

PN-AAQ-602
15N 35869

1
PNAAQ 602

ZILLA ROADS/LOCAL FINANCE PROJECT
vol. 3, INTERIM REPORT NO. 1
LOCAL GOVERNMENT STRUCTURE IN BANGLADESH
LARRY SCHROEDER AND MANIRUZZAMAN

METROPOLITAN STUDIES PROGRAM
THE MAXWELL SCHOOL OF CITIZENSHIP AND PUBLIC AFFAIRS
SYRACUSE UNIVERSITY
SYRACUSE, NEW YORK 13210

NOVEMBER 1982
(REVISED MAY 1984)

11

SYRACUSE UNIVERSITY

Melvin A. Eggers

Chancellor

THE MAXWELL SCHOOL

Guthrie Birkhead

Dean

THE METROPOLITAN STUDIES PROGRAM

Roy Bahl	Economics/Public Administration	Director
David Greytak	Economics	Assoc. Director
Stephen Long	Economics/Public Administration	Assoc. Director
Larry Schroeder	Public Administration/Economics	Assoc. Director

SENIOR RESEARCH ASSOCIATES

S. Bretschneider	Public Admin.	Jerry Miner	Economics
Jesse Burkhead	Econ./Pub. Admin.	M. Moussavian	Economics
James Follain	Economics	John Nellis	Public Admin.
Bernard Jump, Jr.	Public Admin.	Jan Ondrich	Economics
Robert Lerner	Public Admin.	David Robinson	Geography
William Mangin	Anthropology	Seymour Sacks	Economics
Barbara Miller	Anthropology	Russeil Settle	Economics
		Jeff Straussman	Public Admin.

RESEARCH ASSOCIATES

Jay Crozier	Health Analyst	Mark Miller	Programmer Anal.
Robert Hall	Rural Sociology	James Wozny	Economics

GRADUATE RESEARCH ASSISTANTS

Afsaneh Assadian	Economics	Tamar Emi Miyake	Economics
Judy Ball	Public Admin.	Hasan Murshed	Economics
Libby Dalton	Public Admin.	Ruth Prier	Economics
Pat Davitt	Public Admin.	Linda Shotzbarger	Economics
Richard Joseph	Public Admin.	Brenda Spillman	Economics
Showkat Khan	Anthropology	M. Muin Uddin	Economics
John Krein	Public Admin.	Pam Walker	Public Admin.
Haeduck Lee	Economics	Dana Weist	Public Admin.
Ranjana Madhusudhan	Economics	William Wright	Public Admin.

STAFF

Anne Adams (Admin. Ass't)	Cynthia Lowe (Secretary)
Patricia Bradley (Secretary)	Michelle Peterson (Secretary)
Karen Browne (Receptionist)	Ellen Strbak (Librarian)
Esther Gray (Secretary)	

111

LOCAL REVENUE ADMINISTRATION PROJECT

Roy Bahl (Economics) Director
Larry Schroeder (Public Administration) Associate Director

Country Project Directors

Jerry Miner (Economics)--Upper Volta
David Robinson (Geography)--Peru
Larry Schroeder (Public Administration)--Bangladesh

Faculty Associates

Glynn Cochrane	Anthropology	William Mangin	Anthropology
James Follain	Economics	Barbara Miller	Anthropology
David Greytak	Economics	John Nellis	Public Admin.
Bernard Jump, Jr.	Public Admin.	Marshall Segal	Social Psych.

Research Associates

Hernando Garzon	Social Sci.	Robert Hall	Rural Sociology
-----------------	-------------	-------------	-----------------

Research Assistants

Libby Dalton	Public Admin.	Hasan Murshed	Economics
Showkat Khan	Anthropology	Linda Shotzbarger	Economics
Ranjana Madhusudhan	Economics	M. Muin Uddin	Economics

Consultants

James Alm	University of Colorado, Tax Policy
Fernando Bertoli	Private Consultant, Computer Science
Sandra Bertoli	Private Consultant, Computer Science
Fred Burke	Private Consultant, Public Administration
Nicholas Gavrielides	SUNY, Cortland, Anthropology
Daniel Holland	M.I.T., Tax Policy
L. Kenneth Hubbell	University of Missouri-Kansas City, Tax Policy
Charles McLure	Hoover Institute, Tax Policy
Oliver Oldman	Harvard Law School, Tax Administration
Alek Rozenthal	Private Consultant, Tax Policy
Kenneth Stacey	Private Consultant, Custom Administration
Michael Wasylenko	Penn State University, Tax Policy

TABLE OF CONTENTS

	<u>Page No.</u>
LIST OF FIGURES AND TABLES	vi
PREFACE	vii
OVERALL STRUCTURE	2
Administrative Hierarchy	2
Secretariat	2
Divisions	4
Districts	5
Upazila	6
Local Government Units	7
Fiscal Decentralization	12
ZILLA PARISHADS	14
Functional Assignments and Staffing of Zilla Parishads	16
Expenditures	20
Revenues	22
Taxes	23
Earned Income	23
Grants	24
Actual Revenues	25
Budgeting	28
The Future of Zilla Parishads	31
Theoretical Issues	31
Options Available	33
UPAZILA PARISHADS	35
Local Government at the Thana Level	36
Local Government at the Upazila Level	38
Functional Assignments	41
Finance and Project Development	43
UNION PARISHADS	50
Functional Assignments	51
Union Parishad Finances	53
Revenues	53
Expenditures	60
Financial Management	62

TABLE OF CONTENTS (Continued)

PAURASHAVAS AND MUNICIPAL CORPORATIONS	63
Functional Assignments	64
Finance	65
Revenues	66
Expenditures	69
Budgeting	71
CONCLUSIONS	71
APPENDIX A	76
APPENDIX B	78
APPENDIX C	80
APPENDIX D	81
APPENDIX E	84

LIST OF FIGURES AND TABLES

<u>Figure No.</u>	<u>Title</u>	<u>Page No.</u>
1	ADMINISTRATIVE HIERARCHY IN BANGLADESH BEFORE AND AFTER 1982	3
2	LINKAGES BETWEEN THE ADMINISTRATIVE HIERARCHY AND LOCAL SELF GOVERNMENTS IN RURAL AREAS	9
3	ORGANIZATION CHART OF ZILLA PARISHADS	17
 <u>Table No.</u>		
1	MILES OF ZILLA PARISHAD ROADS--SELECTED DISTRICTS	19
2	PERCENTAGE DISTRIBUTION AND MEAN PER CAPITA ZILLA PARISHAD EXPENDITURES, BY TYPE, 1976/77-1980/81 (in percents)	21
3	PERCENTAGE DISTRIBUTION OF ZILLA PARISHAD REVENUES BY SOURCE, 1976/77-1980/81 (in percents)	27
4	UPAZILA PARISHAD MEMBERSHIP	40
5	MAXIMUM UPAZILA PARISHAD TAXES ON PROFESSIONS, TRADES AND CALLINGS (in Taka)	46-47
6	PERCENTAGE DISTRIBUTION OF UNION PARISHAD REVENUES 1976/77-1980/81 (in percents)	59
7	PERCENTAGE DISTRIBUTION PARISHAD EXPENDITURES BY EXPENDITURE TYPE 1976/77-1980/81 (in percents)	61
8	MEAN PERCENT DISTRIBUTION OF PAURASHAVA TOTAL REVENUE, BY SOURCE, BY FISCAL YEARS 1976/77-1980/81 (in percents)	68
9	MEAN PERCENT DISTRIBUTION OF PAURASHAVA TOTAL EXPENDITURES, BY TYPE, BY FISCAL YEARS 1976/77-1980/81 (in percents)	70

PREFACE

This paper was the first in the series of Interim Reports issued from the Zilla Roads/Local Finance Project. Originally released in November 1982, the current version has been revised completely to describe the structure of local government in Bangladesh as of early 1984 and to detail some of the changes in this structure which have occurred during the past two years. The paper also describes the linkages between the administrative structure of the Central Government and local government bodies and how these links have changed under decentralization.

An understanding of the structure of local governments is crucial to any set of policy reforms. Thus, while this paper does not contain a large number of recommendations, it does point out the important issues that were addressed throughout the course of the study.

We recognize that even the new revised version of this paper may be out of date in the near future. Indeed, if some of the recommendations made in the Final Report are implemented, the description here will be incorrect. On the other hand, since the skeletal structure of local governments in Bangladesh has not been altered significantly since the British colonial period, we anticipate that the overall framework will remain intact for some time to come.

The Local Finance Project is one component of the Bangladesh Zilla Roads Maintenance and Improvement Project (Project Number 388-0056) and is intended to assess and increase the capacity of local governments in Bangladesh to mobilize and effectively administer financial resources. The work is supported by the United States Agency for International Development, Washington, D.C. under a Cooperative Agreement (AID/DSAN-CA-0198). The views and interpretations in this publication are our own and should not be attributed to the United States Agency for International Development.

Maniruzzaman is a Research Specialist at USAID, Dhaka. A portion of this paper is drawn from his earlier paper, "The Functioning of Local Government in Bangladesh" (USAID, 1981).

Larry Schroeder
Project Director
Zilla Roads/Local Finance Project

- / -

LOCAL GOVERNMENT STRUCTURE IN BANGLADESH

Larry Schroeder and Maniruzzaman

The structure of local government in Bangladesh is complex, largely because of the shared responsibility between central and local governments for administering and financing different public sector functions. Its description is further complicated by the fact that it has been changing very rapidly, especially during the past several years. This paper describes the local government structure in Bangladesh emphasizing the linkages and hierarchy which it contains.¹ While we concentrate here on the structure as of early 1984, it is also instructive to consider how the structure differs from that of the recent past.

The overall administrative and local government hierarchy is outlined in the following section. That background discussion is followed by sections devoted to the zilla parishad, upazila parishad, union parishad and paurashava--the four types of local government found in Bangladesh today. Included in the discussion of each of these local government levels are major features of personnel and financial administration which affect their operation and their linkages to other governmental units. In

¹A more detailed, but similar, overview of the structure of local government in Bangladesh is provided in Ali Ahmed, Administration of Local Self-Government for Rural Areas in Bangladesh (Dacca: Local Government Institute, 1979). For a detailed bibliography on this subject, see Salahuddin M. Aminuzzaman, Local Government and Administration in Bangladesh, A Selected Bibliography (Dacca: Center for Administrative Studies, 1981).

addition, the primary sources of revenue and uses of funds are included in these discussions.

Overall Structure

In studying government structure in Bangladesh, it is necessary to begin by distinguishing between the central government ministries that extend services to rural and urban areas on the one hand, and local governments on the other. This is the familiar distinction between administrative deconcentration and governmental decentralization.

Administrative Hierarchy¹

Central government ministries are organized hierarchically with the secretariat at the apex. Below are the division, district, and upazila. Figure 1 displays this hierarchy both before and after implementation of decentralization.

Secretariat. The secretariat within a ministry is the highest administrative authority, responsible for issuing all rules and regulations related to the organization and operation of the lower levels of administration. While each ministry is headed by a politically-appointed minister, the permanent head of the ministry is known as the permanent secretary who is a senior civil servant and a member of the establishment division.² He is assisted by several civil officers including

¹Administrative organization in Bangladesh is well explained and critiqued in Ali Ahmed, Basic Principles and Practices of Administrative Organization: Bangladesh (Dacca: National Institute of Local Government, 1981).

²The establishment division is the civil service organization to which all career bureaucrats belong.

FIGURE 1
ADMINISTRATIVE HIERARCHY IN BANGLADESH
BEFORE AND AFTER 1982

<u>Level</u>	<u>Before 1982</u>		<u>Since 1982</u>	
	<u>Chief Administrator</u>	<u>Number in Country</u> ^a	<u>Chief Administrator</u>	<u>Number in Country</u> ^b
Secretariat	Permanent Secretary	1	Permanent Secretary	1
Division	Commissioner	4	Commissioner	4
District	Deputy Commissioner (DC)	20	Deputy Commissioner (DC)	64 ^c
Subdivision	Subdivisional Officer (SDO)	7	Abolished	
Thana/ Upazila ^d	Circle Officer (CO)	474	Upazila Nirbahi Officer (UNO)	460

^aAs of July 1982.

^bAs of May 1984.

^cUntil late 1983 there were but 22 districts. The number 64 is the currently targetted number.

^dCalled thana prior to upgrading in December 1982. Since then, called upazila.

additional secretaries, joint secretaries and deputy secretaries. Under the rules, the secretary and his immediate officers cannot serve in a ministry for more than 3 years and are sometimes transferred more frequently. These administrative decision-makers thus tend to be generalists rather than technical experts within the particular functional area associated with the ministry, e.g., agriculture, fisheries or local government.

The secretariat is the policy-making body within ministries. Implementation of these policies is carried out by the directorates and departments of most ministries.¹ Personnel attached to these directorates are posted at the division, district and upazila levels.

Divisions. The country is divided geographically into four divisions with the principal administrative officer at this level being the commissioner.² The commissioner acts as the coordinating officer for the departments which maintain offices at the divisional level. Government service programs are not implemented at the divisional level; instead programs are reviewed and approved there. Implementation occurs at lower administrative levels.

¹These offices are usually headed by specialists, e.g., engineers. Whether this dichotomy between the generalists and specialists within ministries is conducive to the smooth functioning of the organization is a matter of debate. See Ali Ahmed, Basic Principles and Practices of Administrative Organization: Bangladesh, pp. 5-9; and A.M.A. Muhith, Thoughts on Development Administration (Dacca: BRAC, 1981), pp. 5-14.

²The future status of divisions is uncertain. Several studies of governmental administration in Bangladesh, including the Committee for Administrative Reorganization/Reform which presented its Report to the government in July 1982, have recommended that they be abolished.

Districts. The district has traditionally served as the key administrative level since the implementing directorates of all nation-building ministries maintain staff there, and the majority of development expenditures are either channelled through or approved by district-level personnel. The deputy commissioner (DC) is the principal central government officer in the district.¹ His functions include coordination of development activities within the district, collection of land taxes, administration of land laws, and the fostering of local government. He is assisted by additional deputy commissioners, as well as line officers from the nation-building ministries (directorates).

Prior to 1984, there had never been more than about 20 districts within Bangladesh. Over the years, however, there have been several proposals to increase the number substantially so as to reduce the physical size of districts and to diminish the number of persons served.² Finally, in 1982 the Committee for Administrative Reorganization/Reform also recommended creation of a significantly larger number of districts.³ In early 1984, implementation of this recommendation was begun with the ultimate plan to have a total of 64

¹For a thorough discussion of district-level administration including details regarding the functions of the DC, see Qazi Azher Ali, District Administration in Bangladesh (Dacca: National Institute of Public Administration, 1978).

²See, for example, A.M.A. Muhith, Thoughts on Development Administration, pp. 36-38. Muhith notes (page 21) that under the original Hastings Plan--which created district level administration in Bangladesh in 1772--23 districts were formed.

³Committee for Administrative Reorganization/Reform, Report of the Committee for Administrative Reorganization/Reform, (Dhaka: June 1982).

districts in the country. Such a change will, of course, have substantial manpower needs associated with it if all districts are to contain the roster of bureaucrats found in the former districts.

Upazila. Prior to 1982, central government staff officers were stationed in both sub-divisions (of which there were usually 3-5 in a district) and thanas (usually numbering 6-10 within a subdivision). Under the policy to decentralize administration in the country, the sub-divisions were abolished and a greater number of more highly trained officers were posted at the thana level. To emphasize its change in character, the thana was renamed the upazila. All previous thanas, other than those located within four major urbanized areas of Bangladesh--Dhaka, Chittagong, Khulna, and Rajshahi--have been upgraded to upazilas. There are, therefore, 460 upazilas whose boundaries encompass all non-highly urbanized area within Bangladesh.

Upazilas contain 10 officers in charge of the major functional services provided by the central government in the rural areas, e.g. health, education, agricultural services, fishery services, etc. In addition, there are 6 regulatory officers plus judiciary officers posted in the upazila. Given its lowest level in the administrative hierarchy, the upazila is the level most frequently contacted by the population at large; thus, improvement in officer quality at this level was seen as an especially important aspect of the thana upgrading process.

The chief administrative officer of the upazila is the upazila nirbahi officer (UNO). All other upazila officers work under his guidance. Many of the first UNOs posted had previously served as sub-divisional officers

(SDOs) or as additional deputy commissioners (ADCs). Unfortunately, the general shortage of highly qualified personnel in Bangladesh has meant that such upgrading of officers in all upazilas has not been uniform.

Possibly of most significance to the common villager was the posting of magistrates and munsiffs at the upazila level. This has made it possible to settle legal disputes in a much less costly manner since the parties to the dispute no longer must travel to subdivisional or district headquarter towns for adjudication.

Local Government Units

Local government has a long history on the subcontinent.¹ Even before the British era, village panchayats (councils of elders) took responsibility for rural administration. Formal local self-government during the British rule can be traced to the Bengal Local Self-Government Act of 1885 which was the outgrowth of Lord Ripon's proposal to establish elected local government bodies throughout the country. Under the Act, three levels of local governments were established--district boards, local boards and union committees.

This three-tier system was altered by the Village Self-Government Act, 1919, which established a two-tier system of government in rural areas

¹Much of what follows here is taken from M. Rashiduzzaman, Politics and Administration in the Local Councils, A Study of Union and District Councils in East Pakistan (Karachi: Oxford University Press, 1968), p.1. Additional sources are cited in Salahuddin M. Aminuzzaman, Local Government and Administration in Bangladesh, A Selected Bibliography. A broader-based background of local government throughout the Sub-Continent can be found in Hugh Tiner, The Foundations of Local Self-Government in India, Pakistan and Burma (New York: Frederick A. Praeger, 1954).

consisting of district boards and union boards. This general system continued after the founding of East and West Pakistan in 1947.

Under the Basic Democracies Order (October 27, 1959), issued by President Field Marshal Mohammad Ayub Khan, major changes were made in the system. The Basic Democracies Order provided for: (1) a union council for a union (which consisted of several villages) in rural areas and a town committee for urban areas; (2) a thana council for a thana in East Pakistan (tehsil councils were established for the parallel administrative unit in West Pakistan); (3) a district council; (4) a divisional council; and (5) provincial Development Advisory Councils for East and West Pakistan.

Two ordinances (along with many of the rules established for local governments under the Basic Democracies Order) govern local bodies in Bangladesh today. These ordinances are: The Local Government Ordinance, 1976, including its 1982 and 1983 Amendments which focus on zilla parishads, upazila parishads and union parishads; and The Paurashava Ordinance, 1977, which governs local government in urban areas. There is, as well, a specific ordinance which pertains to Dhaka, the Dhaka Municipal Corporation Ordinance, 1983.¹ Each of the four levels of local self-government units is discussed below; but it is important to mention here the linkages that exist between the administrative units outlined above and these local bodies (Figure 2).

¹Dhaka and Chittagong have the status of municipal corporations although there is, apparently, no special statute for the latter. Municipal corporations have greater powers than do paurashavas.

FIGURE 2

LINKAGES BETWEEN THE ADMINISTRATIVE HIERARCHY
AND LOCAL SELF GOVERNMENTS IN RURAL AREAS

<u>Geographic Units</u>	<u>Administrative Officer</u>	<u>Local Government</u>	<u>Elected Representatives</u>
Division	Commissioner	---	---
District	Deputy Commissioner	Zilla Parishad	Rules pertaining to ZP elections have not been promulgated.
Upazila	Upazila Nirbahi Officer	Upazila Parishad	Chairman plus all UP and paurashava chairmen.
Union	---	Union Parishad	Chairman plus nine elected members.

Zilla parishad (ZP) refers to an elected council within a district. Under The Local Government Ordinance, the zilla parishad was to consist of elected officials, official members and appointed women members. This aspect of The Local Government Ordinance has never been implemented. Instead, the deputy commissioner (DC) acts as the chairman of the zilla parishad and the assistant director for local government (ADLG) acts as its secretary. The dual role of the DC as the chief administrative officer of the district and as chairman of the ZP thus directly ties the central government to the day-to-day operations of this local body.

Another means of linking local bodies to central government personnel is through the assignment of "prescribed authorities." Essentially, the prescribed authority oversees the actions of the local government. For example, a local government's budget is to be examined by the appropriate prescribed authority, who also has the power to modify it. In the case of the ZP, this role is played by the commissioner.

Upazila parishads (UZP) consist of a chairman elected by all voters within the upazila, all chairmen of the union parishads or paurashava located within the upazila, the chairman of the Thana Central Cooperative Association, three appointed women and one person nominated by the Government.¹ Upazila officers (employees of the several line agencies providing services to the upazila) are also members of the parishad and can participate in discussion of upazila parishad matters; however, they

¹Upazila parishad elections have not yet been held but are tentatively scheduled for sometime in 1984. Until held, UNOs serve as UZP chairmen.

cannot vote. The inclusion of these administrative officers on the decision-making body means that the new structure of local government does not totally remove the influence of administrators from the official decisions taken by the UZP. Nevertheless, the change is an important one vis-a-vis the previous structure under which the thana parishad was presided over by administrative officers--the SDO as chairman and the circle officer (CO) as vice-chairman. Furthermore, other thana officers were allowed to vote on thana parishad matters. Thus, the upazila is now truly a local self-governing body, which should help insure that the needs and desires of the local population are more adequately served.

While the powers of the upazila parishad make it independent of the central government, it has no employees of its own. Instead, the officers and staff of the several line agencies servicing the upazila carry out the functions of the local body. Furthermore, the officers deputed to the upazila are still evaluated for purposes of promotion and transfer by their respective line ministries. This means that, even though they are to serve the local government, their loyalties could easily be swayed by the particular desires of their "home" ministry. Indeed, this may constitute one of the most pressing personnel issues associated with the staffing and service provision at this new centerpiece of the move to decentralize administration in the country.

Union parishads (UP) are, in general, autonomous from central government control since nine members of the UP are popularly elected from each of the three wards in the union. The chairman, too, is elected by the residents of the union. There are also two women members of the union parishad, nominated by the upazila parishad.

Financially, the UP is not totally free from other governmental influence. Its annual budget is reviewed by its overlying upazila parishad which has the power to modify the budget. The accounts of the union parishad are to be audited with the audit report also submitted to the UZP.

The central government prescribes the conditions of service, grades of pay, qualifications and principles to be followed in making personnel appointments at the UP level. Thus, while the role of the central government in UP activities is less than at the district level, there is still a substantial amount of oversight control.

Finally, local governments in urban areas--the paurashavas and municipal corporations--are also linked to the central government. As in the case of unions, each of the urban governments has an elected chairman and council; however, there is also a prescribed authority assigned to each with the responsibility to review budgets and financial reports.

Fiscal Decentralization

Considerable attention has been paid here to the role played by the central government in local government affairs. The issue concerns what constitutes the optimal level of central government intervention in the activities, especially the fiscal affairs, of local governments. Although it is not possible to answer that question in a definitive way, it is instructive to review briefly the arguments that underlie greater or lesser fiscal decentralization.

On the one hand, there is a strong likelihood that local governments, by being closer to the people, can more effectively match spending

decisions to the particular needs of the jurisdiction than can central government decision-makers. This greater efficiency is, in turn, expected to aid development efforts. Likewise, it is anticipated that taxpayers are more willing to comply with local taxes since there is a more obvious connection between taxes paid and services rendered than when all tax monies revert to the central government.¹

On the other hand, there are constraints to decentralization. Local governments throughout the world are nearly always "creations of the state" and, as such, are naturally subject to some control by their creators.² Limitations to autonomy are not necessarily undesirable. While decentralizing decision-making can aid development, total autonomy may lead to local actions which are in conflict with national goals. In such cases, the narrower perspectives of localities may have to be set aside in favor of the broader context of the nation's welfare. Furthermore, when a significant portion of a locality's resources are provided from the central government treasury, fiscal prudence on the part of the central government requires that some degree of control be placed over local actions. In a similar vein, it is imperative that local government financial auditing be performed by an independent body, most likely a part of the central government. The developmental advantages of

¹These arguments certainly are not new ones and can be found in the classic work on local government in developing countries by Ursula Hicks, Development From Below (London: Oxford University Press, 1961), pp. 3-9.

²For example, in the United States, the financial affairs of local governments are nearly always examined by the states in which they are located since the state is the governmental body which provides them the right to existence.

decentralization are lost if the finances of localities are improperly used.

In summary, the real question is not whether any amount of higher level control ought to be placed on local self-governing units, but, instead, what is the proper degree of this control. There is obviously a tradeoff that must be considered--greater autonomy may make local bodies more responsive to local needs and may increase the effectiveness of local governments, yet autonomy also increases the possibility that actions will be taken that are not in the best interest of the nation, or that financial or other mismanagement at the local level will not be detected.

Zilla Parishads

District-level governments were created by the Local Self Government Act of 1885 and were originally called district boards. The Basic Democracies Order of 1959 gave them the name district councils. The functioning of these institutions was disrupted during the popular movement in 1968 which toppled President Ayub Khan, but they resumed activity under the name zilla boards in 1972. Four years later, zilla boards became zilla parishads under The Local Government Ordinance of 1976.

Throughout their long history, zilla parishads and their predecessor boards and councils have seldom consisted primarily of elected representatives. For a three year period starting in 1956, the district boards were composed entirely of elected officials. However, the Basic Democracies Order of 1959 terminated this arrangement and made the

district councils a part of the Deputy Commissioner's Office.¹

While independence brought promise of a new political order, little progress in democratizing zilla parishads has been made. Central government bureaucrats continue to administer its functions with all of the powers of the ZP exercised by two key persons: the deputy commissioner (DC) and the assistant director of local government (ADLG) in their respective capacities as chairman and secretary of the zilla parishad. The principal responsibility of these two officials is the management of the central government's administrative structure in the district. The roles of both the DC and ADLG in the ZP can be described as additional to their overall district administrative responsibilities.

The office of the deputy commissioner as chief administrator in the district has been in existence for over 100 years. Today, as the bureaucracy has become increasingly comprehensive and complex, the DC's power may be less than in earlier times. Nevertheless, the DC maintains considerable local power and prestige.

The ADLG, who serves as secretary of the zilla parishad, is a staff officer of the DC with the responsibility to monitor and supervise the activities of the local bodies in the district. All important decisions are made between the chairman and the secretary; and all files go through the secretary who, therefore, controls the decision-making process by his ability to delay, question or object to recommendations and actions directed to the chairman.

¹Ali Ahmed, Administration of Local Self-Government for Rural Areas in Bangladesh, 1979.

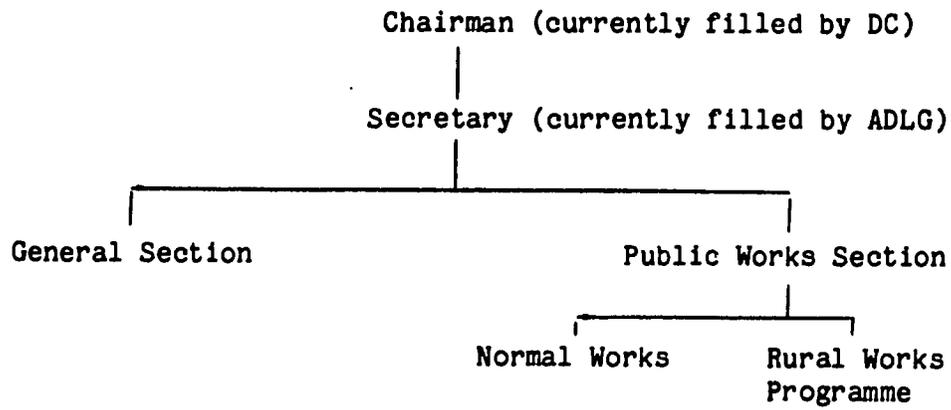
Under the DC and ADLG, the zilla parishad staff is fitted into an organizational structure consisting of two divisions or sections (Figure 3). The general section (or secretariat) includes a deputy secretary or administrative officer, budget officer, accountant and clerks, upper division assistants (UDAs) and lower division assistants (LDAs). This section manages the administrative and financial affairs of the ZP. The other division is the public works section which is responsible for the construction and maintenance of roads and bridges, water supply, sanitation and public buildings. It is further subdivided into the normal works and rural works sections.

More so than any time in its past, the future of the zilla parishad is, today, in doubt. As was noted above, current plans call for the creation of three times as many districts as had existed even a few short months ago (a total of 64 compared to 21). Thus, a policy question now being debated concerns whether or not each of these districts should have its own zilla council and, if so, what form this council should take. Since this issue is closely tied to the sorts of functional responsibilities of these governmental bodies, we consider the issue after having reviewed the spending and revenue patterns observed in zilla parishads during the recent past.

Functional Assignments and Staffing of Zilla Parishads

The zilla parishad has a list of 97 functional responsibilities categorized under two headings: compulsory and optional (see Appendix A). However, financial constraints along with the activities of the central government's nation-building ministries and government corporations have

FIGURE 3
ORGANIZATION CHART OF ZILLA PARISHADS



greatly reduced the role of the ZP in agriculture, health and education. The principal function of the zilla parishad is public works, particularly transportation facilities including roads, bridges, canals and ferries.

Administratively, the public works function is complicated by the fact that there are two wings of public works--normal works and rural works. The activities of the former are financed from the general revenues of the zilla parishad using both own-source and grant revenues, while the latter are financed from the Rural Works Programme (RWP) grants from the central government. The activities of both sections are included in the budget and general fund of the ZP, and, as is discussed in more detail below, together account for nearly 80 percent of total expenditures.

The principal activities of ZP public works spending (both normal works and rural works) is in constructing and maintaining the districts' transportation system. While the transport system includes rivers, canals and ferries, the primary transit mode which absorbs the time and resources of the public works section is the district's road system. This system constitutes the rural road network which joins administrative and commercial centers at the upazila and district levels.

Table 1 illustrates the relative underdevelopment of the zilla parishads' road systems, with most of the mileage unpaved. Furthermore, during the rainy season a substantial percentage of the unpaved roads throughout the country becomes unpassable except to foot traffic. Faridpur is particularly noteworthy in that the entire system, paved and unpaved, is extremely small. Rangpur, on the other hand, is notable because of its extensive road network which is only slightly smaller than

TABLE 1
MILES OF ZILLA PARISHAD ROADS--SELECTED DISTRICTS

<u>District</u>	<u>Paved^a</u>	<u>Unpaved</u>	<u>Total</u>	<u>Miles of Road Per Square Mile Area^b</u>
Tangail	8	686	694	.5477
Sylhet	82	466	548	.1158
Rangpur	122	2,263	2,485	.7102
Faridpur	3	127	130	.0531
R&H System ^c	2,533	352	2,885	

^aIncluding herring-bone brick.

^bTotal land area excluding rivers.

^cThe entire national highway system under the Roads and Highways Department.

SOURCE: District records and 1980 Statistical Yearbook of Bangladesh.

the entire national highway system of the Roads and Highways Department and, in terms of miles of road per square mile area of land, is over ten times greater than that in Faridpur. The Rangpur situation results primarily from its topographic conditions which preclude the use of canals and river transport.

In addition to public works, the ZP may take some small responsibility for maintenance of educational institutions and may provide contributions to support religious and cultural activities. In fact, however, the only major type of expenditure beyond public works is that on administration of the ZP, e.g., finance and personal services.

Expenditures

Since the main activities of zilla parishads fall under the heading of public works, it is not surprising to find that these expenditures (when combined with RWP spending) constituted approximately 70-80 percent of total expenditures of thirteen ZPs between 1976/77 and 1980/81 (Table 2). In addition to building and maintaining roads, bridges and ferries, public works includes construction and maintenance of dak bungalows, offices, warehouses, and other activities such as tree planting.

Other expenditure categories are extremely minor. In agriculture, zilla parishads operate a few small facilities, but most spending is used to provide awards to farmers who produce especially high yields. Health expenditures are for a few charitable dispensaries which provide limited care to the very poor. The ZPs also provide grants to local humanitarian organizations. In education, ZP grants are made for student hostels, educational institutions, youth organizations, libraries, cultural societies, and scholarships.

TABLE 2
 PERCENTAGE DISTRIBUTION AND MEAN PER CAPITA
 ZILLA PARISHAD EXPENDITURES, BY TYPE, 1976/77-1980/81
 (in percents)

<u>Expenditure</u>	<u>Fiscal Year^a</u>				
	<u>1976/77</u>	<u>1977/78</u>	<u>1978/79</u>	<u>1979/80</u>	<u>1980/81</u>
Establishment	7.8	7.9	12.1	9.7	10.2
Agriculture	0.4	0.4	0.2	0.2	0.2
Public Health	0.6	0.6	0.2	0.2	0.2
Education	8.7	5.6	4.3	4.1	3.3
Social Welfare & Culture	1.2	1.3	0.8	0.8	1.0
Public Works	39.3	53.1	49.9	50.3	53.7
Misc. Expenditures	1.8	2.6	3.6	3.7	3.8
Works Programme	<u>40.2</u>	<u>28.6</u>	<u>28.8</u>	<u>31.1</u>	<u>27.6</u>
TOTAL ^b	100.0	100.0	100.0	100.0	100.0
Mean Per Capita Nominal Amounts Total Spending (Tk.)	2.19	2.10	2.30	2.65	3.06

^aTotal expenditures exclude special grants expenditures. The data are based on a common set of 13 zilla parishads which include the RWP expenditures in the District Fund and for which data are available for the entire 5 year period.

^bMay not sum to total due to rounding

SOURCE: Computed by authors from zilla parishad records.

Establishment expenditures include the allowances for the chairman and secretary, and the salaries paid to all employees of the zilla parishad (with the exception of the RWP staff). This spending includes pensions and gratuities to retired employees, travel allowances, fuel and other zilla parishad operating costs. It generally constitutes less than 15 percent of total ZP expenditures.

Total expenditures measured in nominal terms are extremely small. For example, by 1980/81 mean nominal spending was only Tk. 3.06 per person. If one makes the very liberal assumption that average annual incomes in these rural areas are approximately Tk. 2,800 (assuming US\$ 140 per person and an exchange rate of Tk. 19.9 = US\$ 1), Tk. 3.06 expenditures amount to an expenditure-income ratio of slightly more than one-tenth (0.0011) percent. This is a very small ratio for a governmental body responsible for such a wide range of activities. Furthermore, if the data are adjusted for inflation, real spending per capita did not grow throughout the late 1970's.

Revenues

There are basically three kinds of revenue sources available to ZPs: taxes, earned income and central government grants. The Local Government Ordinance, 1976, lists 28 items under taxes, rates, tolls and fees which local governments can levy with prior sanction of the government (see Appendix B). But zilla parishads do not utilize all these sources since some are utilized by the union and upazila parishads and Chapter II, Paragraph 60 of The Local Government Ordinance precludes multiple levels of local government from utilizing the same source.

Taxes. The list of tax revenue sources used by the ZP is an extremely short one. Furthermore, local autonomy in taxes is limited by the fact that the tax rate changes must be approved by the prescribed authority--the divisional commissioner--and the ZP has no control over tax administration. In essence then, zilla parishads currently have no effective autonomy regarding taxes, and no way to independently increase the yields from this source.

The most important tax source is the immovable property transfer tax, a 1 percent levy on the value of all land and permanent structures sold in the district.¹ It is collected at the time the deed transfer is recorded by the Ministry of Law and Land Reforms. The collection agents are subregisters located at the upazila level.

A second, albeit insignificant, tax revenue source is the local rate. This tax was abolished in 1976 when the Land Development Tax Ordinance was passed, which merged all land revenue and other land-based taxes into the land development tax.² Since then, the only revenues obtained by the ZP from the local rate have been from arrears, thus the amounts are small and decreasing.

Earned Income. Own-source revenues, other than taxes, are derived as income earned from several different quasi-enterprise activities. One

¹The immovable property transfer tax is analyzed more fully in James Alm, "The Immovable Property Transfer Tax as a Local Government Revenue Source," Interim Report No. 3, Local Revenue Administration Project, Metropolitan Studies Program, The Maxwell School (Syracuse, NY: Syracuse University, 1983).

²See James Alm and Larry Schroeder, "The Land Development Tax in Bangladesh," Interim Report No. 7, Local Revenue Administration Project, Metropolitan Studies Program, The Maxwell School (Syracuse, NY: Syracuse University, 1983), for a discussion of this land-based revenue source.

such activity is income from tolls and ferry ghats. ZPs are authorized to collect tolls on district roads, bridges and ferry ghats (landings). We are aware of only one district (Sylhet) which imposes tolls on roads, although ferry ghats are a rather common revenue source.¹ Instead of operating these ghats or toll stations itself, the ZP commonly auctions franchises giving the franchise holder the right to collect fees from users. Toll rates are set by the district with the approval of the divisional commissioner.

A second source of income is rents and profits earned from the operation and rental of various types of property such as building and land, the lease of roadside ditches for fishing, rent of staff quarters, equipment rented to contractors, rent from dak bungalows (rest houses), sale of roadside trees and sale of materials supplied to contractors. For some ZPs, these revenues constitute the second most important local source of income; however, revenue growth is erratic.

The third source of ZP income is from fees, interest and other miscellaneous sources. Fees include those services in health and agriculture, and services provided to other levels of government, e.g., use of ZP printing facilities. In addition, bank deposits can yield interest earnings for the zilla parishads.

Grants. By far the most important grant revenue source of the zilla parishads is the Rural Works Programme (RWP). The RWP was initiated as a

¹For a discussion of toll road revenue in Sylhet, see Larry Schroeder, "Toll Roads as a Zilla Parishad Revenue Source: A Case Study," Interim Report No. 2, Local Revenue Administration Project, Metropolitan Studies Program, The Maxwell School (Syracuse, NY: Syracuse University, 1982).

pilot project organized by the Pakistan--now Bangladesh--Academy for Rural Development and was carried out in Kotwali Thana, Comilla District, in 1961/62.¹ Within one year, the program was expanded to all thanas in East Pakistan, funded in great part by resources supplied under U.S. PL 480 legislation.² The program was to accelerate the construction of a wide variety of public works at all levels of local government, and has continued to the present. Technically, it remained a temporary, supplemental program until September 1982, when it became a permanent part of the Local Government Division of the Ministry of Local Government, Rural Development, Cooperatives and Religious Affairs. The RWP then is a grant-in-aid from the central government to zilla parishads with the total (national) amount divided among the local bodies on the basis of area and population.³

In addition to the Rural Works Programme grant, the ZP receives a variety of small "normal" grants.⁴ One of these is the augmentation grant intended to increase ZP expenditures for development activities.

¹For a case study of the results of the Comilla experience, see Pakistan Academy for Rural Development, The Works Programme in Comilla, A Case Study (Comilla: PARD, 1966).

²Under PL 480, surplus wheat from the United States was sold to Pakistan for local currency, then resold locally. The revenues from these sales were then used to pay local workers for their efforts on the RWP schemes. See Gustav F. Papanek, Pakistan's Development, Social Goals and Private Incentives (Cambridge MA: Harvard University Press, 1967), pp. 157-162.

³See Roy Bahl, "Intergovernmental Grants in Bangladesh," Interim Report No. 10, Local Revenue Administration Project, Metropolitan Studies Program, The Maxwell School, (Syracuse, NY: Syracuse University, 1983) for a more comprehensive review of the RWP.

⁴Ibid.

The grant in lieu of the zamindar's contribution to the zilla parishad helps compensate for the loss in revenues which resulted from the abolition of the zamindari (landlord) system in effect during the British rule. Special Grants are also given to provide hardship allowances to ZP employees, while compensation grants are used to increase staff salaries. Finally, sometimes grants against specific projects are provided which, as the name implies, are monies used for special purposes.

Actual Revenues. Table 3 shows the composition of revenues in 14 zilla parishads for the period 1976/77-1980/81 together with mean per capita revenues. Two sources account for the bulk of total revenues of the zilla parishads--the immovable property transfer tax and the Rural Works Programme grant. The first of these grew in relative importance during the observation period; by 1980/81 it accounted for nearly one-half of all zilla parishad revenues. Grants, on the other hand, were declining in relative importance. All other revenue sources are minor with the decline in relative importance of Rent, Profit and Sales Proceeds possibly due to the fact that some sales, e.g., roadside trees, constitute a one-time only revenue source.

As was the case for expenditures, per capita revenues, both in nominal and real terms, are extremely small. Interestingly, per capita nominal own-source revenues did increase throughout the period, although they fell off some in the final year due to poor performance of the immovable property transfer tax. When adjusted for the effects of inflation, the large declines in RWP grants after 1976/77 and the no-growth policies pertaining to normal grants resulted in a total per capita revenue availability that was considerably smaller in 1980/81 than it had been in 1976/77.

TABLE 3
 PERCENTAGE DISTRIBUTION OF ZILLA PARISHAD REVENUES
 BY SOURCE, 1976/77-1980/81
 (in percents)

<u>Revenue Source</u>	<u>Fiscal Year^a</u>				
	<u>1976/77</u>	<u>1977/78</u>	<u>1978/79</u>	<u>1979/80</u>	<u>1980/81</u>
Property Transfer Tax	40.7	45.5	48.3	50.7	49.4
Local Rate	4.9	0.1	1.4	0.6	0.5
Rent, Profit & Sales Proceeds	9.4	10.0	7.5	6.7	5.3
Fees & Rates	0.2	0.2	0.2	0.2	0.2
Tolls on Roads, Ferries & Bridges	2.8	2.7	2.8	2.3	3.3
Interest	0.5	1.0	1.4	1.2	1.6
Miscellaneous	1.8	2.7	2.5	3.9	3.6
Voluntary Contribution	0.0	0.0	0.6	0.1	1.3
Normal Grants	6.2	6.5	5.1	4.2	4.5
Works Programme Grants	<u>33.5</u>	<u>31.3</u>	<u>30.0</u>	<u>29.9</u>	<u>29.6</u>
TOTAL ^b	100.0	100.0	100.0	100.0	100.0
Mean Per Capita Total Revenues (Tk.)	1.95	1.79	1.99	2.63	2.55

^aOnly the 14 zilla parishads for which revenue data were available for the entire period and which reported RWP grants in the District Fund were used for this table.

^bMay not sum to total due to rounding.

SOURCE: Computed by authors from zilla parishad records.

Budgeting

Planned or anticipated revenues and expenditures of a zilla parishad are described in the annual budget prepared by the budget and accounts officer. The budget is then reviewed by the zilla parishad chairman, with inputs sometimes provided by other district officers or by local members of parliament. It is finally approved by the divisional commissioner. The budget is constructed according to formats provided by the MLG.

The budget contains two parts: a current account and a capital account. The former contains financial information regarding all principal activities of the zilla parishad. Unlike some countries, the capital account of local governments in Bangladesh is not a record of spending associated with capital projects.¹ Instead, the capital account shows transactions involving advances or short-term loan activity. For example, earnest money deposited by contractors, or repayment of advances and loans obtained by district employees, appears as capital account income. Similarly, the spending side of the capital account shows corresponding expenditures on these items, e.g., repayment to contractors of deposited earnest money or loans provided to ZP employees. In both the current and capital account, revenues include opening balances, while closing balances are line items on the expenditure side. There are also interfund transfers between the current and capital accounts.

¹For example, the capital account envisioned and discussed in Hicks, Development From Below, would show all spending on capital formation such as roads and bridges.

Budget preparation begins in April, prior to the July 1-June 30 fiscal year. Revenues are projected to follow a pattern shown by the trend of the last two to three years. For example, in some ZPs, revenue estimates are the average of the previous year's actual and annualized current year revenues. This approach will result in conservative revenue estimates during inflationary or growth periods, but has the advantage of being fiscally prudent.

Budgeting for grants is complicated by the fact that annual allocations are not publicized by the central government until after the start of the fiscal year, often not until August. Totals from the previous year are apparently used for budgeting purposes, a practice which has been quite accurate for normal grants since they were not altered substantially for several years.

For public works (normal) projects, a list of specific schemes is drawn up by the district engineer during budget preparation. The amount of work to be done on the scheme together with its costs are estimated and sent with the budget to the DC who may make alterations based on suggestions by the public and local notables. These plans then accompany the budget for its final approval by the divisional commissioner before July 1.

One aspect of budgeting under normal works spending focuses on the allocation of monies to maintenance of roads and other works program schemes. Under Circular 64 (June 25, 1964) issued by the Ministry of Local Government, "25 percent of the total budget of the District Council/municipal/town committee should be spent for maintenance of

projects implemented under Works Programme." Thus, maintenance spending on already-constructed facilities is to have a higher priority than second priority schemes--completion of ongoing construction--or third priority schemes--initiating new construction.

Differentiating between maintenance and reconstruction of roads is, in practice, not easily accomplished given the lack of a uniform definition of these terms. Often, a road is not maintained for several years, with major repairs undertaken only after the road has become nearly impassable.¹ This repair may, in some instances, be termed maintenance while in other cases it might be called reconstruction. The result of this practice is that the mandate to devote 25 percent of the budget to road maintenance is, effectively, non-binding. Furthermore, the mandate is in terms of budgeted expenditures; financial audits do not appear to address this issue. In any case, interviews with zilla parishad personnel suggested that the Circular is not an important constraint on their budgetary practices.

Once the budget is approved, allocations may be reappropriated within sub-head expenditures without reapproval from higher authorities. Changes involving a reappropriation between major heads must, however, be approved by the divisional commissioner.²

¹The objective of the Zilla Roads Maintenance and Improvement Project is to improve the ability of ZPs to maintain and upgrade the existing zilla roads network.

²Greater detail concerning the writing and implementation of annual budgets, including procurement procedures is found in Wilbur Smith and Associates, "A Review of Budgeting Accounting and Procurement--Sylhet, Rangpur and Faridpur Districts," Zilla Road Maintenance and Improvement Project (Dhaka: Wilbur Smith and Associates, 1983).

The Future of Zilla Parishads

With the emphasis on upazilas under the new decentralization policies of Bangladesh and, with the creation of numerous additional districts, it is appropriate to consider what role zilla parishads should play in the future. While there is no clear-cut answer to this question, there are several issues that should be considered when evaluating the options.

Theoretical Issues. Local governments have the advantage of being closer to the people than is the central government or bureaucrats attached to the central government. Therefore, local government decisions should reflect the particular views of a locality better than would central government decisions. Similarly, the resource and time costs associated with centrally made decisions suggest that local governments should be able to act more efficiently than do centralized bureaucracies. Finally, we have argued throughout this work that local governments, if given revenue autonomy, should be more effective at mobilizing resources than are more centralized institutions.

Given the advantages of local governments, a related issue is the number of tiers or levels of overlapping local governments that are optimal. Different kinds of local government services have different spheres of influence in terms of the spatial coverage of their benefits. Services which are truly local in nature, e.g., settlement of petty disputes between neighbors, can be handled most effectively by lowest levels of local government. Other services, such as irrigation projects, have benefits which are more widespread and should be the responsibility

of a higher tier of local government. A third higher tier of government can be responsible for such activities as major subnational roads or, in some countries, hospitals and higher education facilities which must serve sufficiently large populations in order to be economical. As Hicks notes, in the United Kingdom three 'layers' of local government have been traditional.¹ Nevertheless, before determining the optimal numbers of tiers, it is necessary to recognize the costs of establishing multiple layers of local bodies.

There is a limit to the number of governmental levels one would wish to establish since each layer involves some fixed costs. It makes little sense to create a level of government with its own establishment employees and expenditures when the same government has little or no service responsibilities to carry out. Closely related is the issue of availability of trained personnel to be posted at local government levels. This is a particularly important problem in Bangladesh where, with the creation of upazilas and numerous additional districts, the strain on the public personnel system is severe. If local government at the district level were to entail even further personnel needs, e.g., employment of a full-time chief administrative officer and additional engineers, the personnel implications could be major.

¹Hicks, Development From Below, p. 496. Interestingly, the same conclusion was reached in a theoretical study of the creation of governmental units by Paul Yevisaker, "Some Criteria for a Proper Areal Division of Governmental Powers," in Arthur Maass, ed. Area and Power (Glencoe: The Free Press, 1959).

Options Available. In considering the options, we assume that the district will continue to function as the primary intermediary administrative level between the policy-making level in the secretariate and the service delivery level in the upazilas. The question is whether or not it is desirable to maintain a local government at the district level even while the central government puts most emphasis on upazilas.

Several options are possible. One extreme would be to abolish local government at the district level, i.e., have no zilla parishads. Under this alternative, the district would be purely a level for central government administration with no direct influence by the voting public. At the other extreme would be creation of a fully-functioning local self-government in each of the districts, with an election of, at least, the zilla parishad chairmen. A third, compromise alternative would be to maintain a zilla parishad in each district but have it function primarily as a coordinating body without any functional responsibilities.

At the present, there seems to be little reason to call for the establishment of a fully-functioning level of local government at the district level. As noted above, to do so will be costly, particularly in the current environment which has seen severe pressures already placed on the personnel system in the country. If zilla parishads are to be effective, they should be led by elected officials but be staffed by trained and competent administrators and technicians. To do so would probably erode the level of competency at the upazila level, thereby most directly affecting the quality of services made available to the population at large.

While the costs of establishing local governments in more than 40 additional districts would be large, the benefits at present would seem to be minimal. Zilla parishads are not currently engaged in many activities. With additional resources and technical expertise being transferred to the upazila, it should be possible for this level to carry out the transportation functions previously the responsibility of zilla parishads. If so, and with other functional activities (such as education and health) remaining the responsibility of the central government, there seems to be little good reason to establish 64 zilla parishads, at least in the short run.

If it is unnecessary to establish fully-functioning local governments at the district level, one can also ask whether any local governing body ought to be established. There is one good reason for creation of an oversight group. Some government activities assigned to the upazila level do have spillover benefits or, more importantly, require coordination in planning and implementing. For example, when siting roads or choosing which of several alternative roads to upgrade, choices should be coordinated with similar choices being made in neighboring upazilas. Similarly, if a large irrigation project is undertaken in a single upazila, it may have drainage and water useage implications for neighboring upazilas. In such instances, some discussion of these implications is desirable from the standpoint of overall economic efficiency.

One way to attain this coordination would be to form a zilla parishad from among all of the elected upazila chairmen within a district. The ZP would have minimal responsibilities and, since upazilas are to be

autonomous in their actions, decisions of the zilla parishad would only be advisory in nature. This local body could elect a chairman and secretary from among its members. The parishad could also include, as an ex-officio member, the DC of the district and would receive the advice of technicians posted at the district level.

Under such an arrangement, it would not be necessary for the zilla parishad to maintain a permanent staff, nor would its expenditures be more than minimal. Indeed, it should not be necessary to hold meeting any more often than once per month, thereby freeing up resources which, in the past, have flowed to zilla parishads, and add them to the resources of upzila parishads.¹

Upazila Parishads

As was noted previously, districts are subdivided into upazilas, formerly called thanas, to serve as administrative posts for central government staff. These areas are also termed "police stations" since traditionally this was the primary function which they served. But in addition to their administrative function, the thana or upazila serves as the site for another tier of local government. Prior to 1982, local government at the thana level--termed the thana parishad--was perfunctory although, unlike the zilla parishad level, the thana parishad did contain

¹The financial arrangements under such a structure are discussed in Larry Schroeder, "A Review of Bangladesh Zilla and Union Parishad Finances," Interim Report No. 8, Local Revenue Administration Project, Metropolitan Studies Program, The Maxwell School (Syracuse NY: Syracuse University, 1983).

political leaders elected from the population at large. With the recent decentralization policies, local self-government at this level has taken on much more significance. Indeed, it is the upazila parishad which is the primary focus of these decentralization policies. It is, therefore, useful to review the role this level of local government played prior to 1982 and how the structure has since changed.

Before reviewing that history, it is important to recognize that even though the area covered by upazilas is, on average, only about 120 square miles, each of these local governments are required to serve large numbers of people. In 1981, populations served ranged from slightly over 10,000 to nearly 590,000, with a country-wide average of about 185,000. Thus, decentralization to the upazila level must still rely on representative processes rather than a high degree of popular participation in decision making.¹

Local Government at the Thana Level

Representative government at the thana level was created by the Basic Democracy's Order (BDO) of 1959 when the thana council was formed. A circular of the Ministry of Local Governments in 1972 changed the name to the thana development committee, but later the Local Government Ordinance, 1976, revised its name to thana parishad. Until 1982, the thana level of local government had both elected and non-elected members. Thana parishads were chaired by the sub-divisional officer (SDO) of the over-lying subdivision, with the thana's circle officer-development (CO-Dev)

¹Even greater decentralization is envisioned and discussed in Shaikh Maqsood Ali, M. Safiur Rahman and Kshanada Mohan Das, Decentralization and People's Participation in Bangladesh (Dhaka: National Institute of Public Administration, 1983).

acting as vice chairman. The following were all members of the TP: elected chairmen of the union parishads (UP) within the thanas, officials of various government department's stations in the thana, the chairman of the thana central cooperative association (TCCA), the thana conveners of the youth complex and the National Women's Organization--although the latter two had no voting power. Under the BDO, the non-elected members of the thana council could not exceed 50 percent of the total membership of the council; thana parishads were not subject to such a limitation. Depending on the number of unions within a thana, the non-elected members--dominated by central government personnel--could outnumber the elected chairmen of the UPs.

Thana level government was further complicated by the creation of the thana development committee (TDC) in 1978.¹ The TDC consisted solely of the elected chairmen of the union parishads within the thana. They elected from among themselves a chairman, secretary and treasurer. Between three and eight additional members could be co-opted, but they could not exceed the total elected membership. Since the majority of the TDC consisted of elected representatives, its creation represented some shift in power from bureaucrats to the public at large. The chairman could draw and disburse government-allocated funds used for development programs and the TDC could recommend particular schemes. Still, the TDCs did not enjoy real autonomy since their recommendations had to be approved by the thana parishad, which was often dominated by official members.

¹Government Circular No. S-IV/2F-1/78/282, dated May 24, 1978.

Local Government at the Upazila Level

The relative roles of bureaucratic versus elected officials was altered dramatically, at least in theory, with the policies initiated in 1982. In June of that year, shortly after the creation of a new government, the Committee for Administrative Reorganization/Reform proposed several policy recommendations focusing on the creation of local self-government at the thana level, with the expressed objective of decentralizing decision-making powers.¹ Furthermore, the Committee recommended the formation of another committee to implement their recommendations. This was subsequently done and resulted in the Resolution on Reorganisation of Thana Administration (October 23, 1982) and The Local Government (Thana Parishad and Thana Administration Reorganisation) Ordinance (December 23, 1982).²

Reorganization of thana administration then proceeded in an orderly, phased manner with 45 thanas "upgraded" in the first phase, 55 in the second and so on until December, 1983, when 460 thanas in the nation had been upgraded. Another 20 thanas are located within major urban areas and, since public services in these areas are already served by the overlapping paurashava or municipal corporation, it was decided that these thanas would not be upgraded.³ In order to distinguish between the

¹Committee for Administrative Reorganization/Reform, Report of the Committee for Administrative Reorganization (Dhaka, June 1982).

²These documents together with additional supporting material are contained in Government of the People's Republic of Bangladesh, Cabinet Division, Manual on Thana Administration (Dhaka, February 1983).

³The 20 include 12 in Dhaka, 6 in Chittagong, 1 in Khulna and 1 in Rajshahi.

upgraded and non-upgraded thanas (and probably also to suggest an entirely new organization), the name thana was changed to upazila at the time the upgrading occurred.

Membership of the upazila parishad (UZP) includes an elected chairman, all chairmen of union parishads lying within the upazila, as well as paurashava chairmen of any urban communities in the upazila, and four appointed members including three women and the chairman of the thana central cooperative association. Only these individuals have voting power within the UZP. They are, however, joined for purposes of debate by officers from the several line agencies providing services to the thana. The full roster of UZP membership is shown in Table 4.

While inclusion of a popularly-elected UZP chairman together with the abolition of voting powers for administrative personnel make this body a local self-government, it should be recognized that in UZPs with 4 or fewer union parishads the voting power of appointed members can be equal to that of the elected union parishad chairmen. Nevertheless, when compared with the former administrative/governmental structure at the thana level, the new policy represents, at least on paper, a major move toward decentralization of decision-making powers. This change is not without issues, however.

One major issue concerns the division of power between the chief executive officer stationed at the upazila and the UZP chairman.¹

¹As indicated above, popular elections have not yet been held for UZP chairmen. Until this occurs, the upazila nirbahi officer is acting UZP chairman.

TABLE 4

UPAZILA PARISHAD MEMBERSHIP

Chairman

Voting Members	Non-Voting Members
Representative Members Union Parishad Chairmen Paruashava Chairmen	Upazila Nirbahi Officer Upazila Health and Family Planning Officer Upazila Education Officer Upazila Agriculturature Officer Upazila Engineer Upazila Cooperative Officer Upazila Livestock Officer Upazila Fishery Officer Upazila Social Welfare Officer Upazila Rural Development Officer Upazila Mass Communication Officer Upazila Revenue Officer Officer-in-Charge, Police Station
Appointed Members Three women One at-large	
Chairman, Thana Central Cooperative Association	

SOURCE: Ministry of Local Government, Rural Development and Cooperatives, Local Government Division, "Notification No. S-VIII/3E-3/83/41" (Dhaka, 26 January 1983).

When thanas were upgraded, the BDG upgraded the status of the primary administrative officer of the thana by establishing the position of upazila nirbahi officer (UNO). While line officers are subordinate to a UNO, the UNO is subordinate to the UZP chairman and serves as the UZP chairman's chief executive officer. This arrangement, if carried out as envisioned, should not create problems and is in keeping with the goal of decentralized decision-making. Still, it must be recognized that a simple statement of the relative power of administrative and political leaders does not necessarily guarantee that conflicts will not arise. Upazila nirbahi officers have served only within an administrative hierarchy in the past, and had achieved a relatively high position within it. It is quite possible that not all will adapt well to a position subordinate to locally-elected politicians.

Functional Assignments

Under the dual thana parishad and thana development committee arrangement there was some distribution of functions between the two bodies. The functions of the TP related to coordination of activities at the thana level and the management of the thana training and development center (TTDC), the TTDC hall/office building, surrounding wall, streets within the complex, workshops, and storage godowns. Thana parishad responsibilities also extended to office-cum-community centers for the union parishads, voluntary mass participation works and construction of flood shelters. The thana development committee carried out the thana irrigation program (TIP), thana level Rural Works Programme, Ulashi-type projects and excavation of derelict tanks.

With the formation of the upazila parishad, the number of functions falling under the domain of the local body increased greatly since the upazila parishad now includes the functions previously carried out directly by central government line personnel stationed at the thana level. Appendix C contains the list of functions assigned to the UZP. At the same time it must be recognized that, strictly speaking, the UZP has no employees of its own in the sense that it has no power to hire or dismiss employees posted in the locality. Instead, all employees remain attached to their respective line ministries and are only deputed to the upazila parishad.

Lack of its own employees is an advantage to upazilas in that responsibility for personnel administration remains minimal. It does have disadvantages, however. The principal difficulty with such an arrangement is that the locality has less control over the actions of the officers and employees posted at the UZP than would be the case if the personnel were those of the local government. Under current arrangements, officers are to serve the upazila parishad, but are evaluated for purposes of promotion, transfer, etc., by the district officers within their respective line ministries. This implies a potential splitting of loyalty and could create tensions whenever the UZP and the line ministry see an issue differently. While statutory regulations specify that the upazila officer should follow the dictates of the upazila parishad,¹ the officer

¹The Charter of Duties for each officer contained in Annexure II of the Resolution on Reorganisation of Thana Administration contains a statement of the form "He will work under the guidance of Thana Parishad as coordinated by Thana Nirbahi Officer."

may decide that it is in his own interest to follow the desires of his line ministry since it is this organization which determines his promotions and transfers. If this occurs, true decentralization will not be complete. Line ministry evaluations must take into account evaluations by the upazila parishad chairman, who can better ascertain whether the officer is fully carrying out his charter of duties.

Finance and Project Development

Previously, both the thana parishad and the thana development committee were totally dependent upon the central government for financial resources since neither had any taxing authority.¹ Because of their reliance upon grant revenues, neither group constructed a formal budget; instead, they prepared plans for projects and maintained accounts concerning the financial affairs of each project. Each year, the central government allocated grants in the name of the TP or the chairman of the TDC according to the function to be financed under the Rural Works Programme. These allocations were described in a Ministry of Local Government circular which also included detailed guidelines for carrying out the development schemes. Schemes included roads, bridges, embankments, drainage, canal re-excavation, deep tube wells, and other irrigation projects.

The Rural Works Programme (RWP) constituted nearly all of thana parishad revenues prior to the 1983/84 fiscal year. Furthermore, of the three levels of local government eligible for RWP funds, the thanas

¹Some thana parishads earned a small amount of revenue from rental income obtained from renting facilities within the TTDC complex.

derived the preponderance of RWP grant funds. For example, in 1981/82, about 60 percent of total RWP funds were allocated to thanas.¹ At the same time, the total amounts, especially when converted to a per capita basis, were not especially impressive, nor did the amounts grow particularly rapidly in real terms during the late 1970's. For eleven thana parishads in the districts of Faridpur, Syhlet and Rangpur, per capita RWP amounted to only Tk. 2.87 in 1981/82.² Thus, spending per capita at the thana parishad level was approximately the same as in zilla parishads (see Table 2).

One substantive change which accompanied the thana upgrading process and creation of the upazila parishad was the granting of own source revenue raising power to these local bodies. The third schedule of the Local Government (Thana Parishad and Thana Administration Reorganisation) Ordinance of 1982 provides that these governments can earn revenues from economic activities in the upazila including haats and bazaars (markets), fish ponds and specific businesses. Like zilla parishads, upazila parishads do not operate the market enterprises but, instead, annually auction leases. In the case of markets, 1 percent of the proceeds are diverted to the central government for rental payment on the land. Twenty percent of that remaining in the UZP is to be used to improve the markets, with the remainder constituting general funds of the local body.

Under rules issued in December 1983, the UZP can also impose license fees on most commercial establishments operating in the localities. The

¹Roy Bahl, "Intergovernmental Grants in Bangladesh,"

² Ibid.

rates are seemingly quite low and, except in a few instances, make little distinction for the size of the business (Table 5). For example, for a business with Tk. 5,000 investment, the fee constitutes a tax rate of only 0.2 percent on the value of the investment, while the owner of a Tk. 20,000 investment in a shop would pay even less in relative terms--0.1 percent on his investment. Similarly, mills or factories employing 100 persons would pay but Tk. 5 per employee per year, certainly a low tax rate. Thus, it seems that the rates are primarily designed for the purpose of business regulation, with no real attempt to raise revenues. Furthermore, these are maximum rates rather than nationwide fees. While this provision allows local autonomy and, thus, is in keeping with decentralization principals, the low rates together with the lack of any real resource mobilization incentives in the grant system suggest that very small amounts can be expected from this revenue source.

It is possible to derive some crude estimates of these potential revenues based upon the amounts earned from these sources by union parishads prior to the creation of the UZPs. Our data indicate that in 1980/81, union parishads had been deriving an average of Tk. 0.40 per resident from similar license fees. Thus UZPs, with populations totaling 200,000, on average, might expect about Tk. 80,000 from these sources. There may be somewhat higher revenues earned from these sources, since the permissible base of the tax has been broadened through the inclusion of brickyards and some increases in the permissible rates. Still, the overall rates are low. Furthermore, many service-based activities--barbers, lawyers, doctors, etc.--are excluded from the list, unlike local

TABLE 5
 MAXIMUM UPAZILA PARISHAD TAXES
 ON PROFESSIONS, TRADES AND CALLINGS
 (in taka)

<u>Source</u>	<u>Maximum Amount</u>
1. (a) Godown and Arath	50.00
(b) Cold storage	100.00
2. (a) Regular shops (excluding hawkers--those buying or selling goods in open space) with structures	
(i) Big (with investment above taka 10,000)	20.00
(ii) Small (with investment up to taka 10,000)	10.00
(b) Hotel	50.00
(c) Restaurant	20.00
(d) Tea-stall	10.00
(e) Saloon and laundry	10.00
3. Cinema hall	250.00
4. Rice mill, flour mill, oil and saw mill (power driven) any other mills not covered	50.00
5. Mill & Factory having up to the limit of 10 workers	50.00
6. Mill & Factory having 10-50 workers	100.00
7. Mill & Factory having 50-100 workers	250.00
8. Mill and factory having more than 100 workers	500.00
9. Rickshaw	10.00

TABLE 5 (Continued)

10. Auto-rickshaw	10.00
11. Taxi	50.00
12. Bus, truck & launch (license obtained from the Upazila Parishad, from where these services are operated)	100.00
13. Brickfield	100.00
14. Rate chargeable for enlistment as contractors	
(a) 1st Class (no limit)	500.00
(b) 2nd Class (up to Taka 4 lacs)	300.00
(c) 3rd Class (up to Taka 2.50 lacs)	100.00

SOURCE: Government of the People's Republic of Bangladesh, The Upazila Parishad (Taxation) Rules, 1983 (Dhaka).

business license fees in other developing countries.¹ All this means that these sources should not be expected to yield substantial revenues for upazila parishads. We argue in the Final Report that this limitation should be relaxed by granting UZPs some portion of land-based revenues collected from within their boundaries. Such a change would broaden the revenue base of all UZPs regardless of their degree of economic advancement.

The grant program has also been radically altered under the new upazila structure. In the initial year (1983/84), the BDG provided block grants of Tk. 5 million to 212 upazilas created during 1982/83; Tk. 3 million were granted to 185 upazilas created after July 1, 1983; and Tk. 1 million were provided to those upazilas created as of December 1, 1983.² The amounts allocated are considerably greater than those previously flowing to thana parishads under the RWP. Under that program, a thana seldom obtained as much as Tk. 400,000.

Another change associated with the upgrading of thanas concerned allocation of the grant funds. Under the RWP, monies were allocated towards use in four major spending area: (1) roads, bridges, culverts; (2) irrigation; (3) derelict tank excavation, and; (4) thana training and development complex (TTDC). Specific schemes for all but the last of

¹See Larry Schroeder, An Assessment of the Revenue Generation Capabilities of Villages, Districts and Arusha Region (Tanzania): Some Policy Options, Monograph No. 10, Metropolitan Studies Program, The Maxwell School (Syracuse NY: Syracuse University, July 1981).

²See Bahl, "Intergovernmental Grants in Bangladesh."

these were to be debated and selected by the thana development committee with final approval by the TP. Proposals regarding the TTDC were made by thana officials with the main role played by the circle officer/development. Upon upgrading of thanas, upazilas were not only given greater amounts of funds, but local autonomy regarding use of these funds was increased as well. Still, total freedom on fund allocation was not given. Instead, broad guidelines were issued by the central government regarding usage of the development fund grant to upazilas.¹

The guidelines mandated spending as follows:

Agriculture, Irrigation and Industry	30.0 - 40.0	percent
Physical Infrastructure	25.0 - 35.0	percent
Socio-economic Infrastructure	17.5 - 27.5	percent
Sports and Culture	5.0 - 10.0	percent
Miscellaneous	2.5 - 7.5	percent

Still, no further approval from higher governmental bodies regarding specific schemes chosen for financial support was required.

In summary, the creation of upazilas represents a radical change in the system of local governments in Bangladesh. The changes include moving the court system closer to the people, improving the level of technical expertise available at this level, providing higher ranking administrative officers to oversee the activities of upazilas and, most crucial, making these bodies truly local self government units. Associated with these changes, and of most interest to this study, has been the provision of own source revenue raising powers to the upazila. While much remains to be

¹Planning Commission, Ministry of Finance, Guidelines for Upazila Parishads for Utilizations of the Development Assistance Provided by the National Government through the ADP (Dhaka, July 1983).

done to broaden these powers and to provide incentives for their effective utilization, the changes appear to be in the proper direction.

Union Parishads

Rural areas of upazilas are sub-divided into unions which, as of 1975, had populations ranging from 10,000 - 20,000.¹ The nearly 4,500 unions within the country constitute the lowest level of local self-government and have had a long history. In 1870, Lord Mayo issued a resolution on financial decentralization which resulted in the Bengal Village Chowkidari Act and divided the countryside into unions with a panchayat appointed for each. Union committees were later set up under the Local Self-Government Act of 1885 in response to Lord Ripon's resolution on local self-governments. Union committee members were popularly elected thereby becoming the first formal local government within the country. The name of union committees was changed to union boards under the 1919 Local Self-Government Act, while the Basic Democracies Order (BDO) of 1959 changed its name to union council. In the aftermath of the Liberation War, the local government body at the union level was called the union panchayet until 1973 when its name was changed to the union parishad (UP).

Three members of the UP are elected from each of the three wards into which a union is divided. The voters cast their votes for four preferences, three for members from the ward and one for the chairman from

¹Bangladesh Bureau of Statistics, Union Population Statistics (Dacca: April 1976). Union data from the 1981 census are not yet available.

from the union as a whole. Two women members are nominated by the government in consultation with the chairman of the UP. In late 1979, the government asked the union parishad to co-opt two other members from among the peasants. Thus, the total number of members of a UP is 14. In the aftermath of creation of the upazilas in 1983, a new Local Government Ordinance (Union Parishads) Amendment was promulgated which currently governs these local bodies, although it did not alter the name or composition of the UP.

Functional Assignments

The Local Government Ordinance (Union Parishads) authorizes union parishads to perform 40 functions covering various aspects of rural life (see Appendix D). In reality, the UPs do very little for rural development because of financial constraints, the lack of qualified manpower and the necessity for the UP chairman and members to spend 60 to 75 percent of their time in arbitration of local disputes in the village court.¹

Union parishads do engage in some activities other than settlement of disputes. Each is supposed to form a union agricultural committee to review the union's agricultural situation and irrigation needs. In practice, however, the unions do not form such committees, but instead include this subject on the agenda of the monthly UP meeting. Other than this, the UPs do little directly to support agricultural production.

¹From interviews with UP chairmen.

Little is currently done in the area of education, although the unions occasionally provide some financial support to meritorious students. While the government once considered a plan to transfer the management of the primary schools to the UP, the idea was resisted by primary school teachers and other educators who questioned the management capability of the unions.

In public works the unions perform some road maintenance and face the same 25 percent maintenance spending mandate as does the zilla parishad. Our data suggest, however, that this mandate is seldom followed. Roads constructed as thana roads are to be maintained by the union--an interesting case of shared responsibility. In addition, the unions construct earthworks and install small concrete culverts.

Union parishads have a small staff since most of their public works activity is carried out by contractors or by project committees consisting of individuals from within the community.¹ Each union has a secretary who acts as the principal officer of the UP. There may be one or more assistant secretaries employed by the UP; still probably the most direct service provided to residents by union employees is that of the dafadars and chowkidars. Chowkidars have been employed by unions since they were formed during the British rule, primarily to provide protective (police) services to the residents of the union. Chowkidars, supervised

¹Syed Nuruzzaman, "Staffing Pattern in Local Bodies (Rural and Urban) in Bangladesh," Local Government Quarterly, III (March 1974): 20 concluded that "The staff position in union Panchayet (Parishads) is extremely grim and anomalous." Our investigations suggest that little has changed in this regard during the past decade.

by a dafadar, still perform minor law and order functions and also transmit messages between villagers and the UP. (Their duties and powers are enumerated in Part II of the First Schedule of The Local Government Ordinance, 1977.)

Union Parishad Finances

One overriding characteristic of UP finances is the difference between the normative "what ought to be" and the positive "what is." A review of the statutes and rules under which UPs operate would suggest that local financial administration is well-defined and systematic. In reality, the situation is far from systematic.

Revenues. Financial resources of a union parishad are generated from taxes, some small fees and government grants. One of the results of the policy creating upazila parishads was an erosion of the already small set of resources available to union parishads. Indeed, nearly all of the revenue sources now delegated to the UZP had previously been assigned to the UP. Thus one cannot conclude that, in the context of resource mobilization, the decentralization program is fully positive. On the other hand, perhaps administration of these transferred revenues will improve and result in a net increase in resources raised, even though the bases have not been substantially altered.

Under the current statute, union parishads are permitted to earn revenues from annual levies against immovable property (permanent structures and the land on which they are situated). Agrucultural land is excluded from this base. In addition, the UP can levy fees on births, marriages and feasts, and can impose a community tax.

The property-based tax has traditionally been the principal tax revenue source for union parishads. Two different property-based levies are permitted: the union rate and the rate for the remuneration of village police, also known as the chowkidari tax. Since both of these levies are derived from the same base, many jurisdictions do not differentiate between them but, instead, lump them together under the term "holdings tax." The maximum rate that can be imposed under the union rate is 7 percent of the annual rental value, while that for the chowkidari tax "should be so fixed as would ensure adequate funds for meeting salaries, cost of equipment and such other charges (if any) on account of the village police as well as proportionate cost of collection of the rate."¹

Determination of the annual values (the tax base) is carried out by the UP members in their respective wards. While the Rules Under the Basic Democracies Order spell out in some detail how this assessment is to be made, it appears that these guidelines are seldom followed.² Instead of basing tax assessments on annual rental value or capital value, the tax liability is usually determined outright (without determining a tax base and applying a rate to it), based primarily upon the assessors' perceptions of the income and wealth of the taxpayer. In some communities the process is quite systematic, with residents divided into 4-5 groups

¹Government of East Pakistan, Rules Under the Basic Democracies Order (Those Applicable to Union Councils) (Dhaka: 1969), p. 81.

²It should be noted that while the Rules were written under the 1959 Basic Democracies Order, they are still in effect under the Local Government Ordinance if they do not contradict the provisions of that Ordinance. See Local Government Ordinance, 1976, p. 31.

representing relative wealth. Differential taxes are then levied on each family depending on into which group the family has been placed. In this regard, the holdings tax is not substantially different from personal taxes levied in many African communities.¹ If levied in a systematic manner, such an approach can produce reasonably equitable and efficient local taxes, even though contrary to the current statutory tax base in Bangladesh UPs.

The direct intervention of elected officials in the tax assessing process has a detrimental effect on quality of tax administration. It allows UP members to gain political favor by reducing particular assessments, even though it may not be in the best interest of the financial health of the UP. Indeed, our investigations suggest that determination of these taxes is random, at best, and possibly dominated by outright favoritism, even though higher government officials must approve the assessment prior to collection of the tax.²

Rather than employ full-time tax collectors, union parishads appoint tax collectors who are compensated on a commission basis--usually about 15 percent of total collections. Still, collection of the tax is quite poor with numerous individuals, including more influential residents, failing

¹See Jim Wozny "Personal Taxes in African States," Local Revenue Administration Project, Metropolitan Studies Program, The Maxwell School (Syracuse NY: Syracuse University, forthcoming).

²See Showkat Hayat Khan, "Aspects of Public Finance in a Union Parishad: A Sociopolitical Case Study," Interim Report No. 12, Local Revenue Administration Project, Metropolitan Studies Program, The Maxwell School (Syracuse NY: Syracuse University, 1984).

to pay.¹ While the UP chairman is empowered to realize unpaid taxes by possession and sale of movable property or by attachment and sale of immovable property, these actions are seldom taken--probably because they might provoke public criticism and loss of political popularity.² Instead, if any action is taken, it usually amounts to negotiation between the UP and the delinquent taxpayer.

Another tax which can be levied by unions is the community tax. This tax is a source of revenues to finance particular location-specific projects, with the union chairman and a project committee assessing what each beneficiary of the project is to contribute. While this would provide a benefits-based levy for UPs, it is seldom used with other less formal financing arrangements preferred such as donations of land.³

Under the pre-1983 revenue structure, UPs derived some revenue from the tax on professions, trades and callings, as well as from a vehicle tax. The former was essentially a business license fee levied against particular businesses, but at very low rates with, in only a very few instances, these rates dependent upon the extent of business activity.

¹See Khan, "Aspects of Public Finance in a Union Parishad: A Sociopolitical Case Study."

²Again, the Rules Under the Basic Democracies Order, pp. 14-16 provide detailed instructions concerning how delinquent taxes can be recovered.

³For further discussion of this revenue source as well as other non-formal methods of financing localized schemes, see Barbara Miller and Showkat Hayat Khan, "Social Voluntarism and Social Government Finance in Rural Bangladesh: Overview and Recommendations," Interim Report No. 6, Local Revenue Administration Project, The Maxwell School (Syracuse, NY: Syracuse University, 1983).

The vehicle tax was a fixed levy on the owners of vehicles which were operated in the union. Each of these taxes has been now shifted to the UZP, thereby narrowing the UP revenue base.

Other fees previously earned by UPs have similarly been shifted to the UZP level. The principal fees included income derived from haats (periodic markets), bazaars and ferry ghats. As in the case of zilla parishads, ferry ghat franchises were sold to private entrepreneurs who operated the ferry service.

The UP also derives revenues from both normal and Rural Works Programme grants. (This discussion excludes the Food-For-Work-Programme which is also a grant program; however, the proceeds of this in-kind grant do not appear in the Union Fund.) There are at least six different normal grant programs which provide annual revenues to all UPs. The bulk of these normal grants are used to pay salaries of the political office holders of the UP and its few employees.

Prior to the thana upgrading policy, RWP grants flowed through the overlying thana parishad but were not guaranteed to accrue to every union during each fiscal year. Instead, the allocation was performed by the thana parishad, which could allocate most of the funds to a few UPs or could spread the money across all or nearly all UPs in the thana. With the creation of the upazilas, a portion of the development fund grant was to be passed on to UPs. Specifically, the Guidelines suggest that "out of the total funds earmarked by the upazila parishad for the Rural Works Programme, one-third should be allocated to the union parishads..."

(page 8).

A sample of actual revenue and expenditure data were collected from UPs in the districts of Faridpur, Rangpur and Sylhet.¹ Table 6 shows the relative reliance upon each revenue source for the 31 UPs in the sample throughout the five years.² The relative decline in the local rate was expected, whereas the decreased importance of the property tax was unexpected. The increased reliance on fee revenues is particularly pronounced. Normal grants consistently provided about a third or more of UP finances; but unlike the ZPs, the UPs did not rely heavily upon the RWP.

The massive increase in fees between 1977/78 and 1978/79 was due to an unexpected increase in haat and bazaar income in only nine UPs, eight in Sylhet and one in Rangpur District. Field work revealed that in each jurisdiction the market was new with the UP the recipient of the market income. If these jurisdictions are removed from the sample, fee incomes are much more in line with the means for the first two years of the sample period. Nevertheless, the findings do show that markets can be a productive revenue source for this level of local government in Bangladesh.

¹See Schroeder, et al., "Collecting Local Government Financial Data in Developing Countries: The Case of Bangladesh," Interim Report No. 5, Local Revenue Administration Project, Metropolitan Studies Project, The Maxwell School (Syracuse NY: Syracuse University, 1983), for a full discussion of the data collection techniques used and the jurisdictions included in the sample."

²Greater detail regarding these revenues can be found in Schroeder, "A Review of Bangladesh Zilla and Union Parishad Finances,"

TABLE 6
 PERCENTAGE DISTRIBUTION OF UNION PARISHAD REVENUES
 1976/77 - 1980/81
 (in percents)

<u>Revenue Source</u>	<u>Fiscal Year^a</u>				
	<u>1976/77</u>	<u>1977/78</u>	<u>1978/79</u>	<u>1979/80</u>	<u>1980/81</u>
Local Rate	6.16	1.12	0.53	0.05	0.54
Property Tax	48.30	34.30	33.89	29.21	35.48
Other Tax	2.92	2.18	1.83	1.66	2.00
Income From Properties	3.29	2.14	2.22	4.81	2.99
Fees	1.44	1.56	20.22	24.69	16.44
Miscellaneous	7.30	4.03	1.79	0.93	0.72
Normal Grants	27.81	47.04	31.49	30.14	35.75
<u>Works Programme Grants</u>	<u>2.80</u>	<u>7.64</u>	<u>8.01</u>	<u>8.51</u>	<u>6.09</u>
TOTAL ^b	100.00	100.00	100.00	100.00	100.00
Mean Per Capita (in Tk.)	1.32	2.41	3.35	3.22	3.29

^aBased on the 31 union parishads for which data were available for the entire period.

^bMay not sum to total due to rounding.

SOURCE: Computed by authors from union parishad records.

When viewed in real (1976/77=100) taka terms, per capita total purchasing power of the UPs remained at the Tk. 2 from 1977/78 onwards (except for 1978/79). The property tax ranged from Tk. 0.63-0.83 through the period, and fees never exceed Tk. 0.66. As was the case for the ZPs, the purchasing power of per capita normal grants fell by 25 percent between 1977/78 and 1980/81, while real RWP per capita decreased by about 30 percent between 1978/79 and 1980/81. Again, this suggests a general stagnation in the abilities of these smallest local bodies to meet the public service needs of their residents.

Expenditures. Unlike the zilla parishads, which concentrate primarily upon transportation services, union parishads are involved in a variety of activities. Yet, the revenue analysis implies that none of these activities can be supported at a very high level. Due to nonuniformity in accounting conventions and the extremely small amounts involved, we have aggregated UP activities into four major categories: establishment spending, construction and maintenance spending, miscellaneous spending, and Works Programme spending. Table 7 shows the relative size of the four different spending categories. The single outstanding feature of the information shown there is the extremely large proportion of expenditures spent for purely administrative purposes. Establishment expenditures fell relative to the other categories after 1976/77, yet they always accounted for at least 60 paisa for each taka of spending. Even though such overhead spending may not be totally unproductive, the results imply that local taxpayers are getting little in the way of development spending in return for their tax payments.

TABLE 7
 PERCENTAGE OF DISTRIBUTION PARISHAD EXPENDITURES
 BY EXPENDITURE TYPE, 1976/77 - 1980/81
 (in percents)

<u>Expenditure Type</u>	<u>Fiscal Year^a</u>				
	<u>1976/77</u>	<u>1977/78</u>	<u>1978/79</u>	<u>1979/80</u>	<u>1980/81</u>
Establishment	75.14	68.82	71.87	59.51	69.87
Construction, Public Works & Maintenance	17.03	16.87	13.11	28.63	19.89
Miscellaneous Expenditures	4.65	6.33	4.66	3.85	3.82
<u>Works Programme Expenditures</u>	<u>3.17</u>	<u>7.99</u>	<u>10.36</u>	<u>8.01</u>	<u>6.42</u>
TOTAL ^b	100.00	100.00	100.00	100.00	100.00
Mean Per Capita Total Expenditures (in Tk.)	1.30	2.37	2.59	3.44	3.11

^aAll entries based on 31 union parishads for which data were available throughout the five-year period.

^bMay not sum to total due to rounding.

SOURCE: Computed by authors from union parishad records.

After the initial rise in per capita spending between 1976/77 and 1977/78, spending remained fairly constant in the following four years if the data in Table 7 are adjusted to account for inflation. Real expenditures per capita for establishment purposes fell slightly in 1979/80, while construction and maintenance spending more than doubled. Nevertheless, aggregate expenditures on public works, miscellaneous and RWP never exceeded Tk. 1.51 per person even in nominal terms during this five year period. Interestingly, the amounts spent for establishment purposes have been quite constant in real terms throughout the period. This may imply a minimal level of overhead expenditures in all jurisdictions. If so, then mobilization of additional resources would be allocated primarily to development oriented activities.

Financial Management. The statutory bases of the budget and financial administration processes applicable to UPs are similar to those of the ZPs. That is, budget preparation is to begin in April or May, prior to the start of the fiscal year. The draft budget, prepared by the UP chairman or secretary, is to be debated in at least one meeting which may or may not include participants other than UP members. Once the budget is approved by the UP, it is sent to the UZP for final approval (previously it was approved by the SDO).

In a similar vein, financial accounting in the unions is identical to that of zilla parishads. That is, cash accounting is used with both current and capital accounts maintained. Once closed, the accounts are to be examined by an officer in the overlying upazila, but also may be audited by an independent auditor of the central government.

Just as the realities of union parishad taxation do not necessarily coincide with the statutes, financial management, too, is weaker than desirable. Khan observed that the budgeting process is often carried out in a perfunctory manner and, at least in some instances, was not even completed prior to the start of the fiscal year.¹ It was also the case that, during the site visits, financial accounts were found to be in very poor shape, in part because of the lack of adequate facilities. Similarly, due to lack of resources, not all local bodies have the appropriate forms available to maintain the statutorily required records. Finally, it appears that additional training in financial record keeping and management techniques is highly desirable at this lowest level of local government.

Paurashavas and Municipal Corporations

Local governments in urban areas function in a manner not unlike that of the UPs in rural areas. The Paurashava Ordinance, 1977, defines an urbanized area as one in which "three fourths of the adult male population... are chiefly employed in pursuits other than agriculture, and such areas contain not less than 15,000 population, and an average number of not less than 2,000 inhabitants per square mile."² While the entire

¹Khan, "Aspects of Public Finance in a Union Parishad: A Socio-political Case Study."

²The Paurashava Ordinance, 1977, Paragraph 3, p.5. It is interesting to note that this population density requirement is not particularly high in the Bangladesh environment where population density throughout the country exceeds 1600 per square mile.

country has been subdivided into thanas, areas within thanas are classified as either rural or urban with the local governments being union parishads or paurashavas, respectively. There are, currently, 77 urban areas in the country, although the government announced in February, 1984 its intention to increase this number by 30. Dhaka and Chittagong--the two largest urbanized areas in the country--are not technically paurashavas but, instead, each is classified in The Paurashava Ordinance as a "municipal corporation."¹

Each paurashava is divided into wards for the election of commissioners (there is a set number of commissioners prescribed in the Ordinance). A chairman for the paurashava is elected from the municipality at large (the similar position in municipal corporations is that of mayor).

As in the ZPs and UPs, fiscal affairs of paurashavas are overseen by agents of the central government. The Paurashava Ordinance, 1977, delineates the following prescribed authorities: for the Dhaka Municipal Corporation it is the central government; for Chittagong, Khulna, Rajshahi and Narayanganj Paurashavas it is the appropriate divisional commissioner; and for all other paurashavas it is the appropriate deputy commissioner in the overlying district.

Functional Assignments

Part IV of The Paurashava Ordinance, 1977, details the functional areas of responsibility to be undertaken by these units. The list is a

¹Dhaka, in fact, has its own ordinance, The Dhaka Municipal Corporation Ordinance, 1983.

long one and includes: public health; water supply and drainage;¹ insuring a safe supply of food and drink as well as establishment and maintenance of public markets and slaughter houses; regulation of animals; provision for town planning; controlling building activity within the municipality; providing streets; providing public safety including fire fighting and civil defense; providing for trees, parks, gardens and forests; providing for education and culture; providing for social welfare; and providing for development. As in other local bodies, not all of these activities are currently being pursued in all urban areas.

The Paurashava Ordinance also provides that there will be a "Paurashava Service" constituted and that the central government may specify posts at the paurashava level to be filled by members of this service. Furthermore, the Ordinance calls for a secretary of the paurashava as well as a chief executive officer to be appointed by the prescribed authority with pay scales, lists of qualifications, job descriptions, etc., determined centrally. Still, the actual number of personnel in these jurisdictions is not especially large, at least not on a per capita basis.

Finance

Since paurashavas are independent of the other local governments (although the paurashava chairman is a member of the UZP), it is not

¹In Dhaka, Chittagong and Kulna independent water and sewer authorities (WASA) have been established to provide these services.

surprising to find that the list of expenditures and revenues delegated to paurashavas is similar to these available to ZPs, UZPs and UPs. Furthermore, the urbanized character of paurashavas make certain services, e.g., water and lighting, in greater demand than in the rural areas.

Revenues. The list of potential revenue sources available to paurashavas is contained in Appendix E. The only sources not available to paurashavas, but which other local bodies can levy (Appendix B), are the tax on hearths, the drainage rate, the rate for the remuneration of village police and the community tax. On the other hand, The Paurashava Ordinance allows for a fire rate and a "cess on any of the taxes to be levied by Government," neither of which is provided to rural local governments.

The rates applied for lighting of streets, water and conservancy, together with a general house tax, are known collectively as "the holding tax."¹ Statutorily it is identical to the base of the union rate imposed in union parishads. That is, these several rates are applied against the annual value of the land and buildings with this value to be reassessed every five years.

The paurashavas also derive revenues from the property transfer tax. As in the zilla parishads, this tax is administered by the central government with proceeds transferred to the municipalities. Because of

¹While the Rules and Other Statutory Notifications Issued Under the Municipal Administration Ordinance, 1960, and President's Order No. 22 of 1973 (p. 257), suggest that service-oriented rates (e.g., water, conservancy, and lighting) should be levied only against those receiving the services, some municipalities tax all properties whether or not in a service area.

their urbanized nature, paurashavas are in a good position to impose taxes on businesses. Business-oriented taxes are levied in the form of license fees similar to the fees previously imposed in UPs. There are also taxes on cinema tickets. These business-based levies constitute an important source of locally-raised revenues. Similarly, market fees provide a potential source of revenue in urban areas. Most paurashavas lease market stalls to vendors, either on a daily or monthly basis, or in the form of long-term leases in pucca structures.

The octroi, essentially a tax on goods brought into the municipality, was a major revenue source of these local government units prior to 1981; however, it was then abolished by the central government. The government is supplementing a portion (75 percent) of the revenue loss associated with the abolishment of this tax through a grant. The grant has, however, not grown since its inception.

Other intergovernmental grants, both normal grants and work programme grants, are similar in form to those obtained by the previously-discussed levels of local government. However, as the name implies, the Rural Works Programme grants are supplanted in urban areas by an analogous, "Urban Works Programme."

An indication of the relative importance of these several forms of revenue to paurashavas as well as their average levels during the late 1970's is shown in Table 8. The Table documents the extreme importance of both the holdings tax and the octroi in the revenue menu of these urban governments. Grants flowing to these jurisdictions declined in relative importance over the period examined here; however, if the time period

TABLE 8
 MEAN PERCENT DISTRIBUTION OF PAURASHAVA TOTAL REVENUE,
 BY SOURCE, BY FISCAL YEARS 1976/77 - 1980/81^a
 (in percents)

<u>Revenue Source</u>	<u>1976/77</u>	<u>1977/78</u>	<u>1978/79</u>	<u>1979/80</u>	<u>1980/81</u>
Property Tax	34.69	30.01	32.53	31.24	33.31
Property Transfer Tax	2.71	2.92	3.52	4.52	3.76
Octroi	24.06	22.94	30.90	30.84	30.50
Profession Tax	2.88	2.51	2.37	2.20	2.00
Cinema Tax	2.97	2.62	2.86	2.57	2.00
Vehicle Tax	1.15	1.29	1.26	0.95	0.83
Tax on Erection of Bldg.	0.04	0.05	0.07	0.07	0.06
Fees	10.66	9.61	9.28	7.33	6.44
Tolls on Ferries, etc.	0.31	0.33	0.32	0.27	0.24
Rents, Profits and Sales	1.56	2.47	3.02	3.73	5.57
Miscellaneous Revenue	5.17	6.56	4.40	2.81	4.78
Normal Grants	5.37	12.98	4.95	4.77	4.95
<u>Works Programme Grants</u>	<u>8.42</u>	<u>5.71</u>	<u>4.52</u>	<u>8.70</u>	<u>5.55</u>
TOTAL ^b	100.00	100.00	100.00	100.00	100.00
Mean Per Capita Total Revenue (Taka)	19.45	21.30	23.08	24.97	28.08

^aBased on information from 15 paurashavas.

^bMay not sum to total due to rounding.

SOURCE: Computed by the author from paurashava records.

would have extended beyond 1980/81, the role of the octroi grant would have altered this finding.

In terms of takas generated, these urban governments do raise considerably greater revenues on a per capita basis than do their rural counterparts. In part this is due to the broader range of revenue sources available, but it can also be attributed to the ability of urbanized local governments to more easily capture the taxable resources in the community and the greater degree of monetization of economic activity in such areas. On the other hand, when corrected for the dual effects of inflation and population growth, revenues in these 15 jurisdictions did not grow over the time period under study. Total revenue per capita in terms of 1976/77 taka declined from 19.45 to 17.53 over the five years represented in Table 8. This was due to the fact that few of these revenue sources is naturally responsive to increased economic activity and inflation; instead discretionary changes are necessary in the rates of most of the taxes and fees available to paurashavas.

Expenditures. The urban nature of paurashavas suggest that these local bodies will participate in a set of activities quite different than do their rural counterparts. More specifically, transportation spending is likely to be less important in the urban areas while the greater population density increases the need for street lighting, water, conservancy and sanitation facilities.

These expectations are borne out in the data shown in Table 9. There, for the same set of 15 paurashavas reported upon in Table 8, are the composition and levels of spending for the period 1976/77 - 1980/81.

TABLE 9

MEAN PERCENT DISTRIBUTION OF PAURASHAVA TOTAL EXPENDITURES,
BY TYPE, BY FISCAL YEARS 1976/77 - 1980/81^a
(in percents)

<u>Expenditure Type</u>	<u>1976/77</u>	<u>1977/78</u>	<u>1978/79</u>	<u>1979/80</u>	<u>1980/81</u>
General Establishment	16.87	19.49	19.62	17.53	17.63
Tax Establishment	7.91	8.94	8.31	7.23	6.64
Public Health, Sanitation and Conservancy	27.41	30.56	29.60	28.09	29.29
Water Supply & Drainage	4.18	4.50	4.12	3.97	3.65
Market & Slaughter House	0.42	0.51	0.68	0.49	0.57
Maintenance	19.85	20.80	21.05	25.94	25.53
Education	3.81	3.44	3.78	3.48	4.74
Social Welfare & Culture	0.63	0.75	0.52	0.80	0.89
Miscellaneous Expenditures	3.80	3.27	6.70	2.82	3.96
<u>Works Programme Expenditures</u>	<u>15.12</u>	<u>7.74</u>	<u>5.62</u>	<u>9.66</u>	<u>7.09</u>
TOTAL ^b	100.00	100.00	100.00	100.00	100.00
Mean Per Capita Total Expenditure (Taka)	19.86	19.37	23.05	23.74	28.72

^aBased on information from 15 paurashavas.

^bMay not sum to total due to rounding.

SOURCE: Computed by the author from paurashava records.

Dominating activities in these urban governments is the area of public health, sanitation and conservancy. Interestingly, unlike the union parishads, establishment spending (even when the expenses of tax collection are included) never exceeded 30 percent of total paurashava spending.

As was true on the revenue side of the ledger, real per capita spending fell on average in these jurisdictions during the 1976/77 - 1980/81 period. Thus, the residents of urban Bangladesh may have been getting a lower level of public services from their local bodies at the end of the decade than they did five years earlier. There are, however, no broad generalizations which we can make concerning the composition of this decline.

Budgeting. The budget is similar to that discussed in the previous sections, with the paurashava chairman having powers parallel to those of the union chairman. Again, the chief accountant prepares a preliminary budget which is discussed by the council with final approval obtained after it is reviewed by the prescribed authority, who can alter it. Audits of the financial records are carried out by the central government.

Conclusions

Local government in Bangladesh is obviously in a state of flux. In the past two years a new level of local government, the upazila, has been created; many more districts, and possibly zilla parishads, are being created; and service responsibilities and revenue sources have been redefined. Even the number of urban governments is being increased and

Chittagong, unlike two years ago, is now a municipal corporation. Thus this paper, which describes "the structure" of local governments in the country, should more aptly be titled "the changing structure" of local governments.

Nevertheless, it is important to be aware of this structure since any policy changes which influence the financial fortune of these local bodies must be made within that structure. Furthermore, the review has raised several issues which must be recognized in conjunction with any discussion of local level resource mobilization in Bangladesh. These include: the role of the central government in local government affairs, the future of zilla parishads, and revenue autonomy of local bodies.

Local governments in Bangladesh are, as in nearly all governmental structures, creations of a higher government. As such, one can anticipate some role being played in local government affairs by the creating body. The issue is the extent of that role.

The BDG has proceeded at a very rapid pace in reorganizing and decentralizing governmental administration in the country. Furthermore, their written statements indicate a genuine desire to create self-sustaining local governments in this same decentralization process. While the initial steps have been taken, it must be recognized that the central government continues, and is likely to continue, to play a major role in local government affairs.

The zilla parishad issue--whether or not there will be, in fact, local government at the district level--still has not been resolved. In fact, there has not been a truly local self-government at this level since

Liberation. Instead, local government at the district level has been totally controlled by central government administrators who, among their many other duties, are to also serve as local government functionaries. While local governments have the advantages of bringing public sector decisionmaking closer to the people and allowing these decisions to be made more rapidly and cheaply, there are costs associated with establishing another tier of government in any environment. These costs can be especially great where there is a lack of skilled personnel available to fill the administrative posts that necessarily accompany another local government organization.

With the creation of three times as many districts, and with the simultaneous decrease in the physical size and number of upazilas included in each district, there is less reason to maintain a fully functioning local government at the district level. This conclusion is further supported by the fact that zilla parishads have not participated in the full range of activities prescribed to them under the Local Government Ordinance, 1976. If zilla parishads had been actively pursuing a large number of development oriented activities, it would not be sensible to abolish them; however, their primary functions as seen in this paper, have been in the area of transportation. It appears feasible for upazila parishads to assume these responsibilities.

If upazila parishads assume responsibility for transportation services, there remains the question of the desirability of any sort of local government forum at the district level. We feel there is good reason to retain at least a coordinating body at the district level. It can still be called a zilla parishad and consist of the elected upazila

parishad chairmen from all upazilas within the district. The DC could also be an ex-officio member of the local body. Its only responsibility would be to meet, possibly monthly, and discuss the problems being faced within their own jurisdiction as well as any issues which arise due to the spillover effects of decisions taken in one upazila which might affect other jurisdictions. Decisions of this group would be advisory, in keeping with the notion that decentralized upazilas should be independent of higher governmental bodies.

The current decentralization policy being carried out at the upazila level is laudable, but still raises some issues regarding intergovernmental and interministerial issues. One should not expect the local government body to be totally independent of the central government immediately. Still, the relative roles of locally-elected officials and central government personnel, especially the UNO and the several upazila officers, have not yet become clear.

Finally, there remains the issue of resource mobilization and autonomy. In the recent past, local government in rural Bangladesh had little autonomy in raising revenues and, furthermore, had little incentive to utilize such powers. Zilla parishads were simply recipients of centrally-collected and administered taxes and thana parishads had no own-source revenues. Only union parishads had any revenue mobilization autonomy; yet, political pressures, lack of effective incentives and poor administrative skills all prevented this lowest level of government from being very successful at mobilizing resources.

The new structure of government provides some changes in the right direction. Upazilas now have some small amount of revenue autonomy and, at least in its public statements, the Government of Bangladesh seems committed to the idea that these local bodies will have to participate in generating resources for development purposes.¹ Still, much remains to be done on the revenue front including providing incentives to generate local revenue, providing training to local revenue administrators and improving the structure of the revenue instruments to make them more productive sources of revenue while improving their equity and efficiency effects. The bulk of the other Interim Reports in this series address these very issues.

¹See Planning Commission, Minister of Finance and Planning, Guidelines for Upazila Parishads for Utilisation of the Development Assistance Provided by the National Government through the ADP, Government of the People's Republic of Bangladesh (July 1983), p.1.

APPENDIX A

FUNCTIONS OF ZILLA PARISHADS*

PART I - COMPULSORY FUNCTIONS

1. Provision and maintenance of libraries and reading rooms.
2. Provision and maintenance of hospitals and dispensaries, including veterinary hospitals and dispensaries.
3. Provision, maintenance and improvement of public roads, culverts and bridges.
4. Plantation and preservation of trees on road sides and public places.
5. Provision and maintenance of public gardens, public playgrounds and public places.
6. Maintenance and regulation of public ferries other than those maintained by Government Departments.
7. Provision for management of environment.
8. Provision and maintenance of serais, dak bungalows, rest-houses and other buildings for the convenience of travellers.
9. Prevention, regulation and removal of encroachments.
10. Prevention and abatement of nuisances.
11. Holding of fairs and shows.
12. Promotion of public games and sports.
13. Celebration of public festivals.
14. Promotion of sanitation and public health.
15. Prevention, regulation and control of infectious diseases.
16. Enforcement of vaccination.

*The Local Government Ordinance, 1976, "The Third Schedule" (Dacca: Bangladesh Government Press, 1976), pp. 37-42.

APPENDIX A (Continued)

17. Protection of foodstuff and prevention of adulteration.
18. Promotion of family planning.
19. Registration of the sale of cattle.
20. Provision of water-supply, construction, repair and maintenance of water works and other sources of water supply.
21. Agricultural, industrial and community development; promotion of national reconstruction; promotion and development of co-operative movement and village industries.
22. Adoption of measures for increased agricultural production.
23. Regulation of traffic; licensing of vehicles other than motor vehicles and the establishment and maintenance of public stands for vehicles.
24. Improvement of the breeding of cattle, horses and other animals, and the prevention of cruelty to animals.
25. Relief measures in the event of any fire, flood, hailstorm, earthquake, famine, or their natural calamity.
26. Co-operation with other organizations engaged in activities similar to those of the Zilla Parishad.
27. Any other function that may be directed by Government to be undertaken by Zilla Parishads either generally or by a particular Zilla Parishad.

PART II - OPTIONAL FUNCTIONS

Lists 70 additional functions under the headings of:

- a. Education
- b. Culture
- c. Social Welfare
- d. Economic Welfare
- e. Public Health
- f. Public Works
- g. General

APPENDIX B

TAXES, RATES, TOLLS AND FEES WHICH MAY BE LEVIED
BY ZILLA AND UNION PARISHADS*

1. Tax on the annual value of buildings and lands or a union rate to be levied in the prescribed manner.
2. Tax on hearths.
3. Tax on the transfer of immovable property.
4. Tax on the import of goods for consumption, use or sale in a local area.
5. Tax on the export of goods from a local area.
6. Tax on professions, trades and callings.
7. Tax on births, marriages and feasts.
8. Tax on advertisements
9. Tax on cinemas, dramatic and theatrical shows, and other entertainments and amusements.
10. Tax on animals.
11. Tax on vehicles (other than motor vehicles), including carts and bicycles and all kinds of boats.
12. Tolls on roads, bridges and ferries.
13. Lighting rate.
14. Drainage rate.
15. Rate for the remuneration of village police.
16. Rate for the execution of any works of public utility.
17. Conservancy rate.
18. Rate for the provision of water works or the supply of water.

*The Local Government Ordinance, 1976. "The Fourth Schedule" (Dacca: Bangladesh Government Press, 1976), pp. 42-43.

APPENDIX B (Continued)

19. Fees on applications for the erection and re-erection of buildings.
20. School fees in respect of schools established or maintained by local parishad.
21. Fees for the use of benefits derived from any work of public utility maintained by a local parishad.
22. Fees at fairs, agricultural shows, industrial exhibitions, tournaments, and other public gatherings.
23. Fees for markets.
24. Fees for licenses, sanctions and permits granted by a local parishad.
25. Fees for specific services rendered by a local parishad.
26. Fees for the slaughtering of animals.
27. Any other tax which the Government is empowered to levy.
28. A specific community tax on the adult males for the construction of public work of general utility for the inhabitants of the local area concerned, unless the local parishad concerned exempts any person involved of doing voluntary labour or having it done on his behalf.

APPENDIX C

FUNCTIONS OF UPAZILA PARISHADS*

1. All development activities at the Thana level; formulation of Thana level development plans and programmes and implementation, monitoring and evaluation thereof.
2. Preparation of Thana Development Plans on the basis of Union Development Plans.
3. Giving assistance and encouragement to Union Parishads in their activities.
4. Promotion of health, Family Planning and Family Welfare.
5. Provision for management of environment.
6. Training of Chairmen, Members and Secretaries of Union Parishads.
7. Implementation of Government policies and programmes within the Thana.
8. Supervision, control and co-ordination of functions of officers serving in the Thana, except Munsifs, Trying Magistrates and Officers engaged in regulatory functions.
9. Promotion of socio-cultural activities.
10. Promotion and encouragement of employment generating activities.
11. Such other functions as may be specified by the Government from time to time.
12. Promotion and extension of co-operative movement in the Thana.
13. Assistance to Zilla Parishad in development activities.
14. Planning and execution of all rural public works programme.
15. Promotion of agricultural activities for maximising production.
16. Promotion of educational and vocational activities.
17. Promotion of livestock, fisheries and forest.

*The Local Government (Thana Parishad and Thana Administration Reorganisation) Ordinance, 1982, "The Second Schedule" (Dhaka: Bangladesh Government Press, 1982), p. 19.

APPENDIX D

FUNCTIONS OF UNION PARISHADS*

1. Provision and maintenance of public ways and public streets.
2. Provision and maintenance of public places, public open spaces, public gardens and public playgrounds.
3. Lighting of public ways, public streets and public places.
4. Plantation and preservation of trees in general, and plantation and preservation of trees on public ways, public streets and public places in particular.
5. Management and maintenance of burning and burial grounds, common meeting places and other common property.
6. Provision and maintenance of accommodation for travellers.
7. Prevention and regulation of encroachments on public ways, public streets and public places.
8. Prevention and abatement of nuisances in public ways, public streets and public places.
9. Sanitation, conservancy, and the adoption of other measures for the cleanliness of the union.
10. Regulation of the collection, removal and disposal of manure and street sweepings.
11. Regulation of offensive and dangerous trades.
12. Regulation of the disposal of carcasses of dead animals.
13. Regulation of the slaughter of animals.
14. Regulation of the erection and re-erection of buildings in the union.
15. Regulation of dangerous buildings and structures.

*The Local Government Ordinance, 1976, "The First Schedule" (Dacca: Bangladesh Government Press, 1976), pp. 83-84.

APPENDIX D (Continued)

16. Provision and maintenance of wells, water pumps, tanks, ponds and other works for the supply of water.
17. Adoption of measures for preventing the contamination of the sources of water-supply for drinking.
18. Prohibition of the use of the water of wells, ponds and other sources of water-supply suspected to be dangerous to public health.
19. Regulation or prohibition of the watering of cattle, bathing or washing at or near wells, ponds, or other sources of water reserved for drinking purposes.
20. Regulation or prohibition of the steeping of hemp, jute or other plants in or near ponds or other sources of water-supply.
21. Regulation or prohibition of dyeing or tanning of skins within residential areas.
22. Regulation or prohibition of the excavation of earth stones or other material within residential areas.
23. Regulation or prohibition of the establishment of brick kilns, potteries and other kilns within residential areas.
24. Registration of births and deaths, and the maintenance of such vital statistics as may be prescribed.
25. Voluntary registration of the sale of cattle and other animals.
26. Holding of fairs and shows.
27. Celebration of public festivals.
28. Provision of relief measures in the event of any fire, flood, hail-storm, earthquake or other natural calamity.
29. Relief for the widows and orphans, and the poor, and persons in distress.
30. Promotion of public games and sports.
31. Promotion of family planning.
32. Agricultural, industrial and community development; promotion and development of co-operative movement, village industries, forests, livestock and fisheries.

APPENDIX D (Continued)

33. Adoption of measures for increased food production.
34. Provision for management of environment.
35. Provision for maintenance and regulation of cattle pounds.
36. Provision of first-aid centres.
37. Provision of libraries and reading rooms.
38. Cooperation with other organizations engaged in activities similar to those of the Union Parishad.
39. Aid in the promotion of education under the direction of the Zilla Parishad.
40. Any other measures likely to promote the welfare, health, safety, comfort or convenience of the inhabitants of the union or of visitors.

APPENDIX E

TAXES, RATES, TOLLS AND FEES OF PAURASHAVAS*

1. Taxes on the annual value of buildings and lands.
2. Tax on the transfer of immovable property.
3. Tax on applications for the erection and re-erection of buildings.
4. Tax on the import of goods for consumption, use or sale in a municipality.
5. Tax on the export of goods from a municipality.
6. Taxes of the nature of tolls.
7. Tax on professions, trades and callings.
8. Tax on births, marriages, adoptions and feasts.
9. Tax on advertisements.
10. Tax on animals.
11. Tax on cinemas, dramatic and theatrical shows and other entertainments and amusements.
12. Tax on vehicles, other than motor vehicles and boats.
13. Lighting rate and fire rate.
14. Conservancy rate.
15. Rate for the execution of any works of public utility.
16. Rate for the provision of water works or the supply of water.
17. Cess on any of the taxes levied by Government.
18. School fees.

*The Paurashava Ordinance, 1977, "The First Schedule" (Dacca: Bangladesh Government Press, 1977), pp. 47-48.

APPENDIX E (Continued)

19. Fees for the use of benefits derived from any works of public utility maintained by a Paurashava.

20. Fees at fairs, agricultural shows, industrial exhibitions, tournaments and other public gatherings.

21. Fees for markets.

22. Fees for licenses, sanctions, and permits granted by a Paurashava.

23. Fees for specific services rendered by a Paurashava.

24. Fees for the slaughtering of animals.

25. Any other fee permitted under any of the provisions of this Ordinance.

26. Any other tax which the Government is empowered to levy by law.