

**Resource Mobilization from Non-traditional Sources in South
Khosbas Union Parishad : A Case Study**

**A dissertation submitted in partial fulfillment of the requirement for the Degree of
Master of Arts in Governance and Development**

Submitted By

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BU Student ID no. 13372021

MAGD 5th Batch



MA in Governance and Development

BRAC Institute of Governance and Development University

Dhaka- 1212, Bangladesh

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DECLARATION

This is hereby declared that on part of this dissertation titled “Resource Mobilization from Non- Traditional Sources in South Khosbas Union Parishad: A Case Study” has been submitted or published somewhere else. The entire dissertation is prepared for academic quest and only designed for the partial fulfillment for the degree of Master of Arts in Governance and Development. The research is submitted to The BRAC Institute of Governance and Development, BRAC University with due acknowledgement of the cited text and norms of standard research works.

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SUPERVISOR AUTHORIZATION

I hereby recommend and certify that this dissertation entitled “Resource Mobilization from Non-traditional Sources in South Khosbas Union Parishad: A Case Study” is a research work conducted by Afrin Khan, MAGD 5th Batch, BU Student ID No. 13372021 under my supervision for partial fulfillment of the requirements for the degree of Master of Arts in Governance and Development in The BRAC Institute of Governance and Development, BRAC University, Dhaka, Bangladesh.

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Abstract

Union Parisad is the oldest and smallest institution among the local government institutions in Bangladesh. It has some traditional or formal and non formal sources of income. Local resource mobilization is one of the means which play a crucial role to increase the fund of UP and to improve the socio-economic conditions of the rural people. There are many way to accumulate fund from non formal sources of UP as well. But UP is institutionally weak to collect funds. There are also policies with progressive constitutional provisions, framework for strong and effective local government. Due to some ambiguity in the policy, lack of resource generation capacity, lack of coordination and collaboration with other government and non government organization, lack of institutionalization UP could not able to generate resource properly and perform the development activities for the rural poor. It was found that the people of the study area were very much aware about the sources of income of the UP and they are willing to pay the taxes. UP can utilize this positive motivation to mobilize the other local resources to raise the fund.

This study is an effort mainly to find out the sources of non traditional sources of revenue generation of the Union parisad. The study has been conducted depending on primary sources. Moreover, different secondary information also incorporated in the study. There was intervention through a project in the village area implemented by the BARD and ETEA Foundation, Spain to strengthening UP and institutionalize the village organizations. By this effort additional source of revenue earning UP has made a fund to do the welfare of the people of the union and capable to bring confidence of the people to the UP. This effort was able to build up the capacity of Union Parishad and institutionalize village organizations to support the vulnerable sections of people for their livelihood development through people's participation and ensuring good governance. Union Parishad is the most popular democratic institution at the grassroots level. Therefore, resource mobilization from non traditional sources through collaboration with GO's, NGO's at this level is crucial and deserves special attention for better service delivery to the rural area as well as build the capacity and strengthening the Union Parisad . This study tries to explore the various potential non traditional sources of income and its benefits. Study findings would immensely give some direction to make the Union Parisad more effective.

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Abbreviations

ADP - Annual Development program
AECID - Spanish: Spanish International Cooperation Agency for Development
AGM - Annual General Meeting
BARD - Bangladesh Academy for Rural Development
BBG – Basic Block Grant
CVDP - Comprehensive Village Development Programme
DANIDA - Danish International Development Agency
FGD - Focus Group Discussion
GDP - Gross Domestic Product
GOB - Government of Bangladesh
KII - Key Informants Interview
LG D - Local Government Division
LGSP-Local Governance Support Project
MOU - Memorandum of Understanding
MP- Minister of Parliament
NGOs - Non Government Organizations
NILG - National Institute of Local Government
PRA - Participatory Rural Appraisal
OECD - Organization for Economic Cooperation and Development
TTDC-Thana Training and Development Centre
UC - Union Council
UDCC - Upazila Development Coordination Committee
UNCDF United Nations Capital Development Fund
UNDP - United Nations Development Programme
UNO - Upazila Nirbahi Officer
UP -Union Parisad
USAID - United States Agency for International Development
UZP - Upazila Parisad
ZP- Zila Parisad

Chapter 1

'The centre-piece of the National Rural Development Policy is a strong and accountable system of local government, especially the Union Parishads. Union Parishads need to be empowered with additional resources, authority and training. A transparent formula needs to be put in place by which a significant amount of funds will be devolved to the union level as a matter of right, rather than as a function of central control. Union Parishads also need to be made accountable to the people through a system of regular village meetings as well as mandatory public display of information regarding government expenditure at all levels' (GOB, 2000:5)

1. Introduction

Bangladesh has a long and eventful tradition of local government. It has evolved in Bangladesh within a three tier framework. These are: Union, Upazila(Thana) and District. Among them Union Parishad is recognized as the primary economic and administrative unit to reorganize local revenue administration and resources mobilization and explore the potential sources of resources. It has also the longest institutional history since 1870. Through many changes the structure and functions of local government have evolved over the years in consonance with socio-economic and political transformation of the country. "The Constitution of Bangladesh provides directions and provisions in two Articles, 59 and 60, laid down a framework concerning local Government bodies. Article 59 (1) provided that: Local Government in every administrative unit of the Republic shall be entrusted to bodies, composed of persons elected in accordance with law. Article 59(2) spells out the board functions of the Local government as:

- administration and the work of public officers;
- the maintenance of public order;
- the preparation and implementation of plans relating to public services and economic development.

The Article 60 of the Constitution stipulated that: "For the purpose of giving full effect to the provisions of article 59 Parliament shall by law, confer powers on the local Government bodies referred to in that article, including power to impose taxes for local purposes, to prepare their budgets and to maintain funds".

Apart from these Articles 59 and 60, Article 11 of the Constitution provided as a Fundamental Principle of State Policy that 'The Republic shall be a democracy in which ...

effective participation by the people through their elected representatives in administration at all levels shall be ensured.”(Aminuzzaman ,M ,Salahuddin,2001:4)

Financial solvency is the sine qua non of an independent and strong local government. The foremost precondition of ensuring financial solvency is to consolidate local sources of income. Collection of tax from local citizens is one of the key sources of income for local government. The extent of tax mobilization largely depends on the tax payment behavior of the local people. While the positive attitude of the local inhabitants towards tax payment facilitates resource mobilization process, the negative attitude towards the same severely inhibits the process and makes local government vulnerable to influence of the central government. This study has, therefore, been undertaken to identify the various non traditional sources of resource along with traditional resources of UP in order to assess the effectiveness of partnership with other organizations at UP level, which will help resource mobilization to enhance better service delivery, ensuring participation, transparency, strong and self-reliant UP(Khan, Mohabbat 2007).

1.2 Background of the Study

Bangladesh Academy for Rural Development (BARD) has been experimenting new thoughts of development for developing models of rural development since its inception. Utilizing the experiences of the projects, BARD has designed a participatory action research namely ‘Strengthening Institutional Capabilities and Rural Population for Territorial Development in Chittagong’ under the auspices of ETEA Foundation for Development and Cooperation, and Spanish Agency for Development and International Cooperation (AECID), Spain The participatory action research was conducted in Khosbas (South) Union of Barura Upazila in Comilla district during March 2011 to August 2012 (18 months). An initiative was taken to strengthen capacity of Union Parishad for preparing participatory plan and providing support services according to local people’s needs. Besides, the vulnerable section of people especially poor man and women were organized and they were provided support services according to their need by developing partnership among project, Union Parishad and nation building departments. In order to implement the action research organize inception meeting and a workshop for finalization of methodology of the project with the project beneficiaries and different stakeholders, situational analysis through Participatory Rural Appraisal (PRA), Focus Group Discussion (FGD) and household survey, preparation of ward information book and

digitized data base, facilitating organization of ward meeting, facilitating organization of the standing committee meeting, facilitating preparation of a five year plan of the Union Parishad and facilitating formation of village organizations and asset transfer were done through the participatory manner. A decent effort was made for capacity building of Union Parishad and village organizations to support the vulnerable sections of people for their livelihood development. After identification of social status of people of this area, a special meeting was organized in each village to motivate them to form village development organization ensuring participation of vulnerable women households. The villagers were motivated to form village development organization with the participation of one household member from each household. After six months when it was observed that the group was working well, it was decided by the members of the village organizations that village organizations (cooperatives) would pay Tk. 50 as service charge and the managing committee also committed that they would pay Tk. 50 per beneficiary as holding tax on a yearly basis. The Union Parishad also agreed that they would treat this amount as advance tax. (Mamun, 2012). From the very beginning project was working with the union parishad, trilateral Memorandum of Understanding (MOU) was signed among the UP, Village organization (cooperatives) and project personnel's of BARD as partner during hand over of the project it was agreed to monitor the Village organization (cooperatives) on basis of that agreement and the request of the general members of the Village organization (cooperatives). Every month the field assistant of the project organize monthly meeting and submit report to the UP. Union Parishad collects the service charge through Annual General Meeting (AGM) of the Village organization (cooperatives). By the additional source of revenue earning UP has made a fund to do the welfare of the people of the union and capable to bring confidence of the people to the UP. This effort was able to build up the capacity of Union Parishad and institutionalize village organizations to support the vulnerable sections of people for their livelihood development through people's participation and ensuring good governance. (Mamun, 2012)

1.3 Review of Literature

There is plethora of literature on local government in Bangladesh, but there is paucity of literature exclusively focusing on non-traditional sources of resource mobilization in UP at local

level. However, a few research studies are conducted on this issue. Some of the core findings of those studies are pointed out here.

One of the explicit objectives of decentralization as envisaged by the GoB is to reduce the financial dependence of local government on national government and also to foster local self-sufficiency in every respect. The three objectives of self-reliance in the decentralization programme have been expressed by the GoB as follows; “Implications of this process of devolution are: (a) reduction of dependence of rural people on national government for meeting the needs which can be met locally and development of self-reliance in this process; (b) mobilization of resources which have hitherto remained untapped; and (c) reducing direct involvement of national government in planning and implementation of projects which are purely local in nature. All those are expected to lay the foundation of a solid local government which could be ushering a better life for rural people in the near future” (GoB, 1983a: 1). The establishment of any kind or degree of local autonomy requires local government to have a solid financial base of its own, because outside financing often comes with conditions which limit the autonomy (Nathan 1989:5). In Bangladesh, right from the inception of the Upazila administration, neither the central nor the local government officials could make any effective progress in achieving self-reliance through mobilizing local resources. (Ahmed, Tofail, 2012)

Generally, the sources of income of a local body in Bangladesh are : taxes, rates, fees and charges levied by a local body; rents and profits accruing from the properties of the local body; sums received in the performance of its functions; contributions from individuals, institutions etc; government grants; profits from investments; receipts accruing from the trusts placed with the local body; loans raised by the local body; and proceeds from such sources of income as the government may direct to be placed at the disposal of a local body.

In order to carry out the functions, all levels of local government are now empowered to generate revenue from their own sources, apart from what they derive by way of government grants. On the whole, the main sources of revenue of local bodies are taxes and rates, non-tax revenue and grants. Loans and voluntary contributions are seldom resorted to.

There are two ways of collecting taxes and rates, namely, taxes and rates collected by the local bodies themselves and taxes collected by the national government on behalf of local bodies (i.e. immovable property transfer tax). Though the tax schedules in the relevant Ordinances are fairly comprehensive, local bodies generally select only those items which are expected to fetch

a reasonable income without working as an irritant to the public. Some of the common items which the local bodies often exploit within the ceiling fixed by the government are holding tax, water rate; lighting rate, conservancy, tax on professions, trades and callings, tax on advertisement, and amusement tax.

Holding tax, the most important local revenue, is levied on the annual valuation of buildings, determined by their rental value (actual or notional). Though holding tax is a major local tax, it is difficult to realize. Some property-owners evade it by bribing assessors to under-assess their taxes. Generally, rich and influential people are the worst evaders and defaulters.

Local bodies also derive income from non-tax revenues. There are two kinds of non-tax revenues: (i) fees and tolls (ii) rents and profits on properties. Fees and tolls are collected from ferries, markets, bridges, contractors for registration, issuance of certificates etc. Pourashavas and Zila Parishads generally derive some income as rents and profits from properties possessed by them. The most important revenue source for the majority of local bodies is government grants. These are allocated mainly to bridge the gap between vital expenditure needs and limited local revenues and also to encourage specific development expenditures in line with national priorities. (Siddiqui, Kamal, 1992)

Aminuzzaman ,M ,Salahuddin highlighted that resource mobilization is one of the major concerns for UP to deliver quality services to the community. UPs should explore the windows of opportunities to seek and generate fund from non-conventional sources. UP should take initiatives to develop projects from own fund. UP could even go for partnership projects with NGOs using its own resources. Keeping in view the GOB policy priority on PPP, UP may also consider joint venture projects with private sector that would generate income and employment opportunities of the rural communities. UP should be innovative in mobilization of local resources. (*Aminuzzaman ,M ,Salahuddin,P.14*)

He also emphasized that there is a need for framing an appropriate policy and corresponding rules/ regulations to institutionalize the relationship between the UP and government agencies /NGOs, CSOs and the private sector to undertake some social service and income generation programmes for the community. Therefore, the institutional partnership with Line Agencies/ Bank/ Sector Corporations/ NGOs and Private sector is essential. (*Aminuzzaman ,M ,Salahuddin,P.15*)

Urban local bodies raise between 55-75 per cent of the revenue from their own source while a significant proportion comes from government grants. Nowadays, foreign or international project funds also contribute a significant share of a corporation's budget. The UPs have the power to raise revenues from the following local resources:

Local sources of UP revenue rising:

- Annual tax on the value of homesteads (known as Union rate or household tax)
- Taxes on professions, trades and callings
- Taxes on cinemas, dramatic and theatrical shows, and other entertainments and amusements.
- Fees for licenses and permits granted by the UP.
- Lease money from specific markets, ghats (boat landing sites) and ferries within the Union boundaries.
- Tax on the transfer of immovable property.

In addition, the UP receives allocations for projects through the central government's Annual Development Programme Block Grant. The Block Grant is administered at the thana level, and the TDCC decides on the allocation of this Grant for projects proposed by the unions. It should be pointed out that the responsibilities and functions are listed in very broad terms with no specific activities assigned. There are several reasons for this, one being the fear of becoming unpopular on the part of the chairmen and members who want to be re-elected, another corruption. The lack of incentives built into the very structure of the system. People living in rural areas often express willingness to contribute more to local revenue if they are assured that their contributions would in fact be pumped back into their own localities for the financing the development work they need. (Mallick ,Bishawjit, Compiled, 2004)

Without mobilizing adequate local resources, local government institutions can never be strengthened. In Bangladesh, local government bodies are chronically resource poor, although the LG regulations have empowered them to mobilize resources from local sources through assessment and levy of taxes from different sources, such as, property tax determined on annual value of building and lands; taxes on professions, trades and callings; on entertainment and amusement (cinemas, dramatic and theatrical shows, etc); fees for licenses and permits; lease from hats, bazaars, ferries, water bodies; and one percent of the value of land transfers, water bodies; and one percent of the value of land transfers, although potential sources of tax lie with

the central government in Bangladesh. However, in most cases, the taxes and fees collected by the UPs remain low because they do not tap adequate revenue from their entitled sources.

As a result, expenditure of development activities assigned to Union Parishad is almost met up by the grants received from the central government due to weak local resource mobilization because most of the representatives of local government bodies do not encourage collecting local taxes from own sources in fear of losing their popularity in the locality.

Professor Amirul Islam Chowdhury, noted a lack of initiative among elected members in generating financial resources. Citing examples of other countries, he suggested the creation of better avenues for individual initiatives and radicalized resource mobilization system for the reform process. A greater awareness should be created to enforce responsibility, perception and information.

On the issue of a transfer of local resources or revenue from the UPs, Mr. Azim explained that in many instances Chairmen have been found to be taking a personal cut from lease of local markets, a major source of income of local bodies, as a consequence of which the leasing rights of Jal Mahals had been withdrawn from the UP.

In the important area of use of revenues collected from local sources the UP do not have full autonomy. Part of the lease money collected from markets is channeled to Upazila level, and the government defined how this money should be allocated among the Unions, rather than allowing this decision to be made in the UDCC. In 1996 the GoB approved a 1percent land transfer tax allocation to the UPs. Initially this flowed directly to the Unions where it was collected but it is now deposited at Upazila level (Government Circular dated 1997) and the UNO determines, within centrally defined guidelines, how this money is allocated among the Unions.

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 LGD. Regarding local resource mobilization

- Traditional sources of local revenue are not fully exploited by UPs for political/election expediency and it is overlooked by central government and local administration in allowing mechanisms of UP inspection, monitoring and evaluation to remain dormant.

- Most UP councilors are unaware of many sources of local revenue while the Chairman often intentionally avoids tapping them for a) not evoking displeasure of potential voters and b) involving in corrupt practices of raising revenue but not accounting for it.
- In case of market leasing, many chairmen in collaboration with *Ijaradar* have often been found to under value leases, taking a cut personally from the lease unofficially. The district administration responsible to oversee such leases and update market lease values based on setting of rates of items sold is often found to take little interest in doing so.
- Central government has from time to time withdrawn or transferred sources of local revenue from UPs to other agencies. Recently the right of UPs to lease out water bodies in Khas Land (Jal Mahals) under – sq. km. have been transferred to the Youth Ministry.
- Similarly the right of receiving and utilizing a share of 1% land transfer tax by UPs have been withdrawn and placed under the authority of UNO for re-distribution to UPs.

By government order all councilors (and not the chairman alone) should be required to share the responsibility of local resource mobilization from existing sources such as collection from taxes, fees, rates, and levies, and lease of markets and ghats. UP councilors should be aware of all sources of local revenue available to the council.

Potential local sources of revenue should be identified (i.e. share of marriage and divorce registration fees, certification fees, taxes on brick fields, rice processing mills, small workshop, commercial dairy and poultry farms, construction of new houses etc.). This could substantially enhance UPs resource base if allowed the right to tax. (Khan,Zarina, Rahman, 2000).

In Bangladesh today, the reality is that at the local level there are thousands of small groups who are managing their own affairs, allocating resources and managing debt, making decisions by considering the opinions of all, taking action for the benefit of the entire group, expanding programmes, changing directions, and ensuring a better future for themselves and their children. One of the findings which corroborates findings of other studies on local government is that local governments cannot or are unwilling to raise revenue. However, the Eliotgong (North) Union Parishad came up with a very innovative way of raising needed revenue. Their experience shows that taxpayers are willing to pay for programmes and activities that benefit them. In 1984 total tax collection was Tk. 29,000. Taxes increased to Tk. 54,375 in 1990-91, and Tk. 81,562 in 1991-92, Ninety-five percent of the 1990-91 and 1991-92 taxes were realized. Although the economic base has increased, taxes were held to the 1991-92 level for the

last three years in order to give the citizens relief. The Union Parishad is considering increasing taxes for 1995-96.(UNDP, 1996, p.3)

Resources are not something of static nature composed of matter and materials alone. Matter and materials become resources only in relation to certain social conditions. As a result, relationship is a key factor in identifying and defining resources. This is the relationship between man and man and in turn between man and matter.

Local resource mobilization is necessary in order to supplement resources coming from the centre and also to have greater autonomy by the local units. However the local units are not always equipped with 'elastic' sources of revenue. The volume of financial resources that can be generated locally, also depends on a variety of factors such as i) the diversification and scale of economic activities ii) administrative conveniences iii) the willingness of the centre to vest the local units with substantial fiscal powers, and iv) the ability of the local unit to withstand local pressure for collecting local taxes and levies.

Village, unions and thanas should bring into focus for starting effective planning and development exercises. Without string, stable and transparent local institutions at those levels, local level planning and local resource mobilization cannot take any viable direction. (Ahmed & Zahid: 59, 84, 87-1994)

Local government units began to collect revenue from local sources in order to meet their expenditure during the British period. The autonomy of local government is intricately intertwined with its financial power and revenue base. Governments streamlined the financial procedures of local government through promulgation of laws and rules from time to time. The Bengal Local Self Government Act 1885 conferred to the Union Committee the power to impose tax on buildings and properties, and to collect chowkidari tax. Under the 1919 Act, the Union Boards had retained the power to collect annual union rate and entitled to receive government grant. Under the Basic Democracy Order 1959, the Union Council (UC) was entitled to impose chowkidari tax, property tax, and such other taxes as authorized by the law. Also annual government grant was given to UCs for project implementation under the rural works program. During post-independence period, the structure of UPs and sources of their income have been changed. Under the 1976 Ordinance, the UPs were vested with power to mobilize resources from 28 sources. This was fairly larger compared to past arrangements. The 1983 Ordinance drastically cut the sources of income from 28 to 5 only. These sources were: 1) tax on homestead

and buildings; 2) village police rate; 3) fees on birth, marriage, and feasts; 4) community tax on adult males living in the locality for purposes of public welfare; and 5) fees charged for some public welfare purposes.

The Local Government (Union Parishad) Amendment Act 1993 replaced the 2nd schedule of the 1983 Ordinance with a new schedule that included 6 sources of revenues for UPs. Though union board, union council, union committee, and union parishad were established with the spirit of meeting their own expenditure from their own funds as much as possible, they hardly realized required financial solvency in any part of the history. Under the Basic Democracy Order 1959, the Union Council was vested with power to collect revenues from 14 sources. In reality, it was totally dependent upon the central government grant for development projects. One study showed that though the 1976 Ordinance empowered UPs to impose taxes on 28 sources, bulk of the revenue collection was limited to 3 to 4 sources only, other sources remained unattended or poorly attended (NILG, 1996). The same study revealed that revenue collection was reduced to 2 sources after the enactment of the 1983 Ordinance, though the law authorized 5 specified sources for UPs. The meager revenue so mobilized was exhausted to meet 40% to 50% of the net establishment expenditure alone. Another study showed that the drastic cut in sources of revenue from 28 to meager 6 to accommodate new taxation power given to the Upazila Parishad made UPs heavily dependent upon the development programs undertaken by Upazila Parishad. This move debilitated financial base of UPs so much so that they could not even be able to pay their employees. The most notable reason for varying financial power of UPs under different regimes and their weak financial base is selective importance given to UPs as a local government unit. Whenever political role of UPs significantly went in favor of the ruling regime (e.g. during Basic Democracy period), the flow of grant and local resources was raised. In addition, whenever the role of UPs in grassroots development got momentum (e.g. under the 1976 Ordinance), the sources of revenue considerably enlarged. Conversely, whenever the importance of UPs in development shifted to alternative or parallel bodies (e.g. Upazila Parishad) the revenue sources dwindled. The number of sources of revenue was increased from 5 to 6 after the abolition of Upazila Parishad. In pursuance of a government decision taken in 1996, the proceeds from property transfer tax on sales of real property within respective UP territory (ownership transfer of property tax was fixed at 2% of transfer value) was equally distributed between UP and Zila Parishad. Previously, ownership transfer tax had been the sole jurisdiction of Zila Parishad.

Besides, authority of UPs in leasing rural haats and markets was enhanced by increasing the ceiling of lease value from TK. 50,000 to TK. 1, 00,000. These decisions had the potential to strengthen the financial base of UPs. But such decisions were not conducive for the local government system as a whole. No new sources were added or created; what was done was a blunt adjustment giving someone (UPs) something by taking that away from someone (ZP) (Khan, Mohabbat 2008).

Hossain, Zakaria, Md. Abu, Syed found that problems relating to Local Resource Mobilization-

- the Chairman and members has no such intention to do so
- the fear of unpopularity in the elections
- the limited sources of income
- taxable person remains outside the UP
- the bad financial situation of the tax payer(s)
- the refusal of transport and taxes
- assessment is required
- there is no permanent officials to collect the taxes and it requires a series of customs officials

Das, Kumar, Dhananjoy, found that causes and effects of low revenue collection by Union Parishad which creates weak local revenue collection of UP. These are- weak incentives in to collect taxes, tax evasion tendency of the inhabitants, peoples' mistrust to the Union Parishad, inefficient assessment and weak enforcement in revenue, considered as unpopular task to political leaders, unable to formulate plan at their own, less peoples' participation in development activities, higher dependency on grants or aids, absence of sense of ownership in development, poor public service delivery. These all are the factor affecting the traditional/formal sources of resource mobilization but nontraditional sources also have the extent to effective mobilization of resources and strengthen the UP.

1.4 At a Glance of the Khoshbas Union Parishads

It has been mentioned that for the purpose of this study, South Khosbas UP of Comilla district have been purposively selected. UP is culturally aware, economically well off and more or less conscious about local development initiatives. The main features of the study Union Parisad are reflected in the following Table:

| Features | Frequency |
|---------------------------------|------------------------|
| Establishment | 1953 |
| Area | 15 k.m. |
| Population *Male | 12,700 |
| *Female | 12,990 |
| Educational Institutions | |
| *College *High School | Nil,04 |
| *Govt. Primary School | 08 |
| *Non-govt.Primary School | 08 |
| *Dakil and Alim Madrasha | 02,01 |
| *Community School | |
| Literacy Rate | 78% |
| *Male *Female | 45%,33% |
| Communication Facilities | 65 k.m. |
| *Kutcha Road (in Km.) | 50 k.m. |
| *Brick Built (BB) Road (in Km) | 15 k.m. |
| NGOs working in the area | 09 |
| Main Occupation | Agriculture, Fisheries |
| Household | Around 5000 |

1.5 Objectives of the study

The general objective of the study was to identify the potential sources of income from the non traditional sources to strengthening the Union Parisad through linkage development.

The objectives of the study were:

- to identify the potential sources of local resources of the UP.
- to examine the coordination between UP and the partner organization.

1.6 Research Questions

The research questions included:

- What are the potential sources of local sources of revenues of the UP?
- What are the challenges of partnership and sustainability of nontraditional source?
- What is the pattern of partnership like legal bindings?
- What are the benefits and impact on stakeholders of resource mobilization?

1.7 Methodology of the Study

Selection of Area

The study was conducted in a selected Union Parisad considering the partnership in terms of linkage development, revenue earning from new sources of union parisad with partner organization. The study area was purposively selected.

Selection of respondents

A total number of 50 respondents from 7 villages out of 14 villages were selected by simple random sampling method. Respondents who are the member of the cooperative institute (CVDP) of the union were considered. The list of the members was collected from the field manager of the project.

Data Collection

Information for the study was collected from both primary and secondary sources. Primary data were collected from the member of the cooperative institution of Khoshbas Union parisad of Barura upazila in Comilla districts. For collecting primary data a semi structured questionnaire was administered, which were prepared by the researcher in consultation with the Supervisor. Data were collected by the researcher and support was taken from skilled research investigator of BARD. Other primary sources included key informants (KII), such as UP Chairman, Secretary, Member (male, female), Chairman/Manager of cooperative institute (CVDP), Imam, Teacher and Field manager of cooperative, concerned project personnel were interviewed using semi structured questionnaire and checklist. In addition, one focus group discussion (FGD) with one of the cooperative were conducted to understand views, opinion on various issues of partnership, co-ordination, performance, process impact to derive more insights into the issues related to the study.

Secondary sources included review of documents, reports of the respective Union Parisad, project documents, Secondary information was collected from books, journals, project and official documents etc. Both quantitative and qualitative data were used to fulfill the objective of the study. Researcher observations were also incorporated in the study. Data were collected during April-May 2014.

Data Analysis

Data were presented in tables, graphs and charts. Simple statistical tools were used to interpret findings of the study.

1.8 Scope of the

The major focus of the study is to identify the potential additional sources of revenue earning and its impact on stakeholders in the light of the objectives of the study. The study would consider the non-traditional sources of income of the union parisad. The issues to be considered in this study are illustrated in details in the following matrix:

| Study Objectives | Indicators | Measurement Techniques | Important variables |
|--|--|------------------------|--|
| 1. Identify the potential sources of revenue mobilization of the UP. | Socio-economic characteristics of the respondents, potential sources of local resource of UP | number and percentage | Level of education, age, occupational pattern, household size, awareness, traditional and non-traditional sources of UP |
| 2. Examine the coordination between UP and the partner organization. | Partnership, benefits, utilization, potential sources of income, extent of problems | number and percentage | Opinion on the following: derived benefits, sectors of utilization, income from non-traditional source, challenges, sustainability |

1.9 Rational and Importance of the study

Strengthening local government is one of the prime issues of the government. Building capacity of the UP by raising the revenue from other potential sources which will lessen the dependency on national govt. is highly encouraged. It is also related with transparency, accountability and participation and ensuring good governance. The UP Act 2009 has rightly recognized the importance of community participation, transparency and accountability by including specific sections on formation of ward committees, participatory planning, access to information, and extended authority of the Standing Committee etc. Very few local government institutions are taking this extra effort and making partnership with other organization to raise their revenue. This issue was not studied so much before. Therefore, the study attempts to provide a vivid picture of revenue rising through partnership at the local level. In addition, the findings of the study may help to formulate policy directives to bring transparency, accountability in the UP and to strengthen local government. It may provide some guidelines to improve planning, financial management, proper utilization of resources and also enhance the scope of partnership with organizations, which in turn strengthening local government as well as ensure good governance at grass root level.

1.10 Limitation of the Study

From the study it is difficult to make a generalization for the whole country as the study focus was limited to only one union of Comilla district in Bangladesh. The sample size was also

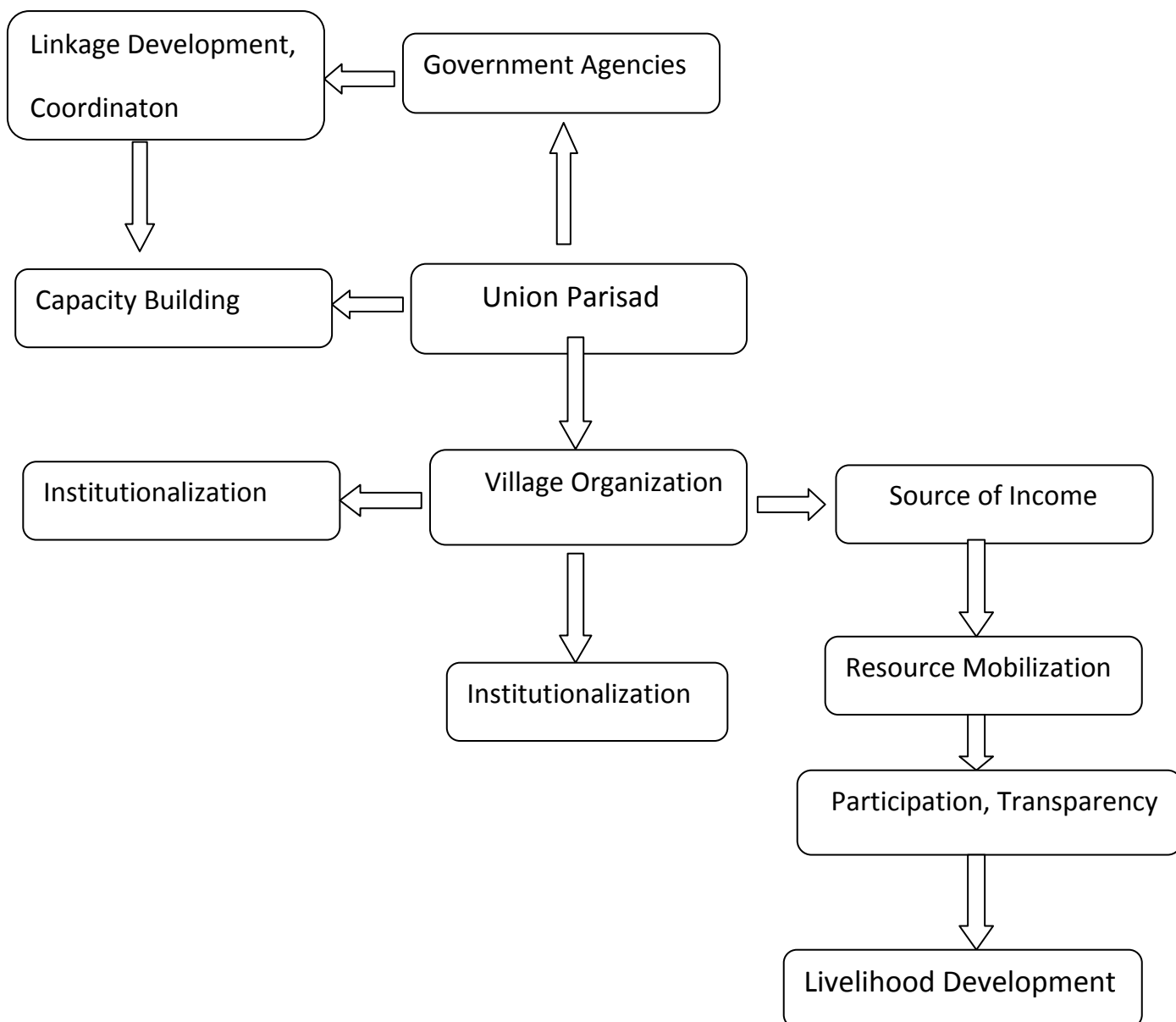
too small. However, from the study reader can have a picture of revenue earning from non-traditional source of a Union Parisad.

1.11 Chapter Outline

This study is sequenced into five chapters which have been enumerated sequentially as follows:

The first chapter deals with introduction, rational, objectives of the study, review of literature methodology, limitations, chapter distribution etc. The second chapter focuses on some conceptual aspect and terminologies. The third chapter dwells on the Findings and observations. The fourth chapter relates to conclusions and recommendations.

1.12 Analytical Framework of the Study



Chapter 2

Concept and Terminologies

2.1 Local Government

Local Government can be defined as the government below or as the government organized locally. The United Nations Organization (UNO) defines Local Government in the following way “The term Local Government refers to a political Subdivision of a nation or a state which is constituted by law and has substantial control over local affairs, including the power to impose taxes, on exact labor for prescribed purposes. The governing body of such an entity is elected or locally selected” (UNO: 1961). It is not a subordinate unit of the contract or a provincial government formed for more administrative purposes. Moreover, It is an integral part of the Government created for Self-Government within its competence (Tarikul: 2004). Local Self-Government means such Government, which is formed and empowered by law in a small range of certain geographic area to meet the local demand (Ahmed: 2000). It is recognized not only by the laws but by the constitution also. According to article 11 of the constitution effective participation by the people through their elected representatives in administration at all levels shall be ensured. Local govt. is a such govt., which is formed at lower levels or locally formed. By Local Self-Government we mean the administration of Local areas run by its selected representatives (Agarwal; 2009: 398).(Sharmin, Zayeda, Haque, Amdadul and Islam ,Fakhrul:77:2011).

Local government means a government established with a smaller territory within the country. Administrative autonomy is not given to such bodies. Institution that constitutes and governs by local representative authorized by legal framework is local government. “Local governments are administrative offices that are smaller than a state. The term is used to contrast with offices at nation-state level, which are referred to as the central government, National government, or (Where appropriate) federal government.”

According to Duane Lock and ‘local government’ is a public organization authorized to take decision and administer a limited range of public policies within a relatively small territory, which is a sub-division of a regional or national government. Local government is at the bottom

of a pyramid of governmental institutions, with the national government at the top and intermediate governments occupying the middle step. Normally, local government has general jurisdiction and is not confined to the performance of specific function or service. UN defines “the term local self government refers to a political sub-division of a nation or a state which is constituted by law and has substantial control on local affairs, including the power to impose taxes or levy for prescribed purposes. The governing body as an entity is elected or otherwise locally selected”.

Local government in fact, stands for “Government at the local level” while Government indicate a body to govern or administer and finally to run a state, here locally demarcated jurisdiction as a mini part of the state, by a managerial body, state should run by the people through their representatives and local government would run by local people’s representatives. Because local development would be the reflection of the desire and participation of the people concerned. The present concept of development stands on ‘equitable access to resources’ i.e. equal right to resources, participation to resource management and development process from planning to implementation through local government system. It is not possible to ensure proper development with central planning because that does not reflect the needs of the people concerned. There is no alternative to ensure development of the 150 million people through strengthening of local governments in particular Upazila and Union levels. (Khan, Mohabbat, 2011)

2.2 Local Self Government

Governments that are created by law with smaller territories and have authority conferred by law are called local self governments. According to the United Nations, the term local self-government refers to a political sub-division of a nation or state which is constituted by law and has substantial control of local affairs, including the power to impose taxes or exact labour for prescribed purposes. The governing body of such an entity is elected or otherwise locally selected (United Nations 1962, quoted in Siddiqui 1995: 4). Almost in all countries, either in Federal or Unitary system, local governments are integral part of national political system and formal political institutions that assume responsibilities to deliver public services on behalf of the state. (Karim ,Abdul and Rahman ,Mizanur ,2008)

2.3 Union Parishad

It means which organization that mention as Union Parishad in local government ordinance 1983 and 2009. A Union Parishad constituted by many villages, usually around 20 villages. (Jakir,2011) Union Parishads are the smallest rural administrative and local government units in Bangladesh. Each Union is made up of nine Wards. Usually one village is designated as a Ward. There are 4,550 Unions in Bangladesh. A Union Parishad consists of a Chairman and twelve members including three members exclusively reserved for women. Union Parishads are formed under the *Local Government (Union Parishads) Act, 2009*.

2.4 Local Governance in Bangladesh

In Bangladesh local government has been repetitively identified as a key strategic sector for improving governance and development. Considering the political economy and the Constitutional commitment, decentralization is an imperative to improve service delivery, respond to the demand of the civil society, resolve conflict, address the technological changes and meet the challenges of the growing urbanization. Decentralization is not only a political process of creating accountability but also is the best means to bring government closer to people and institutionalizing democracy. Empirical data across the continents reveal that at least 3 Fs are essential to make any decentralization process successful (Ahmed, 2007). These are: Functions, Finance and Functionaries. In Bangladesh context, unfortunately there has always been a severe imbalance among the 3Fs. Finance and Functionaries have always been a perennial problem of the LG systems in Bangladesh. Empirical evidences (Akash, 2009, Hossain Rahman, 2006, Majumdar, 2009) suggest some invisible but serious challenges that characterize the governance of the rural local government. These are: i. Continued centralized control over the UP (and thus local government) maintained through the administration and the limited resources at its disposal; ii. the critical and often hidden role of the MPs and other political stakeholders; iii. the poor understanding of the UP role both among its members and the wider populace; (Aminuzzaman ,M ,Salahuddin,P.4-5)

Union Parishad is the century old institution of rural local government in Bangladesh and till now it has to fulfill the desires of the grass root people overcoming the constrain of own resources along with local resources mobilization. Resource mobilization is the endeavor to raise finances from the area and to fund the development activities within the area. It is also embedded

to generate revenue from different sources for the UP which remained insignificant and always challenged. Community engagement, GO's-NGO's collaboration, accountability, transparency, mass awareness, linkage development, capacity building etc. are the major concern to ensure the revenue generation. There are some local governments institutions which are involve with mobilizing resources from public as well as private sector in Bangladesh. Union Parishad have some limitations to revenue generation, on the other hand it also has potentials, extra sources and there are many avenues to explore for the way out. Empirical study by Salahuddin, M, Aminuzzaman summarized the potentials particularly on recourse mobilization of rural local government-

- a. UPs have capability to *absorb and manage additional financial resources* to undertake both conventional and non-conventional development activities.
- b. UPs are *capable to mobilize additional resources* for its own development activities with new innovative techniques and delegated authority.
- c. UPs have the *potential to mobilize 'social capital'* i.e, women, community members, union facilitators to ensure 'social accountability" and "quality assurance" of the delivery of services.
- d. *UP complex* could be developed as a '*development hub*" with better coordination, collaboration of field level GOB extension agencies/workers and UP elected official including the UP Standing Committees. (Aminuzzaman ,M ,Salahuddin,P.8)

2.5 Evolution and Structure of Union Parishad

The current local government system in Bangladesh has three broad types or categories: urban, rural and special areas. The local government for urban areas has only one tier, which is known as municipality or City Corporation. The rural local government has four vertical tiers: Gram Parishad, Union Parishad, Upazila Parishad and Zila Parishad. The third category of local government or local government for the special area means the local government system for three districts under Chittagong Hill Tracts.

During the British rule (1765-1947), Bengal Local Self-Government Act, 1885 laid the formal legal foundation of Union for a group of villages. Both revenue and development functions were provided by Union Council as the lowest tier rural local government (Rahman and Khan, 1997, p.8) under 'Basic Democracy Order' system of the then ruler of Pakistan (1959-1970). Immediately after Independence in 1971, system of basic democracy was abolished and in

the article 9, 59 and 60 of Bangladesh constitution articulated about the local government formation, functions and revenue powers where union council remain the lowest tier rural local government. Local government Ordinance, 1976 and later on Local government (Union Parishad) Ordinance, 1983 (amended up to 1997) and recent UP act, 2009 have provided UP with powers to levy, tax and fees including women representation at UP.

Union parishad is the oldest and lowest local government system. It has been functioning for more than hundred years for the rural development of the country. At present we have 5501 Union parishad, Union parishads are run by the directly elected representatives. Its roles and representatives are guided by different levels, rules and circulars issued from time to time.

At present, there are three rural local government tiers in Bangladesh, known as Zila Parishad (ZP) at district level, Upazila Parishad (UZP) at sub-district level and UP at the union of villages level. The field level administrative structure is comprised of six division, 64 districts and 483 Upazila. The total number of UP is 4498 with an average population of 27,000 in each UP and average land area of 30 sq. km. (UNDP, 2002). The structure, functions and finance of rural local government institutions have undergone many changes from the ancient period to British colonial period and Pakistan regime to the present day.

During the British rule (1765-1947), Bengal Local Self-Government Act, 1885 laid the formal legal foundation of Union for a group of villages (Shafi, 2001, p.3). Union Councils were provided both revenue and development functions as the lowest tier rural local government (Rahman and Khan, 1997, p.8) under 'Basic Democracy Order' system of the then ruler of Pakistan (1959-1970). Immediately after Independence in 1971, system of basic democracy was abolished and in the article 9, 59 and 60 of Bangladesh constitution articulated about the local government formation, functions and revenue powers where union council remain the lowest tier rural local government. Local government Ordinance, 1976 and later on Local government (Union Parishad) Ordinance, 1983 (amended up to 1997) and recent UP act, 2009 have provided UP with powers to levy, tax and fees including women representation at UP. Each UP is now comprised with nine wards, one chairman, and nine members from nine wards including three elected women members representing for each three wards. UP secretary is the only official staff of UP and chairman is the chief executive. Each UP has 13 different standing committees to perform its 38 different types of functions in which special participations are allowed from different occupational groups like, freedom fighters, cooperatives society, disadvantaged group,

landless, destitute women, farmers, fishermen or weavers etc, as non-voting representatives. UP remain chronically resource poor and their reliance on central grants is still about 57% (GOB, 2007). Central government has declared policy to enhance local government expenditure but it is still below 3% of GDP while in the national level, the share of tax and non-tax revenue in the GDP has increased from 7.1% in 1990-91 to 11.2% in 2007-08 (GOB, 2009). The current share of local government and rural development in the total national public expenditure is only 7.2% (GOB, 2008). On the other hand, being a century old democratic body, UP is yet to be a decentralized rural local government while this institution is provided with mandatory and discretionary functions including own revenue raising powers. Despite its long history, frequent changes in the composition of this elected body and its use for political mobilization have also prevented it from pursuing long term development efforts in the rural area, even in the era of national democratic governance system during last two decades, central-local relations remain weak in many fronts including local resources mobilization efforts. (Ullah,Md. Anwar, Pongquan, Soparth)

Local governments in developing countries derive their revenues from two principal sources: A) funds transferred to them from a higher level of government, and B) funds collected and retained in the locality itself.

2.6 Union Parishad Functions

- Preparation of a comprehensive Union Plan and inclusion of inter-ward development projects after identification and prioritization.
- Assist and cooperate for the development of primary schools, supervise their functioning and motivate people for spreading literacy.
- Ensure provision of health services at the Union Health Centres, supervise family planning related activities and services and monitor the same. Arrange for supply of safe drinking water and promote sanitation programme.
- Construction of inter-ward roads, maintenance of the same, management of small scale irrigation and water resources.
- Implementation of a forestation programme along the Union Parishad roads and all earthen embankments.

- Peaceful resolution and amicable settlement of inter ward disputes through village courts.
- Promote social resistance over violence against women, terrorism, all types of crimes and cooperate with administration for maintenance of law and order.
- Up-to-date registration of birth, death and marriages based on report received from ward shova (ward meeting).
- Assist Upazilla parishad in the preparation of inter ward agricultural and fisheries development projects and take necessary action.
- Cooperate with and advise all agencies within the Union having credit programmes and help rural poor to participate in the same.
- Increase awareness for women and child development and take concrete actions where necessary.
- Encourage people to undertake cottage industries with good potentials and facilitate the involvement of disadvantaged and poor people in various income generating activities.

2.7 Finance, Staffing and Resources

Locally raised revenue

All local governments have the power to levy taxes and rates. There are no aggregate figures available; however, the main sources of local government revenue are as follows: Income from taxes, rates, tolls, fees and other charges, rents and profits from property, grants made by the government, profits from investments.

2.8 UPs tax revenue structure

Fiscal structure for each UP is provided with authority to assess and collect only on the following six bases as per guideline and rate stipulated in the Model Tax Schedule, 2003 that set under the Local Government (Union Parishad) ordinance 1983 which is recently replaced by Local Government (Union Parishad) Act, 2009:

- Tax on the annual value of homestead (land and building) not exceeding 7%, except land and building owned by religious institutions those are run not for commercial purpose. Agricultural lands are excluded from such tax. UP use the holding tax concept instead of property tax on homestead. Common problems regarding holding tax are: UP has no

authority and fund to appoint professional assessor; no formal training on assessment; lack of previous correct assessment rolls and thus lack of data; incompatible guideline for assessing rural house and land on rental or construction cost basis; longer-term tradition of taxpayers noncompliance with no legal effects on them; and lack of approving authority's guidance and supervision. Despite lack of UPs autonomy, it is found that the positive role played by UP can trigger the collection of holding tax until the full utilization and increase of rate of the source while at a certain point, tax will remain same due to fixed nature of real property and have little chance to generate cash, especially in rural areas.

- Tax on institution run as a profit making body in the form of company, farm, bank (except registered cooperative) and other professions, trades and callings within UP jurisdiction. The tax will be imposed in term of absolute amount that are ranges from low Tk. 15 to maximum Tk. 300 under four categories like, contractors or their agents, private training or educational institutions including coaching centers, private nursing home, and the rests profession, trade and callings are in the fourth category which include about 93 different types of trades and callings.
- Tax on cinemas, dramatic and theatrical shows will be 10% of the collected entry fees subject to the Ups discretion in exempting such shows arranged for educational or charitable purposes. There are some fees though mentioned in the act, to be collected by UPs as their own revenues, but UPs have never utilized those sources, like fee on cinema, dramatic and theatrical shows, fees on fair, agricultural and industrial exhibitions arranged on commercial motive and fees on signboard. They also added that these are source on which UP has no administrative authority and there is no legal provisions in compelling organizers of fairs, dramas etc., and signboard owners to get prior permission from UPs. UP functionaries also said that there are new areas like fees on mobile tower, special cattle market during Eid festival, toll on heavy vehicle etc., can be utilize through legal support for UPs revenue sources.
- Fees for licenses and permits granted by the Parishad on non-motorized vehicles, normal carrier boat and mechanized boat. UPs are not allowed to collect sales tax, VAT, or other types of business tariff. In general, UP functionaries pointed out that there is no legal provision in getting prior clearance from UP before starting any business enterprise

within UP jurisdiction which have tax non-compliance effect in administering the source. UP has very weak administrative authority in imposing penalty or apply legal course on business enterprises.

- Tax on fair, agricultural and industrial exhibitions arranged on commercial motive within UP jurisdiction, will be 10% of the collected entry fees. It is found that the viable source of fees and charges for UPs in most of the UPs are trivial and not cost effective. It is found that MRP UPs has small amounts of revenue for rent on their properties, such as community halls, fees on nationality certificates but these amounts are not showing in the budget.
- Tax on signboard within UP jurisdiction will be imposed on board fixed on private place Tk. 5 and on UP owned land or building Tk. 6 per square feet.
- Marriage registration fees (this source is included in the UP Act, 2009).

2.9 Shared revenue from local sources

UPs are entitled to receive share of revenue from some local sources which are subject to the control of rates, bases and administration by central government though these are completely derived from UPs jurisdiction. Ups are allowed only the specified percentage as UPs own revenue. Upazila administrative official also noted that there is no legal restriction for UPs to inquire about the total revenues being derived from these sources. National experts and UP

Functionaries contended that these are sources can be adjusted without regulatory reforms or political strain. National expert added that a national policy framework would be required in such case where fiscal capacity of UP needed to be matched with clearly defined expenditure responsibilities. Revenue adjustment possibilities, impact including implication of the local shared revenue sources are discussed in the following paragraphs.

Share from land registration fees

Land registration fee is an important revenue source of UPs and in the absence of alternative tax bases at the local level, this source is likely to remain of major importance in future. This revenue is controlled by the Ministry of Law while study has revealed that the administration of these sources is the main constraint. Upazila Nirbahi officer (UNO)–head of Upazila administration, can only know UPs share from the statement sent by Upazila sub registrar (collecting officer). It is found that UP officials have made little attempt to know whether they

are receiving their correct share of the tax revenues. Rather, they simply know the amount of share being received and do not know how much remain outside their control. **Share from**

Market and Water body auction fees

The operation of markets (daily and periodic) within UP area is contracted out on annual lease basis, as is the use of water bodies for fishing. Due to lopsided vertical allocation, the contribution of this source to UPs total own revenue is not impressive which ought to be more as opined by the UP functionaries and local people. **Share from land development tax**

In the Local Government (Union Parishad) Act, 2009 includes provision for UPs share which is yet to be decided by the central authority. It is observed that UP land office is responsible for collection of and development Tax (LDT) which is administered and controlled by the Ministry of Land. Any holding having total agricultural land of 3.34 hectars (8.25 acres) are exempted from this tax. Local people also added that the UPs share from this source will have positive impact on tax assessment and collection. Five year tax collection data analysis shows that percentage share if provided to UP, based on annual average Bangladesh government has recognized UP as a primary economic and administrative unit of rural local government and has undertaken initiatives to streamline the local revenue administration and resources mobilization. Ministry of Local Government, Rural Development and Co-operatives (LGRD) in 2003 has issued a guideline known as 'Strategy for Union Parishad Tax Assessment and Collection', 'Model Tax Schedule' and a 'Performance Based Special Grant' system for UPs. Local Governance Support Project (LGSP) which is (2006 to 2011) the biggest project (US\$ 218.12m), supported by GOB, World Bank, Swiss Development Cooperation, UNCDF, UNDP with European Commission and DANIDA. In addition, from 1997 to 2009 spending of development partners and donors for UPs strengthening is US \$147.468 million, and approved support onward 2010 is US \$ 448.82 million.(Note-1) In 2004 government has introduced discretionary Basic Block Grants (BBG) for UPs on flat rate basis and is confined to small infrastructure investment and maintenance in the core local public goods sectors (roads, education, sanitation, water and the like). Besides BBG, Annual Development program (ADP) allocations are also being provided to UPs. ADP allocations are distributed through Upazila Development Coordination Committee (UDCC) which is consisted of Upazila chairman and UPs chairmen of that Upazila. Apportionment of ADP block grant is 90% for general and 10% for operational performance. General grant allocation is based on population 50%, land area 30% and backwardness 20%

(GOB, 2006). The evaluation report of OECD (2004) showed that the local government revenue sources as the share of total local government funding is declining in most of the developing countries. The reasons of such decline are firstly, not proper addressing of legal, fiscal and institutional frameworks and the local government incentive system; secondly, disincentives of central transfer system in improving revenue mobilization (DANIDA, 2000); thirdly, weak incentives to collect taxes (NEDA, 1999); fourthly, unfavorable local government tax assignments leading to unpopular tasks that are difficult to collect; fifthly, inefficiency in assessment, rating and weak enforcement in revenue collection; and finally, tax evasion tendency of most of the wealthiest part of the population and lack of sanctions and oversight in tax administrations (USAID, 1998). (M. Shamsur Rahman and Dr.Mohammad Zulfiquar Hossain)

2.10 Local Sources of Revenue of Union Parishads

Fiscal structure for UPs is provided with authority to assess and collect only on the following bases as per guidelines and rate stipulated in the Model Tax Schedule, 2003 that set under Appendix- IV (section 65-70) of Local Government (Union Parishad) Act, 2009:

- Tax on the annual value of homestead (land and building) [not exceeding 7% except land and building owned by religious institutions those are run not for commercial purpose. Agricultural lands are excluded from such tax.]

- Tax on professions, trades and callings
- Tax on cinemas, dramatic and theatrical shows will be 10% of the collected entry fees
- Fees for licenses and permits granted by the Parishad on non-motorized vehicles, normal carrier boat and mechanized boat
- Fees from selected hat-bazars (markets), ferries
- Rate for the provision of water works
- Tax on fair, agricultural and industrial exhibitions arranged on commercial motive within UP jurisdiction, will be 10% of the collected entry fees.
- Tax on signboard within UP jurisdiction
- Marriage registration fees
- Part of immovable property transfer taxes
- Part of land development taxes
- Taxes on advertisements

- Income from own property: markets, community centers, and bus stands
- Other minor receipts: fees from fair, lease money, etc.

The following measures may be taken immediately to improve the situation exists in the lowest tier of local government in Bangladesh. The Union Parishads should implement activities aimed at-

- identifying potential areas of resource mobilization, such as public-private partnerships, outsourcing (as it is adopted here in Japan under the typical concepts of New Public Management), reassessing of holding tax;
- improving the fiscal capacity - a local government's ability to raise revenue given its legally assigned revenue sources;
- achieving improvement in management and collection of current or new fees, taxes, and licenses;
- introducing campaign program to help lessen public misunderstanding and mistrust of local government by bringing local peoples with local government leaders to educate each about the functions of the other;
- effectively engaging civil society and enhancing citizen participation in decision making are critical components of local level development, and important steps in enhancing transparency;
- encouraging citizens to attend public planning meetings, such as open budgetary processes and community planning initiatives, to prioritize the needs of their community;
- preparing some information bulletins in order to facilitate information sharing with the public on objectives, progress, and other issues. These tools are particularly useful in rural areas without Internet access to information about local governments.
- identifying the possible new sources;
- raising awareness among citizens in regard to income and expenditure of the UP;
- introducing transparent and fair tax assessment process with the involvement of citizens;
- providing one-stop solutions for the tax management;
- appointing tax assessors; (Das Kumar Dhananjay)

2.11 Resource Mobilization

Resource simply does not mean money or wealth. The term has greater implications in academic areas. Resources refer any subject or object that carry the ability to bring some types of satisfactions to the people in respect of their need or wants. So knowledge, skill, experience, iron ore, drinking water, fertile land, sea and mountains are resources. Resource has utility and in most cases it is renewable.

Resource mobilization means three things- (i) collecting or arrangement of now materials for making something or doing particular job; (ii) Managing the money or resources most efficiently; (iii) To maximize the expected result by using available resources.

2.12 Non-traditional Sources of Resource

According to respective law UP could raised fund from many other non-traditional sources as they feel necessary but not exciding by their legal authority. The non-traditional sources are loan, voluntary contributions, lease or rent of their own property, Shalish fee, tax on advertisement, Khoar, Issuing certificates, investment, various service charge, Zakat, toll on road, income generating project by self finance.

2.13 Problems of Resource Mobilization in UP

The problems of resource mobilization are identified in local bodies in present day. Some thought provoking facts were found there. Some causes are very typical but some are very much important to consider. By interviewing the chairmen and through investigation it is found that the main hindrances to mobilize resources are as follows:

Structural

- Political pressure from political parties and workers;
- Problems of legal system and made of operations of central government;
- Non-cooperation from bureaucracy and bureaucratic mind set;
- Corrupt practice both by bureaucracy, elected people, and political elites;
- An unholy alliance between political leaders and underground armed groups especially in the study area;

- Major sources of income in the area like khas land, jalmohal, ferry ghat, hatt-bazaar either illegally occupied by ‘politico-armed group complex’ or leased out under value in comparison with market value;
- Lack of efficiency of chairmen and members.

Mobilization

- Negative attitudes of people towards paying tax and fees;
- Lack of awareness;
- Elected leader’s inability to mobilize people’s opinions.

Cultural

- Social practice of tax evasion and somehow it is accepted to concern parties;
- After independence peoples from all walks of life used to that nothing have to pay for taking services from government, semi government or autonomous bodies;

Because of inefficient service and corrupt practices, people have no confidence on authority and authority losing credibility day by day? By that both way process people is habituated with non compliance of regulations. (Jakir, 2011)

It is giving people the opportunity to give. It is not an end in itself but rather the process whereby resources are transferred from those who are able to give to those who have the need to receive. The mobilization of resources facilitates this process. Resources are the enablers of an activity that not only satisfies the need, but also satisfies the giver that their contribution has been wisely and effectively used. It includes various forms of self-generated income, such as community contributions, fees for services and sales of publications; it also includes obtaining support from the national government, the corporate sector, trusts and foundations as well as from the ‘public’.

2.14 Seeking local Resources

By mobilizing local resources to support projects, organization and local contributors benefit in a number of ways e.g.:

Sense of Ownership:

By contributing their time and resources, citizens, institutions, businesses, and others can assume greater ownership of activities that directly contribute to the positive development of

their communities. The sense of “ownership” comes from the pride and accomplishment of knowing that they have done their share to make their community a better place to live.

Building Social Capital:

Social capital refers to the value of social networks and the increased willingness of individuals and organizations to help one another as a result of these relationships. By seeking local support, NGOs are more likely to build long-term relationships with other institutions and organizations. These relationships contribute to the social capital within the community and provide a better base for future work.

Sustainability:

Mobilizing local resources increases the sustainability of community initiatives. As relationships and communication between NGO and supporters develop, future support is more likely. As members of the community with long-term interests in community projects, local supporters are more likely to continue supporting initiatives than external donors.

Independence:

Raising resources locally also gives an organization more independence and flexibility to implement activities targeting needs that a community finds important. Additionally, local support means that an NGO does not have to adjust their programs to meet the needs and interests of external donors.

Chapter 3

Findings and Observations

Socio-Economic Profile of the Respondents

Socio-economic condition of the respondents is an important factor in expressing views regarding any issues. In this study, in order to gain ideas about the socio- economic profile of the respondents who are the members of Cooperative Institution (CVDP), certain indicators such as age, sex, education, family size, occupation etc. were considered. This chapter presents an analysis of socio- economic condition of the respondents.

3.1 Age Distribution of the Respondents

Table- 1 Age of the respondents

| Age | Respondents | Percentage |
|------------|-------------|------------|
| 15-25 | 06 | 12 |
| 26-35 | 20 | 40 |
| 36-45 | 08 | 16 |
| 46-55 | 09 | 18 |
| 56 + above | 07 | 14 |

Table- 1 show that among the total 50 respondents 40% belonged to age groups up to 36-45 years, 12% were in the age group 15-25 which indicates concentration of the respondents is more in this age group. 16% were in the age group 35-45, 18% were in the age group 46-55 while 14% were 56 years and above.

3.2 Distribution of the Respondents in Respect of Gender

Table - 2 Distribution of the respondents according to their gender

| Gender | Respondents | Percentage |
|--------|-------------|------------|
| Male | 23 | 46 |
| Female | 27 | 54 |
| Total | 50 | 100 |

In the table-2 we can see that 54% respondents were female and rest 46% were male. Female respondents were more in number compared to male because provision in the cooperative institution (CVDP) was to give priority to the female as a member.

3.3 Household Size of the Respondents

Table - 3 Distribution of the respondents according to their household size

| | |
|-------|------------|
| Total | Percentage |
| 280 | 5.60 |

Household size means average number of members live per household. The household size of the study area found with average of 5.6 which is almost similar to Comilla districts 5.07. This was higher than the national average of 4.44 (BBS, 2012).

3.4 Level of Education of the Respondents

Table - 4 Level of education

| Educational Level | Respondents | Percentage |
|--------------------|-------------|------------|
| Illiterate | 07 | 14 |
| Only can sign | 04 | 08 |
| Class I-V | 10 | 20 |
| Class VI-X | 14 | 28 |
| SSC | 06 | 12 |
| HSC | 07 | 14 |
| Graduate and above | 02 | 04 |
| Total | 50 | 100 |

Education is one of the basic needs and important aspects for human being. Data reveals that the majority (28%) of the respondents had education from Class VI-X, 20% had primary education from Class I-V, among the rest 14% were illiterate even they cannot sign, 12% respondents obtained SSC, 14% obtained HSC and 4% had education up to graduate and above.

3.5 Occupational Status of the Respondents

Table - 5 Occupational patterns

| Level | Respondents | Percentage |
|--|-------------|------------|
| Agriculture | 10 | 20 |
| Housewife | 27 | 54 |
| Business | 05 | 10 |
| Service | 05 | 10 |
| Others (day Labour, meson and carpenter) | 03 | 06 |
| Total | 50 | 100 |

Occupational pattern is one of the most important indicators of economic status. It was found that, a large segment of the respondents 54% were housewives, 20% were agriculture, 20% were found respectively business and service. A few of them 6% were other (day labour, meson and carpenter).

3.6 Opinions of the Respondents Regarding Effective Partnership

Table -6 Opinions about making the partnership more effective and sustainable

| Sl. No. | Opinions | Respondents | Percentage |
|---------|--|-------------|------------|
| 1 | Continuity of assistance of the UP | 19 | 38 |
| 2 | Resolve any problem and conflict of Cooperative Institution (CVDP) by the UP | 28 | 56 |
| 3 | Proper accounts keeping by the UP | 35 | 70 |
| 4 | Regular monitoring by the UP | 32 | 64 |
| 5 | Organizing joint meeting by the UP & Cooperative Institution (CVDP) | 15 | 30 |
| 6 | Government / Donor funded project implementation | 06 | 12 |
| 7 | Training on IGA's for the member of the Cooperative Institution (CVDP) | 10 | 20 |
| 8 | Do not know | 13 | 26 |

Source: Field Survey, 2014

Note: Some respondents mentioned more than one opinion.

Table reflects that a significant number of the respondents 70 percent emphasized on proper accounts keeping by the UP, 64 percent opined regular monitoring by the UP, 56 percent resolve any problem and conflict of Cooperative Institution (CVDP) by the UP, 38 percent continuity of assistance of the UP, 20 percent training on IGA's for the member of the Cooperative Institution (CVDP), 12 percent Government/Donor funded project implementation and surprisingly 26 percent respondents have no idea about the effectiveness of partnership.

3.7 Opinion of the Respondents Regarding Additional Income Sources through Partnership

Table -7 Opinions regarding the income sources of UP which can be raised through linkage development / partnership

| Opinion | Respondents | Percentage |
|--|-------------|------------|
| Work with NGO's | 23 | 46 |
| Local public welfare/ professional organization like- CNG Cooperative Institution (CVDP), BARD, BRDB, club | 09 | 18 |
| Linkage with rural development organizations | 26 | 52 |

| | | |
|---|----|----|
| Collaboration with youth and women development organization | 21 | 42 |
| Do not know | 13 | 26 |

Source: Field Survey, 2014

Note: Some respondents mentioned more than one opinion.

It implies that 52 percent respondents opined that UP can raise its income through making linkage with the rural development organizations. 46 percent respondents emphasis on working with NGO's and surprisingly 26 percent respondents do not know about the additional income sources to raise the fund of UP through building partnership with other organizations.

3.8 Sources of local Resources

Table -8 Sources of local resources of the UP

| Sources | Respondents | Percentage |
|---|-------------|------------|
| Holding tax | 50 | 100 |
| Tax on business, profession | - | - |
| Recreation tax | - | - |
| License/Permit fee | 34 | 68 |
| Lease | 22 | 44 |
| Fee of transport license | 25 | 50 |
| Earning from asset | - | - |
| Others (Birth/death, citizenship certificate) | 47 | 94 |
| Donors | 07 | 14 |

Source: Field Survey, 2014

Note: Some respondents mentioned more than one opinion.

Resource mobilization is very important to raise the revenue of the UP for accomplishing the development work. Revenue earning of the UP is not sufficient for implementing the development planning programme in the annual budget. Apart from government sources UP have many sources to mobilize the local resources.

Data in table-8 reveals that all of them 100% were conscious about the holding tax and also pay the tax. Among the respondents 68% license/permit fee, 44% were knew about Lease, 50% were knew about fee of transport license, 94%were knew about birth/death, citizenship certificate, 14%were knew about Donors fund. It indicates that, they are aware and willing to pay tax, nobody has found who do not know about the earning sources of Union Parisad.

3.9 Necessity of Income from other and Non-Traditional Sources

Table - 9 Income from other and non-traditional sources is necessary or not for the UP

| | Respondents | Percentage |
|-------|-------------|------------|
| Yes | 50 | 100 |
| Not | - | - |
| Total | 50 | 100 |

Source: Field Survey, 2014

All of the respondents opined that income from non-traditional sources is very much necessary for the UP. They mentioned the reason for the additional income from non-traditional sources is necessary for the UP.

3.10 The Reasons for Additional Income of UP

Table -10 Reasons for additional income from non traditional sources

| Reasons | Respondents | Percentage |
|------------------------------------|-------------|------------|
| Increase the income of the UP | 25 | 50 |
| Improve the quality of the service | 13 | 26 |
| Development of the area | 36 | 72 |

Source: Field Survey, 2014

Note: Some respondents mentioned more than one opinion.

Most of the respondents (50%) mentioned that it increases the income of the UP, 26% improve the quality of the service provide by the UP and 72% mentioned that development of the area.

3.11 According to KII Participants Causes of Insufficiency in Development Planning Implementation and Annual Budget Allocation

Table - 11 Causes of insufficiency in development planning implementation and annual budget of UP

| Causes | Respondents | Percentage |
|--|-------------|------------|
| Government allocation/grant is very much low than demand | 16 | 100 |
| Income of UP is very much low | 10 | 63 |
| People do not want to pay tax regularly/ properly | 03 | 19 |

Source: Field Survey, 2014

Note: Some respondents mentioned more than one opinion.

From the table it reveals that total 16 respondents of KII opined that government allocation/grant is very much low than demand, 10 expressed that Income of UP is very much low and 03 mentioned that do not want to pay tax regularly/ properly.

3.12 According to KII Participants Non-traditional Sources of Revenue of the UP

Table -12 Non-traditional Sources of revenue

| Causes | Respondents | Percentage |
|---|-------------|------------|
| Co-operation and linkage development with various govt. affiliated NGO's | 16 | 100 |
| Local Govt. and Rural development organization like BRDB, BARD | 07 | 44 |
| Various project implemented by the development partners like JAICA, ETEA etc. | 05 | 31 |
| Local organizations like – youth, women, social welfare organization, library etc.) | 10 | 63 |
| Local professional Cooperative Institutions like – CNG, Rickshaw etc. | 08 | 50 |

Source: Field Survey, 2014

Note: Some respondents mentioned more than one opinion.

UP should take initiative to raise the income from traditional as well as non-traditional sources. The non-traditional sources of revenue earning are necessary and much potential are there. Data shows that 16 respondents opined that co-operation and linkage development with various govt. affiliated NGO's, 7 answered local Govt. and Rural development organization like BRDB, BARD, 5 mentioned various project implemented by the development partners like JAICA, ETEA etc., 10 opined local organizations like – youth, women, social welfare organization, library etc. and 8 local professional co-operative like – CNG, Rickshaw etc.

3.13 Role of UP in Development

Table - 13 Role of UP

| Role | Respondents | Percentage |
|----------|-------------|------------|
| Enough | 36 | 72 |
| Moderate | 14 | 28 |
| No role | - | - |
| Total | 50 | 100 |

Source: Field Survey, 2014

Note: Some respondents mentioned more than one opinion.

Income from non-traditional source help to improve the role of UP and give benefits to the people by various development activities in the area. The table shows that out of 50 respondents majority (72%)of the respondents found that role of UP has improved enough and

rest 28% respondents found the role of UP has improved moderately. It reflects that additional income influence the improvement in the role of UP as well as help to play the role development of the area. They also mentioned that they are satisfied with the development work of the UP.

3.14 Income of the UP from Additional Source

From partnership with the cooperative (CVDP) and Union Parisad every year UP is receiving Tk. 41,800. It is adding with the revenue of the UP and they are using this for the benefit of the people of the union. The UP is monitoring the cooperatives (CVDP).

Table -14 Amount of service charge (yearly)

| Total no. of Cooperatives | Total no. of Member | Total Amount of Service Charge(yearly) |
|---------------------------|---------------------|--|
| 13 | 836 | 41,800 Tk. |

Source: Field Survey, 2014

3.15 Pattern and Legal Bindings of the Partnership

Table -15 Approaches of working procedure between the UP and Cooperative Institution (CVDP)

| Approaches | Respondents | Percentage |
|----------------|-------------|------------|
| Joint venture | 37 | 74 |
| Partnership | 07 | 14 |
| Own initiative | 16 | 32 |

Source: Field Survey, 2014

Note: Some respondents mentioned more than one opinion.

The pattern of the partnership was initiated through an agreement by the funding agency with the UP. Respondents mentioned the partnership in various approaches. Among them 74% mentioned that it was a joint venture, 14% identified it as partnership and 32% mentioned it as own initiative. It denotes that the respondents were having with different perceptions about the partnership.

3.16 Coordination between Cooperative Institution (CVDP) and UP

From the study it was found that all of the respondents stated their satisfaction regarding coordination, it was very good between Cooperative Institution (CVDP) and UP. But after the completion of the project less care was given form the UP which has created little gap, informed by the respondents of the study area.

3.17 Giving Monitoring Responsibility to the UP

Table - 17 Way of giving monitoring responsibility to the UP

| Types | Respondents | Percentage |
|--|-------------|------------|
| Agreement | 08 | 16 |
| Request of the Member Cooperative Institution (CVDP) | 42 | 84 |
| Others | - | - |
| Total | 50 | 100 |

Source: Field Survey, 2014

Monitoring is one of the most important parts of any project for successful implementation. 84% respondents opined that monitoring responsibility was given to the UP by request of the Member of Cooperative Institution (CVDP) and only 16% opined through agreement. It reflect that member of the Cooperative (CVDP) were very much rely on the UP.

3.18 According to KII participants Benefits derived from the Partnership

Table -18 Benefits that were derived from the partnership with the cooperative

| Benefits of UP | Respondents | Percentage |
|---|-------------|------------|
| UP is getting service charge from the Cooperative Institution (CVDP) | 16 | 100 |
| UP can implement any project easily by coordinating with the people of the village | 14 | 88 |
| Actual beneficiary selection has became easier | 13 | 81 |
| Giving information or orient the activities of the UP to the people has become very easy | 06 | 38 |
| Informing and participating people about the meeting or seminar have become so easy | 08 | 50 |
| People's participation in the meetings organized by UP has increased through cooperatives | 05 | 31 |
| UP is getting cooperation to collect tax | 04 | 25 |

Source: Field Survey, 2014

Note: Some respondents mentioned more than one opinion.

Among the KII respondents 16 opined that UP is getting service charge from the cooperative, Institution (CVDP), 14 opined that UP can implement any project easily by coordinating with the people of the village, 13 opined that actual beneficiary selection has became easier, 08 opined that informing and participating people about the meeting or seminar have become so easy,06 opined that giving information or orient the activities of the UP to the people has become very easy, 04 opined that UP is getting cooperation to collect tax as benefit.

3.19 Utilization of the Resources

Table-19 Utilization of the resource earned from Cooperative Institution (CVDP)

| Purpose | Respondents | Percentage |
|---------------------------------------|-------------|------------|
| Help poor girls for marriage | 23 | 46 |
| Help poor talented students | 10 | 20 |
| Help poor for treatment | 20 | 40 |
| Help poor and destitute | 20 | 40 |
| Development activities of the village | 26 | 52 |

Source: Field Survey, 2014

Note: Some respondents mentioned more than one opinion.

Utilization is very important for developing the confidence of the people. Proper utilization can improve the condition and can give better result of any project. Majority (52%) of the respondents opined that development activities of the village would be done by the resource, 46% opined that helping poor girls for marriage would be the way to utilize it, 40% said that helping poor for treatment and poor and destitute and 20% helping poor talented students.

3.20 Opinions of the FGD Participants

Table-20 Opinions of the FGD participants for making the partnership sustainable and more effective

| Opinions | No. of participants |
|--|---------------------|
| Role and cooperation should continue of the Chairman | 07 |
| Policy formulation by the government | 03 |
| Regular monitoring | 05 |
| Record keeping | 05 |

Source: Field Survey, 2014

Note: Some respondents mentioned more than one opinion.

Among 20 participants of the FGD stated that role and cooperation of the UP Chairman should be continued for making the partnership sustainable and more effective. 10 participants expressed that regular monitoring and record keeping is very necessary while 03 participants opined that policy formulation by the government regarding this issue is important.

Chapter 4

Conclusion and Recommendations

Conclusion

Bangladesh government has recognized UP as a primary economic and administrative unit of rural local government and has undertaken initiatives to streamline the local revenue administration and resources mobilization. All Ups can implement activities for identifying potential areas of resource mobilization, such as public-private partnerships; outsourcing; and improved management and collection of current or new fees, taxes, and licenses. The motivational program may be conducted to help lessen public misunderstanding and mistrust of local government. To serve both national and local interest, rural local government financing need to examine with own local taxation or raising other forms of local revenue, grant from central government, local borrowings or assistance from foreign sources.(Das,Kumar, Dhananjoy,P.13).

One of the substantive challenges of LG in Bangladesh is local government remains weak because of poor resource base, particularly poor local tax base. To improve the condition of resource base of Union Parisad, government should take efforts to channelize more resources to Union Parisad. Better flow of resource may help flourish local economic growth, which in turn contribute to national development. Government should curb the tendency of withdrawing the existing sources of revenue earning of the UP. It is better to make provision of permanent tax assessors and collectors that may be great help in mobilizing resources.

For improving the condition of poor resource mobilization, government should consider allocation of more resources to UP. A clear cut provision should be made to allocate certain portion of national income to Ups. Identify some potential sources i.e. brickfield, poultry, small workshops etc. locally generated resources should flow to and remain in UP accounts. (Kaida,Yoshihiro, March 2013, P-114)

UP is the lowest tier of the local government system of Bangladesh. It has many limitations in earning resources but it has enormous potentials to mobilize the local resources. Due to lack of proper initiative, awareness, rules and regulations, leadership the capacity cannot be built and very much dependent on national Government. Various efforts have been taken by the government to strengthen the local government. The Union Parisad should utilize the benefits whatever they are getting from the government along with this they should expand the horizon

by building partnership which can ensure participation, transparency, accountability, good governance as well in the grass root level.

Recommendations

- Respondents are very much aware about sources of income UP and tax payment which is very much appreciable. UP should keep this motivational activity and collect tax as well as use this activity to mobilize the local resource.
- Social development related intervention is not possible to implement within short duration. So, in future if any project can be undertaken the duration should be confined at least 3-5 years to ensure the sustainability.
- A number of respondents do not know about the additional earning resources of UP through effective partnership and its sustainability.
- The major cause of insufficiency in development planning implementation and annual budget allocation was found that government allocation/grant is very much low than demand.
- People are interested to get support and work with UP. UP should extend the support in providing services to strengthen the relationship with partner organization.
- Effective leadership should be continued to enhance the coordination and confidence among the village people.
- The experience of revenue earning from additional source would be disseminate to other respective UP.
- Additional sources of income are indispensable for the development of the local areas of the Union Parisad.
- Regular monitoring and well documentation system is necessary to maintain the collected revenue from non-traditional sources.
- UP should take initiatives to explore the potential sources of local resources and make partnership, linkages with GO, NGO to raise their revenue earning.
- UP should organize monthly and joint meeting to keep informed the people about the UP activities and achievement of the partnership with the local organization.
- UP should appoint a person to collect the service charge from the cooperative institutes (CVDP) regularly.
- UP should include project personnel or BARD authority to visit and monitor the process.
- Government can formulate rules and regulations to encourage the initiatives and can replicate throughout the country to strengthen the local government.

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