest sections of the rural people and (b) improvement in the physical quality of their life through

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provisions of family welfare services. The major projects are (1) Productive Employment Project (RD-5) in Faridpur, Madaripur and Kurigram districts, (2) Production and Employment Programme (RD-9) in greater Rangpur district except Kurigram, (3) Production and Employment Program (RD-12) in greater Dinajpur, Bogra, Khulna Barisal, Jamalapur and Mymensingh districts. The coverage in terms of numbers and size of the BRDB's credit operations upto June 1994 is shown in Table 1. About 68 percent of the total members under these programmes were women and more than 70 percent of the total credit has been disbursed to them (Rahman, PK. M., 1995).

Table - 1
Coverage of the Poverty Alleviation Projects
Under BRDB upto June, 1994

Name of projects	No. of Thanas covered	No. of Groups members	No. of members received credit	Total amount disbursed (million Tk.)
RD-5	32	66,415	22,220	86.41
RD-9	20	32,135	14,323	26.72
RD-12	139	46,857	81,002	702.67

Source: Annual Report 1993-94, Bangladesh Rural Development Board.

The average size of the loan of RD-5 showed an increasing trend. It increased from Tk. 3019 in 1990-91 to Tk. 3892 in 1993-94. The loan size under the RD-9 project was Tk. 1865 in 1993-94 and 8674 for the RD-12 project in 1993-94. The rate of recovery of the loans was 99 percent in RD-5, 99.6 percent in RD-9 and 97 percent in RD-12 projects (Annual Report, BRDB, 1993-94). According to UNDP's Annual Report, BRDB disbursed Tk. 37.7 billion to 5.9 million beneficiaries during 1990-91 to 1994-95 period. The average recovery rate of BRDB's programmes is ranging from 89.5 percent in 1991-92 to 96.8 percent in 1990-91, while in 1994-95 it was 96.0 percent (see Table 2).

Table - 2
 Disbursed Amount, Number of Beneficiaries and
 Recovery Rate of BRDB's Projects

Year	Disbursement (Tk. in million)	Beneficiaries	Recovery rate (in %)
1990-91	205	8,14,000	96.8
1991-93	353	11,13,100	89.5
1992-93	688	12,87,500	91.5
1993-94	878	13,12,130	95.3
1994-95	1647	14,67,860	96.0
Total	37.7 billion	5.9 million	

Source: Annual Report 1995, UNDP.

The landless men and women, marginal and small farmers constitute the target population of these projects. Membership of the Rural Poor Programme (RPP) of BRDB is restricted to a person whose family owns less than 0.5 acres of cultivable land.

Palli Karma-Sahayak Foundation

Palli Karma-Sahayak Foundation (PKSF) was established by the Government in May 1990 for undertaking activities throughout the country for alleviation of poverty of the landless people in rural areas. It is a quite new approach of poverty alleviation, which offers institutionalized credit support for self-employment to the targeted poor groups following the success of Grameen Bank model. Grameen Bank as well as big NGOs like BRAC, ASA presently have well-organized rural credit programmes that receive regular financial supports from various national and international donors and lending agencies. On the other hand, there are numerous local small NGOs with high potential. But their credit programmes are characterized by inadequacy of loan fund, lack of institutional and administrative assistance. PKSF supports these local NGOs (Partner Organization) with loan fund to provide collateral-free credit to the rural poor for self-employment. In the initial years, the foundation proceeds through a learning approach and moves ahead very cautiously and carefully. Today it is widely recognized that poverty alleviation programme can get its momentum if it can enable the poor, grassroots and employed people to work in a combined effort with proper motivation and support.

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During the fiscal year (FY) 1995-96 PKSF has disbursed a total loan of Tk. 470.5 million to 126 of its Partner Organizations (POs) to give loans to the landless and assetless people who are the ultimate beneficiaries of PKSF. This amount (Tk. 470.5 million) is 56 percent higher than that of the previous year. With the active support and cooperation of its partner organizations, PKSF has extended credit facility to 4,41,831 persons. The salient feature of the programme is that the lion's share of this disbursement (about 89%) goes to female beneficiaries, who are the most deprived members of the society. The other significant component is that the loan recovery at the field level is quite high with an average rate of 99 percent. The loan outstanding in the field has increased to a large extent, which is Tk. 806.67 million at the end of FY 1996-97. For the FY 1996-97, the Foundation has a plan to disburse Tk. 1624.5 million amongst 0.5 million beneficiaries and to expand its working area such that it covers every district of the country (PKSF, 1997).

The foundation by now has funded 135 partner organizations (POs) which cover 53 districts out of total 64 districts of the country (see Annexure 1). The Foundation had extended credit support to 5,46,479 borrowers among whom 90.72 percent are female borrowers. The breakdown of borrowers between male and female loaners can be seen in Table 3.

Table - 3
Number of Borrowers of PKSF as of December 1996

Gender	Number	Percentage
Male	50,690	9.28
Female	4,95,789	90.72
Total	5,46,479	100

Source: PKSF, Basic Facts, 1997b.

Grameen Bank (GB)

The Grameen Bank (GB) was set up through a Government Ordinance in 1983 to organize the landless and poor women through a group-based credit programme. This Bank functions outside the

governmental system with a view to alleviating poverty in rural Bangladesh. This Bank has successfully innovated a system in bank lending that replaces collateral requirement with group liability and peer pressure. The Bank provides supervised credit either to those households who own less than 0.5 acres of land or whose total asset do not exceed the value of one acre of land in the locality.

In 1997, this bank works in 37,000 villages out of 68,000 villages. It lends to 2.1 million borrowers, 94 percent of whom are poor women. Recently, in June 1997, the bank crossed the US\$ 2 billion in cumulative loans. First billion dollar was reached in March 1995, 18 years since it began in Jobra or 12 years as it started functioning as a bank. It took only two years to reach the second billion dollars. Today (1997), average loan size stands at \$160 (Yunus M. 1997). The Bank gives income-generating loans, housing loan is very attractive to group's members. Grameen Bank has disbursed Tk. 538.42 crores as long term housing loan (UNDP, 1995). Since the Bank is one of the most successful experiments in extending credit to the landless poor, its idea has already been replicated in forty countries worldwide (Haq, 1997).

The number of members and the amount of credit disbursed can also be seen from the survey data given by Centre for Policy Dialogue, 1995 in Bangladesh.

Table - 4
Coverage of Grameen Bank Loan Operation, November 1994

Item	Sex	Cumulative Nos.	Cumulative disbursed	Amount (million Tk.)
No. of Memkbers	Male	1,20,221 (6%)	3,454.70	(9%)
	Female	18,82,598 (94%)	35,300.20	(91%)
	Total	20,02,819 (100%)	38,754.90	(100%)
Cumulative No. of	Male	28,081(10%)	418.63	(9.1%)
Borrowers of housing loan	Female	2,55,963 (90%)	4118.17	(89%)
	Total	2,84,044 (100%)	4526.79	(100%)

Source: *Review of Bangladesh's Development*, Centre for Policy Dialogue, UPL, Dhaka, 1995.

The number of landless women members in the credit groups increased from only 9.4 thousands in 1991 to 1882.6 thousands by the end of November 1994. About 94 percent of the total group members are women. Thus the poor women constitute the majority among the GB clients and have received 91 percent of the total loans disbursed by the Bank. The percentage of housing loans given to women members was 91 percent.

Loans from GB are used primarily for undertaking non-crop activities. For example, in 1986, 46 percent of the loans were taken for livestock and poultry, 25 percent for processing and manufacturing activities, and 23 percent for trading and shop keeping. The most direct effect of Grameen Bank has been on the accumulation of capital by the poor. The amount of working capital employed by members' enterprises increased by an average of three times within a period of 27 months. At the same time, bank loans facilitate generation of new employment, particularly for poor women. With the loans, the members generated self-employment in activities of their choice (Hossain, 1988).

Grameen Bank loans are provided for the following major poverty alleviation activities: (a) servicing; (b) trading; (c) peddling; (d) livestock and fisheries; (e) collective enterprises; (f) agriculture and forestry; (g) shop keeping and (h) processing and manufacturing.

The operational strategy of GB is simple. The members of Grameen Bank organize themselves into small groups, meet weekly to plan projects, survey loans and collect the fixed minimum savings. The groups are responsible for repayment of any member's loan: this ensures that money is not lent for unrealistic or even unnecessary projects, and it guarantees that lenders will do everything possible to meet their obligations. At the same time, the bank sets aside money for social security for children and special relief funds for use in time of natural disasters.

The lending process starts with five self-selected persons of the target population who agree to form a group where they guarantee and monitor each other. The system of collateral is replaced by the guarantee provided by the group. Each group is organized and trained by Grameen Bank workers in weekly group meeting about GB rules and regulations and show how to keep individual financial and social discipline.

Group lending uses peer pressure to monitor and enforce contracts, provides an incentive structure for the loans to repay loans through installments and helps sift good borrowers from bad one. There

is transparency in credit transactions. The selection of loan applications and other related matters are publicly administered at mandatory weekly meetings and decisions are made on consensual basis.

The Bank adheres to the principle of savings mobilizations as an integral part of lending. These savings not only provide an internal source of funds for on lending but are also used to cover production risks and loan default owing to death, disability or natural disaster.

Bangladesh Rural Advancement Committee (BRAC)

BRAC initially set up in 1972 as a relief organization and later it pursues an integrated approach and provides training, credit and logistic support to promote economic activities. BRAC organises the rural poor in skill groups of about thirty persons (men and women separately) and provides them with functional education and skill development training. By 1995, BRAC had emerged as one of the largest NGOs in the world, covering sixty out of the sixty-four districts of Bangladesh. With a total membership of 1.8 million 93 percent of them are women (BRAC 1996).

In every village where BRAC operates, it has two village organizations (VOs), one each for men and women. Only the landless, or those owning less than half an acre of land are eligible for membership. Members are encouraged to find solution to their own problem and join hands to pursue such solution to the landless poor and to marginal farmers. The borrowers are asked to save at least two takas per week as well as to deposit five percent of the loan they take from BRAC in their saving account.

BRAC aims to eradicate poverty and empower the poor by implementing programmes that were generated through RDP (Rural Development Programme), NFPE (Nonformal Primary Education), HPD (Health and Population Division) administrative and technical support services and revenue generating enterprises. BRAC's RDP covers 32,102 villages with the NFPE programme coverage in 22,602 villages and population programme in 13,260. In certain areas these three programmes overlap (BRAC, 1996).

RDP involves development of village organizations (VOs) of the poor, credit disbursement and facilitation of saving habit. In 1996, 93 percent of the VOs are women's organizations designed to mobilize women and to offer a space and a forum where they address their own needs and agenda regarding development. More recently, Human Right and Legal Education (HRLE) a social development programme of RDP has been working to further the initiatives aimed at empowering the VO members, particularly women.

BRAC's education programme initiated in 1985 was a direct response to demands from parents, especially female group members of BRAC. NFPE programmes offer relevant education that is designed to produce a generation of socially conscious and resourceful individuals. NFPE teachers are usually the most educated in the village and preference is always given to women, who comprise about 97 percent of the teaching staff. Among the 1.2 million children enrolled in 34,175 schools, 70 percent of the students are girls.

Since poverty alleviation and health care facilities are intricately related, BRAC has integrated its basic health programme with rural development into an "Essential Health care Programme". These programmes provide family planning, water and sanitation, immunization, health and nutrition education and basic creative services. Through its various ventures the Health and Population Division (HPD) addresses a wide range of issues including reduction of maternal and infant mortality, treatment and cure of tuberculosis and other respiratory diseases, literacy for young women, health education, plus preventive, promotive and curative health care.

BRAC's Research and Evaluation Division (RED) established in 1975 undertakes studies on BRAC's ventures and conducts evaluations both independently and in collaboration with international research and academic institutions. BRAC also has three commercial operations: The Aorong Shops, BRAC printers and a cold storage facility, along with other income generating projects support around half of BRAC's budget. In addition, a milk processing plant, another income-generating project is currently under construction. A training division undertakes capacity building and professional development of BRAC staff and group members. Recently, Gender Quality action Learning (GQAL) and the Gender Resource Centre (GRC) have enriched BRAC's training division by aiming to raise gender sensitization among BRAC employees.

BRAC provides loans to VO members for projects with economic and social profitability potential. No collateral is required for the loans and the loan size varies from Tk. 1000 to Tk. 10,000 (US \$ 25-250). A member may receive more than one loan at a time for different schemes. Coverage of RDP and Income Generation for Vulnerable Group Development (IGVGD) and RCP up to September 1994 tabulated by Centre for Policy Dialogue, 95-survey team is given below:

Table - 5
Coverage of RDP, RCP and IGVDG up to September 1994

Level of Coverage	Programme		
	RDP	RCP	IGVDG
No. of villages covered	7,150	5,419	14,330
No. of village organization	11,794	11,711	7,912
No. of households covered	457,516	442,368	-
No. of members	469,592	521,180	241,344
Amount disbursed (in m. Tk.)	1,062.96	4,035.22	250.73

Source: *Review of Bangladesh's Development*, Centre for Policy

Dialogue, UPL, Dhaka, 1995.

As of September 1994, BRAC's various programmes served more than 50 percent of all the villages (68,000) in Bangladesh. The RDP and RCP covered 12,569 villages and formed 23,505 VOs. These programmes covered 8,99,884 households and mobilized 9,90,772 million Taka in 12 sectors and its credit scheme had covered 7,07,429 borrowers between January to December 1994. More than 34 percent of the total disbursement provided for rural trading and about 25 percent for food processing. About 13 percent of the total disbursement was made to the agriculture sector which is followed by livestock with 8 percent.

Table - 6

Sectorwise Coverage of Distribution of Disbursement:
RCP + RDP (January to December 1994)

Name of Sector	No. of loans	Principal disbursement (in m. Tk.)	Average loan size (in Tk.)	% of total disbursement
Agriculture	81,223	274.77	3.3383	12.85
Irrigation	25,817	55.68	2.157	2.61
Fisheries	26,291	84.50	3.214	3.95
Livestock	59,292	168.70	2.845	7.89
Cottage Industry	30,519	94.56	3.098	4.42
Service	1,642	5.30	3.225	0.25
Rural Transport	25,235	80.64	3.196	3.77
Rural Trading	232,301	730.61	3.149	34.23
Food Processing	203,642	540.62	2.655	25.29
Health	699	1.20	1.717	0.06
Housing	19,284	97.44	5.053	4.56
Miscellaneous	1,484	2.521	1.71	0.12
Total	707,429	2,137.55	3,002	100.00

Source: *Ibid.*

Impact of GOs and NGOs Programmes on Poverty Alleviation

At different time GOs and NGOs have tried to estimate and analyse the poverty alleviating impact of various programmatic interventions. Survey data of various programmes indicate that these programmes have indeed contributed to alleviate the poverty of its beneficiaries.

In this connection it is important to note that all the business being run by POs of PKSFs borrowers generated net surplus income after repayment of the loan with interest. Net annual income as percentage of average loan varies between 108.47 percent to 962.8 percent, which shows a significant amount of additional family income for the first time borrower. In case of Grameen Bank and BRAC borrowers, all micro ventures produced significant net income to the family. The interest paid as a percentage of average income varies between 5.6 per cent to 9.4 per cent for Grameen Bank and between 2.4 per cent to 13 percent for BRAC (PKSF, 1994). As a result average savings varies with the organizations.

Rural credit programme is an important component of an integrated development effort. It acts as an opportunity opener or a catalyst for over all socio-economic development of the poor. From the survey data of GOs and NGOs it has been observed that there is a significant improvement in certain social issues such as literacy sanitation, family planning, school enrolment of children, use safe drinking water etc. after becoming members of GOs and NGOs (BRAC 1996, BRDB 1994, Rahman 1995, Sen 1993).

PKSF's credit like other GOs and NGOs is generating employment in sectors where landless people traditionally invest. These are non-crop agriculture (e.g. livestock) and trading. It is observed that there is no difference among borrowers and non-borrowers in the magnitude of employment in crop production and in service sector. Most of the increases in employment had taken place in livestock and trading sector. There has been a rise in the hours engaged in processing activity and poultry raising, but the absolute magnitude of change is small transport sector is also shown an increased labour input. A number of borrowers invested in either renting or buying rickshaws.

Immunization of children is higher among the loan recipients. The rate of immunization is increasing with enhancement of number of loans.

A study on GB and BRAC shows that the incidence of hardcore poverty within GB villages is 10 percent and for BRAC villages is 14 percent, lower levels of poverty than in their control villages (30%)

(Rahman, P.K.M. 1994). This positive impact can also be seen for other GOs and NGOs programmes.

It is encouraging to note that women's status in terms of household decision making has improved after they participated in the GOs and NGOs programmes. The trend is towards joint decision making by husband and wife rather than decision making only by one of the partners. The proportion of cases where only husbands used to take decision relating to household affairs was 90 percent and the cases in which both husband and wife jointly took decisions were 10 percent only during the period when they did not join NGO programmes. These proportions had changed dramatically after these household members participated in various programmes of the NGOs. During this period husbands alone were found to take decisions only in 10 percent of the cases and husband and wife jointly made decisions on household affairs in 90 percent of the cases (K. Salahuddin and I. Shamim, 1996).

Major Observations

The target group for the GOs and NGOs are poor landless (or less than 0.5 acre land) men and women in rural areas. They (GOs and NGOs) have given special attention towards alleviating the miseries of rural women.

The GOs and NGOs under investigation have pioneered a series of innovations related to productivity in agriculture, generation of employment and skill development. They provided credit to group members of agriculture and promoted a wide range of activities in the non-agricultural sector. They motivated their clients on immunization, family planning, nutrition and health education.

The system of collateral is replaced by the guarantee provided by the group. Each group is organized and trained by the workers of organizations in weekly group meeting about their rules and regulations and show how to keep individual financial and social discipline.

GOs and NGOs have also made positive impact on savings and capital formation. Each organisation has made it mandatory for its group members to save every week. They meet every week for payments of loan installments when they also make the payment of savings.

The recovery rate of the loans was 99 percent in RD-5, 99.6 percent in RD-9 and 97 percent in RD-12 projects of BRDB. During 1990-91 to 1994-95 period BRDB disbursed Tk. 37.7 billion to 5.9 million beneficiaries. About 68 percent of the total members under these programmes were women and more than 70 percent of the total credit has been disbursed to them.

During the fiscal years (FY) 1995-96, PKSIF disbursed a total loan of Tk. 470.5 million to 126 of its partner organisations (POs) to give loans to the landless and assetless people who are the ultimate beneficiaries of PKSIF. 4,41,813 persons are benefitted from PKSIF credit programme. Eighty-nine percent of the beneficiaries are female. Average loan recovery rate is 99 percent.

In 1997, Grameen Bank works in 37,000 villages out of 68,000 villages. It lends to 2.1 million borrowers, 94 percent of whom are poor women. Since the Bank is one of the most successful experiments in extending credit to the landless poor, its idea has already been replicated in forty countries world-wide.

By 1995, BRAC had emerged as one of the largest NGOs in the world with a total membership of 1.8 million, 93 percent of them are women. As of September 1994, BRAC's various programmes served more than 50 percent of all villages (68,000) in Bangladesh.

All the business being run by GOs and NGOs borrowers generated net surplus income after repayment of the loan with interest. Most of the increases in employment had taken place in livestock and trading sector. Rural Credit Programme is an important component of an integrated development effort. The rate of immunization is increasing with enhancement of number of loans. The incidence of hardcore poverty within GB villages is 10 percent and for BRAC villages is 14 percent being lower levels of poverty against their control villages (30%). Women's status in terms of household decision making has improved after they had participated in the GOs and NGOs programmes.

Emerging Issues

One of the characteristic features of the respondent households was that most of them were associated with more NGOs than one. There are instances where some loanees borrow from other NGOs to repay loans when they are under pressure.

The average per capita loan size of the female loanees was smaller than that of disbursed to the male loanees and it is not sufficient to run the business smoothly. The female loanees repaid better than male loanees. A very high proportion of the economically active female beneficiaries is a unpaid family worker.

Conclusion and Policy Implications

Conclusion

The State has an important role to play in the alleviation of poverty by providing a policy and legal framework to create an enabling environment within which both the GOs and NGOs can work together on

a cooperative and coordinated basis for eradicating poverty in Bangladesh. Poverty is related to unequal access to employment opportunities in the labour market. Promotion of productive employment is therefore necessary to lift the poor, particularly the most vulnerable group, such as women out of poverty. Contrary to the widespread belief and practices of the conventional banking system, the poor, particularly women, are credit worthy, can use credit productively and have ability to save. The most important innovation practiced by the models is the replacement of collateral requirements by group pressure.

Policy Implications

Organizing the poor and strengthening group mechanism for generating self-confidence and a sense of solidarity among the poor to achieve success in their struggle against poverty are the crying need. Provide the poor with access to appropriate training programme based on market opportunities so that their skill level is raised and their ability to select the right activity is developed which is essential in overcoming poverty situation. Guidance and counseling services should be provided to the poor so that they can identify the opportunities for productive activities around them, as well as monitoring and follow up their performance should be done after the disbursement of loans. Expansion of any coverage for greater number of the poor should be linked with its capacity to mobilize savings. Government policies should create a favourable environment to make informal efforts for micro-enterprise development. Empowerment of women should be made through removing all obstacles to women's equal access to power structures, so that they have equal access to and control over productive resources.

GOs and NGOs should raise a highly motivated cadre of field workers and field supervisors and create salary and benefit structures for providing incentives to them so that they can enthusiastically put in hard work to overcome the obstacles in organizing the rural poor.

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Operational Area of PKSF

Name of District	No.	Name of the Organisation	Area of Operation
01 Bagerhat	1	Shaplaful, Bagerhat	Bagerhat Sadar Mongla Moreganj
	2	BRIDGE, Bagerhat	
	3	Eskandar Welfare Foundation, Dhaka	
02 Barguna	1	Sangram, Barguna	Bamna, Patharghata
03 Barisal	1	A.V.R.D. (Sukhi Nilgani), Barisal	Bakerganj
	2	Pragati Manabik U. Prakalpa, Barisal	Kotalipara
	3	Ekata Samaj U. Kendra, Barisal	Agonjhara, Muladi
	4	Rural Dev. Organisation, Barisal	Mehendiganj
	5	Hiiful Fuzul S.K.S., Jhalokhathi	Barisal Sadar
04 Brahmanbaria	1	ASA, Dhaka	Brahmanbaria Sadar, Ashuganj, Sarail
05 Bhola	1	Paribar Unnayan Sangstha, Bhola	Charfashion
06 Bogra	1	Thengamara M.S. Sangha, Bogra	Bogra Sadar, Dhunat, Sariakandi, Sherpur, Gabtoli, Sonatala, Kahalu, Dupchanchia, Adamdighi, Nandigram, Shibganj
	2	Dabi-Mouluk U. Sangstha, Naogaon	
	3	Taraf Sartaj S. Sangha, Bogra	
	4	Noble Edu. & Life Society, Bogra	
07 Chittagong	1	Boalkhali Proshika G.U. Sangstha, Ctg.	Boalkhali, Banskhal, Patia, Raujan
	2	Prattashi, Chittagong	
	3	Uddipan, Dhaka	
	4	Patia Prashika P.U. Kendra, Chittagong	
	5	Muktipath Unnayan Kendra, Chittagong	
08 Chuadanga	1	Jana Kallyan Sangstha, Chuadanga	Chuadanga Sadar, Alamdanga, Damurhuda, Jibannagar
	2	Grameen Paribesh Kalyan Sangstha, Chuadanga	
09 Comilla	1	KTCCA Ltd., Comilla	Comilla Sadar, Daudkandi, Laksham
	2	CCDA, Comilla	
10 Cox's Bazar	1	PRISM Bangladesh, Dhaka	Moheshkhali
11 Dhaka	1	Social Uplift Society, Savar	Dhamrai, Nababganj, Dohar, Savar
	2	Gana Kalyan Trust, Manikganj	
	3	Shishu Unnayan Sangstha Dhaka	
	4	Shajag, Dhaka	
	5	Palli Mangal Karmasuchi, Dhaka	
	6	VERC, Dhaka	
12 Dinajpur	1	Thengamara Mohila SS, Bogra	Dinajpur Sadar, Birol, Bochaganj, Birganj, Biramampur, Ghoraghat, Khansama, Parbatipur
	2	Uttara Dev. Programme, Thakurgaon	
	3	Gram Bikash Kendra, Dinajpur	
	4	Al-Falah Am U Sangstha, Dinajpur	
	5	BRIEF, Dinajpur	
	6	MBSK, Dinajpur	
13 Chapai Nawabganj	1	ASA, Dhaka	Nawabganj Sadar

Name of District	No.	Name of the Organisation	Area of Operation
14 Faridpur	1	Voluntary P.K. Association, Rajbari	Faridpur Sadar, Charvadrason, Boalmari, Alfadanga, Sadarpur
	2	Amra Kaj Kari, Faridpur	
	3	Society Dev. Committee, Faridpur	
	4	Palli Pragati S. Samity, Faridpur	
	5	Dandra N. Pracheshta, Faridpur	
	6	VDA, Faridpur	
15 Feni	1	ASA, Dhaka	Feni Sadar, Fulgazi, Dagonbhuia, Chagainaia, Sonagazi
16 Gaibandha	1	Ekata B.S. Sangsad, Gaibandha	Gaibandha Sadar, Gobindaganj, Palashbari, Sadullapur, Sundarganj, Saghata
	2	Gana Kallyan S. Sangstha, Gaibandha	
	3	Chinnamul Mohila Samity, Gaibandha	
	4	Thengamara M.S. Sangha, Bogra	
	5	Samaj Kalyan Sangstha, Gaibandha	
17 Gazipur	1	Swanivar bangladesh, Dhaka	Gazipur Sadar, Kapasia, Sreepur
	2	BASA, Dhaka	
	3	Development Centre Int'l, Dhaka	
	4	Jubo Academy, Dhaka	
18 Gopalganj	1	New Earth Concern, Gopalganj	Tungipara, Kotalipara
	2	Tarail S.A.J. Sangha, Gopalganj	
19 Jamalpur	1	ASA, Dhaka	Jamalpur, Sadar, Sarishabari, Islampur, Melandaha, Madarganj
	2	Samaj Progati Sangstha, Jamalpur	
	3	Progress, Jamalpur	
20 Jaypurhat	1	Thengamara Mohila S.S., Bogra	Jaypurhat Sadar, Kalai, Khetial, Panchbibi, Akkeipur
	2	Dabi-Moulik U. Sangstha Naogaon	
21 Jessore	1	Jagarani Chakra, Jessore	Jessore Sade, Monirampur, Keshabpur, Jhikargacha
	2	Barinagar S.K. Sangstha, Jessore	
	3	Karmajibi Sangstha, Jessore	
	4	Manab Seba Sangstha, Jessore	
	5	Rural Reconstruction Centre, Jessore	
	6	Aggragati, Jessore	
	7	Ad-din Welfare Centre, Jessore	
22 Jhalakathi	1	Mohila Kalyan Sangha, Jhalakathi	Jhalakathi Sadar, Rajapur, Nalchiti
	2	Annesha Foundation, Pirojpur	
	3	Hilful Fuzu S.K.S., Jhalakathi	
	4	Islamic Cultural Society, Jalakathi	
23 Jhenaidah	1	Jagarani Chakra, Jessore	Jhenaidah Sadar, Harinakunda, Shaikupa
	2	Consciousness R. Centre, Jhenaidah	
	3	Srijani, Jhenaidah	
24 Khulna	1	Satkhira Unnayan Sangstha, Satkhira	Khulna Sadar, Bataghata, Dumuria, Dighalia, Paikgacha
	2	Unnayan, Khulna	
	3	BRIDGE, Bagerhat	
25 Kishoreganj	1	Gana Unnayan Committee, Kishoreganj	Kishoreganj Sadar, Astagram, Pakundia, Tarail, Karimganj, Bhairab, Kuliarchar, Hossainpur, Bajitpur, Katiadi, Itna
	2	Palli Bikash kendra, Kishoreganj	
	3	POPI, Kishoreganj	
	4	SARD, Rajshahi	
	5	ASA, Dhaka	
	6	ORA, Kishoreganj	
26 Kurigram	1	Solidarity, Kurigram	Kurigram Sadar, Rajarhat, Ulipur, Phulbari

Poverty Alleviation Interventions

Name of District	No.	Name of the Organisation	Area of Operation
27 Kushtia	1	Jagarani Chakra, Jessore	Kushtia Sadar, Mirpur, Doulatpur, Veramara, Kumarkhali
	2	Setu, Kushtia	
	3	Uddipan, Dhaka	
	4	Kushtia Palli U. Sangstha, Kushtia	
28 Lakshmipur	1	SOPIRET, Dhaka	Lakshmipur Sadar, Ramganj
29 Lalmohirhat	1	RDRS, Rangpur	Lalmonirhat Sadar, Hatibandha, Kaliganj, Aditmari, Patgram
30 Manikganj	1	Grameen S. Sangstha, Manikganj	Manikganj Sadar, Ghior, Shibalaya, Harirampur, Saturia, Singair
	2	Gana Kalyan Trust, Manikganj	
	3	ARAB, Manikganj	
	4	Manikganj S.T.M.U., Samity, Manikganj	
	5	Samaj K.O.P.U. Sangstha, Manikganj	
	6	Social Orga. for V. Dev., Manikganj	
31 Maulavibazar	1	ASA, Dhaka	Maulavibazar Sadar, Kamaliganj, Rajnagar, Srimongol
	2	HEED-Bangladesh, Dhaka	
32 Meherpur	1	Rural Reconstruction Centre, Jessore	Meherpur Sadar, Gangni
	2	Polashipara S.K. Samity, Meherpur	
33 Munshiganj	1	Resource Integration Centre, Dhaka	Munshiganj Sadar, Gazaria
	2	OSDER, Dhaka	
34 Mymensingh	1	REDA, Mymensingh	Mymensingh Sadar, Mukttagacha, Trishal, Valuka, Fulpur, Haluaghat
	2	Adarsha S.S. Samity, Mymensingh	
	3	Syndicate, Mymensingh	
	4	Rural Development rust, Mymensingh	
	5	Jubo Academy, Gazipur	
	6	GRAMAOUS, Mymensingh	
35 Naogaon	1	Dabi-Moulik U. Sangstha, Naogaon	Naogaon Sadar, Patnitala, Dhamoirhat, Badalgachi, Mahadevpur
	2	Bogendra S.S. Sangstha, Naogaon	
36 Narayanganj	1	Rupganj Tant A.S.S. Ltd., Narayanganj	Rupganj
37 Narshingdhi	1	Resource Intigration Centre, Dhaka	Narshingdhi Sadar, Shivpur, Raipur
	2	Jagarani M.K. Samity, Narshindhi	
38 Netrokona	1	ASA, Dhaka	Netrokona Sadar, Purbadhala, Durgapur, Barhatta, Kendua, Kolmakanda, Atpara
	2	Dustha Shasthya Kendra, Netrokona	
	3	Subalamby Unnayan Samity, Netrokona	
39 Nilphamari	1	RDRS, Rangpur	Nilphamari Sadar, Domar, Dimla, Jaldhaka
	2	BRIF, Dinajpur	
40 Noakhali	1	Sagorica S.U. Sangstha, Noakhali	Noakhali Sadar
41 Pabna	1	Programme for Commu. Dev. Pabna	Chatmohar, Sathia
	2	Anannay Samaj Kallyan Sangstha, Pabna	
42 Panchagar	1	Anubhab, Panchagarh	Panchagar Sadar, Atwari, Boda, Debiganj, Tetulia
	2	Uttara Dev. Programme, Thakurgaon	
	3	RDRS, Rangpur	
	4	Gram Unnayan Sangstha, Panchagarh	
	5	Grameen Krishi Foundation, Rangpur	

Name of District	No.	Name of the Organisation	Area of Operation
43 Pirojpur	1	Resource Int. Centre, Dhaka	Pirojpur Sadar, Nazipur, Indurkani, Vandaria
	2	Dak Dia Jai, Pirojpur	
	3	Uddipan, Dhaka	
	4	Palli Punargathan Club, Pirojpur	
	5	Shakaler Janya Kalyan, Pirojpur	
	6	Eskander Welfare Foundation, Dhaka	
44 Rajbari	1	Voluntary Paribar K.A., Rajbari	Rajbari Sadar, Goalanda, Pangsha
	2	Karmajibi Kalyan Sangstha, Rajbari	
	3	VORD, Rajbari	
45 Rajshahi	1	Association for Comm. Dev., Rajshahi	Poba, Mohanpur, Durgapur, Tanor, Charghat, Godagari, Patia, Bagmara, Bagha
	2	ASA, Dhaka	
46 Rangpur	1	ASOD, Rangpur	Rangpur Sadar, Kaunia, Pargacha, Pirganj, Mithapukur
	2	Samakal S.U. Sangstha, Rangpur	
	3	RESCU, Rangpur	
47 Sariatpur	1	Naria Unnayan Samity, Sariatpur	Sariatpur Sadar, Jazira
	2	Sariatpur Dev. Society (SDS), Sariatpur	
48 Satkhira	1	Satkhira Unnayan Sangstha, Satkhira	Tala, Kaliganj, Shyamnagar
	2	Kapotakha, Satkhira	
	3	Noabeki B.K.S.B.S. Ltd. Stkhira	
	4	Manab Sampad Unn. Kendra, Satkhira	
49 Sherpur	1	ASA, Dhaka	Sherpur Sadar, Nokla, Nalitabari, Sreebardi, Jinaigali
50 Sirajganj	1	Thengamara M.S. Sangha, Bogra	Tarash, Chandaikona, Shahjadpur, Ullahpara
	2	Programme for Pep. Dev., Sirajganj	
	3	Paribartan, Sirajganj	
51 Sunamganj	1	Rural Dev. and H. Centre, Sunamganj	Sunamganj Sadar
52 Tangail	1	BASA, Dhaka	Tangail Sadar, Delduar, Ghatail, Kalihati, Dhuppur, Gopalpur, Mirzapur, Modhupur, Nagorpur
	2	Mouchaash U. Sangstha, Tangail	
	3	Shaldair R. Club, Tangail	
	4	Tangail S.U. Sangstha, Tangail	
	5	SEDS, Manikganj	
	6	BRAC, Dhaka	
	7	Society for Social Service, Tangail	
53 Thakurgaon	1	RDRS, Rangpur	Thakurgaon Sadar, Pirganj, Ranishankail, Haripur
	2	Eco-Social Dev. Orga. Thakurgaon	
	3	Uttara Dev. Programme, Thakurgaon	
	4	Service E. forR. People, Thakurgaon	
Total District : 53			
Total Thana : 220			
Total Union : 1,445			
Total Village: 10,226			

Source: PKSF, Basic Facts, 1997.

Social Responsibility of Business: A Study with Special Reference to Selected Enterprises of CEPZ

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Abstract

Today, it is generally accepted that business firms have social responsibilities that extend well beyond traditional economic consideration. The idea of social responsibility implies that business decision-makers recognize some obligations to protect and improve the welfare of the society as a whole along with their own interest. The net effect is to enhance quality of life and bring about harmony between business actions and society's wants. Export processing zone refers to certain area of particular place where manufacturing facilities may be set up for manufacture or processing of products solely meant for exports. Setting up of EPZ's aimed to increase export earnings, to create employment opportunities for local manpower to promote large-scale foreign investment, as well as encourage local entrepreneurs for wider investment in export industries to accelerate development of local skills, transfer of technology and managerial capabilities, etc. With the above objectives in view the first EPZ of Bangladesh is being crabbled out at south Halishahar, Chittagong. As a separate economic zone for processing exports, CEPZ, has been provided with some special facilities such as infrastructure facilities, cheap labor, safety and security of the industrial units, availability of local materials at reasonable price, suitable location etc. Since CEPZ receives some benefits from the society, it can not deny discharge its responsibilities toward the society. This study is basically attempted to investigate the performance of some industrial units of CEPZ in connection with discharging social responsibilities. It is revealed from the study that the sample firms of CEPZ are mainly concerned with

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employee development and product development. The participation of sample units in human resource development, community development and protection of environment is negligible. The reasons for such negligence are lack of authority to conduct social responsibilities, absence of budget allocation for discharging social responsibilities, absence of CBA etc. However, among the sample units, Type - A business showed a better performance in comparison to other two (i.e. Type - B & Type - C).

1. Introduction

A business firm is a citizen of the society. It received benefits in various forms from the society. It is the society that has permitted it to operate on social resources. So it has got certain responsibilities to perform and the firm has to discharge these responsibilities properly.¹ Business firms are powerful forces in society, and because of their power they incur certain responsibilities. In this connection, it is important to mention that business units have got some rights relative to consumers, such as, right to introduce any product in any size, style, color or shape, right to price the product as they please, right to promote the product using any amount of resources, right to introduce any buying schemes, right to alter product offerings at any time, right to limit product guarantees or post sale services etc. Since the activities of the business enterprise decisively influence the social fabric of the society in which it operates, it must respond when society will become manifest.

CEPZ is playing a vital role in generating the significant share of exports of the country, creating employment opportunities, making latest technology available to the country, paying a large amount of revenue to national exchequer. The industrial units of CEPZ are utilizing certain resources offered by the society, for example, infrastructure facilities, human resources and local materials etc. Moreover, by conducting operation in Bangladesh, units of the CEPZ influence the economic activity of the different groups of the society. Therefore, CEPZ has got some obligations to improve and promote communities where it does business.

In light of above circumstances, this paper tries to examine performance of sample units in discharging social responsibilities and magnitude of the responsibilities in financial terms.

2. The Concept of Social Responsibility and Social Responsibility Debate

The notion of social responsibility has grown out of the alterations that have taken place in social contract. Whereas the social contract once called for business, to produce and distribute goods and services for a profit, it now demands that this economic function be carried out within the context of new constraints – safe products, fair advertising, safe workplace, clean environment and equal employment opportunity for all. As these changes have occurred for various reasons – affluence, education, increased awareness generated by the media – the expectations the society has placed on business have come to be known as its social responsibilities.² However, corporate social responsibility has meant different things to different people. Consensus has not been reached on the precise meaning of social responsibility or on the degree to which business have obligations to society. A major debate rages in the strategic management literature over whether firms should be involved in activities undertaken primarily to live up to social responsibilities. In other words, the norms of performing social responsibilities are viewed in two ways. One is classical view and the other is contemporary view.³

The classical view argues that business undertaking should not assume any social responsibility beyond maximizing profit for the owners of the firm. The managers of business firms are the employees of the stockholders, the argument runs, and have obligations only to them. The noted economist Milton Friedman is a proponent of this view. He argues that social matters are not the immediate concern of business people and that these problems should be resolved by unfettered workings of the free marked system.⁴

The contemporary view is that business, as important members of the society, are responsible to help maintain and improve society's overall welfare. A strong advocate of corporate social responsibility, Keith Davis⁵ has elaborated on this view. Two arguments set forth by him deserve mention together: "business has the resources" and "lets business try". These comments hold that since business has a reservoir of management-talent, functional expertise and capital and also because so many others have tried to aid with social problems and have failed, why not let business have a chance? Now the arguments for and against assuming social responsibilities are summarized in Table 1.

Table - 1
Summary of Major Arguments For and
Against Business Social responsibility

For Social Responsibility

-
1. It is in the best interest of the business to promote and improve the communities where it does business.
 2. Social actions can be profitable.
 3. It is ethical thing to do.
 4. It improves the public image of the firm.
 5. It increases the viability of business system. Business exists because it gives society benefits. Society can amend or take away its charter.
 6. It is necessary to avoid government regulation.
 7. Socio-cultural norms require it.
 8. Law can not be passed for all circumstances. Thus, business must assume responsibility to maintain an orderly legal society.
 9. It is in the stockholder's best interest. It will improve the price of stock in the long run because the market will view the company as less risky.
 10. Society should give the business a chance to solve social problems that government has failed to do.
 11. Business, by some groups, is considered to be the institution with financial and human resources to solve social problems.
 12. Prevention of problem is better than cure so let business solve problems before they become too great.
-

Against Social Responsibility

-
1. It might be illegal.
 2. Business plus government equals monolith.
 3. Social actions cannot be measured.
 4. It violates profit maximization.
 5. Cost of social responsibility is too great and would increase prices too much.
 6. Business lacks social skills to solve societal problems.
 7. It would dilute business's primary purposes.
 8. Business has already too much power. Such involvement would make business too powerful.
 9. Business lacks accountability to the public thus public would have no control over its social involvement.
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Source: R. Joseph Mansen, Jr., "The Social Attitudes of Management" in Joseph W. McQuire, (ed.), *Contemporary Management* (Englewood Cliffs, N.J. :Prentice-Hall, 1974), p. 616.

3. Objectives of the Study

The broad objective of the study is to focus attention on involvement of sample enterprises in discharging social responsibilities. In this background, the followings are the specific objectives of the study:

- i) To study the areas of social responsibilities performed by the sample enterprises;
- ii) To study the amount spent on assuming social responsibilities by the sample enterprises;
- iii) To examine the attitude of employees toward corporate social responsibilities.

4. Scope of the Study

The present study is an empirical one. The study is limited to 7 concerns operating under Chittagong Export Processing Zone. Of these seven business units, two have been chosen from Type - A (100% foreign), 3 from Type - B (foreign-local venture) and the rest two from Type - C (100% local). These units have been selected purposively considering the easy access of data.

5. Methodology of the Study

Both primary and secondary data were taken into consideration for the purpose of the study. Primary data were collected from selected sample units with the help of questionnaire prepared in light of objectives of the study. Questionnaires were filled-in by the authors themselves through direct interview with the persons concerned in personnel department. Secondary data relevant to the study were collected from annual reports, statements and other published documents. The collected data and information were tabulated, processed and analyzed critically with a view to making the study informative and purposeful.

6. Chittagong Export Processing Zone - A brief Description

Export processing zone is an area may be compared with an island-economy that is free from other influences in a country. The primary objective of EPZ is to provide special areas where potential investors would find a congenial investment climate free from cumbersome procedures. The capital invested in EPZ is secured in many ways. Internal political instability becomes less important for long term and multi-million dollar investment decision. Unionism is generally restricted in such islands, so it becomes easy for investors to run business. Two EPZs, one in Chittagong and the other in Savar are now operating in Bangladesh. Established in 1983 the Chittagong Export Processing Zone (CEPZ) is located with 2.40 kms. of the Chittagong sea port and within 5.63 kms. of the central business district of Chittagong and 7.24 kms. from the Chittagong International Airport. CEPZ now

comprises an area of 413 acres. A total of 378 industrial plots divided into 7 sectors have already been developed. Almost all the plots of sector 1 to 6 are being used as the local of on-going industries or industries under construction. About 80 plots of the newly developed sector 7 are in the process of allotment to the prospective investors. Another 40 acres of land adjacent to the present northern boundary of CEPZ is in the process of acquirement. When developed this area will be known as sector 8 and it will have additional 48 plots.

Commercial production in the CEPZ's industries started in 1983-84. For the first few years the incremental investment was though not remarkable, there was a positive trend of increased volume of investment. Till June 1995 the total investment in this zone stood at US\$150.403 million. Number of industrial units now operating is 59 which together employ more than 25,000 Bangladeshi nationals. Industries, which set up in CEPZ, are classified as Type - A, Type - B and Type - C.

- i) Type - A: 100 percent foreign owned included investment by Bangladeshi national generally resident abroad.
- ii) Type - B: Joint venture projects between foreign and Bangladeshi entrepreneurs resident in Bangladesh.
- iii) Type - C: 100 percent Bangladeshi entrepreneurs in Bangladesh.

7. Findings of the Study

7.1 Areas of Social Responsibilities performed by the sample enterprises

For easy understanding of the subject, the concept of social responsibility may be identified under the following five major heads:

- (a) Employee development;
- (b) Human resources development;
- (c) Environmental contributions and physical resource development;
- (d) Community involvement; and
- (e) Product and service contribution.

We analyze social responsibility performed by the sample enterprises under the above mentioned five broad social responsibility heads.

A) Employee Development

The most important category of basic social responsibilities is employee development. It has been observed that 43 percent enterprises provide adequate training facilities to employees. Twenty-eight percent provide moderate and the rest provide to some extent training facilities to employees. New enterprises spend higher in training and development. These enterprises allow sick and maternity leave (72%), provide security and safety measures (86%), establish promotion policy based on performance (71%), provide health care (71%), and pay compensation for accident (86%) adequately. Seventy-two managers think that the authority should provide housing facilities, 58 percent think that enterprises should contribute to welfare scheme and 57 percent think that enterprises should maintain wage level as per price level change. In this category the performance of the enterprises of CEPZ is quite satisfactory because most of these activities are legally binding.

Table - 2

Employee development activities discharged by the sample enterprises
(Numbers indicate percentage of respondent's view on
specific area of social responsibilities)

Items	Does			Should	Should Not
	Ade- quately	Mode- rately	To some extent		
1. Providing training to employees	43	28	28	-	-
2. Establishing promotion policy based on performance (fir justice)	71	-	14	-	14
3. Providing health care to employees	71	29	-	-	-
4. Making arrangement for employee recreation programs	-	14	72	14	-
5. Providing transport facilities	29	29	14	29	-
6. Allowing sick and maternity leave	72	29	-	-	-
7. Giving retirement benefits	43	29	-	29	-
8. Making provision for incentive bonus	29	29	28	14	-
9. Providing for contribution to benevolent fund/welfare scheme	43	43	14	-	-
10. Providing better working condition	43	43	14	-	-
11. Providing required safety and security to employees	86	-	14	-	-

12. Adequate compensation to employees for accident	86	14	-	-	-
13. Counseling for employees to solve their social and family problems	14	-	42	29	14
14. Maintain wage level as per price level change (what is necessary for their modest living)	43	-	-	57	-
15. Providing for housing accommodation	-	-	-	72	28

B. Human Resources Development

It reveals from Table 3 that 67 percent enterprises support to create job opportunity for citizen moderately and 67 percent enterprises support anti-drug and alcohol policy adequately. Forty-three percent enterprises support moderately to give scope for self-development through giving employee adequate autonomy and giving scope of innovative work. Fifty percent enterprises perceived that they should create job opportunities for students while learning. In this category the performance of the enterprises is partially satisfactory.

Table - 3
Human Resources Development activities discharged by the sample enterprises (Numbers indicate percentage of respondents' view on specific area of social responsibilities)

Items	Does			Should	Should Not
	Ade- quately	Mode- rately	To some extent		
1. Creating job opportunity for citizens in general	17	67	17	-	-
2. Creating job opportunity for students while learning	-	-	16	50	34
3. Top management talk about socio-economic issue	-	33	17	16	33
4. Support to anti-drug and alcohol policy	67	-	33	-	-
5. Giving scope for self-development through giving employee adequate autonomy and giving scope of innovative work	18	43	29	-	-

C. Environmental contributions and physical resource development

It is seen from Table 4 that 57 percent enterprises contributed adequately toward prevention of environment pollution, conservation of energy usage, and generating surplus. Forty-three percent enterprises

Social Responsibility of Business

moderately contributed at the time of natural calamity and disaster. Sixty-seven percent enterprises to some extent use indigenous raw materials. Fifty-seven percent enterprises think that they should participate in mass literacy program and 43 percent think that they should contribute to art and cultural development. In this category the performance of the enterprises of CEPZ is quite satisfactory.

Table - 4

Environmental contributions and physical resources development activities discharged by the sample enterprises (Numbers indicate percentage of respondents' view)

Items	Does			Should	Should Not
	Adequately	Moderately	To some extent		
1. Contribution towards prevention of environment pollution – air, water, noise, waste (engaged in the environmental programs)	57	29	-	14	-
2. Maintaining pollution control as per standard prescribed through law of the country	43	43	-	14	-
3. Use of indigenous raw materials based on continuous research	-	17	67	16	-
4. Conservation in energy use	57	43	-	-	-
5. Contribution to art and cultural development	14	29	-	43	14
6. Participation in mass-literacy program	-	-	29	57	14
7. Contribution at time of natural calamity and disaster	14	43	29	14	14
8. Help government in solving unsolved social and environmental problems	14	-	43	14	14
9. Generating surplus (profit)	57	14	29	-	-

D. Community involvement

It has been observed that 72 percent enterprises earn foreign exchange adequately and 28 percent earn moderately. Forty-three percent enterprises adequately provide employment opportunity to women and supports family planning programs. Forty-three percent enterprises make provision for utilization of local resources. Forty-three percent enterprises to some extent support to cultural activities and help in running educational institute through donation. Sixty-seven percent enterprises think that they should support to under-privileged and child care and 50 percent think that they should support public health care.

Forty-three percent enterprises think that they should encourage employees to participate in social work and contribute to state welfare fund. The performance of CEPZ enterprises in these social responsibilities activities is not satisfactory.

Table - 5
Community involvement activities performed by sample enterprises (Numbers indicate percentage of respondents' view)

Items	Does			Should	Should Not
	Adequately	Moderately	To some extent		
1. Create employment opportunity to the woman	43	29	14	14	-
2. Development of education through owning and running educational institute or through donation	-	14	43	43	-
3. Support to public health	14	-	43	29	14
4. Support to public health	17	-	33	50	-
5. Support to under privileged and child-care	17	-	17	67	-
6. Encouraging employees to participate in social work and providing necessary help for the purpose	14	14	15	43	14
7. Support to community planning and development	16	17	17	33	17
8. Contribution to state social welfare fund	-	-	29	43	28
9. Support to family planning program	43	14	-	14	-
10. Provision for utilization of local resources	14	43	14	29	-
11. Earning foreign exchange	72	28	-	-	-

E. Product and service contribution

It is seen that 10 percent enterprises response adequately to consumer complains and adherence to quality control. Eighty-three percent enterprises adequately show honesty in advertisement or description and clarity of product labelling and packaging. Fifty-eight percent enterprises moderately involved in market and product research. The performance of this area is satisfactory.

Table - 6
Product and service contribution activities by sample enterprises
 (Numbers indicate percentage of respondents' view)

Items	Does			Should	Should Not
	Ade- quately	Mode- rately	To some extent		
a. Responses to consumer complains or client complains	100	-	-	-	-
b. Adherence to quality control	100	-	-	-	-
c. Honesty in advertisement or description	83	17	-	-	-
d. Clarity of product labelling and packaging	83	17	-	-	-
e. Market research or product research	28	58	14	-	-

7.2 Expenses on Social Responsibility Activities

The amount of money spent in the areas of social responsibilities were the subject matter of our investigation too. These expenditures summarized in percentage of total expenditures of the enterprises are shown in Table 7. It is evident from Table that fully foreign owned enterprises i.e. Type -A enterprises spend highest in social responsibility areas. A larger portion of the total annual expenditure (i.e. expenditure other than production and maintenance) is spent in these areas. Type -A enterprises spend 47.57 percent of total expenditure (other than production and maintenance) in social responsibility activities. 46.84 percent of social responsibility expenditure spend for employee provident fund purpose.

On the other hand Type - B i.e. joint venture between foreign and Bangladesh enterprises spend moderately in social responsibility areas. On this area enterprises spend 8.16 percent of total actual expenditure. Type- E i.e. fully Bangladeshi owned enterprises spend lowest in social responsibility areas. On this area enterprises spend 2.16 percent of total actual expenditure.

It is found from Table 7 that all types of enterprises spend highest in employee development and lowest in community development.

Table - 7
Expenses on social responsibility activities
performed by sample enterprises

Items	Type-A	Type-B	Type-C
1. Medical	1.32%	0.93%	0.20%
2. Festival bonus	3.93%	1.5%	0.69%
3. Training and development employees	5.58%	3.14%	0.22%
4. Contribution to employee provident fund by the enterprise	22.28%	0.67%	-
5. Welfare and recreation	0.3%	0.12%	0.33%
6. Group insurance	7.93%	-	-
7. Conveyance and other benefits and allowances	3.66%	1.2%	0.65%
8. Books and journals purchase for the enterprise and use of the employees	0.9%	0.31%	-
9. Donation and subscription to charitable and social organization offers	1.67%	0.28%	0.07%
10. Percentage of social responsibility expenditure to total expenditure	47.57%	8.16%	2.16%

7.3 Attitude of employees toward corporate social responsibility

It is observed that employees are fully (100%) satisfied on medical facilities and compensation for accidents. It is further seen that 75 percent of the employees agreed that transport facilities, welfare facilities and provision for safety measures are to some extent adequate. Seventy-five percent of the employees showed dissatisfaction on housing or accommodation facilities. Fifty percent of the employees showed dissatisfaction on adequacy for fringe benefits.

Table - 8
 Employees' attitude toward enterprises social responsibilities
 (Numbers indicate percentage of respondents' view)

Items	Adequate	To some extent adequate	Not relevant or no comment	To some extent not satisfactory	Not at all satisfactory
1. Transport facilities	25	75	-	-	-
2. Welfare facilities	-	75	-	-	25
3. Training and development facilities	25	50	-	25	-
4. Medical facilities	100	-	-	-	-
5. Compensation for accidents	100	-	-	-	-
6. Provision for safety measures	25	75	-	-	-
7. Housing or accommodation	-	-	25	-	75
8. Adequacy for fringe benefits	25	-	-	25	50

8. Conclusion

In order to perpetuate the existence in the market every organization is required to earn profit and thus it touches the phase of development and uplift upon attainment of its financial soundness. Every organization as soon as achieving financial solvency should assist the government in solving social problems and demands. Because organization's existence and its progress depends upon social support. It is needless to say that every organization must have some duty and responsibility to the society. Most of the enterprises in CEPZ earn huge profits, but they are mainly engaged in inner circle and intermediate circle responsibilities. They are mainly engaged in employees-development, product and service contribution. Their participation in human resource development, environmental contribution and physical resource development is negligible. The less participation in such activities is due to competent authority do not accord their approval in participating such activities and manager can not afford to participate in such activities without budgeted allocation of relative expenditure by the competent

authority. But we are very much optimistic that every business organization will participate in social development in future.

Endnotes

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³ Islam, Md. Ayub and Kabir, Md. Anwarul, "Corporate Social Audit – A case Study of Some Selected Enterprises", *Management Development*, Vol. 24, Oct.-Nov., 1995, No. 4, p. 12.

⁴ Friedman, Milton, *Capitalism and Freedom*, Chicago: Chicago University Press, 1962), p. 133.

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Harmonization of Financial Reporting Practices: A Myth or Reality

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1.1 Introduction

In the seventies, several attempts were made to harmonize international accounting practices (Nair and Frank, 1980; McComb, 1982). Harmonization may be defined as a means by which differences can be reduced. Harmonization of financial reporting is the process by which differences in financial reporting practices among countries are reduced (Doupnik, 1985). In other words, it is a process of increasing the compatibility of accounting practices by setting bounds to their variation. The case of harmonizing accounting principles and practices at the international level is stronger today than it ever has been (McComb, 1982). The pressure for harmonization comes from those who regulate, prepare and use financial statements (Nobes and Parker, 1991). The recent expansion of international capital markets and the availability of instantaneous global communication have placed on accounting the onus to provide useful and comparable information across international borders (Rivera, 1989). Investors who want to buy shares of another country require harmonized financial reports to analyze them in order to make their investment decisions. In addition, there are multinational companies who are listed on more than one stock exchange and they have to fulfil the listing requirements of each of these stock exchanges. Hence, the preparation, consolidation, audit and interpretation of financial reports of multinational companies require harmonization. Further, harmonization is significant for the international firms because the preparation, consolidation, and auditing of the companies would become less onerous if accounting practices were harmonized (Nobes and Parker, 1991). Harmonization is equally important for the developing and underdeveloped countries. There is an argument that the

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countries like Bangladesh who do not have any domestic standards would benefit from international accounting standards in that it would enable them to adopt a ready-made system which would result in savings of time and costs (Samuels and Piper, 1985). This article will evaluate the causes of differences in financial reporting practices among countries and evaluate the attempts made by the international organizations to overcome such problems; and finally, whether it is possible to harmonize financial reporting practices throughout the world.

2.1 Efforts Made by Different Organisations in Harmonising Financial Reporting Practices

A number of international organisations are working to reduce the differences in accounting standards between nations and are trying to eliminate all unnecessary differences (Nair and Frank, 1980, p. 62). The International Accounting Standards Committee (IASC) in order to harmonise as far as possible the diverse accounting standards and accounting policies at present in use in different countries all over the world have issued 31 International Accounting Standards (IASs). The Organisation for Economic Co-operation and Development (OECD) has approved a code of conduct for multinational enterprises for harmonisation of national and international bodies. The UN Commission on Transnational Co-operation made efforts to establish disclosure standards for multinational corporation operating in the Third World countries. The Accountants International Study Group (AISG) published fifteen comparative studies in order to harmonise financial reporting practices. The International Federation of Stock Exchanges has recommended that its members make compliance with the IASC accounting standards as a condition for listing stock (Most, 1984). The EEC attempts to harmonise accounting practices in the 12 member countries through a series of directives. Overwhelmingly, the aforesaid international bodies (except EEC) have no power to force countries to implement accounting standards and as such, these efforts made by various international bodies were not really come out successful.

3.1 Causes Behind the Differences in Financial Reporting System Throughout the World

There are many causes for differences in the financial reporting practices among countries. Existence of the differences in accounting practices worldwide constituted an obstacle to valid international communication of financial data (Nair and Frank, 1980,

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p. 61). Differences in the objectives of financial reporting result largely from variations in socio-political attitudes, institutional pressure and in the organisation of the accounting profession (McComb, 1980, p. 42). The following are the major obstacles in harmonising financial reporting practices on a global basis:

3.1.1 Taxation Regulation

Accounting practices differ considerably from country to country and have a significant impact on the financial statements in relation to the items considered in calculating taxable income. In financial reporting, the degree to which taxation regulations determine accounting measurement is important. There are countries e.g., France and Germany, which maintain a parity between the principles of computation of accounting profits and the principles of computation of tax profits (Basu, 1995, p. 33). However, in the USA, the UK and the Netherlands, for example, the problem of deferred taxation has caused much controversy and a considerable amount of accounting documentations (Nobes and Parker, p. 91). In addition, taxation creates problems of "fairness" in most of the countries of the world. In its effects on depreciation, bad debt provision and some asset valuations taxation is a major cause of differences in financial reporting (Nobes and Parker, 1991). For example, Finnish tax legislation allows companies to decrease the taxable income by creating tax reserves in financial statements.

3.1.2 Basis for Valuation

There are alternative methods for valuation of assets (such as historical costs, current cost, replacement costs, net realizable values, etc.) and as a result, there is a great variation in the predominant basis of valuation globally. For example, in Germany, the required method of asset valuation is historical cost. On the other hand, in the Netherlands, some companies use replacement cost of asset valuation. Again, there are some differences in the valuation in different countries under inflationary condition. In the UK, assets are valued on the basis of historical cost or net realizable value or current cost; whereas in Switzerland assets are kept undervalued making secret reserves and true valuation is not done there. The basis for valuation differs from one country to another which has broadened the differences in respect of harmonized financial reporting practices worldwide. As there is a disagreement as to the concept of valuation and common accounting

practice in all countries is not possible. As each of the country has its own national standard setting body and has respective laws, regulations, legislation and rules in respect of the basis of the valuation of assets which seems to be suitable for individual country it is difficult for a country to adopt a new basis (like IASs) for valuation of assets instead of existing one.

3.1.3 Foreign Currency Translation

Currency translation means both the actual exchange of one currency for another and the expression of financial data denominated in one currency in terms of another currency. Foreign currency translation is a very troublesome issue in the field of international accounting. Different countries have offered different prescriptions as to how companies should deal with the problems of translation of foreign currencies. In addition, the problem with foreign currency translation exists because of the need to cope with currencies that are not merely different in unit value but which are also subject to changes in parity (Archer and Mcleay, 1985). Furthermore, one country use monetary-nonmonetary method of foreign currency translation, whereas another country may employ current-noncurrent method of the same.

3.1.4 Audit Report

Audit report is also a very problematic aspect of harmonization of financial reporting practices worldwide. The structure and wording of audit reports vary considerably from country to country. The representations made in financial statements depend upon a set of conventions or principles, between which considerable choices exist. The choice may significantly affect the content of representation (Archer and McLeay, 1985). For example, an auditor in the United States will report that the financial statements present fairly in conformity with US Generally Accepted Accounting Principles; whereas, a Japanese auditor will say the same thing referring to Japanese Generally Accepted Accounting Principles rather than those of the USA.

3.1.5 Legal System

Legal system of the different countries influences their company laws. For example, a German company is required by law to set up a reserve equal to the book value of any of its shares which has acquired by the company. But this may not be true in case of other countries. In the United Kingdom, the purpose of legislation has been to provide a

framework for company reporting, allowing a considerable degree of scope for the accounting profession to interpret the law. However, in France and Italy, legislation has specified a very detailed codification of reporting requirements (Violet, 1983).

3.1.6 Providers of Finance

The form and content of published company accounts are determined to a great extent by the sources from which companies procure their capital (Basu, 1995). The providers of finance as well as investors want to compare one year's financial data with another or one company to another for their economic decision making. The difference in the investor set in various countries is a reason of variation in financial reporting among countries. For example, in France capital is provided either by banks or by the state whose need for published information is ambiguous (Nobes and Parker, 1991). In West Germany, banks in particular are important owners of companies as well as providers of finance. These banks or states in many cases nominate directors and they are able to obtain required information for their investment decisions. Since a greater portion of shares are held by banks and states with easy access to information, there is a lesser need for information as opposed to say the UK, where the majority of shareholders are individual investors with no privileged access to information. In these countries management of companies, in most of the cases, is divorced from ownership and as a result the need for external financial reporting is very high in these countries (Basu, 1995). This issue, however, has resulted in variation in the extent of financial reporting on a global basis.

3.1.7 Consolidation

Consolidation involves combining the individual assets, liabilities, revenues and expenses of two or more related companies as though they were a single unified economic entity (Basu, 1995). The stock exchange bodies and governments of most EC countries require listed or public companies to consolidate financial statements for more efficient use of their domestic capital and greater internationalization of capital flows (Nobes and Parker, 1991). There are three perspectives i.e., the parent company perspective, the proprietary perspective and the entity perspective, to prepare accounts and different perspective will produce different results. However, in most of the European countries, consolidation is either a recent development or still very rare. For

example, in West Germany, consolidation was made obligatory for companies in 1965. On the other hand, in Belgium consolidation was rare until 1980's. In addition, method of consolidation varies considerably from country to country which create problems in harmonization.

3.1.8 Accounting Profession

The accounting profession has a very crucial role in adopting and implementing accounting standards. National accounting standards can be set either by the accounting profession or by its government with powers to implement national accounting standards. In many countries, the accounting profession is not in a position to exercise a direct influence upon the promulgation of standards of accounting (McComb, 1979). For example, the accountancy profession in most of the continental European countries has little direct influence on national accounting practice. The acceptance of international accounting standards by the accounting profession in the countries is, therefore, a symbolic act at best, since the power to implement such standards lies elsewhere (McComb, 1979).

4.1 Problem Faced by the Regional and International Organisations in Harmonization

There are some differences in financial reporting practices of the companies in different countries throughout the world in harmonization the important obstacles faced by the various regional and international organization in harmonizing accounting practices are differing accounting practices followed by different countries, nationalism, lack of an international enforcement agency, lack of strong professional bodies in some countries, differing regulatory sources and the alike. Rutteman experiences many obstacles and problems for an effective harmonization particularly within EEC harmonization. He found that there are widely differing practices of member states, which makes achieving uniformity within the framework of directives extremely difficult to at the other end of the scale, the difficulty of enforcing standards at a national level in a situation where the standards setting process is largely self-regulatory and he acknowledged the fact that there are so many steps in harmonization (Rutteman, 1985).

Rutteman further remarked that the adaptation of the EEC directives, implementation by the United Kingdom, translation of the

requirements into the United Kingdom GAAP and accounts preparation are broadly four steps in harmonization. However, the member nations within EEC have different uses of accounts as well as accounting practices.

Rutteman's opinion can not be turned down. Different accounting practices can be observed within the EEC countries. For example, Finnish tax legislation allows companies to minimize the taxable income by creating tax legislation of other EEC member countries, say, in the United Kingdom. Nevertheless, the European Community is achieving some degree of harmonization within the EEC countries by expedient harmonized companies legislation. Here, harmonization does not mean to emphasize a point does not mean hundred percent standardization.

International Accounting Standards Committee (IASC) is broadly concerned with removing unnecessary differences in accounting principles and practice throughout the world (McComb, 1982). The IASC has recommended 31 International Accounting Standards (IASs) for member countries in order to harmonize financial reporting practices worldwide. Overwhelmingly, the harmonization of accounting practices suffers from a lack of synchronization between the issuance of standards at the national level in different countries and the formulation of standards by the IASC (Rivera, 1989). As a result, harmonization seems to be a difficult target to achieve. There is widely divergent philosophical differences between the views of the United Kingdom and the United States of America on the one hand and the continental European countries on the other (Samuels and Piper, 1989). These differences concern the nature of the corporation in the society, the way it is to be governed by and the people responsible for governing it. There are major difficulties in the development of harmonized standards (Samuels and Piper, 1989). In addition, the direct talks between the Accounting Standards Committee in the United Kingdom, the FASB in the USA and the Canadian Institute of Chartered Accountants, on the subject of foreign currency translation failed to produced a common standard (Most, 1984). Furthermore, there exists the scope for conflict between the EEC accounting harmonization programme and that of the IASC (McComb, 1982).

One of the main problem is 'nationalism'. Nationalism in the context of harmonization refers to standards setting agencies in various

countries attempting to maintain independence of sovereignty, relative to drafting of accounting standards (Wolk and Heaston, 1992). It may be observed that some countries did not react to the attempts of harmonization of the IASC. For example, the American Institute of Certified Public Accountants (AICPA) adopts the view that US Generally accepted Accounting Principles (USGAAP) being superior to international accounting standards and its member must necessarily comply with the former (Most, 1984). It is really a crucial situation if the FASB in the USA moves in one direction, the Accounting Standards Board in the UK in another and the EEC Commission moves yet in another.

In case of under-developed and developing countries, the problems with harmonization are two-fold. Firstly, there exists an under developed accounting profession in these countries. Secondly, the respective governments make the rules for financial reporting. In addition, the objectives of their accounting systems differ from those of developed countries (Samuels and Piper, 1985). Further, the economic consequences of a particular country may create problem in harmonization. Variation in economic consequences of standards among countries could be a force for disharmonisation unless taken into account by those who set the standards (Nobes and Parker, 1991). The international accounting firms are also worried about the increasing interest of outsiders in the profession and the wish the standard setting process to be kept outside of the hands of the government (Samuels and Piper, 1985).

5.1 Harmonization Effort in Bangladesh

In Bangladesh, both the institute of Chartered Accountants of Bangladesh (ICAB) and the Cost and Management Accountants of Bangladesh (ICMAB) are the members having responsibility to support and to ensure compliance therewith. The ICAB through its Technical and Research Committee adopted 15 International Accounting Standards as Bangladeshi Accounting Standards (BASs) since 1983. The problem in implementing these accounting standards in Bangladesh is that these adopted accounting standards are voluntary in nature. In Pakistan, IASs are mandatory for the listed companies to follow in preparing financial statements and have been incorporated into Pakistani Companies Ordinance, 1984. The dilemma is that the ICAB expects its member would comply with all accounting standards so far adopted in

Bangladesh. However, there is no provision for the defaulting members for the non-compliance of the accounting standards in Bangladesh. Without incorporating the accounting standards as mandatory like Pakistan, there is no legal footing for the implementation of the accounting standards in Bangladesh in order to improve the extent of disclosure elements of financial statements in Bangladesh and harmonization will be a dream never to be achieved. Unless and until the compliance of such adopted IASs in Bangladesh are mandatory for the preparers and auditors of financial statements, it is not possible for the users of accounting information to have harmonized financial statements within Bangladesh. As a result proper steps should be made to amend the Companies Act, 1994 for the companies in Bangladesh as in the line with Pakistani Companies Ordinance, 1984.

6.1 Conclusion

There have been some successes achieved nationally in respect of accounting harmonization. However, several efforts to bring accounting harmonization gives birth to severe differences of opinion in respect of concepts, rules, regulations, legislations, etc., relating to harmonization among the countries working for accounting harmonization. In addition, these differences eventually widened through individual country's accounting profession body and government agencies due to the misinterpretation, unnecessary overemphasis on a particular issue, pressure from different interested groups and other socio-political reasons. The accounting standards, rules or directives those are framed by the international accounting bodies, in majority of the cases, are not readily conceived and implemented by the member countries, because respective government and/or professional accounting bodies have other views, 'though not in all aspects but in a greater number of aspects, in contrary to some particular accounting standards or directives'.

The pressure for harmonized financial reporting practices on an international setting have increased and now, there exists international accounting standards of the IASC to reduce differences in financial reporting practices. Although there are many organizations and agencies those are now actively involved in harmonization of financial reporting on a global basis, they were not able to register noticeable progress in this respect. However, the main problem with the IASC and other international organizations and agencies engaged in harmonization

process is that they have no legal authority and power to enforce their standards, code of conduct or recommendations. In addition, these bodies seem to be working at cross-purposes. If they allowed to drift, problems will continue to remain unreconcilable, and may become even more complex over time.

Accounting standards in Bangladesh are established by the Institute of Cost Accountants of Bangladesh and the Institute of Chartered Accountants of Bangladesh. However, these bodies do not have any legal authority to enforce their standards. The Institute of Cost Accountants of Bangladesh is a professional body established in 1954. It is not possible for the Institute of Cost Accountants of Bangladesh to have national and international status within Bangladesh. As a result, proper steps should be made to amend the Companies Act, 1994 for the Institute of Cost Accountants in Bangladesh in the line with Pakistan Companies Ordinance, 1984.

6.1 Conclusion

There have been the successful national reporting standards in Bangladesh of accounting harmonization. However, several efforts are being made to harmonize the reporting standards in Bangladesh. In this regard, the harmonization gives birth to several different views of opinion in respect of concepts, practices, standards, etc. relating to the harmonization among the countries working for accounting harmonization. In addition, there are differences eventually arising through individual country's accounting profession body and government agencies due to the institutional, historical, developmental, and cultural aspects from different countries and regions. The national reporting standards are not uniform across the countries. These are framed by the national accountancy bodies in light of the needs and not readily accepted and implemented by the member countries because of their government and professional accounting bodies have their own thought for it. It is not clear in the case of a body in country to some particular accounting standards or practices.

The purpose of the harmonized financial reporting standards on an international setting have increased and now there exists international accounting standards of the IASB to reduce differences in financial reporting practices. Although there are many organizations and agencies those are now actively involved in harmonization of financial reporting on a global basis. It is not able to register national policies in the report. However, the main problem with the IASB and other international organizations and agencies engaged in harmonization

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Real Cost of Institutional Credit in Rural Areas of Bangladesh

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Abstract

In analysis of the factors of the economy of Bangladesh reveals that the national to a great extent, lies in the development of agriculture and rural sectors. One of the fundamental constraints in rural development is the poverty and low per capita income which inhibits savings and capital formation. In such a context rural finance has been given importance. Both formal and non-formal financial market operates in rural areas. One of the objectives of the Government of Bangladesh is to strengthen rural institutional finance. In this regard concessional loans are given in the rural priority sectors. No doubt, the interest rate for rural sectors is comparatively low. But the crux of the problem is that the real cost is much higher. The incidental cost of getting and repaying loan comprises cost compiling formalities, days lost in getting and repaying loans, pleasing officials and the like. The incidental costs of getting loan vary from 19.2 percent for small size loan to 5.9 percent for large loan. In a similar way the incidental costs of repaying loan vary from 9.16 percent for small loan to 2.2 percent for large size loan. Thus on the average total real cost increases significantly over the official rate of interest. This cost varies from 49.01 percent to 22.38 percent depending on the size of loan against 13 percent official rate of interest. The lower the size of loan the greater found the absolute cost. This situation needs to be addressed so that real cost come down which would help the desired target group. To this end, time limit for sanctioning and disbursement of loan need to be fixed, formalities need to be simplified, service oriented motto needs to be developed along with other measures which may reduce real cost to a significant extent.

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In fact, all concerned should be aware of this problem and take appropriate strategy to minimize the problem.

1. Prologue

It is well known that Bangladesh is predominantly a rural country and agriculture dominates her economy. But it is doubtful whether any serious practical attempt has yet been made for the development of rural economy in the backdrop of rural poverty and paucity of fund. Therefore, for long rural development and rural finance have been the important issue in the economic and political arena of Bangladesh. In such a context, planners and administrators recognized that one of the foremost need of rural development is the availability of rural credit at a reasonable cost. This is because of the fact that rural people with resource scarcity carry on different types of occupations and, naturally, need credit for both fixed and working capital, depending on the nature and purpose of works. Rural credit is a necessary factor of production and like other factors, it has a cost. Cost of credit comprises interest charged by the different financial institutions for financing the rural people and other relevant costs incurred by the loanees for getting the credit. The cost of credit from the non-institutional sources signifies the rate of interest only. But interestingly, the cost of credit involved in the process of getting loan from the institutional sources is much more than the official rate of interest.¹ In the latter case, the total cost over and above the interest rate comprises the application fee, the form filling up expenses, the registration fee, travelling expenses, inputted cost of the loss of working days, the cost incurred for the people who assist the borrower to get the loan and the life.² In the above background, the real cost of credit has been examined in this paper with reference to official interest rate, real cost, repayment cost and the like. The present study is an attempt to evaluate these aspects of rural institutional credit in Bangladesh.

2. Objectives of the Study

The main objective of the study is to find out the real cost of institutional credit in rural areas of Bangladesh. To achieve this main objective of the study following are the specific objectives:

- i) To find out the quantum loan granted against;

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- ii) To study the time lag between application and loan disbursement;
- iii) To examine the real cost of institutional credit;
- iv) To evaluate the cost of repayment of loan;
- v) To point out the flaws and suggest remedies.

3. Scope of the Study

The survey was conducted on five villages of Chittagong district taking three villages from Hathazari Thana and two villages from Fatickchari Thana. A total of 45 respondents taking 9 loanees from each village, along with five officials of loan giving agencies were interviewed to collect the primary data of the study. The reason for small coverage is due to paucity of fund at the disposal of the researchers as it was a self-financed research project.

4. Methodology of the Study

Both secondary and primary data were used for the purpose of the study. The main source of the secondary data were the published reports, booklet of concerned banks and Statistical Year Book of Bangladesh Government. Secondary data relating to cost of credit, loan sanction and recovery etc. were collected on perusal of these official records and available literature. Primary data were collected on the basis of questionnaire prepared in the light of the objectives of the study. In all 45 loanees of the sample areas were selected randomly. The loanees represent 20 from Bangladesh Krishi Bank (BKB), 20 from Nationalized Commercial Banks (NCBs) and 5 from Bangladesh Samabaya Bank Ltd. (BSBL). Thirty loanees out of 45 sample respondents completed their loan operations. Moreover, 5 respondents from loan giving agencies taking 2 from BKB, 2 from NCBs and 1 from BSBL were selected purposively for interview. Requisite data and information were collected from the respondents on the basis of questionnaire through direct interview method. The data and information thus collected were processed manually. Statistical tools namely average and percentage were used in the study according to necessity to make the study more informative and useful to interested readers.

5. Findings and their Analysis

The main findings of the study in the light of the set objectives are discussed below:

5.1 Loan granted against application and time required to get loan:

Credit must be adequate and received in time for the effective utilization by the borrowers. When a borrower needs fund for different elements of cost for a particular work but does not get the required credit applied for, he may be compelled to sell some of his assets or borrow from other sources with high interest rate and at unfavourable terms and conditions. Against this background, first an attempt was made to ascertain the amount of credit applied for, amount actually received and the time required to get the credit from financial institutions.

Table - 1
Amount of Credit Applied for, Received and Time
Required to Get Credit from Financial Institutions

Amount applied for (in Taka) (1)	Average amount received (in Taka) (2)	% of amount received to amount applied for (3)	Frequency in (4)		Average time required to get loan (in days) (5)
			Nos.	%	
5000	3460	69.20	15	33.33	11
10000	7240	72.40	7	15.56	19
15000	12390	82.60	7	15.56	29
20000	16980	84.90	5	11.11	33
30000	25720	85.73	5	11.11	34
50000	42000	84.00	4	8.89	64
100000	84000	84.00	2	4.44	115
Total X=20000	X=16418	82.09	45	100	

Source: Field Investigation.

Table -1 portrays that the amount of comparatively large amount of loan ranging from Tk. 30,000 to Tk. 100,000 applied for was received by 24.44 percent samples. The average amount received worked out 84.29 percent. Further, lower amount of loan ranging from Tk. 5,000 to Tk. 20,000 has been applied for and received by the rest of the samples i.e., 75.56 percent. The average percentage in this regard worked out at 80.14 percent. Thus it is seen that the vast majority of the samples

received loan at lower amount than the amount which they applied for. The table further reveals that the sample loanees on an average received loan amount equivalent to 82.09 percent of the applied amount. Therefore, the amount of loan receipt is found moderately satisfactory as compared to the loan applied for. It is further seen that on the average the percentage of the amount of loan received against the amount applied for shows an increasing trend as the amount of loan goes on the increase.

It is also noticed in Table 1 that the time required to get loan increases with the increase of loan amount. That is, the more the amount of loan received, the more the time required and vice-versa. The important reason for such a situation is that the small loan sanctioned at local and regional office require less time and the sanctioning of medium and large loans made at the regional office and head office levels require more time for communication and lengthy sanction process. It is also reported by the samples that the time gap for obtaining loan is comparatively less in case of non-institutional loan than in case of institutional loan because borrowing from an informal source requires no formalities. In the case of non-institutional loans the loanees are not required to fill up any form, suffer from any official harassment, go through any intermediary, require no recommendation from local leaders, and time is not required to collect various documents or make repeated visits involving loss time in a busy season.³

5.2 Real Cost of Credit and Elements Thereof

The important element of cost of credit is the interest charge. It is known that the financial institutions in rural financing charge low interest rate. But the cost is not confined to it only. The incidental costs increase the real cost which in fact does not correspond to the interest rate determined by the interaction of market forces. To help rural people who have low savings potentiality and thus are scarce group, the Government and the Bangladesh Bank usually fix up low interest rate for the rural priority sectors. In such a context the Bangladesh Bank usually provides refinance facilities at concessional interest rate. Such rate varies between 7.5 percent and 11.5 percent.⁴ It may be mentioned that such preferential facilities are not confined to Bangladesh alone. It is reported that in the last decade many governments of the developing countries in order to put an end to the unfair practices and exploitation by money lenders of rural areas, have extended low interest bearing credit facilities to rural poor.⁵ In the context of Bangladesh, it has been estimated that the concessional finance to rural sectors costs government exchequer

significantly. It is found that such concessional facilities cause the government to bear a little more than half of the direct cost incurred by the lending institutions in disbursing and recovering the loans.⁶ But in practice, this is not the whole story. The institution loans have other elements of costs which too, are reportedly significant. In fact the loanees are to bear much higher cost over and above the official interest. Lengthy and cumbersome procedure in sanctioning and disbursing loans, and other related problems are the reasons for such enhanced cost. In such a context the real cost of bank credit was found to be 2 to 3 times or about 35 percent of the total cost. This fact was disclosed in a survey conducted by S. Ahamed.⁷ It is observed that the cost of institutional loan includes two elements of cost – one is the official interest rate and the other is the cost of processing and getting the loans. Against this backdrop the following table (Table 2) is drawn to show the elements and the cost of processing and getting the loan with reference to loan size.

Table – 2
Elements of Incidental Cost of Credit and
the Quantum Thereof

(Amount in Taka)

Elements of Cost	AVERAGE LOAN SIZE				
	2500	7500	15000	35000	75000
i) Application fees	20	20	30	50	100
ii) Application form filling cost	100	150	200	200	200
iii) Registration fee	--	--	20	120	260
iv) Travelling fees	40	50	100	175	220
v) Cost of value of days required	120	240	350	560	700
vi) Cost of pleasing officials	200	400	500	1500	2500
vii) Others	--	--	100	250	500
Total Real Cost	480	860	1300	2855	4480
Real Cost as % of average loan size	19.2%	11.47%	8.6%	8.16%	5.97%

Source: Field investigation. Computation made by the authors.

Table – 2 shows that incidental costs vary from 19.2 percent to 5.97 percent according to size of loan. The total real cost per loanee increases with the increase in loan amount. It is also observed simultaneously that the cost in terms of percentages declines with the increase in the loan size which vary from 5.97 percent at the lowest for big size of loan to 19.2 percent at the highest for small size loan. It is observed that to obtain a loan up to Tk. 5,000.00, the average initial cost incurred is Taka 480. If the average rate of interest of 13.5 percent (applicable at present including service charge of 4 percent for short term

agricultural loan) is added to it, the total actual cost comes to Tk. 1,355 (interest 875 + other cost 480) for a loan of Tk. 5,000. In such a case the real cost of credit per hundred taka works out at 27.10 percent. As the amount of loan increases, different types of other cost in absolute amount increase but cost per hundred declines. Thus the big loanees become gainer. The table further reveals that cost of pleasing official was the highest compared to other incidental costs followed by value of days lost costs and application form filling costs. In the cost of essential and implied elements of cost required to get a loan one is to find out the cost of these elements with official interest rate of credit. But it is not possibly an easy task. Accuracy also becomes subject to various problems. Because in addition to other relevant cost involved therein the rates of interest of loan from the financial institutions vary according to the nature and amount of loan. Such rates of interest depending on nature and purpose of loan reportedly vary from 9.5 percent to 16 percent in case of our sample enterprises in respect of short-term and medium-term loans. In such a situation, for the purpose of analysis an average interest rate of 13 percent as official rate of interest was taken as a guide. Considering this rate of interest the following table (Table 3) shows real cost of credit vis-a-vis size of loan.

Table - 3
Amount of Loan and the Estimated Real Cost of Credit

(Amount in Taka)

1	2	3	4	5	6
Average loan size	Other cost of obtaining loan	Net value of loan 1-2	Interest @ 13%	Real cost of credit 2+4	Cost of credit in % (5/3)
i) 2500	480	2020	325	805	39.85
ii) 7500	860	6640	975	1875	27.64
iii) 15000	1300	13700	1950	3250	23.72
iv) 35000	2855	32145	4450	7405	23.04
v) 75000	4480	70520	9750	14230	20.18

Source: Field investigation. Computation made by the authors.

Table - 3 depicts that the real cost of credit (incidental cost + official rate of interest) varies from 20.18 percent to 39.85 percent in relation to the size of average loan. It is interesting to note that the more the size of loan the less the real cost of credit and vice-versa. Thus it is obvious that the real cost of credit is much higher than the official rate of interest. Therefore, if the other costs i.e., incidental costs in obtaining loan could be avoided or minimized the real cost of credit would then come down to a considerable extent which will go to the benefit of the

loanees and the objectives of the government to help rural people will materialize to a great extent.

5.3 Cost of Repayment

It is true that loanees in rural areas need to spend money towards credit in every step from initiation of filling loan application to repayment of the loan amount. In this regard, so far real cost of getting loan was examined. Now a similar manner, the cost of repayment of institutional loan is examined below. It is gathered that as in getting loan, some incidental costs are also involved in repayment of loan, as travelling, cost of days work lost, penal interest, cost of pleasing officials and the like. Table 4 presents the elements of incidental costs and quantum thereof relevant to repayment of loan.

Table - 4
Elements of the Incidental Cost of Repayment
and Quantum Thereof

Elements of Cost	LOAN SIZE				
	2500	7500	15000	35000	75000
Cost of days works lost	120	280	400	660	800
Travelling cost	25	40	60	190	250
Cost of pleasing officials	--	--	50	100	200
Entertainment cost	20	30	50	100	200
Others	20	20	20	30	100
Total	185	370	580	1080	1550
Repayment cost as % of average loan received	9.16	5.57	4.23	3.36	2.2

Source: Field investigation. Computation made by the authors.

Table - 4 depicts that the average cost of repayment of institutional loans varies from 2.2 percent to 9.16 percent depending on the size of the loan. The lower the size of loan the higher is the rate of repayment cost and vice-versa. The cost of repayment of loan comprises costs of days works lost, travelling costs, cost of pleasing officials, entertainment and others. Of these various elements of costs, cost of days works lost was the highest irrespective of the size of loan followed by travelling, entertainment cost and other costs. But the cost of pleasing officials reportedly does not arise in the case of small size loan equivalent to maximum Tk. 10,000.

5.4 Real Total Cost of Credit

In the above discussion it is seen that the total real cost of credit included official interest rate, incidental costs in getting loan and cost of

Real Cost of Institutional Credit

repayment of credit. Therefore, in order to estimate the real total cost of credit, all these elements of credit are now considered together. Table 5 reveals the picture in this regard.

Table – 5
Estimation of Real Total Cost of Credit

Average loan	Real cost of credit in getting the loan as per Table 3 (in %)	Average cost of repayment per Table 4 (in %)	Estimated Real total cost of credit (in %)
2500	39.85	9.16	49.01
7500	27.64	5.57	33.21
15000	23.72	4.23	27.95
35000	23.64	3.36	26.40
75000	20.18	2.20	22.38

Source: Table 3 and 4. Computation made by the author.

Table 5 shows that considering the real cost of credit both in getting the same and the average cost of repayment, the estimated real total cost of credit comes to 49.01 percent, 33.21 percent, 27.95 percent, 26.64 percent and 22.38 percent in case of average loan of Tk. 2500, Tk. 7500, Tk. 15000, Tk. 35000 and Tk. 75000 respectively. Thus it is seen that the higher the size of loan the lower the total cost of credit and vice-versa. Therefore, it is clear that the real total cost of credit has been much higher than the official rate of interest. It is true for all sizes of loan whether small, medium and large. In this connection it may be pointed out that the incidental cost of repayment would vary if more time is required to pay off loan. In such a case interest including penal one would increase on the one hand and the other costs like section in the community and are subject to economic exploitation for long by money lenders and the richer section of the community. They need to be helped through institutional means. They should not be made to bear much cost for institutional rural credit and as such all steps that are feasible, need to be taken to minimize the real cost of credit. To this end the following measures may be worth considering:

- i) Maximum time limit for processing application and the approval of the loan should be fixed;

- ii) Application filling and complexity relating to papers and documents should be simplified.
- iii) Two step service for getting loan-filling application and getting loan and one step service for repayment of loan need to be ensured to minimize several visits to get and repay the loan.
- iv) Creating awareness regarding the rules and regulation of institutional credit may be sought through publicity and mass media.
- v) Participating institutions need to be more service oriented and review and monitoring cell need to be strengthened.
- vi) Village touts need to be dealt with severely and local bodies need to be more conscious and responsible. Government needs to be aware of such responsibilities and take necessary steps in this direction.

Endnotes

¹ Sultan Ahmed, "An Approach Towards Rural Development: The Role of Nationalized Commercial Banks of Bangladesh". Unpublished Ph.D. thesis, submitted to the University of Kalyani, West Bengal, India, 1991, p. 132.

² Mirza Shahjahan, *Agricultural Finance in East Pakistan*, Dacca, Department of Economics, University of Dacca, 1968, p. 70.

³ Sultan Ahmed, *op. cit.*, p. 130.

⁴ Government of the People's Republic of Bangladesh, *Economic Survey*, 1986-87, p. 174.

⁵ Razia S. Ahmed, *Financing the Rural People: Obstacles and Realities*, Dhaka University Press Ltd., 1983, p. 88.

⁶ *Ibid.*, p. 87.

⁷ Clarence Malony and A.B. Sharfuddin Ahmed, *Rural Saving and Credit in Bangladesh*, Dhaka University Press Ltd., 1988, p. 47.

Financing of Sugarcane Production: A Case Study of Rajshahi Sugar Mills

Subhash Chandra Sil*

Abstract

Financing of cane production by the Rajshahi Sugar Mills is affected mainly by the non-repayment of the advances by the cane growers. Diversion of cane for *gur* production, low recovery rates, under-utilisation of capacity, increasing cost of production led to the absence of break even point of the mills. Availability of quality cane is to be made through providing more credit to the cane growers and its early recovery but arrangements should be made for selling available sugar at a cost plus price. More incentives should be given to the cane growers through *purjee* distribution, payment of cane price and minimising their troubles in selling cane. The mills should also try to reduce cost of production to stand in the face of smuggled sugar.

Introduction

Bangladesh is considered as the original home of sugarcane. It is cultivated here since ancient times.¹ The area of cultivation is much higher in the northern districts of Bangladesh where soil, topography and climatic conditions are more suitable for cane cultivation. Rajshahi Sugar Mills started its production in 1965-66. Initially crushing capacity was 1000 TCD which was raised to 1500 TCD in 1970-71. The present installed capacity production is 15240 M.T. Sugar production was declining in the period from 1984-85 to 1988-89 compared to that in 1980-81. Volume of cane crushed, production of sugar recovery rates depend on the available supply of quality cane at the mill level. The mill failed to collect the needed quantity of cane during 1987-88 to 1989-90. Production target could not be achieved for the same during 1987-88 to 1989-91. The mills had greater idle capacity during the period. Shortage of cane supply is the major cause of such idle capacity.² This situation influenced the researcher to prepare such an article.

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Purpose and Objective of the Study

The purpose of the study is mainly to look at the nature of availability of sugarcane and its financing during 1980-81 to 1992-93. The particular objects of the study are given below:

- (a) To judge the annual requirements for sugarcane, its availability, limiting factors, etc.
- (b) To find out the financing of sugarcane growers and the related constraints.
- (c) To determine the causes of irregular supply of sugarcane and its impact on production of sugar.
- (d) To provide suggestions for ensuring the regular supply of sugarcane.

Justification of the Study

Bangladesh Sugar and Food Industries Corporation³ strongly feels the urgency for cane development programme for ensuring the proper availability of quality cane for maximum capacity utilisation of the sugar mills. The accumulated losses at the 16 sugar mills are mainly due to increase in cost of production. Such an increase is due to idle capacity for the shortage of quality cane, low recovery rates for lack of quality cane, diversion of cane for *gur* production etc.⁴ Sugarcane growers need more working fund to grow more sugarcane. BSFIC faces difficulty in financing the cane growers. This discourages the mill authority to go for cane financing. The researcher plans to find out the major causes of non-availability of quality cane, diversion of cane for *gur* production and need for financing of the cane growers. This study may be helpful for the relevant organisations for strategic decisions.

Review of the Research Studies

Ali⁵ disclosed the idea that sugar mills had poor performance and ensuring adequate supply of cane to enhance capacity utilisation is more important for the survival of the sugar mills.

Ansari⁶ gave the idea that due to irregular, untimely and uneven availability of cane, production of sugar was hampered. Sugarcane loans were not always disbursed properly and adequately. Timely disbursement of loan is highly important to increase sugarcane production.

Saha⁷ highlighted that production of sugar fluctuated from year to year due to shortage in cane production, diversion of cane for *gur* production, shortage of working capital to purchase quality cane, etc. Incentive prices for cane growers should be given in time. Fair

procurement management, setting up of purchasing centres, development of transport facilities are more important for the prosperity of the sugar mills in Bangladesh.

Alam's⁸ article on procurement policy of sugarcane of Rajshahi Sugar Mills also established the major flaws of the procurement of cane regarding financing of cane growers through *purjee* distribution.

Method and Procedures Followed

The researcher selected the Rajshahi Sugar Mills due to convenience in data collection through personal care and caution. This mill has also great problem in financing the cane growers i.e., another consideration. The data used in the study are of two types i.e. primary and secondary. Primary data are collected from the official records of the mills and the secondary data are procured from the published documents of BSFIC. The researcher used an interview schedule for the mill executives.

Aspects Highlighted

- (a) Sources of cane supply, its purchasing procedures, price rates, quality of cane, needs and requirements for cane, recovery rates, target purchase, actual purchase and volume of cane crushed, capacity utilisation are highlighted.
- (b) Opinions, ideas, problems and suggestions of the cane growers for the proper financing of the cane have been given importance.
- (c) Centerwise volume of financing to the cane growers, its recovery, output and overdues are also shown.

Terms and Concepts

Finance consists in the raising and managing of all money, capital or funds of any kind to be used in connection with the business. Finance is linked with production, marketing and accounting in order to avoid wastage of funds when production is inefficient. Accounting is connected with finance. Finance managers rely on the accurate records of accountants to manage the inflow and outflow of funds.

Cohen and Robins⁹ suggest that financial planning determines the financial resources needed to meet the operating activity, forecast the nature of internal and external generation of funds, develop the best plans to collect the external funds and establish a financial control of the allocation and use of funds, formulate the effective cost volume profit

(CVP) relationship, analyse the financial performance and report the facts to the top management.

Findings and Interpretation

The growers of the mills are scattered over the 20 sub-zone or centres. These are Puthia, Sardah, Charghat, Nandangachi, Arani, Sithlai, Rajshahi (a), Rajshahi (b), mill gate (a) and mill gate (b). In Puthia Zone, six purchase centres are there viz., Moliapara, Dhokrakul, Chakpalashi, Puthia, Fulbari and Shahbajpur, four centres viz., Sardah, Moktarpur, Shibpur and Durgapur are in Sardah Sub-Zone. Charghat, Parapur, Manigram, Bagha and Pani Kumra are in Charghat Sub-Zone. Nandangachi, Nimpara, Bon Kishor, Kegipur, Kalabipara, Soina are in Nandangachi. Arani, Pacca, Dhakra, Tetulia, Digha, Bausa and Pachpara are under Arani Sub-Zone. Sithlai and Dar Kasha are in Sithlai. Miapara, Naohata, Siliada, Naodapara, Mash Rail, Mongachi are in Rajshahi (a) area. Bhatupara, Premtali, Cosba, Haripur and Kashiadanga are in Rajshahi (b) area. Hatgodagari, Amachi, Kanpara are in Mill Gate (b) and Choumuhini, West-Jamira, East-Jamira are in Mill Gate (A). The outstanding advances at the purchase centres are highly alarming. The outstanding amount to be recovered at the end of 1990-91 is Tk. 3.98 crore out of which Tk. 1.04 crores are arrears and Tk. 2.94 crores are for the current period. These have been given for cane cultivation while advance crop loan was Tk. 5.75 lakhs and the total outstanding figures were Tk. 403.75 lakhs. Total collection up to April, 1991 was Tk. 324.47 lakhs. Actually collection out of the arrears was Tk. 42.67 lakhs and current years collection was Tk. 276.05 lakhs and the crop loan was collected in full. The recovery rate was 41.01 per cent regarding arrear collection while it was 93.88 per cent in current years collection. Uncollected figures were Tk. 79.38 lakhs i.e. Tk. 61.39 lakhs for the arrears and Tk. 17.79 lakhs for the current year advances (Table 1). The mill estimated that Tk. 3.66 lakhs would be the interest to be collected for the financial year 1991-92 on the arrears and the current years advances and the total arrears to be collected in 1991-92 would be Tk. 82.84 lakhs out of which Tk. 62.11 lakhs would be past arrears and Tk. 20.73 lakhs would be current arrears. The targets for financing the cane growers of RSM are that Tk. 272.62 lakhs were to be given in 1990-91. The details of the same are as follows:

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		(Tk. in lakhs)
Mechanical cultivation	...	1.16
Chemical fertilizer	...	138.68
Insecticides	...	37.41
Cane seeds	...	62.60
Polythene bags	...	0.66
	Total cash credit:	241.31
Drainage	...	1.25
Non-judicial stamps	...	0.27
Interest	...	29.79
		272.62

Actually the total recoverable amount during 1991-92 would be Tk. 355.46 lakhs comprising of Tk. 82.84 lakhs arrears and Tk. 272.62 lakhs current advances.

In Puthia area, amount to be recovered was Tk. 44.78 lakhs, out of which Tk. 6.14 lakhs were for arrears, Tk. 38.49 lakhs were for current year advances for cane cultivation, Tk. 11000 was for crop advances at the end of 1990-91. In Sardah area, recoverable amount was Tk. 31.59 lakhs of which Tk. 9.93 lakhs were for arrears, Tk. 21.20 lakhs were for the current year advances. In Charghat area, it was Tk. 39.97 lakhs while it was Tk. 32.45 lakhs in Nandangachi area. In Arani area, it was Tk. 56.48 lakhs, but in Sitlai, it was Tk. 19.84 lakhs. In Rajshahi area (a) Tk. 32.73 lakhs were given to the cane growers while Tk. 24.02 lakhs were given Rajshahi (b) area. In Mill Gates (a) and (b) Tk. 9.01 lakhs and Tk. 36.26 lakhs were given to the cane growers respectively. Actually Tk. 241.54 lakhs were given to the 48 centres during 1990-91. Interest of the same was Tk. 39.85 lakhs and actual recoverable amount was 281.39 lakhs (for cane cultivation) during 1990-91. Out of the centres it is found that Arani Centres and Mill Gate (b) had the highest amount of recoverable amount i.e., Tk. 56.48 lakhs and Tk. 53.56 lakhs respectively during 1990-91. The arrears of the advances in the 47 purchasing centres were Tk. 80.35 lakhs including interest while the arrears for the current year advances were Tk. 286.32 lakhs during 1991-92 (Table 2).

Income statement of the RSM shows the following:

	(Tk. in lakhs)	
	1989-90	1990-91
Sales	3141.64	4767.63
V. cost	2124.79	2495.08
Contribution	1016.85	2271.55
F. cost	1188.36	1170.95
Net profit	(-61.51)	1100.00
P/V ratio	32.36	47.64
BEP	3672.31	2309.72

Unit Cost, revenue and Contribution

	(Per 100 kg)	
	1989-90	1990-91
Sales Revenue	2008.46	2552.76
Variable cost	1358.39	1545.06
Unit contribution	650.07	1007.70
Per Kg.	6.50	10.07
BEP in kg.	F/C	

Unit Contribution

$$= \frac{118836}{65} \quad \frac{117095}{1007}$$

$$= 18,282 \text{ Tons } 11,628 \text{ Tons}$$

RSM failed to have break even situation in 1989-90 although there was break even point in 1990-91. Actually low recovery rates, idle hours, stock piling of sugar and enhanced cost of production are responsible for the absence of break even point at the mill level as narrated in its annual report by mill management.

The areas under supervised credit for cane cultivation was 17050 acres in 1986-87 as against target of 16640 acres of land. Actually

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it went down to 12521 acres in 1987-88 against target of 16960 acres. It further went down to 11695 acres against target of 15000 acres of land in 1988-89. It rose to 13693 acres of land in 1989-90 against target of 14000 acres while it was 11726 acres of land against target of 12300 acres in 1990-91. The area under non-supervised credit was 8296 acres in 1990-91. It was 7094 acres, 5034 acres, 7121 acres, 7217 acres in 1986-87, 1987-88, 1988-89, 1989-90 respectively (Table 3).

Conclusion

Rajshahi Sugar Mills has problem in production of sugar which is mainly due to shortage of quality cane. It has also problem of procurement of cane due to diversion of cane for *gur* production in the purchasing centres. The Mill has intensive scheme for financing the cane growers but the attitude of the cane growers affected the repayment of loans. Actually the cane growers are reluctant to repay the advances of the sugar mills. As a result there are heavy arrears including principal and interest. The cane growers are not interested to sell their produced cane to the purchasing centres rather they try to divert their attention to *gur* production. Mere sanctioning of loan would not be enough to ensure that the mill will get enough cane for the optimum capacity utilisation. The cane growers also face problem in selling their cane to the purchasing centres and the mill gates. There is also the problem of working capital in RSM which creates a great problem in paying for the cane purchases.

Another major problem of the mill is that there is heavy stock piling of sugar. The mill is unable to sell sugar due to available smuggled sugar in the market. The refixation of sugar price from Tk. 27 to Tk. 25 has created another problem reducing the margin of the mill. The price of the smuggled sugar is Tk. 20 to 22 per kg. in local market. Customers are reluctant to buy local sugar at the rate of Tk. 25 per kg. This is the major limiting factors for the non-attainment of the break even situation of the mill.

Another bottleneck is that cane growers are given at the rate of Tk. 37 to 40 per md. of cane. This has enhanced the cost of production. There is even a great increase in factory and administrative overhead. As a result the unit cost of production has rapidly gone up in the mill.

The cane growers think that they are not given reasonable price for their cane. Their cultivation cost has risen very much. They can earn more by cultivating jute, rice instead of sugarcane. They need more fund

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to go for increasing cane cultivation. They want immediate payment of their dues at the time of purchase of cane. They are not ready to wait for long days in selling the cane and having the payment for purchase. They also ask for more facilities for fertilizers, good seeds, chemicals and other necessary facilities. But the mill failed to satisfy the cane growers by providing all these facilities.

Table - 1
Collectible debts, collected debts, recovery rates of
RSM during 1986-87 to 1990-91

Particular	1986-87	1987-88	1988-89	1989-90	1990-91
Road cum Railway	-	-	158%	2.84%	1.08%
Recoverable Loan (Tk.)	49660.769	39681000.00	36132461.69	36192227.00	46385.00 0
Recovery (Tk.)	30965732.12	25232000.00	17855000.00	25905910.00	32447.00 0
Recovery rate	75.08%	63.58%	49.42%	71.58%	80.34%
Price of mollasses (P.M.)	350.00	450.00	570.00	500.00	450.00
No. of machine in Mill area	2347	2613	3004	2472	2542
Hand machine	2240	2540	3004	2472	2542
Power machine	107	73	-	-	-
Wagon needed per day	120	120	132	108	144
Locomotive needed per day	2	2	2	2	2
Wagon used	73	69	80	68	84

Source: Official records of the RSM, p. 22.

Financing of Sugarcane Production

Table - 2
Consolidated statement of the centre-wise recoverable debt
(current & arrears) of RSM at the end of 1991-97
(Figure in Tk.)

Name of the Centres	Outstanding with interest	Current loan with interest	Total loan
Mollahpara	23,685.40	5,29,745.05	5,53,430.45
Dhokrakul	1,50,212.42	3,25,107.98	4,75,320.80
Chakpalashi	1,11,251.19	11,02,467.09	12,13,718.28
Puthia	1,55,442.84	13,95,549.27	15,50,992.11
Fulbari	-	2,32,075.44	2,32,075.44
Sahbajpur	1,74,242.14	2,76,246.42	4,50,108.56
Sardah	1,29,369.78	12,82,388.37	14,11,758.15
Moktapur	2,86,059.00	2,57,756.31	5,43,815.31
Shibpur	4,08,968.84	6,25,914.81	10,34,883.65
Charghat	5,35,893.02	8,64,881.47	14,30,774.49
Paranpur	52,470.86	6,32,978.96	6,85,449.82
Manigram	1,95,354.47	5,99,456.53	7,14,891.00
Hagha	3,586.41	2,41,481.38	2,05,067.71
Panikumra	-	1,51,086.62	1,51,086.62
Nandangachi	1,81,953.86	5,50,682.59	7,02,000.65
Nimpara	1,71,351.59	5,50,431.38	7,26,712.94
Bankishore	43,991.64	3,64,252.48	4,07,444.92
Kegipur	68,794.35	2,82,573.96	3,51,368.31
Kalabipara	79,417.65	2,55,968.96	3,35,380.61
Solua	73,882.24	6,23,041.64	6,96,923.88
Arani	10,07,214.98	8,66,115.58	18,70,321.45
Pakha	5,06,805.09	6,03,835.84	11,10,640.93
Dhakra	1,58,616.29	6,03,865.95	7,62,482.24
Tentulia	2,06,696.25	3,09,504.92	5,96,209.17
Digha	1,48,429.80	3,27,222.41	3,45,662.21
Bausa	15,800.81	3,88,729.87	4,04,563.76
Panchpara	1,10,438.16	4,95,436.11	-
Sittai	2,40,073.16	16,11,190.88	18,51,241.04
Darasha	64,222.43	69,011.75	1,33,234.10
Miapur	83,770.63	13,47,802.04	14,31,572.67
Nachata	3,87,993.02	5,40,066.30	9,28,059.32
Silinda	16,501.20	3,53,031.42	3,69,540.62
Naodapara	57,459.31	3,67,566.81	4,25,025.12
Mushrail	14,584.94	9,62,875.93	9,77,460.87
Nawgachi	1,89,798.72	2,99,026.88	4,88,825.60
Bhatupara	72,74,332.56	3,49,620.89	4,23,953.45
Premtali	20,335.01	2,44,537.30	2,64,871.31
Kasba	65,766.62	5,29,131.12	5,14,897.74
Haripur	-	6,60,478.10	4,60,478.10

Table - 3
Cane cultivation through credit and non-credit
Programme of RSM during 1986-87 to 1990-91

Sl. No.	Particulars (Acres)	1986-87		1987-88		1988-89		1989-90		1990-91	
		Target	Achiev.	Target	Achiev.	Target	Achiev.	Target	Achiev.	Target	Achiev.
1. Cane cultivation											
	(Loan) Seed	5.00	3.06	30.00	19.08	30.00	21.00	35.00	29.00	25.00	23.00
	Reg. seed	180.00	167.86	145.00	133.32	300.00	265.00	300.00	279.00	200.00	242.00
	Culti. S.C.	1274.00	1111.11	1300.00	710.62	1100.00	691.00	1300.00	984.00	900.00	917.00
	VPSC	200.00	173.03	200.00	164.57	200.00	161.00	200.00	220.00	200.00	203.00
	Supervised Area	12981.00	13477.08	12960.00	8230.66	10870.00	7865.00	9265.00	9675.00	7375.00	7316.00
	Supervised Mori	2000.00	2117.00	2320.00	3263.48	2500.00	2612.00	3000.00	2506.00	3600.00	3025.00
	Total	16640.00	17050.14	16950.00	12521.73	15000.00	11695.00	14000.00	13693.00	12300.00	11176.00
2. (Without Loan)											
	New	6560.00	7094.51	6000.00	5034.90	7760.00	7121.00	6310.00	7217.00	7000.00	8295.00
	Muri	1758.00	2637.75	2800.00	3389.91	3000.00	3240.00	3500.00	3557.00	4410.00	3732.00
	Non-loan area	8318.00	9732.27	8000.00	8424.82	10760.00	10361.00	9810.00	10774.00	11410.00	12028.00
	Total	24958.00	26782.41	25760.00	26946.54	25700.00	22056.00	23810.00	24467.00	23710.00	23754.00

Source: Official records of the RSM, p. 17.

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Kasiadanga	1,40,903.85	10,60,437.59	12,01,341.48
Hatgodagari	4,91,934.63	7,76,708.73	12,68,639.36
Amgachi	2,40,338.61	6,24,471.82	5,64,890.43
Mills Gate	6,69,974.90	39,48,213.34	46,18,188.24
Chaumohani	2,01,029.04	2,52,418.69	4,53,447.73
Paschim Jamira	72,580.14	1,78,256.72	2,50,836.86
Purba Jamira	15,710.18	18,449.13	34,259.31
Total	80,35,595.32	2,86,32,196.83	3,66,67,792.15

Source: Official records of the RSM, pp. 24-25.

Endnotes

¹ Sugar Commission, *Report of the Commission*, Government of Bangladesh, 1977-78, pp. 12-26.

² Bangladesh Sugar and Food Industries Corporation, *Annual Report*, 1991-1992.

³ Bangladesh Sugar and Food Industries Corporation, *Cane Development Programme*, 1993-94.

⁴ Bangladesh Sugar and Food Industries Corporation, *MIS Report*, October 1994.

⁵ M.M. Akkas, "Performance of Public Sector Sugar Industries", *Bangladesh Business Research Report*, UGC, Dhaka, 1989, Vol. 1, pp. 9-13.

⁶ R. Ansari, "Problems of Management and Its Impact on Production – A Study of Rajshahi Sugar Mills", *Bangladesh Business Research Report*, UGC, Dhaka, 1989, Vol. 1, pp. 14-20.

⁷ A.C. Saha, "Performance Effectiveness of the Sugar Industries in Bangladesh", *Bangladesh Business Research Reports*, UGC, Dhaka, 1989, vol. 1, pp. 30-34.

⁸ M. Shah Alam, "Procurement Policy of Sugarcane of Rajshahi Sugar Mills", *The Cost and Management*, ICMAB, Dhaka, vol. XIV, No. 6, November-December 1986, pp. 27-30.

⁹ L.D. Schall and C.W. Haley, *Introduction to Financial Management*, McGraw Hill Book Co., New York, 1980, pp. 147-49.

Year	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960
...

1960

The following table shows the results of the survey conducted in 1960. The data is presented in a tabular format, with columns representing different categories and rows representing the years from 1950 to 1960. The table is organized into two main sections: the first section covers the years 1950 through 1955, and the second section covers the years 1956 through 1960. Each section contains a series of rows, each representing a different category or data point. The values in the table are numerical, representing the results of the survey for each year and category. The data shows a general trend of increasing values over the period, with some fluctuations in the later years. The table is presented in a clear and concise manner, allowing for easy comparison of the data across the different years and categories.

IBS PUBLICATIONS

The IBS has a number of publications: Two annual journals, seminar volumes, books and monographs to its credit.

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2. আই.বি.এস. জার্নাল (বাংলা), সম্পাদনা এম.এস. কোরেশী, ১৪০০:১-১৪০৪:৫ এবং সম্পাদনা আতফুল হাই শিবলী, ১৪০৫:৬ ও ১৪০৬:৭।
3. *Reflections on Bengal Renaissance* (seminar volume 1) edited by David Kopf and S. Joarder (19770).
4. ঐতিহ্য-সংস্কৃতি-সাহিত্য (সেমিনার ভল্যুম-৩) সম্পাদনা এম. এস. কোরেশী (১৯৭৯)।
5. *Studies in Modern Bengal* (seminar volume 2) edited by S.A. Akanda (1984).
6. *The New Province of Eastern Bengal and Assam (1905-1911)* by M.K.U. Mollah (1981).
7. *Provincial Autonomy in Bengal (1937-1943)* by Enayetur Rahim (1981).
8. *The District of Rajshahi: Its Past and Present* (seminar volume-4) edited by S.A. Akanda (1983).
9. *Tribal Cultures in Bangladesh* (seminar volume-5) edited by M.S. Qureshi (1984).
10. বঙ্কিম চন্দ্র ও আমরা (সেমিনার ভল্যুম-৬) আমানুল্লাহ আহমদ (১৯৮৫)।
11. বাঙালীর আত্মপরিচয় (সেমিনার ভল্যুম-৭) সম্পাদনা এস.এ. আকন্দ (১৯৯১)।
12. *Rural Poverty and Development Strategies in Bangladesh* (seminar volume-8) edited by Safar A. Akanda & Aminul Islam (1991).
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14. *The Institute of Bangladesh Studies. An Introduction* (1994).
15. *The Journal of the Institute of Bangladesh Studies: An up-to-date index* by Md. Shahjahan Rarhi (1993).
16. বাংলা সাহিত্যের ইতিহাস রচনার সমস্যা (সেমিনার ভল্যুম-৯) সম্পাদনা এম.এস. কোরেশী (১৯৯৭)।
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