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E-mail: [ibsrui@yahoo.com](mailto:ibsrui@yahoo.com)

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Dr. Abu Taher Babu

**Editorial Assistant**

S. M. Golam Nabi  
Assistant Registrar  
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All communications should be addressed to

The Executive Editor  
*Journal of the Institute of Bangladesh Studies*  
Institute of Bangladesh Studies  
University of Rajshahi  
Rajshahi 6205, Bangladesh  
Telephone: 88-0721-750985  
E-mail : ibsru@yahoo.com



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## **ELECTRONIC MEANS IN TOURISM: APPLICABILITY AND CHALLENGES FOR BANGLADESH**

Muhammad Ismail Hossain \*  
Nasrin Akter \*\*

**ABSTRACT:** This paper attempts to distill some key insights stemming from current discourse of e-tourism. The comparative analysis of e-tourism practice between Bangladesh and other countries clearly shows differences in supply chain, competitive advantage and technological aspects. The core of this paper is to identify the trend, practice, applicability and challenges in the e-tourism sector of Bangladesh. The findings of this paper reveal that the application of e-means in tourism has been challenged due to number of shortcomings including lack of infrastructure, government positive initiatives, and general attitudes toward technology. To keep pace with the developed countries in terms of tourism, tourism marketers and Bangladesh government has to take initiatives including development of infrastructure support especially in the technological aspects, devising uniform policy and programs to attract more foreign tourists in Bangladesh. The success of e-tourism in Bangladesh not only depends on continuous adaptation of new technology but also on innovating new means to keep pace with the trends in the industry all over the world.

### **INTRODUCTION**

Global integration and increasing global competitiveness have made the both developed and developing countries interdependent bypassing the concept of individual country boundary. In the increasingly globalization process, each country is in the way transcending its own identity as single entity to an important member of whole system- the global village. The global technological boom is revolutionizing the economy especially for developing countries; the digital revolution though offer serious challenges for each country but also provides unprecedented opportunities for economic growth and development. With faster communication, transportation and financial flows the world is rapidly shrinking and have witnessed the emergence of electronic means in all economic activities. E-commerce is, as such, most talked about phenomena in the 21<sup>st</sup> century, surrounded by hype, myth and mystery and is often thought to be controlled by the most powerful and techno savvy and the business gurus (Khan, 2000).

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\* Lecturer, Department of Marketing University of Dhaka

\*\* Lecturer, Department of Marketing University of Dhaka



While, E-commerce is defined as "the buying and selling of information, products, and services via computer networks" (Kalkota and Whinston, 1996), it is a general concept covering any form of business transaction or information exchange executed using information and communication technologies (ICTs). Such transaction and/or sharing takes place between companies, between companies and their customers, or between companies and public administrations. The term has been popularized by the advent of commercial services on the Internet. Some authors see e-commerce as largely or entirely an internet phenomenon. Sheldon (1997) has suggested that "the world has just entered a third new phase in the evolution of IT capabilities: the Internet era". Internet e-commerce is however, only one part of the overall sphere of e-commerce. The mainstream of e-commerce consists of three areas- EDI, Electronic Markets and Internet Commerce. E-commerce gives birth too many fast moving industries and one of them is e-tourism.

According to the World Travel and Tourism Council (2003), the economic significance of the travel and tourism industry plays a major role in the world economy. Tourism is essentially a service. Organically service can be defined as deeds, processes and performance (Zeithaml and Bitner, 2003). More humorously, services can also be described as something that may be bought and sold but cannot be dropped on your foot (Lovelock and at el, 2001). Viewing from these angles tourism can be termed as service. Tourism is such an area that is of interest to any human being because by nature people has the tendency to explore new things, to gather new ideas, to see new surroundings and to know the lifestyle of diverse people living in this universe. In addition, these demands of people are certainly met by the arena of tourism. Other than meeting the inner demands of people tourism is a special and complex industry moreover there should a balanced blend of the marketing mix to give the tourists the desired satisfaction as well as achieving the firms' targeted performance.

In this respect the electronic means in tourism can provide better services to meet the global demand pattern. The prominent factor is information and information gateway is Internet. Rao, Thomas and Javalgi (1992) have focused on the need to develop new directions and marketing strategies for exploring future business opportunities in this challenging tourism sector. They have also emphasized the issues relevant to the marketing strategies to be adopted for relatively better marketing performance. This idea explores the issue that there is a lack of strategic marketing orientation in tourism industry worldwide. However the situation is changing with a super sonic speed due to the inclusion of e-commerce in this industry. In comparison with the world, Bangladesh is far away in terms of implementing e-means in tourism industry. Moreover, to compete in this era of globalization tourism industry of Bangladesh also need to combat these challenges to attract the visitors and to be the preferred place of vacation for the tourists. This will only be possible by tapping the opportunities of e-commerce thus e-tourism.

In this context, this paper seeks to present the uses of electronic means in tourism and identify the applicability of e-means in Bangladesh's tourism sector. A brief explanation is given to figure out the challenges faced or to be faced by the tourism industry of Bangladesh in implementing e-means in the sector as well as to compete in the global market. The current paper discusses the meaning, component and working procedures of e means in tourism as an approach to identify the applicability

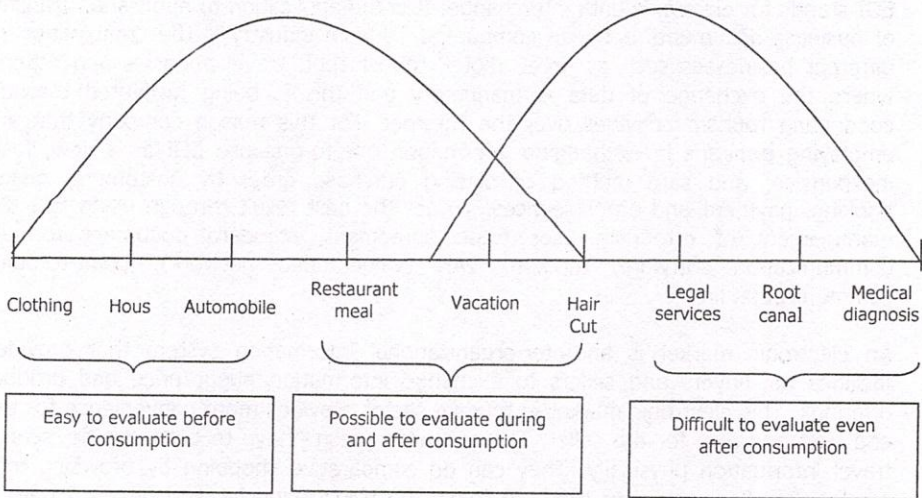


and challenges for Bangladesh. First, this demands delineating the global generic nature of tourism in the e-commerce field. It will be followed by identifying the major components of e-tourism in global perspective. The instruments of e-tourism are then defined through an examination of applicability and challenges for the tourism industry of Bangladesh.

### E-TOURISM TRENDS

Since tourism is primarily a service, the core benefit provided by recreation/tourism (R/T) businesses are recreational experiences and hospitality. These are intangible products and more difficult to market than tangible products- automobiles. The intangible nature of services makes quality control difficult but crucial. It also makes it more difficult for potential customers to evaluate and compare service offerings (Figure 1). In addition, instead of moving the product to the customer, the customer must travel to the product (area/community). Travel is a significant portion of the time and money spent in association with recreational and tourism experiences and is a major factor in people's decisions on whether to visit your country or community or not.

**Figure 1: Position of vacation/tourism in the continuum of evaluation for different types of products**



Tourists are a very heterogeneous group of customers each having different tastes, experiences and motivations concerning traveling and requires huge amount of information. As many authors have claimed: Tourism must be treated as an information intensive industry (Poon, 1993; Sheldon, 1997; Inkpen, 1998). Others define tourism as an information business because for tourism as a service industry, information is one of the most important quality parameters to support actions.

As an information-transmitting vehicle the Internet is revolutionizing flexibility in both consumer choice and service delivery processes. In few other areas the generation, gathering, processing, application and communication of information are as important



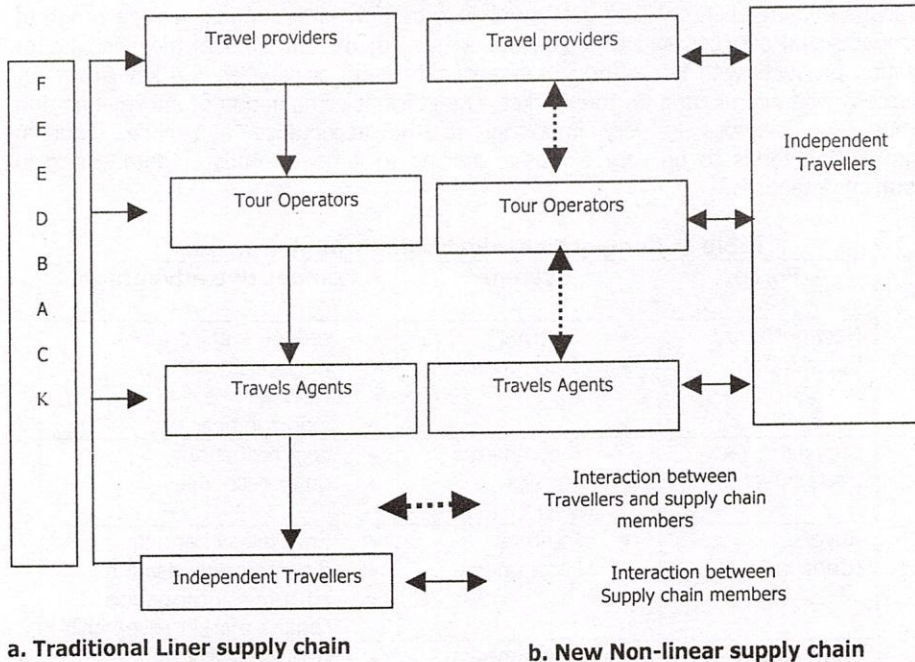
for day-to-day operation as they are for the travel and tourism industry. This also transforms the value chains and relations within the travel and tourism industry. As a whole, e-tourism refers as using e-means in making the service available for end user travellers and other marketing channel members. In preparing, presenting and promoting the service e-means would be there to give it an edge in terms of customer convenience by providing better information on tourism, easy access to information on tourism services for example. Uses of electronic means in tourism also provides some other opportunities such as creating new markets, improving customer services, establish interactive relationships with customers, reducing operating cost, interacting with other business partners, dawn new business partner and so on. OECD (2000) revealed that the advent of Internet-based electronic commerce offers considerable opportunities for firms to expand their customer base, enter new product markets and rationalize their business. WTO (2001) also indicated that electronic business offers SMEs the opportunity to undertake their business in new and more cost-effective ways. The tourism industry as a whole is mostly composed of SMEs therefore they are enjoying benefits by conducting their activities with the help of e-commerce that involves primarily buying and selling over the internet and also using the mainstreams of electronic commerce-EDI, Electronic markets and internet commerce with their relevant fields.

EDI stands for electronic data interchange. It is the application to application transfer of business documents between computers. Tourism industry is the combination of different businesses such as hotel, motel, tourist spot, travel agencies and others, where the exchange of data is mandatory and this is being facilitated through conducting tourism activities over the Internet. For this reason company that are employing e-means in exchanging information one-to-one use EDI as a new, fast, inexpensive, and safe method of placing purchase order by customers, online booking, payment and other services. To get the best result through using EDI the management of e-tourism uses trade agreement, standard document format, communication software, modem, VAN (value-added network), point-to-point communication link.

An electronic market is an inter-organizational information system that provides facilities for buyers and sellers to exchange information about price and product offerings. This electronic market in tourism sector provides more convenience for the end user and also for the seller. The end user doesn't have to battle traffic, search travel information physically. They can do comparative shopping by browsing mail catalogs, surfing web sites that can reach the travel agencies and others 7 days a week and 24 hours a day. This electronic marketplace for tourism also work as a relationship building tool with customers since retaining customer is one of the important issues in this connected era. Ongoing adjustments of tourism offers and package programs are possible because of least cost and speed- resulting from e-commerce practice. In addition, the e-tourism supplier side must identify its market segments and their needs, create the respective products with the appropriate marketing mix, find the right distribution channels to communicate with the consumer. Moreover suppliers have to monitor their operation, as well as the market trends, create new products, optimize operation and forecast demand.

Furthermore, tourism products/services information is large in quantity, time-specific, location specific, and the quality of tourism products are high in experience quality that cannot be assessed beforehand, but only during and after actual consumption. These characteristics of the tourism service information lead to a significant increase in the informational cost and limited confidence about the end service. The increase in the informational cost is twofold: the tourists have to pay increased information search costs and the suppliers have to pay increased market information costs. To overcome communication gap and harmonize the activities between channel members a new type of nonlinear supply chain is initiated in spite of traditional linear supply chain (Figure 2).

**Figure 2: Supply chain in tourism**



Nowadays the customer/tourist worldwide is not satisfied with the offer of general information about a product/service, he/she also wants specific and personal advice and to have the possibility of buying the selected product/service once it is identified. This change in the consumer behavior has been described by the term "post-modern tourist" (Urry, 1990). For these post-modern tourists there is a need for new tourism business model. Other factors also demands new tourism business model and these are:

- Mobility of travelers requires the adoption of easy to carry access devices, operating in an independent way of home/office-based platforms and services.



- ❑ Tourist services are not standardized and not physically concentrated in shopping malls thus disabling efficient trading shopping especially against domestic products.
- ❑ Current on-line trading cannot provide real time bargaining policies, as salesmen do, especially in such services that require the use of high-level customization and negotiation models.
- ❑ Out of stock and over stocking situations in ticketing and accommodation products are even more significant due to short market seasons.
- ❑ Foreign tourists usually look for entertainment that matches their domestic profile thus resulting to the development of communities.

Despite these challenges the use of Internet distribution channels increases market transparency for users. Users get the chance to view and compare a wide range of products and services and to instantly purchase them. Thus, users may find better suiting products with less effort. User-centered design of services is a key factor for success when competing on the market. The efficient combination of information and transaction services is very important to the acceptance a service. Tourism information tends to be very extensive leading to large volumes of data stored in tourism databases.

**Table 1: Competitive advantage through E-means**

<b>Force</b>	<b>System</b>	<b>Competitive advantage</b>
New entrants/ Substitution	<ul style="list-style-type: none"> <li>• Internet</li> <li>• E-commerce</li> </ul>	<ul style="list-style-type: none"> <li>• reduce entry cost</li> <li>• new sales channel</li> <li>• New service opportunities</li> </ul>
Suppliers' (& trade buyers)	<ul style="list-style-type: none"> <li>• E-commerce logistics (EDI)</li> </ul>	<ul style="list-style-type: none"> <li>• cost reductions</li> <li>• quick response</li> </ul>
Buyers' (Consumers)	<ul style="list-style-type: none"> <li>• Internet</li> <li>• E-commerce</li> </ul>	<ul style="list-style-type: none"> <li>• new sales channel</li> <li>• dis-intermediarisation</li> <li>• customer information (online market research)</li> </ul>
Competitive rivalry	<ul style="list-style-type: none"> <li>• E-commerce</li> </ul>	<ul style="list-style-type: none"> <li>• cost leadership</li> <li>• Differentiation (Service Bundling, Niche Products, Personalization), Focus</li> </ul>

Source: Based on Porter's five forces of competitive advantage, Porter 1985, 1990, 2001

The ability of an organization to prosper arises from its competitive advantage over the other organizations operating within same market sector. Use of Internet commerce can be the competitive advantage for tourism activities. Competitive advantage is an advantage that generally gives a company an edge over the competitors. Competitive advantage - the result of a strategy capable of helping a firm to maintain and sustain a favorable market position, translated into higher profits compared to those obtained by competitors operating in the same industry (Porter, 1985). The advantage usually comes to a company due to its distinctive competency



over any particular area. The area can be procurement of raw material, efficient production method, wider distribution channel, distinct presentation style and so on. The basic unit of competitive advantage is the discrete activity, which adds, creates, or captures value to a product or service. Different research results suggest that using e-means in terms of tourism can provides distinctive capabilities over others. The possible Competitive advantages of using e-commerce in tourism industry can be summarized as: (on the basis of five major competitive forces) (Porter, 1990, 2001)

E-tourism involves the transaction of tourism information and product and to facilitate these transactions that require certain technologies. The technological part used in the e-tourism can be identified as broadband technologies, Internet devices, mobile commerce, Internet browsers, intelligent agents, dynamic web pages generation, extensive markup language (XML), hyperlinks proper database and others. The e-tourism also requires some payment technologies such as smart card, card-reader and so on.

With the emergence of new mobile technologies, tourists are being able to match their demands through mediation services when they need it, thus resulting to a new business practice with the following innovative concepts:

- ☐ Tourists will be able to request comprehensive information concerning local services, while smart electronic forms will require only a minimum of information.
- ☐ Tourists will be active participants of the value chain, providing feedback to suppliers and intermediaries in an anonymous way, during the trip.
- ☐ Tourists will be able to launch reverse auctions through their mobile phones investigating availability and prices of products or services, which they will be able to book and pay through their mobile phones.
- ☐ Tourists will be able to receive stock offers from suppliers and participate as bidders in auctioning processes for low-price commodities.
- ☐ "Tourist identities" which identify tourists in an anonymous way as consumers in the local market in order to gain access to personalized services and at the same time ensure their consumer privacy. Consumer identities can be considered as portable profiles to be used in other related interactive environments.

Moreover, tourists can now join communities of people with the same nationality or matching interests. This matching can be realized through the exploitation of GPS technology combined with submitted profiles of the registered users. This will lead to the development and maintenance of virtual communities after their trip. Currently, tourists receive personalized offers after their travel, whenever they visit specific Internet sites that eventually hold their profiles. By using this business framework suppliers and intermediaries is having the chance to submit customized offers using a truly personalized channel.



### **APPLICABILITY AND CHALLENGES OF ELECTRONIC MEANS IN BANGLADESH'S TOURISM**

E-tourism as a new technique of performing tourism activities has already been popularized globally. In order to compete better and to keep up with the advanced world, some entrepreneurs of the tourism industry of Bangladesh should also be involved in adopting e-means in tourism. In Bangladesh the response to e-commerce is quite encouraging but the application in tourism trade and commerce is limited like other areas. Due to various hurdles Bangladesh has taken a back sit from this most valuable invention of mankind. The non-receptiveness of this precious creation as a country Bangladesh is not coming up to the mark compared to the western world even like the neighboring countries like India, Nepal, and Maldives etc. However it doesn't symbolize that Bangladesh doesn't want to adopt those technological aspects. In reality the existing infrastructure doesn't offer the required promise needed for the adoption. Anyway the perspectives are changing now-a-days although the rate of change is very slow compared to the other developed and even developing countries. From this point onward various aspects that comprises of e-tourism would be discussed from a comparative viewpoint.

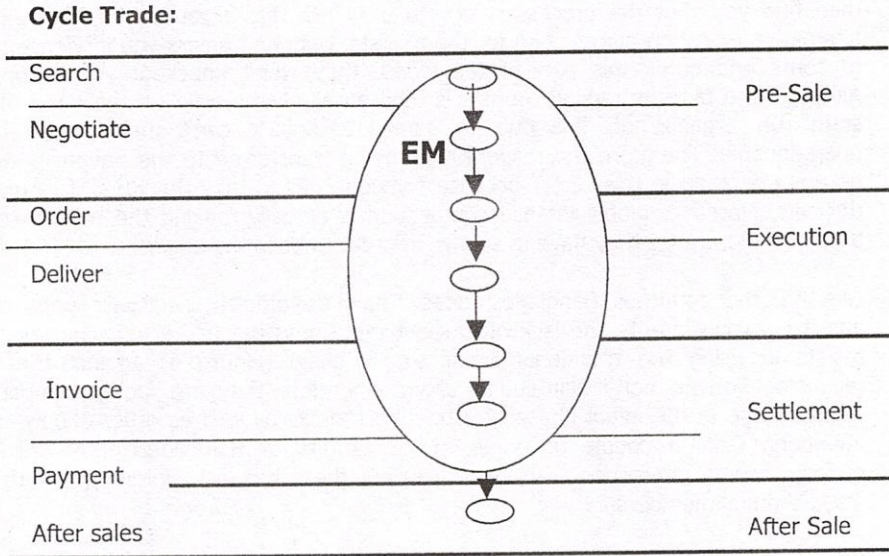
Exchange of information between two parties over the Internet requires electronic data interchange. However, in Bangladesh tourist/travel agents are not organized and the facilities for the proper application of EDI are not available due to the following reasons:

- Till now the operation of e-tourism activities is concentrated on a limited scale and the expected low volume of data interchange makes it a little more expensive to use in Bangladesh.
- The maintenance fees for software update, standard update, technical support and others are quite high in Bangladesh. In addition, as activities conducted on a limited scale; companies that conduct business over Internet only with each other through EDI incur an added cost.
- Lack of similarity between EDI standard between two trading partner make the task difficult.

An electronic market is composed of buyer (actual & potential) and seller exhibiting demand and willingness for the particular product whereas exchanges something of value over the Internet. This electronic market also can be termed as marketpace as activities carried out with the access of the Internet. In each market there are different versions of trade cycle; E-commerce can be applied to all, or to different phases, of trade cycle- a. Regular, repeat transactions between commercial trading partners (repeat trade cycle), b. Irregular transactions between commercial trading partners where execution and settlement are separated ('credit' transactions) and c. Irregular transactions in once-off trading relationships where execution and settlement are typically combined ('cash' transactions).

In comparison to e-commerce trade cycle the electronic tourism in Bangladesh is primarily rests in the search phase of the trade cycle (Figure 3).



**Figure 3: Electronic Markets and trade cycle for tourism in Bangladesh**

As tourism is essentially a service therefore it can be termed as a composite product that cannot be transported to the customer (Shafi, 1985). Considering the nature services do not involve tangible products that can be directed through specific channels and about which decisions can be made in the traditional product sense (George and Barksdale, 1974). Rather than the product being delivered to the customer, the customers are brought to the product. Therefore the tourism marketers are concerned here with somewhat different aspects of the distribution process (Holloway and Robinson, 1995). Of course, different tourism firms play varying degrees of role in the distribution of tourism services in Bangladesh (Hossain and al., 2003). Besides the method of selling and the environment within which the purchase is made becomes part of the tourism experience (Cooper and al., 1994).

These symbolize one single feature that is production and consumption of a tourism service occurs at the point of establishment and at the same time. Therefore tourism marketers face special set of challenges in order to harmonize this. E-means in the tourism can give the marketers a whole set of benefits and understanding this tourism marketer all over the world are applying e-means for conducting their business.

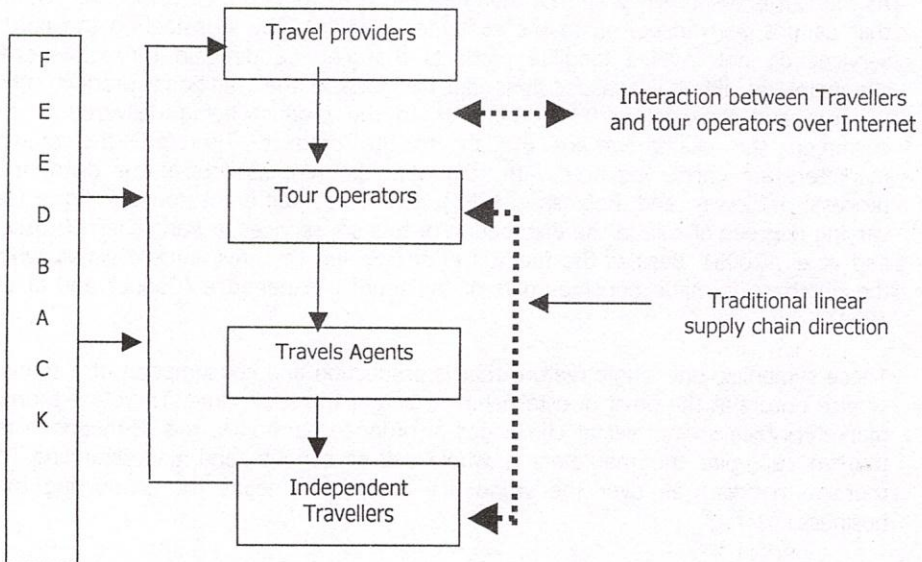
However in Bangladesh there exists a different scenario. Most people even the people doing business in the tourism sector of Bangladesh don't know that 'the internet is an international network of networks that has opened an entirely new vein of customer communication, allowing companies to share information at lighting speeds around the clock (Ishtiaque 2000)'. Those who knows a bit regarding internet in this tourism



sector mostly rests the effort on the web design process, which is considered as enough; just to have a web site and place the information there; the customers will then find you. But the process is not so easy like this because there are lots of alternative (vacation place) open for the tourists. Until and unless you influence them to come and enjoy this part of the world, they won't knock at your doorstep. Although the tasks attracting tourists is theoretically lies mostly on the hand of the state run organization but due to some reasons it can't make these tasks operationable. Therefore the responsibility being transferred to the private business houses operating in this sector because someone has to take the wheel for running the cart. Moreover global intense competition is actually making the private sector think ahead because they have to survive in order to be in the business.

Like the other countries, Bangladesh doesn't have the efficient electronic supply chain and it is mainly due to the lack of efficient e-business practice in our country. This results in using the traditional linear supply chain (Figure 4) against the new technology driven non-linear supply chain. Therefore they are facing competitive disadvantage in the initial phase of attracting tourists as well as other supply chain members. Only a couple of prime tour operators of Bangladesh has web site providing some interaction with customers but these too lacks interaction with the other channel members.

**Figure 4: Traditional supply chain in tourism of Bangladesh with some exception.**



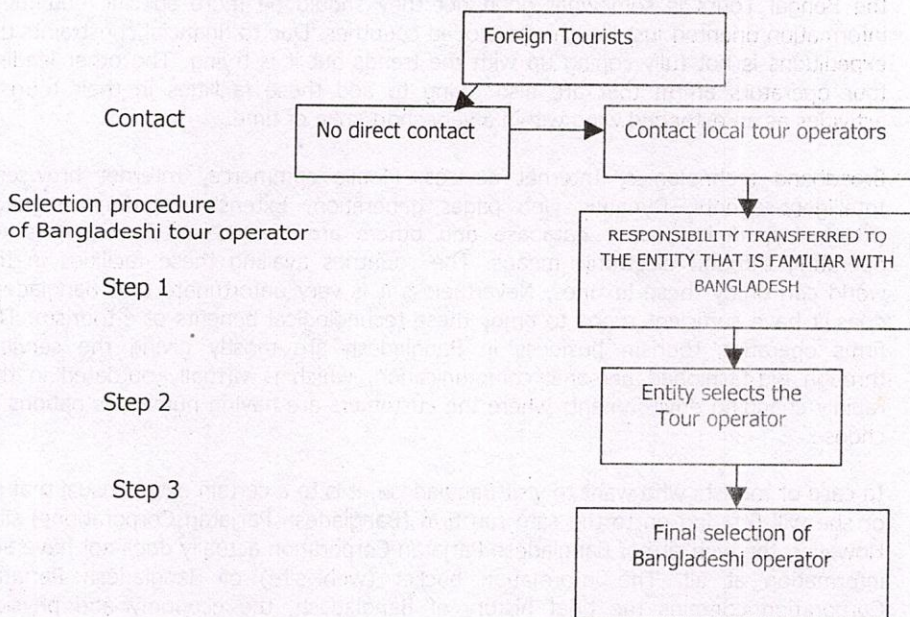
Taking the example of one of the tour operators of Bangladesh's neighboring country India a complete different scenario comes out. Logging on the web site of SOTC



viewers will get complete information regarding the travel issues. The queries that the tourists usually made are concentrated on issues like tour managers, their language, availability of guides, sightseeing and so on. In response to these queries SOTC makes everything clear to the queering tourists. Compared to SOTC the web site of Bangladeshi tour operators provides a different picture especially these differences are mainly due to the lack of e-tourism practice in Bangladesh. Other than relying on the web sites the tour operators of Bangladesh simply rely on personal source for getting customer even at this electronic age. In Bangladesh the practice of using personal source in acquiring foreign tourists can be demonstrated through the following diagram .

Tourism services are high in experience and credence quality because of its intangible and nonstandard nature. Most of the cases the foreign tourist doesn't contact directly with the tour operators rather they depends on the personal form of communication. The selection procedures of Bangladeshi tour operator include three steps, which start with identifying the familiar person of Bangladesh and conclude with final selection of Bangladeshi tour operators (Figure 5).

**Figure 5: Sources of Acquiring Foreign Tourists**



Even the leading tour operator of Bangladesh doesn't have that much e-tourism facility in terms of supply chain. Instead of using the new non-linear supply chain the traditional linear chain is used in the operation of the business. Along with the infrastructural problem that tour operators have, incapability in the financial regime is also obstructing them to establish and maintain an efficient electronic supply chain



management. Coupled with these things the tour operators' turnover is not optimistic for establishing and maintaining an efficient electronic supply chain management. The use of electronic means in tourism could be the competitive advantage for tour operators; however both theoretical and practical application is absent in Bangladesh. Bangladesh doesn't have that much infra-structural facility that's why the e-tourism culture is not well established. For this reason it was not possible to get adequate information on this issue (e-tourism) of competitive advantage and competitive strategy formulated through Internet.

Among the existing tour operating firms including the state run Bangladesh Parjatan Corporation don't have any sort of online booking facility. Only the Bangladesh Expeditions is having this facility in their web and it is a very good competitive advantage for them in considering the e-tourism practice in Bangladesh. This is a novice firm established in 2002 and in such a short time it achieved a lot of foreign tourists. Furthermore, this is mainly due to the fact that they are running with the existing trend of this industry practiced in the outside world. Information circulation pattern in the web can also provide competitive advantages over the competitors. Greater clarification of information in explicit form has a better chance of getting more tourists. The web page of Bangladesh Expeditions as well as the web page of the Bengal Tours is somewhat good but they should be more specific and more information oriented just like the developed countries. Due to financial constraints the expeditions is not fully coping up with the trends but it is trying. The other leading tour operators affirm that are also trying to add these facilities in their tourism activities as an extended wing within a very short span of time.

Broadband technologies, Internet devices, Mobile commerce, Internet browsers, Intelligent agents, Dynamic web pages generation, Extensive markup language (XML), Hyperlinks proper database and others are treated as prerequisites for operating through electronic means. The countries availing these facilities in the world can enjoy these luxuries. Nevertheless it is very unfortunate that Bangladesh doesn't have sufficient scope to enjoy these technological benefits of e-tourism. The firms operating tourism business in Bangladesh are mostly giving the services through old-fashioned personal communication, which is virtually outdated in this rapidly changing environment; where the customers are having numerous options to choose.

In case of tourists who want to visit Bangladesh, it is to a certain extent usual that he or she will first log on to the state run firm (Bangladesh Parjatan Corporations) site. However, the web site of Bangladesh Parjatan Corporation actually does not have any information at all. The information bucket (web site) of Bangladesh Parjatan Corporation contains the brief history of Bangladesh, the economy and physical geography of the country, transportation and accommodation facts, food and drinks facts, climate and tourist spots and some other key facts which are in due course provides no worth to the foreign tourist, as these information are not enough to motivated someone to visit Bangladesh. It should be much more interesting as well as informative. The foreign tourists are having a lot of option to enjoy vacation in this part of the world e.g. India, Nepal, Maldives and so on. Therefore unless the tour operators of Bangladesh can influence tourists through web page initially then they don't have that much chance of getting more foreign tourists. The Internet has



empowered the new type of tourist to become more knowledgeable and to seek exceptional value for money and time that they are spending in getting the recreational services. But these "new" travelers are still a small, though important, group on the market. The majority of travelers still resort to traditional destinations and intermediaries for booking their travels in case of Bangladesh. When confronted with online information seeking and booking, many consumers encounter problems and barricades early adopters, like those mentioned above, have already mastered. Empiric research in Bangladesh suggests several factors that discourage travellers from using online channels (Table 2).

Yet, these factors only seem to be short term obstacles, since private use of ICT and thereby digital literacy is increasing and, on the other hand, service providers in Bangladesh tourism sector continuously learn from outside world electronic application and have better intention to adapt their products to the needs, preferences and capabilities of users.

**Table 2: Reasons discouraging people from on-line tourism products purchase**

User/Client factors	Internet/Business factor
Safety and security	Not enough selection
Navigating difficulty	Internet too slow
Cannot see or touch the product	Internet chaotic and difficulty in finding suitable information
No trust, unfamiliar name	Higher prices
Prefer regular travel agency	Cost of telephone calls
Afraid of making mistakes	Insufficient information
Did not realize that could make reservations	Lack of straightforward payment modes
Lack of Awareness	

In Bangladesh, tour operators and other transport companies face difficulties in collecting tourists to different destinations. In the case of Dhaka City, most of the historical buildings are located in the old Dhaka areas where the roads are congested and traffic jams are regular phenomena (Hossain, 2001). In addition to that the national airline of Bangladesh, Biman is also facing serious constraints. Kamal and Chowdhury (1993) noted that management fails to offer better services compared to its competitors. Even Biman doesn't take much care of passengers while flight is delayed, and it also fails to provide quick baggage clearance services to the customers (Kamal and Chowdhury, 1993). Moreover the overseas offices of Biman don't play an adequate role to disseminate information and distribute information materials among the potential tourists and motivate them to visit Bangladesh (Hossain, 2002). In Bangladesh there are at best 20 professional guides most of whom are associated with different tour operators in the country (Hossain, 1999). This number is not sufficient to meet the needs of tourists and the industry as well. These are some glimpses of the problem that Bangladesh is having in the tourism industry due to the non-application of e-means. The tour operators and other firms in this industry have to apply the e-means in the tourism industry along with these problems that Bangladesh is having in its tourism industry.



However, some private firms in Bangladesh are doing moderately well in applying e-means in their business but not being able to exploit the full advantage of this technology due to the financial constraints. After the incident of 9/11 terrorist's attack on USA there has been an all around depression in the tourism industry all over the world. And viewing this situation all the governments extended their hand to boost up this sector and they did it by helping the firms with financial incentives, infra-structural support and as a whole all around support. But the situation is a bit different in Bangladesh. No significant effort was being made from the Government. Only the Bangladesh Parjatan Corporation got a subsidy of Tk. 3 crores but no other firm got any sort of help from the government. The situation shouldn't be like this. All of the concerned authorities should extend their hand to make the local firms compatible to world standard as well as provide the technological support that they need right now to make them competitive with respect to the neighboring countries firms.

### **CONCLUSION AND POLICY IMPLICATIONS**

With the inclusion of electronic commerce, the traditional tourism industry is now becoming a mega industry extending its wings all over the world. Therefore the resulting e-tourism is making life easier for the tourists; relieving all the fears of uncertainty. The application and challenges of using electronic means in tourism narrated above are making this industry of Bangladesh a grinding halt. To boost it up there should be an all around effort and all parties having interest in this industry need to work together to take the synergy effect. The party not directly involved should also work together because in one way or the other they would definitely be affected with the growth or decline of this industry.

Therefore some definite measures or steps need to be taken to revolutionize this industry. The measures could be:

- As tourism industry is changing at a supersonic speed therefore a definite policy need to be enforced. Moreover policy should be dynamic and flexible to take advantages that may be deemed for new technological innovation and adoption.
- There are some local tourism entrepreneurs who doesn't have any sort of know how regarding e-means. They do not know even where Bangladesh is standing in terms of applying this electronic means in tourism. Therefore these marketers should feed the knowledge regarding the use of e-means as well as make them aware. By seeing the positive impact of using this, the marketers would be encouraged to apply this means in the operation of their businesses.
- Attitude refers to inclinations we hold towards various products or services and the places where we buy them (Berkman and Gilson, 1978). A problematic attitude towards e-means prevails in Bangladesh, as a result in many instances, Bangladesh misses out to grab the competitive advantage resulting from this firsthand acceptance of technological advancement. The tourism marketer and their use of e-means in the operation of the business



also have similar problematic attitude. An all out effort from the part of the state and its mechinaries are required to change this attitude and accept whatever is being new but with a caution in order to be relevant and need centric in the sector.

- Lack of speedy and smooth telecommunication systems in Bangladesh is one of the major areas where there is a tremendous need for improvement. Bangladesh is yet to be connected with the Information Super highway or International Fiber Optic Network. The faster the processing work for such connectivity ends the quicker the benefit will accrue for the country as a whole and for the tourism sector in particular.
- E-commerce is non-existent in the absence of electronic payment system. The payment system may include credit card, debit card, e-cash or digital cash, electronic checking credit cards etc. This electronic checking credit card can be handled online with a 'helper Application', for example Wallet and a third party for card processing (e.g. Cyber Cash, Verifone or First Virtual). In order to protect transaction against fraud electronic checks can be used effectively with digital signature. Therefore in the payment purpose the tourists visiting Bangladesh should be given the opportunity regarding these sorts of payment options. This will give them flexibility as well as convenience.
- Cyber fever as well as cyber theft or hacking is one of the concerns in this new digital age. This is a common problem to firms doing business through e-means. Therefore marketers implementing e-means in the tourism industry should also be concerned about these security issues.
- According to Australian Computer Society (ACS, 2001) there is a worldwide skill shortage with increasing demand for a range of occupations. Baily and Stefanisak (2000) on their study 'Preparing the Information Technology Workforce for the New Millennium' has identified job clusters such as database administrators, computer support specialists, network specialists etc. An inventory of 36 countries conducted by the World Information Technology and Services Alliance (WITSA, 2001) reports that the demand for IT skilled people is increasing tremendously and most of the countries will not be able to fill-up the gaps. This would be the situation of advanced countries. Being a developing country the situation of Bangladesh is a bit worse. There is a dearth of skilled people in every sector let alone the IT sector. Therefore this is one of the major problems of Bangladesh and the tourism industry as well. Due to the lack of skilled people the industry can't get the full support of the available e-means used in this sector. However in order to change the situation the Government should come up with a balanced solution beneficial to all the parties. At least the minimum skill that is required to maintain the existing e-means should be provided.
- Apparently it is observed that the government does not have suitable mechanism to understand or study the business needs of the companies,



particularly in relation to ICT development. These opinions often remain unaddressed or are responded to with inconsistent action. Policy steps are also inconsistent or even contradictory in some cases. In the formulation of the ICT master plan and strategy, representation from the business community was limited. This is one of the barriers that need to be addressed. Businesses related with ICT are being affected like the e-tourism industry. Therefore government should be more keen to take steps related to the development of ICT as well as the related industries because this is one of the most lucrative areas that can give any country tremendous success.

- The online booking system has not flourished much because for any amount of money sent from the foreign country a person needs to spend a huge sum. Therefore the government needs to make a policy on online money transfer with proper security because there are no definite guidelines regarding this issue.
- All around infrastructural support need to be provided by the Government (as much as the government can within the financial capability) other than this effort the e-tourism industry won't be able to extract the best out of it. In addition to this provision to provide monetary incentives for the newcomer would have to be made in order to influence people to come and join in this industry.
- The marketing principles and techniques need to be applied more carefully in this e-tourism perspective because here customers are exposed to thousands of message at a time from different sources. So other than having the catching power in the message there is no chance to survive here.
- Through the embassies the government should take the initiatives to make the general masses informed about Bangladesh and try to build favorable image of the country. If it happens then the tourists would be more interested to search for more information. Therefore to make tourists interested for information search other means should be applied. Other than making them interested all the efforts in e-tourism would be futile.



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## MAJOR PROBLEMS AND PROSPECTS OF MONGLA SEAPORT

Tasnim Siddiqua\*  
Md. Nasif Ahsan\*\*

**ABSTRACT:** Bangladesh being a developing country with a vast scope of trade and commerce through the sea should not depend on only land routes for the business in the international markets. This country, almost surrounded by two nations India and Myanmar, has an immeasurable opportunity to get rid of being an imposed market of these nations and at the same time holding a very optimistic position to dominate the sea trade in this region by strengthening the existing seaports. For Bangladesh, Mongla seaport is very important for its strategic role in potential economic development of hinterland, in maintaining national defense, contributing in national income, supporting the sea transport to keep pace with Chittagong port. From a small trading center, Khulna and its peripheries have gradually turned to an industrial zone with multifarious trading opportunities over the past few decades. In this articles the authors tried to explore the problems and prospects of Mongla Seaport.

### INTRODUCTION

As the gateway to the international economy and global trade, seaport has never been more important to the nations of the world than it is today. Ports play a strategic role in the nation's trade, economy and also defense. Ports perform the essential role of transshipping cargo between land and water carriage and adequately accommodate the diverse demand of todays shipping in both domestic and foreign water borne commerce. But their principal reason for being is to further the economic development of their surrounding communities through the provision of jobs, income and tax revenues. The port uniquely mirrors of the economies of the regions they serve. They are sensitive to population and industrial growth, to raw material patterns and to government policy.

Ports are the crucial interface between land and sea. This is the place where most of the real activities take place. In the days of cargo liners and tramps the activity is obvious. Modern ports are subtler. Today, ships make fleeting calls at highly automated and apparently deserted terminals, sometimes stopping only a few hours to load or discharge cargo. The activity is less obvious but much more intense. Cargo handling speeds today are many times higher than they were twenty or thirty years ago. In this article the authors tried to findout the problems and prospects of the Mongla Seaport.

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\* Assistant Professor, Economics Discipline, Khulna University, Khulna

\*\* Lecturer, Economics Discipline, Khulna University, Khulna



### EVOLUTION OF MONGLA SEAPORT

From the admiralty chart and the survey report of Pakistan Navy (PNS Zulfikar), the Passur River appeared to have the most suitable natural channel for ocean going vessels. Accordingly, the legal framework for the creation of the second seaport provided in the gazette notification no. PD-4 (48)/50/1 dated 29<sup>th</sup> September, 1950 and by virtue of this notification Chalna Port came into existence with effect from 1<sup>st</sup> December 1950 under the then Ministry of Communication of the then Pakistan government. A British merchant ship 'City of Lyons' first entered the port and anchored at Joymonirgol on 11<sup>th</sup> December 1950, thus making the auspicious beginning of cargo handling operation at the anchorage. It is activated as a government directorate since May 1977, under the Port Act 1908. The directorate transformed as "Chalna Port" under Ordinance No. LIII, 1976. In 1987, it gets a new shape, known as "Chalna Port Authority" and afterwards "Mongla Port Authority" under Chalna Port Authority Amendment, 1987 (correction of 53 No. Ordinance of 1976); in the gazette notification on the dated March 8, 1987.<sup>1</sup>

Mongla Port Authority (MPA) is to organize administration and operation of the port. The jurisdiction of the port is spread over permanent port site, Hironpoint, old Mongla, Roosevelt jetty at Khulna and Benapole dry port at Jessore. There is a great deal of difference between Mongla and other important ports of the world with respect to its location, development and connection with the hinterland.

### GEOGRAPHICAL SITUATION

Mongla port is situated at the east bank of the Passur River near the confluence of the Passur River and Mongla-Nulla at a distance of 65 nautical miles from the fairway buoy situated (Lat. 21026.9'N Long. 89034.4'E) in the Bay of Bengal and occupies a strategic position of the topography of Bangladesh. It is located in Bagerhat district and adjacent to Khulna district.

### Base line identification

According to the declaration of 1974 by Bangladesh Government, 10-fathom (60 ft.) depth is considered as baseline in coastal area. But, in case of change of tidal flow from year to year due to silting; base line may be changed in a year.

Bangladesh follows 12 nautical miles as territorial sea,<sup>2</sup> 18 nautical miles for contiguous zone<sup>3</sup> and 200 nautical miles for Exclusive Economic Zone (EEZ).<sup>4</sup> For

<sup>1</sup> Rahman, Md. Ataur, (1990) *Modern Transportation* (Dhaka, Jahanara Book House), pp-312.

<sup>2</sup> *The Territorial Sea*: it is the strip of water closest to shore. The 1982 convention recognizes a max. width of 12 nautical miles. But in practice countries use many different limits. 3 miles is smallest units, 12 miles the most common while 200 miles is the furthest. Ships have the right of innocence passages through territorial waters. Coastal states only have the right to enforce their own law relating to specific topics listed in article 21 such as safe navigation and pollution. They are entitled to enforce international laws.

<sup>3</sup> *The Contiguous Zones*: This is a strip of waters to the seaward of the territorial sea. It has its origin in the 18<sup>th</sup> centuries 'Hovering act' enacted by Great Britain against foreign smuggling ships hovering within distance of up to 8 leagues (means 24 miles) from the shore. Coastal states have limited power to enforce customs, fiscal sanitary and immigration laws.



seaport control, it is one of the important indicators. Port limits rely on sea limit, if it is adjacent to other port according to navigational channel. Up to 50 yards of the high water mark at ordinary spring tides considered as the port limit. This limit for Mongla port is:

To the North	A line drawn due East-West from a point in position Lat. $22^{\circ}20'E$ to a point in position Lat. $22^{\circ}38'N$ . Long. $89^{\circ}40'E$ .
To the South	A line drawn due East-West from a point in position Lat. $21^{\circ}27'N$ long. $89^{\circ}20'E$ . to a point in position Lat. $21^{\circ}27'N$ . Long. $89^{\circ}40'E$ .
To the East	A line joining the point in position Lat. $22^{\circ}38'N$ long. $89^{\circ}40'E$ . to a point position Lat. $21^{\circ}27'N$ . Long. $89^{\circ}40'E$ .
To the West	A line joining the point in position Lat. $22^{\circ}38.00'N$ long. $89^{\circ}40'E$ . to a point position Lat. $21^{\circ}27'N$ . Long. $89^{\circ}20'E$ .

### Land identification

Land controls the facilities of a port. If a port holds a huge land, that can be used for providing the expansion of existing facilities. It ensures backup or contingency facilities. Mongla port declares 224 acre of land as a restrictive zone in permanent port area (2068.80 acre). This area is used for port facilities (as jetty construction, yard and so on) in existing period and future expansion. On the other hand, rest of the land is used for building residential units, hospital, coast guard station, *Parjaton* motel, mosques, offices, schools, colleges, small markets, workshop complex, Bangladesh Navy, EPZ, industrial belt, commercial purposes and so on. About 2369 acre of area is acquired by Mongla port in different location for facilitating its port orienting activities.

**Table 1: Acquired lands of Mongla port**

SI No.	Location	Quantity of Land
1	Permanent Mongla port	2068.80 acre (834.82 ha)
2	Old Mongla	134.60 acre (54.47 ha)
3	Khulna	105.14 acre (42.66 ha)
4	Failahat	1.00 acre (0.34 ha) approximately
5	Benapole dry port	45.57 acre (18.44 ha)
6	Heron point	14.26 acre (4.84 ha)
	<b>Total</b>	<b>2369.37 acre (960.57 ha)</b>

Source: Annual Reports of Planning Department, MPA (1990-2003).

<sup>4</sup> *The Exclusive Economic Zone (EEZ)*: The EEZ is a belt of sea extending up to 200 miles from the baseline (the legally defined shoreline). It is mainly concerned with the ownership of economic resource such as fisheries and minerals. Within the zones third party enjoy freedom of navigation and laying of cables and Pipelines. Article 56 confers on the coastal state 'jurisdiction as provided for in the relevant provisions on this convention with regard to the protection and preservation of the marine environment.' The 'relevant provisions' relate to the dumping of the waste and other form of pollution from vessels. This gives the coastal states the right to enforce oil pollution regulations in the EEZ, a matter of major economic importance for ship owners. See, B. J. Abrahamsson. *International Ocean Shipping: Current Concepts and Principles* (London, Westview Press, 1980), pp-37, 262, 587.



Mongla port preserves land of 460 acre for the EPZ to encourage port-based industries. Already land of 139.55 acre has been handed over to EPZ authorities. Mongla Port Authority (MPA) allotted the land of 260 acre for government and non-government or private sector owned industry.

#### MANAGEMENT AND ADMINISTRATION OF MONGLA PORT

Mongla Port Authority (MPA) is headed by a Chairman who is the Chief Executive and three Members *i.e.* Member (Engineering and Development), Member (Harbor & Marine), and Member (Finance). There are twelve departments/cells to manage and operate the port viz. Administration, Traffic, Harbor & Conservancy, Civil & Hydraulic, Mechanical & Electrical, Finance & Accounts, Audit & Inspection, Board & Public Relations, Security, Marine, Planning Cell and Medical Department. The Board of MPA consists of the Chairman and three members who formulate the policy of operation, administration and development of the port.

Although the number of employees set-up approved by the authority is 2925 employees working at present in Mongla port is 1918 (Table 2). The table below states categorically the manpower of MPA including the manpower engaged at Benapole Dry Port.

**Table 2 : Manpower distribution in Mongla port**

Officers/ Staff	Set up approved	Existing manpower	Vacant post
Class-I	149	121	28
Class-II	84	66	18
Class-III	1846	1089	757
Class-IV	846	642	204
<b>Total</b>	<b>2925</b>	<b>1918</b>	<b>1007</b>

Source: Annual Reports of MPA (1990-2003).

N.B. At present 264 nos. of employees are working at Benapole dry port.

#### MAJOR PROBLEMS OF MONGLA PORT

Though the port is ideally suited to handle export and import cargoes of the northern and western parts of Bangladesh, yet the lack of hinterland connection as well as infrastructure facilities have precluded that possibility with the result that handling of ships at the anchorage still predominates. Added to this, has been the silting in the Passur River, which is creating impediments to the approach channel and approach to the berths. These factors jointly have resulted in less than capacity utilization of port berths and other ancillary facilities. Further more there are certain limitations for which the growth of the port as well as its contribution to the national economy have remained circumscribed. Following are some of the existing major problems of this port.

#### SILTING PROBLEM

It has been notified that a good number of ports across the world have already been closed due to the sludge of mud at the region used as the channel to pass through the ships and vessels. Mongla port area has been suffering significant deterioration in depth since 1970. The deterioration is mainly due to significant reduction of tidal flow through the river Passur. The main causes are (i) empolderment schemes between



the Sibsa and the Passur rivers carried out between 1966 and 1974 resulting in reduction in tidal storage and (ii) redistribution of flow, mostly between the Sibsa and the Passur rivers, starting in 1959. The reduction of the tidal flow resulted in a decrease in river cross-sectional area. The severe flood of 1988, carrying large sediment loads, caused some soiling, in particular of the confluence and the southern anchorage areas. The depth of the Passur River at the left bank where the port facilities are located was adequate for 8.5-meter draft ships. But the river suffers gradual deterioration in several areas and sections including the harbor areas due to silting with the result that it begins to create impediments to the passage of ships. The navigation channel to the Passur river entrance crosses a wide bar. The bar is relatively stable with a sea-bed elevation of about -6.0m CD (It is a list used in case of naval aviation, which shows the permissible depth for vessels having specific drafts.) and a width of 10 Km. According to the depth in the outer bar, maximum 8.46 meter draft vessels can enter the port. But due to deterioration of depth in harbor areas, the mentioned draft vessels could not be berthed in the harbor areas. Moreover, the depth at the southern anchorage area has been reduced to about -4.64m CD that created an inner bar in the southern anchorage. The depth of the southern anchorage channel should be improved to about -6.0m CD; otherwise 7.5m draft vessels could not enter the jetties in normal high water.

#### **HINTERLAND ACCESS PROBLEM**

Lack of a bridge over Rupsha river and a bridge near Paksey have long stood in the way of establishing direct road link with Northern side of the country, the natural hinterland of this port. Recently constructed bridge on the Padma River at Paksey point will play an important role in connecting the northern part of the country to the port. Lack of an all-season useable (for heavy vehicle) Dhaka-Mawa-Mongla highway is also a barrier to establishing a more direct and shorter routed link with Dhaka. At present the only available road network from Dhaka to Mongla is Dhaka-Khulna-Mongla route, which is 377Km.

Therefore, naturally a very large proportion of cargo arriving at the jetty and the anchorage is transported to the destination using the waterways. Similarly, a substantial portion of the exportable also arrives at the port by the river route, which is the result of poor hinterland communication infrastructure.

#### **POOR TELECOMMUNICATION SYSTEM**

One of the most essential communication media without which the existence of any seaport cannot be thought of is telecommunication. A strong and up to date telecommunication infrastructure is as necessary as the sufficient road communication. Mongla port is suffering from the lack of that facility since last three decades. At present in the area of permanent port site there is an old analog telephone exchange with 145 lines operated by telephone department.<sup>5</sup> The exchange is not at all modern to meet up the requirement of Mongla port and other industries established in the port area. Even it is essential to establish a modern telephone exchange having facility of NWD and ISD system. But in the present day, communication system between Mongla port and other areas is not efficient at all.

<sup>5</sup> *Survey Report of Bangladesh Port System Development Project*, 19<sup>th</sup> Issue; July 2003.



Thus, at times the normal functions of this port are hampered due to poor telecommunication system.

#### **INCONSISTENT ELECTRICITY SUPPLY**

Mongla port is suffering from the lack of power supply after establishment of industries around the port area and the industries under EPZ area. Moreover, that mere supply is not consistent all time which is prerequisite while the port is under operation. Poor and inconsistent power supply not only hampers the smooth operation of the port but also impedes the activities in different industries established in the EPZ region in the port area. It has now become a burning issue to calculate the present and future requirements of power supply of the area of Mongla port by the proper authority.

#### **INSUFFICIENT JETTY, SILO AND MAINTENANCE COMPLEXITY**

To meet up the requirement of food of the country a large volume of food grain are imported and dispatched to the hinterland through this port every year. For smooth and efficient handling of food-grain ships, their systematic distribution, and lack of separate food jetties and silo are another negative aspect of the port. To construct necessary number of silos necessary and effective steps have not been taken. The process of procuring spare parts in order to keep equipment in operation is found time consuming due to administrative complexity.

#### **ABSENCE OF LIFTING ARRANGEMENT OF SUNKEN REEK FROM THE PASSUR CHANNEL**

About 18 reeks of sunken ships, barges and cargo vessels of different types are lying at different places in the riverbed of Passur channel.<sup>6</sup> This reeks is one of the causes that hampers navigability of Passur channel and thus creating impediments to the natural flow of the river. These reeks are also creating obstacle on the way of easy movement of ships and their berthing. So it is necessary to remove these reeks as early as possible. But the prevailing technology and facility of the country is not sufficient enough to remove these stranded reeks from the channel.

#### **LABOR UNREST**

One of the major troubles the port authority faces during the loading and unloading ships is labor unrest. All the labors in the port are categorized into three broad types by the Port Labor Association and there is a hard and fast rule of the association that while loading or unloading the ships, cargos, all these three categories of labors must be engaged into loading or unloading functions, otherwise they would not let take place the loading or unloading and they sometimes call for a strike in the port. Under the circumstances, the consignees are to face a lot of trouble and harassment from the labor association. Thus, in many cases, this is one of the major causes of reducing the number of users or traders to use this port. In the very recent time

<sup>6</sup> Bangladesh Port System Development Project Master Plan and Trade Facilitation Study (funded by IDA) (Volume 1, 2, 3 and 4), October 1998: Mott MacDonald Ltd. (UK), in association with Portia Management Services Ltd. (UK), Louis Berger International Inc (USA), Path mark Associates Ltd. (Bangladesh), Engineering Consultants and Associates Ltd. (Bangladesh), Development Planners and Consultants Ltd. (Bangladesh) under Government of the Peoples Republic of Bangladesh, Ministry of Shipping, CPA; BBS Study-July 2003.



labors continued the "Go on slow" strategy in case of loading and unloading ships. The reason behind such awful activity had been continuous clash between Dock Labor Association and Stevedore Association of Mongla port.

#### **TERRORISM AND UNLAWFUL ACTIVITIES**

Since Mongla port is just beside Sundarbans and Sundarbans is near to Indian border, port area along with its peripherals is used most frequently as a transit point by the smugglers. Besides, at times foreign ships are attacked by robbers that cost loss of lives and properties. Due to absence of a permanent Naval base in adjacent port area, naturally opportunities for organized crimes are available. On 5<sup>th</sup> March 2003 a ship from Panama was attacked by the local gangsters, which caused the death of one crew and bad injuries of a number of crews on board.<sup>7</sup> Moreover, there are vigorous activities of underworld groups in the region of Mongla town and its surroundings. So rate of organized crimes is rather high in this locality and which, in turns, affects the acceptance of Mongla port to traders of home and abroad.

#### **LACK OF SUFFICIENT COMMUNICATION BETWEEN OLD MONGLA TO JOYMONIRGOAL AREA**

At present, the labor gangs are to send to the ships in the anchorage of Harbaria area for loading and unloading of cargo, which is time consuming and expensive for the port users. Local Government Engineering Department (LGED) has constructed a road from old Mongla area to Joymonirgoal, which is not quite suitable for heavy vehicles.

#### **TAX BURDEN**

According to the correction of 6<sup>th</sup> schedule (part A; paragraph 3) of income tax ordinance 1984 of the state, which became effective from the fiscal year 1999–2000, the Government policy includes all the local authorities under the taxation system in lieu of local government. Income tax of Mongla port is also paid under this act. For this reason, net profit of the port is affected and creates pressure on the financial decisions of the port. The tax burden of Mongla port is shown in Table 3.

**Table 3: Income tax given from MPA**

Year	Amount (in Taka)	Type of income tax rate
1999-2000	48500000	Company rate (25%)
2000-2001	11110144	Rate fixed by bank (10%)
2001-2002	11989244	Rate fixed by bank (10%)

Source: Financial Statement (2003), Finance Department, MPA.

Even if it is added the government tax that are paid by the MPA with net profit for last three years, the net profit increases in a very low amount and the overall conditions remain almost same. It is found from "Bangladesh Port System Development Project-Trade Facilitation Study" that sometimes the government imposes extra duties upon this port and thus the exporters and importers become less interested to use this port.

<sup>7</sup> The Daily Financial Express, 8<sup>th</sup> March 2003.



### PROSPECTS OF MONGLA PORT

Now a days this concept has been injected among general people of Bangladesh that "Mongla port is a loosing concern and it has a little chance to survive." Yet it is found during this study that this port could be the most efficient as well as profitable in Bangladesh and it has the potentials to become one of the busiest ports in Asia. Since its establishment, this port has to overcome numerable obstacles and it has number of prospects to become a profitable port. In the following part some of her prospects are going to be revealed.

### EFFICIENT TRADING REGION

It is told by the renowned economists as well as the foreign experts that a larger volume of trading can be possible by dint of Mongla port. After the establishment of Dhaka-Mawa-Mongla highway the distance from Mongla to Dhaka will be shorten to 181 km. Whereas, the distance between Dhaka to Chittagong port is 264 km., and hence the port users of Dhaka city will get more interest to use Mongla port rather than Chittagong port as soon as the distance is the only concern.

It has been projected by the experts that after completion of Rupsha Bridge and Pakshi Bridge, there would be more than 8.61% growth in trading per annum in southwestern region of the country.<sup>8</sup> It is also forecasted that by the year 2010 if Padma Bridge in Dhaka-Mawa-Mongla route is constructed this region would completely dominate international trading of Bangladesh. The positive sides are the completion of the Paksey Bridge and the ongoing process of the completion of the bridge over the river Rupsha. It has already been settled about the location of the Padma Bridge at Maowa point and the Government has already taken necessary steps to construct the Padma Bridge which seem to be one of the milestones to make Mongla port widely acceptable for the importers and exporters at home and abroad, and to convert the port as one major contributor to the revenue of the state.

### TRANSIT FACILITY TO INTERNATIONAL TRADE

Mongla Port is a unique location to offer an excellent transit facility for international trade not only to the northeastern, northern and eastern regions of India but also to Nepal and Bhutan. Nepal begins to use this port on September 1997, routing about 60 thousand tons of import cargo. The government of Nepal has shown keen interest to use Mongla port for its transit trade, however, trade formalities of India has caused a disruption. While, at present Nepal handles about 8-10 lakh tons of cargo through Calcutta port. On March 23<sup>rd</sup> 2003, a powerful delegates from Government of Nepal visited Mongla port and they desired to use this port more for their own benefit. They had a discussion with the local traders, port users, concerned personnel in MPA and members of Khulna Chamber of Commerce and Industries.<sup>9</sup>

In terms of international business facilitation, if existing barriers are removed Mongla port stands in a unique position to attract transit trade of several nearby countries. For example Nepal or Bhutan can bring a major portion of their imports through Mongla port. As the government of Nepal has already shown aspiration to use this port, it can be facilitated to the government of Bhutan for the same purpose with

<sup>8</sup> *Mongla Port Development Project*, Final Report (Section 2) by ADB; pp-9.

<sup>9</sup> The Daily Financial Express, 24<sup>th</sup> March 2003.



showing the facilities and benefits of using this port. The government of Bangladesh should take necessary steps to facilitate the issue to all concerned countries.

#### **SHRIMP CULTURE REVOLUTION**

The port has already caused and has significant prospects in the growth of shrimp/prawn culture. As one travels along this road one can see innumerable shrimp/prawn farms dotted along both sides of the road that extend to the horizon. Shrimp cultivation has also been flourished in the nearby districts of Satkhira, Bagerhat, Barisal, Patuakhali etc. Shrimp farming has brought in its wake other related activities like collection of fish fry, shrimp/prawn buying and distribution centers, ice plants, freezing plants, production of fish feed, transportation of shrimp/prawn from production points to various buying centers and freezing plants, advisory services etc. A large cross-section of people of different age groups and experts are engaged in these activities. These activities have largely improved the level of income of the people engaged in such activities. Increased income has created effective demand for various consumer goods that, in turn, has induced domestic production and supply creating positive impact on the economy. With the availability of electricity the consumer durable like televisions, refrigerators etc. have made headway in remote households. Another very important aspect is that the rise in the level of income has generated investment surplus, which may be mobilized and used for productive investment in industries.

#### **ACCELERATION IN INDUSTRIALIZATION IN THE LOCALITY**

Mongla port has a great potential to gear up effective industrialization in this region. In this context, it can be mentioned that there are a number of jute and other industries in Khulna city, yet at present most of those industries are sick and almost in *lock-out* condition. But at the same time numbers of medium scale industries are being established at the side of Khulna bypass. These are being set up due to construction of the Rupsha bridge; and if Mongla port can support all these exiting sick industries, then they can survive and become profitable. Besides, in Bagerhat and Mongla periphery there are bright prospect of industrialization. And all these can be possible by the proper support of Mongla port.

#### **EFFICIENT CONTRIBUTOR IN GDP**

Despite the present condition, this port is able to make positive contribution to the GDP of the nation. Financing development with domestic resources by substituting foreign aid has been a cherished goal of all the successive governments.<sup>10</sup> Mongla port is contributing importantly towards fulfilling this goal. This port is contributing about 125 million taka to the government exchequer. Moreover, the collection of revenue by the Customs Department, Mongla port in the form of custom duty and VAT exceeds about 5000 million taka per annum.<sup>11</sup> Thus, it is evident that this port is, therefore, supplementing government's efforts to domestic resource mobilization of the country. So it is evident that if necessary facilities can be provided to this port, it will obviously contribute to our national economy more dynamically and at the same time this port will be able to make positive trade balance along with higher terms of trade.

<sup>10</sup> *Survey Report of Bangladesh Port System Development Project*, 19<sup>th</sup> Issue; July 2003.

<sup>11</sup> *A Compact Report on Mongla Port*, The Daily Financial Express, 23<sup>rd</sup> October 2002.



### EXPORT PROCESSING ZONE (EPZ)

For establishment of Export Processing Zone (EPZ) in Mongla port area, about 460 acres of land has been earmarked in the port layout plan. Among this area, 139.55 acres of land has been handed over to Bangladesh Export Processing Zones Authority (BEPZA) for the development of various industries.<sup>12</sup> The land has been developed with dredged soil and after the inauguration of the Mongla EPZ (MEPZ); the infrastructural development works has been completed. As a result 68 plots have been developed for different industries. Two foreign entrepreneurs from Korea and India have started production in their respective industries. With the completion of MEPZ, traffic to Mongla port is likely to be increased. Thus total trade-volume would certainly be increased.

### INDUSTRIALIZATION AND EMPLOYMENT OPPORTUNITIES

The entire land acquired for the purpose of establishing the port was previously low laying paddy fields. This area of 2058 acre, in all, was raised by dredging spoil on which jetties and other port facilities were built. The process of development still continues. For promotion of the activities of the port, MPA has kept a reserve of 260 acre of land for the establishment of port-based industries. Government has been paying much importance to the capital investment by private sector. Keeping this point in view, MPA has already allotted land for 16 different types of industries (Table 4).

Among the industries which have already started commercial operations Union LP Gas Ltd, LPG Malaysia Bangladesh Ltd, Kleenheat Gas, Meghna Cement Mills Ltd, Group of Industries of Sena Kalyan Shangstha etc. are major ones. Industries for which infrastructure development works and installation of machinery are going on in full swing are Summit United Petroleum Co. Ltd, Dubai-Bangladesh Cement Mills Ltd, and M.S. Ashuganj Cement Mills Ltd. The other industries have started their infrastructure development works. After establishment of these industries, cargo-handling activities at Mongla will be increased significantly. Consequently huge employment opportunity will be created.

So it is seen that in case of land distribution, MPA has taken some realistic steps. Although there are some inefficient allocations in land distribution, by proper planning such inefficiency can be overcome. Thus this port will become more efficient in many respects.

**Table 4: Allocation of land in different purposes of permanent port area**

Name of the industries	Purposes	Recommended land (acre)
Shiham Cement Industry Ltd.	To establish cement industry	10.61
EPZ(Export Processing Zone)	To establish industry	460.00
Dubai-Bangladesh Gas Co.Ltd.	To establish LPG terminal	7.00
Dubai-Bangladesh Cement Mills Ltd.	To establish cement industry	7.00
LPGMalaysia-Bangladesh Ltd.(Kleenheat gas)	To establish LPG bottling facilities and cylinder production plant	10.47

<sup>12</sup> Survey Report of Bangladesh Port System Development Project, 19<sup>th</sup> Issue; July 2003.



M/S Ashugang Cement Mills Ltd.	To establish cement industry	10.61
Sena Kalyan Shangasta (Mongla Cement Factory)	To establish cement industry	10.66
Food Department	To establish silo of food department	27.00
Bashundhara Industrial Complex Ltd. (Meghna Cement 2 <sup>nd</sup> phase)	To establish cement industry	10.00
EC Distribution Ltd.	To establish oil refinery	7.00
Orion Gas Ltd.	To establish LPG terminal and bottling facilities	5.35
Seven Circles Cement Mills Ltd.	To establish cement industry	10.45
Customs & Excise	To build custom and excise unit	26.00
Summit United Petroleum Co. Ltd.	To establish LPG terminal, dumping and lubricant plant	25.83
Union LP Gas Ltd.	To establish LPG terminal	10.00
BOC (Bangladesh ) Ltd.	To establish LPG terminal	4.35
East Coast Trading Bangladesh Ltd.	To establish LPG terminal and modern oil refinery	10.00
Meghna Cement Mills Ltd.	To establish cement industry	9.83
Bangladesh Petroleum Corporation	To establish oil depot	25.14
Rupsha Tank Terminal	To establish oil refinery	4.70
Bangladesh Shipping Corporation	To establish container depot	3.82
M/S Sea Fairs Ltd.	To establish container depot	6.00
Bangladesh Navy	To establish Navy camp	100.00
Commercial & Other Institutions	To support the whole activities	152.70
Restricted Zone	To maintain the port infrastructure	224.00
Preserve Land	To use it in future	260.00
Others (residential units, social facilities as school, mosque etc., open space and vacant or barren land)	Being used for various purposes	624.28
<b>Total</b>		<b>2068.80</b>

Source: *Survey Report of Bangladesh Port System Development Project*,  
19<sup>th</sup> Issue; July 2003.

#### DEVELOPMENT PROJECTS

To maintain the channel smooth and trouble free for the ships, to ensure pure and necessary water supply and to manage the oil spill impacts three development projects have been included in the Annual Development Program (ADP) of 2001-2002.<sup>13</sup> The total estimated cost of these projects is Tk. 6259.48 lakh. In the ADP of 2001-2002, Tk.1410.00 lakh has been allocated against these three development projects.

Among the three projects two projects are being financed from the own source of MPA and a technical assistance project is being financed by Asian Development Bank. Up to September, 2001 an amount of Tk.256.47 lakh has been incurred. In period 1995-2000 an amount of Tk. 220.79 lakh was invested to improve cargo-handling system in this port. In the following table some projects along with their costs are

<sup>13</sup> *Mongla Port Development Project*, Final Report (Section 2) by ADB; pp-9.



shown in Table 5. There are some projects to be implemented in near future and some are under process.

**Table 5: Project-wise description in Mongla Port area** (In lakh taka)

Name of Project	Estimated cost	Allocation in the ADP of 2001-02	Progress up to Sept. 2001-02		Cumulative Progress (Financial)
			Financial	Physical	
1.Maintenance Dredging in the Passur Channel	4667.40	800.00	0.00	5.19%	2119.12
2.Oil Spill Impact & Response Management Program	628.88	410.00	233.28	45.68%	233.28
3.Development & Extension of Water Supply at Mongla Port	963.20	200.00	3.20	0.56%	3.20
Total	6259.48	1410.00	236.48	-	2355.60

Source: Statistical Pocket Book of Bangladesh 2000, pp-265.

#### PROJECTS IN PROGRESS

##### ***Maintenance dredging in the Passur channel***

Maintaining the navigable depth of Passur channel for smooth movement of sea going vessels, the project named *Maintenance Dredging in the Passur Channel* has been undertaken in 1999-2000 with an estimated cost of Tk.4667.40 lakh to dredge the quantum of 30-million cm. silt. An amount of Tk.800.00 lakh has been allocated in the ADP of 2001-02. In the financial year 2001 (up to September), an amount of Tk.19.99 lakh has been incurred and 1.75-lakh cm. of dredging work has been completed. From the beginning of the project up to September 2002 total 13.60 lakh cm. dredging work has been completed and a cumulative amount of Tk. 2119.12 lakh has been incurred.<sup>14</sup> At the end of 2003 it was found that the then ongoing dredging project in the Passur channel had been suffered massive failure since steady siltation abated the depth of that channel. Under the circumstances, this project was paused and further feasibility study was planned to conduct. Later the concerned authority tried to find out some possible ways to control the tidal flow of the Passur channel so that rate of siltation across this channel would be minimal. Afterwards, a high-powered team was formed to conduct a feasibility study along with figure out optimum ways to change or control the tidal flow across this channel. This feasibility study is still going on.<sup>15</sup>

##### ***Oil spill impact and response management program***

With the technical and financial assistance of Asian Development Bank (ADB), a study project named *Oil Spill Impact and Response Management Program* has been undertaken in order to develop a national oil spill contingency plan to save the

<sup>14</sup> Survey Report of Bangladesh Port System Development Project; 19<sup>th</sup> Issue; July 2003.

<sup>15</sup> Annual Reports of MPA (1990-2003).



ecological environment of Sundarbans Reserve Forest (SRF) and identify the risk of contamination of areas within Mongla port and the SRF sensitive to pollution caused by oil spills, bilge water, chemicals, wastage of sea going vessels, motor vessels, cargo vessels, country boat etc. The TA Project has been approved by the Govt. on 5<sup>th</sup> November 2000.<sup>16</sup> The estimated cost of the project is Tk.628.88 lakh of which foreign exchange component is Tk.542.80 lakh. ADB is financing the foreign exchange part of Tk.542.80 lakh and the local cost of Tk 86.08 lakh will be provided from the own source of MPA. Implementation work of the project has been started from July, 2001 and scheduled to be completed by June 2002. An amount of Tk.410.00 lakh has been allocated in the ADP of 2001-02 and Tk.233.28 lakh has been incurred up to September 2001. The inception report of this study project has been submitted to government by the consultant. Although in the ADP of 2002-03 there was an allocation of Tk.148.04 lakh in the following year's there had been no allocation for this project. There is a grate prospect of the port if this project is completed.

### ***Development and extension of water supply to Mongla port***

Scarcity of potable water is an acute problem at Mongla. To meet additional water requirement of government and Non-government offices, industries, housing and operation area of Mongla port and sea going vessels, a new project *Development and Extension of Water Supply to Mongla Port* has been undertaken at an estimated cost of Tk 963.20 lakh from the own source of Mongla Port Authority. The project has been approved by the government on 19<sup>th</sup> November 2000.<sup>17</sup> An amount of Tk.200.00 lakh has been allocated in the ADP of 2001-02. Land acquisition, tube wells, sub soil investigation and other preliminary works of the project have been started from July 2001. In the ADP of 2002-03 the allocation for this project was Tk.458.63 lakh. The project is expected to be completed by the year 2003-2004. Like some other ongoing projects, this project is also suffering unavailability of necessary funds, which can be recovered by proper investment by ADP or concern authority.

### ***Projects under process***

#### ***Navigational aids to Mongla port***

This project has been proposed at an estimated cost of Tk.3652.30 lakh with a foreign exchange component of Tk.2757.30 lakh to assist sea going vessels in their final approach to the fair way buoy particularly at night and ensuring safe day and night navigation in the Passur channel. Under this project some channel buoys will be procured and a light tower will be constructed at *Sarwar Sand Island* near Hiron Point Pilot Station. A Preliminary Project Proforma (PPP)<sup>18</sup> on this project has been sent to the Ministry of Shipping on 21<sup>st</sup> January 2001 for foreign exchange line up. During the latter part of 2001, an allocation of Tk.330.41 lakh had been granted. Yet in the following years there had been no allocation for this purpose. Thus, the port authority started to arrange this fund from some foreign sources. At present a lump sum fund

<sup>16</sup> *Survey Report of Bangladesh Port System Development Project*, 19<sup>th</sup> Issue; July 2003.

<sup>17</sup> *Survey Report of Bangladesh Port System Development Project*, 19<sup>th</sup> Issue; July 2003.

<sup>18</sup> PPP is a project preview in situation where negotiation for obtaining external assistance is required to be initiated well before formulation of full fledged project proforma.



of Tk.1725.33 lakh has been granted by the Swedish government and with that fund this project is going on in full swing.<sup>19</sup>

#### *Procurement of harbor crafts for Mongla port*

This project has been proposed to maintain the daily incoming and out going schedule of foreign ships and efficient operation and smooth functioning of the port. Under this project some old and obsolete vessels will be replaced and 8 different types of harbor crafts will be procured. The estimated cost of the project is Tk.6120.60 lakh of which foreign exchange component is Tk. 3854.50 lakh. A Preliminary Project Proforma (PPP) on this project has been sent to planning commission, ERD through Ministry of Shipping on 11<sup>th</sup> December 2000 for lining up foreign exchange component. The project is expected to be commenced in 2002-2003 and completed in 2004-2005. Till now (up to July 2004) the concerned ministry did not give any positive decision regarding this project.<sup>20</sup>

#### *Feasibility study for establishment of deep draft anchorage port in the Passur channel*

To carry out a feasibility study for establishment of a Deep Draft Anchorage Port in the Passur channel this project has been proposed to be undertaken at an estimated cost of Tk.575.40 lakh with a foreign exchange component of Tk.505.00 lakh. The study will identify the area of Deep Draft Anchorage Port in the Passur channel and recommendation for its establishment. A TAPP<sup>21</sup> on this project has been sent to the Ministry of Shipping on 7<sup>th</sup> September 2000 for its approval. The concerned ministry formed a team consisting of experts in order to conduct a primary survey report to launch this project. This team visited the present and proposed port areas and submitted a report to the ministry on January 2002.<sup>22</sup> The ministry allocated only Tk.58.20 lakh in ADP of 2002-03. With that insufficient fund MPA conducted only location survey for deep draft anchorage. At the moment this project is stopped due to unavailability of necessary fund.<sup>23</sup>

#### *Future development projects*

- Dredging in the Passur channel
- Construction of truck terminal at Mongla port
- Garbage disposal and solid waste management system
- Mongla township development
- Replacement of cargo handling equipment
- Procurement of cutter suction dredger
- Construction of residential building (2<sup>nd</sup> phase)

<sup>19</sup> *Survey Report of Bangladesh Port System Development Project*; 19<sup>th</sup> Issue; July 2003.

<sup>20</sup> Annual Reports of MPA (1990-2003).

<sup>21</sup> TAPP stands for Technical Assistance Project Proforma which serves as bases for preparation of working papers for Special Project Evaluation [18].

<sup>22</sup> Annual Reports of MPA (1990-2003).

<sup>23</sup> Bangladesh Port System Development Project Master Plan and Trade Facilitation Study (funded by IDA) (Volume 1, 2, 3 and 4), October 1998: Mott MacDonald Ltd. (UK), in association with Portia Management Services Ltd. (UK), Louis Berger International Inc (USA), Path mark Associates Ltd. (Bangladesh), Engineering Consultants and Associates Ltd. (Bangladesh), Development Planners and Consultants Ltd. (Bangladesh) under Government of the Peoples Republic of Bangladesh, Ministry of Shipping, CPA; BBS Study –July 2003.



- Construction of Deep Draft Anchorage Port
- Construction of multipurpose berth with back up facilities
- River training works
- Surface water treatment plant

It is seen from the above key-points that there are numerable prospects for Mongla port. It is because with the completion of the above-mentioned projects this port will take itself a new look and obviously the regional economy of greater Khulna will be accelerated with the help of this port. Besides, national economy will be benefited from such dynamism in this region. At the same time various economic activities such as shrimp cultivation, betel leaf production etc. developed depending on this port will surely be enriched.

### ***Boosting up the sea-borne trades***

Sea-borne trade through Mongla port may get a boost up if the government takes steps to dredge the outer bar near Hiron Point which is the limiting factor affecting the draft of ships entering and leaving Mongla port. According to [13], if the outer bar is dredged, more than 9-meter draft ships can easily come to Harbaria anchorage, where presently vessels with 8.5-meter draft are allowed to take berth. At present vessels with 20 thousand tons of bulk cargo are coming to Harbaria anchorage. But if the outer bar is dredged, ships with 30 thousand tons of bulk cargo can take berth at Harbaria area, which will put Mongla Port at a comparable level with Chittagong port as far as the channel draft is concerned. It was pointed out that the 131 km long Passur channel is important not only for smooth operation of the port, but also for the navigability of naval vessels for security of the country, lighter age of fuel from Chittagong to Khulna and development of marine fisheries.

### ***Socio-economic impact***

Around 7500 workers are employed only in the Chittagong EPZ. It is expected that after full-fledged running of MEPZ, employment opportunity of similar magnitude bring about major change in the socio-economic premises of the locality including poverty alleviation. It is found that Mongla port has caused improvement in communication system, income level, basic facilities etc. in its immediate vicinity in last decade that have made long term visible impression on human resource development indicating sustainable development. This is more so on the society in general and women in particular. Scores of schools and colleges have sprung up around the areas through which the road has passed and other off shoot of this road crisis crossing the villages and also in the vicinity of the port. This has brought education to the doorstep of the people living in these areas. Previously illiteracy especially among women was the highest in the world. Such illiteracy also brought in its wake other problems like mother and child health care, spread of water borne diseases, health and sanitation etc. But the ice has started to thaw now. One can see scores of boys in their shorts and girls waving their ponytail hair and carrying school bags on their tiny shoulders hurrying to the school with great enthusiasm. Society's investment on human resource development is gradually on the rise.

### ***A tourist zone***

The unspoiled mangrove forest called the *Sundarbans* is the world's largest of its kind and recently this forest has been declared *World Heritage* by the United Nation. It is the home to the colorful flora and fauna such as famous Royal Bengal Tiger, deer, various aquatic species, other attractive animals, rare birds and flowers of diverse



colors. The natural beauty is simply gorgeous. The tourists are overwhelmed by this spell-binding beauty. Tourists come to Mongla, in the first passage of their journey before proceeding the Sundarbans. To attract the tourists, Bangladesh Parjatan Corporation (Tourism Corporation of Bangladesh) has built motel and other facilities on the land leased out by the port authority. It is expected that soon tourism would develop into a lucrative business both for Bangladesh Parjatan Corporation and private entrepreneurs.

### ***Other prospects***

Over Tk. 4158 million has been spent so far for developing Mongla port into what it is today. About 70% of this investment has gone into the construction of physical facilities that can be seen now. Besides creating 1918 permanent job opportunities out of 2915 employees as approved by government in the set-up of Mongla Port Authority, the development expenditure also created a large number of temporary construction jobs. This port has contributed in sustaining people running in two millions by permanently and temporarily employing workers assuming an average family member of 4 persons per worker.<sup>24</sup>

The port has also been instrumental in creating business opportunities for different categories of entrepreneurs like contractors, suppliers, manufacturers, port users, transport owners etc. Thus it is creating scopes of employment opportunities. Khulna is an industrial city where trade and commerce are also centered. The industries that have flourished in this city owe their respective origin directly to the existing export and import facilities provided by Mongla port. It is well recognized that the establishment of jute mills in Khulna could not have been thought of without this port.

Of the non-traditional export items from Bangladesh, with respect to foreign exchange earnings frozen foods have secured the most significant place after ready-made garments. According to the Table- 6.1 that gives the comparison between Chittagong port and Mongla port for different commodities the country mainly exports recently, it can be inferred that the export of ready-made garments, tea, fertilizer through this port is insignificant, on the other hand Mongla port is playing the key role in exporting raw jute, frozen shrimp and frozen fish with respect to highly-focused Chittagong port. And this trade through this port is already substantial and increasing over time. As shown in Table 6, for some items like fertilizer the importers prefer Mongla port to Chittagong port. In exporting other items like jute products, tobacco, leather goods etc. and importing items like cement, salt etc. both of the ports are used almost in a same pace in the last decade.

**Table 6: Export of various commodities through both seaports of Bangladesh ('000 M.tons)**

Commodity	Year	Chittagong Port	Mongla Port	Total	Sub-total	Total exports in a year	Sub Grand total
		Total exports in a year	Subtotal	Total exports in a year			
Jute Product	1990-91	138	2720	279	2556	417	5276
	1991-92	169		328		497	

<sup>24</sup> *A Compact Report on Mongla Port*, The Daily Financial Express, 23<sup>rd</sup> October 2002.



	1992-93	204		288		492	
	1993-94	224		243		467	
	1994-95	249		258		507	
	1995-96	245		208		453	
	1996-97	244		192		436	
	1997-98	247		196		443	
	1998-99	247		148		395	
	1999-2000	249		139		388	
	2000-01	251		151		402	
	2001-02	253		126		379	
Raw Jute	1990-91	3	29	244	2454	247	2483
	1991-92	2		255		257	
	1992-93	2		264		266	
	1993-94	1		183		184	
	1994-95	2		247		249	
	1995-96	0		168		168	
	1996-97	0		305		305	
	1997-98	1		148		149	
	1998-99	4		202		206	
	1999-2000	5		129		134	
Garments	1990-91	---	3181	---	650	---	3832
	1991-92	110		65		175	
	1992-93	164		69		233	
	1993-94	195		74		269	
	1994-95	243		68		311	
	1995-96	265		71		336	
	1996-97	335		69		404	
	1997-98	361		66		427	
	1998-99	377		66		443	
	1999-2000	378		47		425	
Frozen Shrimp	1990-91	---	268	---	194	---	462
	1991-92	17		10		27	
	1992-93	21		13		34	
	1993-94	21		16		37	
	1994-95	28		15		43	
	1995-96	15		17		32	
	1996-97	22		21		43	
	1997-98	24		26		50	
	1998-99	26		29		55	
	1999-2000	29		19		48	
Frozen Fish	2000-01	32	261	15	493	47	754
	2001-02	33		13		47	
	1990-91	---		---		---	
	1991-92	16		23		39	
	1992-93	19		25		44	
	1993-94	18		26		44	
	1994-95	15		26		41	
	1995-96	21		28		49	



	1996-97	28		35		63	
	1997-98	25		30		55	
	1998-99	29		---		29	
	1999-2000	29		12		41	
	2000-01	30		157		187	
	2001-02	31		131		162	
Tea	1990-91	---	295	---	0	---	295
	1991-92	23		0		23	
	1992-93	23		0		23	
	1993-94	21		0		21	
	1994-95	26		0		26	
	1995-96	24		0		24	
	1996-97	30		0		30	
	1997-98	31		0		31	
	1998-99	29		0		29	
	1999-2000	29		0		29	
	2000-01	30		0		30	
	2001-02	29		0		29	
Fertilizer	1990-91	---	3854	---	0	---	3854
	1991-92	107		0		107	
	1992-93	345		0		345	
	1993-94	355		0		355	
	1994-95	301		0		301	
	1995-96	400		0		400	
	1996-97	352		0		352	
	1997-98	388		0		388	
	1998-99	398		0		398	
	1999-2000	402		0		402	
	2000-01	402		0		402	
Leather Goods	1990-91	---	226	---	175	---	401
	1991-92	7		0		7	
	1992-93	1		0		1	
	1993-94	11		6		17	
	1994-95	21		19		40	
	1995-96	21		22		43	
	1996-97	23		20		43	
	1997-98	25		78		103	
	1998-99	28		10		38	
	1999-2000	28		0		28	
	2000-01	31		11		42	
Tobacco	2001-02	30		9		39	
	1990-91	178	2123	161	2241	339	4364
	1991-92	171		166		337	
	1992-93	169		166		335	
	1993-94	169		169		338	
	1994-95	167		173		340	
	1995-96	173		191		364	
	1996-97	177		196		373	
	1997-98	177		296		473	
	1998-99	181		296		477	



	1999-2000	184		---		184	
	2000-01	189		427		616	
	2001-02	188		---		188	
	1990-91	---		---		---	
	1991-92	1164		1071		2235	
	1992-93	1168		1001		2169	
	1993-94	1011		1003		2014	
	1994-95	1153		1008		2161	
	1995-96	1303		1012		2315	
	1996-97	1298	13652	1016	11340	2314	24992
	1997-98	1310		1011		2323	
	1998-99	1311		1084		2395	
	1999-2000	1310		1096		2406	
	2000-01	1310		1041		2351	
	2001-02	1314		997		2311	

**Source:** Bangladesh Port System Development Project Master Plan and Trade Facilitation Study (funded by IDA) (Volume 1, 2, 3 and 4), October 1998: Mott MacDonald Ltd. (UK), in association with Portia Management Services Ltd. (UK), Louis Berger International Inc (USA), Path mark Associates Ltd. (Bangladesh), Engineering Consultants and Associates Ltd. (Bangladesh), Development Planners and Consultants Ltd. (Bangladesh) under Government of the Peoples Republic of Bangladesh, Ministry of Shipping, CPA; BBS Study -July 2003.

**Table 7: Import of various commodities through both seaports of Bangladesh ('000 tons)**

Commodity	Year	Chittagong Port		Mongla Port		Total	
		Total imports in a year	Sub total	Total imports in a year	Subtotal	Total imports in a year	Sub Grand total
Food grain	1990-91	1223	15998	477	4336	1700	20334
	1991-92	1236		460		1696	
	1992-93	1008		292		1300	
	1993-94	743		245		988	
	1994-95	1899		498		2397	
	1995-96	1526		594		2120	
	1996-97	887		253		1140	
	1997-98	1226		414		1640	
	1998-99	1478		450		1928	
	1999-2000	1585		353		1938	
	2000-01	1591		169		1760	
	2001-02	1596		131		1727	
Cement	1990-91	337	9998	577	9870	247	19868
	1991-92	482		966		257	
	1992-93	670		1169		266	
	1993-94	730		858		184	
	1994-95	936		1108		249	
	1995-96	1211		1284		168	
	1996-97	951		1075		305	
	1997-98	966		1011		149	
	1998-99	1003		942		206	
	1999-00	997		596		134	
	2000-01	878		254		158	
	2001-02	837		30		160	



Fertilizer	1990-91	231	2479	366	2965	597	5444
	1991-92	181		391		572	
	1992-93	181		168		349	
	1993-94	240		91		331	
	1994-95	179		349		528	
	1995-96	377		173		550	
	1996-97	203		376		579	
	1997-98	191		364		555	
	1998-99	190		361		551	
	1999-2000	188		181		369	
	2000-01	165		84		249	
	2001-02	153		61		214	
Salt	1990-91	255	881	121	608	376	1489
	1991-92	253		115		368	
	1992-93	38		6		44	
	1993-94	131		194		325	
	1994-95	34		27		61	
	1995-96	0		77		77	
	1996-97	31		21		52	
	1997-98	33		9		42	
	1998-99	29		7		36	
	1999-2000	28		11		39	
	2000-01	33		13		46	
	2001-02	16		7		23	
Others (clinker, coal, wood pulp, open cement, general cargo, machinery etc.)	1990-91	---	11083	---	8959	---	20042
	1991-92	---		1147		1147	
	1992-93	1101		1181		2282	
	1993-94	1115		1015		2130	
	1994-95	1102		802		1904	
	1995-96	993		871		1864	
	1996-97	1012		702		1714	
	1997-98	1083		998		2081	
	1998-99	1010		714		1724	
	1999-2000	1220		709		1929	
	2000-01	1227		517		1744	
	2001-02	1220		303		1523	

Source: Bangladesh Port System Development Project Master Plan and Trade Facilitation Study (funded by IDA) (Volume 1, 2, 3 and 4), October 1998: Mott MacDonald Ltd. (UK), in association with Portia Management Services Ltd. (UK), Louis Berger International Inc (USA), Path mark Associates Ltd. (Bangladesh), Engineering Consultants and Associates Ltd. (Bangladesh), Development Planners and Consultants Ltd. (Bangladesh) under Government of the Peoples Republic of Bangladesh, Ministry of Shipping, CPA; BBS Study -July 2003.

In 1998-99, 1999-2000 and 2000-2001 about 18,038 M.ton, 22,401 M.ton and 24,149 M.ton of frozen foods were exported through this port respectively.<sup>25</sup> In respect to supporting import this port is also playing a major role almost like the Chittagong port, which one is treated as the main port of the country.

<sup>25</sup> A Compact Report on Mongla Port, The Daily Financial Express, 23<sup>rd</sup> October 2002.



Mongla port is, therefore, a major player in the much needed foreign exchange earnings event through export and import like the other port of the country. And with introduction of required facilities to this port, the trade volume has a chance to increase at 7.88% per annum, which is a very optimistic trend for Bangladesh.

## CONCLUSION

There is a great deal of difference between Mongla and other important ports of the world with respect to its location, development and connection with the hinterland.<sup>26</sup> The main important thing is that the development process of the port still continues. From the inception of the port up to this day about 22 development projects have been completed and other will be completed soon.<sup>27</sup>

Since independence, Bangladesh has not been in an advantageous position in international trading yet. It is because of low volume of trading along with more imports than export. This trading is carried out through Chittagong port and Mongla port. In this study it is evident from earlier discussions and analyses that the role of Mongla port in the national economy is already quite substantial as this port is responsible for 31.44% of total export on an average and 19.69% of total import on an average in Bangladesh.<sup>28</sup> This contribution of Mongla port is however, most conspicuous in its immediate vicinity in case of trade acceleration.

It is obvious that there would be higher trade volume in case of highly positive trade elasticity and port efficiency is a vital factor in determining trade elasticity for a developing country like Bangladesh. The port efficiency index that is determined considering the factors like cargo handling restrictions, cargo charging pattern, mandatory port services, custom clearance, manufactures wages and above all transport and telecommunication infrastructure, total population of the country and the port area, total land area of the country and the port area etc. for Mongla port acquires a poor position.<sup>29</sup> It is due to some exiting obstacles in the port area and its surroundings.

Mongla port is still three unit members (based on commodity handling) out of eight, where Chittagong port is four units.<sup>30</sup> It reveals that Mongla port of Bangladesh does not hold as accepted market in the world even though this port is better than some other ports of the world such as Calcutta port, Bombay port, and Karachi port in many respects. In recent years, navigability of channels fails to hold the opportunity for container ships. As a result, numbers of the container ships is reduced with the conventional ships due to low draught in the channel and this situation creates socioeconomic unrest in the port area. Thus, overall growth rates of export, import

<sup>26</sup> The Daily Financial Express, 24<sup>th</sup> October 2002.

<sup>27</sup> *Survey Report of Bangladesh Port System Development Project*; 19<sup>th</sup> Issue; July 2003.

<sup>28</sup> Farida C Khan, (March, 1994) Trade Elasticity Parameters and Their Role in the Gains from Trade: A Reassessment in the Context of Bangladesh, Volume XXII, Number 1, The Bangladesh Development Studies.

<sup>29</sup> Annual Report of International Association of the port & Harbor (IAPH) 2001, South Asian Issues, pp-201.

<sup>30</sup> *Survey Report of Bangladesh Port System Development Project*; 19<sup>th</sup> Issue; July 2003.



and net trading become very low even negative in some cases. As a result, total trade volume is also being lessened day by day. If it is possible to maintain navigational channel, the seaport based trade must get a new shape and able to participate in the economy of Bangladesh more effectively and efficiently. Again, if it is able to create a good market image, the foreign investors come forward and invest in the EPZ and port's industrial zone, and then the economic progress of the country would obviously be getting an expansion form.

In Bangladesh frozen food, especially shrimp becomes the second major export-item that has already incurred a growing demand across the world. Each year lots of foreign currencies are earned by exporting frozen shrimp to USA, EU, UK, Australia, Canada etc. As a result, at present shrimp is called '*White Gold*'. In Bangladesh the shrimp cultivation is totally domestic raw materials oriented. Around 85% of total cultivation and processing of shrimp is taken place in Khulna, Barisal, Satkhira, Potuakhali, Bagerhat etc. districts of southwestern part of this country. Processed frozen shrimp from this region is exported through Mongla port.

After the completion of Padma Bridge on Mawa route, overall production will become more than double since all the production-fields of shrimp are in the southwestern region. Thus Mongla port will certainly become busier in exporting the frozen shrimp produced and processed from this region. At the same time, various small as well as medium scale industries related to shrimp culture such as shrimp-feeding, packaging etc. will be established. Moreover, more and more investments will be made in Mongla EPZ. Therefore, millions of employment will be generated, export earning will rise, living standard of general mass will become higher and rate of crime or offense in this region will obviously diminish. So it is seen that Mongla port can be a crucial factor in the regional economic development of southwestern part of Bangladesh if this port is provided proper support and facilities by taking long term planning.

According to JICA, with the completion of Padma Bridge on Mawa route almost 6 crore people will be directly connected with the capital of Bangladesh. Besides, distance from Dhaka- Mongla port will be 85 Km. less than that of Dhaka-Chittagong port.<sup>31</sup> Thus, Mongla port is expected to take position of the most important seaport in this country because of well furnished and smooth road network with most places of Bangladesh and even with some of the foreign countries. If the government of Bangladesh pays honest attention to the Southwestern region and takes necessary providence to make a favorable situation for this port to facilitate its activities as well as services more efficiently, then all the trade related internal and external factors will pave the way of expansion and growth of Mongla port and in this way the port would overcome its isolation from effective trade participation. For Mongla port to grow out of this isolation and play its destined role in the nation building, it is necessary that all the constraints to transport links discussed in the foregoing are removed. Besides, extension of the railways up to Mongla, establishment of Export Processing Zone, accelerated economic growth in the hinterland, commencement of transit trade with Nepal are prime requirements for the sustenance and growth of Mongla port. One must realize that as soon as these are done, the vulnerable performance of this port will certainly be converted to an efficient approach. Only then some positive contributions from Mongla port can be expected in both national and international context.

<sup>31</sup> Financial Statement (2003), Finance Department, MPA.



## LEGAL ENVIRONMENT FOR DEVELOPING SOUND LABOUR RELATIONS IN BANGLADESH : A CASE STUDY OF THE PUBLIC SECTOR INDUSTRIES

Md. Omar Ali\*  
Reza Hasan Mahmud\*\*

**ABSTRACT:** Legal frame work of any country has a key role for developing effective labour relations. But existing labour relations of Bangladesh is conflicting and not suitable for industrialization. This study reveals that legal environment prevailing at the public enterprises is some what congenial for developing sound labour relations despite the fact that there is a significant variation between the opinion of management and trade union respondents. The scope for settlement of disputes is very much limited at the plant level. Absence of written grievance procedure, work council or participation committee all are the major limiting factors of it. Illegal demands from union and egoism of management are the main causes of unsuccessful negotiations. Labour legislation relating rules need to be modified and provision for motivation, better performance, clear job delegation and accountability in all levels should be ensured. Management needs to be more careful about application of different laws through fair games. Constructive trade union activities, more autonomy for plant level management are also important for developing cordial labour relations of the public sector industries in Bangladesh.

### INTRODUCTION

The legal environment of any country, particularly in developing countries, is certainly essential for building up effective labour management relations. Labour laws and industrial relations have an important bearing on industrial growth and labour welfare. In Bangladesh labour relations are regulated through constitutions, accepted ILO contracts, labour Policies, Acts, Ordinances as declared by the Govt. from time to time. According to the Article 14,15,20 and 38 of the constitutions of the People's Republic of Bangladesh, Government is liable to protect the rights of the working class and ensuring social security. Under labour laws, employees preserve the right to form unions to improve wages, hours of work, benefits, working conditions and management practices. Permanent cordial relation between labour and management

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\* Professor of Management & Dean, Faculty of Business Studies Rajshahi University.

\*\* Dr. Reza Hasan Mahmud, Junior Instructor (Management), Kushtia Polytechnic Institute, Kushtia.



prerequisite for increase in production, efficiency in production and rapid industrialization. Such an environment may ensure not only job security for workers but also higher production and profit. But existing labour relations of Bangladesh is conflicting and not suitable for industrialization. Such a situation has not only hampered industrialization but also the industrial investment and competitive power of the country's economy.<sup>1</sup> The present study, therefore, mainly attempts at highlighting and depicting the adequacy or inadequacy of legal environment for promoting healthy labour relations in public sector industries of Bangladesh.

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

The broad objective of the study is to investigate the effectiveness of legal environment for developing sound labour relations in Bangladesh. The specific objectives are as follows: (a) to know the feasibility of labour laws in the public sector industries; (b) to investigate the scope and nature of the plant level negotiations of the selected public sector mills; and (c) to make some suggestions for the development of the same.

### ***Review of Literature and Importance of the Present Work***

F. Alam<sup>2</sup> carried out a study in some selected Industries of Chittagong to identify and analyze the major industrial and environmental issues concerning labour unrest and the legal frame work relating to regulation of labour relations in general and prevention and settlement of disputes in particular. This study maintains that submission of demand charter, demonstration, token and continuous strike, gherao, and rioting are the common forms of unrest manifestation. Among the identified causes responsible for the tense labour situation are political control over plant unions, delay in disputes / grievance settlement, unfair labour and management practices, management negligence in labour matters, termination of service of the members of union and open support for a union.

Author's another study<sup>3</sup> on industrial disputes laws in Bangladesh reveals that the settlement procedure, as laid down in the various Ordinances and Acts, is exhaustive, but in practice the differences in government arrangements, restrictive legal steps and improper execution of legal provisions interrupt considerably the effective use and operation of the dispute settlement methods. There are many instances of non-execution of certain legal provisions such as functioning of un-registered unions, bargaining with un-registered and non-CBA federations by the government itself.

Anderson and others<sup>4</sup> under took a research on effects of labour laws and labour practices on employment and industrialization in Bangladesh. This study finds that Bangladesh has kept up with its neighboring countries in labour legislation relating to work injury, maternity benefits and labour welfare in general, but in the progress towards social security she has fallen some how behind its sister countries of South Asia.

A. Ali Khan<sup>5</sup> undertook a study to interpret plant level collective bargaining atmosphere in public sector industries in Bangladesh. This study reveals that two basic industrial relations laws are not well equipped to enhance sound bargaining. The state Owned Manufacturing Industries Workers (Terms and Conditions of Service) Act. 1974, has prohibited collected bargaining on eight basic terms and



conditions of service; there are wages, bonus, medical allowance, house rent allowance, night shift allowance, leaves and holidays. Researcher remarks that it has largely reduced the bargaining scope at the plant level. IRO, 1969 as amended up to date is not qualified much to recognize the tropical administrative structure of the public sector industries.

S.S. Karmakar & others<sup>6</sup> conducted a research to know the governing factors behind industrial peace and concluded that legal framework of any country especially in developing countries has a key role for developing effective labour management relations. This study also maintains that in Bangladesh the direct negotiation between employees and employers can not play an important role in settling industrial disputes.

The above research works covering legal environment are mainly related to industrial disputes laws, plant level collective bargaining atmosphere and mode of Government interference in it, etc. Some of the studies are theoretical in nature. But the issues like importance of undertaking a study considering management and trade unions' views regarding adequacy or inadequacy of labour laws, nature of plant level negotiations, etc., have not been attempted in those studies. The present study is directed to highlight this research gap.

### ***Hypothesis***

In the context of the detailed review of literature and objectives of the study, the following hypothesis has been drawn.

- There is a variation in the application of legal environment framework in the public enterprises in Bangladesh.

### ***Terms and Concepts***

*The meaning of legal environment:* Legal environment refers to the applications of various industrial Acts and Ordinances (with latest amendments) in the field of labour relations. After liberation, Bangladesh Govt. had adopted two ILO conventions and in total the number of adopted ILO conventions are 31. Besides the constitutions, a detailed labour law structure has been developed to maintain sound working environment, terms of employment, compensation etc. There are twenty three types of labour laws in Bangladesh. Through 46 Acts and Ordinances, these laws and regulations are conserving the rights of the working class of the modern industrial sector.<sup>7</sup> These detailed frameworks comprises the legal environment of Bangladesh.

*The meaning of labour relation:* The term labour relation is used to express the nature of employer and employees relationship in an organization. Griffin<sup>8</sup> defined labour relation as the process of dealing with employees when they are represented by an employee association (union). According to Plankett<sup>9</sup> labour relation includes all the activities within a company that involve dealing with a union and its members, both individually and collectively.

*Industrial conflict & disputes:* Lack of interest in work is an indicator of negative motivation, and it offers various forms of industrial unrest. Strikes, picketing, bonds, lock out, labour turnover, absenteeism, grievances, disciplinary problems, etc., all these are the symptoms of industrial conflicts.<sup>10</sup> And a concrete and specific



manifestations of conflict is industrial disputes.<sup>11</sup> As defined in the Industrial Relations Ordinance 1969, of Bangladesh, an industrial disputes means, "any dispute or difference between employers and employers or between employers and workmen or between workmen and workmen which is connected with the employment or non-employment or terms of employment or the conditions of work of any persons."<sup>12</sup>

### ***Study Methodology***

Presently three public sector industries are running in Rajshahi District. These are Rajshahi Jute Mills (RJM), Rajshahi Sugar Mills (RSM and Rajshahi Textile Mills (RTM). This study has covered all these industrial establishments. For collection of data ten trade union leaders (including president and general secretary), ten executives of plants (including plant manager, administrative manager and labour officer) from each of the samples have been interviewed with the help of relevant interview schedules. The adequacy or inadequacy of legal environment for promoting healthy labour relations has been shown through evaluating Industrial Ordinance, Labour Policies of Govt., Factories Act, Workmen Compensation Acts; etc., with the scoring techniques of Yes=3, Partly=2 and No=1 for each variable of the interview schedule. In calculating the mean value of each variable, weighted scores of the variable are divided by the respondent number. Partly score is the neutral score. Higher score indicates the adequacy and lower score shows the inadequacy of the variable for legal environment. For analysis of data regarding problems of plant level negotiations, weighted scores have been used. The methods used, in this study, i.e. weighted score=weight  $\times$  number of respondents.<sup>13</sup> Secondary data have been collected by consulting office records of the industrial plants, journals, etc.

### **DISCUSSIONS AND FINDINGS**

Proper understanding of workers and management people may perhaps improve situations for the maintenance of industrial peace and harmonious relations between labour and management, but what is more important is that legal framework should be treated as a more guideline and the workers and management will have to sit down together and search for the answers to the problems that arise out of employment relationship and day-to-day interaction between the parties by themselves. The materials of the paper are organised into two sections like feasibility of labour laws in section one and nature & scope of plant level negotiations in section two.

#### **Feasibility of Labour Laws**

The present structure of labour laws is the outcome of many changes in the various government policies and labour enactments. Moreover, any government measure on labour matters is largely influenced by a number of environmental forces. The presence of any kinds of difference normally acts as an obstacle in developing sound relations between labour and management.

#### ***Management and Trade Union Views Regarding Adequacy / Inadequacy of Legal Environment:***

Legal environment in the public sector industries of Rajshahi District reveals that majority of the management respondents (i.e. 83.33 in percentage) of the selected mills have identified legal environment is adequate for developing sound labour



relations, but trade union leaders take it at only 36.66 percent and mills wise the scores are 40 percent, 40 percent and 30 percent in RJM, RSM and RTM respectively (Table No. 1).

**Table 1 : Perception on Adequacy of Legal Environment in Public Sector Industries**

		Legal environment is adequate		Legal environment is not adequate	
		Respondent	%	Respondent	%
Rajshahi Jute Mills (RJM)	Management	9	90	1	10
	Trade union	4	40	6	60
Rajshahi Sugar Mills (RSM)	Management	8	80	2	20
	Trade union	4	40	6	60
Rajshahi Textile Mills (RTM)	Management	8	80	2	20
	Trade union	3	30	7	70
Consolidated	Management	25	83.33	5	66.67
	Trade union	11	36.66	19	63.34

### ***Opinion Mix About Labour Laws (Management and Trade Union Views)***

Opinion mix about labour laws in the selected industries reveals that (management views) third variable like "No contradiction within the provisions" is in the top of the list (means score 2.50) followed by first variable, "Not highly sounding but qualified to uphold workers' interest" in the second rank (mean score 2.46). On the other hand, trade union have indicated fifth variable like "No complexity with legal jargons" in the first rank (mean score 1.96) followed by third variable "No contradiction within the provisions (mean score 1.36). Difference between management and trade union score shows highest difference in first variable like "Not highly sounding but qualified to uphold workers' interest" (i.e. 22). Against the hypothesis it is found that composite t-table in the application of legal environment indicates a significant variation in the opinion of two respondents groups i.e. management and trade union in RJM, RSM and RTM. The calculated t-value is higher in all the cases (Table No. 2 and Table No. 3).

**Table 3 : the Relation of Management and Trade Union About Opinions Mix.**

Character		Mean	S.D.	T.Cal	Level of sign.
RJM	Management	2.20	0.25	2.76	Sig.
	Trade union	1.76	0.21		
RSM	Management	2.12	0.31	2.38	Sig.
	Trade union	1.68	0.28		
RTM	Management	2.28	0.25	3.22	Sig.
	Trade union	1.70	0.26		
Consolidated	Management	2.19	0.24	2.83	Sig.
	Trade union	1.74	0.21		

Source: Table No. 02 & Appendix No. 02. N.B.: Where Df=8, T-table value at 5% level of significant is 2.31.



### ***Lapses Within the Legal Arrangements and Suggestions for Development (Management and Trade Union Views):***

Most of the management executives do not find any major problems in the legal environment but due to pressure of trade unions, its implementations are sometimes difficult. Some of them think the need for modification of legal environment but they do not forward any specific suggestions. Trade union leaders suggested that termination clause should be revised, compensation Acts should be modified, leave Rules should be consistent with that of other Govt. servants. They also recommend that provisions for workers' welfare and incentives should be included, communication gap between labour and management should be reduced and for speedy reconciliations of industrial disputes the concerned people should avoid unfair practices.

### **Nature and Scope of Plant Level Negotiations**

The resolution of disputes is mainly governed by the Industrial Relation Ordinance (IRO) 1969, as amended up to date. In Bangladesh legal procedures of disputes settlement have been designed according to the nature of disputes i.e. "right disputes" (conflicts arising out of matters of rights) and interest disputes (conflicts arising out of matters of interest). Disputes may be settled through bipartite negotiation, conciliation, arbitration, adjuration and labour court and labour appellate tribunal.

### ***Management and Trade Union Views About Grievance Procedure and Work Council***

Practically in conventional sense disputes are taken as formal and informal in this study. Formal disputes are very much rare in the study mills. But informal disputes comprising mill gate meeting, gherao, violence, etc., are in all the mills of the study area, although there are a variation in its numbers. Gheraos, mill-gate meeting, sit-down strikes are observed mainly for regular payment of wages, provident fund problem, stoppage of dismissal and de-nationalization scheme, regular supply of raw materials etc. Workers and staff of the projects some times take part in different strikes called by scope. After the attendance, they do not work and generally organize a mill gate meeting. In RJM, only three rights disputes are found in labour court during the study period.

#### ***Grievance Procedure:***

Regarding disputes settlement in RJM, the executives opined that there is no written grievance procedure at the mills rather informal procedure is more acute. But they keenly felt the need for written grievance procedure. Trade Union leaders put the ideas in the same way that written grievance procedure is absent. In RSM, similar practice is there and even similar suggestions are also there in favour of introducing written grievance procedure. In RTM, majority of the executives hold the idea that they have written grievance procedure. Trade union workers think differently.

#### ***Work Council***

In RJM, majority of the executives opined that there are work council or participation committee at the mill level. They look at the welfare of the general workers and staffs.



Trade Union thinks that work council is not there but it should be introduced for the interest of workers satisfaction and participation in management activities. In RSM, majority of the executives are in favour of establishment of this committee, trade union also shares the same view. In RTM, similar situation is there, but negotiation is made with trade union leaders regarding production development, development of plant etc. Trade union members also share the same views and they recognize the negotiating attitude of management for functioning of the mills. Practically in all the mills, mill managements are not interest to introduce written grievance procedure or work council and always tries to avoid formal disputes.

### ***Percentage of Successful Negotiation, Problems of Bipartite Negotiations, Causes of Unsuccessful Negotiations and Suggestions***

The promotion of industrial peace and harmonious labour relations largely depends on the effectiveness level of bipartite negotiation. The mechanism of bipartite negotiations is being used both as preventive and curative measure of dispute settlement.

### ***Management and Trade Unions Opinion Regarding Percentage of Successful Negotiations:***

The following table shows that in RJM, management thinks that 86% of negotiation become successful. Trade union views are also similar. This shows the effective negotiation between the parties. In RSM, more effective negotiation is found as only 4% and 9% of the cases become unsuccessful as per the opinions of management and trade union respectively. In RTM, situation is different management opines that 20% of the cases become unsuccessful through negotiation. And trade union views are that 28% cases are unsuccessful. Consolidated situation of negotiation shows that 87.33 is effective as per the views of management (Table No. 4).

Although co-operation of management and trade union leaders have ensured a good numbers of negotiations successful in the selected industries but sometimes due to avoiding of proper way of conflict resolutions also creating a road block on development of sound labour relations. Management of public sector industries has very little authority to negotiate on disputes with their CBAs. Further, if is observed that due to imposing of Golden Hand shake and denationalization programme, workers and union leaders are very alert about non-stoppage of work in all the projects, whether strike called by the Federation will be observed or not, fully depends on the political dominance of the ruling party in trade union leaders of that mills.

### ***Management and Trade Unions Opinion Regarding Problems of Bipartite Negotiations***

The consolidated views of management and trade union reveals that fourth variable i.e. "poor financial position of enterprise" (mean score 3.15) ranks first followed by third variable i.e. "lack of proper training on industrial relation" (mean score 2.05) second variable, "week trade union due to union rivalry" (mean score 1.93) etc., respectively. The difference in score is highest in first variable like "negative attitude of management (i.e. 42) and lowest in fourth variable like "poor financial position of enterprise (i.e. 3) (Table No. 5.).



### ***Causes of Unsuccessful Negotiations (Management and Trade Union Views)***

In RJM, management views are that causes of unsuccessful negotiation are illegal demand, lack in authority etc. Trade union views are that due to egoism of management and trade union leaders and limitations in labour laws, disputes forwarded to the higher authority. In RSM, virtually negotiations failed due to limitations of Govt. policy, while trade union members think that due to lack of sincerity of management and limitations in negotiations capacity of plant management, negotiations fail. In RTM, management views are that due to legal complexities and rigidity, management and trade union negotiations fail. The members of the trade union think that negotiation fails due to legal complexities and limited power of management.

### ***Management and Trade Unions' Suggestions to Make Negotiations More Effective***

Regarding the suggestions to make the plant level bipartite negotiation more effective, it is found that in RJM, executives advocate for better negotiation at the BJMC and federation level. They are reluctant to take more responsibility for negotiations. Trade union thinks that more training is needed for effective bipartite negotiations. More autonomy at the plant level and formation of work council are also needed. In RSM, management personnel have given the ideas that sincerity of trade union leaders is questionable, while trade union members opine that present system of negotiations is satisfactory. In RTM, management recommends for effective trade union activities while trade union members advocate for more training and autonomy for management regarding policy formulation.

## **CONCLUSIONS AND RECOMMENDATIONS**

### ***Conclusions***

Majority of the management respondents believe that legal environment is adequate for developing sound labour relations, but trade union leaders think that, laws are not highly qualified to uphold workers' interest and statistically there is a significant variation in the opinion of two respondent groups. For plant level negotiations, absence of written grievance procedure, work council or participation committee all are the major limiting factors. Although, in average the percentage of the plant level successful negotiations are good but some times avoiding proper ways of conflict resolutions are creating negative impact on workers' motivation, productivity as well as developing sound labour relations of the projects. Practically, main causes of unsuccessful negotiations are illegal demands from union and egoism of management. Poor financial positions of enterprise, lack of proper training on industrial relations, weak trade union due to union rivalry etc., are also prevalent. Besides communication gap between management and trade union leaders, lack of effective trade union activities with sincere attitude of management and more autonomy for plant level management regarding policy formulations cannot be denied.

### ***Recommendations***

- (i) Labour legislation relating rules need to be modified in the light of present industrial environment of modern world. Compensation Act should be modified and provision for motivation, better performance, clear job delegation and accountability at all levels should be ensured.



- (ii) Management needs to be more careful about application of different laws through fair games. Punishment should be given for involvement in unfair union activities.
- (iii) Practically regular wages as per Wage Board recommendation, stoppages of privatization and golden handshake are the important steps for developing sound man-management relations. Workers participation in management, restriction on political affiliation and intra & inter union rivalries, introduction of industrial relation training programme for trade union leaders and workers and prevention of malpractices are also important.
- (iv) For better management of disputes/unrest, introduction of works council or participation committee and written grievance procedure are the major steps to be taken for the purpose. Egoism of management and illegal demand of union should be avoided to develop quick settlement of all formal and informal disputes at the plant level. In this regard negotiation power of plant management should be developed. Political interferences in trade union should be restricted.

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**Table 2 : Opinion Mix about Labour Laws in the Public Sector Industries of Rajshahi District.**

Character	Management Respondents						Trade Union Respondents						Total Score (Management + Trade Union)			Different between Management Vs Trade Union (in Score)
	Score			Total score	Mean score	Rank	Score			Total score	Mean score	Rank	Total score	Mean score	Rank	
	RJM	RSM	RTM				RJM	RSM	RTM							
Not highly sounding but qualified to uphold workers' interest	26	24	24	74	2.46	2	17	19	16	52	1.73	4	126	2.10	2	22
	20	23	21	64	2.13	3	19	18	17	54	1.80	3	118	1.96	3.5	
No contradiction within the provisions	24	24	27	75	2.50	1	20	18	18	56	1.86	2	131	2.18	1	19
Adequacy for workers' welfare, working condition and compensation	20	18	20	58	1.93	5	14	14	13	41	1.36	5	99	1.65	5	17
No complexity with legal jargons	20	17	22	59	1.96	4	18	20	21	59	1.96	1	118	1.96	3.5	0
Average	22	21.2	22.8	66	2.19		17.6	17.8	17	52.4	1.742		118.4	1.97		13.6
S.D.	2.53	3.06	2.48	7.24	0.24		2.06	2.04	2.61	6.15	0.21		10.89	0.18		7.86
Total	110	106	114	330	10.95		88	89	85	262	8.71		592	9.85		68

Source: Appendix No. 1 and 2.

**Table 4 : Percentage of Successful / Negotiated Cases in the Public Sector Industries in Rajshahi District**

Character	Management						Trade union						Total (Mgt.+T.U.)		Different (in score)
	Score			Total score			Score			Total score			Total score	% total (Avg).	
	RJM	RSM	RTM	RJM	RSM	RTM	RJM	RSM	RTM	Total score					
Successful	86	96	80	262	87.33	92	91	72	255	85	85	517	86.16	7	
Unsuccessful	14	4	20	38	12.67	8	9	28	45	15	15	83	13.84	4	
Total	100	100	100	300	100	100	100	100	300	100	100	600	100	14	

Source: Collected Data i.e. Interview Schedule.



Table 5 : Consolidated Problems of Bipartite Negotiation in the Public Sector Industries of Rajshahi District.

Character	Management Respondents						Trade Union Respondents						Total Score (Management + Trade Union)			Different between Management Vs Trade Union in Score
	Score			Total score	Mean score	Rank	Score			Total score	Mean score	Rank				
	RJM	RSM	RTM				RJM	RSM	RTM							
Negative attitude of management	9	8	8	25	0.83	4	23	20	24	67	2.23	2	92	1.53	4	42
Week trade union due to union rivalry	15	38	24	77	2.56	2	12	5	22	39	1.30	4	116	1.93	3	38
Lack of proper training on industrial relation	26	24	26	76	2.53	3	22	14	11	47	1.56	3	123	2.05	2	29
Poor financial position of enterprise	38	20	38	96	3.20	1	32	25	36	93	3.10	1	189	3.15	1	3
Avg.	22	22.5	24	68.5	2.28		22.25	16	23.25	61.5	2.05		130	2.17		28
S.D.	11.07	10.71	10.68	26.35	0.88		7.08	7.45	8.87	20.85	0.70		35.95	0.60		15.18
Total	88	90	96	274	9.12		89	64	93	246	8.19		520	8.66		112

Source: Appendix No. 03.



**Appendix No. 1**  
**Management & Trade Union Respondent Score about Feasibility of Labour laws of the Selected Industries of Rajshahi District**

Sl.No.	RJM		RSM		RTM	
	Mgt.	T.U.	Mgt.	T.U.	Mgt.	T.U.
1	12	10	11	7	10	7
2	12	6	10	8	11	10
3	11	11	13	9	13	8
4	9	9	11	7	12	7
5	10	7	11	10	13	11
6	10	10	8	9	8	8
7	13	8	10	7	10	12
8	11	7	11	11	12	7
9	10	9	9	10	11	6
10	12	11	12	11	14	9
Avg.	11.00	8.80	10.60	8.90	11.40	8.50
S.D.	1.18	1.66	1.36	1.51	1.69	1.86
Total	110	88	106	89	114	85

**Source:** Interview Schedule i.e. Collected data.



**Appendix No. 2**  
**Feasibility of Labour laws in Rajshahi Jute Mills, Rajshahi Sugar Mills and Rajshahi Textile Mills (Employment of Labour Act, as amended), Industrial Relation Ordinance 1969, Factories Act 1965, Workmen's Compensation Act 1923, The Payment of Wages Act 1963).**

Character	Management Respondents					Trade Union Respondents					
	a	b	c	W. score	M. score	a	b	c	W. score	M. score	
RJM	a	6	4	26	2.60		7	3	17	1.70	
	b	2	6	20	2.00		9	1	19	1.90	
	c	4	6	24	2.40	2	6	2	20	2.00	
	d	3	4	20	2.00		4	6	14	1.40	
	e	2	6	20	2.00	1	6	3	18	1.80	
Avg.	3.40	5.20	2.33	22	2.20	1.50	6.40	3	17.60	1.76	
S.D.	1.50	0.98	0.47	2.53	0.25	0.50	1.62	1.67	2.06	0.21	
Total	17	26	7	110	11	3	32	15	88	8.80	
RSM	a	5	4	1	24	2.40	1	7	2	19	1.90
	b	4	5	1	23	2.30		8	2	18	
	c	4	6		24	2.40		8	2	18	1.40
	d	1	6	3	18	1.80		4	6	14	1.40
	e	1	5	4	17	1.70	1	8	1	20	2.00
Avg.	3.00	5.20	2.25	21.20	2.12	1.00	7.00	2.60	17.80	1.68	
S.D.	1.67	0.75	1.30	3.06	0.31	0.00	1.55	1.74	2.04	0.28	
Total	15	26	9	106	10.6	2	35	13	89	6.7	
RTM	a	4	6	24	2.40		6	4	16	1.60	
	b	3	5	2	21	2.10		7	3	17	1.70
	c	7	3		27	2.70		8	2	18	1.80
	d	2	6	2	20	2.00		3	7	13	1.30
	e	4	4	2	22	2.20	2	7	1	21	2.10
Avg.	4.00	4.80	2.00	22.80	2.28	2.00	6.20	3.40	17.00	1.70	
S.D.	1.67	1.17	0.00	2.48	0.25	0.00	1.72	2.06	2.61	0.26	
Total	20	24	6	114	11.4	2	31	17	85	8.50	

Source: Collected data i.e. Interview Schedule; Score weight (yes (a) = 3, partly (b) = 2, No (c) = 1); (a= Not highly sounding but qualified to uphold workers' interest, b= Good for grievance handling, prevention and resolution of disputes, c= No contradiction within the provisions, d= Adequacy for workers' welfare, working condition and compensation, e= No complexity with legal jargons)



**Appendix No. 3**  
**Problems of Bipartite Negotiations in Rajshahi Jute Mills, Rajshahi Sugar Mills and Rajshahi Textile Mills**

		Management			Trade Union		
		Number of respondents	Percentage of respondents	Weighted score	Number of respondents	Percentage of respondents	Weighted score
RJM	a	5	50	9	8	80	23
	b	7	70	15	5	50	12
	c	9	90	26	8	80	22
	d	10	100	38	10	100	32
RSM	a	6	60	8	6	60	20
	b	10	100	38	3	30	5
	c	10	100	24	5	50	14
	d	8	80	20	7	70	25
RTM	a	6	60	8	8	80	24
	b	10	100	24	8	80	22
	c	10	100	26	7	70	11
	d	10	100	38	10	100	36

Source: Collected Data i.e. Interview Schedule

(score weight: 1st = 4, 2nd = 3, 3rd = 2, 4th = 1)

(a = Negative attitude of management, b = Week trade union due to union rivalry, c = Lack of proper training on industrial relation, d = Poor financial position of enterprise.)



## TOBACCO USE AND SMOKING IN BANGLADESH: REGULATORY APPROACHES AND CONTROL PROVISIONS IN BANGLADESH

Zulfiqar Ahmed\*

**Abstract:** The purpose of this article is to examine the existing tobacco uses in Bangladesh alongside with the control in Bangladesh to explore the implications of the Framework Convention on Tobacco Control (FCTC) for international pressure of smoking in the developing countries, like Bangladesh. Some people have also been surveyed on awareness for tobacco control law by this paper. This paper discusses the legal issues related to appropriate restriction on the sale, distribution and consumption and ban on advertisement of tobacco products in public places and in print and electronic media. Banning on advertisement and open smoking is sometimes the violation of human rights, on the other hand, the non-smoking majority has the right to smoke-free air and protection from the many diseases that passive smoking causes.

*"Tobacco control cannot succeed solely through the efforts of individual governments, national NGOs and media advocates. We need an international response to an international problem. I believe that response will be well encapsulated in the development of an international Framework Convention."*

Dr. Gro Harlem Brundtland  
Seminar on Tobacco Industry Disclosures  
WHO, Geneva, 20 October 1998

### INTRODUCTION

Tobacco and smoking is becoming one of the single biggest avoidable causes of death worldwide. Control of tobacco uses and smoking is a matter of concern for the whole world. Bangladesh being a developing country is not an exception to it, rather the problem is made acute here. *The Framework Convention on Tobacco Control (FCTC)* is first international convention for control of tobacco usage and smoking. Bangladesh also enacted new, harsh and containing more initiating provisions on control of tobacco usage and smoking. The objectives of this study are (a) to examine the existing tobacco uses flanking with the control in Bangladesh; (b) to explore the implications of *the Framework Convention on Tobacco Control (FCTC)* for international pressure of smoking in the developing countries, like Bangladesh; (c) to provide an illustrative idea on legal strategies of current tobacco usages and smoking control in the Asian countries; (d) to show the awareness on tobacco control

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\* Lecturer, Department of Law & Justice & Ph.D. Fellow, Institute of Bangladesh Studies (IBS), University of Rajshahi, Rajshahi.



regulations; and (e) to explore how the tobacco control law violates the human rights and to examine the plea of the manufacturers that their legal rights are affected.

Some people have also been interviewed on awareness for tobacco control law discussed in this paper. Findings of the study are presented in both tabular forms and an analytical description. Primary data have been collected from *FCTC* and principal law on tobacco control and sampling on 250 people consisting of teachers and students (school, college & university), rickshaw puller, tea maker, common people (men & women), etc. Their age ranged from 11 to 60 years.

On a global scale, *WHO* estimates that tobacco kills one person at every 10 seconds.<sup>1</sup> By 2030 it is expected to kill more than 9 million people per year<sup>2</sup> due to use of tobacco of which seven million will be in the third world countries like Bangladesh.<sup>3</sup> Smoking causes cancer and is a major risk factor for coronary heart disease, stroke and chronic obstructive lung disease.<sup>4</sup> Together, they account for close to two-thirds of all deaths in Singapore in the year 2000. A decline in smoking prevalence will significantly reduce the morbidity and mortality from these diseases.

### THE FRAMEWORK CONVENTION ON TOBACCO CONTROL (FCTC)

One of the imperative tools to address tobacco control is the legally binding instrument negotiated and adopted by *WHO* Member States, viz., the *WHO Framework Convention on Tobacco Control*.<sup>5</sup> The *FCTC* was adopted at the 56th *WHO* assembly on 31 May 2003. The *Framework Convention on Tobacco Control (FCTC)*, *WHO*'s first international treaty, was adopted by *World Health Organization (WHO)* member countries in May 2003. More than 190 countries have approved the first ever international treaty against smoking including an eventual advertising ban, aimed at breaking a habit that kills nearly five million people a year.<sup>6</sup> The *Framework Convention on Tobacco Control* was adopted unanimously by 192 countries at the annual meeting of the *World Health Organization (WHO)*. Bangladesh was the first country to sign the *FCTC* in Geneva in 2003. The *Framework Convention on Tobacco Control (FCTC)* is an international treaty, signed by 168 states and ratified by 85 states up to September 19, 2005, which includes more than half of the World's population.<sup>7</sup>

Consistent with these new international imperatives in relation to public health, the *WHO Framework Convention on Tobacco Control* is the first international treaty developed by *WHO*, and was designed to be legally binding when 40 States<sup>8</sup> become

<sup>1</sup> *National Smoking Control Programme (NSCP)*, Available at: <http://www.hpb.gov.sg/hpb/> on 20/11/05

<sup>2</sup> WHR 2002, Available at <http://www.who.int/whr/en/> on 20/11/05

<sup>3</sup> *The Bangladesh Today*, Dhaka, 27 July 2004.

<sup>4</sup> *National Smoking Control Programme (NSCP)*, op. cit.

<sup>5</sup> Hereinafter referred as *WHO FCTC*.

<sup>6</sup> *The Daily Star*, Dhaka, 22 May 2004.

<sup>7</sup> For More Information: <http://www.fctc.org/>

<sup>8</sup> The 40 Contracting Parties to the *WHO FCTC* as of 30 November 2004 are Armenia, Australia, Bangladesh, Bhutan, Brunei Darussalam, Canada, Cook Islands, Fiji, France, Ghana, Hungary, Iceland, India, Japan, Jordan, Kenya, Madagascar, Maldives, Malta, Mauritius, Mexico, Mongolia, Myanmar, Nauru, New Zealand, Norway, Pakistan, Palau,



contracting Parties.<sup>9</sup> This treaty has assumed the binding force under the international law in 2005 after signature of the 40<sup>th</sup> state *Peru*. On 27 February 2005, the date on which the treaty entered into force, a number of European nations, *Australia, Canada and Japan* had already become Parties, while countries like China, Brazil and the USA were signatories to the treaty. About 78% of the world's low-income countries (World Bank classification) had signed the treaty. Out of the 58 Parties on 27 February 2005, 14 were low-income countries (*Bangladesh, Bhutan, Ghana, India, Kenya, Lesotho, Madagascar, Mongolia, Myanmar, Pakistan, Senegal, the Solomon Islands, Timor-Leste and Viet Nam*).<sup>10</sup> This is an excellent beginning, which needs to be built on in the context of development assistance. It not only calls upon Member States to ratify, accept, approve or accede to the *WHO FCTC* and to strengthen their tobacco control measures but also calls upon United Nations agencies, funds, programmes and other relevant international organizations to continue to provide support to strengthen tobacco control programmes at the national and international levels.

The objective of the Convention is to protect present and future generations from the health, social, environmental and economic consequences of tobacco consumption and exposure to tobacco smoke, through an international framework of collective measures for tobacco control.

*The WHO FCTC* is a comprehensive, multi-sectoral treaty, which covers all the measures that aim at reducing the heavy toll imposed by tobacco use and production. Being evidence based, it includes measures proven to be feasible and effective. The entry into force and implementation of the Convention is an important step forward in the work of the international community towards achieving better health for all. Resources ensuring the implementation of the Convention and the enactment of comprehensive tobacco control measures should be mobilized as part of addressing the poverty and development agenda.

*The WHO FCTC* provides the obvious vehicle for the implementation of comprehensive tobacco control in all countries. It will commit all countries that ratify it to: eliminate all tobacco advertising, promotion and sponsorship within 5 years (with a narrow exception for nations whose constitutions prohibit a complete ban); require warning labels occupying at least 30% of the area of cigarette packs (and suggests 50% or more); prohibit misleading tobacco product descriptors such as "light" and "mild"; and protect nonsmokers from tobacco smoke in public places. The *FCTC* also urges strict regulation of tobacco product contents; higher tobacco taxes, global coordination to fight tobacco smuggling, and promotion of tobacco prevention,

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Panama, Peru, Qatar, San Marino, Seychelles, Singapore, Slovakia, Solomon Islands, Sri Lanka, Thailand, Trinidad and Tobago and Uruguay.

<sup>9</sup> The WHO FCTC was opened for signature by all Member States of the World Health Organization, or Member States of the United Nations, and by regional economic integration organizations until 29 June 2004. It is currently deposited at the United Nations Headquarters in New York and is open for ratification, acceptance, approval, formal confirmation and accession.

<sup>10</sup> For more information:

://www.who.int/tobacco/areas/framework/signing\_ceremony/countrylist/en/, accessed 17 December 2004. See also: URL:

://www.who.int/tobacco/fctc/ceremony\_entry/en/, accessed 7 April 2005.



cessation and research programs. Therefore, the *FCTC* is the world's first ever-public health treaty; it embraces all elements of a comprehensive tobacco control agenda.

The *WHO FCTC*<sup>11</sup> responds to the rapid spread of the tobacco epidemic to the developing world, and the understanding that globalization and international trade liberalization highlight the need for greater multi-sectoral action and transnational cooperation in areas such as public health.<sup>12</sup> It is an evidence-based treaty that outlines the elements of a comprehensive approach to tobacco control, involving legislative, regulatory, administrative, educational and scientific activities designed to reduce tobacco consumption, and to protect all citizens from exposure to tobacco smoke.<sup>13</sup> The *WHO FCTC* represents a departure from previous responses to drug control in putting the major emphasis on demand reduction strategies, although it also considers strategies to help suppliers of tobacco products adjust and to minimize harm (e.g. growers, facing decreasing demand, may have to consider growing crops other than tobacco).<sup>14</sup> Consistent with its global focus, the *WHO FCTC* includes within its parameters the importance of controlling cross-border activities in relation to tobacco advertising, promotion, sponsorship and illicit trade in tobacco products, and the need for international cooperation.<sup>15</sup> This treaty provides a road map for improving the health and socioeconomic situation of tobacco users as an essential step towards development.<sup>16</sup>

The development of a *WHO Framework Convention on Tobacco Control* and related protocols conforms to the public health model. International agreements focus on the following public health initiatives: 1) pricing and taxation; 2) smuggling; 3) duty-free tobacco products; 4) tobacco advertising and sponsorship; 5) testing and reporting of toxic and other constituents; 6) package design and labeling; 7) agricultural policy; and 8) cooperation and information sharing.<sup>17</sup> The World Bank examines the costs of worldwide tobacco control policies and suggests a plan for action that includes strategies for tobacco farmers.<sup>18</sup> The treaty makes tobacco sales to minors illegal. It also necessitates abolition of all forms of illicit trade in tobacco products, including smuggling, illicit manufacturing and counterfeiting, and calls on parties to track

<sup>11</sup> *WHO Framework Convention on Tobacco Control*, 2003, Geneva, World Health Organization, 2003, accessed on (http://www.who.int/tobacco/framework/download/en/, 17 December 2004).

<sup>12</sup> A. L. Taylor & D. W. Bettcher, *WHO Framework Convention on Tobacco Control: a global "good" for public health*. *Bulletin of the World Health Organization*, 2000, 78(7), pp. 920–929.

<sup>13</sup> Esson M. Katharine & Leeder R. Stephen, *The Millennium Development Goals and Tobacco Control: An Opportunity for Global Partnership*, Geneva: World Health Organization, 2004, pp. 6 & 7.

<sup>14</sup> *The World Health Report, 2003—Shaping the future*. Geneva, World Health Organization, 2003 (http://www.who.int/whr/2003/chapter2/en/, accessed 17 December 2004).

<sup>15</sup> *The Millennium Development Goals and Tobacco Control*, *loc. cit.*, pp. 7 & 8.

<sup>16</sup> *Id.*, p. 55.

<sup>17</sup> M. R. Pandey, P. R. Sharma & B. B. Gubhaju, et al. "Impact of a pilot acute respiratory infection (ARI) control programme in a rural community of the hill region of Nepal", *Ann Trop Paediatr*, 1989, vol. 9, pp. 212–20.

<sup>18</sup> B H Azizi & R L Henry, "Effects of indoor air pollution on lung function of primary school children in Kuala Lumpur", *Pediatr Pulmonol* 1990, p. 9.



tobacco products to control the distribution system. The preamble gives full respect to a country's right to protect public health, thus providing an impetus for countries to implement harsh measures to regulate, even beyond what the treaty requires.

### SMOKING AND TOBACCO USES IN BANGLADESH

In Bangladesh, households with an income of less than \$24 a month smoke twice as much as those on much higher incomes.<sup>19</sup> The poorest households in Bangladesh spend only half as much on health care as on tobacco, and ten times as much on tobacco as on education.<sup>20</sup> Among Bangladeshis with household incomes of less than US\$ 70 a month (the poverty level), there are 10 million male smokers. Figures for poor females are more difficult to obtain as many use chewing tobacco, but there are about 600 000 of them.<sup>21</sup>

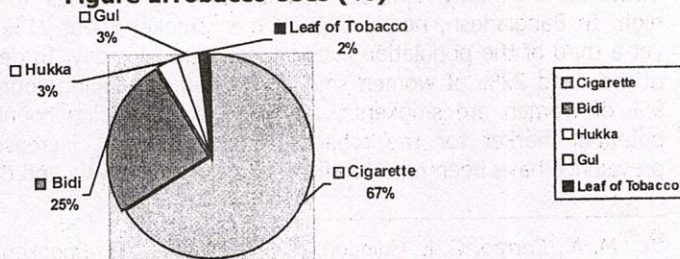
**Table 1: Smoking Rates by Age and Sex, Bangladesh, 1997 (percent)**

Sex	Age				
	10-14	15-19	20-34	35-49	50+
Male	2.8	14.4	47.6	70.3	21.2
Female	0.1	0.9	3.3	6.6	2.8
Average for both sexes	1.6	8.3	23.7	41.0	12.3

Source: Bangladesh Bureau of Statistics (1999).

Tobacco chewing is common in Bangladesh, particularly among women. A study on tobacco reflects that the rate for use of all forms of tobacco, smokeless and smoked by women is around 50 percent, but no nationwide or large-scale surveys exist to verify this finding. According to data compiled by the *World Health Organization (WHO)* on tobacco and cigarette production and consumption in Bangladesh, an estimated 70 percent of the tobacco produced is used for cigarettes and *bidis* (small cigarettes hand-rolled in paper), 20 percent is consumed as chewing tobacco, and the remainder is used in cigars, snuff, and pipe tobacco. But in another survey showed (Figure 1.) that 67% of the tobacco users smoked by cigarettes, 25% by *bidis*, 3% by *Hukka*, 3% by *Gul* (made by the dust of Tobacco) and 2% by leaves.

**Figure 1. Tobacco Uses (%)**



Source: Calculated by the author from primary data

<sup>19</sup> The Millennium Development Goals and Tobacco Control, loc. cit., p. xiii.

<sup>20</sup> Efroymson D et al. "Hungry for tobacco: an analysis of the economic impact of tobacco consumption on the poor in Bangladesh", *Tobacco Control*, 2001 vol. 10: pp. 212-217.

<sup>21</sup> The Millennium Development Goals and Tobacco Control, loc. cit., p. 34.



In 1997, 16,500 million cigarettes were manufactured, consisting of 2,900 million filter and 13,600 million non-filter cigarettes. Since the mid-1980s, Bangladesh has had a growing negative trade balance in tobacco and tobacco products as leaf imports have increased strongly.<sup>22</sup>

**Table 2. Adult smoking prevalence for low-income countries (people living on less than \$1 a day)**

Country	Men (%)	Women (%)	Sl. N.	Country	Men (%)	Women (%)
Azerbaijan	30.2	1.1	19	Myanmar	42.9	21.9
Bangladesh	48.3	20.9	20	Mongolia	67.8	25.5
Burundi	15.6	11.4	21	Nepal	39.5	23.8
Cambodia	66.7	10.0	22	Nicaragua	51.0	16.0
Chad	24.1		23	Nigeria	15.4	1.7
Côte d'Ivoire	42.3	1.8	24	Pakistan	36.0	9.0
Gambia	34.0	1.5	25	Papua New Guinea	76.0	80.0
Georgia	60.0	15.0	26	Rwanda	7.0	4.0
Ghana	10.8	4.0	27	Solomon Islands		33.0
Guinea	58.9	47.3	28	Sudan	23.5	1.5
Haiti	10.7	8.6	29	Uganda	52.0	17.0
India	29.4	2.5	30	Tanzania	23.0	1.3
Indonesia	69.0	3.0	31	Uzbekistan	40.0	1.0
Kenya	66.8	31.9	32	Yemen	77.0	29.0
Kyrgyzstan	60.0	15.6	33	Viet Nam	50.7	3.5
Lao People's Democratic Republic	41.0	15.0	34	Zimbabwe	46.0	13.0
Lesotho	38.5	1.0	35	Zambia	40.0	7.0
Malawi	20.0	9.0				

**Sources:** The World Bank classified Countries listed as low-income economies at 1 July 2003. Only countries with smoking data were included. Smoking figures are taken from WHO's Tobacco control country profiles.<sup>23</sup>

**Table 2.** is a stark reminder that low-income countries' tobacco addiction is very high. In Bangladesh, nearly 50% of men smoke, about 21% of women smoke and yet a third of the population lives on less than \$1 a day. In developed countries 35% of men and 22% of women smoke, while in developing countries 50% of men and 9% of women are smokers.<sup>24</sup> Women in developing countries are clearly a key potential market for the tobacco industry. Recent increases in female smoking prevalence have been reported from Cambodia, Malaysia and Bangladesh.<sup>25</sup>

<sup>22</sup> M. A., Corrao, G. E. Guindon, N. Sharma and D. F. Shookoohi, ed.. *Tobacco Control Country Profiles*, American Cancer Society, Atlanta: 2000, par. Ga.

<sup>23</sup> Shafey O, Dolwick S & Guindon GE. *Tobacco Control Country Profiles*, 2nd ed. American Cancer Society, Inc., World Health Organization & International Union against Cancer, 2003, p. 34.

<sup>24</sup> J. Mackay & M. Eriksen, *The Tobacco Atlas*, World Health Organization (WHO), 2002. See also for male prevalence <http://www.who.int/tobacco/en/atlas5.pdf> and female prevalence <http://www.who.int/tobacco/en/atlas6.pdf>

<sup>25</sup> Tobacco Control Country Profile, Second ed., 2003, p. 10. For more Information, See also: <http://www.globalink.org/tccp/Introduction.pdf>



### ANTI-SMOKING OR ANTI-TOBACCO LAWS

Many governments have initiated effective tobacco control measures. The tobacco control laws of Asian Countries are nascent and among the weakest worldwide countries with the exception of Singapore, Australia, Hong Kong and Thailand.<sup>26</sup> Many countries have legislated smoking bans in public places or workplaces; however, laws or regulations are not always effective, as many are not enforced effectively. Many U.S. cities have already introduced tough antismoking ordinances. The rapidity of new legislation increased in the mid-1970s. Between 1970 and 1974, nine laws were enacted in eight states; between 1975 and 1979, 29 new laws were passed and 15 more states adopted smoking regulations. The rate of enactment by state legislatures increased throughout the 1970s until 1985. Several states had passed extremely stringent smoking regulations, while some cities had virtually banned all smoking in public places before 1995. As a consequence of Australia's federal system of government, responsibility for tobacco control is split between the federal and state governments, with the states bearing a large part of the responsibility. Japan banned smoking in all trains and several other public areas and supported this conference on tobacco and women. China has built a network of smoke-free schools, passed restrictive tobacco advertising ban laws and hosted the last World Conference on Tobacco Control in 1997. Sri Lanka and the Philippines have also initiated action to ban tobacco advertising and have strengthened the protection of children against smoking.<sup>27</sup> More than 40 developing countries do not require health warnings to appear on cigarette packs, and of those that do, 73% require weakly worded warnings, often in English rather than in local languages.<sup>28</sup> The measures taken have been different regions are listed in *Table 3*. Some countries have passed very extensive laws, while others have not because of the challenges of passing and implementing legislation.

**Table 3 : Current Tobacco Control Strategies in the Asian Countries**

Countries	Strategy of Protection for Non-Smokers
Bangladesh	In 2005, Smoking is banned in public places by the enacting law. Administrative measures to create smoke-free areas have been implemented in hospitals, public transport, elevators, theatres, cinemas and government premises. Some other workplaces have taken voluntary measures to ensure smoke-free areas.
South Korea	Smoking is prohibited in restaurants, shops and railway waiting rooms.
India	In 1990, through an executive order, the government implemented a prohibition on smoking in all health care establishments, government offices, educational institutions, air-conditioned railway cars, buses and domestic passenger flights.
Indonesia	Three of the Government ministries are officially smoke-free, but this is not enforced. By regulation, all health facilities are smoke-free, although some doctors smoke in front of their patients. Schools up to the university level are smoke-free. Most air-conditioned cinemas have regulations prohibiting smoking, while some restaurants have voluntary bans. Flights of less than

<sup>26</sup> Carmelita Canila, "Promotional tobacco campaign violates the fundamental rights", *The Daily Star*, Dhaka, May 18, 2003.

<sup>27</sup> R. B. Tennant, *The American Cigarette Industry: A study in economic analysis and public policy*. New Haven, CT: Yale University Press, 1950, p. 151.

<sup>28</sup> Tobacco Warning Labels and Packaging Fact Sheet, *11<sup>th</sup> World Conference on Tobacco or Health*, 2000, [://tobaccofreekids.org/campaign/global/docs/warning.pdf](http://tobaccofreekids.org/campaign/global/docs/warning.pdf)



	two hours are smoke-free, but there are no laws or regulations regarding smoking on trains, on buses or in taxis.
Malaysia	Ban in government offices, flights
Japan	Partial ban
China	China 1949:ban smoking in public vehicles in all big cities;1986: in subways;1983:on domestic flights;1995:on all flights; smoking is banned on the Ministry of Health premises, partially in hospitals and other health facilities; 1994:Shanghai declared virtually all indoor public places smoke-free;1995:Beijing banned smoking in all indoor public places;1996: over 70 cities banned smoking in all indoor public spaces.
Myanmar	Smoking is banned in hospitals and theatres and prohibited by administrative measures in public transport.
Nepal	Smoking was banned in public places in 1992.
Sri Lanka	Some controls in place.
Maldives	Smoking is banned in government office buildings.
Thailand	Since 1976,smoking has been prohibited in public places, and since 1985 in cinemas.1988: in cabinet meetings and all other meetings in Government House.1989: in all premises of Ministry of Public Health.1992: the Non-smokers' Health Protection Act was adopted, granted in a wide variety of public places.

#### LEGISLATIVE AND REGULATORY MEASURES IN BANGLADESH

*The FCTC* is signed by Bangladesh on 16 June 2003 and ratified on 10 May 2004. Before signing *the Framework Convention*, Bangladesh Government took administrative measures to create smoke-free areas have been implemented in hospitals, public transport, elevators, theatres, cinemas and government premises. Some other workplaces have taken voluntary measures to ensure smoke-free areas. The government declared some government offices like the President's Office, Office of the Prime Minister, Ministry of Health and Family Welfare, hospitals and different health institutions as nonsmoking areas. In 2005, *the Smoking and Tobacco Usage (control) Act* has been passed by the Parliament on 13 March and it has been assented to by the President on 15 March.

#### Health Warning Labels

The purpose of warning labels is to influence tobacco use behavior by providing additional information to support the motivation not to start smoking or to quit. However, one key weakness of warning labels is that they will not reach some poorer individuals in some developing countries. By 1991, 77 countries required warning labels on tobacco products. Very few countries have strong warnings with rotating messages. Often the reality is that labeling in most countries did not influence tobacco use behavior, because the health warnings were weak and hardly visible. Section 10(3) provides the punishment for infringement of the provisions of Health warning labels. Section 10 states that each cigarette pack will carry the following health warning labels that are large, clear and visible covering at least 30 percent of the principal display areas.

- |   |                                  |
|---|----------------------------------|
| (a) Smoking kills                         | (b) Smoking causes strokes       |
| (c) Smoking causes heart disease          | (d) Smoking causes lung cancer   |
| (e) Smoking leads to respiratory problems | (f) Smoking is harmful to health |



The penalty for violation is Tk. 1,000 and/or 3 months imprisonment. Moreover, these weak warning labels have only been an advantage for the tobacco industry, as they were a perfect legal protection in the product liability lawsuits.

#### *Advertising and Promotion Bans*

The tobacco control law prohibits publication of advertisements of tobacco products in newspapers, books and magazines, in radio and television broadcasts, and in cinema.<sup>29</sup> The law proposes Tk. 1,000 in fines or three-month imprisonment for violating section 5 of the law. According to the new law, putting up billboards and printing leaflets and handbills or any other documents, including films and videotapes, containing advertisement of tobacco is banned. Section 5(4) dictates that no company will be allowed to distribute tobacco free of cost, arrange any competition and make any offer of scholarship or donation to publicize tobacco products. A punishment of three months imprisonment or a fine of Tk. 1,000 or both is enforceable for its violation.

A "Work for a Better Bangladesh" and "PATH Canada" survey last year found that 63 percent of Bangladeshis aged 5-13 years are exposed to televised cigarette advertisements.<sup>30</sup> Children buy the most heavily advertised brands and are three times more affected by advertising than are adults.<sup>31</sup> Studies have shown that children are aware of and are influenced by tobacco advertising.<sup>32</sup> Tobacco advertising and promotion activities appear both to stimulate adult consumption and to increase the risk of youth initiation.<sup>33</sup> A study of 100 countries compared consumption trends over time in those with relatively complete bans on advertising and promotion and those with no such bans. In the countries with nearly complete bans, the downward trend in consumption was found to be much steeper.<sup>34</sup>

Many governments have banned smoking and tobacco advertising. For example, China has passed restrictive tobacco advertising ban laws. Sri Lanka and the Philippines have also initiated action to ban tobacco advertising.<sup>35</sup> Advertising of tobacco products was further restricted in September when USA Congress extended the 1970 ban on the use of radio or television advertising for cigarettes to include small cigars.

<sup>29</sup> Section 5 of the *Smoking and Tobacco Usage (control) Act, 2005*. Illustration of the Act explains that advertising means any type of proclamation of script, printing or recorded sound through print or electronic media, e-mail, Internet, telecast, or others.

<sup>30</sup> Carmelita Canila, *loc. cit.*

<sup>31</sup> T. H. Lam, S. F. Chung & C. M. Wong, et al. "Youth smoking: knowledge, attitudes, smoking in schools and families, and symptoms due to passive smoking", Hong Kong Council on Smoking and Health (COSH) 1994, March: report 2.

<sup>32</sup> *Ibid.*

<sup>33</sup> BAT document, 1979. In: ASH briefing on "Brand Stretching", Action on smoking and health, London. Documents on Project Battalion 1998. ([www.ash.org.uk](http://www.ash.org.uk)).

<sup>34</sup> N. M. Tilley, *The R. J. Reynolds Tobacco Company*, Chapel Hill, NC: University of North Carolina Press, 1985.

<sup>35</sup> R. B. Tennant, *The American Cigarette Industry: A study in economic analysis and public policy*. New Haven, CT: Yale University Press, 1950.



*Ban on Public Places or Public Transports*

Section 4 of the new law bans smoking in public places and transports with a provision for penalty. Anyone who violates the provision will be fined Tk. 50 (0.8).<sup>36</sup> Section 7 states that the authorities or caretaker of any public place or transport can make special arrangements for smokers. The category of public places include educational institutions, government, semi-government and autonomous offices, libraries, lifts, hospitals, clinics, court buildings, airports, sea and river port buildings, railway stations, bus terminals, ferries, cinema halls, covered exhibition centres, theatres, markets, children's parks (government or private) and other places designated by gazette notifications.<sup>37</sup> Public transport includes motorcars, buses, trains, trams, boats, launches, all kinds of public motorized vehicles, and airplanes.<sup>38</sup>

The growth in our understanding of the disease risk associated with *environmental tobacco smoke (ETS)* exposure has been accompanied by the declining social acceptability of smoking and by a growing body of legislation and regulations against smoking in public places and work places.<sup>39</sup> Policies of banning smoking consist of laws and regulations involving the definition of "public place," which has mainly come to include public transportation, hospitals, elevators, indoor cultural or recreation facilities, schools, public meeting rooms and libraries. Until 1995, about 150 countries among the 190 members states had some form of legislation controlling or restricting smoking in various public places and/or workplaces.<sup>40</sup> Currently many countries are developing and implementing comprehensive legislation that restricts smoking in many public settings.

*Ban on Free Distribution or Offer of Scholarship*

The law dictates that no company will be allowed to distribute tobacco free of cost, arrange any competition and make any offer of scholarship or donation to publicize tobacco products.<sup>41</sup> A punishment of three months imprisonment or a fine of Tk. 1,000 (16.6 dollars) or both is enforceable for its violation.<sup>42</sup>

*Ban from Set up Automatic Vending Machine*

Section 6 of the *Smoking and Tobacco Usage (control) Act, 2005* also prohibits installation of any vending machine inside of road, public place or public transport etc. from where tobacco products can be purchased through an automatic system. Whoever, violates this provision, shall be liable to fine may extend to one thousand Tk. Ban on vending machines of tobacco products is pro-active, as there are no cigarette vending machines in Bangladesh.

<sup>36</sup> Sec. 4(2) of the *Smoking and Tobacco Usage (control) Act, 2005*.

<sup>37</sup> *Id.*, sec. 2(f).

<sup>38</sup> *Id.*, sec. 2(g).

<sup>39</sup> Women and the Tobacco Epidemic: Challenges for the 21st Century, ed., Jonathan M. Samet and Soon Young Yoon, The World Health Organization, Canada :2001, p. 22.

<sup>40</sup> United Nations, Population Division, Department of Economic and Social Affairs. Population (in thousands) for the countries of the world. New York, NY: United Nations, 1998. (<http://www.popin.org/pop1998/2.htm>).

<sup>41</sup> Sec. 5(3) & 5(4) of the *Smoking and Tobacco Usage (control) Act, 2005*.

<sup>42</sup> *Id.*, sec. 5(5). The law also bans the use of donations, tournaments, scholarships, awards that are used to promote the use of tobacco products.



### *Impose Heavy Tax*

The judge of the High Court Division<sup>43</sup> issued a decision that urged the respondents, including the government, to prohibit import of tobacco "within a reasonable period" and in the meantime impose a heavy import tax. Bangladesh Government enhanced tax rate on the value of banderole of hand made cigarettes from 3 percent to 4 percent in the budget for the fiscal year 2005-2006.

### *Other Regulatory Measures*

- Tobacco companies must inform the Government of the ingredients of imported tobacco products.<sup>44</sup>
- A five-year program offering subsidies for tobacco farmers to shift to other crops and to encourage tobacco farmers to cultivate alternative crops, the government has decided to provide them with soft loan support.<sup>45</sup>
- The Government will create guidelines to discourage any new tobacco companies from entering Bangladesh.<sup>46</sup>

### *Other Anti-tobacco Laws & Ordinances*

This tobacco control law repealed two former most important tobacco control laws, i.e., *the East Bengal Prohibition of Smoking in Show Houses Acts, 1952* and *Tamajato Samagri Baponon (Niyanttran) Ain, 1988*.<sup>47</sup> The law also said that other existing laws related to anti-smoking would also require compliance.<sup>48</sup> Other laws include:

- the Railways Act, 1890;
- the Juvenile Smoking Act, 1919;
- the Dhaka Metropolitan Police Ordinance, 1976;
- the Chittagong Metropolitan Police Ordinance, 1978;
- the Khulna Metropolitan Police Ordinance, 1985<sup>49</sup> and
- Rajshahi Mohanogari Police Ain, 1992

The Dhaka Metropolitan Police Ordinance, 1976, the Chittagong Metropolitan Police Ordinance, 1978, the Khulna Metropolitan Police Ordinance, 1985 and Rajshahi Mohanogari Police Ain, 1992 prohibit smoking at any building of public or local authorities and whoever, smokes that place, shall be liable to fine may extend to Tk. 100.

<sup>43</sup> Bangladesh High Court Division Hearing on Writ Petition No. 1825 of 1999 and Writ Petition No. 4521 of 1999 in the Matter of an Application under Article 102 of the Constitution of the People's Republic of Bangladesh; summary available on the BATA Website, <<http://bata.globalink.org>>.

<sup>44</sup> Sec. 11(1) of *the Smoking and Tobacco Usage (control) Act, 2005*.

<sup>45</sup> *Id.*, Sec. 12(1).

<sup>46</sup> *Id.*, Sec. 12(2).

<sup>47</sup> *The Tobacco Goods Marketing (Control) Act, 1988* (45 of 1988).

<sup>48</sup> Sec. 3 of *the Smoking and Tobacco Usage (control) Act, 2005*.

<sup>49</sup> Sec. 86 prohibits smoking at any building of public or local authorities and it shall be liable to fine may extend to 100 Tk.



**AWARENESS OF TOBACCO CONTROL LAW**

Most of the 200 male and 50 female (total 250) interviewed were aged 11-60. Most (60%) said they had never smoked. Only 3% reported currently smoking at least one cigarette a week, but, as with the focus group participants, 77.2% was quite familiar with tobacco control law and most (73.6%) said that if anyone smoked at public place, then he is liable to fine Tk. 50.

**Table 4 : Awareness to Smoking and Tobacco Usage (Control) Law**

Age participants	Smoker	Awareness to Law	Awareness to Fine
11-20	20%	74%	64%
21-30	54%	88%	80%
31-40	58%	76%	76%
41-50	44%	64%	70%
51-60	24%	84%	78%
<b>Total</b>	<b>40%</b>	<b>77.2%</b>	<b>73.6%</b>

*Source: Calculated by the author from primary data*

**ANALYSES OF THE REGULATION OF TOBACCO USES**

That the newly introduced tobacco control law has yet to drive the message home among the public is obvious from the many media reports of its violation by the smokers. The much anticipated and highly praised Smoking and Tobacco Product Usage (Control) Law that was passed in Parliament on 13 March past year, came into effect on 25 March, 2005 is totally failure of its purposes of enactment. The law contains various weaknesses, which *BATA (Bangladesh Anti Tobacco Association)* hopes to address in the near future. The following critical analyzes shall go forward the regulating processes of tobacco use in Bangladesh.

*Want of Awareness about Tobacco Law*

Investigations reveal that while many smokers, especially those belonging to the low-income groups, are not aware of the law, there are others who know but refuse to abide by the law, which is shown in **Table 4**.

*Absence of Proper Monitoring*

The law prohibits smoking in public places is being flouted openly by the smokers in the absence of proper monitoring by the law enforcing agencies entrusted with the job of punishing the violators. But, by now, the smokers have come back in various prohibited and restricted public places, transports, railway, etc. and are being sold and used openly under the very nose of the administration.

*Inadequate Punishment*

The billboards, signposts, signboards and hoardings with tobacco advertisements continue to allure smokers and would be smokers alike at strategic public places for the inadequate punishment for manufacturers. Surely the cigarette marketing companies are aware of the punishment of three months' imprisonment or a fine of Tk. 1,000 for advertising their products in public. Such hoardings in the capital city were still found to be boldly advertising a harmful product the consumption of which the government and the civil society have been trying to discourage. The indifferent smokers will only focus on when there would be strict enactment of the law, and exemplary punishment (Tk. 50 is not exemplary) meted out to violators.



### *Appropriate Labeling for Dangerous Goods*

Tobacco users have the right to information about the products they use, including health risks and information on quitting. This law proposes 30% of the main display areas composing of health warnings, but it is not sufficient for the information about the products. 50% of each print advertisement is composed of health warnings and that all cigarette packs contain a graphic picture of pathology caused by smoking. For instances, all pharmaceutical drugs show composition, action, indication, contradiction, side effects and pre-cautions of the drug. So, the making contents, side effects and precaution of cigarette or bidi are marked up by the tobacco manufacturers. 'In terms of pack warnings, the law should specifically say that all of the warnings must be used, in rotation. The last, vague warning which is presently used on all packs should be abandoned.'<sup>50</sup>

### *Special Arrangements for Smoking*

This law has permitted for making special arrangements for smokers to the authorities or caretaker of any public place or transport. This is a absurd idea and it represents the following symbol, which resembled a yin/yang sign implying that smokers and non-smokers could coexist in harmony.

**Figure 2 : Logos for the Original Philip Morris Accommodation Program and the IHA's Courtesy of Choice Program.**



Source: <http://tc.bmjournals.com/cgi/content/full/11/2/94/F2>

This symbol, called "*The New Sign of the Times*", was half red and half green with a lit cigarette featured in the green half. Underneath this symbol was the phrase, "*Smokers and Non-Smokers Welcome*."<sup>51</sup> This logo was presented as an alternative to the international no-smoking sign, which needed to be posted in certain areas to comply with the ordinance.<sup>52</sup>

### **ANALYSIS OF HUMAN RIGHTS VIOLATION**

The tobacco manufacturers have raised the question that the tobacco control law violates the human rights on the argument to defend their practices, claiming that

<sup>50</sup> See also, BATA website, available at <http://bata.globalink.org/>

<sup>51</sup> Philip Morris, "Eighty percent of Pittsburghers favor Accommodation Program, business participation doubles in less than a month", Philip Morris; 29 June 1989. Access date 9 February 2001. Bates range: 2044429481-9484 URL: <http://www.pmdocs.com/>

<sup>52</sup> Samuels BE, Begay ME, Russo Hazan A, *et al.* "Philip Morris's failed experiment in Pittsburgh", *Journal of Health Politics, Policy and Law* 1992;17:330-51.



people have the right to smoke where they choose, and companies to advertise as they wish. Leaders of the national convening committee for the *Bangladesh Bidi-Cigarette Owners-Labourers and Tobacco Farmers (BBCOLTF)* took up heavily on the recently enacted 'Tobacco Control Act' and demanded the government to repeal it in the greater interest of people.<sup>53</sup> "Enacting such a law was nothing but a wrong decision and people should not support it as it is based on ignorance. Government's such decision turning Bangladesh into a country without any tobacco industry, but not a country free from smokers," said *Karimuddin Bharasa*, a lawmaker and President of the *Bangladesh Bidi Industry Owners Association*.

### 8.1. Ban on Advertising

Is banning advertising of tobacco by the tobacco control law a violation of human rights or not? Tobacco manufacturers argue that freedom of speech, where it is written into the Constitution of the Peoples' Republic of Bangladesh<sup>54</sup>, means that tobacco companies should be allowed to advertise freely. Article 39(1) ensures freedom of speech but this freedom of speech was never meant to protect commercial speech, nor does it universally cover individual speech. And article 39(2) declares that

Subject to any reasonable restrictions imposed by law in the interests of the security of the State, friendly relations with foreign states, public order, decency or morality, or in relation to contempt of court, defamation or incitement to an offence-

- (a) the right of every citizen of freedom of speech and expression; and
- (b) freedom of the press, are guaranteed.

Dangerous products that are legal, such as guns and rat poison, are generally not allowed to be advertised. Pharmaceuticals, which can be life saving, are also often excluded from most forms of advertising. Article 18(1) of the Constitution provides that

The State shall regard the raising of the level of nutrition and the improvement of public health as moving its primary duties, and in particular shall adopt effective measures to prevent the consumption, except for medical purposes or for such other purposes as may be prescribed by law, of alcoholic and other intoxicating drinks and drugs which are injurious to health.

The advertising of a deadly addictive product has been held by the courts of *Bangladesh*, *Kerala* (State in India), *Pakistan* to violate that right, particularly as tobacco adds fail to mention either their addictiveness or their deadliness.<sup>55</sup>

The freedom to smoke is an imaginary freedom. Just as one's freedom to swing one's fist ends where another's face begins, so should the freedom to blow tobacco smoke into the air stop where another's nose, and lungs, begin. Freedom does not include the right to harm others. The evidence is clear that passive smoking causes disease; thus smokers should not have the right to smoke where they wish, if others are present. Thus tobacco companies' arguments that tobacco control violates human

<sup>53</sup> *The Financial Express*, Dhaka, 04 April 2005.

<sup>54</sup> Article 39(1), *the Constitution of the People's Republic of Bangladesh*.

<sup>55</sup> Summary of Voyage of Discovery decision. <http://wbb.globalink.org>



rights is incorrect; it is in fact the intensive promotion of an addictive product that violates human rights.

#### *Ban on Smoking at Public Place or Transport*

Another question is: whether prohibition on smoking at public place or transport a violation of human rights or not? The tobacco manufacturers claim on that people have the right to smoke where they choose. The freedom to smoke is an imaginary freedom. Freedom does not include the right to harm others. The evidence is clear that passive smoking causes disease; thus smokers should not have the right to smoke where they wish, if others are present. The constitution of Bangladesh guarantees right to life.<sup>56</sup> Once addicted, smokers cannot make a free decision whether or not to smoke. Thus tobacco companies' arguments that tobacco control violates human rights cannot be substantiated by any reason; it is in fact the intensive promotion of an addictive product that violates human rights.

#### *Right of Children*

Children have the right to live in a smoke free home. While tobacco may not seem like a serious human rights issue, especially given the situation in many countries on human rights, it can be a serious issue. For instance, for a child with asthma, exposure to cigarette smoke can cause serious illness and even death. Tobacco smoke can also trigger serious asthma attacks in adults. The WHO has recently produced a report called Tobacco and the Rights of the Child.<sup>57</sup> The report documents the ways in which the UN Convention on the Rights of the Child, which has been ratified by most governments, can be interpreted to protect children from tobacco. The report further says "States have a duty to take all necessary legislative and regulatory measures to protect children from tobacco and ensure that the rights of children take precedence over those of the tobacco industry."

#### **CONCLUSION**

Tobacco harms not only individual health, but also affects personal and national economy, and the environment. Tobacco kills not only directly but also through passive smoking—the breathing of the thousands of dangerous chemicals in tobacco smoke by others.<sup>58</sup> Expenditures on tobacco also take money away from basic needs such as food, thereby contributing to the malnutrition of over ten million children each year in Bangladesh. The WHO Framework Convention on Tobacco Control has entered into force on 28 February 2005, in 90 days. From that date on, the provisions of the Treaty legally bind the 40 Contracting Parties. These provisions set international standards on tobacco price and tax increases, tobacco advertising and sponsorship, labeling, illicit trade and second-hand smoke. The Framework Convention is an international legal instrument that circumscribes the global spread of tobacco and tobacco products. It represents a global complement to national and local action and supports and accelerates the work of Member States wishing to strengthen their tobacco control programmes. More than 40 developing countries do

<sup>56</sup> Article 32 of the Constitution states that no person shall be deprived of life or personal liberty save in accordance with law.

<sup>57</sup> World Health Organization, 'Tobacco & the Rights of the Child' available at: <http://www.who.int>

<sup>58</sup> See also, BATA website, available at <http://bata.globalink.org/>



not entail health warnings to come into sight on cigarette packs, and of those that do, 73% require weakly worded warnings. There are some praiseworthy exceptions: *South Africa*, *Thailand* and *Singapore* all have comprehensive tobacco control laws including bans on tobacco advertising and sponsorship, smoke-free public places, large clear health warnings, and health education campaigns.<sup>59</sup> Bangladesh Government enacted the much anticipated and applauded *the Smoking and Tobacco Product Usage (Control) Act, 2005* which came into effect on 25 March. But the law bans smoking in public places is being contravened openly by the smokers in the absence of proper monitoring by the law enforcing agencies entrusted with the job of punishing the violators. Investigations reveal that while many smokers, especially those belonging to the low-income groups, are not aware of the law, there are others who know but refuse to abide by the law. Within the first few months after enactment of the controlling of tobacco law, smoking at public place and transports and advertising on TV or media or billboard were totally disappeared by the bold step of the administration. When the anti-smoking law was passed in the Parliament and the President gave his assent, people of all classes welcomed it and refrained from smoking as prescribed therein. Hardly there was any news of using force to stop smoking. But with the passage of time, a section of the smokers have begun to close their eyes to the law which is very unfortunate. But surprisingly, by now, smoking at public place or transports is ubiquitous under the very nose of the administration. So, the tobacco epidemic can not only be reduced by the enactment of strong laws, but also now the civil society will have to go all out to implement and sustain the anti smoking and anti tobacco laws in society in its entirety. All efforts should be made to create public awareness in this respect keep their eyes shut and started flouting.

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<sup>59</sup> Tobacco Warning Labels and Packaging Fact Sheet, *op. cit.*



## LEGISLATIVE BARRIERS TO PRESS FREEDOM IN BANGLADESH AND CANADA: A CRITICAL OVERVIEW

Abul Mansur Ahmed\*

**ABSTRACT:** The paper examines some important legislation of Bangladesh and Canada which pose hindrances to the press freedom. The most of the current laws were passed during the British colonial period in Bangladesh, and some laws were enacted in Canada during the British colonial period as well. This paper reveals that the Official Secrets Act and some other laws are restrictive. These laws are incompatible with democracy which put undue restrictions on the gathering, processing, storage and dissemination of information. The paper also demonstrates that the Security of Information Act inhibits access to government information and hinders journalists to work freely.

### INTRODUCTION

Freedom of the press is seen as an indispensable element in the operation of a liberal representative democratic government. Press freedom is valued in democracy because of the inherent value it has in safeguarding democracy. There is an intricate link between democracy and press freedom. Legal constraints are presently a tropical issue to the media fraternity in Bangladesh.<sup>1</sup> The certain legislations were retained by the successive governments in Bangladesh to consolidate its power and to promote its policies. The scenario in Canada might be quite different in comparison to Bangladesh, but it will be very useful looking at the legislative barriers affecting Canadian media.

The most of the current laws were passed during the British colonial period in Bangladesh, and some laws were enacted in Canada during the British colonial period as well. Hence their intentions are not necessarily suitable for a society striving for democracy. Some laws have a tendency to prevent disclosure of information embarrassing to government, information that has nothing to do with state security or public order. The majority of the laws used against the media in Bangladesh have their origins during the British colonial period. Canada has also been using the British colonial legislation such as Official Secrets Act and some other legislation for long time. By this time Canada has amended a lot of legislation in this regard.

This paper examines some important legislation of Canada and Bangladesh which pose hindrances to the press freedom. In this regard, the paper looks at Official Secrets Act, Special Power Act, Press Declaration and Registration Act, Code of Criminal Procedure of Bangladesh. Moreover, the paper looks into Canadian Charter

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\* Dr. Abul Mansur Ahmed, Assistant Professor, Department of Mass Communication, University of Rajshahi.

<sup>1</sup> Salam, S. A. 'Mass Media in Bangladesh: *Newspaper, Radio and Television*', Dhaka: PIB Press, 1997, P.25.



of Rights and Freedoms 1982, Official Secrets Act (amended in 2001 and renamed as Security of Information Act), Access to Information Act, the laws of Libel & Defamation, and Canadian Evidence Act and so forth.

Canada as a democratic country where media enjoy much freedom than any other developed country. But still some legislation and some amendments in legislation infringe the media freedom. Canadian media critics regard the increasing concentration of media ownership and, after September 11, 2001, the Bill C-36 to prevent terrorism, as threats to press freedom. McChesney states that this media concentration and conglomeration accentuate the core tendencies of a profit-driven, advertising-supported media system: hypercommercialisation and denigration of journalism and public service. It is a poison pill for democracy.<sup>2</sup> CanWest Global, the media conglomerate that enhanced its already considerable broadcast holdings with the purchase of more than a dozen of Conrad Black's papers in 2001, insisted in December that 14 of its major newspapers publish the same editorial. Journalists groups believe that Bill C-36, rather prevent terrorism, would increase surveillance over innocent citizens and restrict access to information. Under the bill, journalists could be compelled to testify and be prosecuted for revealing information the government wants safeguarded.<sup>3</sup>

## METHODS OF DATA COLLECTION & ANALYSIS

### i) Document Analysis

The study involves the analysis of legal documents, especially those which relate to the legal doctrine of free press, media laws and other pertinent reports. The sources analysed in this study included Legislative Statutes, Acts, Ordinances or Executive Orders. These sources formed the basis of material used in the analysis of laws. The sources also included legal textbooks, legal dictionaries, encyclopaedias, commentaries, legal periodicals and document source books. This material was used largely to describe and explain laws.

### ii) Hermeneutical Interpretation

In analysing law, hermeneutical interpretation was done. Hermeneutics is the study of the interpretation of texts.<sup>4</sup> The method, according to Ricoeur (1977); involves interpreting the meaning of a text through continual reference to its context.<sup>5</sup> The purpose of hermeneutical interpretation is to obtain a valid and common understanding of the meaning of the text.<sup>6</sup>

The hermeneutic discipline is an attempt to reflect upon the mode of understanding in the humanities, such as by interpretations in literature and historical research, as well as in theology and law.<sup>7</sup> The method was used in this study because law has always been a subject matter in classical hermeneutics.

<sup>2</sup> McChesney, R. W. 'Rich Media and Poor Democracy: communication politics in dubious times'. Urbana and Chicago: University of Illinois Press, 1999.

<sup>3</sup> <http://www.freedomhouse.org/pfs2000>

<sup>4</sup> Kvale, S. 'Interviews: An Introduction to Qualitative Research Interviewing'. Sage Publications, London. 1996, p. 46.

<sup>5</sup> Lindlof, T.R. 'Qualitative Communication Research Methods'. Sage Publications, London.. 1995, p.31.

<sup>6</sup> Kvale, S. *op. cit.*, p.46.

<sup>7</sup> *Ibid.* p.47.



In hermeneutics, the understanding of a text takes place through a process in which the meaning of the separate parts is determined by the global meaning of the text, as it is anticipated.<sup>8</sup> Radnitzky (1970) identifies five hermeneutical canons of interpretation. Of more importance to the study is the method which he calls the autonomy of the text. In this case a text should be understood on the basis of its own frame of reference, by explicating what the text itself states about a theme.<sup>9</sup> The method of analysis means that the interpretation should stick to the content of the text.

### THEORETICAL DISCUSSION

The concept of a 'free press' has gained new momentum in the new upsurge about the role of the media in the process of democratization. I believe that the media are part of a national public discourse which can act as agenda-setters by bringing to the fore issues that affect people's lives and trigger public debate. The debates on press freedom in Bangladesh, even in Canada revolve around the concept of democracy and the law. They are centered around expectations on what the media can and should do in the democratization process. Press freedom, it has been argued, is an important ingredient in the democratization process. The state should be accountable to society by being transparent in its activities. Democracy has been dominated by the liberal ideas throughout its development and these have been influential to the late 20th century nature of democratic theories.

#### 1) The Liberal Free Press Theory

One of the earliest known and most famous defenses of liberty of the press was John Milton's speech to the English Parliament in 1644. In this speech, known as *Areopagitica*, Milton attacked the Licensing Order of 14 June 1643. In his speech, he argued against the use of censorship on the grounds that man is provided with reason and talents to choose between good and evil. He also used strong arguments against the institution of censorship and prohibition of the press, and insisted that restrictions of the right to print should be considered evil.<sup>10</sup>

The doctrine of press freedom as known today is a product of classical liberal political philosophies that emerged in the 17th century Western Europe and USA. Milton's *Areopagitica* (1644) issued major arguments for freedom of the press. The press was seen as an extension of man's ability to think and express his thoughts.<sup>11</sup> *Areopagitica*, according to Negrine (1989) was intended as a reply to those who maintained that granting the press its freedom would pose threats to the stability of the state. It was part of the arguments against the powers of the state over what could be published and what ideas could be tolerated.<sup>12</sup> Milton's views in favor of freeing the press from state or any other forms of control were based on the idea that censorship and control of ideas inevitably resulted in a loss of an element of truth. He found free debate essential to religious truth. Individuals could only choose between truth and falsehood if they had access to both. He also affirmed that free and human government results only from "free writing and free speaking." Milton was

<sup>8</sup> *Ibid.*

<sup>9</sup> Kvale, S. *op.cit.*, p.49.

<sup>10</sup> Lorimer, R. and Gasher, M. 'Mass Communication in Canada'. Ontario: Oxford University Press. 2001, p.56.

<sup>11</sup> Gleason, T.W. 'The Watchdog Concept: *The Press and the Courts in Nineteenth-Century America*'. USA: Iowa State University Press, 1990, p.21.

<sup>12</sup> Negrine, R. 'Politics and the Mass Media in Britain'. London: Rutledge, 1989, p.24.



however not in favor of full freedom of the press from state regulation.<sup>13</sup>

Other theorists like Jeremy Bentham similarly argued that "liberty of the press has its inconveniences, but the evil which may result from it is not to be compared to the evil of censorship".<sup>14</sup> Alexis de Tocqueville added his libertarian support by arguing that total freedom was very much preferable to any form of suppression. At the end of the 17th century John Locke expounded his philosophy of natural rights to freedom of individual to the right to life, property and the pursuit of happiness. In his *Two Treatises of Government* (1690), Locke drew attention to the advantages of making political decisions in an atmosphere of public disagreement.<sup>15</sup> The philosophy behind Locke was the public debate rationale for press freedom. Jefferson (1804) also argued that of all instruments for discovering the truth, the most effectual is freedom of the press.<sup>16</sup> Jefferson was one of those advocating the marketplace of ideas concept - the proposition that truth naturally overcomes falsehood when they are allowed to compete.<sup>17</sup> John Stuart Mill, *On Liberty* (1859) also continued with the classical liberal arguments on the benefits of freedom of speech and press on the discovery of truth. Mill expanded the liberal tradition of Milton and Locke into a broader concept of freedom of the press.<sup>18</sup> Mill, like Milton, had a great influence on the debate on press freedom.

Classical writings provided much of the theoretical foundation for the development of the twentieth-century theory of freedom of the press. Their influence extended to contemporary theorists like Robert Picard (1985), James Curran (1988), Judith Lichtenberg (1990), John Keane (1991), and a host of other Western theorists. Picard argues that a free press is essential to permit individuals to freely exchange ideas and information in order to promote the public interest (Picard 1985: 12).<sup>19</sup> He also argues that the developmental process of press freedom is continuous in the democratization process. The right to freely discuss public issues and public officials is regarded by Curran (1991) and Lichtenberg (1990) as a core to democracy. They also note that the function of press freedom is to give citizens opportunities for participation in decision making through the process of open discussion. The right of citizens to communicate their opinions to others is regarded by contemporary theorists as an essential principle of a democratically organized society.

## II) Legal Theories and Free Press

There is little doubt that classical liberal political philosophies had an influence in the development of media law. The influence of these philosophies can be seen in the constitutions of most Western countries. The doctrine of press freedom and freedom of speech embodied in the First Amendment of the Constitution of USA (1791) which reads; "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press" and in Article 11 of the Declaration of Rights of Man and Citizens of the French

<sup>13</sup> Keane, J. 'The Media and Democracy'. London: Polity Press, 1991, p.12.

<sup>14</sup> Negrine, R. op. cit., p. 26.

<sup>15</sup> Lichtenberg, J. (eds.) *Democracy and the Mass Media*, Cambridge University Press, Cambridge, 1990, p.69.

<sup>16</sup> *Ibid.*

<sup>17</sup> Smith, J.A. 'Printers and Press Freedom: *The Ideology of Early American Journalism*'. London: Oxford University Press, 1988, p.41.

<sup>18</sup> Gleason, T. W. op. cit., p. 36.

<sup>19</sup> Picard, R.G. 'The Press and the Decline of Democracy'. London: Greenwood Press, 1985, P. 12.



Constitution of 1789 and other European constitutions was a product of classical political liberal philosophy.<sup>20</sup> In Britain, the dispensation with state licensing of the press in 1694 was a result of Enlightenment thought of the liberal capitalist middle classes (ibid.).<sup>21</sup> Prior to this dispensation English printers presented their copy to church and state authorities before setting it on type. The censors approved, disapproved or modified the manuscript.<sup>22</sup>

Legal thoughts and practices ushered press freedom into the era of human rights. Press freedom became part of the bundle of fundamental rights that constituted liberty. The question of press freedom later became one of weighing individual's rights against the government perception of the public interest.

## **MEDIA LAWS IN BANGLADESH**

### *I) Official Secrets Act*

Public officials in Bangladesh have no legal obligation to supply the media with information when requested to do so. Instead there are laws which permit the public officials to decline to give information to the media. The most notorious of these is the Official Secrets Act [Chapter XIII & Act No XIX] of 1923. The Act is the British colonial inheritance which is the exact replica of the (English) Official Secrets Act 1911. The Act [Sections 3, 3(1), 5, 5(2), 14]; prohibits the disclosure, for any purpose prejudicial to the safety or interests of Bangladesh, of information which might be useful to an enemy; to make provision for the purpose of preventing persons from obtaining or disclosing official secrets... prevent trespass upon defense works, fortifications, military reserves and other prohibited places.<sup>23</sup>

### **Critique 1**

The Act makes it an offence to communicate to the media any information no matter how trivial it may be, or even if that information has no effect on national security or public order. It is tempting to government departments to use the Official Secrets Act to prevent the publication of information merely because its disclosure would be embarrassing to them.

The continued existence of the Official Secrets Act has had a negative impact on the flow of information from government departments to the media. As the Act stands government officials cannot pass information to the media without authorization. The procedure is that when the media need information from specific departments they have to put their questions in writing and these questions have to be sent to the Ministry of Information which in turn forwards them to concerned departments. As per government rules no official can give information to the journalists excepting the minister or secretary of any ministry.

### *II) Press Freedom in Special Powers Act 1974*

Sections 16, 17 and 18 of the Act, in the name of prohibition of prejudicial acts, curtail the liberty of the press. This Special Powers Act was passed in 9th of February 1974 (Act No. of XIV of 1974). This Act has been modified up to the 26th February,

<sup>20</sup> Humphreys, P.J. 'Mass Media and Media Policy in Western Europe'. Manchester: Manchester University Press, 1996, p. 18.

<sup>21</sup> *Ibid.*

<sup>22</sup> Nelson, H.L. & Teeter, D.L. JR. 'Law of Mass Communications. Freedom and Control of Print and Broadcast Media'. Minneola: The Foundation Press, 1969, p.13.

<sup>23</sup> 23. Rahman, G. S. 'Laws Relating to Press in Bangladesh'. Dhaka: Press Council, 1985, p.41.



1991 by Act XVIII of 1991.<sup>24</sup>

The above sections of the Act provide that media men responsible for prejudicial reports shall be punishable with imprisonment for five years. These further provide that the Government shall have the power to prohibit publication of newspapers or periodicals containing prejudicial reports (any report, true or false, of a prejudicial act).

## **Critique 2**

This Special Powers Act legislation contains some undemocratic clauses which hinder freedom of expression and the press. The use and abuse of the SPA in the name of protecting security interests has resulted in a steady pattern of human rights violations.

The Act allows the Government to impose pre-censorship on any publication. It will thus appear that the Government has the power to pre-censor or prohibit any publication and get the editor or the publisher of the publication in jail on the ground of publication of a true report which subjectively, the Government thinks to be prejudicial. It goes without saying that the Special Powers Act is a repressive law.<sup>25</sup>

### *III) Press Declaration & Registration Act 1973*

The Law on Authentications: the Printing Presses and Publications (Declaration and Registration) Act, 1973 (Act No. XXIII of 1973) was passed to provide for the declaration for the keeping of printing presses and the printing and publication of newspapers and for registration of books.<sup>26</sup>

Section 20 of the Act empowers the District Magistrate to cancel the authentication of the declaration and under Section 20A the Government may declare certain publications forfeited and to issue search warrant for the same.

## **Critique 3**

Undoubtedly, it is a gross deviation from the provisions of existing laws instead of taking into consideration the genuineness of journalist or publisher, political consideration is the factor for authentication. So, it shows the trend of limiting the publication of newspapers and periodicals by the Government.

### *IV) Code of Criminal Procedure*

The Code of Criminal Procedure, 1898 (Act No V of 1898) was introduced to lay down the procedure relating to investigation and trial of criminal offences. The government has amended the Section 99A of the Code of Criminal Procedure as well as 99B, 99D and Schedule II of the Code of Criminal Procedure under the Code of Criminal Procedure (Third Amendment) Ordinance, 1991.<sup>27</sup>

## **Critique 4**

Section 99A of the Criminal Procedure Code empowers the government to forfeit newspaper containing seditious matter or matters which promote feelings of hatred

<sup>24</sup> Salam, S. A. op. cit., p. 65.

<sup>25</sup> Hoque, G. 'Mass Media Laws and Regulations in Bangladesh'. Singapore: AMIC publications, 1992, p. 32.

<sup>26</sup> Kibriya, G. 'The Press in Bangladesh and Issues of Mass Media'. Dhaka: Sunday Publications, 1985, p. 16.

<sup>27</sup> Islam, M. 'Constitutional Law of Bangladesh'. Saikat Press Ltd, Dhaka, 1995, p. 27.



between classes or outrage the religious feelings of the citizens, and to issue search warrant for seizing them. The penalty for breaking this law is a maximum jail-term of 2 years or with fine, or with both.

### CANADIAN LEGISLATION AND PRESS FREEDOM

#### *Freedom of the Press and the Charter 1982*

The entrenchment of "freedom of the press" in the Charter in 1982 formally acknowledged the special role of the news media in society. Section 2(b) of the Charter states that everyone has the fundamental freedom:

"...of thought, belief, opinion and expression, including freedom of the press and other media of communication".

Michael Crawford argues in his book 'Journalist's Legal Guide' that 'courts and legislators have always recognized that the media are an integral part of society, but freedom of the press had never before been formally noted in a Canadian constitutional document. The Charter's classification of "freedom of the press" as a fundamental freedom gave courts more authority to closely define the limits of media rights.<sup>28</sup>

He also contends that 'the constitutional entrenchment of freedom of the press has proved to be a valuable tool for the news media in expanding their rights. But, as numerous unsuccessful court cases have illustrated since 1982, freedom of the press is not an absolute right and it must still compete with other rights and freedom, such as the rights to a fair trial'.<sup>29</sup>

The Canadian Charter of Rights and Freedoms, with its protection for freedom of expression, including freedom of the press, has stimulated a re-examination of the legal restraints affecting the flow of information through the mass media. Siegel mentions that Canadians generally, and the media specifically, are becoming increasingly aware of the conflicting interests, tied to basic principles of democracy'.<sup>30</sup>

### Official Secrets Act

Three Official Secrets Act in Canada have been based on British legislation. The first was passed by Parliament in Ottawa in 1890 at the request of London. Canada's second Official Secrets Act was passed by the British Parliament in 1911 and made applicable to Canada. This second Act was formidable legislation aimed at dealing with serious espionage problems. This legislation also pioneered new ground in the area of leakage. The third Official Secrets Act was passed by the Canadian House of Commons on May 30, 1939. Section 4 of the Official Secrets Act is aimed at plugging leaks at the government level and preventing the dissemination of leaks by the mass media. In this regard, Arthur Siegel cites in his book that 'the Act applies to everybody involved in any serious breach of highly classified information: cabinet ministers, members of Parliament, public service officials, members of the armed forces, the press, and the public at large'.<sup>31</sup>

Under Bill C-36, House of Commons of Canada, has amended the Official Secrets Act

<sup>28</sup> Crawford, M.G. 'The journalist's legal guide'. Toronto: Thomson Canada Limited, 2002, p. 5.

<sup>29</sup> *Ibid.*

<sup>30</sup> Siegel, A. 'Politics and the media in Canada'. Toronto: McGraw-Hill Ryerson Limited, 1996, p. 58.

<sup>31</sup> *Ibid.*, p.66.



and renamed it as the Security of Information Act in 2001.<sup>32</sup> It addresses national security concerns, including threats of espionage by foreign powers and terrorist groups, economic espionage and coercive activities in Canada. It creates new offences to counter intelligence-gathering activities by foreign powers and terrorist groups, as well as other offences, including the unauthorized communication of special operation information.

### Access to Information Act 1985

The Section 2(1) and 2(2) discuss right of access to government records. These define the circumstances under which access can be defined.<sup>33</sup>

The federal government and all the provincial governments except Prince Edward Island have access to information legislation, which outlines what kinds of government information are subject to scrutiny and how journalist and members of the public can obtain access. Typically, this involves submitting an access to information request to the pertinent government department or agency, and awaiting a response. Donald Rowat states that the regulations have turned out to be important and controversial because they establish the fees to be charged for requests to see government records under the Access Act.<sup>34</sup>

Lorimer and Gasher point out that 'Access to information' is appropriate to countries, such as Britain and its former colonies, like Canada, in which information is collected and created by the government (the Crown) and is seen to be the property of the Crown unless the Crown is prepared to release it.<sup>35</sup>

It's clear that access to information law is important to journalists and the public for two reasons. First, governments are ravenous collectors of information, and have considerable data at their disposal. Secondly, journalists have right to monitor government activities and report them to Canadians. Because they need to know what happens beyond the confines of public meeting halls.

### Defamation and Libel Laws

Libel is defined as the publication or broadcasting of 'a false and damaging statement'.<sup>36</sup> The common issues surrounding libel include the determination of the nature of the libel, the damage done, those who bear responsibility, appropriate compensatory action, as well as considerations of personal privacy and the public interest. Canada's law dealing with defamatory libel is provided by the Criminal Code, which being an enactment of the federal parliament. The criminal law of defamation is set down in section 261 to 281 and 434, 513, 656 and 657. Defamatory libel is defined by the Criminal Code of Canada as "matter published, without lawful justification or excuse, that is likely to injure the reputation of any person by exposing him to hatred, contempt or ridicule, or that is designed to insult the person of or concerning whom it is published".<sup>37</sup>

<sup>32</sup> <http://www.laws.justice.gc.ca>

<sup>33</sup> *Ibid.*

<sup>34</sup> Rowat, D.C. 'Canada's New Access Laws: public and personal access to governmental documents'. Ottawa: Carleton University Press, 1983, p.6.

<sup>35</sup> Lorimer & Gasher, op. cit., p. 246.

<sup>36</sup> Buckley, P. (eds.) 'Canadian Press Stylebook: A Guide for Writers and Editors'. Toronto: The Canadian Press, 1993, p. 112.

<sup>37</sup> Kesterton, W.H. 'The law and the press in Canada'. Ottawa: Carleton University Press, 1984, p. 66.



Canadian Journalists for Free Expression (CJFE) raised their concern as to the use of restrictive defamation and libel laws.<sup>38</sup> CJFE affirms that States including Canada should review the defamation laws in order to ensure that they do not restrict the right to freedom of expression and do not monitor the process to silence the media through the courts.

The term libel chill refers to the effect that the threat of defamation or libel action can have on the news media, particularly in the coverage of powerful individuals and organizations. This threat can be effective in discouraging journalists because, as analyst Nancy Duxbury (1991) points out, under British and Canadian libel law the burden of proof rests with the accused.<sup>39</sup>

Finally, defamation and libel laws serve to protect against falsehood the reputations of those who are the subjects of published or broadcast reports. At the same time, it seeks to ensure that journalists live up to the ideals of fairness and accuracy in their pursuit of truth. Lorimer and Gasher suggest that the easiest way to avoid libel suits is to avoid publishing or broadcasting contentious material (*ibid.*).<sup>40</sup>

There are some other Acts such as Canada Evidence Act – 1985, Criminal Code 1985 C-46, Privacy Act 1985, Canadian Security Intelligence Service Act 1985 C-23, and some other regulations impede press freedom one way or other.

### **Overall Discussion: Canadian and Bangladeshi Legislation**

Most of the Acts discussed in this paper, are not compatible with the changed environment in Bangladesh. This study has shown that, the majority of the laws that pertain to the media, to a greater extent inhibit press freedom in Bangladesh. This paper points to a number of factors that affect the relationship between the media and democracy and they should not be forgotten in the on-going debates on the role of the media in the democratization process.

This paper reveals that the Official Secrets Act and some other laws are restrictive and they limit the access to information in Bangladesh. Even in Canada, Security of Information Act inhibits the information access to the government and it hinders journalists to work freely. With the existence of the restrictive laws governing media, it is difficult to state that the press is free in Bangladesh. On the other hand, in Canada, still press enjoys much freedom despite some legal obstacles.

Most governments in the Indian Sub-continent have retained a plethora of laws from the British colonial era to tame or silence the press. Official Secrets Act and other laws have been used effectively in countries such as Bangladesh, India and Pakistan. So, the media's democratic role of "watchdog" and "public informer" is certainly hampered by this restrictive legislation. In this paper, liberal approach regarding press freedom and democracy was utilized as criteria to justify the media laws in Bangladesh and Canada. An ideal democracy will be that in which all citizens have access to information and the government also has the access to information from the people.

Access to information inevitably depends on the openness of the government ministries. There should be media law reform which might not circumscribe the

<sup>38</sup> <http://www.cjfe.org>

<sup>39</sup> 39. Lorimer & Gasher, *op. cit.*, p. 248.

<sup>40</sup> 40. *Ibid.*



media's investigative and watchdog powers.

The media should empower social groups by acting as a public sphere where all interests interact with one another in seeking to establish agreement about the direction of society. Critics of the liberal theory assert that for the media to fulfill the democratic requirements of participation and representation, the media should be highly accessible to all citizens, including groups within civil society (Curran, 1991).

It can be noted in the analysis of that the law of defamation impinges on the quest by the media to gather and disseminate information freely. The manner in which the law is formulated leaves the press vulnerable in a number of areas. It can then be concluded that the law of defamation curtails the free flow of information and limits some extend the media's potential to act as public watchdogs on public officials.

### **Conclusion**

Through the analysis in this paper, it has been discovered that media legislation in Bangladesh is incompatible with democracy which put undue restrictions on the gathering, processing, storage and dissemination of information. Some legislation in Canada is not suitable for media freedom. This exercise should strike a balance between the legitimate demands of the state and society on one hand and, on the other, the needs of press freedom and critical public spheres. A watchdog media is needed in Bangladesh, in particular, and some extent in Canada, to sniff out corruption, mismanagement and so forth in government and private sector. Curran states that the media have a role to inform the public on all points of view and to function as a platform for debate.<sup>41</sup>

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<sup>41</sup> 41. Curran, J. (eds.) "Mass Media and Democracy; A Reappraisal," in Curran, J & Gurevitch, M., *Mass Media and Society*, Edward Arnold, London, 1991, p. 29.



## COMMITTEE SYSTEM IN BANGLADESH PARLIAMENT (1972-2001)

Rakiba Yasmin\*  
Kafil Uddin Ahmed\*\*

**ABSTRACT:** Bangladesh emerged as a sovereign independent state through the liberation war in 1971 and for the time being she got parliamentary democracy and formed parliamentary committees in 1974, but that came to an end in 1975 with the introduction of one party rule. From this time down to 1990 democracy in the truest sense of the term was not found to be working in Bangladesh. But the mass uprising of 1990 against the autocratic rule paved the ways for introducing democratic government again in Bangladesh. The members elected to the parliament in the general election held in February, 1991 unanimously gave their verdict for the establishment of parliamentary democracy by passing the twelfth amendment to the constitution in September, 1991. The fifth parliament started its way with committee structure having provision for future development. Now there remain 51 standing committees and 36 standing committees on ministries in the parliament of Bangladesh for the well running of the legislative affairs. This paper aims at analyzing the role of the committee system in Bangladesh and its effectiveness from 1972 – 2001.

### INTRODUCTION

In the representative bodies of the parliamentary democracy the committee system is an important phenomenon. Due to increase in the volume of works of the modern states it is very difficult to solve the multifarious problems by members of the Parliament on the floor. Hence to arrive at a decision within shortest possible time the committee system is deemed necessary. The committee consists of the persons from among members of the Parliament. Several committees are formed to examine the various issues relating to administrative and legal aspects of the state. The committees in the examination of the pros and cons of various subjects submit their reports along with the recommendations to the Parliament. On the basis of the reports submitted by the committees the Parliament can take decision easily within very short time. The main functions of the committees are to determine the related activities of the Parliament, to make its activities meaningful and to retain the independence of the parliament by criticizing the government through the

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\* Dr. Rakiba Yasmin, Associate Professor, Department of Politics and Public Administration, Islamic University Kushtia,

\*\* Dr. Kafil Uddin Ahmed, Associate Professor, Department of Political Science, Rajshahi University



committees. Now a days the committees are very necessary for a democratic form of government.

In the constitution of Bangladesh there is provision for the committee like that of UK, and India. In Article 76 of the constitution it is mentioned that the parliament has right to appoint Government Accounting Committee', Special Rights Committee' and such other committees, which are considered suitable for the management of the public affairs.<sup>1</sup> The committees are classified under two categories viz. standing and ad-hoc committees. Standing committees are relatively permanent; they are constituted for the duration of the Parliament. They are specialized by subject matter and often parallel the executive branch, ministries or agencies. Ad-hoc committees are temporary bodies; they cease to exist when their job is completed. They are usually appointed either for scrutinizing bills or investigating some important matters. The rules specify that there should be one parliamentary committee for each ministry. In most countries of the world, SCMs have jurisdiction over more than one ministry. The number of the committee members is determined in consistence with the provisions of the constitution. One study has concluded that the majority of the committees are efficient and workable with between 13 and 25 members.

In Bangladesh most of the standing committees have ten members. However, some exceptions can also be found. Most of the committees in established democracies are backbench committees; ministers (including opposition frontbench and whips) are not allowed to sit, at least on SCMs. On the other hand, there is no legal bar on ministers becoming members of different committees in Bangladesh, although they cannot head the SCMs. Similar provisions also exist in Nepal. The Prime Minister of Nepal is an ex-officio member of all parliamentary committees. Every committee has its Chairman from among the cabinet members. The membership of different committees is distributed to different parties in proportion to their strength (of membership) in the chamber. For quorum the presence of the one-third of the total members is required. The decision is taken by the opinion of the majority members. The committee may constitute one or more than one sub-committees if needed. The chairman of the individual committee submits the report to the Parliament on behalf of the committee. The main functions of the committees are to prepare the drafts of the bills and examine their legal sides and to recommend modifications for government through the committees.

### Objective

In a democratic form of government the committee system is a vital factor for scrutinizing the various proposals and bills before sending for discussion in the Parliament. Because in this system much time is saved and appropriate decisions can be taken in the floor of the Parliament. Bangladesh as a parliamentary democratic state needs the formation of various committees through which proposals and bills being discussed are sent to the parliament. This paper aims at analyzing the formation of committees and their working from 1972-2001 in parliamentary

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<sup>1</sup> Government of Bangladesh, *The Constitution of the Peoples Republic of Bangladesh, Article 6*, (Dhaka: Government Printing Press, 1996), pp. .61-63.



democracy of Bangladesh with a view to assess the extend of their success and failure.

### **Methodology**

The most important aspect of a research work is the collection of materials and their methodical systemization to achieve the desired goal. In this work both historical and empirical methods are applied. In the collection of materials both the primary and the secondary information are taken into cognizance to improve the standard of the paper. As for the primary information materials are sought in governmental records, pamphlets, notifications, gazettes, Bangladesh constitution, debates in the parliament, proceedings of the parliamentary sessions, and reports of the election commission etc. preserved in the library of the parliament secretariat. Moreover, the reports of various parliamentary committees are collected from the different sections of the secretariat of the parliament. In addition to this information of the primary sources, the daily newspapers, periodicals, books and journals are consulted as secondary sources to get additional information on the subject. The materials thus collected are piled together and brought to a new reconstruction.

### **THE STATE OF PARLIAMENTARY COMMITTEES IN BANGLADESH (1972-2001)**

Bangladesh gained her independence on 16 December 1971. To establish democracy the new constitution adopted the parliamentary committee system in article no.76. The source of power of these parliamentary committees is the constitution and the rules of the parliamentary working procedures.<sup>2</sup> In 1974, the number of standing committees were 11 which were related to different ministries. Upto eighth session the number of committees became 14. However, these committees did not perform any successful work. Among these three standing committees were granted by the each session. These were: Special Rights Committee, Advisory Committee on Working Procedure, and Public Accounts Committee. Two reports were presented by the Special Rights Committee. The Advisory Committees on working procedure did perform no meeting. The Public Accounts Committee did not present any report. But, this is an important committee of the parliament. Among the 14 Parliamentary committees of the 1<sup>st</sup> parliament only each of the three committees presented two reports. These were: Special Rights Committee, Working Procedure Rules Committee and Scrutiny Committee. The little activities of the Public Accounts Committee could not secure accountability of the government to the Parliament.

As a result, it paved the way to anarchism in using public money. The function of the scrutiny committee is to pave the way to make good laws. The special committees on bill got permission for three times by the Parliament. The local government bill (Union Parishad) and (Municipality) 1973, and the bill on Rice Research Institute 1973 were discussed by the committees for three days separately. The reports of these committee were passed by the oral vote in the parliament. The bills which are related to the fundamental rights of the citizens must be scrutinized by the select committee before it become laws. Such bills were Special Power Act, National Rakshi Bahini Act, Constitution Amendments Bill and such other important bills. In the first parliament the representation of the opposition party in the parliament was very low. Among the II committees opposition members were incorporated in the seven. There were no

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<sup>2</sup> *Ibid*



representations of the opposition or independent members on the other four committees. These were: Public Commitment Committee, Public Institute Committee, Petition Committee and Parliament Committee. As result, there existed no balance within the parliament. We may note at this point that Mr. Ataur Rahman Khan was only one opposition member who was a permanent member of the standing committee on special rights. However, government should take much care for representing these committees by the opposition. Unfortunately, in the first parliament this principle was absent. So, it could not bring desired result. The member of the public commitment committee had no experience on accounts and in the management of industry and commerce. None of the 11 members of this committee had the professional experience regarding accounts and industrial management. Among these 11 members three were businessman, four were teachers (in the secondary and higher secondary level), one was lawyer, one was reporter, one was house wife and one was farmer. However, they did not possess any political experience. Only two members had political experience. Only two members possessed some administrative experience.

The Special Rights Committee of the first parliament only presented three proposals on two reports to the parliament. Discussion of these three proposals were held in the parliament only for 5 days and for a few time. This indicates that the proposals of Special Right Committee were not considered finally. No meeting of the Committee was held. The Committee did not supply any notice to call on its meeting. The representation of the opposition member was very little. Only one opposition member represented in each seven committees among the 14 committees in the 7<sup>th</sup> and 8<sup>th</sup> session of the parliament. There were no opposition member on the other four committees. It may be noted in this connection that Mr. Ataur Rahman was the only opposition permanent member who was incorporated in the Special Rights Standing Committee. None of the committee of the first parliament gave enough time in its meeting to present their report.

This indicates lack of efficiency and interest in public demands by the lawmakers in Bangladesh. They are rather interested to uphold their own demands. The opposition members must be incorporated in each committee of the parliament to make it successful. This will pave the way for a successful discussion between the government party in power and opposition party to take a final decision for a bill. On the other hand, this will save the time of the parliament. In the first parliament (1973-1975), the committees could not play any important role to make the parliament effective. This happened due to failure in presenting report by the committees, the authoritarian tendency of the members of party in power, and failure to examine the committee proposals. Later on, the presidential form of government was incorporated in the constitution through its fourth amendment. After that, martial law was imposed on 15 August 1975. Through Fifth Amendment many of the provisions of 4<sup>th</sup> amendment was void, but the system of presidential form of government was unchanged. Again, martial law was imposed on 24 March 1982. The presidential system still remained though martial law was withdrawn on 10 November 1985. The second (duration: 3 years) third (duration: 3 years and 5 months) and fourth (duration: 1 year and 9 months)-all these parliament were in fact, remained inactive. The parliamentary committees may play important role to make it effective. But the committees of the second, third and fourth parliament could not play any



successful role. During their tenure these parliamentary committees presented few reports. It may be noted that the parliamentary committee can play important role in the parliamentary system of government. The presidential system remained in the country till 15 September 1991. On 6 August 1991 12<sup>th</sup> amendment of the constitution was passed by the Parliament. This was granted by the people through a referendum on 15 September of the same year. After that BNP came in power and parliamentary system of government was established again. The BNP government lasted upto 30 March 1996. The period from 1991 to 1996 may be regarded as the 2<sup>nd</sup> phase of establishing democracy in the history of Bangladesh.

According to article no.76 of the constitution, the public accounts committee, special rights committee and other standing committees were formed according to the article no 76(1) of the constitution. Article nos. 76(2) and 76 (3) describe the power and rights of the different parliamentary committees. The meeting and proceedings of the committee were presented to the parliament in the form of secret report. The report was regarded as a state document.

According to the decision of the performance advisory committee held July 30, 1996, the system of secret meeting of the parliamentary committees have been void. According to the opinion of the government party in power it is said that to establish accountability and transparency in the administration all parliamentary activities should be known to the journalists and to all people.<sup>3</sup> The fifth parliament formed sufficient committee structure. 53 committees were functioned under the fifth parliament. A researcher arranged these 50 committees into four groups. Among these 35 were related to ministry, 4 were related to public accounts, 8 were other standing committees, and 4 were committees on special matters. The fifth parliament arranged 1282 meeting (53 committees).<sup>4</sup> The participation of the members of was satisfactory. However, they failed to present their report in due time. Among II parliamentary committees 26 reports of the 6 committees were related to the ministries, 8 reports of the 35 committees and among 5 special committees 2 reports of one committee-total 36 reports were presented in the parliament. The 5 parliamentary committees, 27 standing committees related to ministries and 4 special committees total 36 committees did not present any report to the parliament.<sup>5</sup>

**Table 1: Reports of Parliamentary Standing Committees**

Sl. No.	Name of Committees	Date of Report Submission	Number of Reports
1	Committee related to government institutions	16-04-1992	2
2	Committee related to government accounts	12.02.1992 05.08.1992 12.07.1993 04.07.1995	4
3	Committee related to government Commitment	12.02.1992	1
4	Committee related to government's rules of business	26.01.1992	1

<sup>3</sup> *The Daily Ittefaq*. Dhaka, July 31, 1996.

<sup>4</sup> Bangladesh National Parliament Secretariat, Committee Section -2, File 5/(2)/94 committee -2

<sup>5</sup> *Ibid*.



5	Committee related to government's law and justice	22.08.1993	1
6	Committee related to education ministry	08.12.1993	1
7	Committee related to river transport	07.12.1993	1
8	Committee related to garments and Industry Ministry	18.11.1995	1
9	Committee related to Ministry of Finance	18.11.1995	1
10	Committee related to Youth and Sports Ministry	15.09.1995	1
11	Committee related to Rural Development and Cooperative	26.04.1995	1
12	Committee related to Energy and Minerals Ministry	07.04.1995	1
13	Committee related to Agriculture Ministry	07.03.1994	1
14	Committee related to Religion Ministry	13.09.1995	1
15	Committee related to women and child affairs Ministry	08.02.1995	1
16	Committee related to Foreign Ministry	12.06.1994	1
17	Committee related to Ministry of Civil Aviation	02.11.1993	1
18	Committee related to Ministry of special rights	15.10.1991 29.07.1992 05.08.1992 03.02.1993 23.02.1993 16.06.1993	6
19	Petition Committee	06.08.1992 23.02.1995	2
20	Special Committee	19.01.1992 08.12.1993 primary 09.05.1993 Final	3
21	Selection (related to amendment of constitution and judicial) Committee	24.02.1994	2
22	Committee related to bill of private members and proposal of decision	02.10.1993 17.11.1994	2

Source: Bangladesh National Parliament Secretariat Committee Section-2, File 5/(2)/94 Committee-2.

A few recommendations of the fifth parliamentary committees were accepted by the government. However, in most cases the recommendations were not implemented. The example of public accounts committee may be given in this regard. According to the report of public accounts committee of July 1990, the recommendation of the committees did not get importance in most cases and in some cases totally they were not implemented. However, under the fifth parliament, the fourth public accounts committee in its meeting formed an 'Action Taken' committee to examine the implementation of the recommendations of the committee on 17 November 1992. The Action Taken committee presented two reports of mismanagement by the government corporations. However, the proper authority did not take any measure to eradicate corruption and other mismanagement. To ensure the accountability of the executive and to make the parliament meaningful, it is necessary to present the reports of the committees. But some important committees under the fifth parliament were ineffective for a long period. Under the leadership of the speaker an investigation committee was set up to examine the corruption of the agriculture minister. However, the investigation committee was failed to present a final report after sitting in a dozen of meeting. The failure of the parliamentary committees lead to the failure of the accountability of the government. Under the fifth parliament 172 bills were passed in 22 sessions. Among these non-government bill was only one. The opposition party made walkout for 58 times. All the parties jointly made walk out for



16 times. The Bangladesh Awami League made walk-out 15 times, the Jatiyo Party made walk-out for 9 times and the Jamat-E-Islam made walk-out for 6 times. Several important parliamentary committees were failed to maintain their proper role. The difference between the government party and opposition party is mainly responsible for this situation. A committee was failed to take decision regarding the structure of Zila Parishad. The related committee has failed to prepare rules congenial for parliamentary system. The investigation committee for examining the corruption case under the headship of the speaker and the Indemnity Ordinance's report were not published due to non-cooperation. The government party passed a bill on anti-terrorism when the matter was examined on a special parliamentary committee. In this regard, the article 76(2) of the constitution and parliamentary rule no. 246(A) should be amended—this is the opinion of many persons. Some ministers became chairmen of some parliamentary committees. As a result, the committees could not play their due role. In the face of strong propaganda of the opposition political parties the election of the Sixth Parliament was held on February 15, 1996. The results of this election made the opposition parties more defiant and amidst their non-cooperation on the 19<sup>th</sup> March of that year the ministry was formed under the leadership of Begum Khaleda Zia. In the Sixth Parliament, the thirteenth Amendment bill was passed regarding the holding of the election to the parliament under the non-political Care-Taker Government. According to this Amendment the election to the parliament was held on June 12, 1996 under the Care-Taker government headed by Justice Habibur Rahman, and on the basis of the results of the election the Awami League formed the Government.

During the tenure of the Seventh Parliament forty-seven committees worked. Of these committees the permanent committee relating to parliamentary procedures, petition committee and the committee related to the private members' bill presented their reports for the bill each before the parliament.

Of the committees concerning the ministry the committees as underneath presented their reports before the parliament for the bills indicated against each in the right hand side.

- Committee related to Defense Ministry-1 bill
- Committee related to Foreign Ministry-1 bill
- Committee related to Finance Ministry-1 bill
- Committee related to Labour and Employment Ministry-1 bill
- Committee related to Information Ministry-1 bill
- Committee related to River Transport Ministry-1 bill
- Committee related to Rehabilitation and Public Works Ministry-1 bill
- Committee related to Social Welfare Ministry-1 bill
- Committee related to Garments Industry Ministry-1 bill
- Committee related to Land and Agriculture Ministry-1 bill
- Committee related to Science & Technology Ministry-1 bill
- Committee related to Silk Industry Ministry-1 bill
- Committee related to Civil Aviation-3 bills
- Committee related to the Ministry of Planning-1 bill
- Committee related to the Ministry of Law, Justice and Parliamentary Affairs-7 bill
- Committee related to the Ministry of Cultural Affairs-2 bills<sup>7</sup>

<sup>7</sup> Bangladesh Parliament Secretariat, Committee Section-2, File 5/(2)/94 Committee-2.



The then opposition party and some researchers are on the opinion that the chairman of the committee should be taken from the senior members of the main opposition party. This system is working in the UK and USA in the present day.<sup>8</sup>

### DISCUSSION AND FINDING

In 1971 Bangladesh was born as an independent state after the colonial rule of around 200 years—under the leadership of Bangabandhu Sheikh Mujibur Rahman. The first parliament was constituted according to the 1972 constitution. But in 1975 the fourth amendment of the constitution was passed. Through this amendment one party Presidential system was adopted. The 'Jatiyo Sangsad' became a secondary organ of the government. Sheikh Mujibur Rahman became the president of Bangladesh under the fourth amendment. Liberal Parliamentary Democracy was established in Bangladesh under the constitution of 1972. The parliament or the 'Jatiyo Sangsad' became supreme organ of the state. The executive organ was responsible to the parliament. The President had no veto power. Without the approval of the 'Jatiyo Sangsad' not tax or levy could be imposed or public money could be used.

The first parliament lasted for only two years. It arranged 7 sessions. It had 114 working days and 47 hours meeting. In the first parliament 100 bills were adopted from among 137 general bills. In the first parliament 45% bills were fundamental and 55% were the results of ordinance. Among the 100 bills, discussion was arranged on 56 bills and 44 bills were passed without any discussion. In the first parliament 29% bills were passed with correction and 71% bills were passed without any correction.<sup>9</sup> So, the parliament became an approval body only. The Bangladesh Awami League had an overall control over the first parliament. 33% members of the first parliament had no previous experience of parliamentary system. The supremacy of the government party in power, failure of the opposition parties in the parliament, system of emergency and special power-related ordinance, weak committee system, lack of parliamentary culture—all these factors made the parliament a body of the executive organ. The autocratic activities of the executive organs, lack of control over the economy by the parliament and the failure to make the parliament as a national policy-determining organ—all these factors were hindrances for the institution of the parliament. Later on in 1975 one-party based presidential system was imposed. It made the parliament an unimportant organ.<sup>10</sup> However, parliament was abolished on November 1975. On 1979, the second parliamentary election was held by Ziaur Rahman as a measure to make his rule legal. Through the Fifth Amendment of the constitution, the one party system was abolished by the 2<sup>nd</sup> parliament. Multi-party system began to start. However, the presidential system was prevailed in the country. But the veto power of the president was abolished. On March 1982, Ershad became the ruler by a coup. He dissolved the 2<sup>nd</sup> parliament. The third parliamentary election was held on May 1986. But one of the main opposition parties did not participate in the election. Again, the election was not fair. Therefore, the third parliament lacked its prestige and validity. As a result, the third parliament was

<sup>8</sup> The Summary Proceedings of the workshop on the committee system, Dhaka, 1993.

<sup>9</sup> Proceedings of the First Jatiya Sangsad, 1973–75 Volume –7

<sup>10</sup> Al-Masud Hassanuzzaman, "Institutionalization in Bangladesh" *25 Year of Bangla Politics*, Dhaka, Edited by Tarek Shamsur Rahman, (Dhaka: Mowla Brothers, 1998).



abolished in 1987. The fourth parliamentary election was held in 1988. But it was still autocratic. On December 1990 Ershad resigned and the 4<sup>th</sup> parliament was dissolved. On February 1991 the election for fifth parliament was held under the leadership of Chief Justice Sahabuddin Ahmed. The parliamentary system of government was again established in Bangladesh on 18 September 1991 by the 5<sup>th</sup> parliament through the 12th amendment of the constitution.

**Table 2: Session of Parliament**

Heads	Date					
	07.04.73	02.04.79	10.07.85	15.04.88	05.04.91	19.03.96
Beginning of Session						
Closing	06.11.75	24.03.82	06.12.87	06.12.90	24.11.95	30.03.96
Duration	32 months	36 months	17 months	31 months	56 months	11 days
Total Session	08	08	04	07	22	01
Total Working Days	134	206	75	168	400	04
Passed Bills	154	65	38	142	175	01

Source: Khandaker Abdul Haq Miah, Jatiya Sangsade Kommiti Babsthya' Conference Paper, Bangladesh Jatiya Sangsad Secretariate, Dhaka, UNDP, 1999, pp.378.

The fifth parliament arranged 22 sessions in 400 working days (Govt. 333+ -Non-govt. 67). It took 1834.12 hours. It passed 173 bills. Among these 102 bills were original and 71 were ordinances. Among these vast discussion was held on 51 bills, general discussion were held on 55 bills and no discussions were held on 67 bills. The discussion in the parliament was very effective and both the govt. parties and opposition party participated in the discussion, which was satisfactory. In the fifth parliament committee system prevailed to uphold parliamentary system. Each of the 330 members of parliament was also the member of the various committees of the parliament. In the fifth parliament an organized and strong opposition party participated in the activities of the parliament. In the former parliaments due to overwhelming majority there was a special opportunity of treasury bench. But in the present parliament 157 members were from the opposition parties of the whole 330 members and they were active in the parliamentary system for all time.<sup>11</sup> The committees of this parliament investigated regarding the irregularities of the various ministries and autonomous bodies. Finally, they made their recommendations. Comparatively the fifth parliament worked better than other parliaments of the previous days. The committees of this parliament complained that several departments had neglected their recommendations. Majority of the committees which were headed by the minister were found to organize irregular meetings where discussions were held relating to public interest. The sixth parliament is a short-lived one in the history of Bangladesh. It was made null and void before the completion of the election in all seats of the parliament and during the period of its adjournment. But it has got importance in the passing of thirteenth Amendment bill by the virtue of which all the elections to the parliament will have to be done under the Caretaker Government. According to this Amendment the election to the Seventh Parliament took place in 1996 and under the Caretaker Government headed by Justice Habibur

<sup>11</sup> Aminur Rashid (ed.), *Pramanya Sangsad*, (Dhaka, Tathya Seba Prakashoni, 1997), P. 31.



Rahman and Awami League came to power. To ensure the parliamentary control over the executive in Bangladesh, it is necessary to nominate committee chairman from the opposition party according to seniority like Britain and America. This could be done in the account and audit committees and other committees too. The Seventh parliament made two important changes regarding to committee system.

First, as to the chairmanship of the committee any member of the parliament forming the government would be the head of the committee instead of a minister. Secondly all the bills after proper examination and verification would be placed before the parliament. The success of parliamentary democracy depends in fact, on the effective role played by the parliamentary committees. But what measure will be taken if the related department neglect the recommendations of the committees? The constitution has no clear laws regarding this. If the permanent committees could function effectively, then only in that situation the members of the parliament will get the opportunity to participate in the discussion on draft bills. Normally, this does not happen which is clearly against the ideals of the constitution. As a result, the opposition members go far from the parliamentary system and executive organ. The situation virtually turns the parliamentary democracy towards the one-party system. But the parliamentary committees should play a meaningful role in the democratic system.<sup>12</sup> Because, the committee should have a great importance from input process of a bill to its presentation. This draft form of the bill will be discussed in the parliament for the next time and will get the final shape as a law. The committee observes the proper implementation of a law too.<sup>13</sup> There exist different types and forms of 'committee system' in the legislatures of the different democratic states. President Woodrow Wilson regarded 'Congressional Government' as the 'Committee Government'. The duty of the congressional committees was termed by President Wilson as the 'Congress on Duty'. Some are of the opinion that the congressional committees are in fact, the workshop of the American legislature, where state principles are debated and take final shape through legislative measures. In the USA, a bicameral legislative system prevails. The congress has five types of formal committees. These are: standing committee, select or special committee, joint committee, conference committee and committee of the whole. In addition there are other two types of committees-(1) Sub committee under the existing committees and (2) Formal and informal party-based committees.<sup>14</sup> At present, there exist more than 50 standing and select committees in the Congress of USA.<sup>15</sup>

Generally the senior members of the majority party get the opportunity to head the congressional committee. However, different opinions are found regarding the principle of seniority from 1943 in the USA.<sup>16</sup> Through the committee system the people's representatives have established political supremacy over the government,

<sup>12</sup> *The daily Ittefaq*, May 25, 1994.

<sup>13</sup> *The Daily Star*, August 13, 1993.

<sup>14</sup> Michael J. Remington, "The Committee System in the US Congress: An American Perspective for the Pakistan Parliament" Key Note Paper Presented to the National Assembly Seminar, Islamabad, Pakistan, February, 1993

<sup>15</sup> John.D. Lees, *The Committee System of the united states of congress* (London: Macdonald and Evans Ltd. 1967), pp. 5-20

<sup>16</sup> Michael J. Remington, *Op.cit*, P. 25.



civil-military administration, economy, diplomacy and almost all levels of the state. In the bicameral legislature of the UK there exists no standing committee, nor special committee.<sup>17</sup> However there exist special committees on Scotland Wales of the House of Commons (they are usually abolished with the end of the session). In every session a standing committee is constituted to give attention to the ordinary government bills. However, these committees are not given any special responsibility. These committees are termed as A,B,C of the English letter. These standing committees are appointed by the speaker of the House of Commons. The public accounts committee and other accounts committee perform their responsibility on permanent basis.<sup>18</sup> The head of the committee is taken from a senior leader of the opposition party. This committee has attained efficiency in securing government responsibility by performing its duty on distribution, experiences and accounts of the state.<sup>19</sup> A special select committee of the UK have submitted 76 recommendations regarding the working procedure of the legislature in 1978.

According to these recommendations 'Standing Committee on Ministerial Basis' was established in 1979. The ministers are not members of these committees. It is a notable development on parliamentary system in the UK. We found similarities in the types of the committees of Bangladesh Jatiyo Sangsad with the parliamentary committees of Australia, India, UK and other commonwealth countries. The standing committees of Bangladesh Jatiyo Sangsad are really permanent like the Australian Parliament. However, there exists a difference in India. The members of these committees are appointed for one year only. However, once constituted these committees work till the parliament exists.<sup>20</sup> In Britain the committees constituted for full tenure of the parliament are termed as scrutiny committee. Regarding the term used for the committees Eric Taylor says, "Generally speaking, the name 'standing committee' is misleading, as the committees are reconstituted for each successive Bill."<sup>21</sup> The main function of the standing committees in Bangladesh is to present report after examining the bills sent from the parliament. The effectiveness of the parliament depends upon the effectiveness of the committees. The importance of the committee system in the USA is more important than it is in other countries of the world. Here the committees play fundamental role regarding law-making process. In the USA the committees enjoy full autonomy regarding the bills except only changing their title.<sup>22</sup> In Britain the committee system has not yet expanded. Here the parliament makes laws in its full meeting.<sup>23</sup> In Bangladesh the committee system is almost similar like those of Britain and India. Here the committees do not enjoy full autonomy as in the USA. The presentation of report in the parliament by a committee indicates that it should be sent to the related ministry for implementation. The report

<sup>17</sup> John D. Lees, *Op.cit.* P. 25.

<sup>18</sup> Sydney D. Bailey, *British London: Parliamentary Democracy* (London: George Harper and Co. Ltd, 1994), pp. 82-83.

<sup>19</sup> *Ibid.*

<sup>20</sup> K.C.Wheare, *Legislatures* (London: The Oxford University Press, 1968), pp. 91-93.

<sup>21</sup> Khandaker Abdul Haq Miah, "Jatiya Sangsade Kommiti Babsthya" *Conference Paper, Bangladesh Jatiya Sangsad Secretariat.* (Dhaka, UNDP, 1999), P. 378.

<sup>22</sup> Eric Taylor, *The House of Commons at Work* (England: penguin books ltd. 1961), p. 20.

<sup>23</sup> Robert J. Huckshorn, *Political Parties in America* (California: Brooks/Icole Publishing Company, 1964), p. 266.



of public accounts committee is an example of such an unwritten custom. It is the duty of the related ministry to implement the report of the public accounts committee. If a ministry fails to implement such a report, then the ministry explains the matter to the public accounts committee. This rule is equally applicable regarding the reports of the standing committee on related ministry and for several other committees.<sup>24</sup> The Sangsad cannot get an idea regarding the duties of the committees unless they present their reports. The accountability of the government to the parliamentary committees has increased. 14 Departmentally Related Committees of the British House of Commons have presented 193 reports from 1979 to 1983. This number have increased later on. Regarding this G.A.C. Griffith and Michael Ryle said, "During the 1983-1987 Parliament the 14 committees made 229 reports (excluding special reports). The most profile was the Treasury and Civil Service Committees with 34 reports, followed by the Energy Committee and the Defence Committee each with 26 reports."<sup>25</sup> If government considers that a report should not be implemented, then the matter should be informed to the committee or to the Parliament.<sup>26</sup>

#### CONCLUDING REMARKS AND RECOMMENDATIONS

In Bangladesh, the first four parliaments could not play a significant role in changing laws. They had parliamentary committees. But they failed to play a significant role. But the fifth parliament did play a significant role. From 1991, the parliamentary democracy got a new trend in Bangladesh politics. The changes happened at that time were significant and revolutionary.<sup>27</sup> The fifth parliament brought positive reforms. However, the 7<sup>th</sup> parliament has presented more reports than the 5<sup>th</sup> parliament. The rate of presenting reports from 1<sup>st</sup> to 7<sup>th</sup> parliaments is increasing day-by-day. We think that this trend will exist in the 8<sup>th</sup> parliament too. This is a positive indication for political development and democratization in Bangladesh. The committees are the real places to play the due role of the members of the parliament. The opposition party should have a meaningful participation in the committee system. Chairmanship and membership for the members of the opposition party should be fairly distributed. If the principle is followed in the 8<sup>th</sup> parliament, then the committee system of this parliament will be able to play more meaningful role than the parliaments of the previous period. In that case, the accountability of the government and administration will increase too. The supremacy of the people's representatives will be established over the military and civil bureaucracy in Bangladesh. The people's representative should be educated and effective. In that case the people will get the best service from the state. Finally, in such a way unlimited prosperity will be attained in Bangladesh. We think that this trend will exist in the 8<sup>th</sup> parliament too. This is a positive indication for political development and democratization in Bangladesh.

In the light of weakness of the existing committee system in Bangladesh apparent from the above discussion. The following recommendations are proposed:

<sup>24</sup> G. C. Moodie, *The Government of Great Britain* (London: Methen and co. Ltd 1966), p. 106.

<sup>25</sup> Khandaker Abdul Haq Miah, *Op.cit.* p. 9.

<sup>26</sup> J.A.G. Griffith, *Practice and Procedures* (London: Sweet and Maxwell, 1989), p.424

<sup>27</sup> Nizam Ahmed, "Reforming the Parliament in Bangladesh. Constraints and Political Dilemmas, ommonwealth and Comparative Politics, Vol. I, No. 36, 1998.



- Committees shall sit at least once in a month for a continuous number of days, which shall not be less than three and more than seven.
- Committees must present a report to those at least once in every six month and two days in each session of the parliament shall be reserved for discussion on the committee report.
- If any ministry and department does not implement the recommendations/measures proposed in the report of a committee within a specified time, the committee shall report the same to the house and the members after discussion shall give a decision which should have a binding force.
- The committees if they so decide should be able to have any of their sittings with public attendance and televised.
- The chairperson of each committee should have additional logistic and research facilities.
- On any national issue of great public importance the house should be able to constitute a special inquiry committee headed by a member of the opposition party.
- Members should have the privilege of:
  - Summoning newspaper editors in case of extreme criticism towards their person and publication of false and fictitious news,
  - Request ministers to censor and/or sanction subordinates in case of clear obstruction in providing information necessary for their functions.
  - Their case being voted in the house before being prosecuted or tried for serious offences.
  - Summoning police officers to the committee on privileges in case of disregards towards a members or infringement of his privilege.
  - Receive copy of departmental communication.
  - Publish the summary of the committee proceedings in the parliament bulleting.
  - Provide the parliament secretariats with adequate logistic and research support along with increasing the number of the staff of the secretariat.
- The budget upon presentation shall be followed by a general discussion and approved in general terms. The budget proposals relating to each individual ministry should then be presented to the committees concerned. The committees after discussing the same and proposing amendments within the sectorial allocations for expenditure and for increasing income shall present it to the house for discussion by the committee members whose amendments have been rejected. After debate and discussion on the floor,



the proposal for each ministry as amend by the committees shall be voted upon. The finance bill should be presented to the finance committees to incorporate any amendments to the budget proposal approved by the house and the finance bill with amendments if any shall be voted on the floor of the house upon presentation by the finance committee for consideration. If these measures could be taken the committee system run more effectively. Forming parliamentary committees alone will not ensure the democratic process. The committee should work on a non-partisan attitude when it is in session. The decision of the committee should be unanimous for the healthy development of the parliamentary practices. All political parties should advise their representatives to work in the committees in non-partisan manner.



## EVALUATION OF CREDIT POLICY – A CASE STUDY OF SOME PRIVATE SECTOR TEXTILE MILLS IN BANGLADESH

Begum Ismat Ara Huq\*  
Mohammad Main Uddin\*\*

**ABSTRACT:** In this study, an attempt has been made to evaluate the credit policy in six private sector textile enterprises in Bangladesh. Firstly, 50 percent of the sample enterprises had been following lenient credit policy; thereby leading to higher average investment in receivables, varying from roughly 19 percent to 26 percent of the total current assets. On the contrary, 33.33 percent sample enterprises had been following stringent credit policy, thus leading to lower average investment in receivables, equivalent to 4 percent to 12 percent of the total current assets only. Only 16.67 percent sample enterprises had been following moderate credit policy; thus leading to moderate average investment in receivables equal to 14.80 percent of the total current assets within the range of 13 percent to 18 percent. Secondly, higher investment in receivables had led to higher average receivables turnover in sample 5 (33.111 times), 1 (27.98 times); and on the contrary, lower investment in receivables had led to lower receivables turnover equal to 4.38 times, 6.12 times and 7.47 times in samples 6, 2 and 3 respectively. But, the moderate investment had led to moderate average receivables turnover equal to 9.40 times in sample 4. Thirdly, average collection period had been below the range of standard norm, varying from 30 to 40 days in samples 1 (13 days), 4 (39 days) and 5 (11 days). On the contrary, average collection period had been higher equal to 83 days, 59 days and 49 days in samples 2 and 3 respectively. Lastly, the credit policy had been poor in most of the sample enterprises, adversely affecting their profitability in terms of Profit Margin and Return on Investment (ROI). Therefore, necessary steps should be taken to improve the credit policy of the sample enterprises which, in turn, would improve their profitability.

### STATEMENT OF THE PROBLEM

The important short-term financial policies of an industry are: cash policy, inventory policy, credit policy and short term investment policy. Of these various short-term financial policies, credit policy plays the pivotal role. Credit includes both trade credit and consumer credit. Trade credit is by far the larger<sup>1</sup> and therefore, the main focus

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\*Dr. Begum Ismat Ara Huq, Associate Professor, Department of Finance and Banking, University of Chittagong.

\*\* Associate Professor, Department of Accounting & Information System, University of Rajshahi.



has been given on this. Trade credit arises when an industry sells its products or services on credit and hence, does not receive cash immediately. It is an essential marketing tool, acting as a bridge for the movement of goods through production and distribution stages to customers<sup>2</sup>. Trade credit creates receivables or book debts which the firm expected to collect in the near future.

Credit policy or receivable policy has three characteristics<sup>3</sup>. Firstly, it involves an element of risk. Secondly, it is based on economic value. Thirdly, it implies futurity. Trade credit constitutes a substantial portion of current assets of several firms. For example, in India trade debtors, after inventories, are the major component of current assets. They form about one-third of current assets in India<sup>4</sup>. Credit policy involves five main steps: (i) determining the terms of credit sale, (ii) deciding the evidence needed for indebtedness, (iii) judging customer's credit worthiness, (iv) deciding the amount of credit sale extending to the customers and (v) collection of credits. In this study all these steps of credit policy will be examined in the context of the selected enterprises.

In Bangladesh, most of the private sector textile enterprises deal in credit. A substantial portion of their sales is on credit. Therefore, it is necessary to examine the various aspects of credit policy of the private sector textile enterprises in Bangladesh. Granting credit and creating receivables or book debts amount to the blocking of the firm's funds. The interval between the date of the credit sale and the date of payment has to be financed out of working capital. The necessity of the firm is to procure funds from banks or other sources. Thus, trade debtors represent investment. As substantial amounts are tied-up in trade debtors, it needs careful analysis and proper policy. Therefore, the present study is an endeavor to this end.

#### **OBJECTIVES OF THE STUDY**

The main objective of the study is to critically evaluate the credit policy of the sample enterprises during 1994-95 to 1999-2000. To achieve the main objective, the study covers the following specific objectives: 1) To analyze the reasons for selling goods on credit; 2) To examine the credit policy of the sample enterprises; 3) To evaluate the investment in receivables or trade debtors during the study period; 4) To evaluate the credit collection policy of the sample enterprises and 5) To examine the impact of credit policy on the profitability of the sample enterprises.

#### **SCOPE AND METHODOLOGY**

The study is limited to 6 (six) private textile enterprises which are enlisted in Dhaka Stock Exchange (DSE) or Chittagong Stock Exchange (CSE). At present there are 44 private textile enterprises operating in the country as the members of DSE or CSE.<sup>5</sup>. Therefore, the study covers 13.64 percent of the total private textile enterprises enlisted in DSE or CSE. For empirical analysis the study covers a period of six (6) years ranging from 1994-95 to 1999-2000.

Both the primary and secondary data have been used in this study. However, the study used secondary data extensively. The main sources of secondary data have been the Annual Reports, Annual Accounts and other statistics of the sample enterprises during the study period. The primary data relevant to reasons for credit sale, evaluation of policy etc. were collected from the concerned personnel namely,



Finance Director, Finance Manager, and Chief Accountant of the sample enterprises on the basis of the opinion survey.

The collected data and information were processed manually. The requisite tables were analyzed critically by using co-efficient of correlation and test of significance, wherever applicable. In analyzing the main reasons for credit sales by the respondents, 5 – point scaling as developed by Likert has been used in the study. Likert type summated scales are regarded as the most useful in a situation wherein it is possible to compare the respondents' score with a distribution of scores from some well defined group. Likert scaling is equally useful when we are concerned with a program of change and improvement in which case we can use the scales to measure attitudes before and after the program of change or improvement in order to assess whether our efforts have had the desired effects. We can as well correlate scores on the scales to other measures without any concern for the absolute value of what is favorable and what is unfavorable. All these account for the popularity of Liker scaling in social studies relating to measuring attitudes of the respondents. In our study, respondents were asked to express their opinions as to the importance of the reasons for making credit sales; the respondents responded in any one of the five ways: i) not important, ii) below average important, iii) average important, iv) above average important and v) very important.

#### **REVIEW OF RELEVANT LITERATURE**

A survey on the existing literature on the issue of "Credit Policy" reveals that there is not enough literature in the forms of Ph.D. / M. Phil Thesis, research articles and papers. Rather, the existing literature on the issue is very limited. However, there are some studies on the overall management of receivables/ working capital management wherein the authors have examined the credit policy, a vital aspect of receivables management.

At the first instance, the Ph.D. study done by Ramamoorthy<sup>6</sup> may be cited. In that study, the author examined the working capital management practice in the context of Indian Private Sector industries. In that study, he pointed out that receivables management had been poor in the selected mills mainly in terms of poor credit and collection policies. Secondly, in the Ph.D. Thesis of Hoque<sup>7</sup>, it was also pointed out that receivable management had been poor in the public sector industrial enterprises of Bangladesh mainly due to poor credit and collection policies. Thirdly, in another study done by Hoque<sup>8</sup>, it is revealed that the credit and collection policies had been unsatisfactory in terms of high average collection period and high ratio of accounts receivables to sales in two public and two private sector manufacturing enterprises in Bangladesh. Fourthly, in the study of Chowdhury<sup>9</sup>, the author pointed out that receivables management was not effective and efficient in five small scale industrial enterprises of Bangladesh mainly because of poor credit and collection policies in terms of higher average collection period and higher ratio of receivables to sales. Fifthly, in the study done by Solaiman<sup>10</sup>, the author pointed out that management of receivables had been poor in the sample six jute mills of Chittagong zone mainly because of unsatisfactory credit and collection policies in terms of higher average collection period and higher receivables turn over. Sixthly, Ahmed<sup>11</sup> in his study pointed out that investment in receivables was higher in the three public and three private sector paper mills in terms of higher average collection period and higher



receivables turn over, thereby leading to unsatisfactory credit and collection policies. Lastly, in another study<sup>12</sup> of Huq, it was pointed out that management of receivables had been poor in almost all the five sample mills under BCIC in that there were heavy existence of receivables in current assets structure, indicating over investment in receivables; un-uniform relationship between volume of receivables and sales, indicating too much high ratio of receivables to sales and too much high average collection period. All these indicated poor credit and collection policies of the sample mills. Therefore, it is seen that in all the studies, there was no detail about the credit policy of the sample units. The present study is an effort towards this end.

### FINDINGS AND ANALYSIS

The major findings of the study are analyzed critically in the following sub-sections:

#### Analyzing the main reasons for credit sale

A big question arises as to why at all do firms sale on credit ? Firms use credit policy as a marketing tool for expanding their sale. The respondents were asked to give their opinions as to the importance of the reasons for sale of their goods on credit. They were asked to give their opinions on the basis of 5-point scaling as developed by Likert. Their responses were summarized in Table 5.1.

**Table 5.1: Importance of Reasons for making Credit Sale**

Reasons	Response Scale					Weighted Importance
	Not Important	Below Average Important	Average Important	Above Average Important	Very Important	
	1	2	3	4	5	
Industry practice	2	3	6	7	-	3.00
Buyer's requirement	2	3	6	3	4	3.22
Buyer's Status	3	5	4	6	-	2.72
Severe competition	-	-	4	6	8	4.22
Company's bargaining power	-	3	5	8	2	3.50
Relationship with dealers	3	4	6	4	1	2.78
Marketing tool	-	-	4	8	6	4.11
Transit delays	-	3	5	5	5	3.67

Source: Field Investigation.

Note: Weighted importance is calculated using weights of 1 for "not important" and to 5 for "very important".

Table 5.1 reveals that the respondents have mentioned 8 main reasons for undertaking credit sale. These reasons in order of importance are - (i) severe competition (weight 4.22), (ii) marketing tool (weight 4.11), (iii) transit delays (weight 3.67), (iv) company's bargaining power (weight 3.50), (v) buyer's requirements (weight 3.22), (vi) industry practice (weight 3.00), (vii) relationship with dealers (weight 2.78), (viii) buyer's status (weight 2.72). Thus, it is seen that the first



four reasons appear to be highly significant to the sample enterprises while making credit sales.

### Credit Policy of Sample Enterprises

The term credit policy is used to refer to the combination of three decision variables, such as – (i) Credit standards; (ii) Credit term and (iii) Collection efforts on which financial manager has influence<sup>13</sup>. Credit standards are the criteria to decide the types of customers to whom goods could be sold on credit. If a firm has more slow-paying customers, its investment in accounts receivables will increase and vice-versa. Credit terms specify duration of credit and terms of payment by customers. Investment in accounts receivables will be high if customers are allowed extended time period for making payments. Collection efforts determine the actual period. The shorter is the collection period the lower is the investment receivables and vice-versa. A firm may follow any of the three credit policies namely- lenient credit policy, stringent credit policy and moderate credit policy. The enterprise following a lenient credit policy tends to sell on credit to customers on very liberal terms and conditions; credits are granted for longer periods which may sometimes lead to creation of bad debts. In contrast, an enterprise following a stringent credit policy sells on credit on a highly selective basis only to those customers who have been proven credit worthiness which may reduce total sales. In between these two policies there is another credit policy known as moderate credit policy. In practice, firms try to follow credit policies ranging between lenient to stringent. Against this background let us examine the credit policies of our sample enterprises.

The respondents were asked to mention the credit policy which they follow while undertaking credit sales. Their responses are tabulated in Table-5.2.

**Table 5.2: Types of Credit Policy Followed by the Respondents**

Types of Credit Policy	Number of respondents	%
Lenient Credit Policy	9	50
Stringent Credit Policy	6	33.33
Moderate Credit Policy	3	16.67
Total	18	100.00

Source : Field Investigation.

Table 5.2 reveals that 33.33 percent respondents follow stringent credit policy, leading to lower investment in account receivables, ranging from 4 percent to 12 of total current assets on an average, during 1994-95 to 1999-2000 as evidenced from Appendix-1. The Table further depicts that 50 percent (half) of the respondents follow lenient credit policy, thereby leading to higher investment in receivables, varying from roughly 19 percent to 26 percent of total current assets on an average during the said period as evidenced from Appendix-1. It is also revealed from the said Table that 16.67 percent of the respondents follow moderate credit policy, thereby leading to moderate investment in receivables, equivalent to 14.80 percent of total current assets, on an average, during the said period as evidenced from the same Appendix.



As to the evaluation of the credit policy, the respondents were asked to give their opinions on the basis of 5-point Likert Scale. Their responses are tabulated in Table-4.3.

### Evaluation of Investment in Receivables

Investment in receivables or trade debtors depends on types of credit policy the firms have been following. If the firm follows lenient credit policy their investment in receivables will be too high. While the firms following stringent credit policy their investment will be too lower. In contrast, if the firm follows moderate credit policy their investment in receivables will be moderate, neither too high nor too low. At this stage let us examine the investment in receivables of the sample enterprises during 1994-95 to 1999-2000. Appendix-1 shows the pictures in these regards.

**Table - 5.3: Evaluation of Credit Policy by Respondents**

Major Aspects of Credit Policy	Response Scale					Weighted Average
	Highly Unsatisfactory	Below Average Satisfactory	Average Satisfactory	Above Average Satisfactory	Highly Satisfactory	
	1	2	3	4	5	
Credit Standards of the customers	-	6	3	-	9	3.67
Credit terms granted to the customers	1	5	3	1	8	3.56
Credit efforts on the part of the sellers	2	4	2	1	9	3.61

**Note :** Weighted Average is calculated using weights of 1 for "Highly Unsatisfactory" and to 5 for "Highly Satisfactory".

**Source :** Field Investigation.

Table 5.3 depicts that as regards the importance of the three major aspects of credit policy as opined by the respondents, credit standard of the buyers ranked the topmost position (weighted average being 3.67) followed by credit efforts on the part of the sellers (weighted average being 3.61) and credit term granted to the buyers (weighted average being 3.56). The said Table also portrays that 50 percent, 50 percent and about 60 percent of the respondents' opinions regarding the credit standards of their customers, credits granted to them and their credit efforts respectively were highly as well as above average satisfactory. Again, 33.3%, 27.8% and 22.2% of the respondents' opinions regarding these major three aspects of credit policy respectively were in favor of below average and highly unsatisfactory. From the above analysis it can be said that the majority of the respondents (about 67%) opined that their credit policy in terms of credit standards of their customers, credit terms granted to them and their collection efforts had been satisfactory during 1994-95 to 1999-2000.

Appendix-1 depicts that the average receivables turnover had been higher, equivalent to 27.98 times in sample-1 and 33.11 times in sample-5 during 1994 95 to 1999-2000. In contrast, the average receivable turnover had been lower equivalent to only 6.12 times in sample-2; 7.47 in sample-3 and 4.38 times in sample-6 during the said period. But, the said turnover equivalent to 9.40 times had been neither higher nor lower in sample-4 during the said period. It is recognized that receivables



turnover is a rough measure of the number of times debtors' turnover each year, calculated by dividing credit sales with average debtors. It is observed that the higher receivables turnover is the result of following stringent credit policy; while the lower receivables turnover is the result of following lenient credit policy by the sample enterprises. But, the moderate receivables turnover is the result of following moderate credit policy by the sample enterprises. It is also observed that the higher receivables turnover had resulted in lower investments in receivables and, on the contrary, the lower receivables turnover had resulted in higher investments in receivables. Appendix-1 reveals that the average investment in receivables had been higher, equivalent to 25.48 percent in sample-2 and 24.68 percent in sample sample-3; 19.46 percent in sample-4 and moderate equal to 14.80 percent in sample-6 during the study period. On the contrary, the average investment in receivables had been lower equivalent to only 4.25 percent in sample-1 and only 11.09 percent in sample-5 during the said period.

### Evaluation of Credit Collection Policy of Sample Enterprises

Credit collection policy is the final aspect of credit policy. Credit collection policy includes monitoring receivables to spot trouble and obtaining payment on past due accounts<sup>14</sup>. To keep track of payments by customers, most firms monitor outstanding accounts. The main purpose of credit collection policy should be to speed up the collection of outstanding accounts (dues)<sup>15</sup>. There are three main tools of monitoring or controlling outstanding accounts namely : (a) evaluation of average collection period through time; (b) the aging schedule of dues and (c) ratio of bad debts to credit sales. Average collection period is the time required by a firm to collect its outstanding accounts. Normally, 30 days to 40 days collection period is the standard norm of average collection period of a firm<sup>16</sup>. At this stage, the following paragraphs examine the evaluation of credit collection policy of the sample enterprises during 1994-94 to 1999-2000 by using average collection period, the vital tool of credit collection. Table-4.4 presents the pictures in this regard.

**Table - 5.4: Average Collection Period (ACP) of Sample Enterprises during 1994-95 to 1999-2000**

Sample Enterprises	(In Days)						Average
	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	
1	28	19	16	13	12	7	13
2	135	73	62	25	84	90	59
3	185	151	46	24	25	116	49
4	30	35	40	52	40	43	39
5	48	53	63	5	49	4	11
6	86	64	213	43	153	113	83

Note: ACP is calculated as follows :

365 Days

ACP = -----

Receivables Turnover

Source: Same as Appendix-1.

Table 5.4 portrays that Average Collection Period (ACP) of the samples-1 and 5 had been much lower, equivalent to 13 and 11 days respectively than the standard norm



of 30-40 days, on an average, during 1994-95 to 1999-2000. Such lower ACP implies that these mills had been following stringent credit policy. In contrast, ACP of the samples-2, 3 and 6 had been much higher, equivalent to 59, 49 and 83 days respectively, on the average, during the said period. Such higher ACP implies that these firms had been following lenient credit policy. Lastly, ACP of the sample-4 had been moderate equal to 39 days (within the range of standard norm), on the average, during the said period. Such moderate ACP implies that the said firm had been following moderate credit policy. From the above analysis, it can be said that the credit collection policy of the samples-1 and 5 had been highly satisfactory, while, collection policy of the sample-4 had been satisfactory during the study period. In contrast, the credit collection policy of the samples-2 and 6 had been highly unsatisfactory; while collection policy of the sample-3 had been unsatisfactory during the study period.

### **Impact of Credit Policy on Profitability of Sample Enterprises**

From the discussions made in sections 5.2 through 5.4 it can be said that credit policy of the samples-1 and 5 had been poor due to following stringent credit policy, thereby leading to lower investment in receivables, which in turn, had resulted in lower sales. Again, the credit policy of the samples-2, 3 and 6 had also been poor due to following lenient credit policy, thereby leading to poor credit collection which in turn, had resulted in creation of huge bad debts. Such poor credit policy might have adverse impact on profitability, in terms of profit margin (return on sales) and return on investment (ROI) and Return on Net Fixed Assets plus Current Assets of the sample enterprises. In the following paragraphs impact of credit policy on profitability of the sample enterprises during 1994-95 to 1999-2000 has been examined. To this end Appendix-2 showing Receivables Turnover, Net Profits, Sales, Investment, Profit Margin and ROI of the sample enterprises during the study period has been presented.

Profitability in terms of Profit Margin and ROI of the sample enterprises during the study period has been presented in Table 5.5.

**Table - 5.5: Average Positions of Profit Margin and ROI of the Sample Enterprises during 1994-95 to 1999-2000.**

Range of Profit Margin (In %)	% of Samples	Range of ROI (In %)	% of Samples
(15) - (10)	33.33	(10) - (5)	16.66
(10) - (5)	-	(5) - 0	16.67
(5) - 0	-	0 - 5	16.67
0 - 5	-	5 - 10	33.33
5 - 10	16.67	10 and above	16.67
10 - 15	16.67		
15 and above	33.33		
	100.00		100.00

Note : Figures in the parenthesis indicate negative position.

Source : Appendix - 2.

Table 5.5 depicts that the average profit margin of 33.33 percent, 16.67 percent, 16.67 percent and 33.33 percent of the sample enterprises had been within the range of 15 and above, 10 - 15, 5 - 10 and negative 10 - 15 percent respectively. Again, it is seen from the table that the average ROI of the sample enterprises had been



within the range of 10 and above, 5 – 10, 0 – 5, and negative 0 – 5 and 5 – 10 percent respectively. Thus, it is seen that 66.67 percent sample enterprises' average profit margin and ROI had been positive during the study period.

In order to judge whether the credit policy has any impact, favorable or unfavorable, on profit margin and ROI; co-efficient of correlation 'r' between receivables turnover and profit margin and ROI has been computed. Appendix-3 presents the value of r between receivables turnover and profit margin and receivables turnover and ROI in the context of the sample enterprises during 1994-95 to 1999-2000. The said Appendix reveals that 'r' between receivables turnover and profit margin comes to negative 0.061 and 'r' between receivables turnover and ROI comes to negative 0.176 with observed 't' values of 0.356 and 1.042 respectively as against theoretical 't' value of 1.697. These figures show that there exists no correlation between these variables. Therefore, although receivables turnover has not any significant impact on profit margin and ROI of the samples during 1994-95 to 1999-2000; but the credit policy adversely affected these two criteria of profitability.

#### **SUMMARY AND POLICY IMPLICATIONS**

The major findings of the study are summarized as under:

- (i) Of the various reasons for pursuing credit sales by the sample enterprises, severe competition, marketing tool, transit delay and company's bargaining power had been most significant.
- (ii) About 50 percent, 33 percent and 17 percent sample enterprises had been following lenient, stringent and moderate collection policies respectively. As a result the average investments in the receivables had been within the range of 4 to 12 percent, 19 to 26 percent and 14.80 percent to total current assets in the sample enterprises following stringent, lenient and moderate credit policies respectively. Such average investment had been higher, ranging from 19 to 26 percent to total assets in samples-2, 3 and 4 moderate equal to 14.80 percent in sample-6 and lower, ranging from 4 to 12 percent in samples-1 and 5.
- (iii) Majority of the respondents (67%) opined that their credit policy in terms of credit standards of their customers, credit terms granted to them and their collection efforts had been satisfactory.
- (iv) In respect of the receivables turnover, it is found in the study that sample-5 recorded the topmost position (33.11 times) followed by sample-1 (27.98 times), sample-4 (9.40 times), sample-3 (7.47 times), sample-2 (6.12 times) and sample -6 (4.38 times). Such positions of receivables turnover had been attributed to the credit policy of the respective sample enterprises.
- (v) In view of the average collection period, it can be said that credit collection policy of the samples-1 and 5, equal to 13 and 11 days respectively, had been highly satisfactory; while that of the sample-4 equal to 39 days, had been satisfactory and that of the samples-3, 2 and 6 equal to 49, 59 and 83 days respectively had been highly unsatisfactory during the period.



- (vi) Although credit policy and collection policy in majority of the sample enterprises (about 67%) had been satisfactory; but the credit policy as a whole was poor in those sample enterprises. Such poor credit policy had adversely affected profit margin and ROI in the sense that 'r' between receivables turnover and profit margin and receivables turnover and ROI had been negative equal to 0.06 to 0.18. But, the value of 'r' was not statistically significant.

In view of the above summary, it can be concluded that in order to improve the credit policy in all the sample enterprises; the concerned financial executives viz., Finance Director, Finance Manager and Chief Accountant of the sample enterprises should follow the major steps such as : (i) following moderate, neither stringent nor lenient credit policy; (ii) speeding up the collection policy of the sample enterprises where their average collection period was higher, exceeding the standard norm of 30-40 days and (iii) increasing credit sales of the sample enterprises, to the reasonable extent, after properly judging the customers credit worthiness.

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**APPENDIX – 1**

Amount of Credit Sales, Current Assets and Accounts Receivables of the  
Sample Enterprises during 1994-95 to 1999-2000.

(In million Taka)

Variables	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	Average
<b>Sample – 1 (S)</b>							
Credit Sales	234.60	336.90	374.04	455.75	469.00	755.05	437.56
Current Assets	225.33	315.74	351.67	551.20	575.35	850.84	478.36
Receivables	18.03	17.54	16.56	15.81	15.43	14.02	16.23
Receivables	13.01	19.21	22.59	28.83	30.40	53.86	27.98
Turnover							
(In times)	8.00	5.56	4.71	2.87	2.68	1.65	4.25
% of Receivables to Current Assets							
<b>Sample – 2 (L)</b>							
Credit Sales	126.98	548.47	629.49	693.12	740.61	789.90	569.10
Current Assets	145.59	263.69	383.03	669.51	814.24	841.25	519.55
Receivables	46.98	110.05	106.79	47.03	170.73	195.31	112.82
Receivables	2.70	4.98	5.90	14.74	4.34	4.04	6.12
Turnover							
(In times)	32.05	41.73	27.88	7.02	20.97	23.22	25.48
% of Receivables to Current Assets							
<b>Sample – 3 (L)</b>							
Credit Sales	19.62	17.08	54.79	69.32	166.07	71.85	66.46
Current Assets	19.54	21.83	42.74	63.20	83.90	90.62	53.64
Receivables	9.98	7.08	6.92	4.66	13.29	22.79	10.79
Receivables	1.97	2.41	7.92	14.88	14.50	3.15	7.47
Turnover							
(In times)	51.07	32.43	16.19	7.37	15.84	25.15	24.68
% of Receivables to Current Assets							
<b>Sample – 4 (L)</b>							
Credit Sales	261.81	231.25	196.78	178.69	184.70	185.13	198.10
Current Assets	116.68	109.42	140.23	147.86	81.68	91.59	114.58
Receivables	17.63	21.93	21.80	25.53	20.24	22.01	21.52
Receivables	12.30	10.55	9.03	7.00	9.13	8.41	9.40
Turnover							
(In times)	15.11	20.04	15.55	17.27	24.78	24.03	19.46
% of Receivables to Current Assets							
<b>Sample – 5 (S)</b>							
Credit Sales	71.17	62.89	97.12	64.86	27.69	54.34	63.01
Current Assets	60.56	70.95	66.77	41.05	39.70	31.89	51.82
Receivables	9.28	9.21	16.70	0.84	3.71	0.58	6.54
Receivables	7.67	6.83	5.82	77.21	7.46	93.69	33.11
Turnover							
(In times)	15.32	12.98	25.01	2.05	9.35	1.82	11.09
% of Receivables to Current Assets							



Sample – 6							
(M)	471.29	524.27	155.39	319.40	438.88	382.13	381.10
Credit Sales	563.71	586.23	701.08	548.19	666.57	1055.18	686.83
Current Assets	111.28	91.58	90.75	38.08	148.87	118.14	99.78
Receivables	4.24	5.72	1.71	8.39	2.98	3.24	4.38
Receivables Turnover	19.74	15.62	12.94	6.95	22.33	11.20	14.80
(In times)							
% of Receivables to Current Assets							

Source : Annual Reports/Annual Accounts of Sample Enterprises during 1994-95 to 1999- 2000.

### **APPENDIX - 2**

Table showing values of 'r' between Receivables Turnover & Profit Margin and Receivables Turnover & ROI in the context of the Sample Enterprises during 1994-95 to 1999-2000.

Relevant Variables	Value of r	Observed Value of t	Theoretical Value of t	Comment
Receivables Turnover and Profit Margin	-0.061	0.356	1.697	Not significant
Receivables Turnover and ROI	-0.176	1.042	1.697	Not significant

Note : While calculating values of 'r', cross-section data of the samples during 1994-95, to 1999-2000 have been considered.

Source : Annual Reports/Annual Accounts of Sample Enterprises during 1994-95 to 1999- 2000



## PINEAPPLE MARKETING IN BANGLADESH: PROBLEMS AND PROSPECTS

Md. Aynul Haque\*

S. M. Khalilur Rahman\*\*

**ABSTRACT:** Four important channels: (i) Farmer-Faria-Bepari-Arathdar-Retailer-Consumer; (ii) Farmer-Bepari-Arathdar-Retailer-Consumer; (iii) Farmer-Bepari-Retailer-Consumer and (iv) Farmer-Retailer-Consumer were found in pineapple marketing. The average marketing cost of pineapple was Tk 528 per ton. Transport cost was the major cost item in the study areas. The average price of pineapple at farm level was Tk 2919 per ton. The marketing margin for Faria, Bepari and Retailer were Tk 745, 1041 and 988 per ton for pineapple. In pineapple marketing, Bepari and Retailer got the highest margin and profit due to higher sale price. The post-harvest losses of pineapple were estimated to be 69 kg per ton. This loss was mainly due to carrying, loading and unloading, packaging, storing and delay in selling. The important marketing problems for farmers and intermediaries were low price, high transport cost, price instability, inadequate capital, lack of processing industry and inadequate storage facility. In fact, to promote and success for the pineapple farmers it is needed market-oriented approach to production which requires a respond to what consumers demand – rather than merely attempt to sell what they produce.

### INTRODUCTION

Bangladesh is an agro-based country. Agriculture is the main occupation of the people employing 69% of the labour force. This sector directly contributes around 32% of the gross domestic production. Total cultivated land of Bangladesh is 14.85 million ha in which different fruits occupies about 0.67 % of total cultivated land (BBS, 1997). Pineapple is one of the most important common fruits grown in Bangladesh is grown mainly in the districts of Sylhet, Moulvi Bazar, Chittagong and Tangail. It is a good source of vitamin A, B, C and calcium. It also contains phosphorus, iron, enzyme and pineapple leaf is a good source of chlorophyll. Bangladesh produced 0.15 million metric tons of pineapple from 0.01 million ha of land at the rate of about 10.8 metric tons per hectare (BBS, 1997).

Fruit contains higher nutritional value and solves greatly the problem of malnutrition. Every year huge amount of fruits i.e. mango, jackfruit, banana, pineapple, guava,

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\* Senior Scientific Officer (Agri. Econ. Div.) BARI, Gazipur.

\*\* Dr. S. M. Khalilur Rahman, Principal Scientific Officer (AERS) BARC, Dhaka.



papaya and coconut etc are grown in Bangladesh. The per capita fruit consumption is estimated at 3.3 kg per annum being the lowest in comparison with other neighboring countries (India, Pakistan) indicating a poor balanced diet against the requirements of vitamins and minerals. The present area under fruit cultivation is estimated 0.18 million hectare producing 0.33 million tons per annum where mango occupies about 28 % of the total area followed by banana (22%), jackfruit (17%), pineapple (5%), guava (6%), papaya (6%). The rest (15%) occupied by other fruits (BBS, 1997).

The demand for different fruits are increasing day by day but supply remains stagnant. So, inefficient marketing system causes a wide variation of price between the producers' and the consumers' level at harvesting period. It occurs due to. Lack of initiatives by the Department of Agricultural Marketing and Department of Agricultural Extension (DAE) causes less improvement in identifying and prioritizing of marketing research. Agricultural Extension worker deals with production technologies and dissemination to the farmers, but keep 'marketing' to them. Therefore, considering the importance of marketing, the present study was designed to document some information regarding the problems and prospects of marketing systems of pineapple. The specific objectives of this study are as follows:

- i. Identifying the institutions and channels of pineapple marketing;
- ii. Know the trend and seasonal variations of prices;
- iii. Quantify the post-harvest losses of pineapple; and
- iv. Explore problems in pineapple marketing and direction of improvement.

#### **STUDY METHODOLOGY**

Three thanas namely, Modhupur, Sreemongal and Naniarchar under the districts of Tangail, Moulavi Bazar and Rangamati, respectively were selected purposively for the present study. Besides, one primary market and one secondary market were selected from each area for this fruit. Two pineapple varieties like honey queen and jiant kew were considered for the study.

A total of 20 farmers from each area and 30 intermediaries for this fruit were selected randomly from the primary and secondary markets. Calculation of profits and margins for *Arathdar* were ignored in this report because they were mainly the commission agents receiving commission at a fixed rate 5-10% of sale price from *Bepari* and *Retailer*. Two sets of pre-tested interview schedules, one for farmer and another for intermediaries were used for the collection of data by using survey method during the period from February 1999 to January 2000. Both qualitative and quantitative methods of analysis were used throughout the study.

#### **RESULTS AND DISCUSSION**

##### **Pineapple Marketing at Farmers' Level**

This chapter presents brief scenarios of pineapple marketing at farmers' level. At first area and productivity of pineapple is discussed, followed by disposal patterns, prices, and marketing problems.

##### **Area and Productivity of Pineapple**

The average area for pineapple cultivation was 0.77 ha per farm. This area was highest in Rangamati (0.95 ha/farm), followed by Sreemongal (0.80 ha/farm) and



Modhupur (0.57 ha/farm). The average yield of pineapple was 16 tons per hectare. The highest yield was obtained by the farmers of Modhupur (23 t/ha), compared to the farmers of Sreemongal (13 t/ha) and Rangamati (11 t/ha) due to good variety and quality soil (Table 1).

**Table 1 : Area and productivity of pineapple in the study areas**

Study area	Area (ha/farm)	Yield (ton/ha)
Modhupur	0.57	23
Sreemongal	0.80	13
Rangamati	0.95	11
All areas	0.77	16

### ***Distribution Pattern and Marketed Surplus of Pineapple***

The information of disposal pattern and marketed surplus pineapple is collected. It is evident that 2% of pineapple was used for family consumption, 1% for gift to others, and 2.2% become wastage. The shares of marketed surplus to pineapple were calculated 94.8%. The farmers in the study areas usually sell their fruits just after harvesting mainly due to cash need and lack of storage facility.

In pineapple marketing at farmers' level reveal that the farmers sold their produces mostly to *Bepari* (45%), followed by *Faria* (38%), *Retailer* (10%) and a small quantity to the final consumers. Generally, they transported pineapple to the local markets from where different middlemen traders purchased them and carried to distant urban markets. Besides, the pineapple growers sometimes sold their produces on cash to *Faria* and *Bepari* at garden due to cash need and lack of storage facility. Most *Beparis* were found transporting fruits from assembling markets (primary market) to the urban markets (secondary/terminal markets).

### ***Cost of Pineapple Marketing***

The farmers in the study areas incurred various costs for selling their produces. These costs mainly incurred for transportation, tax/toll, personal expenses, *Arathdars'* commission, and due to product loss. All these costs are briefly discussed below:

**Marketing Cost for Pineapple:** The cost of pineapple marketing included transportation cost, market taxes/tolls, *Arathdars'* commission, damage and personal expenses, etc. In all areas, the average marketing cost of pineapple was Tk.528 per ton. The marketing cost was found highest in Rangamati (Tk.576/ton) due to higher transport cost and lowest in Modhupur (Tk. 435/ton). Transport cost was considered to be the major cost item in the study areas (Table 2).

**Table 2. Cost of marketing for pineapple in different study areas**

Study areas	Marketing cost (Tk./ton)					
	Transport	Taxes/ tolls	<i>Arathdars'</i> Commission	Damage	Personal Expenses	Total
Modhupur	223 (51)	26 (6)	53 (12)	57 (13)	76 (18)	435 (100)
Sreemongal	301 (52)	28 (5)	145 (25)	29 (5)	70 (13)	574 (100)
Rangamati	360 (62)	27 (5)	54 (9)	35 (6)	100 (18)	576 (100)
All areas	295 (55)	27 (5)	84 (15)	40 (8)	82 (17)	528 (100)

*Bracketed figures indicate percent of total marketing cost*



### Prices of Pineapple at Farmers' Level

The farmers in the study areas usually sell their produces just after harvesting mainly due to immediate cash need and lack of storage facilities. Therefore, they were found to deprive of fair prices of their produces. The prices received by the farmers by selling pineapple are shown in the table and is briefly discussed below.

**Price of Pineapple:** The harvesting period of pineapple started from April and continued up to August in both Sreemongal and Rangamati areas, but in Modhupur area it was started from May and continued up to September. The price of pineapple varied from area to area and month to month. The average price of pineapple was Tk.2919 per ton (Table 3). The price was highest in Sreemongal (Tk.3403/ton) due to higher demand than supply and it was lowest in Rangamati (Tk.2608/ton). In the beginning of the season, the price of pineapple remained high, whereas in the peak-harvesting period (May- August) it was gradually decreased and at the end of the season the price again increased (Fig.1).

**Table 3. Price of pineapple at farm level in different study areas**

Study area	Month-wise Price (Tk./ton)						
	April	May	June	July	August	September	Mean
Modhupur	-	3192	2730	2114	2614	3084	2746
Sreemongal	4967	4025	3417	2650	1957	-	3403
Rangamati	3200	2641	2623	1968	-	-	2608
All areas	4083	3286	2923	2244	2285	3084	2919

**Price of Pineapple in different Months**

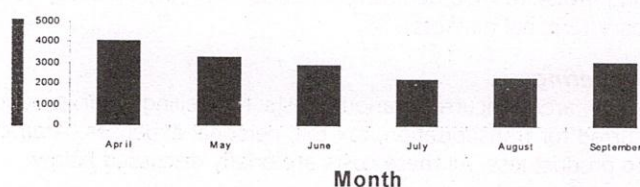


Fig. 1. Price of Pineapple at Farm Level in different Months

### Marketing of Pineapple at Intermediaries' Level

This section provides brief information on marketing channels, characteristics of intermediaries, marketing cost, marketing margin and profits, post-harvest losses, price spread and marketing problems at different intermediaries' level.

#### Business Characteristics of Intermediaries

The key players involved in the process of fruit marketing are *Faria*, *Bepari*, *Arathdar* and *Retailer*. Their business characteristics are discussed below:

**Faria:** *Farias* are the petty traders who purchase comparatively smaller quantity of agricultural products from the growers in the village or in the local primary market and sell them to *Bepari* and retailer in the local market. Their volumes of business are small and possess little capital.



**Bepari:** *Beparis* are professional traders who purchase agricultural products from the farmers or *Faria* in the local market or in the village and sell them to the other *Bepari* and retailer through *Arathdar*. Their volumes of business are larger than *Faria* and possess more capital. They operate both in primary and secondary market.

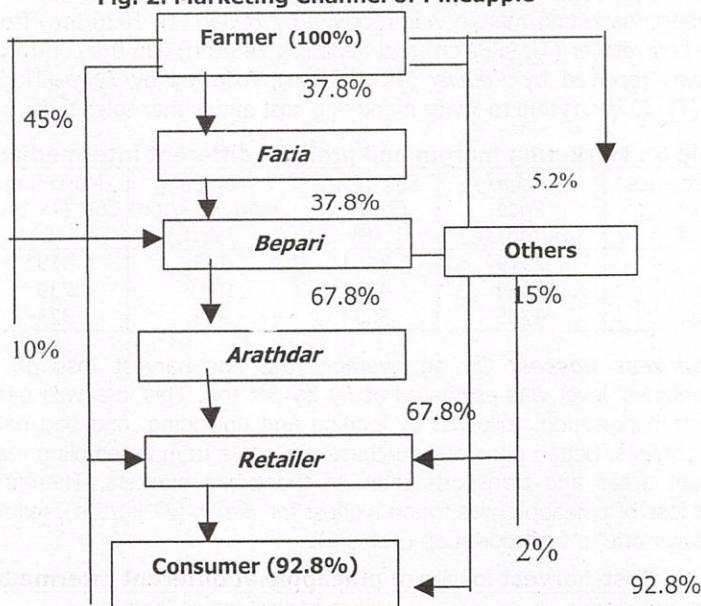
**Arathdar:** *Arathdar* serve as a commission agent who have fixed establishment in the market and operate between *Bepari* and retailer. They help *Bepari* and *Retailer* to sell their products and charge a fixed commission by providing storage facilities.

**Retailer:** They are the last link in the marketing channel, buy product from *Beparis* through *Arathdar* and sell them to the consumer. Most of the retailers have no permanent shop usually use open market place for their sale. Their volumes of business are small and possess little capital. In spite of being self-financed, they sometimes borrow money from non-institutional sources (friends and relatives) at time of need. They sometimes take credit from *Bepari* at *Arathdar* center.

### Pineapple Marketing at Intermediaries' Level

**Marketing Channel:** Fruit marketing channels refers to the sequential arrangement of various market intermediaries involved in the movement of fruits from growers to ultimate consumers. In the channel of pineapple marketing, fruit moves from producer to ultimate consumers through a number of market intermediaries. Both direct and indirect transactions were occurred in the pineapple marketing.

Fig. 2. Marketing Channel of Pineapple



**Note:** Others include household consumption, gifted to others, and post-harvest loss. Under direct transaction, consumers bought pineapple from producers. Such system was common in the study areas, but the volume of transactions was found to be very low compared to the indirect transaction. The following four channels were found in pineapple marketing in Bangladesh (Fig. 2) (a) Farmer-Faria-Bepari-Arathdar-Retailer-Consumer; (b) Farmer-Bepari-Arathdar-Retailer-Consumer; (c) Farmer-Bepari-Retailer-Consumer; (d) Farmer-Retailer-Consumer



**Marketing Cost:** Marketing cost of pineapple for all intermediaries included the cost of transportation, loading and unloading, *Arathdars'* commission, market taxes/ tolls, damage of product, entertainment and personal expenses. The average cost of marketing of pineapple for *Faria*, *Bepari* and *Retailer* were Tk. 419, Tk. 739 and Tk. 324 per ton, respectively (Table 4). Marketing cost was highest for *Bepari* (Tk 739/ton) due to higher transport cost (Tk 343/ton), *Arathdars'* commission (Tk 184/ton) and the cost of loading and unloading (Tk 66/ton) of pineapple.

**Table 4 : Marketing cost of pineapple at different intermediaries' level**

Interme Diaries	Marketing cost (Tk/ton)							
	Transport	Loading unloading	<i>Arathdars'</i> commission	Personal cost	Taxes/ tolls	Damage	Others	Total
<i>Faria</i>	225 (54)	14 (3)	76 (18)	41 (10)	18 (4)	33 (8)	12 (3)	419 (100)
<i>Bepari</i>	343 (46)	66 (9)	184 (25)	43 (6)	37 (5)	49 (7)	17 (2)	739 (100)
<i>Retailer</i>	142 (44)	26 (8)	-	76 (3)	26 (8)	32 (10)	22 (7)	324 (100)

*Bracketed figures indicate the percentages of total cost*

**Marketing Margin and Profit:** In this study, the marketing margin was calculated by deducting the purchase price of pineapple from the sale price. The profit was calculated by deducting marketing cost from marketing margin. Table 5 shows that the highest marketing margin was received by *Bepari* (Tk 1026/ton) from pineapple, followed by retailer (Tk 988/ton) and *Faria* (Tk 745/ton). On the contrary, the highest profit was received by *Retailer* (Tk 663/ton), followed by *Faria* (Tk 326/ton) and *Bepari* (Tk 302/ton) due to lower marketing cost and higher sales price.

**Table 5 : Marketing margin and profit at different intermediaries' level**

Intermediaries	Purchase Price (Tk/ton) (A)	Sales Price (Tk/ton) (B)	Marketing margin Tk/ton) B-A (C)	Marketing Cost (Tk/ton) (D)	Profit (Tk/ton) C-D (E)
<i>Faria</i>	2919	3664	745	419	326
<i>Bepari</i>	3664	4705	1041	739	302
<i>Retailer</i>	4705	5693	988	325	663

**Post-harvest Losses:** On an average, the post-harvest loss of pineapple at intermediaries' level was estimated at 69 kg per ton. This loss was mostly occurred due to transportation, followed by loading and unloading, and bad handling during selling of fruits. *Bepari* generally purchase pineapple from assembling markets located at distant areas and transports them to the urban markets. Therefore, the post-harvest loss of pineapple was found highest for *Bepari* (27 kg/ton), followed by *Faria*, and retailer due to transportation (Table 6).

**Table 6. Post-harvest losses of pineapple at different intermediaries' level**

Intermediaries	Post-harvest losses (kg/ton)				
	Carrying	Loading/ unloading	Storage	Selling	Total
<i>Faria</i>	12 (52)	7 (30)	2 (9)	2 (9)	23 (100)
<i>Bepari</i>	17 (63)	8 (30)	2 (7)	-	27 (100)
<i>Retailer</i>	11 (58)	2 (11)	1 (5)	5 (26)	19 (100)
Total	40 (58)	17 (25)	5 (7)	7 (10)	69 (100)

Note: Bracketed figures indicate the percent of total losses



**Price spread and farmers' share to consumers' price:** For the measurement of price spread, farmers' share and farmers' net share of different fruits, channel-I (Farmer-Faria-Bepari-Arathdar-Retailer-Consumer) and Channel-II (Farmer-Retailer-Consumer) were considered. In channel-I, the price spread of pineapple was Tk 2774 per ton and the farmers' share and the farmers' net share were 51% and 24% of retail price, respectively. For channel-II, the price spread of pineapple was Tk 1766 per ton and the farmers' share and the farmers' net share were 62% and 29% of retail price, respectively. The findings indicated that longer the marketing channel lesser the farmers' share. It also indicated that in channel-II, consumer get more benefit by getting pineapples with lower price than in channel-I. So, it was found that the channel-II was more efficient than channel-I in terms of farmers' share to the retail price and consumers' welfare (Table 7).

**Table 7 : Price spread and farmers share to consumers prices**

Marketing Channels	Retail price (Tk/ton)	Farmers price (Tk/ton)	Farmers net price (Tk/ton)	Price spread (Tk/ton)	Farmers share (% of retail price)	Farmers net share (% of retail price)
1	2	3	4	5	6	7
I	5693	2919	1385	2774	51	24
II	4685	2919	1385	1766	62	29

**Marketing Problems:** Problems faced by different intermediaries in pineapple marketing were identified and presented in Table 8. The nature of problems was varied among the intermediaries. It was found that price instability, inadequate capital, perishability, and high transport cost were the major problem in pineapple marketing at different intermediaries' level. *Faria* faced the major problem of inadequate capital, *Bepari* reported for the problems of price instability and high transport cost and on the other hand, retailer faced the major problems of price instability, perishability and inadequate capital.

**Table 8. Marketing problems of pineapple at intermediaries' level**

Nature of problems	Rank value			All categories
	<i>Faria</i>	<i>Bepari</i>	<i>Retailer</i>	
1. Price instability	2	1	1	1
2. Inadequate capital	1	3	3	2
3. Perishability	3	4	2	3
4. High transport cost	6	2	4	4
5. Inadequate storage facility	4	5	5	5
6. Others	5	6	6	6

### Problems of Marketing at Farmers' Level

In the study area farmers were interviewed about the problems they encountered with marketing and responded clearly that government extension workers teach them improved production methods, but leave the task of marketing to farmers and cannot help much. The traditionally production oriented farmers do not know to tackle the marketing problems effectively. As the marketing efficiency does not catch up with the change in the production technology, problems arise and they are not solved, farmers of the locations suffer economic losses despite good harvests and lose interest in producing the product. However, followings were identified as the major problems of marketing faced by the small farmers of all the areas.



### ***Farmers are Production Oriented***

Traditionally, the subsistence farmers are production oriented and slower in adapting to change in marketing. For perishable produce like pineapple the marketability must be considered in planning production but instead they assume the existing market condition and leads to failure in good marketing and causes frustration on the part of the farmers.

### ***Lack of Marketing Opportunities***

As the farmers cannot warrant efficient marketing, traditionally they have to depend on village assembly traders for marketing of their fruits. On the one hand it makes weak bargaining ground to compete with the wholesalers and on the other, direct marketing creates high marketing costs. As a result farmers do not get any other marketing opportunities for the produce.

### ***Inefficient Marketing Practices***

Higher post harvest losses occur due to inefficient marketing practices in the growing areas. Post harvest problems of pineapples are inadequate ripening, over-ripening, and mechanical damage and water loss. Pineapples produced are commonly transported by van, rickshaw and bullock cart to a packing area or a local market. And are piled on the ground and sometimes loaded manually on trucks. Piled on the bumpy roads leads to physical loss of 20-25 percent by the time it reaches the market. Storage facilities are not available in the areas or in the market. The handling techniques during and after harvest are very inadequate and cause excessive both quantitative losses. All these factors combined lead to lower prices received by the growers and weaken their competitive position in the market.

### ***Lack of Group Action and Low Price***

The local farmers do not participate in group actions to facilitate marketing of their produce to achieve better bargaining position and higher prices, especially for fruits like pineapple and as a result they sell the produces at lower prices to meet their cash requirements.

### ***Consumers' Habit***

There is a seasonal abundance of pineapple produce and creates seasonal gluts. Due to dietary habit of the consumers, low per capita consumption takes place and thus domestic market cannot absorb surplus production.

### ***Direction for the Improvement of Marketing***

In fact, to promote and success for the pineapple farmers it is needed market-oriented approach to production which requires a respond to what consumers demand – rather than merely attempt to sell what they produce.

Promotion of group action by the producers is the most effective solution to the aforementioned problems as, unlike production, the principle of economies of scale governs marketing efficiency. In order to achieve higher selling price, group action is necessary and even if it improved marketing system does not create satisfactory results it will reduce marketing costs and will attract more and better customers. By pooling of produces as a group, successful marketing arrangements can be made by contracting with selected wholesalers on a long-term basis.



With additional costs or with little costs, improved marketing systems can be adopted if the farmers are willing to adopt innovation and it pays off immediately. Proper grading of pineapples, improved transportation systems, improved packing etc. will help to keep a good quality of the contents and less post harvest losses.

For an individual as well as for a group of farmers, credit is needed when they are badly in need of cash and the crop is not ready for harvested crop stored in a designated storage.

Agricultural Diversification and Intensification Project (ADIP) of Department of Agricultural Extension (DAE) funded by IFAD developed infrastructure of the rural markets and created growth centers for women sellers/women corner in four districts of Bangladesh. Such rural markets with properly managed and proper facilities are needed to attract more sellers and more assembly traders and facilitate the marketing process.

In order to exploit the full production potential access to both domestic and international markets are needed for both fresh and processed products. Value added to agricultural production (specially for fruits e.g. pineapple) processing industries should be promoted.

## CONCLUSIONS

It is revealed from the aforesaid discussion that pineapple marketing is found to be a profitable venture to different intermediaries, but lot of imperfections is found in the pineapple marketing in the country. The pineapple growers bound to sell major part of their produce at harvest period due to immediate cash need and lack of storage facility. Nevertheless, the high price gap between the producer and consumer discourage them to grow more fruits. Therefore, the efficiency of existing marketing systems of pineapple should be improved and this can be possible through the following measures:

- Co-operative marketing system should be developed to ensure assured market and better price of pineapple for the farmers and intermediaries.
- Institutional credit should be made available to the farmers and traders with easy terms and conditions.
- Private entrepreneurs and NGOs should establish processing industry at pineapple growing areas. This is the only way to reduce the losses of pineapple at peak harvesting period in one hand and to ensure better price for the producers.
- Private entrepreneur should come forward to establish storage facilities at the important fruit concentrated areas and different wholesale and retail markets.
- Low cost quick transportation facilities should be ensured to the farmers and intermediaries to market their fruits in distant bigger market where they are likely to get much better prices for their fruits.
- Market taxes/tolls and other charges should be within the limits of the farmers and intermediaries.



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## **SITUATION OF WOMEN AMONG THE ETHNIC MINORITIES: AN ANTHROPOLOGICAL STUDY OF ORAON COMMUNITY IN NORTHERN BANGLADESH**

Tahmina Naznin\*  
Syed Ajijur Rahman\*\*  
Khandaker Mursheda Farhana\*\*\*

**ABSTRACT:** This study explores the position of women among the Oraon community, one of the largest tribal communities in Bangladesh. Participant observation, in-depth interview, case study and focus group discussion (FGD) were used to collect data. The Oraon women are too much loyal to their husbands, they do entire household works and also work in cultivated fields but do not get honor from their husband. Maximum of them are illiterate and not conscious about family planning matter. Gulf disparities were found between men and women in their economic activities. Women's opinion is rarely counted in decision-making process, because the society is traditionally bound and the economy is less developed. But the women who are involved in some income generating activities have greater say to decision-making process.

### **INTRODUCTION**

Most of the Bangladeshi is ethno linguistically homogeneous and there are eighteen non Bengali speaking people (tribes) scattered over its different regions (Karim, 1999). Among them, the Oraon are the second largest ethnic group in Bangladesh. Bangladesh is predominantly rural and women constitute roughly one half of the total population (BBS 2003). A rural woman faces an unique situation with imposed womanhood. Most women in Bangladesh are born in poverty, brought up in poverty and die in poverty. According the most recent estimates, 36 percent of the population lives below the poverty line (UNDP, 2005), although the implications of poverty are the same for both sexes, yet women often victimized by poverty as the social prejudices and customs prevailing in the society tend to degrade their position even lower. This situation is same for the women of Oraon community. The Oraon women are deprived from their equal rights and recognitions. They do not get equal opportunity to contribute in socio-economic activities. Prejudice, illiteracy, fatalistic and some religious dogma constrain them to participate in socio-economic activities.

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\* Lecturer, Department of Anthropology, Shajalal University of Science and Technology, Sylhet.

\*\* M.Phil Fellow, Department of Sociology, University of Rajshahi.

\*\*\* Ph.D Fellow, Institute of Bangladesh Studies, University of Rajshahi.



Women of the Oraon community have been subjected to exploitation and negligence within its socio-cultural structure. In a male dominated society they have been victimized to religious bigotry, operation and various kinds of socio- cultural discriminations.

### MATERIALS AND METHODS

The main objective of the study is to explore the position of women among the Oraon community. Talopara village was selected as a study area, which is situated in Tanore Upazila, 40 k.m northwest from Rajshahi, a divisional city of north Bangladesh. The study village is situated 30 k.m southeast from Tanore Upazila. The total land area of the village is 162 acre and the total population is 580 where live 63 Oraon families (BBS 2001). Primary data have been collected from these 63 families one women of each household.

This is an anthropological study, so participant observation method is used to conduct this research. In-depth interview through structured questionnaire, case study and focus group discussion (FGD) also used to collect data. Other data was gathered by way of interviews with key informants. Data was collected from April 2003 to June 2004. The secondary data is used from statistical yearbooks, local administrative and various related sources. For many elements of the study, qualitative and semi-quantitative analyses, guided by the research objectives, were carried out.

### THE ORAON

Among the tribal communities of Bangladesh Oraon are the most notable. They are mainly concentrated in the northwestern part i.e., Dinajpur, Rangpur, Bogra, Rajshahi and the northeastern part i.e., Sylhet district of Bangladesh. They believe that they came from Ranchi, in the southern Bihar of India. There are three groups of Oraon i.e., Hath sangia, Upersangia, and Katrio. They speak in *Kurukh* (Oraon) language, and some of them also speak in *Sadi* language. Oraon have some taboo so they cannot marry in the same group, but only in another Oraon group. The Oraon are mainly cultivators and depend on agriculture but their economic condition is not good. They mainly depend on their own land and as a day laborer, but now they involved in many subsistence activities i.e., small business, services, transport workers etc. The largest Oraon unit of the community is divided into groups (in village) known as *parha*. The smallest unit of the community is family, which belongs to a particular totemic clan as *gotra*. The *gotra* derive their names from some animals, fish, birds and plants. They strictly maintain democracy in their society. The villagers elect a person as a ruler of the village and they call him *mahato* (headman). The *mahato* elect one from their community, and he is *mayagar*. In a large area, the *mayagar* elects a person, and he is *pradhan*. The *pradhan* is treated as like as a cabinet member, and all of them (*mahato*, *mayagar* and *pradhan*) elect a ruler, who is *mandal* (Chief) of the Oraon community. If a person violets the social rule he/she must be ready to receive punishment, which can be an economic or other social punishment. The Oraon lead a very simple life, and father is the head of a family. He expects to keep up happiness of his family. They are simple-minded and truthful. In the time of daily works, group works, and festivals, they help each other. If one of the Oraon people wants to arrange marriage ceremony in his house, he must invite members of his society. Their religious functions are related to their crops as well as the Almighty. They believe, God is the creator of all things, and all things attached with Almighty. If they serve all things, ultimately they serve God.



Totemic clan occupies an important place of social organizations in so far as kinship, marriage and relation of sexes. They believe the totemic animal or plant help or protect the human ancestor of the clan.

**Table 1: Some of the taboo (clan wise)**

Name of clan	Taboo
Tirkey	Eating of rates forbidden
Ekka	Not eating of head of a tortoise
Kispota	Not eating of belly of a pigging
Lakra	Not eating of meat of a tiger
Kujur	Use of oil extracted from the kujur seeds is forbidden
Minj	Not eating of ill fish
Toppo	Not eating of long tailed bird.

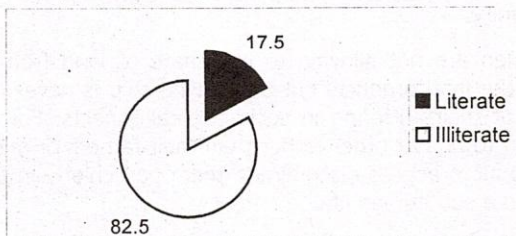
Source: Field survey.

### **POSITION OF WOMEN AMONG THE ORAON COMMUNITY**

#### *Education*

The literacy rate among the Oraon women is very low. Only 17.5 percent Oraon women of the study area are literate where only ten percent women have completed their primary education and 2.5 percent completed their S.S.C. On the other hand only 2 percent, comparatively young women are completed higher secondary. Among the illiterate, only 11.5 percent women can write their name and others do not know how to write their name. The main cause of discrimination of education is mainly poverty, unemployment and lack of empowerment.

**Graph 1: Literacy rate of the Oraon women**



#### *Division of labor*

Oraon women are bound to do the entire household work. They also do the works in the cultivated fields with their male family members. Oraon women simultaneously do both household and field works. Though they are not responsible for preparing the soil, but only responsible for weeding, transplanting and harvesting the crops in the fields. Root collection is also a women's job. Work is also divided according to the age limit. At home, old people are doing light jobs. Young boys around ten years are freer than the girls of equal age. Both boys and girls of these groups look for goats and cows. But girls are especially responsible for taking care of their younger brothers and sisters, collecting firewood, fetching water and helping their mothers for cooking. The Oraon are very much self-responsible community. So, they do not want to be a burdened of others. Thus they encourage the younger boys and girls to work with adult people in their families.



*Nature of works*

Oraon women involved themselves in many activities in comparison to the women of mainstream, as they have to participate in field activities with their husband. They are much active and sincere to their duties and responsibilities. Table 2 represents the nature of works of the Oraon women in their society.

**Table 2: Nature of works of the Oraon women**

Nature of works	Respondents n=63 %
Farming/ field activities	65.08
Cattle rearing	7.93
Services	4.77
Household work only	22.22
Total	100

Source : Field survey.

Apart from household activities, 65.08 percent women are engaged in farming or field activities, 7.93 percent in cattle rearing and 4.77 percent are engaged in services. But, 22.22 percent females were found who are involved in household activities only. Thus, the vast majority of Oraon women are engaged in different types of activities.

*Discrimination in wages payment and other economic issues*

There is gulf discrimination between men and women in their economic activities particularly in wage payment. Women's are always given low wages than men, though the women's are work equal to the men. In the study area women laborer get half or a little bit half wage comparing to male. They get only tk 25 to 30/ per day where the male get tk 45 to 65/per day. This discrimination makes them frustrated and discouraged in works. That is also a major cause of devaluation them in their family and in community.

Besides, Oraon women are not allowed to get share of land from their ancestors. They only consume the land products but their ownership is never materialized. It is also a major cause of their suffering in socio-cultural aspects. For this reason their siblings are less often to do her order rather than their fathers or male ancestors. So, it is clear that economic practices discriminate them particularly in their old age and they have to maintain a sub human life.

*Involvement in Organizations*

Besides, the women who are involved in women organizations have take part in various type of income generating activities. Respondents call it *samity*. Scope of activities depends on the policies of the organization as well as its geographical location. Some of the women are managed by the non-government organizations (NGOs). Among NGOs, Bangladesh Rural Advancement Committee (BRAC), Association for Social Advancement (ASA), Grameen Bank and Proshika are working in the study area.

It is found that 36.51 percent Oraon women are engaged in different types of NGOs. Among them 14.29 percent, 11.11 percent, 7.94 percent and 3.17 percent are involved in BRAC, ASA, Grameen Bank and Proshika respectively. But 63.49 percent are not conscious about these organizations (Table 3).



**Table 3: Involvement of Oraon women in different types of NGOs**

Name of NGOs	Respondents n=63 %
BRAC	14.29
ASA	11.11
Grameen Bank	7.94
Proshaka	3.17
Not involved	63.49

Source : Field survey.

Each organization has village-based workers. The field workers or community organizers identify the poor women who are eligible for receiving credit. The workers also help to organize a group (*samity*). Each woman is a member of a group and they attend weekly or fortnightly meeting to discuss about their savings, repayment of loan and other activities. The amount of credit depends on the amount of group savings as well as the type of income generation activities followed by the recommendation of group leader and the group supervisor. Generally, the credit amount varies from tk. 3,000 to a highest ceiling of tk. 12,000 per activity per member. Group members utilize their credit money either individually or collectively with their family members. Although the women work hard long period of time until their profit become low.

#### *Empowerment*

The empowerment of Oraon women is associated with mobility, independence in decision-making process, peer group communications and husband-wife interactions. It is found that the distinctly marked male- female disparities still continue in the study area. Women's opinion is seldom asked and rarely counted in decision-making process regarding family and social matters. This situation is worst because the society is traditionally bound and the economy is less developed.

Yet 77.78 percent of the Oraon women engaged in different types of income generating activities as mentioned before and they have greater say in household decision making process than women who are not involved in such kind of activities. These activities give them status in their family. They realized that they got knowledge to face practical problems in life that is also an opportunity to think independently and they can express opinion freely. Working women mentioned that they feel more comfortable than before to discuss with husbands about their family matters during leisure time, especially at night. This indicates that those who work outside of their homes are likely to be more exposed to different views and ideas and their ability to interact with their husbands may increased. As a result, gender disparity may be reduced.

#### *Women as wives*

The Oraon women are too much loyal to their husband and they never claim for anything which is beyond their husbands' capacity rather they are keenly interested to assist their husband in various jobs. They usually perform all sorts of job for the peace and happiness of their husband and children. They also give sincere nursing to their husband in the time of illness. They think it is a religious job to respect their husband. The Oraon women rarely complain against their husband, though they do not get honorable treatment from their husband.

#### *Family Planning*

The Oraon women are not conscious about family planning. Low literacy is the main cause of their unconsciousness. Same time the supply of contraceptives is not



available. Most of the respondent informed that family welfare workers are not visit them regularly. We can find the family planning situation of the Oraon women from table 4.

**Table 4: Family planning situation of the Oraon women**

Using contraceptives	Respondents n=63 %
Permanent	7.93%
Temporary	25.40%
No contraceptive	66.67%

Source: Field survey.

Only 7.93 percent women are taking permanent birth control while 25.40 percent are using temporary contraceptive in order to avoid unexpected pregnancy. On the other hand, 66.67 percent Oraon women do not use contraceptive though many of them have three or more children. Another important aspect of family planning situation among the women is that the nature of contraceptive is not healthy and updated. Table 5 presents the nature of contraceptives that they used.

**Table 5: Nature of contraceptive**

Nature of contraceptive	Respondents n=63 %
Pill	76.19
Injection	14.28
Folk medicine	9.53
Total	100

Source: Field survey.

Husbands of the Oraon women do not use any kind of contraceptive; whereas women are forced to use some contraceptive, though these contraceptive are not suitable for their health. It is found that 76.19 percent women taking pill, 14.28 percent taking injection and the rest 9.53 percent are using folk medicine in order to keep their family size small by avoiding unexpected pregnancy.

## CONCLUSION

In Bangladesh, women's are the disproportional large share of the country's poverty. The status and progress of the human development in Bangladesh still point to unacceptably high levels of deprivation among women. This situation is appropriate for the women of ethnic minorities. But income-generating activities have brought confidence of the women. Now they feel themselves as a worthy person in the family, which they did not feel in the past. The women who involved in income generating activities think that their status is established within the family level and they now enjoy freedom and decision-making power, which was unthinkable in the past.

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## DOWRY SYSTEM AND IT'S CORRELATES

Mst. Papia Sultana\*

**ABSTRACT:** Dowry is a social problem and it has become alarming in our country. In many cases parents of married women are forced to sell their assets to meet the dowry demands. Thousands of married women committed suicide because of dowry. Due to dowry demand thousands of girls remain unmarried and thousands of women are divorced every year. In this article the author tried to explore the dowry system and its correlates.

### INTRODUCTION

Dowry system is a traditional cultural system of male dominated society and in Bangladesh it is not only a traditional cultural system but also a problem. Dowry normally means gifts given during the marriage to the son-in-law or his parents either in cash or kind (Ghansham, D. M., 2002). It may be given to the bridegroom before or after marriage. The practice of giving dowry was meant to assist a newly wed couple to start their life together with easy. The parents-in-law may show preferential treatment to a daughter-in-law who brings a large dowry by giving her fewer household responsibilities, allowing more autonomy, and treating her more courteously (Minturn, 1992; Sharma, 1980). Dowry is nothing but an effort to human values and dignity, and the religion of Islam strictly prohibits such human degradation. Despite this, in many cases parents of married women are forced to sell their assets and valuables to meet the dowry demands. The reality is that although dowry is condemned publicly, it is widely condoned and practiced. In 2001, about 12,000 cases relating to the repression of women were filed with police stations and courts across Bangladesh. Of these, 2,761 concerned dowry related violence. The scale of violence is alarming. Quoting officials sources about figures for 2001, the Dhaka-based Bengali daily *Ajker Kagoj* said their husbands or in-laws as the parents of the victims failed to meet the demands for dowry murdered 122 women. In 2002 the number rose to 192. This is apart from the 18 women who committed suicide in 2001 and the 30 who did so in 2002 to escape further humiliation and atrocities. And these are the official numbers. No body knows the real figure. Because, hundreds of cases of murder and thousands of cases of violence that are perpetrated on married women, all because of dowry, go unreported because the parents of the victims, who are mostly poor, have neither the means nor the voice to seek justice. According to the Bangladesh Marriage Register's Association, nearly 20,000 marriages end in divorces every year, half of these because dowry demands are not met. Also a recent report in an English daily, *The News Today* said that at least 13,000 girls could not be

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\* Lecturer, Department of Statistics, University of Rajshahi.



given in marriage in the south-western district of Satkhira in Bangladesh because their parents could not fulfil dowry demands. It has now become an evil culture and custom in Bangladesh. This social curse is vitiating marital and social life and destroying the dream of thousands upon thousands women. The practice is a reflection of a serious social ailment.

As the grim and rising toll recorded countrywide indicates, despite the laws, we need to investigate more about the ornamenting elements in the back screen of the deep-rooted evil of the dowry system and implication is needed as soon as possible to minimize it. Hence the aim and objectives of this paper is to find out the factors which significantly influence the male's attitude towards dowry.

#### DATA AND METHODOLOGY

I have collected data from a rural area of Bangladesh- Buraburi Union of Ulipur Thana of Kurigram District. The information are collected from 300 subjects (from married men only, because in our society generally males take dowry at the time of marriage from female's family) using purposive sampling through a set of questionnaire on 25 points; among those only 16 factors are chosen to study here. These factors are- religion, age of interviewers at present time, age of interviewers at the time of marriage, age of wives of the interviewers at the time of marriage, educational qualification of interviewers, educational qualification of wives of the interviewers, profession of interviewers, profession of wives of the interviewers, scale of beauty of wives of the interviewers at the time marriage (according to the opinion of the interviewers), year of marriage, amount of dowry, amount of *denmohor*, amount of *denmohor* that has been given to wives at the time of marriage immediately, given anything to wives at the time of marriage without *denmohor*, whether the interviewers know the laws against dowry or not, and attitudes of interviewers towards dowry (i.e, whether they support the dowry system or not). In this paper it is given emphasis on the point - attitudes of the interviewers towards dowry system.

To better understand the contribution of dowry system to change economic status of the respondents, they were asked to give information about their economic condition (for example, land properties and income from those properties and income from other sources as the area was rural) before and after marriage, but they failed to give those information. So, it is not discussed more on these in this paper.

Methodologies used in an applied research are equally important as the data, because every methodology is not suitable for analyzing every set of data. Following are the methods used in this article for the analysis.

**Correlation Table :** Correlation table represents correlation between various variables. If we have  $n$  variables  $X_1, X_2, X_3, \dots, X_n$  then the structures of correlation table is



**Table: Correlation Table**

	$X_1$	$X_2$	$X_3$	.....	$X_n$
$X_1$	1	$r_{12}$	$r_{13}$	.....	$r_{1n}$
$X_2$	$r_{21}$	1	$r_{23}$	.....	$r_{2n}$
$X_3$	$r_{31}$	$r_{32}$	1	.....	$r_{3n}$
$\vdots$	$\vdots$	$\vdots$	$\vdots$	.....	$\vdots$
$\vdots$	$\vdots$	$\vdots$	$\vdots$	.....	$\vdots$
$\vdots$	$\vdots$	$\vdots$	$\vdots$	.....	$\vdots$
$\vdots$	$\vdots$	$\vdots$	$\vdots$	.....	$\vdots$
$X_n$	$r_{n1}$	$r_{n2}$	$r_{n3}$	.....	1

Where  $r_{ij}$  represents the correlation between  $X_i$  and  $X_j$ .

To test the significance of the correlation i.e  $H_0 : \rho_{ij} = 0$ , we use the test statistic

$$t = \frac{r_{ij} \sqrt{n-2}}{\sqrt{1-r_{ij}^2}}, \text{ Which follows t-distribution with } n-2 \text{ d.f.}$$

**Logistic Regression Model:** The logistic regression model allows a categorical variable (dichotomous or polytomous variable) as dependent variable. Let  $Y$  is a dichotomous dependent variable, which takes values 0 and 1. i.e.

$$Y_i = \begin{cases} 1, & \text{if the individual supports dowry system} \\ 0, & \text{otherwise} \end{cases}, i = 1, 2, 3, \dots, n$$

Also let there is a collection of  $k$  independent variables which will be denoted by the vector  $X' = (x_1, x_2, x_3, \dots, x_k)$  and  $\beta$  be a  $(k+1) \times 1$  vector of unknown parameters.

For simplification, we can use the quantity  $\pi(X) = P(Y=1|X)$  the probability that the event occurs conditional on the value of  $X$ . Hence

$$\pi(x_i) = P(Y=1|X) = \frac{e^{g(x_i)}}{1 + e^{g(x_i)}} = \frac{e^{x_i \beta}}{1 + e^{x_i \beta}}$$



and

$$1 - \pi(x_i) = P(Y = 0|X) = \frac{1}{1 + e^{x_i\beta}}$$

Hence

$$\frac{\pi(x_i)}{1 - \pi(x_i)} = e^{x_i\beta}$$

The central part of logistic regression in a transformation of  $\pi(X)$  is known as logit transformation, which is defined as follows:

$$g(x_i) = \log \text{it } \pi(x_i) = \log \left[ \frac{\pi(x_i)}{1 - \pi(x_i)} \right] = x_i\beta$$

$$\Rightarrow g(x_i) = \beta_0 + \beta_1 x_{1i} + \dots + \beta_k x_{ki}$$

which is the logit of the multiple logistic regression models.

The general method - the method of maximum likelihood is used for estimating the parameters of logistic regression models and for this I will use a very effective and well known iterative method, Newton-Raphson method as the likelihood equation is nonlinear and explicit function of unknown parameters. For this model the likelihood function is

$$L(\beta_0, \beta_1, \dots, \beta_k) = \prod_{i=1}^n \frac{\exp \left( y_i \sum_{j=0}^k x_{ij} \beta_j \right)}{1 + \exp \left( y_i \sum_{j=0}^k x_{ij} \beta_j \right)}$$

$$\Rightarrow \log L(\beta_0, \beta_1, \dots, \beta_k) = \sum_{i=1}^n y_i \sum_{j=0}^k x_{ij} \beta_j - \log \left\{ n + \exp \left( \sum_{i=1}^n y_i \sum_{j=0}^k x_{ij} \beta_j \right) \right\}$$

In order to get the estimate of the parameters by maximizing this equation the computer package SPSS for windows based 7.5 version may be used.

To test the significance of the parameters of logistic regression model I have used Wald test, introduced by Wald (1943). In this test procedure for testing  $H_0 : \beta_i = 0$  vs  $H_a : \beta_i \neq 0$  the Wald statistic is defined as

$$W_i = \frac{\hat{\beta}_i}{SE(\hat{\beta}_i)}$$

which follows a standard normal distribution.

## Results and Discussion

Since considered factors may be correlated each other, intercorrelationship among the factors are investigated first using the collected data and the results are as follow:



Table 1: Bivariate Correlation table.

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1															
2	.767**														
3	1.000														
4	.043	1.000													
5	-.273**														
6	-.241**														
7															
8															
9															
10															
11															
12															
13															
14															
15															
16															

Note: 1=Attitudes of males towards dowry, 2=Religion, 3=Age of interviewers at present time, 4=Educational qualification of the interviewers, 5=Educational qualification of their wives, 6=Profession of the interviewers, 7=Profession of their wives, 8=Scale of beauty of their wives, 9=Year of marriage, 10=Age of the interviewers at the time of marriage, 11= Age of their wives at the time of marriage, 12= Amount of dowry, 13=Amount of *denmohar*, 14=Amount of *denmohar* that given, 15=Given anything without *denmohar*, 16=Know the law ?

\* p< .05 (two tailed), \*\* p< .01 (two tailed)



Among the respondents 77.3% are of Muslim, 18.0% are of Hindu and 4.7% are of other religion. From the above bivariate correlation table we observe that religion is significantly and positively correlated with male's attitudes towards dowry, i.e. males attitudes varies according to religion and as usual, Hindus support the system more. Among Hindus 59.26% supports dowry, whereas only 36.21% respondents among Muslims supports dowry of that area. The reason may be according to 'Hindu Law' daughters are not inheritance of their parent's properties, whereas in 'Muslim Law' daughters are inheritance of their parent's properties. So, at the time of marriage of Hindu religion, they want to transfer properties from the bride's family as they can.

Age is negatively and significantly correlated with their opinion. That is, as age increases the respondent's attitudes stand against dowry more. The data says 48.4% of age group <30 yrs, 39.1% of age group 30-40 yrs and 12.4% of age group 40+ yrs of the respondents supports dowry. This behavior is surprising and not expectable. Usually young age is taken as an indicator of exposure to modernization and distance from traditional culture. In that case this may indicate that the young generation of the area is becoming idler and they are trying to be rich easily; and as age is increasing they may realize the real fact that dowry never welcome rich and happy.

Higher educated person traditionally will avoid this social burden and will give their opinion against dowry, what the real fact may be, and from the analysis the same picture is observed. Both educated respondents and educated wives of the respondents are significantly and negatively correlated with dowry system and it is expectable. Among the respondents 31.1% illiterate, 21.9% literate, 17.2% primary educated, 12.5% S.S.C, 12.5% H.S.C and only 4.7% higher educated supports dowry, and among the wives of the respondents who supports dowry 34.4% illiterate, 17.2% literate, 15.6% primary educated, 28.1% S.S.C, 3.1% H.S.C and only 1.6% higher educated.

Employment may play a great role towards dowry. In contest of our culture more paid employed men (or their parents) expect more dowry; on the other hand, a person may be encouraged to marry an employed women without any dowry. But it is surprising that profession of the interviewers and profession of the wives of the interviewers are not significantly correlated with male's attitudes towards dowry. But it is observed that profession is significantly correlated with amount of dowry, which is not surprising. Profession of the respondents who supports dowry are 21.9% agriculture, 39.1% day labor, 21.9% business, 12.5% service, 4.7% others, and profession of their wives are 3.1% service and 96.9% housewife. Age of the interviewers and age of the wives of the interviewers at the time of marriage are also not significantly correlated with the attitudes of males towards dowry.

The beauty of the wives of the interviewers is also scaled up and we observe that it is significantly and positively correlated with their opinion about the dowry system which is not surprising. According to the opinion of the respondents who supports dowry system 14.1% were nice, 62.5% were overall beauty and 23.4% were not beauty at the time of marriage. Among the respondents who support dowry system 45.3% got married before 1995 (year), 32.8% got married between 1995-2000 and 21.9% got married after 2000. On the other hand, among the respondents who do



not support the system 62.8% got married before 1995, 25.6% got married between 1995-2000 and 11.6% got married after 2000. From the above table we also observe that as year of marriage is going respondents supporting the system more which is not expectable. The reason may be same as that of age.

Amount of dowry is correlated with their opinion about dowry and it is not surprising. But the surprising point is that some persons who don't support the system, took dowry at the time of marriage (25.6% took <20000 tk. 12.8% took 20000-40000 tk. and 8.1% took 40000+ tk) and some persons (3.1%) who support dowry now but did not take dowry at the time of marriage. It might happen because of their economic hardship.

About the amount of *denmohor* they have no headache, but they hardly think about the amount *denmohor* what would be given to their wives immediately at the time of marriage and it is observed that the last amount is correlated with the attitude of interviewers towards dowry with  $p \leq 0.01$ .

The interviewers are also quarried whether they gave anything to their wives at the time of marriage without *denmohor* or not and their opinions create no significant correlation with their attitude towards dowry. On the other hand, when they are quarried whether they know the laws (cited in section three), the analysis gives evidence that their attitudes towards dowry is negatively and significantly correlated with this variable and it is also correlated with their scale of educational qualification. That is, it can be said that in that area lower educated person supports the dowry system without knowing the law about the dowry.

Now by fitting the binary logistic regression model obtained results are summarised below:

**Table 2 : Fitting of Logistic Regression Model.**

Variable	Coefficient	S.E.	Wald	d.f	Sig.
Religion	.903	.881	1.050	1	.306
Age of interviewers at present time	.382	.223	2.943	1	.086
Age of interviewers at the time of marriage	-.535	.881	4.366	1	.037
Age of wives of the interviewers at the time of marriage	.903	.113	.013	1	.908
Educational qualification of interviewers	-.287	.285	1.011	1	.315
Profession of interviewers	-.170	.256	.440	1	.507
Educational qualification of wives of the interviewers	-.203	.881	.344	1	.558
Profession of wives of the interviewers	-.547	.611	.801	1	.371
Scale of beauty of wives of the interviewers at the time marriage	1.408	.485	8.424	1	.004
Amount of dowry	.000	.000	3.149	1	.076
Year of marriage	.447	.231	3.758	1	.053
Amount of <i>denmohor</i>	.000	.000	2.079	1	.149
Amount of <i>denmohor</i> that has been given to wives at the time of marriage immediately	-.004	.002	4.009	1	.045
Given anything without <i>denmohor</i>	.154	.807	.037	1	.848
Whether the interviewers know the laws against dowry or not	-1.601	1.712	.874	1	.350



From the above table it is observed that Age of interviewers at the time of marriage and amount of denmohor that has been given to wives at the time of marriage immediately are significant with  $p \leq 0.05$  and only scale of beauty of wives of the interviewers at the time of marriage is significant with  $p \leq 0.01$ ; year of marriage is also may be considered as significant with  $p \leq 0.05$ .

### Conclusion

The dowry 'give and take' phenomenon is practiced widely throughout our neighboring country India irrespective of cast and class and the system historically has been practiced by Hindus [Ghansham, D. M.(2002)]. Bangladesh is a Muslim country and this religion don't support dowry. In spite of this the practice of dowry becoming more widespread here. But why? And why is the value of dowries inflating? This paper will partially fulfill the curiosity. Among the collected data 57.3% interviewers give their opinion against dowry and 42.7% about dowry. From the two alternative methods the most common point is observed that scale of beauty of females are mostly and significantly influence the attitudes of males towards dowry, which implies that if brides are more beauty residents of that area are ready to marry them without any dowry. Religion, Age of interviewers at present time, educational qualification, year of marriage, amount of dowry, amount of *denmohor* that has been given immediately at the time of marriage and whether they know the laws about dowry or not are also observed to be significant to this attitudes. From these results it can be said that the interviewers of Indus religion, of less aged and of lower educated supports the dowry system more without knowing the law about the dowry. On the other hand, the interviewers who support the dowry system paid less amount of denmohor at the time of marriage to their wives.

Actually to overcome from the curse of dowry the peoples of all class and status, irrespective of social and economical, should be made aware and implications should be translated into action. Peoples have been given knowledge about those laws. Lastly it can be concluded that education alone may play a vital role against the dowry system. That is, to remove the root of dowry, peoples have to be lighted of education.

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## LEARNERS' CULTURE IN THE CONTENTS OF ELT MATERIALS : ARGUMENTS AND PRACTICABILITY

Mohammad Emdadul Huda\*

**ABSTRACT:** In teaching English as a foreign or a second language culture is considered as an important issue. Experts, researchers, teachers and linguists are divided over this issue, leading to arguments and counter arguments. There are some points of arguments which claim that English should be taught in relation to its native speakers' culture. But, some other points of arguments disagree with this claim and suggest to use learners' culture while teaching or learning English. These arguments indicate that it is learners' culture that should be used in the contents of ELT materials. The present paper is an attempt to discuss all these arguments as well as offer some suggestions about how to cope with international communications.

### INTRODUCTION

In the past culture was no issue either in materials design and evaluation, in particular, or in language teaching and learning, in general, as it was taken for granted that culture is inseparable from a language and that teaching a language means teaching the culture of its native speakers. Therefore, the question of culture was thought to be a settled issue and so no importance was given to culture in materials design or evaluation. For teaching English as a second or a foreign language, the materials produced from the English speaking countries and, therefore, based on the cultures of those countries were commonly used in non-native contexts. Native speakers' pronunciation, their styles of speaking, their speech acts or their selection of registers, etc., were considered as ideal ones and ESL (English as Second Language) or EFL (English as Foreign Language) learners tried to follow all these features of the native speakers to achieve native-like competence. Even today some experts, linguists and teachers, specially from English speaking countries, advocate for this old tradition and points out some arguments for it. But a large number of researchers, linguists and ELT (English Language Teaching) practitioners, specially from non-native contexts, raise questions about this old tradition, arguing that the time has come to rethink the issue of culture. They claim that it is learners' culture, not the native speakers' culture, which should be used while teaching or learning English as a foreign or second language and that ELT materials, specially, for use in non-native contexts, should be locally produced with local culture, that is, learners' culture in the texts. In the present study it has been tried to explore the arguments for use of learners' culture in the contents of ELT materials and to offer some suggestions regarding how to address international communication from cultural perspective.

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\* Dr. Mohammad Emdadul Huda Assistant Professor, Department of English, Rajshahi College



Secondary materials have been used to prepare the article. The relevant findings of research and the views and opinions of different ELT experts regarding the issue of culture have been discussed and critically analyzed to find the truth.

### **CAN A LANGUAGE BE SEPARATED FROM THE CULTURE OF ITS ORIGIN ?**

For a long time it was believed that language and culture are so closely related with each other that it is not possible to separate one from another. Because of this belief, till very recent time no culture other than that of the native speakers was used in the foreign and second language teaching materials. Even at the present days it is argued that linguistic inquiry cannot be separated from the social reality of the speakers of a particular language as it is inextricably related to its culture. Language functions, not simply as a device for reporting experience, but also, and more significantly, as a way of defining experience for its speakers, and therefore, shapes the world we see. A Hindi speaker would perceive the world differently from an English speaker because there are differences in their languages.<sup>1</sup> The teachers and linguists supporting this view of the inseparability of a language and its culture argue that using target language culture in foreign and second language teaching and learning is an essential feature and separating one from the other is not pragmatic.

But, disagreeing with the idea of the inseparability of a language and its culture, it has been said that though there are some truths in the above arguments, they are unacceptable as a whole. Nelson, questioning the validity of this view, says, there may exist some kind of relationship between language and culture, but it is hard to accept the view that language determines our thought or shapes the world we see. He argues that the contents of a language can be of any culture in spite of a symbiotic relationship between a language and its own culture<sup>2</sup>. Our practical experience also shows that a language can be free of its cultural and political influences, and it is truer about English in recent times because, by its international status, it is even more neutral than other languages. English is now being used as the 'form' and indigenous cultural phenomena are now being used as the 'contents'.

### **LEARNERS' CULTURE, NOT THE NATIVE SPEAKERS' CULTURE, SHOULD BE USED IN THE ELT MATERIALS**

The discussion about the above point indicates that it is no more a question whether English can be separated from its native speakers' culture or not. What is, therefore, now a question is which culture —native speakers' culture or learners' culture or some other culture -- should be used in the contents while developing ELT materials?

A large body of researchers, linguists and teachers now argue for using learners' culture, instead of the target language culture, in the contents of ELT materials to be used in teaching English as a foreign or a second language. Day by day their arguments are getting more and more acceptance. Some points of their arguments are discussed below one by one.

<sup>1</sup> Nelson, G. "Considering Culture: Guidelines for ESL/ EFL Textbook Writers", *Material Writers' Guide*, ed. by Byrd. (New York : Heinle & Heinle, 1995), pp. 23—42.

<sup>2</sup> *ibid*, pp. 23-42.



### (i) Familiarity with Culture Facilitates Language Teaching and Learning

The proponents of teaching English along with the native speakers' culture argue that learners' first language culture very often negatively interferes with the process of achieving communicative competence. To learn a foreign or second language in relation to their own culture, learners face problems in transferring sociolinguistic rules, from their first language to situation in English-speaking countries.<sup>3</sup>

But research findings show that familiarity with the texts or the contents helps learners comprehend the meanings of the texts. If the life-styles, values, norms and customs of the people of learners' own culture and society are depicted in the texts of teaching materials, learners feel familiar with those things and, therefore, comfortable in understanding the texts. According to Nunan, what makes a foreign language text easier for learners to process is the learners' degree of familiarity with its content.<sup>4</sup> But the contents referring to the culture and lives of native speakers very often happen to be unfamiliar to non-native learners and hamper comprehension of textual information, leading to difficulty in language acquisition. Unfamiliar texts absorb the cognitive faculty of learners so much that they get less opportunity to process their linguistic data to extract meaning.

Researchers are of the view that our schematic knowledge, that is, our socially acquired knowledge or background knowledge is very important to understand foreign language because it is this schematic or background knowledge through which we interpret everything we see, hear or read. About reading comprehension it is said that reading is an interaction between our background knowledge and the reading text, and, therefore, the comprehension of a text requires our ability to relate the reading text to our background knowledge. We can recall more of a reading passage if the contents of the passage relate to our native culture. Numerous examples can be given about how familiar schema facilitates foreign language acquisition, in general, and comprehension of reading materials, in particular. Johnson, for instance, shows through a study that, to comprehend a reading text in a foreign language, familiar content schema are more helpful than the simplification of the syntactic and lexical items.<sup>5</sup> The schema theory, therefore, disproves them who argue that learners' culture interfere foreign language acquisition, and strengthens the claim that learners' culture facilitates foreign language teaching and learning. Referring to schema theory, Shahidullah says that the cultural content of language teaching materials should be familiar to learners, otherwise it might be unintelligible, and may not prove useful for engaging learners meaningfully in learning process.<sup>6</sup>

<sup>3</sup> *ibid*, pp. 23-42.

<sup>4</sup> David Nunan, "Content Familiarity and the Perception of Textual Relationships in Second Language reading," *REL C Journal*, 16/1, pp.43-51.

<sup>5</sup> P. Johnson, "Effects on Reading Comprehesion of Building Background Knowledge," *TESOL Quarterly*, 16/4 (1982), pp. 503-516.

<sup>6</sup> M. Shahidullah, "Norms in ELT : Shifts in Focus and Implications for Bangladesh," *ELT 2000 : Directions and Orientations* (Proceedings of a Seminar held at the Department of English, Rajshahi University, 30-31 January 2000), ( Rajshahi : Rajshahi University, 2000), pp. 29—37.



## (ii) Local Culture in Contents Motivates Learners to learn

Learners feel more motivated to learn a foreign or a second language if they can use their own culture specific materials. When they see the depiction of their own lives, the reflection of their own beliefs and values and the picture of their own surroundings in the texts, they can identify themselves with them and actively participate in the learning process. On the other hand, they feel reluctant to learn if they find the depiction of culturally unfamiliar characters and life-styles or the picture of alien surroundings in the contents of materials as, in that case, they cannot identify themselves with them. They consider those cultural phenomena as an extra burden and feel de-motivated to learn. In such case, in spite of their willingness to learn the target language, they do not like to take the cultural load which the materials entail.<sup>7</sup>

## (iii) Some Western Culture-Specific Topics Embarrass Muslim Learners

There are many issues or topics in the English speaking people's culture, that is, in the Western culture which are not morally or religiously accepted in the non-Western societies, specially, in the Muslim societies. For example, the topics or issues like living-together, extra-marital relationships, sex related jokes or funs, rock music, holiday romances, drinking of alcohol, dating, gambling, etc. are very common and normal in Western culture, but unusual and forbidden in Muslim cultures. ELT materials produced by Western countries very often include these issues or topics and create problems for the Muslim students in the classroom.<sup>8</sup> Muslim learners do not morally or culturally feel easy or comfortable with these topics, rather they feel embarrassed when they are required to read or discuss these issues in front of their teachers and other fellow learners.

Besides, the centrally produced materials include many speech acts or functions which appear to be irrelevant for many non-native learners. For example, the speech acts related to the functions like finding a flat in London, talking to landlords in Bristol, rowing in the river in Cambridge, etc., will never come to any use for many ESL or EFL learners.<sup>9</sup>

## (iv) Functional Purpose, Not Integrative Purpose, Is the Target

Those who support using learners' culture in the contents of ELT materials very often argue that a foreign or a second language learner learns better when he/she has integrative motivation, that is, when he/she wants to integrate with the culture of the target language. A learner's very desire to identify himself or herself with the members of the cultural group who speak the target language as the first language makes him or her a cordial learner as he/she takes proper care to learn the very

<sup>7</sup> Cem Alptekin & Margaret Alptekin, "The Question of Culture: EFL Teaching in Non-English-Speaking Countries," *Currents of Change in English Language Teaching*, ed. by Richard Rossner and Rod Bolitho (Oxford: Oxford University Press, 1990), pp. 21–26.

<sup>8</sup> Alastair Pennycook, *Cultural Politics of English as an International Language*. (London: Longman, 1994).

<sup>9</sup> Luke Prodromou, "English as Cultural Action," *Currents of Change in English Language Teaching*, ed. by Richard Rossner and Rod Bolitho (Oxford: Oxford University Press, 1990), pp. 27–39.



subtle aspects of the target language or to imitate the style of speech of the native speakers. Therefore, according to some experts and linguists, integrative motivation or learners' desire to get acculturated with the native speakers is very important for foreign or second language learning.

But refuting this argument of integrative motivation, it is said that the purpose of learning English as a second or a foreign language at the present time is not the same as it was before. World situation has now greatly changed and the people of non-native contexts neither are enthusiastic nor feel it necessary to learn English for integrative purpose. Many teachers and language experts from these contexts now suggest to 'de-Anglo-Americanize' English both in linguistic and in cultural respects, in order for the language to be in tune with the needs of EFL or ESL learners.<sup>10</sup> They argue that the days when the English were the rulers of many colonial countries are gone and now the people of these countries do not want to learn English to integrate themselves with the culture and society of their former rulers. Once the people of the colonial countries treated their rulers as their masters and felt eager to imitate their language, culture and life-style so that they could please them and manage jobs under them. But now-a-days, excepting a few, all the countries of the world are independent and enjoying equal status in a democratic order. There is no master-servant relationship among the countries in the present world order and so people have no need to imitate others to please them. Referring to the present and the past situation regarding learning English in the context of India, Narula says:

During the British rule in India we studied English language and began to slavishly adopt English attitudes and life-styles to please our rulers. There seems to be no reason to do the same now. With the change in attitude and approach we must bring changes in the materials used for English teaching.<sup>11</sup>

Now the general tendency of second or foreign language learners is to become bilingual without being bicultural. They expect that the teaching of English should be independent of its native speakers' culture and should aim at creating bilingual, not bicultural people<sup>12</sup>. They consider the teaching of the native speakers' culture while teaching English as cultural imperialism. The people of non-native contexts want to learn English not as a language of their rulers but as a lingua-franca for their international communications in the areas of trade and commerce, science and technology, art and culture, politics and diplomacy and so on. In other words, they want to learn it to serve their utilitarian or functional purpose, that is, to perform their functional activities instead of becoming a member of the English speaking people's society.

<sup>10</sup> Cem Alptekin & Margaret Alptekin, op.cit.

<sup>11</sup> S.C. Narula, "Use of Indian Culture and Myths in ELT," *English Language Teaching in India*, ed. by R.K. Agnihotri and A.L. Khanna (New Delhi: Sage Publications, 1995), pp. 116-127.

<sup>12</sup> Cem Alptekin & Margaret Alptekin, "The Question of Culture: EFL Teaching in Non-English-Speaking Countries," *ELT Journal*, vol. 38 (1984), pp. 14-20.



**(v) Non-Natives Communicate More with Non-Natives than with Natives**

The situation of the present world shows that the number of non-native speakers of English is much larger than that of native speakers, the non-native speakers being 750-1050 million and the native speakers being 450 million.<sup>13</sup> In the present world maximum communications of non-native speakers in English at the national and international levels take place among themselves. That is, the reality is such that non-native speakers need to use English to communicate with other non-native speakers much more than with native speakers. A vast majority of uses of English as a second or a foreign language around the world today involve the interactions of non-natives to non-natives rather than the interactions between a native and a non-native. About this point Kachru says:

The real world situation is that, in the outer circle, the predominant functions of English involve interlocutors who use English as an additional language—Indians with Indians, Singaporeans with Singaporeans, Indians with Singaporeans, Filipinos with Chinese or Japanese, Nigerians with Kenyans and so on.<sup>14</sup>

Therefore, a popular question now in the domain of English teaching and learning is why should people of non-native contexts learn English speaking people's culture when they need to use English to interact mostly with non-native speakers? It is always pointed out that there are many users of English in the non-native contexts who will never interact with the native speakers in their lives though they frequently need to interact with other non-native speakers. Therefore, for them to learn other non-native people's cultures is more important than to learn English speaking people's culture. Hence, some experts and linguists put emphasis on acquiring intercultural competence because it enables a person to behave adequately in a flexible manner when required to communicate with the people of foreign cultures.

**(vi) Native-Like Competence Is Impossible**

Another point of argument for teaching a foreign or a second language in relation to the target language culture is the question of 'communicative competence'. Communicative competence involves appropriate language use which, in part at least, is culture specific. To achieve communicative competence in a language, one has to achieve 'linguistic competence', 'sociolinguistic competence', and 'strategic competence'. 'Sociolinguistic competence' refers to a speaker's ability to make appropriate utterances with respect to socio-cultural context and the term 'strategic competence' means the strategies used to reach a communication goal, that is, the knowledge of how to use one's language to communicate intended meaning.<sup>15</sup> But, though strategic competence suggests that communicative interactions between two speakers of different cultures should be part of an intercultural model of language learning, it is nevertheless considered part of the communicative competence

<sup>13</sup> David Crystal, *English as a Global Language* (Cambridge: Cambridge University Press, 1997), p. 61.

<sup>14</sup> B.B. Kachru, "The New English and Old Models," *English Teaching Forum*, vol. 15/3 (1977), pp. 29–35.

<sup>15</sup> M. Canale and M. Swain, "Theoretical Bases of Communicative Approaches to Second Language Teaching and Learning," *Applied Linguistics*, vol. 1 (1980), pp. 1–47.



paradigm with its focus on the culture of the first language speakers. Therefore, anyone, some ELT practitioners argue, trying to achieve communicative competence in English must learn the language along with its native speakers' culture.

But a large body of research now shows that it is not possible to acquire native-like competence in foreign or second language learning. Though some experts argue that integrative motivation helps learners acquire native-like competence in all the aspects of the target language such as in pronunciation, grammatical norms, styles, speech acts, the use of registers and so on, Native-like competence in foreign or second language acquisition is almost impossible and so it is now commonly believed that the goal of native-like performance in the target language is unrealistic. Second or foreign language learners cannot achieve native-like pronunciation by living in non-native contexts in spite of their best efforts throughout their lives. They can acquire good fluency but they will not be able to achieve native-like pronunciation.

Moreover, there is no justification for the pursuit of acquiring native-like pronunciation when it is found that non-native speakers are not less intelligible than the native speakers. Through an empirical study it has been found that the phonology of non-native speakers is more intelligible to multi-national audience than that of native speakers. Since non-native pronunciation, they argue, is more helpful for cross-cultural communication, the goal of native-like pronunciation in learning a foreign or second language is quite pointless.<sup>16</sup>

As in pronunciation, in culture too, it is almost impossible to achieve native-like competence. In spite of the best efforts for a long time on the part of learners to be culturally integrated with the native speakers, they find themselves on the border between their own culture and the native speakers' culture. According to Kramsch, it is more difficult to achieve cultural proficiency than to achieve linguistic proficiency. Referring to some persons who have immigrated to a new country and have spent the rest of their lives as active participants in the new cultural settings, he states that even these persons very often feel that they do not really belong to host culture, but are standing on its borders.<sup>17</sup> A study on 35 Japanese college students living in the United States for some years shows that the Japanese bilinguals 'will never really be able to feel like an American. And that some may never even be able to behave in the American way, in spite of their having spent a good deal of time in the country and having developed a fairly high level of linguistic proficiency'.<sup>18</sup> Like her, many others also believe that foreign language learners cannot shake off their own culture even if they wish to do it because their culture is a part of themselves and has made them what they are.

<sup>16</sup> Cem Alptekin & Margaret Alptekin, op.cit.(1984), pp. 14-20.

<sup>17</sup> Clair Kramsch, *Context and Culture in Language Teaching* (Oxford: Oxford University Press, 1993b), p. 234.

<sup>18</sup> James P. Lantolf, "Second Culture Acquisition : Cognitive Consideration," *Culture in Second language Teaching and Learning*, ed. by Eli Hinkel ( Cambridge : Cambridge University Press, 1999), pp. 28-46.



### (vii) Learners Should Learn to Talk about Their Own Culture in English

It is more important for the learners of EFL or ESL to learn to talk about their own culture, people, society, identities and history to the people of other culture and society than to achieve competence in English speaking people's culture. English teaching materials should contain learners' own culture featuring their own society, surroundings, values and life-styles so that they can learn to talk about all these things in English. Language teaching materials should be so designed as to help students become aware of their own cultural identity. In no way it is accepted that EFL learners will learn about other cultures until their first cultural identity is established. As young learners they can learn English as a foreign language but they should not learn native English speakers' culture. Learners always feel psychologically sound and motivated if they can use the target language to describe their own culture.<sup>19</sup> Every ESL or EFL learner wants to express his own cultural needs and ideas in English unless he is not intolerably alienated from his own environment.

### COMPARISON BETWEEN MATERIALS PRODUCED BY NATIVE ENGLISH SPEAKERS' COUNTRIES AND THOSE PRODUCED LOCALLY IN NON-NATIVE CONTEXTS

It has been seen that the BANA countries (Britain, Australia and North America) have always more or less controlled the methodologies and the materials of English language teaching all over the world. With the emergence of the method of Communicative Language Teaching (which is also formulated by these countries) in the recent past, in many non-native contexts the ELT materials based on this method and produced from these countries are being used. But it is reported that in many contexts the cultures underlying the topics and classroom procedures provided by these materials contradict with local cultures. As for example, the name of the book *Headway* (Students' Book) can be cited. Written by John & Liz Soars and published by Oxford University Press in 1991 for the students of pre-intermediate level, the book provides such contents as are fully Western culture-specific. The native English speakers' culture, society and history have been presented in the contents and the characters depicted in the texts are all Western people following the Western ways of life. Western culture-related phenomena like kissing a girl friend (p. 98), lovers' going on a long drive (p. 71), females taking interview of males to select husbands (p.39), etc., which are not culturally acceptable in many countries including the Muslim ones, have been presented in the texts of the book. As a result, in many contexts teachers and learners find the culture and characters presented in the contents of the book alien to them, feel demotivated and face problems to use the book.

In the context of this reality, many non-native countries have taken initiative to produce their own materials for teaching English to their EFL or ESL learners. Many countries have already been successful to produce ELT materials with local cultures in contents and are using them to teach their students. Cortazzi and Jin, for example,

<sup>19</sup> Cem Alptekin & Margaret Alptekin, "The Question of Culture: EFL Teaching in Non-English-Speaking Countries," *Currents of Change in English Language Teaching*, ed. by Richard Rossner and Rod Bolitho (Oxford: Oxford University Press, 1990), pp. 21–26.



report that Venezuela has developed a EFL textbook at national level with the local culture rather than the native English speakers' cultures in the contents. They also report that China, Turkey, Morocco, Saudi Arabia and many other countries have developed their self-materials with their own culture in texts and are successfully teaching their students with these materials. As the learners find their own cultures, history and life-styles in the contents of these materials, they feel motivated, proud and comfortable in using these materials.

#### **SITUATION IN BANGLADESH**

In Bangladesh too English textbooks for classes 3-12 have been produced locally, depicting local cultural phenomena in the contents. Beginning in the late nineties of the last century, these books were produced step by step over some years. At the initiative of NCTB (National Curriculum and Textbook Board) of Bangladesh local writers have written these books, incorporating the history, culture, geography and lifestyles of the people of this country in the contents so that learners can deal with the contents of these books with ease and talk about their own culture and identities in English.

For example, the textbook *ENGLISH FOR TODAY* for classes 9-10, published by NCTB in 2001 from Dhaka, has been written by Naina Shahzadi, Fazle Rabbani and Shamima Tasmin who all are Bangladeshi writers and almost all of the topics and themes of the book have been chosen from different aspects of the national and cultural life of Bangladesh. *Pahela Baishakh, A home of your own, Devonport High School for Girls, Eid Mubarak, Feroza's tale, Meena, The National Memorial, The Shat Gambuj Mosque, The fisherman and the Genie*, etc. are only a few to mention the topics and themes which the book contains. The life-styles, norms, values and behavioural patterns depicted in the contents under these themes and topics are all about the culture, people and society of Bangladesh. *ENGLISH FOR TODAY* for classes 11-12 is also another example of locally produced materials. Written by Dr. M Shahidullah, Jahurul Islam, Iffat Ara Nasreen Majid and Najma Shams, and edited and published by Dr. Arifa Rahman and NCTB respectively in 2001 from Dhaka, the book has dealt with such topics and themes as are related to the history, culture and society of the people of this country. Some of these topics and themes are *National heroes: our martyred intellectuals, Rabindranath Tagore, The Bangabandhu Bridge, The problems we face, The Buddhist Vihara at Paharpur, The disabled among us*, etc. The texts on these topics and themes contain the cultures, lives and affairs of the people of the society of Bangladesh.

It is true that the English medium Schools and colleges and some private universities in Bangladesh use materials imported from the native English speakers' countries, but it is so because they follow the syllabuses and curricula prescribed by some schools, colleges or universities of those countries. They are very few in number and theirs is an exceptional case, and in the main stream education of this country all the schools and colleges are using the locally-produced materials.



**WHAT ABOUT INTERNATIONAL COMMUNICATIONS?**

However, it remains a valid question how learners of ESL or EFL will communicate with the people of other cultures at international level if they do not learn the native English speakers' culture. It is certain that some complications arise when two persons of different cultures get involved in communications unless at least one of them has some awareness about another's culture. In that case one may be misinterpreted by another and, therefore, their interactions or communications may ultimately collapse. If it is so, then, what will be the solution to these problems?

One suggestion to solve this problem may be that for international communication there should be an international variety of culture and behavioural pattern which will be acceptable to all nations, and international communication will be done through this variety of culture. In the present situation of the world where all countries are enjoying equal status and freedom, it is logical and also expected that there should be an international variety of culture and attitudes to avoid subordinating one culture to another one. Some international attitudes have already developed in some areas of communication such as in pop songs, traveling, cricket games and scientific discussions. People of many European countries where English is taught as a foreign or a second language are very much interested about this international variety of English.<sup>20</sup>

In the absence of such an international variety of culture and attitudes, in respect of learning others' cultures there should be a general principle to be followed by everyone who needs to get involved in international communication. It cannot be accepted that only the non-native speakers will learn the native speakers' culture for communication with them. It is very logical that when a British citizen or an American comes to Bangladesh as a tourist or with any mission, he/she will take the responsibility of knowing the Bangladeshi culture to successfully communicate with the people of the country, even though the medium can be English. Similarly, if a Bangladeshi goes to England or America to study or for any other purpose, it should be the responsibility of that Bangladeshi citizen to be aware of the English or American culture for successful communication with the people of those countries. And this norm has to be applicable not only to a communication between a native and a non-native speaker but also to the communication of a non-native to another non-native.

To provide EFL or ESL learners with the knowledge about different foreign cultures so that they can cope with international communication, the following measures can be adopted:

- From primary to secondary level or at best up to higher secondary level, the EFL or ESL learners can be restricted to the use of the ELT materials that are based on their own culture, but at the university level or higher education level they should be encouraged to use materials based on foreign cultures. At this stage, they should be encouraged to use works of literature of different nations or societies as reading materials.

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<sup>20</sup> *ibid.*



- Like history or geography another subject on foreign cultures, as supplementary to English language, can be included in the syllabus of secondary and higher secondary level students. For adult learners a required number of *Foreign Culture Studies Centres* can be set up at different places of a country to facilitate them to collect information about foreign cultures as per their needs. In addition to that, social or cultural studies programme can be arranged for adult learners so that they can acquire knowledge about different cultures to cope with their target situation demands. Arrangement of such types of social studies programme are very much helpful for second language learners as it provides them with the socio-cultural knowledge of the native speakers which is necessary to draw inferences about the social meanings or values of utterances.
- ELT materials can also play an important role to provide ESL or EFL learners with essential information about the cultures of different nations. For example, ELT materials can include information about how the concepts of good manners or bad manners vary from culture to culture, how people make requests or invite in different cultures, what the taboos of different cultures are, what kinds of values or beliefs the people of a particular culture maintain, etc., to enable learners to know about all of these information while learning English. As an example, the textbook *English for China* for elementary level learners in China can be mentioned where the following kinds of information about good manners (Book 4, p. 89) have been provided in one of its texts:

Ideas of what are good manners are not always the same in different countries. For example, in Britain or America it is not polite to ask people how much money they get in their jobs. People don't like talking about the cost of things around the home, though in America they don't mind so much. But both in Britain and America it is not polite to ask people how old they are. There are other interesting differences between china and foreign countries. In China, if someone says something good about you, it is polite to answer, 'No, not at all!' In Britain or America, a person answers 'Thank you', with a big smile. This may be bad manners in China, but good manners in Britain or America.<sup>21</sup>

## CONCLUSION

English is not inseparable from the native English speakers' cultures and practically it is now being used as 'form' and the indigenous cultures as its 'contents' in many countries. The various indigenous varieties of English such as Indian English, Nigerian English, Singaporean English and so on, which are now being used in indigenous style to express local cultural phenomena, actually prove the fact that English can be used as the carrier of any culture. Though there is still a debate as to which culture---learners' culture or the native speakers' cultures---should be used in the texts of ELT materials, it appears that the arguments for learners' culture are much stronger than

<sup>21</sup> Martin Cortazzi and Lixian Jin, "Cultural Mirrors: Materials and Methods in the EFL Classroom", *Culture in Second language Teaching and Learning*, ed. by Eli Hinkel (Cambridge : Cambridge University Press,1999), pp. 196-219.



the arguments for native speakers' culture. It is argued that materials with learners' culture in the contents prove motivating, facilitating and meaningfully engage learners in the learning process, allowing them to learn English as a foreign or a second language retaining their dignity, prestige and pride for their own cultural identities. Obviously, these arguments sound logical, practical and substantial, and hence they are getting popular more and more day by day. It is expected that the ELT materials produced locally with local cultures in contents by some countries including Bangladesh will facilitate English language teaching in those countries and encourage other countries to produce their own materials. To enable learners to cope with international communications various measures can be taken to teach them the cultures of different societies or countries, instead of using the native English speakers' culture in the contents of teaching materials.



## EDUCATION, OCCUPATION AND INCOME MOBILITY: EVIDENCE FROM A MICRO SURVEY

Md. Mostafizur Rahman\*  
Samad Abedin\*\*

**ABSTRACT:** This paper investigate the intergenerational [Grandfather (GF), Father (F) & Son's (S)] variation in the level of education, occupation and income and also examines the intergenerational process of transformation of the components viz. education, occupation and income from father to son. Face to face structured interviews with GF, F & S are done from 100 households. The study reveals that both occupation and income at the generational level of grandfather, father and sons affect educational qualification of the inhabitants in the study area. To examine the changes on the component of Education (E), Occupation (O) and income (I), the methodology used in this study so designed to explain the intergenerational process of transformation of (E,O & I) from father to son by Markov chain model. The results suggest that the transition probability matrix between father to son by their educational, occupational and income structure become stable after 10 , 9 and 7 generations respectively.

### INTRODUCTION

Education is an investment in human resources and a means of economic development rather than merely as an individual's right to enlightenment. Being one of the most important basic human needs, education provides an expanding pool of skilled manpower that facilitates the achievement of socioeconomic development. Several studies have shown that both fertility and mortality are low when educational attainment is high (BFS, 1975; Bongaarts, 1978; Chaudhury, 1977; Caldwell, 1979; Chowdhury, 1981; Cochrane, 1980; Edmonton, 1982; Mostly, 1983). Education is also one of the fundamental right of human being and it is very important for the less developing country. Keeping this in mind the Government of Bangladesh has established a project on "Food for Education".

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\* Assistant Professor of Population Science and Human Resource Development, University of Rajshahi.

\*\* Professor of Statistics, Department of Statistics, University of Rajshahi.



The opportunity of education and occupation are not same which was in the past. Three item of information, which describes the economically active population, are almost invariably obtained when a census or sample survey is conducted. Occupation is one of them (Shryock, S. & Siegel, J., 1973). For generational comparison, it is important to be considered. A number of economic surveys were conducted in Bangladesh that have shown increasing economically active population rates. In 1974 economically active population rate for male was 14.8% and for female 0.9% in 1981 it was 22.8% for male and 1.2% for female in 1991 it was 28.4% for male and 2.3% for female.

Educational attainment and occupation are a measure of socioeconomic status. Indeed the person's family income has been recognized as having an important relationship to many of the characteristics such as fertility, mortality, migration, educational level and occupation. After education income depend on occupation and income play an important role for increasing living standard. According to Human Development Report, UNDP in human poverty scale, Bangladesh is 72<sup>nd</sup> position of 88 country from 1983 to 2000, 77.8% population per capita income was 2\$ only. For the reason of lower per capita income population problem, job problem, unemployment problem etc. are our natural problem. According to BBS in 1995-96 GDP, GNI and NNI was 10660, 11152 and 10386, but in 2000-01 it was 15804, 16536 and 15272 respectively. Therefore, there is a need to investigate the variation of education, occupation and income level from generation to generation as well as generational process of transformation of the component (education, occupation and income) from grandfather to father and father to son(s).

### ***Objective of the Study***

The main objectives of the study are as follows:

- to investigate the variation of education, occupation and income at generational level and to examine their interrelationships;
- to examine the intergenerational process of transformation of the component viz. education, occupation and income from father to son.

### ***Data Sources and Methodology***

For the purpose of data collection personal interview approach followed, this method relates to the collection of information directly from the respondents, so for the method a family head (father) were directly contacted and collection the desire information by the pre-designed questionnaire, the purpose of putting each question were explain to them. They were told about the scope of survey and manner in which the answer are to be recorded. Information was collected from 100 households of the families of the selected area using simple random sampling. The study period was 10th June to 15th July in 2003. The households were interviewed through a questionnaire, which contained opened structured questions. Data were than processed and analyzed by using different methods which are Contingency, Correlation and Markov chain.



**VARIATION OF EDUCATION OCCUPATION AND INCOME**

Education is the major determinant of a household income and also income depends on occupation in several times (UNDP, 1998). Now the improvement of education system variation of education is observed from generation to generation. Moreover, today people are more conscious about education. More educated people imply better standard of living. Variation of occupation is contributing for variation of income. So we need to examine the variation of education occupation and income at the level of grandfather, father and son. Variation of education, occupation and income are presented in Table 1.

**Table 1: Level of Educational, Occupational and Income Characteristics.**

<b>Education</b>			
<b>Characteristics</b>	<b>Grandfather</b>	<b>Father</b>	<b>Son</b>
Primary	41	11	3
Junior secondary	12	7	3
Secondary	27	22	9
Higher secondary	6	23	28
Degree	4	29	29
Higher education	1	5	27
Illiterate	9	3	1
Total	100	100	100
<b>Occupation</b>			
Service (public)	7	31	11
Service (private)	5	5	28
Farming	3	1	1
Business	85	63	60
Total	100	100	100
<b>Income</b>			
<3000	71	9	5
3000-8000	27	72	78
8000+	2	19	17
Total	100	100	100

From Table 1, **First part** provides educational level for different characteristics of grandfather, father and son. Among the educational level of grandfather, it is seen that primary has enumerated the highest proportion of educational level (41%). The second highest level is secondary which recorded (27%). As to father educational level, it was observed that the highest proportion recorded in degree level (29%) followed by the son of same level. The lowest share of illiterate found (3%) in father educational level. The proportion of illiterate in the remaining generation (Grandfather and son) is 9% and 1% respectively. It is also evident from the table under review that the higher secondary to degree level are mainly concentrated in the third generation i.e. sons.

**Second part** shows occupational level for different characteristics of grandfather, father and son. Among the occupational level of grandfather, it is seen that Business has enumerated the highest proportion of occupational level (85%), the second highest level is public service which recorded 7%. As regarded to father occupational, it was observed that the highest proportion recorded in Business Level (63%) same



condition followed by the son (60%). The second highest level is public service which is recorded (31%) and sons second highest level is recorded in private service which is (28%). The lowest share of farming found (1%) in father occupational level, followed by the sons of same level. The proportion of farming in the remaining generation (grandfather) is 3%. The table also shows that sons are more concentrated at private sector but in father occupational level who are involve in public service sector. It may be noted that day-by-day occupation levels are changing.

**Third part** provides income level for different characteristics of grandfather, father and son. Among the income level of grandfather, it is seen that <3000 has enumerated the highest proportion of income level (71%). The second highest level is 3000-8000, which is recorded (27%). As regarded to father income level, it was observed that the highest proportion recorded in 3000-8000 level (72%) same condition followed by the son (78%). The second highest level is 8000+ which is recorded (31%) and sons second highest level is recorded in 8000+ which is (28%). The lowest share of 8000+ found (1%) in grandfather income level and the proportion of lowest share of <3000 in the remaining generation (father, son) are 9% and 5% respectively. It is also evident from the table under review that the 3000-8000 to 8000+ level are mainly concentrated in the third generation i.e. son

### **INTERRELATIONSHIPS AMONG EDUCATION, OCCUPATION AND INCOME**

#### *Contingency & Correlation Analysis*

This section is lead to make contingency and correlation analysis of education occupation and income. The contingency analysis is investigates the degree of association together the dependency criterion between the education, occupation and income. Examination of association is performed by means of contingency table. The correlation analysis examines the direction and magnitude of interrelationship of the variable under study. The correlation analysis is undertaken using data in their original form.

#### *Contingency Analysis*

In this section covered by contingency analysis, which is designed to test any association between different phenomenon that could be useful in the analysis. Justify the association between different components (Education v<sub>s</sub> Occupation, Education v<sub>s</sub> Income & Occupation v<sub>s</sub> Income) at the generational level of grandfather, father and son; here at first we constructed some simple cross-table and then to examine their association. For contingency analysis, it is assumed that the hypothesis of independence or homogeneity as the null hypothesis. Table 2 presents the distribution of grandfather, father and son by educational qualification and occupation. The upper portion of the table gives the distribution of grandfather by educational qualification and occupation. It is apparent that 39 out of 41 grandfather's occupation is business whose educational qualification is primary. It is also found that there is no grandfather who are highly educated and maximum involved in business and from Table 2, it has been seen that there is only one grandfather who is highly educated and involve in public service. Only 4 are involved in private service with secondary education and 1 with higher secondary education. There is only 3 grandfather involve in farming with primary education and illiterate.



Thus, the impression is that maximum number grandfather of the study area involve in business.

**The middle part** of the Table-2 gives the distribution of father according to their educational qualification and occupation. It is apparent that 19 fathers involve in public service whose educational qualification is degree and 19 father's occupation is business with secondary education. From the middle portion of the table it is observed that a major portion of father involved in business, which is 63 at different level of educational qualification. It is also found that one father involve in farming with secondary education. Father's participation in private service is not so remarkable which is only 5. From the upper portion we have seen that the grandfather who are highly educated involve in public service but in the middle portion only 2 father's who are highly educated involve in business. Here it is noted that father involvement in service is higher than grandfather.

**Table 2: Distribution by education and occupation.**

Generation	Educational Status	Occupation				
		Service (public)	Service (private)	Farming	Business	Total
Grandfather	Primary	0	0	2	39	41
	J.secondary	0	0	0	12	12
	Secondary	2	4	0	21	27
	H.secondary	2	1	0	3	6
	Degree.	2	0	0	2	4
	H.education	1	0	0	0	1
	Illiterate	0	0	1	8	9
	Total	7	5	3	85	100
Father	Primary	1	1	0	9	11
	J.secondary	0	0	0	7	7
	Secondary	2	0	1	19	22
	H.secondary	6	2	0	15	23
	Degree.	19	2	0	8	22
	H.education	3	0	0	2	5
	Illiterate	0	0	0	3	3
	Total	31	5	1	63	100
Son	Primary	0	0	0	3	3
	J.secondary	0	0	0	3	3
	Secondary	0	0	1	8	9
	H.secondary	1	4	0	23	28
	Degree.	4	9	0	16	29
	H.education	6	15	0	6	27
	Illiterate	0	0	0	1	1
	Total	11	28	1	60	100

Son's distribution according to their educational qualification and occupation is also presented in the lower portion of the Table 2. From the table we observed that 15 son's occupation is private service with higher level of educational qualification and 23 sons who are maximum numbers of involve in business with secondary level of education. From the table it is seen that 60 sons out of 100 sons involve in business



and son's participation is not so high in the public services. So, it is remarkable that there is only 1 sons involved in farming. Finally, it is observed that only 9% grandfather, 3% father and only 1% son are illiterate and it may be expressed that the educational qualification increasing day by day. From the table it is also observed that the participation of son in service is higher than father and grandfather. From the discussion it is concluded that education and occupation are seemed to be mobile among the three generations.

Table 3 presents the distribution of grandfather, father and son by educational qualification and income. The upper portion of the table gives the distribution of grandfather according to educational qualification and income. It is apparent that 37 out of 41 grandfather's income is below 3000Tk whose educational qualification is primary. It has been found that there are only two grandfathers whose income is above 8000Tk with secondary and higher education. It has been seen that maximum grandfather's 71 out of 100 grandfather income under 3000Tk, and 12 grandfathers whose income lies between 3000Tk to 8000Tk with secondary level of education.

**The middle part** of the Table 3 gives the distribution of father according to their educational qualification and income. It is apparent that 21 father's income lies between 3000Tk to 8000Tk with degree level of education and only 9 father out of 100 whose income is below 3000Tk with different level of education. From the middle portion of the table we observed that major portion of father's income lies between 3000Tk to 8000Tk at different level of educational qualification. It also seen that the number of grandfather is less than the number of father whose income are above 8000Tk and the number of father is less than the number of grandfather whose income below 3000Tk. Son's distribution by educational qualification and income level is presented in the lower portion of the Table 3. From the table it is found those maximum sons income are within 3000-8000Tk at higher secondary level of education. There are only 5 sons out of 100 sons whose income is below 3000Tk and above 8000Tk Comes from sons income at degree and higher level of education. It is remarkable that there is one son whose income is within 3000-8000Tk at illiterate level. From the discussion it is concluded that income level are increasing from grandfather to father and father to son which is also followed by educational level. It is noted that maximum grandfather income level is below 3000Tk and maximum father income level within 3000 to 8000Tk and sons also follow it.

Table 4 presents the distribution of grandfather, father and son by occupation and income. The upper portion of the table gives the distribution of grandfather according to occupation and income. It is apparent that 61 grandfather's income is below 3000Tk whose occupation is business. It is found that there is only two grandfathers whose income is above 8000Tk with public service and business and maximum grandfathers 71 out of 100 income below 3000Tk. It has been found that 23 grandfather whose income lies between 3000 to 8000Tk and whose occupation is business.



**Table 3: Distribution of grandfather, father and son by education and income.**

Generation	Education	Level of income			
		<3000	3000-8000	8000+	Total
Grandfather	Primary	37	4	0	41
	J.secondary	8	4	0	12
	Secondary	14	12	1	27
	H.secondary	2	4	0	6
	Degree.	2	2	0	4
	H.education	0	0	1	1
	Illiterate	3	1	0	4
	Literate	5	0	0	5
	<b>Total</b>	<b>71</b>	<b>27</b>	<b>2</b>	<b>100</b>
Father	Primary	4	7	0	11
	J.secondary	0	7	0	7
	Secondary	2	17	3	22
	H.secondary	2	18	3	23
	Degree.	0	21	8	29
	H.education	0	1	4	5
	Illiterate	0	1	0	2
	Literate	1	0	1	1
	<b>Total</b>	<b>9</b>	<b>72</b>	<b>19</b>	<b>100</b>
Son	Primary	1	2	0	3
	J.secondary	1	5	0	3
	Secondary	2	0	0	9
	H.secondary	1	25	2	28
	Degree.	0	20	9	29
	H.education	0	21	6	27
	Illiterate	0	1	0	1
	<b>Total</b>	<b>5</b>	<b>78</b>	<b>17</b>	<b>100</b>

**The middle part** of the Table 4 gives the distribution of father by occupation and income. It is apparent that 49 father's income is between 3000 to 8000Tk whose occupation is business and there are only 9 fathers out of 100 whose income is below 3000Tk with different level of occupation. From the middle portion of the table it is seen that a major portion of father income are between 3000 to 8000Tk at different level of occupation. It is also observed that the number of grandfather is less than the number of father with income above 8000Tk and the number of father is less than the number of grandfather with income below.

Finally, son's distribution according to their occupation and income level is presented in the lower portion of the table 4. From the table it has been found that maximum sons income is within 3000-8000Tk who are involve in business. There are only 5 sons out of 100 sons whose income is below 3000 and above 8000Tk is more in business level. It is remarkable that there are only one sons and 60 out of 100 sons involve in farming and business level respectively. Therefore, from the table it is observed that at service level participation of grandfather is less than father and son participation is more than father. It is also observed that maximum earning comes



from at the level of occupation: business and also concluded that income is seemed to be mobile from generation to generation observed.

**Table 4: Distribution of grandfather, father and son by occupation and income.**

Generation	Occupation	Level of income			
		<3000	3000-8000	8000+	Total
Grandfather	Service (pub)	2	4	1	7
	Service (pry)	5	0	0	5
	Farming	3	0	0	3
	Business	61	23	1	85
	<b>Total</b>	<b>71</b>	<b>27</b>	<b>2</b>	<b>100</b>
Father	Service (pub)	4	20	7	31
	Service (pry)	2	3	0	5
	Farming	0	0	1	1
	Business	3	49	11	63
	<b>Total</b>	<b>9</b>	<b>72</b>	<b>19</b>	<b>100</b>
Son	Service (pub)	0	7	4	11
	Service (pry)	0	24	4	18
	Farming	0	1	0	1
	Business	5	46	9	60
	<b>Total</b>	<b>5</b>	<b>78</b>	<b>17</b>	<b>100</b>

Table 5 contain the results of contingency analysis. The first column of the table present the attributes for which the association to be tested. Column-2 and 3 gives the values of  $\chi^2$  statistic and corresponding degree of freedom respectively. The coefficients of contingency to test the degree of association of the attributes are given in column-4. Finally, column-5 presents the result of statistical test by means of  $\chi^2$  -statistic whether the association between the attributes given in column-1 is significant or not. The test carried out at 5% level of significance. At this level the theoretical value of  $\chi^2$  is 28.869 with 18 degrees of freedom (d.f), 21.026 with 12 degrees of freedom and 12.592 with 6 degrees of freedom.

**Table 5: Results of contingency analysis**

Attribute	$\chi^2$	d.f.	Coefficient of Contingency	Significance/ Insignificance at 5% level
<b>Grandfather</b>				
Edu v <sub>s</sub> Occupation	50.637	18	.580	Significant
Edu V <sub>s</sub> Income	69.108	12	.639	Significant
Occpa V <sub>s</sub> Income	12.976	6	.339	Significant
<b>Father</b>				
Edu v <sub>s</sub> Occupation	38.400	18	.527	Significant
Edu V <sub>s</sub> Income	33.823	12	.503	Significant
Occpa V <sub>s</sub> Income	13.255	6	.342	Significant
<b>Son</b>				
Edu v <sub>s</sub> Occupation	42.292	18	.461	Significant
Edu V <sub>s</sub> Income	26.972	12	.545	Significant
Occpa V <sub>s</sub> Income	6.772	6	.252	Insignificant

Note: Edu: Education , Occpa: Occupation



The salient features of the table 5 are:

- (1) Educational qualification of grandfather is statistically significantly associated with occupation and income. The degree of association of education with income is more than occupation and it has been found that the income of grandfathers is also statistically associated with occupation. It is true that the condition of Bangladesh in the past was not good yet education and income are such criterion that are in every circumstances hold statistically significant between them.
- (2) Educational qualification of father is statistically significantly associated with occupation and income. The degree of association of education with income is more than occupation and it is seen that the income of fathers is also statistically significant with occupation.
- (3) Educational qualification of son is statistically significantly associated with occupation and income. The degree of association of education with income is more than occupation and we observed that the income of son is also statistically associated with occupation. It is true that the condition of Bangladesh in the past was not good yet education and income are such criterions that are in every circumstances hold statistically significant.

From the foregoing discussion it is impression that both occupation and income at the generational level of grandfather, father and sons affect educational qualification of the inhabitant in the study area. Thus for the standard of living in a society, education play an important role.

#### **CORRELATION ANALYSIS**

In this analysis attempt are made to look at the direction (whether positive or negative) and magnitude (intensity) of correlation of the phenomenon under study. The analysis is performed on the basis of bivariate correlation coefficient using original data on education, occupation and income in the stud area. The results of correlation analysis are presented in the Table 6.

The salient features of table are:

- (1) Grandfather education is significantly negatively correlated with grandfather occupation and positively significantly correlated with grandfather income and also negatively correlated with other segment of father and son education and income. It also seen that there is positively significantly correlation with grandfather income and his educational qualification, but his income is negatively correlated with his occupation. we also observed that grandfather occupation is highly positively correlated with father occupations and son occupation. Income of grandfather is highly negatively correlated with his occupation. The table shows that there is highly positively correlation of grandfather income with father income.
- (2) Father educational qualification is highly negatively correlated with occupation and highly positively correlated with his income. But the



correlation coefficient between father occupation and income is not statistically significant, which also followed by father education and grandfather education. It is very interesting to see that father education is highly correlated with son education and also observed that father income is positively correlated with son income.

- (3) Son education is negatively correlation with grandfather education but highly positively correlated with father education. Father, son education is highly negatively correlated with his occupation and highly positively correlated with his income. It is also observed that son income is negatively correlated with his occupation but the reverse directions are observed between son income and father income.

From the foregoing analysis it is clear that education has profound influence on occupation and occupation on income. It is also observed that there is no strong relation between father occupation and son occupation comparing their educational qualification.

**Table 6: Bivariate correlation coefficients between the selected variables.**

Variable	G.F.ed	G.F.occ	G.F.inc	F.ed	F.occ	F.inc	S.ed	S.occ	S. inc
G.F.ed	1								
G.F.occ	-.244*	1							
G.F.inc	.208*	-.296**	1						
F.ed	.047	-.359**	.227*	1					
F.occ	-.064	.340**	-.175	-.372**	1				
F.inc	.127	-.221*	.399**	.400**	-.064	1			
S.ed	-.142	-.222*	.190	.576**	-.177	.320**	1		
S.occ	-.011	.308**	-.078	-.272**	.078	-.186	-.485**	1	
S. inc	.069	-.181	.155	.401**	-.104	.374**	.337**	-.211**	1

\* Significant at the 1% level & \*\* Significant at 5% level

Note: G.F.ed = Grandfather education, G.F.occ = grandfather occupation, G.F.inc = grandfather income, F.ed = father education, F.occ = father occupation, F.inc = father income, S.ed = Son education, S. occ = Son occupation, S.inc = Son income.

#### **EXAMINATION OF MOBILITY: APPLICATION OF MARKOV CHAIN**

The main focus on this section is to examine the changes on the component of Education (E), Occupation (O) and income (I), the methodology used in this study so designed to explain the inter generational process of transformation of (E,O & I) from father to son by Markov chain model. Since Marko chain model can help a probabilistic result of E, O & I level for the next future generation. Keeping this reality in mind we have particularly used first order Markov chain model rather than that of higher orders. Though the current out comes may depend on past two or more state,



we consider here the current state depend only on previous state for our limitation of suffering information. So we have assumed that the current outcomes depend only on the previous state and not on those of father past. For this context using of Markov chain model is an important feature as the uncertainty in prediction can be accommodated by probability sense into a model.

### Mobility Matrix of Education, Occupation & Income

From the classification of education, occupation and income of father and son we have presented a simple cross tabulation of entire sample household. And this is the mobility matrix of education, which is shown in Table 7.

**Table 7 : Mobility Matrix According to Education, Occupation and Income**

		Son's Educational Qualification					
Father's Education		Illiterate	Primary	Secondary	H.secondary	H.education	Marginal Total
	Illiterate	0	4	3	1	1	9
	Primary	1	0	1	2	0	4
	Secondary	0	1	6	2	1	10
	H.secondary	0	2	4	14	9	29
	H.education	0	0	1	4	18	23
Marginal Total		1	3	12	28	56	100
		Son's Occupational Characteristics					
Father's Occupational Characteristics		Service(pub)	Service(pri)	Farming	Business		Marginal Total
	Service (pub)	4	10	0	17		31
	Service (pri)	0	2	0	3		5
	Farming	0	1	0	0		1
	Business	7	15	1	40		63
	Marginal Total	11	28	1	60		100
		Son's income Characteristics					
Father's Income characteristics		Low (<3000)	Medium (3000-8000)	High (8000+)			Marginal Total
	Low (<3000)	1	8	0			9
	Medium (3000-8000)	4	57	11			72
	High (8000+)	0	13	6			19
	Marginal Total	5	78	17			100

**In the first part** of the table the process and the direction of education mobility have been presented in Table 7. From the marginal total of row and column, it



**In the last part** of the table the process and the direction of occupation mobility have been also presented in table 7. From the marginal total of row and column, it appears that there is a distinct pattern of social polarization. Apparently it is observed that for father classes 9 fathers belong to low-income group while 5 son belong to low income group. 72 fathers belong to Medium income group the corresponding figure for son is 78 of which 8 came from low-income group and 57 from Medium income group 13 from High-income indicating an upward mobility. 19 fathers belong to High-income group and the corresponding figure for son is 17.

The transition probability matrix between father and son by their educational, occupational and income characteristics is given in the following table 8.

		Son's Educational Qualification				
Father's Educational Qualification		Illiterate	Primary	Secondary	H.secondary	H. education
	Illiterate	0.250	0.000	0.250	0.500	0.000
	Primary	0.000	0.100	0.600	0.200	0.100
	Secondary	0.000	0.060	0.137	0.482	0.310
	H.secondary	0.000	0.000	0.043	0.173	0.782
	H.education	0.000	0.000	0.000	0.176	0.823
Son's Occupational Characteristics						



Father's Occupational Characteristics		Service(pub)	Service(pri)	Farming	Business
	Service(pub)	0.129	0.322	0.000	0.548
	Service(pri)	0.000	0.400	0.000	0.600
	Farming	0.000	0.100	0.000	0.000
	Business	0.111	0.238	0.015	0.634
Son's income Characteristics					
Father's Income Characteristics		<3000	3000-8000	8000+	
	<3000	0.111	0.888	0.000	
	3000-8000	0.055	0.791	0.152	
	8000+	0.000	0.684	0.315	

**In the first part**, the main diagonal elements of Table-8 indicate that a father was in state *i* and his son also remains in state *i*. From our study we have seen that the probability of a son is illiterate given that his father was illiterate is 0.250 and the corresponding figures for primary, secondary, higher secondary and higher education are 0.100, 0.137, 0.173 and 0.823. From our data we have seen that conditional probability that a son educational qualification is illiterate given that his father qualifications were primary, secondary, higher secondary and higher education are 0.000, 0.000, 0.000 and 0.000. The conditional probability that a son educational qualification is primary given that his father qualifications were illiterate, secondary, higher secondary and higher education are 0.000, 0.060, 0.000 and 0.000 respectively. The conditional probability that a son educational qualification is secondary education given that his father qualification were illiterate, primary, higher secondary and higher education are 0.250, 0.600, 0.043 and 0.000 respectively. The conditional probability that a son educational qualification is higher secondary education given that his father qualification were illiterate, primary, secondary and higher education are 0.500, 0.200, 0.482 and 0.176 respectively. The conditional probability that a son educational qualification is higher education given that his father qualification were illiterate, primary, secondary and higher secondary education are 0.000, 0.100, 0.310 and 0.782 respectively.

**In the second part** of the table, the main diagonal elements of Table 8 indicate that a father was in state *i* and his son also remains in state *i*. From our study we have seen that the probability of a son involve in public service given that his father was involve in public service is 0.129 and the corresponding figures for private service farming and business is 0.400, 0.000 and 0.634. The off diagonal element of the Table 8 indicate that the probability of transition of upward or downward mobility as according to above the diagonal or beneath the diagonal elements. From our data we have seen that conditional probability that a son occupation is public service given that his father occupation are private service, farming and business are 0.000, 0.000 and 0.111. The conditional probability that a son occupation is private service given



that his father occupation are public service , farming and business are 0.322,0.100 and 0.238. The conditional probability that a son occupation is farming given that his father occupations were public service, private service and business are 0.000, 0.000 and 0.015 respectively. The conditional probability that a son(father) occupation is business given that his father were public service, private service and farming are 0.548, 0.600 and 0.000 respectively.

**In the last part** of the table the main diagonal elements of Table 8 indicate that a father was in state  $i$  and his son also remains in state  $i$ . From our study we have seen that the probability of a son low income given that his father low income is 0.111 and the corresponding figures for medium income and high income are 0.791 and 0.315. From our data we have seen that conditional probability that a son low income given that his father medium and high income are 0.055 and 0.000. The conditional probability that a son medium income given that his father low and high income is 0.888 and 0.684. The conditional probability that a son high income given that his father low and medium income is 0.000 and 0.152 respectively.

### Limiting Behaviors of Transition Probability

The limiting behavior of the transition matrix of father and son by educational, occupational and income characteristics is given below 9.

**Table 9: Limiting Behaviors of Transition Probability: Education, Occupation and Income**

N	P				
	Educational Characteristics				
2	0.620	0.017	0.118	0.332	0.468
	0.000	0.051	0.151	0.361	0.435
	0.000	0.016	0.080	0.218	0.681
	0.000	0.003	0.013	0.188	0.792
	0.000	0.000	0.007	0.175	0.815
6	0.000	0.000	0.010	0.179	0.730
	0.000	0.000	0.010	0.179	0.733
	0.000	0.000	0.008	0.177	0.741
	0.000	0.000	0.008	0.177	0.750
	0.000	0.000	0.008	0.177	0.752
10	0.000	0.000	0.009	0.177	0.747
	0.000	0.000	0.009	0.177	0.747
	0.000	0.000	0.009	0.177	0.747
	0.000	0.000	0.009	0.177	0.747
	0.000	0.000	0.009	0.177	0.747
	Occupational Characteristics				
	2	0.098	0.321	0.008	0.646
		0.067	0.303	0.009	0.620
		0.000	0.400	0.000	0.600
		0.072	0.265	0.009	0.550



6	0.071	0.280	0.008	0.577
	0.071	0.280	0.008	0.577
	0.070	0.281	0.009	0.578
	0.071	0.280	0.008	0.576
9	0.071	0.280	0.008	0.574
	0.071	0.280	0.008	0.574
	0.071	0.280	0.008	0.574
	0.071	0.280	0.008	0.574
Income Characteristics				
2	0.061	0.800	0.135	
	0.040	0.778	0.168	
	0.038	0.756	0.203	
6	0.038	0.766	0.169	
	0.037	0.765	0.169	
	0.037	0.766	0.170	
7	0.037	0.764	0.169	
	0.037	0.764	0.169	
	0.037	0.764	0.169	

From the foregoing analysis, in the **first part** of the Table 9 displayed that the limiting value  $Le_{n \rightarrow \infty} P^n$  is equivalent to  $P^{10}$  which implies that the markov chain will occupy any state which is independent of the initial state and the size class's structure will be stable after 10 generations. In other words, if a level starts initially any state of occupation class, after 10 transitions the probability of finding that household in Illiterate, Primary, Secondary and Higher secondary, Higher education 0.000, 0.000, 0.009, 0.177 and 0.747 respectively. For  $n=10$  or more, no further change in transition probability is observed given that socio-economic conditions remain unaltered. **In the second part**, for  $n=9$  or more, no further change in transition probability is observed and also finally in the **last part**, for  $n=7$  or more, no further change in transition probability is observed.

### Concluding Remarks

The present study is based on data collected from Fudkipara, Boalia, Rajshahi districts may have suffered from a number of limitations. Most of the respondents are not said to desire their exact income information. This occurred not only in the case of illiterate persons but also for literate person. In several studies a number of personal characteristics other than education often are supposed to influence occupational mobility (Ducan & Hodge, 1963). This study also shows that education, occupation and income are more closely related and also education is seen to influence occupation and income mobility. In order to explain such consistency, further study is needed.



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## ENVIRONMENTAL IMPACTS OF COAL FIRED POWER PLANT: A CASE STUDY ON BARAPUKURIA, DINAJPUR

Abul Kalam Azad\*  
Ms. Jolly Sultana\*

**ABSTRACT:** Electricity is a part and parcel of modern civilization. Most of our power plants use fossil fuel mainly natural gas for electricity generation. Barapukuria power plant will use coal from the nearby coal mine for electricity generation. Although this power plant will be beneficial for the people of northwestern region, it is expected to emit large amount of pollutants into the air. This study is concerned about environmental impact assessment of the coal-fired power plant of Barapukuria. The socio-economic and land use pattern impacts of the power plant were evaluated through a questionnaire survey. Pollutants ( $\text{SO}_2$ ,  $\text{NO}_2$ ,  $\text{CO}_2$ , PM) emission rates from the plant were estimated using the quantity of coal and the emission factor for each pollutant. The environmental effects of the plant on the surrounding air were predicted by using a Gaussian Dispersion Model. An attempt was made to evaluate the health impacts of  $\text{PM}_{10}$  emitted from the combustion of coal in the power plant. An evaluation of economic loss due to the adverse health impacts of  $\text{PM}_{10}$  was also performed. Results from the analysis show that the number of excess death per annum due to  $\text{PM}_{10}$  pollution in the study area would be 530 and the total cost of health effects would be about 5.4 billion taka. For estimating the afforestation required to minimize the  $\text{CO}_2$  emitted from the power plant, a computer-based model 'Plant Mod 2.1' was used and it was found that about 25  $\text{km}^2$  afforestation would be required annually. The study will provide useful information on the impacts of power plant on the environment as well as planning and decision taking processes regarding air pollution management.

### INTRODUCTION

Bangladesh is a developing country with a vast population. The population growth rate is also quite high. Only twenty percent of the total population has access to electricity. The per capita electricity consumption in the country is 115 *kwh* (UNDP, 2004). The amount is one of the lowest among the developing countries. With the increasing population, the country is passing through a severe power crisis; which is disrupting the social as well as economic activities. To meet the rapid increase of

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\*Dr. Abul Kalam Azad, Associate Professor, Environmental Science Discipline, Khulna University.

\* Assistant Professor, Department of Physics, KUET, Khulna.



electric power demand, the Bangladesh Power Development Board (BPDB) undertook a power system master plan study project during 1990-1991 and appointed M/S Japan Consulting Institute (JCI) for this study under the power system master plan study. The Government of Bangladesh preferred installation of a coal-fired power plant, even though a gas-fired power generation would have been more economical because of the lower price of gas as well as lower capital costs of gas-fired plant. The argument was that reserves of natural gas may not be adequate in future. The JCI completed the feasibility study for installing a required capacity of coal fired thermal power plant at Barapukuria near the vicinity of the proposed coalmine at Barapukuria.

Bangladesh government gave the responsibility for construction of 250 MW coal based power plant to Chinease Company CMC (China Manufactured Company). Electricity generation from coal produces more environmental pollution than other fossil fuels. The billowing massive smokestacks from the plant containing harmful gases and particulate matter will keep contaminating the air for years. The power plant will burn 70,000 metric tons coal in a year and will emit a huge amount of CO<sub>2</sub>, SO<sub>x</sub>, NO<sub>x</sub>, PM<sub>10</sub>, ash, volatile organic matter and various organic matters through the Chimneys.

Pollutants emitted from the plant into the atmosphere undergo transport, dispersion, transformation and ultimate removal from the atmosphere. Transport is through the action of the mean wind in carrying the pollutant away from the source, whereas dispersion results from the turbulent characteristics of the atmosphere, which diffuse the pollutant in all directions (Lyons and Scott, 1992). Since most industrial pollutants are injected into the atmosphere near the surface of the earth, the physics of atmospheric boundary layer controls the transport and dispersal of pollutants. Wind speed, temperature, pressure, solar radiation, rainfall, humidity etc. everything effect the fate and dispersal of pollutants.

Air pollution may cause short-term impacts during atmospheric pollution episodes, as well as long-term impacts when air pollutants deposit on the ground and accumulate in the soil, water bodies, plants and animals. Exposure to a high level of pollutants results in serious health hazards. The high concentration of pollutants in air often results in respiratory problem. There are about 10350 excess deaths annually due to particulate air pollution in Dhaka (Azad et al., 2003). The relatively larger particles that may be inhaled get trapped in the nose. The finer particles reach the air passage; the deposition of these particles in the tracheobronchial tree is followed by their ascent through the mucociliary mechanism to the back to the alveoli. Macrophages or scavenger cells pick up these particles and carry them into the interstitial of the lungs, which causes lung diseases. The people living near power plants have a high occurrence of respiratory problems, lung diseases, problem in nasal system (Sultana, 2003).

Haque (2003) studied the impact of Barapukuria coalmine activity on land and land use pattern. Khaled (2003) conducted a study on the implementation of Barapukuria power plant project. This study aims to: (i) assess the socio-economic impacts of the plant, (ii) identify and quantify the environmental effects of the plant, (iii) estimate the pollutants emission rates from the power plant, (iv) analyze the transport and dispersion of pollutants using Gaussian dispersion model, (v) predict risk assessment



and economic evaluation of health impacts, and (vi) estimate the afforestation required to minimize the CO<sub>2</sub> emitted from the power plant.

## MATERIALS AND METHODS

### *Study area : Barapukuria power plant*

The power plant is located at Barapukuria (25° 40' North & 88° 57' East) of Parbattipur-Fulbari thana in Dinajpur district. The installed capacity of the power plant is 250 MW. It will burn 70,000 metric ton coal in a year from the nearby coalmine. The total population of the study area (Parbattipur and Fulbari Thana) is about 476,280 and total area is about 625 sq km.. Most of the people of the study area is farmer (38%), followed by business man (34%) and service holder (22%).

### *Method for estimating pollutants emission rates from the power plant*

Pollutants emission rates from the power plant are calculated by using the fuel consumption rate and emission factors (Kato and Akimoto, 1992) for the unit consumption.

### *Method to analyze the transport and dispersion of pollutants*

A Gaussian dispersion model (Peterson, 1978) was used to estimate the pollutant concentration at a selected location (x, y, z) in the three-dimensional field downwind of the power plant. The model can be expressed as:

$$(x, y, z) = \frac{Q}{2\pi u \sigma_y \sigma_z} \exp\left[-\frac{1}{2}\left(\frac{y}{\sigma_y}\right)^2\right] \left\{ \exp\left[-\frac{1}{2}\left(\frac{z-H}{\sigma_z}\right)^2\right] + \exp\left[-\frac{1}{2}\left(\frac{z+H}{\sigma_z}\right)^2\right] \right\} \text{-----(1)}$$

Where, C= concentration of pollutants at point (x,y,z), µg/m<sup>3</sup>

Q=emission rate of pollutants, µg/sec

σ<sub>y</sub>= horizontal dispersion co-efficient, m

σ<sub>z</sub>= vertical dispersion co-efficient, m

u= average wind speed at the effective stake height, m/sec

H=effective stake height, m

### *Method for prediction of risk assessment*

The most responsible air pollutant for health effects from power plant is PM<sub>10</sub>. The risk assessment of PM<sub>10</sub> for mortality and morbidity are estimated following Ostro (1994) as given below.

#### *Estimation of mortality*

Excess death resulting from exposure to PM<sub>10</sub> is estimated from the dose response relationship given below:

$$\text{Excess death} = 0.00112 * [PM_{10} - 41] * P * C$$

P = Number of people exposed; C = Crude mortality rate (0.0076 assumed).

#### *Estimation of morbidity*

a) Bronchitis: The total number of yearly cases of chronic bronchitis per 1,00,000 persons is:

$$\text{No of cases} = 6.12 * (PM_{10} - 41) * P$$



b) Change in restricted activity days per person per year is estimated as (WHO standard) :

$$\text{The change} = 0.0575 * (PM_{10} - 41) * P$$

c) Change in respiratory disease per 1,00,000 persons is estimated as,  
 $1.2 * (PM_{10} - 41) * P / 1,00,000$

d) Number of emergency room visits per 1,00,000 persons is estimated as,  
 $23.54 * [PM_{10} - 41] * P / 1,00,000$

e) The change in daily attacks per asthmatic person is estimated at  $0.0326 * (PM_{10} - 41)$ .

f) Respiratory symptom days per person per year are estimated at  $0.183 * (PM_{10} - 41)$ .

Finally these impacts of both mortality and morbidity are evaluated in monetary value.

*Method for estimating the rate of afforestation required for minimizing the CO<sub>2</sub> emission*

For estimating the afforestation required to minimize the CO<sub>2</sub> emitted from the power plant, a computer-based model, "plant mod 2.1" (Thornley and Johnson, 1990), was used to calculate the net photosynthesis rate i.e., CO<sub>2</sub> sink by the plants. The input parameters required for the model are mean daily temperature (°C), day of year and location latitude and longitude. The model is based on the following equation.

$$F_g = E_f \times \frac{S_{ad}}{EC} \quad \text{-----} \quad (2)$$

Where,  $F_g$  = Gross photosynthesis rate daily (Kg/m<sup>2</sup>/day)

$E_f$  = efficiency

$S_{ad}$  = Absorbed PAR summarizing over layers (w/m<sup>2</sup>)

$EC$  = Energy in Carbohydrate, 15.7 MJ/Kg.

Finally calculation was done to estimate afforestation required to sink the total CO<sub>2</sub> emitted from the power plant.

## RESULTS AND DISCUSSION

### Estimated pollutants emission rates from the power plant

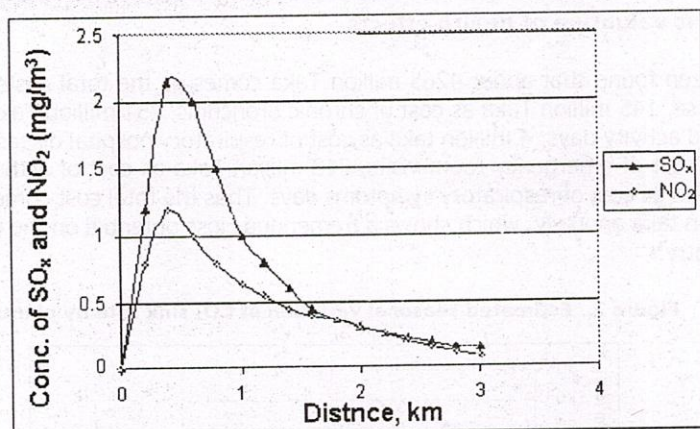
The emission rates of pollutants were estimated by multiplying the coal consumption rate, 70,000 metric ton per year, with the emission factors and the values are given in Table 1. It shows that the emission rate of CO<sub>2</sub> is relatively very high compare to others.



**Table 1: The estimated emission rates of the pollutants**

Pollutants	Emission rate (gm/sec)
CO <sub>2</sub>	5574.91
SO <sub>x</sub>	34
NO <sub>x</sub>	22.34

SO<sub>2</sub> is causing serious environmental problem in many industrial cities/zones of the world. It is the major source for acid rain. SO<sub>2</sub> has also adverse effects on human health. Concentration of more than 0.01 g/m<sup>3</sup> SO<sub>2</sub> can give rise to severe effects in the form of broncho constriction, chemical bronchitis and chemical tracheitis. Concentrations in the range 0.0026 – 0.0027 g (2600-2700 µg) / m<sup>3</sup> give rise to immediate clinical symptoms with bronchospasm in asthmatics (World Bank, 1997).

**Figure. 1. Comparison between SO<sub>x</sub> and NO<sub>2</sub> dispersal from the power plant in winter**

### Pollutants dispersion in the surrounding area

The pollutants concentrations downwind of the power plant were predicted using a Gaussian dispersion model as discussed earlier. The meteorological data for the model were available from nearby meteorological office. The dispersion coefficients for model input were derived from the workbook of atmospheric dispersion estimates (Turner, 1970). The model provides graphical representation of pollutants concentrations as output. The predicted downwind concentrations of SO<sub>x</sub> and NO<sub>2</sub> emitted from the power plant in winter are depicted in **Fig. 1**. There is a sharp rise in concentration up to 500 m, and then there is a gradual decrease as in gaussian distribution. It also shows that the concentration of SO<sub>x</sub> is higher than NO<sub>2</sub>.

### Risk assessment of the pollutants specially PM<sub>10</sub>

In this study, three categories of exposures are considered and thus the population is put into three categories – high exposure, moderate exposure and average exposure.



Table 2 shows the predicted potential mortality and morbidity resulting from exposure to pollutants especially  $PM_{10}$  in the study area. As estimated, the total number of excess death (mortality) = 530 and total morbidity = 11392882.

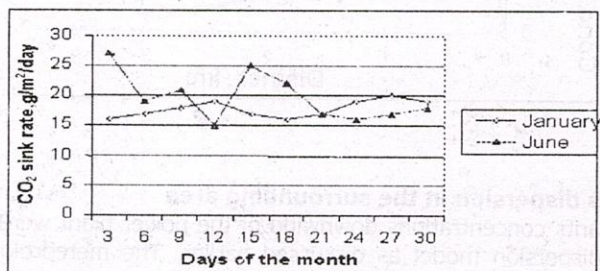
**Table 2. Estimated annual mortality and morbidity from pollutants specially  $PM_{10}$**

Case	Items	High exposure	Moderate exposure	Average exposure	Total
Mortality	Excess death	124	176	230	530
Morbidity	Chronic bronchitis	890	1272	1650	3812
	Restricted activity days	835852	1195022	1548858	3579732
	Respiratory hospital diseases	175	250	323	748
	Emergency room visits	3422	4892	6341	8955
	Asthma attacks	33172	47427	61470	142069
	Respiratory symptoms days	2660190	3803285	4929407	11392882

### Economic valuation of health effects

It has been found that about 4265 million Taka comes as the total costs for excess death case, 145 million Taka as cost of chronic bronchitis, 251 million Taka as cost of restricted activity days, 4 million taka as cost of respiratory hospital disease, 3 million Taka as cost of emergency room visits, 213 million Taka as cost of asthma attacks, 570 million as cost of respiratory symptoms days. Thus the total cost comes out to be 5.4 billion taka annually, which shows a tremendous loss potential on the economy of our country.

**Figure 2. Estimated seasonal variation of  $CO_2$  sink rate by plants**



**Table 3. Result of afforestation estimate**

Season	Maximum $CO_2$ concentration ( $mg/m^3$ )	$CO_2$ sink rate ( $g/m^2/day$ )	Annual afforestation required ( $m^2$ )
Winter	260	18	25351579
Summer	55	20	



### Afforestation required for minimizing the CO<sub>2</sub> emission

The power plant will produce a huge amount of CO<sub>2</sub>, the principal greenhouse gases. The plants are the major component of the ecosystem that can sink the CO<sub>2</sub> from the atmosphere. For estimating the afforestation required to minimize the CO<sub>2</sub> emitted from the power plant, a computer-based model was used to calculate the net photosynthesis rate. The seasonal variation of CO<sub>2</sub> sink rate by the plants as estimated by modeling study is shown in **Fig. 2**. It is found from the modelling study that the winter concentration of CO<sub>2</sub> is very high as the CO<sub>2</sub> sink rate is low. And in summer the CO<sub>2</sub> concentration is very low but sink rate is high (**Table 3**). As a result the air becomes more polluted in winter. For minimizing the CO<sub>2</sub> emitted from the power plant annually 25351579 m<sup>2</sup> afforestation is needed.

### CONCLUSIONS

In this study the potential impacts of the Barapukuria coal fired power plant on the surrounding environment have been assessed. The overall findings of the study could be summarized as follows:

- i. The power plant will emit a huge amount of pollutants. The people living in the area will be exposed to a high level of pollutants (CO<sub>2</sub>, SO<sub>x</sub>, NO<sub>x</sub> and PM<sub>10</sub>) and suffer severely from the diseases caused by the pollutants.
- ii. From the dispersion analysis using Gaussian dispersion model it is found that the maximum concentration of pollutant occurs at about 500 m directly downwind from the plant (Fig. 1).
- iii. Estimation shows that the number of mortality and morbidity per annum due to PM<sub>10</sub> pollution from the plant is about 530 and 11392882 respectively (Table 2).
- iv. The total estimated cost of health effects due to pollution from the power plant comes out to be about 5.4 billion taka, which shows a tremendous loss to our economy.
- v. The model results show that the required afforestation for minimizing the CO<sub>2</sub> emitted from the power plant is about 25 million m<sup>2</sup> annually (Table 3).



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## **FINANCIAL SECTOR REFORM IN NATIONALISED COMMERCIAL BANKS' PERFORMANCE: AN EVALUATION**

Rukshana Begum\*

**ABSTRACT:** Commercial Banks keep the economic activities on proper gear by infusing dynamism in the economy of any developing country of the modern world. Like other countries, it is also the main force that keeps healthy atmosphere for moving forward the wheels of production, trade and consumption by giving required bank credits in the development process of Bangladesh. Nationalised Commercial Banks (NCBs) have been playing a very important role as the source of credit circulation which is considered as the blood circulation of the economic growth of Bangladesh. In the modern market economy and in the face of globalization, NCBs have been facing immense competition and are compelled to provide their service as efficiently and effectively as possible. Even then the NCBs have been facing serious crises of huge amount of non-performing loan caused by the weak management policy, inefficient lending system, corruption, red-tapeism and other socio-economic problems prevailing in the country. All these not only hamper the growth trends of the NCBs, but also crush the back-bone of their future prospects. Recognizing these facts the government of Bangladesh has taken various reforms initiatives to obtain the optimum contribution from this sector. An attempt has been made in this paper to examine the crucial financial reforms initiatives taken in various periods to improve the performance of the NCBs. Different aspects of financial sector reforms like interest rate deregulation, classification and provisioning, reform of the legal frameworks and the impact of these measures on NCBs performances have been highlighted in this paper.

### **INTRODUCTION**

The Nationalised Commercial Banks of Bangladesh (NCBs) have been playing a very commendable role as an important force in the overall development process of Bangladesh. In the last three and a half decades or so they have come a long way to cover all the aspects of economic and social life of our country. Even then their contributions towards the economic growth, particularly in industrialization process, have not been satisfactory compared to other developing countries (Debnath, 2003:12). According to the opinion of the experts, NCBs are, now a days, riddled with many problems including weak management, high default rate leading to increasing non-performing loans and deteriorating customer service standards, absence of quality financial reports, lack of profitability-liquidity of portfolio management

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Assistant Professor, Department of Accounting and Information Systems, Rajshahi University.



knowledge, defective Management Information System (MIS), low income rate, lack of training and motivation of its own manpower, corruption, political interference and proper utilization of available resources (Ahmed, 1999:7). Recognizing the actual picture of financial market, the government initiated the Financial Sector Reform Program known as FSRP in 1989 to obtain the optimum contribution from this sector. As a result, attempts have been made recently to improve the recovery scenario and overall performance of the NCBs (Economic Review, 2004:48). So, the main objectives of the study is to focus on the financial sector reform initiatives and evaluate its impact on the trends of total income and expenditure, profitability, default problems and operational efficiency of this sector through some statistical techniques.

### **Objectives**

Objectives of the study are as follows:

- To study the various financial sector reforms initiatives and its impact on NCBs performances;
- To measure the extent and level of non-performing loan of NCBs;
- To show the trend and changes in the profitability trends ;
- To highlight the comparative position and forecast the volume of total income, expenditure, and manpower of NCBs, PCBs and FCBs;
- To analyze and interpret the financial data of the banks through statistical parameter like Mean, SD, CV, AGR, AAGR, EGR, Maximum level and Minimum level; and
- To find out the major problems still remaining in this sector even after the implementation of FSRP and to make some suggestions to improve the overall performances of NCBs.

### **Sources of Data**

The study is based on both primary and secondary data. Main emphasis has been given on secondary data which have been collected and compiled from *Economic Review*, *Annual Reports of NCBs*, *Economic Trends (Feb. 2005)*, *Bangladesh Bank Bulletin*, *Resume of the activities of Financial Institutions in Bangladesh (2004-05)*, *Scheduled Bank Statistics* and *Bank's Regulation*, etc. Primary data were mainly related to the causes of fluctuation of profit and showed the ways and means of the positive impact of FSRP to improve the prevailing situations in NCBs. Collected data covered a period for eleven years from 1994-95 to 2004-05.

### **Methodology**

There are many indicators to judge the performances of the commercial banks. The most important of those indicators is, no doubt, the analysis of the profitability and operational productivity of the banks. Statistical techniques including rates, percentages, ratio, mean, SD, CV, AGR, AAGR, EGR, Trend, Maximum level & Minimum level and exponential growth forecasting methods have been used in this study for analyzing the data and making conclusions out of it.

### **Scope and Limitations**

The commercial banks of Bangladesh are classified into three broad categories, such as Nationalised Commercial Banks (NCBs), Private Commercial Banks (PCBs), Foreign Commercial Banks (FCBs). This study, however, specifically looks in to the NCBs' performance with respect to their profitability and operational productivity trends



along with non-performing loan problem, net interest income, capital adequacy, assets quality, operational efficiency, utilization of resources in the context of various financial reforms initiatives. The conclusions are drawn on the basis of the findings, own observation and discussions with bank executives.

**Justification of the Study:** Several Economists, Scholars and researchers have conducted their researches on different aspects of commercial banks. Abedin & others (1990) have done their works in analyzing the productivity trend of some post liberation years of commercial banks and covered a period from 1973 to 1988. Abedin (1995), Shaha & Karim (1998) also showed the productivity and profitability trends of commercial banks. Those studies are not very recent. Sarker (1996) dealt only credit management issue. Ahmed, (1999), Chowdurury & Siddique (1999), Chowdurury & Raihan (1999), have conducted their study on the financial reforms issue, implication of WTO and non-performing loan problems. But those works did not include the impact of the financial reforms initiatives on the growth trends, rather identified only the problems & prospects of commercial banks. Moreover, causes and remedial measures were also discussed in a very limited way. No such study has been conducted so far to see FSRP's impacts on the profitability and operational productivity of the banks, especially of the NCBs. So, it requires a thorough study on this vital issue on the basis of the latest available data.

#### **NEED FOR FINANCIAL SECTOR REFORMS PROGRAM (FSRP)**

The reforms in the financial sectors, banking sector in particular, have been a continuous process. The financial reforms initiatives in our country started since early 1980s with the privatization of NCBs and allowing Private Commercial Banks (PCBs). Major changes have been brought about in policy areas under the surveillance and supervisory guidance of International Monetary Fund (IMF) and World Bank (Raqib, 1999:7). Before the reform initiatives started, the internal control system of commercial banks was weak. The books of accounts did never reflect the actual financial position of the banks, the quality of assets was never evaluated on strict accounting principles. In addition, the MIS was virtually non-existent, profitability and liquidity aspect of portfolio management was unfamiliar concept, the elements of capital adequacy were never given due weight (Chaudhury & Omar, 2003: 186). As a result, cumulative effect of mismanagement in money and capital market led to large accumulation of non-performing loans. The total scenario of financial sector was in a state of disarray (Islam et. al. 1999: 82). The government felt the need for overhauling of this sector in order to bring about structural, institutional and policy changes in the fragile financial sector, a National Commission of Money, Banking and Credit was constituted in 1984. The Commission submitted a report to the government in 1986 identifying the problem areas in our financial sector with specific recommendations to bring about the structural, institutional, policy and legal reforms (Chaudhury & Rahman, 1999 : 135). Accordingly, the Financial Sector Reform Project (FSRP) was launched in 1990 under Financial Sector Adjustment Credit of IDA- the 1st phase of which was completed in 1996. The financial sector reform has become a continuous process which is being carried out phase by phase. The Reform Programme include among other things the commercial banks restructuring, good governance, Liberalization of Interest Rate, Loan Classification Guideline, Bank Co. Act 2003, Fund and Liquidity Management, Money Laundering Act, 2002, Money Loan Court, 2003 etc (Azad, 2000: 105). Accordingly the government has formed a Bank



Reform Committee with eminent economists, experienced professional Bankers, including the governor of Bangladesh Bank, to make pragmatic recommendations to overhaul and strengthen the NCBs as well as the fragile financial sector of the country.

#### ANALYSIS AND FINDINGS OF DATA

Various Financial Reform initiatives have already showed positive impact in our financial sector in most of the fields. It has been able to remove the rigidity in high interest rate and reduced it to a rational level, increased the loan-able fund and reduced the cost of fund through increasing efficiency in fund management and reducing the level of non-performing loans. It can be observed with the backing of the cross section data that have been positive impact in the performance of NCBs.

#### i) Non-performing loan

Non-performing loan is one of the critical concerns in the banking sector of Bangladesh. It has been the burning issue for decades. In order to improve the recovery of loans, a good deal of work has been done. The Bangladesh Bank has imposed more stringent regulation for writing-off bad debts of the banks. Under this regulation in the year 2003-04, loan amounting to Tk. 543.0 million which was classified as bad debt five years ago and have 100 percent provision against them, has been written-off. Introducing of loan classification principle of institutional standard and intensive supervision of Bangladesh Bank has been yielding satisfactory results in recovering such loan. The level of classified loan has been gradually declining from 2000-01. In 2004-05 the ratio of classified loan to total loan was 13.55% which was 35.6% in 1999-2000. This ratio for the NCBs declined from 41.3% to 28.3%, PCBs ratio declined from 15.5% to 5.62% during the same period. It can be mentioned here that for the year 2003-04 and 2004-05 FCBs did not have any bad or non-performing loan. (Bangladesh Economic Review, 2005: 48).

**Table 1.1 :Position of Non-performing Loan of Commercial Banks from 1994-95 to 2004-05 (in %).**

Year	NCBs	PCBs	FCBs	Total
1994-95	32.12	44.53	8.86	34.85
1995-96	31.00	39.43	3.40	32.04
1996-97	32.55	34.77	4.72	31.49
1997-98	36.57	31.42	3.58	37.49
1998-99	40.38	32.72	4.14	39.18
1999-2000	41.30	21.2	0.9	35.6
2000-2001	34.1	15.5	0.1	28.8
2001-2002	32.8	10.5	0.3	25.6
2002-2003	30.1	10.5	0.4	22.6
2003-2004	25.3	8.3	0	76.63
2004-2005	21.35	5.62	0	13.55

Source: Bangladesh Economic Review, 2004, Ministry of Finance (p. 49) & Bank Loan Default Problem in Bangladesh: A Dialogue Between Borrower and Lenders. Islam M. & others, Bank Parikrama, Vol. XXIV, NO. 2, June 1999 (p. 84).

The Table 1.1 shows the decreasing trend of the non-performing loan of different types of banks. To expedite the settlement of the disputes regarding loan recovery of Financial Institutions, the "Money Loan Court", 2003 has been made effective. To



strengthen the process of recovering defaulted loans, banks, under this Act, are now empowered to sell the collaterals without prior approval of the Court. Effective application of this act started yielding encouraging results in the case of NCBs. As of June 2004, 53748 cases were filed by NCBs among which 32,043 cases were settled accruing the recovery of Tk. 470550 million (Bangladesh Economic Review, 2004:48).

## ii) Asset Quality

Prior to the 1990s, the priorities given to the specialized sectors caused inefficient lending and in turn, piled up classified loans for the NCBs. Besides, due to the inadequacy of the collaterals held by the NCBs and various legal constraints to liquidate them, banks were incapable of writing-off their bad debts accumulated over the years. However, the recent reform initiatives to improve the internal management and recovery processing system improved the recovery scenario. The analysis of the classified loans (Table 1.1) indicates that NCBs has the highest NPLs (non-performing loan) and postulates that the trend of NPLs is declining, though in a slow pace.

## iii) Capital Adequacy

An important regulation has been enacted which requires the banks to keep at least 9 percent capital adequacy in which core capital would be 4.5%. Before the regulation, almost all the banks were undercapitalized. Being not able to fulfill the capital adequacy ratio (because the application of more rigorous rules for provisioning) the NCBs had lost much of their capital stock. Years of reckless lending and sloppy accounting practices had taken their toll by eating away the capital base silently (Ahmed, 1999). As a result, Bangladesh Bank has been constantly monitoring to maintain the adequacy element of capital of the NCBs.

## iv) Net-Interest Income

The net interest income of the total banking sector has always been positive, although the NCBs showed a negative income in the last four years.

**Table 1.2: Net Interest Income (Tk. in million)**

	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
NCBs	311	(121)	(179)	(146)	(29)
PCBs	297	611	921	1017	1201
FCBs	178	254	327	338	363

Source: *Bangladesh Economic Review*, 2004, Ministry of Finance, p.47.

Table 1.2 shows that the net interest income of the NCBs in 1999-2000 was Tk. 311 million, which amounted to a loss of Tk. 179 million in 2001-2002. Having FSRP the trend shows a positive change and the loss has been reduced to Tk. 146 million in 2002-2003 and Tk. 29 million in 2003-2004. On the contrary, interest income of the PCBs and FCBs shows an upward trend.

## v) Operational productivity

Operational productivity is a measure of overall performance of banks. It is calculated as a ratio of total expenditure to the total income of banks for a given period. Relatively high expenditure and its increasing trends against the income, low profitability and negative growth trends indicate operational inefficiency resulting from inefficient management within the NCBs. Table- 1.3 shows that the NCBs' operational productivity income ratio are comparatively higher than those of PCBs and FCBs. This ratio was more than cent percent (100.52) in 1999-2000. Debiting the



income for making provision for classified loans was one of the reasons for such a big ratio. The scenario improved in the next few years and declined to 99.38%, 91.40% and 89.12% in 2000, 2003 and 2004 respectively. Currently, accumulated losses from the previous years are being offset from the current profit each year. In addition, steps have also been taken to rationalize and merge the losing branches of NCBs. In 1999-2000 branches of NCBs were 3606 and in 2004-05 the number was reduced to 3388 (Table 1.3). Improvements like these are also reducing the ratio. Table 2.1 shows the comparative AVG, SD, CV, AGR, EGR, AAGR, Max. level and Min. level of total income and expenditure of all commercial banks. The NCBs' average of total income is 30269.8; SD is 9992.2; CV is 33.01, AGR is 37.25, EGR is .23, AAGR is 9.64, and the average of total expenditure is 28983.9, SD is 8715.2; CV is 30.07, AGR is 42.56, EGR is .23, AAGR is 8.38. Table 3.1 and 3.2 indicate the actual position and forecast the trend of total income and expenditure of NCBs, PCBs and FCBs. These Tables show a positive trend of total income and expenditure of NCBs. There are 5.4119% error in total income and 7.06% error in total expenditure in forecasting. The operational productivity has a steady positive trend of PCBs and FCBs compare to NCBs.

#### vi) Profitability

Profitability is the profit earning capacity of a product, process, plant or an undertaking. An important criterion of efficiency is profitability. This needs to be considered in relation to the growth of deposits, advances, capital funds etc. Table 1.3 shows the profitability trend, the ROA (return on assets), manpower productivity, profit per branches, Return on capital and net profit to total income ratio of all commercial banks. NCBs had a negative profitability in the year 1998-99 and 1999-2000 amounting Tk. 59 million and 167 million respectively. After 1999-2000 it shows a positive profitability trend up to 2004-2005. But this increase in absolute amount does not speak much about the profitability of this sector. The profits in relation to the number of branches, employees, assets and capital were significant in 2001 to 2005. Among the three categories of the banks the profit performance of NCBs becomes poor. Because of the poor paid-up capital of NCBs, net profit-capital ratio (ROC), net profit-asset ratio (ROE) remained always low in the study period. Employee productivity and profit per branch also indicated very insignificant compared to PCBs and FCBs.

The Trend analysis of profitability has been shown in Table- 3.2. This table indicates the actual position and forecasted trend of profitability of all commercial banks. The forecasted trend of NCBs profitability is negative. The actual profitability and forecasted profitability were 964.8 and 44610.6 in 2004. The mean percentage of error (MPE) are shown .61%, practically mean squared error (MSE) is 4985.4 and mean absolute percentage error (MAPE) is 10.22%. If the other factors remain as usual then the forecasted figure would be 106137.4 in 2014. In the case of PCBs and FCBs the forecasted trend of profitability are positive. The mean percentage of errors (MPE) of PCBs is 64.44% and FCBs is 38.35%. The mean squared errors (MSE) are 329642.0 and 78974.7; mean absolute percentage errors (MAPE) are 64.45% and 38.35% of PCBs and FCBs respectively.

The profit per branch measure for categories of banks varies very widely. The ratio of NCBs shows that the situation is very volatile. In the year 2003-04 per branch



profit of NCBs was only Tk.201 thousand, PCBs was Tk. 3179 thousand and FCBs was Tk. 72736 thousand.

The Return on capital and Return on assets ratio of NCBs have shown an increasing trend except 1998-99 and 1999-00. This index also shows an upward trend of ROA and ROC of PCBs and FCBs.

The manpower productivity of NCBs had an upward trend except the year 1998-99 and 1999-00. In 1994-95 profit per employee was Tk. 3000 and it stood Tk. 12000 in 2003-04. The growth rate of manpower productivity was 34% in 2003-04 compared to 1994-95. But the manpower productivity of PCBs and FCBs were much higher than NCBs.

The forecast of total manpower trend of all commercial banks have been shown in Table 3.4. The Table indicates a negative forecasting of manpower of NCBs. The actual manpower and forecasted manpower were 59132 and 59365 in 2004 and there were .867% MPE, 577736 MSE and 10.41% MAPE in forecasting of NCBs. The PCBs trend of manpower was slightly negative. On the other hand, the forecasted trend of manpower of FCBs was positive. The actual manpower and forecasted manpower was 1450 and 1445 in 2004 and there was .845% MPE, 21809 MSE and 5.56% MAPE in forecasting of FCBs.

#### CONCLUSION

Financial sector reform initiatives introduced a number of changes in the banking system of Bangladesh, although a lot to be done yet. In the performance analysis of NCBs, we have seen much improvement during last few years. But a neutral observation will reveal that because of psychological rigidity to accept anything new, the speed of adaptability to reform was much slower than expected. The first major step of the FSRP was the establishment of the Money Loan Courts under which banks can obtain decrees in their favor against defaulters. The Banking Companies Act has also been amended and Bankruptcy Act was enacted.

In addition, some reform initiatives have resulted positive impact in the NCBs' performances such as: Performance Planning System (PPS), New Loan Ledger (NLL), New MIS, the training program and Credit Improvement Actions.

The restructuring of some NCBs, although initially included in the agenda, subsequently received less or slower attention (Raquib, 1999, p. 12). Finally, it can be said that the NCBs' performance has witnessed substantial improvement during the last few years with interest rates liberalization, management efficiency, proper accounting system, improved auditing and loan management practices and procedures, modern technology, capital adequacy on risk weighted assets, improving income position, less non-performing loan and better recovery system. NCBs are expected to operate with merged efficiency in the days ahead provided they do not abandon the track of constant reforms which actually mean change for their better performance in the banking sector. The following suggestions could be implemented to get the optimum benefit from the reform programs and to overcome various problems of the NCBs:



- Under FSRP the NCBs are allowed to determine the rates of interest (except some cases) on deposit and advances. NCBs should rationally utilize this opportunity, they might be able to increase their profitability and operational productivity;
- Strict cost control measures are to be applied to reduce its increasing trend;
- The management needs to be more alert in granting advances to viable projects and be prompt in recovery of funds;
- According to the opinion of the Bank Executives NCBs need to reduce the non-performing loans which affect the positive result on their performances and expansion;
- Better performance may be ensured by proper fund management and portfolio management and at the same time maintain optimum liquidity of NCBs;
- Strict discipline and accountability and efficient MIS have to be established;
- Excess manpower should not be employed which might increase the burden and cause lower profit. Expansion of modern computerized service system, however, could help to reduce the cost;
- Encourage the development of positive and mutual relationship between management and Trade union; and
- Purpose oriented training program should be extended.

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**Table No.2.1. Comparative statement of Total Income, Expenditure, Net profit & Total Manpower of Commercial Banks in Bangladesh during 1993-2004.**

TK. In Million

Period	Total Income			Total Expenditure			Net profit			Total Manpower		
	NCBs	PCBs	FCBs	NCBs	PCBs	FCBs	NCBs	PCBs	FCBs	NCBs	PCBs	FCBs
	X1	X2	X3	X4	X5	X6	X7	X8	X9	X10	X11	X12
1993	17383.0	9389.2	1951.0	1951.0	8135.1	918.5	-319.0	32.3	543.6	64492	18276	826
1994	17025.6	9518.9	2423.6	2423.6	8012.5	1057.4	189.2	148.0	686.2	63804	18794	888
1995	19820.8	9438.9	3356.5	3356.5	8319.9	1513.9	1123.7	565.6	907.6	63803	20083	966
1996	22491.1	11322.3	4084.6	4084.6	9397.5	2217.3	281.1	1314.9	987.2	63731	21140	1016
1997	25740.8	14142.2	5641.0	5641.0	11800.4	3356.4	167.7	1444.8	1342.1	62723	22194	1125
1998	28151.7	16964.6	5855.9	5855.9	14578.3	3266.2	-59.8	1583.5	1494.3	63583	22893	1262
1999	31612.6	10945.1	7136.5	7136.5	17609.2	4473.9	-166.6	1784.4	1497.0	62419	24281	1311
2000	37262.7	32676.2	9675.0	9675.0	24620.9	5480.8	245.8	3099.7	2204.6	62091	25975	1280
2001	38781.6	43210.0	10689.1	10689.1	31260.0	5881.7	382.4	5144.8	2598.1	61325	28068	1588
2002	36655.2	50215.5	10619.0	10619.0	39308.7	5707.9	198.8	4587.9	2240.8	60169	28336	1305
2003	41652.2	59212.5	7729.3	7729.3	45438.2	2522.7	682.2	4755.9	2764.4	58629	32576	1409
2004	46659.8	625159	8751.5	8751.5	46852.9	3524.9	964.8	5784.9	3894.8	59132	32680	1450

AVG	30269.8	28437.6	6492.8	28983.9	22111.1	3326.8	307.5	2520.6	1763.1	62158	24608	1202
S.D	9992.2	20923.7	3100.7	8715.2	14988.8	1766.1	431.3	2063.1	998.9	1954	4970	238
C.V	33.01	73.51	47.76	30.07	67.79	53.09	14.26	18.85	56.65	3.14	20.19	19.8
AGR	37.25	14.4	22.29	42.56	17.36	26.06	-33.0	0.56	13.96	1091	559	571
EGR	0.23	0.21	0.18	0.23	0.20	0.16	0.00	0.12	0.14	0.33	0.29	0.21
AAGR	9.64	20.21	16.33	83.8	17.86	18.29	27.89	87.20	20.94	-78	5.49	5.73
Max.Lev.	46659.8	65215.9	10689.1	41585.6	46852.9	5881.7	1123.7	5784.9	3894.8	64492	32680	1588
Min. Lev.	17025.6	8518.9	1951.0	16832.4	8012.5	918.5	-319	32.3	543.6	58629	18276	826

Source: *Economic Trends*, Statistics Department, Bangladesh Bank, Volume xxx, No. 4, April 2005, pp. 72-74.

**List of Abbreviations:** AVG= Average; S.D= Standard Deviation; CV= Co-relation of variance  
AGR= Annual Growth Rate; EGR= Expected Growth Rate; AAGR= Average Annual Growth Rate;  
Max. lev.= Maximum Level; Min. lev.= Minimum level

<b>List of Abbreviations:</b>	MP = Man Power	EGFM = Exponential Growth Forecasting Method
TI = Total Income	MPE = Mean Pct Error or bias	MSE = Mean Squared Error
TE = Total Expenditure	NP = Net Profit	MAPE = Mean Absolute Pct Error



**Table No.3.1. Forecasting Results & Remarks for Total Income of Commercial Banks in Bangladesh during 1993-2004.**

1. EGR of x1 EGFM of TI of NCBs				2. EGR of x2 EGFM of TI of PCBs				3. EGR of x3 EGFM of TI of FCBs			
Year	Actual	Forecast	Remarks	Year	Actual	Forecast	Remarks	Year	Actual	Forecast	Remarks
Tk. In m illion				Tk. In m illion				Tk. In million			
1993	17383.0	16904.5	Fav.	1993	9389.2	6830.7	Fav.	1993	1951.0	2836.3	Unfav.
1994	17025.6	18625.7	Unfav.	1994	9518.9	8448.4	Fav.	1994	2423.6	2816.3	Unfav.
1995	19820.8	20522.0	Unfav.	1995	9438.9	10449.2	Unfav.	1995	3356.5	3323.9	Fav.
1996	22491.1	22611.5	Unfav.	1996	11322.3	12923.8	Unfav.	1996	4084.6	3923.0	Fav.
1997	25740.8	24913.7	Fav.	1997	14142.2	15984.5	Unfav.	1997	5641.0	4630.0	Fav.
1998	28151.7	27450.3	Fav.	1998	16964.6	19770.0	Unfav.	1998	5855.9	5464.4	Fav.
1999	31617.6	30245.2	Fav.	1999	10945.1	24452.0	Unfav.	1999	7136.5	6449.3	Fav.
2000	37262.7	33324.6	Fav.	2000	32676.2	30242.9	Fav.	2000	9675.0	7611.6	Fav.
2001	38781.6	36716.0	Fav.	2001	43210.0	37405.1	Fav.	2001	10689.1	8983.4	Fav.
2002	36655.2	40450.0	Unfav.	2002	50215.5	46263.6	Fav.	2002	10619.0	10602.5	Fav.
2003	41652.2	44570.0	Unfav.	2003	59212.5	57220.0	Fav.	2003	7729.3	12513.3	Unfav.
2004	46659.8	49113.4	Unfav.	2004	62515.9	70771.0	Unfav.	2004	8751.5	14768.6	Unfav.
2005		541.39.5		2005		87531.4		2005		17430.3	
2006		59623.6		2006		108260.9		2006		20571.7	
2007		65694.2		2007		133899.8		2007		24279.2	
2008		72382.9		2008		165610.5		2008		28655.0	
2009		79752.6		2009		204831.2		2009		33819.4	
2010		87872.7		2010		253340.2		2010		39914.6	
2011		96819.5		2011		313337.4		2011		47108.3	
2012		106677.2		2012		387543.3		2012		55598.4	
2013		117538.6		2013		479323.1		2013		65618.7	
2014		129505.9		2014		592838.5		2014		77445.0	

MPE or Bias	= -1.985%	MPE or Bias	= -.9967%	MPE or Bias	= -2.16%
MSE	= 446355.0	MSE	= 844587.0	MSE	= 291570.0
MAPE	= 5.4119%	MAPE	= 11.94%	MAPE	= 16.09%

Source: *Economic Trends*, Statistics Department, Bangladesh Bank, Volume xxx, No. 4, April 2005, pp. 72-74.



**Table No3 2. Forecasting Results & Remarks for Total Expenditure of Commercial Banks in Rangsladesh during 1993-2004.**

4. EGR of x4 EGFM of TE of NCBs				5. EGR of x5 EGFM of TE of PCBs				6. EGR of x6 EGFM of TE of FCBs			
Year	Actual	Forecast	Remarks	Year	Actual	Forecast	Remarks	Year	Actual	Forecast	Remarks
Tk.in million				Tk.in Million				Tk.in Million			
1993	17697.0	17193.4	Unfav.	1993	8135.1	6273.8	Unfav.	1993	918.5	1346.8	Unfav.
1994	16832.4	18750.2	Fav.	1994	8012.5	7581.6	Unfav.	1994	1057.4	1541.3	Unfav.
1995	18691.1	20448.0	Fav.	1995	8319.9	9162.0	Fav.	1995	1513.9	1763.8	Unfav.
1996	22205.0	22299.4	Fav.	1996	9397.5	11071.9	Fav.	1996	2217.3	2018.6	Fav.
1997	25568.1	24318.4	Unfav.	1997	11800.4	13379.8	Fav.	1997	3356.4	2310.0	Fav.
1998	28086.9	26520.3	Unfav.	1998	14578.3	16168.9	Fav.	1998	3266.2	2643.5	Fav.
1999	31647.9	28921.6	Unfav.	1999	17609.2	19539.4	Fav.	1999	4473.9	3025.2	Fav.
2000	35321.6	31540.3	Unfav.	2000	24620.9	23612.4	Unfav.	2000	5480.8	3462.0	Fav.
2001	37359.6	34396.1	Unfav.	2001	31260.0	28534.5	Unfav.	2001	5881.7	3961.9	Fav.
2002	34203.5	37510.4	Fav.	2002	39308.7	34482.6	Unfav.	2002	5707.9	4533.9	Fav.
2003	38607.9	40906.7	Fav.	2003	45438.2	41670.6	Unfav.	2003	2522.7	5188.6	Unfav.
2004	41585.6	44610.6	Fav.	2004	46852.9	50357.9		2004	3524.9	5937.8	
2005		48649.7		2005		60854.0		2005		6795.2	
2006		53054.7		2006		73539.2		2006		7776.3	
2007		57858.5		2007		88868.6		2007		8899.1	
2008		63097.2		2008		107393.6		2008		10184.0	
2009		68810.3		2009		129780.0		2009		11654.5	
2010		75040.6		2010		156833.1		2010		13337.3	
2011		81835.1		2011		189525.5		2011		15263.0	
2012		89244.7		2012		229032.7		2012		17466.9	
2013		97325.3		2013		276775.2		2013		19988.8	
2014		106137.4		2014		334469.9		2014		22874.9	

MPE or Bias	=	-.03%	MPE or Bias	=	-.75%	MPE or Bias	=	-8.45%
MSE	=	557726.0	MSE	=	617694.0	MSE	=	218077.0
MAPE	=	7.06%	MAPE	=	11.03%	MAPE	=	38.72%

Source: *Economic Trends*, Statistics Department, Bangladesh Bank, Volume xxx, No. 4, April 2005, pp. 72-74.



**Table No.3.3. Forecasting Results & Remarks of Profitability of Commercial Banks in Bangladesh during 1994-2004**

4. EGR of x7 EGFM of NP of NCBs				5. EGR of x8 EGFM of NP of PCBs				6. EGR of x9 EGFM of NP of FCBs			
Year	Actual	Forecast	Remarks	Year	Actual	Forecast	Remarks	Year	Actual	Forecast	Remarks
Tk. (in million)				Tk. (in million)				Tk. (in million)			
1993	-319.0	17697.0	Unfav.	1993	32.3	32.3	Fav.	1993	543.6	543.6	Fav.
1994	189.2	18750.2	Unfav.	1994	148.0	55.4	Fav.	1994	686.2	571.5	Fav.
1995	1123.7	20448.0	Unfav.	1995	565.6	158.6	Fav.	1995	907.6	640.1	Fav.
1996	281.1	22205.0	Unfav.	1996	1314.9	396.1	Fav.	1996	987.2	714.3	Fav.
1997	167.7	24318.4	Unfav.	1997	1444.8	523.7	Fav.	1997	1342.1	848.1	Fav.
1998	-59.8	26520.3	Unfav..	1998	1583.5	844.0	Fav.	1998	1494.3	991.8	Fav.
1999	-166.6	28921.6	Unfav..	1999	1784.4	1069.9	Fav.	1999	1497.0	1113.8	Fav.
2000	245.8	31540.3	Unfav.	2000	3099.7	1523.2	Fav.	2000	2204.6	1358.0	Fav.
2001	382.4	34396.1	Unfav.	2001	5144.8	2315.1	Fav.	2001	2598.1	1643.0	Fav.
2002	198.8	37510.4	Fav..	2002	4587.9	2873.5	Fav.	2002	2240.8	1811.9	Fav.
2003	682.2	40906.7	Unfav.	2003	4755.9	3376.5	Fav.	2003	2764.4	2057.0	Fav.
2004	964.8	44610.6	Unfav.	2004	5784.9	4003.6	Fav.	2004	3894.8	2489.9	
2005		48649.7		2005		4173.0		2005		2573.1	
2006		53054.7		2006		2342.5		2006		2656.3	
2007		57858.5		2007		4512.0		2007		2739.6	
2008		63097.2		2008		4681.4		2008		2822.7	
2009		68810.3		2009		4250.9		2009		2905.9	
2010		75040.6		2010		5020.3		2010		2989.1	
2011		81835.1		2011		8189.8		2011		3070.2	
2012		89244.7		2012		5359.2		2012		3155.5	
2013		97325.3		2013		5528.7		2013		3238.8	
2014		106137.4		2014		5894.9		2014		3506.4	

MPE or Bias	=	.61%	MPE or Bias	=	64.44%	MPE or Bias	=	38.35%
MSE	=	4985.4	MSE	=	329642.2	MSE	=	78974.7
MAPE	=	10.22%	MAPE	=	64.45%	MAPE	=	38.35%

Source: *Economic Trends*, Statistics Department, Bangladesh Bank, Volume xxx, No. 4, April 2005, pp. 72-74.



**Table No. 3.4. Forecasting Results & Remarks for Manpower of Commercial Banks in Bangladesh during 1993-2004.**

4. EGR of x10 EGFM of MP of NCBs				5. EGR of x11 EGFM of MP of PCBs				6. EGR of x12 EGFM of MP of FCBs			
Year	Actual	Forecast	Remarks	Year	Actual	Forecast	Remarks	Year	Actual	Forecast	Remarks
No. of Manpower				No. of Manpower				No. of Manpower			
1993	64492	65024	Unfav.	1993	18276	18276	Fav.	1993	826	882	Fav.
1994	63804	64488	Unfav.	1994	18794	18980	Fav.	1994	888	930	Unfav.
1995	63803	63956	Unfav.	1995	20083	18725	Unfav.	1995	966	980	Unfav.
1996	63731	63429	Unfav.	1996	21140	19231	Unfav.	1996	1016	1033	Unfav.
1997	62723	62906	Unfav.	1997	22194	19870	Unfav.	1997	1125	1089	Unfav.
1998	63583	62388	Fav.	1998	22893	20550	Unfav.	1998	1262	1148	Unfav.
1999	62419	61873	Fav.	1999	24281	21403	Unfav.	1999	1311	1211	Unfav.
2000	62091	61363	Unfav.	2000	25975	22461	Unfav.	2000	1280	1276	Unfav.
2001	61325	60875	Fav.	2001	28068	23771	Unfav.	2001	1588	1346	Fav.
2002	60169	60356	Unfav.	2002	28336	24930	Unfav.	2002	1305	1419	Fav.
2003	58629	59858	Unfav.	2003	32576	26750	Unfav.	2003	1409	1496	Fav.
2004	59132	59365	Unfav.	2004	32680	28303	Unfav.	2004	1450	1477	
2005		58875		2005		28730		2005		1662	
2006		58400		2006		29157		2006		1753	
2007		57908		2007		29584		2007		1848	
2008		57431		2008		30010		2008		1948	
2009		56958		2009		30437		2009		2054	
2010		56488		2010		30864		2010		2165	
2011		56022		2011		31291		2011		2283	
2012		55561		2012		31717		2012		2407	
2013		55103		2013		32144		2013		2537	
2014		54648		2014		33591		2014		2675	

MPE or Bias =	.867%	MPE or Bias =	.75%	MPE or Bias =	8.45%
MSE =	65772.60	MSE =	71769.4	MSE =	22807.70
MAPE =	10.41%	MAPE =	11.16%	MAPE =	5.56%

Source: *Economic Trends*, Statistics Department, Bangladesh Bank, Volume xxx, No. 4, April 2005, pp. 72-74.



## INDUSTRIALIZATION IN PRE-LIBERATION BANGLADESH

Indrajit Kundu\*

**ABSTRACT:** Industrialization in pre-liberation Bangladesh was dependent, unplanned and fragile. The ruling elites of West Pakistan were not only reluctant in changing the agricultural face of Bangladesh, but their all-out efforts were to extract the surplus of Bangladesh for the industrialization of West Pakistan. The primary capital needed for West Pakistan's industrialization thus came from Bangladesh agriculture, though Bangladesh remained a land having almost no remarkable modern industrial plants except some jute, cotton and paper industries. Bangladesh served as the monopolised captive market of West Pakistan. Present article tries to explore and examine the industrial development process in the then Bangladesh with reference to the industrial development in West Pakistan.

### INTRODUCTION

Bangladesh was the Eastern wing of Pakistan since 1947 to 1971, while Pakistan emerged as an independent state<sup>1</sup> through the partition of British Indian Empire on 14 August 1947. During partition the industrial sector of Pakistan was too weak and that had wide dependence on agriculture continued from the very outset. In 1949-50 the share of industrial sector in national product of Pakistan was only 7.75 percent while the shares of agriculture, construction and service sectors were 53.20 percent, 1.44 percent and 37.61 percent respectively (Bhatia: 253). Besides, at the time of partition Pakistan inherited only 9.6 percent industries and only 6.3 percent of the total industrial workers of united India (Bhatia: 28). The communication between the two wings of Pakistan was very costly and difficult as they were separated from each other by more than a thousand miles of Indian Territory. This long distance hampered the mobility of resources and manpower between the two wings. Since the wide geographical, socio-economic, cultural and ethnic differences between the two wings made Pakistan a *double country* (Jahan: 10), religion was the only common agenda of the people of Pakistan. However, the demographic difference was more obvious as East wing's population density was nearly seven times that of West wing.

East Wing of Pakistan was a fairly homogeneous cultural-linguistic region with majority population as around 55 percent of the total population of Pakistan lived there. On the contrary, West Pakistan was a relatively diverse and larger geographic area having rather heterogeneous cultural-linguistic features than East wing. Pakistan was an exporter of raw cotton, raw jute and food grains since East wing was the

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\* Associate Professor, Department of Sociology, University of Chittagong



world's largest producer and exporter of raw jute. During partition, West wing owned an oil refinery, a few cotton textile plants and some sugar and cement industries, while East wing possessed some small-scale and cottage industries on textiles, bidis (indigenous cigarettes), wheat milling, rice husking etc. Thus the domestic supply of manufactures was almost imported from India, while the raw materials needed for industries were largely grown in Pakistan (Lewis: 2). The modern commercial and banking institutions were also very weak in Pakistan in respect of both volume and degree.

**Table 1: Demographic differences between East and West Pakistan**

	Total population (millions)		Population Density (persons/Sq. mile)		Urbanization (Percentage)		Literacy (percentage)	
	1951	1961	1951	1961	1951	1961	1951	1961
East Pakistan	41.9	50.8	701	922	4.3	5.2	21.1	21.5
West Pakistan	33.	42.9	109	138	17.8	22.5	16.4	16.3

Source: Jahan, Rounaq, *Pakistan: Failure in National Integration*, p-11

Despite those limitations Pakistan's economy survived because of her underlying strength. According to Stephen R. Lewis:

It was saved by several valuable assets: domestic production of raw jute, and raw cotton, the foreign exchange reserves accumulated during the Second World War that were divided between India and Pakistan, and a spirit of nationalism that made the institutions and the bureaucracy function amidst general chaos.

#### **INDUSTRIAL POLICY OF PAKISTAN**

Pakistan was basically an agricultural country and at the very outset almost all its imports were manufacturers and all exports were agricultural products. But the leaders of Pakistan rapidly adopted a policy for planned industrialization to cope with the general demand for economic development, employment and income generation. So the general structure of Pakistan's economy experienced some tremendous changes as the compound growth of large-scale manufacturing industry proceeded at a rate of between 10 and 15 percent per year during the 1950s and 1960s. From the late 1950s Pakistan started exporting manufactures, which gradually reduced its dependence on the export income of raw jute and raw cotton. Shortly government adopted a set of broad and strict quantitative controls on imports that resulted in excess of agricultural goods and scarcity of manufacturers. In fact, the system of exchange control and import licensing was the key to the economic policy that ensured high growth rate in manufacturing industry. This policy shifted huge amount of income from farming sector and urban consumers to the new industrialists who were granted foreign exchange at prices well below its opportunity cost to the economy (Lewis: 161). Ultimately the terms of trade sharply turned against agriculture in favour of manufacturing that made industrial investment very profitable. The rate of subsidy to manufacturing exports were also very high and the industrialists were allowed to sell their products in highly protected markets. In this way, a substantial amount of income was transferred out of agriculture and into manufacturing sector. These income transfers were a key reason for the rapid growth of industry in West wing.



Pakistan did not follow Britain and India in devaluation scheme in 1949, which was a vital decision regarding trade policy and subsidy structure for domestic industry. This policy was taken mostly to attain better terms of trade with India in the sale of raw jute. At the same time, Pakistan introduced an import tariff to provide significant profit to domestic producers of import-substituting consumer goods, specifically those using agricultural raw materials. However, as the Korean War boom boosted foreign exchange, imports became very freely available to enlisted importers. But after rapid fall of export prices with the end of war boom, direct control on the imports was imposed to meet the foreign exchange crisis. The import control policy, thus, appeared as the only basis of import licensing decisions and it led the licensing decisions during the 1960s. According to Lewis, '...the system of import controls was by far the most important instrument of government policy in Pakistan' (Lewis: 4). Moreover, Pakistani rupee was overrated at the official exchange rate all through the 1950s and 1960s. This overvaluation depressed export earnings and generated extra demand for imports that finally shaped the extent and make-up of imports.

Pakistan government drafted Six-Year Development Plan (1951-57) in 1950 and first report of industrial policy was floated in 1951, but the complete planning machinery emerged only in 1953 with the formation of The Planning Board (Lewis: 5). Military ruler Ayub Khan changed the organization of The Planning Board and it was renamed 'The Planning Commission of Pakistan', which became the part of the President's Secretariat. Thus the second plan (1960-65) was more organized and motivated than the First and it welcomed more foreign aid. Though, at the very outset, the military ruler imposed greater controls to check the declining economic and political situation, a decontrol system was adopted very soon with the increase in foreign resources. The Planning Commission acted as think-tank of the government since many policies like the Export Bonus Scheme<sup>2</sup> were adopted. Pakistan government backed private initiatives by allowing huge subsidies in the form of tax concessions, industrial parks and so on, but foreign private investment was not gladly welcomed. In some cases, the government even invested in the industries straight where private capital dared not to invest or was not capable to invest, though those industries were later transferred to the private sector. Clearly, the private capital interests were given strong protection through state-controlled banking system, adoption of new technology, creation of trained labour force and sale of products in highly secured market etc. Pakistan simultaneously played both preventive and positive roles to expedite industrialization as all business were licensed and controlled by the government.

#### **FOREIGN TRADE AND INTER-WING TRADE**

Over time, the rapid growth of the manufacturing sector brought some significant changes in the make-up of foreign trade in Pakistan. As a result, textile imports declined and imports of capital goods and food grains increased. The changes occurred mainly due to import-substitution in cotton textiles, the sterility in agriculture, the grain imports under PL 480 and the rapid rise in industrial investments.

A dramatic change was noticed in export composition as both raw jute and raw cotton lost their dominance and jute and cotton textiles emerged as exports along with other exports.



**Table 2: Importance of some commodity groups in total imports (Percentages)**

Commodities	1951-52	1959-60	1964-65
Cotton yarn and cloth	28.7	0.6	a
Grains and flour	a	14.6	12.7
Iron and steel and products thereof	7.4	8.7	16.6
Machinery, transport and electrical equipment	9.2	25.4	33.4
All other imports	54.7	50.7	37.3
Value of commodity imports (Rs. Million)	2,237.3	2,461.0	5,392.4

Note: a-less than .5 per cent;

Source: Lewis, *Pakistan: Industrialization and Trade Policies*, p-11

**Table 3: Composition of principal commodity exports from Pakistan (%)**

Commodities	Pre-plan 1951/52- 1954/55	First plan 1955/56 - 1959/60	Second plan 1960/61- 1964/65
Raw jute	46.1	47.3	39.2
Raw cotton	38.6	18.4	14.0
Wool, hides and skins	5.5	7.8	7.4
Jute and cotton textiles	0.7	14.0	20.2
Other exports	9.2	12.5	19.2
Total	100.00	100.00	100.00

Source: Lewis, op., cit., p-12

Pakistan government adopted a wide variety of policies to protect the nascent industries of Pakistan that contributed a lot in promoting exports. The policies were: the export bonus scheme, special access to import licences for exporters, refunds of import duties on imported components, special subsidies through the corporation income tax, exemption of exported goods from local sales and excise taxes, etc (Lewis: 162). Lewis illustrated:

Cotton textiles and jute textiles (68 and 65 per cent of value added 'due to' protection) should be discussed together, since they share many features in common. Both are now export industries, but both receive a price of foreign exchange higher than the official rate, because both receive bonus vouchers for their exports. In addition, both industries use as their principal raw materials products that are exported at a price *below* the official price of foreign exchange, since both raw jute and raw cotton have been subject to export duties. As a result, the nominal subsidy in the form of the Bonus Voucher receipts for exports is compounded by the subsidy in the form of very cheap raw materials. The nominal rate is cascaded into a very high rate of effective protection to the processing industry. Given the nominal rate of subsidy to exporting the finished product, the level of estimated effective protection or subsidy to domestic processing is quite sensitive to the level of export duty on the major raw material input (Lewis: 86).

However, the above-discussed policies expedited the industrialization of West wing only, as there remained a major disparity regarding the distribution of foreign exchange earnings of imports, foreign aids and investment resources between the two wings. Thus, in the three consecutive plan periods, while East wing relentlessly



earned more than half of the export earnings, it received less than one-third of commodity imports.

**Table 4: Shares of commodity imports and exports of East and West Pakistan**  
(Per cent of total, current prices)

	Pre-Plan 1950/51—1954/55	First Plan 1955/56— 1959/60	Second Plan 1960/61—1964/65
<b>A. Commodity Imports</b>			
East Pakistan	29.4	29.1	30.5
West Pakistan	70.6	70.9	69.5
All Pakistan	100.00	100.00	100.00
<b>B. Commodity Exports</b>			
East Pakistan	50.3	61.4	59.5
West Pakistan	49.7	38.6	40.5
All Pakistan	100.00	100.00	100.00

Source: Lewis, op., cit., p-142

Governmental imports played a vital role in allocating resources between the two wings, but East wing received very small share in imports on public account in all the three plan periods. Besides, a huge flow of income from East to West was obvious in Pakistan. The import control policy, the overvaluation of the currency, the export policy of the 1950s and the squeeze on agriculture should be scanned to realize the process of income transfers and the effects of economic policy in two wings. However, the import control policy alone had most adverse effect on the capital formation process in East wing's industry.

**Table 5: Share of government imports by region**  
(% of total government imports)

	Pre-Plan 1950/51—1954/55		First Plan 1955/56—1959/60		Second Plan 1960/61—1964/65	
	Govt. imports	Govt. imports less food- grains	Govt. imports	Govt. imports less food- grains	Govt. imports	Govt. imports less food- grains
East Pak	30.3	51.3	35.5	31.9	36.0	41.5
West Pak	69.7	48.7	64.5	68.1	64.0	58.5
All Pakistan	100.00	100.00	100.00	100.00	100.00	100.00

Source: Lewis, op., cit., p-157

All through the early and mid-1950s, the agriculture sector in East wing was squeezed to a much greater extent than the agricultural sector in West wing. Due to the pseudo exchange rate, East wing's farmers not only received lower prices for farm products than their West Pakistani counterparts, but they also had to pay higher prices for the manufacturers. At the same time, East wing's global trade was restricted as the licensing of foreign exchange to East was more rigid than that of West. While these exchange and import control policies affected East wing badly due to her low level of manufacturing capacity, they expedited the squeezing of her agriculture for the industrialization of West wing. While trade between East and West



wing was virtually absent at partition, the inter-wing trade increased rapidly after partition in respect of both volume and degree.

**Table 6: Inter-wing trade in Pakistan: 1747-69 (million rupees)**

Years	Exports from Bangladesh	Imports from West Pakistan	Years	Exports from Bangladesh	Imports from West Pakistan
1947-48	19	140	1958-59	362	569
1948-49	50	235	1959-60	363	826
1949-50	62	272	1960-61	402	855
1950-51	na	na	1961-62	471	957
1951-52	149	218	1962-63	511	895
1952-53	151	387	1963-64	544	875
1953-54	198	305	1964-65	655	1209
1954-55	238	334	1965-66	739	1325
1955-56	244	532	1966-67	785	1233
1956-57	269	701	1967-68	871	1385
1957-58	289	686	1968-69	966	1800
Total 1947-1969(in million rupees)				8,238	15,739
Total 1947-1969(in US\$)				1,737	3,309

Source: Muhiith, *Bangladesh: Emergence of a Nation*, p-113

The volume and balance of both inter-wing and foreign trade for the two wings showed that East wing usually enjoyed a surplus with the rest of the world and a deficit with West wing. In the years before 1959/60, the net result was an overall balance of trade surplus for East wing. Only in the Second Plan period East wing experienced an overall balance of trade deficit. In contrast, though West wing persistently enjoyed surplus with East wing, it had deficit with the rest of the World. Thus, West wing always had a huge overall balance of trade deficit even if it was measured at global prices for foreign trade and domestic prices for inter-wing trade. Considering that shown balance of trade one might be misconceived as if there remained a resource transfer from West to East wing instead of East to West wing. In fact, the shown balance of trade was faulty since the computation was based on erroneous and partial data.

Since 1949, East Pakistan was compelled to spend her export earnings to import the commodities from West Pakistan at relatively higher price than the world market. The industries for the production of those commodities could be set up in East Pakistan by employing her huge surplus earnings in foreign trade. But East Pakistan's surplus in foreign trade was utilized for West Pakistan's industrialization by importing the means of production (machineries for industry and raw materials) from the world market at an increasing degree. In 1950s and 1960s the total deficit of West Pakistan in global trade was taka 555 crore, while the corresponding surplus of East Pakistan in global trade was taka 390 crore. The three fourth of the trade-deficit of West Pakistan was met by the trade-surplus of East Pakistan and the remaining of the deficits came from foreign aid. In this way West Pakistan imported capital goods and material for capital goods, twice than that of East Pakistan, resulted its industrialization by using the resources of East Pakistan (Sen: 61).<sup>3</sup>



**Table 7: Commodity imports and exports for East and West Pakistan for inter-wing and foreign trade (annual average, Rs. million)**

	Pre-Plan 1950/51 to 1954/55	First Plan 1955/56 to 1959/60	Second Plan 1960/61 to 1964/65	
Imports from abroad	439.4	624.8	1,219.2	<b>E A S T  P A K.</b>
Imports from West Pakistan	287.8	564.3	881.5	
Total imports	727.2	1,189.1	2,100.7	
Exports to abroad	863.4	979.8	1,260.3	
Exports to West Pakistan	125.7	280.6	457.0	
Total exports	989.1	1,260.4	1,717.3	
Balance of trade with West Pakistan	-162.1	-283.7	-424.5	
Balance of trade with abroad	424.0	355.0	41.1	
Balance of trade combined	261.9	71.3	-383.4	
Imports from abroad	1,053.1	1,525.0	2,772.7	<b>W E S T  P A K.</b>
Imports from East Pakistan	125.7	280.6	457.0	
Total imports	1,178.8	1,805.6	3,229.7	
Exports to abroad	852.8	616.3	857.2	
Exports to East Pakistan	287.8	564.3	881.5	
Total exports	1,140.6	1,180.6	1,738.7	
Balance of trade with East Pakistan	162.1	283.7	424.5	
Balance of trade with abroad	-200.3	-908.7	-1,915.5	
Balance of trade combined	-38.2	-625.0	-1,491.0	

Note: Inter-wing trade is not valued at 'world' prices, so flows of goods are valued at domestic prices for inter-wing trade and 'world' prices for foreign trade.

Source: Lewis, op., cit., p. 143

However, the actual surplus of East wing in foreign trade was much more than taka 390 crore as the value of foreign currency was regulated and controlled by a veiled means. East wing was compelled to surrender her export earnings in foreign currency in return for rupees at official rate. The central government credited rupees to East wing's account in lieu of foreign currency. As the official value of rupee against US dollar was determined artificially, the value of rupee was set above the actual market price. In this way, Pakistan government fixed rupees 4.76 for one dollar, though the market value of one dollar was more than 8 rupees (Sen: 60). Despite changes in global market Pakistan government maintained this fixed exchange rate for about one decade and a half. This rate however sustained till dry up of surplus in East wing's agriculture. The actual value of US dollar was indeed about 68 percent higher than the official exchange rate set by the government. As a consequence, when the jute cultivator of East wing earned one dollar for jute export, he was given only rupees 4.76 in official rate. As the actual value of one dollar was rupees 8, the remaining amount, i.e.,  $(8.00-4.76)$  = rupees 3.24 per dollar was appropriated by West wing's businessmen and central government straight (Sen: 61). The primary capital needed for the industrialization of West wing was accumulated through this mechanism. Sen branded this process as primitive capital accumulation, which had a great degree of similarity with the situation that prevailed in British India:



Thus the industrialization of West Pakistan became possible by employing the resources earned from East Pakistan's agriculture through primitive capital accumulation. The state of Pakistan played the prime role in this process of primitive accumulation of capital (Sen: 61).<sup>4</sup>

Clearly, the rapid increase in the relative price of manufactured goods in East than in West wing was due to the tightly controlled licensing decisions by the central government. The unequal distributions of imports between East and West resulted income transfers out of agriculture and into the young industrial sector of West wing. Moreover, the increase in indirect taxes, which apparently fell on the manufactured goods, was really a tax on incomes originated in the productivity of the agriculture sector. Despite reduction of real income because of governmental policies, still the real savings effort in the economy came from the agricultural sector, as it was the productive sector. Industrialization of East wing was then a mere dream against the industrialization of West wing.

#### **DISPARITY IN REGIONAL DEVELOPMENTS**

Because of wide geographical, socio-economic, cultural and ethnic differences, the rate and pattern of economic growth was quite different in East and West wing of Pakistan. The inter-wing economic disparity widened further due to the intricacies of economic and non-economic factors. The structure of production and the extent of per capita gross regional product in the Pre-Plan, First Plan and Second Plan periods depicted the huge disparity between two wings. In all these periods the share of large-scale manufacturing in West wing was more than twice than that in East wing (Lewis: 140). In the First Plan period the transfer of resources from East to West through the mechanism of exchange controls and inter wing trade was in its maximum level, so the disparity in real incomes per capita in the two wings was the highest. Obviously, a clear-cut disparity underwent in respect of both public and private investments, as only 20 percent of the total investment was allotted for East wing during pre-plan period (1950-55).

In First, Second and Third Five-Year plan this share increased slightly, though it never exceeded 40 percent of the total investment. Even, a big share from the revenue earnings of East wing was diverted in the name of meeting the expenses of central government. Virtually West wing was the lone beneficiary of the expenditure for the centre as the central capital of Pakistan was situated in the West. In the decades of 1960s and 1970s a huge resource was invested in West wing out of the central planning, a major part of which was employed for the development of Indus basin. The hydroelectric projects and irrigation dam established in Indus basin enhanced the electricity production along with agricultural production. Due to huge investments in both the revenue and development sectors, the infrastructure of West wing developed notably that ultimately expedited her industrialization. Central government defended the disparity between two wings through the allocation of resources showing greater demands in the West wing. Clearly, less than one-third of public investment went to East wing in the Pre-Plan and First Plan periods. Though a marked increase in investment was seen in Second Plan period, still the public sector investment remained highly concentrated to West wing.



**Table 8: Public sector investment or development expenditures**

	Pre-Plan 1950/51—1954/55		First Plan 1955/56—1959/60		Second Plan 1960/61— 1964/65	
	Amount	%	Amount	%	Amount	%
East Pakistan	188	31.3	394	29.8	1,251	44.8
West Pakistan	413	68.7	926	70.2	1,539	55.2
Total	601	100.00	1,320	100.00	2,790	100.00

Source: Lewis, op., cit., p-157

**Table 9: Expenditure in East and West Pakistan (in crore taka)**

Expenditure under planning				Expenditure beyond planning	Total develop- ment expen- diture	Aggregate expenditure (including revenue expenditure)	Percentage of development expenditure	
Year	Govt.	Non- govt.	Total					
1950/51 -54/55	70	30	100		100	271	20	E A S T  P A K.
1955/56 -59/60	197	73	270		270	524	26	
1960/61 -64/65	625	300	925	45	970	1404	32	
1965/66 -69/70	1106	550	1656		1656	2141	36	
1950/51 -54/55	200	200	400		400	1129	80	W E S T  P A K.
1955/56 -59/60	464	293	757		757	1655	74	
1960/61 -64/65	770	1070	1840	231	2071	3355	68	
1965/66 -69/70	1210	1600	2810	360	3170	5395	64	

Source: Sen, Anupam, *Bangladesh: Rashtra O Samaj*, p-59

However, in third five-year plan a relatively larger share of public fund was granted for East wing. But their remained a hidden mechanism which kept the multi million-dollar expenditure of the projects on the Indus basin and the new capital in Islamabad beyond planning. Besides, more than 70 percent of the central government's budget expenditure went to civil administration and defence, which were centred in West wing (Jahan: 76). Thus the expenditure beyond planning and central government's expenditure altogether brought benefit for West wing alone. As a direct outcome of the biased policy of Pakistan government the infrastructure in West wing developed rapidly that further widened the economic disparity between East and West wing. In case of total fixed investment in all periods covered, East wing received less than one-third of total investment. The following table depicts the fact:



**Table 10: Estimates of fixed investment in East and West Pakistan (Rs. Million)**

	1959/60		Second Plan 1960/61—1964/65		1965/66	
	Amount	%	Amount	%	Amount	%
East Pakistan	1,023.7	33.7	2,038.1	32.2	2,384.6	30.9
West Pakistan	2,014.2	66.3	4,296.9	67.8	5,340.7	69.1
All Pakistan	3,037.9	100.00	6,334.0	100.00	7,725.3	100.00

Source: Lewis, op., cit., p-146

However, there was a wide disparity in economic performance in East and West wing, since most industries were located in West wing. The disparity in per capita GNP between East and West wing rapidly increased in the 1950s, especially in the First Five-Year Plan, which widened further in the later decades. The distribution of imported capital goods and materials for capital goods also projected the same disparity between East and West wing. In the Second Plan Period, the investment as per the share of gross regional product was consistently lower in East than in West wing, though percentage of investment financed by own savings was much higher in East wing than West wing. Ironically, during the Ayub era, while the public sector allocations to East wing increased notably, the private sector performance remained more or less static.

**Table 11: Private investment, in East and West Pakistan 1963-68**

	Million Rupees		Percentage of Total	
	East	West	East	West
1963-64	547	2,091	21	79
1964-65	817	2,614	24	76
1965-66	681	2,397	22	78
1966-67	819	2,918	22	78
1967-68	1,038	3,647	22	78
Total	3,903	13,667	22	78

Source: Jahan, op., cit., p-75

Moreover, in two decades (1950-1970) Pakistan received about US\$ 650 crore as foreign aid among which US\$ 194.2 crore went to East wing and US\$ 455.8 crore were spent for West wing (Sen: 60). So, foreign aid occupied a vital position in determining the strategy and the pace of development in Pakistan. East wing was not only deprived in the field of foreign aid but she was also prevented investing her own earned resources for her growth. In fact, the foreign exchanges earned by East wing were mostly employed for West wing's industrialization. Pakistan government maintained a vital foreign exchange budget on the basis of total inflows of foreign exchange that included export earnings, foreign economic and military aid. The budget needed cabinet-level approval while the planning commission was the basic aid-negotiating body. Under the exchange control laws in Pakistan, all foreign exchange earned by exports must be deposited to the central bank of Pakistan at the official exchange rate. The foreign exchange committee of the central government fixed the basic quota to private sector and public sector. The foreign aid was incorporated into the economy of Pakistan in two ways (Lewis: 35): first, public sector projects were financed by foreign aid; second, commodity aid (both food and



non-food) went mainly to the private sector, though in some cases that aid went to the public sector also. Pakistan received significant amount of foreign aid from both capitalist and socialist countries, but East wing was allowed to utilize only about 30 percent of the total foreign aid.

**Table 12: Utilization of foreign economic assistance in Pakistan, 1947-70**  
(in million US\$)

Type	East Pakistan	West Pakistan	Centre	Total
Project loan	417	608	108	1133
Non-project loan	408	673	53	1134
PL-480 food	445	791	5	1241
Guaranteed loans	352	623	11	986
Project grants & Technical assistance	56	140	200	396
Commodity grants	263	575	15	793
Indus Basin fund	--	756	--	756
Total	1941	4106	392	6439

Source: Muhith, op., cit., p-105

Surprisingly, the commitments made from year to year about distribution of foreign aid for East wing from 1947-1970 was only 24.92 percent (Muhith: 106). Simply on the basis of population, East wing was the claimant of 55 percent of the total economic assistance, though under Pakistani rule it never happened. At the expense of Bangladesh, West Pakistan appropriated a minimum of \$ 2.5 billion of foreign aid straight (Muhith: 107).

#### INDUSTRIALIZATION IN EAST PAKISTAN

A number of historical accidents, as well as a few critical decisions of the early 1950s, had shaped much of Pakistan's economic history. From the very outset, West wing received a transfer of real income from foreign exchange that was mostly earned by East wing. As a result of the economic policy of Pakistan government West wing became the sole beneficiary of the industrialization. Moreover, a major portion of the merchants who migrated from India to Pakistan during partition was destined for Karachi, the then capital of Pakistan. These merchants dominated the import trade of the country, particularly during the Korean War boom of 1951 and 1952. These minor communities comprised less than 1 percent of the total population but controlled over half of industrial assets by 1959 (Lewis: 47). In later years a section of these communities invested in East wing but the volume and importance of the investment was not significant in comparison to West wing. However, in 1960s, Pakistan government established various organisations to expedite the industrialization. Pakistan Industrial Credit and Investment Corporation (PICIC) and Pakistan Industrial Development Bank (PIDB) were significant among them.

Most of the Bengalis were frustrated with the one-economy policy of Pakistan, which failed to address the vital differences in economies and the geographical separation between the two wings. East wing's low starting point, lack of private industrialists and high labour and political unrest failed to attract significant amount of private capital. So a planned and steady effort on the part of the government was necessary for East wing's development. Unfortunately, the central government was almost



reluctant regarding East wing's industrialization. The following data on grants-in-aid of central government clearly depict government's reluctance for East wing's industrialization.

The policies taken by West Pakistani policy makers did not ensure economic growth in East wing since West wing established a colonial relationship with the East. Moreover the prospect of employment and income generation remained an unfulfilled issue as West Pakistani investors virtually brought a key portion of their employees and managerial staffs from West wing. These investors extracted a huge profit and accordingly transferred the profit for reinvesting in West wing. The house of Adamjee made a huge profit from their jute industry in Bangladesh. It was believed that they realised the entire capital cost during a very short period, as at the end of twenty-three years of Pakistan they owned much more assets in West Pakistan (Muhith: 117). For instance, West Pakistanis set up the tanneries in East wing where huge hides and skins were processed and then shipped to West wing. Bangladesh then imported shoes and finished leather products from West wing. Due to this colonial exploitation, capital accumulation could not take place in East wing. Moreover, PICIC, PIDB and other scheduled commercial banks sanctioned so huge loans in favour of West Pakistani industrialists that, in many cases, a capitalist could go ahead with setting up an industrial plant with an actual equity of only 10 percent (Muhith: 117). Thus, West Pakistanis established plants in East mostly to extract profit and reinvest it in West wing. Not only this, public sector handed over a good number of industries to west Pakistani capitalists after establishing those in East wing. In this way Chandraghona Paper mills was transferred to Dawoods by PIDC.

Pakistan government adopted various economic policies that helped in promoting exports of manufactured products. The policies also ensured import of capital goods and industrial raw materials in fairly cheap rates and consequent discrimination against the export of raw materials from East wing. As East wing exported primary products, she could not reap any benefit of the incentive schemes. She exported mainly jute goods but jute goods were never made eligible for bonus vouchers on the same scale as other manufactured goods.

## CONCLUSION

The policies adopted by the government of Pakistan in the 1950s facilitated extraction of resources away from East wing and widened the gap in per capita production between two wings. This transfer of resources was primarily needed for enabling rapid industrialization in West wing. The situation of East wing would be different if resources were employed to ensure agricultural growth of East wing instead of huge investment in West wing's modern manufacturing industry. The above discussion also made it clear that the First Plan period was the worst for East wing from the point of view of the squeeze on her income level. It was also the worst period for public sector investment in East wing. However, East Pakistan could maintain overall favourable balance of trade with West wing and the rest of the world in all the three plan periods. In the Second Plan period East wing's shares of public imports and public sector development expenditure increased, though they were still less than West wing's shares of respective areas. In fact, East wing continued to receive about one-third of imports and one-third of fixed investment in the 1960s as she had in the 1950s.



As the geographical separation and governmental policy resulted in economic disparity between two wings, the economists of East wing propounded Two-economy Thesis in 1956 (Jahan: 85), which argued that one economy system led to a transfer of resources from East to West wing. They found the solution in the adoption of separate foreign trade policies and fiscal policies, though the central authority rejected the proposal. As a result, the political force that accepted this proposal got overwhelming support in all sphere of life in East wing. Besides, as the capital accumulation process of East wing was hampered by the existence of external coercion of West Pakistani bourgeoisie, the nascent Bengali bourgeoisie wanted the abolition of competition from West Pakistani counterparts. Ultimately, the industrial sector of East wing failed to accumulate sufficient capital to run on its own, though capitalist mode already penetrated in East wing's industry.

A dynamic private sector did not grow in Bangladesh during the twenty-three years history of Pakistan. The system that Pakistan followed did not help flourish any thriving private sector in East wing. Government control on economic and social life in Pakistan was so prevalent that a private sector could only flourish under the patronage of the government. Actually, the system of import licensing created the first batch of capitalists in the country, particularly in West Pakistan. Besides, the allocation of foreign exchange and the Korean War boom helped West Pakistani traders to turn into capitalists, as the financial institutions that acted as catalysts for development were situated in West wing. Ultimately, lack of attention to East wing's development and the flow of wealth from East to West hindered proper industrialization of pre-liberation Bangladesh.



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## NOTES

<sup>1</sup> Rounaq Jahan questioned the 'nation' status of Pakistan. According to Rupert Emerson many of the new states in Asia and Africa, "are not yet nations in being but only nations in hope". Rounaq Jahan further quoted Rupert Emerson as saying, "by the accepted criteria of nationhood there was in fact no such thing as a Pakistani nation". See Jahan, Rounaq, *'Pakistan: failure in national integration'*, p-1

<sup>2</sup> "...a floating multiple exchange rate system for exports along with a safety-valve for import of certain kinds of goods at an exchange rate about two and one half times the price of foreign exchange at the official rate."-Lewis, Stephen, *Pakistan: Industrialization and Trade Policies*, p-6

<sup>3</sup> Translation by author

<sup>4</sup> Translation by author



## CAUSES OF PERSISTENT RURAL POVERTY IN BANGLADESH : AN ANALYSIS OF FACTS AND THEORIES

Md. Rezaul Karim\*

**ABSTRACT:** Over the last few decades quite a good number of poverty alleviation and development programs have been undertaken, but they have failed to alleviate it substantially. The causes of these failures might have been deep-rooted fact that the existing theories of poverty have not been considered during formulation of policies and programs. Effective policy formulation for poverty alleviation depends on critical understanding of the phenomenon of 'poverty'. In Bangladesh theoretical references in poverty studies are hardly found. Hence the present article has made an attempt to explain the causes of persisting rural poverty in Bangladesh with special reference to poverty theories and facts. It is essential to construct an appropriate theoretical framework in order to make the policies effective for sustainable poverty alleviation.

### INTRODUCTION

#### *The Situation*

In terms of population Bangladesh is the fifth largest country in the world. In terms of area, however, it is 90th in the world. Density of rural population in Bangladesh is highest in the world (Tendler, 1989). 74% of the population live in rural areas and about 80% of them are directly dependent on agriculture. Land is the only productive asset in rural Bangladesh. But land-man ratio is extremely low, only 0.12 hectares per person. Nearly 70% of the population are functionally landless. Thus, agriculture could hardly provide the living for this vast rural population. In addition, frequent natural calamities, such as flood, cyclone, river erosion, etc., causing severe damages to individual and national properties regularly. Maloney (1991:24) mentioned that Bangladesh rank about highest in the world in terms of fatalities from natural calamities. With these fact Bangladesh is one of the poorest countries in the world. It is one of the 47 countries categorized as 'least developed countries'<sup>1</sup> (LDC) in terms of per capita income, literacy rate, and contribution of manufacturing sector to GNP.

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\* Dr. Md. Rezaul Karim, Associate Professor, Department of Social Work, University of Rajshahi

<sup>1</sup> The category of the least-developed countries (LDC) was established by the UN general assembly in 1971. Three criteria were used: a per capita GDP of US\$ 356 or less; a manufacturing share of 10% or less of the total GDP and a literacy rate of 20% or below. A country also qualifies if it satisfies the manufacturing and literacy criteria and its per capita GDP is more than US\$ 356, but less than US\$ 427, or if it satisfies the first two criteria but has a literacy rate exceeding 20% (Hye, 1996:244).



In terms of Human Development Index<sup>2</sup> (HDI) 2004 Bangladesh's position is 138 among 177 countries with a human index of only 0.509 (UNDP, 2004). Poverty was endemic since long. With 78% of its people in poverty during 1980-90 and 93.2 million people identified as poor Bangladesh accounted for 7.2% of the world's poor (Hye, 1996:1). According to the Household Income and Expenditure Survey 2000, prepared by Bangladesh Bureau of Statistics, the incidence of national poverty has declined from 58.8% to 49.8% between 1991-92 and 2000<sup>3</sup>. Accordingly, still 55.8 million people of Bangladesh live in absolute poverty with a large number vulnerable person facing poverty due to continuous catastrophes and other reasons. All these indicate that despite decades of massive development and poverty alleviation programs poverty still continues to be pervasive and overwhelming in Bangladesh.

### ***Extent and Trend of Poverty in Bangladesh***

Nowadays, there is no scarcity of poverty estimates in Bangladesh. However, it was Khan who did the first objective estimate of poverty in 1977. He estimated the proportion of rural poverty of Bangladesh increased from 40.2% in 1963-64 to 78.5% in 1975 (Table-1). Since Khan, different scholars, government and non-government agencies are producing poverty estimates regularly. Most of these estimates are based on data generated by the Household Expenditure Survey conducted by Bangladesh Bureau of Statistics (BBS). The only major exception is the recent study conducted by the Bangladesh Institute of Development Studies (BIDS) in 1987, 1989-90 and 1994 (see Hossain, et al. 1996). Although there are differences methods employed, in general, the poverty line, used to calculate the proportion of poor were based on calorie intake. Due to application of different methods, it is very difficult to compare the estimates objectively.

Nevertheless, these estimates could provide an understanding about the extent and trend of poverty in Bangladesh. Table-1 & Table-2 present the proportion of *absolute*<sup>4</sup> and *extremely*<sup>5</sup> poor in rural Bangladesh estimated by different studies since 1963-64. It is seen that, consistently, by all sources, compared to 1963-64, proportions of both absolute and extreme poor increased greatly till the early 1980's<sup>6</sup>. Particularly, the extreme poverty increased manifolds, more than 10 times in 1981-82 than what it was in 1963-64 (Table-2). In general, a steady decline in both absolute and extreme poverty could be seen since either at the end of 1970's or at the beginning of 1980's up to 1985-86<sup>7</sup>. Then again a slight increasing tendency in absolute poverty is seen in the Report of

<sup>2</sup> It is a composite index measuring average achievement in three basic dimensions of human development— a long and healthy life, knowledge and a decent standard of living. The HDI values for Bangladesh in 2002 was 0.509 compared to 0.956 for Norway and 0.273 for Sierra Leone, ranked first and last respectively in the list.

<sup>3</sup> Reported in the Daily New Nation, June 12, 2002.

<sup>4</sup> Whose income is sufficient for accrue 2122 cal/day/person.

<sup>5</sup> Whose income is sufficient to accrue 1805 cal/person/day.

<sup>6</sup> Report of the Task Forces (1991, Vol.1:26) concluded that poverty level started to decline since late 1970's.

<sup>7</sup> The reported drastic decline in the proportion of poverty in 1984 from 1982 has raised severe confusion among the scholars (Rahman & Haque 1988, Report of the Task Forces 1991, Hye 1996). For example, Hye (1996:9) commented that researchers concluded that the household estimate survey data significantly exaggerated poverty reduction over the fiscal year 1982-1984.



the Task Forces estimates. Ministry of Finance, Government of Bangladesh also estimated a higher proportion of absolute poor in the early 90's besides estimates by other sources in the late 80's. Contrary to this, Bangladesh Economic Review reported a continuous decline in the proportion of absolute poor since mid 1980's. Estimates from two sources, e.g., BBS and Hossain, et al. show that proportions of absolute poverty remain almost same during the 1990s. The proportion of extremely poor is found increased till early 1980's. Since then it declined continuously. According to the most recent estimates of Ministry of Finance, Government of Bangladesh, and Bangladesh Economic Review, proportions of both absolute poor and extremely poor have declined continuously since early 90's. However, the reduction remains modest, about one percentage point per year.

**Table-1: Proportion of Absolute Poor in Rural Bangladesh**

Years → Sources ↓	1963 -64	1968 -69	1973 -74	1976 -77	1977 -78	1981 -82	1983 -84	1985 -86	1988 -89	1989 -90	1991 -92	1994 -95	1995 -96	2000
Khan, A.R. (1977)	40.2	76.0	78.5	-	-	-	-	-	-	-	-	-	-	-
BBS (1997,1998)	-	-	82.9	-	-	73.8	57.0	51.0	48.0	-	47.8	46.8	47.9	-
Sen (1995)	43.6	-	71.3	-	-	65.4	50.0	41.3	41.3	-	-	-	-	-
Ahmad & Hossain (1985)	52.0	-	55.7	61.1	67.9	-	55.7	-	-	-	-	-	-	-
Hossain, et. al. (1996) <sup>1</sup>	-	-	-	-	-	-	-	57.5	-	59.3	--	51.7	-	-
Rahman & Haque (1988)	-	-	65.3	-	-	79.1	49.8	47.1	-	-	-	-	-	-
Hossain (1989)	-	-	77.3	-	-	77.8	52.1	49.9	-	-	-	-	-	-
Task Force (1991)	-	-	60.4	78.9	77.5	55.3	46.3	37.3	43.4	-	-	-	-	-
Ministry of Finance, GOB (2002)	-	-	-	-	-	-	53.8	45.9	49.7	-	52.9	-	45.8	43.6
Bangladesh Economic Review (2000 & 2002)							61.9	54.7	47.8		47.6		47.1	42.3

Note: '-' indicates no estimate for the respective cell.

<sup>1</sup> Based on survey conducted by the *Bangladesh Institute of Development Studies (BIDS)* under the project Analysis of Poverty Trend.

Sources: Compiled from BBS (1997,1998), Bangladesh Economic Review (2000 & 2002), GOB (2003), Report of the Task Forces (1991), Khan (1977), Ahmad & Hossain (1985), Rahman & Haque (1988), Hossain Z., Hossain M., & Sen (eds., 1996).

It can be assumed that the extent of poverty in Bangladesh is still overwhelming and alarming. Nearly half (about 65 million) of the population of the country are now living in absolute poverty. The challenge of poverty alleviation is still there. It raises the vital question why poverty still persists despite massive development and poverty alleviation programs implemented over the decades by a good number of government, international and national agencies? The answer is yet elusive. However, the reasons might have been deep rooted into the fact that theories of poverty have not been considered during formulation of policies and programs for poverty alleviation. In my



view without a proper theory, objective of poverty alleviation can not be achieved. As Ayres (1983:76) in his book 'Banking on the poor: The World Bank and World Poverty' quoted "Attempting to alleviate poverty without having a theory about how to do it is simply throwing money at problems". Thus it is necessary to construct a proper theory for formulating an effective poverty alleviation programs.

**Table-2: Proportion of Extremely Poor in Rural Bangladesh**

Years → Sources ↓	1963-64	1968-69	1973-74	1975-76	1981-82	1983-84	1985-86	1988-89	1991-92	1994	1995-96	2000
Khan (1977)	5.2	25.1	42.2	41.0	-	-	-	-	-	-	-	-
Hossain, et al. (1996) <sup>1</sup>	-	-	-	-	-	-	25.8	30.7	-	22.5	-	-
Rahman & Haque (1988)	-	-	49.7	-	66.4	32.0	28.4	-	-	-	-	-
BBS (1995 <sup>c</sup> , 1997)	-	-	44.3	-	52.2	38.0	22.0	28.6	28.3	-	-	-
Bangladesh Economic Review (2000 & 2002)	-	-	-	-	-	36.7	26.3	28.6	28.3	-	24.6	18.7

Note: '-' indicates no estimate for the respective cell.

<sup>1</sup> Based on survey conducted by the *Bangladesh Institute of Development Studies (BIDS)* under the project Analysis of Poverty Trend

Sources: BBS (1995, 1997), Bangladesh Economic Review (2000 & 2002), GOB (2003), Khan (1977), Rahman & Haque (1988), Hossain, et. al. (1996).

### EXPLAINING THE PERSISTENCE OF MASS POVERTY IN BANGLADESH

Like all other developing countries of the world, mass poverty of Bangladesh was seen as a result of underdevelopment. Naturally, development was the initial concern. Development was defined as a matter of economic growth, particularly economic progress. It was thought that such growth would reduce poverty through *trickle-down* effect. But persistent mass poverty, even in the midst of considerable economic development, made the expectation meaningless. As a result, poverty reduction became the focus of all development activities. A significant number of studies on poverty were also carried on. In fact there is no dearth of poverty studies in Bangladesh. Most of these studies were either engaged in estimating the trend of poverty or identifying the macro-level determinants of poverty. These studies seem to have little concern about the existing body of sociological theories relating to poverty. Nevertheless, some national and international scholars did analyze the problem with particular theoretical framework. In the following part of the article persistent mass poverty in Bangladesh has been explained on the basis of different studies which produce pertinent poverty theories.

### *Equilibrium of Poverty*

Galbraith's (1979) explanation of mass poverty in developing countries resembles with what Oscar Lewis terms as culture of poverty<sup>8</sup>. In the *fifth series of Massey lectures*,

<sup>8</sup> In the 1960s, Oscar Lewis introduced the 'culture of poverty' thesis. In short, culture of poverty is a way of life, remarkably stable and persistent, passed down from generation to generation along family lines. It has its own modalities and distinctive social and psychological consequences for its members. It is a dynamic factor, which affects participation in the large national culture and becomes a subculture of its own (Lewis,



concluded in 1965 and published under the title *The Underdeveloped Country*, Galbraith mentioned that "The first and most elementary effect of poverty is to enforce attitudes and behavior that make it self-perpetuating" (1965:3). This clearly indicates the reproductive nature, one of the major conclusions of Lewis's thesis. Later, Galbraith in his another book *The Nature of Mass Poverty* (1979) pointed an elaborate theoretical explanation of persisting mass poverty in South Asia, namely Pakistan<sup>9</sup> and India, and suggested possible means to escape from it (Figure-1<sup>10</sup>).

According to Galbraith, there exists equilibrium of poverty in developing societies where the poor are accommodated into it. Some of them are accommodated because they lack adequate motivation needed for escaping from it and others are accommodated because they have tried to escape but failed due to unfavorable conditions prevailing in the society. This made them frustrated. Even if they could have been able to increase their incomes opposite forces operating in the society pushed them back into the previous or a new level of equilibrium<sup>11</sup>. In Galbraith's word, "An increase in income could set in motion the forces that would eliminate the increase and restore the previous level of deprivation. Improvement could devour itself" (1979:45). Some of these opposite forces are insufficient land and capital<sup>12</sup>, population growth, low savings—on account of persisting poverty, and fear of adopting new technologies for production increase by the peasants who live very close to the subsistence level. Any failure could simply damage their resource base leading them to starve or die. Conservative behavior pattern of the South Asian peasants was also seen as an obstacle to desired changes necessary for increased productivity or economic development.

Once accommodated the poor are unlikely to make any effort to escape from poverty. At this stage, according to Galbraith, intervention is required to motivate (or create consciousness) the poor for 'rejection of accommodation' which will lead them to 'try for escape'<sup>13</sup> from poverty. Breaking accommodation could happen by two means, e.g.;

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1964). Culture of poverty shows similar characteristics in different countries. Lewis (1968) claimed that culture of poverty transcends regional, rural-urban, and national differences and show remarkable cross-national similarities in family structure, interpersonal relations, time orientation, value systems, and spending patterns.

<sup>9</sup> Then Bangladesh was East Pakistan. Bangladesh achieved independence in 1971.

<sup>10</sup> It is an attempt to present Galbraith's thesis at a glance and may not include all factors mentioned by him.

<sup>11</sup> According to Galbraith this create a hopeless situation for the poor as it destroys further initiatives of the poor to escape from poverty. According to him "Given the formidable hold of equilibrium of poverty within which they live, accommodation is the optimal solution. Poverty is cruel. A continuing struggle to escape that is continuously frustrated is more cruel. It is more civilised, more intelligent, as well as more plausible, that people, out of the experience of centuries, should reconcile themselves to what has for so long been the inevitable" (1979:62-63).

<sup>12</sup> Galbraith explained the mass impoverishment of South Asia, namely Pakistan and India, as too many people struggling to make a living with insufficient land and capital.

<sup>13</sup> According to Galbraith there is always a minority who seek escape (1979:64). They should be given priority in poverty alleviation efforts. The principal tasks of poverty alleviation programs are to increase the number of poor who seek (i.e., motivated) escape from poverty and then to facilitate that escape. If poverty alleviation programs go to those who are not motivated yet, it may end in a failure, which means frustration for them (ibid:104).



'trauma' (famine, military depredation, forced expulsion, etc.) and 'education'<sup>14</sup> and subsequent employment (1979:100). At this point also, intervention is needed to 'facilitate escape' as the opposite forces in the society are always active and may restore the equilibrium, either at previous level or at a new level, by eliminating the gains. As Galbraith wrote (1979:56), "But rural poverty has a yet more vital aspect, one deserving of further emphasis. Its equilibrium, if broken, will normally be restored. If new investment or new technology, however acquired, increases income, forces will normally be set in motion that restore the previous or some other stable level of deprivation. If income increases for any other reason, the income will not be self-perpetuating. The tendency will be to a new equilibrium, and this, quite possibly, will be at or near the previous level of income. The increase will, in effect, consume itself". Once the poor are motivated then the question of escape from poverty comes. As seen in Figure-1, escape could be accomplished *within culture* or *outside culture*. Escape within culture could be achieved through adopting new technologies in agriculture and escape outside culture could be achieved through employment in non-agricultural sectors such as, industrial or urban sectors or migration to a foreign country. It appears that Galbraith viewed agricultural society, like Bangladesh, as distinct culture of poverty. Galbraith clearly noted that for the individual, escape from the culture of poverty has always been the most practical solution<sup>15</sup> (1979:97). Noting the uncertainty of industrialization in developing countries he, however, stressed the escape through *migration* outside the country.

In Galbraith's theoretical framework *two factors* appeared as important in the question of escaping from poverty. One is, there should be an effort by the poor to reject the accommodation of poverty. And the other is, the escape should be a sustainable one or should not be end in a failure. Both these may require external intervention which, needless to say, should come from external sources, e.g., other than the poor themselves. Galbraith's theoretical construction could be considered as an invaluable one for explaining the continuous failures of the poverty alleviation programs and for a possible policy framework for sustainable poverty alleviation in Bangladesh. Galbraith

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Galbraith excellently explained the failure of the earlier village development programs, such as V-AID in Bangladesh in the early 50s, to break the equilibrium of poverty with this thesis. As these programs were directed at all villages and to all farmers before ensuring their motivation to reject accommodation, only the minority who already motivated to reject the accommodation, naturally the better off section of the society, were able to receive the benefit. He cited the example of Punjab, India as an empirical example of this thesis, where people took the advantage of 'green revolution' and came out of poverty.

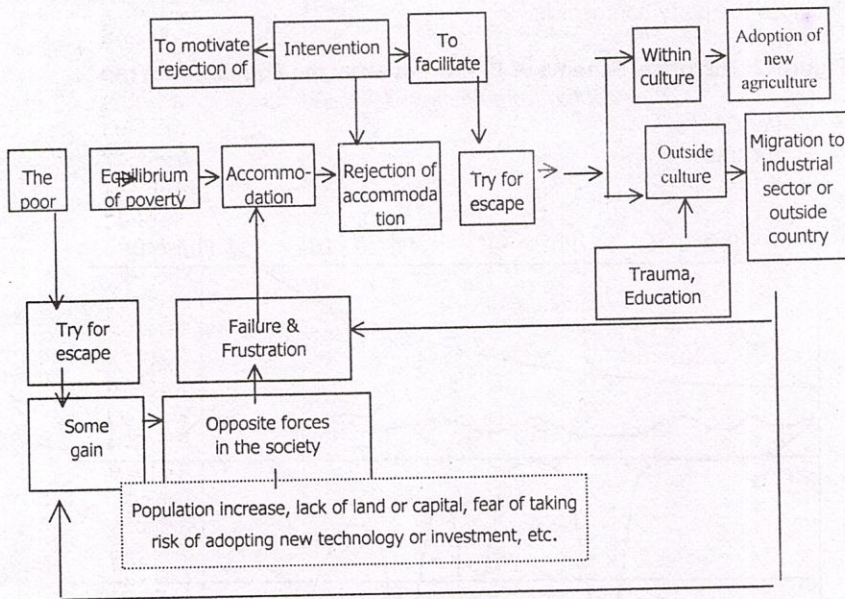
<sup>14</sup> According to Galbraith all education do not lead to break accommodation. So it is also important to decide the type of education that best defeats accommodation. Galbraith did not mention the type of education as he recognized that he had no such competence. He, however, opined that 'basic education' must always take precedence over technical or sophisticated education. Development programs often tried to teach advanced agricultural methods to illiterate villagers as shortcut way to improve output and income. According to Galbraith this was wrong (1979:103).

<sup>15</sup> Galbraith noted that poverty alleviation programs in developing countries were opposite to this requirement. He mentioned "But policy has regularly emphasized the opposite priority. Efforts to facilitate escape within the equilibrium— to improve the agricultural methods of the poor countries— have contended strongly with measures which allow to escape from agricultural poverty" (1979:97).



suggested that there should be state intervention to help the poor to alleviate their poverty as if they are unable to come out poverty by their own.

**Figure-1: Galbraith's Explanation of Mass Poverty and Escape from It**



### ***Below Poverty Level Equilibrium Trap***

In the backdrop of famine, the acute level of impoverishment, in 1974 in Bangladesh<sup>16</sup>, Alamgir (1978) used the concept 'equilibrium' to explain the impoverishment of Bangladesh as 'below poverty level equilibrium trap'. However, unlike Galbraith, Alamgir used the structural explanations<sup>17</sup> (Marxist) of poverty to explain the persistent poverty of Bangladesh. Analyzing the history of class formation and class conflicts in the Indian society, Alamgir excellently showed that the state of the laborer and peasant classes, who's share in population increased overwhelmingly in the course of history and now constitute the majority, has been caught between the 'poverty line' and 'famine line' throughout the history. Figure-2 shows the historical schema of Alamgir's below the poverty line trap. In the figure, X-axis indicates time, and Y-axis indicates per capita income or some other indicators of social welfare. The broken vertical lines divide the

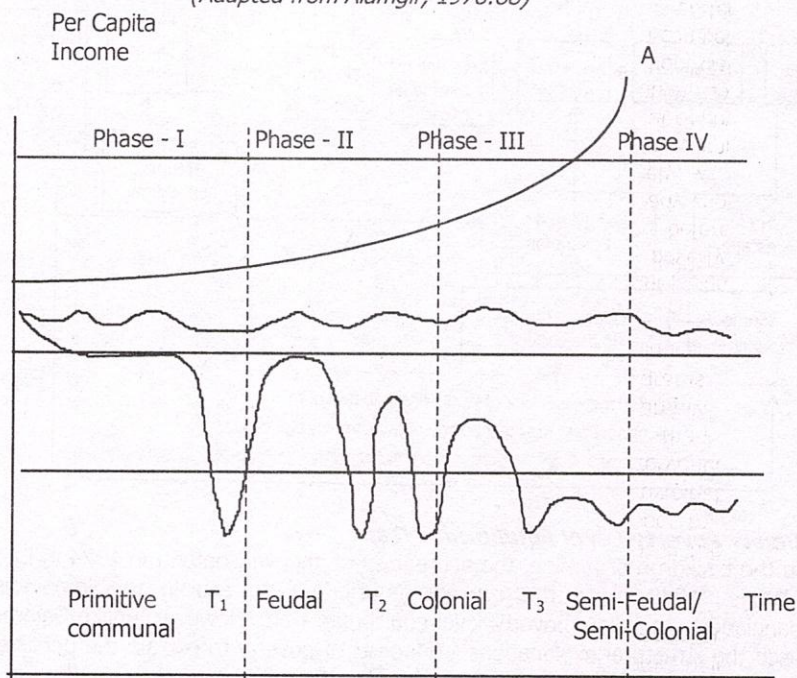
<sup>16</sup> A famine struck Bangladesh in 1974 and claimed officially acknowledged 26,000 lives (Alamgir, 1978:2).

<sup>17</sup> Explanations of poverty, which blame the social structure as the cause of poverty, are known as the 'structural explanations of poverty'. It focuses on the characteristics of the broader social, political, or economic conditions that affecting the poor rather than focusing on the characteristics of the poor. Some of the proponents of this explanation are Edwards, Reich & Gordon, 1974; Marx, 1887; Ryan, 1971. According to the structural explanations of poverty structural changes of the society are needed to eradicate poverty from society.



time horizon into relevant historical epochs. Lines P and F represent poverty and famine line respectively. Curves A, B and C represent the historical trend in the level of welfare of different groups (classes). Group A includes the semi-colonial forces, the bourgeoisie including commercial, agricultural, industrial, and financial elements and upper crust of professionals and civil bureaucracy. Group B includes poor peasants, agricultural laborers, and the proletariat, petty professionals and low paid fixed income groups. Group C includes the petty bourgeoisie.

**Figure-2: Historical Schema of Below Poverty Line Equilibrium Trap**  
(Adapted from Alamgir, 1978:88)



Analyzing the historical evidence Alamgir (as Figure-2) showed that members of group A has gained control over a greater proportion of total income and wealth while the welfare of the members of group B, number of whom increased overwhelmingly over the period, fluctuated between the poverty line and famine line. Alamgir defined this situation as below poverty level equilibrium poverty trap as if some forces act to raise the income/welfare level of this group above the famine line there is opposing forces that quickly retort by pushing it down to the famine line (1978:87). This explanation also resembles with the reproductive nature of poverty mentioned in Lewis's culture of poverty thesis and Galbraith's equilibrium of poverty thesis. However, Alamgir identified class exploitation as the root cause of such equilibrium. Thus, according to him, solution of the problem requires structural measures, i.e., abolishing the class exploitation from the society. In the words of Alamgir "This clearly indicates the need for identifying the forces or the classes which exploit the great majority of the masses....it can be stated that the situation in a country like Bangladesh cannot possibly improve until an end is



brought to the dominance comprador bourgeoisie and other classes representing basically semi-feudal/semi-colonial interests" (1978:163).

Alamgir specifically mentioned several factors as laws of motion that worked in Bangladesh society and caused massive impoverishment (1978:90-122). These are: i) Concentration of landholdings in the hand of few landlords; ii) Population increase resulted in increasing land fragmentation and dependency ratio; iii) Increasing landlessness; iv) Transfer of assets, e.g., land, from small and marginal farmers; v) Declining proportion of share-cropping; vi) Loosing 'exchange entitlement' of the poorer classes principally decline in real income or wage; vii) Urban domination in all aspects that controls the society; viii) Kinship relations in terms of patron-client relationships; and ix) Market orientation as the dynamics of market goes in favor of rich than poor, in favor of urban than rural where majority of the poor live.

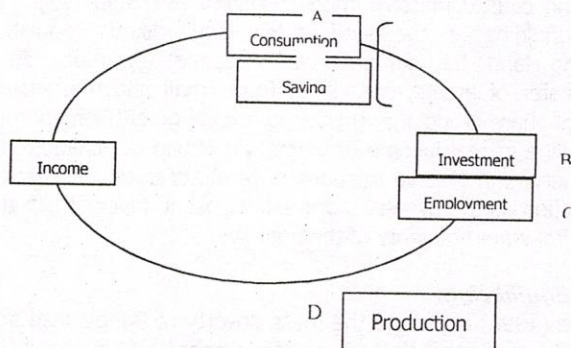
### ***Below the Line Disequilibrium***

In a recent study Hye (1996) explained the mass poverty of Bangladesh as 'Below the line disequilibrium' in the sense that the income of the poor is not stable, it both goes up and down while remaining below the line (1996:223). He explained the persistent mass poverty of Bangladesh as the reflection of the malfunctioning of the system and a cause of the market failure or a case of retarded growth of the market economy<sup>18</sup>. According to Hye, the market economy or system works well for the minorities, who are the beneficiary of the system in the society, equivalent to class A of Alamgir. While the majority—the poor—are marginalized by the cycle of market economy or system as producers and consumers (Figure-3). In the figure, the poor are marginalized at the point B or investment—as they lack access to means of production like land and capital, and at point C or employment—as the poor failing at point B, fall back on wage employment for subsistence but lack of skill and education make their bargaining power weak even absent in the market compelling them to accept declining rural wages.

Hye's below the poverty line disequilibrium means that the incomes of the poor fluctuate up and down below the poverty line. Downward fluctuation means some poor may starve or nearer the famine line. But the upward movement also indicates that it is possible that the income of the rural poor can go up, and hopefully beyond the poverty line. Here, Hye showed a positive view about the solution of the problem. He hoped that intervention from the development agencies at the points B and C in the Figure-3, i.e., through asset creation for the poor to make them small investors or creation of wage employment to pick up the slack, would improve the poverty situation (Hye, 1996:223). Hye's theoretical explanation, although mentioned as below poverty level disequilibrium, also resembles with the culture of poverty thesis. In the solution of the problem Hye stressed the need for intervention by the development agencies. Instead of suggesting a radical structural measure Hye outlined a detailed plan of action at the macro, meso and micro level to be implemented by the government and NGOs for poverty alleviation.

<sup>18</sup> Hye also explained mass poverty as the failure of the public policy as the government played a dominant role in the past and continues to exert great influence over the market economy.



**Figure-3: The Cycle of the Market Economy***(Adapted from Hye, 1996:218)*

*Macro-level:* According to Hye, at the national level measures like, access to land, fisheries; public expenditure in the rural sector; price fixation based on the costs of production; subsidy in agriculture; imposing agricultural development tax and exemption of small and marginal farmers from tax; extension of food for works program; incentive and protection of rural based small and cottage industries; credit for the rural poor; flexible interest rate for loan; expansion of market facilities; increasing savings and investment and national coordinating body for poverty alleviation; etc., could help to alleviate poverty.

*Meso-level:* By meso-level Hye meant Upazila level— the lowest administrative unit of Bangladesh. At this level he suggested to form a Coordination Committee for formulating a overall plan of action to identify the poor and their needs and to coordinate activities of all agencies, both government and NGOs, engaged in poverty alleviation and development.

*Micro-level:* The village, or more specifically households, constitutes the micro-level. According to Hye, the poor should be motivated first<sup>19</sup>, then organized into small groups for savings and credit services. Hye stressed the role of *Change Agents* or program workers at this level as crucial to get success in poverty alleviation.

It is clear that Hye emphasized the role of the development agencies not in changing the structure of the society as suggested by Alamgir. However, Hye's emphasis on the role of change agent or field-level program workers deserves special attention. The poor may not know better what to do to escape from poverty. If they knew it, they might not have suffered from chronic poverty. Hence, the role of change agent becomes crucial. They are the people who can guide the poor all the way to come out of their age-old poverty.

<sup>19</sup> This is same as mentioned by Galbraith.



### ***Behavioral Explanation of poverty***

Maloney (1991) claimed that the causes of persistent poverty in Bangladesh are embedded into the behavioral qualities of the Bangladeshis. According to him, "Much attention is given these days to economics, politics and demography, the "harder" social sciences. But the determinants of these are mostly the beliefs, attitudes, and behaviors. In Bangladesh very few studies focused on the latter, though they are largely the raw materials from which economics, politics and demography arise" (1991:67). According to him, for achieving the desired goal of development or poverty alleviation highly complex institutions and social infrastructures are essential. And these institutions should perform certain functions for ensuring predictable behavior, which must be internalized in childhood. He analyzed the behavioral qualities, both positive and negative, of different sections of the Bangladeshis— from the poor to politicians, bureaucrats and entrepreneurs— in explaining the persistent mass poverty of Bangladesh. According to Maloney some negative behavioral qualities of the Bangladeshis contributing to poverty are; reliance on patronage and indulgence to the extent that these substitute for the creation of new wealth, personalization of authority resulting in weak institutions and fluctuating policies, authoritarian administration that hinders advice from flowing upward, opportunistic individualism that impedes cooperative and group efforts in modern situations, low commitment to abstract objectives and ideologies, weak social pressure throughout life on the individual's self discipline for exactitude and precision, insufficient sincerity of employees to work toward objectives of their organization, and insufficient trust for modern institutions and economic transactions (1991:66). Maloney also underscored the positive aspects of behavior of the Bangladeshis as, "...and just because some behavior and social tendencies are dysfunctional in terms of contemporary development criteria, it does not mean that their adaptive functions in the other times and circumstances are negated. It is suggested in this monograph that Bangladesh beliefs and behaviors produced a traditional peasant way of life that was in some respects exceedingly successful. And I want it known that some Bangladeshi qualities, such as the subtle and intense network of interpersonal relations, the morality of obligations through patronage, and the high attainment verbal expressive culture, are likely to endure longer than industrialization, and might proved to be saving qualities"(1991:68).

Malony's explanation clearly emphasizes the beliefs and behaviors— the core elements of a culture. His explanation differs<sup>20</sup> with the culture of poverty thesis only in terms of scope of the explanation. In the culture of poverty thesis the poor are having their own sub-culture which differs from the main culture of the society. On the other hand, Maloney considered the whole culture or society as enduring persistent poverty.

<sup>20</sup> Maloney mentioned Lewis himself stated that the culture of poverty does not apply to old and complex peasant societies, such as those in South Asia (1991:70). However, it seems that by South Asian society Lewis mainly thought about the *Hindu* rigid Caste society. According to Lewis culture of poverty theory could not be developed in all societies such as primitive and caste society. Socialist, fascist, and highly developed capitalist societies with a welfare state, the culture of poverty tends to decline. He gave four specific examples where the people are poor but did not have a culture of poverty, e.g., 1) Primitive or preliterate peoples; 2) The lower castes of India; 3) The Jews of Eastern Europe; and 4) The Socialist countries. Clearly, Lewis referred the Caste society of India while he analyzed the South Asian Society (see Lewis 1964:193-195).



Malony's explanation of poverty of Bangladesh deserves high appreciation because, for the first time, Malony showed how behavior, namely personalization of authority and power, of the minor advantaged groups of a mass impoverished society adversely affects the welfare of the mass poor. Not only that Maloney also mentioned that the benefits of economic growth goes to the richer minority, especially those in Dhaka, while the 50% in absolute poverty is in some ways declining even further (1991:7). Although he pointed out the potentials of the behavior of the Bangladeshis, he was not optimistic about the solution of persistent poverty of Bangladesh in near future. In his words: "The distinctive behavioral and social characteristics of Bengalis.....have very old roots going back even to pre-Indic times, and they would not change any time soon"(1991:74-75).

### ***Vulnerability to Crises and Insecurity as Explanation of Poverty***

Hossain (1995<sup>b</sup>:292-93), based on a recent empirical study, explained the persistent poverty as the cyclical mobility of the poor within the broad parameters of poverty mainly caused by insufficient income and downward mobility pressures arising from a routine vulnerability to crisis. According to Hossain's analysis, incremental increase in household income of the poor are constantly overshadowed by threats of income erosion, which hamper the prospects of the economic graduation<sup>21</sup> of the poor. He mentioned three broad categories of such factors. These are: *i) life cycle factors*— such as death or loss of earners and increase in the number of dependents, etc. *ii) crisis factors*— such as natural disasters, illness, insecurity, etc. and *iii) structural factors* such as lack of growth, inflation, bad initial conditions, etc. Hossain suggested that it is necessary to intervene at the factors mentioned above to counter the downward pressures so that the poor could hold the gain. As specific measures he mentioned the followings: *i) for life cycle factors*, family planning to reduce the chance of over-burden by dependents; *ii) for crisis factors*, disaster management, effective public health system, reform of the regulatory organs of the state, i.e., police and courts, and creation of effective local self-government to combat the structural sources of insecurity; and *iii) for structural factors*, economic growth and human resource development through education.

Hossain's analysis clearly emphasize on the cyclical (in other sense equilibrium thesis of Galbraith and Alamgir or disequilibrium thesis of Hye discussed above) nature of persistent mass poverty. However, his study gives us a very important fact about Bangladesh's mass poverty— 'vulnerability to crisis'. Hossain's analysis, same as Hye, shows that there are movements of the poor beyond and below the poverty line caused by income increment and income erosion, resulted from crisis factors. These analyses are similar to that of Galbraith, i.e., the poor may try to escape from poverty, may achieve some gain, but the opposite forces in the society push them back to either the previous or a new level of equilibrium. Another very important finding of Hossain's study is that not only the poor but also the non-poor can move in and out of poverty over time. Living in the same community this movement led to an assumption that the actors — the poor — are important in poverty alleviation. In particular, according to Hossain, the focuses of the ongoing poverty alleviation programs are opposite to this assumption.

<sup>21</sup> Economic graduation means the distinction between incremental changes in household income resulting in cyclical mobility within the broad parameters of poverty and changes, which lead to the definitive rise out of poverty. (Hossain 1995<sup>b</sup>:292).



"What has been argued thus far in some ways is a 'reversing' of the usual terms of the debate on poverty. The focus is less on policies and more on actors, structures and processes which have a bearing on poverty" (1995<sup>a</sup>:26). Clearly Hossain emphasized the role of the poor in poverty alleviation efforts.

### ***Inequality as an Explanation of Poverty***

Inequality, particularly inequality in landholdings and income, is another most common explanation of persistent poverty (Ahmad & Hossain, 1984; Alamgir, 1978; Khan, 1977; Rahman, 1994; Rahman & Haque, 1988; Sen, 1995). These explanations provide us important insight about the degree of inequality and relative poverty in a society. There is a close relationship between inequality and poverty. These concepts are, however, completely different (Nath, 1995:157). Inequality is a broad term and itself a concern for every society. Hence, it is necessary to address the problem of inequality separately. Poverty might be an aspect of inequality. However, analyzing poverty in terms of inequality, particularly only in terms of landholdings and income, may divert the focus of the policy interventions necessary for effective poverty alleviation. Several points could be discussed in this regard. Firstly, inequality is a very broad term. It could happen in numerous aspects in a society. Beteille (1984:1) mentioned that: "Equality and inequality are not merely subjects of scholarly interest, they are also matters of everyday concern. There are inequalities between nations, between classes, between races, between castes, and between men and women". Most sociology texts also discussed different aspects of inequality such as, social stratification, gender inequality, racial and ethnic inequality, age inequality, global inequality, and so on (see Macionis, 1991; Popenoe, 1989; Ritzer, 1987; Smelser, 1988). So application of such a broad term in a narrow sense to explain poverty may actually divert the focus of intervention needed for poverty reduction.

Secondly, inequality is a universal phenomenon. There is serious debate about whether it is possible to eliminate inequality from the society or not. So far, it is found that inequality exists in all known societies, even in the most primitive and communal ones<sup>22</sup>. Smelser (1988:162) concluded that anthropologists have found a degree of inequality in all the preliterate societies they have studied. Depending on what the society values beauty, bravery, religious knowledge— status is assigned to its members on the basis of those values. Even in today's developed countries, inequality is pervasive (Moscovitch & Drover, 1981:7). Thirdly, If poverty is considered as the result of income inequality, it could be assumed that there would be less income inequality in the developed countries than in Bangladesh as the extent of poverty is much higher in Bangladesh. However, facts do not support this. Table-3 & Table-4 present the income distribution among different groups of households of Bangladesh and the U.S.A. respectively. It is

<sup>22</sup> Landtman found that despite the appearance of total equality— every man did the same work, no one had servants or slaves, and no one owned a house— the Papuan society had a degree of inequality. For example, a Papuan who could entertain more guests than other villagers was described as "a little more high". Warriors, harpooners, and sorcerers had somewhat higher status. Villagers who were blind, sickly, or otherwise handicapped and had somewhat lower status, as did unmarried and unemployed adults. In addition, women were considered "down a little bit"— they owned no land, and gathered food instead of hunting with the men (quoted in Smelser 1988:162).



interesting to see that the share of the income of the lowest 20% is higher in Bangladesh than that of U.S.A. for different years. On the other hand the share of the income of the top 5% and top 20% are almost same in both countries. Moreover no relationship between proportion of poor and income inequality is seen in the data presented in Table-3.

It is also claimed that during the course of economic growth of a country income inequality first increase but begins to decline after reaching a peak (Kuznets, 1955). The above findings do not support this. Alamgir (1978:13-15) also concluded that, income inequality in both rural and urban Bangladesh represent the median value in comparison to other developing nations. Thus, it is evident that the extent of poverty has no relationship with the extent of income inequality. Finally, Karim (1996) examined the relationship between the extent of poverty with income and landholdings inequality over the years in Bangladesh. He found a negative relationship between the inequality in operational<sup>23</sup> landholdings and extent of poverty in Bangladesh, i.e., higher the inequality in operating landholdings higher the extent of poverty.

**Table-3: Percentage of Income Accruing to Rural Households in Bangladesh**

Income Group	1964	1974	1977	1982	1984	1986	1989	1992	1996	2000
Lowest 5%	-	-	-	-	-	-	-	-	1.00	1.06
Decile 1	3.3	2.4	-	2.84	2.95	2.92	2.74	2.67	2.56	2.77
Decile 2	-	4.8	-	4.27	4.37	4.30	4.13	4.07	3.93	4.32
Decile 3	-	5.6	-	5.34	5.46	5.30	5.10	5.10	4.97	5.23
Decile 4	-	6.3	-	6.37	6.46	6.20	6.05	6.05	5.97	5.95
Decile 1-4	20.4	19.1	18.3	18.82	19.24	19.25	18.02	18.96	18.43	
Decile 5	-	7.1	-	7.47	7.53	7.10	7.12	7.21	6.98	6.82
Decile 6	-	8.0	-	8.71	8.67	8.20	8.25	8.57	8.16	7.85
Decile 7	-	9.8	-	10.26	10.11	9.55	9.69	10.28	9.75	9.07
Decile 8	-	13.5	-	12.33	11.75	11.36	11.74	12.30	11.87	10.91
Decile 9	-	16.1	-	15.73	14.81	14.08	15.10	15.71	15.58	14.07
Decile 10	27	26.4	-	26.69	27.89	31.00	30.08	28.04	30.28	32.95
Top-5%	16.8	16.0	17.3	16.78	18.14	21.36	19.81	17.80	19.73	24.12
Gini Coefficient	0.33	0.36	0.44	0.36	0.35	0.36	0.37	0.36	0.38	0.37
Proportion of Poor*	40.2	78.5	61.1	55.3	53.8	45.9	49.7	52.9	45.8	43.6

Note: '-' Blank cells indicate no estimates available.

Source: Compiled from Bangladesh Statistical Pocketbook 1994, 1992; Bangladesh Statistical Yearbook 2001.

\* Figures have been taken from Table-1 presented earlier.

It has become evident that the way inequality has been used to explain the persistent poverty of Bangladesh does not match with reality. Then, should we conclude that inequality has nothing to do with poverty reduction in Bangladesh? There is no doubt that persistent poverty in Bangladesh is deep rooted into the existing high degree of inequality in the society. But, probably it is not only with the landholdings and income inequalities as usually explained. Ayres (1983:79) mentioned that "it is only valid to

<sup>23</sup> In Bangladesh, there is no available data on ownership of landholdings over the years. However, operational landholdings could be a proper substitute of land ownership as most (96 per cent) cultivators in Bangladesh are either owner-cultivator or owner-cum-tenant-cultivator. The other 4 per cent tenant-cultivator also is having command over land through tenancy. Thus their income is also likely to be influenced by the landholdings they are operating (Navin & Khalil, 1988:32).



study poverty within the framework of some theory of income distribution and social inequalities in general....the causes of poverty are rooted in the same mechanisms that determines general inequalities prevailing in each society. To concentrate our attention on poverty should not become a substitute for the concern about inequalities in the distribution of welfare".

By definition, inequality refers to the condition in which people do not have equal access to social rewards like money, power, and prestige (Smelser, 1988:162). Therefore, in order to address inequality it is essential to identify the available social rewards in a society, their sources and how they are being distributed among different groups of people in the society. This has also important implications for the reduction of poverty. In true sense, Bangladesh is a very resource poor country. There is no other country in the world where so much people living in such a small area with little possibility of develop any more (Maloney, 1991; Galbraith, 1979). Anthropologist Erick G. Jansen (1990) nicely showed how too many people of Bangladesh are competing, both legal and illegal ways, for extremely scarce resources, particularly for land and job. If poverty reduction means increase in income, increase in savings, and increase in investment, it is a natural question that where the increased (saved) income would be invested. In rural Bangladesh, till today; as mentioned already, land is the only option in this regard. As the amount of land is fixed from where new land for investment would come? It is not difficult to guess that some people have to sale it. Who would be these sellers? Without any reservation it can be said that they are the marginal and small farmers. For them selling the already insufficient amount of land for subsistence means becoming landless and hence poor.

This process, thus, might not help to reduce the poverty level of the country. Nevertheless, it reveals that in a situation of extremely scarce resources, like Bangladesh, increase in income of some people might cause poverty for others. This implies the need for creation of new asset or investment options. These should get top priority for sustainable poverty alleviation programs. With this scarce resources in the market, the true sources of rewards whatever available, lies with the public sectors such as public facilities like education, health, etc.; natural resources such as Gas; employment facilities; and so on. Inequalities in the distribution of these facilities are the real causes of persistent poverty in Bangladesh. For example, permanent employment is the most sustainable way of escaping poverty. As the role of private sector is extremely limited in this regard in Bangladesh, public sectors are the most lucrative. Those who are rewarded by this are, undoubtedly, the most privileged groups in the society. It is already mentioned that people of Bangladesh are subjected to continuous crisis and insecurity. Contrary to this, this minor class always enjoys a stable income. They never face any income erosion. Not only that, this groups<sup>24</sup> also enjoy lion-share of the services provided by the public agencies with almost full subsidy by the state. There are hardly any possibilities in the near future to alter the situation as this group, with the help of highly subsidized education system, built their next generation to fill the newly created and their vacant positions in future. It is this group who are solely responsible for the failure of decades' development and poverty alleviation programs because they are the researchers, they are the policy makers, and they are the implementers.

<sup>24</sup> It is worth mention here that among different categories of employees there also exist severe inequalities.



However, such inequality hardly mentioned in explaining the persistent poverty of Bangladesh. This might be because of that the poverty scholars are also belonging to this group and as such enjoying all these facilities. Sen (1983) truly analyzed the poverty in terms of 'entitlement' which means one's command over available goods and services in the society.

Again, it is often blamed that the rural non-poor took away the benefits of all development works hindering the poverty reduction. This is also some kind of distortion of fact. The fruits of development might have gone to the rural non-poor than that of the poor. But the rural non-poor does have contribution in increasing the productivity of the society. That is, if the non-poor received more benefit that they did it by means of investment in agriculture sector. Maloney argued that: "It is not fair to malign the rural elite as a class. They are often accused of destroying all the rural development projects, which are supposed to help the poor and misappropriating resources as a matter of course. Many do. But the programs fail for many reasons and not just because of the rural elite. Bangladesh society charges those who control resources with responsibility to manipulate them for production and profit, and to help others through patronage. Probably on the whole the rural elite contribute as much to society as they take from it" (1991:63). Careful examination of the facts also reveals that such an allegation may not justifiable on several grounds. Firstly, even if the above allegation is true it is the public officers who are responsible for the situation as they are the real holders of the power of distributing the facilities created under the development programs. Maloney showed that how the powerful (government officials and politicians) in the Bangladesh society make their own fortune through personalizing their authority. The recent fact that Bangladesh is the number one corrupted country in the world assures the argument further. There is no scope for the poor powerless section in Bangladesh society to practice corruption anywhere. It is the officials and affluent section of the society who is having the exclusive scope for practicing corruption. It is found that government officials in an agrarian society have more power than officials in a simple society because they control a broader range of activities and caused to most marked inequality in such societies. Bangladesh is not an exception of that.

Secondly, if asset creation is considered as the prime concern for poverty alleviation, why those are to be blamed who are directly engaged in productive activities? The rural non-poor groups invest on land. It associates high risk, as crop failures are frequent in Bangladesh. In addition, introduction of improved technologies has increased the production costs of agriculture significantly. It often happens Bangladesh that the prices of agriculture products lower than production costs, particularly when agriculture experiences good yield. Thus the farmers are, whether large or small, actually vulnerable of being poor over time. In a nationwide study Sen (1996) found that with a span of only two years about 40% of the non-poor in rural Bangladesh fell in poverty. In such a reality why those who are engaged in risky investments in productive sectors are to blame leaving the most privileged groups, i.e., urban elite, untouched? This is the point where inequality matters for sustainable poverty reduction in Bangladesh. Urban based highly privileged groups of officials, politicians, so called industrialists and businessmen filch all the benefits of all social resources including the fruits of growth, if any. As Maloney Claimed: "Overall prosperity has been increasing in some respects— in the past 5 years economic growth was 4% a year, while population growth was 2.4%. But the increment goes mostly to the richer minority, especially those in Dhaka, while condition of the 40% in absolute poverty is in some ways declining even further"(1991: 7).



There is extreme scarcity of data about the share in public facilities, largely subsidized by the state, among the different groups of population. However, it could be assumed that the share of the poor in public facilities such as, education, health, employment etc. is extremely low compared to the privileged groups stated above. One evident is that most of these facilities are concentrated in the urban areas and as such, remain beyond the rural people—where majority poor live. In the urban areas too, there is little evidence that the poor section is using these facilities. The following example could help us to guess the extent of such inequality. In addition to the fact of negligible public expenditure in education (under 3% of GDP in Bangladesh in the 1980s), the fact of subsidy in tertiary education, no doubt enjoyed by the urban affluent section, was more than 250 per cent while it was only 5.3 per cent to primary schooling (ADB 1994:6). Gunnar Myrdal (1972:106) mentioned that inequality within the occupations or sectors; rural urban expenditure is greater in the South Asian countries than that of the western countries. Thus in true sense, to explain the persistent poverty of Bangladesh, it is necessary to re-examine the inequality within the framework of general inequality prevailing in the society, particularly inequality in terms of access to public opportunities or social rewards between the urban elite groups and vast rural population. Probably that is why Lipton mentioned that: "The most important class conflict in the poor countries of the world today is not between labor and capital. Nor is it between foreign and national interests. It is between the rural classes and the urban classes. The rural sector contains most of the poverty, and most of the low-cost sources of potential advance; but the urban sector contains most of the articulateness, organization and power" (1977:13).

### CONCLUSION

On the basis of the above discussion we can draw certain conclusions as below. *First*, although different scholars have explained the mass poverty of Bangladesh from different point of view, there are striking similarities among the explanations. Such a similarity is explaining the persistent mass poverty by the *culture* of the society. It closely resembles with the culture of poverty thesis of Oscar Lewis. Lewis's thesis was mainly based on developed societies. He described the culture of poverty as a sub-culture within the broad culture of those societies. While in developing societies, it appears that the culture of poverty is not a sub-culture. In fact, it is the main culture of the society as majority of the population of developing societies lives in poverty. In contrast, the culture of a minority, who hold the distributive power in the society and enjoy the lion-share of the available resources and social rewards, could be identified as a sub-culture.

Nevertheless, culture has been revealed as an important factor in explaining the persistent mass poverty of Bangladesh. *Second*, the poor of Bangladesh have been caught within a vicious circle, where any income gain is demolished by the opposing forces active in the society such as, population increase, crisis, insecurity, etc. *Third*, there exist severe nature of inequalities in Bangladesh society. Particularly in terms of access to public facilities—the only source of social rewards available in Bangladesh society—among the minor urban based politico-bureaucrat-business group<sup>25</sup> and the mass rural population where majority poor live. The latter group severely deprived of all public opportunities causing chronic failure of the development and poverty alleviation

<sup>25</sup> It is worth mention that the urban poor are also severely deprived of such facilities.



programs. This contributes to persistent mass poverty. Hence, distribution of public opportunities in favor of the vast rural population is necessary for sustainable poverty reduction. *Four*, as solution of the problem of poverty, both individualistic<sup>26</sup> and structural approaches were suggested by the theories. However, it appears that structural measures may not be able to ensure the well being of the society in the long run. Given the poor resource and industrial base of Bangladesh such a measure may also not be visible in the near future. Creation of new organization for the poor, channeling available social resources to the poor; would be appropriate in this regard. *Five*, it appears that the poor lack resources; namely land, capital and employment, necessary to escape from poverty. Hence, the poor should be provided with land, capital in the form of credit and employment through migration in urban areas or outside the country. As culture has been found one of the major contributing factor to persistent poverty escape outside culture, i.e., employment in industrial sector or migration to foreign countries, would be most effective to escape from poverty.

However, in practical considerations this might not be a viable way for alleviation of Bangladesh's persistent poverty in the near future due to several reasons. Firstly, the number of migrants to foreign countries is few compared to the extent of poverty in the country. Secondly, due to increasing strict immigration laws in other countries, particularly in the developed countries, opportunity of migration is shrinking. Thirdly, those who are able to go to abroad, either legally or illegally, are again, mostly among the privileged urban groups. Fourthly, this has opened another avenue for the urban based privileged groups to exploit the poor as those who are engaged in manpower business have come from these groups. Going abroad involves huge amount of money. In most cases rural people arrange these money with lot of troubles, even by selling their last resource, land. There is no guarantee that even paying the full amount of money people will be able to go to abroad. And even, finally, if they able to left Bangladesh they often found themselves exploited with fake contracts. They become illegal migrants with lot of misery. Fifthly, it is fact that majority of the migrant workers stay as illegal worker. It is inhuman and denial of the human rights in the sense that year after year these people are unable to visit their families and remain socially and politically in suspense. According to Galbraith "They live in a half world over which there continues to hover the possibility or the threat of going home (1979:126). It could also be noted here that, developed countries; such as U.S., Canada, Japan, European countries, Singapore, Malaysia, and so on; although benefited largely from the labour of these workers they are not extending legal status to these unfortunate human beings. These indicate that the developed countries, like the privileged groups in the home, are also exploiting these huge numbers of unfortunate migrant workers. With these facts it seems that migration may not be viewed as a possible and expected way of escaping poverty in Bangladesh. Industrial escape in Bangladesh remained most unrealistic, as the

<sup>26</sup> Explanations of poverty, which emphasize the individualistic and naturalistic aspects of poverty, are known as 'individualistic explanations of poverty'. It focuses on the individual characteristics of the poor in explaining their poverty and blames the poor for their own poverty. Thus, it is popularly known as 'blaming the victim' perspective. Some of the proponents of the individualistic explanations of poverty are Banfield, 1970; Bottomore, 1966; Hauser, 1980; Jencks, et al. 1972; Moynihan, 1973; Pease, Form & Huber, 1970. According to the individualistic explanations of poverty it is assumed that focusing on the characteristics of the poor could reduce poverty.



contribution of this sector to national economy is still very low compared with the agricultural sector. Moreover, the situation of the urban poor, which is an obvious outcome of the rural poverty, is equally woeful, if not more, like the rural poor. Thus, according to Galbraith's theory escape within the culture remain as the best way for solution of the problem. *Six*, creating opportunities for the poor do not mean that all of them will be able to use those successfully and come out of poverty. This could be the result of several reasons. Firstly, the income diminishing forces (mentioned in second section above) face by the poor in the society could demolish their gains, if any. Secondly, there are differences in individual (age, skill, etc.) and family characteristics (family life cycle stage, family composition, etc.) among the poor. Such differences would also cause differences in successes in using the opportunities created for them. For example, if provided with credit for investment by means of self-employment, all poor may not turn out as equally successful entrepreneurs. Hence, micro-level factors are equally important to ensure the sustainable poverty alleviation. *Finally*, Coming out of poverty, essentially, should be a guided process. Otherwise, the efforts of the poor to escape from poverty may end in failure causing the poor to be frustrated, a major contributing factor to persistent poverty. The role of the workers of the development and poverty alleviation programs is vitally important in this regard.

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