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Barriers to Access to Public Services for the Urban Poor  
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## HUMAN RIGHTS VIOLATION IN WOMEN TRAFFICKING: BANGLADESH PERSPECTIVE

Uttam Kumar Das\*

**Abstract:** Trafficking in women, a growing problem of human rights violations all over the world, gives rise to a new dimension in people's international migration. Demand from economically advanced countries influences developing one to adopt labour export policy, which in turn makes women victims of unscrupulous recruiting agencies and human traffickers. The trafficked women are subjected to engage themselves in prostitution or bonded labour violating their human rights. After the independence of Bangladesh, about one million women have been trafficked out. Most of them are engaged in prostitution in brothels of India and Pakistan. Besides, some are working as 'sex slaves' in the Middle East. Though, a good number of mentionable laws against trafficking in women in Bangladesh exist, their implementation remains weak with lack of enforcement mechanism. Since the problem is of multi-dimensional and international in character, it needs such types of interventions to be eliminated.

### Introduction

'Violence against women'<sup>1</sup> is now a global issue. The gender-based violence is a major obstacle to equality, development and peace in the society. "Efforts to enable women to gain control over their own lives and bodies-physically, economically, politically and culturally will continue to fail until violence against women, in all forms is stopped."<sup>2</sup> Trafficking in women is one of the major forms of violence committed against women.<sup>3</sup>

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<sup>1</sup> Violence against women is defined in the UN Draft Declaration on the Elimination of Violence Against Women as "any act of gender-based violence that results in, or is likely to result in, physical, sexual or psychological harm or suffering to women, including threats of such acts, coercion or arbitrary deprivation of liberty, whether occurring in public or private life." A broader definition that covers the lack of access to socio-economic resources, such as employment, water and housing as a form of violence.

<sup>2</sup> Jan Pronk, "Violence against Women as an Obstacle to Development" in *Poverty and Development: Analysis and Policy*, no.8, Calling for Change: International Strategies to



'Flesh Trade,'<sup>4</sup> is an alarming phenomenon all over the world. The activities of trafficking in women are now a multi-billion dollar business globally. According to a UN report, the crime fetches no less than seven billion US dollars a year to organized groups or syndicates.<sup>5</sup>

Though people's movement across countries has been going on since older times, the activities of trafficking in women add a new dimension in it.<sup>6</sup> Presently, it is an integral part of international migration.

The purpose of the paper is to make an acquaintance with human rights violations in women trafficking. Efforts will be made to disseminate information about women trafficking in developing countries. In doing so, it will be evaluated how miserably women trafficking is taking place in Bangladesh. Finally, some suggestions will be provided taking into account the needs to control human rights violations in women trafficking in Bangladesh.

### **Terminological Approach**

Though the term 'traffic'<sup>7</sup> is frequently applied to the movement of motor vehicles but it is also concerned with the movement of other types of vehicles, as well as persons.<sup>8</sup>

It is also used specifically to mean illegal or immoral trade in some thing e.g. drug, arms etc. Presently, to mean a new dimension of immoral trade, 'traffic in women' or 'trafficking in women' is frequently used.

But there is no single or universally accepted definition of the concept of trafficking (in women). The 1949 Convention for the Suppression of the Traffic in Person and the Exploitation of the Prostitution of Others is a good beginning in an attempt to understand what "trafficking in women" is. The Convention defines it as "procures, entices or leads away, for purpose of prostitution, another person, even with the consent of that person."<sup>9</sup> The Convention is limited to trafficking for prostitution and other related activities, but does not require coercion, deception or abuse of power, or the movement of a person across borders.<sup>10</sup>

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End Violence Against Women (The Hague: Development Cooperation Information Department, Ministry of Foreign Affairs, 1994), p.11.

<sup>3</sup> Radhika Coomaraswamy, Report of the Special Rapporteur on Violence against Women, its Causes and Consequences, Geneva, March, 1997.

<sup>4</sup> 'Flesh trade' is frequently used to mean deal in human being, especially women.

<sup>5</sup> *The Independent* (Daily, Dhaka) 27 April 1997.

<sup>6</sup> Siriporn Skrobaneck, "Traffick in Women," paper presented at the international workshop of the Asian Migrant Centre Ltd., Chiangmai, Thailand, 17-21 October.

<sup>7</sup> 'Traffic'-noun; 'Traffic(k)'-verb, see A.S. Hornby, *Oxford Advanced Learner's Dictionary*, 14<sup>th</sup> ed., (Oxford: Oxford University Press, 1989), p.1360.

<sup>8</sup> *Encyclopaedia*, 1968, p.153.

<sup>9</sup> Article 1 (1).

<sup>10</sup> Eugenia McGill, "Supplementary Study on Legal Frameworks Relevant to Human Trafficking in South Asia", Asian Development Bank, July 2002, p. 5.

Although there are several other international instruments and human rights documents referring and/or applying to trafficking (in women) but they do not define it. For instance, article 6 of the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW),<sup>11</sup> mandates all State Parties "to suppress all forms of traffic in women and exploitation of the prostitution of women." The convention neither defines the concept of 'traffic' and 'prostitution' nor does it specify whether states are required to suppress exploitation of the prostitution of women or suppress prostitution itself. The distinction between the two lies in who profits financially.<sup>12</sup>

The UN Declaration on the Elimination of Violence Against Women,<sup>13</sup> and the Vienna Declaration and Programme of Action<sup>14</sup> do not also define trafficking in women and forced prostitution but term these acts as a form of "violence against women" and "sexual exploitation" respectively. The UN General Assembly Statement of 1994 defines trafficking as:

The illicit and clandestine movements of persons across national borders, largely from developing countries and some countries with economics in transition, with the end goal of forcing women and girl children into sexually or economically oppressive and exploitative situations for profit of recruiters, traffickers, and crime syndicates as well as other illegal activities related to trafficking, such as forced domestic labour, false marriages, clandestine employment and false adoption.

Further insight into the meaning of trafficking in women can be found in various national legislation. For example, the Dutch Penal Code provides that a person is guilty of traffic in persons when he/she forces another person into prostitution by means of

- a. violence or
- b. the threat of violence; or
- c. by abusing the authority or ascendancy derived from actual relationship; or
- d. by misleading another person or by deception; or
- e. anything under circumstances knowing or reasonably suspecting that the other person will thereby end up in prostitution.<sup>15</sup>

According to a Nepali Law, if anybody doing the following is considered to be involved in human trafficking:

- Sale and purchase of human being for any purpose;
- Taking the person to foreign countries for the purpose of trafficking;

<sup>11</sup> G. A. resolution 34/180, UN Doc. A/34/46, 19 I.L.M. 33 (1980).

<sup>12</sup> Rebecca Wallace, *International Human Rights : Texts & Materials* (London: Sweet & Maxwell, 1997), p. 22.

<sup>13</sup> Adopted by G.A. Res. 48/104, 23 February, 1994.

<sup>14</sup> Adopted following the UN World Conference on Human Rights, Vienna, June, 1993.

<sup>15</sup> Florence Butegwa, "The International Framework for Combating Trafficking in Women: An Overview," in *Interights Bulletin* (London), vol. 10, no.4 (1996), p. 119.



- Involving a women in prostitution by enticing or alluring, by undue influence, by fraud, threat, force or by any other;
- Pandering or encouraging others or try to do any, or all the above-mentioned deeds.<sup>16</sup>

In Thailand, under the Trafficking in Women and Girls Act, any person who brings women or girls into Thailand for the purposes of having sexual intercourse with other persons and any other person who is involved illegally in the trading of women or girls brought into the country for such purposes, commits an offence.

According to a statutory law of Bangladesh, "trafficking in women" means "the transfer, through export, import, sale, purchase, hire or any other manner, of women for the purpose of prostitution, illegal cohabitation or work of any immoral nature."<sup>17</sup> The law describes "women" as females of all ages. Under this law, trafficking includes the transfer of women for prostitution or other immoral purposes within the country as well.

The feminist human rights group, Global Alliance Against Traffic in Women (GAATW) defines the immoral act as follows:

Trafficking is the transportation of women from one place to another in order to subject them to actual and unlawful power by means of violence or the threat [*sic*] of violence, or by abusing a position of authority arising from a relationship or by misleading another person. Trafficking is not only for the purposed [*sic*] of forced prostitution, but for a range of activities which include any form of forced labour in the formal and informal sphere, for example, domestic services and services related to the sex industry.<sup>18</sup>

Sociologist Ishrat Shamim in a broad perspective defines trafficking in women. According to her "all acts involved in kidnapping, abduction, capture, acquisition, recruitment and transportation of women within and across national borders with the intent to sell, exchange or use for any illegal purpose such as prostitution, servitude in the guise of marriage, bonded labour or sale of human organs by means of violence or threat of violence"<sup>19</sup> are included in trafficking.

Considering the above discussion, it is now clear regarding the concept of trafficking in women: "while some limit it to situations in which a person is forced into prostitution, others apply it to all situations in which one person brings another into prostitution with or without the consent of the latter."<sup>20</sup>

<sup>16</sup> Human Trafficking (Control) Act, 1987, as quoted in *Organise Against Trafficking*, Sanlaap (Calcutta), ud., p. 13.

<sup>17</sup> Section 8 of the "Women and Children Oppression (Special Provision), Act, 1995.

<sup>18</sup> *GAATW Newsletter* (Bangkok), Issue. 7 (April-June 1997), p.27.

<sup>19</sup> Ishrat Shamim, "Trafficking in Women and Children: Asian Perspective with Special Reference to Bangladesh," paper presented at the Fact Finding Meeting and National Workshop of the Centre for Women and Children Studies (CWCS), Dhaka, 23-25 May, 1997, p. 2.

<sup>20</sup> Butegwa, *Ibid*, p. 119.



There is a relation between migration and trafficking but it is difficult to ascertain differences between two. Migration is an integral component of economic development, whereas trafficking is a development-retarding phenomenon. The main differences between the two concepts appear to be in relation to coercion, exploitation and violation of human rights.<sup>21</sup>

The UN Special Rapporteur Ms. Radhika Coomaraswamy in her report on trafficking observes:

At the core of any trafficking definition must be the recognition that trafficking is never consensual. It is the non-consensual nature of trafficking that distinguishes trafficking from other forms of migrations. The lack of informed consent must not be confused with the illegality of certain forms of migration. While all trafficking is, or should be, illegal, all illegal migration is not trafficking. It is important to refrain from collapsing the concepts of trafficking and illegal migration.<sup>22</sup>

### ***Trafficking in Women: A Growing Problem***

The problem of trafficking in human being exists both in developed and developing countries. Two motives: sale women and young girls into prostitution and remove their kidneys and sale them in the underground organ markets mainly act behind it.<sup>23</sup> The trafficking in women has been more or less a foreign earning strategy of developing countries- what is said:

Demand from economically advanced countries for cheap labour created another foreign earning strategy of developing countries by promoting a labour export policy. The unequal sexual division of labour at the national and international labour market makes it difficult for women to get employment in the formal sector within and out-side their country. Jobs available for women are either as domestic helpers or sex workers in the international market. The limited opportunities for women in overseas employment do not correlate to the number of women who want to work. Thus, there is a surplus of women who in turn become victims of unscrupulous recruiting agencies and human traffickers.<sup>24</sup>

<sup>21</sup> Rina Sen Gupta, "Migration Trafficking Interface: Implications for Policies and Programs," paper presented at the IOM-IBS Seminar on "Orderly and Humane Migration: An Emerging Development Paradigm," Rajshahi University, 6 August 2002, pp. 2-3.

According to the USA Protocol on Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, "trafficking in person shall mean the recruitment, transportation, transfer, harboring or receipt of persons, either by the threat or use of abduction, force, fraud, deception or coercion, or by the giving or receiving of unlawful payments or benefits to achieve the consent of a person having control over another person, with the aim of submitting them to any form of exploitation [...]", as quoted by Rina Shen Gupta.

<sup>22</sup> Report on Trafficking submitted by the UN Special Rapporteur on Violence Against Women to the UN Human Rights Commission, Geneva, April, 2000.

<sup>23</sup> Uttam Kumar Das, "Poverty Blazes Trail for Traffickers," *The Financial Express* (Daily, Dhaka), 12 January 1996, p.10.

<sup>24</sup> Siriporn Skrobaneck, "Traffick in Women," paper presented at the international workshop of the Asian Migrant Centre Ltd., Chiangmai, Thailand, 17-21 October.

Every year, millions of men, women and children are being trafficked. Each year up to two million people are trafficked worldwide, including 150,000 from South Asia and 225,000 from Southeast Asia.<sup>25</sup> According to a recent study of the Swedish government, human trafficking ranks third, behind drug and arms smuggling in the scale of organized crime. Women and children are most vulnerable.<sup>26</sup>

In the 50 years commemoration function of the Marshall Plan in Hague on 27 May, 1997, US president Bill Clinton drew attention, amongst other problems, to widespread trafficking in women from East Europe to European capitals. Since the break up of the socialist states and wars in the CIS, women from Uzbekistan and Tajikistan are traded in the Middle East and Europe.<sup>27</sup>

In the puritanical Middle East, charter flights of Russian women disembark weekly at Dubai's airport, play their trade on 14-day visas and head home loaded with colour television sets.<sup>28</sup> This is not the rare event. In cities of Australia and Japan, women from Thailand, Philippines and other neighbouring countries are found serving night clubs and bars.

The international news magazine, *Economist* has recently optioned that 'sex trade' had been flourishing with the emergence of the globalisation of economy, tourism and various types of business.<sup>29</sup>

In fact, 'trade in woman' has emerged as a combined response to contemporary consumerism and economic disparities within and between countries in a global market economy and thrived on the perpetuation of gender discrimination and oppression of women.<sup>30</sup>

### ***Trafficking in Women: Bangladesh Perspective***

Bangladesh is a developing country in South Asia with an annual per capital income of only \$ 240. It has about 111 million population in an area of 147, 570 square kilometers.<sup>31</sup> Among the population, male accounts 57.3 million while female accounts 54.1 million. There are 106 males per 100 females.<sup>32</sup>

Women who constitute about 49 percent of the population enjoy lower status than that of men. Traditional socio - cultural practices limit their opportunities in education, skill development, employment and participation

<sup>25</sup> Akira Seki, "Human Trafficking: A Rise Tide in Asia," *International Herald Tribune* (Internet Edition), 20 July 2002.

<sup>26</sup> Ibid.

<sup>27</sup> Hamida Hossain, " Trafficking in Women and Children from Bangladesh: Causes and Measures for Combating Trafficking,.." unpublished article, Dhaka, 1997.

<sup>28</sup> *Time*, 21 June 1993, p.16.

<sup>29</sup> *The Economists*, 14 February 1998.

<sup>30</sup> Hossain, Ibid.

<sup>31</sup> BBS, Bangladesh Bureau of Statistics, Ministry of Planing. *Statistical Pocketbook of Bangladesh*. January 1997. Dhaka, p.3.

<sup>32</sup> Ibid.



in the over all development process, states the draft *Fifth Five Year Plan 1997-2002* of the government of Bangladesh.

Women's literacy rate is only 25.5 percent, much lower than men (39 percent); life expectancy is 58years (58.9 years for man). Highest mortality rate of women has resulted in a negative sex ratio in the population. In case of nutritional status, health care etc women stand lower than that of men. Women are married here at a much lower age, mean age of marriage of women is 19.9 while that of men is 27.9 years.<sup>33</sup> Besides, violence against women including intra and inter country trafficking is increasing alarmingly.

In Asia, the sex trade is being operated on an industrial scale for a long time. It is on the rise as people free poverty and conflict. Better transport and communications links contribute to the problem.<sup>34</sup> A 1991 conference of Southeast Asian women's organizations estimated that 30 million women had been sold worldwide since the mid 1970s.<sup>35</sup> A recent report of the USA government credits that each year about 150,000 people from South Asia and 225,000 from Southeast Asia are trafficked.<sup>36</sup>

The 1997 Report on human development in the South Asia produced by the Islamabad based Human Development Centre (HDC) has disclosed an astonishing figure recently. HDC says, about 74 million women are 'missing' only in South Asia.<sup>37</sup> In fact, in the last two decades, trafficking in Asian women has increased dramatically.<sup>38</sup> "Women and girls are sold, traded, exchanged for sexual slavery and prostitution, and bonded labours across borders, such as from Bangladesh to India, Pakistan and Middle East and to Thailand via Myanmar, from Nepal to India, from Myanmar to Thailand and Bangladesh" etc.<sup>39</sup>

In case of Bangladesh, when trafficking in women has exactly been started is unknown. There is no documentary evidence. But it is believed that first incident of trafficking in women was traced out in Bangladesh in 1979. The incident became a matter of talk in the early 80s.<sup>40</sup>

According to the US State Department report on human rights, there is extensive trafficking in women for prostitution in Bangladesh.<sup>41</sup> But there is no reliable statistics. Human rights organizations estimate, about one million

<sup>33</sup> Government of the People's Republic of Bangladesh, Ministry of Planning, *The Fifth Five Year Plan 1997-2002* (Draft - Photocopied ), Dhaka, June, 1997.

<sup>34</sup> Akira Seki, "Human Trafficking: A Rise Tide in Asia," *International Herald Tribune* (Internet Edition), 20 July 2002.

<sup>35</sup> *Time*, 21 June 1993, p.21.

<sup>36</sup> Seki, Ibid.

<sup>37</sup> *The Independent* (Daily, Dhaka) 27 April 1997, p.4.

<sup>38</sup> Shamim, Ibid.

<sup>39</sup> Ibid.

<sup>40</sup> Mustafiz Shafi, "*Pacharer Fannya Nari O Shishu*" [Women and Children: An Item for Trafficking], *Ajker Kagoj* (Daily- Dhaka), 12 October, 1997, p.8.

<sup>41</sup> *Dhaka Courier* (Weekly - Dhaka), 27 February 1998, p. 39.

women and children were trafficked from Bangladesh after independence.<sup>42</sup> According to an estimate of Unicef and SAARC, about 4,500 women and children, on an average are being trafficked out every year.<sup>43</sup> Ministry of Women and Children Affairs of Bangladesh, in a report presented at the meeting of UN's CEDAW committee, acknowledged that about 0.2 million women and children were trafficked out in the last 20 years.<sup>44</sup> About 41 percent of trafficked women were between 12 to 21 years.<sup>45</sup>

Most of the women trafficked from Bangladesh are engaged mainly in prostitution in India, Pakistan and Middle East. According to a survey of the Central Social Welfare Board of India, 2.7 percent of India's total prostitutes, one million, are Bangladeshi women. The figure is 14 percent for the case of brothels in Calcutta city.<sup>46</sup> In different brothels of Pakistan, about 40,000 Bangladeshi women and children are engaged in prostitution.<sup>47</sup>

### **Causes and Techniques of Trafficking**

The causes held responsible for trafficking in Bangladeshi women are poverty, existing social structure, religious and cultural attitudes, lack of awareness, rapid globalization of consumer culture etc.<sup>48</sup>

Bangladesh is one of the poorest countries in the world. In 1990, 56 percent of the urban and 51 percent of the rural population were living in poverty. It's Human Development Index rank was 143 out of a total of 174 countries in 1996.<sup>49</sup> According to the latest report of the World Bank, 53 percent of the population is living in poverty while 36 percent is in extreme poverty.<sup>50</sup>

Women's share in poverty is even more pronounced: their access to land, credit and employment opportunities is considerably lower and while their share of adult labour force was 41 percent their earning was only 22.8 percent in 1993.<sup>51</sup>

In fact, the socio-economic situation of Bangladesh has forced the vulnerability of women (and children) to exploitation. For extreme poverty, the guardian cannot provide dowry to marry off their aged girls. As a result,

<sup>42</sup> *Daily Ittefaq* (Daily, Dhaka), 6 March 1998, p.6.

<sup>43</sup> Ibid.

<sup>44</sup> Shafi, Ibid.

<sup>45</sup> Association for Community Development (ACD), *International Migration of Women: A Study on Causes and Consequences*, (Rajshahi : ACD, 1995), p. 9.

<sup>46</sup> K.K. Mukherjee and Deepa Das, comp. "Prostitution in Metropolitan Cities in India." Central Social Welfare Board. New Delhi, 1986.

<sup>47</sup> Unicef, *Progress of Nations, 1995*.

<sup>48</sup> Fawzia Karim Firoze, "Trafficking in Women and Children: Bangladesh Perspective," unpublished article, Dhaka, 1997.

<sup>49</sup> UNDP, *Human Development Report 1996* (New York: UNDP, 1996, p.16.)

<sup>50</sup> *The Daily Ittefaq* (Dhaka), 11 June, 1998, p. 4.

<sup>51</sup> UNDP, Ibid.



many of them are lured into trafficking by promise of job, marriage or sham marriages.

The gender concepts related to social construction of our society is biased and this biasness has intensified the vulnerability of women. Patriarchy-dominated society gives male more privilege and power over female.

In Bangladesh, religious misinterpretations and cultural attitudes are two to the major ailments which perpetuated violence against women. As a result, women being the victims of gender-based violence or victims of religious and cultural attitudes are being forced into arranged marriages or child marriages and thereby become tools of exploitation, abuse and harassment. They even suffer sexual and psychological exploitation which sometimes lead them selves to trafficking.

In general, our people lack awareness regarding their rights and privileges in the society. Women are more vulnerable to this unawareness. As a result, most of the time they are subjected to different exploitations. Even sometimes, as they are unaware about the vicious flesh trade they easily fall into the trap of flesh traders.

At last, the recent development policies and rapid globalization of consumer culture are affecting our country by encouraging women to engage themselves in exposing to vulnerable situation for financial remuneration irrespective of their exploitative nature.

According to human rights activists: "Global economic issues and depending poverty through domination of transnational corporations and thereby concentration of wealth is increasing, which are creating greater economic, social inequities and injustice and thereby eroding the social values. Even the new development strategies are increasing landlessness of peasants and as a result women are migrating to urban and there after international migration is also taking place."<sup>52</sup>

The act of trafficking is taking place on a variety of forms: kidnapping, abduction, promise of better jobs, procuring through marriage or fake marriage, selling by guardians and husbands, deceiving for legal or illegal migration.<sup>53</sup>

This is operating through a strong network. Gangs engaged in trafficking select their target, well identifying familiars in extreme poverty as an easy prey. Agents are usually well- known to target families or their friends and relatives. They find out which families have women of marriageable age but who can not afford to arrange the weddings.<sup>54</sup>

The local agent who search all over the country for women, sell their prey to Indian agents at a pre-determined price. Often, women who had

<sup>52</sup> Fawzia Karim Firoze, "Trafficking in Women and Children: Bangladesh Perspective", unpublished article, Dhaka, 1997.

<sup>53</sup> Shamim, Ibid.

<sup>54</sup> Das, Ibid, 10.

been trafficked out previously work as scouts for collecting prey and are given hand some commissions for the work. The principal gangsters stay behind the scene and usually provide the money, advice, motivation, planning etc.

Trafficked women are put on 'sale' in different 'markets' in India and Pakistan. The price varies between Taka 20,000 and 150,000 on the basis of age, figure and beauty. Those between the age of 13 and 22 can fetch a higher price.<sup>55</sup>

The traffickers have selected a number of border crossing points as their favourite routes. Northern districts such as Rangpur, Lalmonirhat, Dinajpur, Panchagarh, Thakurgah, Naogaon, Kurigram, Rajshahi and Chapai Nawabganj are often used by traffickers as their bases as well as recruiting areas and trafficking routes. In the south, Jessore and Satkhira have become a favourite area of operation for traffickers. Benapole border crossing in Jessore is frequently used for better communication with Kolkata.

In the first phase, women are sent to Kolkata by road where they are 'processed' before being forwarded to other areas of India including Mumbai and New Delhi. Mumbai is the headquarter of women traffickers who maintain an intricate network of agents and contacts in the south western port city. From Mumbai, the destination is Pakistan or countries in the Arab Gulf.<sup>56</sup>

### **Trafficking in Women: Aspects of Human Rights Violation**

Human rights include those rights, which are inherent in our nature and without which no human being can live.<sup>57</sup>

Trafficking in women for prostitution, a very old crime is the 'contemporary form of slavery'<sup>58</sup> and a serious form of violations of women's basic human rights.<sup>59</sup>

It is also a violation of peremptory norms of existing international laws. Universal Declaration of Human Rights, 1948 guarantees that "every one has the right to life, liberty and security of person"<sup>60</sup> and "no one shall be held in slavery or servitude, slavery and the slave trade shall be prohibited in all their forms."<sup>61</sup> The "protection of right to life and personal liberty" is also guaranteed by Bangladesh's constitution.<sup>62</sup>

<sup>55</sup> Ibid.

<sup>56</sup> Ibid.

<sup>57</sup> Muhammad Zamir, *Human Rights Issues and International Law* (Dhaka: University Press Ltd., 1990), p. 1.

<sup>58</sup> Shamim, Ibid.

<sup>59</sup> Skrobanek, Ibid.

<sup>60</sup> Article 4 of the "Universal Declaration of Human Rights (UDHR)", adopted and proclaimed by UN General Assembly resolution 217 A(III) of 10 December 1948.

<sup>61</sup> Article 5 of UDHR.

<sup>62</sup> Article 32 of the constitution of the People's Republic of Bangladesh (as amended up to 31 December 1990).



But in most cases, trafficked women are forcefully engaged in prostitution or sexual purposes. Though, some are subjected to engage in bonded labour they have to endure inhuman work conditions. They do not have the slightest freedom<sup>63</sup> and are denied fundamental rights.

The consequences on a trafficked woman are of various forms: psychological trauma, mental abnormality, unwanted pregnancy, drug addiction, sexually transmitted diseases, HIV and AIDS, stigmatization as social out caste etc.<sup>64</sup>

As mentioned earlier, 74 million women 'missing' in south Asia are 'unfortunate victims of social and economic neglect from cradle to grave'. According to the report of HDC, the 'missing' women are a 'telling indictment of the basic rights of women' in the region (South Asia).<sup>65</sup>

Though, slavery, compulsory and forced labours is prohibited<sup>66</sup> but "prostitution is considered as a violation of women's human rights equal to slavery."<sup>67</sup> According to Article 34(1) of Bangladesh's constitution, "all forms of forced labour are prohibited and any contravention of this provision shall be an offence punishable in accordance with law.

In fact, "prostitution and the accompanying evil of the traffick in persons for the purpose of prostitution are incompatible with the dignity and worth of the human person and endanger the welfare of the individual, the family and the community."<sup>68</sup>

### Legislation in Bangladesh

Trafficking in women is a very profitable 'industry' where there is both the supply and demand sides.<sup>69</sup> Though, it is inhuman and immoral but exists as a "recognized crime" in all societies all over the world. It has been termed as a serious crime by different UN working Groups and Conventions<sup>70</sup> along with national laws.

Article 1 of the UN "Convention for the Suppression of the Traffick in Person and of the Exploitation of the Prostitution of Others, 1949" obliges state parties to punish any person "who, to gratify the passions of another; ( i ) procures, entices or leads away, for purposes of prostitution, another person, even with the consent of that person..."

<sup>63</sup> Uttam Kumar Das "Poverty Blazes Trail for Traffickers," *The Financial Express*, 12 January 1996, p. 10.

<sup>64</sup> Shamim, Ibid.

<sup>65</sup> *The Independent* (Daily, Dhaka), 27 April 1997, p. 4.

<sup>66</sup> Article 1(1) of the Slavery Convention, 1926 (as amended by 1953 protocol ).

<sup>67</sup> Ibid.

<sup>68</sup> Preamble of the UN Convention for the Suppression of the Traffick in persons and of the Exploitation of the Prostitution of Others, 1949. Approved by UN General Assembly resolution 317(4) of 2 December 1949.

<sup>69</sup> Shamim, Ibid.

<sup>70</sup> Preamble of the UN Convention for the Suppression of the Traffic in Persons and Exploitation of Prostitution of Others. 1949.

Another international document, Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) also obliges state parties to "take all appropriate measures, including legislation, to suppress all forms of traffic in women and exploitation of prostitution of women."<sup>71</sup> Bangladesh have ratified both of the conventions.

Article 32 of Bangladesh's constitution guarantees, "No person shall be deprived of life or personal liberty save in accordance with law."

As Bangladesh was attached with undivided India so it succeeded several laws that have been enacted since the British colonial rule in the Sub-continent. Besides, it has enacted several new laws regarding trafficking in women.

### ***i. The Penal Code of 1860***

The Penal Code of 1860 contains provisions for penalizing crime relating to abduction and kidnapping, which in general covers trafficking also. Sections 360, 362, 363, 366, 366(A), 366(B), 370, 371, 372, 373 and 374 deal with the crime.

Article 366 of the code<sup>72</sup> reads:

"Whoever kidnaps or abducts any women with intent that she may be compelled, or knowing it to be likely that she will be compelled, to marry any person against her will, or in order that she may be forced or seduced to illicit intercourse, or knowing it to be likely that she will be forced or seduced to illicit intercourse, shall be punished with imprisonment of either description for a term which may extend to 10 years, and shall also be liable to fine; and whoever, by means of criminal intimidation as defined in this code or of abuse of authority or any other method of compulsion, induces any woman to go from any place with intent that she may be, or knowing that it is likely that she will be, forced or seduced to illicit intercourse with another person shall also be punishable as aforesaid."

### ***ii. The Suppression of Immoral Traffic Act, 1933***

The act provides penalties for detention of any female under the age of 18 years for the purpose of prostitution in brothels. The act also provides punishments for causing or encouraging or abetting the seduction or prostitution of any girl (Sections 8-12).

### ***iii. The Cruelty to Women (Deterrent Punishment) Ordinance, 1983<sup>73</sup>***

The ordinance was enacted to provide for deterrent punishment of cruelty to women and for matters connected therewith in general. It was made to override other laws (Section-2). In fact, by enacting the ordinance, a specific

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<sup>71</sup> Article 6. The convention was adopted by General Assembly resolution 34/180 on 18 December 1979 and entered into force on 3 September 1981.

<sup>72</sup> As modified up to 30 September 1991.

<sup>73</sup> Ordinance no.60 of 1983.



section (Section-5) was made for the first time providing deterrent punishment for the crime related to trafficking in women. The Section reads:

Whoever imports or exports, or sells, lets to hire or otherwise disposes of, or buys, hires or otherwise obtains possession of any woman of any age with intent that such woman shall be employed or used for the purpose of prostitution or illicit intercourse with any person or for any unlawful and immoral purpose, or knowing it to be likely that such woman will be employed or used for any such purpose shall be punishable with death<sup>74</sup> sentence or with imprisonment for life or with rigorous imprisonment for a term which may be extend to 14 years shall not be less than seven years and shall also be liable to fine.

The ordinance also provide punishment "with imprisonment for life or with regroups imprisonment for a term which may extend to 14 years, and shall also be liable to fine" for crimes relating to kidnap or abduct any woman of any age—

- (a) with intent such women shall be employed or used for the purpose of prostitution or for any unlawful or immoral purpose or knowing it to be likely that such woman shall be employed or used for any such purpose ;
- (b) with intent that such women may be compelled, or knowing it to be likely that she will be compelled to marry any person against will ;
- (c) in order that such woman, may be forced or seduced to illicit intercourse, or knowing it to be likely that she will be forced or seduced to illicit intercourse."<sup>75</sup>

But the law exists no more. It was revoked by enacting another law in 1995.

#### ***iv. The Oppression of Woman and Children (Special Provision) Act, 1995<sup>76</sup>***

This act was enacted suppressing the Cruelty to Women (Deterrent Punishment) Ordinance, 1983. According to section 8(1) of the law:

"Whoever imports, exports, buys or sell or lets to hire or otherwise disposes a women with intent that such woman shall be employed or used for the purpose of prostitution or illicit intercourse with any person or for any unlawful and immoral purpose, shall be punishable with life imprisonment and, in addition fine".

The law includes as 'woman' female of all ages.

The punishment for custodianship or sheltering women for above mentioned purposes is 14 years rigorous imprisonment, and in addition the accused may be fined [Section 8(2)].

<sup>74</sup> Amended by the Cruelty to Woman (Deterrent Punishment) Amendment Act, 1988 (Act-37 of 1988).

<sup>75</sup> Section 4.

<sup>76</sup> Act no.18 of 1995.

If any one kidnaps a woman for illegal or immoral purposes, such as:

- (a) to engage in prostitution or other unlawful or immoral purpose;
- (b) to compel her to marry a person against her will; or
- (c) to force or seduce her to have illicit intercourse; then he or she will be punished with life imprisonment, 10 years rigorous imprisonment (not less than seven years) and in addition, fine.

The special features of the law are: denial of granting of bail of accused person,<sup>77</sup> special court has to be set up in each district head quarter (Section 16); investigation and trial shall be completed within 90 and 120 days respectively (Section 18 and 20); the accused can be tried in *absentia* and magistrates are empowered to take testimony of witnesses at any place (Section 20 and 21).

#### **v. The Oppression on Women and Children Control Act, 2000<sup>78</sup>**

The law has been passed to facilitate enactment of necessary rules for controlling oppression on women and children strictly.<sup>79</sup> With the enactment of this new law the Oppression on Women and Children (Special Provision) Act, 1995 has been repealed.<sup>80</sup> Like special laws of 1983 and 1995, the new one of 2000 also overrides other relevant laws.<sup>81</sup>

#### **vi. The Oppression on Women and Children Control (Amendment) Act, 2003<sup>82</sup>**

Through enactment of this law some sections of the previous one (The Oppression on Women and Children Control Act, 2000) have been amended. However, the sections relating to trafficking in women and children were not changed.

#### **vii. Special Features of the Act**

The Oppression on Women and Children Control ((Amendment) Act, 2003 also aims to control 'oppression' as a whole on the vulnerable group of our society, women and children, strictly. The new legislation has some special features.

##### **a. Penalty**

The newly enacted law also provided punishment of death sentence or life imprisonment or rigorous imprisonment which may be extended up to 20 years but not less than 10 years and also fine for offence related to

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<sup>77</sup> Section 26(2).

<sup>78</sup> Act No. VIII of 2000. Published in the Bangladesh Gazette on 14 February, 2000.

<sup>79</sup> Preamble of the Law.

<sup>80</sup> The Oppression on Women and Children Control Act, 2000, Section 34.

<sup>81</sup> Section 3.

<sup>82</sup> Act No. XXX of 2003. The President assented to the Act on 19 July 2003.



trafficking in women.<sup>83</sup> The punishment would be death sentence or rigorous imprisonment for life and fine if the victim is a child.<sup>84</sup>

The punishment for abducting a woman or child to be engaged in prostitution or unlawful or immoral purposes is life imprisonment or rigorous imprisonment up to 14 years and in addition fine.<sup>85</sup>

Rape<sup>86</sup> is the common consequence of trafficking. The Act provides the penalty for rapping a woman or child, a rigorous imprisonment for life and also fine.<sup>87</sup> If the victim dies following the rape the punishment would be death sentence or rigorous imprisonment and fine of taka not less than one lakh.<sup>88</sup> The same penalty would be sentenced to each of the gang if any woman or child dies following a gang rape.<sup>89</sup>

### *b. Special Tribunal*

Section 26 of the Act deals with the formation of special tribunals. It provides that there would be the Oppression on Women and Children Control Tribunal in each district headquarter to try offences under the Act. The Government can establish more than one tribunal in a district, if necessary. The tribunal would be constituted with one Judge in the rank of District and Session Judge. This includes Additional District and Session Judge also.

The tribunal would not accept any offence for trial without a written report submitted by a police officer not below the rank of a Sub-Inspector (SI) or other authorised person designated by the government [Section 27(1)]. The tribunal may accept any complaint directly in exceptional cases [Section 27(1)].

### *c. Trial Procedure*

The offences under the Act are cognizable and non-boilable. Only for exceptional circumstances, the tribunal may grant bail (Section 19).

The offence under the Act have to be investigated out by the concerned police officer within 60 days from receiving information regarding happenings of the Offence or being ordered by the Magistrate for the investigation. The Investigation officer may be granted 30 days more if s/he could convince the Tribunal that more time is needed for fare justice (Section 18).

The hearing of a case continues in the Tribunal in every working day until it comes to an end. The trial of a case has to be completed within 180 days

<sup>83</sup> Section 5. Woman means female of any age [Section 2(8)].

<sup>84</sup> Section 6. According to the 2003 amendment, a child means any person not over 16 years of age. Earlier, the age limit was 14 years.

<sup>85</sup> Section 7.

<sup>86</sup> The Penal Code, Section 375.

<sup>87</sup> The Oppression on Women and Children Control, Act, 2000, Section 9(1).

<sup>88</sup> Section 9(2).

<sup>89</sup> Section 9(3).

after being accepted for trial by the tribunal (Section 20). The trial can be done in absence of the accused person(s) (Section 21).

### **GO-NGO Responses to the Problem**

The Non-Governmental Organizations (NGO) stressed upon the problem in Bangladesh in early 90s. Being briefed and motivated by them (NGO) the media, especially print media started to highlighted the problem of trafficking in human being, especial women and children.

Among such NGOs, Dhaka-based *Ain O Salish Kendra*, Bangladesh National Women Lawyers' Association (BNWLA), Dhaka Ahasania Mission (DAM), Bangladesh Human Rights Organization, Center for Women and Children Studies (CWCS), National Institute for Law and Development, UBINIG etc. are mentionable. Mainly based on the financial assistance of donor agencies, they are working in the fields of raising public awareness regarding causes and consequences of trafficking women and children, action, research, and providing legal aid. Recently, some local NGOs (district and Upa Zilla based), with the support and joint collaboration of national organizations are operating campaign program against the problem of trafficking in grassroots levels.

Due to wide circulation in the media and initiative taken by the human rights organization and activists the government of Bangladesh had to pay attention to the problem. It has decided to take rigorous steps against traffickers of woman and children. Police Forces including CID and BDR have been instructed to check and guard the problem.<sup>90</sup>

Earlier, the government has set up 'Women Assistance Centers' in the divisional headquarters. Legal aid are being provided through 'Women and Children Oppression Control Cell' also. District Judges are allotted with block fund to help the distressed women in private counseling in this regard.<sup>91</sup>

The government has also engaged six first class Magistrates on deputation in the divisional headquarters to look into matters relating to oppression on women including trafficking. To try cases relating to trafficking speedily the government has already set up 10 special courts in the district levels. But all of the initiatives are in the preliminary stages with less effect.

However, the government is trying best to realize the constitutional goal of the gender equality. This has already been projected in the *Fifth Five Year Plan 1997-2002*. Within the overall framework of the CEDAW and as a follow-up to the United Nations. Fourth World Conference on Women, it has adopted a National Policy for Women's Advancement (NPWA). The Policy has 24 objectives including adoption of "appropriate measures towards the elimination of trafficking of women..."<sup>92</sup>

<sup>90</sup> *The Daily Ittefaq*, 6 March 1998, pp. 1 and 2.

<sup>91</sup> *The Daily Ittefaq*, 31 March 1998, p. 6.

<sup>92</sup> GOB, Ibid.



## **Suggestions**

As the problem of trafficking in women is multidimensional so it needs such type of drive to be eliminated which is impossible to launch alone for a developing country like ours. So, considering the regional and international character of the problems the author of the article humbly makes the following suggestions:

### ***International Level***

- The existing international conventions and instruments relating to trafficking in person including the 1949 Convention should be reviewed for adopting an effective measures considering the contemporary context of the problem.
- A special UN Rapporteur with wide mandate should be appointed only to deal with the growing problem of trafficking.
- A Universal Plan of Action should be adopted which would aim at combating trafficking in women.
- A Standard Minimum Rule for the trafficked victims should be adopted.
- Protection facilities should be granted for undocumented workers as of migrant workers under the ILO arrangements.
- The international communities and national governments should create pressure on countries where trafficking is widespread and also on countries through which trafficking routes pass so that they may adopt effective legislation, and measures to combat trafficking.
- The UN and other international donors should provide necessary fund to the governments and organizations engaged in anti-trafficking activities. Donors should develop a core funding system to fund anti-trafficking programmes run by NGOs and others for specific region like South Asia.
- International agencies should coordinate and collaborate with national agencies/organizations who are engaged in anti-trafficking activities and, if possible, adopted a concerted effort in this regard.
- Effects of global factors for the rise of trafficking issue should be investigated and necessary measures should be adopted accordingly on national and international perspectives.
- UN member States should jointly apply pressure on those States, which neglect to take anti-trafficking initiatives and do not protect the rights of the trafficked victims.

### ***Regional Level***

- The loopholes of the draft SAARC Convention on Preventing and Combating Trafficking in Women and Children for Prostitution should be removed before its ratification.

- A South Asian Plan of Action to combating trafficking in women should be formulated immediately with effective necessary implementing mechanisms.
- Effective coordination and collaboration among South Asian countries should be promoted with regard to combating trafficking in women.
- Bi-lateral and multilateral agreements should be signed among South Asian countries with a view to combating the trafficking problem and making easy rescue and repatriation process of trafficked victims.

### ***National Level***

#### *General*

- National governments should immediately formulate effective national programs with a view to combating trafficking in women.
- Collaboration between governmental organizations and NGOs should be promoted to solve the problem of trafficking in women.
- Governments should set up national institutions for the training of social activists, creating social awareness against the trafficking and coordinating works on this issue.
- Canters are to be established for carrying out more research covering different contexts, and dimensions of trafficking.

#### *Law Enforcement*

- National governments should review existing legislations relating to trafficking and amend them accordingly to ensure more effectiveness in special court and investigation. Trial procedure should mainly in camera and the trial court should immensely be staffed by women judges, juries, and lawyers.
- For effective enforcement of existing legislations special measures should be taken. For example, existing investigation and execution procedure in most of the South Asian countries need thorough overhauling. There is a necessity for the establishment of separate crime investigation authorities with regard to crime against women.
- Independent human rights commissions for women should be established, especially for Bangladesh and Nepal where no such commission have yet been established.
- Exchange programmes should be started among the police forces that will be assigned to work for anti-trafficking drive in these three countries. This will help immensely in sharing information and detecting criminals involving inter-country trafficking.

#### *Others*

- Comprehensive programme for poverty alleviation should be started.
- Effective vocational training should be provided for women vulnerable to trafficking.



- Mass awareness regarding consequences of trafficking and women's rights in general should be promoted. Mass media including electronic devices and newspapers can play a vital role in this regard.
- Curriculums at secondary and higher secondary levels should include issues relating to human rights in general and women's rights in particular. In the courses of study risks of different dimensions of migration should be included.
- Mass awareness should be promoted regarding HIV, AIDS, and STDs.
- NGOs' anti-trafficking activities should be done more effectively in the real sense of the term.
- NGOs should coordinate with governmental organizations in anti-trafficking activities

## Conclusion

Although, trafficking can be traced back historically but its present form is a manifestation of the systematic economic crisis, political divisions and social disintegration which force women, especial in extreme poverty, to be pushed into market relations that trade on their vulnerability.

The problem should be understand in the context of markets which promote an oppressive use of women; of states that sustain a framework of gender injustice and of family acquiescence in gross violations of human rights .

Regarding state responses, long term and systemic state interventions are needed to eliminate the two main causes of trafficking: poverty and gender discrimination.

Growing concern at different level has already indicated the global responses to the problem of trafficking in women (and children).

In case of South Asia, it is not the problem of a single country but of the region. So it should be combated regionally. In this regard, women's groups of some countries: Bangladesh, India, Nepal and Pakistan have launched initiatives in right directions. In response to memorandum submitted by the group, heads of state or government of seven South Asian countries attending ninth SAARC summit in Male in May, 1997, for the first time have expressed "grave concern at the trafficking of women and children within and between countries" and "pledged to coordinate their efforts and take effective measures to address this problem".<sup>93</sup>

Along with other SAARC countries the government of Bangladesh has understood the diversified consequences of the problem. So, it has now launching anti-trafficking initiatives with collaboration with pioneer NGOs in

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<sup>93</sup> South Asian Association for regional Cooperation. Declaration of the Ninth SAARC Summit. 12-14 May 1997, Male.

the field and strictly enforcing existing legislation. Bangladesh has already signed the "SAARC Convention on Preventing and Competing Trafficking in Women and Children for Prostitution." This document has already been ratified by the SAARC Council of Ministers at its meeting held in July 1998 in Colombo. Now, it is awaiting for ratification by concerned governments. The document aims at combating trafficking (in women and children) only for the purpose of prostitution ignoring other dimensions and consequences of the problem.

As a result, some provisions as well as title of the Convention create controversy among activists of the field. They are advocating for broaden the scope and notion of the Convention regarding trafficking and suggesting rename it as "SAARC Convention on Preventing and Combating Trafficking in Women and Children."<sup>94</sup>

Bangladesh government is pledged bound to take action to combat the problem. The constitution of the country guarantees that "all citizens are equal before law and are entitled to equal protection of law."<sup>95</sup>

It also provides women's "equal rights"<sup>96</sup> and scope for making "special provision in favour of women" by the state. Although, a mentionable number of laws against trafficking exist in Bangladesh but their implementation remains weak. There is serious lack of enforcement also.

In fact, laws alone are not sufficient to fight the social stigma unless they are modified and improved for the effective protection of potential victims.<sup>97</sup> The existing legal system criminalizes the victim. This needs further amendment and modification.

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<sup>94</sup> SAARC People's Forum, as published in *The Daily Star* (Dhaka), 31 July, 1998, p.5.

<sup>95</sup> Article 27, The constitution of the People's Republic of Bangladesh, 1972 (as modified up to 13 December 1990)

<sup>96</sup> Article 28(2), Ibid.

<sup>97</sup> Sumaiya Khair, "The Endangered Generation: Enslavement of Children", *The Dhaka University Studies*, part- F, vol.5, no.1 (1994), p.130.



## BARRIERS TO ACCESS TO PUBLIC SERVICES FOR THE URBAN POOR: AN ENQUIRY INTO DHAKA SLUMS

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Jakir Hossain\*\*

**Abstract:** The article attempts to enhance understanding on the barriers to access to public services for the urban poor living in slums in Dhaka. Departing from the conventional conceptualisations, the investigation into the barriers to access to public services is built on the conceptual framework which is compatible with justice and rights, underwritten by at least three dimensions: commutative justice, distributive justice and social rights. The paper finds that access to both kinds of services – universal form of services (i.e. services are to be made available to all citizens on a uniform basis regardless of income, status or power such as universal free primary education, the fire service, etc.) and those services where income, position or influence have the capacity to leverage particular individuals or groups – is affected by financial circumstances, creating different levels of access and situations in which the urban poor are disadvantageous from the outset. The interviewed population points out that access to public services by slum dwellers is driven by hierarchical framework of power. A change in the reverse direction, according to them, means a transformation of socio-spatial relations, a production of a new, emancipatory space.

### I. INTRODUCTION

Barriers to access to public services can be defined in a number of ways and each definition has its consequential implication for policy. In one approach, barriers to access to public services have been interpreted as a problem of there being not enough services in aggregate terms or in per capita terms. Barriers to access to public services in this approach are a result of providence and population. It may turn policy makers into *fatalists* (e.g. this approach would present water scarcity as a problem of nature and population, both beyond the control of policy, especially in the short run.

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Another often conceptualisation of the barriers to access to public services is built as a symptom of poverty. The corollary policy conclusion of this view is that economic development will (in due course) lead to improvements in supply of public utility service and hence, there is no need to worry about specific symptoms of poverty. Thus, recourse to this approach may turn policy makers into *patient optimists*.

A third approach which also sees barriers to access to public services as problem of poverty, but as something that needs to be addressed quickly and not something that can be left to the trickle down effect of economic development. Pursuance of this approach may lead to interpret barriers to access to public services as a problem of there being enough (e.g. water) but not enough money or technology or human resources to bring that (water) to the people. For example, much international financing of water resources and water supply projects during the period 1950 to 1990, reflects this thinking. This approach has turned policy makers into *enthusiastic engineers*.

A fourth approach could be to consider access to public services (e.g. education, health, water) as a capability deprivation.

The paper, departing from the abovementioned conventional approaches, investigates into the barriers to access to public services proposing a conceptual framework which is compatible with justice and rights. The conceptual framework entails *rights* underwritten by at least three dimensions<sup>1</sup>: commutative justice, distributive justice<sup>2</sup> and social rights. Fundamentally this premise is concerned with just and equitable distribution of economic goods and services. It is both process and outcome oriented (as opposed to positive economics which is focused primarily on outcome) and stresses the importance of an egalitarian outcome. Economic justice argues in favour of a just economy, which provides equal access to primary goods and services versus an efficient economy constructed on unfair tax burdens, and inequality of income. It also captures elements of sustainable livelihoods, which is based normatively on ideas of capability, equity and sustainability.<sup>3</sup>

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<sup>1</sup> Commutative justice: fairness in all agreements and exchanges; distributive: allocation of income, wealth and power; and social justice: obligations to be active/productive participants in society.

<sup>2</sup> This is contrary to the conservative economic thinking (neo-liberal economics) about the libertarian conception of distributive justice. In such framework the state plays a night watchman role of simply protecting a narrowly defined set of (mostly property) and corporate rights. Other conservatives within this tradition applies a utilitarian notion of distributive justice that relies totally on the free market to maximize utility, allocate resources and distributes rewards.

<sup>3</sup> Capability refers to ability to perform certain basic functioning such as coping with stress and shock, making use of livelihood opportunities, and responding to adverse changes in conditions. Equity is usually measured in terms of income distribution, but it also implies an equal distribution of assets, capabilities and opportunities. Social sustainability implies



Any attempt in conceptualising any issue involving slums centres on the politics of space. By producing a space<sup>4</sup> according to its own nature, a society not only materializes into distinctive built forms, but also reproduces itself.

Slum is a settlement on a land, especially public or unoccupied land, without right or title. Land and its advanced capitalist relations of production, "real estate," constitute a *second circuit* of capital, even though a separate class of landowners no longer exists (Lefebvre, 1974). That is, the channeling of money, the construction of housing, the development of space, financing, and speculation in land constitute a second means of acquiring wealth that is relatively independent of the "first" circuit, industrial production. Lefebvre shows that this second circuit is one of the fundamental forces of society and a source of surplus value creation. Space is, thus, hierarchical in a framework of power.

Against this background, the objectives of the research is to enhance understanding on the barriers the urban poor faces in accessing public services in the slums of Dhaka.

## II. BARRIERS TO PUBLIC SERVICES: STORIES FROM SLUMS

Slums, according to UN-Habitat (2003), are highly congested urban areas marked by deteriorated, unsanitary buildings, poverty, and social disorganization. Squatters settle on land, especially public or unoccupied land, without right or title. Squatters include those who settle on public land under regulation by the government, in order to get title to it. *Slums* refer to the environmental aspects of the area where a community resides, while *squatters* refer to the legality of the land ownership and other infrastructure provision.

Dhaka's urban problems have reached a crisis level. Its poor live in miserable conditions, breathe polluted air, and traffic congestion and poor infrastructure services are diminishing the quality of life. A few statistics which illustrate the dimensions of the crisis (World Bank, 2000):

- 70% of the city's population are poor, and they have access to only 20% of the land area;
- 56% of the city's population live in slums and slums-like conditions less than 30% of the houses have piped water supply, and less than 20% have access to proper sanitation;

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an ability to maintain and improve livelihoods while maintaining and enhancing local and global assets and capabilities on which livelihoods depend (Chambers and Conway, 1992).

<sup>4</sup> The "production of space" means what Giddens calls the "duality of structure." That is, space is both a medium of social relations and a material product that can affect social relations. This dialectical idea is a major tenet of the "new urban sociology."

- in slums, about 90% of the men and almost all the women and children suffer from disease;
- only 20% of the school-age children of slum dwellers are actually enrolled, and their drop-out rate is 80%; and
- in slums, about 95% of the men and 60% of the women have no jobs.

### **Living on the Edge: The Story of Shefali<sup>5</sup>**

Her tiny two-roomed bamboo shack has been constructed next to dozens of others. With so little land available, settlements like Mirpur have sprung up above Dhaka's many emerald-green lakes.

"Seven days ago there was heavy rainfall and the water came up through the bottom of my house. It rose up to my legs," Mrs Sefali said.

But it is not just the floods that transform life for the slum-dwellers of Mirpur into a watery hell. It is the sanitation: there isn't any. Mrs Sefali and her family do not have a toilet. Instead they use a hole in the bottom of their shack that leads directly into the lake below.

Some of her neighbours have devised a system of "hanging latrines" - precarious bamboo platforms raised a few feet above the water and screened by rags.

The tiny alley to Mrs Sefali's house goes past four or five other shacks, where families of up to 10 people live packed together. The smell is appalling: just outside her front door, human faeces sitting in nearly a metre of water bob up to meet you. All the slum-dwellers are forced to use the lake as a collective latrine. They use the same water to clean their cooking pots, to wash clothes, and to bathe in. "We know this water is not good for washing ourselves in. But what can we do?" Mrs Sefali asked. "We don't have much choice."

It is hardly surprising that the inhabitants of Dhaka's sprawling slums suffer from a variety of diseases. In the rainy season they get jor - a debilitating fever. And then there is diarrhoea, dysentery and tuberculosis. Both of Mrs Sefali's children have scabies - a universal complaint - while her husband has TB.

"My neighbour's child died recently of diarrhoea," Mrs Sefali said. Only the carp that feed off the excrement floating in the city's slum-ponds appear healthy.

Bangladesh is one of the poorest, most squalid, most corrupt, and most densely populated countries on earth. Millions of people face the same problem as Mrs Sefali and her neighbours.

### **2.1 Public Services: What the Slum-dwellers Say**

One of the first questions in interviews sought a definition of public services. A range of possible interpretations resulted from this, and these were employed within focus groups to test their 'face validity', to gauge reactions and to refine definitions. It became clear quite quickly that a general consensus about the term 'public services' would be difficult to achieve. For some the term could be defined in a quite precise and narrow (perhaps

<sup>5</sup> Luke Harding, *The Guardian*, Monday December 16, 2002



personal) way; while, for others, no single understanding or agreement about it was possible - almost by definition. This range was illustrated by the response that *'everyone has a good idea what is important to them'*. They also use interchangeably terms such as public service, essential service and basic service.

However, there was some evidence that people considered the notion of public essential services often to be linked to social class. In one middle class group, for example, there was protracted discussion about definitions, and a majority view that *'everyone's essential services are different'*. More specifically, someone in the same group said *'Just because people in Kamlapur don't see things as essential services, doesn't mean someone else somewhere else won't'*. This group also felt that, while public transport was not an essential service for them, it would be for many low income groups.

Despite such variations, a core set of essential services, focusing on healthcare and the emergency services, was almost always listed. For some the services were related to crises or emergency situations: for example, one person said *'the things that people can access in emergencies'*. In other words there was a view that essential services were things needed in 'life threatening situations'. However, others provided wider definitions and talked about those services needed to *'prevent the quality of life being threatened'* or *'the framework for maintaining an area's quality of life.'* As a consequence of these discussions, a general definition of public (basic or essential) services was proposed as:

*'Public services are basic services provided for the general public at large by key government departments and non-departmental public bodies.'*

## 2.2 Uniformity of Access to Services

Some services, in theory and principle, are to be made available to all citizens on a uniform basis regardless of income, status or power. Examples include universal free primary education, the fire service, etc. A distinction, thus, are to be made between this universal form of service, and those services where income, position or influence have the capacity to advantage particular individuals or groups. But our research finds based on experience of the slum dwellers that access to both kinds of essential services is affected by financial circumstances. This is seen by the urban poor as creating different levels of access and situation in which they are disadvantageous from the outset.

## 2.3 Decisions made at the centre

The familiar perception that decisions are made 'at the centre', and do not take account of local views and concerns, is voiced on a number of occasions *'the people that make decisions (about changing public services) leads to the usual outcome of people benefiting in Gulshan and not in Kamlapur Busti' or*

*'no body (from public bodies) ever asks ordinary people about changes for their areas.'*

This epitomised by the failure of policy community in prioritising and making services. *'I am not sure whether the night classes are any help to farmers and women losing their jobs in factories.'*

For many people the systems in use appeared to be unnecessarily complex and inaccessible. Perhaps because of the complexity of the procedures some groups felt that systems operated very slowly, feeding into the concerns about delays outlined above. Where the provision of service involves contacts with several departments or agencies, people feel that they are often *'shunted around', 'passed from one department to another'.*

#### **2.4 Anxiety about Stigmas: approaching 'people in authority'**

There is also evidence that some slum dwellers have experienced genuine fear and anxiety about approaching 'people in authority'. In many cases these feelings arose from the perceived stigma of having to seek certain sorts of help. A number of people said that they were actually afraid when they had to go to offices because of treatment they had received in the past.

Using the services of the police often generated a particular set of difficulties. For example, in some areas people indicated that, because of *'community disapproval'*, they did not feel able to contact the police even when they had been the victims of crime. *'People who have contacted them have often received threats or the cold shoulder.'*

#### **2.5 Time Restrictions**

The times and periods when many services are available are thought to be either limited or inappropriate. Healthcare was reported most frequently as causing difficulties. The service provision hours at doctors' post (*sabuj chhata* clinics) cause great concerns for slum dwellers since it coincides with their working hours as a missed-working day is directly contingent upon their income. It is furthered by cost of transport. Thus the opening hours for many services did not suit people living in informal employment, characterised by earn as you sell labour and the fact that many services are not available at weekend is seen as a specific barrier to access. *'The opening hours just don't suit everyone, if you're unemployed you're laughing' or 'if you're working it's not that easy to even bother trying to access a service because of lack of flexibility.'*

#### **2.6 Difficulties Accessing Information about Services**

Very often, it was argued, the difficulties began at the very first stage, that is the process of finding information about a particular service. This was expressed by one person as follows: *'It's one thing to have an entitlement. It's another thing to actually know about it.'*



Discussion suggested that there were three possible levels of difficulties. First, finding out where the information about the particular service concerned is available, and in what form. There is hardly any information post. Important information is not made readily available by frontline staff, for a range of reasons. Second, in some cases very little useful information is actually available in any form, and sometimes these are out of date. Third, when documents, forms or posters are in fact available, these are difficult to read, badly presented, and generally lacked clarity.

In some cases lack of privacy or sensitivity can be seen as actually putting people at risk. For example, in cases relating to domestic violence, reading out new addresses of victims makes available information that can create the danger of further attacks.

### **III. COST BARRIERS TO ACCESS PUBLIC SERVICES: RESULTS FROM INTERVIEWS**

The following section of the paper measures the cost barriers to access the public service by the urban poor to test as to whether access to both kinds of services - universal form of services (i.e. services are to be made available to all citizens on a uniform basis regardless of income, status or power such as universal free primary education, the fire service, etc.) and those services where income, position or influence have the capacity to leverage particular individuals or groups - is affected by financial circumstances, creating different levels of access and situations in which the urban poor are disadvantageous from the outset.

#### **3.1 Education**

The government's stated education policy in Bangladesh is to ensure that all children receive basic primary and lower secondary education, of reasonable quality. The right to universal, equitable, and free access to education and the right to admission to any educational institution regardless of religion, race, caste, sex, or place of birth are enshrined in Bangladesh's constitution.

According to government policy, there is no official fee charged in primary schools registered with the government and every child is entitled to receive free textbooks, except for students attending non-formal schools run by non government organizations. However, from the survey it appears that, for all school types, official fees are demanded, it is difficult to obtain textbooks free of charge and students do not get good grades unless their teacher is charge as a tutor.

To better understand the cost barrier to education, respondents were asked how much money they spent on average for education expenditure. Respondents provided information on expenditure, some of which were paid once annually, and other on monthly expenditure. In analysing average

monthly education expenditure of the respondents, it is evident that respondents' average monthly education expenditure comprise of number of items such as tiffin, house tutor, writing paper, pencil, electricity and school fees. The highest amount of taka 161 was spent for house tutor, while tiffin and electricity / cost of kerosene amounted to 93 and 83 taka respectively (Table – 3.1).

**Table 3.1 Average Monthly Educational Expenditure**

Expenses	Taka
Tiffin	93
House Tutor	161
Writing paper/Pencil	93
Fee	66
Electricity/Kerosene	83
Conveyance	2
Others Book	3
Fine-Arts	4

**Table 3.2 Average Yearly Educational Expenses**

Expenses	Taka
Book	496
House Tutor	221
Admission Fee	444
Bag	98
Dress	225
Admission Form	55
Entertainment	24
Examination fee	27
Sports	7
Library	1
Writing paper/Pencil	51
Picnic	14

As regards, average yearly educational expenditures, respondents spent large amounts for books, tuition fees and dresses. On average respondents spent Taka 496 for books, Taka 444 for school fees, Taka 225 for dresses and for house tutor Taka 221. Other expenses include bag (taka 98), admission form (taka 55), writing paper/pencil (taka 51), picnic (taka 14), entertainment (taka 24), examination fee (27), sports (taka 7) and library (taka 1) (Table – 3.2).

When asked whether respondents received any sponsorship for meeting the education expenditures from philanthropists/NGO, only 6 percent of the respondents answered in the affirmative. This implied that the cost burden was carried out by majority respondents.

When asked what were the problems faced if any as a resource poor student, a good number of respondents responded that they faced different



sorts of discrimination including mental harassment as a slum dweller and gender discrimination in continuing education. About 15 percent of respondents informed that they failed to continue education as because they were girls. About 27 percent respondents cited the cause of house work burden that led them to leave school (Table- 3.3).

**Table 3.3 Problems Faced as a Resource-Poor-Student**

Question	Answer (%)
Have faced discrimination	9
Have faced mental harassment as a slum dweller	11
Have faced problem to continue education for being girl child	7
Failed to continue school for being girl child	15
Left school for house work	27

### 3.2 Health

The provision of basic necessities, including medical care, is an obligation of the government of Bangladesh under the constitution. Health services are provided by both the public and private sector. There were nearly an equal number of public and private hospitals in Bangladesh by 1999 (528 public and 568 private), although public hospitals have a much higher concentration of beds (29,824) compared to private hospitals (11,371). The private sector hospitals generally serve client who can afford to pay, while the vast majority of the poor depend upon the public sector for health care. While the "normal" route requires no up-front payment, other routes include paying a fee to the doctor at his private chamber, paying money directly to a hospital employee and/or using a personal connection with hospital administration staff.

Respondents spent about on average Taka 395 for medicine, while cost of diagnosis remained the second highest amount (Taka 112) in their average health expenditure. The fee for traditional healer and clergy remained in the range of taka 15 and taka 10 respectively, Doctor's fee constituted on average taka 35 (Table – 3.4).

**Table 3.4 Average Health Expenditure**

Fee	Taka
Hujur (clergy)	10
Kobiraj (Healer)	15
Doctor	35
Satellite-Clinic	10
Govt-Hospital	5
Medicine	395
Diagnosis	112
Connivance	38

Respondents visited doctors for medical care of different diseases. The highest number of visit of respondents to doctors has been for viral fever. Other consultation with doctors related to diseases like dysentery, stomach ache and diarrhoea (Table 3.5).

**Table 3.5 Reasons for Consultation with Doctors**

Disease	Consultation with doctor (%)
Viral Fever (After 5 days)	61
Tonsil	37
Dysentery	48
Worm (Stomach-ache)	38
Diarrhoea (After 20	28
Gonorrhoea	7

### 3.3. Water

According to the 1977 Pourashava Ordinance, it is obligatory for city corporations to ensure availability of safe drinking water to households, since the provision and regulation of water supply and prevention of infections performed by the pourashva.<sup>6</sup>

Respondents of the study mainly uses water supplied by WASA. About 19 percent of the respondents' sources of water is tube well, while a majority (79 percent) uses water from WASA. However, only 16 percent respondents answered that one tube well was being used by 1 to 4 households. Whereas, 30 percent respondents were sharing one tube-well with 5 to 10 households. Access to tube-well was rather constrained by the fact that about 54 percent of the respondents had to share one tube well with 11 to 30 households.

**Table 3.6 Sources of Water**

Source	Uses (%)
WASA	79
Tube well	19
Others	2

**Table 3.7 Tube Well Uses per Households**

One tube-well use	Answer (%)
1-4 Households	16
5-10 Households	30
11-20 Households	29
21-30 Households	25

When asked from where the respondents collected the tube wells, it was found that respondents collected the tube well from various sources

<sup>6</sup> Pourashava Ordinance, Government of People's Republic of Bangladesh 1977



including government and NGO. A good number of tube well were also been collected from the market and financed by the respondents themselves (Table 3.8).

**Table 3.8 Sources of Tube-well**

Sources	% of Respondents
Government	32
N.G.O	25
Market (own)	27
Others	16

In answer to question who collect water that are being used in household of the respondents, it is evident that female members mostly collect water. About 31 percent interviewee and 16 percent of respondents' son/daughter collected water for household uses. Many of the interviewees are female themselves, thus, implies that the main responsible person to collect water are women (Table 3.9). Respondents also reported that they on average spend 23 minutes to collect water (Table 3.10).

**Table 3.9 Responsibility of collecting water**

Person responsible	Answer (%)
Interviewee	31
Female Member	43
Son/Daughter	16
Others Member	10

**Table 3.10 Waiting Time for Water Collection**

Waiting time	Minute
Collecting water	23

Many of the respondents reported that the tube-well they use for household uses remained broken for days ranging from less than 7 days to more than 22 days. About 64 percent respondents informed that the tube well they use remained broken for up to seven days. About 9 percent of respondents reported that their tube wells did not function more than 22 days (Table 3. 11).

**Table 3.11 Number of days tube-well remained broken**

Number of Days	Percent of respondents
< 7 days	64
7-14 days	17
15-21 days	10
>22 days	9

*Average Water Uses Expenditure*

Focus group participation's from slums explained that the best way to get a connection was through a third person, preferably a *mastan* who could manage the whole process. WASA official explained that the lengthy wait for connection in some cases motivated people to install hand pumps on the Dhaka WASA pipeline without permission. The moe well-to-do residents also install illegal suction pumps on the line in order to increase their water pressure, creating problems for other households.

In terms of monthly average water uses expenditures, it was found that respondents spent Taka 30 for purchase of equipment and Taka 20 for monthly rent. On average Taka 10 was also paid monthly as rent to extortionist (Table 3.12). This rent if calculated on an yearly basis, it becomes Taka 200. In terms of average yearly expenditure for water uses, establishment/set-up cost was Taka 1000 and repair cost amounted to Taka 200 (Table 3.13).

**Table 3.12 Monthly Average Water Uses Expenditure**

Expenses	Taka
Purchase of equipment	30
Monthly rental	20
Rent to extortionist	10
Others	5

**Table 3.13 Yearly Average Water Uses Expenditure**

Expenses	Taka
Establishment/Set-up	1000
Repair	200
Rent to extortionist	100
Others	120

**3.4 Sewerage**

The survey asked respondents about their use of sanitation facilities. About 57 percent of respondents had sanitary toilet for their own use, while other used unhygienic sanitary facilities such as open field and *kaccha* toilets (Table 3.14).

**Table 3.14 Use of Sanitation facilities**

Sanitation Facilities	Answer (%)
Sanitary Toilet	57
Open Field	21
Kaccha Toilet	13
Hole	6
Others	3



*Ownership of the Toilet*

As regards the ownership of the toilets being used by the respondents, it was found that most of the respondents who use sanitary toilets do not own those. The majority of the respondents share toilet with one or more households (Table 3.15). Respondents also informed that the toilets of their use were quite far from their home. Only 32 percent of respondents had their toilets within a reach of 17 feet, while for others the distance was from more than 18 feet to more than 80 feet (Table 3.16).

**Table 3.15 Ownership of sanitation facilities**

<b>Ownership</b>	<b>Answer (%)</b>
Owner	21
Share	47
Others	32

**Table 3.16 Distance of the Toilet from House**

<b>Distance</b>	<b>Answer (%)</b>
< 17 feet	32
18-40 feet	23
41-80 feet	30
> 80 feet	15

*Average Sanitation Expenditure*

Average sanitation expenditure comprises of different charges including monthly charge for user, cleaning charge and rent to extortionists. This range from Taka 21 to Taka 5 on average monthly (Table 3.18). The rent to extortionists are Taka 130 if calculated on yearly basis. The yearly one-off cost of establishing the sanitation facility for the respondents is Taka 380, while equipment and repair cost amounted Taka 380 and taka 250 respectively (Table 3.19).

**Table 3.18 Monthly Average Sanitation Expenditure**

<b>Expenses</b>	<b>Taka</b>
Charges	21
Cleaning	5
Rent to Extortionist	5
Others	4

**Table 3.19 Yearly Average Sanitation Expenditure**

<b>Expenses</b>	<b>Taka</b>
Establishment	380
Equipment	250
Repair	155
Broker/Extortionists' Rent	130
Others	136

### 3.5 Electricity

The survey asked respondents a series of questions about electricity access, monthly and yearly expenditure. A total of 91 percent of respondents have electricity lines at their household. Within which only 26 percent own electricity arrangement of their household. Although 77 percent respondents reported that they have regular electricity service at day times, a very limited number of respondents (23 percent) did not have regular electricity services at night, when they require most (Table 3.20).

**Table 3.20 Access to Electricity Services**

Question	Answer (%)
Have electricity Line?	91
Own Electricity arrangement	26
Regular Electricity Service in Day	77
Regular Electricity Service at Night	23

Focus group discussions undertaken to supplement survey data revealed, that most bosti dwellers acknowledged that their electricity connections were illegal and they had detailed knowledge of how illegal connection are made. They are generally aware that 'holding numbers' are required to get a legal electricity connection, which includes the installation of a meter. Since most bostis do not have holding numbers, bosti dwellers buy connections from people with legal access to electricity in their house and pay charges for connection and use at "market" rates.

#### *Average Electricity Expenditure*

Respondents were asked to provide information on their average electricity expenditure. The information on monthly expenditure and one-off yearly cost to electricity were collected. Their responses indicate that respondents, on average month, spend taka 127 for electricity bills, Taka 40 for equipment and Taka 35 for other expenditures related to electricity services (Table 3.21). Respondents also informed that they paid as one-off payment of Taka 250 for connection, Taka 125 for repairing of electric wires and lines. Respondents also paid Taka 150 as bribe for getting connected (Table 3.22).

**Table 3.21 Monthly Average Electricity Expenditure**

Expenses	Taka
Electricity Bill	127
Equipment (Bulb, Switch etc.)	40
Others	35

**Table 3.22 Yearly Average Electricity Expenditure**

Expenses	Taka
Connection (Wire, Materials)	250
Bribe For Connection	150
Repairing	125
Others	120



#### IV. CONCLUSIONS

What emerges from preceding sections is the fundamental contradiction between poor people's demand for accessible quality essential services and the elite's strategy to supply such services. At issue is the alimentionation of bureaucratic states' policy entrepreneurs from the grassroots and their concentration and accumulation of capital and power.

The paper finds that access to both kinds of services - universal form of services (i.e. services are to be made available to all citizens on a uniform basis regardless of income, status or power such as universal free primary education, the fire service, etc.) and those services where income, position or influence have the capacity to leverage particular individuals or groups - is affected by financial circumstances, creating different levels of access and situations in which the urban poor are disadvantageous from the outset.

For many people the systems in vogue is complex and inaccessible. People feel that they are often 'shunted around', where the provision of service involves contacts with several departments or agencies. There is also evidence that slum dwellers have experienced genuine fear and anxiety about approaching 'people in authority'.

The interviewed population points out that access to public services by slum dwellers is driven by hierarchical framework of power. A change in the reverse direction means, according to the interviewed population, is a transformation of socio-spatial relations, a production of a new, emancipatory space.

### Note

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## Appendix 1 A Note on Methodology

There is no simple or agreed definition of *essential services*, and indeed it is likely that interpretation of the concept will vary according to the groups being considered and the contexts in which they operate. The research has, therefore, been designed using a *bottom up* approach, in order to allow the organisations and individuals taking part to define what is essential for them, and to identify contexts in which problems about access occur. Therefore no prior assumptions were made as to what constitutes an essential service for any one person.

The main focus of the data collection was on the experiences of individuals from a range of sections. However, there was also a secondary focus on the views of community and voluntary sector organisations working with specific groups across the community, since they have a particularly intimate knowledge of what are likely to be the important issues for those whom they represent. The information sought relates to a wide range of issues including the following:

- the definition of essential services;
- the experience of attempting to access services;
- difficulties experienced in making contact with providers;
- the identification of physical, social, economic and cultural barriers to service provision, and suggestions about how these can be removed;
- analysis of the major problems involved in ensuring equal access and outcome, and how these can be removed or ameliorated.

### ***Elements***

The research methods used in the study were chosen to allow a broad spread of both individual and group participation, and to reflect a wide range of views, opinions and perceptions. The main elements of the study were as follows:

- desk research involving the identification and examination of background and contextual matters, using policy documents, previous researches, parallel studies;
- setting up a large number of focus groups, structured according to a range of relevant variables;
- the collection of data within focus groups;
- selecting key informants from a range of relevant and informed voluntary and community groups;
- the collection of data from these key informant interviews;
- the analysis of all collected data;
- writing reports.

### ***Focus Groups and Interviews***

Interviews and Focus groups were used as the tool for identifying and establishing the views, experiences and suggestions of a range of individuals and groups. Focus groups are especially apposite in this work, because they diminish the pressure, sense of isolation, and perceived vulnerability of individualised data-gathering, and allow ideas to be generated and expressed through reaction and response to other views. They therefore generate their own unique stream of discussion and interaction, can bring to life ideas not fully articulated before, and can uncover individual perceptions of experience previously hidden.



**Composition and Organisation of Focus Groups**

Study respondents were almost equally divided by gender, 49 percent respondents were male, while the other 51 percent respondents were female (Table 1). About 56 percent of respondents were unmarried while data was collected. About 40 percent were married while 4 percent of the respondents were either widowed, divorced or separated (Table 2).

Among the all respondents, 34 percent male and 35 percent female were literate. Although, about 24 percent respondents were illiterate, about 13 percent were functionally literate, meaning they can sign their names, read and write a short sentence and can count what is required at their day to day living. About 37 percent completed primary education. Only 5 respondents had education up to SSC or higher level up to graduation (Table 3).

**Table 1 Gender Distribution**

Gender	percent distribution
Male	49
Female	51
Male (Literate)	34
Female (Literate)	35

**Table 2 Marital Status**

Marital Status	percent distribution
Married	40
Unmarried	56
Separated	2
Widow	1
Divorced	1

**Table 3 Academic Qualification**

Academic Qualification	percent distribution
Illiterate	24
Can sign	13
Primary	37
Secondary	14
S.S.C	2
H.S.C	1
Graduation	2

**Table 4 Respondents' Profession**

Profession	% distribution
Day-Labour	5
Business/Self-Employed	6
Maid-Servant	10
Service (Govt,Org. etc)	6
Skilled -Labour	4
Shop-Keeper	2
Garment-Labour	2
Unemployed	4
Fisherman	1
Others	14
Student/Child/Retired	46

In terms of main profession, respondents had a wide variety of professions ranging from day-labour, business/self-employed, maid-servant, service, skilled -labour, shop-keeper, garment-labour, unemployed, fisherman etc. (Table 4).

Within the all respondents, about 12 percent lived in building, among which 7 percent were the owner of the house while other 5 percent respondents were tenants. A large number of respondents lived either in semi-*pucca* building or in mud huts. Most of the respondents lived in rented houses (Table 5).

**Table 5 Respondents Residence Type**

Types	Owner (%)	Rent (%)	Others (%)
Building	7	5	
Semi-Building	6	26	5
Hut (mud)	13	27	4
Thatched house	3	5	

### ***Gathering, Analysing and Reporting the Data***

The data from the focus groups and the face-to-face interviews were initially in the form of answer sheets, transcripts and moderator notes. These were analysed using *two* distinct methods – (a) computation through spreadsheet using statistical package and (b) content analysis.

In the *content analysis*, the material was screened for key statements and phrases, which were then extracted and coded. Statements and phrases were categorised taking account of the headings under which discussions in the focus groups were conducted. They also allowed for the creation of new response categories suggested by the data itself.

The volume of data provided by the focus groups and individual interviews was very extensive, and considerable thought had to be given to presenting findings in a way that would not only reflect the wealth of detail available, but would also provide a clear structure. The two approaches considered were: first, *reporting in terms of the data of individuals about specific services* - such as cost barriers to access to universal free primary education; and, second, *reporting the inferences of experiences, understanding and concerns in coherent manner which is analytically resounding as well as builds linkages with the policy problematic*. Both approaches pose difficulties in terms of providing a coherent structure, yet it is hoped that it would allow us to reflect the range and complexity of the evidence.



## LIVELIHOOD PATTERN OF THE SUNDARBANS' RESOURCE EXTRACTORS AND THEIR OPINIONS ON INVOLVING WITH ALTERNATIVE JOBS

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**Abstract:** The Sundarbans, the world's largest mangrove forest, is prime source of resources for the people living around for their livelihoods. The limited resources of the forest are being indiscriminately extracted and this has profound impact on the overall environment and the economy. It is pertinent here to formulate a policy of sustainable resources extraction of the forest for betterment of the stakeholders. In this respect, there is need for adequate and up-to-date knowledge about the socio-economic status of the resource extractors of the forest, particularly living in the vicinity of the Sundarbans, in terms of their extent of dependency on the forest resources, livelihood styles, and involvement with alternative occupation and so on. The present paper describes the socio-economic aspects of the people engaged in extracting the resources of the Sundarbans and highlights their difficulties and possibilities to be occupied with other types of jobs. This process will substantially help augment a sustainable resources extraction of the Sundarbans.

### Introduction

The Sundarbans, the world's largest mangrove forest, is located at the southern extremity of the Ganges river delta bordering on the Bay of Bengal. It lies between the latitude 20°34" N and 26°33" N and longitude 88°01" E and 92°41" E partially incorporating Bagherhat, Khulna and Satkhira zilas within Khulna Division of Bangladesh. The mangrove forest extends 80 kilometres inland from the coast. Its area is 577,100 ha including 407,100 ha of mangrove forest and 170,000 ha of river channels, canals and creeks. The Sundarbans has an altitude of 0–3 m. It is intersected from north to south by a large numbers of rivers or estuaries, which are connected by numerous interlacing channels and a large number of flat and marshy islands. The Sundarbans is endowed with a lot of natural resources. The principle

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vegetation is almost entirely mangrove forest. The forest is very rich in biotic diversity and support 330 species of plants, possibly as many as 400 species of fishes, at least 35 species of reptiles, over 270 species of birds and 42 species of mammals.

The forest as such plays a significant role in the economy of the southwestern region of Bangladesh in particular as well as in the national economy, in general. The forest generates large scale of employment opportunities because of the availability of extensive and diverse resources in the Sundarbans. In addition to traditional products like timber, fuel-wood, pulpwood, large-scale harvest of thatching materials, honey, bees-wax, fishes, and other resources of the forest take place regularly.

It has been noticed that people living near the Sundarbans area are heavily dependent on the resources of the forest for their livelihood. The limited resources of the forest are also being indiscriminately extracted. Moreover, the people who are directly involved with the Sundarbans for their livelihood are not being adequately addressed by the projects and programmes undertaken by the government organizations i.e. the local people's participation - the users of the resources in resource management has not been duly ensured.

The present study has been conducted on the impact zone (IZ) of the Sundarbans to find out the livelihood pattern of the people who are dependent of the resources of the Sundarbans and their views on involvement with alternative jobs.

### ***Objectives***

The main objective of the study is to know the livelihood pattern of the people of the Impact Zone those who extract the resources of the Sundarbans.

The specific objectives of the study are:

- Description of socio-economic conditions of the people depending on the resources of the Sundarbans for their livelihood; and,
- Identification of associated problems and thereof potentials in involving with alternative jobs other than depending on the resources of the Sundarbans.

### ***The Study Area - The Impact Zone of the Sundarbans***

For this study purpose, the IZ of the Sundarbans covers 17 Upazilas and the seaward side of the forest which extends 20 kilometres into the Bay of Bengal. The IZ comprises 17 upazilas of 5 zilas viz. Khulna, Satkhira, Bagerhat, Pirojpur and Barguna around the periphery of the forest. The IZ supports a population of about 3.5 million people living in 17 upazilas and 154 unions. Table 1.3.1 shows the details of zilas, upazilas, numbers of unions and population in the IZ of the Sundarbans.



**Table 1.3.1 Zilas, Upazilas, Unions and Population in the Impact Zone**

Zila	Upazila	No. of Unions	Population, 1995
Khulna	Batiaghata	7	151,000
	Dacope	9	170,000
	Koyra	7	196,000
	Paikgachha	10	266,000
Satkhira	Assasuni	10	242,000
	Kaliganj	12	247,000
	Syamnagar	13	291,000
Bagerhat	Morrelganj	16	356,000
	Rampal	11	185,000
	Sarankohola	4	119,000
	Mongla	6	153,000
Pirojpur	Bandaria	7	161,000
	Mothbaria	11	276,000
	Nessarabad	10	223,000
Borguna	Bamna	4	73,000
	Borguna	10	241,000
	Pathergatha	7	148,000
	Total	154	3,498,000

Source: Arcadis Euroconsultant, The Netherlands; Winrock International, USA; Kranti Associates Ltd., Bangladesh; Nature Conservation Management, Bangladesh. *Inception Report*, Vol.II: Annexes, Project Report No. 2 ADB: Bangladesh 1643, June 2000, p.19

### **Scope and Limitations of the Research**

At the outset, it should be cleared here that only the situation of the male headed households living in the IZ and those are dependent on the resources of the Sundarbans for their livelihoods have been illustrated. The discussion encompasses the following aspects: dependency status, demography, education, occupation, income and expenditure pattern, housing, assets possession, services and facilities, and opinions in involving with alternative job opportunities

Resource extractors mean the people who are engaged in gathering/taking the available resources from the Sundarbans for their livelihood. *Dadandars* denote the persons involved in supplying monetary and other supports to the extractors for extracting the Sundarbans resources in lieu of receiving their extracted resources. The earners mean the first earner of the household and he is the head of the household who goes to the forest to extract the resource and this is his main source of income.

### **Data Sources**

The data and information of the socio-economic conditions of people of the IZ of the Sundarbans have been taken from the study on 'Socio-economic Baseline Study on the Impact Zone of the Sundarbans'. The study was launched by the Sundarbans Biodiversity Conservation Project (SBCP), the Ministry of Environment and Forest, Government of the People's Republic of Bangladesh with the financial assistance from the Asian Development Bank,

Global Environment Facility (hereafter GEF) and the Government of Netherlands. The study was conducted by the faculty members of Urban and Rural Planning Discipline, Khulna University, Bangladesh during October 2000 - June 2001.

### ***Data Collection Technique***

A complete census was conducted in 54 villages (from 154 unions) within the IZ. The main purpose of conducting such complete census was to obtain the basic information on the SRF user population. Further, a household level survey of 726 male headed households was conducted. These 726 households were selected from the user population using stratified random sampling technique on the basis of the age differentiations, different categories of resource users and economic groups. Seventeen villages were randomly selected from Khulna zila, 13 from Bagerhat zila, 13 from Satkhira zila, 5 villages from Barguna zila, and 6 from Pirojpur zila according to the sizes of population/households concentrations in those zilas.

The village level survey began in 15 October 2000 and continued for two months till 15 December 2000. And the household level survey began in 15 February 2001 and continued for two months till 15 April 2001.

### ***Data Analysis, Interpretation and Presentation Techniques***

Surveyed data i.e, the filled-in questionnaires was entered into the micro-computers. After entering all the data into the micro-computers, the print-outs of these data into raw forms have been taken to verify the data collected from the field and data entered into the micro-computers. Tables were designed in such a way so that these could help to portray the actual situation of the households extracting the Sundarbans resources in the light of their socio-economic conditions. Both uni-variate and multi-variate tables were prepared. For the data analysis purposes, both SPSS version 9.1 and MS Excel packages were used.

### ***Dependency of Households on the Sundarbans Resources***

Amongst the total interviewed households (i.e. 22,099 households) 3,996 households were found to be dependent on the SRF resources which depicts 18.1 per cent of the total households living in the IZ of the Sundarbans. It is important to note here that these 3,996 are the male-headed households and they are the 1<sup>st</sup> earners of their families. Table 3.1 shows the household heads dependent on the resources of the Sundarbans by zilas, upazilas and unions/villages.

The village census results show that the households of Khulna zila are comparatively (27 per cent) the most dependent on the SRF resources. The households of Perojpur zila are the least (4.1 per cent) dependent on the SRF resources. As far as the distribution of the households' dependency on the forest resources are concerned by upazila, Assasuni upazila of Satkhira



zila is comparatively the most (35.5 per cent) dependent on the SRF. The households of Morrelgonj upazila are the least (3.4 per cent) are dependent of the resources of the SRF. Further, the distribution of the households depending on the SRF union/villages illustrates that Dakhin Khali union of Sarankhola upazila under Bagerhat zila are the most (61 per cent) dependent on the SRF resources.

However, considering the family members down to the 5<sup>th</sup> earners of the interviewed families, it appears that 29 per cent of the households living in the impact zone of the Sundarbans are dependent on the resources of the SRF.

## **Demographic Features**

### ***Age Structure of Household Heads***

It is found that about 40 per cent of the Sundarbans resources extractors are within the age group of 21- 35 years. The people within this age group are generally found to be active and hard working. And the people of this age group are essentially required for extracting the forest resources since there exists an endangered condition in the Sundarbans. There are also older people working in the Sundarbans. About 6 per cent of the people working in the forest are within the age group of 60 years and above. Further, there are variations in the ages of the people extracting the Sundarbans resources by types. The older people having 60 and above years are engaged more in the wood extraction compared to other resources extraction such as non-wood (5.88 per cent), aquatic (4.57 per cent) and other resources (6.46 per cent) by that age group people.

### ***Household Sizes***

The average household size of the people extracting the Sundarbans resources is found to be 5.2. Only 21 per cent of the households extracting the Sundarbans resources have 4 family members. About 19 per cent of the households have family of 8 to 10 members. In terms of types of the Sundarbans resources extraction, the aquatic resources extractors (average family size 4.6) have smaller family sizes compared to wood (average family size 5.1), non-wood (average family size 5.4) and other resources (average family size 5.4) extracting households.

### **Level of Education**

About 51 per cent of the Sundarbans resources extractors are illiterate. In fact, they do not have any formal education background. And, 37 per cent of the resources extractors read up to classes I - V followed by 8.8 per cent up to classes VI to VIII, 1 per cent classes IX to X, and, 1 per cent passed secondary school certificate examinations. In terms of types of resources extractions, 50 per cent of the wood resources extractors are illiterate. Furthermore, in the case of aquatic resources extractors, 53 per cent of them are illiterate.

## **Occupation Pattern**

### ***Primary Occupations***

The distribution pattern of the primary occupations of the household heads extracting the Sundarbans resources is as follows: (a) Wood resources extractors 21.6 per cent (*Goran* 5.6; *Gewa* 0.7; *Sundari* 1.0 per cent; fuel-wood 1.1 per cent; daily labour 13.2 per cent); (b) Non-wood resources extractors 4.7 per cent (*golpata* 3.6 per cent; honey 0.4 per cent; medicinal plants 0.5 per cent; daily labour 0.13 per cent); (c) Aquatic resources extractors 69.5 percent (shrimp fries collection 34.4 per cent; crab/shell collectors 0.3 per cent; fishermen 33.9 per cent; daily labour 0.8 per cent); (d) Other resources extractors 4.1 per cent (boatmen 4.0 per cent; *dadandars* 0.1 per cent; moneylender 0.1 per cent). Table 3.4.1 indicated the types of the primary occupations of the male-headed households extracting the Sundarbans resources.

### ***Secondary Occupations***

#### *Status of Involvement*

The household survey results show that 69 per cent of the households extracting the Sundarbans resources are also involved in secondary occupations. These secondary jobs are also based on the Sundarbans resources extraction. In terms of the type of resource extraction, 5.8 per cent of the wood resources extractors are involved in secondary jobs while that of non-wood 11.4 per cent, aquatic 36.7 per cent and other resources 46.1 per cent. Table 3.4.2 reveals the types of the secondary occupations of the male-headed households extracting the Sundarbans resources.

#### *Secondary Occupations by Types of Primary Occupations*

The household level survey shows that the wood resources extractors have secondary occupations based on the Sundarbans resources showing 41.1 per cent, 19.4 per cent and 31.8 per cent of the non-wood, aquatic and other resources respectively. Further, the household survey shows that the non-wood resources extractors have secondary occupations based on the Sundarbans resources showing 12.9 per cent, 19.4 per cent and 67.7 per cent of the wood, aquatic and other resources respectively. Again, the household survey shows that the aquatic resources extractors have secondary occupations based on the Sundarbans resources showing 6.7 per cent, 0.6 per cent and 50.3 per cent of the wood, non-wood, and other resources respectively. Table 3.4.2 depicts the types of the secondary occupation of the male-headed households extracting the Sundarbans resources vis-à-vis their primary occupations.



## Income Pattern

The household level survey results represent that the average monthly incomes of all types of resources extractors are significantly very low. The level of monthly income of 61.8 per cent of the non-wood, 33.1 percent of the wood, 31.2 per cent of the aquatic resources extractors are concentrated within Tk. 1000 – 1500 while 25.8 per cent of other types of resources extractors such as boatmen, *dandandars*, moneylenders, etc. are within Tk. 2500 - 3000. Individually, the monthly income of the moneylenders is higher compared to the other types of resources extractors. Some of the moneylenders' monthly income is found Tk. 6000 - 10,000. Table 3.5 portrays the average monthly income of the household heads extracting the Sundarbans resources by types.

## Expenditure Pattern

### Food

About 40 per cent of the households extracting Sundarbans resources spent 61 to 65 per cent of their expenditure on food which exhibits that the most of the resource extractors are poor. And 47 per cent of them spent 71 per cent and above of their expenditure on food. In terms of spending food by the different resource extractors, there are also differences. About 38 per cent of the wood extractors use to spend 71 to 75 per cent of their expenditure on food while 32.4 per cent of the non-wood resource extractors spent 76 to 80 per cent as well as 49.2 per cent of the aquatic resource extractors spent 61 to 65 per cent of their expenditure on food. Table 3.6.1 shows the average monthly expenditure on food by the different types of resources extracting households.

## Possession of Assets

### Immovable Properties

#### Homesteads

Only 0.4 per cent of the households extracting the Sundarbans resources have no homesteads while the remaining 99.6 per cent have homesteads of different sizes. About 58 per cent of the households have homesteads of sizes within 5 *kathas* that illustrate that the Sundarbans resources extractors have smaller sizes of homesteads and as such they are poor. Again, the sizes of the homesteads engaged in other occupations such as *dadandars*, moneylenders, boatmen, etc. have comparatively larger sizes of homesteads than other occupations extracting the resources of the Sundarbans such as wood, non-wood and aquatic resources. According to the survey results, 19.2 per cent of the household heads engaged in other resources extraction (i.e. *dadandars*, moneylenders, etc.) have homesteads of sizes more than 10 *kathas* while 14.7 per cent of the non-wood cutters (i.e. *golpata*, honey, etc.), 14.2 per cent of the aquatic and 14 per cent of wood extracting

households the similar sizes of homesteads. Table 3.7.1.1 illustrates the details of areas of homesteads of the people extracting various resources of the Sundarbans.

#### *Cultivable Land*

The household survey results indicate that 42.4 per cent of the male-headed households extracting the Sundarbans resources do not have any land for cultivation. Moreover, the households extracting the Sundarbans resources have smaller sizes of cultivable land. About 64 per cent of the households have agricultural land of sizes less than 20 *kathas*. It shows that they do not have many assets on which they can really depend for their livelihoods other than extracting the resources from the Sundarbans. The detailed information on the possession of cultivable lands by types of the Sundarbans resources extracting households highlights that 10.6 per cent of the non-wood extractors have agricultural lands of sizes more than 100 *kathas* which is followed by 6.7 per cent by the other resources extractors (such as *dadandars*, money lenders and boatmen), 6.4 per cent of the wood resource extractors, and 5 per cent of the aquatic resources extractors. Table 3.7.1.2 shows the cultivable land sizes of the people extracting resources of the Sundarbans.

#### **Movable Properties**

##### *Boats (without engines)*

The household survey results reveal that 58.3 per cent of the households extracting the Sundarbans resources have boats (without engines). In terms of types of resources extracting from the Sundarbans, 71.2 per cent of the household extracting aquatic resources have their own boats while 22.3 per cent of the households extracting wood have their own boats. The ownership pattern of boat (without engines) by types of households extracting the Sundarbans resources is shown in Table 3.7.2.1.

##### *Boats (with engines)*

Only 6.6 per cent of the households extracting the Sundarbans resources have boats (with engines). In terms of types of resources extracting from the Sundarbans, 32.2 per cent of the households extracting other resources (i.e., *dadandars*, moneylenders, boatmen, etc.) have their own boats followed by 6.5 per cent and 3.2 per cent of households extracting aquatic and wood resources own engine boats. The ownership pattern of boats (with engines) is presented in Table 3.7.2.2.

#### **Housing Structure**

##### **Uses of Building Materials**

Almost all the houses' floor (99.3 per cent) of the households extracting the Sundarbans resources is made of earth. The prominent building materials



used for wall by the households are earth (48 per cent) which is followed by wood (29.3 per cent) and *golpata* (10.2 per cent). As regards roofs, 56 per cent of the households use *golpata*, 24 per cent straw and 19 per cent corrugated iron sheets (CIS). The types of building materials used by the households extracting the Sundarbans resources are illustrated in Table 3.8.1.

## **Opinions on Involving with other Occupations**

### ***Status of Involving***

About 91 per cent of the Sundarbans resource extractors express their positive responses in favour of their interest to be involved with alternative jobs. In terms of distribution by type of resources extraction, 93.3 per cent of the aquatic resources extractors, 91.2 per cent of the non-wood resources extractors and 89.8 of the wood resources extractors are interested to be involved with jobs other than extracting the Sundarbans resources. Table 3.9.1 shows the status of opinions of the households extracting the Sundarbans resources involving with other types of occupations.

### ***Types of Jobs to be Involved***

It appears that 35.1 per cent of the Sundarbans resources extractors want to be involved with petty businesses followed by 33.9 per cent in daily labour, 8.3 per cent in rickshaw/van pulling, 5.5 per cent in agricultural farming, 4.5 per cent in fish businesses, 2.5 per cent in small grocery shops. Table 3.9.2 indicates the types of alternative jobs with which the Sundarbans resources extractors want to be involved.

### ***Possession of Capabilities***

Most of the Sundarbans resources extractors (98.3) viewed that they, at present, have the capabilities to be involved with alternative jobs other than extracting the forest resources. Table 3.9.3 shows the status of possessing capabilities to be involved with alternative jobs.

### ***Problems Faced in Involving with Alternatives Jobs***

Lack of capital (49 per cent) is one of the major problems faced by the Sundarbans resource extractors currently to be involved in alternative jobs. This is followed by more earning in the present jobs (19 per cent), availability of alternative jobs (15 per cent) and involvement of more labour (9.1 per cent). Table 3.9.4 exhibits the problems/reasons not involving presently with alternative jobs.

The following are the main observations of the present study:

- The issues/aspects discussed here essentially portray the socio-economic conditions of the people who are engaged in resource extraction of the Sundarbans. The people extracting the resources of the Sundarbans are characterized by:
  - low level of income

- less access to services and facilities needed for better livelihood
  - low level of education
  - the possession of assets in terms of movable and immovable are also minimal
  - expressed opinions on involvement with alternative jobs
- data and information presented in this paper are taken from the study 2001. It is thought that the situation have been changed with the passage of the time. In order to obtain up-to-date information about the persons involved with resource extraction of the forest, there is need to undertake similar study;
  - in order to facilitate for wider dissemination of information about the livelihood pattern of the people dependent on the resources of the Sundarbans, publication of small write-ups/leaflets in Bangla, arrangements for holding round table discussions, group discussions, seminars, etc are suggested;
  - Conducting issue-wise further indepth independent research studies such as crisis coping, accessibility to credit facilities, economics of resource extraction, income and expenditure patter of the households dependent of the resources of the Sundarbans, etc;
  - The Disciplines of Khulna University - Urban and Rural Planning Discipline, Economics Discipline and Sociology Discipline are the most competent and relevant which could rightly be engaged in conducting the above mentioned research studies.

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Table 3.1 Dependency of Household Heads on the resources of the Sundarban by Zilas, Upazilas and Union/Villages

Zila	Upazila	Union	Village	Household extracting Forest Resource	Household non extracting Forest Resource	Total Household	% of Household extracting Forest Resource
Kulna	Palkachha	1. Garakhali	Uttar Amrampur	85	149	234	36.3
		2. Chandkhali	Kamarpur	154	340	494	31.2
	Upazila Total			239	489	728	32.8
				335	803	1138	29.4
	Dacope	1. Sutarkhali	Gumari	27	51	78	34.6
		2. Bansanta	Palkhala	341	608	949	35.9
		3. Kalashganj	Kalashganj	5	102	107	4.7
		4. Baya	Chandpara	15	153	168	8.9
		5. Laudubi	Laudubi Pasharevdi	19	119	138	13.8
		6. Kamarkhola	Satgara	742	1836	2578	28.8
Upazila Total			1	29	30	3.3	
			167	298	465	35.9	
Koyra	1. Amali	Bhagba	98	68	166	59.0	
	2. Moheswarpur	Suredhar	47	179	226	20.8	
	3. Moharajpur	Padhajpurkur	7	140	147	4.8	
	4. Uttar Bekketi	Haldibunia	6	500	506	1.2	
	5. Dakshin Bekkashi	Banna	154	338	492	31.3	
	6. Bagali	3 No. Koyra	480	1552	2032	23.6	
Upazila Total			5	96	101	5.0	
			0	39	39	0.0	
Bagerhat	Zila Total			5	135	140	3.6
				1466	4012	5478	26.8
Bagerhat	Mongla	1. Chila	Jayramnagar	417	429	846	49.3
		2. Sunderban	Darikhanda	13	87	100	13.0
		3. Mithakhali	Uttar Sahelameri	14	575	589	2.4
		4. Chandpar	Dakshin Karmnan	78	148	226	34.5
Upazila Total			522	1239	1761	29.6	
			372	238	610	61.0	
			40	494	534	7.5	
			77	297	374	20.6	
Sarakhola	1. Dakshin Khali	Khurakhali	170	577	747	22.9	
	2. Dhansagar	Nalibunia	1601	1601	2260	29.2	
Total	3. Khonekataka	Khadra					
	4. Rayenda						
				659	1601	2260	29.2



Rampal	1. Banstali	Glatala	43	731	774	5.6
	2. Paikhal	Ramjapur	132	318	450	29.3
Total			175	1049	1224	14.3
Morrelganj	1. Nishanbaria	Guatala	12	365	377	3.2
	2. Khuolla	Pasturbunia	8	183	191	4.2
	3. Morrelganj	Paschim Saralia	11	325	336	3.3
Total			31	873	904	3.4
	Zila Total		1387	4762	6149	22.6
Satkhira	1. Kashmani	Godara	133	110	243	54.7
	2. Kaikhal	Mendinagar	24	224	248	9.7
	3. Ramzannagar	Bethkali	84	405	489	17.2
	4. Maunshiganj	Kultali	55	176	231	23.8
	5. Buri Goalmi	Media	1	53	34	2.9
	6. Atulia	Atulia Barokapot	66	284	350	18.9
	7. Padmapukur	Jhapa	9	424	433	2.1
	8. Gabura	10 No. Sora	131	302	433	30.3
Total			503	1958	2461	20.4
Assasumi	1. Pratapnagar	Dargatala	53	55	108	49.1
	2. Anulla	Bhohanathpur	57	94	151	37.7
	3. Khajra	Kalikapur	13	74	87	14.9
Total			123	223	346	35.5
Kaliganj	1. Krishnagar	Nangi	18	213	231	7.8
	2. Bishnupur	Joyprarakati	0	168	168	0.0
Total			18	381	399	4.5
	Zila Total		644	2562	3206	20.1
Borguna Sadar	1. Bahatali	Mansatali	17	175	192	8.9
	2. Naitona	Gazimamud	107	423	530	20.2
UTotal			124	598	722	17.2
Pathorghata	1. Chardanti	Uttar Hoglapasha	56	200	256	21.9
	2. Pathorghata	Paschim Badurtala	63	441	504	12.5
Total			119	641	760	15.7
Bamna	1. Dautala	Dakin Banjora	34	386	420	8.1
Total			34	386	420	8.1
	Zila Total		777	1625	1902	14.6

Pirojpur	Mathbaria	1. Saplera	Bukhatala Bandabpara	9	774	783	1.1
		2. deimore	Betmore	43	586	629	6.8
		3. Baranachua	Uttar Bara Machua	67	558	625	10.7
	Total			119	1918	2037	5.8
		1. Sohagdal	Sohagdal	78	2307	2385	3.3
	Total	2. Swarupkati	Alankarkati	2	397	399	0.5
				80	2704	2784	2.9
	Bhandara	1. Telikhal	Junia	23	520	543	4.2
				23	520	543	4.2
	Zilla Total			222	5142	5364	4.1
<b>Grand Total</b>			<b>3996</b>	<b>18103</b>	<b>22099</b>	<b>18.1</b>	

Source: Field Survey, 2000

Table 3.4.1 Type of the Primary Occupation of the Male Headed Household Heads Extracted the Sundarbans Resources.

Resource Type	Type of Resources Extracting	Frequency	Percentage	
Wood	Gorai	41	5.64	
	Gewa	5	0.68	
	Sundari	7	0.96	
	Firewood	8	1.10	
	Dailylabour	96	13.22	
	Sub-Total	157	21.62	
	Non-wood	Golpata	26	3.56
		Honey	3	0.42
	Medicine Plant	4	0.55	
	Dailylabour	1	0.13	
Sub-Total		34	4.66	
Aquatic	Shrimp/Fri	250	34.43	
	Crab&shell	2	0.28	
	Fisherman	246	33.88	
	Labour	6	0.82	
Sub-Total		504	69.5	
Others	Boatman	29	3.99	
	Dadondar	1	0.13	
	Moneylender	1	0.13	
Sub-Total		31	4.13	
<b>Grand Total</b>		<b>726</b>	<b>100.0</b>	

Source: Village Census, 2000



Table: 3.4.2: Types of Sondary Occupations Households vis-a-vis Primary Occupation

Primary Occupation	Secondary Occupation												Total																																
	Wood				Non-wood				Aquatic				Others				Sub-total																												
	Goran		Sub-total		Gol-pata		labour		shrimp		crab/shell		Fisher-man		labour		Sub-total		Boat-man		Dadon-der		Money-lender		Others		Sub-total																		
	f	%	f	%	f	%	f	%	f	%	f	%	f	%	f	%	f	%	f	%	f	%	f	%	f	%	f	%	f	%															
Wood	Goran	0	0.0	1	3.3	0	0.0	1	3.3	4	13.3	3	10.0	8	26.7	3	10.0	2	6.7	1	3.3	0	0.0	0	0.0	0	0.0	0	0.0	6	20.0	0	0.0	0	0.0	3	10.0	12	40.0	15	50.0	30	73.2		
	Gewa	0	0.0	0	0.0	1	25.0	0	0.0	0	0.0	0	0.0	0	0.0	2	50.0	0	0.0	1	25.0	0	0.0	0	0.0	0	0.0	0	0.0	3	75.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	4	80.0		
	Sundry	0	0.0	0	0.0	0	0.0	0	0.0	1	16.7	1	16.7	3	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	3	50.0	0	0.0	0	0.0	1	16.7	1	16.7	2	33.3	6	85.7		
Non-Wood	Fuel-Wood	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	2	25.0		
	Labour	0	0.0	0	0.0	0	0.0	0	0.0	1	1.1	2	2.3	41	47.1	44	50.6	11	12.6	0	0.0	0	0.0	0	0.0	0	0.0	11	12.6	1	1.1	0	0.0	3	3.4	28	32.2	32	36.8	87	90.6				
	Sub-Total	0	0.0	1	0.8	2	1.6	2	1.6	6	4.7	45	34.9	53	41.1	21	16.3	2	1.6	2	1.6	0	0.0	25	19.4	1	0.8	0	0.0	7	5.4	41	31.8	49	38.0	129	82.2								
Aquatic	Golpata	3	12.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	3	12.0	0	0.0	0	0.0	2	8.0	17	68.0	19	76.0	25	96.2				
	Honey	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	2	66.7	0	0.0	0	0.0	0	0.0	0	0.0	2	66.7	0	0.0	0	0.0	0	0.0	1	33.3	3	100.0	0	0.0						
	Herbal	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1	50.0	0	0.0	1	50.0	0	0.0	0	0.0	1	50.0	0	0.0	0	0.0	0	0.0	1	50.0	2	50.0				
Others	Labour	1	100.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0
	Sub-Total	4	12.9	0	0.0	0	0.0	4	12.9	0	0.0	0	0.0	0	0.0	5	16.1	0	0.0	1	3.2	0	0.0	6	19.4	0	0.0	6	19.4	0	0.0	0	0.0	3	9.7	18	58.1	21	67.7	31	91.2				
	Shrimp	3	1.8	2	1.2	15	8.9	20	11.9	1	0.6	0	0.0	1	0.6	0	0.0	30	17.9	31	18.5	5	3.0	66	39.3	3	1.8	0	0.0	3	1.8	0	0.0	2	1.2	76	45.2	81	48.2	168	67.2				
Money Lender	Crab/Shell	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	2	100.0	0	0.0	0	0.0	0	0.0	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	2	100.0	0	0.0
	Fishes-man	0	0.0	0	0.0	1	0.7	1	0.7	0	0.0	0	0.0	1	0.7	0.7	59	42.8	0	0.0	1	0.7	5	3.6	65	47.1	1	0.7	4	2.9	65	47.1	1	0.7	4	2.9	65	47.1	71	51.4	138	56.1			
	Labour	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	6	100.0	6	100.0	6	100.0	0	0.0		
Total	Sub-Total	3	1.0	2	0.6	16	5.1	21	6.7	1	0.3	0	0.0	1	0.3	2	0.6	61	19.4	30	9.6	32	10.2	10	3.2	133	42.4	4	1.3	1	0.3	6	1.9	147	46.8	158	50.3	314	62.3						
	Boatman	0	0.0	0	0.0	2	8.7	2	8.7	1	4.3	0	0.0	1	4.3	9	39.1	0	0.0	10	43.5	0	0.0	19	82.6	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1	4.3	1	4.3	23	79.3				
	Dadonder	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	1	100.0	0	0.0		
Total	Money Lender	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
	Sub-Total	0	0.0	0	0.0	2	8.0	2	8.0	1	4.0	1	4.0	0	0.0	2	8.0	9	36.0	0	0.0	10	40.0	0	0.0	19	76.0	0	0.0	0	0.0	0	0.0	0	0.0	2	8.0	2	8.0	2	8.0	25	80.6		
	Total	7	1.4	3	0.6	19	3.8	29	5.8	4	0.8	7	1.4	46	9.2	57	11.4	96	19.2	32	6.4	45	9.0	10	2.0	183	36.7	5	1.0	1	0.2	16	3.2	208	41.7	230	46.1	499	68.7						

Source: Household Survey, 2001

Table 3.5: Average Monthly Income of Heads of Male Headed Households Extracting Sundarbans Resources

Income Range (month /Tk)	Types of Occupation														Total																											
	Wood				Non-wood				Aquatic				Others																													
	Goran	Gewa	Sundary Wood	Fuel- Wood	Labour	Total	Golpata	Honey	Herbal	Labour	Total	Shrimp	Crab/ Shell	Fisher- man	Labour	Total	Boat- man	Dadon- lender	money lender	Total																						
<1000	f 2	f 4.9	f 0.0	f 1.4	f 1.0	f 5	f 3.2	f 0.0	f 1.25	f 0.0	f 0.0	f 2.59	f 2.00	f 100.28	f 0.0	f 56	f 1.34	f 0.0	f 0.0	f 0.0	f 3.2																					
1000-1500	f 13	f 31.7	f 2.4	f 7.4	f 3.0	f 52	f 33.1	f 0.0	f 25.0	f 100.0	f 21	f 61.8	f 82	f 32.8	f 75	f 30.5	f 157	f 31.2	f 17.2	f 0.0	f 19.4																					
1500-2000	f 10	f 24.4	f 0.0	f 1.4	f 1.25	f 29	f 30.2	f 4.1	f 26.1	f 3	f 11.5	f 0.0	f 0.0	f 3.88	f 42	f 16.8	f 0.0	f 35	f 14.2	f 2	f 16.1																					
2000-2500	f 8	f 19.5	f 2.4	f 0.0	f 0.0	f 20	f 20.8	f 3.0	f 19.1	f 2	f 7.7	f 1	f 33.3	f 1	f 25.0	f 0.0	f 0.0	f 4	f 11.8	f 31	f 12.4																					
2500-3000	f 5	f 12.2	f 1.2	f 2.0	f 0.0	f 2.25	f 16.7	f 2.4	f 15.3	f 1	f 3.8	f 2	f 66.7	f 0.0	f 0.0	f 0.0	f 3.88	f 48	f 19.2	f 0.0	f 43																					
3000-3500	f 0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 7	f 2.8	f 0.0	f 14	f 5.7	f 1	f 16.7	f 2.2	f 1.4	f 3.2																					
3500-4000	f 1	f 2.4	f 0.0	f 0.0	f 2.25	f 0.0	f 3	f 1.9	f 0.0	f 0.0	f 1	f 25.0	f 0.0	f 1	f 2.9	f 7	f 2.8	f 0.0	f 15	f 6.1	f 6.5																					
4000-4500	f 0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0																					
4500-5000	f 2	f 4.9	f 0.0	f 0.0	f 0.0	f 0.0	f 2	f 1.3	f 0.0	f 0.0	f 0.0	f 0.0	f 5	f 2.0	f 0.0	f 7	f 1.4	f 3	f 10.3	f 0.0	f 9.7																					
5000-6000	f 0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 1	f 0.4	f 0.0	f 2	f 0.4	f 0.0	f 0.0	f 0.0	f 2																					
6000-10000	f 0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 0.0	f 1	f 100	f 0.0	f 3.2																					
Total	f 41	f 100	f 5	f 100	f 7	f 100	f 8	f 100	f 96	f 100	f 157	f 100	f 26	f 100	f 3	f 100	f 4	f 100	f 1	f 100	f 34	f 100	f 250	f 100	f 2	f 100	f 246	f 100	f 6	f 100	f 504	f 100	f 29	f 100	f 1	f 100	f 1	f 100	f 0.0	f 31	f 100	f 726

Source: Household Survey, 2001

Note: Only the income earns from the primary occupation of the first earner i.e., the head of the male headed households



Table 3.6.1: Average Monthly Expenditure on Food (in percentage)

Types of Resources	% of Total Expenditure																		Total
	upto 50		51-55		56-60		61-65		66-70		71-75		76-80		81+				
	F	%	F	%	F	%	f	%	f	%	f	%	f	%	f	%			
Wood	0	0.0	0	0.0	0	0.0	11	76.8	0	0.0	12	29.3	17	41.5	1	2.4	41		
	0	0.0	0	0.0	1	20.0	4	80.0	0	0.0	0	0.0	0	0.0	0	0.0	5		
	0	0.0	1	14.3	0	0.0	1	14.3	0	0.0	1	14.3	3	42.9	1	14.3	7		
	0	0.0	0	0.0	0	0.0	7	87.5	0	0.0	1	12.5	0	0.0	0	0.0	8		
	0	0.0	0	0.0	0	0.0	4	4.2	19	19.8	45	46.9	27	28.1	1	1.0	96		
Subs total	0	0.0	1	0.6	1	0.6	17	17.2	19	12.1	89	37.6	87	29.9	3	1.9	157		
Non-Wood	0	0.0	1	3.7	0	0.0	2	7.4	2	7.4	6	27.2	10	37.0	6	22.2	27		
	0	0.0	0	0.0	0	0.0	1	33.3	1	33.3	1	33.3	0	0.0	0	0.0	3		
	0	0.0	0	0.0	0	0.0	1	33.3	0	0.0	1	33.3	1	33.3	0	0.0	3		
	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	1		
Subs total	0	0.0	1	2.9	1	0.0	4	11.8	3	8.8	8	23.5	11	32.4	7	20.6	34		
Aquatic	0	0.0	6	2.4	7	2.8	85	34.0	23	9.2	59	23.6	57	22.8	13	5.2	250		
	0	0.0	0	0.0	0	0.0	1	50.0	0	0.0	0	0.0	0	0.0	1	50.0	2		
	0	0.0	8	3.3	8	3.3	157	63.8	14	5.7	34	13.8	22	8.9	3	1.2	246		
	0	0.0	0	0.0	0	0.0	5	83.3	0	0.0	1	16.7	0	0.0	0	0.0	6		
Subs total	0	0.0	14	2.8	15	3.0	246	49.2	17	7.3	84	18.7	79	15.7	17	3.4	504		
	0	0.0	1	3.4	3	10.3	9	31.0	3	10.3	5	17.2	6	20.7	2	6.9	29		
	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	1		
	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	1		
Subs total	0	0.0	1	3.2	3	9.7	10	32.3	3	9.7	6	19.4	6	19.4	2	6.5	31		
<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>17</b>	<b>2.3</b>	<b>19</b>	<b>2.6</b>	<b>289</b>	<b>39.8</b>	<b>62</b>	<b>8.5</b>	<b>167</b>	<b>23.0</b>	<b>143</b>	<b>19.7</b>	<b>29</b>	<b>4.0</b>	<b>726</b>		

Source: Household Survey, 2001

Table 3.7.1.1: Areas of Homesteads of Households Extracting the Sundarbans Resources

Types of Occupation	Homestead area by katha																Total Households Having Homesteads	Household Having no Homestead							
	<2.5		2.5-5		5.1-7.5		7.6-10		10.1-15		15.1-20		20.1-30		30.1-40				40.1-50		50+				
	f	%	f	%	f	%	f	%	f	%	f	%	f	%	f	%			f	%	f	%			
Wood	Goran	2	4.9	20	48.8	2	4.9	9	22.0	4	9.8	4	9.8	0	0.0	0	0.0	0	0.0	0	0.0	41	100	0	0.0
	Gewa	0	0.0	4	80.0	0	0.0	1	20.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	5	100	0	0.0
	Sunday	0	0.0	3	42.9	2	28.6	0	0.0	1	14.3	1	14.3	0	0.0	0	0.0	0	0.0	0	0.0	7	100	0	0.0
	Fuelwood	0	0.0	5	62.5	3	37.5	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	8	100	0	0.0
	Labour	15	15.6	37	38.5	7	7.3	25	26.0	3	3.1	8	8.3	1	1.0	0	0.0	0	0.0	0	0.0	96	100	0	0.0
Non-wood	Golpata	0	0.0	13	50.0	1	3.8	8	30.8	3	11.5	1	3.8	0	0.0	0	0.0	0	0.0	0	0.0	26	100	0	0.0
	Honey	0	0.0	0	0.0	1	33.3	1	33.3	0	0.0	1	33.3	0	0.0	0	0.0	0	0.0	0	0.0	3	100	0	0.0
	M. Plants	0	0.0	1	25.0	1	25.0	2	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	4	100	0	0.0
	Labour	0	0.0	0	0.0	0	0.0	1	100	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1	100	0	0.0
	Total	4	0.0	14	41.2	3	8.8	11	35.3	3	8.8	5	15.6	1	3.0	0	0.0	0	0.0	0	0.0	24	100	0	0.0
Aquatic	Shrimp	36	14.5	106	42.7	24	9.7	43	17.3	18	7.3	14	5.6	3	1.2	1	0.4	3	1.2	0	0.0	248	99	2	0.8
	crab/shell	0	0.0	1	50.0	0	0.0	0	0.0	0	0.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0	2	100	0	0.0
	Fishermen	30	12.2	127	51.8	27	11.0	33	13.5	15	6.1	9	3.7	0	0.0	3	1.2	1	0.4	0	0.0	245	99.6	1	0.4
	Labour	1	16.7	0	0.0	0	0.0	2	33.3	1	16.7	2	33.3	0	0.0	0	0.0	0	0.0	0	0.0	6	100	0	0.0
	Total	67	13.4	234	46.7	53	10.2	79	15.6	34	6.8	26	5.2	3	0.6	4	0.8	4	0.8	0	0.0	243	99	3	1.2
Boatman	Boatman	5	17.2	12	41.4	2	6.9	6	20.7	2	6.9	2	6.9	0	0.0	0	0.0	0	0.0	0	0.0	29	100	0	0.0
	Dadonder	0	0.0	0	0.0	0	0.0	0	0.0	1	100	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1	100	0	0.0
	Money-lender	0	0.0	0	0.0	0	0.0	0	0.0	1	100	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1	100	0	0.0
Total	Sub-total	5	16.1	12	38.7	2	6.5	6	19.4	3	12.9	2	6.5	0	0.0	0	0.0	0	0.0	0	0.0	31	100	0	0.0
	Total	89	12.3	329	45.5	70	9.7	131	18.1	49	6.8	43	5.9	4	0.6	4	0.6	4	0.6	0	0.0	723	99.6	3	0.4

Source: Household Survey, 2001  
 Note: 1 Khatra = 720 sq. ft. = 66.98 sq. m.



Table 3.7.1.2 : Areas of Cultivable Land of Households Extracting the Sundarbans Resources

Types of Occupation	Cultivable land area by katha																		Total Household having cultivable land		Household having no cultivable land								
	<20		20-40		40.1-60		60.1-80		80.1-100		100.1-150		150.1-200		200.1-250		250.1-300		300+		f	%	f	%	f	%			
	f	%	f	%	f	%	f	%	f	%	f	%	f	%	f	%	f	%	f	%									
Wood	Goran	14	60.9	2	8.7	2	8.7	1	4.3	1	4.3	0	0.0	0	0.0	1	4.3	0	0.0	0	0.0	23	56.1	18	43.9				
	Gewa	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	5	100.0		
	Sundry	4	80.0	0	0.0	0	0.0	1	20.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	5	71.4	2	28.6				
Non-wood	Fuelwood	3	75.0	1	25.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	4	50.0	4	50.0				
	Labour	19	63.3	4	13.3	5	16.7	0	0.0	0	0.0	2	6.7	0	0.0	0	0.0	0	0.0	0	0.0	30	31.3	66	68.8				
	Sub-Total	40	64.5	7	11.3	7	11.3	1	4.8	1	1.6	3	4.8	0	0.0	1	1.6	0	0.0	0	0.0	44	39.5	95	60.5				
Aquatic	Golpata	5	41.7	3	25.0	1	8.3	0	0.0	2	16.7	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	12	46.2	14	53.8				
	Honey	1	33.3	1	33.3	0	0.0	1	33.3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	3	100.0	0	0.0				
	M. Plants	1	33.3	1	33.3	0	0.0	0	0.0	0	0.0	0	0.0	1	33.3	0	0.0	0	0.0	0	0.0	3	75.0	1	25.0				
Aquatic	Labour	0	0.0	1	100	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0				
	Sub-Total	7	36.8	6	31.6	1	5.3	1	5.3	2	10.5	0	0.0	1	5.3	0	0.0	3	15.8	0	0.0	15	55.9	15	44.1				
	Shrimp	109	67.3	26	16.0	11	6.8	2	1.2	5	3.1	6	3.7	3	1.9	0	0.0	0	0.0	0	0.0	162	64.8	88	35.2				
Other	crab/shell	0	0.0	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	2	100.0	0	0.0				
	Fisherman	104	67.1	25	16.1	10	6.5	8	5.2	1	0.5	4	2.6	2	1.3	0	0.0	0	0.0	1	0.6	155	63.0	91	37.0				
	Labour	1	33.3	0	0.0	0	0.0	2	66.7	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	3	50.0	3	50.0				
Other	Sub-Total	66.5	16.1	3	6.8	3	7.7	1	3.7	1	1.9	3	3.1	1	1.6	0	0.0	0	0.0	0	0.0	13	63.9	182	36.1				
	Boatman	5	38.5	3	23.1	3	23.1	1	7.7	0	0.0	0	0.0	1	7.7	0	0.0	0	0.0	0	0.0	13	44.8	16	55.2				
	Dadfonder	0	0.0	1	100	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0				
Total	Money-lender	1	100	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0				
	Sub-Total	6	40.0	4	26.7	3	20.0	1	6.7	0	0.0	1	6.7	0	0.0	0	0.0	0	0.0	0	0.0	15	48.4	16	51.6				
	Total	267	63.9	69	16.5	33	7.9	17	4.1	9	2.2	13	3.1	7	1.7	1	0.2	1	0.2	1	0.2	418	57.6	308	42.4				

Source: Household Survey, 2001 Note: 1 Khata = 720 sq. ft. = 66.98 sq. m.

**Table 3.7.2.1: Ownership Pattern of Boats of Households Extracting the Resources**

Types of Resource Extracting	Yes										No	
	No. of Boats								Total			
	1		2		3		4					
	F	%	f	%	f	%	f	%	f	%	f	%
Wood	31	88.57	4	11.43	0	0.00	0	0.00	35	22.29	122	77.707
Non-wood	9	100.00	0	0.00	0	0.00	0	0.00	9	26.47	25	73.529
Aquatic	335	93.31	17	4.74	6	1.67	1	0.28	359	71.23	145	28.77
Others	18	90.00	2	10.00	0	0.00	0	0.00	20	64.52	11	35.484
Total	393	92.91	23	5.44	6	1.42	1	0.24	423	58.26	303	41.736

Source: Household Survey, 2001

**Table 3.7.2.2: Ownership Pattern of Engine Boats of Households Extracting the Resources**

Types of Resource Extracting	Yes								No	
	No. of engine boats						Total			
	1		2		3					
	F	%	F	%	F	%	F	%	F	%
Wood	5	100.00	0	0.00	0	0.00	5	3.18	152	96.81
Non-wood	0	0.00	0	0.00	0	0.00	0	0.00	34	100.00
Aquatic	30	90.91	2	6.06	1	3.03	33	6.55	471	93.45
Others	9	90.00	1	10.00	0	0.00	10	32.25	21	67.74
Total	44	91.67	3	6.25	1	2.08	48	6.61	678	93.38

Source: Household Survey, 2001

**Table 3.8.1: Use of Building Materials by Households Extracting the Sundarbans Resources**

Aspects	Types of Building Materials														Total		
	Golpata		CIS		Brick		Earth		Wood		Straw		Bamboo			Others	
	F	%	f	%	f	%	f	%	f	%	f	%	f	%	f	%	f
Floor	0	0.0	0	0.0	5	0.7	721	99.3	0	0.0	0	0.0	0	0.0	0	0.0	726
Wall	74	10.2	25	3.4	5	0.7	348	47.9	213	29.3	32	4.4	24	3.3	5	0.7	726
Roof	406	55.9	136	18.7	2	0.3	1	0.1	2	0.3	174	24.0	2	0.3	3	0.4	726

Source: Household Survey, 2001



**Table 3.9.1 Status of Involving with Other Occupations**

Types of Occupation		Opinions			
		Yes		No	
		f	%	F	%
Wood	Goran	36	87.8	5	12.2
	Gewa	5	100.0	0	0.0
	Sundry	7	100.0	0	0.0
	Fuelwood	8	100.0	0	0.0
	Labour	85	88.5	11	11.5
Sub-Total		141	89.8	16	10.2
Non-Wood	Golpata	25	96.2	1	3.8
	Honey	3	100.0	0	0.0
	Herbal	2	50.0	2	50.0
	Labour	1	100.0	0	0.0
Sub-Total		31	91.2	3	8.8
Aquatic	Shrimp	240	96.0	10	4.0
	Crab/Shell	2	100.0	0	0.0
	Fisherman	222	90.2	24	9.8
	Labour	6	100.0	0	0.0
Sub-Total		470	93.3	34	6.7
	Boatman	16	55.2	13	44.8
	Dadonder	0	0.0	1	100.0
	Money-Lender	1	100.0	0	0.0
Sub-Total		17	54.8	14	45.2
Total		659	90.8	67	9.2

Source: Household Survey, 2001

**Table 3.9.2: Proposed Types of Jobs to be Involved**

Types	f	%
Small grocery shops	18	2.5
Mechanics (small shallow machines)	7	1.0
Daily laboring	242	33.9
Fish business	32	4.5
Petty business	251	35.2
Shrimp farming	15	2.1
Van/rickshaw /motor cycle driving	59	8.3
Agriculture/farming	39	5.5
Livestock/poultry farming	11	1.5
Servants to rich families	10	1.4
Earthwork/ house repairing	9	1.3
Others	21	2.9
Total	714	100.0

Source: Household Survey, 2001

**Table 3.9.3: Status of Having Capabilities**

Status	f	%
Yes	702	98.3
No	12	1.7
Total	714	100.0

Source: Household Survey, 2001

**Table 3.9.4: Problems Faced in Involving with Alternative Jobs**

Types	F	%
Lack of capital	350	49.0
Easy earning through the existing jobs	28	3.9
More earning in existing jobs	136	19.0
Involvement of more labor and trouble in alternative jobs	65	9.1
Less productivity in agriculture due to salinity	2	0.3
Lack of alternative jobs	107	15.0
Scarcity of agricultural land	17	2.4
Others	9	1.3
Total	714	100.0

Source: Household Survey, 2001



## THE FISHERMEN SUBCULTURE IN BANGLADESH: CASE STUDY OF A FISHING COMMUNITY IN THE MEGHNA BASIN

Md. Anwar Hussain\*

**Abstract** The focus of this paper is to understand the cultural pattern of a traditional Hindu fishing community in Bangladesh. The traditional Hindu fishermen are one of the oldest occupational groups in this country. They usually live in small aggregates either in a single neighbourhood, or in a single village, usually near the water bodies. Each of these settlements has its own history, special traditions and patterns of social life mainly due to its special ecological, economic and social setting. Their low status, inferiority complex of powerlessness, caste restrictions and relative isolation from the larger system led them to minimise wide range of interactions with the outsiders. In the process, the traditional fishermen had developed a particular way of life distinctive enough to view them as a *subculture*.

No modern society contains a homogeneous culture<sup>2</sup> but has a multitude of ethnic, regional, and occupational subcultures<sup>3</sup> with which the people identify and from which they derive many distinctive values and norms. The present paper is based on empirical data<sup>4</sup>, which provides an analysis of the subculture of the traditional fishers community<sup>5</sup> of *Kaibarttadham*.

### Ecological context of the community

*Kaibarttadham* is located in Charmesha *mauza* (an administrative unit for land administration) under Chandpur district, which is an island like *char*-land encircled by the river *Dakatia* an offshoot of the *Meghna*. The houses of the village were built on raised land and were surrounded by low-lying cultivable fields that remained waterlogged for most part of the year. This gave the village a distinct physical entity. The village had 209 households<sup>5</sup> most of whom primarily dependent on fishing or related activities for subsistence.

All the people of the fishing village were low caste Hindus. Because of their low status in the caste hierarchy, they had learnt to maintain a low profile and thus remained cut off from the larger society. Since the Muslims

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dominated the larger society these low caste Hindu fishers suffered from an inferiority complex of powerlessness and could hardly dare to find any scope to come out of their traditional way of life.

The physical isolation, ecological appearance and living condition of its inhabitants gave *Kaibarttadham* a distinctive identity. To a stranger, the village would appear to be a scattered settlement of huts, dotted with a few tin-roofed houses. There would be a few fishing boats tethered by the adjacent slope of the river. The houses in the fisher neighbourhoods displayed nets stretched on poles; bowls of *gab* resin (used in strengthening nets) in the corner of courtyards; incomplete nets hanging by walls and on poles; bundles of threads and other equipment for net-making; various types of ropes hanging in the poles; and baskets made of cane or bamboo-slips for carrying fish. All these gave a distinctive appearance of the fishermen neighbourhoods of *Kaibarttadham*.

### **Material artefacts of daily use**

The fishers of *Kaibarttadham* were low caste Hindus and had been carrying on with their caste occupation (*jatipesha*) for survival. They had been using the traditional boats nets and other gears for fishing that had not changed for generations. The boats were made by the *chhaiyals* (carpenters) of the *Namasudra* sub-caste who had settled in the village primarily to make fishing boats. The fishermen themselves repaired and maintained their boats.

The fishers of *Kaibarttadham* used a variety of fishing nets. These nets used to be knitted and repaired by the family members, particularly women. An ability to knit fishing nets was an expected skill for the women and an important means of supplementing family incomes by the fisher women. Generally, machine-made cotton or synthetic yarns were used for knitting fishing nets<sup>6</sup>.

The housing pattern in *Kaibarttadham* had remained the same for generations. Most of the houses were huts made of bamboo and straw. Only a few well-to-do residents had tin-shed houses. The sanitary condition of the village was very bad. Only a few households had *katcha* pit latrines. All others, men, women and children, used bamboo-groves, nearly shrubs, and even the open fields, to relieve themselves. A few villagers had joint ponds or private ditches, which they used for bathing, washing and cooking. Most of the villagers however used the nearby river. There were a few private tube-wells, and most of the villagers could use them for drinking water. It was found that the majority of villagers suffered from various chronic water-borne disease and ailments.

The fishers were poor and were accustomed to live a simple life. They had a few household items. Most houses were relatively bare of household furniture and in most cases the inhabitants had to sleep on mats on the floor. The kerosene lamps were used at night. The household items consisted of a few simple domestic items such as, traditional pots and pans;



pitcher, plates and bowls mostly made of clay. The well-to-do villagers however occasionally used enamel and china utensils. Some of the fishers possessed some modern items like radio, cassette player, watch, television, sewing machine, etc.

The fishers of *Kaibarttadham* wore traditional and distinctive dress. They usually wore simple clothes convenient to their daily life. The men usually wore a *lungi* or a *dhuti* (loincloth) for covering the lower portion of the body. Most of them kept a *gamcha* (sweat cloth) which was also very useful to work in water and in taking a bath. A coarse *saree* was the principal attire for the women all the year round. However, men and women irrespective of ages were found to wear *modern* dresses especially during different festivals or at the time of visiting outside the village.

### **Daily life in *Kaibarttadham***

The daily life of the fishers was relatively simple. The day's work began early in the morning in each household. Men who had gone out for fishing in the evening would return home after selling their night catch, far away from the village.

Unlike many other fishermen in Bangladesh, the fishers of *Kaibarttadham* usually fish at night and stay at home during the daytime. During the day, the fishers would repair and toughen their nets with *gaab* resin (sticky substance derived from the fruit of *gaab* tree). On occasions, they might do some minor repair work on the hut. In some households, men would work in nursing fruit trees and vegetables garden around their homestead.

The fisher-women had to pass the day by cleaning house, sweeping the compound, washing utensils and dishes, fetching water, cooking the mid-day meals. They also looked after the poultry, processed grain and worked in vegetables garden.

In most of the fisher households, the rice was cooked only at noon. At that time, the fisher households would have the warm rice and curry. Taking a bath before the mid-day meals was a ritual. In the evening and the morning, they would eat the leftovers: stale rice and curry. Following the tradition, the women ate after the men had eaten. It was a common practice among the villagers to feed their retired parents or destitute kinsmen. Moreover, there was no sub-caste discrimination in partaking of food together. The practice might have a value for social cohesion in the community.

In the afternoon, after completion of the domestic work, the womenfolk would gather together in the yard to knit nets and gossip on different issues. Sometimes, they braided each other's hair. This has been an age-old traditional pastime of the women. The gathering would end before the men were expected to go out for fishing. The women had to spend the night at home with children and elders. This cycle of work was repeated almost every day.



### Values, norms, beliefs and practices

A value is an abstract social sentiment and is sustained in a social context. The people share values about what is good, moral, ethical and aesthetic. But since a value refers to social *sentiment*, it is neither a law nor an objective truth. The residents of *Kaibarttadham*, despite sub-caste differences, shared values and beliefs, and abide by the principles of behaviour.

The fishers had ways of maintaining their community integration by encouraging and enforcing what they viewed appropriate behaviour while discouraged or punished what they considered to be improper conduct. The traditions and attitudes of the community strongly discouraged members to seek outside intervention in matters relating to the internal affairs of the village. The fishers almost solely depended on the village *panchayat* to manage all types of tensions and disputes in village life. They had a long tradition of not to deal with outsiders about such matters. But, in disputes where outsiders were involved, they could no way to ignore outside intervention. However, in such situations the villagers usually had remained united under the village *panchayat* to support the fellow villager. The supports provided were financial, physical and mental.

The rise of nuclear family system did not led to the total disappearance of the traditional family values among the fishers of *Kaibarttadham*. As the resources were limited and the possibilities for outside help was minimum, the community members used to maintain the social norm to look after not only of their retired parents but also of their agnates and affinal relations as well as destitute kinsmen. We could estimate 26 cases where brothers while maintaining separate households, took care of their old parents by turn. There were two cases where brothers having separate households, took care of the wife and non-earning children of their deceased brother. There was yet another case where three son-in-laws, while maintaining separate households, took care of their father-in-laws (who had no son) by turn. The sons who neglect their parents, brothers and sisters were viewed in low esteem.

Most of the older generation in *Kaibarttadham* believed that the god had destined them to be a low caste to serve the higher caste through the hereditary occupation. The traditional fishermen used to follow certain ethical practices such as, fishing by nets of optimum mesh size so that small fishes could escape in order to prevent the depletion of fish resources. In earlier days, it was deemed proper to abstain from fishing in inauspicious days, on the days of the *purnima* (full moon), the *amabaishya* (last day of the dark moon), the mourning and the *puja*. Such abstaining would add up to about 60 days in a year. Some of the fishers reported that they still followed the tradition of not catching fish against the current in the months of *Baishakh* and *Jaistha* (April to June), when the fish migrated for spawning. But the fishing had become more competitive and the fishers no longer



followed the ethical values of their traditional occupation. Besides, fishing was no longer an exclusive occupation of their caste. As an elder said, "if poverty comes in through the front door, the old values go away through the back door".

The fishers however believed in the purification and cleanliness of their boat. They never neglected in cleaning their boat after the end of each voyage. They would use red *sindur* (lead oxide) in the body of the boat and also make it pollution free by chanting *mantras* before they sailed with the boat. Nobody was allowed to wear shoes in their boats.

The fishers had folkways to reinforce male dominance. Men's hierarchical position above women within the community was revealed in their various folkways. Under the traditional norms in the community, a woman is expected to marry, rear children, and remain at home to cook food as well as doing domestic works. Following the tradition, the women ate after the men had eaten. Women did not have any right to participate in *panchayat* committee in regards to matters relating to settlement of disputes. Taboos relating to women's impurity kept them away from participating as equals in the community affairs.

### Religious rites and practices

The folkways and tradition of the villagers were reflected in the religious rites and practices of the people of *Kaibarttadham*. They followed the typical religion of the low caste Hindus, mainly of the pre-Aryan and non-*Brahmanical* in nature<sup>7</sup>. Most of these practices originated from a feeling of insecurity and helplessness in the face of frequent natural calamities and mishaps that were integral part in their occupational and social life in the past (Kerr 1965; Zaidi 1970: 91). The religious rituals and practices were expected to protect them from accidents, calamities, diseases, and other troubles from the nature. These religious practices were as much religious as they were social tradition. These rituals fulfilled a number of social functions.

Most of the fishers of *Kaibarttadham* were resigned to their fate, and were pessimist about their future prospects. They were superstitious and believed that a good catch was the result of supernatural intervention. Their misfortunes were attributed to fate. They had developed fatalistic attitude because of the nature of uncertainties and variability of fish-catch. This led them to worship different deities and most of them were goddesses -- *Ganga*, *Kali*, *Shitla*, *Luxmi*, *Sawarsati*, etc. However importance was given on those deities, they believed to have immense influence on their daily life, work and working environment.

Worshipping *Ganga devi* (goddess of water) was very much special for the fishermen of *Kaibarttadham*. The fishers believed that the goddess *Ganga* was the deity of the rivers and could save the crew in times of danger and bless them with a good catch. In the words of an old fisherman, '*majh gaangye maa Ganga thakey bipadey naaiyarey rakkhha kore* (the mother

*Ganga* lives in the middle of the river, and she saves the boatman from danger). The fishers believed that if the goddess *Ganga* became annoyed, then fishing in the water bodies might become hazardous and they might be deprived of a good catch.

The grandest religious festival in *Kaibarttadham* was the annual *Kali puja*. The goddess *Kali* was considered to be the symbol of evil but the worship of her was important because the fishers usually lived by the riverside and in the out skirt of the village.

The fisher people of *Kaibarttadham* observed the *Shitla puja*. It was expected to protect the villagers from epidemics especially cholera and small pox, which used to be common in rural Bangladesh.

After the end of the slack season by *Chaitra*, a new fishing season was soon to begin. The fishermen would welcome the new season and celebrate the Bengali New Year by organising the communal festival of the *Mahotshab* (great festival) on the last day of the Bangla month of *Chaitra*. On this occasion, the villagers of all sub-castes participated in a 24-hour *Kirtan* (religious songs, praising the god *Krishna*). The villagers also arranged a feast with contribution from all households. The communal festival of the *Mahotshab* was considered to be a symbol of unity of different sub-castes living in the village.

Most of the beliefs and practices among the fishermen were obviously irrational superstition. However, many of the people of the new generation understood that their religious functions seldom could serve the *manifest functions*. But the *latent function* (Merton 1968: 64) of these religious and social rituals and ceremonies were deep-rooted tradition and these reinforced the community identity by continuing the tradition to which the community was socialised.

### **Rituals Relating to Birth, Marriage and Death**

Birth, marriage and death are natural occasions for human life cycle. In every society there are rituals relating to these occasions and every individual is involved in these rituals in accordance to his or her social role and status. In *Kaibarttadham* the fisher people also had norms, customs and traditions relating to birth, death and marriage.

#### ***Rituals relating to birth***

The fisher people of *Kaibarttadham* followed several traditional practices and rituals on the occasion of the birth of a child. The people believed that a woman became impure (*aschhut*) at the time of giving birth to a child. So, before the delivery, the expectant mother was confined to a specially made delivery room.

As the delivery was completed the women around the mother would burst into *ululation*, five rounds of *ululu* for a male child and three rounds for a girl child, to welcome the new baby



The end of confinement of women for delivery was called *aschaucha-anta*. Thirteen days after the delivery, the mother along with the baby came out of her confinement. On that day, everything in the household was washed and cleaned to receive the mother with her baby. This was a sound hygienic practice.

Another important celebration relating birth of a child was *annya-prashanna* (rice eating ceremony). The parents would select an auspicious date for the *annya-prashanna* ceremony. By performing a set of rituals a bit of food stuff made of rice was given to the mouth of the newly born baby.

The rituals, especially the *annya-prashanna*, involved a lot of money. The poor fisher folk could not afford it. They limited all the celebration, even avoided it. The wealthy fisher households celebrated the rituals, especially in case of the first child.

### ***Rituals relating to marriage***

A wedding may be a single event, but it involves an elaborate process based on customs and traditions. The guardians *arranged* the marriages in *Kaibarttadham*. As they were caste endogamous, a suitable match often was difficult to find in the village. On many occasions, they had to look for a suitable bride or groom outside the village.

If the preliminary information were favourable to both the bride and bridegroom's parties, the guardians of the prospective bridegroom would pay a visit to see the bride. This was locally known as *koney dekha*. If the bridegroom's party was satisfied, usually in week's time, the guardians of the bride would go to see the groom. This was locally known as *chheley dekha*. If both the parties agreed, the guardians of both sides exchanged wreaths among each other. This traditional practice was known as *ghat pradeep*.

The process of a marriage began with the *lagan* ceremony at the bride's house. With the sound of *ululation* three or five women with pitchers would go to the river *ghaat* (slope of the river). One woman would carry a plate of *dhan* (paddy), *durba* (ritually significant grass stem), *pradeep* (little clay lamp), oil, *sindur*, *pan-supari* (betel-nut), knife, and sweets. The women offered oil, *sindur*, *pan-supari*, sweet and *dhan-durba* to the river seeking blessings of the goddess *Ganga*. With *ululation* the *pradeep* would be shown to the water. The knife was moved into the water in such a way as if the water was being cut to remove the evil influences. The women would then fill the pitchers and came back home. The pitchers were kept on iron for protecting the water from evil eye.

The *gae halud* was an important rite on the day before the marriage. Three or five young married women would rub turmeric mixed in mustered oil on the body of the bride and then would give her a special bath. After the *gae halud*, the bride would worship *Gouri*, the goddess of welfare under the guidance of a priest. The *gae halud* was also performed in the groom's house. The practice of *gae halud* was almost similar to that of the bride.

At the auspicious time (*lagan*), the marriage ceremony would start. The groom wearing a *topor* (a special wedding hat) would sit face to face the bride on a low wooden seat on the western side of the *chadnata* (booth constructed by four banana plants). With the end of *satpak* ceremony, the ceremony of *sampradan* (giving away the bride) took place. The father of the bride would place the bride's right hand on the palm of the groom's right hand and the *sampradan* was performed according to religious direction of the priest.

By tradition, the guardian had to arrange a ceremonial feast on the day of marriage, for the invited guests, relatives, neighbours, the *panchayats* and other key persons of the *samaj*. The special guests from outside the village were served with special food.

A ceremonial *ashsirbad* (benediction) took place after the feast. After the *ashsirbad* ceremony, the bride left her father's house in tears with her husband and his party. When the bride reached the groom's house the parents and the relatives received them, and the parents were the first to see the bride and offer *ashsirbad* with *dhan-durba*. Then the groom along with the bride went to the groom's room, but on this night the couple did not stay together. The bride stayed with her mother-in-law or sister-in-law. This night was known as *kal-ratri* (inauspicious night). The third night of the marriage was the night of *ful-sajya* (flower-bed) that was expected to be the most memorable night for the couple.

### **Rituals relating to death**

In accordance with the Hindu tradition, the dead body was burnt into ashes but there was no common graveyard in the village for burying the ashes. As prescribed for all *Sudras* (lowest caste), the period of mourning was thirty days. During this period, the sons of the deceased had to wear non-stitched and unbleached clothes and sleep on a straw mat as a sign of mourning. Most important ritual relating to death was the observance of the *sradhya* that was performed after the period of mourning. This was supposed to be the last meal of the deceased. Later, the relatives and



other invitees were served with rice and vegetables, and some times, a few favourite items of the deceased.

### **Nature of Community Recreation and Entertainment**

In harmony with its natural environment, the fishers of *Kaibarttadham* had developed songs and stories, sayings and folklore, jokes and riddles, festivities and religious celebrations that combined a vital part of its distinctive culture and heritage. Since the fishers had to depend on an uncertain fishing economy, they did not get much time for recreation and amusements during the fishing seasons. They usually, had recreation and amusements in communal religious-cum-social festivities on occasions of annual *Mahotshab*, the *Kali puja*, and the *Ganga puja* during the dry season.

From time immemorial, the fishers had been depending on their rich traditions of *jatra* (folk drama), *jarigaan* (folk song), *pala-gan* (narrative opera) and *kirtan* for community amusement. The performances were staged either by a *jatra* group visiting for money, or by a drama-group formed by the participation of the village performers from within the village. Nakul (58) of the village from his youth organised *jatra* with the participation of actors from within the village.

The major form of women's recreation was gossiping among neighbours and sharing scandals.

### **Socialisation of Fisher Children**

The fishers of *Kaibarttadham* socialised their children in traditional values of their community life. The children were socialised to obey the community values and to be obedient to elders. The children were prepared for the family occupation by taking to the river in order to expose them in the art of catching fish.

The socialisation of boys was the primary responsibility of the men in the family. Socialisation of the boys began by encouraging them to learn about weaving nets and catching fish. Before being taken into a boat as a real fisherman, a fisher child usually learned about casting and gathering nets through role-playing. In some occasions, the father fisher or older member of the household would take the young children along with them in fishing voyages, not to assist them but to remove their fear about water and also to let them know about some of the techniques of fishing. Moreover, the children were trained to stay alone in a boat near the mouth of the canal.

The role of girls was to grow up as women who could take care of the family and assist wherever possible. The older female members of the family socialised girls.

### **Conclusion**

*Kaibarttadham*, the fishing village under study was a relatively isolated occupational community--physically and socially. The village was physically separated by river and because of the low status in the caste hierarchy, the fisher people maintained a low profile and thus remained cut off from the larger society. Common beliefs, traditions and norms had developed among the inhabitants of *Kaibarttadham* due to living close to each other for generations. The physical and social isolation from immediate *alien* socio-culture thus gave it a well-defined spatial as well as cultural entity that could command the loyalty of its inhabitants, irrespective of their economic status, occupation and caste affiliation. Although it was part of broader society, its major cultural components, way of life, values, norms and social roles were distinctive enough to view them as a *subculture*.



## Notes

<sup>1</sup> The culture of a given society is the sum total of past and present efforts to guide, understand, and express the member's relations to each other and the environment" (Demerath and Marwall 1976: 24). It "includes knowledge, beliefs, arts, morals, law, custom, and any other capabilities and habits acquired by man as a member of the society" (Tylor 1958: 1). Due to cultural imperative, the members of a community follow a similar way of life, and interact with one another in accordance with the cultural norms and roles (Goode 1977: 46).

<sup>2</sup> A subculture is a set of material artefacts of daily use, norms, values, sanctions, and ways of speaking that distinguishes a group from other members of the larger society. Subcultures develop around ethnic, religious, regional, age, and even, occupational differences. A distinctive *subculture* persists when groups are isolated from the main stream, whether physically or socially, whether by themselves or by others (Bassis *et al.* 1980: 82).

<sup>3</sup> This paper is prepared on the basis of the data collected for author's Ph.D. dissertation entitled "The Fishermen of Bangladesh: A Case Study of a Fishing Community in the Padma-Meghna Basin. The fieldwork for the study was conducted in *Kaibartadham* (pseudonym) a fishing village in the alluvial plains of the river Meghna and was completed over a period of twelve months (May 1996 to April 1997), covering all the seasons. The data for the study were obtained through participant-observation that was supplemented by structured questionnaire. The total population of the village at the time of the study was 1067 persons of whom 574 (53.8 per cent) were male and 493 (46.2) female.

<sup>4</sup> The term *traditional* refers to the inhabitants of a community who model their present actions and behaviour according to the past precedents and emphasise the cultural continuity as a prime virtue. The traditional fishermen use indigenous technology for fishing and related activities. In Bangladesh most of them are low-caste Hindus and fishing is their hereditary caste occupation (*jati-pesha*). Most of the Muslims are new entrants and a significant proportion of them are part-time fisherman.

<sup>6</sup> Household is the basic social unit which shares a common budget, and the members cook and eat together. Married sons who live in a separate dwelling, but share a common budget with their parents, and eat with them, are spoken as member of the same household (Potter and Potter, 1997).

<sup>6</sup> In recent years, some of the fishers also used the machine made nets. Use of machine made threads and nets had substantially reduced the work-load in the fisher families and had increased their dependence on the market.

<sup>7</sup> The village never arranged *Durga-puja*, which was the main religious festival of the Hindus in Bangladesh. We were told that the villagers believed in the goddess *Durga* but were too poor to organise a *puja* for her in the village. They however visited the nearby town where the *Durga-puja* was organised.

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## DEMOGRAPHIC CHANGE AND IT'S INFERENCE IN DOMESTIC MACROECONOMICS

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**Abstract:** Capital accumulation is an essential for economic growth over the long term. In the short term, a nation that has substantial unemployment and underutilized physical facilities can grow simply by using its existing facilities more- that is, by getting close to full employment. The 1991 census indicated that 45% of the population is below 15 years age, 52% are between 15 and 64 years and 3% are of age 65 or over. The relatively young age structure of the population indicates continued rapid population growth in the future. From 1951 to 1996, the elderly population increased from .08 to 7.89 million. The demographic and socio-economic data were used in reduced form in this study. The life cycle hypothesis suggests that high-saving middle-aged people are lending resources to younger, lower saving people. Middle-aged people turn older, they save less while younger save more. Younger will repay their debt and in the process all groups will enjoy a smoother pattern of consumption over their lives. The demographic goal is difficult but not impossible to achieve, in view of the trends already established in the success of family planning, maternal and child health and other socio-economic development programs. The results suggest that the life cycle hypothesis is important for policy making in community development and in designing future monitoring programs.

### 1. Introduction

Bangladesh, a country of 130 million people, remains poor in spite of substantial progress achieved in its nearly three decades of independence. Progress in the agricultural sector has been especially notable, as the country has doubled food-grain (rice and wheat) production since the early 1970s. Moreover, in the last decade GDP growth averaged more than 5 percent per year significantly outpacing population increases. Nonetheless, average annual per capita income in 1998 was only \$345 per person (World

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Bank, 2000), and about half the population of Bangladesh lives in poverty, lacking adequate resources to meet their basic human needs. Moreover, millions of households are threatened by natural disasters, such as the devastating flood of 1998, that often involve enormous loss of lives and short-term emergency needs for food and shelter. Poverty alleviation is the greatest global challenge facing the world today and an indispensable requirement for sustainable development, particularly for developing countries.

The Asian and Pacific region also houses the largest number of older persons—with more than 320 million people aged 60 and over (ESCAP, 2002). In China alone, there are 132 million people in this group or more than the combined total populations of the U.K., Canada, Australia, New Zealand, Norway, Sweden and Denmark. Japan has the world's second oldest population. In 2002, more than 23% of Japan's inhabitants were aged 60 or over and is expected to increase to 400 million by 2050. Population ageing is one of the processes shaping human society along with globalization and urbanization. Although the median age in developed countries has been increasing for several years, this phenomenon is now affecting many Asian and Pacific societies as well, due to declining birth rates and increased life expectancies.

## **2. Geographical Location of the Production and Trade Flow**

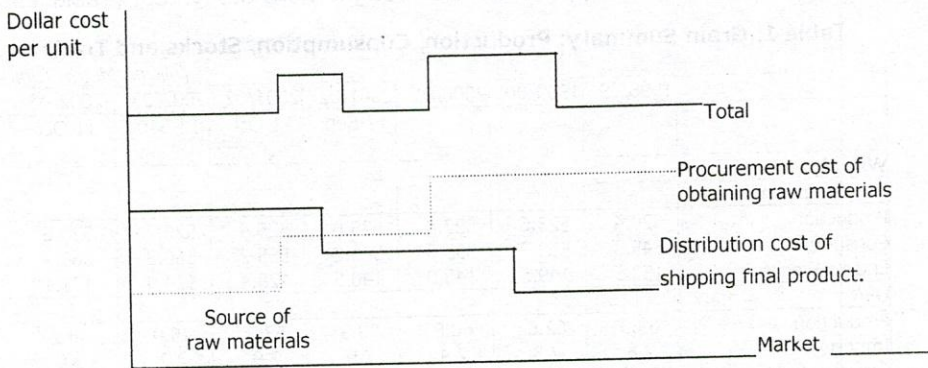
Australia's drought-decimated wheat crop is forecast at just 13 million tons, the lowest level since 1994/95. Extremely tight exportable supplies will restrict exports to just 8 million tons, less than half of last year's export level and the second lowest in 24 years, and force the Australian Wheat Board to ration supplies to its most important markets as was the case under similar circumstances in 1994/95. Consequently, competing suppliers will pick up sales to fill the void.

Large crops and relatively low prices make EU and FSU (mainly Ukraine, Russia, and Kazakhstan) supplies much more competitive in North Africa and the Middle East. Ample Indian supplies, although generally considered to be of lower quality than Australian wheat, are extremely price competitive and will further flood Southeast Asian markets. U.S. exports are also expected to benefit somewhat from Australia's dramatically reduced crop.

In just four years, China has replaced the United States as the predominant corn supplier in three key Asian markets. The United States now has only a quarter of its former market share in South Korea, Malaysia, and Indonesia, while China's share in these markets has tripled.

The United States had a comparative marketing advantage in those markets due to its ability to consistently and reliably ship large quantities of good-quality, government-inspected and certified corn. Despite significantly higher freight costs and relatively high prices, this reliability was of primary importance to the major buyers.



**Fig.1: Location of Production and Transport cost**

Source: Hoover, 1963

In recent years, however, as markets evolved to accommodate buyers' changing needs and priorities, the U.S. advantages have been undermined by China. Despite inconsistent quality and shipment scheduling, China is able to offer lower freight cost and low prices, in part as a result of its proximity, government support of internal transportation costs, and value-added tax rebates. Additionally, China has been able to capitalize on its ability to make small, more frequent shipments, thereby lowering the storage cost for buyers.

The short-term impact of this lost market share for U.S. supplies will be somewhat mitigated by reduced competition from Argentina and stronger demand within NAFTA due to tight feed supplies in Canada. China will remain as an impediment to U.S. export growth potential in Asia, as long as the Chinese government maintains an aggressive export strategy, even when corn trade returns to normal in Argentina and Canada's feed grain production rebounds from two years of drought.

U.S. wheat export commitments (shipments plus outstanding sales) as of October 3 were 4 percent ahead of the same period last year despite a much smaller crop, high domestic prices, and increased EU and FSU competition. Less export competition from Australia and Canada has led to greater sales to Asia and Latin America.

Combined production by Australia and Canada is forecast down 16 million tons from last year. With Canadian supplies of Western Hard Red Spring (CWRS) particularly tight, exports are estimated to be only half of last year. Consequently, the Canadian Wheat Board has announced that it will curtail sales. U.S. Hard Red Spring sales are expected to benefit, particularly in Latin America, where U.S. sales thus far have been 50 percent above last year. Sales to this region also have benefited from Argentina's economic problems and reduced production, as U.S. sales to Brazil thus far are nearly

700,000 tons compared to only 200,000 for all of last year. In Asia, Japan, South Korea, and the Philippines have all bought more U.S. wheat (Table 1).

**Table 1: Grain Summary: Production, Consumption, Stocks and Trade**

	1998/99	1999/00	2000/01	2001/02	2001/02	2002/03	2002/03
				12-Sep	11-Oct	12-Sep	11-Oct
<i>(Million Metric Tons)</i>							
<b>Wheat</b>							
All Foreign countries							
Production	520.4	523.6	522.8	525.6	525.4	526.7	525.6
Consumption	545.3	553.7	553.8	553.2	555.2	566.3	566.4
Ending Stocks	152.5	149.5	145.0	140.5	128.4	124.4	121.1
<b>USA</b>							
Production	69.3	62.6	60.8	53.3	53.3	45.9	44.2
Imports	2.8	2.5	2.4	2.9	2.9	2.2	2.0
Consumptions	37.6	35.4	36.3	32.9	32.7	32.3	31.7
Exports	29.0	29.4	27.8	26.1	26.1	26.0	26.0
Ending Stocks	25.7	25.8	23.8	21.0	21.2	11.1	10.1
World Total, Trade	102.0	112.8	103.5	107.4	108.6	99.7	100.0
<b>Rice</b>							
All Foreign countries							
Production	388.3	402.8	391.5	389.6	389.7	374.5	374.6
Consumption	383.7	394.6	392.7	406.4	405.9	403.2	403.8
<b>USA</b>							
Production	5.8	6.5	5.9	6.7	6.7	6.5	6.6
Imports	0.4	0.3	0.4	0.4	0.4	0.4	0.4
Consumptions	3.6	3.8	3.7	3.8	3.8	3.9	3.9
Exports	2.6	2.8	2.5	3.1	3.1	3.1	3.1
World Total, Trade	24.9	22.8	24.4	25.2	26.1	25.7	26.2
<b>Total Coarse Grains</b>							
All Foreign countries							
Production	618.5	613.5	587.7	621.2	625.7	619.1	618.9
Consumption	665.3	670.2	668.2	683.5	687.8	685.6	686.0
<b>USA</b>							
Production	271.5	263.2	273.1	261.9	261.9	242.3	244.5
Imports	2.7	2.6	2.7	2.1	2.2	2.8	2.9
Consumptions	205.3	212.1	215.4	216.2	217.0	212.0	212.5
Exports	57.7	56.6	55.2	55.1	54.0	57.1	57.1
Ending Stocks	51.4	48.9	52.7	45.9	45.1	22.1	23.0
World Total, Trade	96.5	104.5	103.7	102.8	101.4	102.0	101.2
<b>World Total Grain, including Rice</b>							
All Foreign countries							
Production	1,527.2	1,539.9	1,502.0	1,536.3	1,540.8	1,520.2	1,519.1
Consumption	1,594.3	1,618.5	1,614.7	1,643.1	1,648.8	1,655.1	1,656.2
<b>USA</b>							
Production	346.6	332.2	339.8	321.8	321.8	294.6	295.4
Imports	5.9	5.4	5.5	5.4	5.4	5.4	5.3
Exports	89.4	88.9	85.6	84.4	83.3	86.2	86.2
World Total, Trade	223.5	240.1	231.6	235.5	236.1	227.4	227.4

Source: Bangladesh Foodgrain Digest, World Food Programme, FPMU, Ministry of Food.

Note: Trade data reported on an international year basis. All other data are reported using marketing years. Rice production data is on a milled basis.



The strong pace of sales is occurring despite U.S. wheat prices that have risen dramatically over the past several months as a result of lower U.S. production and smaller crops in other major exporting countries. The U.S. crop is estimated at 44.2 million tons, which is about 9 million less than last year's very small crop. At the same time, crops in the EU and FSU are forecast up significantly from last year. With a major price advantage, these suppliers have been gaining market share at the expense of the United States, as evidenced by poor U.S. sales to North Africa. For example, this year U.S. wheat has been nearly shut out of Egypt with sales of only 253,000 tons compared to 1.6 million tons during the same period last year. Cheaper French, Ukrainian, and Russian wheat are capturing most of the market. The large EU supplies have also meant much smaller EU purchases from the United States. While some milling wheat is still making its way into the EU, SRW exports to Italy and Spain, which were significant last year, have not occurred due to uncompetitive U.S. prices this year.

World wheat trade in 2002/03 is forecast to be about 100 million tons, down 8.5 million tons from 2001/02. Global production is forecast down 8.9 million tons but consumption is forecast up 10.2 million tons from the previous year. Global stocks are forecast to fall by 28.4 million tons to the lowest level since 1982/83.

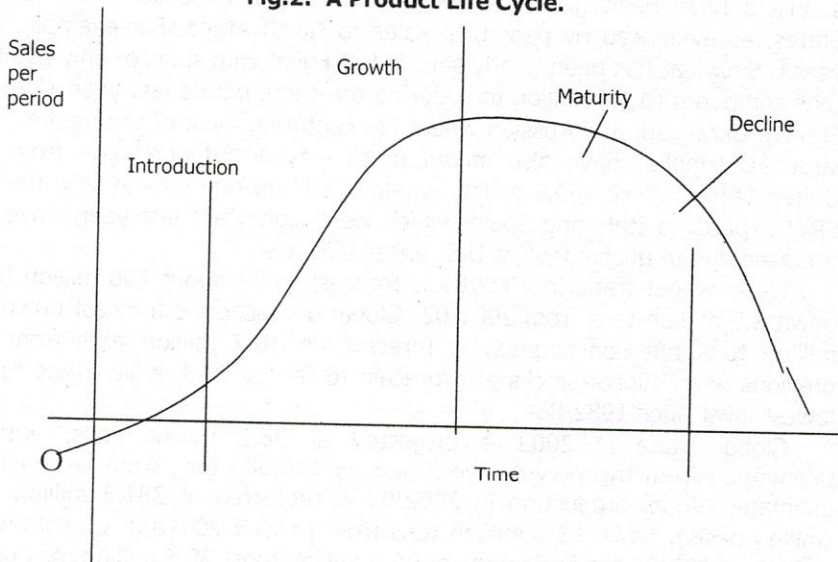
Global trade in 2003 is projected at 26.2 million tons, virtually unchanged from the previous year and up 500,000 tons from last month's estimate. Global production in 2002/03 is projected at 381.2 million tons (milled basis), down 15.1 million tons from revised 2001/02. Global ending stocks in 2002/03 are projected at 105.5 million tons, 26.5 million tons below revised 2001/02. Global consumption in 2002/03 is forecast at 4.7.7 million tons.

Asian export price quotes softened during the past month. In Thailand, export price quotes for 100B have dropped \$8 to \$189 per ton (FOB) partly due to some sales of government-held stocks. In Vietnam, export price quotes for 5% eased \$4 to \$187 per ton (FOB) due to a seasonal boost in supplies.

International trade's tendency to move factor prices toward equality is strictly limited. The actual likelihood of a full equalization occurring is remote and the conditions under which it could occur are very restricted. For one thing, transport costs make many products and most services non-tradable, so in most countries the pressure toward equalization felt only by a minority of industries. For another, many trade barriers still exist even where goods are tradable, lessening competition in the industries involved and further reducing the movement toward equalization. Finally, as international trade increases efficiency and raises incomes, people will want to consume more services. This tendency will provide considerably more employment in services and at rising wages too in the long run, because it is difficult to raise productivity in most services that are labor intensive. The LDCs have the

cheapest labor and the developed countries have the cheapest capital, but trade between them is actually only 19% of world trade. In rebuttal, we must note that trade barriers are very high in the LDCs, while considerable protection also exists in the developed countries against products from the LDCs (Markusen and Wigle, 1990).

**Fig.2: A Product Life Cycle.**



### **3. Product Life Cycles as Influencing Specialization**

Product life cycle analysis is a common tool among managerial strategists and provides a dynamic to trade analysis that some economists find appealing (Wasson, 1978). In the Fig.2, time is on the horizontal axis while sales per period is on the vertical. The pattern of sales growth divides into four basic periods- introductory, growth, maturity and decline- although different writers have subdivided these further. The typical product has an introductory period of certain length, sometimes many years, sometimes only a few months, in which sales are low. Following that is a period in which growth is quite rapid, then a long period of stable sales, and eventually a decline. These periods are closely related to changes in demand and supply conditions.

Fig.2 Shows that typical successful product goes through a life cycle; its sales slow at first, increasing rapidly, then leveling off and eventually declining. For all the controversy, life cycle models do correctly emphasize the role of human capital and knowledge in giving a temporary comparative advantage.



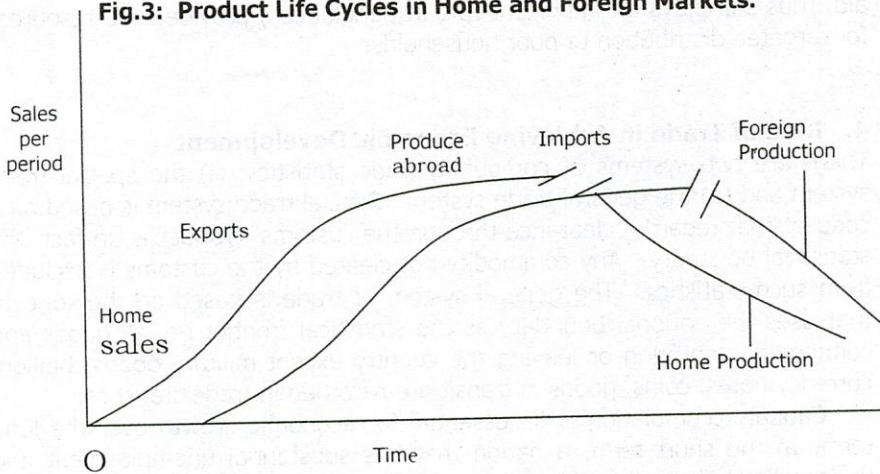
**Fig.3: Product Life Cycles in Home and Foreign Markets.**

Fig.3 Shows that the product life cycle is connected with the location of production, the pioneer country tending to sell at home during the introductory stage, then to export during growth, then to produce abroad, and finally to import in the declining stage. The PLC in other countries begins later, but has same shape; it begins with importing and ends in exporting. Table Appendix 1a-1d and 2a-2d show that the commodity wise and countrywide trade flow scenario from Bangladesh for the period 1972/73 to 1999/2000.

Bangladesh, once consistently a major importer of foodgrain, has made significant progress in cereal production and has reduced its import needs. Rice imports were equal to 5.2 percent of total rice availability in 1996/97, and the import share rose to 11.7 percent in 1998/99. However, in 1999/2000, 2000/2001, 2001/2002(projected), the country's net foodgrain production (rice and wheat) will exceed the target level of 454 grams per person per day. Thus, in the last two years, there have been little private sector imports of rice (428,000 MTs in 1999/2000, 534,000 MTs in 2000/2001 and 118 MTs in 2001/2002).

In future years, if present trends of domestic production and demand continue, Bangladesh may be able to profitably export coarse and fine rice on the international market. Current rice prices are low enough that if the Government of India permitted the trade, private sector exports of coarse rice from Bangladesh could compete with Indian rice in the Delhi market. Of course these increases in production of foodgrain do not indicate that Bangladesh has yet solved its food security problem. Approximately 44 percent of the population is still too poor to afford an adequate diet, given

their needs for housing, clothing, medicine, and other non-food items. Food aid, thus still plays an important role in Bangladesh, provided the resources for targeted distribution to poor households.

#### **4. Role of Trade in Achieving Economic Development**

There are two systems of computing trade statistics: (i) the special trade system and (ii) the general trade system. Special trade system is based on a concept that regards "clearance through the customs" frontier is, in fact, the statistical boundary. Any commodity not cleared by the customs is excluded from such statistics. The general system of trade is based on the concept that uses the national boundary as the statistical frontier i.e. all goods and commodities entering or leaving the country except military goods, bullion, currency notes, coins, goods in transit are recorded in trade statistics.

Capital accumulation is an essential for economic growth over the long term. In the short term, a nation that has substantial unemployment and underutilized physical facilities can grow simply by using its existing facilities more – that is, by getting close to full employment. Even at full employment a nation can grow through better use of the existing capital– a better use deriving from greater education levels, improved technology, wider markets and/ or greater specialization of production, to mention a few key elements. Still, at some point such gains are used up, and it would be an odd nation indeed that changed technology and education without increasing its capital base at the same time. Without the accumulation of physical capital to produce more goods and services – more transportation facilities, more machinery, more buildings, more communications facilities, many of them embodying the new technology – the other sources of economic growth would have far less effect. Growth in this sense derives from the domestic capital base. It is indeed part of a nation's capital base. Unlike the domestic base, which is held in physical form, the foreign base is held in financial form.

The domestic base of a nation's capital is the total accumulation of everything that has been made, saved and not used. Statistically, it is the accumulated gross fixed capital formation, plus changes in inventories, minus depreciation. Occasionally under duress of war, revolution, famine, collapse of export prices or other economic difficulties, nations fail to replace their capital stock, and national product begins to shrink. Economically, it may be quite reasonable to borrow considerable amounts from abroad if the investments those borrowings allow are sound and help build capacity in the domestic economy; in such cases the payments abroad are only a small portion of the net economic benefits. Trade deficits do not arise because of other countries trade policies; protectionism reduces the total amount of trade and economic efficiency. Artificial boosting of trade may increase trade; but reduces efficiency neither fundamentally affects the balance of



trade. If a country absorbs more than it produces, it will have a deficit; if it produces more than it absorbs, it will have a surplus.

Most countries try to stabilize the value of their currencies or at least keep them from swinging too widely. Countries have both direct and indirect means of stabilizing the value of a currency. Indirect means consists of (1) creating the expectation that a certain value is an equilibrium value, these encouraging stabilizing speculation; (2) changing interest rates, which can attract or repel investment; and (3) changing price and income levels, which in turn determine the underlying demand and supply conditions for goods and services. Price and income effects affect trade.

**Table 2: Distribution of Age Dependency Ratio of Population, 1965-2025**

Country	Projection						
	1965	1975	1985	1995	2005	2015	2025
	Population under 15 / Population 15-64						
United States	51	39	33	34	29	29	30
Japan	38	36	32	25	28	28	27
Germany, F.R.	35	34	22	23	22	19	23
France	41	38	32	31	28	26	28
Italy	-	-	-	25	25	22	24
U.K.	36	37	29	31	31	31	31
Canada	57	41	32	30	27	25	28
	Population 65 and Over / Population 15-64						
United States	16	16	18	19	18	21	29
Japan	9	12	15	19	26	33	32
Germany, F.R.	18	23	21	24	29	31	37
France	19	22	20	22	24	27	33
Italy	-	-	-	22	25	28	32
U.K.	19	22	23	23	22	24	28
Canada	13	13	15	18	19	25	34
	Overall Dependency Ratio						
United States	67	55	51	52	47	50	59
Japan	48	48	47	44	54	61	59
Germany, F.R.	54	56	43	47	51	51	60
France	61	60	52	53	52	53	61
Italy	52	54	45	47	50	50	55
U.K.	55	59	52	54	53	55	59
Canada	70	54	48	48	46	50	61

Source: Organization for Economic Cooperation and Development, Labour Force Statistics, 1964-84, 1967-87; and OECD Secretariat, Directorate for Social Affairs, Manpower and Education, Demographic Databank Projections

One nation may subsidize farming, another industry, pollution, safety, labeling, and branding requirements differ enormously and often for no better reason than that they have evolved separately. National laws also tend to isolate each nation from its neighbors, making a considerable difference in the way trade is conducted within a country and between countries (Alston et al., 1992). The nation-state shapes its own economy in many subtle, often unintended and frequently ill-understood ways. Every tax, every subsidy, every regulation causes economic reactions, which we understand only partially. Economics can tell us something about the incidence of taxes (who ultimately pays a tax) or the incidence of a subsidy (who ultimately benefits). A tax may be levied on a merchant, but the merchant may be able to raise prices and pass the tax on to customers in which case the incidence of the tax is on the customer. But answers to such questions are difficult both theoretically and statistically (Goldstein et al., 1992). The costs and benefits from regulation are even more difficult. No change in the money supply and no change in the level of taxation are without its international repercussions, and any nation, even the very biggest, that tries to act alone does so at its peril. At the same time the highly integrated world economy imposes constraints on domestic policies that make impossible policies that once benefited certain groups (Brown and Hogendron, 1993).

The two key measures of an economy's total output are gross national product (GNP) and gross domestic product (GDP). GNP does not count a group of payments made abroad known as factor payments as belonging to the nation of the recipient of that payment. GDP, in contrast, counts the payments, which are generated domestically, as domestic. GDP shows what happens in a territory the nation controls, and therefore is a good gauge of the effectiveness of government policy. A trade in balance generally has its roots in an in balance between saving and investment or between income and absorption. A number of economists have cited the increasing government deficits as causing the severe balance of trade problems of the country.

- The basis for the argument is the relation of government deficits to the trade deficits.
- A decrease in the value of exports lowers income. As people try to maintain some semblance of their old spending levels, they decrease saving.
- An increase in the price of imports, particularly of imports with inelastic demand curves such as food and fuels, may cause people to dig into savings so that they can buy both the imports and also the domestic goods they were accustomed to buying.



- A decrease in the price of exports in itself may cause the government deficit to rise, either because total tax revenues are down, or more specifically much tax revenue derives directly from exports.

By this twenty-first century, we have learnt that the world has shrunk so much that even living in a remote village of Bangladesh, provided we have appropriate technology, one can work for a company situated in the city of New York. We are also certain about this shrinking for we can watch television programmes from all over the world, download information from various web sites, buy foreign goods made in the western developed countries in our local shops. We are supplying readymade clothes for the western developed countries. Soon, we may also be able to supply computer software to those lands. All are well, but all these must have purpose; and the purpose is usually aired as alleviation or reduction of poverty. Statistics are not so easy to gather on capital movements, but those available show substantial amounts.

**Table 3: Distribution of Age Dependency Ratio of Population of Bangladesh, 1951-1996 (Percent)**

Year	Male			Female			Both Sex		
	Child Age Ratio	Old Age Ratio	Overall Ratio	Child Age Ratio	Old Age Ratio	Overall Ratio	Child Age Ratio	Old Age Ratio	Overall Ratio
1951	78%	9%	87%	78%	9%	87%	79%	8%	87%
1961	94%	11%	105%	95%	10%	105%	95%	11%	105%
1974	102%	13%	116%	106%	11%	117%	104%	12%	116%
1981	98%	13%	111%	97%	11%	108%	98%	12%	109%
1991	94%	12%	106%	90%	10%	100%	92%	11%	103%
1995	79%	10%	89%	83%	7%	90%	81%	8%	89%
1996	80%	16%	96%	78%	15%	93%	79%	16%	95%

Note: Child Age Dependency Ratio = (Population under 15) / (Population 15-59)  
 Old Age Dependency Ratio = (Population 60 and over) / (Population 15-59)

Source: Census of Population, 1991, BBS & Sample Vital Registration.

The extent of the integration of the world economy has profound significance not only for individuals, but also for policy makers and economic institutions. Simultaneously national governments, which control currencies, manage the microeconomic environment and determine macroeconomic policies, have grown strong and have played an increasing role in shaping their national economics. Yet, almost paradoxically extensive economic

integration has meant that the national governments are less and less able to control economic activity within their own borders (Kearl et al., 1979).

### **5. Demographic Changes and the Saving Life Cycle Hypothesis**

The number of elderly people is growing in the world including Bangladesh, a UN observation and statistical report. By the year 2050, the elderly population would be equal to the children population in the world about 1 million people were crossing 60 years of age a month. By 2025, the elderly population would reach 320 million in South Asia up from 140 million now. The elderly population of the country would hit 18 million in 2025 up from 8 million now. The elderly people get little attention from governments and societies as they grapple with a range of socio-economic problems stemming from basic human needs. The Fifth Five Year Plan earmarked Tk. 40 million for the welfare of the elderly. Besides an annual amount Tk. 500 million was allocated for providing the elderly with allowances. The problems of the elderly people are yet to come in the limelight of NGO initiatives. Trade can play a vital role to solve these problems in all welfare gains.

International trade imbalances may be nothing more (or less) than large intergenerational transfers, something the consumption pattern of individuals and also of nations. Let us see why people tend to save most money in the years before retirement, when earnings are high but are expected to fall. They save the least in retirement, in the years before they work, and in their early working years. That, in essence, is the life cycle hypothesis of saving, useful in domestic microeconomics. Its international implications are of great importance because it suggests that a country's saving can be predicted by observing its demographic profile. Moreover, the same intergenerational patterns of the working-age people lending to the young and the old using up their saving extends into the international sphere. Western Europe and Japan have relatively older populations, many of who will be moving into retirement, and their saving is expected to fall. Given no sharp change in investment patterns, North America would then move into a trade surplus position. Table-2 illustrates the changes in dependency ratio – the number of under 15 – and over 64 – years – olds as a percentages of the 15 – 64 years old population, historically and as projected.

The life cycle hypothesis suggests, then that high – saving middle – aged people in Europe are lending resources to younger, lower – saving North Americans. When, however, the Europeans and Japanese turn older, they will save less while North Americans save more. North Americans will repay their debt and in the process all groups will enjoy a smoother pattern of consumption over their lives. Several other sources of declining saving are also at not devices to smooth over a person's life. Table 2 suggested that it saving is highest in nations with lower dependency ratios, as most studies suggest it indeed is then the trade deficits of the U.S.A. should turn into



surpluses sometime in this decade. Canada's will turn, but a bit later, Japan and Western Europe should develop deficits. This clearly depends on domestic investment not rising sufficiently in North America (or falling in Europe and Japan) to overcome the rise in saving.

**Table 4: Distribution of Age Dependency Ratio of Population of Bangladesh, 1991 & 1996 (Percent)**

Year	Male			Female			Both Sex			
	Child Age Ratio	Old Age Ratio	Overall Ratio	Child Age Ratio	Old Age Ratio	Overall Ratio	Child Age Ratio	Old Age Ratio	Overall Ratio	
Census 1991	Rural	103%	13%	116%	93%	11%	104%	98%	12%	110%
	Municipal	56%	6%	63%	75%	7%	82%	64%	7%	71%
	Other Urban	82%	10%	92%	88%	10%	98%	85%	10%	95%
Vital Registration Survey, 1996	Rural	77%	14%	91%	77%	13%	90%	77%	13%	90%
	Urban	49%	9%	57%	57%	8%	65%	53%	8%	61%
Rural Poverty Monitoring Survey, 1996	National	81%	13%	94%	79%	10%	89%	80%	11%	92%
	Poor	100%	11%	111%	96%	9%	105%	98%	10%	108%
	Well-off	67%	14%	81%	75%	14%	89%	66%	13%	79%
Household Income & Expenditure Survey, 1996	National	79%	--	--	77%	--	--	78%	--	--
	Rural	84%	--	--	79%	--	--	81%	--	--
	Urban	63%	--	--	63%	--	--	63%	--	--

Note: Child Age Dependency Ratio = (Population under 15) / (Population 15-59)

Old Age Dependency Ratio = (Population 60 and over) / (Population 15-59)

\* Child Age Dependency Ratio = (Population under 15) / (Population 15-64)

Source: Census of Population, 1991, BBS & Sample Vital Registration.

Table-3 showed that child age dependency, old age dependency, overall age dependency ratio increase from 1951 to 1974 then decrease up to 1995, but again increase in 1996 for both male, female and both sexes. Table-4

showed that child age dependency in rural was 103%, municipal 56% and other urban 82% in 1991 for male. Old age dependency in rural was 13%, municipal 6% and other urban 10% in 1991 for male. Overall age dependency ratio in rural was 116%, municipal 63% and other urban 92% in 1991 for male. Child age dependency in rural was 93%, municipal 75% and other urban 88% in 1991 for female. Old age dependency in rural was 11%, municipal 7% and other urban 10% in 1991 for female. Overall age dependency ratio in rural was 104%, municipal 82% and other urban 98% in 1991 for female. Child age dependency in rural was 98%, municipal 64% and other urban 85% in 1991 for both sexes. Old age dependency in rural was 12%, municipal 7% and other urban 10% in 1991 for both sexes. Overall age dependency ratio in rural was 110%, municipal 71% and other urban 95% in 1991 for both sexes. The different scenario showed that in the poverty monitoring survey in 1998 and Household Income Expenditure Survey 2000 in Table-5.

**Table 5: Distribution of Age Dependency Ratio of Farm Population Engaged in Gainful Activities of Bangladesh, 1996.**  
(Percent)

Farm Population Engaged in Gainful Activities	Male			Female			Both Sex		
	Child Age Ratio	Old Age Ratio	Over all Ratio	Child Age Ratio	Old Age Ratio	Overall Ratio	Child Age Ratio	Old Age Ratio	Over all Ratio
Total	20%	12%	32%	22%	9%	31%	21%	11%	32%
Employed	6%	11%	17%	7%	4%	11%	6%	10%	16%
Agriculture Activities in Own Household	6%	12%	19%	38%	5%	43%	6%	11%	17%
Agriculture Activities in Other Household	6%	5%	11%	54%	4%	58%	6%	5%	11%
Non-agriculture Activities in Cottage Industries	10%	7%	17%	11%	3%	14%	10%	6%	16%
Non-agriculture Activities in Others	4%	7%	11%	7%	3%	10%	4%	7%	11%
Unemployed Population	89%	18%	107%	25%	10%	35%	37%	11%	48%

Note: Child Age Dependency Ratio = (Population 10-14) / (Population 15-59)

Old Age Dependency Ratio = (Population 60 and over) / (Population 15-59)

Source: Agricultural Census, 1996, BBS.



## 6. Conclusions and Recommendations

International trade's tendency to move factor prices toward equality is strictly limited. The actual likelihood of a full equalization occurring is remote and the conditions under which it could occur are very restricted. For one thing, transport costs make many products and most services non-tradable, so in most countries the pressure toward equalization felt only by a minority of industries. For another, many trade barriers still exist even where goods are tradable, lessening competition in the industries involved and further reducing the movement toward equalization. Finally, as international trade increases efficiency and raises incomes, people will want to consume more services.

Bangladesh, once consistently a major importer of foodgrain, has made significant progress in cereal production and has reduced its import needs. Rice imports were equal to 5.2 percent of total rice availability from imports and production in 1996/97, and the import share rose to 11.7 percent in 1998/99. However, in 1999/2000, 2000/2001, 2001/2002 (projected), the country's net foodgrain production (rice and wheat) will exceed the target level of 454 grams per person per day. Thus, in the last two years, there have been little private sector imports of rice (428,000 MTs in 1999/2000, 534,000 MTs in 2000/2001 and 118 MTs in 2001/2002). Nonetheless, in spite of abundant harvests and relatively low domestic prices of rice and wheat, private sector wheat imports have continued (806,000 MTs in 1999/2000, 528,000 MTs in 2000/2001 and 1061 MTs in 2001/2002). Much of this wheat is high gluten content wheat, more suitable for baking purposes than is local soft wheat. Food aid imports (almost exclusively wheat) were 870,000 MTs in 1999/2000, 491, 000 MTs in 2000/2001 and 509,000 MTs in 2001/2002. Maize imports for use as feed in the poultry industry also increased rapidly in the 1990s and have reached perhaps 300,000 MTs per year.

In years of poor harvests, such as those in late 1997 and in the second half of 1998, when Bangladesh was hit by its worst flood in a century, demand for imported foodgrain increased dramatically. In 1998/99, rice imports, (mainly from India and mostly imported by the private sector) added 3056 thousand MTs to domestic supply. In the same year, 1175 thousand MTs of food aid (wheat) supplemented 804 thousand MTs of private sector wheat imports. In future years, if present trends of domestic production and demand continue, Bangladesh may be able to profitably export coarse and fine rice on the international market. Current rice prices are low enough that if the Government of India permitted the trade, private sector exports of coarse rice from Bangladesh could compete with Indian rice in the Delhi market. These increases in production of foodgrain do not indicate that Bangladesh has yet solved its food security problem. Approximately 44 percent of the population is still too poor to afford an adequate diet, given their needs for housing, clothing, medicine, and other

non-food items. Food aid, thus still plays an important role in Bangladesh, provided the resources for targeted distribution to poor households.

International trade imbalances may be nothing more (or less) than large intergenerational transfers, something the consumption pattern of individuals and also of nations. Its international implications are of great importance because it suggests that a country's saving can be predicted by observing its demographic profile. Moreover, the same intergenerational patterns of the working-age people lending to the young and the old using up their saving extends into the international sphere. The number of elderly people is growing in the world including Bangladesh. By the year 2050, the elderly population would be equal to the children population in the world about 1 million people were crossing 60 years of age a month. By 2025, the elderly population would reach 320 million in South Asia up from 140 million now. The elderly population of the country would hit 18 million in 2025 up from 8 million now. The elderly people get little attention from governments and societies as they fight with a range of socio-economic problems stemming from basic human needs. The Fifth Five Year Plan earmarked Tk. 40 million for the welfare of the elderly. Besides an annual amount Tk. 500 million was allocated for providing the elderly with allowances. The problems of the elderly people are yet to come in the public eye. Global action plan on population ageing is need to fully address the link between older persons and development and challenges society's stereotypes about elderly. Ageing is not a problem but an achievement. It is not merely an issue of social security and welfare, but one of overall development and economic policy. Trade can play a vital role to solve these problems in all welfare gains.

The life cycle hypothesis suggests, then that high – saving middle – aged people in Europe are lending resources to younger, lower – saving North Americans. When, however, the Europeans and Japanese turn older, they will save less while North Americans save more. North Americans will repay their debt and in the process all groups will enjoy a smoother pattern of consumption over their lives. Several other sources of declining saving are also at not devices to smooth over a person's life. The result suggested that it saving is highest in nations with lower dependency ratios, as most studies suggest it indeed is then the trade deficits of the U.S.A. should turn into surpluses sometime in this decade. Canada's will turn, but a bit later, Japan and Western Europe should develop deficits. This clearly depends on domestic investment not rising sufficiently in North America (or falling in Europe and Japan) to overcome the rise in saving. The life cycle hypothesis suggests that high-saving middle-aged people are lending resources to younger, lower saving people. Middle-aged people turn older, they save less while younger save more. Younger will repay their debt and in the process all groups will enjoy a smoother pattern of consumption over their lives. The demographic goal is difficult but not impossible to achieve, in view of the



trends already established in the success of family planning, maternal and child health and other socio-economic development programs. The results suggest that the life cycle hypothesis is important for policy making in community development and in designing future monitoring programs.

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**Table Appendix 1a-1d: Commoditywise Export from Bangladesh during Fiscal Years Average from 1972-73 to 1999-2000 .***(Value in ,000 Taka)*

COMMODITIES		Table-1a	Table-1b	Table-1c	Table-1d
		FY.Avg. 72-80	FY.Avg. 80-90	FY.Avg. 90-95	FY.Avg. 95-00
<b>A.PRIMARY COMMODITIES</b>					
1.	Raw jute	1532100	2651423	3055247.4	4116808.2
2.	Tea	376257.9	1141529	1438576	1573736
3.	Frozen food	236297.4	2829236	7408152.8	11336972
4.	Fish	14687.75	92569.9	247866.4	269692
5.	Sharkfins & fishmaws	4074.25	22140.1	85528.8	144227.2
6.	Agricultural products	31885.25	354020.8	466159.8	1167600.2
7.	Animal feed	14349	30594.1	0	0
8.	Animal casings	2443.25	4269.9	2557.6	5462.2
9.	Crude fertilizer	3410.75	12127.5	54257.6	34874
10.	Other primary commodities	23416.88	65706.1	272365.6	329373
Total primary Commodities				13030712	
2238936			7534614		21682745
<b>B.MANUFACTURED COMMODITIES</b>					
1.	Jute goods	3017469	8516175	11435350	11110660
2.	Leather	543327.4	2810151	6157552.2	7401791.6
3.	Leather goods	147.5	86.5	513325.4	1933987.8
4.	Naphtha, furnace Oil & bitumen	123752.1	584601.1	811385.4	423350.2
5.	Radymade garments	1596.25	6547046	47942953	103061447
6.	Knitwear	68.375	48658.3	8677217.8	34727204
7.	chemical products	3040.375	471097.2	2187449.8	3959207.6
8.	Paper & allied products	79071	207189.4	104941.4	414.6
9.	Handicrafts	18074.75	86837.1	255424.4	279851.4
10.	Engineering products	8162.875	116527.5	236942.8	618673.4
11.	Specia.textile&hh linen	938.125	33920.8	1046833.2	3003460.8
12.	Molasses	5832.875	8955.7	6657.8	1134
13.	Electronics	0	0	73656.4	137850
14.	Stainless steel cutlery	6.875	412	6037.4	36668.4
15.	Handloom products	0	68.1	0	0
16.	Glass sheet	0	32.4	0	0
17.	Other mfd. comm.	15568.63	46795.6	1252234.6	7359423.4
Total mfd. Commod.		3817057	19478716	80830361	203153499
Grand total: (A+B)		6055993	27013330	93861073	224836244

Source: Export Promotion Bureau.

**Table Appendix 2a-2d :Countrywise Export from Bangladesh during Fiscal Years average from 1972-73 to 1999-2000.**

Countries	(Value in ,000 Taka)			
	Table-2a FY.Avg. 72-80	Table-2b FY.Avg. 80-90	Table-2c FY.Avg. 90-95	Table-2d FY.Avg. 95-00
Australia	165021	450922.3	744106.2	1496611.8
Belgium	224333	1160240	3675931	9688158.4
Canada	71564.3	377574.2	1781871.8	4238470.6
China	153206	505365.2	885370	1336947.2
Denmark	8382.88	40286.2	802636.8	2318489.6
Egypt	164599	471490.5	492393.8	374095.4
Finland	62.25	25352.5	102551	636523.6
France	65049.9	445203.8	5287442	15238685.8
Germany DR.	45857.4	10691.1	0	0
Germany FR.	102552	1014741	8818132.4	23902440
Hong kong	19458.9	166156.5	2179425.6	4268721.8
India	99692.5	469402	807638.6	2805430.8
Iran	174245	978338.7	1504016.8	1775072.2
Ireland	3171.5	1720.6	99165.8	356233.6
Italy	299235	2020250	6061077.2	10961110.6
Japan	21092	1393320	2300125.2	4844123.4
Korea Rep.	9664.25	41084.6	243914.2	518288.2
Malaysia	3697.63	107995.7	203726.4	491974.8
Mexico	9546.63	8419.8	115471.8	462283.4
Nether lands	121250	573491.1	3654405.6	10665151
Norway	826.125	49430.3	401710.2	731723
Pakistan	363761	1089013	1039595	1777403.6
Philippines	4968.75	5126.9	171956.2	362240
Russia	341319	917595.4	1031532.2	669968
Saudi Arabia	5842.25	58143	168325.6	517248.2
Singapore	70085	1747745	1982801.4	1038500.2
Spain	31681.6	124141.6	1085858.6	3121386.4
Sweden	9804	212728.9	563536	2368934.6
Switzer land	40042.3	73661.3	223450.8	700918.6
Syria	92339.3	306474.5	597414.2	798995.2
Taiwan	0	52302	297452.6	641121.6
Thailand	16635.9	66151.7	309043.4	1237366.6
Turkey	73014.9	332469.4	712046	1063346.8
U.A.E	7384	139248.8	448736	1052817.4
UK.	458314	1490425	8005241.6	20861574.4
U.S.A.	840627	6268229	30455461.8	81170051.2
Vietnam	0	8840.2	363286.6	328958.6
Others	1739676.7	3809567.2	6244222.4	10014877.8
Total:	6056003	27013339	93861072.8	224836244.4

Source: Export Promotion Bureau.



## **ENCRYPTION TECHNOLOGY AND CYBERTERRORISM: COMBATING STRATEGIES**

Md. Khorseduzzaman\*  
Molla Md. Khademul Islam\*\*

**Abstract:** The threat of cyberterrorism is causing much alarm these days. We are not only using encryption technology to hide the intellectual information from the hackers, they are also using the same technique to conceal their criminal activities on the Internet. The unavailability of proper laws and their poor enforcement remain in such insufficient stage that the continued widespread and increasing use of strong, non-recoverable encryption products will soon nullify our effective use of legally authorized proprietary rights and electronic surveillance. In this paper, we have explained encryption technology and its relation with cyberterrorism and the real situation of laws and their enforcement to curb cybercrimes at domestic and international level. Finally, we have suggested some vital steps as combined proposal of law and technology to prevent the cybercrimes.

### **Internet Hazards and Modern Life**

We are mostly dependant on computers for our information processing and day by day it is increasing. Computers are used to store vital information, from medical records to business plans, from criminal records to power generating and delivery, from highway communications to air navigation and where not? Now a simple mouse-click is sufficient enough to communicate with any overseas contacts from the bedroom. The same click can also provide pornographic pictures to any adolescent child. Any person using this tremendous technology may embezzle other's bank account or credit card. At the same time, someone could easily harass anybody by email and VOIP (Voice over Internet Protocol) with effectively concealing his identity. These hazards and threats are not confined to individuals. Even any country's national security strategies may be stolen or interrupted and there is constant threat of computer-based attacks to air navigation systems as well as to national and personal security systems. Different international terrorists and mafias who are also criminals of peace and humanity are also taking

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advantage of the Internet to run their illegal businesses. Now, individuals or groups can use cyberspace to threaten different governments, or terrorize the citizens of a country. The 9/11 is a glaring example in this respect. The crime of "cracking" can escalate into terrorism when an individual "cracks" into a government or military maintained website. All these are Cyber-terrorism.

Interestingly, we are moving towards more risky environment. The modern thief can steal more with a computer than with a gun. Tomorrow's terrorist may be able to do more damage with a keyboard than with a nuclear bomb. As computers and the Internet continue to pervade human life in everything from automobiles to kitchen appliances, the risks for Cyber-terrorism are intensifying.

So, the incidences of malicious attacks on the confidentiality, integrity and availability of computer data and systems, computer-related offences such as forgery and fraud, content-related offenses such as those related to child pornography and intellectual property rights (IPRs) violations, are significant. Threats to critical infrastructure and national interests arising from the use of the Internet for criminal activity are of growing concern. The harm incurred to businesses, governments and individuals in those countries in which the Internet is used widely, is gaining in scope and importance, while in other countries like Bangladesh, cybercrime threatens the initiation of the application of information and communication technology (ICT) for government services, trade and banking. As users lose confidence in transactions and business, the opportunity costs may become substantial [1].

### **Encryption: The Boon and the Bane**

The gradual increase of information transmitted electronically has led to an increased reliance on the technology called encryption. Without encryption, hackers could get into our e-mail, listen in on our phone conversations, tap into our cable companies and acquire free cable service, or break into our bank accounts. The growth of telecommunications and electronic commerce has led to a growing commercial market for digital encryption technologies. Business needs encryption to protect intellectual property and to establish secure links with their partners, suppliers, and customers. Banks need it to ensure the confidentiality and authenticity of financial transactions. Individuals need it to protect their private communications and confidential data. Encryption and other advanced technologies are increasingly used, with direct impact on law enforcement. Encryption protects individual and corporate privacy and is a fundamental building block of electronic commerce. Encryption is critical to building a secure and trusted global information infrastructure for communications and electronic commerce [2]. Encryption should be encouraged not only because it helps to keep message private and enables anonymous speech but also because it will allow consumers to establish verifiable, credit-worthy and enduring online identities [3]. Actually, these are all the positive and advantageous uses of



the encryption technology. We use this type of encryption to hide our intellectual information from the hackers and terrorists.

The reverse is also true that the criminals are transmitting and storing their crime information over Internet using encryption technology to escape the investigation. Encryption gives criminals and terrorists a powerful tool for concealing their activities. It can make impossible for the law enforcement department to obtain the evidence needed for a conviction or the intelligence vital to criminal investigations. It can frustrate communication interrupts, which have played a significant role in preventing terrorist attacks and in gathering information about specific worldwide threats, including terrorism, drug trafficking, and organized crime. It can delay investigations and add to their cost. If all communications and stored information in criminal cases are encrypted, it becomes a frightening nightmare for the investigators to come out of the clue. For that a major debate related to terrorism and the Internet is the issue of encryption. The potential harm to public safety and national security from the widespread distribution of encryption is already apparent. Police and intelligence agencies oppose denying the government access to electronic information because terrorists and other criminals can use encryption technology to conduct illegal activities while avoiding government monitoring that can be termed as cyberterrorism.

U.S. officials say that terrorists began using encryption which scrambles data and then hides the data in existing images. Each image, whether a picture or a map, is created by a series of dots. The dots are a string of letters and numbers that computers read to create the image [4]. A coded message or another image can be hidden in those letters and numbers. Of course it will look no different than a photograph exchanged between two friends or family members. Extremist groups are not only using encryption to disguise their e-mails but their voices, too and the encryption programs also can scramble telephone conversations when the phones are plugged into a computer. In the future, the law enforcement authority may tap a conversation in which the terrorist discusses the location of a bomb soon to go off, but they will be unable to prevent the terrorist act when they are unable to recover the signals. The U.S. officials concede it difficult to intercept, let alone find, encrypted messages and images on the Internet's estimated 28 billion images and 2 billion Web sites [3]. Even if they find it, the encrypted message or image is impossible to read without cracking the encryption's code. A senior Defense Department mathematician says cracking a code often requires lots of time and the use of a government supercomputer. They also say that the Internet has become the modern version of the "dead drop," a slang term describing the location where Cold war-era spies left maps, pictures and other information.

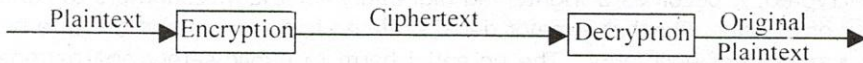
Cyberterrorism is turning into a terrible threat to individual, national and international arena of information technology. Different governments have already taken numerous plans to protect the cyberterrorism [5]. A way out

should be immediately searched out to protect this dreadful activity by any means.

### Encryption Technology Analysis

Encryption is the process of transforming the contents of a message using a secret key so that the message cannot be read. Decryption is the process of transforming the message back into a readable form. Message encryption and decryption is the foundation upon which a secure messaging system is built. The message is called plaintext and the encrypted one is termed as ciphertext. The basic encryption process is shown in Fig 1.

**Fig 1: Basic Encryption technique**



Encryption is software technology that locks computerized information to keep it private. Only those with an electronic key can decipher the information. The problems with establishing and managing a secure messaging system are to ensure that (a) Encryption techniques and secret keys are sufficiently complex so that unauthorized people cannot decrypt messages (b) Keys are accessible to people who are authorized to use them, and kept away from people who are not authorized to use them. There are three basic encryption techniques as following:

- Asymmetric key-based encryption. This method uses one key to encrypt data and a different key to decrypt the same data. It is sometimes called public key/private key encryption or something to that effect.
- Symmetric key-based encryption or block-and-stream ciphers. Using these cipher types, the data is separated into chunks, and those chunks are encrypted and decrypted based on a specific key. Stream ciphers are used more predominantly than block ciphers, as the chunks are encrypted on a bit-by-bit basis. This process is much smaller and faster than encrypting larger (block) chunks of data.
- Hashing, or creating a digital summary of a string or file. This is the most common way to store passwords on a system, as the passwords aren't really what's stored, just a hash that can't be decrypted.

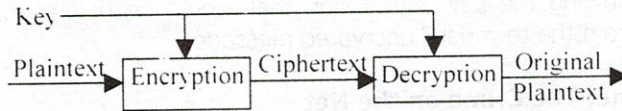
The basic idea of key-based cryptography is that you take a chunk of data (plain text) and scramble it up (ciphertext) so that the original information is hidden beneath a level of encryption. In theory, only the



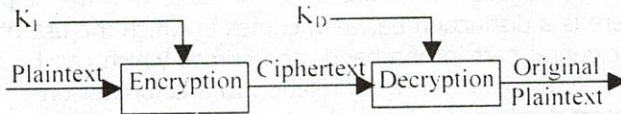
person (or machine) doing the scrambling and the recipient of the ciphertext knows how to decrypt (unscramble) it, because it will have been encrypted using an agreed-upon set of keys or a specific cipher and passphrase (key). The symmetric and asymmetric cryptosystems are shown in Fig 2.

**Fig 2: Symmetric and Asymmetric Cryptosystems**

**Fig 2(a): Symmetric Cryptosystem**

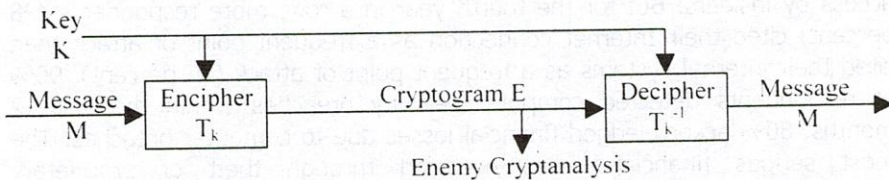


**Fig 2(b): Asymmetric Cryptosystem**



Cryptanalysis is the process that refers to the study of ciphers, ciphertext, or cryptosystems with a view to finding weaknesses in them that will permit retrieval of the plaintext from the ciphertext, without necessarily knowing the key or the algorithm. This is known as breaking the cipher, ciphertext, or cryptosystem. The hackers usually try to recover the plaintext by analyzing the ciphertext only as shown in Fig 3.

**Fig 3: Ciphertext attack**



Breaking is sometimes used interchangeably with weakening. This refers to finding a property (fault) in the design or implementation of the cipher that reduces the number of keys required in a brute force attack i.e. simply trying every possible key until the correct one is found.

The encrypted information can be transmitted over voice, fax, real-time data communication, email and some other domains. The criminals may use sophisticated encryption to conceal their telephone contacts and encrypted low cost Internet communications to transmit maps, pictures, messages and other details pertaining to terrorist attacks [6]. They install their own encryption software to set up a secure channel to protect their IRC communication from interception. The encrypted email is also facilitated the hacker to sale the credit card number to other companies doing business on the web. It is also necessary to build a strong effort to decrypt the ciphertext without knowing the key information that would be helpful to recover the plaintext from the terrorists' encrypted message.

### **Cybercrime: The Crime on the Net**

The definition of Cybercrime is still in development stage. Cybercrime refers to all the activities done with criminal intent in cyberspace using the medium of Internet. These could be either the criminal activities in the conventional sense or any non-conventional modern crime done with the help of Internet. Actually there is a distinction between crimes in which the use of a computer plays an incidental part in one hand, and crimes which can by definition be carried out only by means of or in relation to a computer on the other hand [7]. But Internet plays an integral role in committing and spreading the crime. So, crimes committed in relation to and in the cyberspace are branded as Cybercrime. Cybercrimes are of three types: 1) Cybercrime against persons, 2) Cybercrime against property and 3) Cybercrimes against states.

### **A Glimpse into the Cybercrime Incidents**

For the last eight years the San Francisco based Computer Security Institute (CSI) is conducting free survey on cybercrimes. Survey results illustrate that computer crime threats to large corporations and government agencies come from both inside and outside their electronic perimeters, confirming the trend in previous years. Forty-five percent of respondents detected unauthorized access by insiders. But for the fourth year in a row, more respondents (78 percent) cited their Internet connection as a frequent point of attack than cited their internal systems as a frequent point of attack (36 percent). 90% of respondents detected computer security breaches within the last 12 months. 80% acknowledged financial losses due to computer breaches. The most serious financial losses occurred through theft of proprietary information and financial fraud [8]. So, worldwide, Cyber Security breaches are on the increase undoubtedly. Another report reveals that Internet attacks against public and private organizations rose by 28% in the first six months of 2002, as compared to the second half of 2001. Computer hackers are increasingly being attracted to large critical service providers such as power and industrial companies [9]. In a recent survey conducted by Computer Sciences Corporation [10] shows that many corporate are still vulnerable to



Cyber-attacks. 46% of respondents in the survey did not have a formal information security policy. 68% do not conduct regular analysis of security risks or track security status.

Crimes related to Internet dating services in Japan have more than doubled in the first six months of 2002. 800 sex crimes have been reported for the first half of 2002 as compared to 888 for the whole of 2001. In Japan, the number of crimes involving the Internet was almost 60% higher in the first half of 2001 than in the first half of 2000 [11]. In South Korea, cyber offences, including slandering and financial fraud online, shot up to 126 % to 33,289 cases in 2001 from a year earlier, and totaled 39,482 cases in the first eight months of this year. The number of cases jumped 43% in 2000, with computer-savvy teenagers topping the list of offenders [12].

Rightly to say, the information mentioned here is a tip of iceberg relating cybercrime and cyberspace related offences. In all these cases, sometimes governments and citizens are very much powerless to take action against these wrongdoers. National laws are proving to be increasingly ineffective to prevent these offences. In relation to Cybercrime and Cyber related incidents, state defenses are very much vulnerable. Most of the states of world do not have their

- i) national efficient critical infrastructure;
- ii) emergency disaster management capacity arising out of computer related issues;
- iii) electronic governance system,
- iv) online justice and evaluation system and
- v) computer crime diagnosis system to curb Cybercrime.

As a result, the rights of innocent civilians and netizens are being jeopardized and at peril while there is an increased risk of threats to the privacy and proprietary security parallel with the community and state security.

### **Cyber-Legislation at National and International Level**

To secure and uphold the ongoing technological development in the cyberspace, the essence of adopting and enforcing some laws, rules and regulations is a time demand. In other word, Cyberlaw is an inevitable issue and it must be undertaken immediately both at domestic and international level. Actually, Cyberlaw is a generic term, which refers to all the legal and regulatory aspects of Internet and the World Wide Web. Anything concerned with or related to or emanating from any legal aspects or issues concerning any activity of netizens and others in cyberspace comes within the ambit of Cyberlaw.

The first comprehensive proposal for computer crime legislation was a federal Bill introduced in the US Congress by Senator Ribikoff in 1977. The Bill was not adopted, but this pioneer proposal created awareness all around

the world. Later on, U.S.A and U.K have already enacted cyberlaws and now they are trying to develop a unified mechanism to govern or administer the cyber-world in parallel with the EU. Australia, Japan, Malaysia, Philippines, Singapore, India and Pakistan have also enacted Cyberlaw. Japan and India have adopted national cybercrime focal points which help for promoting prompt investigations into the cyber related issues. In Europe, around 44 countries have adopted new laws to prevent Cybercrime till date. But a large number of countries including Bangladesh do not have Cyberlaws and thereby hampering their efforts to ensure information technology security and regulate Cybercrime. Around the year 2002, the then law commission of Bangladesh initiated an effort to enact a cyberlaw in Bangladesh and made a draft act [13] but it is yet to see the day of light. The law commission actively perceived the real legal atmosphere of Bangladesh and mentioned:

"At present, many legal provisions (such as the Evidence Act, 1872, the Penal Code, 1860, the Banker's Books Evidence Act, 1891, etc) recognise paper based records and documents bearing signatures of parties and make them admissible in evidence in various disputes, Electronic commerce eliminates the need for such paper based transactions and as such, transactions in electronic form are often not recognised in courts thereby retarding the growth of electronic commerce. Many legal rules assume the existence of paper records and documents, signed records, original records, physical cash, cheques, face to face meetings, etc. As more and more activities to-day are carried out by electronic means, it becomes more and more important that evidence of these activities be available to demonstrate legal rights and obligations that flow from them. As such, in order to facilitate electronic commerce, there is a need for a legal framework and also for legal changes." [14]

The recently amended copyright act [15] covers some issues relating to information technology but it is certainly not a complete law which deals with cyber issues and its numerous hazardous outcomes.

In international level, various efforts are being made for regulating and preventing Cybercrimes. Numerous international and regional endeavors have been made. The General Assembly of the United Nations in its 55th Session and 81st Plenary Meeting adopted the resolution no. 55/63 on 4December, 2000 on the subject "Combating the Criminal Misuse of Information Technologies." Ten Steps were undertaken to combat the criminal misuse of Information Technologies and the session invited states to take the same into account in their efforts.

It is mention worthy that the first international convention on Cybercrime was called by the European Union in 2001. Council of Europe's Convention on Cybercrime was signed by a large number member of the European Union along with countries like Canada, Japan, USA and South Africa. Later on, numerous other regional and international conventions, seminars and symposia were held to prevent and curb cyberterrorism but yet to reach any goal.



### **Where is the real problem?**

We know, cyberworld is a virtual space and it is really impossible for a single state to govern or control all the matters arising out of it. Here the problems are of multi-dimensional. First and foremost problem is the question of "Jurisdiction". The Internet is basically a multi-jurisdictional issue because of its accessibility from anywhere of the world. From users' perspective, it may be seemed to be within the jurisdiction of any state and border but in respect of court jurisdiction the situation is really problematic. In *Zippo Mfg. v. Zippo Dot Com, Inc* case, the American court said, there is a global revolution looming on the horizon, and the development of the law in dealing with the allowable scope of personal jurisdiction based on Internet use is in its infancy [16]. If we simply think the situations where the website is located in one state, the Internet Service Provider is located in a different state, the content owner is of different nationality and the user is from another state then who will be the concerned authority to monitor or regulate it? Again, jurisdictions for the civil cases are characteristically different from that of the criminal cases. There are also problems relating the "choice of proper laws". Even if the suspected criminal is caught then which specific law will be applied for him? If the country has any modern brand of law to treat him then it is good but due to the lack of the combination of legal and technological expertise in a single hand, the enacted laws are often turning inept. Moreover, judicial and administrative mechanisms are in most cases failing to follow the rapid development of the character and dimensions of technology oriented crimes. The trial of Onel de Guzman, a Philippines student suspected for creating the notorious "love bug" or "I love you" virus is an example. He was set free because charges against him were not proved since there was no law to find him guilty [17].

### **Concluding Remarks**

We all must remember that Cyberspace is a common heritage transcending the national boundaries and as such borderless. Until now it has been largely unregulated, operating beyond any unified sort of national and international control. Despite its manifest potential to contribute to economic and social well being "the information super highway" can easily be used with ill motive to the advantage of the user. This potential for abuse or misuse, as well as its transnational character, is a matter of grave national and international concern.

Delving into the matter, we see, cybercrime has the potential to create havoc in cyberspace and that there is an urgent need to enact or amend national laws, including both criminal law and the laws which determine the jurisdiction of national courts to adjudicate criminal proceedings against cyber criminals. An International regulatory body with binding principles, rules and regulations for coordinating national laws is also desirable. Whether the application of "Universal jurisdiction" can be initiated in this

arena should also be considered carefully. Moreover, existence of the following conditions could help improving the situations for preventing and combating Cyberterrorism effectively:

- The availability of preventive technologies. This requires an appropriate regulatory environment which gives room and incentives for innovation and research. Public financing can be justified to support the development and deployment of appropriate Security technologies;
- The awareness of potential security risks and ways to combat them;
- Adequate substantive and procedural legislative provisions, as regards both domestic and transnational criminal activities. National substantive criminal laws should be sufficiently comprehensive and effective in criminalizing serious computer-related abuses and provide for dissuasive sanctions, helping to overcome dual criminality problems and facilitating international co-operation. Where there is a well-founded need for action by law enforcement to expedited search, seize and securely copy computer data within their national territory in order to be able to investigate a computer related crime, this should be made possible by procedural laws, in conformity with the principles and exceptions provided for by International law concerned. The international regulatory body may keep reviewing its implementation with Member States, industry and users to ensure that relevant initiatives are effective, transparent and well balanced;
- The availability of a sufficient number of well trained and equipped law-enforcement personnel. Close collaboration with Internet service providers, telecommunications operators and Cyber-cafes should be initiated;
- Improved co-operation between all the actors concerned; users and consumers, industry, law enforcement and data protection authorities. This is critical to investigating computer crime and protecting public safety. Industry needs to operate within clear rules and obligations. Governments should recognize that the needs of law enforcement may place burdens on industry and thus take reasonable steps to minimize such burdens. At the same time, industry ought to include public safety considerations in its business practices. Increasingly this will need the active co-operation and support of the individual user and consumer;
- Continuous industry and community-led initiatives, hotlines, already in place for reporting illegal and harmful content cases in some countries, may be extended to other types of abuse. Industry self-regulation and a multidisciplinary memorandum of understanding could involve the broadest possible number of interested parties and



play a multiple role in helping prevent and combat computer crime and increasing awareness and trust [18].

- Efforts to decrypt data for law enforcement agencies or corporations in need of recovering from lost keys have been largely successful because of weaknesses in the systems as a whole. That success rate is likely to drop, however, as vendors integrate stronger encryption into their products and get smarter about security. It is not possible to break well-designed cryptosystems that use key lengths of 128 bits or more. It is not just a matter of paying enough money or getting enough people on the Internet to help out. The resources simply do not exist anywhere. We can conclude that it is a crying need to develop intelligent decryption technology to protect the encrypted terrorism over the Internet.

Lastly, the definition of Cyberterrorism needs to address the fundamental infrastructure upon which civilization is increasingly dependent. A proactive approach for protecting information infrastructure is necessary to prevent its becoming a more serious vulnerability. As we build more and more technology into our civilization, we must ensure that there is sufficient human oversight and intervention to safeguard those whom the technology serves.

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## SHOULD THE BACKWARD LINKAGE INDUSTRIES OF RMG SECTOR STILL REMAIN IN THE LOCAL MARKET ? A PRESCRIPTION OF THE BCG MATRIX

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**Abstract:** The textile sector of the country occupies an important position in the country. At present it is the largest manufacturing sector contributing about 5% to the GDP. More over RMG (Ready Made Garments), a sub sector of the textile sector, is the largest foreign currency earner. Spinning and weaving industries, which manufacture yarn and fabric respectively, are the backward linkage industries of RMG sub sector. These backward linkage industries are getting priorities today for the sake of the survival of the RMG sub sector. For this reason analysis of the condition of fabric and yarn manufacturing industries should be conducted and effective strategies should be designed. This study has been conducted with an aim to provide an appropriate guideline to the policy makers of the country so that they can prepare right industrial policy for the textile sector of the country. Boston Consulting Group (BCG) matrix has been used in this study. It's an useful tool for determining performance of SBUs (Strategic Business Units) in terms of market growth rate and relative market share and is used for determining strategy.

### Introduction

Muslin of Bangladesh reminds us the glorious past in the field of production of quality fabrics of the country. The country successfully regained the glory by achieving phenomenal expansion in the export oriented knitwear and RMG (Ready Made Garments) industries. 2005 is only a few years away when the GSP (Generalized System of Preference) system for Bangladesh will cease to exist and protection like quota and incentives will disappear. At the same time, the Trade and Development Act 2000 (TDA -2000) of the US (United States of America) will divert US buyers away from Bangladesh in favour of suppliers in SSA (Sub Saharan African) and CBI (Caribbean Basin

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Initiative). The Act is designed to promote the use of American raw materials as against African raw materials in the textile products exported to the US. As a result African countries are, in turn, given preference in their RMG exports to the US. In addition, Bangladeshi RMG industries have lost some EU customers as a result of duty free access and 15% increased quotas given to Pakistan. So, RMG sub sector of Textile sector is in huge threat. The 11th September (2001) attack on World Trade Centre has worsened the situation.

Spinning (yarn manufacturer) and Weaving (fabric manufacturer) industries are essential backward linkage industries for RMG sub sector. It is true that survival of the backward linkage industries is important for the existence of the RMG sub sector. At the same time any threat upon RMG sub sector puts pressure upon these backward linkage sub sector of the textile sector. Because the export oriented RMG industries are their main customers. They sell negligible quantity of their products in the internal market for ultimate use within Bangladesh. So, spinning and weaving industries are now in a shaky condition as a result of the overall situation of the world economy and for its impact on the RMG sub sector. Spinning and weaving industries are currently targeting local RMG industries for selling their products. But the current situation is forcing us to reconsider the matter whether the backward linkage industries of the country should stay in the local RMG market or look for market abroad. But the fact is that research on backward linkage industries of RMG sub sector is not sufficient. We are simply saying that number of spinning and weaving industries of the country should be increased because it has become an essential condition for RMG products to ensure their access to foreign markets. But we are not concerned about the survival of the backward linkage industries. Realizing this point, the current study has been conducted on the spinning and weaving industries of the country so that some recommendations can be provided which will help them to survive.

The current study has been conducted using the BCG (Boston Consulting Group) matrix. BCG matrix has been used, because it is an effective tool for determining the position of companies and providing a suitable strategy for them. Moreover this tool considers overall market growth rate and market shares of companies.

### ***Objectives***

The major objective of the study is to analyze the present condition of the leading spinning and weaving industries of the country and providing strategic choices for them under BCG matrix. The specific objectives of the study are to: (a) investigate the present condition of the leading spinning and weaving industries of the country; (b) provide suitable strategy for them; and (c) find out whether the backward linkage industries of RMG sub sector should turn to foreign markets or stay in the local market.



### **Methodology**

Methodology includes sources of data and data analysis followed by limitations of the study.

#### *Sources of data*

In this study 12 public limited companies from backward linkage industries of RMG sub sector have been selected. Out of them 6 are involved in yarn manufacturing and 6 in fabric. These companies have been selected randomly except the leading companies (that is, the companies with largest turnover) in their field. The study is basically conducted using secondary data regarding performance and financial position of companies involved in production of yarn and fabric and demand of their product in the market. Major sources of secondary data for the purpose of the current study are Annual reports of the companies for the year 2001.

#### *Data analysis*

Data collected from different sources have been tabulated and analyzed using Boston Consulting Group (BCG) matrix.

### **Limitations of the study**

Resource constraints, i.e., time limit, cost limit, etc. were the major limitations of the study. These forced only for selecting secondary sources of data and for avoiding detailed analysis of the data. Another limitation encountered in this study was in the BCG matrix itself, which is the key tool of the inferences drawn in this study. The limitation is that the BCG approach ignores factors like risk, customer loyalty, channel control, market structure, etc.<sup>1</sup>

### **BCG matrix**

The BCG matrix or Boston Consulting Group matrix is a well-known approach for strategy formulation for companies and determining the position of them. It was first traced to a consulting project. Alan Zakon of BCG did the project for the Mead paper corporation in the late 1960s.<sup>2</sup> Using the Boston Consulting Group (BCG) approach, a company classifies all its SBUs (Strategic Business Units) according to the growth-share matrix. On the horizontal axis relative market share and on the vertical axis market growth rate is presented.<sup>3</sup> BCG divides business organizations or strategic business units into four groups:

<sup>1</sup> D. Sudharshan, *Marketing Strategy – Relationships, Offerings, Timing and Resource allocation*, New Jersey, Prentice-Hall, 1995, p. 250.

<sup>2</sup> A. Morrison & R. Wensley, 'Boxing Up or Boxed in ? : A Short History of the Boston Consulting Group Share/Growth Matrix' *Coventry*, UK, Warwick Business School.

<sup>3</sup> Philip Kotler & Gary Armstrong, *Principles of Marketing* (Seventh Edition), Prentice-Hall of India Private Ltd, 1997, p. 39.

**Star:** Stars are companies with high growth and high share in the market.

**Cash cows:** Cash cows are companies with low growth and high share.

**Question marks:** Question marks possesses low share in the market with high growth rate.

**Dogs:** Dogs are companies with low growth and low market share.<sup>4</sup>

The horizontal line of the matrix divides the alternatives plotted in the space into high and low growth markets. This line is usually set at 10%. The vertical line is typically set at 1.0 relative share and thus divides the alternatives that are market leaders and followers.<sup>5</sup>

### Market Growth Rate (MGR)

It is the ratio between the change in the total market in the current year from previous year and the total market in the previous year. That is,

$$\text{MGR} = \frac{\text{Total market}^6 \text{ (current year)} - \text{Total market (previous year)}}{\text{Total market (previous year)}}$$

### Relative Market Share (RMS)

Relative market share as used in the BCG matrix is the strategic alternative's share divided by the share of its largest competitor or the leading company.<sup>7</sup> In other words, it is the ratio between business sales to leading competitor's sales. Business sales mean sales of the company, which is being studied. On the other hand leading competitors means the company or firm or enterprise, which is in the top of the market in the same line of trade. If the company itself is in the top, then the second from the top will be the leading competitor. That is, "when an alternative is number one in a market, the largest competitor is number two. When an alternative is not number one, the market leader is the largest competitor."<sup>8</sup> That is,

$$\text{RMS} = \frac{\text{Business Sales}}{\text{Leading Competitor's Sales}}$$

<sup>4</sup> *ibid*, pp. 39-40.

<sup>5</sup> D. Sudharshan, *op cit.*, p. 246.

<sup>6</sup> Total market represents total sales or total demand.

<sup>7</sup> D. Sudharshan, *op cit.*, p. 244.

<sup>8</sup> *ibid*, p. 246.



### Analysis of data

Analysis of the data shown in table-3 reveals that among the weaving industries Beximco Textiles Ltd. was the leading industry in terms of turnover in 2001 followed by Beximco Knitting Ltd., Beximco Denims Ltd., Mithun Knitting and Dyeing (CEPZ) Ltd., Rahim Textile Mill Ltd. and Quasem Textile Mills Ltd. On the other hand, table-4 shows that among the spinning industries Padma Textile Mills Ltd. was on the top followed by Square Textile Mills Ltd., Prime Textile Spinning Mills Ltd., Beximco Synthetic Ltd., Ashraf Textile Mills Ltd., and CMC-Kamal Textile Mills Ltd.

A major finding of the analysis of the data is, though most of the industries were able to increase turnover in the year 2001 when compared to previous year, their profits have been reduced. Board of directors has identified increase in cost as the dominant reason in most cases. Five out of twelve companies have been able to increase EPS and in the remaining cases EPS have fallen.

### Product/ Market growth share strategy analysis

Bangladesh Textile Mills Association (BTMA) estimates an annual market growth rate (MGR) of -2.5% from 1998-1999 to 2004-2005 for woven RMG and 0.00% annual growth rate from 1998-1999 to 2004-2005 for Knit RMG.<sup>9</sup> On the basis of that study BTMA estimates yarn and fabric requirements for export oriented RMG industries of Bangladesh (which is the market of spinning and weaving industries products) for the period 1998-1999 to 2004-2005.

**Table 1 : Requirement of yarn and fabric for export oriented RMG industry**

Year	Total RMG	
	Fabric in million meter	Yarn in million kg.
1998-1999	1859.7	309.97
1999-2000	1829.89	304.96
2000-2001	1800.53	300.09
2001-2002	1772.01	295.30
2002-2003	1744.23	290.70
2003-2004	1717.19	286.20
2000-2005	1690.70	281.78

Source: Bangladesh Textile Mills Association.

Table-1 shows estimated requirements of yarn and fabric for export oriented RMG industries for the period 1998-1999 to 2004-2005. As per the estimate growth rate of demand for fabric of weaving industries and for yarn

<sup>9</sup> Bangladesh Textile Mills Association, *Textiles of Bangladesh*, March, 2002.

of spinning industries are  $-1.6\%$  and  $-1.61\%$  respectively.<sup>10</sup> This growth rate of demand has been used in this study as market growth rate (MGR) for the purpose of BCG matrix.

Table-2 shows relative market share (RMS) of 3.47 for Beximco Textiles Ltd., 0.29 for Beximco Knitting Ltd., 0.185 for Beximco Denims Ltd., 0.075 for Mithun Knitting and Dyeing (CEPZ) Ltd., 0.025 for Rahim Textile Mills Ltd. and 0.012 for Quasem Textile Mills Ltd. On the other hand among spinning industries Padma Textile Mills Ltd. has relative market share of 1.36, Square Textiles Ltd. of 0.74, Prime Textile Spinning Mills Ltd. of 0.35, Beximco Synthetics Ltd. of 0.28, Ashraf Textile Mills Ltd. of 0.19 and CMC-Kamal of 0.09. These relative market shares (RMS) and market growth rate (MGR) prescribe the suitable strategies for these companies, which are listed in table-2.

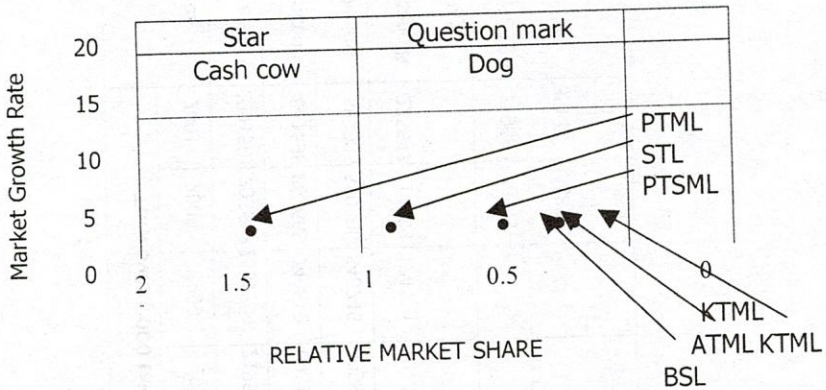
**Table 2: Strategies for spinning and weaving industries as per BCG matrix**

Name of Companies	MGR	RMS	Types of Companies	Strategy as per BCG matrix
Beximco Textile Ltd. (BTL)	-1.6	3.47	Cash cow	Stability
Beximco Knitting Ltd.(BKL)	-1.6	0.29	Dog	Minimization by divestment
Beximco Denims Ltd. (BDL)	-1.6	0.185	Dog	Minimization by divestment
Mithun Knitting & Dyeing (CEPZ) Ltd. (MKDL)	-1.6	0.075	Dog	Minimization by divestment
Rahim Textile Mills Ltd. (RTML)	-1.6	0.025	Dog	Minimization by divestment
Quasem Textile Mills Ltd. (QTML)	-1.6	0.012	Dog	Minimization by divestment
Podma Textile Mills Ltd. (PTML)	-1.61	1.36	Cash Cow	Stability
Square Textile Ltd. (STL)	-1.61	0.74	Dog	Minimization by divestment
Prime Textiles Spining Mills Ltd. (PTSML)	-1.61	0.35	Dog	Minimization by divestment
Beximco Synthetics Ltd. (BSL)	-1.16	0.28	Dog	Minimization by divestment
Ashraf Textile Mills Ltd. (ATML)	-1.61	0.19	Dog	Minimization by divestment
CMC-Kamal Textile Mills Ltd. (KTML)	-1.61	0.09	Dog	Minimization by divestment

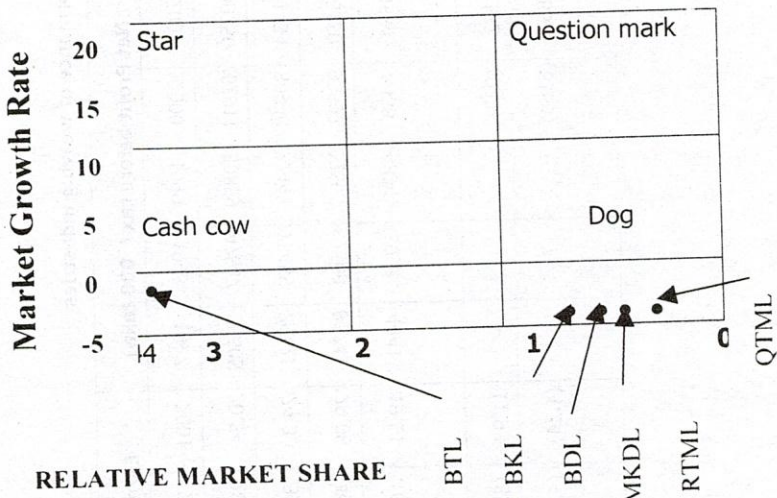
<sup>10</sup> The rate is calculated using the formula: Requirement of 1999-2000 minus requirement of 1998-1999 divided by requirement of 1998-1999.



**Figure 1: BCG matrix of Spinning Industries**



**Figure 2: BCG matrix of Weaving Industries**



Source: Annual reports of the companies.

Table 3: Performance of weaving Industries

Name of Companies	Turn over ('000 taka)					Net Profit before tax ('000 taka)					Earnings per Share (EPS)				
	2001	2000	1999	1998	1997	2001	2000	1999	1998	1997	2001	2000	1999	1998	1997
Beximco Textile	29915812	703693	5561504	2195912	1851977	180750	252911	250859	247687	238605	20.54	28.74	28.51	28.15	27.11
Beximco Knitting	861695	862668	740612	693122	629490	61734	80948	77443	75455	75221	24.30	31.86	30.48	29.70	29.60
Beximco Denims	552905	550390	540745	495894	423373	58150	93592	92666	91569	86741	29.08	46.80	46.33	45.78	43.37
Mithun Knitting & Dying (CEPX)	225647	214489	124414	101271	136550	9554	8458	4834	3093	4441	19.11	16.92	9.87	6.18	8.88
Rahim Textile Mills	759680	70141	-	-	-	2172	(923)	-	-	-	11.93	(5.07)	-	-	-
Quasem Textile Mills	35135	36892	-	-	-	(5857)	(6168)	-	-	-	(4.24)	(4.47)	-	-	-



Table 4: Performance of spinning industries

Name	Turn over ('000 taka)					Net Profit before tax ( '000 taka)					Earnings per Share (EPS)				
	2001	2000	1999	1998	1997	2001	2000	1999	1998	1997	2001	2000	1999	1998	1997
Padma	28158588	22701713	22611289	2602461	753419	204953	2280790	243635	2236687	210383	4.33	6.19	5.43	5.38	4.82
Square	2076925	2098072	1721676	1009584	379969	174723	399288	233346	116747	19909	5.94 <sup>11</sup>	158.51	233.35	116.75	19.91
Prime	986099	946005	728175	628903	-	50000	51560	(84397)	(117248)	-	13.09	13.5	(22.09)	(30.69)	-
Beximco	780213	810394	778657	792375	766866	61945	85102	80115	114515	102559	16.54	58.37	26.71	38.17	34.19
AshrafTextil	536169	503938	527408	396525	519424	11380	(17102)	(45604)	(56510)	16861	0.70	(1.63)	(4.34)	(5.38)	1.34
CMC-Kamal Textile Mills	263190	239395	208446	112048	-	19021	17256	13893	8764	-	11.06	10.03	8.07	7.10	-

Source: Annual reports of the companies

<sup>11</sup> Per value of share has been reduced from Tk. 100 to Tk. 10 in 2001.

### **Findings and recommendations**

Under BCG product portfolio matrix only two companies –Beximco Textiles Ltd. and Padma Textile Mills Ltd. is in Cash cow quadrant and the remaining are in Dog quadrant.<sup>12</sup> This means only these two companies should follow stability strategy and the rest should go for divestment or retrenchment strategy.<sup>13</sup> This dismal picture will persist if the spinning and weaving sub sector posses the same narrow aim of mitigating local needs of yarn and fabric because that market is now in a negative growth stage. So, if they want to survive, then they must have to enhance their market abroad. It will result in a positive growth rate in the market which will help the companies in the weaving and the spinning sub sector of textile sector to shift themselves from cash cow and dog quadrant to star and question mark quadrant respectively.

### **Conclusion**

It is true that in the current study BCG matrix suggests retrenchment of some profitable companies. But it gives us an alarming signal about the present situation of the textile sector. The fact is that the BCG matrix in this study is prescribing a retrenchment strategy for some profitable companies because they are profitable in short run. Since the market where they are currently selling their products is in a declining stage, we cannot expect that they will continue earning profit in the long run. And for this reason, in the long run they may start gaining negative returns. So, for the purpose of survival the current study suggests that, this sub sector should look forward to foreign markets. That is, they will have to search for market of their products abroad so that they can export their products directly after mitigating the needs of the local RMG sub sector. They can grab a considerable share in the foreign markets by ensuring some strategic advantages. Quality fabrics with competitive price are a common and essential condition for having a comprehensive market share in the international market. This aspect will have to be ensured by the existing industries. Only then we can expect survival of this sub sector of textile sector in a quota free, duty free open market environment.

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<sup>12</sup> Fro classification of companies under BCG matrix see Philip Kotler & Gary Armstrong and William F. Glueck & I. Jauch, *Business Policy and Strategic Management*, McGraw-Hill, Inc., 1984, pp. 274 – 75.

<sup>13</sup> William F. Glueck & I. Jauch, *Business Policy and Strategic Management*, McGraw-Hill, Inc., 1984, pp. 274 – 75.



## **IMPACT OF SOCIO-ECONOMIC FACTORS ON THE DEVELOPMENT OF ENTREPRENEURS IN BANGLADESH: A CASE STUDY OF FOOD ALLIED INDUSTRIES**

ANM Jahangir Kabir

**Abstract:** This paper attempts to identify the various socio-economic and political factors that forced the individuals taking into entrepreneurial activities related to the Food and Allied sector. The emergence of an entrepreneur is highly complex and is the resultant phenomenon of the interactions of various socio-economic and political elements with the attributes of an individual. There is no universal set of finite factors that is applicable anytime and anywhere for the development of entrepreneurship. The study observed that the internal motivating factor such as "Desire to work independently" emerged as the main motivating factor, while "Occupational experiences" got the second highest preferences from the entrepreneurs. The external motivating factors comprising "Assistance from government and financial institutions" and the "availability of technology and raw material" acted as the less important inducing factors for adopting entrepreneurial activities irrespective of different geographical locations. The "Educational qualification" as an internal motivating factor had little to do with their emergences as the entrepreneurs.

### **Introduction**

The entrepreneurship is usually understood with reference to individual business. In big business, particularly in joint stock companies, the functions of entrepreneurship is borne by many rather than a single individual. The individual ownership or small business actually provides the seedbed or training ground for the emergence of entrepreneurs. However, industrial activity in any country irrespective of time and place is affected by several factors like financial, institutional, cultural and political structure of a country; government preferences and policies for adopting individual activity and willingness of the individuals to launch industrial enterprise; and overall socio-economic environment of the country, which together in varied degree contribute to an entrepreneurial phenomenon. As it is not possible to

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segregate the impact of any particular factor influencing the supply of entrepreneurship in a society, different attempts have been made in this section in order to highlight different factors that influence an individual to take up entrepreneurial activities.

### ***Factors Affecting Entrepreneurship Development***

There are different opinions on the supply of entrepreneurship, and most of these opinions are classified under the psychological, sociological and economic viewpoints.

#### *The psychologists' views*

According to this view certain inner, psychic and non-materialistic attributes of an individual primarily lead to entrepreneurial behaviours like risk taking, creativity, and innovative activities. Among those who have stressed on the psychological aspects contributing to the entrepreneurial phenomenon are Schumpeter<sup>1</sup>, McClelland<sup>2</sup>, Hagen<sup>3</sup> and Kunkel<sup>4</sup>. The main focus of the psychological views of these persons are as follows:

Schumpeter	: Individual and his innovativeness.
McClelland	: Need for Achievement (N-achievement)
Hagen	: Technological change through technical creativity of man
Kunkel	: Psychic needs, values and sociological variables.

#### *Sociological views*

This views lay emphasis on certain social and cultural value systems and factors, which lead to entrepreneurship development. Maxweber<sup>5</sup>, Cochran<sup>6</sup>, Hoselitz<sup>7</sup>, Stockes<sup>8</sup> underline the importance of sociological factors responsible for the emergence of entrepreneurs. The aspects emphasized by each of them are:

Weber	: Environmental influence (belief system).
Cochran	: Cultural value and social structure.
Hoselitz	: Marginal man system.
Stockes	: Cultural and social values.

#### *The Economists' views*

According to these views entrepreneurial development depends on economic incentives and economic environmental factors. The main possessors of economic view, among others, are Papanek<sup>9</sup> and J.R. Harris<sup>10</sup>.

According to the advocates of sociological and psychological factors, entrepreneurship is most likely to emerge either under a specific set of social conditions or when a society has a sufficient supply of individuals possessing particular psychological characteristics. But the advocates of economic factors suggest that economic growth and development and entrepreneurship are most likely to occur in those situations where particular economic conditions are most favourable.<sup>11</sup> There are also people who hold



the view that supply of entrepreneurship is affected by a number of factors including social, psychological and economic factors.<sup>12</sup> Therefore, it is obvious that entrepreneurship is affected by a multitude of factors, and the supply of entrepreneurship can hardly be ascribed to any single factor or set of factors.

### ***Objectives of the Study***

The purpose of the study is to examine the relationships between entrepreneurs and different factors contributing to the development of entrepreneurs engaged in the manufacturing organization (formal and informal) of at least small industries' nature. The more specific objectives are as follows:

- (i) To find out the socio-economic backgrounds of the entrepreneurs in order to evaluate its impact on their development;
- (ii) To identify the important internal and external factors those have positive or negative effects on the entrepreneurial phenomena;
- (iii) To evaluate the role of the government and non-government agencies or institutions as perceived by the entrepreneurs.

### ***Methodology of the Study***

Entrepreneurs for the purpose of this study is defined as an individual who explores and evaluates the surrounding situations and strives to make adjustments as he/she deems necessary to cope up with the fluxionary economic purview; runs an industrial enterprise in any of the following<sup>13</sup> lines

- dairy farming and dairy products;
- poultry farming and poultry products;
- shrimp, crab and other fish culture, processing and preservation of fish and seafood;
- fish meal production;
- fruits and vegetable processing and canning;
- seed production and processing and
- other agro-based industries; and

have firm determination and takes necessary initiative to bring his/her projects into fruition; and in this process performs one or more of the following functions:<sup>14</sup>

- explores opportunities for profitable investments (novel or imitation);
- evaluates the prospects of starting such projects/enterprise in order to encash the opportunities;
- deals with the public bureaucracy (concessions, licenses, taxes);
- arranges initial capital;
- provides personal guarantee to the financial institutions;
- negotiates with foreign collaborators when necessary;
- supplies technical know-how;
- responds to competition;
- introduces new production technique and products.

In case of a joint stock company, the most active person behind the promotion of a company was considered to be interviewed as an entrepreneur. No industrial enterprise developed by joint collaboration of Bangladeshi and foreign promoters were taken under study. Only the Bangladeshi promoters were considered. The public limited company had not also been brought under the study.

As the study was based on field investigations, six districts out of all the districts of Bangladesh were selected in the following manner- (I) First two districts having maximum number of units; (II) Second two districts having medium number of units; and (III) Third two districts having smallest number of units. Accordingly, first two districts namely Chittagong and Comilla were found to have maximum number of food and allied industrial enterprises, second two districts namely Chandpur and Faridpur were found to have medium number of food and allied industrial enterprises, and third two districts namely Nilphamari and Lalmonirhat were found to have smallest number of food and allied industrial enterprises.

As the present study is empirical in nature, both primary and secondary data have been used for this study. Primary data were collected through using a questionnaire and from various official records and direct interview with the entrepreneurs, managers and top officials of the enterprises. Over and above these, data were also collected from secondary sources which included materials published by BSCIC, Chamber of Commerce and Industry and other concerned bodies. Other related literature like, periodicals, journals, magazines and books were also consulted for this purpose.

In order to satisfy the objectives of the study, various tabular presentations were made and results were expressed in terms of weightages, ranks as deemed necessary. The impact of different factors, internal or external, on the development of entrepreneurship have been analyzed using tabular presentation showing weightages of different factors according to the preferences of the entrepreneurs and thereafter making conversions of weightages into ranks.

The present study makes a modest attempt to bring out the factors, which influenced the individuals under study to enter into industrial activities. In order to examine these factors, the owners of the industrial units under study were asked only one question such as - What factors prompted you to promote this business enterprise?

### **Results and Discussions**

The question was asked to the owners giving a list of possible replies together with a request to select four relevant factors and rank them according to their preferences. All the replies under the said question have been grouped into two subheads, viz internal factors and external factors. The internal factors include family, educational, and occupational backgrounds of the owners, his/her will or desire for entrepreneurial activity



etc. Whereas, the external factors include assistance from government, and financial institutions, availability of raw materials and infrastructural facilities and other supporting factors. However, the first five motivating factors have been termed as 'internal motivating factors' and the last four factors as 'external motivating factors'. For examining the importance of different motivating factors, weights were assigned on the basis of preferences given by the owners. The weights assigned were four, three, two and one for first, second, third and fourth preferences respectively. Table-1 shows the preferences of owners for different motivating factors.

**Table-1: Preferences of entrepreneurs for different motivational factors**

Motivational Factors	First Preference	Second Preference	Third Preference	Fourth Preference	Total Points	Ranks
Educational Qualification	06	02	05	05	45	VII
Occupational Experience	39	27	19	09	284	II
Desire to work independently	24	42	22	21	287	I
Desire to branch out to different line	08	05	11	14	83	VI
Family background	32	22	28	11	261	III
Assistance from Government	04	02	01	01	25	VIII
Assistance from Financial institutions	03	14	16	14	100	IV
Availability of Technology/raw materials.	04	06	16	27	93	V

Source : Field Survey

### Internal Motivating Factors

There are some factors which are internal to the individuals like their 'will or desire' to do something independently, educational, occupational and family backgrounds etc. which together make up the personality of an individual. These factors generate an inclination in an individual to adopt entrepreneurial activity. Thus the internal factors include educational qualification, occupational experience, family background, desire to work independently and desire to branch out to different lines of businesses.

According to table-1 "Desire to work independently" has emerged as the main motivating factor. It received the highest number of first preferences from the entrepreneurs. 'Desire to work independently' came out as the most important element of entrepreneurial urge which somewhat resembles the 'need for achievement motive' of the entrepreneurs as advocated by McClelland, though it is not tested exactly in the way as McClelland did.<sup>15</sup> Such motive of the entrepreneurs can be viewed up to a some extent that

entrepreneurs under this category have the desire to have important role in the decision making process. Next to 'Desire to work independently', 'Occupational Experience' got the second highest preferences from the entrepreneurs. These experiences seem to have gathered by the entrepreneurs as having been involved previously with business related activities like trading, merchandizing and similar or other activities. From the table-1 it is observed that "Occupational experiences" got the highest first preferences by the entrepreneurs but it has slipped to the second position when more than one preference are considered. Business experience provides confidence to the entrepreneur that helps take decisions as to the product, technology, raw materials, etc. amidst uncertainty. Further, trader/merchant generally have the prior income that may be used as the initial source of finance for establishing industrial units. Most important is the fact that traders/merchants are already sensitive to market situations and used to taking risk in the trading/business field.<sup>16</sup> Some of the entrepreneurs considered the 'Family background' as the third important factor for the emergence of entrepreneurial phenomenon.

The reason may be that majority of the owners of industrial units under study got the idea of manufacturing of product from the members of their families along with the prior financial support, in most of the cases, to set up their present industrial units. There were some individuals who wanted to switch over to the present businesses from their previous lines of businesses, maybe, because of the several factors. Some of the entrepreneurs are of the opinion that their scope of previous trading became limited and decided to come into this sector on the consideration that they would be able to earn more from here than was before. The 'Educational qualification' received very negligible scores and placed in the seventh position.

### **External Motivating Factors**

The presence of some internal factors like 'Desire to work independently', educational, occupational and family backgrounds etc. no doubt constitute a necessary condition for taking place entrepreneurial activities, but not the sufficient one. There is a need for favourable environment for entrepreneurial ideas to be come true. The favourable environment for the entrepreneurs involves support in terms of various kinds of facilities like assistance from government and financial institutions, appropriate technology, availability of raw materials and infrastructural facilities etc. All these facilities provide for the ground that facilitates the development of entrepreneurship. Therefore, the external factors include assistance from financial institutions and assistance from government, availability of raw materials, technology etc. The table-1 shows that 'Assistance from financial institutions' emerged as the fourth motivating factor. Whereas, 'Assistance from government' came out as the eight motivating factor. This is, perhaps, due to the fact that most of the owners under study had not received any



sort of assistance from the government as well as financial institutions. During the course of interview, most of the entrepreneurs were found to have, more or less, reluctant to receive financial help owing to the excessive rate of interest against the borrowed money and also criticized the complicity of getting financial helps.

'Availability of technology and raw materials' has emerged as the fifth motivating factor. The reason for this maybe that the raw materials and the nature of technology required for processing raw materials are derived from the indigenous sources, which make them consider it less important factor compared to other factors like knowledge, initiativeness, family background etc.

From the above discussion it may be concluded that the external factors involving Assistance from Government and Financial Institutions and the availability of technology and raw materials acted as the less important inducing factors for adopting entrepreneurial activities. It is the internal factors of the individuals under study such as 'Desire to work independently' coupled with occupational experiences and family background which motivated people in most of the cases to undertake entrepreneurial activities. The table-2 displays the comparative picture of the motivating factors influencing the owners of the first, second and third two districts to undertake entrepreneurial activities. The first and third two districts more or less correspond to each other with regard to the main factors like 'Desire to work independently', 'Occupational experience', and 'Family background'.

**Table 2: Preferences of entrepreneurs of different motivational factors**

**First two districts having maximum number of units**

Motivational Factors	First Preference	Second Preference	Third Preference	Fourth Preference	Total Points	Ranks
Educational Qualification	02	01	02	03	18	VII
Occupational Experience	12	08	05	04	86	II
Desire to work independently	06	15	08	06	91	I
Desire to branch out to different line	04	04	03	04	38	IV
Family background	10	05	11	02	79	III
Assistance from Government	03	01	01	01	18	VII
Assistance from Financial Institutions	00	04	04	07	27	VI
Availability of Technology/ raw materials.	03	02	05	07	35	V

Source: Field Survey

**Second two districts having medium number of units**

Motivational Factors	First Preference	Second Preference	Third Preference	Fourth Preference	Total Points	Ranks
Educational Qualification	03	01	01	00	17	VII
Occupational Experience	18	12	02	00	112	I
Desire to work independently	05	08	12	12	80	III
Desire to branch out to different line	00	01	06	06	21	VI
Family background	12	10	08	04	98	II
Assistance from Government	00	00	00	00	00	-
Assistance from Financial institutions	02	06	04	03	37	IV
Availability of Technology/raw materials	00	02	06	11	29	V

Source: Field Survey

**Third two district having smallest number of units**

Motivational Factors	First Preference	Second Preference	Third Preference	Fourth Preference	Total Points	Ranks
Educational Qualification	01	00	02	02	10	VII
Occupational Experience	09	07	12	05	86	II
Desire to work independently	13	19	02	03	116	I
Desire to branch out to different line	04	00	02	04	24	VI
Family background	10	07	09	05	84	III
Assistance from Government	01	01	00	00	07	VIII
Assistance from Financial institutions	01	04	08	04	36	IV
Availability of Technology/raw materials	01	02	05	09	29	V

Source: Field Survey

Whereas, in respect of second two districts 'Occupational experience' emerged as the main motivating factor and 'Family background' came out as the second most preferred motivating factor leaving 'Desire to work independently' to the third position. In all the cases it is the internal factors that induced more the individuals to undertake entrepreneurial activities compared to the external factors.



### Family Backgrounds of The Entrepreneurs and Motivating Factors

All the factors cannot be equally important to all the entrepreneurs with different backgrounds. There maybe some factors which are specific to entrepreneurs from a particular background and they feel motivated because of the presence of those factors. Hence, individuals with varied backgrounds may have their own preferences for different types of factors. An attempt has been made here to examine only the family backgrounds of the entrepreneurs and their ranking of motivating factors specifically. Because the list embodying the possible answers to the said question made to the respondent covers other background variables and other socio-economic factors.

Table-3 shows the first three ranks signifying the three most important motivating factors on the basis of preferences assigned by owners of industrial units under study with different family backgrounds and their conversions into weight.

**Table3: Entrepreneurs' Family background and ranking of motivating factors**

Family Backgrounds	Number of units	Educational Qualification	Occupational qualification	Desire to work independently	Desire to branch out to different line
1.Trade/Business	31		II	III	
2.Industry	39		II	III	
3.Govt./Pvt. Service	13		II	I	
4.Farming	32		II	I	
5.Professional	05			II	
		Family Background	Assistance From Govt.	Assistance from financial institutions	Availability of technology / raw materials
		I			
		I			
		III			
					III
			I	III	

Source: Field Survey

Entrepreneurs from 'Trade/Business' and 'Industry' families considered their 'Family background' as the most important factor. It is probably because of their having ideas about business acquired from their families and initial support extended to them by their families. The entrepreneurs from the said backgrounds identified the 'Occupational experience' as their next important motivating factor. The reason behind such preferences may be that these individuals seem to have worked at different positions of their family businesses and thus gathered the knowledge about business, and being imbued with the spirit of applying their skills or knowledge in the

operation of their own business, probably, they have chosen the 'Desire to work independently' as their third motivating factor.

Individuals from 'Govt./Pvt. Service' and 'Farming' families perceived the 'Desire to work independently' as their most important motivating factor. Probably, they have gathered knowledge about business from elsewhere and treated it as their occupational knowledge for which they have placed 'Occupational experience' in the second position. Moreover, the individuals from 'Govt./Pvt. Service' families identified their 'Family background' as their third important motivating factor. Whereas, the owners from 'Farming' families emphasized the 'Availability of technology/ raw materials' as their third important motivating factor.

In case of the former, the reason for preferring 'Family background' as the third motivating factor is that the individuals got initial support for establishing their present industrial set up and the latter had the prior income from their agricultural proceeds to invest in less risky and indigenous product based industries which they are presently owning. The individuals from 'Professional' family backgrounds considered 'Assistance from Government' as their main motivating factor. Most of the individuals under study from 'professional' families have owned industries situated in the industrial area of BSCIC. They, probably, thought it as the sort of help extended by the government and being imbued with having that help from BSCIC they, probably, felt the spirit to apply whatever knowledge they had regarding operation of their industrial set up and, therefore, tended to choose the factor -'Desire to work independently' as their second motivating factor. They also considered the 'Assistance from financial institutions' as their third motivating factor.

The reason for such preference is clear here. As the professionals included advocates, political and religious leaders who constitute the wealthier and powerful class of the society, they have more accessibility to the governmental and non-governmental agencies than general people and can influence different agencies for getting loan and financial assistance. The table 3a, 3b and 3c display the entrepreneurs of first, second and third two districts respectively and their ranking for different motivating factors according to their specific background.

The entrepreneurs of the first two districts from trade / business and industry groups have emphasized "Family background" as their first motivating factor. The same picture can be observed in case of the entrepreneurs of the third two districts. But in the second two districts entrepreneurs from trade/business families preferred "Occupational experience" as their first motivating factor, while entrepreneurs from industry families have put emphasis on the "Family background" as their first motivating factor like entrepreneurs of the first and third two districts belonging to the same family groups. The entrepreneurs of the first two districts from govt. / pvt. service family group preferred "Desire to work



independently" as their first motivating factor. The entrepreneurs of second two districts from govt. / pvt. service group also identified 'Desire to work independently' as their most important factor. Whereas the entrepreneurs of the third two districts from the said group emphasized the "Availability of technology / raw material" as their most important motivating factor.

**Table 3a: Family backgrounds of entrepreneurs of first two districts having maximum number of units and their ranking for different motivating factors**

Family Backgrounds	Number of units	Educational Qualification	Occupational qualification	Desire to work independently	Desire to branch out to different line
1.Trade/Business	08		III	II	III
2.Industry	14		II	III	
3.Govt./Pvt. Service	07	III	II	I	
4.Farming	09		III	II	
5. Professional	02			II	
		Family Background	Assistance From Govt.	Assistance from financial institutions	Availability of technology / raw materials
		I			
		I			
					I
			I	III	

Source: Field Survey

**Table 3b: Family backgrounds of entrepreneurs of second two districts having medium number of units and their ranking for different motivating factors**

Family Backgrounds	Number of units	Educational Qualification	Occupational qualification	Desire to work independently	Desire to branch out to different line
1.Trade/Business	11		I	III	
2.Industry	14		II	III	
3.Govt./Pvt. Service	03	III	II	I	
4.Farming	11		I	II	
5. Professional	01	I		III	
		Family Background	Assistance From Govt.	Assistance from financial institutions	Availability of technology / raw materials
		II			
		I			
					III
				II	

Source : Field Survey

**Table 3c: Family backgrounds of entrepreneurs of third two districts having smallest number of units and their ranking for different motivating factors**

Family Backgrounds	Number of units	Educational Qualification	Occupational qualification	Desire to work independently	Desire to branch out to different line
1. Trade/ Business	12		III	II	
2. Industry	11		III	II	
3. Govt./Pvt.Service	03		II	III	
4 .Farming	12		II	I	
5. Professional	02		I	II	II
		Family Background	Assistance From Govt.	Assistance from financial institutions	Availability of technology / raw materials
		I			
		I			
		II			I
				III	III
		III	II		

Source : Field Survey

The entrepreneurs of the first and second two districts from farming group preferred "Availability of technology / raw materials" and "Occupational experience" respectively as their most important motivating factors. While the entrepreneurs of the third two district from farming background preferred only "Desire to work independently" as their first important motivating factor.

"Assistance from government" and "Educational qualification" emerged as the most important motivating factors for the entrepreneurs of the first and second two districts respectively coming from the professional backgrounds. Whereas, "Occupational experience" appeared as the most important motivating factor for the entrepreneurs of the third two districts who have hailed from professional families.

### Conclusion

Any aspect of entrepreneurship is highly complex and is subjected to socio-economic, political factors. There is no universal set of finite factors that can be applied anywhere for the development of entrepreneurship. Researches are still on to identify the reasons responsible for entrepreneurial activities.

"Desire to work independently" emerged as the main motivating factor, while "Occupational experiences" got the second highest preferences from the entrepreneurs. "Occupational experience" got the highest first preferences but it came down to the second position when more than one preferences were considered. Some of the entrepreneurs considered "family background" as the third important motivating factor. "Assistance from financial institutions" emerged as the fourth motivating factors. Whereas,



"Availability of technology / raw materials" came out as the fifth motivating factor.

The external motivating factors comprising "Assistance from government and financial institutions" and the "availability of technology and raw material" acted as the less important inducing factors for adopting entrepreneurial activities. It was the internal factors of individuals under study such as "Desire to work independently" coupled with "Occupational experience" and "Family background" which motivated people in most of the cases to undertake entrepreneurial activities.

The preferences of the entrepreneurs of the first and third two districts more or less corresponded to each other with regard to motivational factors such as "Desire to work independently", "Occupational experiences" and "Family background". Whereas, in respect of second two districts, "Occupational experience" emerged as the first motivating factor followed by "Family background" and "Desire to work independently". However, in all the cases it was the internal factors that induced more the individuals to undertake entrepreneurial activities.

When preferences of the entrepreneurs for different motivating factor were classified according to their family backgrounds, the entrepreneurs placed their first and second preferences in most of the cases to internal motivating factors. The same picture was found in case of first, second and third two districts separately. Surprisingly, "Educational qualification" as an internal motivating factor had little to do with their emergences as the entrepreneurs. It may be concluded that the external factors involving Assistance from Government and Financial Institutions and the availability of technology and raw materials acted as the less important inducing factors for adopting entrepreneurial activities. It is the internal factors of the individuals under study such as 'Desire to work independently' coupled with occupational experiences and family background which motivated people in most of the cases to undertake entrepreneurial activities.

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## **PRODUCTIVITY AND PROFITABILITY PERFORMANCE OF PRIVATE COMMERCIAL BANK IN BANGLADESH: A CASE STUDY OF PUBALI BANK LIMITED**

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**Abstract:** In this paper, efforts have been made to evaluate the productivity and profitability performance of PBL. Although, there is no single well-accepted theoretical approach to measure productivity of a service industry, an attempt has been made here to measure productivity through partial approach and total approach, on the basis of some indicator viz. general banking services including net profit, employee and branch performance measures. Further, an attempt has been made to examine and evaluate the nature and extent of profitability of PBL using different performance indicators like net profit, income, expenditure, spread and burden. The profitability position of banks depends largely on three critical factors, viz. cost efficiency in bank operations, efficient management of fund business and increasing volume of non-fund business. The study reveals that the productivity and profitability measures showed upward trends during 1983 to 2001 period. This result was significant in that all the nationalized commercial banks incurred losses whereas the denationalized bank made profit at the same time.

### **Introduction**

Bank as an intermediary financial institution plays a crucial role to accelerate the process of economic growth by mobilizing scattered savings and channeling the same into various productive investments. The bulk of the savings generated by the household sectors in the economy can be transferred to the deficit sectors through the bank channel. The development of banking sector is necessary for economic growth for a country.

Schumpeter regarded the banking system as one of the two key agents (the other being entrepreneurship) in the whole process of development. Banks transfer the funds from regions where it is available in plenty to where it can be efficiently utilized. Commercial banks divert and employ the funds

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in such avenues which are aimed to develop economy of a country and adds to national wealth.

After the liberation of Bangladesh, financial institutions including banks and insurance companies were nationalized with a view to exercising social control over the resources of the country. As a result, six nationalized banks emerged under Bangladesh Bank (Nationalized) Order, 1972 replacing banks owned by Pakistani and Bangladeshi owners. The banks were named as: Sonali Bank, Agrani Bank, Janata Bank, Rupali Bank, Pubali Bank and Uttara Bank. However, during the early eighties banks were allowed in the private sector and subsequently Pubali Bank and Uttara Bank were denationalized in 1983 and 1984 respectively, mainly to increase competition in the banking sector, to expand the private sector and to develop a healthy banking system in the country.

Commercial banks of Bangladesh have experienced three phases since liberation. The decade of seventies can be called the period of reconstruction and rehabilitation. The period from 1972 to 1982 was marked by expansion of bank branches, particularly, branches of nationalized banks to cater to the needs of the war torn economy. The period from 1983 to 1990 was the period of denationalization of banks and allowing new banks in the private sector to augment competition in the banking sector. The period from 1990 until now can be termed as the period of financial liberalization and consolidation of the banking system.

In the early nineties, the financial sector of Bangladesh underwent a number of reform measures via World Bank- supported Financial Sector Reform Project (FSRP). At the initial stage two major policy reforms viz. Flexible interest rate policy and loan classification and provisioning measures were put in place. Other reform measures include establishment of capital adequacy reserve, strengthening of central bank supervision; enactment of banking related legislation, incorporating legal provisions for loan recovery, etc. The commercial banks were allowed adequate freedom in various areas of banking operations including fixation of deposit and lending rates, service charges etc. by the bank themselves, which were then administered and regulated by the Central Bank. The FSRP continued its operations till 1996. In May 1997, another project named Commercial Bank Restructuring Project (CBRP) funded by the World bank was undertaken to further consolidate, strengthen and make the banking sector more dynamic.

In recent times banking businesses had a sharp change in their character and composition due to a number of measures and growing demand of a variety of customer services. The attention of the bank management is no longer should concentrated only to the traditional banking business, that is accepting deposits and making loans, rather to the provision of a number of ancillary services bringing them risk free or less risky income to sustain profitability.



### ***Objectives of the Study***

The major objective of the present study is to evaluate the performance of Pubali Bank Limited (PBL). To this end the study has the following specific objectives: (a) to measure and analyze productivity performance of PBL; (b) to measure and analyze profitability performance of PBL; and (c) to analyze the factors affecting productivity and profitability of PBL.

### ***Methodology***

In order to achieve the specific objectives of the study secondary sources of data are used. These data have been collected mainly from the annual reports of PBL. The study covered a period starting from 1983 to 2001. In measuring the productivity, the output has been defined as gross income, deposit loans and advances of the bank. On the other hand employees, branches and various expenditure will be treated as input.

### ***Organization of the Study***

The paper is divided into five sections including the introduction. Section II reveals some earlier studies regarding the performance evaluation of commercial banks. Section III analyses data on the productivity of PBL. An exercise involving the measurement of profitability of PBL has been presents in Section IV. The section V presents concluding remarks.

### ***Review of Some Earlier Studies***

Chowdhury (1988) in his study on "Impact of Denationalisation and Privatisation on the Profitability and Productivity of Commercial Banks of Bangladesh" shows that though the absolute level of profit did increase after denationalisation and privatisation but it could not help improve the profitability and productivity. The profitability of the of the NCBs, denationalised and private commercial bank as a whole was declining from the level existing before the process of denationalisation and and privatisation started. He also finds that rise in non-interest expenditure was mainly responsible for the fall in profitability and productivity of the commercial banks after denationalisation and privatisation.

Shakoor (1989) in his study on " Measurement of Productivity of Commercial Banks in Bangladesh" concludes that productivity of NCBs in Bangladesh had an increasing trend during 1972-86. It declined a little during 1978 to 1980 with an improvement during 1981-82 but again deteriorated during 1983 to 1985 although there was an improvement during 1986. The major factor determining the productivity of NCBs are continuous increase in operational expenses, current expenses, establishment expenses, non-current expenses etc. Virtually spread to working fund had also a greater impact on the return on investment of the banks. The governing factor of the increasing productivity are that there was better deposit mobilization and increasing advances in various sector of NCBs. There was also better

recovery because of the effective utilisation of the borrowed funds. Private Banks in Bangladesh showed better productivity by way of increasing earnings through working fund, deposit mobilisation and advances during 1983-86.

Abedin and others (1989) in a paper "A preliminary Note on Measurement of Productivity in the Commercial Banks of Bangladesh" shows the trend in productivity of the commercial banks. He finds that the cost control measures and improvement in earnings are essential elements for increasing the level of productivity. To enhance the efficiency of the bank employees, they suggest certain degree of mechanisation and computerisation, manpower planning and performance budgeting. Proper management of assets and liabilities will help to reduce cost and add to banks productivity.

Ahmed (1990-91) in a study on "Nationalised Commercial Banks in Bangladesh: An Analysis of their Operational and Functional Performance" highlights that the NCBs had to gear up their activities to earn more profit by reducing expenditure and increasing income. By improving the quality of services and with their vast network of branches and huge staff, it is quite possible for them to attract more deposits.

Raquib (1993) in a research paper on "A Decade of Private Commercial Banking in Bangladesh" states in his concluding remarks that the performance of private banks is satisfactory excepting the quality of lending. He suggests that with the implementation of financial sector reform measures in the banking sector, financial discipline will be revived and a congenial atmosphere for the healthy growth of private banks will be available.

Eunus (1999) in a study on "Performance Evaluation of Uttara Bank- A Case Study" finds that profitability of the UBL deteriorated during 1983-91, compared to the nationalised period, 1972-82 due to increasing operating expenses. Using the secondary data upto 1991 he concludes that by curtailing controllable cost and providing better services to the customers bank will be able to improve its operational efficiency.

Misir and Afsar (2001) in their analyse on "Comparative Performance Evaluation of Pubali Bank Ltd. and Islami Bank Bangladesh Ltd." conclude that PBL has been suffering from low productivity in comparison with IBBL during the period 1988 to 1993. Their study period i.e. only five years data was not sufficient to observe the real position of any bank.

Chowdhury, F. (2000) on "Managerial Effectiveness: A Case Study of Bangladesh Krishi Bank" used some selected criteria : deposit mobilization, loans and advances made, loan recovery, profitability and productivity in analysing managerial effectiveness of BKB. She finds that the profitability performance of BKB is not very satisfactory. She concluded that for quality management it is required to train-up more official at different levels of management.



### **Analysis of Productivity**

Generally the responsiveness of outputs to a given change in input is called productivity. Productivity relates the output to input. Productivity is defined in the Oxford Dictionary as "The rate at which a worker, a company or a country produces goods, and the amount produced, compared with how much time, work and money is needed to produce them." Febricant defines productivity as a measuring of efficiency by which resources are converted into commodities and services that men want.

The measurement of productivity in service-oriented industry like banking where the outputs are not homogeneous is somehow difficult, as Banks do not produce any quantification output. Some scholars consider bank loans and investment as the outputs while financial liabilities, capital and land as the inputs of a financial institution. In a different way, a group of scholars consider a bank's gross income as its outputs and its gross expenditure as its inputs. In this study the output has been defined as the gross income, deposit, loans and advances of the bank. On the other hand, employees, branches and various expenditures will be treated as input. Productivity of PBL here is measured in terms of expenditure and income, branch productivity, and employee productivity:

### ***Productivity and Productivity Index for PBL***

Productivity shows the relationship between a composite input and the output, calculated as a ratio of output to input. Productivity increases when the growth in output is greater than the growth in input or, when the rate of growth in output minus the rate of growth in the composite input is positive. Considering gross income of a bank as its output and gross expenditure as its input productivity may be defined as income divided by expenditure. To be precise, bank productivity is the percentage change in its income in relation to percentage change in the costs. Symbolically,

$$Q = \frac{\Delta I / I}{\Delta E / E}$$

Where, Q = Productivity,  
I = Income,  
E = Expenditure  
 $\Delta$  = Change.

The basic proposition here is that the productivity of a bank is inversely related to changes in cost. If the proportionate change in expenditure (E) leads to a less than, the proportionate change in income (I), the cost is higher. In this case  $Q < 1$ , profitability would fall. Again, if the proportionate change in expenditure leads to a more than proportionate change in income the cost is lower. In this case  $Q > 1$ , the profitability of the bank is likely to increase.

**Table 1: Productivity of PBL during 1983 to 2001.***(Tk. in Crore)*

Year (Jan.-Dec.)	Gross Income	Expenditure	Productivity	Productivity Index
1983	52.80	52.26	-	-
1984	61.72	61.17	0.99	70
1985	75.15	74.31	1.01	71
1986	83.22	80.60	1.27	90
1987	91.72	86.44	1.41	100
1988	103.03	99.10	0.84	59
1989	108.90	108.47	0.61	43
1990	108.93	127.75	0.002	0.14
1991	114.88	148.85	0.33	23
1992	128.62	153.27	4.02	285
1993	132.84	143.81	-0.53	-37
1994	153.05	148.13	5.06	358
1995	143.36	133.55	0.64	45
1996	170.01	138.26	5.27	373
1997	192.08	150.14	1.51	107
1998	179.98	169.98	-0.48	-34
1999	218.45	187.73	2.04	144
2000	307.38	222.56	2.19	155
2001	366.02	248.87	1.61	114

Note: 1987 considered as base year

Source: Annual Report, Pubali Bank Ltd., various issues.

Table 1 exhibits the general growth trends of the level of productivity of PBL during the period 1983 to 2001. The normal year 1987 was selected as the base year because productivity level of this year was similar to that of many other years of the time series data and there were no natural calamities in this year. The productivity coefficients were more than unity in the year 1985 to 1987; and then went to below unity. After that, the productivity coefficient rose over unity in 1992. Bank recorded negative productivity in 1993. Again from 1994 it shows good performance except the year 1998. From 1983 to 2001 the trend did not have a stable i.e. neither continuously rising nor declining.

The poor performance of PBL was in the year 1993 and 1998 when the level of productivity came down to (-) 0.53 and (-) 0.48 and the index was (-) 37 and (-) 34 respectively. This very poor performance in regard to operational aspects was perhaps due to the deterioration of financial health of PBL because of the introduction of loan classification and provisioning<sup>1</sup>

<sup>1</sup> As per BCD circular No. 34: Classification Status: (I) Unclassified (length of Overdue less than 3 months), (II) Substandard (length of Overdue 3 months or more but less than 6 months), (III) Doubtful (6 months or more but less than 12 months) (iv) Bad/Loss (length of overdue 12 months or more). Provision Requirements: Unclassified-1%, Substandard-20%, Doubtful-50% and Bad/Loss-100%.



measures and the higher growth of expenditure in relation to declining tendency of income.

### ***Employee Productivity in terms of Deposit and Advances***

In the case of employee productivity we consider employee as input and deposit, advances etc. as outputs. Swamy and Vesudevan point out that "Quantitatively productivity of a bank may be measured and compared in terms of per employee deposits, advances, other business and profits" (Swamy, 1984: p.419). Table 2 shows that deposits enhanced with an increasing trend which indicate the operating efficiency of the bank. Similarly, deposit per employee rose from Tk. 7.54 Lac in 1983 to Tk. 63.94 Lac in 2001 with a gradual upward trend in employee productivity. The highest level of deposit per employee attained by PBL in the year 2001. Deposit in the year 1983 was Tk. 474.74 crore which rose Tk.3229.10 crore in the year 2001, whereas employee position decreased from 6295 in 1983 to 5050 in 2001. The average deposit per employee during 1983 to 1990 was Tk.13.64 lac whereas during the year 1991 to 2001 the average deposit per employee was Tk.41.94 lac.

**Table 2: Deposits and Advances Per Employee of PBL**

Year (Jan-Dec)	No. of Employee	Deposit Received (Tk. in Crore)	Total Advances (Tk. in Crore)	Deposit per Employee (Tk. in Lac)	Advance per Employee (Tk. in Lac)
1983	6295	474.74	339.78	7.54	5.39
1984	6696	540.91	433.35	8.07	6.47
1985	5961	614.96	472.57	10.31	7.92
1986	5740	696.85	490.13	12.14	8.53
1987	5593	806.85	509.52	14.42	9.11
1988	5532	911.88	596.95	16.48	10.79
1989	5444	1049.02	745.83	19.27	13.70
1990	5476	1143.25	750.92	20.87	13.71
1991	5403	1268.88	856.69	23.48	15.85
1992	5241	1383.13	852.62	26.39	16.26
1993	5125	1633.19	977.46	31.86	19.07
1994	5079	1847.14	1055.39	36.36	20.78
1995	4955	1895.79	1121.32	38.26	22.63
1996	4960	1995.00	1272.63	40.22	25.65
1997	4971	2100.70	1397.67	42.25	28.11
1998	4912	2258.16	1429.49	45.97	29.10
1999	4882	2580.16	1951.58	52.85	39.97
2000	5032	3009.65	2157.24	59.81	42.87
2001	5050	3229.10	2358.30	63.94	46.69

Source: Annual Report, Pubali Bank Ltd., various issues

Table 2 also shows the volume of loans and advances per employee. This table shows an increasing trend from 1983 to 2001; where loans and advances made per employee rose from 5.39 Lac to 46.69 Lac in the study period. In 2001, PBL disbursed an amount of advances of Tk.46.69 lac per employee that was the highest level of productivity of advances per employee during the period under review. The average advances per employee during 1983 to 1990 were Tk.9.45 lac whereas during 1991 to 2001 the average advances per employee was 27.90 lac per employee.

### **Branch Productivity**

Table 3 shows the volume of gross income handled by each branch of PBL. From this table, the branch productivity i.e. income per branch had an increasing trend from 1983 to 2001 with a decline in 1995 and 1998. It rose from 14.04 lac in 1983 to Tk.104.87 lac in 2001 with an increasing trend. The branch productivity decreased in the year 1995 and 1998 and stood at Tk.40.61 lac and Tk.51.27 lac respectively. The average income per branch amounted to Tk. Tk.41.38 Lac and the highest productivity attained in 2001 during the study period. Though income per branch shows an increasing trend the number of branch contracted in 359 to 2001 from 376 in 1983.

**Table 3 Income per Branch in PBL during 1983 to 2001**

Year (Jan.-Dec.)	Branch	Gross Income (Tk. in Crore)	Income per branch (Tk. in Lac)
1983	376	52.80	14.04
1984	376	61.72	16.41
1985	376	75.15	19.98
1986	356	83.22	23.37
1987	363	91.72	25.26
1988	362	103.03	28.46
1989	363	108.90	30.00
1990	359	108.93	30.34
1991	360	114.88	31.91
1992	360	128.62	35.72
1993	356	132.84	37.31
1994	353	153.05	43.35
1995	353	143.36	40.61
1996	351	170.01	48.43
1997	351	192.08	54.72
1998	351	179.98	51.27
1999	350	218.45	62.41
2000	350	307.38	87.82
2001	349	366.02	104.87

Source: Annual Report, Pubali Bank Ltd., various issues.



### Factors Affecting the Productivity of PBL

Productivity is largely influenced by the structures of income and expenditure as well as their changes over the years. The main constituents of bank income are interest and discount, commission, exchange and brokerage and other miscellaneous receipts. The main items of bank expenditure are interest on deposits and borrowings, establishment expenses and other current and non-current expenses.

Table 4 shows that interest income and interest expenditure both were the dominating factor of income and expenditure of the bank respectively. In the year 1983 the interest income was 92.86% of total income but in 2001 it was 66.65% with a declining trend. Bank attained largest share of interest income in total income in 1983 and the lowest share was in 1990 during the study period. On the other hand interest expenditure in total expenditure shows a declining trend during 1983 to 2001. It declined from 71.71% in 1983 to 59.20% in 2001.

Before financial sector reform the ratio of non-interest income with an average 14.02% was poor except 1990. After financial sector reform, non-interest income of PBL increased and the average non-interest income of total income attained 19.97%. The bank enjoyed negative burden in 2001.

**Table 4 Changes in the Structure of Income and Expenditure of PBL**

Year (Jan.- Dec.)	Total Income		Total Expenditure		
	Interest Income (%)	Non-Interest Income (%)	Interest (%)	Manpower Expenses (%)	Other Expenses %
(Pre Reform)					
1983	92.86	7.14	71.71	14.69	13.58
1984	92.81	7.19	72.50	14.14	13.35
1985	91.71	8.29	68.95	16.44	14.60
1986	89.35	10.65	69.85	18.59	11.55
1987	91.27	8.72	69.50	19.34	11.15
1988	90.27	9.72	71.06	18.57	10.37
1989	92.36	7.64	69.12	20.28	10.59
1990	47.16	52.84	72.57	18.92	8.51
(Post Reform)					
1991	91.85	8.14	75.36	17.02	7.62
1992	87.79	12.20	74.43	17.09	8.46
1993	84.91	15.08	71.40	19.48	9.12
1994	81.15	18.85	69.44	20.08	10.47
1995	77.59	22.40	64.76	23.24	11.99
1996	81.47	18.52	62.13	24.96	12.91
1997	79.84	20.16	61.97	24.92	13.11
1998	73.68	26.31	59.95	24.32	15.72
1999	83.46	16.54	60.39	24.45	15.15
2000	71.83	28.16	58.84	26.87	14.29
2001	66.65	33.34	59.20	25.86	14.94

Source: Annual Report, Pubali Bank Ltd., various issues

### **Measurement of Profitability of PBL**

The banking sector reflects the economic health of a country. If this sector is healthy, the economy of the country is also healthy, while on the other hand if it were sick, the economy of the country would also be in the doldrums.

Since inception, banking has always been a commercial venture. The prime motive of any bank like that of business enterprise being to earn profits and to enlarge profits, by making the most efficient use of the resources at its disposal.

Profit, in simple terms, refers to the excess of income over expenditure in a given period of time whereas profitability is a ratio of earnings to the funds used. Profitability stands for profit deflated by the size of the unit and so is a more appropriate term to evaluate the operational efficiency of an organization.

The word profitability is composed of two words 'profit' and 'ability'. 'Ability' refers to the earning capacity or power of an enterprise to earn the profit. So, profitability may be defined as the ability of a given investment to earn a return from its use. Profitability of a concern indicates the financial stability and greater the possibility of profit earning. Profitability of different concerns varies as it depends upon type of business, risk involved, policy decision, etc.

In order to measure profitability in banking sector, we should relate the profit to acceptable factors. In the case of banks, income, assets, deposits and working funds can be used as measures or factors for finding out profitability. Every above-cited measure of profitability may be important from different point of view and for different persons. So, in banks generally above four measures are taken to find out profitability.

The present study attempts to analyze the profits and profitability of PBL by using one of the major methods- ratio and trend analyses.

#### ***Trend analysis***

Trend analysis becomes imperative to evaluate the profits and profitability performance of commercial banks. It indicates the magnitude and direction of operations over a period of time: In order to work out the trends in the profits and profitability of commercial bank, the commonly used indicators are net profit, profitability, income, expenditure, spread and burden.

Growth with profit is an essential feature for continued success of a bank. Profit of a commercial bank represents the revenue in excess of its expenditure and hence is a result of two functions, i.e. revenue functions and cost functions.

From Table 5 there was an increase in the rate of net income except a few years. In 1988 the profit decreased by 25.56% in relation to 1987. It decreased 89.05% in the year 1989, 4476% in 1990, 27.43% in 1992, 55.49% in 1993, 144.85 in 1994 and 76.15% in 1998. Profits are showing a wide fluctuating position after denationalization in 1983. The bank incurred



losses in 1990 to 1993. From 1994 the bank showed an increasing trend in net profit except the year 1998 and 1999. The losses incurred by PBL from 1990 to 1993 were due to loan classification and provision reserve thereof as per BCD (Banking Controlling Department) Circular No.20.

**Table 5: Changes of Profit over the Years**

Year (Jan.-Dec.)	Net profit (Tk. in Crore)	Percentage of Changes (in respect of every previous year)
1983	0.54	-
1984	0.55	1.85
1985	0.84	52.72
1986	2.62	211.90
1987	5.28	101.52
1988	3.93	-25.56
1989	0.43	-89.05
1990	-18.82	-4476.74
1991	-33.97	80.49
1992	-24.65	-27.43
1993	-10.97	-55.49
1994	4.92	-144.85
1995	9.81	99.39
1996	31.75	223.64
1997	41.94	32.09
1998	10.00	-76.15
1999	30.72	207.20
2000	49.78	62.04
2001	62.65	25.85

Source: Annual Report, Pubali Bank Ltd., various issues

### **Ratio Analysis**

Ratio analysis is one of the widely used techniques of financial analysis of banks. It aims at making use of quantitative information for decision-making and thus provides great help to the management of banks to identify the causes of the changes in their profit and profitability over the causes of the changes in their profits and profitability over the period of time and thus helps in pinpointing the direction of action required for altering the profitability prospects of the banks in future.

There is definite relationship between income and expenditure which need to be carefully splitted and analyzed, to derive their relative impact on profitability. The interest earned and interest paid are purely the prices of the funds lent and fund borrowed by bank. Manpower and all other expenses of a bank are incurred in order to provide services to different customer including the borrowers and depositors.

Profits of a bank is a function of two elements namely spread and burden and these two elements play a key role in determining the

profitability of commercial banks. As a matter of fact, profit of a bank is the net difference between spread and burden.

The key entities in income and expenditure statement of a bank and their relationship are presented in Table 6 that presents the income and expenditure flows.

**Table 6: Income and Expenditure Flows**

Part	Expenditure	Income	Difference
I	K= Interest Paid	R = Interest Earned	S (Spread) =R-K
II	M= Manpower Expenses, O= Other Expenses, M+O= Non-Interest Expenses	C= Non-Interest Income	B (Burden) = M+O-C
III	E= Total Expenses	I= Total Income	P (Profit) = S-B =I-E

Part I is defined as 'Spread', the difference between interest earned (R) and interest paid (K). Part II is defined as 'Burden', the difference between non-interest expense (M+O) and non-interest income (C). Part-III defines the profit or loss either the difference between spread or burden or the difference between total income (I) and total expenditure (E).

In order to arrive at profitability figures, we have used volume of working fund (V) as denominator. Working fund implies total liability minus contra items. Contra items are those items, which do not involve direct raising or lending of funds by the commercial banks. The present study has been undertaken with the help of a framework developed by Varsha S.Varde and Sampat P. Singh (1983) for measuring the profitability of Indian commercial banks. The method is as follows:

Profit (P) of a commercial bank is defined as the difference between Spread (S) and Burden (B). That is,

$$P = S - B \\ = (R - K) - (M + O - C)$$

Or,  $P/V = (R/V - K/V) - (M/V + O/V - C/V)$  [dividing both side by V, where V means total volume of business or working fund]

$$\text{Or, } p = (r - k) - (m + o - c)$$

Where,

- r = interest earned ratio
- k = interest paid ratio
- m = manpower expenses ratio
- o = other expenses ratio
- c = other income ratio
- p = profitability ratio.



It is apparent from the above equation that for increasing profitability, a bank has to aim at widening the gap between interest earned ratio and interest paid ratio so as to increase spread ratio and lowering the burden ratio. Increasing the magnitude of spread ratio can be achieved by increasing interest earned ratio (r) faster than interest paid ratio (k). Lowering the burden ratio can be achieved by reducing manpower expenses (m), other expense (o) and increasing other income ratio (c).

Thus, to evaluate the profitability performance of banks three sets of ratios have been employed in this study: Spread Ratios, Burden Ratios, and Profitability Ratios.

### ***Spread Ratios***

An important part of the analysis of financial operations of commercial banks is based on the concept of spread. Spread is defined as the difference between the average gross interest paid on average liabilities. Spread is the net amount available to the banks for meeting their operating, administrative and management expenses. More specifically, the three spread ratios to be employed are as under: (a) Interest Earned as Percentage of Working Funds, (b) Interest Paid as Percentage of Working Funds, and (c) Spread as Percentage of Working Funds.

#### ***(a) Interest Earned as Percentage of Working Funds***

Interest earnings relate to funds based income and represents the return on pure banking business. The major components of interest earnings consist of interest and discount earned of advances and income from investments. The ratio of interest as percentage of working funds is an indicator of the rate at which a bank earns income by lending funds. Table 7 depicts the ratio of interest earned as percentage of working funds for PBL. It shows the average interest earned as percentage of working fund is higher in pre reform period than post reform period. This was happened due to the introduction of the new loan classification and provisioning rule. According to the new rule bank can not take interest on classified loans and advances in its income account. Those interests are held in an another account named as interest suspense account. Besides, for this strict rule bank take more precautionary measures in disbursing new loan.

#### ***(b) Interest Paid as Percentage of Working Funds***

Interest expenditure relates to funds based expenditure and represents the cost of funds for the banks. The major components of interest expenditure consist of interest paid on deposits and interest paid on borrowings. The ratio of interest paid as percentage of working funds is an indicator of the rate at which a bank incurs expenditure by borrowing funds. Table 7 also presents the interest paid as percentage of working funds. It shows that interest paid as percentage of working fund is higher in pre reform period

than post reform period. Interest paid as percentage of working fund continuously declined from 1991. Under the FSRP measures commercial banks were allowed adequate freedom in fixation of interest rates and consequently bank reduce their interest rates which subsequently reduce interest expenditure.

**Table 7: Ratio of Spread as Percentage of Working Funds**

Year (Jan-Dec.)	(Interest earned/ working fund)x 100	(Interest paid/ working fund)x100	(Spread/ working fund) x100
(Pre Reform)			
1983	8.02	6.13	1.89
1984	8.27	6.41	1.86
1985	9.82	7.30	2.52
1986	9.71	7.35	2.36
1987	9.54	6.85	2.69
1988	9.35	7.08	2.27
1989	8.96	6.68	2.28
1990	4.25	7.67	-3.42
(Post Reform)			
1991	7.69	8.18	-0.49
1992	6.98	7.05	-0.07
1993	6.24	5.68	0.56
1994	6.18	5.12	1.06
1995	5.45	4.24	1.21
1996	6.27	3.89	2.38
1997	6.74	4.09	2.65
1998	5.42	4.17	1.25
1999	6.00	3.73	2.27
2000	6.26	3.71	2.55
2001	6.50	3.92	2.58

Source: Annual Report, Pubali Bank Ltd., various issues.

*(c) Spread as Percentage of Working Funds.*

The ratio of spread as percentage of working funds is one of the important indicators to determine the profitability of banks. This ratio furnishes a cushion for meeting expenses of management and administration.

From Table 7 interest earned as percentage of working fund declined during the study period 1983 to 2001. It fell from 8.02% in 1983 to 6.50% in 2001; the lowest figure was 4.25% in 1990. The highest figure was 9.82 % in 1985 that leads to a considerable spread. The Table also shows that the highest interest paid as percentage of working fund was 7.67% that leads the worst spread, -3.42%, during the study period. Spread as percentage of working fund fluctuated during the year 1983 to 2001. In the years 1990 to 1992 the percentage of interest paid exceeded interest earned that resulted negative spread, which lead to net losses of the bank in those years.



It is also seen from Table 7 that the average position of interest earned, interest paid and spread as percentage of working fund of PBL are 7.24%, 5.75% and 1.49% respectively during the period 1983 to 2001.

### ***Burden Ratios***

Burden means the difference between non-interest expenditure and non-interest income of a bank, and hence it represents the amount of non-interest expenditure, which is not covered by non-interest income. Hence, any effort to improve the profitability of banks will involve the management of burden, i.e., specifying the key factors determining burden with the intention to reduce the burden, either by increasing the non-interest income or by reducing the non-interest expenditure or by both. The burden ratios employed to study the profitability of commercial banks are: (a). Non-Interest Expenditure as Percentage of Working Funds, (b). Non-Interest Income as Percentage of Working Funds, and (c). Burden as Percentage of Working Funds.

#### *(a) Non-Interest Expenditure as Percentage of Working Funds*

Non-interest expenditure of banks represents manpower and other expenses and constituted nearly 25% to 41% (Table 4) of the total expenditure of PBL over the study period with an average nearly 32 % (Table 4).

#### *(b) Non-Interest Income as Percentage of Working Funds*

Non-interest income of banks represents income earned by way of commission, exchange, brokerage, service charges and other miscellaneous receipts and over the study period represented nearly 7 % to 52% (Table 4) of total earnings of bank with an average 18% (Table 4).

#### *(c) Burden as Percentage of Working Funds.*

The ratio of burden as percentage of working funds can also be calculated by taking the difference between the previously computed two ratios namely non-interest expenditure as percentage of working funds and non-interest income as percentage of working funds.

Table 8 presents the ratio of burden as percentage of working funds of PBL from the period 1983 to 2001. Bank experienced the lowest burden ratio in the year 2001, -0.55%, and the only negative burden ratio during the study period. It happened as the bank gained the largest percentage of non-interest income to working fund i.e. 3.25 percent, that leads the highest amount of net profit during the study period. Burden is inversely related to profit of a bank. Table 8 suggests that non-interest income was the dominating factor of burden ratio as manpower expenses and other expenses as percentage of working fund showed more or less similar trend

i.e. varies from 1.25 to 2 percent and 0.73 to 1.66 percent respectively during the period under consideration.

**Table 8: Ratio of Burden as Percentage of Working Funds**

Year (Jan.-Dec.)	(Manpower expenses/ working fund)x100	(Other expenses / working fund)x100	(Non-interest expenditure/ working fund)x100	(Non-interest income/ working fund) x100	(Burden / working fund) x 100
1983	1.25	1.16	2.41	0.61	1.80
1984	1.25	1.26	2.51	0.64	1.87
1985	1.74	1.66	3.4	0.88	2.52
1986	1.95	1.55	3.5	1.15	2.35
1987	1.90	1.70	3.6	0.91	2.69
1988	1.85	1.03	2.88	1.01	1.87
1989	1.96	1.02	2.98	0.74	2.24
1990	2.00	0.99	2.99	0.77	2.22
1991	1.86	0.82	2.68	0.68	2.00
1992	1.63	0.79	2.42	0.97	1.45
1993	1.55	0.73	2.28	1.10	1.18
1994	1.48	0.77	2.25	1.43	0.82
1995	1.52	0.78	2.3	1.57	0.73
1996	1.56	0.81	2.37	1.42	0.95
1997	1.64	0.86	2.5	1.70	0.80
1998	1.69	1.09	2.78	1.93	0.85
1999	1.51	0.93	2.44	1.19	1.25
2000	1.69	0.90	2.59	2.45	0.14
2001	1.71	0.99	2.7	3.25	-0.55

Source: Annual Report, Pubali Bank Ltd., various issues

### **Profitability Ratios**

To measure the financial performance of a bank profitability ratios are the most important and reliable indicators, because the banks may improve their absolute profits by employing additional resources but without improving their profitability. Profitability ratios serve as an important indicator to evaluate the efficiency with which the operations of the banks are carried on. Profitability is an important criterion to evaluate the overall efficiency of a concern. It shows the efficiency with which a bank deploys its total resources to optimize its profits and thus serve as an index to the degree of asset utilization and managerial effectiveness. Three profitability ratios to be employed in the present study are: (a) Net Profit as percentage of Total Income, (b) Net Profit as percentage of Total Deposits, and (c) Net Profit as percentage of Working Funds.



*(a) Net Profit as Percentage of Total Income*

Profitability of banks may be computed by calculating net profit as percentage of total income earned by the banks. The ratio of net profit as percentage of total income reflects the income generating capacity of the banks.

*(b) Net Profit as Percentage of Total Deposits*

Another important measure of profitability of banks is profit per hundred taka of total deposits. Total deposits of a bank consist of time deposits and demand deposits from the public as well as from other banks.

*(c) Net Profit as Percentage of Working Funds.*

One of the main analytical tools to determine the bank profitability is the ratio of net profit as percentage of working fund. This ratio indicates the efficiency with which a bank deploys its total resource for maximizing its profits. Thus, the ratio serves as an index to the degree of asset utilization by banks.

**Table 9: Trend of Profitability Ratios**

Year (Jan.-Dec.)	(Net profit/ working fund) × 100	( Net profit/ Total deposit) × 100	(Net profit/total income) × 100
1983	0.08	0.11	1.02
1984	0.08	0.10	0.90
1985	0.12	0.14	1.11
1986	0.34	0.37	3.15
1987	0.60	0.65	5.75
1988	0.39	0.43	3.81
1989	0.04	0.04	0.39
1990	-1.55	-1.64	-17.27
1991	-2.47	-2.67	-29.57
1992	-1.52	-1.78	-19.16
1993	-0.61	-0.67	-8.25
1994	0.24	0.27	3.21
1995	0.48	0.52	6.84
1996	1.44	1.59	18.67
1997	1.84	1.99	21.83
1998	0.41	0.44	5.55
1999	1.01	1.19	14.06
2000	1.41	1.65	16.19
2001	1.67	1.94	17.12

Source: Annual Report, Pubali Bank Ltd., various issues.

From Table 9, the ratio of profitability shows very low return from working fund, total deposit and total income in the earlier years of the study period. In the year 1983 the net profit of working fund, total deposit, total income was 0.08%, 0.11%, and 1.02% respectively. From the table it is observed that there were three phases in profitability ratio from the year 1983 to 2001.

The first phase, the years 1983 to 1988, can be considered as slow increasing phase of profitability. There was an upward trend with slow increasing rate as the percentage of profit of working fund, total deposit, and total income rose from 0.08%, 0.11% and 1.02% to 0.60%, 0.65% and 5.75% respectively. The average increasing rate of net profit as percentage of working fund of this phase was 0.27%.

The second phase of profitability can be defined as deteriorating phase, which started in the year 1989 and ended in 1993. The profitability ratios were negative in this period except the year 1989. There was a declining trend in profitability from 1989 to 1993. The percentages of profit of working fund, deposit and income declined from 0.04%, 0.04% and 0.40% to -0.60%, -0.67% and -8.25% respectively. The average declining in the ratio of percentage of profit of working fund was -1.22%. PBL incurred losses in this period except the year 1989.

The final phase, from the year 1994 to 2001, can be defined as regained and improving phase as the bank attained positive figure of profitability from negative. From 1994 there were more or less upward trend of profitability ratios. It rose from 0.24%, 0.26% and 3.21% to 1.67%, 1.94% and 17.11% in the percentages of profit of working fund, total deposit and total income respectively. The average profitability-increasing rate of working profit fund was 1.06%.

Thus, from the above ratio analysis it emerges that profitability of PBL increased over the study period, with the exception of some negative profitability in 1990 to 1993. The three spread ratios witnessed as increase and in the case of burden ratios, the ratio of non-interest income as percentage of working funds increased, while the ratio of non-interest expenditure as percentage of working funds increased slightly, with the result that the ratio of burden as percentage of working funds witnessed a decrease, and thereby leaving a positive impact on the profitability of PBL. Further over the study period, the proportionate increase in the ratio of spread as percentage of working funds was more than the ratio of burden as percentage of working funds, which led the positive profitability.

It is also evident from the ratio analysis that all the three profitability ratios witnessed an improvement from the year 1994. This was mainly due to increase in non-interest income and decrease in interest paid as percentage of working fund.



### **Concluding Remarks**

The analysis on productivity and interpretation of quantitative data indicates that productivity of Pubali Bank Ltd. showed an increasing trend during the study period 1983 to 2001. Earnings through working fund, deposit mobilization and advances during the period increased the productivity of the bank. It was noted that the productivity level increased three times during 1991-2001 as compared to the level during 1983-90. In 1983, the year of its denationalization, the bank had the productivity 0.99 which attended at 1.61 in the year 2001 i.e. the rate of increase was about 63%. This better productivity occurred due to maintaining quality management in respects of sanctioning, disbursement and recovery of credit, project appraisals, customer services, etc.

Banks are commercial organizations. Profitability remains to be the ultimate criterion for the survival of a bank. Profitability of PBL was declining during the early 1990's. A close scrutiny of the performance of the bank reveals that the bank has witnessed the decreasing spread ratio, constant pressure of burden ratio, ultimately leading to low profitability or negative growth of profitability performance in the post-reform period. Though the decreasing trend of profitability started in the pre-reform period, the situation deteriorated further in the post-reform period due to introduction of loan classification and provisioning measures and persisting default culture.

This study on productivity and profitability performance suggests that the performance of PBL be in the way of improving though the profitability performance was not satisfactory up to the year 1994. The bank is attaining increasing rate of profit from the year 1998. It is a good sign of improving the performance. But from the year 1990 to 1993 the bank was in a lossing position. That poor performance was mainly due to less control over expenses and large classified loan and subsequently provisioning against the classified loans and advances.

The main functions of Pubali Bank Ltd. are general banking, loans and advances and foreign exchange business. The current banking business is marketing oriented. To develop the marketing and business branch manager should not remain too busy with routine administrative and other internal works, rather should focus their attention to marketing of new business and sales of the banks products. Now PBL has given emphasis on non-interest income for reducing burden and increase profitability. They offer all available ancillary-banking services in the current banking arena in the country. The share of percentage of non-interest income of the banks to total income is increasing remarkably after financial sector reform measures.

In this backdrop, in addition to the improvement of the quality of the loan portfolio in bank, efforts should be made to increase the ancillary business income of the bank in terms of magnitude of the contribution to the total income. By improving the recovery performances and initiating effective cost control measures to bringing down the expenditure per unit of income

Pubali Bank Ltd. would be able to enhance the level of its productivity and profitability. As a largest private commercial bank with all computerized branch has a tremendous prospect by launching new and modern innovating functions of banks.

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## WTO-TRIPS AGREEMENT: IMPLICATIONS FOR DEVELOPING COUNTRIES

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**Abstract:** The Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs) has been called the most ambitious international intellectual property convention ever attempted. The TRIPs Agreement establishes the protection of intellectual property as an integral part of the multilateral trading system embodied in the World Trade Organization (WTO). This paper aims to contribute to an understanding of the factors that prompted the proposals for the TRIPs Agreement, to outline certain aspects of the Agreement thought to be particularly important for developing countries, and to point out the major effects on developing countries. It also aims to highlight those areas in which countries are left some room for choice in formulating national legislation that accords with the TRIPs Agreement and to assess the extent to which this provides significant room for manoeuvre for developing countries. This paper also dwelt on the matters by which developing countries may protect their intellectual property interest in the age of globalization and both within and outside the TRIPs Agreement.

### Introduction

The Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs) has been called the most ambitious international intellectual property convention ever attempted. TRIPs establishes the protection of intellectual property as an integral part of the multilateral trading system embodied in the WTO. As one commentator illustrates, intellectual property is now a key component of this trading system: "the protection of intellectual property is one of the three pillars of the WTO, the other two being trade in goods (the area traditionally covered by the General Agreement on Tariffs and Trade (GATT)) and the new agreement on trade in services<sup>1</sup>."

The arguments that were used to adopt TRIPs as put forward by developed nations were based on the assumption that stronger Intellectual Property Rights (IPRs), by creating an incentive for innovation, would

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stimulate development of new technologies in the industrialized nations. Through foreign investments and technology transfer, these innovations would in turn benefit developing countries and hence stimulate their participation in the world market and facilitate their development.

On the other hand most of the developing countries argument is western-made intellectual property (IP) regulations are unsuitable for the ethos and cultures of developing countries and the existence of collective rights and informal innovators in developing countries are overlooked by TRIPs and the tradition of keeping knowledge built over the years by farmers and communities in the public domain is endangered. Also, considering "life forms" as a commodity disregards widespread moral values. Deep concerns have also been expressed on the consequences of uniformization of crops and species for the purpose of commercial interests in industrialized nations. This article aims to contribute to an understanding of the agreement through indicating certain aspects of the Agreement thought to be particularly important for developing countries, and to point out the major effects on developing countries. It also aims to highlight those areas in which countries are left some room for choice in formulating national legislation that accords with the TRIPs Agreement and to assess the extent to which this provides significant room for manoeuvre for developing countries. This paper also dwelt on the matters by which developing countries may protect their intellectual property interest in the age of globalization both within and outside the TRIPs Agreement.

### **IPRs and the TRIPs Agreement**

Generally, intellectual property is defined as a product of the human intellect that can be owned by an individual or an organization. Intellectual property laws exist because although the development of a new idea is often costly and difficult, the idea itself may be simple and easy to be reproduced. And such reproduction may frustrate the researchers, as there is no rewards for prolong labor behind creative efforts and inventions<sup>2</sup>. So, those who develop intellectual property require extra protection. Therefore, the objectives of intellectual property protection are:

- a) To encourage research and inventions;
- b) To induce an inventor to disclose his inventions or discoveries instead of keeping them as a trade-secret;
- c) To offer a reward for the expenses of developing inventions;
- d) To provide an inducement to invest capital in new lines of production which might not appear profitable if many competing producers embarked on these simultaneously and
- e) To make the products of new invention available to the public and
- f) To enable international trade in such products etc.



The principles of IP law are substantially the same in all countries with variations to suit the national requirements of each country. Ideally, by guaranteeing compensation to the developers of intellectual property, laws are protecting innovation and trade in IP.

Each country has its own national IPR laws. Intellectual Property laws around the world though more or less the basic theme is same but they vary in their scope and intent from country to country. As more developed nations tending to have more stringent regulation as they have more intellectual property (either through innovation or exploitation) to protect than do developing and underdeveloped nations<sup>3</sup>.

Practically today, intellectual property law is one of the fastest growing branches of law all over the world. Intellectual property legislation relates to the acquisition and use of a range of rights covering different types of creations, including creations of an aesthetic character (e.g. artistic works and industrial designs), technologies (e.g. patents) as well as information and signs of a purely commercial value (e.g. trademarks). Precisely speaking, IPRs include the following categories: copyright and related rights, trademarks, geographical indications, industrial designs, patents, layout designs of integrated circuits, trade secrets, breeders' rights, utility models<sup>4</sup>.

The TRIPs Agreement negotiated during the Uruguay Round sets minimum standards on all the categories described above, with the exception of utility models and breeders' rights. The absence of these two categories may be explained by the relative lack of interest on the part of the major industrialized countries (and the industrial lobbies that actively promoted the TRIPs negotiations) in these categories. The fact that they are not covered by the Agreement means that countries, in formulating and implementing national laws on utility models and breeders' rights, are not bound by any of its provisions.

The relevance of different categories of IPRs vary from country to country, depending on the level of technological and economic development. For example, utility models may be of special importance for developing countries, for the rights attaching to them protect the kind of 'minor' innovations that predominate in the innovative process in such countries. Technological developments which may qualify as 'inventions' are rather rare in developing countries; generally most patents granted there belong to foreign companies and only a few to nationals.

While some categories, such as trademarks, have an impact throughout all sectors of production (excepting commodities production), others, such as patents or geographical indications, have a particularly strong incidence in certain sectors. There are also some categories (breeders' rights and layout designs of integrated circuits) that apply to very specific matters.

### **The TRIPS Agreement and its components**

The TRIPS Agreement has been called the most ambitious international intellectual property convention ever attempted. The TRIPS agreement has a preamble and seven parts. Some key components and issues of the agreement is discussed below:

#### ***General principles***

Part I state the objectives and key principles of the agreement e.g. the national treatment and most favored nation principles which set limit to discrimination in the enjoyment IPR on the basis of country of origin.

*In accordance with Article 1, countries are free to determine the 'appropriate method' for implementing the Agreement within 'their own legal system and practice'.*

The Agreement reaffirms the *principle of 'national treatment'*, which means that the nationals of any country member of the Agreement are to be treated in the same way as nationals of the country where protection is granted. It also extends to IPRs the *'most-favoured-nation clause'*, that is, the obligation to extend, with some limited exceptions, to any member the advantages granted to any other member or members.

These principles are meant to end discrimination, both between foreigners and nationals and between nationals of different countries, which arises when IPRs are granted only to the nationals of the country that pressed for them.

Article 6 of the agreement allows member countries to provide for the international exhaustion of rights and, therefore, to admit parallel imports if they so wish.<sup>5</sup> This principle can be crucial for the protection of consumers' interests and for ensuring access to industrial or agricultural inputs (if protected by IPRs) at competitive prices.

Two other important principles are established in Article 8 of the Agreement, which states:

1. "Members may, in formulating or amending their laws and regulations, adopt measures necessary to protect public health and nutrition, and to promote the public interest in sectors of vital importance to their socio-economic and technological development, provided that such measures are consistent with the provisions of this Agreement.

2. Appropriate measures, provided that they are consistent with the provisions of this Agreement, may be needed to prevent the abuse of intellectual property rights by right holders or the resort to practices which unreasonably restrain trade or adversely affect the international transfer of technology."

These provisions of Article 8 facilitate legislating limitations to exclusive rights, as well as the enactment of legislative provisions concerning the



compulsory licensing of certain IPRs.<sup>6</sup> In particular, the grounds mentioned in Article 8.1 are relevant for the granting of compulsory licenses in for example the pharmaceutical field in order to keep prices at a reasonable level or to ensure access to particular medicines by the population. However, Article 31 of the Agreement sets out conditions that could reduce the scope to grant compulsory licenses<sup>7</sup>.

### ***Specific provisions***

Part II deals with the detailed standards on substantive intellectual property law, covering the main categories of copyright and related rights, trade marks, geographical indication, industrial designs, patents, layout designs, layout-designs (topographies) of integrated circuits, protection of undisclosed information and control of anticompetitive practices in contractual licenses. In the following paragraphs specific areas of IPRs as contained under Part II are outlined briefly.

#### *Copyright*

In the copyright area, the Agreement makes express provision for the protection of software as a literary work and for the first time an international agreement provides rental rights<sup>8</sup> for phonograms (sound records), films and computer programmes as well as for the protection of data compilations. It establishes a minimum term of protection for works not belonging to natural persons: 50 years from publication or from creation (if publication was not made within 50 years from the making of the work). Enforcement rules are strengthened by the obligation to institute criminal proceedings and to prescribe penalties against copyright piracy on a commercial scale.

#### *Trademarks*

The protection of trademarks substantially harmonized and reinforced as a result of the application of the TRIPs Agreement, which defines in considerable detail what signs may be protected and the minimum term of protection. It also sets out the minimum permissible period of non-use and the possibility of justifying this by "valid reasons based on the existence of obstacles" (Article 19). The Agreement supplements the Paris Convention with regard to the protection of 'well-known' trademarks and blurs in practical terms the distinction between trademarks for goods and for services.

#### *Geographical Indications*

Under the TRIPs Agreement, the protection of geographical indications<sup>1</sup>, which hitherto was granted in a small number of countries, is now required of all members of WTO. Reinforced protection is accorded in respect of wines and spirits. The implementation of the Agreement will not, however, affect

prior users of geographical indications of other members that become protectable under the Agreement, if the conditions specified by the Agreement are fulfilled. New or original industrial designs need to be protected for at least 10 years. The obligation refers to designs of an aesthetic nature, since countries are not obliged to protect designs dictated essentially by technical or functional considerations.

### *Patent*

A crucial chapter of the TRIPs Agreement relates to patents. Until now, countries were free to determine areas of non-patentability, the duration of the terms of patents and the set of exclusive rights conferred on patent-holders. This freedom that was used by developing countries to frame their patent laws in accordance with their own objectives and interests no longer exists under the TRIPs Agreement.<sup>9</sup> Patents are to be granted without discrimination as to (i.e. irrespective of) the place of invention, the field of technology or whether products are locally produced or imported.

The Agreement also settles the longstanding conflict over pharmaceutical product patents, which, under the Agreement, now need to be recognized. That is why, the US pharmaceuticals industry, which was one of the most active and strong lobbies arguing for the need for an expansion and strengthening of patent protection has become a major beneficiary of the outcome of the Uruguay Round. For biotechnological inventions, nevertheless, and as a reflection of the complexity and still unresolved differences even among developed countries on the issue, the Agreement only provides for a transitional solution.

### *Layout design of integrated circuits*

Though the Washington Treaty of 1989 authorizes the protection of the layout design of integrated circuits through copyright, patents or other titles, the TRIPs agreement follows the *sui generis* approach that was first adopted by US legislation and later on followed by Japan and European countries. The TRIPs Agreement reinforces the protection granted under the Treaty, by limiting the availability of compulsory licenses and by imposing obligations on even bona fide acquirers of semiconductors who infringe rights<sup>10</sup>.

### *Trade secrets*

Under the TRIPs Agreement, trade secrets (such as confidential know-how or commercial information) are deemed protectable under the rules regarding unfair competition and Article 6 [bis] of the Paris Convention. In addition, obligations are recognized in relation to test results and other data submitted to governments in order to obtain approval of pharmaceutical and agrochemical products. The TRIPs Agreement stipulates that such tests and data must be protected against unauthorized disclosure and unfair commercial use.



### *Restrictive practices in licensing agreements*

The TRIPs Agreement allows member countries to control and ban restrictive practices provided for in licensing agreements that in particular cases constitute an abuse of intellectual property rights with an adverse effect on competition.<sup>11</sup> The Agreement thus introduces the 'competition test' for the purpose of verifying and curbing the use of restrictive clauses, as proposed by industrialized countries during the long and unsuccessful negotiations under UNCTAD auspices on an international code of conduct for the transfer of technology.

### **Enforcement**

Part III of the TRIPs Agreement gives detailed provisions governing enforcement of IP including general provisions and provisions concerning civil enforcement procedures, criminal procedures in case of copyright piracy and trade mark counterfeiting on a commercial scale and measure for dealing with infringing goods at the point of importation.

Furthermore, Part IV of the Agreement says that effective and fair administration of IPR is an important element of a balance IP system, and sets standards concerning deadlines and procedural fairness in processes leading to the grant of IPR.

The enforcement part of the Agreement constitutes a major change of approach as compared to previous international conventions on the IP matter, which dealt exclusively or mainly with the availability of rights and not with procedures for exercising them.

### **Dispute settlement**

Part V creates a mechanism for the transparency of national IP system aimed and preventing disputes about IP and it also brings disputes concerning IP matters into the general WTO disputes settlement mechanism. The provisions of the TRIPs Agreement as such cannot be the direct and sole basis of a claim by a private party, that is, it has not been conceived as a self-executing instrument. An action that charges non-compliance with the rules of the TRIPs Agreement can only be taken by other WTO members and not by individuals or firms.

Non-compliance with the new rules, once adopted, would give rise to a dispute settlement procedure under the WTO rules and, possibly, to retaliatory commercial measures in any field (not only in IPRs) by the country whose nationals are affected by such non-compliance. Since, within the WTO, the Council for TRIPs will monitor adherence to the new IPRs universal standards, the possibility of deviations from those standards is drastically reduced, unless a non-complying country is prepared to bear the costs of any trade restrictions that may be imposed.

The new WTO "Understanding on Rules and Procedures Governing the Settlement of Disputes" provides a limited time frame and considerable

automaticity for the settlement of disputes. It creates a Dispute Settlement Body (DSB) composed of all WTO members and stipulates a 'negative consensus' rule for the establishment of panels, the adoption of their reports and the authorization of retaliatory measures. Such a rule means that the panel process will be instituted if at least one country favours this course.

The adoption of this understanding also means that unilateral actions, such as action under section 301 of the US Trade Act, cannot be imposed before the DSB has verified the existence of a case of non-compliance and authorized retaliatory action. Any unilateral action taken before or outside such a procedure would be illegal under the WTO Agreement.

### ***Transitional provisions***

Part VI provides for a range of transitional arrangement that allow developing countries to delay complying with any or all of the Agreement's obligations for up to five years from the date of entry into force of the Agreement. An additional five years is allowed in the case of countries which did not grant product patents before entry into force of the Agreement but which now have to do so under the terms of the Agreement<sup>12</sup>. The least-developed countries may delay implementation for up to 11 years. The Council for TRIPs may extend this term upon request setting out the reasons.

### ***Technical co-operation***

Part VII define the role of the TRIPs council within the WTO requires members to co-operate on IPR enforcement clarifies the status of IPR already in existence when TRIPs came into effect creates a review and amendment process and provides security exceptions.

Developed countries members of WTO are obliged, under Article 67 of the TRIPs Agreement, to provide "technical and financial co-operation" in favour of developing and least developed countries to facilitate the implementation of the TRIPs Agreement. Such co-operation, which is to be provided upon request and on mutually agreed terms and conditions, includes assistance in the preparation of laws and regulations, support for domestic offices and in the prevention of abuse of IPRs.

This obligation on the part of developed countries, if not adequately fulfilled, may be the subject matter of a claim before the Council for TRIPs, as in the case of any other obligation defined by the Agreement.

### ***Review of the TRIPs Agreement in the WTO***

The TRIPs Agreement is to be reviewed for the first time five years from the date of its entry into force, and at two-yearly intervals thereafter (Article 71). The Council for TRIPs may also undertake reviews when new developments warrant modifications.



### **Implications for developing countries**

The TRIPs agreement was the brainchild of an industry coalition made up of people from the United States, the European Union and Japan. The first initiative was taken by the Intellectual Property Committee, which brings together 13 major US corporations including Bristol Myers Squibb, Du Pont, Monsanto and General Motors. The committee was created during the Uruguay Round negotiations with the goal of putting TRIPs firmly on the agenda<sup>13</sup>. Therefore as argued by developing countries TRIPs is being used as a protectionist instrument to promote corporate monopolies over technologies, seeds, genes and medicines. Through TRIPs, large corporations use IPRs to protect their markets, and to prevent competition. Excessively high levels of IP protection required by TRIPs have shifted the balance away from the public interest, towards the monopolistic privileges of IPR holders. This undermines sustainable development objectives, including eradicating poverty, meeting public health needs, conserving biodiversity, protecting the environment and the realization of economic, social and cultural rights.

In fact, the developing countries were the real targets of TRIPs because they largely had minimal or no IP systems in place. For developed countries, which already have adequate IP protections in place, albeit with differing approaches to protection and enforcement, TRIPs only shores up some areas and provide new remedies or enforcement mechanisms. For developing countries, however, TRIPs requires the adoption of an entire new body of law, together with a framework to effectively enforce these new rights. This is a substantial legal and political undertaking. Some key issues which have significant implications in the developing countries are discussed below:

#### ***Biodiversity and food security***

The biological diversity is needed to guarantee food security. Most farmers, lacking financial resources to afford pesticides and/or fertilizers thus rely on the diversity within species, to be able to produce more diverse crops, which require low external input. These crops are in turn cheaper to cultivate and better adapted to the environment. Diversity within species also makes the basis for food security broader. Population growth enhances the need for food security.

Again, diversity is crucial for healthcare; it is stated that 80% of the world's population relies on medicinal plants to cure illnesses. Traditional medicine in particular is strongly dependent on nature and most of the "western" drugs are derived from plants located in the South, too<sup>14</sup>.

Not only are resources vital for food and health purposes, they also provide humanity of other primary needs, such as livestock breeds, clothes, shelter, and fuels. Besides their formal utilization, most of the plants have

widespread additional cultural functions in traditional and indigenous communities, such as religious purposes.

At the heart of debates surrounding the patenting of life and its adverse effects on food security, farmers' livelihoods, local communities' rights, sustainable resource use and access to genetic resources is the requirement of patent protection for life forms and natural processes in Article 27.3(b) of TRIPs Agreement. Patents on seeds and genetic resources for food and agriculture threaten sustainable farming practices, farmers' livelihoods and food security. Farmers using patented seeds would be deprived of their right to use, save, plant and sell their seeds<sup>15</sup>.

Thus the biological resources and agricultural practices of the developing countries are neglected in the TRIPs Agreement. In most of the industrialized countries, farmers are only a small percentage of population, seed supply and breeding is a commercial activity; in developing countries however, farmers are a much more important part of working population; they also practice subsistence farming, relying on domestic tools and seed supply, exchanged and conserved within a small community. Developing countries argue that western frameworks do not work properly in developing countries.

In fact, it is said that TRIPs has been designed as a copy of the already existing protection system in developed countries. Therefore effort should be taken to serve the interest of developing countries agriculture otherwise, it may turned into a major threat against food security in developing countries.

### ***Biotechnology***

Biotechnology is highly patent sensitive, in that a single patent can dominate a marketed product. As such, patent protection may result in pricing above competitive levels. If the patented technologies become too expensive, developing countries may not be able to afford them.

Similarly, there are specific objections to patenting and manipulation of human genes in the absence of any moral guidelines for their commercial application. The TRIPs Agreement, by allowing countries the option to patent life forms, contributes to the risks -- risks that do not respect national boundaries.

### ***Private rights and collective/community rights***

TRIPs negates collective rights, by stating in the preamble "Intellectual Property Rights are private rights". This is according of critics of TRIPs a major shortcoming and shows disrespect for the situation of developing countries. Indeed, many communities share their resources, knowledge and cultures among themselves<sup>16</sup>. The individual appropriation of items like in western cultures is a lot less common in developing countries. The negation of collective rights in TRIPs shows how inappropriate the Agreement is for countries other than the western industrialized ones. The negation of



collective rights is seen as a big issue for developing countries<sup>17</sup>. Whereas they are obliged to protect their plant varieties through patents or the *sui generis* system, they are unable to protect them in a way that fulfills cultural traditions, such as community rights.

### **Traditional knowledge or indigenous IP**

At this juncture of modernization, we tend to forget that from the food on our table to the drugs that save our lives are contributions of the forlorn indigenous peoples. They possess knowledge of the medicinal and nutritional uses of plants, herbs and other natural substances based on their continuing relationship to the natural world.

Unfortunately TRIPs Agreement as developed by the mainly developed nations pays no heed to indigenous IPRs<sup>18</sup>. Ignoring IPRs of indigenous peoples and underdeveloped world and thereby keeping away developing countries from accessing information that could stimulate their struggling economies, it maintained the dominance of the developed countries<sup>19</sup>.

Since current IP laws recognize individual or corporation based ownership but do not acknowledge indigenous forms of community based ownership. Therefore, indigenous peoples have no IPRs under the TRIPs agreement. Indigenous communities and developing nations should stand together to ensure adequate protection of their IPRs.

### **Medicine and public health**

Around the world, public concern is mounting at how the introduction of strict patent regimes in developing countries required by the WTO's TRIPs Agreement is causing the price of patented drugs to be set at high, often exorbitant levels. The effective monopolies granted by TRIPs allow pharmaceutical giants to suppress competition from alternative, low-cost producers and to charge prices far above what is reasonable. This is done at the expense of many ordinary consumers who are too poor to afford treatment.

Before the establishment of the TRIPs Agreement in 1995, countries were allowed more options to exclude sectors from patent rules in their national laws. Approximately 50 countries (both developed and developing) excluded pharmaceutical products from patenting. However, with the implementation of the TRIPs Agreement, member countries are no longer allowed to do this.

Price increase is a matter of concern for developing countries, whose poor men may not be able to afford protected drugs. For most basic drugs available in developing countries now will come under strict patent protection. But the concern is that new drugs, such as AZT -- used in treating HIV and AIDS victims -- will not be available at an affordable price. In parts of Asia and Africa, where AIDS is reaching epidemic proportions, this is a very grave concern<sup>20</sup>.

Appropriate national legislation, providing for compulsory licensing and parallel imports, is needed to ensure that chemical intermediates, raw materials and finished pharmaceutical products are available at competitive prices in the world market. Measures, such as compulsory licensing, parallel imports and other exceptions to patent rights - are allowed under the TRIPS Agreement. Despite this, and the clear need for developing countries to exercise their rights for compulsory licensing and parallel imports to enable access to affordable medicines, bilateral pressures and bullying tactics have been used to prevent developing countries from implementing TRIPS provisions on compulsory licensing or parallel imports. Such bullying is outrageous and unacceptable.

### ***Copyright materials***

Materials such as works of art or literature, or intellectual creations such as computer software or compiled databases, are covered under copyright law. The TRIPS Agreement requires Members to comply with the conditions of the 1971 Berne Agreement, the international standard for copyright protection. For most such works, the specified period of protection is 50 years.

The effects of TRIPS in this area for most developing countries will be a sharp rise in the price of such materials; few are parties to the Berne Agreement and unauthorized copying is commonplace. In terms of sustainable development this means more restricted access to software, databases, and other information-based tools used by industry and academia, which is worrying.

### ***Some case studies***

#### ***Basmati Rice:***

Recently, RiceTec, an US-based firm, was granted a patent on Basmati rice, a rice variety that has been elaborated for thousands of years by farmers in India, representing a significant source of income (through export) and living<sup>21</sup>. RiceTec claimed it had found "novel rice grains". Another claim contains the breeding techniques that would allow to grow Basmati elsewhere. The patenting of the characteristics of Basmati would allow RiceTec to grow rice with the same taste, but which has been elaborated synthetically, endangering the income source of millions of people, and overlooking the fact that farmers that did not claim any proprietary rights over their income source have grown this rice for millennia. India challenged it and gained partial success in their claim. Rice Tec has now cancelled the claims on the "novel rice grains" of Basmati (feeling it would lose the battle on this against India), but still claims the breeding techniques to grow it elsewhere (which is more difficult to challenge by India).



*West African cocoa plant:*

Biotechnology allows manufacturers to identify and isolate a specific gene from an original cocoa plant, place it in a micro-organism and then extract the flavor after fermentation. No need for the cocoa plant anymore to obtain the flavor. Another possibility is to extract the flavor gene and transfer them to other cheaper varieties of cocoa, enabling production in other parts of the world.

The company Mars UK has a patent on the genes from a West African cocoa plant that is held responsible for the specific flavor of cocoa from that region. Both practices place pressure on the export. The importance of primary commodities for these economies emphasizes the urge of the situation. In Ghana and Nigeria, the production of cocoa reached respectively 370000 and 175000 tons in 1998. The commodity represents 38-40% of foreign exchange earnings, 18% of GDP, and employs 45% of the agricultural sector<sup>22</sup>. No need to say that these countries face huge crisis.

*Rubber:*

A similar story happens to rubber: Two US universities and a couple of companies, under which Chemie Linz, Deutsche GmbH and Goodyear Tire and Rubber Company own patents on the genes that provide rubber for its rubbery characteristics. The artificial production of rubber proteins could seriously damage its original production in amongst others Southeast Asia, where Thailand, Malaysia and Indonesia produce  $\frac{3}{4}$  of world natural rubber<sup>23</sup>.

*Neem tree:*

The neem tree used by South Asian farmers as a pesticide now marketed under the name "Margoson-O" by a man from Wisconsin, US, is another glaring example of this sort of exploitation.

**How to serve the interest of developing countries**

There are some provisions in the TRIPS agreement that can be exploited by communities and developing countries interested in protecting their interests against those of dominant industrial-commercial forces and would like to save their environment, culture and continue sustainable development to serve the generations to come. These provisions are below:

Article 8 of the TRIPS agreement allows for legal measures to protect public health/nutrition, and public interest; though environmental protection is not explicitly built into this, it could be justified as being in "public interest". Unfortunately, this clause is subject to "the provisions of TRIPS", which does not leaves wide option for the interpretation of its applicability<sup>24</sup>.

Article 22 allows for the protection of products that are geographically defined through "geographical indications"<sup>25</sup>. This could help protect some products, which are known by the specific locations in which they have

originated (e.g. Bangladesh could plead for zamdani saree, rubber, bostami or black pond turtle, neemtree, black goat leather, chinigura rice, radunipagal rice, fazli mango etc. under the geographical indications). It is debatable whether, for instance, Basmati rice could have been protected in this manner (the name does not derive from any location, but the variety is known to come from a particular geographical area). Countries like India are already considering domestic legislation on this.

Article 27(2) allows for exclusion, from patentability, inventions whose commercial use needs to be prevented to safeguard against "serious prejudice" to the environment<sup>26</sup>. This is somewhat complex and convoluted, because a country will first need to determine such serious prejudice, justify the prevention of commercial use, and then only be able to justify non-granting of patents.

Article 27(3) allows countries to exclude plants and animals from patentability, and also plant varieties, so long as there is some other "effective" form of IPR to such varieties<sup>27</sup>. As what is "effective" is likely to be determined by powerful countries, in which case the almost patent-like regime being advocated by them is the Union for the Protection of New Varieties of Plant (UPOV)<sup>28</sup>. However, an exceptionally bold country could well experiment with completely different sui generis systems and face up to any charges that are brought against it at WTO.

Extend the implementation deadlines under Art.65 of the TRIPs agreement until after a proper and satisfactory review of the agreement is carried out and appropriate changes are made<sup>29</sup>.

' Food security<sup>30</sup>' box and 'development' box<sup>31</sup> may be introduced as against 'mailbox' (art. 70.8) and 'pipeline' provision (art.70.9)<sup>32</sup> to defend and protect farmers in developing countries.

Finally, a strategy may be framed on a 'policy or issue' base approach and also after identifying national interest that will be made on a systematic review of the agreement under art. 71.1 in the light of particular objectives<sup>33</sup>.

It should be noted that according to Article 19.2 of the Dispute Settlement Understanding, the WTO adjudication process "cannot add to or diminish the rights and obligations provided in the covered agreements". And in the USA-India dispute on Article 70.9 the Appellate Body rejected the "legitimate expectations" test derived from GATT jurisprudence on non-violation acts, thereby confirming, "The developing countries are free to adopt their own laws and policies with respect to all intellectual property issues that were not expressly harmonized in TRIPs standards themselves"<sup>34</sup>. Therefore this observation of the Appellate Body recognized the freedom of the member states to adopt their own policies and laws to meet the inconsistencies and to suit their requirements.



### ***Spaces outside the TRIPs Agreement***

A number of international treaties (some of which legally binding and some are not) could well be used for countering the threat posed by TRIPs agreement. These include the following instruments:

International Undertaking on Plant Genetic Resources, the resolution 8/83 of the Twenty Second Session of the FAO Conference, Rome, 1983- this undertaking is particularly important to serve the interest of farmer's and agriculture in the developing countries<sup>35</sup>.

The ILO Convention 169 on indigenous peoples<sup>36</sup>- it addressed the indigenous IPRs and their freedom to determine the means of their development needs.

The International Covenant on Economic, Social and Cultural Rights (ICESCR), 1966- the ICESCR specifically indicates the freedom to determine national policy. Article 1(2) of the (ICESCR) provides that all peoples, for their own needs, freely dispose of their national wealth and resources without prejudice to any obligations arising out of international economic co-operation, based upon the principle of mutual benefit, and international law<sup>37</sup>. In no case may a people may be deprived of its own means of subsistence. Therefore, human rights instruments will get primacy over all other documents. That is why, if anything in the TRIPs agreement, if go against the human rights, it should be amended.

The UNESCO/WIPO Model Provisions for National Laws on Protection of Expressions of Folklore -this document is particularly important to protect the community or collective IPs that are wholly neglected in the TRIPs agreement<sup>38</sup>.

The Universal Declaration of Human Rights (UDHR), 1948-Article 27 of the UDHR designed IP as human right stating, "everyone has the right to the protection of the moral, and material interests resulting from any scientific, literary, or artistic production of which he is the author". On the other hand article 25 of the UDHR proclaims the universal right of every person to a standard of living adequate for the health and well-being. The conflict occurs when IP protection raises barriers to commodity access that would improve the physical well being of the people<sup>39</sup>. Therefore while implementing TRIPs Agreement and facilitating international trade, the maintenance and improvement of human physical well being must be considered.

The UN Draft Declaration on the Rights of Indigenous Peoples, 1988- this instrument is particularly important to serve the interest of indigenous peoples and their intellectual property rights which are completely neglected in the TRIPs Agreement<sup>40</sup>.

The Convention on Biological Diversity (CBD), 1992-CBD deals much more with the protection of public interest and morality, which TRIPs acknowledges as valid grounds for any measures that countries want to take. Therefore, it could be argued that CBD's provisions should get precedence over those of TRIPs<sup>41</sup>. However, this interface has not yet been tested in any

active case in the international arena; only when it does, will we know what interpretation is likely to hold. The CBD, unfortunately, is at a serious disadvantage, as it does not yet have a dispute resolution mechanism of its own, unlike the WTO.

The most crucial provision within CBD is laid down under Article 8j, which requires countries to respect and protect indigenous and local community knowledge, ensure that such communities are asked before using their knowledge for wider society, and further ensure the equitable sharing of benefits arising from such use.

In this connection, an interesting question would be: can a country challenge another country's IPR regime on the ground that it fails to give adequate protection to informal innovations of indigenous or local communities, and therefore violates Article 8j of the CBD? It would be interesting to see how the CBD forums would deal with an allegation like this, if brought by one country against another.

Principle 15 of the Rio Declaration provides that, "Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost effective measures to prevent environmental degradation"<sup>42</sup>. The preamble to the CBD also recognizes this, in similar words.

Thus the above international instrument may be used to serve the interest of developing countries. However, using these instruments some alternative regime should be developed (e.g. civil society resistance, revival of traditional knowledge etc.) to meet the challenges posed by the TRIPs agreement.

### ***Civil society resistance***

A very significant final strategy may be the mobilizations of civil society to resist and challenge the inequitable and destructive trend of current IPR regimes. In a number of countries, farmers' groups, NGOs, and scientists have led the struggle against the "piracy" of indigenous and local community knowledge, and the imposition of IPRs on life forms and related knowledge.

Legal challenges have also been taken to the U.S. and European patent offices (e.g. in the case of turmeric, by the Indian government; in the case of neem tree products, by several NGOs; and in the case of the sacred "ayahuasca" plant, by a combination of North and South American groups).

Farmers in many countries have warned corporations and governments not to bring in IPRs on crop varieties, and have decided to openly violate any such IPRs even if it means being jailed. Indigenous peoples everywhere are acquiring a deeper understanding of IPR regimes, and ways of challenging them, when they impinge on their human or resource rights. Another form of significant resistance is the revival of farming and medicinal systems that allow communities and citizens to be largely self-reliant<sup>43</sup>. This would reduce



the dependence on corporate and State-controlled seeds and drugs, amongst other things, and therefore escape the IPR trap altogether.

### ***Position of Bangladesh***

Bangladesh one of the founding member of the WTO yet to develop strategy to implement the TRIPs agreement and to serve its interest. However, Copyright Act, 2000 is enacted to cope with the TRIPs agreement and the Law Commission of Bangladesh has drafted two bills on trademarks and patent, which are yet to be finalized for presentation before parliament<sup>44</sup>. It is still unclear whether the local interest addressed there or not. On the other hand, Bangladesh govt. is almost silent regarding the interest in agriculture, biodiversity, plant varieties, geographical interest etc.

To handle the implications of the TRIPs agreement, Bangladesh needs a three-tier strategy national, regional and international. At the national level the political leaders, policy makers and civil society members should acquire clear understanding and implications of the WTO agreements. People in general should be well informed that bio-diversity is not for sale as the security of the country is linked to biodiversity and not negotiable. Hence, biodiversity should be taken out of TRIPs agreement. If Bangladesh fails to reject patenting of life form, then million of its population would be thrown into a critical situation. The destruction of agro biodiversity would create problems for the million of rural women who have been traditionally conserving seeds and are dependent on crops plants and other life forms for their survival.

### **Conclusion: strengthening the position of developing countries**

The WTO-TRIPs agreement seeks to establish international minimum standards of IPR, to prevent national IP regulations to form a barrier to free trade. As mentioned earlier, for the purpose of including IPR in the WTO, industrialized nations rely on a number of economic arguments. In their view, developing countries benefit from higher standards of IP protection, as the latter stimulate economic development by facilitating international investment and technology transfer. Simultaneously, innovators are challenged to produce new knowledge and domestic innovation (that is in developed countries) is rewarded.

This paper showed that those arguments are far from obvious and it clearly defines the possible effects of trips on developing countries. Economic theories are inconclusive on the economic effects of higher standards of IPR on economies. Developing countries may even loose from tighter protection due to high transactional costs, more expensive and limited access to technologies. Moreover, developments in the area of agriculture and biotechnology such as mergers and acquisitions, patents on pharmaceuticals, replacement of local varieties with more uniform varieties are likely to put high pressure on the benefits.

It also seems that the western-made regulations do not match with the traditions and cultures of developing countries, where resources and informal knowledge always used to be a public good, freely exchanged among farmers; also the collective management of resources is not recognized in TRIPs. For that reason following conclusions could be drawn:

Implementation of TRIPs relies on arguments that are highly disputable.

Implementation costs of TRIPs in developing countries are very high compared to the benefits.

TRIPs disregards the moral values in developing countries by overlooking the informal sector; including traditional/indigenous knowledge and innovations, and by requiring private rights over collectively-held resources;

TRIPs is therefore unfair to and inadequate for developing nations;

It is urgent to reconsider the criteria under which intellectual property is being protected, especially in the case of living material in developing countries.

The legal frameworks that regulate IPR on biodiversity conservation under the *sui generis* option of article 27.3(b) should be utilized at the national level to protect the rights of local communities, biodiversity and traditional knowledge.

The efforts will only be effective if implementation of such laws is carried out. Provisions therefore need to be adequately drafted for this to happen.

It remains to be seen however if countries will indeed adopt legislation in such a way that the informal sector and subsistence farmers can be secured of basic sources of income. Practices show that due to bilateral and multilateral pressures, even the countries that had high potential to do so have been enacting disappointing laws in that perspective.

The developing countries should recognize that their survival depends on the conservation and the free availability of biodiversity among local communities, not on its privatization through patents or IPRs other than provided in the TRIPs agreement. Western forms of IPRs are totally unsuitable to the majority of the societies in the south.

Furthermore, in reformulating their IPRs systems in a manner compatible with their own conditions and needs, developing countries would benefit from consultation and co-operation among themselves to develop and subsequently implement model laws. Such co-operation could also extend to considering the development of regional approaches to implementing TRIPs legislation as well as to complementary legislation with respect to appropriate competition policies. They might also consider formulating common strategies to support the adaptation of industries adversely affected by the new IPRs regime.

It is important to appreciate that the rules regarding the protection of intellectual property not only influence matters related to cross-border trade but will also have a direct bearing on the framework affecting foreign direct investment and innovation. From the point of view of the pace and content



of development in the South, the TRIPs agreement leaves much to be desired. At a general level, one can question whether an agreement which strengthens IPRs in the manner prescribed by the TRIPs agreement is the most effective means of encouraging invention, technological innovation and development of a national production capacity in developing countries.

If developing countries are to avoid the profound North-South imbalance in negotiating positions manifested in the TRIPs negotiations during the Uruguay Round, and if they are to make an effective contribution to the reviews of the TRIPs agreement, they will need to put forward joint views on the revisions needed in TRIPs in order to promote their own socio-economic development interests. Similarly, developing countries would also benefit from establishing a common strategy and co-coordinating their action at the Council for TRIPs and other bodies of the WTO dealing with IPRs.

The developing countries will definitely fail if divided. It might be difficult to fight many of the unjust situations single-handedly, the developing countries first need to take capacity building programs of its own involving all relevant stakeholders in defining and protecting its sovereign resources and then go hand in hand with other Afro-Asian developing countries to ensure maximum interest within the TRIPs Agreement. Therefore the developing countries should stand together to create a common position for the review of the TRIPs agreement and to serve their common interest where lies their 'common future'.

## Notes and References

1. John E. Giust, "Non Compliance with TRIPs by Developed and Developing Countries: Is TRIPs Working", in *Indiana International and Comparative Law Review* (1997), USA.
2. Narayan. P, *Intellectual Property Law*, 2nd Ed (1997), Eastern Law House, Calcutta, p.1
3. Azam, M. Monirul, Indigenous Intellectual Property Rights, in: *Law Vision*, December 2001, Faculty of Law, University of Chittagong, Bangladesh, pp23.
4. *Supra* 3, pp.1-2.
5. The international exhaustion of rights means that the title-holder cannot prevent the importation of a product on the grounds that its importation has not been consented to by the title-holder or the title-holder's licensee. Thus the importation of such a protected product that has been put on the market elsewhere in a legitimate manner can be considered as legal. The application of this principle permits, for instance, the importing of a (legitimate) product from a country where it is sold cheaper than in the importing country, thereby helping to prevent market fragmentation and price discrimination by title-holders.
6. Compulsory licenses are authorizations granted by a government or a judge permitting the use of a piece of intellectual property without the consent of the title-holder.

7. Although Article 8 provides some flexibility for governments to enact legislation providing for the granting of compulsory licenses, the provisions of Article 31 ("Other Use Without Authorization of the Right Holder") specifies that such use can be resorted to only if certain preconditions are fulfilled. These requirements are such that they in effect reduce the scope for granting compulsory licenses.
8. The granting of exclusive rental rights means that the title-holder may prevent the commercial rental of relevant works even after the first sale of a copy thereof.
9. The Agreement reaffirms the *principle of 'national treatment' and non-discrimination*.
10. The Washington Treaty deals with the protection by IPRs of the layout design of integrated circuits. It was adopted in 1989 but has not entered into force, mainly because of the dissatisfaction of the two major world semiconductor producers, the United States and Japan.
11. Typical restrictive practices include, for instance, (a) the obligation to exclusively transfer to the licensor the improvements in the technology made by the licensee and (b) the obligation imposed on the licensee to buy spare parts or inputs exclusively from a particular supplier.
12. In this case, and under certain circumstances, "exclusive marketing rights" in other member countries are to be granted to the patent title-holder during the transitional period. National legislation may determine the scope and content of such rights. It would be logical to interpret the situation as meaning that the latter cannot be stronger than patent rights and that, in any case, they may be subject to compulsory licensing or similar provisions.
13. Hungry for Trade by John Madely, Zed Books, UK (2000), pp.96-97.
14. FAO, The State of the World's Plant Genetic Resources, Rome, 1996.
15. Shelton, 1993, in Crucible Group, the, People, plants and patents, the impact of intellectual property on trade, plant biodiversity and rural society, IDRC, Canada, 1994.
16. For details, See, Azam, M. Monirul, Indigenous Intellectual Property Rights, in: Law Vision, December 2001, Faculty of Law, University of Chittagong, Bangladesh, pp23.
17. Ibid.
18. Ibid.
19. Azam, M. Monirul, Indigenisation of Development, The Daily Star, December 1, 2002, Bangladesh, pp.5.
20. For details, see, Joint NGO Statement issued in Geneva on 19 June 2001/Patents and Medicines: The WTO Must Act Now!
21. Action Aid UK, 1999.
22. Action Aid Brazil, 1999.
23. Ibid.
24. Article 8 of the TRIPs agreement provides that Members may, in formulating or amending their laws and regulations, adopt measures necessary to protect public health and nutrition, and to promote the public interest in sectors of vital importance to their socio-economic and technological development, provided that *such measures are consistent with the provisions of this Agreement*. Therefore, as per italic portion of this article the amendment or formulation that the state parties would like to draw must be within the purview of the agreement, which is restrictive option rather than wide option.



25. Article 22 of the Agreement provide that Geographical indications are, for the purposes of this Agreement, indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.
26. Article 27(2) provides that Members may exclude from patentability inventions, the prevention within their territory of the commercial exploitation of which is necessary to protect *ordre public* or morality, including to protect human, animal or plant life or health or to avoid serious prejudice to the environment, provided that such exclusion is not made merely because the exploitation is prohibited by their law.
27. Under the Article 27(3) of the TRIPs Agreement Members may also exclude from patentability:
  - (a) diagnostic, therapeutic and surgical methods for the treatment of humans or animals;
  - (b) plants and animals other than micro-organisms, and essentially biological processes for the production of plants or animals other than non-biological and microbiological processes. However, Members shall provide for the protection of plant varieties either by patents or by an effective *sui generis* system or by any combination thereof. The provisions of this subparagraph shall be reviewed four years after the date of entry into force of the WTO Agreement.
28. Union for the Protection of New Varieties of Plant (UPOV) was first adopted on December 2, 1962 and it's latest amendment made in 1991. Most of the members of UPOV are from developed countries.
29. Under the Art.65 of the TRIPs agreement some transitional periods is allowed to the developing countries.
30. Food security Box may be argued as a means to keep some subject or product out of the TRIPs Agreement as developing countries would not ensure food security without the required protection and exemption.
31. Development' box may argued to get some extra benefits and exemption in case of severe underdeveloped country and community.
32. 'Mailbox' is a provision to ensue means of protection for pharmaceuticals and agricultural chemical products even when there is no patent protection as per article 70.8 of the TRIPs agreement. Under 'pipeline' provision, a product will be given exclusive marketing rights even where a product is the subject of a patent application which is laid down in art.70.9.
33. Under art. 71.1 The Council for TRIPs may also undertake reviews in the light of any relevant new developments, which might warrant modification or amendment of this Agreement. This opportunity could be used by the developing countries to meet their objectives and argue for amendments to suit their needs.
34. USA-India dispute on Article 70.9, see details report in the Appendix of ' Patents, Trade Marks , Copyright & Designs, by Dr. B. L. Wadehra, New Delhi, India, 1999.
35. FAO Conference, Rome, 1983 see at [www.fao.org](http://www.fao.org)
36. The ILO Convention 169 available at [www.ilo.org](http://www.ilo.org)
37. Article 1(2) of the International Covenant on Economic, Social and Cultural Rights, 1966
38. The UNESCO/WIPO Model Provisions, see at [ww.unesco.org](http://ww.unesco.org)

39. Article 27 of the Universal Declaration of Human Rights.
40. The UN Draft Declaration on the Rights of Indigenous Peoples, 1988, also see Nijbume Parabasi(Alien in Own Land), by Mebah Kamal, Eishani Chakrabarty and Jobaida Nasreen, Dhaka, July, 2001.
41. Article 8j of the Convention on Biological Diversity
42. Principle 15 of the Rio Declaration
43. Azam, M. Monirul, Effects of the TRIPs agreement in the Developing Countries, May 11, 2003, The Daily Star, Dhaka, P.5
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## RIGHT TO A FAIR TRIAL AND ROLE OF THE POLICE: THE CASE OF BANGLADESH

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**Abstract:** The right to a fair trial is a basic human right, which has been accorded to individuals by international human rights law as well as national law. This paper seeks to correlate internationally and nationally protected human rights, which are applicable in the criminal process. The right to a fair trial including the role of police in Bangladesh is set-forth in detail and a comparison with the provisions in the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights have been dealt with in this article. It will assist in evaluating whether a country's criminal justice system guarantees respect for international standards of fair trial.

### Introduction

The right to a fair trial<sup>1</sup> has been accorded to individuals by international human rights law for over 40 years. This right is available from the moment when he/she is arrested. This fundamental right is composed of both a general right and various sub-rights. All national and international instruments contain the notion of a fair trial, yet the term "fair trial" has not been defined precisely. It may contain the notion of equality before courts; designed to protect the individual from acts of authority which violate his/her basic human rights. In criminal proceedings the International Covenant on Civil and Political Rights<sup>2</sup> grants basic fair trial rights for individuals and democratic system of government, which is an independent judiciary, guarantees a fair trial to the accused.

The risk of human rights violations starts from the moment that officials raise suspicions against a person, through arrest, in pre-trial detention, during the trial, during all appeals, right through to the imposition of any punishment. International fair trial standards are designed to define and protect people's rights through all these stages.

This article is a guide to the international and national levels, which protect the right to a fair trial. It is intended for the use of trial observers and others assessing the fairness of an individual case. It will also assist in evaluating whether a country's criminal justice system guarantees respect for international standards of fair trial.

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### **Right to a Public and Speedy Trial**

The principle of openness of court proceedings is undoubtedly an essential component of the accused's right to defence. It acts as a check against judicial caprice or vagaries and serves as a powerful instrument for gaining confidence of the public in fairness, objectivity and impartiality of the administration of justice.

#### ***Hearing before a Tribunal***

The guarantee that the hearing is conducted by a competent, independent and impartial tribunal established by law, has been incorporated into the Article 14 of the ICCPR. For the independence of a judge it is required that he can take decision independently based on opinion about facts and legal grounds, without any commitment to the parties and the public authorities and without his decision admitting of being changed by any other but an organ that is independent in the same sense<sup>3</sup>.

For the impartiality it is required that a judge is not prejudiced with respect to the case before him, does not allow himself to be influenced by information from outside the court room, by rousing of public feelings, or by any pressure, but base his opinion on objective arguments on the basis of what has been put forward during the trial and proceedings. The provision that the judicial tribunal must be "established by law" implies the guarantee that the judicial organisation in a democratic society is not left to the discretion of the executive, but is regulated by law emanating from parliament<sup>4</sup>.

#### ***The Right to a Fair Hearing: 'Equality of Arms'***

The ICCPR demands fair hearing. Article 14 (1) declares that all persons shall be equal before the courts and tribunals. The right of all persons to be equal before the courts requires that the prosecution and defence be treated equally in a criminal trial. The court cannot act in a way, which gives the prosecution an advantage over the defence.

Article 14 (1) guarantees a right to a fair hearing by a tribunal. This principle is at the centre of the criminal procedural guarantee and with respect to criminal jurisdiction, is specified by a number of concrete rights in Articles 14 and 15. The right to a fair trial is broader than the sum of these individual guarantees. This follows from Article 14 (3), which expressly refers only to the accused's "minimum guarantees".

The principle of a fair trial including "equality of arms" equally applies to *suits at law*. In *Moraël v. France*, a case concerning proceedings under the French Bankruptcy Law, the Committee interpreted the concept of a fair hearing "as requiring a number of conditions, such as equality of arms, respect for the principle of adversary proceedings, preclusion of *ex officio reformatio in pejus*, and expeditious procedure"<sup>5</sup>. Whereas the Committee held the French proceedings to be in conformity with these conditions, it



found a violation of the justice be rendered without undue delay in *Munoz Hermoza v. Peru*<sup>6</sup>.

### ***The Right to be Present at Trial and Appeal***

The accused has the right to appear in person before the court. Article 14 (3) (d) provides the accused with a right to be tried in his/her presence. He/she may give up this right if it is done voluntarily and in writing, and measures must be taken to ensure that counsel provides effective representation in the interests of justice<sup>7</sup>. Where the accused person's personally informed of the date, time and place of the trial and fails to appear for trial without any reasonable excuse, he/she may be tried in his/her absence. However, if the accused subsequently appears and shows that either inadequate notice was given, or some other good and valid reason prevented him/her from appearing, then he/she is entitled to a new hearing.

A Uruguayan Professor, Hiber Conteris, charged with subverting the constitution, "criminal and political association", illegal entry, and kidnapping, was denied any opportunity to appear in person before a judge. He was convicted by a military tribunal *in absentia*. On appeal, he was not brought before members of the military tribunal reviewing his case but instead "a junior functionary confined himself to reading the sentence and asking for my signature"<sup>8</sup>. The Human Rights Committee (HRC) found that both trial and appeal denied his right to a public trial in violation of Article 14 (1) of the Covenant.

Another Uruguayan tried by Martial Law Court challenged the fairness of a military procedure which permitted the accused to submit only written statements taken by a court clerk and did not allow her to be brought before the judge in person. Although the HRC could not rule to appear attend person before the court<sup>9</sup>. The precept of a fair hearing entails that as a rule the accused be enabled to be in person at his/her trial<sup>10</sup>. This view finds already some support in the case law<sup>11</sup>. A number of complaints by or on behalf of accused persons about trial out of their presence, which were directed against Uruguay, were found by the HRC<sup>12</sup>.

### ***The Right to a Public Trial***

Article 14 (1) of the ICCPR provides that the public may be excluded from a trial only for reasons of morals, public order, or national security in a democratic society, or where required by the private lives of the parties. Where a party is entitled to a public trial, the court must make information about time and venue of the proceedings available to the public and must provide adequate facilities for the attendance of interested members of the public<sup>13</sup>. The public nature of trials obliges both the investigation agencies and the Prosecutor's Office strictly to observe legality in their activity preceding trial for whatever evidence they collect shall be subjected to

testing in open session. The same responsibility is bestowed upon the witnesses, victims, experts, interpreters and persons involved in a case.

The principle of openness of Court proceedings is undoubtedly an essential component of the accuser's right to defence. It acts as a check against judicial caprice or vagaries and serves as a powerful instrument for creating confidence of the public in fairness, objectivity and impartiality of the administration of justice. Our Code of Criminal Procedure, 1898 (Cr.P.C.) has not yet included this principle, though it is essential for impartiality and fair trial.

### ***The Right to a Public Judgement***

The right to a fair and public hearing before a tribunal in all suits at law and criminal matters pursuant to Article 14 (1) of the Covenant is the core of "due process of law". All the remaining provisions in Article 14 (2) to (7) and Article 15 are specific formulation of the "fair trial" in criminal cases. Article 14 (1) contains an institutional guarantee that obligates the state parties to take extensive, positive measures to ensure this guarantee. They must *set up* by law independent, impartial tribunals and provide them with the competence to hear and decide on criminal charges and on rights and obligations in suits at law. Such hearing must be *fair and public* and, in so far as a criminal charge is involved, comport with the other provisions in Articles 14 and 15. Finally all decisions in criminal matters must be pronounced publicly.

Article 14 (1) provides that any judgement rendered in a criminal case or in a suit at law shall be made public except in juvenile proceedings or matrimonial disputes about the guardianship of children. Article 14 (1) of the Covenant requires for criminal proceedings, that the hearing and the pronouncement of the judgement shall be public. The right to a public judgement requires that any judgement be in writing.

In that context it will of course have to take into consideration the protection of the private life of the accused, as one of the expressly mentioned grounds of restriction, and the risk that may be involved in publicity for the presumption of innocence protected in the second paragraph of the Article 14. The requirement of publicity applies in principle to all the successive phases of the proceedings<sup>14</sup>.

### ***Right to a Speedy Trial/ Judgement within a Reasonable Time***

The trial must be taken place "within a reasonable time" as prescribed by Article 14 of the Covenant that accused persons are entitled to a hearing "without undue delay". Article 9 (4) of the ICCPR provides that anyone deprived of his/her liberty by arrest or detention is entitled to have a court decide without undue delay on the lawfulness of the detention.

Article 14 (3) (c) guarantees an individual charged with a criminal offence the right to a trial without undue delay. The cases under this provision indicate that the right to trial without undue delay must be



understood as the right to a trial, which produces a final judgement and sentence without undue delay<sup>15</sup>. The HRC found that due to the absence of information about the outcome of the criminal proceedings or copies of the court decisions, it could not find that the individual had been tried without undue delay.

Article 9 (4) of the Covenant provides especially for persons detained on remand that they are entitled to trial within a reasonable time or to release. The beginning of the period to be considered at the moment of the arrest<sup>16</sup>.

An important component of a fair trial is the expeditious conduct of trial proceedings. The Constitutional protection accorded to the accused against an unlawful deprivation of his/her liberty would be meaningless if unnecessary delay is caused in his/her trial. The right to speedy trial is specifically enumerated as a fundamental right in the Constitution of Bangladesh. This right is implicitly inferred from other Articles of the Constitution. For example, Article 21 of the Indian Constitution has been interpreted by the Supreme Court of India in *Hussainara Khatoon*<sup>17</sup> case as conferring a right to speedy trial. In *Hussainara Khatoon's* case, the Supreme Court held that since a "reasonably expeditious trial is an integral and essential part of the fundamental right to life and liberty enshrined in Article 21" any accused who has been denied this right is violation of the Article 21 of the Indian Constitution. The court also held that the state is under a Constitutional mandate to take all the necessary measures for securing this right to the accused. For the protection to and enforce the right to speedy trial the Supreme Court emphatically stated that no state shall be permitted to deny this Constitutional right.

By issuing such directions to the state, the Supreme Court endorsed to the realisation of the norms enshrined in clause (3) of the Article 14 of the Covenant which lays down that any one who is charged with a criminal offence shall "be tried without undue delay" and in Article 16 of the Draft Principles on Equality in the Administration of justice which requires that everyone shall be guaranteed the right to a prompt and speedy trial.

"Justice delayed, justice denied" is a well-known maxim and viewed from the angle of the accused person. It recognises the right of the accused to a speedy trial so that there may be an early end to the proceedings against him/her resulting in acquittal or conviction.

## **The Guarantees of the Accused in Criminal Trials**

### ***The Presumption of Innocence***

This right is often embodied under a general right of access to the courts and tribunals. It is the focal point of any concept of due process and all the other sub-rights are built on the premise contained in it. That premise applies to both the judgement and treatment accorded the accused once he/she is placed in legal custody. It appears that as the guiding force in the

formulation of the legal procedures or minimum standards of justice associated with right to a fair trial, the right to a legal defence, the right to counsel, to a transcript, etc., all stem from this basic premise that the accused is innocent until his/her guilt can be ascertained in a court of law.

Article 14 (2) of the Covenant prescribes that everyone charged with a criminal offence must be presumed innocent until proved guilty according to law. This provision concerns a special aspect of the general concept of a fair trial in criminal cases. The most important aspect of the presumption of innocence concerns the foundation on which a conviction is based<sup>18</sup>. This aspect is very closely connected with the requirement of the court's impartiality. The court has to presume, without any prejudice, the innocence of the accused and may convict him only on the basis of evidence put presented during the trial<sup>19</sup>. These evidences have been presented by the prosecution and not by the court itself, while the accused must be given full opportunity to disprove these evidences<sup>20</sup>.

### ***The Right to adequate information on the Accusation***

This right is fundamental to the concept of a fair trial. Without it, an arbitrary arrest could not be questioned. It embodies not only the formal charges lodged against an accused, but extends to the notification of the reasons for the arrest. In the fair trial context, such right may also include prior written notification of the reasons for the arrest<sup>21</sup>, as well as information about the time of arrest and the arresting authority<sup>22</sup>, which must be recorded and made available to the accused and his/her counsel<sup>23</sup>. It is necessary to allow the defence adequate preparation to defend against these charges<sup>24</sup>.

### ***The Right to Appeal***

Everyone has the right to appeal. Article 14 (5) of the ICCPR provides that 'everyone convicted of a crime shall have the right to appeal against his/her conviction and sentence being reviewed by a higher tribunal according to law'. The right to an appeal may be considered as part of the due process right and an extension of the right to a fair trial. While it is found in ICCPR and American Convention of Human Rights (ACHR) that it is basic to a concept of justice. It consists of the right to have a judgement or conviction reviewed by a higher court or authority and the right to have the corresponding sentence or punishment examined as minimum guarantees found in the other rights. It includes therefore, the right to counsel, the right to an interpreter and their appointment if justice so requires, and because a transcript is also necessary in this context, it provides not only access to this document, but a free copy as well as in order that the appellant may prepare the appeal. The HRC held that a charge which involve a one-year sentence is serious one to come within Article 14 (5) and require



review by a higher tribunal regardless of whether domestic law viewed it as a "criminal charge"<sup>25</sup>.

### ***Right to Remedies and Compensation***

Article 14 (6) of the ICCPR provides that a person is entitled to compensate for punishment after a conviction, which is reversed or pardoned on the basis of new or newly discovered facts, which conclusively show there has been a miscarriage of justice. Article 2 (3) (a) provides that any person whose rights under the Covenant have been violated shall have right to seek an effective remedy.

### ***The Presumption of Release pending Trial***

Article 9 (3) of the Covenant provides those detained or arrested on a criminal charge have the right to trial within a reasonable time or release. Detention of a person in custody must not only be lawful but reasonable and necessary in the circumstances<sup>26</sup>. The HRC examined the court-ordered detention of a lawyer who refused to co-operate in an investigation of his clients on the basis of lawyer-client privilege. The Netherlands argued that his nine-week detention was lawful and therefore did not violate Article 9. The HRC found that detention "must be interpreted more broadly to include elements of inappropriateness, in justice and lack of predictability"<sup>27</sup>. The lawyer was being held in custody to ensure his accessibility for authorities carrying out a criminal investigation. The HRC found that the lawyer was not obliged to provide such co-operation; hence, the detention was neither necessary nor reasonable and violated Article 9 (4).

The HRC held that suspicion of murder alone did not demonstrate a sufficient interest to justify pre-trial detention. An individual arrested in Ecuador for murder was detained for five years before indictment<sup>28</sup>. The HRC recognised that Article 9 (3) allows legal authorities to hold a person in custody if it is necessary to assure that the accused appears at trial. The Ecuadorian authorities expressed no concerns about the explanation for detaining the suspect without bail; the HRC found that the suspect must be granted a prompt trial or released. An incomplete criminal investigation does not justify keeping an individual in detention. Ecuadorian authorities argued that the detention was not prolonged because the pre-trial investigation was completed just prior to indictment<sup>29</sup>. The HRC held that the entire trial must be complete to satisfy the prompt trial requirement. A complete trial procedure in a final judgement the detainee is entitled to release.

### **The Role of the Police in Bangladesh**

Crime is one of the most serious threats to the society in many countries including Bangladesh, which has been adversely affecting not only life and property of the people but also routine of economic activities and thereby undermining the economic, social and political stability. In fact, crime is

opposite to peace and tranquility. Development cannot take place in a state where crime has become rampant. So peace and development are interdependent. It is the prime duty of the Government to protect the life and property of the citizens and in this respect police plays a vital role as agent of the government by controlling crime. Police has to control the criminals. Public depends primarily upon the police for personal safety as well as the safety of their property. Actually, policemen's sworn duty is to enforce law and keeping their position neutral, which is, of course, rare phenomenon in developing societies. Because sometimes the police personals are used as tools against the opposition political parties leaders and activists. However, prevention and detection of crime and maintenance of public order and many other extraneous duties are to be discharged by the policemen<sup>30</sup>. There is no ambiguity that the police play a vital role in the protection of human rights along with other rights. Police in many cases is to uphold the legislated laws designed to protect the rights of the people.

### **Police and their activities**

There is no denial the fact that the police are the main law-enforcing agents in Bangladesh. The police Act 1861 empowers the police to act for prevention and protection of human and fundamental rights. But unfortunately policemen are involved in to violation of fundamental rights like death under police custody, rape by police, physical and mental torture, bribe taking, protection of terrorists and murderers etc. Torture under police custody during remand<sup>31</sup> has shaken the faith of the conscious citizens about the mischievous activities of police in Bangladesh. Under the situation, the role of police must be looked to (i) assess the existing situation considering real strengths and other limitations, if any, and (ii) to formulate a nation<sup>32</sup> agenda for action to make an effective police system truly worthy of the 21<sup>st</sup> century<sup>33</sup>. Though police is meant for protecting the life, property and honour of the people but it is a reality that most of the police personnel themselves are involved with the commitment of crime directly and indirectly. In a report it has been seen that 40% crime in Dhaka City<sup>34</sup> has been committed directly or indirectly by the police. The serious natures of crime not only in Dhaka but also in other parts of our country are committed either by policemen themselves or by the terrorists with their collaboration. There are lot of examples where police personnel are involved in misdoing.

Constitution is the supreme law of the land, which provides safeguards against torture, illegal detention beyond a definite period. Article 33 (1) of the Bangladesh Constitution provides "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" Further, Article 33 (2) provides "Every person who is arrested and detained in custody shall be produced before the nearest magistrate within a period of twenty-four hours of such arrest, excluding the time necessary for the journey from the place of arrest



to the court of the magistrate, and no such person shall be detained in custody beyond the said period without the authority of a magistrate." Against custodian torture, the Constitution provides under Article 35 (5), "No person shall be subjected to torture or to cruel, inhuman, or degrading punishment or treatment". So the constitutional provision is very clear regarding torture, illegal detention. But in spite of these beyond the period of 24 (twenty-four) hours and custodian torture are very much regular affairs in Bangladesh. Even a serious criminal cannot be tortured by police who is arrested under Section 54 of the Cr.P.C on suspicion. Both police force and intelligence branch may be cited to authenticate the above statement. The following two examples are presented to see the brutality of law enforcing agencies in Bangladesh.

According to the report of different dailies, on 15<sup>th</sup> November 1999 Shamsuddin (Jewel) died at South Komlapur near slum area of Dhaka. He was chased by police and he fell in a deep drain. He cried for help to save his life but they did not give help to rescue him. Even they prevented other persons who came for his rescue. Bangladesh Rehabilitation Centre for Trauma victims (BRCT) and Bangladesh Human Rights Bureau (BHRB) held a joint press conference at National Press Club on 24 November. 1999 after their independent investigations which was published in all most all dailies. Both the organisations made spot investigation from 18 to 21 November and prepared a report and gave it to the journalists for publication. According to their statement, there was no definite case against Shamsuddin (Jewel). As per evidence from the eyewitness it was revealed that he fell into the deep drain as a result of police chasing. Police did not rescue him standing near the drain though he cried for help and ultimately Jewel died. Local witnesses identified the responsible police in the Motijheel Police Station through Identification parade. So the concerned 4 police were responsible for the death of Shamsuddin (Jewel). Accordingly, a case was filed in the CMM Court against those policemen who are responsible for his death. This incident exposes the ugly role of the police in Bangladesh<sup>35</sup>. Another incident of police brutality is found in the killing of Shamim Reza (Rubel). On 23 July 1998, police of City Detective Branch of Dhaka arrested Shamim Reza (Rubel), a brilliant student of BBA, Independent University, near his house at about 4.30 P.M. He was tortured barbarously in the custody of Detective Branch (DB). As a result of physical and mental torture Rubel falsely said that he would give them fire arms if he was allowed to go to his residence. After reaching near at his house he denied his previous statement. Police then beat and kicked him mercilessly and threw him on electrical light post. Members of his family tried to save him for the claws of police, but failed. Rubel was taken to the custody of police again and he was succumbed to death for their cruel and inhuman torture. The police claimed two hundred thousand taka as bribe on condition of Rubel's release. But their demand

was not satisfied. One-day hartal was observed by the opposition political parties against the killing of Rubel<sup>36</sup>.

In most of the cases, policemen misuse Sections 54, 167 and 344 of Cr. P. C. According to Section 54, "any police-officer may, without an order from a Magistrate and without a warrant, arrest any person who has been concerned in any cognisable offence or against whom a reasonable complaint has been made or credible information has been received or a reasonable suspicion exists of his having been so concerned." Under this Section the police officer must consider for him self-definite facts and materials about a person whom he is going to arrest. Section 167 of Cr. P. C. which deal with remand for confessional statement give opportunity to police officers who in the name of investigation and interrogation sometimes torture the accused either to have forcibly false statement or to take bribe. Though the concerned sections permit remand by a Court "for a term not exceeding 15 days in the whole" it has been found to grant remand to an accused up to 31 days, though in different terms.

Following shows the crimes of different nature during January-December 1999 and most of these crimes are committed against human rights<sup>37</sup>.

Month	Murder	Rape	Acid burnt	Kidnapping/ Abduction
January	193	52	21	45
February	190	48	5	62
March	206	62	11	32
April	227	98	14	34
May	202	62	7	41
June	155	67	26	37
July	199	81	10	47
August	192	60	21	25
September	198	62	20	61
October	262	74	11	50
November	223	38	13	29
December	147	96	28	38
Total	2394	800	187	501

Source: *The Daily Inqilab*, 11 December 1999; Bangladesh Human Rights Bureau (BHRB), January 2000

Statistics of death, rape and torture under police custody and bullet injury by the member of other law-enforcing agency (B.D.R, ANSAR) from 1994 to 1999 are as follows:



Year	Death under police custody	Torture by BDR/ANSA R/ Police	Killed by Firing	Death in Jail custody	Rape by Police/ ANSAR/ B.D.R	Bullet injury by Police, B.D.R, ANSAR
1994	12	3014	20	31	-	67
1995	12	2810	34	10	40	38
1996	19	3617	43	29	11	60
1997	04	3000	28	23	16	174
1998	16	555	26	52	21	74
1999	12	-	-	30	-	-

Source: Human Rights Fact Finder & The Annual Report of Bangladesh Rehabilitation of Trauma victims (BRCT) 1998

### ***Abuse of Power and Remedial Measures***

In Bangladesh police misuse powers mostly under legal coverage. Under Sections 54, 167 and 344 of Cr. P. C. and under Section 3 of the Special Powers Act 1974, police can arrest and torture sometimes leading to death and can also recommend to the magistrate for granting remand and detention. Much has been said and written against the black aspects of these sections and laws, but with no effect. Besides, the highhandedness and immoral character of some police personnel are also responsible for violation of human rights. This section gives wide range of powers to the police officer to arrest a person without warrant from the magistrate. Usually, as we see, police arrest persons under first and second clause stated above. Under the coverage of this section police will continue to arrest, beat and torture the arrested suspected ones. This is the tragedy of the role of police. Besides, under sections 167 and 344 of Cr. P. C. police torture physically and mentally the remanded persons. This is an ordinary affair in Bangladesh that people take it as a general affair. Police applies illegal efforts to have confessional statements from the accused while he is in the remand. But the confession made by the arrested during remand does not carry any legal value or otherwise it is not accepted if it is not made in presence of the Magistrates. Sections 25 and 26 of the Evidence Act 1872 support the above view. Section 25 states "No confession made to a police officer shall be proved as against a person accused of any offence." Section 26 further states, "No confession made by any person whilst he is in the custody of a police officer, unless it be made in the immediate presence of a Magistrate, shall be proved as against such person". So the question is raised that inspite of these legal bars, why do the police torture the suspects

inhumanly? Shamim Reza (Rubel), Shamsuddin (Jewel) and others pathetic kill by police naturally raises question, the answer of which is not legally available<sup>38</sup>.

The immoral character, high handedness, rape, bribe taking are so common with the police that each and every citizen of the country holds a very bad opinion against the police. This is due to the fact that comparatively immoral characterized people are recruited in the police force. Due to brutal behaviour, the relation between the police and the people is constantly deteriorating at an alarming rate. This has been stated earlier too. Under the circumstances, in order to check abuse and misuse of power by the police the following steps should be taken by the government on urgent basis:

- (1) The police should be held responsible to the civil administration at each and every administrative tier of the country changing the present warrant of precedence and administrative set-up.
- (2) The disputed Section 54 of the Cr. P. C. should be immediately amended by curtailing the arbitrary and whimsical power of arrest.
- (3) Sections 167 and 344 of the Cr. P. C. are to be reviewed for modification, coping with Constitutional provisions so that torture in the name of remand shall be up-rooted.
- (4) A separate department should be created within the existing police exclusively for investigation of case or complaints.
- (5) The Oppressive Law of the Special Powers Act 1974 must be repealed immediately in order to reduce abuse of power both by police officer and ADM/DM.
- (6) With a view to stopping further gross miscarriage of justice all alleged homicide, rape and torture committed by police should be investigated and the responsible police shall be tried for giving exemplary punishment especially in the case of child rape and the victims or to their heirs shall be given adequate compensation.
- (7) Police are not to be used to serve the purpose of any political party, which has been clearly stated in the *Police Regulation*. Section 1 of Police Code of Conduct 1860, states that "the police shall discharge their duties neutrally". So the politicisation of the police force must be stepped without any further delay.
- (8) The proposed National Human Rights Commission should be given power to monitor and supervise the activities of the police and to take stern disciplinary action in case of violation of any human rights or misuse of power.

If these measures are taken sincerely and honestly, violations of human rights by police will be reduced remarkably. Both police and people are friends and not rivals. Law and order and economic stability must be restored with mutual co-operation. Police must think and realize that they



are at the service of the nation and not masters. They must take necessary measures to curb the miscreants, *mustans*, *chandabad* (extortionist) which will ensure peaceful existence of both police and the people.

### **Conclusion**

The foregoing discussions reveal that, it would be desirable to consider ways through which the right to a fair trial might be strengthened, for example, by making the right to a fair trial or certain aspects of the right non-derogable. In this regard, the study stresses on to consider the elaboration of a Third Optional Protocol to the ICCPR which would add Article 14 (the right to a fair trial provision) to the list of provisions which cannot be derogated from Article 4 of the Covenant. It is desirable to consider other means for strengthening the implementation of the right to a fair trial.

The Government of Bangladesh must pay attention to protect the rights of the accused, convicts and members of the republic by taking necessary security measures against the violators, specially against law enforcing agencies by establishing more courts and appointing more judges for speedy and impartial trial. Importantly, Sections 54, 167 and 344 of the Cr. P. C. must be amended in order to stop torture committed by police in the name of "remand". Police very often misuse the application of Section 54 and maliciously arrest innocent persons in order to claim bribes from them. In the circumstances, effective and immediate actions are to be taken against these police officers, so that they and others cannot repeat such brutal activities in future. The study reveals that police is directly or indirectly responsible for committing major offences in the country. It is also revealed that the misapplication of the Special Powers Act 1974 is another cause for repression and illegal detention.

## Notes and References

- <sup>1</sup> *Universal Declaration of Human Rights, 1948*, Articles 10 and 11; *International Covenant on Civil and Political Rights, 1966*, Article 14
- <sup>2</sup> *Hereinafter referred to as ICCPR or the Covenant.* The Covenant is the component of the International Bill of Human Rights, which were adopted unanimously by 106 states on December 1966 and entered into force in 1976. In 2000 Bangladesh acceded to the ICCPR considered by the human rights experts as the most influential human rights mechanism of the United Nations. Through this ratification Bangladesh has undertaken to respect and to ensure all individuals within its territory and subject to its jurisdiction the rights recognised in the Covenant without discrimination of any kind. The 'right to a fair trial' in criminal cases or suits at law ensured by Article 14 of the Covenant. Bangladesh as a state party it requires to establish a sufficient number of courts and tribunals and to regulate their procedure in a manner that at least fulfils the minimum guarantees set forth therein.
- <sup>3</sup> Report of 12 October 1978 in the *Zand Case*, D & R 15 (1979), p. 70
- <sup>4</sup> See General Assembly, Official Records, Fourteenth session, Annex (XIV), 34: Report of the Third Committee, A/4299 (3 December 1959), p. 6
- <sup>5</sup> Communication No. 207/1986, para. 9.3; See also No. 289/1988, para. 6.6
- <sup>6</sup> Communication No. 203/1986, para. 11.3, 12
- <sup>7</sup> English and Stepleton, *Human Rights Handbook*, (Sweets & Maxwell, London:1997), p. 48
- <sup>8</sup> *Conteris v. Uruguay*, Forty-first session. (A/41/40), annex VIII.C., para. 1.5
- <sup>9</sup> The Committee requested that the state provide information on whether it allowed the accused to appear in person. When it received the state's routine assurance, the facts were placed in dispute. The Committee will not decide on an issue when the facts are disputed.
- <sup>10</sup> Francis, G. Jacobs., *The European Convention on Human Rights*, (Oxford, 1975), p. 102
- <sup>11</sup> Appl. No. 434/58, *X v. Sweden*, Yearbook II (1958-1959), p. 354; Appl. No. 8289/78, *X v. Austria*, D & R 18 (1980), p. 160
- <sup>12</sup> Communication No. R. 7/22, Sala de touron, A/36/40, p. 120; Communication R. 17/70, Cubas, A/37/40, p. 174
- <sup>13</sup> *Van Meurs v. the Netherlands*, Forty-fifth Session (A/45/40), Vol. II. Annex IX.F
- <sup>14</sup> Report of 14 December 1979 in the case of Le Compte, van Leuven and De Meyere, Paras. 90-91
- <sup>15</sup> See, *Caldas v. Uruguay*, Report of the Human Rights Committee, Official Records of the General Assembly, *Forty-fifth Session (A/45/40)*, Vol. II, Annex IX. K.
- <sup>16</sup> See, P. van Dijk and G.J.H van Hoof, *Theory and Practice of the European Convention*, (Kluwer Deventer Publishers, 1983)
- <sup>17</sup> *Hussainara Khatoon v. State of Bihar*, A.I.R. 1979, S.C. 1360; A.I.R. 1979, S.C. 1369



- 18 See *CCRP/C/SR. 56*, p. 26 and *CCRP/C/SR. 386*, p. 5
- 19 Earlier statements of the accused or of witnesses may also be used as elements of the evidence, provided that the accused is given ample opportunity, during the hearing, to revoke or refute them: see Appeal. No. 8414/78, *X v. FRG*, D & R 17 (1980), p. 231 and Appeal. No. 8417/78, *X v. Belgium*, D & R 16 (1979), p. 200
- 20 *Australia v. Italy*, Yearbook VI (1963), p. 740
- 21 Draft Principles on Freedom from Arbitrary Arrest and Detention (DP), p. 10
- 22 *Ibid.*, p. 11
- 23 *Ibid.*
- 24 Sanra Hertzberg and Carmela Zammuto, *The Protection of Human Rights in the Criminal Process under International Instruments and National Constitutions*, (Sicily: 1981), p. 20
- 25 *Montejo v. Colombia*, Report, Thirty-seventh Session (A/37/40), annex XV
- 26 *Van Alphen v. the Netherlands*, Forty-fifth Session (A/45/40), Vol.II. annex. IX.M.
- 27 *Ibid.*
- 28 *Bolanos v. Ecuador*, Forty-fourth session (A/44/40), annex XIX
- 29 *Ibid.*
- 30 Enamul Haque, 'Criminal Justice Administration Prerequisite, for Security and Freedom', in *Human Rights Law, 1997*, Dhaka.
- 31 The word 'remand' is not defined in the codified law. The dictionary meaning of remand is 'send back an accused person from a court into the custody to get further evidence'. The term 'remand' does not occur in Section 167 of the Code of Criminal Procedure (Cr.P.C). But in our country the police generally utilize this Section for the purpose of taking an accused person on remand. The provision of Section 167 of the Code of Criminal Procedure, 1898 is as follows: (1) "Whenever any person is arrested and detained in custody, and it appears that the investigation cannot be completed within the period of twenty four hours fixed by section 61 and there are grounds for believing that the accusation or information is well-founded, the Officer in charge of the police-station or the police officer making the investigation if he is not below the rank of sub-inspector shall forthwith transmit to the nearest Magistrate a copy of the entries in the diary herein after prescribed relating to the case, and shall at the same time forward the accused to such Magistrate.
- (2) The Magistrate to whom an accused person is forwarded under this section may, whether he has or has not jurisdiction to try the case, from time to time authorize the detention of the accused in such custody as such Magistrate thinks fit, for a term not exceeding fifteen days in the whole, if he has no jurisdiction to try the case or send it for trial and considers further detention unnecessary, he may order the accused to be forwarded to Magistrate having such jurisdiction. Provided that no Magistrate of the third class and no Magistrate of the second class not especially empowered in this behalf by the Government shall authorize detention in the custody of the police.

Under above Section of Cr.P.C. an accused person who is taken into custody by the police for must be produced within 24 hours before a Magistrate. If the investigation is not completed within that time the Magistrate may from time to time authorize the detention of the accused in such custody as he thinks fit for a term not exceeding 15 days on the whole. But such custody does not really mean taking an accused person to any place of their (police) choice and go on torturing the person for extracting confession or for any other purpose.

The provision of remand is antagonistic to the fundamental rights as guaranteed by the provisions of Article 35 of the Constitution of Bangladesh. The procedure of remand through which Magistrates allow the police to take an accused person on remand is an infringement of the Constitution.

<sup>32</sup> *The Daily Star*, 23<sup>rd</sup> August 1998, Dhaka. [A. H. Monjurul Kabir, 'Policing the Police',]

<sup>33</sup> *Ibid.*

<sup>34</sup> *The Daily Ittefaq*, 17<sup>th</sup> April 1999, (Dhaka).

<sup>35</sup> *The Daily Inqilab*, 25<sup>th</sup> November 1999 (Dhaka).

<sup>36</sup> *Annual Report 1998 of the BRCT*, Dhaka, p. 8

<sup>37</sup> Muhammad Faiz-ud-Din, 'The Role of Police in the Administration of Criminal Justice: Bangladesh

Perspective', *Rajshahi University Studies Part-A*, Vol. 28, 2000, p. 33

<sup>38</sup> See, *supra note*, 32 above



## NOTES AND COMMENTS ON MICROCREDIT AND POVERTY ALLEVIATION ! THE NEED FOR QUALITY FINANCIAL SERVICES

Tazul Islam

### Introduction

Microcredit is the extension of small amount of collateral-free institutional loans to jointly liable poor group members<sup>1</sup> for their self-employment and income generation. Microcredit programmes are credited with an amazing array of beneficial impacts. Microcredit helps the poor households to improve their lives through their own labour. Access to microcredit is credited with reaching the poorest, and increasing their income to have a sustainable impact in alleviating rural poverty, and with providing a cost-effective, sustainable development model that is applicable not just in developing countries, but also among poorer communities in the developed world.

Neither the growth nor the reception of the microcredit movement has, however, been without controversy. As with most other development efforts, particularly those that compete for scarce donor funds, there are disagreements over the appropriate role and vision of microcredit. Studies on the *downside* of microfinance<sup>2</sup> (e.g., Hulme 2000; Rahman 1999) reveal the way in which some microfinance programmes can damage the prospects of the poor. It is not a polemic that argues that microfinance has failed, there is much evidence that it can help many poor people. Rather, such studies are a reminder that microfinance institutions (MFIs) need to be monitored carefully not only for their positive impacts, but also to avoid their negative effects. With the growing interest among donors, governments and practitioners in the merits of microfinance as a tool for reducing poverty and a cost-effective instrument for achieving sustainability of the lending institutions, it is time to pause and examine these claims and concerns, and to try to separate reality from the publicity surrounding the microfinance movement.

Despite the success of some of the MFIs including the Grameen Bank (GB), the cradle of microcredit movement, in delivering loans to poor women and bringing socioeconomic changes to some of these borrowers, the research findings of this paper suggest that there are still many borrowers who cannot improve their poverty situation, but instead become more

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vulnerable and trapped in the rigid, supply-driven, credit-alone system. The findings suggest that the "monotheistic microcredit formula" promoted as a panacea (Wright 2000; Wood and Sharif eds. 1997) is not only inadequate to meet the needs of the poorest, but is also monopolising resources that could, and perhaps should be used for other more pressing or important interventions.

In the first section, the paper taking the GB as a case study, seeks to examine the limitations of microcredit in alleviating poverty. The second section outlines the potential of quality financial services in significantly alleviating poverty, and finally the third section concludes with a personal view on how different MFIs could be made more poverty alleviating.

### **Limitations of microcredit**

Yearlong field research on the GB demonstrates that the credit-alone policy of the GB does not, and perhaps cannot have any meaningful and significant impact on poverty alleviation.

The findings of the research reflect a comparatively better situation of the GB members than their counterpart non-members in the project and control villages. However, a closer look at the self-perception of the GB members (Figure 1) depicts a rather trivial picture of the role of microcredit in poverty alleviation. The GB members on the average appeared to be benefiting notably from credit. The members were experiencing increases in income, equity capital, employment, productivity, and access to institutional credits. Due to differences amongst the poor in terms of economic and social endowments, however, all members of the poor did not experience identical improvements in terms of alleviation of poverty.

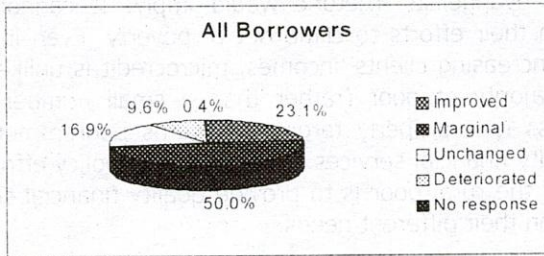
The figure depicts that 23 per cent of all members had reasonably improved their positions, while 50 per cent members had experienced a marginal improvement only. Nearly 18 per cent members experienced *no change*, and 9 per cent of members experienced further deterioration in their positions. The figure thus demonstrates that nearly 77 per cent of the members did not experience any significant improvement in their positions as a result of their membership with the GB. Contrary to general findings of many empirical studies, the present findings are not the first to depict such a comparatively gloomy picture.

This trend in poverty alleviation is comparable with the studies that indicate that a decade of one's membership with the GB has done little more than keep one's head above water<sup>3</sup>. Poverty Alleviation by microcredit is like, to quote Jackson and Islam (2001), "smooth talking on a rough road." In Bangladesh there is significant differentiation within the ranks of the poor. Roughly about half of the poor constitute what is referred to as the *extreme poor*, who are forced to subsist on a daily calorie intake of less than 1740 and a per capita income that is less than three-fifths than that of the poverty line (H. Z. Rahman 1995). While the poverty situation seems to have



improved a little over the last seven years, a little less than a quarter of the rural population still seems to be within the ranks of the *extreme poor*<sup>4</sup>. The GB has failed miserably to target this group effectively, resulting in most of them remaining outside the microcredit net.

**Figure 1- Borrowers' perception of change in their economic condition after joining GB, 1998**



It is clear that most of the GB members, especially the *extreme poor*, could not be free from poverty. In some instances, rather than improving their situations, they had experienced a further deterioration. These members, experiencing further deterioration, probably had some inherent weaknesses beside the low level of productivity and income in the GB-financed microenterprises. These frustrated, hesitant members were either trapped in previous debts with the informal lenders and as such could not use the loan money for productive purposes, or had faced any natural calamity or illness or some unexpected incidents like the theft or death of the livestock, purchased with the loan money. These factors, in single, or in combination, have resulted in further deterioration of their position. This tendency, drawn essentially, but not conclusively, from the empirical findings, suggests important conclusion about the limitations of credit as a poverty alleviation strategy in Bangladesh.

Having said all this, and despite this study remaining seriously sceptical about the limitations of credit-initiated microenterprises in alleviating poverty of the rural poor, for many rural, poor women microenterprises are the only available means of livelihood. Despite low-productivity, the rural poor in Bangladesh carry on these activities, often sponsored by the GB and other NGOs. They do so because these activities help raise household incomes through employment of female labour, and male labour during off-peak agricultural seasons, which have no significant opportunity cost. Given their low productivity one should also consider what alternative avenues these poor women have had before joining the microenterprise programmes. The high and increasing levels of women's participation in the microenterprise sector, this study understands, may in many cases be a desperate attempt by women with few alternatives, rather than a conscious choice. A few

better-off women were very interested in the possibility of microentrepreneurship schemes as an improvement on the conventional income generation programmes on offer to them. However, the majority of poor women, though not interested in microenterprise schemes, were forced to undertake such venture in their dire necessities for survival.

What is, however, clear here is that microcredit for the poor is unlikely to be an win-all solution to a wide range of development problems, as much of the microcredit evangelists' rhetoric would imply. It cannot support the extreme poor in their efforts to climb out of poverty. Even in terms of the narrow aim of increasing clients' incomes, microcredit is unlikely to succeed for the vast majority of poor (rather than a small number of better-off members) unless it is properly targeted towards poorer members with a package of quality financial services. The success of policy efforts to address the problems of the rural poor is to provide quality financial services taking into consideration their different needs.

### **Quality Financial Services**

With the spread of microfinance movement, the policymakers came to see the poor (largely female) microentrepreneurs with no collateral to pledge but with a business world to conquer with the help of microcredit. Now a new understanding is emerging: the poor are diverse group of vulnerable households with complex livelihoods requiring a full set of microfinancial services including voluntary savings (Matin et al., 2001: 2).

As the MFIs move into the microfinancial service era, agricultural credit and microenterprise credit are certain to lose their old monopoly, and simple uniform products like a hybrid wheat package or the Grameen's one-year business loan are about to be dethroned (Rutherford 2000: 1). There is ample evidence for the willingness and ability of the poor to save both in Bangladesh and elsewhere. But the domination of the GB credit-led systems resulted in inappropriate systems, designed more for the benefit of the implementing agencies than for its clients (Wright 2000: xvi).

Increasing numbers of practitioners (e.g., Robinson 2001, Matin et al., 2001, Wright 2000, and Rutherford 2000) are stressing the importance of offering a range of quality, flexible financial services including voluntary savings in response to the wide variety of needs of the poor. But savings services for the poor remain forgotten in rural areas of most developing countries, including Bangladesh. In 1984, savings were called, "the forgotten half of rural finance" (Vogel 1984: 248). For more than 25 years later, savings services still remain forgotten.

From the point of view of the lender, savings deposits mobilisation, makes an MFI viable. Experience across different MFIs (for example, Buro-Tangail, a private MFI in Bangladesh, and Bank Rakayat, a government-owned bank in Indonesia, and Bank Shinta Daya, a private MFI also in Indonesia) shows that the viability of institutions and outreach to the poor



can be achieved by emphasising savings rather than credit. Savings-driven MFIs have generally achieved both these apparently contradictory goals of outreach and sustainability. Institutions that resist innovation in different savings products and continue to stick to their preferential compulsory savings and rigid floor size loans, find their growth impeded (Seibel and Parhusip 1998: 85-6). Hulme and Mosley (1996: 147) observe that a savings facility is an extremely valuable service in its own right, which often attracts many more clients than a credit programme, particularly from amongst the poorest. The mobilisation of voluntary savings, if properly and rigorously implemented, helps reduce the dependence for concessionary donor funds, ultimately paving the way for the lender to achieve financial sustainability, a cherished goal desired by many, but achieved by very few, if any (Robinson 1997: 2).

Over the recent years, many MFIs in Bangladesh have exploited this capacity to save to the benefit of millions of rural people, and at the same time brought profits to the MFIs. Splendid though this development has been, it could be more splendid. For under the systems adopted by the MFIs, which are fundamentally lenders rather than financial intermediaries, the poor can exploit their saving capacity only by going into debt. A shift in approach by adopting different types of saving mechanisms would allow the MFIs to offer a much better service to a broader range of customers including the very poor, and bringing about surprising benefits to the institutions as well (Rutherford 1998: 1).

The requirement of compulsory savings and the mobilisation of voluntary savings reflect two very different philosophies. The former assumes that the poor must be taught to save, and that they need to learn financial discipline. The latter assumes that the poor already save, and that what is required are institutions and services appropriate to their needs.

What is clear about the importance of flexible, quality financial services is that such services will respond to the different needs of the rural poor women. It seems important to have a more disaggregated understanding of the poor, and to recognise the diversity of their capacities/efficiencies, social position, family circumstances, and livelihood options. The poor are not a homogeneous, undifferentiated mass, to be offered an undifferentiated, single, universal package of financial services.

This paper consistently recognises the importance of flexible financial services including voluntary, open access savings, as opposed to the delivery of inflexible credit. Regardless of how tiny it may, mobilisation of savings assures that the saver develops a capital base which is no trivial matter for families living at/ under subsistence levels, and who are vulnerable to the vagaries of disease and other emergencies. The discipline of savings, and the decision-making process on how to use savings, all constitute part of a capacity-building process that helps each saver enhance his/ her efficiency and thereby productivity.

Voluntary savings mobilisation makes the MFIs sustainable. Above all, there is also an obvious gain for Bangladesh as a whole. As a country with one of the lowest savings rates in the world, Bangladesh would do well to exploit the recently discovered savings capacity of the poor.

### **Conclusions and Policy Implications**

The paper has critically examined the credit-initiated microenterprise development of the GB as a strategy to promote poverty alleviation. Although the performance of the GB in ensuring access of poor women to institutional sources of finance and alleviating poverty of some of them has been satisfactory, the paper has argued that it could have been even more impressive if the GB provided not only credit but also savings and other client-responsive, quality financial services.

The critical analysis of this paper offers a challenge to the GB to reflect on its current policies, to think laterally and stop recycling myths and to focus on the task of providing client-responsive, flexible, and quality financial services that will result in achieving the seemingly contradictory goals of poverty alleviation of its poor-women clients and financial sustainability of its own. It is clearly time to embrace pragmatism over principle and practice over theory. It is time to wake from the dream that microcredit is a magic sky-hook that reaches down to pluck the poor out of poverty.

### **End notes**

- <sup>1</sup> Members, borrowers, and clients have been used interchangeably throughout the paper.
- <sup>2</sup> Microcredit means extension of small loans and microfinance means provision of both loans and savings services. Despite their apparent different meanings, most of the microfinance literature uses the terms interchangeably as does this paper. Unless otherwise indicated, microfinance institutions including the abbreviated form MFIs have been used as a collective term for Grameen Bank and similar other organisations and non-governmental organisations that provide financial services to the poor.
- <sup>3</sup> For details see Rehman Sobhan, "The Political Economy of Microcredit," 1997, pp. 132-4.
- <sup>4</sup> See S. M. Hashemi, "Those Left Behind," 1997, p. 253.



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