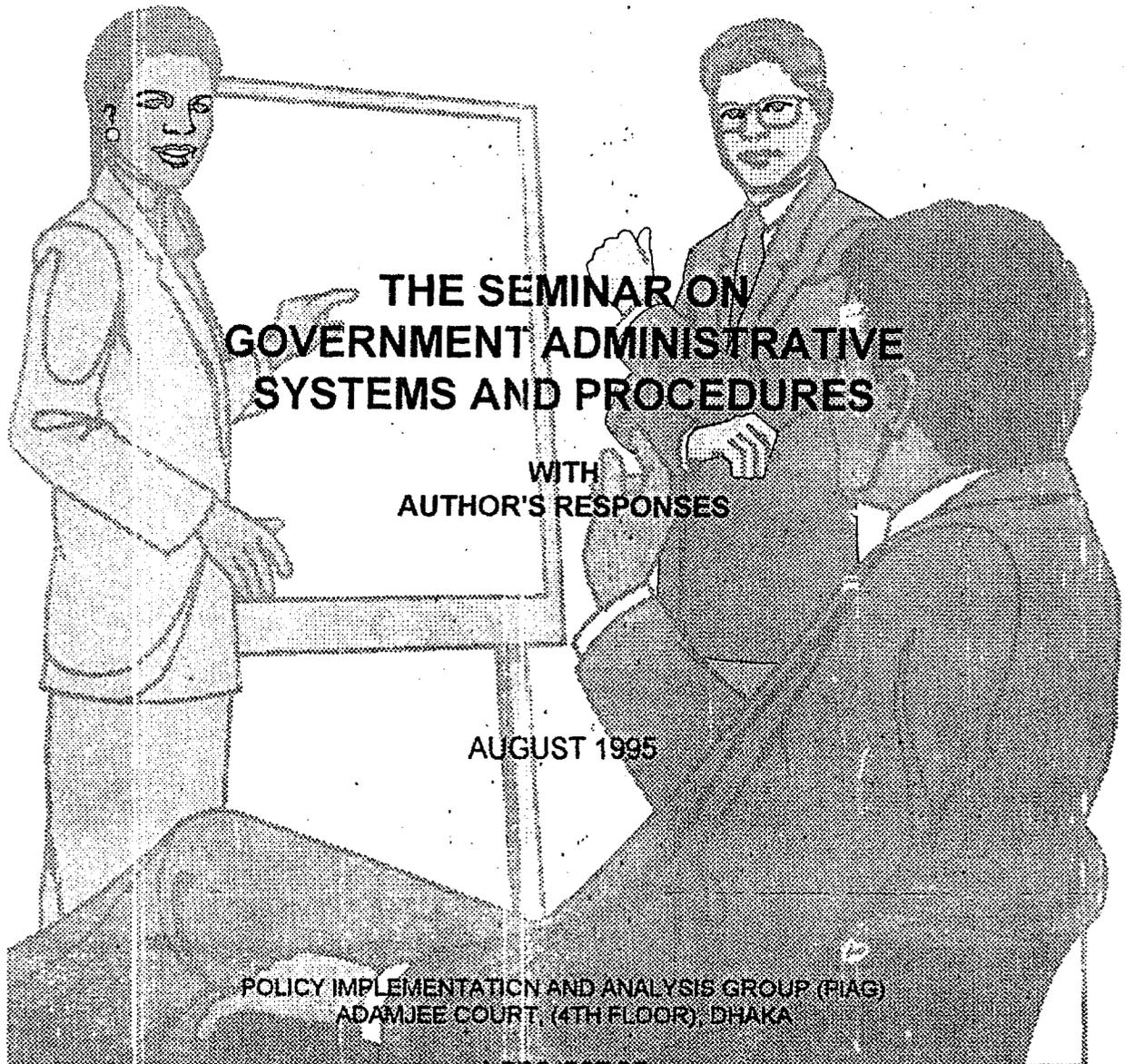


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DRAFT



**THE SEMINAR ON
GOVERNMENT ADMINISTRATIVE
SYSTEMS AND PROCEDURES**

**WITH
AUTHOR'S RESPONSES**

AUGUST 1995

**POLICY IMPLEMENTATION AND ANALYSIS GROUP (PIAG)
ADAMJEE COURT, (4TH FLOOR), DHAKA**

A PROJECT OF

**MINISTRY OF INDUSTRIES, GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH
THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT**

MANAGED BY

INTERNATIONAL MANAGEMENT AND COMMUNICATIONS CORPORATION, UNITED STATES

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1. Background

A discussion session based on of PIAG report Nr 5, *Systems and Procedures for Policy Implementation*, was held in the conference room of the Ministry of Industries on September 25, 1994. Mr A H M Abdul Hye, Secretary, Ministry of Industries, was the Chairman of the Session. Mr Ahmed Ali, Consultant, PIAG presented the paper.

2. Alphabetic list of attendees

Sl#	Name	Position	Organization
01.	Mr A S M Quasem		Representing FBCCI
02.	Mr A K M Nurunnabi Chowdhury	Director (Res, Prodt/Const and Admn)	BMDC
03.	Mr A B M Mahbulul Amin Khan	Deputy Governor	Bangladesh Bank
04.	Dr Abdur Rab	Consultant	PIAG
05.	Professor Abu Ahmad		Dhaka University
06.	Dr C A F Dowlah	Consultant	PIAG
07.	Dr C Stuart Callison	Director, OEE	USAID Bangladesh
08.	Mr Chaklader M Alam	Managing Director	IPDC
09.	Mr Daniel F Hogan	Consultant	USAID
10.	Mr Forrest Cookson		Financial Sector Reform Project
11.	Mr Golam Ahmed	Joint Secretary (Admin)	Ministry of Industries
12.	Mr K A M Kamaluddin	Director (Planning & Dev)	BSEC
13.	Mr Latifur Rahman	President	Metropolitan Chamber of Commerce and Industry
14.	Mr M A Gaffar	Senior General Manager	BCIC
15.	Mr M Abdul Latif Mondal	Director	BSCIC
16.	Lt Col (Rtd) M Azizur Rahman	Consultant	PIAG
17.	Mr Md Iqbal	Consultant	PIAG
18.	Mr Md Matiur Rahman	Additional Secretary	Ministry of Industries
19.	Mr Mir Belayet Hossain	Chairman	BSFIC
20.	Dr Mohammad Mohabbat Khan	Professor, Department of Public Administration	Dhaka University
21.	Mr Mohammad Omar Farooque	Chairman	BSCIC
22.	Mr Mosihur Rahman	Deputy General Manager	Agrani Bank
23.	Dr Najmul Hossain		USAID
24.	Mr Naziruddin Ahmed	General Manager	Agrani Bank
25.	Mr Nazmul Alam	Chairman	BSEC
26.	Mr Profulla Kumar Saha	Deputy Secretary	Ministry of Industries
27.	Mr Reazuddin Ahmed	Chief Editor	The Financial Express
28.	Dr Reazul Islam	Program Officer (Industry)	The World Bank

Sl #	Name	Position	Organization
29.	Dr Ronald P Black	Chief Technical Adviser	PIAG
30.	Dr Ross E Bigelow		USAID
31.	Mr S B Chaudhuri	ex-Governor	Bangladesh Bank
32.	Mr Shah Hussain Imam	Associate Editor	The Daily Star
33.	Mr Syed Yusuf Hossain	Additional Secretary and Project Director of PIAG	Ministry of Industries
34.	Mr William F Kedrock	Consultant	USAID

3. Transcript of the deliberations, with minor editing where needed for coherence

Mr Syed Yusuf Hossain

Our Chairman of the seminar, Mr A H M Abdul Hye, Secretary, Ministry of Industries is not here with us yet because he had to leave in the morning to attend a meeting called by the Prime Minister. I just contacted him, he has started. But you know, starting from the Prime Minister's Secretariat, it will take some more minutes, because of the normal traffic jam and the distance involved. So if we agree, we can start the proceedings of the meeting today and within a couple of minutes -- or nine, ten or twenty minutes -- he will be arriving to join us. But in case you agree to wait for a few minutes, and have a cup of tea in the meantime, you are welcome. But which one would you like, should we start the proceedings?

[At this stage the participants voiced their preference to start the proceedings.]

My name is Syed Yusuf Hossain. I am an Additional Secretary in the Ministry of Industries. And this is Additional Secretary, Ministry of Industries, Mr Matiur Rahman, he is already there. And the gentlemen around here are all very well known, so they don't need any introduction. And I believe we can start the proceedings today.

The main paper writer is Mr Ahmed Ali and he will be making a presentation of his paper. Let me introduce a few lines on the PIAG. PIAG in fact is Policy Implementation and Analysis Group. This is a US funded project, established by the Ministry of Industries, and the Ministry of Industries is the executive agency. Mainly it is involved in the implementation of the industrial policy and -- of course, other related policies -- and to carry out studies, to arrange workshops, seminars, and make such other activities in order to enhance the policy formulation and the policy implementation of the industrial policy, to review the policy from time to time, to correct the policies where required, and implement them accordingly. It is at the same time also responsible to carry out the Ministry of Industry's -- a sort of a policy or a sort of study -- which will in fact enhance the capacity of the Ministry of Industries itself, which will be in charge of the policy implementation. So it is one such study which our project consultant from the PIAG, Mr Ahmed Ali, has done it. This is the paper --

today's paper -- which has already been distributed to you, I believe, and I believe you already had a chance to go through it. This is the *Systems and Procedures for Policy Implementation in the Ministry of Industries*. This is the policy -- and the paper is, mostly -- a review, is a study carried out on the Ministry of Industries, and how best it can serve the purpose, the objectives for which it had been created. And while going through the study you might find that some of the reviews, some of the remarks, some of the suggestions are very useful. It is not necessary that you have to agree with all of them, but you may agree or you may not agree. Our purpose of today's deliberations is that we get your valuable inputs today on the report. And after getting your valuable inputs and comments and recommendations we'll update the report, we'll revise the report, and finalize the report. And after that, with the relevant authorities' approval we'll try to implement it to the extent it is possible and desirable. With these few words I thank you very much for your kind attendance and participation. We look forward to your valued participation and valuable comments and inputs which will help us in the formulation and finalization of this report which in fact affects the Ministry of Industries, its capacity and its productivity.

Dr Ron Black, who is the Chief Technical Adviser of the project, and he has been involved in the project as one of the moving force for this project -- who has been working hard -- and in fact he has been supervising the activities of the various consultants -- short and long term consultants -- and I will request him to please speak a few words on the project as well as on this study before Mr Ali speaks on his paper.

Dr Ronald P. Black

Thank you Yusuf. I appreciate this opportunity. The PIAG project, as Yusuf has noted, is a project that is being implemented by the Ministry of Industry and I like to think of our project as being a part of the Ministry and one that aids the Ministry in its analysis and studies of industrial policy issues. I don't think I will take up any more time. Mr Ahmed Ali is going to tell you about the study that he has done. I might make one preliminary comment however, that this is one of a series of studies to be done, aimed at assisting the Ministry of Industry in increasing its efficiency and it is one that looks at the overall structure of the government within which the Ministry fits. So in this particular study we have not gone very deeply into the details of the Ministry itself. So I will turn it over to Ahmed now. Thank you.

[Mr Ahmed Ali made his presentation of the report after this.]

Mr A H M Abdul Hai

Thank you Mr Ahmed Ali. I apologize for being late. But I am glad that Mr Ahmed Ali started the presentation without waiting for me. Well, if we had the teleconferencing facilities which has been mentioned by Ahmed in this paper, then perhaps I wouldn't have to run to the Prime Minister's office to attend the meeting. By the same token, you wouldn't be required to be here to participate,

because you could participate sitting in your rooms via the information highway. But till that development comes along I do have to put up with this kind of inconvenience. Now, though belated, let me welcome you and express our gratitude for your presence here. We are very glad and happy that you have been able to come here and spare your valuable time to share your views on this particular matter.

Now, the objective of this study, which is part of a series of studies undertaken through the Policy Implementation and Analysis Group's overall activity in collaboration with the Ministry of Industries. Now, this is the first in the series, which I hope Mr Ahmed has mentioned, because his objective is to cover this entire gamut of the administration concerned with the formulation of industrial policy and its implementation. And as he has mentioned in his paper that through one study it is not possible so what he has in mind is a number of discrete studies covering each of these areas, each of these agencies. In this paper he has mentioned that there are at least nine ministries and agencies whose activities impinge -- have bearing -- on the activities of MoI. So, an analysis of the systems and procedures of the MoI -- Ministry of Industries --- will not be complete unless studies are taken to cover the systems and procedures of these nine and, by the same analysis, of the eleven agencies which are under the Ministry of Industries. Now, in the introduction of this paper which I had time to go through, Mr Ahmed Ali has emphasized that the objective of the study is to analyze the systems and procedures as appertain to the Ministry of Industries, and the associated agencies under the Ministry of Industries, with a view to suggesting improvements. Now, he has a special focus in the study. The special focus is on the management information system, the computer and other facilities, management practices, and thirdly, what needs to be done to fill the vacuum.

Now, he has approached this study from two angles, as he has said in this paper. First is through the traditional approach of looking at MoI -- Ministry of Industries -- as a bureaucracy according to the classical Weberian model. And the second way was to look at as a system according to the operation and management theory. And as a system looking at it comprising the inputs, the processor which invokes the process, and the output. Now, it is very interesting that in this introductory part he has mentioned that he has found in the study that the Ministry of Industries is wanting in both the respects, that is, neither as a bureaucracy nor as a system the Ministry of Industries fulfills the requirements. Now, he has identified that the reason why as a bureaucracy it is not functioning ideally is because of the weak system. In other words, weak system has undermined bureaucracy in the Ministry of Industries. And within the system he has of course the inputs, the process and the outputs. Here he has made a very important and a very -- I would say maybe to some it will be a controversial observation -- that he finds bureaucracy as a useful construct in public organizations. In spite of the limitations and the criticisms against bureaucracy he finds that bureaucracy is a useful construct in public organizations. And it depends on its smooth operation on the system which is a kind of the practical underpinning of the bureaucracy.

But I will not like to make my comments on the objectives of the study, on its findings, on the coverage based on his presentation and those of you who had the time to go through this paper, particularly the executive summary, I hope will have many valuable comments, criticisms, and

proposals to make. The presentation of the paper is only to elicit comments, because there are many experts present here. And also those who are not present here we hope that we'll circulate this among them and we want to have all viewpoints so that this paper -- this study -- can be improved upon. And I am sure that Mr Ahmed Ali has that humility to admit that the study is not perfect, is not complete, and he looks forward just as we do, here from the Ministry of Industries, we look forward to a very spontaneous and useful contribution in the form of comments, proposals, even criticisms from the distinguished participants who are present here today. So, with this, Mr Ahmed Ali, can I invite comments, and criticisms if you like, from the distinguished participants here today?

Mr S B Chaudhuri

My name is S B Chaudhuri and I was formerly Governor of Bangladesh Bank and now I am a newspaper columnist and Advisor to a private bank. Now first I'll thank the chairman of the session for giving me the honor of opening the discussion so I'll keep myself to as brief a presentation as possible as there are many eminent experts here who would, I am sure, like to share their views and expertise with the Ministry of Industries and all of us present here.

As the study points out, the problems arise mainly because these problems are systemic. This entails the entire system of the government -- the institution of the government -- here. And naturally one particular agency of the government, in this case the Ministry of Industries, it cannot become an island of efficiency. This is, I think, a very practical approach in the paper and also I would say that the paper has espoused its case, espoused its views on the subject, with considerable boldness and also very candid presentation. Many may not like it but well, something which is there has to be said for others to at least to know. Given that this constraint is imposed by the function of the government as a whole, I think a very realistic approach that the paper has taken is to narrow down to what can be done or what should be done immediately, or can be done as a sort of an agenda for the Ministry of Industries which presumably the paper says can be implemented by the Ministry of Industries itself without waiting for the big machinery, the sort of impersonal institution of the government, to move as a whole. And here the paper identifies basically, I think, three or four elements as you all have noticed by now. One is of course what Mr Ahmed Ali said in his presentation is this management information system. Although the paper itself abbreviates it as the IMS, which took me a bit by surprise, in the presentation it has been presented as the management information system, MIS. And the second is of course the channel of communications of the Ministry of Industries itself. And the third is the physical working environment. So they are the three components which the paper has outlined as something which the Ministry of Industries would take on immediately. And just to mention again, in the case of MIS there is another element, that is information repository. I took it as a part of the MIS.

Now it is a question of really -- and I am sure and I hope all present here will not dispute the need for an MIS in any organization, and in the Ministry of Industries in this case -- but it is still a question of -- and of course also the forming the internal communication system as the Secretary just now mentioned that -- about the way of doing business of the government much more quickly

and efficiently and for which there are so many gadgets coming up now, technological improvements are there and these are, I guess or I presume, are now not at all available in the Ministry of Industries from what you say.

Now there is one aspect which I would like to invite attention of the consultant Mr Ahmed Ali is, there is a -- the question is -- this is not an issue that such an MIS system should be established. And here also as it is connected to the question of implementation of the industrial policy, such an MIS will also help the better understanding of the information -- of the industrial policy -- if this extends to the other participants who are involved in the implementation of the policy, I mean the public in general, including the private sector. There, how to extend this MIS system once it is based in the Ministry of Industries, to extend its coverage to other agencies. I just mention one particular instance where say, the sending out information about the level of investment and the capacity utilization -- that sort of thing -- to say, agencies like banks or chambers of commerce who actually act as agencies of the government in the sense that it is they who are on the field, either financing industries or investing in industries. That aspect perhaps -- or maybe it will come later, because now even the Ministry of Industries itself doesn't have an IMS.

Another aspect I should mention, I thought, is this: here the paper speaks of cost saving, and has given also some certain numbers which is, if things can be done quickly, how much money would be saved. There is an estimate of, I mean, reached by way of how many number of officers are working in the Ministry of Industries and if they can do their job in half the time, how much money would be saved. It is what it is if I understand it correctly. Now the question is here -- one issue I think remains untouched -- because the next question arises is, well, if the same number of people can do the thing in half the time then what will they be doing the rest of the half of the time? I mean that is a question of whether they would have sufficient workload, or whether the workload will increase, or whether there will be a question of cutting down the size of the Ministry itself if it becomes efficient in handling matters. There I think some sort of an assured exit policy for the functionaries in the organization -- in the Ministry -- that is something which should also be considered because, after all, once we can do the work in half the time then if we remain -- the same number of people remain -- unless the workload increases, then they will just be wasting their time, which is not again quite a cost efficient way of building increased cover of the Ministry. Here I would just like to mention, I mean, what they do in the Ministry of Finance in Japan. What they do is they, from the very beginning the process of, I mean, they recruit some people and then once they have reached a mid-level then the process of weeding out starts, so that at the top level only the most efficient people as the number one -- there at the topmost level the best man would remain; What they do is they manage to work as a sort of a placement agency for people who are exiting from the Ministry to find them jobs in the private sector. Of course here, I mean, some -- that sort of a thing could, if not exactly that sort of thing -- some sort of declaration of intention on the part of the government, or the Ministry of Industries at least, to help in this regard could instill, I think, more confidence in its functionaries.

And I am very glad that this physical working environment has been addressed in this paper. This is very important which we tend to neglect. I am not quite sure how far the Ministry of Industries

would be free to sort of spend more money in the equipments and other things because although the Ministry or a particular ministry proposes its budget, it is subject to review and also reduction by the Ministry of Finance -- and there again we come to the question of the way the government as a whole, the institution as a whole, works -- here how far the independence of a ministry is -- will have -- that is very doubtful.

And then, last point I will mention is -- this is a bit of a, I mean, the whole thing is considered of course as things stand now -- because with the policy of privatization going ahead how far the present Ministry of Industries setup would undergo changes, and what implications would that have for the management information system and also internal communications and physical working environment. This is something which is -- could have been also touched upon. But having said all these I must congratulate the authors of the paper for, as I said, bringing out a very realistic assessment of the situation and putting up measures -- suggesting measures-- which are concrete. I mean, it is not a very broad menu and this is something which I think should be manageable to the Ministry of Industries, and I would suggest the Ministry of Industries should give full consideration to the implementation of the program laid down in the paper. Thank you.

Session Chairman

Mr Latifur Rahman, President of Metropolitan Chamber of Commerce and Industries, he has to leave early. So I would now request him to make some comments. We always value the comments, proposals, and criticisms coming from the private sector. So we look forward to his intervention and deliberations.

Mr Latifur Rahman

Thank you, Mr Chairman. I shall briefly sort of touch on the so-called source of weaknesses which has been identified and some of the measures, and I would not like to go and repeat what Mr S B Chaudhuri has essentially said. But however, first of all I think the -- what I have heard and seen it appears to be a well prepared document. As the author himself said that there may be opinions which can be at variance, but then that is what the whole purpose of this exercise is. Just to touch on some of the points which have been mentioned here, the deficiencies in education and leading to low standards in the entry point. I think this is an area which doesn't require too much debate. I think everyone here would agree that this is true right across society -- whether it is the Ministry of Industries, or industry business, and anywhere. And the only way this can be dealt with is really very strong political will at the educational institutional levels and not really in a forum such as this. That is something I believe one has to bear in mind, not only for the sake of the Ministry of Industries and the government, but for the sake of the country.

The other element which is mentioned is -- I would just, Mr Chairman, say that while this study is focused on the Ministry of Industries, I think one can take by analogy that this is broadly true for

the government as a whole and the bureaucracy as a whole, and it would be applicable in most other industries also. The income and expense gap -- I think this is a very real issue which one has tended to gloss over. We all from the private sector are really sort of -- you will hear us complaining about having to pay here and there, and do that and do this. But it's also true that we live in a society and I'm glad that this has been mentioned, that the salaries and pay and benefits of the civil servants have really not been taken into account in conjunction with the cost of living and the realities of the situation. I saw somewhere -- well yes, it is here --- that in the Pakistan time, that's pre-liberation time, the civil service salaries and benefits were effective enough for somebody to live comfortably. Today it not so, and if any of us pretends it is so then it's, well, we're again living in a fool's paradise. So, in order to sort of make any attempt to so-called reduce the graft or under-the-table payment -- whatever we call it -- one has to address this issue. Now, whilst addressing this issue I guess the government also has limitations of the budget, and there comes the question of the numbers -- whether one should have five thousand people doing something and being underpaid, or whether one should have three thousand people, well paid, and effectively working. And I think the problem that we face is a large number of people, all underpaid, all demotivated, or very largely demotivated. On the other hand my own suggestion would have been that -- I am sure you will take it up somewhere in your discussions later -- that probably the government -- the numbers -- need to be reduced; but certainly the remuneration package for the people who are employed are substantially increased to make, you know, it sort of tolerable to spend within one's income means, which is not so today.

There is the mention of effects of military rule -- I will not go into that which is historical perspective we know, and we know the problems we've had in conjunction, and I largely agree with the comments made there. The big government again is a historical fact; one can have debates on it, but let's say it's there and one has to deal with it.

The other aspect I'll just jump at is the frequent transfers. Here I am very largely in agreement with what has been said here. People -- civil servants -- who are very competent are just transferred from one place to another without any regard for his or her specialization, ability on a certain area of strength and, as has been rightly mentioned, that the person once put into one position is then worrying about where he is going to go next and which leads to, as the report has mentioned, not a very comfortable working environment and commitment. So this is, I think, the frequent transfers is something, and placing people in the wrong positions without any regard to his specialization and expertise, and that also plays a negative role. The long work flow paths, I think that is what we call the bureaucratic red tape, that is there and this has been mentioned that has to be probably shortened and also as the Secretary just said, the large number of meetings one has to attend, and that's why he mentioned about his being -- having to be -- in two places at the same time. It's again symptomatic of exactly this that the senior officials are required to be attending meetings all the time, and possibly unable to spend the time required at their desks. This is actually a problem.

The measures which have been mentioned about the MIS being strengthened, of course it's I think largely in the line of what anyone would say the mechanism that senior officials should be involved rather than just line functionaries -- that's also true. So basically Sir -- I am glossing over I know

because of the time constraint and also I think many other speakers will be there -- it appears to be a reasonably well drafted, well put out report and as the Chairman mentioned, based on discussions here and possibly later, this will, I understand, be sort of fine tuned. But the question I would -- the point I would just like to make as I leave off is the reports -- this would be a good report I imagine, and we've had I think in the past also many good reports this government has produced -- but the question is implementing these reports. These reports are well made, properly drafted, beautifully printed out, and then they go into a file which -- or into a safe which -- is never opened. And then we go on to the next report and the next consultancy sort of apartment. And if this happens then it's a mere waste of time, and I would request those who are involved, once you find that these reports are fine tuned to whatever the final draft should be, there should be some means of reviewing after a period of time whether these have been implemented and, if not, how much has been implemented -- and there should be some kind of a track on that.

Thank you, Mr Chairman, very much for giving me this opportunity.

Session Chairman

Thank you Mr Latifur Rahman. We very much appreciate the comments and observations that you have made and at this point I assure you that we'll do our best to incorporate some of the measures which have been suggested here and which might be coming through the discussions that will ensue. Though we work within a system, and this puts a limitation on the maneuverability of the Ministry of Industries in introducing reforms, there are certain areas like improving the environment, introducing an improved version of the existing MIS. So we would exploit on these potentials. Though we know, as has been very correctly pointed out by Mr S B Chaudhuri, who was a distinguished civil servant himself and now working in the private sector, that Ministry of Industries is not an island, we are part of the overall system, and without a thoroughgoing reform of the system, Ministry of Industries by itself cannot do much. We cannot do much, but we can do something to improve the prevailing system of work, the procedure that is followed, and I want to assure you that we are really serious about that. If we were not serious we would not be sitting here, we'd not be requesting you to be present here to share your views on how we can do our work a little better.

Now I would like -- yes Dr Mohabbat Khan, he has already flagged his interest to intervene now. He is one of the leading expert on public administration. He is a professor in public administration, Dhaka University, he has many publications on public administration, he has worked as consultant in many international organizations -- UNDP, World Bank, and other organizations. So, he is in here not only as an academician but also as an expert in the area who has had the opportunity of working with the government organizations. His observations would be very interesting and also very useful.

Dr Mohammad Mohabbat Khan

Thank you Mr Secretary, and thank you Mr Syed Yusuf Hossain for inviting me to this session. I found the deliberations very interesting so far and I must congratulate Mr Ahmed Ali and his colleagues for making a very good presentation. And I am delighted because Mr Ahmed Ali and his colleagues came out with what one would call sometimes the bitter truth. Usually when you write a consultancy report, in it you are very careful, cautious -- you don't want to, you know, make too many enemies. That's what I can say from my own experiences as a consultant. But I found that it has been very very blunt and I think that is the way it should be done at this point of time.

I agree with most of the arguments found in this report, and I had the opportunity to go through it. I will not go in details because there are so many other participants who would like to contribute their expertise in the proceedings. But I have some queries -- that might be the way I start. Then I will make some of my comments a little bit later on.

Mr Ahmed Ali talks about the government, and all of us are, at least at this point in time, in conformity with this idea. But the question is, what is the alternative? That has not been clearly spelt out. When we talk about the government is inefficient, the government is corrupt, there are too many people in the government who are doing nothing -- they are all, may be to a certain extent, valid criticisms -- but what is the alternative? Now, we can talk about NGOs doing good jobs. Some of the NGOs have done extremely good jobs in some of the areas. And question the task of the private sector, what is the role of private sector? Because when we are talking about shrinking of the state we are basically talking about the enhanced role of the private sector and the NGOs. What has been the -- then we have also to talk about the track record of the private sector -- with all the facilities given, what they have produced so far? That should be asked. Now, we are talking of the government inefficiency, mismanagement, corruption -- everything we talk about, but we don't talk about the problems of the private sector. What has been their achievement? We should talk about it.

The other thing I would expect when Mr Ahmed Ali and his colleagues would submit the final report, they would give some hints as to what would be the alternative. Shall we make the government more efficient or, the question, can we make the government more efficient? And I can mention here very clearly that Mr Latifur Rahman was talking about his apprehension that these very beautiful reports, well argued reports, recommendations should be considered and implemented. But from my experience with the government as a consultant -- I don't see much hope either, because the most well known study is the public administration efficiency study, which I headed as the Chief of the Party -- and most of the recommendations have not even been properly deliberated upon, let alone implemented. So other reports we don't need to talk about.

The other thing that I thought besides, I am sufficiently in agreement with Mr Ahmed Ali and his colleagues that the size of the government should be reduced significantly, because the government is not in a position to do the job that it has taken. But what is the alternative, how to look at it, and how to see that they could serve the people better. So far that what we have seen, our private sector

has not been terribly efficient either and that the public has not been very happy with it either. So we must talk about it. So when we talk about government is bad, government is poor, government management is very shabby condition, we immediately jump on the bandwagon of the private sector. But what has been the track record? I think we should talk about it.

The second question, I think which also Mr Latifur Rahman brought out, it is very important. Whether there is a strong political will or commitment on the part of the government to reform the public sector. I have not seen any indication of that. Frankly speaking, I should say very bluntly, I have not seen it. I worked in many consultancy assignments for different organizations -- USAID, World Bank and others, UNDP -- I have not seen that the government is very serious about it. What happens, when the consultancy report is submitted, committees are constituted to study them. It takes one year, two years, three years sometimes, then it goes to the cabinet -- I don't know what happens there -- but then we don't see any tangible result of that. I'll not say that all the recommendations should be accepted, but they should be evaluated properly, and then there should be some kind of action on those recommendations. But that has not happened. So, strong political will is a must -- it is a must. Without that, even, this report -- which is a very well balanced, argumentative report I would say -- will have the same problem. So, when we have political will, I think the problem that you mentioned like Rules of Business which all -- we all have mentioned -- Rules of Business, this imbalance in authority and responsibility distribution. Then the long work flow, that has been very beautifully covered, and when you add up -- we all know that.

That the other point I thought should be mentioned -- yes, I am in favor of increasing the remuneration of civil servants; that is, that should be done. But that should be done on the basis of proven work. What has happened is that we give everything to everybody, and nobody is motivated. Promotion has become automatic, as in the university everybody is a professor now, and I think that is a sad thing to have happened. Now, we have not properly evaluated the criteria, the publications, the career, the background of individuals before promoting them. They devised a system in which anybody and everybody is happy -- of course the productivity has suffered tremendously in the university. It is not only the violence which has robbed the university of its past glory but this also, the indifferent teaching and research that we have seen. The same is true of the government. If everybody is promoted, if everybody is fit, then it should have been heaven. But that is not the case. So we have to link productivity with our career progression in the civil service. Once you do that then obviously you get good civil servants. They are duly motivated, they must be promoted, and they must be given what I would call is a second kind of career graph: that is a person who has done very well, he is to be promoted much quicker than his colleague who has not, you know, produced anything of what. He has just gone to the office and come out of it.

But another thing I would hasten to add is, I do not think -- there is an implicit assumption in the report that if you pay the civil servants well, then they should not be, you know, corruption will wane -- I don't agree with that. I think this is a -- basically -- it depends on the values of the individual -- how he has been brought up, his associations -- this is very important. How he feels about his life, his religious underpinnings -- these are all important. It is not only the person is well paid and he will not be corrupt. Then there would not be corruption in developed country. Most of

the civil servants are known to be very well paid, but still some of them are very very corrupt. So I think there should not be that kind of correlation and I think that is not the reason in fact.

But I agree that merit should be the criteria and that has not been the case. As successive governments in Bangladesh have failed totally and miserably and deliberately to address this issue of enhancing merit in the civil service. There has been personalization, there had been politicization -- so there would be musclemen, there would be touts, because that's how you gain prominence, that's how you earn money, that's how you become a very respectable person over ten years' period -- from a *goonda* to a well meaning person. And that has been the situation in our country. And that has affected our civil service very much, because these are the people who have come back to the position of authority after making money and coming through elections, becoming minister or deputy minister or state minister -- whatever it is. And I think this is the bitter truth, that is, the political environment is very very important. The civil service will not perform unless there is clear political guidelines which is based on respect for each other, and an understanding of each other's domain. And I had the pleasure of seeing that in the British civil service, the American civil service several times, and I know, I have seen it in the other countries. Why can't we do it in here? We must have the willingness to experiment. The way we are going, we are going literally downhill on a constant basis. Everywhere there is frustration, everywhere there is discontent, everywhere there is contributory effect. Within the civil service system you can't talk to people. Not only if you are one of the ordinary public, even those who are not -- some of us who have good acquaintance with senior civil servants find it extremely difficult to communicate on the issues that should be deliberated upon.

So, the points that were made in the report are very valid, but what I would have been very pleased to see is if you could come out with what I would call some of the inherent reasons, and then the recommendations. Like you talk about historical influences, but you do not talk about also religion which tells us things about, you know, this world and other world. This should have also influenced us, not only foreign expedition would have influenced us. You should have talked about our culture. You should have talked about our culture as it basically influences our values and norms. These things are very important. When we talk about -- that's why there is difference between civil servants from one country to another. That is very very important.

The other thing that I think should be talked about is this -- our Secretary talked about the political system -- but all these are related ultimately to your willingness to change -- not only political commitment, but willingness on the part of the civil service to change. Because world is changing, we have to change. We have to be productive, we have to be efficient, we have to be effective. Question is, whether we are willing to become. And if we are not, of course you cannot impose change from above. You cannot impose change. So, here the question of indoctrination is very important. We talk about in the name of training. Training is important, not only the way we give training, we give training in the guise of lecture, nobody is interested in those, it does not really help you. People want that kind of training which will help them to be a good office worker, to be an effective official, to be a performing officer. But whether our training is related to our job? Then of course the question you will come to that when you have trained a person, are you keeping him

in the job he can do? We have found in several studies, as you rightly point out, I have seen cases where the Secretary has been changed four times in three years. Now, is it possible for anybody to concentrate anywhere with this moving about and be effective? And shifted from the Ministry of Health to a diametrically opposite ministry, and four ministries in three years. Sometimes four ministries even in less than that time.

The other thing that is very important which you do not talk is political interference. See, that if there is too much political interference, then it is a problem for the civil servants to work. On the other hand or the other side of the coin, civil servants must also earn the respect of the politicians in power -- through their hard work, sincerity, and honesty. Meaning if the minister knows that the civil servant is corrupt and inefficient then of course he is going to use him and vice versa -- the case is vice versa. That must be understood. This is the underpinning.

We need changes -- and you talk about in the case of Ministry of Industries specific changes -- these are welcome and needed. And as Mr Abdul Hai -- who is very well known also as a litterateur in his own life, not only as a civil servant -- he has already indicated that he is interested in the reform, his officials are, and we are all in favor of that. But the question is, unless we see the changes that are to be brought about in the Ministry of Industries in the context that you have put it: total environmental constraint, then obviously the changes which have been proposed for the Ministry of Industries will come to naught. It will not only be not effective but will produce counterproductive results.

So, three things I would suggest and very quickly. One is of course, we have to ensure that political commitment is there for the reforms that have been suggested. Number two, there should be basic understanding, argument -- of belief, feeling, whatever you said about -- there is a crisis situation in the civil service itself. So, we need to talk about the "proper role of the civil service as the extension of our nation's system", and how that can be effective. There should be an agreement that the culture that the civil service have been endowed with because of different historical reasons should not be there. And thirdly, merit should be cornerstone of any public personnel policy, starting from recruitment to promotion to transfer. I do not believe that if you give -- if you retain quotas, it to some extent can mitigate the evils of disparities in the past in terms of regional differentiation and gender differentiation -- but ultimately it affects very adversely the quality and the ability of the civil service to deliver the necessary goods and services. That should be underscored. I am not against this, but I think it should be minimized if possible to the extent. Because this is a very controversial issue, it has become -- people talk about in a very emotional language when it comes to the quota system itself -- but I think it's a bad policy. We have to understand that. And lastly I feel that -- that is personally I would learn a lot if you give or do a little bit more digging in terms of the alternatives. You have given recommendations, but you have not in that sense spelled out in clear details that if we shrink the role of the government -- if the government is withdrawn from different sectors -- then who will fill up the vacuum. The private sector? Is the private sector capable? What kind of support the private sector would need? At least the question of changes in the attitude and mentality of our private sector entrepreneur is very important. Whether do we have any capitalist class, or do we only have traders? Are they industrialists or are they traders? Are they going for

short term gains or they are looking for long term interests? I think this question should be asked. But then of course the question is whether the NGOs can do it, but then these things should be explained. Thank you.

Session Chairman

Thank you, Professor Mohabbat Khan. You have made some very important observations and we'll take note of them and particularly Mr Ahmed Ali has taken note of your comments. Now, I'll request Mr Reazuddin Ahmed, the Chief Editor of *Financial Express* -- he was also the former Chairman of the Federation of Journalists, Bangladesh. And many of you must be familiar with his write-ups in the paper. Though *Financial Express* came up very recently as a paper, it has already emerged as a very important paper, particularly in the financial and economic world. With the specialization in this area, Mr Reazuddin Ahmed of course also has interest in overall administration, development administration, and what goes on in the so-called economic ministries including Ministry of Industries. So I'll now request Mr Reazuddin Ahmed to make his comments on the presentation and the paper of Mr Ahmed Ali.

Mr Reazuddin Ahmed

Thank you very much, Mr Chairman. Actually, as a journalist, I am a better listener than speaker. But even then, it's a very interesting document, although I could not read it fully. And this is again the habit of a journalist -- not to read the whole report but to find out the relevant points. And I could do that, if not successfully, but summarily. And I should start with congratulating the authors for stating the affairs of the statecraft very very candidly and courageously. Whatever you have said about the bureaucracy, about the information system, about our education system, quality of the bureaucracy -- is excellent. And I don't like to repeat, because everybody has said it, that our bureaucracy is a problem, and the basic problem of political commitment to make the bureaucracy efficient or competent. There's a few lines in the beginning -- I found it enough to summarize the whole report -- in page number 3, para 3 that: "the government service rules and practices virtually do not have any room for rewarding initiative, competence and integrity. On the other hand, there are a number of formally established methods which allow superiors and peers to exert pressure on an officer to compel the latter to serve their respective personal and group interests". I think these two lines are enough to state the real situation in the country, and how our administration is over-politicized, and how the administration is politically influenced. I am interested -- but least interested -- about the whole affairs of the state; but regarding the quality of the bureaucracy now coming up, it is very very a matter of concern for the whole nation. Mr Chairman, the time you joined the bureaucracy, quality dominated. But these days, the overall quality of the education has deteriorated. So we are not getting the good stock from the universities in our bureaucracy. And also there has been a serious brain-drain in the country, because you cannot provide them with proper educational environment, neither provide services, or other things which attract them to stay in this country. So there is a serious gap in merit aspect, and brain-drain. So the quality of education should

be improved further. This point has been rightly identified, and the quality of the bureaucracy should be improved. Then, the question of political commitment has come and it is lacking, I believe over the last three years, very very unfortunately in framing an acceptable Rules of Business. What is the relationship between the politicians and the bureaucracy? And it is often bureaucrats are not very happy with the ministers, the ministers are unhappy with the bureaucracy. So this is the normal scenario between the politicians and the bureaucracy. Then again there is internal fight between the bureaucracy -- the administrative cadre and the *Prokrichi* -- which is increasingly worrying the nation.

We are talking about improving the management information system -- this is on a very weak foundation. That should be changed, I think. Anyway, I was attracted to speak on two points -- which is very relevant for the newspaperman. The updating of the Official Secrets Act -- the author has pleaded for updating it, but our demand is to abolish it. It was a creation of the colonial rulers, you know. The Britishers did it, and wherever there was British rule there was an Official Secrets Act. And till now, it is very rigorously implemented in Singapore. The other day one editor of the *Business Times* was taken to the court, he was fined because -- what was his offense? He just disclosed in his newspaper that the growth rate of Singapore will be 5 per cent this year. Then he was arrested and taken to the court. He said, "What is my offense?". They said, "You have divulged the official secrets". He said, "What is the secret? The growth rate is 5 per cent, and I have reported it". They said, "Unless and until government says it, it is the official secret". So, this Official Secrets Act is haunting the journalists, you know, and is limiting the access to information for the journalists. So, for the purpose of this seminar, I'll request Mr Chairman yourself and other colleagues of yours in Ministry of Information -- let us start with the Ministry of Information -- don't hide anything, give everything to the press, you have nothing to hide, because the Ministry of Industries is becoming a smaller ministry gradually, trimming the activities. More and more sections, more and more important branches are being taken away from the Ministry of Industries, and at times it agitates my mind: what is the necessity of the Industries Ministry now? Just to supervise the nationalized industries, or corporations? Or, what is the role of the Ministry of Industries in policy formulations, in investment promotion, and in providing investment support to the people? And there is an Investment Board, and there is Export Processing Zones; all of them are working independently and with lot of authority and autonomy. And I believe they are not under Ministry of Industries any more. So I think there is some lacuna within the Ministry itself. So it should be properly systematized, strengthened, and my appeal will be: first the management information system should be implemented in the Ministry of Information -- both within and outside. Divulge more facts to the press. Thank you Mr Chairman.

Session Chairman

Thank you Mr Reazuddin Ahmed for your very straight and free comments on the paper and on the subject itself. We'll take note of your observations, particularly your suggestion for incorporating certain reforms, abolishing some of the anachronistic and, in your own version, out of date Acts, regulations. Now I'll request Professor Abu Ahmed to comment on the paper presented here.

Professor Abu Ahmed is Professor of Economics in the Department of Economics, Dhaka University. But he has distinguished himself as a prolific writer on economic matters, financial issues. Almost, if not every day -- every alternate day, we come across his very incisive reports, analytical writings, in the English dailies -- and also in Bengali dailies -- he is prolific in both the languages. And we're glad that in recent years Professor Bayes -- he is also another prolific writer, I don't know if we invited him, didn't we? I don't know whether he is here. Professor Bayes of Jahangirnagar University, Professor Abu Ahmed, then S B Chaudhuri, then Muslehuddin Ahmed, you know, they have distinguished themselves not only through their writing, but they are doing it very regularly, and this is something which was lacking. We are very grateful to these gentlemen, both in the academia and outside the academia, for their very thoughtful and incisive reports and analytical writings in the papers which are very useful for the policy planners and administrators. So, we shall -- Professor Abu Ahmed.

Professor Abu Ahmed

Thank you, Mr Chairman for the few kind words you mentioned about me. What I have picked up from this presentation from Mr Ahmed Ali and also from other speakers, I have some points to make. I want to emphasize and be definitive, because abstract words do not lead us to anywhere. In terms of -- as far as access to the information -- we don't have that access, that we can all agree. One example I want to give from my own experience. Last year or say, one and a half year earlier, I visited Biman Bangladesh, the airlines of Bangladesh, to pick up an audited balance sheet. That's audited, and everyone should have it on request. But I had to go there on three occasions, and everyone was afraid of handing over that document to me -- I don't know why or what for. When I wrote a piece of article, telling that Biman is not doing as good as they are showing, compared to the uses of the money they are using for doing their business, and comparing the profit they are earning and showing to the people. They don't show -- many of the state corporations I would say -- they don't show the amount of resources they were using, they only show the profit. It gives a false notion to the nation. So we should have an Act which will give us a free access to the information -- always they are classified on some other basis. And the paper or consultant mentioned about two Acts of information. This should be done forthwith, because we are having more and more laws which would be in conformity with the requirements of the market economy, and that should be definitely another basic law that I think should be framed soon. We should not delay in this case.

MIS -- the consultant has started with the MIS program with the Ministry of Industry. I think it is appropriate because till now, as I understand, about 40 to 45 percent of our total industrial capacity is still under public sector, and the Ministry of Industry is owning or running or managing the bulk of that portion. So here the volume of information needed or that can be generated is much more than in other ministries. So in that case it is appropriate to start with it.

But I want to raise two policy issues. One, whether we are wanting to have an MIS by keeping the Ministry as it is. I mean, the Ministry is running businesses; the Ministry is running sector

corporations under this Ministry -- running the management. If we want to have MIS, it will have one shape. But if we want to have MIS only for policy purpose, that should have another shape. So we should clearly differentiate whether we are having an MIS study for a ministry which will not run the businesses, which will not manage the industries; or we should have an MIS program for a ministry which will only formulate policy and execute the policy. This is important. After a while, the MIS that at present the Ministry is having, there is hardly any scope to improve in this system. The Ministry is so big itself, that it is running so many industries and so many personnel and so many things -- buying, selling, floating tenders -- had it even a super qualified executive, still I wouldn't have liked this type of system to be run anymore. I would suggest, keeping the overall policy of the government in mind, let us cut the size of this Ministry first. How? By disinvesting, by privatizing the industries it is now controlling. Because this is the government policy, so it is easy if you want to cut the size of the government. Everyone who are present here we agree, more or less with some qualifications, because this government is eating up over 75 per cent of total revenue income.

Then, some of our learned speakers have spoken about the internal dissention in the bureaucracy, or conflict. You see, when you have big size government -- so many bureaucrats or administrators -- you are bound to have this type of conflicts. And this is the only way: of going down and down in these conflicts; so many conflicts coming and it is very difficult to solve those conflicts. One solution can be, and that it should be our aim, that you cut the size of this government -- half the bureaucrats will be efficient. And you can pay them more even, more! We cannot expect efficient bureaucrats by paying less; and only one way: cut it. And the cut should be started with the Ministry of Industry; because this is the ministry which is still paying most of the personnel under the government.

An MIS study should be undertaken for a Ministry which will be only formulating policy and executing the policy, not running the businesses, because you don't hire -- Ministry should not hire -- the businessmen, under public sector enterprise running. Ministry should not -- there was a question raised by the consultant and also by our learned speakers, about the poor quality graduates -- what if we are having poor quality graduates? But you see, they are remaining poor while you keep them under public sector because you have kept them out from the market places. You put them in the market, they will be improving their quality this way or that, otherwise they will just be thrown out of the job. That has been denied to the graduates who are coming with poor knowledge from the universities. And so long as you keep all these sector corporations intact, then having MIS, it is very difficult to improve the quality of those poor quality graduates which we are having supplied by the universities. So let us stop hiring the managers, or administrators, or MDs to run the business on behalf of the government. Because I only understand -- and this one I also told again and again -- that this is not the function of the government to run a business. Well, our learned Professor Mohabbat Khan has taken the case of whether the private sector is efficient or not. Well, we don't have a private sector efficient now, I admit that. But the government should not substitute the private sector, if there is inefficiency we should solve there. That solution should not come by keeping the government as it is or enlarging its size. That will give you worse results because it has given in the past. So the problems in the private sector -- inefficiency, corruption,

whatever those are -- those should be tackled, solved, in the framework of a market economy and government should help solve those problems there. Government should not try to help by increasing its own size and then taking the places of the private sector, then telling that we are doing this thing.

Again, the politicians would be liking to have a big size government, because it is their interest to have big size government and then tell everyone I'll do this for you, I'll do this for you. It is the top bureaucrats, who are learned -- I'd would say I'll agree that among the bureaucrats there are so many bureaucrats who know less, as among the professors there are many professors who know less. So it is the same case everywhere. But I am still hopeful that among the bureaucrats there are many many skilled and learned persons, there are many genius. And these people, along with the business persons, industrialists -- if they are truly industrialists, and the ministers, they should come forward to say boldly that we should have a small government. And then that government will be efficient, and that bureaucracy you can pay more and more. Otherwise, if you go by with the politicians' utterances, you know, you don't win.

Suppose this is the problem: there is no political commitment, now what should we do? You see, if we can say or we can find this pleasure among in our minds by saying that there is no political commitment, then I want to raise this question -- as a citizen of this country, not as a professor or a bureaucrat or not as an industrialist -- what should we do? We feel strongly that there should be a commitment. If you don't commit, then it is our function to make them commit. I think, for the nation, you must commit; and we the people, including the bureaucrats -- maybe they're administrators, whoever in whatever places -- by forgetting his short run interest, they should see the long run interest of this economy, of this nation. We should work for that objective: that small government, efficient government, and a small bureaucracy, more payments to them, then they will be efficient. An MIS for that type of government will be more useful. And that should be our aim, to have MIS that will be dynamic, it will have the quick flow, and it will be able to generate more and more information. Otherwise, with this size of the government, and with the industries or enterprises under the present government, or so to say any government that serves in the power, it will be almost useless to have this type of exercise, because it will have a marginal improvement only. Yes, if a Secretary is efficient, or an MD is efficient in some enterprises, there can be a marginal improvement. But the improvement we are wanting in the context of a market economy -- I do not want to emphasize the context of a market economy, which is truly competitive globally, not locally only; our economy ought to be competitive globally, not locally only -- for that type of economy, MIS should be devised. And that study should be pointed to that objective. Thank you Mr Chairman, thank you very much.

Session Chairman

Thank you, Professor Abu Ahmed. There is no two opinion about cutting the size of the government. We are very serious about it, the present government is committed to it. But there are, you know, problems which slow down the process. There are also social factors -- socio-economic

factors -- which sometimes, you know, make the government reverse its policy. So it is not a continuous progress towards the goal of such. To take the case of the -- not the general graduates -- to take the case of the engineers and doctors who are coming of the universities graduating -- they are looking for government jobs. Sometime back there was a strike called by the doctors -- not those who are in service, but others -- they all want to join the government service. Now, government is on the one hand trying to reduce the post of doctors -- of the government posts -- but they said, "No, you have to create posts at the *thana* level". I know of many engineers and doctors who have joined police department, doctors and engineers who have joined the foreign service. So there is a tremendous, you know, attraction for government service. And however much government wants that these people -- skilled people, trained people -- should join the private sector, the private sector is not absorbing them. So it is a question of time. We have to allow some time before the government really can downsize its employee. It is a question of time, but we have to have some patience for it.

About government's business not to run business, also there is no two opinion. Yes, government is efficient in regulating things, controlling things; government is not very efficient in running businesses where profit motive, individual incentives, are paramount, and in a public service these motivations are lacking. So there also we don't have any difference of opinion. But again the question is about the speed, the speed and time scale. We are privatizing the industries, but there are problems also here. The private sector is not, you know, doesn't have the absorptive capacity of buying all these big industries together. We go on repeating tenders because there is only a single tender for a textile mill, and we cannot sell on the basis of single tender. So however much we want to divest, because of the, you know, limited absorptive capacity of the private sector we have not been able to accelerate the process and pace of privatization. But privatization is an ongoing program, government is committed to it, and we are -- whatever might be our, you know, personal feelings about privatization -- but as a government policy, government servants, we are committed to implementing this.

Now I request Mr Forrest Cookson to comment on the paper presented here. Mr Cookson is almost a -- has become a permanent fixture in the media. You open the paper, and his picture is there, you know, sitting along with others, which indicates that he never misses any photo-opportunity. Now he is a, you know, though he is an expatriate, because of his involvement and his career in Bangladesh, he has become an expert on financial matters and, by extension, on development and administrative matters. So I request Mr Cookson to comment.

Mr Forrest Cookson

Thank you, Mr Chairman. Much of what has been written in this report is somewhat beyond what I know about, and what I wanted to say about that will be very brief. Then I will go on to what I thought was the central part of this paper: which is the role of a management information system in the Ministry of Industry. I must say that the first part of the paper and its description and discussion of the ongoing position of the government's bureaucracy and functions strikes me in two

different ways. One is -- the best parts of this seems to me to be those parts which are based upon very nice careful work about what actually happens in the bureaucracy. The other part, although there has been a lot of agreement in the room about that, about all these, so let me be rather more skeptical. Let me start with the so called big government. I read the newspapers, and I listen to my friends, and what strikes me is that the two most rigid problems the society faces -- so as I understand them from opinion of some, from the leaders of the civil service and the financial sector -- are law and order and the education system. Both of these are characterized by not enough teachers and not enough policemen. You wanna solve these problems, gentlemen, you have to have a bigger government, not a small one -- there is no real alternative. The ratio of police to population in this country is very low, the ratio of teachers to the age cohorts that should have been educated is very low. So everyone's fooling themselves if you think that these problems are gonna be solved without much larger role of government, not smaller. I will not comment on what military rule does to society, it's too complicated.

The income and expense discussion is very important and interesting, but let me tell you that my tradition is there is no use in saying the guy wrote a great paper -- I believe that's an extremely good paper. Some of you sort of might think this as negative, but that should not be interpreted as implying that I am not in great admiration for what has been done here. The problem with the income-expense discussion, and the way we think about it, is that probably it doesn't deal with the different impact of inflation on the lower levels of the civil service than the upper levels, and I think there are quite distinct differences. The lower level of the civil service in fact is not so badly off, and it has made some gains with respect to inflation over the last fifteen years -- if you believe the inflation rates. But the upper end of the civil service has been in desperate trouble and it is there, in my opinion, that the most serious problems arise. But those are of course precisely the ones that are the most difficult to solve. The fact that a Secretary should have his salaries raised four or five times is very difficult to convince the general public. But a more reasonable, you know, the ratio, if you examine it between the top and the bottom of the civil service, is extremely low compared to most organizations. I believe that part of the discussion can be made, if you wish to, more sharply focused on the central issue.

As far as the deterioration in the education system -- well gentlemen, we had two thousand years of people saying this, and in my own country we are in total despair about our education system. But I think what happens is quite different, and what happens is that we are trying to educate many more people, and you are trying to educate many more people. And so if you try to educate a growing share of the population, lo and behold, you find the average performance goes down. It happens everywhere, and I don't think you should be so -- I think you should be more realistic about the inevitability of that process. I think the saddest thing this report sharply focuses on is the problem of overseas training and the failure of the government to use the results of that properly. I am always troubled by this. This is something I worked on a long time, and perhaps the discussion here -- although I think the author is fully aware of this -- doesn't fully open up to the issue. The real issue is that overseas training is a reward within the bureaucratic system, something that is given to people for performance. It is not linked to future jobs. If you do the arithmetic, if you use USAID's per diem allowances and support, maybe half of the lifetime's savings of a middle level civil servant

can be earned in a three or four months' tour abroad. I mean, now that's a tremendously strong motivation to get that assignment regardless of whether you need it or not. And as long those factors are there I don't think you can overcome this. I think this is -- I don't think any bureaucratic system could overcome this problem.

Now let me turn very briefly to what I think is the main issues of this. I mean the last -- I think every speaker, every person addressing this -- has pointed to the first thing that strikes you when you read this paper is: what is this thing called the Ministry of Industry and what is it supposed to do? And it seems to me that before we talk about change and recommendations, there has to be some idea, as the former Governor made this remark that, you know, what's going on here? I mean, this is an organization which is changing rapidly without that context. It seems to be difficult to plan for the future.

Now I come to the question of the management information system, and particularly the computerization area. I have to say this to the author: I am not convinced. I would not agree to spend ten million taka on the basis of the cost-benefit analysis that exists in this report, and I also want to say that -- on my right -- Deputy Governor and I have struggled for many years with the computerization problems. And let me assure you that they take longer and they're more expensive than you can ever imagine. And it's not just equipment and well, you know of it but, I mean, a realistic -- I'm not so sure you're right. Let me put it very frankly, I'm not so sure it's worth the expenses of computerization system. And certainly the time savings as were pointed out, they're not in fact the real benefit. You must look for greater efficiency, or more effective policy management -- very difficult to quantify.

Right, the last thing I want to say is this: I also think that good telephone systems are very dangerous and one should not look for these as -- a lot of people have found that out, how dangerous they are. And that the written word, and the memorandum and the notes in the file, are perhaps something you should not be quick to want to get away from. That leaves clear records of responsibility that the telephone systems may not. Okay, that's what I wanted to say Mr Chairman. Thank you. You'll excuse me if I take leave in a few moments.

Mr Nurun Nabi Choudhury

Some of the issues have already been discussed and well taken. With reference to Dr Mohabbat, I'd like to go a little bit farther inside. That from the British legacy upto this period, we have been inheriting a culture of mutual distrust which many of the western philosophies describe as the doctrine of mutual distrust. I think this is one of the major chronic problems that has led to development of many other such problems. I think if you do not -- in this sort of recommendations and reports -- you touch on the issues of how we eliminate the doctrine of mutual distrust between the people, because this is culturally embedded within our blood and within our nation. So this is one of the things that will eventually end up with all the things non-implemented in a proper manner.

Secondly, about the implementation of the management information system, I think information system is essentially required, but with the last speaker I would like to remind that: why you should design an MIS? Should it fit the people, or the people should be adapted to fit the system? Because we have seen in the past regime of the government that without information system any government or anything cannot exist, because information is an essential ingredient in decision making, policy formulation, and [undecipherable]. So there are information systems, whether formal or informal. But we have seen in the past regime that information system has been designed to fit the people -- individuals -- that is what's the most dangerous thing. We have seen P A Management Consultant has designed a management information system in 1972, while I worked with them. It was designed to fit, what Professor of Dhaka University Economics Department has said that is one part of this information, that is business part. But information system is meant to fit both the business part and policy part also. For the Ministry I think, both business and policy must be integrated together. But I fear that all these things are now almost in a less functional way, and they are not properly updated, and the Ministry didn't show any interest to generate these, or to upgrade this system; otherwise the decision making process would have been much more quicker and more effective.

Anyway, so I fear that -- the consultant should make specific recommendations on two issues. One is, how to eliminate from our cultural system and blood the doctrine of mutual distrust in one hand. And if an effective MIS system is designed then there should be adequate measures and other parameters within the system so that it should not fit an individual. It should fit for the organization, for the need of the organization, for the need of the nation. Thank you, Sir.

Mr A B M Mahbubul Amin Khan

Thank you, Mr Chairman. I must congratulate the authors of this paper for producing a very good paper. I will limit my observations only to three things. Comments have been made on MIS -- whether it is for the Ministry of Industries or for use of others, but we badly need a data bank. I think if we use the words "data bank", I think that will disappear -- that issue. That is necessary. As former Governor, Mr Chaudhuri also mentioned is that, you know, people would like to invest, or the banks would like to finance, a project would like to have information to avoid excess capacity and to avoid sickness or whatever name you'd like to give it.

Then I would like to draw the attention of the authors to page 3 and 8 of the executive summary. In identifying the so-called faulty system inputs, you have made a comment that the policy directive of government-dictated loan, which was officially discontinued in only in 1993. I think it should be 1990 -- if you make the correction, it will be better.

Then you have also referred to statistics -- a number of measures of the present government in the areas of maintaining law and order, parliamentary effectiveness, trade liberalization, monetary decontrol, etc have already come under criticism for being badly executed, or has been inappropriate for achieving the stated goal. I think just if you could have avoided the passing mention or some insinuation in that way. You should spell out in what way these were inappropriately executed,

particularly the monetary decontrol because, personally, I represent the financial sector. So if you could kindly spell out or if you could kindly tell us what is wrong with the monetary decontrols, when we have opted for liberalization, deregulation, market oriented economy and all that. So if you could kindly spell out these things in your revised version or if you could just have a response on it. Thank you very much.

And then there is another point. You have mentioned about bureaucracy all the time, keeping in view maybe the structure of the Ministry of Industries. But Ministry of Industries do operate other public enterprises. And we all know, even the UK government successfully employed people from outside -- lateral entry -- to run a big public enterprise at a high salary, so these examples are there. And how do you react to having such, you know, recruitment of technocrats who can deliver the goods. So if you just talk about this traditional bureaucracy, that may not solve the problem in running efficiently the public enterprises. Thank you.

Dr C A F Dowlah

Thank you, Mr Chairman, for giving me an opportunity. I would like to make a couple of comments on what Forrest Cookson mentioned. First of all I don't agree with the proposition that the size of the government should be bigger, not a smaller one. Our problem with the bureaucracy, is that it is inefficient -- that if the size could be smaller, then it could be more effective. That means we want an effective, smaller size bureaucracy. Bureaucracy today is very big, very large, very inefficient, so I do not agree to that point.

And secondly, I wouldn't agree with the paper -- about the paper I think one comment I should make. I read the paper very carefully and written by my esteemed colleague Mr Ahmed Ali, and his name was mentioned in many many forms -- Dr Ali Ahmed and this kind of thing -- his name is Ahmed Ali. And the paper addressed two issues basically, I think, one issue is administrative reform broadly and second is the MIS system. For administrative reform I'll make a very brief one comment, I think the biggest challenge to the bureaucracy today comes from two sides -- externally and internally. Externally it is coming from the private sector. Private sector is booming up, and that is posing a challenge to the bureaucracy. Internally it is coming from the internal strifes within the civil service -- the *Prokrichi* and the BMA. So any administrative reform must address these two issues before the bureaucracy can be efficient. And also I agree with Mr Ahmed Ali that yes, bureaucracy is inevitable, essential -- we need it. We cannot eliminate -- no government can run without a bureaucracy. But it has to be efficient and effective.

Number two, about the MIS system, we are in a mess in this country in terms of statistics. Everybody gives all types of figures everyday -- the growth rate of the economy, inflation rate of the economy. We are debating on all these issues. So if you're talking about management of information system -- MIS -- your information is a big problem. What information you will manage? So I think there is a serious need to see today, when we are saying MIS system we need, then we have to define what kind of MIS system we need, what type, how to gather the information,

how. And your report, as I understand, is based more on Ministry of Industries. So I don't see, in the case frankly speaking, how you are suggesting the Ministry of Industries to form an MIS cell or MIS division or a system of MIS. I don't find a lot of information on that. I expect in fact, that there should be broad guideline at least, how Ministry of Industries would form an MIS.

Also I would talk about Professor Abu Ahmed's point just one second -- Professor Abu Ahmed made one very interesting point -- at least to me it appears to be very interesting. That the MIS, what purpose it is to be serving? The Ministry of Industries is managing lot of industries today, it is historically imposed on it. And gradually the private sector would be coming up, and more and more private enterprises would be coming up as these public sector enterprise would be privatized. So MIS focus should be: how to have the policy making process, how to help the cadre to create an environment in which private sector can grow. So I think also focus should be defined -- well defined. Thank you very much, Mr Chairman.

Session Chairman

Thank you, Mr Dowlah. Before I request Mr Ahmed Ali to -- I am giving him honorary doctorate; and in Germany almost everyone is called a Doctor, yes -- try to respond to some of the comments and suggestions and criticisms made on his presentation, I would like to briefly make a comment. First of all I would like to congratulate Mr Ahmed Ali for the excellent paper that he has prepared. It is a well researched paper, well written paper, and it contains many useful information, and naturally the response to his presentation and the paper has been very good. Spontaneous discussion has taken place, and many valuable suggestions and relevant comments have been made in the course of the discussion on his paper.

Now, Mr Ahmed Ali was given an assignment by PIAG and his concentration was to write this paper. He has written a good paper. But is this the paper that we were looking forward to? Is this the paper that we hoped that you'd present? Well, from my side I must say that I am a little disappointed. It is a good paper in its own right, but from our point of view this is not the paper I was expecting. It is not saying this because he is very critical or blunt of the bureaucracy -- no. I said, you see, we had initial discussions and first of all you will have to look at the present role and functions of the Ministry of Industries. What are the roles and functions assigned to the Ministry? And then look at the organogram of the Ministry. Is this organogram functional or dysfunctional? Has the structure been made in such a way that it addresses the functions and the responsibilities rationally, or is it dysfunctional? Is the procedure or system of distribution of work suited to the requirement, keeping in view the functions and the responsibilities given to the Ministry? To take the case of the manpower, we have a number of Assistant Secretaries, Deputy Secretaries, Joint Secretaries. Now, when they are assigned here, the Ministry of Establishment doesn't tell me that we have to put him in "X" department, or "Y" department. It is up to me. Have I assigned those people? Have I, I mean, the right people in the right place? There I have this autonomy. Have I done this, keeping in view the requirements of the Ministry, the roles and functions? Have I looked at the antecedents, the qualification and experience of the personnel deputed to me by the central ministry,

that is the Ministry of Establishment? Have I done that? Or have I just done this in a mechanical way? "X" post has fallen vacant, Mr "Y" has been assigned by the Ministry of Establishment, he goes to "X", I don't make any rearrangement. Have I done that in a mindless manner, or has there been a method behind the personnel policy?

Even, I have some autonomy in the organogram -- in the determination of the organogram, in the sense that even though it is reflected in the Rule of Business, it is on the basis of my, "my" meaning this Ministry's recommendation, that the Rules of Business is revised. If I say, well, in view of the changed circumstances the operational units within the Ministry should be changed in this way, and I forward the suggestion to the Establishment Ministry -- in all probability they will have a discussion with me -- but they will accept it, because I am the person who knows best as to how the Ministry should be divided in its operational units. Have I done that? So, even though I have limitations, but within my limitations, as I said earlier, I have some room for making changes and reforms.

So, in a study which focuses on the system and procedure of a ministry, this should be the starting point. What are the functions and roles? The roles and functions of the Ministry of Industries according to the old Rules of Business terms of reference was as a provider of service -- we provide some service to the corporations. We provide some service to the private sector also. The private sector, you know, represent to us when they have some grievance about the tariff. Then we convene a meeting -- interministerial meeting -- that here such and such industry has been affected by the present tariff structure and either it should be lowered or the, you know, duty on others should be raised. So, we provide too this kind of service -- we provide service to the private sector as well as to the public sector corporations which are under us.

We are a regulator of the public sector corporations' activities -- not all, some of their activities, particularly budget, expenditure, in some cases even the procurement. So, we are a regulator, controller. We are a planner also. We plan on behalf of the corporations, on our own behalf, technical assistance projects, development projects, or the BMRE of the existing industries, even for setting up new industry. So we are a planner also. We are a planner, this also one of the roles. So, we are coordinator, we coordinate with other ministries, other agencies, we are a coordinator. And finally, which will continue to be a role of this ministry as long as this ministry exists, that we are a policy maker.

So in all these five areas, there should be commensurate manpower, arranged rationally within the Ministry, and there should be a rational system and procedure to work with the manpower and the other physical resources and financial resources placed at our disposal. What is the present situation? Are we -- have we organized these resources -- manpower, financial and physical resources -- in a way which address these demands on the Ministry? If we have not done this, than there is some room for improvement even without waiting for a major change in the whole bureaucratic system.

Then, the second part is most relevant in view of the changing circumstances. Are we clinging on to some functions in the Ministry which have become anachronistic and which should not be there?

In view of privatization, in view of this decentralization, and in view of the passing of the new Act which devolves more power and authority on the corporations, by turning them into holding corporations, by converting the manufacturing units into public limited companies registered under the Companies Act -- thereby the Ministry of Industry has already shed some of its old functions. If we have shed those functions, there should be some changes reflected in its organogram. So that should be the second part, but that has not been, you know, touched upon. But I think this should be done.

Then, the focus on MIS I think has been overly done. And it gives the impression as if the whole paper has been written to make out a case for computerizing the Ministry of Industries. This sort of, you know, impression might be created. And I think Mr Cookson has already drawn that conclusion, that the whole purpose of this exercise is to introduce a new MIS system based on computer. That was not our objective, and I am sure that was not the objective of this study. It was one of the objectives. So there are, you know, these deficiencies, shortcomings in the paper which I hope will be taken care of by Mr Ahmed Ali when he modifies this.

The main thrust of this paper that we expected was -- would be -- on how we can organize the manpower within the Ministry keeping in view the roles and functions. How can I allocate the physical and financial resources in the most optimum manner to achieve those ends? And then lastly, how can we have an MIS system which will help us -- this Ministry -- to perform the functions, and make us more transparent and more accountable to the public, to the press, to the members of the parliament -- whoever wants to know about the functions and activities, they should have access to us. How can we do this through our MIS system, which will be an aid and tool for better management by us, and also which will be a window of information to the outside world. The press, the politicians, the expatriates, World Bank -- whoever wants to know. So this will be, and should be, the focus of the MIS system. Thank you.

[Mr Ahmed Ali, by way of general response to the comments received in the session, explained the background, scope, and rationale of the approach of the study. Specific response to the comments of the discussants appear in section 4 of this report.]

[The Session Chairman then expressed his and the Ministry's appreciation to all the participants, and made a few remarks aimed at concluding the session.]

4. Additional comments received from Mr Forrest Cookson

The extent of personal involvement that grows in the persons involved with the developmental issues of a country became manifest when Mr Forrest Cookson took the trouble and care to address a letter, on the day immediately following the discussion session, to the Chief Technical Adviser of the PIAG project. His letter ensured that his concern about topics in the report were clearly understood, and interest in those concerns remained alive, so that desired actions could ultimately

take place. The body of his letter is being reproduced here.

Thank you for the opportunity to participate in your seminar. The paper was excellent and very well written. I wanted to reiterate my main points:

1. The MIS should relate to the objectives to the MOI. The Secretary clearly has such a program in mind. He outlined a number of tasks and one might expect these to change in importance over the next few years. What does the MOI look like in 5 years? This should be clearly spelled out before designing the MIS.
2. The computerization proposal should be supported by a careful benefit-cost study that covers hardware, training, application development, and dissemination of information. The benefits should be assessed against staff requirements (as you have done) and against any benefits from improved efficiency. This is a major undertaking to set up the information and assess the costs. In doing so our experience is that:
 - (a) Everything takes longer than we expected.
 - (b) It is essential to have Consultants do the work in application development as in-house Computer staff, if competent, soon find better opportunities.
 - (c) It is better to develop manual systems and build on these.
3. On the major points, while deliberately provocation I feel:
 - (a) Government needs teachers and policeman in large numbers. The discussion should recognize the need to reallocate government resources.
 - (b) The existing system of overseas training meets the needs of the donors and the government.
 - (c) The main salary problems are at the upper end; I believe this point needs to be made very strongly. It is the Secretary level that has suffered the most.

With these remarks I again thank you for inviting me to participate.

5. Author's responses to comments

Mr S B Chaudhuri

It is important that a senior functionary, who has had exposure to both government and private sectors, endorses that the problems with government organizations are mainly systemic, and that it is unlikely for one particular government agency to exhibit a level of efficiency much above what is the norm in the government. The author takes this opportunity to emphasize the following:

- All government organizations operate within the parameters of the *Rules of Business 1975* and the *Secretariat Instructions 1976*; therefore there is great uniformity in procedures, i.e. the way they do their jobs.

- Frequent and arbitrary transfers of personnel among organizations reinforce the philosophical and procedural homogeneity among organizations.
- The 40 or so ministries and divisions, and their numerous subordinate offices, function within tight operational control from four agencies: the Finance Ministry, the Law Ministry, the Establishment Division, and the President's or Prime Minister's office (as the case may be).

The strong organizational homogeneity enforced by the above factors contribute to a degeneration of the capabilities and character of these organizations, similar to the way highly homogeneous societies and gene-pools degenerate.

One corollary of the above observation is that: irrespective of the mandate, functions, and role of a government organization, the way it operates -- its procedures -- will remain the same. Thus any change which will make these procedures consume less time, effort or money is likely to continue to be useful even if the functions of the Ministry of Industries changes substantially. The proposed MIS and communications system are two such changes. Also, the versatility and flexibility of modern information gathering and information processing hardware and software has made it possible to accommodate additional or entirely new information needs with practicable and affordable alterations to existing equipment and programs. This is a significant improvement over earlier *dedicated* systems where different needs required different systems.

One is thus now permitted to concentrate on the existing role and functions of the Ministry of Industries -- or any other specific organization -- and design an MIS or communications system with appropriate *hooks* to accommodate future changes. This is immensely more practical and cost-saving; designing a system on future needs almost never pays because, ultimately, the future never quite works out according to our speculations. Also, because of the existing high level of uncertainty regarding the final interrelationship between the government and the private sector, it will be most sensible not to try to predict at this stage the role of the government or its various agencies but to try and build upon whatever is given. These would include, as the report stated and the commentator agreed upon, the management information system, the information repository, the communications system, and the physical working environment. Considering the poor state of all of these parameters in the Ministry of Industries, any improvement on these would be immediately worthwhile and, considering that they will have to be of a fairly basic nature to start with, continually useful throughout the foreseeable future.

In this connection, the author expresses his appreciation and full agreement with the commentator that the realistic approach is to narrow down to an agenda for the Ministry of Industries, which the Ministry can implement itself without waiting for the big, impersonal institution of the government to move as a whole -- and this latter definitely involves the determination of the public and private sector relationship and the roles and status of government organizations.

A clarification of terminology is in order. A management information system, or MIS, denotes the **functional** system which makes information required for decision making available to its users. An information management system, or IMS, denotes the **physical** system composed of interconnected components that would enable an MIS to function. While an MIS filters out all information which do not directly cater to management needs, an IMS is more egalitarian as its generally handles information which cater to other purposes also.

The author fully agrees with the commentator that the MIS for the Ministry of Industries will be much more effective if it covers or caters to the needs of the other participants who are involved in the implementation of the industrial policy, like public and private sector banks, and the chambers of commerce. In this sense, what is ultimately envisaged is an IMS though, it must be acknowledged that, it will have to make its beginnings within the much narrower confines of the MIS-type needs of the Ministry of Industries.

It is very important to address the question which the commentator raised about how to handle the consequences of MoI personnel being able to perform their jobs in less time than they are doing now. When potential savings accruing from time-saving devices are analyzed, one of the two underlying cardinal principles is that if a job can be done in ten minutes, and somebody is not being able to complete it before an hour, then 50 minutes are already being wasted. The function of time-saving devices -- be it long-distance telephones, jet planes, or undersea tunnels -- is to provide a way to avoid this wastage. The extra time thus available can only be spent in two ways: doing additional work or spent with family or friends in leisure. The first will increase productivity and wealth, and the second will increase the quality of life -- and both are desirable outcomes. The second cardinal principle of time and cost saving analyses therefore is that saved time is always worthwhile.

The issue may also be looked at from another angle. Let us assume that government official "A" disposes of a public-related case (approval, clearance, no-objection, etc) "Y" in one month. Let us also assume that the members of the public are currently paying "M" taka per month for the salaries and benefits of "A". Essentially, the public is paying "M" taka for doing task "Y", and waiting for one whole month in the bargain to get the results. If time-saving devices allow "A" to do task "Y" in ten days, there is no reason why the public should not agree to pay "A" the same amount "M" and feel additionally happy to be relieved of 67% of the waiting time. "A" will now have the freedom to decide, in the time available to her / him now, to read books of poetry or to enroll in a correspondence course or to help out her / his colleague in some of the latter's work load, or to clear some of her / his own work backlog; all of which are beneficial to the nation because they would be making a better person or a more productive citizen out of "A".

The author therefore does not feel too concerned about what will happen with all that extra time. The more immediate and greater concern is that something must be done about the way everything seems to come to a standstill when it reaches a desk in a government office.

At the same time, the commentator's example of the Ministry of Finance in Japan merits serious consideration. There is already great social resistance to attempts of the government in cutting down

its size because it is seen taking place at the cost of the livelihood of so many families. In depressed economies like Bangladesh, an organization has a strong social responsibility to effectively prepare its personnel for retrenchment -- and the operative term here is effective. Once MoI can start acting like a placement agency for people who are exiting from the Ministry to find them jobs in the private sector, it will be lending support to both the retrenched individuals and to the private sector. This will also let the *process of weeding*, which the commentator mentions and which is so crucial, to actually begin so that only the most efficient and best people remain at the top level of bureaucracy. Flotsam must have some place to move out in a cleanup.

The support of the commentator for a conducive physical working environment demonstrates that senior officials do recognize its importance. His next statement shows that they also realize their own helplessness to do anything about it because Ministries do not control their own purse strings -- except for the Ministry of Finance. The age-old sequence of budgeting -- comprising of preparation, approval, allocation, and sanction -- followed by piecemeal fund releases throughout the year, effectively prevents the ministries, divisions, directorates, departments, etc from planning for themselves. Institutional reforms and strengthening have not progressed much in government organizations because of this strict centralized planning and lack of financial autonomy in them.

Mr Latifur Rahman

The commentator hit the nail straight on the head by identifying that the real solution to the deplorable standard of education in Bangladesh must be a political one. One must also agree that the seminar on the PIAG report was too small and too remote a forum to be an effective promoter of that solution.

Ministries, however, are good catalysts (and vehicles too) of political decisions. They are also either the beneficiaries or the victims of the products of the country's educational institutions because they procure and make use of those products in bulk. Just as consumers of any other product have a compulsive reason to clamor for acceptable quality, irrespective of whether the voice of the consumer is heeded in a particular market, the Ministry of Industries must play the same role viz-a-viz the country's education system -- as must every other organization, public and private, which hires desk workers.

The interconnectedness of an insupportably large workforce, low wages, graft, and low productivity is readily apparent to decision makers in the private sector -- as the commentator's observations indicate. This relationship is however much more difficult to perceive for those who are located in public sector organizations, because they are normally not supposed to be concerned with issues of productivity, efficiency, and profit. Yet the public sector of Bangladesh, owning and controlling a major portion of its manufacturing capital, is precisely in that kind of a situation. This anomaly has so given rise to another paradox: while the government is trying to pursue a policy of welfare economy it is automatically acting all the time against it. Incidentally, the Ministry of Industries is an embodiment of this type of government. It is consequently important that the Ministry of

Industries takes initiatives to effectively remedy this situation; it has a responsibility to initiate policies and regulations which will rationalize either the government's personnel system or the government's control of the economy.

It is interesting that no one is ready for more than a passing remark on military rule and its effects. The discussant does term it as a historical reality. In that case, it needs to be impressed that historically, poverty and underdevelopment precipitated military rule, and then military rule compounded poverty and underdevelopment, leading to a vicious circle. There have been notable exceptions to this, and in all those cases the situation was influenced by very strong *externalities* -- as the economists prefer to call them. It also needs to be impressed that the military leadership is a bureaucracy -- nothing more and nothing less; and the causes and effects of military rule are economic issues as much as political ones. The military bureaucracy should therefore be an important element in any comprehensive discussion on bureaucracy or economics and all rational solutions in these fields extended to include that organization. As long as the management issues (remuneration, competence, and discipline) of the civil and military bureaucracy remain unaddressed, or are not addressed simultaneously, the welfare of everyone will be adversely affected. It is ultimately not possible to be complacent about this and believe that one will be able to live with it.

The private sector is aware of the negative effects of frequent transfers, as the commentator has demonstrated, and is a long sufferer of procrastination in government offices -- the *red tape*. The red tape will of necessity be there, both in public and private bureaucracies; what is undesirable is the public suffering caused by it. This is so because the government has too much control over too many things. Most of the day to day affairs of public life are managed efficiently by the general public itself, aided by its own rationality, its social, moral, and legal norms; and the whole gamut of economic and social interconnections among various interest groups. The state is there to provide support to the public through infrastructure -- both physical ones like road, power, etc and abstract ones like the constitution and the formal legal system. When the state attempts to manage the day to day public affairs -- and ultimately to control it -- it is an aberration with all the attendant wastage, loss, and suffering. The high burden of work which government servants appear to be under -- including the interminable and overlapping meetings and conferences -- is a symptom of that aberration. Most of that work burden is of a type which is self perpetuating, self multiplying, and self serving.

The last observation of the commentator ties in with this scheme. A lot of people are aware that a whole series of very good studies and recommendations have been made during the last two decades, and most of them have been collecting dust. Implementation of those recommendations is lacking in many cases, and even where there is implementation, follow up on its progress is poor. It would be very difficult to change this scenario as long as the bureaucracy decides on the fate of those studies. The overburdened civil servants do not have time to either study or implement those recommendations; the overstretched budget of the government cannot support effective implementation; and when those recommendations call for a smaller government -- either in its physical size or in the extent of its control -- they are stillborn. This is why most of the successful

reforms in the world either had political will and commitment behind them, or were carried through because of intense pressure from the general public or business groups.

Dr Mohammad Mohabbat Khan

Many will agree with the opinion, expressed by the discussant, that the track record of much of the private sector and the NGOs do not contain entries of significant contribution towards efficiency, good management, honesty and integrity in public life. There are reasons to believe, as has been shown in Appendix 1, that both the government and the private sector have similar attitudes about reforms. If that is true, then the private sector is very unlikely to prove an effective alternative or successor in case the government decides to divest itself of some of its functions. It will therefore be difficult, on the face of it, to suggest the private sector or the NGOs as viable or acceptable alternatives.

However, the issue looks different when approached from the other end. Since big governments tend to promote negative factors like inefficiency, graft, and patronization, it weakens both the material and moral fabric of the citizenry, which ultimately weakens all other organizations -- private sector and NGOs included. This decay requires the eradication of the root cause; mere symptomatic management by transferring functions from one inefficient sector to another will not help. The simple truth therefore is that big government must go, irrespective of who might replace it. The commentator himself observed that the size of the government should be reduced significantly because the government is not in a position to do all its jobs.

In a good many cases, the issue of replacement may actually be redundant. Many important public functions are actually being performed by social, religious, cultural and private economic organizations and systems where the government is merely a passive front. A good example is the maintenance and enforcement of law. The reluctance of the general public to seek assistance of the police or the courts in Bangladesh is well known, as are the reasons for it. Yet Bangladesh is very far from the point where law and order have broken down and anarchy reigns. Personal vigilance and powerful social institutions based on the family and community have seen to that. Conditions all around will in fact improve if the government departments which are now controlling trade, industrial production, and information simply cease to exist. As far as this country is concerned, it will be practical to shrink the government a long way down before even stopping to consider alternatives. The commentator himself observed that it is unlikely that the government may be made more efficient. However, it can be reasonably established that in the absence of a big government, it is within the realm of the possible to increase the efficiency of the private sector.

The observation of the commentator, that a strong political will or commitment to reform the public sector is absent, has been echoed in many reports and lectures. However, political will is a function of many variables, including expediency, public pressure, and pressure from interest groups. It will be worth examining which variables might be brought into play to obtain the political commitment to reforms.

The commentator observed that unearned income and undeserved career progression have reduced the quality of performance and that productivity will have to be linked with career progression in the civil service. The author fully agrees with this, as well as with his observation that civil servants need to be given a *second kind of career graph*, so that a person who has performed with excellence is promoted faster than her / his colleague who has merely attended office. However, the suggestion of the report to raise salary levels in government service across the board rests on other considerations.

Remuneration of civil servants -- and all salaried employees -- operates at two levels. It is first an essential **condition** of performance; salaries must be able to procure the essential *basket of needs* of an employee and her / his immediate family for the employee to remain committed to the job. When this does not happen, the employee either looks for a *second job* or, in depressed economies like in Bangladesh, puts up *barriers* against delivery of the basic services and products required under her / his employment contract so that *rents* may be obtained to supplement the income. This is basic transfer economy. Only after the salary crosses this benchmark that it starts performing as a **reward**, so that differential levels of financial incentives may be applied to enhance performance. Career progression itself ceases to be a motivational tool if salaries do not keep pace with increased costs of living. The suggestion that an enhanced remuneration package should be tied with performance can be best implemented at recruitment, because the potential to perform is intimately linked with actual performance. As long as the government recruits substandard candidates, and does not attract high quality applicants, performance will remain unsatisfactory, no matter what combination of carrots and sticks are applied. Since the government cannot force the better products of the country's educational institutions to apply -- short of drafting them -- it must first make its remuneration package attractive. Of course, the introduction of an enhanced remuneration package must be accompanied with reforms in the government service rules so that it no longer remains possible to hold government posts in perpetuity irrespective of performance. The latter is what will create the room necessary to recruit better candidates, as well as provide a strong disincentive for shirking one's duties. PIAG report Nr 5 was quite clear in making these suggestions as part of a package of administrative reforms.

The report did contend that inadequate salary levels have encouraged graft in Bangladesh. That in itself does not establish a one-on-one correlation, so that there could be some high level of salaries at which graft or corruption will tend to vanish. The commentator rightly pointed out that honesty and integrity depend on the value system of an individual -- upbringing, peers, philosophy of life, and religious underpinnings are very important factors. However, financial insufficiency is known to be a strong disincentive to honesty; and that disincentive has to be removed.

The observations of the commentator about politics influencing administration, criminals influencing politics, and one group losing respect for the other group, are worth serious and sustained attention. The report itself dwelt at length on the phenomenon. However, political commitment or good behavior is hardly ever obtained through goodwill. As was stated earlier, the *exigencies* must be there. It is also true that one cannot impose change, if it has to be for the long term. Training, or *indoctrination* as the commentator puts it, is one of the essential methods. It is

also important to ensure that the fruits of training are available. But all of this applies only to public servants; how does one train a politician -- or the general public? Does the general public behave in a responsible manner? Does the general public exhibit integrity? It is, as the commentator observed elsewhere, a matter of the value system. It concerns the culture of an entire nation. The report and the commentator are in agreement that a single organization can do little to change or reform itself without the *total environmental constraints* changing in favor. However, there is no known method of changing *culture* within the lifetime of a single generation. The report has only focused on some of the negative elements of the culture and history of this country that impinge on its administrative system. It only suggests that the process of reversal needs to be started at some point in time. Since awareness of a problem is a prerequisite to its solution, the report attempted to create or focus that awareness.

Mr Reazuddin Ahmed

The observations of the commentator support the points made in the report about overall government in the country. He expressed concern about the role of the Ministry of Industries being in flux and what would be the ultimate shape of this Ministry. The majority of commentators thus appear not to favor strengthening of the Ministry of Industries until its position in the scheme of government affairs stabilizes. This is probably part of the bigger question being raised in many fora on whether the Ministry of Industries should continue to exist in the form of a ministry. The suggestion of the commentator that a management information system needs to be first implemented at the Ministry of Information is a sound one, particularly in view of the government regulation which requires the Ministry of Information to be the spokesperson for all government organizations. However, because of the isolationism favored by individual government organizations, it may not be useful or appropriate to make suggestions for the Ministry of Information through a Ministry of Industries project.

Professor Abu Ahmed

There appears to be an agreement among the commentators that the size of the government is unmanageable and that the concomitant inefficiency would therefore continue even with efficient people and systems put into it. There also seems to exist an apprehension that if efficiency enhancing tools -- like an MIS -- are installed within the Ministry of Industries, the marginal increase in efficiency will encourage the government to hold on to its present control regime which will in turn defeat the objective of downsizing the government.

The fact remains that abysmal inefficiency did not prevent the government from growing to its present unwieldy size. Consultants must be remembering the series of reports coming out over the years which went on advocating more personnel and more departments for the government of Bangladesh because it was believed that those were the antidotes for the government not being able to do its job properly or in time. Thus it may well be said that governmental inefficiency itself

engendered a propensity to grow bigger. It may therefore be entirely reasonable to argue that increased efficiency arising out of the introduction of modern management tools will actually motivate the government to downsize.

The real justification for increasing the efficiency of MOI, or any other government department for that matter, is different though. Even with the best intentions in the government to downsize, it is not going to be accomplished overnight. A very real example is that for the last four years or so the major political parties have been in favor of privatization, and even labor leaders have professed their support for the program. Yet the progress of privatization during the period has been a fraction of what was required. The country cannot go on paying the price for governmental inefficiency and bureaucratic delays through the many years that it will still take for the government to downsize to some ideal level.

The introduction of efficiency enhancing modern management tools, like MIS, is therefore not dependent upon the role or size of any government organization.

Mr Forrest Cookson

It is a fact that Bangladesh needs immensely better law enforcement than what it has now. To conclude that a larger police force will fulfil that need requires a huge leap of faith which may actually land one up in undesirable spots. The application and maintenance of law is primarily an issue of quality, not quantity. Focusing solely on the police-population ratio would lead one to ignore other important factors like the Ministry of Home Affairs, the courts of law, the salary and motivation levels of the police, and the impact of political forces on the administration. The conclusions resulting from this approach would most likely be wrong. Appendix 2 contains an article which clearly shows that Bangladesh has one of the poorest police-population ratios in the world; but that the state of lawlessness in Bangladesh is a lot less severe than in some countries boasting far better ratios. If indeed a correlation has to be drawn, it will most likely point in the negative direction.

The reality is that the citizens in Bangladesh are extremely reluctant to ask help from the police. They perceive the police to be unwilling to handle their cases or incompetent to do so. They also believe that police harassment will cost them a lot more than what the crime perpetrated against them already did. They often believe that police either abet and aid criminals, or are themselves involved in criminal activities. They also believe that the police is merely a tool of repression against the citizens which the administration uses. Appendix 2 lists newspaper reports from recent months which indicate that these beliefs are well founded. It is not at all certain that the cause of law in Bangladesh will be served better if it gets more of this particular organization.

It is an accepted matter that the police will remain dependent on graft and corruption at the low salary levels that they receive. There is no way that the government can introduce salary scales which are not across the board for all branches of its service; and since it cannot afford to increase

salaries all around, the police will perforce remain low paid. Appendix 2 contains a report which depicts what low pays do to members of the police force -- even in places where the police-population ratio is very favorable.

The possibility that a larger police force will permit authoritarian governments to repress the population more thoroughly and over a wider area in the country merits serious consideration. Bangladesh already has too many branches of service engaged in maintaining law and order in the towns and in the countryside. It also has had more than its fair share of repressive regimes, with frequent abuse of police and other internal security forces against the citizenry. Recommending to have more of what is there now appears irrational.

To say that Bangladesh needs more teachers will be a half-truth. The country first needs better teachers, and when good teachers are available, it should need them in larger numbers. None of these requirements can be met with government teachers receiving -- yes, again -- low salaries.

Alternatives to both police and government teachers have long been available with the private sector; and have received continuously wider acceptance over time and have started being formalized. The government can, and should, play a supportive role to strengthen the private sector institutions -- in coordination other community based and local-government level institutions which have a more direct role. It is counterproductive to ask that the government, which has not proven itself at all as a capable service provider, should field more of its own candidates in two vital service industries: providing personal security and imparting education.

The contentions that the level of education has been going down for the last two thousand years, and that an attempt to educate larger numbers of people degrades the quality of education, require a little closer analysis. There is an oriental saying -- not less than two thousand years old -- which says that learning, unlike other assets, gets multiplied when distributed. It was not so long ago, when Rabindranath Tagore and Bertrand Russell and Niels Bohr and Albert Einstein were alive, that more people all around the world were getting better educated. An Indian gentleman, who operates a chain of technical education centers throughout that country, categorically told this author that the standard of education in India and the number of people who are getting educated have both been improving for many years now. Thailand has been boasting an increasingly rigorous and refined education system for the last ten years, and the proportion of the well-educated in the population has steadily risen. A great many more countries can be cited as providing similar examples. The countries where the standard of education has been dropping are those where the returns on investing in education have gone down for the average population -- at least in proportion to the returns on other investment alternatives. The fact that overseas training has become a reward in itself within the bureaucratic system, rather than as a facilitator of earning other rewards, has helped reduce the real significance of education even further in the eyes of government functionaries. Requiring these very functionaries to put in place and then operate an expanded system of education for the rest of the country will ensure defeat for the purpose at the very outset.

The differentials in income-expense gap at different levels of the civil service should not distract from the fact that the gap exists for all levels. We may indeed have a situation where a proportionally smaller gap exists for a large number of lower level functionaries and a much bigger gap for a small number of higher level functionaries. It is however almost certain that one end of the spectrum cannot be dealt with while ignoring the other -- the inbuilt rivalries and peer grouping within the bureaucracy will see to that. At a more practical level, one needs to receive a reasonable remuneration package throughout one's career spectrum. It must also be borne in mind that not even one-thousandth of the incumbents in the 1.5 million or so government jobs will go on to become Joint Secretaries or Additional Secretaries or Secretaries. Focusing too much on the plights of the upper echelons of the civil service will thus prevent one from seeing the forest because of a few trees. There is no reason why an enhanced salary scale for government service may not be equalized and rationalized to compensate for kinks or skews in the present one, but let the horse be placed in the front and agree to introduce that enhanced salary scale in the first place. The general public will definitely be unhappy over this in the beginning, but the general public is most understanding when it finds that a measure adopted by the government has borne positive results -- that will be a rare treat for them.

Bangladesh Bank makes for an interesting example to illustrate computerization problems. The organization installed and operationalized its first mainframe computer in the early sixties. It was not even the central bank of a country at that time but merely the eastern branch of the central bank of Pakistan. Computerization was several thousand times costlier then than it is now, and computer professionals numbered only a fraction of what is available today. Unlike this time around, the decision makers then did not find the task impossible to accomplish. The unforeseen cost and time escalations which the commentator cited are not attributes of computers or of the computerization process. The responsibility lies squarely on those who had first designed the system and then went about implementing it. It should be fairly easy for the Deputy Governor of Bangladesh Bank, and the commentator himself, to be aware of the real reasons behind the frustrations that they have been experiencing with their computerization efforts. Also, unforeseen cost escalations and other difficulties are common with most government undertakings -- like constructing bridges, building roads, installing power distribution lines, and a myriad of other activities. Nobody ever opined that those roads and bridges should not be built. Computerization has simply proved to be no different; why advise against it?

With trillions of dollars circulating the globe every day over telecommunication channels, it appears naive to have security concerns over good telephone systems. Government organizations in Bangladesh are famous for entire files getting lost without leaving any clue that they ever existed. The written word, and the memorandum and the notes in the file, are perhaps something which should not be valued above the paper on which those were written. Clear records of responsibility exist only where the intention to act responsibly existed. It is as easy to give spurious instructions over rickety analog telephones or in face to face meetings as they are over super-digital communications stations, with no difference in the levels of compliance.

The concerns about the changing role of the Ministry of Industries and the role of a management information system in there have already been addressed while responding to other commentators.

Mr Nurun Nabi Choudhury

It is worth remembering that the Ministry of Industries operates an institution which was designed to impart management training to personnel in all government organizations. It is also illuminating that the quality of management within MOI and its subordinate departments is at a par with that in other government organizations. This is tangible proof that an individual organization within the government cannot attain a level of efficiency which is significantly different from that in the overall government administration.

An MIS should neither be designed to fit people, nor should people be required to adjust to an MIS. MIS is designed to satisfy the operational information needs of decision makers and managers; it should fit those needs. It is true that the government is controlling a disproportionately large share of productive capital in the country. But as long as it continues to do so, there is no reason why it should not be managing that capital with the least degree of inefficiency -- it is the citizenry which ultimately bears the financial cost. An MIS for the Ministry of Industries should certainly contain the capacity to provide the information necessary for efficient production and marketing in the commercial enterprises under its control. Even if that part of the MIS had to be discarded as a result of complete divestment of state owned enterprises in the future, the reduction in losses during the meantime should have paid many times over the cost of the MIS.

The culture of distrust involves distrust of other people as well as of innovative gadgets -- like computers. It is necessary to get over all distrusts not directly related to self preservation to be able to work and be productive.

Mr A B M Mahbubul Amin Khan

The author fully agrees with the commentator that a data bank is badly needed for the country. He would go even further and state his belief that a national data bank can be implemented more successfully and with better results than an MIS in any government organization. The Election Commission has embarked on the creation of a national electoral data bank, though its approach is highly unusual. That effort is worth special mention however and everybody should closely watch future developments.

The information about government-dictated loan being officially discontinued in 1990 has been duly noted and incorporated in PIAG report Nr 5. However, with both the Bangladesh Bank and the nationalized banks being under the direct administrative control of the Ministry of Finance, it is doubtful that directed loans have ceased in practice. Appendix 3 contains a report of the Finance Minister persuading the banks, much later than 1990, to extend credits to some preferred sector.

More recent reports of similar persuasions have also appeared in the media. It will be very difficult for the nationalized banks, holding the bulk of existing and potential credit, to ignore the personal directives of the Finance Minister. Additionally, another PIAG consultant pointed out in his work (please see PIAG report Nr 6) that the government still retains control over credit in some sensitive sectors. There were reports of the government using public money to heavily recapitalize state owned banks against accumulated losses -- sustained mainly due to non-performing loans. But the government itself is the beneficiary of a large chunk of non-performing loans held by state owned banks -- some reports put it at 60 percent. The government then went on to obligate the banks under its ownership to provide long term debenture financing so that it could retain control of the ailing Bangladesh Shilpa Rin Shangstha, which it was on the verge of privatizing. Had this process taken place in the private sector, it would have been called *leveraging one's equity through insider lending*. It is heartening to read in the newspapers that the Bangladesh Bank is taking measures to stop insider lending in the private banks. Will the Bangladesh Bank please let the public know what measures it has adopted or is considering to stop insider lending in the nationalized banks?

Both the donor community and the conscious public are unanimous that reforms carried out throughout the nineties has been insignificant compared to what was needed. The government had at one time announced definite dates for making the taka convertible in the capital account. One has only to calculate by how many years those dates have become overdue to get a picture of how far reforms, specifically in the financial sector, is lagging behind. Appendix 3 includes newspaper reports on the lack of progress in implementing promised reforms. It is only a thin sampling and does not even begin to represent the real extent to which reforms have been held back.

It is obvious that the government will continue to own and operate commercial enterprises. Lateral entry of professionals into the management of these enterprises is definitely worth considering in that situation because it holds the promise of reducing the continuous losses accruing to the nation through such ownership. However, it is quite impossible to adopt that suggestion in the present state of government administration; the long standing BCS-Prokrichi problem has made it quite clear that the civil service is not ready to assimilate or utilize even those technocrats who gained entry through regular cadre services.

Dr C A F Dowlah

The author argued and then further established that increasing the role of government in any sector of activity in Bangladesh would be counterproductive. He is therefore fully in agreement with the commentator in this respect.

The reason that the bureaucracy is perceived as not able to perform its role in the context of an emerging private sector, and that it is torn by internal strife, is that it lacks the inherent strength that the ideal classical model of bureaucracy envisages. The author is again in agreement with the commentator that administrative reforms must ameliorate those weaknesses before bureaucracy can rise to the occasion. This has been dealt with at length in the report.

The commentator's observations regarding the poor state of statistical information ties in with the recommendations of the Deputy Governor of Bangladesh Bank regarding a national data bank. The absence of complete and accurate data, and the reluctance to share information, have also been dealt with at length in the report.

It is still uncertain whether the Ministry of Industries is going to have a management information system and if it does, what form it is going to take. Planning for an MIS Cell in the Ministry would come much later and would therefore have been premature to deal with in the report. The report aimed only at obtaining the basic agreement that the Ministry of Industries needs a better MIS and that it is going to have it.

The sole purpose of management information systems is to provide information for operational decision making. It is never a good aid to the policy making process -- a national data bank is more suited to the task. Even if the running of commercial enterprises was imposed upon the Ministry of Industries because of historic reasons, it is an operating reality for it today and an MIS for the Ministry must address that management information need.

Session Chairman

The Chief Operating Officer of the Ministry of Industries can certainly alter the organogram, within limits, to accommodate officers sent to him by the ministry which centrally plans all personnel. The question arises as to what are those limits. If an officer who majored in history is posted to the Ministry of Industries, does it open a section to deal with, perhaps, the history of the nationalization or privatization of industries in Bangladesh? The worst part of central personnel planning is that it negates a vital requirement of healthy organizations: the ability to select personnel suited to specific functions. Central economic planning failed because of similar reasons: it did not take into cognizance the specific input requirements of individual regions, subsectors, and production units. The system is additionally vulnerable to extraneous pressure from interest groups, the manifestation of which can be found in the BCS-*Prokrichi* conflict and the high court injunction against mass promotions of officers that took place in the early nineties. It will be a waste of effort to nicely chalk out the functions and organization structure of any government body under this arrangement. The best that can be done is to take the existing organogram and allocation of functions as given parameters and then work out systems and procedures to enhance efficiency. This is the approach that the study took. The report mentioned quite clearly that the current process of job distribution or job allocation for the sections falls far short of the organizational requirement of job description for personnel. The Ministry of Industries reportedly modified its organogram in 1993-94 and redistributed the functions of the sections. The author has so far failed to obtain a copy of the proposed organogram or job allocation even after substantial efforts. It is thus impossible to analyze the functions and structure which the Ministry has decided upon for itself, and consequently no recommendations can be made on those areas.

The sessions chairman has described the functions and roles of the Ministry of Industries with admirable clarity. Those functions and roles are common to almost all government organizations. The report looked in a fairly detailed manner at how the efficiency of the government as a whole might be improved. Its regime of suggestions apply equally well to the Ministry of Industries. A high powered committee has so far failed to alter the Rules of Business. The bill to introduce legal reforms is languishing in the parliament secretariat. It is very difficult to visualize the Ministry of Industries, or any single government organization, as having any influence on these matters.

The report did focus extensively on a computerized management information system in particular, and efficient information exchange systems in general, because that was the stated assignment. There is no misconception on the part of the commentators who saw a greater emphasis on these topics in the report. The Ministry itself does not produce anything -- except for some ancillary services -- it deals in information. The import policy of 1991-93 clashed with the Petroleum Act of 1972 -- at great cost to the prospects of investment growth in the country. Informed policy making could have avoided that. The importance of proper information management cannot be overemphasized for any government organization.

A persistent refrain in the discussions has been a concern about what would happen to a modern or computerized MIS because of prospective sea changes in the Ministry of Industries. A good MIS will have the properties of openness and redundancy. The first property means that it should be possible to adapt an MIS, through simple means, to serve up new information which is not widely unrelated to the information-set that it currently handles. The second property means that standby subsystems will be available to immediately take over the functions of other subsystems in the event of their breakdown. It is therefore not necessary to be too concerned with the useability of an MIS with the changing role of an organization, provided the MIS was well designed in the beginning. The double entry bookkeeping system is a classic example of a well designed MIS -- every type of organization can use it, and it never experiences any migration pains between leather-bound and electronic ledgers. The role of every organization changes over time -- the role of dynamic organizations change quite rapidly. If that was a hindrance to the adoption of new systems then no organization anywhere would be using pre-printed forms or record books. Finally, let it be emphasised here that altering a subsystem of a well designed MIS would be a more straightforward task than reprinting a year's supply of forms is.

Appendix 1

This newspaper report shows that neither the private sector nor the government is enthusiastic about reforms, and both may actually be working against it.

The Daily Star, January 28, 1995:

Bangladesh's gradual deregulation of private business has mostly been driven by the post-Cold War global economic realities and donor enthusiasm, not by the local political and business elite who often impede it, reports UNB.

This has been observed in a recent evaluation report on the economy of Bangladesh and its limping reforms by the United States.

"Starting from a position of extreme over-regulation, the trend roughly since 1989 has been for governmental obstruction of private business gradually to decrease. However, it is important to bear in mind that these changes, despite their overwhelming merits, have been driven by post-Cold War global economic realities and donor enthusiasm, not by Bangladeshi political or business elite," says the assessment.

The report, prepared by the United States Embassy here, further observes that many regulatory changes have yet to be "politically possible" to implement.

Although it recognizes commitment of "some ministers and civil servants," the evaluation report says that the reforms face broad-based resistance from "nearly all groups or actors in the economy," including, "ironically," the business community.

The report also identifies the chambers of commerce as a factor resisting reforms.

Chambers of commerce here include manufacturers with "protected industries and well-connected commission agents" pursuing government contracts, views the United States.

"They [chambers] call for a greater voice for the private sector in the government decisions and for privatization, but they are also protectionist, subsidy-minded."

The report has critically noted the lack of clarity in policy and regulations in Bangladesh. Those [policies] are "often not clear, consistent, or publicized."

The report carries some blatant words of criticism about the confidentiality syndrome in the bureaucracy and alleged rampant bribery as it observes that donors are now considering public administration reforms as "central to overall economic reforms."

"Generally, the civil service, elite, business people, professionals, trade unions and political parties have vested interests in a system in which confidentiality is used as an excuse for lack of transparency and in which patron-client relationship is the norm."

Alleging persisting malpractice, the report says: "Businesses must always return to civil servants to get action, and may not get it, even after receiving assurances at higher political levels".

"Traditionally, the Bangladesh government's poorly paid civil servants regard business people as exploitative and regard themselves as having a near monopoly on economic acumen and patriotism".

The report further complains that the accounts from domestic and some foreign investors of solicitation of bribes continue to be "Numerous." "Delays in moving files have increased," it remarked.

The report particularly mentions Customs and Excise in this regard. "Businesses spend a great deal of time and money dealing with customs."

It points out "shortcomings" in accounting practices as another potential damper in dispute settlement. "With the possible exception of those conducted by a few internationally affiliated accounting firms, audits of balance sheets and profit and loss statements often follow clients' instructions."

"Weak" legal system is another issue that the report points out as a potential impediment to investment in Bangladesh.

While saying that enforceability of contracts is in doubt under the existing legal system, it adds: "Over ten years can easily pass by between bringing a court case and executing a judgement."

Appendix 2

These newspaper reports and excerpts from reports demonstrate that the authorities themselves, while being directly responsible for maintenance and delivery of the rule of law, abuse both the law and the police.

The Daily Star, February 4, 1994:

The number of detenus under the Special Powers Act in the country was less than 900 last year [1993] compared to 3,000 in 1992, reports UNB.

A US State Department report on the Human Rights situation in Bangladesh, released in Dhaka yesterday, said 97% of the 365 cases of detention were found to be illegal when revised by the High Court.

"In fact, the government has used the SPA to harass political opponents," the report said.

It said prisoners died in police custody and most of the deaths occurred during the police remand.

The government, however, said no prisoners died as the result of maltreatment by police or jail authorities.

"Police continue to employ psychological and physical torture and other abusive treatment during interrogations," although the constitution forbids torture. Torture includes beatings and use of electric shocks, the report said.

It further said prisoners suffer the most abuse, such as beatings and forced kneeling for long periods. A number of cases were filed in 1993 with magistrates against police abuse but none of the reports of the magistrates was made public nor legal action taken.

Quoting Home Ministry figures, the report said 2,171 people were arrested under the Anti-Terrorism Act during the first nine months of 1993.

"The judicial system is inefficient and has a serious backlog. According to the Ministry of Law statistics, the lower courts have over 218,000 criminal and civil cases on the docket, some dating back over a decade," it said.

"The High Court division of the Supreme Court reports a backlog of over 5,000 cases which are over 10 years old. The government reports that 26,352 of those awaiting trial are currently in prison. Over half have been in pre trial detention for less than six months, while 2,263 have been awaiting trial in prison for over 2 years," the report said.

The Daily Star, May 01, 1994

Between 30 and 40 people were killed in three incidents in Bangladesh last year [1993] when members of the security forces opened fire on unarmed civilians, says a report of the London-based Amnesty International (AI), quoted and released to the press by PROBE news agency yesterday.

"They must have died as a result of extrajudicial executions, the deliberate and arbitrary killing by law enforcement personnel," said the report on "Bangladesh: Extrajudicial executions by security forces in 1993" published recently.

The Financial Express, October 07, 1994

The Suppression of Terrorism Act, 1992 was passed by the Parliament and received the assent of the President on November 6, 1992. The Act was made enforceable for two years, with effect from that date. November 5, 1994 is the last date of the existence of this Act, if it is not extended by the Parliament. If the tenure of the Act is not extended after that deadline, it will be treated as a repealed law. [The Act was, in fact, not extended.]

.....

In the meantime, a good number of trials in the tribunals under Suppression of Terrorism has been ordered as "stayed" by the Supreme Court, either by Criminal Revision or Quashment petitions, in which the very implication of a person under the Act has been challenged. Due to the pendency of the Revision or Quashment petition before the Supreme Court, the trial of the cases in the respective tribunals has been stayed.

The Daily Star, January 29, 1995

NATORE, Jan 29: The President of the local district bus and minibus owners' association lodged a case against the Deputy Commissioner (DC) of Natore yesterday in the District Judge's court accusing the DC of demanding bribe.

.....

Meanwhile, apprehending police reprisal after the filing of the case, five leaders of the bus owners' association, including [the complainant], today appeared before the District Judge and prayed for anticipatory bail, which was granted.

These excerpts establish the existence and extent of police brutality in Bangladesh.

The Financial Express, October 07, 1994

Munir Hossain Nannu is a student leader of Munshiganj Degree College. He was arrested on 29.5.1994 from Sattar Master's house in Gaupara and detained from 3:30 am to four o'clock in the morning at the Munshiganj Thana as per the order of its officer in charge, Ziaur Rahman. Nannu is an active student leader, and had five cases lodged against him at the Munshiganj Thana. During his imprisonment he was subjected to inhuman torture.

Eye-witnesses state that the police took the help of two neighbors to wake Nannu up on the night of his arrest. As soon as he woke up, he was kicked viciously by police officer Ziaur Rahman and his companions. At one stage he was stripped and four police constables lifted him up and dashed him to the ground, which resulted in a shattering pain in his hips, causing him to cry out and plead with his tormentors not to kill him. He was then booted in the chest by the four constables.

After his initial torture, these constables bundled him onto a rickshaw and brought him to the Thana.

Once at the police station, police officer Ziaur Rahman beat Nannu with a hockey stick till it broke. He then proceeded to break the boy's right wrist. He failed to do so and broke his index finger instead. Nannu cried out in pain, whereupon the *Daroga* stomped on his right foot, breaking a toe. On hearing his cries, the constables of the station tried to stop Ziaur Rahman from inflicting further torture on the student leader. Nannu was then taken to the Munshiganj Sadar Hospital where the doctor, on examining him, suggested he should be sent to the Dhaka Medical College Hospital.

However, Nannu was not sent to Dhaka. He was kept in detention in Munishganj Jail. On inquiring at the jail, records show that Nannu had been arrested on 31.5.1994 at 8:40 am. However, Nannu was actually arrested on 29.5.1994 at 3:30 in the morning.

Is this how the law functions? It is the duty of the police to arrest criminals, but not in such a violent and inhuman manner. A suspected criminal must be taken before the magistrate within 24 hours of his arrest. This is what the law says and it is the responsibility of the police. The police must not act in excess of their powers, and there is no need to kick or beat or break a prisoner's bones. This sort of behavior is not only a gross violation of human rights, but also violative of our Constitution and even the Police Service Rules.

These newspaper reports demonstrate that police in Bangladesh refuse to take action, even while capable and duty bound to act.

The Daily Star, January 25, 1995

NARAYANGANJ, Jan 24: At least 50 women and children were injured, 23 houses and eight shops gutted and another 40 houses and shops badly damaged in two separate incidents of fire and terrorist activities during this morning.

In the first incident, an armed gang of youths numbering 70 to 80 created a reign of terror when they attacked Kaitakhali village under Bandar thana at about 9:45 am.

The youths, reportedly belonging to a gang led by one Sabbir who was killed in a gunfight yesterday, set 23 houses afire and prevented the Fire Brigade men from entering the village until the houses were burnt to ashes.

They also damaged at least 20 shops and several more houses in the village, the abode of Mannan, leader of their rival gang.

Sabbir was killed and five other youths of his group were injured Monday when members of Mannan's gang allegedly attacked them with arms.

All the injured women and children were released after first aid at local health centers. But they are now shelterless. The male inhabitants fled the village after yesterday's gunfight.

Police reached there two hours after the incident when all the armed youths had already left the scene.

Villagers alleged that Bandar police refuse to take their cases while police said none came to lodge any complaint.

The Daily Star, July 26, 1995:

NARAYANGANJ, July 25: A 14-year old girl, Shadhina, missing for about five months, was rescued from the Tanbazar 'red light area' here yesterday evening.

Police raided the area and rescued the girl but did not arrest anybody involved in her kidnaping and sale in the 'red light area'.

Shadhina, daughter of late Siddique Bhuiyan of Kadamtoli, Matlab, used to work in a garments factory at Mohakhali in Dhaka city.

"Some five and a half months ago, while I was going back to my village home a woman named Baby came to me at the Narayanganj launch terminal and offered me a very good job in the town," Shadhina told newsmen last night after her rescue. "Being convinced, I went along with her to the Tanbazar area. She sold me to one Shilpi for Tk 20,000."

Shilpi is a notorious 'flesh dealer' in the Tanbazar area. According to Shadhina, there more 18 underaged [aged under 18?] girls in her custody. Two of them Lipi and Josna— also wanted to come along with Shadhina during the police raid yesterday, she said.

"But Shilpi mercilessly beat them up and locked them in a room when police took me away," Shadhina said requesting the newsmen, "please, help them rescue, if you can."

In the last five months, Shadhina tried to inform her family about her condition, but could not. Last week, a man who visited the 'red light area' turned out to be one from her village. She requested the man to inform her mother about her misery. Shadhina's mother came to Narayanganj thana yesterday and requested the police to rescue her daughter.

After her rescue, police at first refused to accept a case regarding the incident but later accepted a case of repression on woman under pressure from local people.

When asked about arrest of Shilpi and others involved in the incident, Officer-in-Charge of the thana told newsmen that they were hiding. But when a group of newsmen visited the Tanbazar area later, they found Shilpi at her room. She was in an advanced stage [of pregnancy]. The newsmen returned to the thana and told the OC that Shilpi was at the room there. The OC replied, "a pregnant woman can not be arrested." [This, as subsequent events demonstrated, was a false statement also.]

These excerpts from a newspaper article show that members of the police themselves abetting and involve themselves in illegal activities.

The Daily Star, January 28, 1995

Fainting, choking, feeling giddy, coupled with the usual harassment of buyers by persistent vendors, salesmen, thieves, pickpockets are common in the capital's marketplaces where everyday shoppers encounter some bitter experiences they can never quite forget.

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Talking to the Daily Star, shopowners said that there were some 12,000 small and big shops alone in the New Market-Gausia-Elephant Road area.

Utilities maintenance of these markets is a 'nightmare', they said, mainly because of the mushroom growth of shops in the area.

The demarcation between the Gausia, Chandni Chawk, Noor Market and Chistia markets is virtually invisible.

The roof-tops of these markets are occupied by makeshift factories of innumerable tailoring shops located in these markets while the pavements have been grabbed by the vendors.

Even the corridors of these markets are sold out for setting up shops or kiosks.

Car owners know that driving in the afternoon can be a real test of patience.

An authoritative source said that the little *chawkis* on the pavements of these areas have been sold at rates ranging between Taka 10,000 and 40,000 each. The salami on possession price is usually collected by the local police station or their hired henchman or local influential goons.

Tolls collected from these are divided among an assortment of powerful gangs, the police and their 'go-betweens', the source told the Daily Star, requesting anonymity.

The Daily Star, May 10, 1995

A police constable was arrested yesterday on charges of mugging in the capital.

Officials said the constable Mahbubur Rahman of Sutrapur police was caught by the residents of Satish Sarkar Lane following a mugging incident.

They said constable Rahman and two others had allegedly mugged two female *sari* vendors at Satish Sarkar Road and tried to escape by a scooter.

When the women started screaming for help, local people chased the baby taxi which was caught in a traffic jam.

The constable sneaked in a nearby house while his accomplices managed to flee with the goods.

When the mob *gheraoed* the house, the constable was found hiding on top of a sub-shade.

The local Ward Commissioner then called in the police who arrested the constable.

The Daily Star, July 05, 1995

The Chief Metropolitan Magistrate (CMM), Dhaka, yesterday rejected the bail petition of Bazlul Gani, a constable of the Detective Branch (DB) of Dhaka Metropolitan Police (DMP), arrested earlier on charge of snatching 2,500 US dollars from a person in the city.

Gani was sent to the Dhaka Central Jail. The CMM also ordered the jail authorities to produce Gani before the court on July 10 for Test Identification Parade (TIP).

Gani, along with DB inspectors Samiul and Imrul and three other persons Zakir, Jibon and Shahid had allegedly snatched the dollars from one Bakul from a city hotel on June 29. Bakul, who had returned from Malaysia on June 24, was staying in the hotel.

Gani, Zakir, Jibon and Shahid were arrested after Bakul lodged a case with the Kotwali police on June 30 accusing the six persons. The two DB inspectors are absconding since filing of the case.

Gani, who was arrested on Monday, yesterday refused to give confessional statement in the CMM court.

The three other arrested persons, Jibon, Shahid and Zakir were earlier placed on five days' police remand on Monday.

This newspaper report demonstrates that the courts also contribute to the miscarriage of justice.

The Daily Star, July 27, 1995:

The High Court division of the Supreme Court set aside and quashed after seven years the conviction and life sentence of an employee of Bangladesh Biman on charges of gold smuggling, reports BSS.

The two member bench comprising Justice Habibur Rahman Khan and Justice M M Ruhul Amin Tuesday set aside the sentence of Sohail Ahmed Chowdhury, a junior purser of Biman passed by special tribunal, anti-smuggling Dhaka, in 1988. Chowdhury was accused of smuggling 240 tolas of gold from Jeddah by a Bangladesh Biman flight in June 1986.

The prosecution alleged that gold were recovered from Chowdhury's wearing such as shoes, socks and anklets and he was tried under Section 161 of the Customs Act and Section 25(b) of the Special Powers Act.

During the trial in the special court, shoes, socks, and anklets which were used to conceal the gold were produced. But it was found that those did not fit the accused person and were also smaller in size. The seized gold were also not produced and proven in court by the prosecution. Yet the court held him guilty and sentenced and convicted him to suffer imprisonment for life.

This is the first case of its nature under Section 561(a) of the Code of Criminal Procedure (CrPC) wherein the High Court division in exercising its inherent power had set aside a conviction and quashed the proceeding of the trial court.

Because of time bar the accused person failed to appeal against the verdict of the lower court and advocate Mahbubur Rahman and Advocate Farah Mahbub appeared in the High Court for the accused for converting the appeal into criminal miscellaneous case under Section 561-a of the CrPC with amendments of memo of appeal to prevent the abuse of the process of court.

The appeal was made to secure the ends of justice as there was no forum or remedy available to redress the grievance of the aggrieved person, the accused's lawyers said.

The judges after hearing the submissions of both sides, allowed the prayer and converted the memo of appeal.

During the final hearing of the matter invoking the inherent powers of the High Court Division, the judges accepted the contention of advocate Mahbubur Rahman.

The lawyer contended that the case was one of no evidence or insufficient evidence to warrant the punishment awarded to suffer imprisonment for life. He further submitted that the conviction was not based on sufficient evidence to sustain the same and there were gross irregularities which is tantamount to committing illegalities. As such, he contended the trial court erred in law and acted without jurisdiction and hence the conviction and sentence is liable to be set aside and quashed.

The High Court accepted the argument and passed the order setting aside the verdict of the lower court and quashed the conviction and sentence of life imprisonment of Sohail Ahmed Chowdhury.

These excerpts from a newspaper article demonstrates the absence of correlation between size of police force and quality of law enforcement.

The Financial Express, August 23, 1994:

Perhaps the western world is unwilling to link development with law and order situation as the growth remains unaffected despite high rate of crimes and violence. The crime rate, for example, is higher in the United States where the murder per 100,000 people was recorded in 1989 at 8.6 as against 2 in Bangladesh, 5.6 in Pakistan and 3.5 in India. According to a report in Asia Week in 1993 the rate of rape per 100,000 people in the United States was 41.20 whereas the rate was only 0.52 in Bangladesh. Despite the higher rate of crimes, the US economy remains one of the strongest among the industrialized countries. But contrary to this, the crime rate in Japan is very low.

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The police sources identified politics-related crimes as very serious as it is very difficult to tackle such situations. Any harsh measure on the campus or in any procession or demonstrations may cause political instability in the country. Therefore, police face a difficult situation in such events.

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Even with these inadequate manpower, the police administration could achieve better results had there been no political interference in dealing with certain group of criminals. It is strongly believed that the police know the names of the criminals and the terrorists in the city and on the campus. But due to pressure from political and influential quarters the long arm of the law becomes shorter and can not touch those criminals. Besides, Bangladesh criminal laws are also very old. Most of the laws were made in 1861, four years after the Sepoy Mutiny in the then British India. These laws need to be updated to make the police administration more effective.

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The ratio of people per policeman in Bangladesh is highest in the world which has been estimated at 1:2560. The ratio in Pakistan is 1:625 and in India 1:728.

This article from an international publication demonstrates that poor pay intensifies police brutality and police criminality.

S C Gwenne from New Orleans writing in Time, March 20, 1995:

New Orleans authorities tell this story. On Saturday March 4, at 1:50 a.m., police officer Antoinette Frank 23, entered a Vietnamese restaurant in eastern New Orleans to commit robbery and murder. She put a bullet into the head of the security guard — her sometime police partner Ronald Williams, who was off-duty. She then executed the son and daughter of the restaurant's immigrant owners; the girl was kneeling in prayer when she died. Frank fled with an accomplice in a battered Toyota. She returned later in a patrol car, ostensibly in response to emergency calls on her police radio. What she did not know was that a third sibling, hiding in a walk-in refrigerator, had witnessed the murders. She identified Frank as the killer.

Not only was it the first time in memory that a New Orleans police officer had been accused of shooting and killing another officer; but it also represented the terrifying congruence of murder with police corruption on a scale unseen anywhere else in the US. The New Orleans police department has long had a reputation for brutality, but the past few years have seen an explosion of police-corruption cases. Frank became the fourth New Orleans police officer to be charged with murder in the past 12 months. Since 1993, 40 officers have been arrested on charges including bank robbery, auto theft, narcotics, rape and aggravated assault. In the past 18 months, the city's chief of detectives was dismissed for unethical behavior, and its vice squad was disbanded after a deputy supervisor was convicted of robbing bars and strip clubs.

After years of official denial, city authorities now admit they face a monumental problem. "I inherited a police department that was a shambles," says Marc Morial, 37, who was elected mayor last year. "The first step is to expose it, and that is painful for the community." The local US attorney, Eddie Jordan, has called corruption in the department "pervasive, rampant and systemic." Jordan and several watchdog groups estimate that between 10% and 15% of the 1,500-officer police department is crooked.

While the triple murders stunned residents, they had been even more shocked by an FBI sting operation late last year that resulted in the indictment of 10 police officers. Undercover agents found cops ripping off drug dealers, and as many as 29 police officers who were willing to guard a warehouse containing 130 kilos of cocaine during their off-duty hours. They also discovered that one of the officers caught in the drug sting, Len Davis, had allegedly arranged the murder of a woman who had filed a police-brutality complaint against him. "When people heard about the Davis case, there was universal revulsion," says Mary Howell, a civil rights lawyer.

Why are New Orleans cops, in particular, so corrupt? Both the Frank case and the drug-ring case suggest part of an answer. Frank and the fellow officer she is charged with killing both worked in that eastern New Orleans restaurant as security guards during their off-duty hours; Davis and his colleagues were also working off-duty security jobs. This sort of moonlighting is known in police jargon as "detail" work and is a fixture of the New Orleans police department. Because police there are among the lowest paid in any major city in America — a fresh recruit makes \$14,900 a year, for example, and a 20-year veteran makes \$30,000 — it has long been assumed the officers would supplement their wages with detail work, which they perform in full uniform. They usually make between \$10 and \$15 an hour, and many work 40 or more extra hours a week. The department's pay scale has also led to problems in recruiting qualified applicants. "Everybody knows they are grossly underpaid," says Neil Gallagher, FBI special agent in charge of the New Orleans office. "And still people wonder why there is corruption."

"A lot of officers came to look at the detail as their main job, and the police job just became a way to rest, to let it slide by," says Rafael Goyeneche III, managing director of the Metropolitan Crime Commission, a police-watchdog group. "Some just slept in their patrol cars." Details also gave rise to brokers in the department, who would organize outside work for a fee. This led to sergeants dispatching higher-ranking officers on plum off-duty jobs. "The real command structure of the department became the detail," says Howell.

The new mayor has fired, suspended or reprimanded 74 officers and has hired a new police chief, Richard Pennington, from Washington. Morial and Pennington have also taken the unprecedented step of inviting the FBI to help them clean up the department. Pennington has limited the amount of detail work that officers can do, forced them to report all details through official department channels and outlawed detail brokers. Perhaps most significant, Morial gave police their first raise — 5% — in eight years. Says Morial: "We knew people were going to scream and holler about the detail work. But it was something we had to do." He will have to do still more before New Orleans again trusts its police department.

Appendix 3

These excerpts from a newspaper show that the government has retained the tendency to direct loans -- four years after it was officially discontinued.

The Daily Star, May 18, 1994

Finance Minister M. Saifur Rahman yesterday directed the bankers for speedy disposal of loan to the industrial investment sector to achieve the target of Tk. 1,724 crore by June this year [1994], reports BSS.

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The Finance Minister said that in addition to the industrial sector, the banks and DFIs should provide loan to agriculture, fisheries, livestock and crop diversification sectors on priority basis.

He said that the banks and DFIs should extend loan to these sectors even if necessary by liberalizing the lending terms.

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He pleaded that the banks should finance for setting up milk processing units along with the provision of refrigerated vehicles for marketing of milk in order to maintain and encourage the current enthusiasm and efforts to increase milk production in the country.

The Finance Minister identified the construction and building sector as another potential sector for stimulating the national economy. He suggested that the banks should further activate their investment program on medium and small house building projects.

The Finance Minister also pleaded that the banks should continue their support to the people in the flood prone areas for repairing the losses caused by the onslaughts of floods. To help out the poor and affected farmer in the flood affected areas, "I think the banks can liberalize their policies," Saifur said.

This newspaper report demonstrates that financial discipline and accountability is still absent in all sectors of the country.

The Financial Express, August 05, 1994

Quasem Silk Mills Ltd (a concern of Quasem Group) has decided to re-issue debentures and have sent offer letters to the debenture-holders without clearance by the Securities and Exchange Commission (SEC), said a debenture-holder. It offered 25 per cent convertible debentures in 1988, face value of which was Taka 2000 each with half yearly payable interest at 17.5 per cent. Total debenture amounted to Tk 10 million.

When the holders were expecting redemption in July last, they received offer letters unilaterally extending the period for another three years with effect from July 1, 1994. No option has been left for the debenture-holder.

In spite of best efforts no director-level official of the company could be contacted. Sunil Kumar Kundo, Deputy General Manager told that the matter was not finalized, Securities and Exchange Commission (SEC) has been approached for its consent. Dr. Shahbub Alam, SEC member, sharply denied this, stating that there was no scope for such extension. Since it has been clearly stated in the conditions of the debentures that it would be fully redeemed after specific period, the provision of the section of the Companies Act, referred to in the said offer letter, cannot be applied, held Dr. Alam.

Khurshid Alam, Chairman, DSE, told The Financial Express that they asked the Investment Corporation of Bangladesh (ICB) to take necessary steps and arrange redemption of the debentures.

ICB is the trustee of the debenture as it is mandatory to have a trustee in case of issue of any debenture.

A very senior official of ICB said that the trust deed could not be registered, in spite of their best efforts.

"The Corporation does not have any locus standi in the case", he said. However the ICB has also written to the SEC, drawing their attention.

Capital market watchers have expressed surprise over the issue. "Lack of vigilance and monitoring both by SEC and DSE has led to such a situation where the investors have been hostages", commented an investor. "Irony is that both SEC and DSE speak for the protection of the interest of the investors," added the investor.

These newspaper reports depict that policy reforms have been inadequate and slow.

The Financial Express, January 11, 1995

The WB [World Bank] informed the government of its decision about cancellation of further fund disbursement under the Second Industrial Sector Credit Program. The Local Consultative Aid Group, of which the WB is the coordinator, had a meeting in Dhaka on Monday last. The WB decision on the industrial credit program has also communicated to the group.

What, however, is a cause for worry is not the amount of aid fund lost, because the current comfortable level of the country's three billion dollar foreign exchange reserve can cushion off its fall-out effects. But the cancellation itself is most likely to send not happy signals to the donor community about the government's capacity or willingness to implement economic reform program.

Sources said that the "slow implementation pace" of measures under trade and industrial reforms which were included as the conditionalities of the Second Industrial Sector Adjustment Credit had led to its cancellation. The government's "non-performance" in implementation of agreed reforms has been responsible for its cancellation, the same sources added.

A WB source in Dhaka admitted that a lot of things had been achieved under the industrial sector credit program, but many more areas are still to be covered. The Industrial Sector Credit Program was earlier agreed upon between the government and WB to effect wide ranging reforms for decontrols and deregulations of trade and industrial policies.

The same source said the credit program included a lot of "technical details". "Since the government has not been able to implement the conditionalities under the same, particularly those relating to the trade policy reforms, pre-shipment inspection, tariff reforms, etc, the original terms are no longer relevant to the situation", he added.

Another indication suggests that the government, now in the wake of cancellation of the Second Industrial Sector Adjustment Credit Program, will prefer negotiating a fresh credit program for export development covering "a new list of limited things to be done".

Meanwhile, the WB's cancellation of the industrial sector credit program followed a similar decision by the Manila-based Asian Development Bank (ADB) to cancel a \$62.5 million support, also a second tranche fund disbursement, under a separate industrial sector credit program. The ADB cancelled the same in the middle of last year on the same ground of "non-performance" by the government in fulfilling the conditions under it.

There is, however, a growing concern in relevant circles over the government's slow pace in implementing the economic reform program, which was agreed upon between itself and the donor community in the form of an "Understanding for FY 1995" at the last meeting of the Aid Group for Bangladesh in April 1994.

The Understanding for Fiscal Year (FY) 1995 covered such areas as "urgent actions on improved public sector performance and accountability", completion of "the work of the committees reviewing administrative reforms" for having a time-bound action plan of practical reforms in place before December 31, 1994, "manpower rationalization by expeditiously implementing program for voluntary separation of excess manpower in parastatals (autonomous bodies) to build upon progress in FY 1993-94, implementation during FY 1994-95 of "the already approved restructuring plans for BADC and the Food Directorate" and reorganization of Bangladesh Water Development Board.

Besides the "Understanding" called for effective steps for removing legal shortcomings and undertaking legal reforms, implementing expeditiously the power sector reform program and transforming transport parastatals like Bangladesh Railway, BIWTA and BIWTC into commercial organizations. In addition, there were several other measures, spelt out in details the "Understanding" for "energizing the private sector".

But the reforms, which the government agreed to undertake under the "Understanding" for FY 1995 are yet to take effect, though the half of the fiscal 1994-95 is already over. This, the source said, clouds the prospects for future aid commitments to Bangladesh.

The Daily Star, January 29, 1995:

The slow pace of government's privatization drive and the administrative reform process came under sharp criticism from donors in a mid-term review meeting yesterday.

The local consultative aid group, representing multilateral and bilateral donors, attended the meeting presided by Finance Minister M Saifur Rahman held at the National Economic Council Bhaban. The meeting was also attended by senior government officials.

According to meeting sources, various aspect of the ongoing reform measures were discussed at the meeting and donor representatives were also critical of the failure to proceed with the power sector reform according to the pace agreed at the Paris Aid Club meeting in April last year.

The Finance Minister, the sources added, attributed the slow pace in the privatization drive and the administrative reform process primarily to the political unrest during the past several months.

Acknowledging the lack of progress during in the administrative reform process, the minister noted that a cabinet sub-committee headed by Communications Minister Oli Ahmed was actively working towards formulating plans for civil service reforms, the sources said.