

Local Government Finance in Bangladesh:

A Case Study of Two Union Parishads of Fulbari Upazila



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A Case Study of Two Union Parishads of Fulbari Upazila

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This dissertation submitted to the University of Dhaka, Dhaka, Bangladesh, in fulfillment of the requirement for the degree of Master of Philosophy (M.Phil) in Public Administration

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26 May, 2018

DEDICATED TO

My heavenly father Mr. Md. Abdul Zabbar (late) and my mother Mrs Shirin Ahmmad for whom I have seen the light on earth and their support in my entire course of life.

Declaration

I hereby declare that this M.Phil. thesis entitled “*Local Government Finance in Bangladesh: A Case Study of Two Union Parishads of Fulbari Upazila*” was carried out by me for the degree of Master of Philosophy (M.Phil) at the Department of Public Administration, University of Dhaka, Bangladesh. The interpretations put forth are based on my reading and understanding of the original texts and they are not published anywhere in the form of books, monographs or articles. The other books, articles and websites, which I have made use of are acknowledged at the respective place in the text. For the present thesis, which I am submitting to the University, no degree or diploma or distinction has been conferred on me before, either in this or in any other University.

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Certificate

This is to certify that the work incorporated in the M.Phil thesis entitled “*Local Government Finance in Bangladesh: A Case Study of Two Union Parishads of Fulbari Upazila*” submitted by **Md. Bachu Mia** was carried out by the candidate under my guidance. Such materials as has been obtained from other sources have been duly acknowledged in the thesis.

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Acknowledgement

Thanks to almighty Allah who has created me and has given the strength to do the work finally. This work is part of my M.Phil degree fulfilment at the University of Dhaka. As a student of Public Administration my interest on Local Government issues took place during the MSS course in the same department. I was looking for a suitable topic and the supervisor to do it. Finally I got the superman to do it and Professor Musleh Uddin Ahmed, Ph.D. extended his big hand to supervise me and I am deeply grateful to him. He is not only a supervisor but a fatherly friend to me whose support has given me a new dimension to life.

I have discussed the issues with a lot of local government experts, government staffs. My course teacher Mrs Professor Dr. Shahnaz Khan deserves special thanks as she taught me M.Phil first year course with very friendly manner.

Thanks also go to Professor Dr. Amirul Islam Chowdhury (Former VC of Jahangiragar University now working in United International University, Dhaka) who is the pioneer of this area and firstly advised me regarding the issues.

I am grateful to a number of people mostly Professor Dr. Salauddin M. Aminuzzaman, Professor Dr. Akther Hussain, Professor Dr. Mobasser Monem, Mr. Md. Mafizur Rahman, Assistant Professor of Jagannath University of Public Administration now on leave for his PhD at China and His mother who calls me every time for feeding me like her son. My college teacher Md. Golam Kibria who supported me all the time for my work, Mr. Md. Abdul Awal (Deputy Commissioner of Jashore), ASM Golam Kibria, (UNO of Sundorgonj Upzilla and departmental senior at the university), Abdus Salam Chowdhury (UNO of Fulbari Upzilla) for their special support for collecting information and helping to have successful interview, honourable Chairmen of selected two UPs, Members (both female and male) of the particular constituency, Public Administration Departmental all staffs.

Finally a lot of thanks go to Mr Helal Uddin, a junior of mine in the department who restlessly helped me as Research Assistant. He performed the responsibility of going through the entire manuscripts in editing, tabling and saving me from a lot of lapses.

Md. Bachu Mia

Abbreviations & Acronyms

AC (Land)	Assistant Commissioner (Land)
ADC	Additional Deputy Commissioner
ADLG	Assistant Director Local Government
AVP	Assistant Vice President
BIRD	Bangladesh Academy for Rural Development
BRAC	Bangladesh Rural Advancement Committee
CAG	Comptroller and Auditor General
CARE	Cooperative for American Relief Everywhere
CEO	Chief Executive Officer
DC	Deputy Commissioner
DDLG	Deputy Director Local Government
DRICC	District Rural Infrastructure Construction Committee
EU	European Union
FAO	Food and Agricultural Organization
FY	Financial Year
GO	Government
GOB	Government of Bangladesh
GP	Gram Parishad
ILO	International Labour Organization
JAICA	Japan International Cooperation Agency
KOICA	Korean International Cooperation Agency
LGD	Local Government Division
LGED	Local Government Engineering Department
LGI	Local Government Institution
LGRD	Local Government and Rural Department
LIC	Learning and Innovation Component

LGSP	Local Government Support Project
MP	Member of Parliament
NGO	Non-Government Organization
TRP	Thana Rolling Plan
TOT	Training of Trainers
UFT	Union Facilitation Team
UNO	Upazila Nirbahi Officer
UP	Union Parishad
UN	United Nations
UZP	Upazila Parishad
URICC	Upazila Rural Infrastructure Construction Committee
UNDP	United Nations Development Program
UNCDF	United Nations Capital Development Fund
UNICEF	United Nations International Children Emergency Fund
UDCC	Upazila Development Co-ordination Committee
UZDCC	Upazila Development Co-ordination Committee
VGD	Vulnerable Group Development
VGF	Vulnerable Group Feedings
VGDP	Vulnerable Group Development Project
WB	World Bank
WDC	Word Development committee
WFP	World Food Program
WHO	World Health Organization

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ABSTRACT

Local Government is an administrative body for a small geographic area, such as a city, town, county, or state. A local government will typically only have control over their specific geographical region, and cannot pass or enforce laws that will affect a wider area. The legacy of the local government and local self-government system in Bangladesh prevail in different forms, Such as: administrative set up, rules and regulations, bureaucratic culture, rural power structure etc. similar to that of India and Pakistan, as this subcontinent share a common history of local governance. Since Independence in 1971, different government in different forms initiated a number of attempts to tinker with the rural and urban local government system in Bangladesh. Presently Local Government of Bangladesh is divided in to primary tier that are Rural Local Government and Urban Local Government. Union Parishad is the lowest level of Rural Local Government. Union Parishad (UP) is the local body and lowest tier of the local government that has huge potential in poverty reduction. This 140 years old institution has wide roles and responsibilities in rural development and poverty reduction empowered by the Constitution and Ordinance but partyarchy and patron-client relationship impacted largely on the governance system.

This study aims to explore the existing financial system and state of resource mobilization of Kazihal and Shibnagar Union Parishads of Dinajpur District, to identify the problems and challenges in existing financial system and to assess the institutional mechanism needed for overcoming the challenges. This study is intended to analyse the financial aspects and its problems in the local government in Bangladesh. Based on the understanding of the study, its contexts, results and the objectives of the study, it is understood that this

study needs to deploy a mixed method research approach using both quantitative and qualitative research techniques to achieve the specific objectives of the mission. The data are collected concurrently or sequentially, are given a priority, and involve the integration of the data at one or more stages in the research process (Creswell, Plano-Clark, Gutmann & Hanson, 2002, p. 212). In-depth interviews and survey with semi-structured questionnaire are conducted to attain data along with the line of the major objectives and research questions of the thesis.

Finally this study argues that, as the lowest tier of local government body, UP can implement activities for identifying potential areas of resource mobilization. Local own revenues are a necessary but not a sufficient condition for to be self-reliant because there are various factors involved. UP can barely exercise financial authority that they have to mobilize their own resources because of central dominance. Consequently, they had never been financially solvent due to shortage of adequate manpower, absence of proper tax assessment, fear of losing popularity among the UP members, predominant tax evading culture, perceived weaker correlation between tax payment and service delivery, and inadequacy of sources of income.

Chapter One

Introduction

1.1 Background

Rural areas in Bangladesh often lag behind the rest of the country in development indicators and MDG achievement. Less than two per cent of total public spending flows towards the delivery of local services, and local institutions have limited financial capacity and human resources, despite strong legal provisions, to discharge their responsibilities. Rural local governments, known in Bangladesh as Union Parishads (UPs), have been functioning as the lowest tier of administrative government units since the 1870s. The need for strengthening the financial capabilities of local bodies in Bangladesh through mobilising resources at local level has been stressed during a recent past year. Strengthening of the Union Parishad (UP) as the lowest tier of elected body would not be possible without revenue generation at local level. The government has already identified certain steps so that local bodies can generate funds from local sources. We even contemplating about a certain portion of value added tax (VAT) and income tax going directly to the local body coffers. It has become obvious that the local government bodies can benefit more mobilising local resources than from central fiscal transfer for the purpose of ensuring sustainability of development activities

Professor Nick Devas of University of Birmingham stated that, the participation of community people in the process of revenue mobilisation would help ensuring transparency, accountability as well as efficiency of improved service delivery by the UPs. Although the UPs have some revenue sources, these are not well administered in most places which are needed for reforms to the design of revenue instruments and to their

administration. The objective of this research is to identify the major challenges regarding Resource Mobilization in Local Government of Bangladesh and to explore possible explanations for the purpose of suggesting some sources of additional revenue resources including expansion of holding tax to cover non-residential properties, tax on traders, increase tax on businesses, professionals, tax on cinemas, entertainments and amusements, fees for licenses and permits and lease money for hats, bazaars, ferries and water bodies as well as sharing of land transfer tax with central government, taxing motorized three-wheelers, service charges on water supply, sanitation and waste management, leasing of government land for free plantation and fish ponds.

1.2 Objectives of the study:

The major objectives of this research study are the following:

- To explore the existing financial system and state of resource mobilization of Kazihal and Shibnagar Union Parishad of Dinajpur District.
- To Identify the problems and challenges in financial system
- To assess the institutional mechanism needed for overcoming the challenges.

1.3 Research Questions

- What are the potential varieties of local resource?
- What are the major sources of income of Union Parishad?
- What are the Barriers in maintaining local resources?
- What are the major problems in financial management of Union Parishad.
- What are the causes and consequences of political interference in financial management of Union Parishad

1.4 Rationale and Significance of the Study:

Local government in Bangladesh has a extensive historical linkage and a solid constitutional framework. The Constitution of Bangladesh is one of the most enlightened ones in the region as far as importance to Local Government is concerned. The role and framework of Local Government described in the Articles 59 and 60 of the constitution of Bangladesh, which is further supplemented by Articles 9 and 11 with additional arrangement of the provision of Union Parishad (UP), is the primary local government organization which has a close connection to rural people. However the scope and quality of service delivery is one of the most critical areas that have significantly tinted the “credibility” and “institutional image” of the institution (Aminuzzaman, 2008). When it fails to respond to the dire needs & demands of the rural community people, particularly the poor and disadvantaged, often tend to pursue services from other sources like the NGOs and private service providers.

Some important potentials of UP as a lowest level unit of development and service delivery in local area. Following are some of the most notable potentials:

- a) UPs have competency to ***captivate and manage extra financial resources*** to assume both conventional and non-conventional development and other activities.
- b) UPs are ***able to mobilize further resources*** for the development activities of its own with the new innovations, techniques and delegated authority.
- c) UPs have the ***opportunities to utilize ‘social capital’*** such as community members, women, union facilitators in order to ensure ‘social accountability’ and “quality assurance” of the delivery of services.
- d) UPs have all ***potentially for being more ‘responsive’ to the community requirements*** and ‘accountable’ to the community people at large with suitable “watch dog” role of community.
- e) Greater community involvement has ***enhanced quality and stability of UP projects.***
- f) ***UP complex*** could be advanced as a ***‘development hub’*** with better participation, coordination, and collaboration of field level government’s extension agencies/workers and elected official of Union Parishad UP and the Standing Committees of the UPs.

1.5 Chapter Outline

- Chapter 1** : This introductory chapter discusses the background, objective, research questions, rationale and major arguments of the Study
- Chapter 2** : Relevant literatures on Local Government, Union Parishad and Local Government Finance have been reviewed and the research gap has been identified.
- Chapter 3** : This chapter presents an overview of the methods to use in the study. Areas covered research methods, population, sampling and sampling techniques, data collection and analysis.
- Chapter 4** : This chapter focuses on the emergence of Local Government from ancient period to the modern era with the discussion of feature, structure and characteristics in pre-colonial period, British period, Pakistani period and post independent Bangladesh period.
- Chapter 5** : This chapter presented the structure, role and functions of Union Parishad.
- Chapter 6** : This chapter provides a clear understanding on local financial structure in terms of (a) Union Parishad legal framework and (b) analysis of UPs financial management in reality. The study covers the financial analysis of two selected UPs finance in terms of its income and expenditure. Here survey findings also analysed in accordance to objectives of this study.
- Chapter 7** : This conclusive chapter divided into three major sections. The first section discusses the summary of the major findings; the second section describes the conceptual and empirical contribution of this study and the last section provides some policy recommendation for pragmatic financial administrative system for local government institutions like UPs

Chapter Two
Literature Review

2.1 Introduction

Importance of local government is increasing all over the world day by day to serve social problems. Local government realizes local problems correctly; to observe its importance and follow ideal method to solve those problems. There is 4554 Union Parishad¹ existing in Bangladesh. Each union comprises of some villages. Actually area of a Union is not very much larger. Usually it is possible for a Union Parishad to meet its problem. Parishad does not capable to meet the demand of time. Inadequate and untrained man power, lack of real/local participation, poor budget, financial dependency of central government; it is not working according to its demand of age. Since it is very old local government institution and its importance is increasing day by day, nonetheless it is not performing up to the expectations of people. So, strengthening of Union Parishad is extreme demand of the age and it is needed to be restructured for increase local participation and financial situation.

There are a large number of studies on the local government issues. In most of those studies research scholars have identified different aspects of historical background, structure and functional coverage of Local government, comparative local government system, local government reform initiatives etc. However, a very limited number of empirical works is available on the financial aspects of local government in Bangladesh especially of Union Parishad financing. In this chapter the recent literature on local government and Union Parishad have been analyzed to define the gaps and identify the research questions in relation to financial aspects of local government in Bangladesh.

¹See <http://www.bangladesh.gov.bd/site/view/union-list/>

2.2 Review of Literature

Number of contributors has contributed on the assessment of women's participation in rural local government and efficiency of the mandatory reservation of three seats for women in the Union Parishad through various publications. One notable contributor is Alam (1984), who has viewed participation of women in local government in Bangladesh. Rahman and Roy (2005) assessed the socio-economic dimension of women's participation in rural local government. The Asian Development Bank (ADB) (2004) publishes a regional report which contains 80 pages to analysis the gender and governance issues in local government in Bangladesh, Nepal, and Pakistan. This paper has drawn a conclusion trough stating that local government will be more transparent and more effective if elected women representatives link the needs of their constituents with the resources of government and other public sector organizations. Nazneen and Tasneem (2010) have showed that wider voice and social legitimacy in representing specific types of women's issues have been achieved through proper women's participation in local arena. At the same time they focus on the male dominated attributes of GOB and politics which has been hindering the progress of women's participation in local level. Lastly but not the least contributor of fostering women's participation in urban local governance in Bangladesh is Zaman (2012) who shows some factors behind the pale participation of women in the political arena. Those factors are that stereotypical assumptions about the role of man and woman. One more important issue has been identified that such discrimination is more or less resulted due to lack of sensitivity among female leaders not for the religious perspective in the political arena.

Asaduzzaman (1985), Datta (1985), and Reza (1985) are the prominent writers who work on mainly on local financing in context of Bangladesh. Asaduzzaman (1985) in his writing emphasizes the co-relation between local level grants and local government finance. Local fiscal system, fiscal instrumentalities, and improvements in fiscal performance are key issues of Datta (1985) writings. Reza (1985) identified reasonable ways of mobilizing natural human and financial resources at the local levels in Bangladesh. “The main problem, therefore, is to devise and implement the most efficient and equitable methods of mobilizing the local resources and to ensure their most efficient use. (Reza, 1985). Finally, there are grounds for doubting if the various available measures can automatically ensure attainment of the various objectives which should normally be set in local-level plans².

2.3 Review of General and Theoretical Literature on Local Government

Khan (2001) in his writing explains in details various types’ decentralization styles which have been practice in Bangladesh since initiation. He explains pragmatically different decentralization frameworks and related issues on which the success of local institutions depends. But have not been adequately addressed and that some significant issues like local resource mobilization, greater autonomy of the local state, proper representation of local populace in decentralized institutions are not get due attention.

1. Musleh Uddin Ahmed, “Local Government Fiscal Reform in South Asia: Some Lessons from Bangladesh”, in the *Dhaka University Journal of Business Studies*, Dhaka, Vol. XVIII, No. 1, June, 1997, pp. 169-188.

Rahman, Kabir and Razzaque (2005) prepared a report for the World Bank; they work on the nature of civic involvement in sub-national budgeting structure in Bangladesh. They concluded (p. 19):

“The budget-making process in Bangladesh is still very bureaucratic and non-transparent. As yet the role of the elected representatives is very limited in prioritizing the development projects/programmes. As such the budgeting tends to be incremental, often heavily pulled by political and other kinds of lobbyists. The local level budgeting is even more non-democratic. It is fully dependent on the whims of central budget-makers. The resource generated from within the jurisdiction of local government is also very limited.”

However, they also stress that there are many positive indications that people would come forward to participate in the fight against poverty and that participatory budgeting (both at the national and local levels) could indeed emerge as a strategic tool for enhancing civic participation in pursuing a pro-poor development agenda.

Khan (2008) provides a detailed analysis of legal and practical constraints for the functioning of local government in Bangladesh, which also covers a variety of local finance issues. Of tremendous value is Khan’s sixth annex, which summarizes the typical income, budget and funding of a typical Union Parishad. Khan stresses that even though Union Parishad officials are elected by the people, the typical practice of the representatives is to share zero information with the people about a Union

Parishad's activities and procedures. Khan (2008) writes that "there is a common belief that the activities of a Union Parishad are the sole jurisdiction of the elected representatives. The people have nothing to do in this regard."

Ullah and Soparth (2010) undertook a case study of three Union Parishads in Bangladesh to examine the financial resource mobilization performance of rural local government. They conclude that the local resources mobilization performance of Union Parishads do not lie in lack of commitment, but rather a pragmatic fiscal devolution policy of central authority to induce Union Parishads in strengthening revenue efforts. They also conclude that there exist untapped revenue that can be exploited with extended efforts and incentive mechanism. There should be greater efforts both from central and local government in prioritizing internal resource mobilization by identifying local potential sources, motivating local people and creating a stake of local ownership on development projects including administrative and regulatory supports. Finally, Ullah and Soparth (2010) suggest that Union Parishad functionaries "should strive towards improving internally generated revenue from existing sources and sought for new sources for capitalization and instill transparency and accountability in their management structure. This can be effectively carried out through community participation in their various activities. They also need to carry people along in the execution of the projects which will encourage administrative openness and accountability including taxpayers' compliance and sacrifice."

Following up on their 2010 article, Ullah and Soparth (2011) state that even though findings show that open budget discussion, discretionary and performance grants have positive impact on local revenue collection, there are question about the sustainability of the revenue augmentation due to the disparity of de-concentrated allocations system and feeble local democratic governance. They recommend making adjustments in local revenue shares, increase discretionary grants, and validation of local participatory governance.

Jorge Martinez-Vazquez, Professor and Director of the International Center for Public Policy Georgia State University, Atlanta, Georgia, United States, stated in his article titled “Mobilizing Financial Resources for Public Service Delivery and Urban Development” stated that the arena of local governments around the world in expanding day by day in term of basic public services delivery and in promotion of business development through the provision of public infrastructure. But local bodies have to face manifold challenges in the global arena including financial crises, environmental and natural resource crises, growing urbanization, and growing backlogs of infrastructure demands. Despite having all these drawbacks local government structure is developing in true sense.

In most of developing country they must have capacity to impose tax at the same time earns non-tax revenues from user charges and fees to perform their assigned job. Financially solvency is prerequisite for good governance in local level service delivery. The core intention of this paper is to offer a concise review on all conventional and new sources of local

government financing framework which can be further used as a guild line for field practitioners in case of scheming and implementing local government development program.

The entire of the paper is organized in an exceedingly systematic manner. Within the 1st section we have a tendency to review the principle and importance of developing owns revenue sources, likewise because the best-suited sources of tax revenues for cities in developing countries. we have a tendency to conjointly look into the potential necessary role of charges and costs in turning into a lot of meaningful a part of town budgets in developing countries. Within the second section, we have a tendency to review the foremost fascinating properties of intergovernmental transfers to facilitate revenue autonomy and monetary adequacy of cities. Within the third section we have a tendency to describe a number of the various mechanisms offered for cities to access non-public sector capital and different external sources of finance to implement their urban development and infrastructure plans. Within the fourth section we provide an outline and conclusions (Rahman, 1999).

T REVEN Paul Smoke, Professor of Public Finance and Plannin Wagner Graduate School of Public Service, New York University, New York, USA, stated in their article titled “POLITICAL ECONOMY CHALLENGES AND OPPORTUNITIES” that, Public sector decentralization – administrative, fiscal and political – has proven to be a challenging reform in many developing countries during the more than three decades it has been popular and widespread. Fiscal decentralization has been particularly disappointing considering how much consensus there

has been on specific reform advice, with weak own source revenue generation being among the most problematic of fiscal concerns. Available empirical literature strongly indicates that subnational revenue generation, more often than not, falls short of needs and expectations (Chowdhury, 2005).

This may appear rather stunning. there's a well-developed set of public finance (fiscal federalism) principles for selecting and planning native revenues, and it's usually used because the anchor for business reform. However even wherever suggested principles are (or appear to possess been) followed, performance is sometimes mediocre or worse. This paper argues that this example persists each as a result of thought principles don't adequately take into account bound key factors that influence revenue generation and since the principles are improperly used. Underlying each of those issues could be a set of advanced economic science issues that seldom receive decent attention.

This paper focuses on neglected social science challenges to authority's revenue generation and their implications for following a lot of productive reforms. The relevant challenges square measure numerous, starting from the incentives and behaviors of national level politicians and bureaucrats, UN agency form the principles of the intergovernmental business game and the way they're enforced, to the native-level social science dynamics among elective local councilors, authorities employees and voters. These numerous interactions play go into a broader context that conjointly contributes to shaping choices for effective native revenue reform and decentralization generally. Meager understanding of – and a spotlight to –

these dynamics, will undermine reform style and implementation. Some freelance remedial actions will be taken by urban governments; however others need national-level action or support. Even within the former case, native officers should be aware of the interdependencies of the weather of the business system; following a progressive, revenue-specific reform while not attention to alternative relevant factors is much from sure to lead to improved native revenue performance.

The next section provides a summary of the broader context of financial decentralization in developing countries. Four ulterior sections severally specialize in key economic science dynamics: the national domain, the national body arena, the native level, and also the behavior of international development agencies (in aid dependent countries), all of which regularly constrain native revenue generation. This can be followed by a vicinity disputation that higher appreciation of those factors might support crafting and corporal punishment viable reforms. The closing section provides outline comments on a way to higher incorporate economic science thinking into native revenue analysis

Enid Slack, Professor and Director of the Institute on Municipal Finance and Governance University of Toronto, Canada, stated In his article titled “INNOVATIVE GOVERNANCE APPROACHES IN METROPOLITAN AREAS OF DEVELOPING COUNTRIES” that, The urban population, which is now about 50 per cent of the world’s population, is estimated to rise to 67 per cent in 2050 (United Nations, 2012). The number of mega-cities (those with more than 10 million people) is also on the rise. Whereas in 1970, there were only two mega-cities (New York and Tokyo), in 2011

there were 23 mega-cities, and their number is projected to increase to 37 by 2025. Most of these mega-cities will be in less developed regions. By 2025, the number of large cities (those with a population between 5 and 10 million) will reach 59 and the majority of these cities will also be in developing countries.

Although fast urbanization has created economic opportunities for several cities, it's conjointly resulted in serious challenges for municipal governments: accumulated air and pollution, transportation snarl-up, deteriorating infrastructure, accumulated violence and crime, rising financial condition and concrete slums, and widening financial gain disparities. native governments face pressure from residents to expand and maintain laborious services like water, sewers, transit, and roads, similarly as soft services like social services, education, and health. Demands also are returning from businesses to enhance transportation and information technology infrastructure to assist them vie internationally. Businesses also are searching for services which will attract the information employees – services that enhance the standard of life within the town like parks, recreation, and cultural facilities. Raising the amount of service delivery is usually an issue of resources; however it's conjointly an issue of governance. the number and quality of native public services and also the potency with that they're delivered during a metropolitan space rely, to a substantial extent, on however its governance establishments (especially its formal governmental structures however conjointly civil society), business associations, and non-profit organizations – operate. Governance determines however with efficiency prices area unit shared throughout the metropolitan space, however service delivery is coordinated across

authorities boundaries, however effectively native residents and businesses will access governments and influence their choices, however responsible native governments area unit to their voters, and the way responsive they're to their demands.

This paper identifies a variety of governance mechanisms to support the economical and equitable provision of public services in metropolitan areas in developing countries. The primary half sets out variety of ordinary criteria for evaluating totally different governance models. Mistreatment these criteria, the second half describes and evaluates varied models in each developed and developing countries, with a selected stress on innovative approaches in metropolitan areas in developing countries. The third half offers some final observations on metropolitan governance in developing countries. It concludes that, although we will purpose to some innovative governance mechanisms round the world, there's nobody model that stands out higher than the remainder and might be applied all over. The national and native context is important to understanding wherever totally different models and mechanisms are prospering. still, most countries would get pleasure from some style of regional structure for his or her metropolitan areas that addresses regional problems and, at an equivalent time, responds to native considerations.

It is worth noting at the outset how little information there is on the governance (and finance) of individual metropolitan areas in developed or less developed countries. The choice of case studies in this paper reflects the information available on individual metropolitan areas and is in no way meant to be a comprehensive look at innovative mechanisms around the

world. Since arguably, the governance of metropolitan areas affects the lives of people more directly than much of what other levels of governments do, there is a need for much more serious data collection and analysis of local governance and finance issues.

2.4 Review of Empirical Literature on Local Government

William F. Fox 83, Professor and Director of the Center for Business and Economic Research University of Tennessee, Knoxville, Tennessee, USA stated In his article titled “STRUCTURING SERVICE DELIVERY” that, Access to a range of services, including water, sewer, education, fire protection, transportation, and others, is key to a high quality of life and a productive economic environment. These services are often delivered poorly in developing countries and access to them varies widely since they are normally localized in both consumption and delivery. Inadequate delivery is particularly a problem at the periphery of large cities and in small urban areas, which lowers consumer satisfaction and weakens production. Lost output not only has implications for the local area but in aggregate can also harm the broader macro economy.

Poor service delivery can even lead individuals and businesses to relocate to where services are a lot of plentiful, thereby congesting services and activity within the core of railroad line areas. This paper examines service delivery issues in peri-urban areas and smaller urban places. These groupings, however, contain Associate in nursing staggeringly various set of places, that the discussion of problems, issues and doable solutions won't match all areas, and desire to be solid loosely. a number of the

places is also densely inhabited where as others have modest population concentrations. In some the service delivery conditions are often tough attributable to culture and crime. Demand for services is also low in some areas, either as a result of the residents has low financial gain, or movement to those areas was attributable to low demands. Totally different demographic teams and components of a rustic might have varied demands for public services attributable to reasons like various incomes, ability to substitute alternatives, and conditions. Thus, service levels will expeditiously vary across cities for instance, prime quality electrical services is also a lot of necessary in business districts than in neighborhoods.

Inadequate access to services can arise because of problems on either the delivery side or the financing side and the limitations discussed here may not always be unique to peri-urban and smaller urban areas. For example, various actors with different goals and motivations make decisions on the levels and distribution of public services. The participants in these decisions are not altruistic and will often act in their own self-interest. As a result, the political process is unlikely to yield an efficient set of service delivery decisions, because of principal–agent problems, information asymmetries, and so forth. Indeed, they may seek to thwart efficient service delivery to maintain rents that exist in the status quo. In other cases, political decisions may be made that result in uneven services across cities or demographic groups, while acceptable service levels are available in other parts of the city.

On the opposite hand, service delivery may probably be obstructed by high service provision prices, a minimum of relative to the core of larger cities. Simply, the concern is that the governments square measure too tiny to permit low price service delivery. The culture and structure surroundings for service delivery could also be poor, significantly at the boundary. Further, revenues could also be inaccessible to finance services owing to weak native tax systems. Distinguishing the causes for inadequate services is important if the issues square measure to be mounted and higher services provided. Care should be taken in presuming that low (or different) service levels in one town relative to some others or relative to external standards is essentially proof that services square measure inadequate or that there square measure underlying delivery issues. Demand for services could vary across a rustic (or counties) and these demand-determined variations may possibly signal economical instead of inefficient resource allocation. External standards square measure developed inconsiderately of the chance price of resources among a specific town or country, the' effective demand considers these chance prices. Poor resource mobilization, as an example, could mean that the chance price of resources within the public sector is extremely high and may alter decisions for public services. Further, outwardly driven demand for services, like will occur once international organizations supply low price or free infrastructure, probably leads to would like for a lot of operations and maintenance expenditures and inefficient resource use unless the infrastructure is according to native demands.

Well intentioned donor finance can result in too high service levels in some places relative to the decisions that local users would make as they

evaluate the various tradeoffs in resource uses. Domestic demand evaluates the use of resources for private consumption with each of the alternative uses in the public sector. Even when cities operate effectively and revenues are mobilized appropriately, cities should not be expected to sustain service delivery capacity provided by donor inputs that are inconsistent with local demands. Of course, international organizations may have a role in educating local populations and leaders on the importance of expanding service levels, if local demands are based on poor information.

The remainder of this paper is split into eight sections when this introduction. the primary section provides a short discussion of town government size variation round the world. The second section in brief examines issues with native resource mobilization and also the inability to supply applicable levels of services due to a poor revenue structure. Section 3 addresses determinants of associate economical government size. Section four evaluates economies of size for government services. Section 5 considers alternative factors that facilitate determines economical town size. Section six focuses on consolidation. Section seven identifies a series of different suggests that of achieving economical service delivery. Finally, section eight discusses some issues related to these different mechanisms.

A great quantity of vital data was found regarding the evolution of the regime in Bangladesh and regarding the changes created to those establishments within the past in regard to its structure, functions and

duties. The difficulty of inadequate finance and personnel within the UP were mentioned and suggestion for improvement was created as the assets of the native bodies must be sufficiently enlarged. The native bodies, in their flip, ought to build the simplest use of the assets at intervals their competency.

The management of native bodies ought to be created additional economical by recruiting qualified persons and organizing skill-oriented coaching for the present staff. The terms and conditions of the services ought to even be created engaging. a number of the tax things, yielding substantial revenue, is also transferred from the central government to the native bodies. Distribution with the central government is also an efficient method of skyrocketing the financial gain of the native bodies. The speed of taxes on non-income based mostly things ought to be exaggerated in proportion to the speed of inflation. Within the case of property based mostly taxes, the valuation of property ought to be revised in proportion to the speed of inflation. Therefore the same rate of tax ought to be ready to yield additional revenue (Siddiqui, Kamal, 2005).

Due to various shortcomings the most important tier of government, local self-government is not performing its assigned job effectively. Lack of adequate financial support is the major shortcoming of local government. Grants from central government are the prime income source of local government although it can levy tax to raise its own fund. It can't raise adequate money to run its activities properly. It has to depend on central fund which is not always regular (Rahman, Maksadur, 1995)

The various interpretations given to “Decentralization” over the past three decades are by now fairly well-known to scholars and practitioners to public administration. One of the main issues in considering decentralization is the possibility, indeed the probability that local institutions will be controlled and exploited by more advanced sections of the rural community. The subject of “resource mobilization” and “resources management “should be addressed concurrently, because the willingness of rural people to contribute resources-their money and labor, but also ideas and managerial skill-crucially depends on how well those resources are utilized. It will do little good to start resource flows that cannot be sustained because people have no confidence that the resources will be used productively and honestly. In this book they also mentioned-local resource mobilization prospects critically depend on two factors one is building supportive institution and another is relating fiscal transfers to performance. Local authorities claim that they lack sufficient taxing power, which is the reason why they could generate only so many revenues. This analysis based on the broad issues relating to the problems and prospects of resource mobilization from theoretical point of view and then examines the same in the context of Bangladesh. But it is not very clear how the source of any fiscal reform at the local level depends on changes in local level institutions simply by making them more responsive to the needs of the poor (Hye, Hasnat Abdul, 1985).

In Bangladesh some suggestions are required for rural local resource mobilization to enhance the flow of money. The main constraint behind the slow development in local level is inefficiency in domestic resource mobilization

The ratio of total taxes to gross domestic product is probably lowest in Bangladesh compare to any other developed countries. Over the past decades local government in recent years generated about 70 percent of their rather modest expenditures through local taxes and non-tax receipts, with the remainder coming from central government grants. In chapter two, it is found a brief backgrounds sketch of local resource mobilization, focusing on its relationship to decentralization in Bangladesh. An overview of past experience with raising government revenue from the rural areas includes a discussion of the possible sources of income from the countryside for both the central and local government. There is very little interest in tax collection at either local or central level, even if they were interested to mobilize more resources for development purposes, there is no real structure or mechanism through which it can spend such revenue (Blair, Harry W, 1989).

GoB has introduced a comprehensive Union Parishad Training Manual for the proper operation of Union Parishad which contains rules and regulations required the Manual is designed to emphasize on down top method and local level participation in policy making . Union Parishad is the key unit which perform major role in the growth of local level.

In this context, importance has been given in local level participatory and local resource mobilization. The source of imposing tax of Union Parishad is determined by the central Government. The central Government bears the salary of up officials and honorarium of up members. In most cases for

financial support they have to dependent on central Government (NILG), 2003).

Assessment of Union Parishads Fund Flows to map out of the current fund-flow system reaching UPs through various channels of Government and other projects and programmes. The assignment is expected to provide context and input into the design of the UP and UPZ fiscal grants under LGSP/LIC successor programs. The specific objectives of the Fund flow study are to provide a comprehensive overview understanding of the various types of transfers to UPs and get a better understanding of the various aspects of UP grants and financing i.e., types and levels of available (financial) resources, nature of the funds received, level(s) of fiscal autonomy of UPs, funds flow mechanisms (including allocation mechanisms, formula, time lines, requirements, etc) and interplay between the various funding streams. The study was conducted by Gerhard van 't Land (task leader for this assignment) and Prof Musleh Uddin Ahmed, while Prof Mobasser Monem (team member on the other studies) and Jesper Steffensen (overall coordinator of the four studies) provided useful inputs³.

³MuslehUddin Ahmed, "Local Government Fiscal Reform in Bangladesh: Some Issues and Problems", *Nagarlok- Journal of the Indian Institute of Public Administration, New Delhi*, Vol. XX, No. 1, January-March, 1998. pp. 17-23.

2.5 Concluding Remarks

The proper form of decentralization is considered as the best method and widely accepted idea to promote people's participation in local government as well as development. Local government is perhaps the most effective institution which ensures wide coverage of people's participation in organizational framework. In context of Bangladesh the culture of using financial decentralization as a means of gaining their political interest in Union Parishad. Lack of political commitment is another important factor to make local government is an ineffective working unit. Due to that mismanagement in local arenas local government bodies have not yet emerged as self-directed and powerful working units. Different reform initiatives have been taken by the successive governments in development of local government which couldn't result a good feedback yet.

Chapter Three
Methodology of the Study

3.1 Introduction

This chapter details out the research methodology for the present study. It explains the research objectives and a suitable methodology to achieve those objectives. The core objective of this study is to review and examine the financial aspects and its problems in the local government especially in Union Parishads in Bangladesh. This involves an exploratory type of Qualitative study. This chapter presents an overview of the methods to use in the study. Areas covered research methods, population, sampling and sampling techniques, data collection and analysis.

3.2 Research Approach

The study is intended to analyze the financial aspects and its problems in the local government in Bangladesh. Based on the understanding of the study, its contexts, results and the objectives of the study, it is understood that this study needs to deploy a mixed method research approach using both quantitative and qualitative research techniques to achieve the specific objectives of the mission.

Mixed methods research is a methodology for conducting a research that involves collecting, analyzing and integrating quantitative and qualitative research. This kind of research methods is used when this integration provides a better understanding of the research problem than either of each qualitative and quantitative method alone. The quantitative survey used structured questionnaires and the qualitative part of the study used checklists/guidelines among a representative sample for the study.

By the combination of both quantitative and qualitative research, the researcher achieves in breadth and depth of understanding and corroboration, while offsetting the limitations inherent to applying each approach by itself. One of the most convenient characteristics of using mixed methods in research is the advantage of triangulation, i.e., the use of several means (methods, data sources, and researchers to examine the same phenomenon).

3.3 Methods of Data Collection

3.3.1 Qualitative Methods

Qualitative research is a descriptive type of research which is designed to expose a target audience's range of behavior and the perceptions that impel it with reference to particular issues. In order to direct and support the formulation of hypotheses, it uses in-depth studies of a small group of people. Qualitative research focuses on how people can have different ways of looking at reality and especially at social and psychological reality (Hancock et al, 2009).

Qualitative research is a type of methodical investigation what ask for an answer to a question, uses a predefined set of measures to answer the questions, collects evidence, and produces findings that were not determined in advance but applicable beyond the immediate margins of the study. In other words, qualitative research is especially effective in achieving specific information about the values, opinions, behaviors and social contexts of particular populations.

Qualitative research is utilized to investigate human behaviors, where specific methods are used to examine how individuals see and experience the world. This research seeks to provide an understanding of human experiences, perceptions, motivations, intentions, and behaviors based on description and observation and utilizing a naturalistic interpretative approach to a subject and its contextual setting. Denzin and Lincoln (2000) described that qualitative research approach emphasizes on the qualities of entities, processes and meanings that are not examined experimentally or measured in terms of quantity, amount, intensity or frequency. Berg (2007) defined qualitative research as the meanings, concepts, definitions, features, metaphors, symbols and description of things.

It covers a big range of approaches which are related to different beliefs about the social world and how to find out about it. Definitions may vary; but the purpose of qualitative research is normally directed at providing an in-depth and interpreted understanding of the social world, by knowing people's social and material environments, their experiences, perspectives and histories.

In this study qualitative research method has been applied because it is valuable in providing deep and rich descriptions of complex aspects; tracking unique or unexpected events; revealing the experience and explanation of events by actors with widely differing parts and roles; giving voice to those whose views are rarely heard; conducting primary explorations to develop theories and to create and even test hypotheses; and moving toward justifications. Qualitative and quantitative methods can be complementary, used in sequence. The best qualitative research is

systematic and rigorous, and it seeks to minimize bias and error and to identify evidence that disconfirms initial or emergent hypotheses.

3.3.1.1-Population

Research about ‘Local Government Finance in Bangladesh’ is a critical process and it is difficult to go to everybody to collect the information. So the targeted population for the study thus includes the following types of respondents -

- Chirman of Union Parishad
- Members of Union Parishad
- Citizens
- Local Politicians
- Local Government specialists
- Academicians

3.3.1.2-Sampling

Purposive sampling method has been used to conduct this research. Purposive sampling is a representative sampling technique which embodies a group of diverse non-probability sampling methods. It is identified as judgmental, selective or subjective sampling; it relies on the judgments of the researcher when it comes to choosing the units that are to be studied. Typically, this method is seriously followed a small sample may even highly representative (Aminuzzaman M, 2016) and the sample being examined may quite small, particularly when compared with probability sampling techniques. This Study is Based on two Union Parishad of Dinajpur District. The Union Parishads are the Following-

Table 3.1: The Sample of two Unions

SL. No.	District	Upazilla	UP
1	Dinajpur	Fulbari	Kazihal Union Parishad
2	Dinajpur	Fulbari	Shibnagar Union Parishad

3.3.1.3-Data Collection

Interview Method

To collect people’s opinion more elaborately Interview Method has been followed. Some peoples of various groups engaged in local government, Union Parishad, Civil Administration, Politics, Social work and media have been selected; and they have been asked orally to identify their attitudes towards financial aspects and its problems in the Union Parishad.

As this study requires looking for people’s perspective, a close-ended survey questionnaire was not enough to figure out the actual factors. The in-depth personal interview gave the respondents freedom to share their opinion and judgments. This method helps the researcher to collect information from the greater depth. This approach helped the participants understand what the researcher has been asking for them.

Observation Method

Observation means examining or scrutinizing something with definite purpose. It consists of collecting the facts which are in the direct knowledge of research. Observation Method is basic to all research, in particular where there are no records, oral or written documents. In my

research, besides the interview and survey method, an observation method has been used.

Observation Method helps to assess the actual and natural attitude of the man in society. Observation Method is suitable in the case where descriptive information is unavailable. And it is also appropriate where respondents are unwilling to share any information.

Focus Group Discussion (FGD)

A Focus Group Discussion (FGD) is a group discussion of approximately 10-15 persons guided by a facilitator, during which group members discuss spontaneously a certain topic or program. It is a qualitative method. Purpose of such FGD is to obtain in-depth information regarding concepts, perceptions and ideas of a group. An FGD aims to be more than a question-answer interaction. The idea is that group members discuss the topic among themselves, with the guidance of the facilitator. This concept of FGD has been followed in this study. This focus group discussion is suited to the fulfillment of objectives of the present study. In this study, the main purpose of the FGD was to investigate the challenges of financial management of Union Parishad.

3.3.2 Quantitative Methods

Quantitative methods give emphasis to the objective measurements and the statistical, mathematical, or numerical analysis of data collected through polls, questionnaires, and surveys, or by manipulating pre-existing statistical data using computational techniques. It focuses on gathering

numerical data and generalizing it across groups of people or to explain a particular phenomenon.

3.3.2.1-Population

Here representative selection has been made. The relevant and representative sample has been selected as far as possible and made a proportional representation. Total 100 respondents have been selected proportionally from five specific groups. It is mentionable that representation from female respondents has been ensured.

3.3.2.2-Sampling

A mixture of random and purposive sampling method has been used to conduct this research. It is mentionable that representation from female respondents has been ensured.

Table 3.2: Sample Size

SL	Sample Unit	No. of respondents
01	UP Chairman	02
02	UP Member	20
03	Community people	50
04	Local Politician	10
05	Local government specialist	8
06	Government Officer	10
06	Total	100

3.3.2.3-Data Collection

Survey

The survey is one of the best methods of collecting original and primary data. A structured questionnaire with both closed and open-ended question has been made so that people can respond easily. While using this method I directly observed every single respondent of my survey.

This method helps to analyze and collect reliable, quantitative and primary data. It also provides opportunities to directly contact with the people from whom the information is collected. Thus it helps to become capable of understanding the attitude and orientation of the research population.

Survey Questionnaire

A questionnaire has been prepared in order to organize the survey. In this questionnaire questions were asked on the diverse aspects of financial management of Union Parishad in Bangladesh.

3.3.3 Secondary Data Collection

Secondary data is an important source of information and can provide valuable knowledge and insight into a broad range of issues. There are some benefits of secondary data collection versus primary data collection. Secondary data collection accesses existing information, which is less time-consuming. A secondary data review may also garner a comprehensive database and provide the necessary information to understand the context of the study. For this study secondary data and information have been collected from the following sources-

- Existing research literature
- Research Journals, Magazines and periodicals
- Books
- Government reports (name some)
- Newspapers
- Published works of research institutions and Universities etc.
(CPD, NILG, Enterprise Institute, BRAC, Governance Research Unit)

3.4 Data Analysis

The data analysis plan has been carried out using the SPSS and statistical software package. This study also follows an interpretive-qualitative approach in analyzing both primary and secondary data to highlight the politico-sociological understanding of financial management of Union Parishad. The aim of analyzing qualitative primary data is to look for in-depth meanings and interpretations of the relationship between the factors of research. By the nature of the tools used in this study, data would include direct quotations, written field notes, transcription of KIIs, researcher's explanation, and summaries of secondary literature, abstracts, and judgments.

3.5 Limitations of the Study

I may have to face following limitations during the time of conducting this research. Limited research area

- Time constraints
- Budget constraints
- Respondents are reluctant to participate
- Insufficient source of secondary data.

3.5 Research Ethics

During data collection, the objective and purpose of the study have been explained to the respondents. The respondents have been informed that their identity will be anonymous in the report and the information will be used only for the academic purpose. It has been clearly described that they have no financial benefit for providing information, their participation is voluntary and that they have not been penalized in any way if they choose not to participate. Before starting the collection of data, their consent has been ensured. The data collection has not affected any human subjects adversely. Thus, protection and safety of respondents and the researchers have been considered paramount.

3.6 Concluding Remarks

This chapter expressed the research methodology. The intention of a research design is to make the best use of suitable answers to a research question. This has been achieved by using a mixed method of qualitative, exploratory-descriptive approach and quantitative method. The researcher was main data collection instrument. Data was collected by means of interviewing, organizing a survey and focus group discussion. The researcher made sense of data by using a descriptive method to analyze it and also it has been ensured that the data was trustworthy. The richness of collected data is proved by the quality of respondents and their experience as well as relatedness with the field of study. It is the matter of regrets that in many cases the respondents were spontaneous in discussion which helped in exploring the research questions.

Chapter Four

Local Government in Bangladesh

4.1 Introduction

The term Local Government is a very prominent actor in the arena of power politics. In context of developing countries the importance of Local Government is inevitable. The concept of Local Government is very ancient in Bangladesh but traditionally Bangladesh is centralized country. Several initiatives has been taken to reduce the central dependency of local government in Bangladesh to make local government institutions (LGI) more effective and efficient.

4.2 Understanding Local Government

Generally there is confusion in understanding of two separate concept of 'Local government' and 'local extension of the central government'. The concept of Local government was often mistakenly considered as an inconsequential slice of the central government. Practically the concept of Local government is itself an entity. With the growth of industrialization However, the confusion has been reduced. And more studies are conducting in order to evade perplexity about understanding the concept of local government.

Theoretically the framework of "local politics" is much wider than that of 'local government', because local politics covers people, power, policy political parties, factionalism, political competition, etc. On the other hand local government is a structure which contains both the locally elected bodies and local administration to conduct assigned activities. Mostly in South Asian countries local government is widely known as local self-government (Siddique, 1994; Panday, 2005). The UN (1962) defines local self-

government as an elected or locally selected political sub-division of a nation or state which is constituted by law, and has extensive control over local dealings. It is also empowered to impose taxes, or to exact labor for prescribed purposes. The Union Parishad is considered as most efficient working unit of the LGIs in Bangladesh because it represents people's participation and has certain level of control over the local affairs. . Locally elected people's representatives manage the local affairs and interest through imposing taxes.

4.3 Concept of Decentralization

Decentralization can be coined as the convey of authority and liability to local bodies and subordinate or quasi-independent government organizations, or to the private sector to serve the people more efficiently. More precisely decentralization is the sharing of political and administrative authority and power of decision making and executing to lower levels in a hierarchy (Crook & Manor, 1998; Agrawal & Ribot, 1999). Decentralization is basically defined as covering an extensive form of reassignment of "locus of decision making" from fundamental governments to regional, municipal or local governments (Sayer et al., 2005). Rondinelli (1981) defines the term as the transfer of liability and power for scheduling, supervising, and fund raising for policy making and implementing to field administration of central government , subsidiary units of government, semi-autonomous public powers that be or corporations, and provincial or serviceable establishment. On the other hand, Khan (2002) defines decentralization as an administrative renovation of power and authority to the local level establishment to ensure proper services delivery.

4.4 Forms of Decentralization

The form of decentralization differs country to country in term of nature coverage and authority. These diversions can be political, administrative, fiscal, and market decentralization. According to Rondinelli (1981), administrative decentralization takes four different forms such as de-concentration, delegation, devolution, and deregulation that are discussed below.

4.4.1 De-concentration

The De-concentration is mostly found in unitary state which is designed as to redistribute decision making authority and financial and management responsibilities among different tiers of the central government. It mainly transfers responsibilities to the officials working at field level from the officials working at central level. In De-concentration strong field administration is formed which has to be obliged to the supervision of central government ministries. Such provision makes the form of decentralization less effective.

4.4.2 Delegation

The more extensive form of decentralization is delegation which refers transfer of responsibility for decision-making and administration of public functions to semi-autonomous organizations. And those semi-autonomous organizations would be under the supervision of central government, but not wholly controlled by central government. Though delegation Governments create public enterprises or corporations, housing authorities, transportation authorities, special service districts, semi-autonomous school districts,

regional development corporations, or special project implementation units and delegate responsibilities to ensure proper service delivery . In this form of decentralization empowered working units are given a great deal of discretionary decision-making authority and financing.

4.4.3 Devolution

Devolution is an important form of administrative decentralization. When governments devolve functions, they transfer authority for decision-making, finance, and management to quasi-autonomous units of local government with corporate status. Devolution usually transfers responsibilities for services to municipalities that elect their own representatives, raise their own revenues, and have independent authority to make investment decisions. Devolution allows local governments have apparent and legally acknowledged geographical boundaries within which they implement their power and authority to perform public functions. It is considered as the most powerful form of administrative decentralization.

4.4.4 Privatization

Another form of decentralization is Privatization which denotes transferring an enterprise or industry from the public sector to the private sector.

4.5 Evolution of Local Government in Bangladesh

The evolution of the local government and local self-government system in Bangladesh is very ancient. The history shows that Indian sub-continent shares similar type of evolution in terms of legacy of the local government and local self-government system, Such as: administrative set up, rules and regulations, administrative culture, rural power structure etc. In ancient time there were the headman and *Panchayats* as operational unit in rural region where the headman, a selected body from the elite families of the village exercised authority over the local people. He was empowered with the power of imposing taxes and he was both the political or administrative figure.

In the earliest times the concept of Self-governing village was distinguished by economics of agriculture. According to the Rig Veda, the existence of village "*Sabahas*" (councils or assemblies) and "*gramins*" (senior person of the village) was so definite until about 600 BC. Executive and judicial functions were assigned with the *Panchayat* which was an elected body and under the supervision of the headman (Siddiqui, 1992). The prevailing self-governing village bodies named '*sabhas*' turns in to *panchayats* (council of five persons). *Panchayats* were well-designed working unit at the grassroots level at almost every village. In Mughal period the *Panchayat* system became ineffective and inefficient executive body in terms of operation and power. And that results in failure of the *Panchayat* system and disappearance.

4.5.1 Mughal Regime

A tremendous achievement had been gained in the development of rural and urban local government bodies. Extensive concentration had been given to the town's development. A number of wards or *Mohallas* make a town

where a Mir Mahalla was fixed to conduct the activities of a spokesman. Magisterial, police, fiscal and municipal power was practiced by the appointed personnel named *Kotwal*, or Chief Executive Officer, who generally exercised huge authority over the town. (Huge 1954). *Kotwal*, or Chief Executive Officer used to have two personnel like a *Kazi* as a judicial officer and a *Mahatasib*, appointed as to prevent illegal practices (Siddiqui, 1992).

4.5.2 Colonial Period

In the almost two hundred years of British rule (1757-1947), the local government system experienced an assortment of changes which was designed to set up a local government system for serving the interest of British imperial. In this purpose the British had passed the Village *Chowkidari* Act in 1870, to establish union *Panchayats* and to collect tax in in village level (Siddiqui, 1992).

In 1882 Lord Ripon's Resolution was enacted on the ground local self-government to form the groundwork of local self-government in rural arena. This resolution grounded general principles for the expansion of local bodies and a framework of activities of local bodies (Tinker, 1954). The Bengal Local Self-Government Act III was entitled with the Ripon resolution 1885. District Boards, the Local Boards and Union committees were the three tiers of local bodies were formed with that act to perform in local areas.

Union Committee was consisted a number of villages and responsible for the supervision of local ponds, schools and roads. *Chowkidari-Panchayats*

system was still with the management of the rural police (Rashiduzzaman, 1968).

A conventional administration was intended with the consequences of the 1886 general election which was under the supervision of Lord Salisbury. The President of the Local Government Board, Charles Ritchie initiated the Local Government (England and Wales) Bill which was promoted in the House of Commons on 19 March 1888.

4.5.3 Pakistan Period

Basic Democracy is the most remarkable attempts initiated in Pakistan after the independence which was designed by General Ayub Khan. The Basic Democracy system focused on both rural and urban areas designing four tiers in rural areas as Union Council, Thana Council, District council and Divisional Council (Siddiqui, 1994). And an Ordinance was promulgated to bring the Municipalities in the tier (Siddiqui, 1994).

4.5.4 Post Independence: Bangladesh Period

The local government system in Bangladesh had been reshuffled with the changes of regimes since independence. Every political government had taken a great number of steps to fiddle local government system but matter of irony is that most of which was designed to serve their own political interest. No productive changes have not yet initiated to make the local government efficient.

4.5.4.1 Mujib Regime (1971-1975)

During 1971 to 1975, the name of the Union Council was changed to Union *Panchayat*. In Union *Panchayat* an government official was appointed to supervise the dealings of the *Panchayat in the new born Bangladesh*.. the Thana Development Committee replaced the Thana Council .And Zila Board or District Board had taken the place of the District Council. In 1973, Union Parishad was formed by abolishing Union *Panchayat* (Panday and Panday, 2008).

4.5.4.2 Zia Regime (1976-1981)

The Local Government Ordinance, 1976 has initiated some remarkable changes in the structure of the local government system. This ordinance designed a tier system as a Union Parishad , a Thana Parishad and a Zila Parishad (Siddiqui, 1994). One elected Chairman and nine elected members two nominated women members and two peasant representative members. were in a Union Parishad. In Thana Parishad a Sub-Divisional Officer was the ex-officio Chairman, the Circle Officer and Chairman of Union Parishad were the members. Elected members, official members and women members whose numbers were resulted by the government were the members of Zila (District) Parishad. The duration of the office was five years. Unfortunately there were no elections and the Parishad was supervised by selected officials.

4.5.4.3 Ershad Regime (1982-1989)

Gen.Ershad introduced Swanirvar Gram Sarker (self-reliant village government) at the village level in 1980 with the amendment of the Local Government Ordinance which was abolished by a Martial Law Order in July 1982 (Panday and Panday, 2008). Local Government Ordinance in 1982

(Upazila Parishad and Upazila Administration Reorganization) had introduced prime changes in local government system in co-connection with the Local Government (Union Parishad) Ordinance in 1983, the Local Government (Zila Parishad) Act in 1988 and the three Hill Districts Acts and Palli Act in 1989.

The Upazila Parishad Ordinance (1982) was promulgated to foster realization of the decentralization program of the government. With this ordinance In the Upazila System (as it came to be known), the (directly) elected Chairman would have the principal authority in running the affairs of the Upazila, his tenure being five years. The Upazila Nirbahi Officer (UNO) would be subservient to the Chairman (Panday, Pranab and Panday, Pradip, 2008).

4.5.4.4 Khaleda Zia Regime (1991-1996) - 1st Term

The Bangladesh Nationalist Party (BNP) banned the Upazila system in 1991 after coming to command through a reasonable election with the intention of intensifying the political foundation in their community. As long as the elected Upazila chairman was present in an Upazila, the MPs found it difficult to establish their supremacy on the local administration (Panday, and Panday, 2008). During its five-year tenure, the government could not provide an alternative democratic form of local government.

4.5.4.5 Sheikh Hasina Regime (1996-2001) - 1st Term

In 1996, the Bangladesh Awami League structured a Local Government Commission after coming to power. Four-tier local government structure including Gram/Palli (Village) Parishad, Union Parishad, Thana/Upazila

Parishad and Zila (District) Parishad were suggested by the Local Government Commission (Siddiqui, 1995).

4.5.4.6 Khaleda Zia Regime (2001-2006)- 2nd Term

The Four Party Alliance led by the Bangladesh Nationalist Party (BNP) appeared into the power in 2001 and commenced changes in the local government structure (Panday and Pradip, 2008).

They passed a Bill passed on 26 February 2003 and hung on to the four-tier system in local government system and renamed Gram Parishad to Gram Sarker has been premeditated to act as integral parts of Union Parishad. Ward Commissioner was on supervision of Unions Parishad. In both the Parishad and Sarker System, the Ward territory is the official jurisdiction. However, the significant difference emerged as regards the composition of the body. While in the Gram Parishad there was combination of direct election and nomination, the Gram Sarker Bill clearly opted for nomination. Besides the Gram Sarker Prodhan (Chief), who is the Ward Commissioner, all the members of the 13-member body would be basically nominated.

In hill districts (Bandarban, Khagrachari and Rangamati) was designed as a combination of two corresponding subsystems: (1) a sub-system of three circle chiefs (Rajahs) and a large number of headmen (*Karbaris*) (one for each *Mauja* (or Revenue Village)), and (2) a sub-system hierarchically

divided as Regional Parishad (Council) (1 in number), Hill District Parishad (3), Upazila Parishad (25), Union Parishad (118) and Gram Parishad (1062). The system of local government in the Hill Districts is a complicated one and faces problems in administration. While the general rural-regional local governments and the urban local government are under the control of LGRD, the Ministry of Chittagong Hills-Affairs controls Hill District Councils. The Pourashava administration in the Hill Districts is mainly controlled by the Ministry of Local Government although certain aspects of such Pourashavas are under Hill administration.

Urban areas have a separate set of local governments. The Bangladesh Census Commission recognized 522 urban areas in 1991 (with a minimum population of about 5000 or more) but only about 269 of the larger urban areas among these have urban local governments. The six largest cities have City Corporation status, while the rest are known as Pourashavas or Municipalities (GOB, 2009).

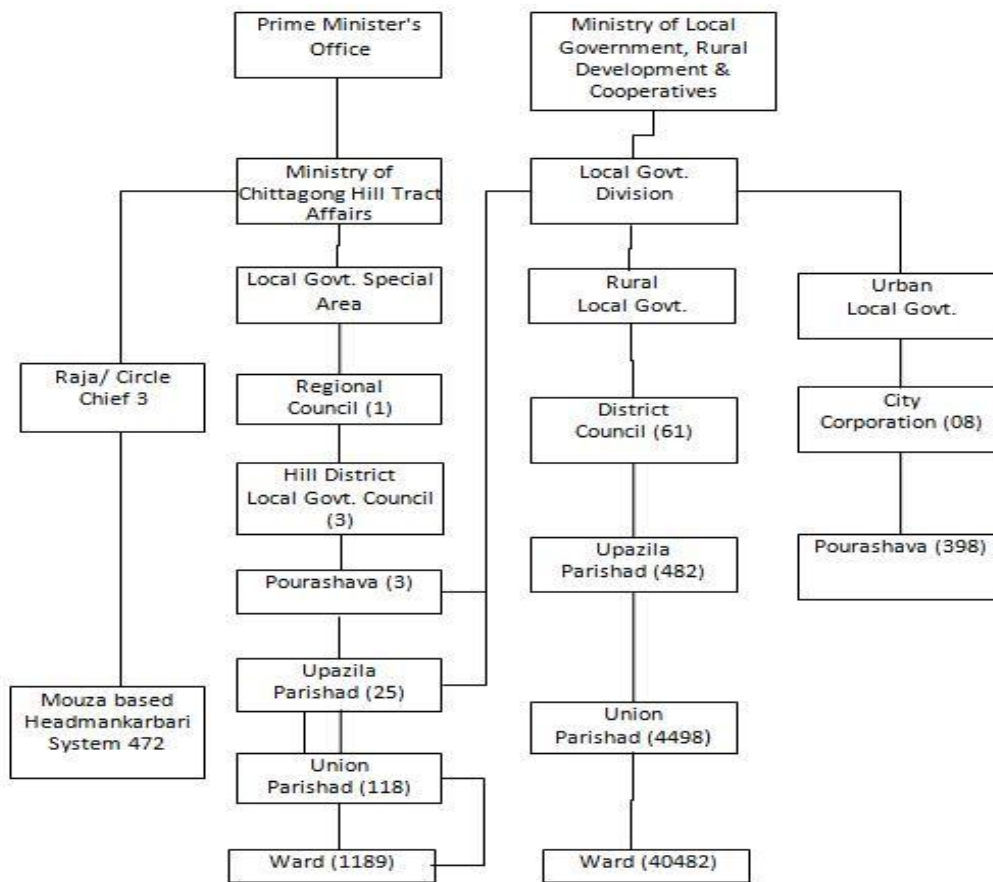
4.5.4.7 Caretaker Government Regime (2007-2008)

During this period, different attempts were taken to strengthen the local government institutions. The system of gram sarker was banned by the caretaker government of Dr. Fakruddin Ahmed after coming to power on 11 January, 2007 (Panday and Panday, 2008). In doing so, the government revived the Upazila Parishad with some minor changes in the Upazila Prishad Act. Free and fair elections were held in different areas to elect Upazila Chairman and Members. Moreover, some City Corporation elections were also held during his regime.

4.5.4.8 Sheikh Hasina Regime (2009-to date) -2nd Term

“Mahajot” led by Awami League emerged into the power politics and initiated some measures in order to fortify the rural and urban local government institutions. One significant points of this period was elections in different Pourashavas. But one significant privilege goes to the government due to its own measurement regarding the Upazila Parishad. The Parliament took some important messages to change the existing Upazila Parishad Act (such as representation of women as Vice-Chairman, Upazila Nirbahi Officer Acts as Secretary of the Upazila Parishad etc).

4.6 Existing Structure of Local Government in Bangladesh



Source: Quddus, M.A; Ahmed, T and Ali Yeasin (eds) (1995), Integrated Community Development in Chittagong Hill Tracts, Comilla: BARD.

As regards to composition of different LGIs, it is evident that the ZP exists in law and on paper without elected representatives. Thus, despite having revenue raising power ZP remained as merely government functionary. Newly constituted UZP consists of an elected chairman and two vice chairmen (one male and one female), all elected chairmen of UPs and Mayor of the Pourashava as members while UNO serving as the 'Principal Executive Officer (MukhaNirbahi). In addition there is a provision of election of one third women members from the elected women members of UPs and Pourashavas. The UPs, Pourashavas and City Corporations are elected bodies composed of Chairperson/Mayor, one representation from each ward and women members/councilors/commissioners from reserved wards. The UP and Pourashavas and City Corporation Mayors are directly elected by popular vote of the entire constituency while the ward members/councilors/commissioners are elected by their respective constituencies. In addition, there are reserved seats for women in City Corporations and Municipalities.

4.7 Concluding Remarks

The efficacy of local government system in the present political arena is tremendous, strong and efficient local government bodies are essential element for establishing democracy and women participation at the national political context. It ensures good governance in service delivery. But in our country the standard of local government system is not satisfactory. And the coordination between local government and central government is not smooth enough to perform the job of service delivery properly. The major obstacles identified behind the inefficiency of local government system are inadequate

number of personnel, insufficient financial support, frequent changes in the structure of local government due to political regime change, low public participation and accountability, lack of political commitment, strong central government. The system of local government is not working efficiently to provide proper service to the public as assigned due to all these obstacles. It is high time to take required initiatives to foster local government system, and improve local central coordination. Then we can expect good governance in local level service delivery. And that will promote comprehensive good governance in our country.

Chapter Five
Management of Union Parishad

5.1 Introduction

Bangladesh has a long history of local government and the constitution provides for the creation of local government bodies at every administrative level. However, the only representative local government institution that has had a continuous existence, since the 1880s, is Union Parishad. This chapter presented the structure, role and functions of Union Parishad.

5.2 Present Structure of Union Parishad

Union Parishads have had a continuous existence since the 1880s, though its functions and constitution have changed over time, and it is currently the only elected, statutory government body. The local Government (Union Parishads) Ordinance of 1983 and its subsequent amendments provide the legislative framework for UPs which are further regulated and controlled by Orders and Circulars issued by the Government.

According to Union Parishad (Amendment) Act, 1993, Every Union is divided into nine wards. Each Union Parishad comprises of-

- A Chairman, who is directly elected from the whole Union.
- Nine members, each of them directly elected from each of the nine
- Wards in the Union - previously there were three members from larger three wards instead of nine wards.
- Three women members, they are directly elected by voters, per group of three wards in the union - previously, three women members were nominated by Government to serve on the Union

Parishad.

Man Power: Each UP has a full time secretary - equivalent to third class government employee, a number of *Chawkidars* and a *Dafadar*. All appointed by de-concentrated authorities. None of the UP staff are directly recruited and employed by the UP.

5.3 Functions of Union Parishad

UPs are broadly responsible for economic, social and community development and have a list of 40 functions, not always well defined. These 40 functions covering such major areas as - Civic functions: Police functions; Revenue functions; Development functions and judicial functions.

Besides these formally assigned functions each UP performs some very important functions for the people live within the UP such as - Giving nationality certificate, Character certificate, Residence certificate and issuing license and permit; Salish work, and helping in the various census works.

All business and major decisions are transacted either through the general meetings of its committee. In addition to the above mentioned functions the UP is also charged with the planning function which is related to the respective UP. The Union Parishad generally performs the following additional functions also - Relief work, Clearance of loan, Referral work in connection with treatment at the Thana health complex.

According to Local Government Ordinance 1976, Union Parishad has undertaken civic functions as enumerated in Part - 1 of the first schedule; police and defense functions as specified in Part -2 of the first schedule; revenue and general administrative functions (such as assisting the preparation of records, revenue assessment, reporting offences to the police and cases of damages to other competent authorities, publishing all important matters in the union, development functions covering agricultural, industrial and community development in the union as per rules and regulations prescribed by the government.

Local government (Union Parishad) Ordinance was promulgated in 1983. The functions of the Union Parishad, according to the Ordinance, remained almost the same as those in the local Government Ordinance 1976. The ordinance of 1983 divides the functions of Union Parishad into five categories; (a) Civic functions (b) Police and defense functions, (c) Revenue and general administrative functions, (d) development functions and (e) Transferred functions.

The functions enumerated in the local government Union parishad Ordinance, 1983, were all retained in the local government (Union Parishad) Act, 1993. Part - 1 of the schedule of the 1983 Ordinance enumerated 38 civic functions of Union Parishad. However, sub-sections 2 of section 30 of the 1983 Act lays down that the Union Parishad will, in particular, undertake of the following functions

- Maintenance of law and order and rendering of assistance to the administration in the maintenance of law and order;

- Adoption of measures for preventing disorder and smuggling;
- Adoption and implementation of development in the fields of agriculture, forestry, fisheries, livestock, education, health, cottage, industries, communication, irrigation and flood production with a view to increasing economic and social upliftment of the people;
- Promotion of family planning;
- Implementation of such development as may be assigned to the Union Parishad by the Thana parishad;
- Development and use of local resources;
- Production and maintenance of public property, such as roads, bridges, canals, embankments, telephone and electricity lines;
- Review of development activities undertaken by different agencies at the union level, and submission of recommendation to the Thana parishad in regard to the activities of those agencies;
- Motivation and persuasion of the people to install sanitary latrines;
- Registration of births, deaths, blind people, beggars and destitute;
- Conducting of census of all kinds.

5.4. Financing Pattern of Union Parishad during Various Periods

This section deal with financial management of UPs, basically (Local Government) Local governments need to strengthen their tax management capacities. A suitable local government financial equalization system needs to be developed to reduce gaps among different local governments and segments of population. Union Parishad has a weak resource base. Now we will see the scenario of it.

5.4.1 British Period:

Financing pattern during British period, basically formal local government structure was introduced in *bangla* area by British. The *bangla* village *Chowkidari* Act, 1870 introduced union *panchayets* in the rural area. These used to collect house tax from all the households to pay for the upkeep of *chowkidars*. These local bodies did not provide any amenities and performed only a watch and ward function. Lord Ripon's Resolution of 1882 brought about some significant changes in the local bodies of British India. Financial responsibilities and income resources of both urban and local bodies increased substantially as a consequence. The main source of income of union *panchayets* was land tax. The budget of the local bodies (UPs) was a part of provincial budget. The Act of 1919 enlarged the scope of local taxation. This increased the power, functions and financial condition of the local bodies (UP). Financing of union *panchayet* was done only on the instruction of higher authorities. At that time union *panchayets* were constantly facing financial problem owing to inadequate income. Even no significant change occurred in the financial conditions of UPs during the latter part of British rule.

During the British period the financing pattern of the local bodies can be characterized by the following:-

- Local bodies' income from their own sources was very limited, base of tax was narrow and administrative revenue was inadequate;
- Government grant (direct/indirect) was inadequate;
- No measures were introduced to raise loans from the general public or from the financial institution;
- Local bodies were not in a position in imposing taxes and fees or

they did not have any mechanism to co-ordinate with the central government for ensuring equity and productivity;

- Finally, their income was not related to their services.

5.4.2 Pakistan Period:

From 1947 to 1959 there was no remarkable change in financing pattern of local government institution. Government control over the local bodies significantly increased since 1959. This time central government could reject the budget of LGI. In accordance to financial autonomy and responsibilities, in general, this institution became weaker. The service of local bodies, the tax collection process and their revenue started deteriorating. There was no attempt increase revenue. At that time Union Council couldn't generate enough revenue to pay even its skeletal staff.

For rising government expenditure, it was not possible to give grants regularly to the local bodies. The services and responsibilities of the local institution were increasing steadily. But there was no corresponding increase in financial autonomy. In this background, the martial Law authorities promulgated the "Basic Democracies order-1959" which constituted the basis of local government institutions during the 60s. In this system, the Divisional Council and Thana Council were fully financed by the government. They did not have any power to levy taxes. With prior approval of provincial government district Council could levy the specified taxes and the prior sanction of divisional commissioner Union council could levy of specified taxes.

The district council and the union council derived its income from following sources:

- Local rates,
- Taxes, tolls &
- Government grants

Of the many sources of income of district & Union councils the main ones were: (a) tax on land & buildings, (b) rate for village police & (c) taxes on vehicles. Government grants to the various tiers of local government institutions increased to a very significant extent. Under the Basic Democracies Order of 1959, the union councils could collect 14 types of taxes, rates & fees.

5.4.3 Financing Pattern of local Government after independence

After independence the Bangladesh Government brought about a number of changes in the Local Government system. Union council was renamed as the union *panchayat* for some times. This was again changed to the Union Parishad. With the previous sanction of the prescribed authority the Union Parishad could levy specified taxes, rates, tolls & fees. Besides these, Government grants were also an important source of revenue. During the martial law period, elections were held for Union Parishad. In a war devastated a newly independent country, the financial position of local bodies was very dismal. Poor tax collection, corruption & low calibre of the local bodies personnel, tax evasion, etc. also contributed to the worsening financial condition of the local bodies. The whole financial administration remained under the full control of the national Government.

The local government ordinance promulgated in 1976 brought about certain rearrangements in the local bodies. According to the financial managements of the local bodies could be divided into three parts, namely constitution of the local fund, revenue from tax and non-tax sources and expenditure. Every local government institution was empowered to have local funds of its own. The Thana parishad was fully financed by the government. Under the 1976 ordinance the union parishad and Zilla Parishad were required to prepare their individual budget annually in a prescribed manner and form, then obtain sanction of the relevant authority before the commencement of the financial year. Local government budget has always been a family budget. The expenditure been undertaken in accordance with the income, the general tendency was to make it a balance budget.

According to the 1976 Local Government Ordinance, the Union Parishad could levy all or any of the 28 items of taxes, rates, tolls and fees (See Appendix -) The only significant change in the Union Parishad ordinance in 1983 was reduction of number of items on which the Union Parishad could levy, taxes, rates and fees under the ordinance the Union Parishad could levy, taxes only the five items.

Besides this, Government Grant is the main source of revenue for the UPs. From 2004-2005 financial year significant change had been taken by the government and MOLGRD&C was directly allocated Annual Development Programme Block Grant to the UPs instead of Upazila/Sub-

district Earlier all ADP Block Grant allocated to the Upazila and Upazila reimbursed to union parishad.

5.5 Present Expenditure Pattern of UPs

Under the 1976 Ordinance, the expenditure of local bodies could be broadly divided into two parts namely on establishment and development.

The local fund was to be spend under the following heads

1. Payment of salaries and allowances to all the employees of local parishads
2. Meeting the expenditure charged on the local funds
3. Fulfillment of any obligations or discharge of any duty imposed on the local parishad
4. Meeting the expenditure declared by the local parishad with the previous sanction of the prescribed authority to be an appropriate change on the local fund
5. Meeting any expenditure as directed by the government

The charged expenditures which the local parishad had to meet were as follows:

1. Salary payments to the local parishads employees
2. Expenditure specified by the government from time to time i.e. election, maintenance of local parishad service, auditing of accounts etc.
3. Expenditure in connection with any decree, judgment or award against the local parishad by any court or tribunal
4. Any expenditure declared by the government to be so charged

5.6 The Relationship of Union Parishad with Different Agencies

Local government institutions operate and maintain the relationship and linkages with numerous government and non-government organizations. This Section discusses and analyses the relationship between of Union Parishad and the government and non-government organizations and agencies.

5.6.1 Union Parishad and Central Government

There is an unbalanced relationship existing between the central government and the Union Parishad. Generally, the center-to Union Parishad linkage occurs in the matters of-

- (i) Overseeing the functioning of Union Parishad;
- (ii) Providing financial support;
- (iii) Assigning additional function to be performed on behalf of the central government.

Basically, the central government controls and regulates Union Parishad through various laws and also reserves unhindered authority to supersede its decision or to suspend an elected Chairman.

Although the Union Parishad enjoys a degree of operational autonomy it is in no way independent of the central government or of the overall administrative system of the country. As a result there are a number of areas of interaction between Union Parishad and the Government, which cover legal, operational and financial matters as well as control and supervision by the government. Its territorial jurisdiction the functions it can perform and the taxes it can impose, are all determined by central

legislations. Not only are its basic features carved by central acts but its activities are also guided and supervised by departments of the central government. In Bangladesh there is a clear patron-client relationship between the national government and the local government.

Union Parishad had a number of Acts which are parsed and change from time to time since the British period through the legislation, the government determines the structure, composition and tenure of the Union Parishad; mode of administration of oath and removal of functionaries, sources of funds and its expenditure pattern; method of levying taxes, rates, fees etc; preparation of budget; functions, powers duties and roles of its functionaries; personnel system and benefits to be given the employees; method of making bye-laws/regulations of its, and the extent of supervision and control by the government, even the central. Government retains the power to give direction to Union parishad. In exercise of this power the national government issues circulars and directives on various aspects to the UPs. The relationship between the central government and the Union Parishad, and the specific means of control exercised by the central government over the Union Parishad is discussed under three broad headings i.e. institutional, financial and administrative.

A. Institutional Control

- I. Territorial Jurisdictions - The 1983's ordinance vest in the government the authority to determine or modify the size and the boundaries of the Union Parishad. Here central government agent i.e. Deputy Commissioner.

- II. Composition of Councils - The central government possesses many discretionary powers with regard to the structure and composition of UP. The Union Parishad consists of elected chairman/ representatives, nominated and/or official members, (iii) Local Elections: Government control over election of Union Parishad is manifested in the decision (rules) regarding mode of elections date of election and settlement of disputes.
- III. Personnel - The Union Parishad secretaries are appointed or transferred by the deputy commissioner. It is central government decision that there will be only one secretary for each Union Parishad, and what will be the qualification and service conditions of UP Secretary's.
- IV. Functional Jurisdiction: The government actually determines and controls the functional jurisdiction of Union Parishad. Union Parishad can perform or exercises its powers and can work the functions that expressed/written/given within the Union Parishad ordinances. According to this ordinance central government has the discretion to assign Union Parishad any other function that it deems fit.
- V. Inter-institutional Disputes - Institutional government control extends to adjudication and settlement of Inter-institutional disputes. Although the Union Parishad is an independent entities in the same that it is corporate body, competent to sue and to be sued. According to 1983's ordinance (Sec-68) the disputes arising among the UP located within the district are settled by Deputy Commissioner. If the UPs are situated in different District, then the Divisional Commissioner sits in judgment. When it is an interdivisional affair then the government

comes into the picture. In both cases the appeals against the decisions lie with the government and its decisions are final.

B. Financial Control

In the field of finance central government supervision and control is as stringent and comprehensive as it is with regard to day-to-day administration. The government regulates the income of UPs. Sources of UPs income powers of taxation, nature of grants-in-aid and loans that may be raised are duly prescribe in detail are in the 1983's Ordinance, 1960's the Union Council (Taxation) Rule's and 1961's Model Tax Schedules of Union Councils. Some times it need to prior government sanction to imposing any tax other than the specifically mentioned. Though the government has obligation to provide grants to the UPs government exercises a considerable degree of control over the UPs by increasing or decreasing their quantum or by making their release subject to the fulfillment of certain conditions.

The government also exercises its control over the UPs is the maintenance of accounts. Government specifies that the funds of the UPs be kept in a government treasury or a bank transacting, business with a government treasury. Besides, this government control over the UPs with lays down the rules regarding the nature and form of account-books to maintain the procedure of operating funds, the authority for sanctioning expenditure and signing bills and limit of expenditure etc.

The government has also worked out the procedures and principles for preparation and sanction of annual budgets of UPs, users of union funds, purchase procedures and expenditures are maintained according to 1983's Ordinance. Another medium of financial control over the UPs is audit. These

work is carried out by the UNO, ADLG, ADC (General) and DC. They also verify the accounts whenever they visit a UP.

C. Administrative Control

Central Government wants to control the Union Parishad by using some administrative tools, these are: -

- i. **Review of Resolution:** Upazila Nirbahi Officer and DC can review the resolution passed by UPs. They can pass orders to quash the proceedings suspend the execution of any resolution prohibit the doing of anything proposed to be done.
- ii. **Periodic Inspections:** By conducting periodic inspection government exercises a lot of control over the UPs authorized government officials (DC, ADC (General), UNO, DDLG) conduct the inspection in accordance to given authority into the 1983's Ordinance. Even govt. can enquire any UP with a particular affairs either on its own initiative or by an application made by any person to the government.
- iii. **Removal of Chairman/Member:** According to the section 12 of the local government (Union Parishads) ordinance 1983's a Chairman or Member shall render himself liable to removal from his office if:
- He, without reasonable excuse, absents from three consecutive meetings of the UP; He is involved in any activities prejudicial to the interest of the UP or of the State; He becomes physically or mentally incapacitated from any loss or performing his functions; or He is

guilty of misconduct or responsible for any loss or misapplication of money or property of the UP.

- iv. **Supersession and dissolution:** The 1983's ordinance gives the government the extreme power of dissolving a UP if on inquiry is of the opinion that a UP is unable to discharge or persistently fails in discharging its duties, or is unable to administer its affairs or meet its financial obligation, or generally acts in a manner contrary to public interest, or otherwise exceeds or abuses its powers, or has failed without any reasonable excuse, to collect less than 75% of the total amount of tax, rate, toll, fee and other charges levied by it in a year (Section-64). During the period of supersession, the chairman and members of a UP cease to hold office, and all of its functions or authority as the government may appoint. However they act of superseding a local body is of a judicial or quasi -judicial nature and merely administrative.
- v. **Miscellaneous Media of Administrative Control:** The government prescribes and provides various types of registers and forms to the UPs that they should maintain it's in their various administrative operations. Govt. also determines the mode of their day-to-day functioning and also how the meetings are to be conducted and funds shall be maintained and operated. Even, by issuing a number of circulars and directives from time to time, Govt. always tries to control UPs functions and supervises it works extensively.

5.6.2 Union Parishad and Field Administration

Field Administration means the local agent of the central government i.e. Divisional Commissioner in division level, Deputy Commissioner in district level, Additional Deputy Commissioner and ADLG in district level, UNO, and other officers who worked in field offices on behalf of central government. Union Parishad had a continuous communication with the several offices situated in the Upazila level and Union level. Upazila Agriculture offices, Upazila Health Complex, & Family Planning office, LGED office, Education office, BRDP office, social welfare office, PHED office, AC (Land) office etc. are the focal point of communication for UPs. Sometimes it's happen formally and sometimes informally.

Government officials at the union level are the Tahshilder, the block supervisor, the family welfare Assistant and the Health Assistant. In the formal sense these officials are generally worked independently and have a little to do with the UPs. However, they have many informal linkages with the UPs elected members and chairman.

According to a government circular issued long ago, they are required to attend the UP meetings. However, this is not stipulated in the enactment on the UP. In practice, they generally avoid UP meetings and report directly to their bureaucratic superiors at the Upazila level.

There are certain committees at the union level in which these officials and UPs elected functionaries are to work together. Unfortunately these committees are dormant for a long time. There are

much formal relationship between UP and UNO and other Upazilla officials. These are as follows:

- The UNO supervises elections of UP;
- The UNO inspects UP offices on behalf of the Deputy Commissioner;
- He conducts enquiries into allegations of misuse of power and corruption by the UP and recommends punitive actions including suspension/removal of UP functionaries to the DC.
- Sometimes in practice, the UP budget is routed through the UNO, so he has a scrutinizing role in this regard.
- Similarly the minutes of the UP meetings are sent not only to the DC. But also to the UNO.
- The UNO and the UP chairman are members of the Upazila development and coordination committee (UDCC). The UNO is the member secretary, while the UP chairmen, by turn, preside over its meetings. The other members of the (UDCC) are the heads of nation building (development) departments at the Upazila level. Through this committee the UP have a close interaction with the UNO and the Upazila level officials;
- There are 18 committees at the Upazila level, where the UNO is the chairman and UP chairman and the other officials are members. For example, there is the *Khas* land distribution committee in the Upazila level headed by the UNO and the Assistant commissioner (land) is the member secretary of the committee and UP chairmen of the Upazila and *Tahshildars* are the members.

- Health and family planning office Primary Education office, Agriculture office, Water development Board office, Rural Electrification Board office, Bangladesh forest industries development corporation office, Sericulture Board office etc. are have a close interaction with the UP for implementing development activities and new projects.

Here are some areas where Union Parishad has direct interaction with the field administration:-

- i. Declaration of Union and alternation-of limits thereof- DC. (Section 3, The Local Government (UP) Ordinance, 1983)
- ii. Constitution of Union Parishad - LGD, (Section 4, The Local Government (UP) Ordinance, 1983)
- iii. Appointment and delimitation officer, UNO. (Section 19, The Local Government (UP) Ordinance, 1983)
- iv. Delimitation of words: UNO (Section 20, The Local Government (UP) Ordinance, 1983)
- v. Decision of UP: All decision of UP shall be reported to the UNO along with a copy to deputy commissioner within fourteen days from the date on which the minute of the meeting are signed. (Section 37 (5), The Local Government (UP) Ordinance, 1983)
- vi. Constitution of standing Committees: (Section 38(2), The Local Government (UP) Ordinance, 1983) The UP may with the previous approval of the DC, constitute additional Standing Committees for such purpose as may be prescribed by regulation
- vii. Application/Uses of UP Fund: In meeting the expenditure declared by the UP with the previous sanction of the DC to be an

- appropriate charge on the Union Fund. (Section 45, The Local Government (UP) Ordinance, 1983)
- viii. Charged Expenditure: Salary (Section 46, The Local Government (UP) Ordinance, 1983)
- ix. Budget: Every UP shall in the prescribed manner prepare before the commencement of each financial year a settlement of its estimated receipts and expenditure for that year herein after referred to as a budget and sends it to the DC for approval. (Section 47(1), The Local Government (UP) Ordinance, 1983)
- x. Statement of Accounts: An annual statement of the accounts shall be prepared after the close of every financial year and shall be forwarded to the DC by the thirty - first December of the following financial year. (Section 48(2), The Local Government (UP) Ordinance, 1983)
- xi. Audit Report: On the completion of audit, authority shall submit to the DC an audit report (Section 49(3), The Local Government (UP) Ordinance, 1983)
- xii. Development plans: Such plans shall be subject to the approval of the Deputy Commissioner (Section 51(2), The Local Government (UP) Ordinance, 1983)
- xiii. Taxes to be levied: A UP with the previous sanction of the DC may be in the prescribed manner, all or any of the taxes, rates and fees mentioned in the second schedule. (Section 53, The Local Government (UP) Ordinance, 1983)
- xiv. Supervision over UPs: The government shall exercise general supervision and control over the UPs in order to ensure that their

activities conform the purposes of this Ordinance (Section 60, The Local Government (UP) Ordinance, 1983)

- xv. Disputes between UPs: If any dispute arises between two or more UPs the matter shall be referred to the DC, if the parties concerned are in the same district; (Section 68(b), The Local Government (UP) Ordinance, 1983)
- xvi. The commissioner, if the parties concerned are in different districts within the same division. (Section 68(c), The Local Government (UP) Ordinance, 1983)

A Commissioner or Deputy Commissioner may, with the previous approval of the Government, delegate any of his powers under this Ordinance or the rules, not being powers delegated to him under sub-section (I), to any officer subordinate to him or to any other person or authority. (Section 77(2), The Local Government (UP) Ordinance, 1983)

5.6.3 Union Parishad and Other Field Level Government

Departments

There are some Organizations/Departments of the Ministries with which UP maintains close working relationship. These are:-

LGED: LGED (The Local Government Engineering Department) is responsible for giving various type of training for the UP Chairman and Members.

DPHE: DPHE (Department of Public Health Engineering) is actually responsible for serving/distributing tube-well/deep tube-well and installation of the same for drinkable water of the villagers.

NILG: NILG (National institute for Local Government) is the principal training institution in the area of Local Government. Training for UP secretaries has been a continuing function of NILG. Office Management, duties and obligations, Organizational law, budget and accounts, Tax assessment and collection, evaluation of UPs Planning, Gender and Family Planning, Sanitation, etc. are the course title.

BARD: BARD (Bangladesh Academy for Rural Development) emphasis on community organization, planning for development and local planning, and participants are 85% Chairman + 15 UP Secretaries.

RDA Bogra: RDA Bogra (The Rural Development Academy at Bogra) Generally arranged Orientation Course for the UP chairman and members, under this orientation Course they learned about rural development, decentralization, organization and management, Poverty Reduction, Environment, Gender awareness , Natural disaster etc.

Besides these UP has to maintain close working relationship with Police Department, Department of Agricultural Extension (DAE), Directorate of Relief and Rehabilitation, Department of Forest, Directorate of Livestock, Directorate of Fisheries, Directorate of Food, Director General of Health Service, Director General of Family Planning, Department of Cooperative, Bangladesh Rural Development Board, Directorate of Primary Education,

Department of Social Service, Women Affairs Department and Department of Youth development.

5.6.4 Union Parishad and Non-Government Organization

The relationship between UPs and NGOs has not yet been formalized in Bangladesh. But NGO's involvement in the growth and development of local communities are increasing day by day. Still interaction between UP and NGO's is negligible. Both sides have their valid perspectives and complaints. UPs are not felt that they need NGOs support to do their job accordingly. The NGOs also not appear in dealing with UPs actively, although some NGOs have worked out a support with UPs in their respective areas of operations. These co-operations have taken place. NGO links with UP's are non-existent For determining relationship between NGOs and UPs we have to consider some things –

Firstly, NGOs are not a recent phenomenon in a Bangladesh. What is significant is that in recent years, they have been responsible by the donor community in a most conspicuous manner. **Secondly**, in respect of legitimacy and accountability UPs have an edge over our NGOs, given the farmer's democratic nature and clear relationship with national government on the other hand, NGO have greater flexibility and innovativeness. **Thirdly**, while most NGOs in Bangladesh try to serve only the disadvantaged groups in the society, for the UPs the entire community is clientele. **Fourthly**, while both UPs and NGOs serve the aim of decentralization, their modus operandi is different. Decentralization through UPs appears to be more orderly. While decentralization through NGOs are random, growing out of their serves and development activities.

Finally, in developing a formal relationship between UPs and NGOs the guiding principles should be to reduce conflicts promote complementarities and avoid duplication of efforts.

There are thousands of NGOs are working in Bangladesh. International, National and Local NGOs are there. BRAC (Bangladesh Rural Advancement Committee), CARE, VON, MJSS (The *Manikganj Janasankhya Simitokoran Samittee*) *Baste Shekha*, etc. are the NGOs, which are working in Bangladesh. National NGOs and international level NGOs provides training program for the UPs chairman, members and staffs about Women Empowerment, Gender awareness, disaster management, and environment, local planning, planning for development etc. NGOs are also participating with the UPs through collaboration programmes, providing skills development training, money plantation and pond re-excavation etc. NGOs are playing a leading role in organizing communities and increasing public awareness and consequence of right and responsibilities of the citizen.

Recently Development partners are always interested to involve NGOs in the national building activities particularly in the area of local government. They arrange training programme awareness program and facilitate the UPs for betterment of the services provided for the people.

5.6.5 Union Parishad and Other Donor/International Agencies

UNICEF, UNDP, ILO, WFP, FAO, WHO, DFID, USAID, NORAD, JAICA, KOICA, LGSP etc. are implementing several type of socio-economic/infra-structural development and motivational programme at

UP level. For this they need help/support of UP's to implement their programme smoothly.

5.6.6 Union Parishad and Local Communities

Community means representative form the communities people, generally who live in same area and maintain almost same culture, customs & norms and also they are called *ieader/Motabber*/Head of para or *Moholla/lmam* of the Mosque, *purahit* of *Mondir* /Tample, Religious-leaders, Head-Master of schools, Chairman/President of the society/Club/Association. We know that UP consisted with elected public representative, generally, these elected people are came from community leader/head, so always they played vital, effective, significant and important role on UPs activities, it may be regular activities or situational/irregular activities. Community played vital & significant role on crisis management during Flood, Cyclone, Tornado, Drought etc. When natural disaster occurs central government need support from UPs, NGOs, community as well as from local government. Because central government wants to help the affected people and it need to help of UPs, community, NGOs and local administration. To execute new programme, sometimes government /NGOs, needed support from UP as well as from community organization.

We already discussed about UPs concern with central govt. field administration and NGOs and it function. UP needs help and supports from community to perform their duties and functions. Arbitration and settlement of disputes are one of the important tasks of UPs, and

Community has a significant role/task to meet the settlement and disputes. The most important activities and sources of authority of the UPs is their role the Muslim family laws Ordinance and the conciliation courts Ordinance -1961, empower the UPs as local government body to play such a role.

In view of the above discussion it seems that Union Parishad is more engaged in doing multi various works/activities coming from several organizations rather than its own activities assigned by Union Parishad Legal framework.

5.7 Concluding Remarks

Bangladesh has a long and eventful tradition of local government. The structure and functions of local government have been evolved in consonance with socio-economic and political transformation of the country. Nevertheless, the Bangladesh Constitution (Articles 9, 11, 59, and 60) made provisions for establishing local government as an inseparable organ of administering state affairs to safeguard democratic values and to secure economic and social justice.

Chapter Six
Analysis of the Financial Management of
Union Parishad

6.1 Introduction

Bangladesh economy and Society is primarily rural-agriculture based. Administratively, it is divided into 6 Divisions, 64 Districts, 491 Upazilas and 4554 Unions. The Local Government Division of Ministry of Local Government, Rural Development and Cooperatives (MOLGRD&C) looks after the operation of local government institutions both urban and rural. The Union Parishad is the lowest tier of local government institution and it is very much related and the nearest to the rural people, it can play an important role to providing goods and services to rural population and communities. This chapter has two sections. First section discusses the Finance and Financial Management of Union Parishad and second section discuss the survey findings in the light of objectives of the study

The objective of this chapter is to provide a clear understanding on local financial structure in terms of (a) Union Parishad legal framework and (b) analysis of UPs financial management in reality. The study covers the financial analysis of two selected UPs finance in terms of its income and expenditure.

The Sampled two Unions

SL. No.	District	Unazilla	Union Parishad
1	Dinajpur	Fulbari	Shibnagar Union Parishad
2	Dinajpur	Fulbari	Kazihal Union Parishad

Shibnagar Union

District: Dinajpur, Upazila: Fulbari located at Shibnagar Bazaar 5 kilometers north of Fulbari-Dinajpur highway in northern Sujapur. Simana of erunas Parpatpur Hamid Buri union on the east, Mostafapur union on the west, Habra union of pabipur of north and 2 in Fulbarhiupazila south Aladdin Union Parishad. Currently 358.11 Square kilometer. Number of villages: 28, Tourist places Tilairiverhat market, 3 1. Amdunangi hat / bazar 2. Shibnagar Bazar 3 Readers market in the market.

Presently the union council is serving the people in Online service application, Document , Required Birth and Death Registration, Legacy calculator, Online police clearance, Passport application online, Updating national identity card information, Run online verification, Pay online income tax, Visa validation, etc. Last fiscal year Shibnagar union Parishad has performed the following development work under the LGSP as

From the front of Quarpu Deben's house, construction of drains and creams from the house to the rich house towards the west. Drain 02 85,000/- Implemented, From the house of PathakparaFayzar 2, construction of a drain near Haq's house Drain 03 85,000/ implemented, Construction of a drain from the house of Ghatpara Bhavesh Chandra to Arun Sir's house Corrected, 04, 85,000 /- 04 From the last head of the rajarampur brick siling ridge, brick sling in the path of haidarchowdhury's house. Contact 04 85,000/- Implemented, Providing Chair at Sherpur Sarp Uddin High School in Shibnagar UP. Syllabus 04 15,000/- is implemented,

Construction from the front of the house of Goalpara Olin, before the construction of a plot of land. Drain 04 85,000/- Implemented, Construction from Dangapara Chattar's house to Alam's house. Drain 04 85,000/- Implemented, Construction of Drain from Sadar Rasta to Dabipur Alif's house. Drain 03 85,000/implemented, from the house of Gopalpur Gendaru Maker to the west, the construction of the Drain to the house of Mahabub Master. Drain 05 85,000 /implemented, Construction of a drain from the house of Maijpur Rezaul to Bilal's house. Drain 06 85,000/implemented, Single brick soling in the path of Hanif Bridge from Sadar Rasta in the village of Maheshpur. Contact 06 85,000/implemented, Construction of Drain from the house of 12th house of Basudebpur Motepal to Naren Pal. Drain 07 85,000/Construction of Drain from Dhaspar Bridge to 13th December at Basudebpur Dhaipar Market. Drain 07 85,000/14 Construction of a drain from the house of Ripon to Minhajul's house in Bagra village. Pollution 08 85,000/15 Construction of Drain to Grounds of Chowkbari, West. Drain 09 90,000/16 UP Information and Services Center Laptop and Printer Buying Information and Technology 55,000 / 17 from the Sundari Shahidul's house to the Sadar Rasta, the brick-sling connectivity is communicated to 09,900,000/- Construction of Mannik's house from Bazarpara Sushmattu's house and construction of a drain from east side to Banshhhar. Drain 01 90,000/-implemented Construction of drain drains to Rafiqur's house from Shamsar Nagar Sakoat House Drain of 0,900,000/- is implemented 20 Construction of a drain from the Fakirpara mosque to the minister's house. Drain 04.15,000/- is implemented, Construction of sanitary latrines for students of Ramvadpur High School. Education 0990,000 - Implemented.

Village based population

After completing 100% birth registration, presently on 11/11/016, the online birth registration register will be submitted to Ward Statistics.

Ward No	Male	Female	Total
Ward - 1	2025	1865	3890
Ward - 2	1678	1614	3292
Ward - 3	2422	2230	4652
Ward - 4	4595	4296	8891
Ward - 5	945	951	1896
Ward - 6	2441	2288	4701
Ward - 7	1981	1704	3685
Ward - 8	2303	2131	4434
Ward - 9	2966	2777	5745
Total	211328	19858	41186

Source: Union Parishad Website

Kajihal Union

Kujil Union Parishad is located at about 18 km southwest of Fulbari. Communication bus from Fulbari or Eluari union on the north side of CNG, Betdighi Union Parishad on the east, Birampurupazila on the south and Simana of India on the west side. Number of villages = 25. Mouza = 27 Total population = 22,210 people Hat / Market = 4 Communication medium from the Upazila Sadar = Bus / CNG Union Parishad

Manpower - 1) Members of the elected council - 13 people. 2) Union Parishad Secretary - 1 3) Union rural police - 10 people.college = 1. Secondary School = 6 Lower secondary = no. Primary school = 15 Madrasa = 1 Hafizia Madrasa = 4 Clinic Number = 3 Banks = 2 Post office = 3 Widow allowance = 2.32 Old allowance = 255 people Handicapped allowance = 45 people Freedom fighters = 22 people Expatriate = 55 people

Village based population

Village based population: -1 Kazihaal = 2,457 people Chakiyipara = 1688, 3. Shocking = 30, 4. Chaknaran = 89, 5. Bakura = 273, 6. Bheram = 925, 7. Jubilee = 479, 8. Kalkoon = 94, 9. Shanker = 484, 10. Amra = 1179, 11. Rameshwarpur = 628, 12 Parallel = 635, 13. Ramchandrapur = 994, 14. Mirpur = 1156, 15. Rashidpur = 1115, 16. Niratri = 135, 17. Akighatna = 964, 18. Dasarira = 367, 19. Narayan Madhav = 227, 20. Pukhuri = 1344, 21. Noor Mamudpur = 188, 22 Rasulpur = 1066, 23 Muraripur = 326, 24. Mitchanda = 961, 25. Hazratpur = 306

Communication system

Communication system- From the upazila, there is a road on the road from Dakapukur hut, from Pathapura to Rudraani Bazar pucca road, from Pathapura to Akhighatna, Road from Rasulpur to Tilbari, Kampa road from Jam Danganga, from Wip office and office from Jam danganga, Kacha road to Rashidpur, from Rashidpur, to Muraripur as for the incident, the Kacha road.

Language and Culture

Naveen's language and culture of Kajalal Union, local residents here speak their current language, Rangpur, Pabna came to some refugees from Barisal and they speak their regional language.

Weather and climate

The climate of the Kajalal union of Dinajpur is relatively dry and extremist. In the region of Dinajpur compared to the other places of Bangladesh, the winter is lasting. A little winter starts from the end of October and lasts until late February. The summer starts from the first of March and is till June first. The monsoon winds begin in June. In April and May, the storm was seen to be a cold wave. The rainfall is higher than the months of July to September, compared to other months of the year. There is no big river and there is no river of flood that does not ruin the people's life. The devastating form of cyclone is not visible. There is no scope for river erosion to become rural and homeless. Here. That is, there is a favorable environment free from natural disasters. So, instead of antagonism in the weather, rather the favor of the people here is the basis of dependence. In the Kazihal union, people find the inclination of the people who are inclined to live safely. The ripple which is fairly normal. Sometimes due to rainy conditions, even after the effects of rain, it does not last too much. Again it is possible to absorb excess sandy and sandy-loamy soils of excess water after heavy rain. Here is the heat and heat that is in the summer, tolerable levels. But in winter more winter is felt. Besides, there is no hardship in the weather of Kazihal union. Everything

is tolerable, soft and pleasant. In other words, this is a unique place for public life.

The study primarily discusses UP's finances in four major areas, which are as follows:

- Finance and Financial Management of Union Parishad;
- Government Grants;
- Income and Expenditure
- Accounting and Auditing;

6.2 Finance and Financial Management of Union Parishad (Legal Framework)

Financial management of Union Parishad (revenue/taxation) may be broadly classified under the following heads: -

- Receipt: Union Parishad's own income and receipt from central government
- Budget statement
- Expenditure
- Account maintenance
- Audit work

6.2.1 Union Fund and Its Sources:

Every Union Parishad must have a fund known as the Union Fund (Section-43). The Union Fund will comprise of the following:

- All receipts comprising taxes, rates and fees
- Receipts from trusts
- Profits from investment and proceeds from sources of income the

Government may place at the disposal of a Union Parishad

- Sums and donations received from any person, institution or local authority
- Grants/assistance received from the Government and other authority
- Proceeds from sources of income as the Government may place at the disposal of the Union Parishad, such as, hats-bazar, *feri-ghat* and *jalmahal*.

The Union Fund is the main instrument, which gives some financial strength as well as autonomy to a Union Parishad. The Ordinance requires that the money under the Union Fund must be kept in a Government treasury, or in a bank transacting the business of a Government treasury or in such other institution as may be decided by the Government (Section-44). The operation of the bank account, if any, will be done with joint signature of the UP Chairman and Secretary. Presently cash in hand allowed under the Union Fund is only Taka.500/.

6.2.2 Revenue Raised Locally:

The statutory basis of taxation powers of Union Parishad is derived from Section- 53 of the Union Parishad Ordinance of 1983. The second schedule of the Ordinance lists the specific areas of taxes to be imposed and collected. The operational basis of taxation derives its authority from the Union Parishad Taxation Rules-1960, and Model Tax schedule of 1961 and Section 53 and 57 of UP Ordinance, 1983. UP Taxation Rules (1960) and Model Tax Schedule (1961) provide the procedural framework for imposition, assessment and collection of all taxes.

6.2.3 Union Taxes:

Taxes, Rates and Fees, which Union Parishad may levy and collect as per Section 53 and the Second Schedule of 1983 UP Ordinance, are as follows:

- Tax on the annual value of homestead and residential land adjacent thereto or union rate to be levied in the prescribed manner.
- Tax on the professions, trades and callings
- Tax on cinemas, dramatic and theatrical shows and other entertainment and amusements.
- Fees and licenses and permits issued by the UP
- Fees (lease money) from specified hats, bazar and ferries within the union boundaries to be determined by the Government.
- Fees (lease money) from *jalmahals* situated entirely within the union boundaries to be determined by the Government
- Movable property transfer fee 1% as fixed by the Government (Circular no. 30-R-6/ IM- 18/94, dated-20-02-97).

6.2.4 Model Tax Schedule-1961: Union Council

The model tax schedule of 1961 is still in practice and is the base for fixing any taxes, rates and fees by the Union Parishad. The following are some of the rates, which are being currently used in determining tax, rates and fees of the UP's:

Table 6.1: Model Tax Schedule-1961: Union Council

Tax on the annual value of buildings and land	7% tax is levied
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Union rate for village police	This should be fixed in terms of percentage of annual value of land & building to ensure adequate funds for meeting salaries & other charges on account of village police.
License / Profession, trade callings <ul style="list-style-type: none"> • Company /firm • Firm/contractor • Wholesale merchants Traders... • Doctors, Architects Engineer & Legal practitioner • Rice Mills • Retail trader/ wholesale/ trader/<i>aratdar</i> / good owns 	<ul style="list-style-type: none"> Tk.50/-annual Tk.50/-annual Tk.50/-annual Tk.24/annual Tk.50/-annual Tk.50/- annual
Vehicles <ul style="list-style-type: none"> • Owner of scooter • Owner of Taxi • Owner of Bus • Owner of Truck • Owner of Launch • Cycle Rickshaw • Three wheeled carriage • Boats (passenger) • Cargo boats (weight age basis) 	<ul style="list-style-type: none"> Tk. 50Y- annual Tk. 15/-annual Tk. 30/- annual Tk.30/-annual Tk.50/-annual Tk.15/-annual Tk.08/-annual Tk. 10/-annual Tk.6/- to Tk. 207- annual
<ul style="list-style-type: none"> • Fees on application for construction (thatched roof& plinth area) • Construction of buildings (C.I. sheet roofing & plinth area) • Tax on marriages: a) first marriage or after the death of wife, b) during the lifetime of the 1st wife, 2nd wife, 3rd wife, tax on each marriage. 	<ul style="list-style-type: none"> Tk.2toTk.5/- Tk.2/ to Tk.25/ Tk. 100/-toTk. 500/-

N.B: In view of the present situation, all the above rates are too low, which need early revision to strengthen UP's financial condition.

6.2.5 Union Parishad Taxation Rules-1960:

General provisions of rules relating to local taxes are as follows:-

Rule-3 Procedure for levying taxes:

a. All proposals for levy of any tax, rate, toll or fee under Section- 53 of the order will be considered and decided in a special meeting of the Union Council.

b. The Union Council should submit a proposal for levy of any tax, rate toll or fee to the Deputy Commissioner for sanction through UNO. While submitting the proposal the Union Council should mention:-

- Name of the tax, rate toll or fee;
- Rate or rates at which it is proposed to be levied,
- The annual estimated amount,
- The persons, properties or goods which will be subject to the tax, rate toll or fee;
- Whether any exemption is proposed (in addition to those provided for in these rules)
- Proposed arrangement for assessment and collection of the tax, rate toll or fee, and additional expenditure to be incurred for collection;
- Income and expenditure of the Union Council of the last 3 years, if available;
- Purpose for levying tax, rate, toll or fees, whether to meet deficit in the current account or to undertake any new development scheme;

- The proposed date of enforcement.

c. The Union Council will arrange for publication of the proposal within the Union. The Union Council will put up the proposal at the office of Union Council and such other places as directed by the Controlling Authority.

d. Persons affected by the proposed levy are entitled to make suggestions or make objections, within one month from the date of publication of the proposal. The Deputy Commissioner will consider these suggestions and objections. Suggestions or objections may be submitted direct to the DC, or submitted at the office of the Union Council who will forward it to the DC.

Rule-4 Sanction/Rejection of levy proposal:

The Deputy Commissioner may, after due consideration of the suggestions or objections, if any, either sanction the proposal with or without modification, or reject it.

Rule-5 Notification on the new levy proposal:

After the DC has sanctioned the levy of a tax, rate, toll or fee he will notify it through the official gazette and arrange for its publication in the Union. The date from which the levy will be effective shall be specified in the notification.

Rule-11 Postponement of realization/Collection of any tax etc.

A Union Council may postpone realization of any tax, rate toll or fee or any other money due to it, because of hardship, for a period not beyond six months.

Rule-15 Preparation of assessment List:

The Union Council is responsible for preparing a *mouzawari* assessment list containing the following information as well as information on any other particular items included by the Union Council.

- The number of building on the register;
- A description of the building;
- The annual value of the building;
- The name of the owner;
- The amount of tax or rate payable for the year (each tax or rate to be shown separately);
- The amount due quarterly and;
- If the building is exempted from assessment a note to that effect.

6.2.6 Base of Holding Tax:

The base of holding tax is assessed on the yearly valuation of holdings in accordance with:

- 10 months rental valuation (actual or probable)
- If occupied by the owner only .25% of 10 months rental to be deducted
- If constructed with loan money from Bank, the interest paid to the bank to be deducted net valuation.

Tax rate:

It may be mentioned that a directive issued on the 29 December, 2001 by the Local Government Division, Ministry of Local Government, Rural Development and Cooperative, GOB, which requires UP to follow methods under PDR Act -1913 to recover its arrears tax, rate and fee through the empowered Certificate Officer. In this regard, Secretary of UP will submit requisition to the Certificate Officer (as per PDR Act) for filing a certificate case to recover all these arrears taxes, rates, and fees.

Holding.....	7% of net valuation
Conservancy.....	5% if provided
Streetlight	3% if provided
Water.....	5% if provided
	20% maximum

(The Union Council Taxation Rules 1960 Section-22 as amended in 1963)

Chowkidari tax is considered as the oldest traditional tax base for local government institution at Union level. In the Model Tax Schedule, 1961 at *para* 12, the formula for fixing village police rate is as follows- This rate is to be determined in terms of the annual value of buildings/holdings and lands. The percentage should be fixed as would ensure adequate funds for meeting salaries, cost of equipment and such other charges on account of the village police as well as proportionate cost of collection of the rate.

6.2.7 Tax Assessment List:

Every five year Union Parishad will prepare tax assessment list.

Note: But the UP authority has not followed this rule. That's why it has seen that Model Tax Schedule 1961 did not reschedule yet.

6.2.8 Collection and Recovery of Taxes. Rates And Fees:

UP undertake collection and recovery of taxes, rates and fees in accordance with Section-57, which is as follows;

- All taxes, rates and fees levied under this Ordinance should be collected by such person and in such manner as may be prescribed.
- All arrears of taxes, rates and fees and other moneys claimed by a Union Parishad under this Ordinance should be recovered as a public demand.
- Any member or official of a Union Parishad authorized in this behalf may, in the prescribed manner, seize and dispose of any goods for the purpose of recovery of arrears of taxes, rate or fee.

Earlier procedure followed regarding recovery of arrear taxes etc., under the Rule-12 of the UP Taxation Rules, 1960, which require that: (a) if any person fails to pay any tax, rate or fee, or any installment thereof, or any other dues within the specified time; then the Union Council (Parishad) should prepare a list of such arrears and would display it on the notice board of its office.

(b) On the expiry of fifteen days from the date of posting of the notice, the Union Council may proceed to recover the arrears as a public demand or as arrears of land revenue, by distress and sale of movable property owned by the persons concerned.

Rule-13 of the Taxation Rules (1960) has empowered the Union Council (Parishad) chairman to issue the warrant of distress and sale of movable property to recover arrears taxes, rate, tolls and fees. The secretary of the Union Council or other salaried employee of the union council properly authorized by the Chairman will execute the warrant.

Rule-14 under the Taxation Rules (1960), states that the authorized person may orally demand payment of the arrears from the defaulter then and there. In case of refusal by the defaulter, the authorized person may proceed to attach the property belonging to the defaulter and will give a receipt of attachment to him.

6.3 Government Assurances Grants

Relief programmes like Vulnerable Group Development Programme (VGDP) and Vulnerable Group Fund (VGF) are run by Ministry of Relief and Disaster Management in order to provide support for impoverished women, abandoned children or handicapped husbands as well as poor and vulnerable people/households in times of scarcity and disaster. "Food for work" is also a relief nature nationwide programme designed to provide employment opportunities and income for the poor and at the same time, to keep food prices stable during the agricultural slack season.

The Programme is implemented through earthwork related project infrastructure development and increased food production. Test reliefs also run along similar lines like 'Food for Work but with some

important differences and having short duration Only slier schemes focusing on mainly repair and maintenance of recently constructed roads, culverts and earth cutting projects.

6.3.1 Vulnerable Group Development Program (VGDP)

The VGDP started as a pure relief program run by the Ministry of Relief and Rehabilitation (MORR) and the Women's Affairs Department. It targets various categories of impoverishes women and/or lactating children or handicapped husbands. Participants are given cards that entitle them to 30 kgs. of wheat a month for 18 months. The central administration decides how many cards will be allocated to each district Districts then allocate to Upazilas and Upazilas to Unions. Next the unions consult in the different wards and draw up list of candidates. These are then checked and approved by the Upazila Committee (with the MP as adviser) and transmitted to the district. Allocation is directly from the District to the Union, with the latter responsible for distributing cards and rations.

6.3.2 Vulnerable Group Fund (VGF)

In addition, the Relief Ministry operates a VGF that provides support for poor and vulnerable households during times of scarcity and natural disaster, Allocations vary according to the extent of the problem encountered, but typically would be the order of 500 cards per union, each of which entitles the recipient to 5-10 kgs. of wheat. The decision making and allocation procedure is similar to VGD. Further cards are

allocated to enable the poor to celebrate Bid or Puza, with 100-500 tons per union typically being made available each year.

6.3.3 Food for Work:

This is a relief oriented nationwide programme designed to provide employment opportunities, and income for the poor, and to keep food prices stable during the agricultural slack season, especially from November to February. The programme is implemented through small local earthwork projects intended to develop physical infrastructure and contribute to increased food production. Typically these would include the completion or maintenance of kaacha link roads, the construction of embankments, the installation of culverts, and the digging or re-excavation of ponds and canals. There is also provision, under a separate budget head, for the construction of pakka (concrete) bridges that is allocated on a rotating basis between Upazilas.

The procedure for allocating resources involves various parties and is quite complex, in outline, the steps being followed are as follows:

- The Ministry of Relief and Rehabilitation (MORR) allocates resources between Upazilas on the basis of population. The allocated resources will be used for formulating and implementing Union based infrastructure projects of local nature.
- The projects must be selected from the Thana Rolling Plan (TRP) book, which is being prepared every three years by Upazila Project Committee. The Upazila Rural Infrastructure Construction Committee {I in its meeting will decide and set priorities of the selected projects in order of importance for implementation. UNO

will extend an invitation to the local MP for attending the meeting that will make final selection of projects. The final selection of projects will be made based on the advice of the MP and the views expressed by the majority members attending the meeting. It may be mentioned here that project not included in the TRP book can be selected for implementation under this programme.

- The decision of URICC is communicated to a Standing Committee at the District level known as the Rural Infrastructure Construction Committee (DRICC). This committee may be chaired by the Minister- in-charge of the concerned district /State Minister! Whip/Deputy Minister and all local MPs of the area are its members. All concerned UNOs, all Pourashava chairman and district level officials of the relevant line agencies. This committee is responsible for giving approval to the decisions of the URICC.
- The Upazila committee informs union level committees who then submit a priority list of possible schemes to the PIO.
- For each scheme a Project Implementation Committee (PIC) is formed to oversee the work.
- The PIO visits the proposed schemes, prepares final versions, and submits to URICC
- URICC checks the PIC membership, makes a final determination as to how much wheat and or rice will be provided and approves the scheme.
- The URICC informs the DRICC
- The allocation is released, and work begins, with the PIO monitoring progress assisted by staff from other departments if necessary. The executing agencies are formally required to place a notice board at

each Site giving the number of workers and their wheat entitlement.

6.3.4 Test Relief:

A second programme known as Test Relief runs along similar lines like Food for Work, but with some significant differences. Such as-

Firstly, the range of schemes supported is somewhat smaller, with the focus mainly on the repair and maintenance of recently constructed roads and culverts, and earth cutting projects.

Secondly, individual activities are on a smaller scale, with a maximum allocation of 6 tons of rice and wheat.

Thirdly, the administration of the scheme is more flexible, with the standard annual allocation made to each union being complemented with an additional and rather larger component that can be embarked for locations encountering greater than normal difficulties at particular points in time.

Fourthly, activities tend to be confined to the period between July and September.

6.3.5 Annual Development Programme (ADP) Block Grant

Development assistance to the Upazila is the ADP allocation that directly reaches the Upazilas, but it has always been less than two percent of total ADP. During the last ten years 'development assistance to Upazilas' has slightly but gradually increased but it is difficult to discern the basis of this allocation. Again, from 1995-96 to 1998-99 this allocation was static without any explicit reason. It appears that no principle is being followed

in allocating development assistance to the Upazilas. This block allocation is entirely given in local currency as no aid money is involved here.

In each year ADP amount to roughly Tk. 2500-2600 million is allocated as development assistance to the Upazilas and is distributed among 469 Upazilas. Consequently, as Upazila receives around Tk. 5-6 million for local development. Sometimes special allocation is given but that depends upon the clout of the local political leaders specially the MPs. Ruling party MPs have more access to the special allocation than the opposition MPs.

The way in which the money is used once it arrives at the Upazila is supposed to be determined by two formulas. The circular of planning commission guides ADP distribution and utilization at the Upazila level (Government Circular of 3rd August, 1994). According to the circular the Local Government Department (LGD) of LGRD ministry will distribute the block allocation for development assistance among the Upazilas and Unions by the following criteria:

Table 6.2: Block Allocation for Development Assistance

A	Population (on the basis of 1991 population census)	40%
B	Physical area (area in square kilometer)	30%
C	level of underdevelopment (on the basis of communication facilities, rate of literacy, nutrition and unemployment)	30%

The circular states the sectors and the percentage of allocation, which may be made to those sectors at local level under ADP. No project could be taken up and implemented within the jurisdiction of Pourashava under the block grant. Type and nature of development activities that may be undertaken with ADP block grant in the various selected sectors are mentioned below.

6.3.6 Guidelines for Allocation of Block Grant:

Table 6.3: Guidelines for Allocation of Block Grant

SL	No	Sector	Minimum Allocation
A	Agriculture and Irrigation: Intensive crop production, seeds programme, pond and tank excavation, social afforestation, fisheries, poultry, cattle, etc. small scale water management, drainage, irrigation, small scale flood control structure construction.	15%	30%
B	Transport and communication: Construction, repair and maintenance of rural roads, small bridges and culverts.	25%	60%
C	Physical Activities: Provision of water supply and sanitary latrines	10%	15%
D	Educational Development: Repair and development of primary and mass education institutions and supply of teaching aids	10%	25%

6.3.7 Assistance to Union Parishad Establishment Cost:

Generally fifty percent (50%) establishment cost of Union Parishad is provided by Local Government Division, GOB in the form of annual assistance.

6.4 Expenditure and Budgeting:

Every UP must have a fund, known as the Union Fund consisting of all UP's own receipts through taxes, rates and fees, and other sources of income including grants /assistance received from government and proceeds from hats- bazar, *fery-ghat* and *jalmahal* (water bodies). Payment of salaries and allowances to UP's personnel is made from this fund. This fund may be used for meeting the expenditures as allowed under the Ordinance.

UP budgeting is the key instrument for the management of UP's receipts and expenditure and in strengthening its own financial capability. Every Union Parishad is responsible for preparing a statement of estimated receipts and expenditures for each year before the beginning of that financial year in the prescribed manner and submitting it to the Deputy Commissioner (DC) of a district for approval. This requirement seems to limit practically the autonomy of UP relating to budgeting decisions and implementation.

6.4.1 The Union Parishad Budget: Budget Preparation (Section 47)

The proper management of the income and expenditure of a Union Parishad is one of the major activities in the conduct of its responsibilities. Therefore, every Union Parishad requires preparing a statement of

estimated receipts and expenditures for each year before the commencement of that financial year in the prescribed manner and submitting it to the D.C for approval. The budget is a key instrument for the management of UP's receipts and expenditure and in strengthening its own financial capability.

The Union Parishad must prepare the annual budget using A-Form (Annex-). The procedure to be followed in preparation of UP's budget is as follows: -

- Types of receipts to be shown in the budget may be divided into three sources such as, own source, Government source, and local government source (as shown in A-form).
- With prior approval from the Government, any new item may be included in the income and expenditure side.
- Before the beginning of the financial year (June), every Union Parishad would prepare an estimate of income /revenue from the various sources as well as draw up an estimate of expenditure on different items.

The budget statement must show the utilization of UP Fund in terms of the categories described below:-

- Payment of honorarium to the Chairman and Members
- Establishment charges including salary and allowances including village *chowkidar's* collection charges of taxes, rates and fees
- Any expenditure in fulfilling obligation or in discharging duty imposed on UP by the court or by the controlling authority
- Any expenditure imposed on UP by the Government

The yearly budget must be prepared keeping in view the actual income and expenditure of the last year as well as the estimated/expected income/revenue and expenditure based on a thorough calculation. The budget should be prepared in a manner so that some surplus remains at the end of the year. The minimum balance should not be under 1/12 of the total revenue, if the expenditure cost exceeds the income, and then UP must adopt measures in the form of enhancing revenue! Income from its own sources or reduces its expenditure. Any new item may be included in the budget provided they are clearly and properly explained in detail.

While preparing the UP budget, it is necessary to ensure that the expenditure will be within the limit of the current income. In case of any major gap noticed between the actual income /expenditure and the current allocation, such difference must be reviewed to find causes and take remedial measures. If necessary, a revised budget may be prepared. No expenditure can be incurred by UP on any item/head in excess of its allocated amount to that particular item/head.

6.4.2 Budget Approval

The budget statement must be prepared and submitted at least one month before the commencement of the financial year (month of June) to the DC for his approval. Before submitting the budget to the concerned DC the budget should be considered and passed in a special meeting of the Union Parishad. If the budget of the UP is not prepared before the beginning of any financial year and submitted to the concerned DC for approval UP's Chairman would be held responsible and accountable for such delayed submission. Under

this situation, DC may have prepared the necessary statement and certify it and such certified statement would be considered as the sanctioned budget of the Union Parishad.

The DC, if necessary, may revise the budget statement within 30 days from the date of its receipt from UP, and such revised statement would be treated as the sanctioned budget. When the DC neither makes such revision nor provides approval within 30 days, the budget should be considered as approved.

Where any UP assumes office responsibility for the first time during the financial year, its budget should be prepared for the remaining period of that financial year.

6.4.3 Union Fund and Its Uses:

Every Union Parishad must have a fund known as the Union Fund (Section-43). This fund is the main instrument, which gives some financial strength as well as autonomy to a Union Parishad. The Ordinance requires that the money under the Union Fund must be kept in a Government treasury, or in a bank transacting the business of a Government treasury or in such other institution as may be decided by the Government (Section-44). The operation of the bank account, if any, will be done with joint signature of the UP Chairman and Secretary. Cash in hand allowed under the Union Fund is only Taka.500/.

Use of Cheque Book: -Cheque book must be kept under lock and key in the custody of the UP chairman. When any cheque is issued by UP, but

not encashed within three months of its issuance, in this situation, the cheque may be reissued with changed date. Such change of date in the cheque must be recorded in its counterfoil. All cancelled cheques must be persevered carefully till audit period.

The purposes and priority of spending money from this fund is explained in Section- 45. Union Fund may be utilized for the purposes mentioned below: -

1. Payment of salaries and allowances to the officers and UP employees
2. Meeting the expenditures charged on the Union Fund under the Ordinance
3. The fulfillment of any obligation and in the discharge of any duty imposed on the Union Parishad
4. Meeting of expenditure declared by UP with prior approval of the Deputy Commissioner (DC)
5. Meeting expenditure declared by the Government to be an appropriate charge on the Fund.

6.4.4 Purchase Procedure:

Each Union Parishad will constitute a five- member committee, headed by the concerned UP chairman, one female member and two male members and the UP secretary, as member-secretary. This purchase committee may procure materials up to Taka.500/only through spot quotation based on verification of prices in the local market. Any purchase within Tk.50,0007-would require tendering by local advertisement with wide publicity;

but purchase beyond Tk.50, 0007-would need to invite tender through newspaper advertisement.

6.5 Accounting and Auditing:

UP's accounts must be kept in the prescribed manner and form as required by section-48. It is also necessary for UP to prepare an annual statement of accounts after the close of each financial year (June) and forward it to the DC. UP is required to maintain about 21 account books and registers covering various areas of financial transactions.

It is legally imperative that the account of every Union Parishad is audited in a manner. After such intervals as may be prescribed. On completion of auditing, the audit authority would present the audit report to the DC.

6.5.1 Accounts Maintenance:

Keeping of proper accounts is an essential element of good budget management Section 48 requires that accounts should be kept in the prescribed manner and form, and that an annual statement of accounts would be prepared after the close of each financial year. It must be forwarded to the Deputy Commissioner by the 3 December of the following financial year.

Procedures to be followed by UP in accounts keeping and maintenance are as follows:

- ✓ keep separate accounts of government fund received and spent on each development project annually

- ✓ Project accounts separately maintained for the various projects implemented relating to Infrastructure
- ✓ All types of monetary receipts as well as expenditure must be recorded in the Cash book in the designated place of the Register
- ✓ Keep record of the various advance payment and subsequent adjustment of the account
- ✓ Maintenance of UP fund as per government directives and to keep proper accounts of the fund invested by UP
- ✓ Prepare annually, the statement of accounts on UP's revenue and expenditure
- ✓ Keep record of the payment of salary. Other allowances of the employees and maintain proper account-record of all demands and disbursement of fund on office work related expenses
- ✓ Maintain and manage all records relating to employee's leave and their service related all other records /information
- ✓ Undertake expenses and keep accounts on the various expenditures made by UP as per directives of the Government
- ✓ Prepare statement of accounts on annual revenue and expenditure-head wise, and forward it to the prescribed authority
- ✓ Make year-ending financial adjustment on various monetary transactions.

6.5.2 Account Books and Registers

All books of account and registers should be well prepared with page number. The Chairman would need to certify the number pages contained in each of the registers. It may be noted that under any circumstances, no record could be kept in any loose sheet of paper. Furthermore, nowhere in

registers, accounts statement, and in voucher or accounts keeping, any overwriting, or use of fluid to cover something is permissible. When any mistake is done, the authorized person could correct it through scratching a single line with signature. Account books and registers have been classified under three main heads to facilitate easy and smooth maintenance of accounts of Union Parishad. These are:-

- General account book and register: This type of account books and registers are commonly used in all government and local government institutions.
- Second Schedule related account book and register: These account books and registers are applicable special only for Union Parishad,
- Miscellaneous: It refers to all other different registers.

Twenty-one (21) different account books and registers have to be maintained by UP. Description of these books of accounts/registers and procedure to be followed by UP are as follows:-

(i) Grant Register:

UP will keep detailed record of the receipt and expenditure of the government grant in a register as per UP Form. 2

(ii) Cash Book:

The Cash book is the most important and the main accounts record. All financial transactions of UP need to be regularly recorded using UP Form.3 in the Cash book on daily basis. All kinds of receipts and expenditure must be recorded and calculated and show the balance in the cash book at the end of each month. One cash book should be used for one

year. The monthly cash balance of the cash book must be checked against the balance of the bank account shown in the bank statement in order to reconcile the two. After doing this, it has to be signed by the concerned UP official dealing with finance.

(iii) Bill Register:

Information of all expenses such as salary, allowances, purchases and cost on infrastructure construction etc. must be recorded in this register. All vouchers should be attached in support of the bills submitted. When the payment is made through cheque, it should be issued in the name of the real recipient. Any payment above Tk.4999/ must be done through crossed cheque.

(vi) Register On Stationery Materials:

There should be one register for all types of stationary materials to be maintained by one employee of UP as per Form-5. All stationary materials received and distributed must be recorded at the time of action taken.

(v) Register on incidental (Contingency) Expenditure:

Payment on all incidental expenses must be done through submission of bills and then disburse the amount spent. In support of the expenditure, attachment of voucher/bill is necessary. If payment is made by cheque, it should be issued in the name of the real recipient.

(vi) Master Roll Register:

When any works (construction) done under the supervision /management of UP member or officer, it is essential to record the daily attendance of laborers using Form-7.

(vii) Annual Accounts Description Register:

After the end of each financial year, UP must prepare the annual accounts report as per Form-8, and it should be submitted to the Deputy Commissioner by the 30th September of the next financial.

(viii) Property Register:

All properties like land, road side land, building, pond, open space for building construction under UP's ownership and possession must be recorded as per UP Form-9 and preserved in the property register. In case of sale or transfer of any of these properties, these matters should be recorded in the remark column under the signature of the Chairman. Once in every year, the chairman would verify the property register and puts his signature with date for certification.

(ix) Tax, Rate and Miscellaneous Collection Receipt Book:

Union Parishad should keep a receipt book as per Form-10 in order to maintain the record of all collections-, tax, rate etc. Every day collection with all the details must be recorded immediately in the receipt book. On the first day of each month, the tax collector would deposit the collected amount along with the collection counter receipt to the Chairman. Every fortnight, the Chairman would deposit this amount to the savings account of the Union fund kept either in treasury or post office. He would also verify it

with the collection register and acknowledge the receipt of the amount by giving his signature in the collection receipt used lastly.

(x) Union Tax Assessment Register:

Assessing annual valuation of each household, the holding tax is fixed. All records as per UP Form-II should be preserved in this register. Once the holding tax list is finally fixed, all necessary information must be recorded in this register.

(xi) Union Tax /Rate Collection Register:

After collection of Union tax/rate, this has to be recorded as per UP Form-12 in this register. Tax collection in terms of date and amount must be recorded in the designated column of this register. Moreover, the amount received under this head must be recorded also in the cash book.

(xii) License Fee Collection Register;

Except motor vehicle, all fees on transport such as rickshaw, rickshaw van, push cart, etc. must be collected with the help of UP Form-13 as per fixed rate, and licenses (annual) would be given against fees. All the relevant records must be kept in this register.

(xiii) Occupation, Trade License and Permit Fees:

Fees charged for license/permit on trade/business, occupation should be collected using UP Form-14, and it must be recorded in this register. The amount received under this head must be recorded in the cash book as well.

(xiv) Cinema, Drama/*Jatra* and Other Recreational Fees Collection Register:

Within the jurisdiction of Union Parishad, it would collect fixed fees on cinema, drama *jatra* and other recreation related functions. The amount collected under this head must be deposited in the Union Fund and recorded in this register as per UP

(xv) *Hat-Bazar, Feri-Ghat* and *Jalmahal* Lease and Collection Register:

Union Parishad would determine and collect lease money based on government directive/order relating to hat-bazar, *feri-ghat* and *jatmahal* within its jurisdiction. The collected amount should be recorded as per UP Form-16 in this register.

(xvi) Miscellaneous Demand and Collection Register:

In case of any other imposed tax/fee or rent on UP land /building is collected. It should be recorded in this register as per UP Form-17. The amount received under this head should also be recorded in the cash book.

(xvii) Receipt Book: Stock and Issue Register:

Each year receipt forms in duplicate format must be printed with page number and bounded like a book. The Chairman would keep this receipt book under his personal custody, and the receipt book could be issued only by his order. The Chairman should sign in the receipt register book while he gives it to the tax collector.

(xviii) Register for Donation Paid by UP:

A register must be maintained as per UP Form- 19 to keep record of donations given by UP. Details of each donation contributed should be noted in this register immediately.

(xix) Advance - Adjustment Register:

If any member of UP or contractor takes advance, proper record of it must be kept as per UP Form-20. No new advance is allowed in cases where the previous advance has not been adjusted. The details of the advance must be recorded in the advance register, while the Cashbook in its payment side would record the payment of the advance immediately. In case of adjustment made through bill or money realization, details of such adjustment must be recorded in the relevant column of the cash book and advance adjustment register. Moreover, when advance is adjusted through work-bill, it must be recorded in the adjustment register as per the above Form.

(xx) Investment Register:

Union Parishad must maintain an investment register, which would keep record as per UP Form-21 on all types of its investment including fixed deposit. Nature of all types of investment, and amount involved and other relevant information as recorded in the investment register should be sent along with the annual statement.

(xxi) Land Transfer: Income and Expenditure Register:

This register must be maintained for keeping record of all income and expenditure due to land transfer.

(xxi) Travel allowance:

Travel bills of UP employees must be prepared {as per its travel allowance Rule, 1961) in the prescribed form as used by the government employees. Travel allowance related expenditure would be considered under "others" head. Travel allowance of UP employees would be regulated by the travel rules of the government. In case of the non-official member, the travel allowance as announced by the government from time to time would be applicable.

6.5.3 Audit:

It is legally imperative that the accounts of every Union Parishad must be audited in a manner, after such intervals, as may be prescribed.

The audit authority must have access to all books and other relevant documents relating to accounts and can examine the chairman/members, officer/employee of UP. On completion of auditing, the audit authority would present the audit report to the Deputy Commissioner.

The audit report as required by section-49 must take into such matters as:

- Cases of embezzlement
- Cases of loss, waste or misapplication of UP fund
- Cases of irregularities in the maintenance of accounts, and
- Names of persons who are directly or indirectly responsible for any embezzlement, loss, waste, misapplication or irregularities.

The government has introduced an independent audit system to examine and verify whether the provisions, rules-regulations, orders, directives etc. relating to UP's financial management are being properly observed and whether financial accounting system is being followed, and registers are being kept as required.

The responsibilities of auditing covers assessing such issues as:

- Whether all UP expenditures are done lawfully,
- Whether assigned functions of UP are performed adequately and properly,
- Whether funds have been misappropriated or not.

The auditing of accounts is being carried out in two ways: (1) Internal audit system, and (2) audit system instituted by the government, that is, audit by the office of the Comptroller and the Auditor General. As per chapters 128 to 132 of the Constitution of Bangladesh and CAG — (additional responsibility) Act, 1974- require that the Comptroller and Auditor General will arrange for auditing of the local government institutions. After completion of audit, the audit authority will send the audit report to the Deputy Commissioner. In respect of irregularities found in the audit, the Deputy Commissioner/UNO may take actions against the concerned persons.

There are important matters relating to UP's accounts and audit that have to be looked into by the audit authority. The government directives on financial management of UP (2001) have identified some areas on which attention must be focused with regard to accounts auditing of UP. These are as follows: -

- Whether the accounts on UP's income and expenditure are properly recorded and maintained

- Whether ail receipts of the UP are accounted for and afterwards, the amount is either deposited in the bank account or kept in the postal savings account, as practiced by UP
- Whether the budget is being formulated, approved and expenditures are made accordingly, and the budget is revised as per rule as and when required
- Whether the amount received and spent is recorded and maintained in the cash book as per rule, and whether the cash in hand conforms to the balance amount in the cash book
- Whether the amount collected under different revenue sources is deposited under the proper head, and the amount received as shown in the receipt is properly recorded in the cash book
- Whether tax, rate and lease money are being collected as per government decision
- Whether all receipts, grants, property (land) and material stock and stamp etc. are properly recorded in the respective registers as per prescribed Forms
- Whether the estimate of the works programme is being recorded as per government's issued circulars and orders
- Whether account's related all files and records are being properly maintained
- Whether the amount paid as advance to the Project Committee has been properly spent and also adjusted
- Whether the vouchers in support of expenses are properly maintained Whether the property register is being properly maintained

The above mentioned circumstances reveals that UP has it shaped laws and administrative framework for strengthening its capability and make this organization effective, efficient, and transparent. Since independence in 1971 a number of attempts has been made to improve local government in Bangladesh but its continued to be managed and controlled by elites and heavily dependent on the administrative structures². Sirajganj Local Government Development Fund Project is the attempts to improve UPs capacity to make this institution participatory, vibrant, accountable and better service orient

6.6 Survey Findings

6.6.1 Respondent's Demography

Respondent's Gender:

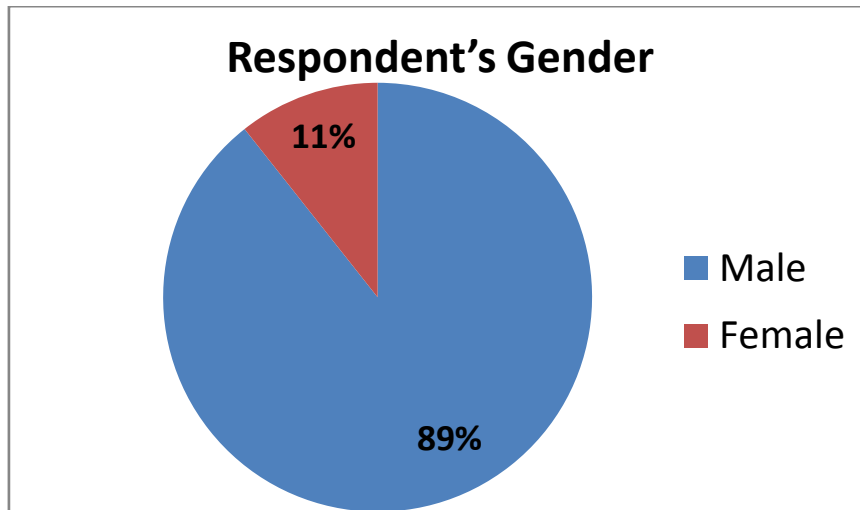


Figure 6.1: Respondent's Gender

Most of the respondents are male (89%) and 11 % of our respondents are female.

Respondent's Age:

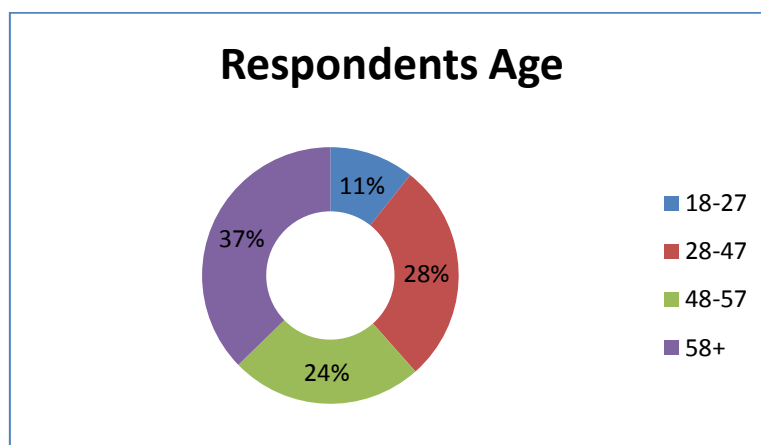


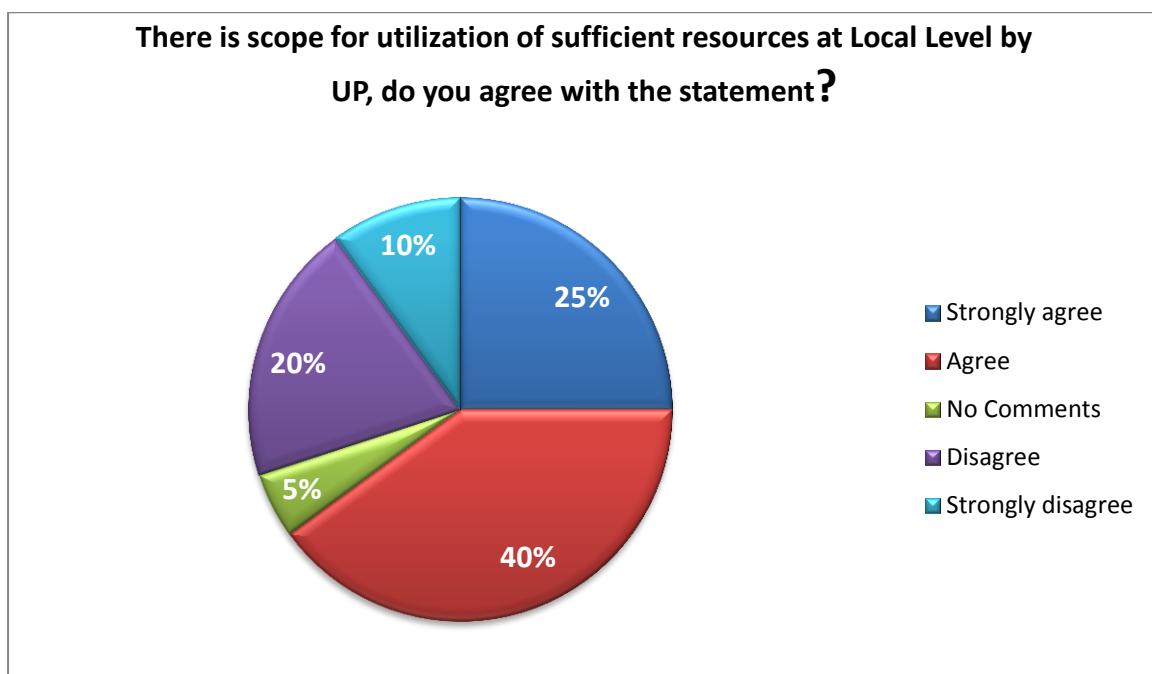
Figure 6.2: Respondent's Age

37% of our respondents' age is more than 58 where 28% respondents' age is between the 28-47 years and 24% respondents belong to the group of 48-57 years old and only 11% are below 28 years old.

6.6.2 Perceptions of UP officials

6.6.2.1 Utilization of local Resources

Figure 6.3: Scope for Utilization of Sufficient of Local Resource



Major portion of respondents who are UP officials (25%) strongly agree and (40%) agree that there is scope for utilization of sufficient at local level by Union Parishad. In contrast a low portion of the respondents (20%) disagree and (10%) Strongly disagree with the statement.

6.6.2.2 Potential varieties of Local Resources

Figure 6.4: Potential varieties of Local Resources

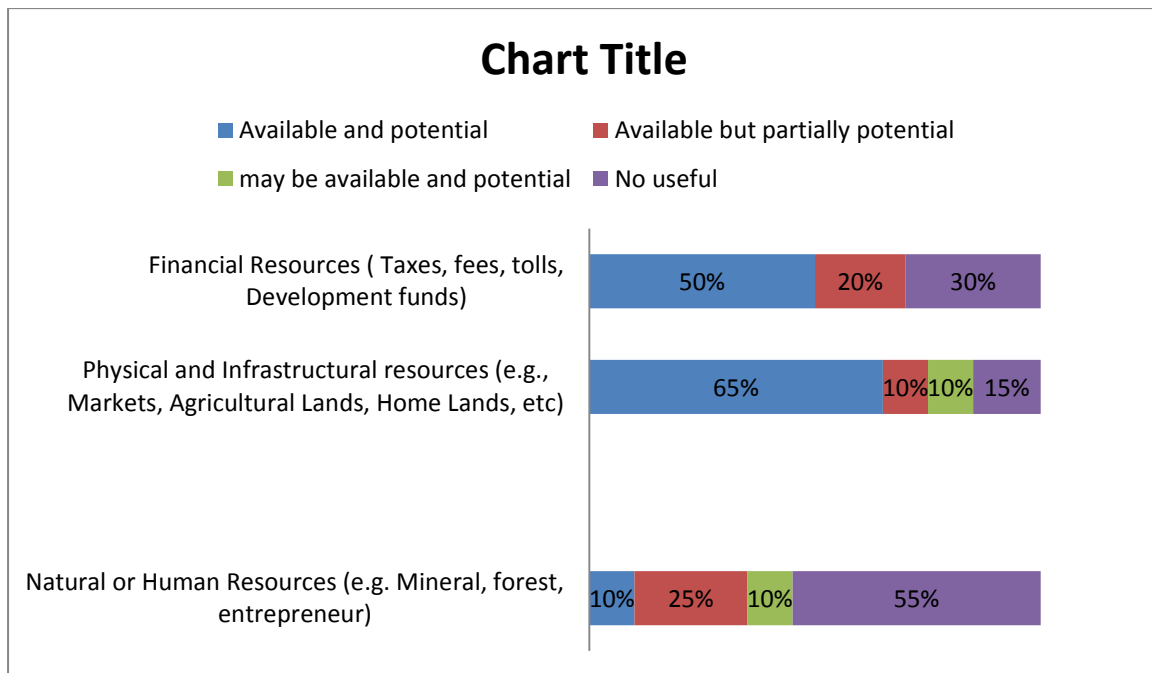
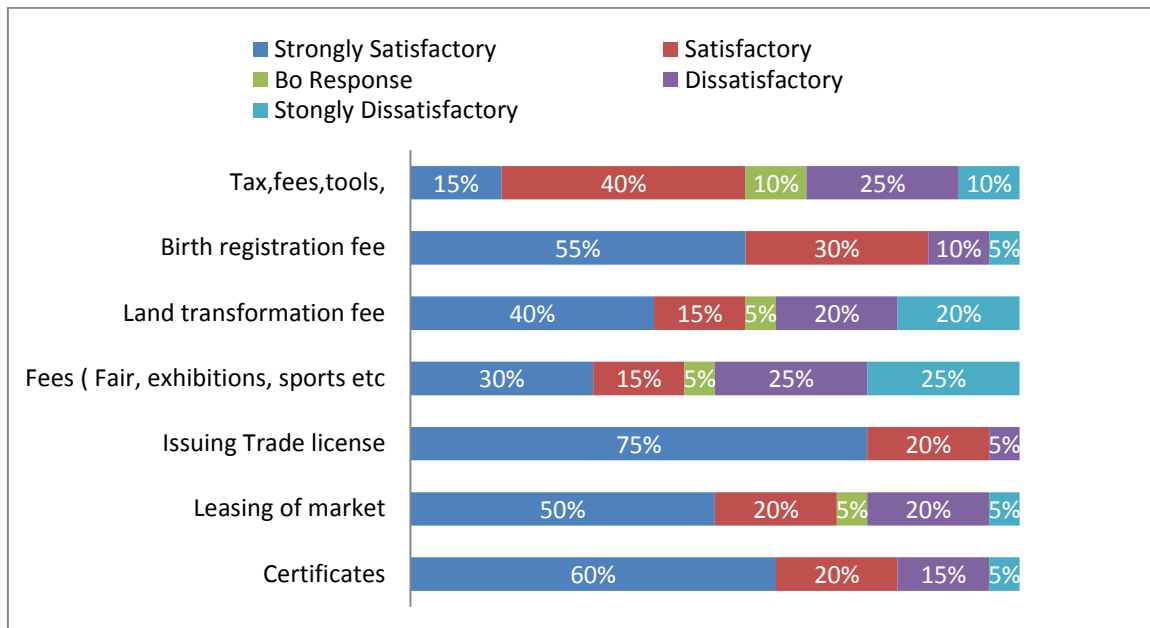


Figure 6.2 shows that there is limited amount of the natural or human resources (e.g. mineral, forest, entrepreneur) where 65% of the respondent said available physical and infrastructural resources and the large majority 70% of respondent said available financial resources (taxes, fees, tolls, development funds). On the other hand, 55% of the respondent noted the natural or human resources (e.g. mineral, forest, entrepreneur) and 15% of the respondent mentioned Physical and Infrastructural resources (e.g., Markets, Agricultural Lands, Home Lands, etc) and also 30% of the respondent mentioned Financial Resources (Taxes, fees, tolls, Development funds) as available resource in local area but not effective.

6.2.2.3 Major Sources of Income

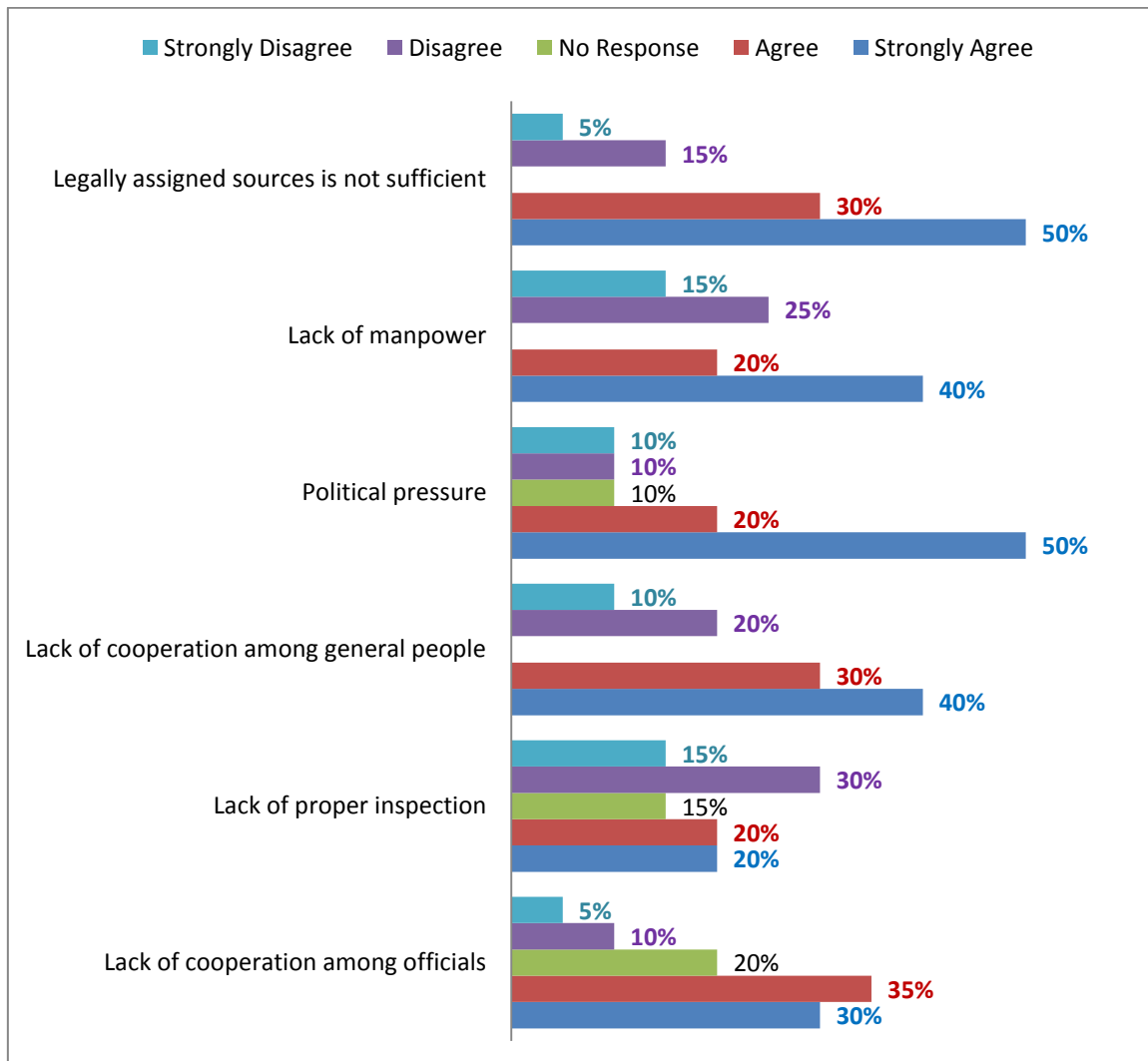
Figure 6.5: Major Sources of Income of Union Parishad



In the Figure 6.3 above noted that the majority of the respondent said satisfied about income of Union Parishad. a large 85% of the respondent reported here satisfied on birth registrations fees, 80% of the respondent about certificates fee and absolute majority 95% of the respondent on issuing trade license and tax, fees, tools. On the downside majority of the respondent were not satisfied in differ ten means of income as the table reported 50% of the respondent on Fair, Exhibitions, sports etc., 40% of the respondent on Land transformation fees.

6.2.3.4 Barriers in Maintaining Local Resources

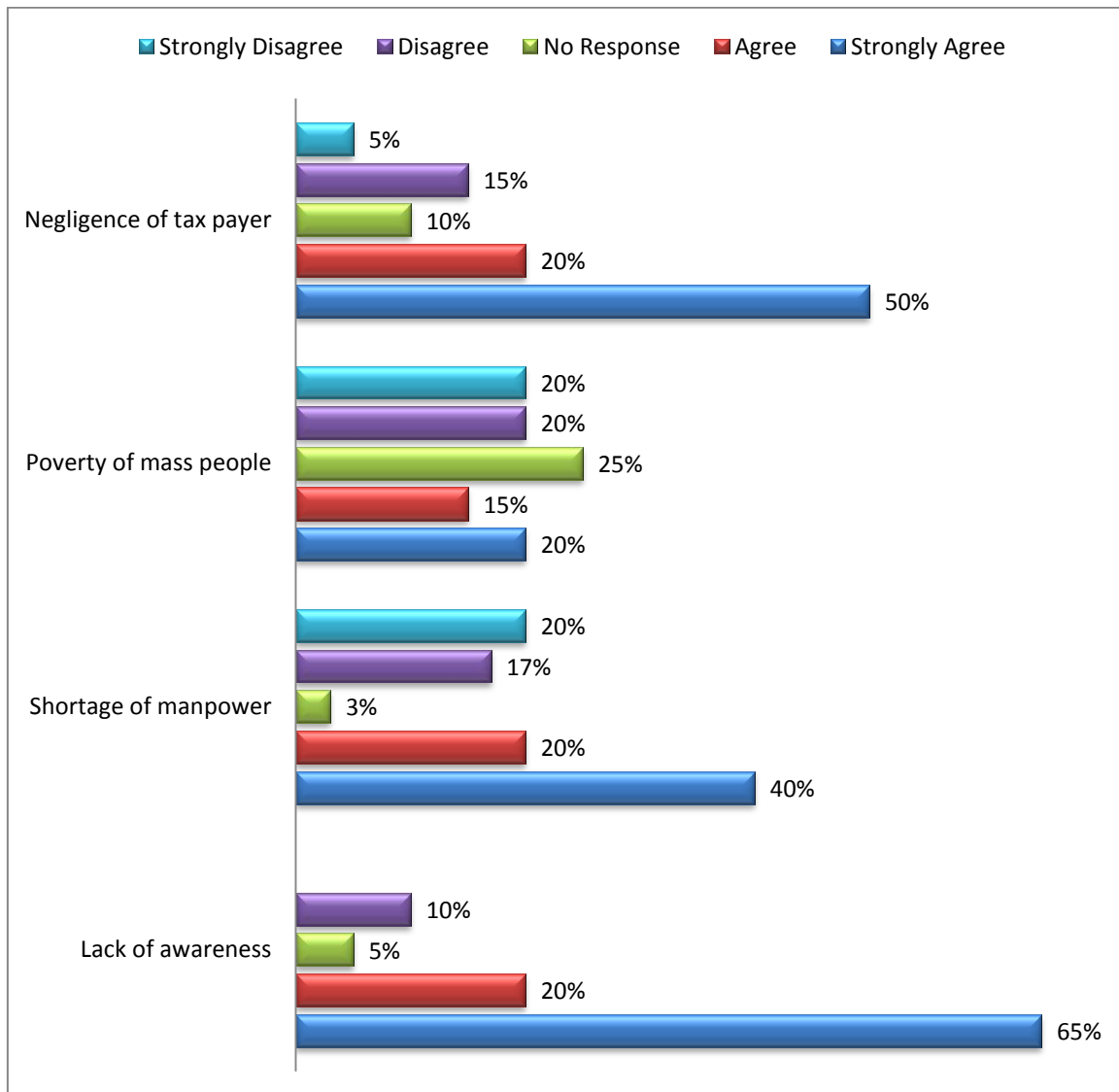
Figure 6.6: Barriers in Maintaining Local Resources



There are different types of obstacle people representatives and concern officials faced in maintaining local resources. Slightly major portion 65% of the respondent mentioned about lack of coordination among the officials and the absolute majority 80% of the respondent noticed that legally assigned sources are not sufficient, 70% of the respondent noticed about political pressure create barrier while taking their decision, 60% of the respondent in the table above noticed about shortage of sufficient manpower as one of the main barriers of maintaining local resource.

6.2.3.5 Problems in Collecting Tax/Tolls/Fees

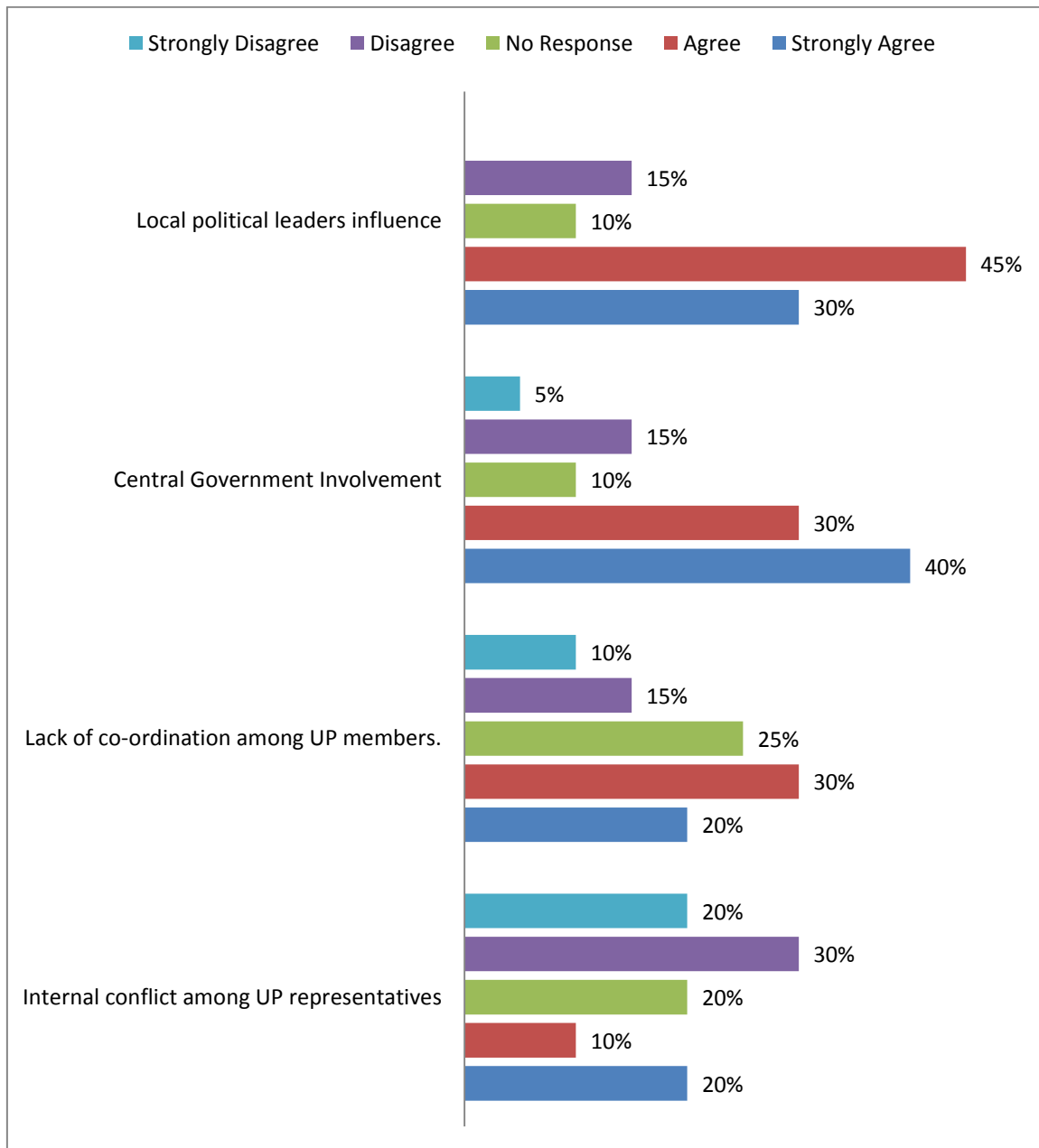
Figure 6.7: Problems in Collecting Tax/Tolls/Fees



Collecting Tax, tolls and fees is one of the main problems of Union Parishad Management. Major portion of respondents (65%) Strongly agree and (20%) agree that lack of awareness hampers collection of tax, toll, fees etc. The second highest portion of respondents (70%) agree that negligence of taxpayers and 60% think that shortage of manpower is the weakening collection of tax, toll, fees etc.

6.2.3.6 Problems in Development Projects Implementation

Figure 6.8: Problems in Development Projects Implementation

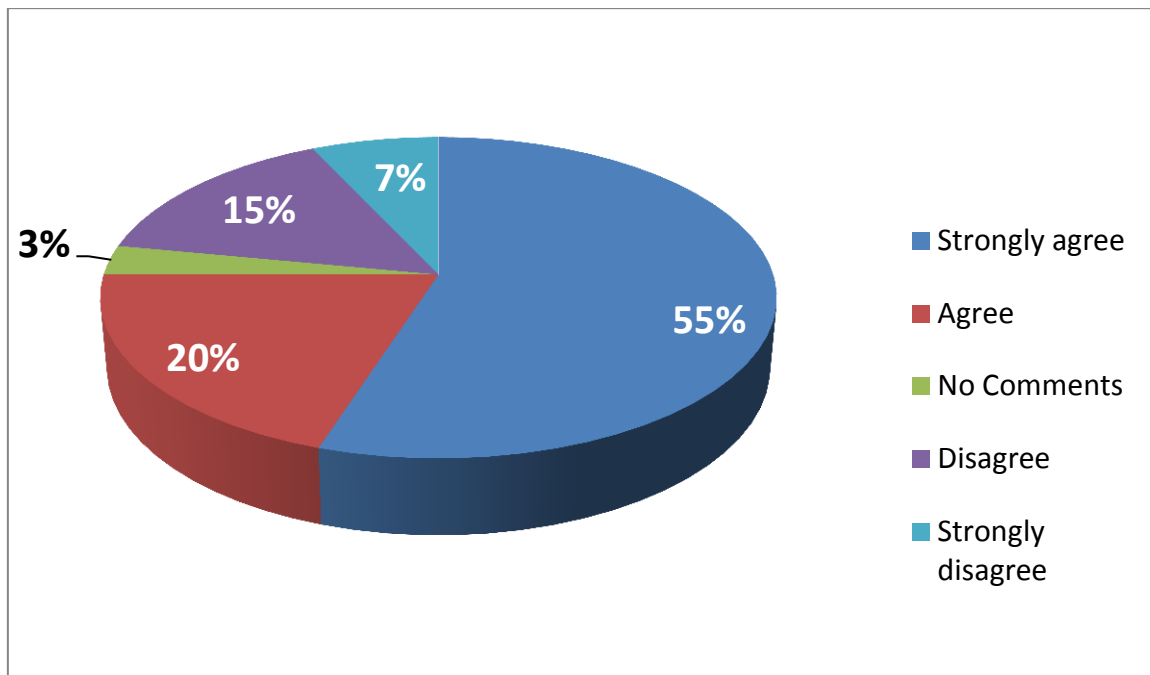


75% of respondents who are from UP officials claim that local political leaders influence in the implementation of development project of Union Parishad. Central Government’s involvement is identified as a major problem in implementing development projects by the 70% respondents in our survey.

6.6.3 Perceptions of local community people

A. Do you Concern about the financial process of UP?

Figure 6.9: Concern about the financial process of UP



Total 75% of respondents from local community people claims that they are concern about the financial process of Union Parishad.

6.7 Concluding Remarks

Local government's resources mobilization and utilization in Bangladesh is one of the most keenly contested issues in Bangladesh and local government receives statutory allocations from the central government. As the lowest tier of local government body, UP can implement activities for identifying potential areas of resource mobilization. Local own revenues are a necessary but not a sufficient condition for to be self-reliant because there are various factors involved. UP can barely exercise financial authority that they have to mobilize their own resources because of central dominance. Consequently, they had never been financially solvent due to shortage of adequate manpower, absence of proper tax assessment, fear of losing popularity among the UP members, predominant tax evading culture, perceived weaker correlation between tax payment and service delivery, and inadequacy of sources of income. It is found that the viable source of fees and charges for the UPs are trivial and not cost effective. However, it is impossible to realize national development goals without proper and accelerated local government. Therefore, UP should try to raise own financial resources to the optimum level from the existing bases, so that, more development schemes can be implemented in rural areas than the thwarting position now prevailing.

Chapter Seven

Conclusion and Recommendations

7.1 Introduction

Based on the analysis and discussion of the study report, some general observation and recommendations are made. These are as follows:

7.2 General Observations:

Union Parishad is the first tier of local government system in the rural areas. The Union Parishad for being an essentially service-oriented local government institution envisages a strong framework as would ensure direct participation of the local people in all the development activities in the area. The lack of sufficient financial resources coupled with management and manpower problems seen as part of broader governance problems at the grass root levels, which in turn affects significantly on its quality of service delivery. A few observations have come out through this study. Some of the observations are as Follows:

- If we consider an institution as a vehicle than finance is its fuel. Without having sufficient financial capacity, no institution can achieve targeted goal and objective. The finance is more crucial for the service-oriented organizations and in no doubt, the local government bodies are mandated to provide some emergency services to the people. Due to lack of financial capacity, these institutions can hardly satisfy their constituents. Due to poor and inefficient financial management capability, government and development partners never felt confident to provide any resources directly to the UPs until 2004. However, a tiny light has been observed at the end of the tunnel due to intervention of SLGDFP (Sirajganj Local Government Development Fund Project) Pilot Project, 2000-2005.

- Decentralization measures so far taken in Bangladesh at different phases involve both deconcentration and devolution, although the extent of deconcentration is more prevalent than devolution. There is neither any concrete attempt to de-bureaucratize the system nor any efforts to give sustainability to local government units.
- The relationship between central government and local government institution of Bangladesh has been characterized by bureaucratic dominance and control. Major activities and finances of local government bodies have been largely controlled by the government through field administration.
- Inadequacy of finance is a permanent problem of Union Parishad. Although UP had a larger tax base than Upazila Parishad, yet financial resources of UP were inadequate to carry out its social and development activities. Local government institution like UPs is mostly dependent on various types of government's grants. Thus the financial inadequacy, perhaps, results from undervaluation of property for tax assessment and lack of collection of estimated revenues, acts as one of the most serious impediments to carry out UPs functions and responsibilities.
- In some cases revenue bases of UP and Upazila overlaps which might weaken further the financial position of Union Parishad.
- Administrative capability of Union Parishad is very weak and is not adequate enough to respond to the challenging tasks of development. UP representatives are not very much-experienced in managing the affairs of UP and a significant majority of the selected officials do not have any administrative or managerial

experiences or training.

- Union Parishad basically depends on the central government finances. As a result, development functions and program schedule in most cases depend upon the discretion of field level officials of the central government. Complex financial rules and budgetary control imposed by the government affect the general performance of the UP.
- Developmental, administrative and functional relationships involving local bodies and concerned field administration operate more on the basis of informal linkage and understanding between the parties concerned rather than on the basis of functional rationality. Relationship between UP representatives and the field level government officials appears to be "cool" to great extent and less conducive for collaborative efforts.
- Control and domination of the field level officials over the UP also stand as a significant hindrance towards the smooth functioning of the local government institution.
- Usually Union Parishad does not engage full-time tax collectors. Tax collectors work on a commission basis. Collection of tax is not satisfactory. Poverty, absenteeism of payees and negligence of payees are major reasons for non-realization of estimated taxes. UP has the legal authority to realize unpaid taxes through sale and auction of movable and immovable property, this type of actions are not adopted by UP because UP members and Chairman think that this kind of action might make them politically unpopular and evoke

criticisms from the people. Union Parishad does not maintain cash book, receipt book, voucher file properly. Even Union Parishad does not prepare annual statement regularly of its accounts not send it to the Deputy Commissioner through UNO for information. Interesting enough that the auditing of UP's finances are rarely done.

- Overall administrative capabilities of the UP's are very poor—that eventually affects the project management, supervision, quality and cost. In addition to these the lack of administrative authority, negative bureaucratic attitude and control of the field staff, strict and outmoded financial rules, budgetary control, lack of expert consultation, corrupt practices of the professional field staffs, inadequate funding etc. affect inversely the performance of the program/projects at Union Parishad level.
- Development work is highly dependent upon the support, assistance and cooperation of the field level administration of the central government In general; the field officials and the extension workers of the line agencies do not always cooperate with the Union Parishad functionaries as expected. Developmental and other program inputs and logistic, consultative support usually do not reach the Union Parishad in time and in adequate quality and scale. UP officials, therefore, go for persuasions and other formal and informal means to get things done. Generally this persuasion ranges from personnel and political influence to financial incentives.
- Financial incentives/bribe is more effective mechanism than personal/political persuasion to get the needed things done by these field level officials of the central government. Thus, one broad generalization can be drawn that the existing administrative and

development functional network at the field level involving local bodies and field bureaucracy operates primarily on informal influences and relationships between the parties concerned.

- Union Parishad financial management is controlled by the national government through its field officials in preparation, approval and implementation of all financial expenditures including budget
- In most cases, annual audit of the UP are not carried out in time.

UP is subjected to extensive control and supervision in implementing development projects exclusively funded by the central government. Major hardships/problems are as follows:

- a) too much control in disbursement process;
- b) unnecessary paper work that takes time;
- c) delay in processing the financial documents;
- d) insufficient allocation in each installment which affects the costing of the project-i.e. resource allocation process is not rational;
- e) corrupt practice of the government officials.

7.3 Recommendations:

7.3.1 Providing Adequate Man Power:

Basically UP is a big organization. It has to provide various services to the peoples in its own area. Assessment of taxes, rates & fees, collection of that revenue, making list for VGD, VGF, Relief, *boyoshk bhata*, *matritto kalin bhata*, construction & maintenance of roads, culvert , execution of TR, *kabikha*, special programme (100 days programme, *kabita*, special allocation for MRS), Operating village Court, Birth & Death registration & issuing certificates, selection of projects, executing & monitoring the projects etc. are not possible to do all the official work accordingly & accurately by a secretary. In view of UP secretary's heavy workload some additional manpower is essential. To manage is activities properly a diploma engineer, a assessor & a collector, should provide to each UP immediately.

7.3.2Community Participation

More community participation especially by women and various interest groups at local level may be involved in UP activities.

7.3.3 Effective Monitoring

There is a monitoring system through UNO, DDLG, DC & Ministerial high official. But it is not working accordingly and properly due to local political influence. For public interest government should think seriously how to enforce effective monitoring. Basically central/ ministerial monitoring is the demand of situation. Frequent/unscheduled high official visit can improve the situation. For, ensuring good governance at local level frequent/unscheduled high official visit by deputy secretary/senior assistant

secretary may be considered. Office of the DDLG should be strengthened and made effective to undertake monitoring and offer other technical support to DDLG.

7.3.4 Announced/ Published Information

Every year Government is allotting money and resources for supporting development activities of UPs. These information should be published so that local people knows the amount of money/resources received by UP from the government source.

7.3.5 Open Budget Meeting/Session

Open budget meeting is such a too! Which can ensure accountability? Actually it's a demand of time. Through open budget meeting people can know & understand the UPs activities as a whole and can put their views as their expectation. So, it should be introduced as a compulsory function of UP.

7.3.6 Introducing of new tax areas

In the light of the existing condition of financial witnesses of the Union Parishad some specific areas of local taxes can be included, which could strengthen the financial base of the UP. These are as below:

- Taxes on ponds, big *khamar*, fisheries projects, plantation, poultries etc.
- Taxes on irrigation projects, private construction works (building)
- Taxes on local industries/enterprises.

7.3.7 Self-Assessment

Self-assessment tax system may be introduced to strengthen UP financial condition.

7.3.8 Corruption Free UP

Corruption hampers development efforts of UP. Effective and proper public participation in UP activities will enhance transparency, accountability which may reduce corruption. Without strong and real commitment of the central government corruption free UP is not possible.

7.3.9 Storage of Data

Comprehensive or detail data should be collected. Every Union should have its own statistics comprising all type of data (family wise) related to family members, occupation, financial status employee, unemployed, detail agricultural production/income present taxes, fees and levies, infrastructures(*paka* and semi-*paka* road) total K.M, land, ponds, trees, home, latrine etc. by door to door and plot to plot survey. Upazilla Statistical Office can do it by Central government decision. Using these data UPs can minimize its works. It also can help a UP to distribute relief and provide government contribution. Presently UPs are expending huge time to preparing list of VGV/VGF/ Relief and others.

7.3.10 Prize/Punishment

Performance evaluation is necessary for rewarding Union Parishad for its performance of local resources mobilization, implementation of development project, regular service delivery to the people etc. can be used as criteria for measuring performance.

7.3.11 Commitment of Government

It is found that government organizations are not doing well in Bangladesh without special attention of central government. In spite of huge scope UPs are not functioning expectedly. In fact maximum UPs elected representatives are not dedicated or committed to serve the people or responsible to their works even without some exception it is very tough to find out that it has constituted its standing committees. To strengthening UP govt. should reexamine that why it is not functioning according to expectation? For strengthening UP immediately Governments commitment is highly required.

7.3.12 Formation of New Committees

There are 13 standing committees to be constituted by UPs. In most cases the standing committees are hardly formed by the UPs. Government should take initiative so that UP forms these committees as per government rules. In addition to this required committees, UP may consider to form the following four new committees:

- i. Para development committee;
- ii. Schemes development committee; &
- iii. Word development committee
- iv. Union facilitation team

7.4 Concluding Remarks

As the Union Parishad is the base tier of local government system, operating at the grassroots level, it deserves special attention. Strengthening the existing financial capacity of Union Parishad is not enough. Its managerial and functional capacity also is strengthen for make this oldest local government institution more effective, efficient and accountable.

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ANNEXTURE

Annex:01 : Survey Questionnaire

Local Government Finance in Bangladesh A Case Study of Two Union Parishads

Opinion Survey

Section A: Respondent's Demographics:

- I. Name:.....Phone:.....
- II. Sex : Male Female
- III. Age : 18-27 28-37 38-47 48+
- IV. Occupation : Govt. Service Private Service Professional
 Business Student Self Employed
 Others:
- V. Educational Qualification : Primary Secondary Higher Secondary
 Graduation Post-Graduation PhD
-

Section B: UP Members and Officials

1. There is scope for utilization of sufficient resources at Local Level by UP, do you agree with the statement? (Please Tick off the vacant box for your answer)

5	4	3	2	1
Strongly agree	Agree	No Comments	Disagree	Strongly disagree

2. What are the Potential varieties of Local Resources?

(Please Tick off the vacant box for your answer)

Kind of local resources	Available and potential	Available but partially potential	may be available and potential	No useful
	4	3	2	1
Natural or Human Resources (e.g. Mineral, forest, entrepreneur)				
Physical and Infrastructural resources (e.g., Markets, Agricultural Lands, Home Lands, etc)				
Financial Resources (Taxes, fees, tolls, Development funds)				

3. Major Sources of Income of Union Parishad are?

(Please Tick off the vacant box for your answer)

Sources of Income	Strongly Satisfactory	Satisfactory	No response	dissatisfactory	Strongly dissatisfactory
	5	4	3	2	1
Certificates					
Leasing of market					
Issuing Trade license					
Fees (Fair, exhibitions, sports etc					
Leasing of wetland (Jolmohal)					
Land transformation fee					
Birth registration fee					
Tax, fees, tools,					

4. What are Barriers in Maintaining Local Resources?

(Please Tick off the vacant box for your answer)

Types of Response	Strongly Agree	Agree	No Comments	Disagree	Strongly Disagree
	5	4	3	2	1
Lack of cooperation among officials					
Lack of proper inspection					
Lack of cooperation among general people					
Political pressure					
Lack of manpower					
Legally assigned sources is not sufficient					

5. Problems in Collecting Tax/Tolls/Fees are?

(Please Tick off the vacant box for your answer)

Types of Response	Strongly Agree	Agree	No Comments	Disagree	Strongly Disagree
	5	4	3	2	1
Lack of awareness					
Shortage of manpower					
Poverty of mass people					
Negligence of tax payer					

6. Is there any Political and/or administrative influence to mobilize local resources?

(Please Tick off the vacant box for your answer)

Types of response	
Yes	
No	
No Comment	

7. Problems in Development Projects Implementation are?

(Please Tick off the vacant box for your answer)

Types of Response	Strongly Agree	Agree	No Comments	Disagree	Strongly Disagree
	5	4	3	2	1
Internal conflict among UP representatives					
Lack of co-ordination among UP members.					
Central Government Involvement					
Local political leaders influence					

8. Is there any initiative of Making Self Reliance of Union Parishad (UP)?

(Please Tick off the vacant box for your answer)

Types of Response	Yes	No	No Comment
	3	2	1
Provision of permanent tax collector			
Improvement of Land Management			
Span to extend existing local income source			
Reducing administrative control			
Generating new income e.g. land registration fees, market auction fees			
Reduce local and central political involvement			

9. Please provide your valuable suggestion regarding strengthening financial condition of your Union Parishad.....

Section C: Questionnaire for local community/people

1. Do you Concern about the financial process of UP?

(Please Tick off the vacant box for your answer)

5	4	3	2	1
Strongly Concern	Concern	No Comments	Not Concern	Strongly Un concern

2. Do you think that UP should have more freedom and power for mobilizing resource?

(Please Tick off the vacant box for your answer)

5	4	3	2	1
Strongly agree	Agree	No Comments	Disagree	Strongly disagree

3. Is the present financial condition of your UP satisfactory for the development activities of the Union locality? (Please Tick off the vacant box for your answer)

Strongly Satisfactory	Satisfactory	No response	dissatisfactory	Strongly dissatisfactory
5	4	3	2	1

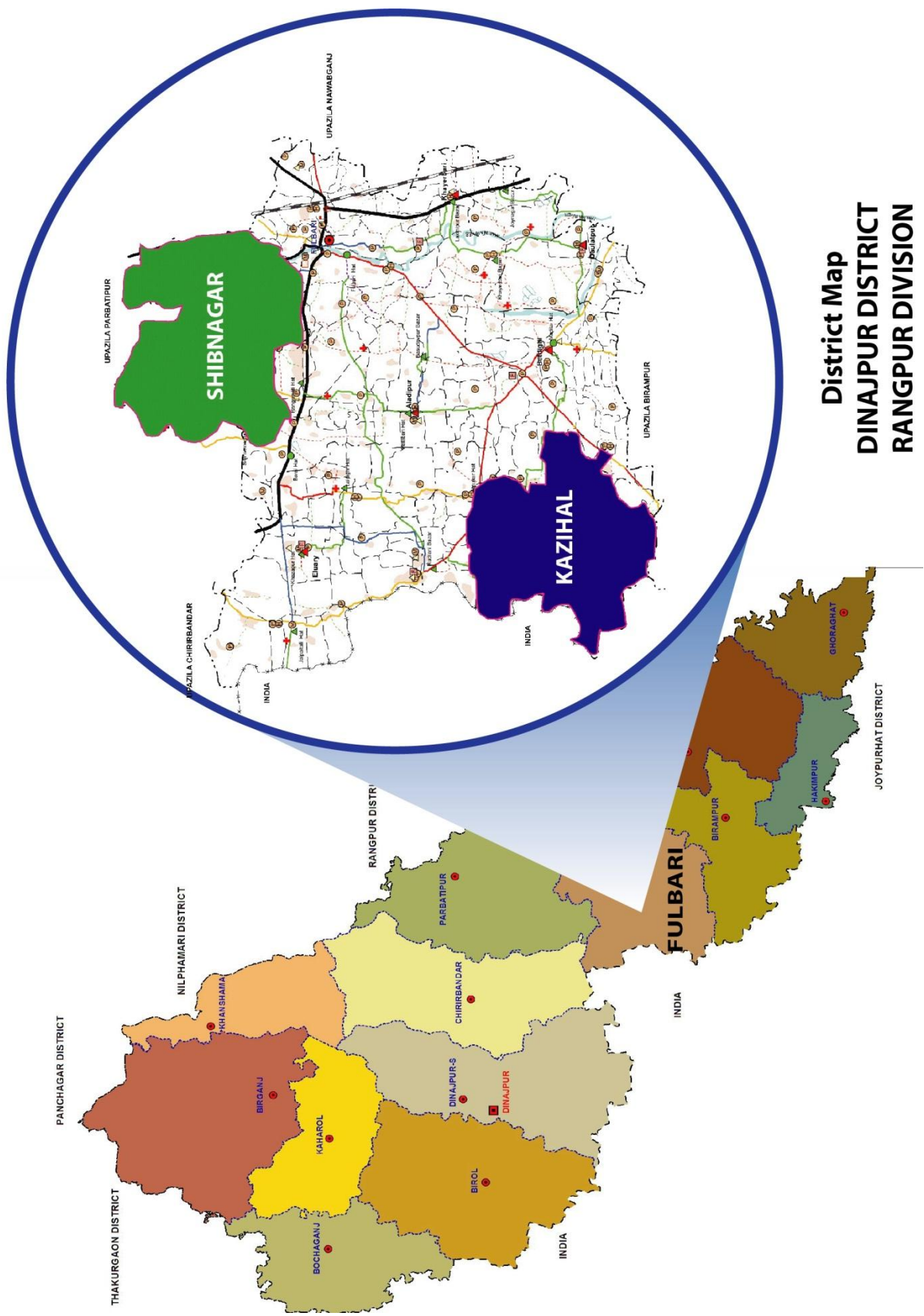
4. Public confidence on different aspects of making UP self-reliant?

(Please Tick off the vacant box for your answer)

Types of Response	Strongly Agree	Agree	No Comments	Disagree	Strongly Disagree
	5	4	3	2	1
Legal strength require to collect fees, tools and limited tax locally					
simplifying rate structures and collection procedures					
Circulate the list of fees, charges and tools					
Political Leadership and Good Governance					
Improvement, Productivity and Accountability					
Meeting infrastructure needs					
Sharing land registration fees					
Share from Market and Water body auction fees					
Monitoring Revenue Collections Process					
Supportive Central-Local Relation					

5. Please provide your valuable suggestion regarding strengthening financial condition of your Union Parishad.....

Annex:02 : Map of Study Area



**District Map
DINAJPUR DISTRICT
RANGPUR DIVISION**

Annex:03 :

Union Parishad (Property) Rules 2012

Annex:04 :

Union Parishad Tax Schedule

Annex:05 :

Union Parishad (Accounts and Audit) Rules 2012