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FOREWORD

The Bangladesh Journal of Political Economy, earlier called Political Economy, irregular in its appearance, is making its debut on the occasion of the Sixth national conference of Bangladesh Economic Association. Depending on financial assistance of agencies external to it, and spasmodic contribution made by economists, printing a journal of this nature by a professional association without means is indeed a difficult task.

The journal has endeavoured to record the main themes of discussions held at the last conference (1981). Due to paucity of funds and the bulk of the papers, it has not been possible to print them all or in the details that they were presented. Most of the articles were abridged by employing the editorial prerogative, many appear only in an abstract form, some do not appear at all. All judgements have their limitations and so has it. Our apologies to those for whom we were unable to make better accommodation.

This volume, as all conference volumes are, is of uneven nature. Even then there are many thought provoking and incisive presentations which will be of value to the readers. Without naming them, in fear of making another judgement of sorts, we commend them to our readers.

We have tried to reach a balance between economy and accommodation ; our failure in either direction is only human.

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Vol. 5	Conference 1981	No. 1
অভিভাষণ	আবদুল গফুর	3
Articles		
The Subtle Anatomy of Planning for Accelerating Dependency	Abu Mahmood	8
The Perspective of Development : Social, Economic and Political Factors	M. Raihan Sharif	20
Constraints and Contradictions in the Strategy of Bangladesh Planning	Dilip Kumar Nath	34
Socio-economic Constraints to Development - Bangladesh Case	Md. Mahmud Khan	41
Abstracts		
Objectives of the Second Five Year Plan : Some Comments	Abdullah Shibli	51
An Aspect of the Social Perspective of Development : The Pattern of Urban Literacy Differentials in Bangladesh	K. T. Hosain Mrs. Salema Hosain	52
A Review on Strategic Perspective of Development	Nisaruddin	53
Prospects of Eliminating Poverty in Bangladesh	Omar Haider Chowdhury	53
Socio-economic and Political Context of Development Planning in Bangladesh	Abu Naser S.K. Siddiqui	54
Articles		
Rural Works Programme, People's Participation and Meeting Basic Human Needs : Some Preliminary Observations	Sadrel Reza	55

Articles

Labour Absorption in Bangladesh Agriculture—A District Level Analysis	Rafiqul Huda Chaudhury	77
Technical Change in Post-Harvest Paddy Processing and Female Em- ployment in Rural Bangladesh	Khaleda Salahuddin	91
Employment Generation, Cottage Industries and Women : Role and Strategy	Jahanara Huq	101
Choice of Technology for Small Industry Employment Genera- tion—Some Issues	A. H. M. Habibur Rahman	111
Landlessness and the Employment Strategy in the Second Five Year Plan	H. I. Latifce	116

Abstracts

Unemployment in Bangladesh and the Second Five Year Plan	Md. Asaduzzaman	123
Unemployment and Public Policy	M. A. Mohaimen	123
Neglected Chapter of SFYP	Fatema Zohra	124

Articles

The Own Village Development (OVD) : An Experiment in Bottom-up Planning	Shaikh Maqsood Ali	126
Population Problems and Population Control in Bangladesh : Some Observations	M. R. Khan	147
Communication and Education for Rural Development in Bangladesh	Sultan Ahmad	159
Communication and Basic Need Approach for Development in Bangladesh	Sultan Ahmad	180

Abstracts

Rural Social Structure of Bangladesh	Ashrafunnessa	199
Rural Women and the SFYP	Amina Sultana K. T. Hosain	199
Complimentarity of Public and Private Sectors in Industrial Development of Bangladesh	Mohammad Taheruddin	200

Articles

Second Plan's Development Strategy with its Distributive Effects for the Eighty Percent People of Bangladesh	M. A. Hamid	202
Technological Change in Bangladesh Agriculture : Impact on Productivity and Farm Efficiency	Bimal Kumar Saha	213
The Strategy of Agricultural Development in Bangladesh : Past and Present	M. Alauddin M. K. Mujeri	235
Rural Development in Second Five Year Plan : Contradictions, Conflicts, Inconsistencies and Inadequacies in Objectives, Policies and Techniques	Abu Ahmad	254
Rural/Agricultural Credit Operations in Bangladesh	Muhammad Yunus	265
Rural Credit in Bangladesh	R.H. Chaudhury A. Ghafur	287
Dependency, Exploitation and Development in Bangladesh : A Catalogue of Issues	Q. K. Ahmad Sajjad Zohir	293
Self-Reliance and Development Financing in Bangladesh	S. H. Jahan Ali	306
External Sector of SFYP : Some Comments	K. M. Matin	318

ਗੋਲੀਆਂ ਦੀ ਚਿੰਤਾ ਪ੍ਰਸਾਰਣ

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ਪ੍ਰਕਾਸ਼ਕ

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ਪ੍ਰਕਾਸ਼ਕ ਦਾ ਪਤਾ

ਲਾਹੌਰ

ਦੀ ਚਿੰਤਾ ਪ੍ਰਸਾਰਣ

বাংলাদেশ অর্থনীতি সমিতি
পঞ্চম সাধারণ সভা ও সম্মেলন

অভিভাষণ
আবদুল গফ্ফর
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রমনা, ঢাকা
৩০শে এপ্রিল, ১৯৮১

মহান্যায় রাষ্ট্রপতি,
অভ্যর্থনা কমিটির সভাপতি,
বাংলাদেশ অর্থনীতি সমিতির সদস্যবৃন্দ ও
উপস্থিত সূর্যবৃন্দ,

বাংলাদেশ অর্থনীতি সমিতির প্রথম সাধারণ সভা ও বাংলাদেশের দ্বিতীয় পঞ্চবার্ষিক পরিকল্পনা বিষয়ে সম্মেলনের এই উদ্বোধনী অনুষ্ঠানে আমি আপনাদের স্বাগত জানাচ্ছি। আপনারা জানেন বাংলাদেশ অর্থনীতি সমিতি ১৯৭৪ সালে যে সম্মেলনের আয়োজন করেছিল তার বিষয় ছিল প্রথম পঞ্চবার্ষিক পরিকল্পনা। এই সময়ের মধ্যে বাংলাদেশে রাজনৈতিক, সামাজিক, অর্থনৈতিক অনেক পরিবর্তন সাধিত হয়েছে। প্রথম পঞ্চবার্ষিক পরিকল্পনা যে সামাজিক, রাজনৈতিক পটভূমিতে চালু করা হয়েছিল তা আজকের তুলনায় ভিন্ন রকম। সদ্য স্বাধীনতা প্রাপ্ত জাতিকে তখন এক ধ্বংসপ্রাপ্ত অর্থনীতি পুনর্গঠনে সর্বশক্তি নিয়োজিত করতে হয়েছিল। জাতিসংঘের 'আনরড' এর এক রিপোর্ট অনুসারে স্বাধীনতা যুদ্ধকালীন ক্ষয়ক্ষতির পরিমাণ মোটামুটি ১২০ কোটি ডলার। এই বিপুল পুনর্গঠনের দায় সহ জুলাই ১৯৭০ সালে প্রথম পঞ্চবার্ষিক পরিকল্পনা চালু করা হয়। প্রথম পঞ্চবার্ষিক পরিকল্পনার লক্ষ্য ছিল সমাজতান্ত্রিক সমাজ ব্যবস্থায় উত্তরণের অর্থনৈতিক পূর্বশর্ত সৃষ্টি করা।

সাম্প্রতিক কালে আমাদের জাতীয় অর্থনৈতিক নীতি তথা উন্নয়ন কৌশলের মৌলিক পরিবর্তন হয়েছে। এই পরিবর্তনের প্রধানতম দিক হচ্ছে প্রথম পরিকল্পনার লক্ষ্য সমাজতন্ত্র বর্জন করা। প্রথম পঞ্চবার্ষিক পরিকল্পনার বিপরীতে দ্বিবার্ষিক পরিকল্পনা এবং দ্বিতীয় পঞ্চবার্ষিক পরিকল্পনার লক্ষ্য অর্থনীতিতে পুঁজিবাদী বিকাশ। কৃষি, শিল্প এবং বাণিজ্যের ক্ষেত্রে ব্যক্তি মালিকানাধীন খাতের অগ্রাধিকার দ্বিতীয় পরিকল্পনার প্রধানতম ভিত্তি। বর্তমান অর্থনৈতিক পটভূমিতে পুঁজিবাদী বিকাশ একটি স্বাধীন স্বনির্ভর অর্থনীতি গঠনে সহায়ক হতে পারে কি না সে প্রশ্নের অবতারণা না করেও বলা যায় যে বাংলাদেশে পুঁজিবাদী বিকাশ সম্ভব একমাত্র সরকারী পৃষ্ঠপোষকতায়। এমন কি দ্বিতীয় পরিকল্পনা দলিলেও প্রকারান্তরে এ কথা স্বীকার করা হয়েছে।

পঞ্চবার্ষিক পরিকল্পনায় পাঁচ বছরের সম্ভাব্য অর্থনৈতিক পরিবর্তনের রূপরেখা বিধৃত হয়। পরিকল্পনা শুধুমাত্র একটি অর্থনৈতিক দলিল নয়, তা সামাজিক-রাজনৈতিক দলিলও বটে। অর্থনৈতিক অথবা উৎপাদন ব্যবস্থা যেহেতু সামাজিক, রাজনৈতিক সংগঠনের ভিত্তি সূত্রাং যে সব অর্থনৈতিক নীতিকে অবলম্বন করে পরিকল্পনা রচিত হয়, তা

অর্থনৈতিক ব্যবস্থার সাথে সাথে সামাজিক-রাজনৈতিক পরিবর্তনও আনে। পরিকল্পনা হচ্ছে আগামী দিনের সমাজ ব্যবস্থার নীল নক্সা।

প্রত্যেক সমাজ ব্যবস্থারই নিজস্ব চরিত্র আছে। সমাজ ব্যবস্থার ধরনই নির্ধারণ করে সমাজের বিভিন্ন স্তরের মানুষের অর্থনৈতিক তথা রাজনৈতিক অধিকারের পরিসর। সুতরাং সামাজিক-অর্থনৈতিক লক্ষ্য সম্পর্কে পরিকল্পনা দিলে যাই বলা হোক না কেন পরিকল্পিত সমাজ ব্যবস্থার ধরনই পঞ্চবার্ষিক পরিকল্পনার লক্ষ্য অর্জনে প্রধান ভূমিকা পালন করে থাকে। জাতীয় অর্থনীতিতে পুঁজিবাদী উন্নয়ন কৌশল আমাদের অর্থনৈতিক বিকাশে কতখানি সহায়ক হতে পারে তা স্পষ্ট হবে যদি বাংলাদেশের গত কয়েক বছরের অর্থনীতির পর্যালোচনা করা যায়। পুঁজিবাদী উন্নয়ন কৌশল তার নিজস্ব নিয়ম অনুসারে বেকার সমস্যা সৃষ্টি করে, সম্পদ মালিকানা কেন্দ্রীভূত করে এবং শোষণ তীব্রতর করে। বাংলাদেশেও এই প্রক্রিয়ার পুষ্টিহীনতা, বেকারত্ব ও গণ দারিদ্র বাড়ছে। সরকারী হিসাব অনুসারেই দেশের শতকরা ৮০ ভাগ মানুষ দারিদ্রসীমার নীচে এবং শতকরা ৫৩ ভাগ মানুষ চরম দারিদ্র্য সীমার নীচে অবস্থান করছে। এক দিকে জমির মালিকানা কেন্দ্রীভূত হচ্ছে অন্যদিকে ভূমিহীনতা ক্রমশই বাড়ছে। বেকার সমস্যা তীব্রতর হচ্ছে এবং সামগ্রিক ভাবে আয় বণ্টনে ক্রমশঃ অবনতি হচ্ছে।

বর্তমানে অনুসৃত অর্থনৈতিক নীতি দ্বিতীয় পঞ্চবার্ষিক পরিকল্পনার লক্ষ্য অর্জনে কতটা সহায়ক হবে তার কিছু পূর্বাভাস পাওয়া যেতে পারে দ্বিবার্ষিক পরিকল্পনার পর্যালোচনায়। দ্বিবার্ষিক পরিকল্পনার শেষ বছরের কৃষি উৎপাদন লক্ষ্যমাত্রার তুলনায় লক্ষ্যণীয়ভাবে কম। চাল উৎপাদনের লক্ষ্যমাত্রা ছিল ১৩৯ লক্ষ টন। উৎপাদন হয়েছে মাত্র ১২১ লক্ষ টন। ডাল উৎপাদনের লক্ষ্য মাত্রা ছিল ৩ লক্ষ টন। সে ক্ষেত্রে উৎপাদন হয়েছে ২ লক্ষ ৩৬ হাজার টন। পাট উৎপাদনের লক্ষ্যমাত্রা ছিল ৭৫ লক্ষ বেল। অথচ উৎপাদন হয়েছে মাত্র ৬০ লক্ষ বেল। মাছ উৎপাদনের লক্ষ্য ছিল ৬ লক্ষ ৫৩ হাজার টন। কিন্তু উৎপাদন হয়েছে ৫ লক্ষ ২৫ হাজার টন। চা উৎপাদনের লক্ষ্য ধার্য করা হয়েছিল ৮২০ লক্ষ পাউণ্ড। সেক্ষেত্রে উৎপাদন হয়েছে ৭৮০ লক্ষ পাউণ্ড।

কৃষিক্ষেত্রে এই ব্যর্থতার পরিণতি হচ্ছে খাদ্যশস্য, ডাল, মাছ ইত্যাদির মাথাপিছু যোগানে ক্রমাবনতি। ১৯৭২-৭৩, ১৯৭৩-৭৪, ১৯৭৪-৭৫ সালে মাথাপিছু খাদ্যশস্যের যোগান ছিল বার্ষিক যথাক্রমে ৩৫৮, ৩৬২ ও ৩৫৪ পাউণ্ড। ১৯৭৮-৭৯ সালে তা দাড়িয়েছে ৩২৫ পাউণ্ডে। ১৯৭২-৭৩, ৭৩-৭৪, ৭৪-৭৫ সালে মাথাপিছু ডালের যোগান ছিল বার্ষিক যথাক্রমে ৬.২, ৫.৭ ও ৫.৯ পাউণ্ড। ১৯৭৮-৭৯ সালে এর পরিমাণ হচ্ছে ৫.৬ পাউণ্ড। ১৯৭২-৭৩, ৭৩-৭৪ ও ৭৪-৭৫ সালে মাছ সরবরাহের মাথাপিছু পরিমাণ ছিল বার্ষিক যথাক্রমে ২৪.২৫, ২৩.৭০, ২৩.৭০ ও ২৩.৩২ পাউণ্ড। অথচ ১৯৭৮-৭৯

সালে তা দাড়িয়েছে ২১'৬৯ পাউণ্ডে। বলা বাহুল্য, মাথাপিছু যোগান কমে গেলে তুলনা-মূলকভাবে বেশী ক্ষতিগ্রস্ত হন দরিদ্র জনসাধারণই।

কৃষির মতই দ্বিবার্ষিক পরিকল্পনার উৎপাদন লক্ষ্য অর্জনে শিল্প খাতও সম্পূর্ণ ব্যর্থ হয়েছে। পাট শিল্পে ১৯৭৯-৮০ সালের উৎপাদন লক্ষ্য ছিল ৬৬৭-হাজার টন। প্রকৃত উৎপাদন হয়েছে মাত্র ৫৩২ হাজার টন। সুতী বস্ত্রের ১৯৭৯-৮০ সালের লক্ষ্যমাত্রা ছিল ১১ কোটি ৬১ লক্ষ গজ। অথচ উৎপাদন হয়েছে মাত্র ৯ কোটি ৬৯ লক্ষ গজ। সিমেন্ট উৎপাদনে ১৯৭৯-৮০ সালের লক্ষ্যমাত্রা ছিল ৩ লক্ষ ৫০ হাজার টন। সেক্ষেত্রে উৎপাদন হয়েছে ৩ লক্ষ ৩৭ হাজার টন। চিনি শিল্পে ১৯৭৯-৮০ সালের উৎপাদন লক্ষ্য ছিল ১ লক্ষ ৬০ হাজার টন। প্রকৃত উৎপাদন হয়েছে মাত্র ৯৩ হাজার টন। এ ছাড়া কাগজ, ইউরিয়া ইত্যাদির উৎপাদনও লক্ষ্য মাত্রার তুলনায় কম হয়েছে।

জাতীয় শিল্পের দ্রুত বিকাশ ছাড়া একটি স্বাধীন, স্বনির্ভর অর্থনীতি গড়ে তোলা কিছুতেই সম্ভব নয়। দ্বিতীয় পঞ্চবার্ষিক পরিকল্পনা আমলে পরিকল্পিত শিল্প বিকাশের হার বার্ষিক শতকরা ৮'৬ ভাগ (প্রথম পরিকল্পনায় এই হার ছিল ১৫'৪)। অগ্রাধিকারের তালিকায় শিল্প খাতের এত নীচে অবস্থান প্রসঙ্গে পরিকল্পনার কৃষি উন্নয়নে বিপুল বিনিয়োগের অজুহাত দেখানো হয়েছে। কিন্তু এ অজুহাত যুক্তিযুক্ত নয়।

আমাদের শিল্পের প্রধানতম অংশ এখনও রাষ্ট্রায়ত্ত্ব খাতে। যথেষ্ট পরিমাণে উৎসাহ দেয়া সত্ত্বেও বেসরকারী খাতে বিনিয়োগ হয়েছে যৎসামান্যই। অন্যদিকে ঐতিহাসিক এবং অন্যান্য কারণে শিল্প পরিচালনায় বেসরকারী খাতের দক্ষতার মানও নিম্ন পর্যায়ের। এ অবস্থায় রাষ্ট্রায়ত্ত্ব খাতের অগ্রণী ভূমিকা ছাড়া দেশকে দ্রুত শিল্পায়িত করার কোন বিকল্প নেই। অথচ স্বার্থান্বেষী মহলের চাপে রাষ্ট্রায়ত্ত্ব খাত অনিশ্চয়তার মুখে এসে দাড়িয়েছে। সরকার এখন পর্বস্ত রাষ্ট্রায়ত্ত্ব খাত পরিচালনা ব্যবস্থাকে সম্পূর্ণ আমলাতান্ত্রিক কাঠামোর মধ্যে রেখে দিয়েছেন। স্বার্থান্বেষী মহলের পক্ষ থেকে রাষ্ট্রায়ত্ত্ব শিল্প বেসরকারী মালিকানায় ফিরিয়ে দেয়ার দাবী উঠেছে। ইতিমধ্যে বেশ কিছু শিল্প প্রতিষ্ঠান থেকে পুঁজি প্রত্যাহার করা হয়েছে। বেসরকারী খাতে হস্তান্তরের পরে এসব শিল্পে দক্ষতা বেড়েছে এমন উদাহরণ নেই। অন্যদিকে সাম্প্রতিক কতিপয় নীতিও শিল্প বিকাশের পথে অন্তরায় সৃষ্টি করছে। চট্টগ্রামের জি এম প্লান্ট-এর কথা এ প্রসঙ্গে উল্লেখযোগ্য। এই প্লান্টটি ভারী বৈদ্যুতিক সাজ-সরঞ্জাম প্রস্তুত করছে। সম্প্রতি মার্কিন যুক্তরাষ্ট্রের সাথে স্বাক্ষরিত পল্লী বিদ্যুতায়ন প্রকল্প চুক্তির শর্ত অনুযায়ী বাংলাদেশকে সব বৈদ্যুতিক সাজ-সরঞ্জাম আমেরিকা থেকে আমদানী করতে হচ্ছে। অথচ জি এম প্লান্ট এ-গুলো সরবরাহ করতে পারতো। এ ছাড়া রপ্তানী প্রক্রিয়াজাত করণ অঞ্চল প্রতিষ্ঠার নামে দেশের রপ্তানী শিল্পকে একটি অসম প্রতিযোগিতার মুখে ঠেলে দেয়া হচ্ছে। তাই এ কথা

বলা চলে বর্তমানে অনুসৃত নীতি উঠতি পুঁজিপতি সাম্রাজ্যবাদের স্বার্থে শুধু রাষ্ট্রায়ত্ত্ব শিল্পখাতকেই জলাঞ্জলি দিচ্ছেনা, সাবিক শিল্পায়নের উদ্যোগকেও বিপর্যস্ত করছে।

দ্বিতীয় পঞ্চবার্ষিক পরিকল্পনায় সামগ্রিকভাবে কৃষিখাতে প্রবৃদ্ধির হার নির্ধারিত হয়েছে বার্ষিক শতকরা ৬.৩ ভাগ। কৃষি উৎপাদন বৃদ্ধির কৌশল হিসাবে সেচ ব্যবস্থার আওতায় জমির পরিমাণ দ্বিগুণের বেশী বৃদ্ধি করা, রাসায়নিক সারের ব্যবহার দ্বিগুণ করা এবং গম চাষের আওতায় জমির পরিমাণ যথেষ্ট বৃদ্ধির কথা উল্লেখ করা হয়েছে। কিভাবে এ লক্ষ্য অর্জিত হবে তার কোন বিস্তারিত বিশ্লেষণ পরিকল্পনা দলিলে নেই। প্রশ্ন হচ্ছে, আন্তর্জাতিক বাজারে যেখানে সেচ উপকরণ ও সারের দাম ক্রমশঃ বৃদ্ধি পাচ্ছে, সে ক্ষেত্রে দ্বিতীয় পরিকল্পনা আমলে কৃষি উপকরণের উপর থেকে ভর্তুকি কঠোরভাবে কমানো হলে উৎপাদন উপকরণ ব্যবহারের লক্ষ্যমাত্রা কিভাবে অর্জন করা সম্ভব হবে? ১৯৭৪ সাল থেকে সেচ ব্যবস্থার আওতায় জমির পরিমাণ বাড়ছে না। সে প্রেক্ষিতে সেচ ব্যবস্থার সম্প্রসারণে কৃষকদের অধিকতর উৎসাহ দান ছাড়া অন্য কিভাবে এ লক্ষ্য মাত্রায় পৌঁছানো সম্ভব?

পরিকল্পনায় ভূমি সংস্কারের প্রশ্নে কিছু কিছু প্রস্তাব করা হয়েছে। এর মধ্যে সবচেয়ে গুরুত্বপূর্ণ প্রস্তাব হচ্ছে ভূমি মালিকানায় হস্তক্ষেপ না করে অনুপস্থিত এবং অকৃষক মালিকদের জমিতে ভূমিহীন এবং প্রান্তিক কৃষকদের সমবায় গঠন। এই সব প্রস্তাবের উপর আলোচনা শেষে অবশ্য স্বীকার করা হয়েছে যে, রাজনৈতিক চেতনা, গ্রাম পর্যায়ে রাজনৈতিক সদিচ্ছা এবং ক্যাডার ছাড়া এই সব “সংস্কারও” বাস্তবায়িত করা যাবে না। পরিকল্পনায় আশা করা হয়েছে যে, স্থানীয় গ্রাম সরকার এই শূন্যতা পূরণ করবে। স্থানীয় সরকারের সামাজিক, রাজনৈতিক চরিত্র সম্পর্কে বাদের সামান্যতম জ্ঞান আছে, তাদের কাছে এই ধরনের আশাবাদের অন্তঃসারশূন্যতা স্পষ্ট।

আমরা পৃথিবীর দরিদ্রতম দেশ সমূহের অন্যতম। শতকরা ৮০ ভাগের বেশী মানুষের অবস্থান দরিদ্র সীমার নীচে। দারিদ্র দূর করার ন্যূনতম পদক্ষেপ হওয়া উচিত শতকরা এই ৮০ ভাগ জনসমষ্টির আয় বৃদ্ধি, বিশেষতঃ কর্মসংস্থানের বাস্তব পদক্ষেপ গ্রহণ করা। কিন্তু পরিকল্পনায় কর্মসংস্থান বৃদ্ধি করার জন্য কৃষি ও শিল্প খাতের প্রবৃদ্ধির উপরেই পুরোপুরি নির্ভর করা হয়েছে। পরিকল্পনা দলিলে অবশ্য দারিদ্র সীমার নীচে কারা বাস করে তাদের চিহ্নিত করা হয়নি এবং এই বিপুল জনসমষ্টির জন্য প্রয়োজনীয় কর্মসংস্থান কিভাবে সৃষ্টি হবে তার কোন বিস্তারিত ব্যাখ্যা সেখানে নেই।

দ্বিতীয় পরিকল্পনা আমলে আভ্যন্তরীণ সঞ্চয়ের লক্ষ্যমাত্রা অর্জিত হবে কিনা তা নির্ভর করছে মূলতঃ সরকারী উদ্যোগের উপর। পরিকল্পনার জন্য আভ্যন্তরীণ সম্পদ বৃদ্ধির যে সব প্রস্তাব করা হয়েছে তার মধ্যে শুধু মাত্র অনর্জিত আয়ের উপর ট্যাক্স

বৃদ্ধির উল্লেখ আছে। বাকী প্রস্তাব সমূহের মধ্যে ভর্তুকি কমানো, রাষ্ট্রায়ত্ত্ব শিল্পে উৎপন্ন পণ্যের মূল্য বৃদ্ধি, পাবলিক ইউটিলিটি সমূহের রেট বৃদ্ধি, ট্যাক্স আদায়ে দক্ষতা বৃদ্ধি এবং প্রশাসনিক ব্যয় হ্রাসের উপর জোর দেওয়া হয়েছে। অর্থাৎ সরকারী আয় বৃদ্ধি প্রচেষ্টায় প্রগতিশীল কর ব্যবস্থা গড়ে তোলার চেষ্টা সেখানে অনুপস্থিত। একথা নিশ্চিতভাবে বলা যায় যে, কর ব্যবস্থার আমূল পরিবর্তন ছাড়া সরকারী খাতের উদ্ভূত ৫ বছরে ২৬৮১ কোটি টাকা থেকে ৫৬১৩ কোটি টাকার উন্নীত হওয়া অসম্ভব।

১৯৭৪ সাল থেকে পৃথিবীর উন্নত পুঁজিবাদী দেশ সমূহে যে অর্থনৈতিক মন্দা, ক্রমবর্ধমান মুদ্রাস্ফীতি ও বেকারত্ব শুরু হয়েছে তা বাংলাদেশের বৈদেশিক অর্থনৈতিক সম্পর্কে এক বিপর্যয়ের মুখে ঠেলে দিয়েছে। এই অর্থনৈতিক সংকট একদিকে এ সব দেশে আমাদের রপ্তানী প্রসারের প্রতিবন্ধকতার সৃষ্টি করছে অন্যদিকে তা এসব দেশ থেকে প্রাপ্ত ঋণ ও অনুদানের শর্তকে কঠোরতর এবং পরিমাণকে সীমিত করছে। তদুপরি অধিকাংশ বৈদেশিক সাহায্য এদেশের সাধারণ জনগণের স্বার্থের পরিপন্থী এবং তা দাতা দেশের স্বার্থে ব্যয়িত হয়। মাননীয় পরিকল্পনা মন্ত্রী ডঃ ফসিহ উদ্দিন মাহতাব নিজেই একথা স্বীকার করেছেন। এতদসত্ত্বেও আমাদের সমস্ত উন্নয়ন পরিকল্পনার পরমুখাপেক্ষীতা আন্তর্জাতিক রাজনীতি ও অর্থনীতিতে আমাদের বিশেষ অবস্থানকেই প্রতিকলিত করে।

মহামান্য রাষ্ট্রপতি আমাদের এই সম্মেলনের উদ্বোধন করে এই সম্মেলনের জাতীয় গুরুত্বের যে স্বীকৃতি দিয়েছেন তার জন্য সমিতির পক্ষ থেকে আমরা তাঁর প্রতি কৃতজ্ঞতা জানাচ্ছি।

সবশেষে এই সম্মেলনকে সাফল্যমণ্ডিত করার জন্য যাঁরা এবং যে সব প্রতিষ্ঠান, বিশেষভাবে ঢাকা বিশ্ববিদ্যালয় ও বাংলাদেশ ইনস্টিটিউট অব ডেভেলপমেন্ট ষ্টাডিজ, আমাদের সহায়তা করেছেন তাঁদের প্রতি কৃতজ্ঞতা জানিয়ে আমার বক্তব্য শেষ করছি। ধন্যবাদ।

The Subtle Anatomy of Planning for Accelerating Dependency

by

ABU MAHMOOD*

I. APPROPRIATE METHODOLOGY

The core issue for social scientists is how and for what purpose do we seek to 'understand' society. There are different well insulated, well entrenched philosophical positions regarding the nature and scope of social sciences. New theoretical insights constantly emerge out of contradictions generating social upheavals. Conventional social scientists are beginning to perceive the need for integration of these insights in the explanation of social reality. Failure to recognize the thin veil between ideology and social theory and the inseparability of historical experiences and understanding have been the main barrier to highlight the ideological sensitivities of social theory. The concept of 'development' has been no exception. Conventional explanations of underdevelopment not only uphold the *status quo* but depoliticize social conflicts by liberal bourgeois democracy, and equality before law in a class divided society. To regard tradition, attitudes, interests and institutions as the cause of underdevelopment is to neglect the fact that these were foisted by the ruling class for their exploitative purpose in the historical past. Institutional approach is therefore misleading while the 'functional' approach hides the fact that ruling classes are neither able nor willing to solve the problem of underdevelopment inherent in social structures. Both the approaches reveal the role of ideological and cultural superstructures created by the rulers for perpetrating class rule.

Marxist methodology as an approach in social inquiry succeeds in giving on a sufficiently high scientific and technological levels an overall

*Professor, Department of Economics, University of Dhaka.

picture of the interaction between economic, social and political factors in development of a society, clarifying the predominant tendency in that society and presenting some fundamental conclusions concerning the possible ways of further progress on that basis. Within this dialectical materialist school using historical materialism, one can identify a crop of ideas, concepts and analytical framework which can capture social reality.

The newly independent countries of Asia, Africa and Latin America, which are known to be at different levels or stages of social progress, have a common feature—dependency on forces operating outside their borders. Development of productive forces is predetermined by the metropolitan country. As compared with the former colonies, much greater influence is exercised by the industrialised countries on the developing countries rather than the other way round. New forms of neo-colonial expansion and new methods of exploitation aimed at perpetual dependency of the third world within the world capitalist system have been developed. The multinational corporations, which are now becoming the main form of foreign domination in the economy of third world and which constitute the highest stage in the development of monopoly capitalism, are seeking to restructure the present day international division of labour in a way as to convert the developing countries into industrial raw material appendage” of the lending capitalist powers. The guiding principle is this : a concentration of the ‘industry of science’ and the most productive equipment of technology in the developed capitalist states, within the developing countries oriented upon the spread of simple methods of production, traditional forms in industrialisation and “small scale science”.

One of the gravest consequences of dependent development is the disintegration of the economy of the developing countries, the absence of organic bonds and frequently a deepening gulf between its various sectors. Production is for the most part not intended for home consumption while consumption is not covered by domestic production. The role of the state sector, of state property and administrative and entrepreneurial activity is extremely important in this connection because it, in effect, is the only real force which is potentially capable, through the persistent and perpetual efforts, to secure the integration of the fragmented economy of developing countries. Practice however shows that in some developing countries taking the capitalist path, the multinational corporations have managed to “digest” the new state structure, including the state enterprises and are seeking to adapt them to their own development requirements.

II. DIALECTIC COMPREHENSION

Dependent capitalism is not likely to collapse without human praxis. An ideology based on the aspirations of toiling masses may be inspired by a scientific theory and only such ideology can lead to workable praxis. There is no reason to deny that Marxism is an ideology, but some ideology is needed for any social practice including the practice of abiding by the *status quo*. However, an ideology founded upon the science of political economy is infinitely superior and wiser than ideologies lacking such foundation. The wisdom of Marxism lies not in its ideological attacks on capitalistic institutions but in its dialectic comprehension of capitalism. Thus discovery of the dialectic of capital is what distinguishes Marxism from any other form of social ideology and supplies Marxism with its true life blood because the total comprehension of the state of things implies the possibility of abolishing that state of things. Dialectic is the method of total comprehension.

The goal of social change in an underdeveloped system is said to be modernization. The stimulus for modernization may be external or internal. The limits to modernisation are set by the goals and the fundamental structure of the national and social contradictions. The system cannot survive without massive foreign support because of the acceleration principle of marginalization and pauperization unleashed by the mercantile capital's domination in the mode of production. Planning for such economy turns into a strategy of optimum distribution of available resources amongst the ruling hierarchy and their imperialist masters. In contrast, 'development' denotes 'maximisation of the potentials of the society regardless of any limits currently set by the goals or fundamentals of the society. There is fundamental incompatibility between Bangladesh social organization and development from this point of view. Structural change is not possible without the emergence of possible forces, internal and external. Development requires 'qualitative' changes in all critical focus of the social order such as the economy.

The primary fact which dominates all relations in a country like ours and which must be incorporated in all kinds of social analysis is the 400 years of continuous exploitation to which it was successively exposed by mercantilism. Colonialism, imperialism and multi-national phase of state-monopoly capitalism. It is impossible to separate today the stage of development, the social pattern and economic basis of our country from the historical fact of prolonged exposure to the West. This is a fundamental

reality which must be incorporated into our model of social change. The analysis of our society and the socio-economic planning exercises we have seen have an air of unreality, as if the state percolates above an empty terrace, and the various economic, political and cultural institutions have their own autonomy. The fact that all are interlocking institutions serving the ruling class and that they can never serve any other class effectively is totally forgotten. It is important to delineate accurately the class and stratum realities of the ruling class and especially the interlock of stratum-structure to avoid costly mistakes. The focus of such an analysis must be on the origin, development and dynamics of international linkages which explain better and answer more pertinent questions about the behaviour of the ruling class and key personages occupying crucial positions in the hierarchy of decision makers.

III. SOCIAL SETTING OF THE RULING CLASS

To understand why all efforts by the ruling class for socio-economic development without radical structural change miserably failed, it is necessary to group certain essential characteristics of a dependent economy. Underdeveloped economies and societies are structurally heterogenous and rigid and development through conscious planning entails homogenization of structure. As such conventional economic theory of development planning is inapplicable. Social structures which are creations of men, like their physical creations, may confront them as externally imposed necessity. Individuals and group inheriting these structures become thereby instruments of such social structures and social process. Further, the rigid structure of the developing economy leads to imbalance in many parts of the economy that cannot be corrected by the Keynesian and/or Schumpetarian remedies. To make things more complicated since a developing country cannot deal as equals in world markets there is unequal distribution of trade profits among the metropolitan and the periphery. On the top of it Western technology which we are forced to buy aims at replacing human labour by capital, whereas the Third World needs technology that uses labour. Survival of the ruling class under such circumstances depends on foreign aid which comes in a package complete with economic plan, foreign policy, political and social philosophy and culture none of which can be rejected. Thus, three decades of economic planning under these constraints only succeeded in accelerating food shortage, balance of payments crisis, unemployment even amongst trained personnel and produced a kind of social upheaval with progressive erosion of system defining and system maintaining forces of the society.

A solution to problems of mass poverty requires sweeping changes and cannot be carried by the ruling class without their own liquidation. But they can get a new lease of life by a frontal attack on the direct obstacles to economic development : the patterns of landownership and land tenure. The superstructural elements like cultural attitude, minority problem and power relations which are indirect obstacles can be tackled once such massive assault on direct constraints is made. Will it be possible to do it under condition of democratic institutions or authoritarian measures? Can the retention of democratic facade strengthen egalitarian values and provide an opportunity for direct organisation of the more numerous lower class to weaken both the legitimacy and power of the dominant landed and propertied class without risking the social disorder of drastic confrontation ?

We have a sneaking suspicion that professional economists and members of the Planning Commission are the main culprits. The substantive basis of this lack of confidence is their lack of competence and their failure to discuss the phenomenon of imperialism and correct the understanding of the historical development of imperialism and the methods and processes employed for imperialist economic expansion in the present day world. The process and mechanics of economic development and its impact on the social structure is rarely discussed. The phenomenon of elitism and lack of potential saving and investment on the part of the vast majority of our people are topics rarely touched upon. The elite for the most part consisted formerly of the business community and the feudal element which refer (since 1972) expanded to include professionals, bureaucracy and members of the armed forces. But the character of the elite is 'colonial' in terms of mentality, intelligence and aptitude. Thus there was only substitution of colonial hierarchies by indigenous people without any structural change in the organization of the govt. and the economy. The political factors also bear heavily on the composition of the elite. The civilian and military elites of the prevalent military dictatorship were trained by the imperialist powers. However, when the country was in the hands of the civilians, it assumed the character of civilian dictatorship propped up by both bureaucratic and non-bureaucratic military junta. Such a junta has to bestow undue economic rewards and privileges to military personnel and private musclemen in order to keep them loyal to the authority. The fake adoption of democratic forms of govt. with one party rule has helped the elite to be distributed among the military, the bureaucracy and the upper echelons of the political party. The association of the elite with private business is the direct product of military dictatorship.

The set-up is convenient for foreign based corporation to keep the politically influential segments of the elite happy by providing favours of all kinds.

In such a socio-economic configuration, the deterioration in the intrinsic quality of the elite takes place pretty quickly. They enjoy an income level immensely higher than the average. The inevitable result of this structure in income level is that neither the entry to the class of elite nor the mobility within the class of elite (middle-class) is necessarily associated with proven ability to enter the privileged class. Once a process of subverting meritocracy is set in motion, there emerges an almost automatic, even unintentional corruption of the bureaucracy and the economic mechanism accompanied by allround demoralisation and frustration. The saving and investment potential of the country remains under-utilized, the best of indigenous talents automatically drained out and foreign capital is wasted. Despite increasing pauperisation of the peasants and working class and general economic crisis, the ruling class tends to take every measure for their survival by expanding its ranks and privileges. This inevitably involves a redistribution of income and wealth from the weak to the power holders in the society. It is normally realized through the normal fiscal methods of taxation, subsidization and deficit financing. True that an inflow of foreign capital provides a relief from the pressure to redistribute wealth, but it also serves as an instrument of exploitation, discrimination, self aggrandisement of ruling elite and their perpetuation. Multinational financing of national economic plans includes political and strategic considerations which help more the ruling class and their members than the country as a whole. The aid government underwrite not only the entire plan but also the key personnel of the Cabinet, Planning Commission, Administration, Chairmen of the Chambers of Commerce and Industry. Entire commercial and industrial policy of such a society is effectively controlled, administered and run by the invisible hands of imperialism.

IV. ACADEMIC AND IDEOLOGICAL SPECTRUM OF THE DISCUSSANTS OF THE ECONOMIC PLAN

The ruling class faces a number of volatile issues ranging from political legitimacy to national unification, from foreign policy to economic development. Although it can count on the support of its bureaucratic military state apparatus anchored in the cantonment, but it has to win the acquiescence of the majority of the adult population by spreading the benefits of planned expenditures. However, even in such a suffocating social set-up some intellectual university teachers and students do raise

a voice of dissent which are often indicative of the coming political storm and economic crisis.

Leftism of the university teachers is formed before entering the academic profession, in the home during colleges and within the status system of the professionate. Left climate has its roots in the historical links of modern scholarship with the empirical, secular and skeptical traditions of the Enlightenment and its political expressions in liberalism and democratic socialism. The underlying sense of nationalism shaped the contour of the debate and a relatively free spirit inspired and fostered the protest movement. The journalists and students take up the issues of modernization and development following faithfully the bourgeois social scientists. In the process they develop an ideological spectrum or intellectual lens through which they view the key features of the political system—how the govt. should be arranged and power distributed, and what are the objectives the society should strive for. Because the spectrum is ordered and arranged by values in the sense of “conception of the desirables” depending upon the intensity of one’s salient value orientation toward social change, attitude to govt. and its policies and politically held relevant beliefs and ideas, most of the people assembled here can be identified as either liberal, moderate or conservative. They, in the context of the present economic crisis of the ruling elite, can be lumped together as intellectuals at the service of the ruling elite. Only radicals, declared radicals, can raise pertinent issues for needed social change. The general characteristics of a radical may be : (a) rejection of capitalism and existing socio-economic order which sanctified and perpetuated economic inequality ; (b) antagonism towards the coercive apparatus of the state, including police and armed forces, (c) a negative attitude towards heavy dependence on the US, Japan and Middle-East and a general ambivalence toward the conflict between the communist and the non-communist worlds. Liberal, moderate or conservative spectrum on the other hand are characterised by belief (in different degrees) in the imperative nature of the anti-communist struggle, reliance on the US to protect non-communist nature of Bangladesh state policy, rejection of the notion of class conflict, and general or qualified support for the ruling class of this nature.

V. TRAPPED IN IMPERIALISTS’ FRAMEWORK

Since national planning is now recognised as a potent instrument for tackling economic tasks by most social scientists irrespective of their social or bourgeois orientations, what is important is not the art and practice of

planning but its actual content and impact on the owners of means of production vis-a-vis to those on peasants and workers and, in the case of planning of the capitalists, its impact on the economies of various countries, developed and underdeveloped. The socio-economic conditions in which planning is applied are decisive factors. Another important question is how far it is feasible to plan in a market economy which has a systematic bias in favour of those in the society who are owners of wealth, power and status, to achieve its objective of changing in a scientifically substantiated rate and proportions for the desired economic development. The class character of the ruling class and political power become not only pivotal but crucial. For planning, like economic policy, has a *class content*. It influences not only the reproduction of material conditions of social life but also the reproductions of the *relations of property, exchange and distribution*.

A dependent bureaucratic military state apparatus operating within the international imperialist constraint would inevitably produce a plan, sponsored by aid givers, which will establish economic proportions largely geared to their requirements of making the economy more dependent on their dominant economic structure. The dominant elite or oligarchy is not expected to handle the maiden of social inequality, Western economic models, which comes as a package deal with massive and stringed foreign aid, relegates agriculture and the rural population to peripheral roles in the development process. Structural distortion of colonialism are being perpetuated because of adhering to these models for the exploitation of the labouring people and creating unequal development in the city and the country side.

Imperialism cannot allow the complete transformation of pre-capitalists societies because it exists on the basis of hindering their transformation and thus subjects them to the needs of monopoly capitalism. Their neo-colonialist aspirations are geared to the main strategic task of keeping the newly independent countries within the capitalist orbit and tying the outskirts to the capitalist centre with new and lasting lands, in order to continue exploitation of them by means of up-to-date methods and devices. Control over the economies and foreign trade enables exercise of Western political influence on developing countries and determines the specifics of their relations with imperialism : Various form of capital export in the guise of aid constitutes the core of neo-colonial economic policy. West seeks to impose its "development recipes" by giving subsidies, soft loans and some scientific and technical assistance. It may be noted that the

Western countries and the international financial agencies they control usually give credits and loans only to those countries where the local govt. *create and ensure* a "favourable climate" for foreign investments. Further, a large portion of the aid given goes to meet previous loans received from the imperialist powers and interest payments accrued on them. Investments enable the neo-colonialists to gain control over the economy. The terms of investment enables foreign capital to interfere in the country's internal affairs. Any attempt or steps taken by the local govt. pose threats not only to profit making but also to the investor country which usually receives from the neo-colonies raw materials and cheap labour necessary for the normal functioning of its economies. The lopsided orientation inherited by countries like ours on trade with the west also serves the purposes of neo-colonialism. Through the world capitalist market, attempts are made to impose a one-product economy on the developing countries. Thus, the major instrument used by developed countries is their ability to play upon the difficulties of financing the national economies of developing countries.

Persistent increase in international debt burden is inherent in the logic of development with foreign aid. It is caused by export of profit on invested capital, operation with transfer prices, giant bills for technology and the growing monopoly of multinational on local financial markets. Pressure on the balance of payment is built up through increasing control over local savings. Thus the deterioration in balance of payments cannot be seen exclusively in terms of developments in the economic sphere, of change in the relationship between certain economic variables such as import prices, export sales, capital flows, money supply and fiscal expansion. At a more profound level it reflects changing socio-political relationships within the country as well as impact of international crisis. In a sense, balance of payments is fundamentally a manifestation of the balance of forces to which a country is subjected in both its internal and external relationships. It is quite absurd to pretend that IMF type programmes are politically neutral. Their logic is evidently to support the socio-economic groups which control capital, property and finance and which are therefore in a position to make dependent economies to devalue their exchange rates to transfer profits to the developed industrial countries.

VI. DEPENDENCY SYNDROME

State and Society in Bangladesh : The ruling class is constantly engaged in a balancing act based on a constantly renewed political bargain amongst several ruling groups or aspirants and a repressive authoritarian backed

by aid givers and multi-nationals. Unlike in other developing countries the political bargain till recently was at the forefront of Bangladesh politics. It was difficult for conventional politicians who play politics as usual to constantly aware of their interest in holding together the fragile association upon which their power is based. Conventional politics has consequently been emasculated completely. Bangladesh state and its successive ruling classes controlling and operating have never attempted to build up a set of infrastructures and institutions according to the original bargain (tacit understanding) between freedom fighters and the ruling class to give a chance to those institutions to evolve into an institutionalized entity.

The opponents of the military userpers represent a broad range of ideological tendencies and social bases. The bargain through which the present ruling class came into power in 1975 was struck between middle class revolutionaries and army junta. It subsequently collapsed leading to crackdown on the middle-class revolutionaries to win over the support of foreign powers and aid givers. Power had to be shared with linkmen and comprador groups, comprising of proponents of quite different interests and constituencies, in order to retain control over state machinery. The basis of power of the ruling class therefore is not a set of institutionalised structure built on the basis of solving the problem of poverty, unemployment and food but a complex of well established even ritualized strategies and tactics appropriate to political bureaucratic and private interaction throughout the system.

The constitution, legislature and judiciary are there along with a presidential system and political party system. But what matters in terms of system defining and system maintaining forces within the state is how they are being used at operational level. Informal institutions, practices and understanding have developed which govern most and even some of the minute aspects of daily life. What is being practiced cannot be called operation of an institutionalised systematic that can be analyzed in terms of the adaptiveness and flexibility of their structured institutions.

The principle of political discipline (linked to the concept of authoritarianism) and political negotiation (protodemocratic concept) have been combined and mixed into a variety of quasi-institutions or modes of political action which includes fluid political clientelism, political turnover or elite circulation, reliance on political middlemen, and rules about corruption, patronage and political entrepreneurship. The structured institutions of our politics are simply convenient framework within which the true balancing act (economic planning, distribution of patronage, fiscal policy and com-

mercial policy) is performed. Since the whole structure is not dependent on any local independent economic group (bulk of the economic surplus to prop up the local ruling class comes from outside as gift) and the entire viability of the government an state depends on foreign 'aid' and 'support' mainly channeled through a few administrative and infrastructural 'Link-men', the balancing act is done through presidency not through any structures or consistent internal organisation, but personalistic, and reflect the president's style, personality and the goals of the inner members of the coterie.

Ideological Dependency : Dependency structure is critically moored to a financial fallacy—the vicious circle of poverty. Remedy is to attract saving. Since local saving lacks, restrict consumption, low rate of saving will continue unless distribution of income is unequal or foreign capital can be attracted from abroad. It stems from the simplified assumption that all resources are fully utilized and as such saving is the limiting factor per excellence. It overlooks the real developmental potential inherent in unused (or underutilized) resources, especially labour. This fallacy has become a part of the ideological content of all Western educated elite of our country. For massive inequality were also the major theme of Adam Smith, Diderot, Ricardo and Mill. But the shared conviction amongst them was that inequality was natural and unavoidable which unified these thinkers and informed their political theorizing. There was general agreement among these thinkers that the non-propertied masses were condemned to misery and powerlessness. But what is most pertinent to our discussion is that these thinkers considered that this misery was functionally necessary in providing labour power to the market (cheap supply of labour). Questions about the source of industrial profits (more so than landed rents) and as to whether profits implied exploitation were issues over which there was considerable disagreement and black-sliding. For example, Mill thought that the current distribution of income was the heritage of precapitalist social formations. But when appraising the nature of a society to be governed and governed effectively to remove poverty, unemployment and food-hunger, difference between natural poverty and exploitation becomes crucial. Is it possible to detach the distribution of income from social relations of production and treat it as a political problem? Is it not partially correct that the fact that the spectre of exploitation constantly haunted classical labour value theory and it contributed to neo-classicals confining their analysis entirely to the plane of exchange and commodity relations? Is it not Keynesian theory which offered an economic rationale for political promotion of economic growth and inter-

vention in distribution patterns and thus bred a new techno-economic welfare species of political economy, still safely distant from the analysis of social relations and of political power ? It is the inwardness of the logic of adopting a techno-administrative approach towards planning that underlies the western misconception that underdevelopment is essentially a matter of economics while we think underdevelopment is a consequence of politics, and empirical data on which you build up your five year plans—is an empirical reality, a result of political struggle. It is not easy for our social scientists to grasp fully the significance of this approach being ideologically accustomed to viewing underdevelopment substantially as function of economic factors and unhook their blinkered attention to various criteria advanced in the Western world as possible indicators of underdevelopment per capita income, capital equipment and capital formation, technological skill, efficient exploitation of natural resources, and self sustaining and diversified economies, just to mention a few, which are usually considered in their economic context. Because of such an impact of ideological dependence, it is impossible to impress the Western educated planners that our under development is a product of colonial rule, which is primarily a political phenomenon in so far as the economic and political aspects can be considered separately. Vestiges of subjugation and exploitation of the indigenous masses are still going on, through demoralization and emasculation of their culture and ability. These vestiges must be eliminated, all neo-colonial dependency must be removed. Imperialism arises out of the necessity of capitalist societies to find resources and outlets for its development. Thus, colonialism, is the imperative necessity of the capitalist development. The country must progress politically and political self-determination is the means of further realization of our social, economic and cultural potentialities. It is the political freedom that dictates the pace of economic and social progress.

The Perspective of Development : Social, Economic and Political Factors

by

M. RAIHAN SHARIF*

I. INRODUCTION : REGIONAL EXPERIENCE

The concept of a perspective is related to the art of delineating on a plane surface the ideas about the objects in a manner that makes them appear to look like real objects as these should appear. In this sense, if conditions of society are to be broadly mapped out for reference to the development planners, the perspective can take many forms. Usually, it is the form of a pattern of future expectations based on the study of the lessons of history, often blended with norms of social desirability. An image of the expected future becomes the soul of perspective, at least for development planning in the context of poverty in the contemporary Third World countries.

Economists or economic historians studying history have, in the past, adopted various approaches to base their vision of the future on the analytical blocks of premises built by them with the crude materials mined from the depths of history. To Adam Smith, the analytically but easily found stages of hunting pastoral operations, agriculture, and manufacturing as a logical sequence served as the foundation for developing wealth and capitalism. Karl Marx applied his vision differently and supported his vision with the philosophy of Hegelian thesis, antithesis and synthesis so that the stages can become feudalism, capitalism and socialism. More recently, W.W. Rostow looked into history, rather modern economic history, and discerned such other stages : traditional society ; preconditions for take-off ; the take-off, the drive to maturity ; and the age of high mass consumption. When the perspective is not systematically built up through hard work as an evolutionary process, even fragmentary

*Former Professor of Economics, Department of Economics, Dhaka University.

approaches may provide the insights for guiding the ordinary run of economists in their continuous operations. Even in the case of the American lessons of economic history, the picture is suffering from a 'persistent problem of synthesis' which Rostow calls a 'philosophical disease'. He says : "Ironically, this persistent philosophical disease—apparently a disease of modesty and intellectual scruple—has left American academic life, by default, particularly vulnerable to the brilliant, casual, and not wholly responsible insights of a Veblen, a Beard or a Schumpeter who did not fear to generalize" [1].

For the new developing countries, there is little economic history and little can be expected by way of the analysis of the lessons of experience and of putting up 'intuitions' about the vision on the future image of development. When the past does not provide the framework of determining a base strictly from the brief period of a country's independent functioning and economic history, even the idea of ignoring the political changes over a long period does not lead an analyst anywhere simply because in that case all analysis will trace all problems to colonialism at best related to the pre-capitalism stage of feudalism. The stage of feudalism got a little coloured by modernization of industry and urban life in many countries of Asia, especially South Asia. When independence brought the elite of the people in these countries face to face with the grim realities of social and economic conditions, voids and gaps were identified as staring barriers for which the colonial powers were blamed. These colonial powers could use this phase of history in their favour, by supporting the needed development process with foreign aid. In this stage, soon the implications and experience led to the identification of 'neo-colonialism'. Reliance on such neo-colonialism could be reduced only with self-reliance which required social and economic reforms in order to render the pace of development rapid enough and the content of development significant enough. This mighty national problem, as a basic one, has to be faced by what is known as 'Planning Ideology' to cover up possible implications of other ideologies.

In pursuing the 'planning ideology', it is conveniently possible to avoid a confrontation with the basic problem of social choice. Politician, after attaining independence, can use the cloak of the 'planning ideology' to combine all kinds of tools and tricks, borrowed from the West or the Communist/Socialist world and give the brand name of 'national planning' to the end result. In that context, whatever little social philosophy might have been shaping out in the pre-independence days can easily

get diluted and deformed. The historical background, at least for the countries of the Indian subcontinent, can be revealing because of the basic commonness of struggle for independence from the exploitation of foreign colonialist powers; and economic problems were similar. Private enterprise of Indian businessmen and industrialists was quite prominent even before independence. In that situation, most political leaders wanted not only independence from foreign rule but also freeing all areas of business and economic activity for Indians themselves. The intellectualism which played with the ideas of socialism could thus align itself with a new meaning of socialism while the planning ideology was adopted in the post-independence days. Instead of the colonial structure of capitalism, an alternative system was desired to be evolved. It is this alternative that began to be vaguely called 'socialist pattern of society' by Nehru. R.K. Karanjia, who studied the mind of Nehru, quotes a significant comment from Nehru as: "Our approach, being socialist, is primarily an economic approach[2].

Gunnar Myrdal has indicated a fundamental difference in the situations between India and Pakistan, and other South Asian countries such as: "In India and Pakistan, socialism is usually discussed in terms of public interest and private benefit. But in Ceylon (Now Sri Lanka) and the Southeast Asia socialism as an ideology derives much of its psychological impetus and direction from the presence and sometimes the economic predominance of aliens—both Westerners and resident Chinese and Indian. Here the socialist ideology, instead of functioning as an independent determinant of policy, becomes a kind of ideological defence or opportune rationalization of purer economic nationalism, even among ultra-radicals"[2]. That is to say, planning philosophy assumed the quality of a new kind of rationalization in the national interest, whatever might be the brand name for it. As between India and Pakistan, in the post-independence days of planning, the differences that were still significant are: (a) historically, Indian National Congress had a programme of social and economic reform which could be the basis of a long range perspective; (b) the region of Pakistan was relatively poor-developed and foreign entrenched interests were not very significant for attack through aggressive economic nationalism. Even then, with a planning policy of 'pragmatism' Pakistan was encouraging development of enterprise and capitalism and at the same 'the argument that are labelled 'socialist' in India were beginning to be heard, though in less forceful and less finished form'[4].

II. PLANNING PHILOSOPHY IN BANGLADESH

In the case of Bangladesh, emerging out of protest against economic exploitation and political and social deceit, independence did not imply a stage of fully-equipped onslaught on poverty and ill-development of the national economy with a longterm social philosophy for society-building with planning techniques. After the initial steps of dealing with 'enemy property' and 'alien industry and business' the new independent regime found the whole arena a clean slate except the colouring of the heritage of Pakistani ideas of economic planning based on encouragement of capitalism as a means of restructuring feudalism.

In that situation, the new constitution framed provided for the establishment of an 'exploitation-free society' with five basic changes in the approach to a new identity of ideological choice. These were: (i) conditions to be created for emancipating the toiling masses from all forces of exploitation ; (ii) every citizen to enjoy the right to work ; (iii) all citizens to be assured equal opportunity so that an egalitarian society can be established ; (iv) enjoyment of unearned income to be discouraged, and (v) limits to private ownership of means of production to be fixed by law. In this constitutional requirement the First Five Year Plan adopted by the regime academically discussed the nature of the basic changes which were to be brought about in stages, if establishment of an 'exploitation-free society' was to be pursued by planning. A few statements in the Plan can be referred to as good evidence of this vision of a perspective, such as :

(a) "The removal of the capitalist system of income distribution, of the private ownership of means of production and of the precapitalist mercantile or feudal production relations function and measures is a necessary precondition for socialist development. Depending upon the objective conditions of the society, this may have to be done in stages, but no plan for socialist transformation can afford to ignore the basic necessity of fulfilling these preconditions" (p. 2).

(b) "Just as disciplined hard work is necessary, so also is it essential that all forms of unproductive consumption are removed from the economic system. Generation of economic surplus and its mobilization and productive investment are the means by which productive forces have to be developed. History has no instance of any socialist development where, in the transition period, consumption has not been reduced to the essential minimum and where unnecessary luxury and conspicuous

consumption were not eliminated. For a well-formulated socialist plan, the basic premise has to be that the Government and the ruling party will have the will and the determination to transform a society with traditional values to a production-oriented society where work, discipline and savings are the basic tenets of economic activity" (p. 3)

(c) "As long as the broad masses are unable to accept the norms of behaviour necessary for a radical transformation of society, no amount of socialist policy adopted by the government can usher in socialism. The change in social outlook and in the institutions embodying such an outlook can never be or has never been achieved only by government functionaries. It is only a political cadre with firm roots in the people and motivated by the new ideology and willing to live and work among the people as one of them that can mobilise the masses and transform their pattern of behaviour" (pp. 3—4).

(d) "The political leadership must be dedicated to the ideals of socialism. It will have to provide the leadership in bringing about a social transformation. The party leadership must shoulder the obligation and responsibility to set examples in social behaviour and come up with bold new ideas for social action which will give them the moral authority to effect desirable changes" (p. 4).

(e) "Where there is widespread suspicion of corruption and only half-hearted attempts to root it out, even honest persons show unwillingness to take initiative and exercise independent judgement because no one is immune from suspicion. Thus every one avoids taking personal responsibility and shares decision-making to the maximum extent possible to protect himself with resultant delay and inefficiencies. It is in this context that detection and punishment of offenders irrespective of their personal and political affiliations are necessary" (p. 8).

All the above pre-requisites of a social transformation could not get started in the operational sense because of the forces of counter-transformation working in the political leadership, the bureaucracy and the opportunist elite. And the conditions which were sought to be corrected got worsened with confusion, mismanagement and inefficiencies. The trend assumed the most dangerous turn for the worst with the starvation and deaths of people in 1974/75. Change of political leadership was thus inevitable: the upheavals finally settled down by the end of 1975 with the present President, Ziaur Rahman, at the helm of affairs. This new beginning thus implied the beginning of the game back in 'square one'

of the football game of American type. The problem of choice for a social direction, not only remained unresolved but was conveniently pushed out of sight. A period of five years (1976-1980) has been the period of consolidation of political power, and search for its economic base without opening the issues of 'sense of direction'. The only suggestion of 'social purposefulness' that is now broadcast and lauded by the Party in power is that of Bangladeshi Nationalism. The latest interpretation of this 'ideal' is included in the President's speech to the Parliament on the 10th April, 1981. This means "a sense of distinctiveness on the people, free from all outside influence and domination and based on the time-honoured language, culture, history and patriotism of nine crore people living within the geographical boundaries of this country". It is explained that politically, it is 'the unity, solidarity and equal rights of the people within the geographical limits and economically', it is 'the preservation of the highest interests of the people and fullest opportunity for improving their lot'. Such interpretations, wherever and whenever emphasized and repeated, have appeared to be tautological. A nation establishing its Nation-State under the banner of Bangladesh really contained this meaning in its process of establishment itself, it must have worked behind the shedding of a 'seaful sacrifice of blood' for attaining national independence. This does not, however, contain the 'sense of social direction' the economy should move. Should the nation be moving in all possible directions aimlessly without a sense of social purposefulness ?

If the honoured document of the Second Five Year Plan, intended to guide social and economic changes of the nation does not answer that question, where will the people in and outside the country seek the answer ? Strangely indeed, the Draft Second Plan has written seven sentences under Long Term Perspective in which nothing has been said beyond : "It is recognised that planned development is a continuous process. The Second Five Year Plan is thus necessarily a step in this process and an integral part of a Perspective Plan" [5]. One year of the Plan-period (1980-85) is over and foreign assistance for the second year, as a basis for preparing the next budget, has also been negotiated at the recent Paris meeting where the donors regarded the Plan as 'laudable but very ambitious'. And it is known that the Planning Commission is 'now engaged in a massive effort to allocate funds for the most immediate and indispensable sectors without hanging the basic objectives of the Plan and without affecting the principal production targets' [6]. Donors are primarily interested in the financial size and the means of mobilization of internal and

external financial resources to match the size of the Plan. The process of pruning the 'very ambitious' size will naturally affect physical programmes and targets and hence the expected overall economic growth which itself will be a modest step for the so-called 'perspective'. This, if at all, can only refer to the perspective of GDP growth and availability of investment resources. This does not help anybody understand where the steps will lead the economy and the society. Ignoring the most vital elements of linkage to social transformation is ignoring the logic of the Planning ideology itself. For it is useless to build the steps without knowing where the steps are leading to.

III. BUILDING THE SOCIAL CONTRADICTIONS

Illogical planning can be both charming and dangerous. It can create an illusory image of charm and forcefulness and yet exhibit dangerous symptoms of social contradictions. The development process generated by such methods is one of impulsive spurts, twists and turns and not one of sustained evolution and progressive elevation. Even under the OECD, the Bellagio declaration on planning in 1969 pointed to the implication of perspectives as :

"Social institutions face growing difficulties as a result of an increasing complexity which arises directly and indirectly from the development and assimilation of technology. Many of the most serious conflicts facing mankind result from the interaction of social, economic, technological, political and psychological forces and can no longer be solved by fractional approaches from individual disciplines. The time is past when economic growth can be promoted without consideration of social consequences of such change. Diagnosis is often faulty and remedies proposed often merely suppress symptoms rather than attack the basic cause [7]."

The process of development in Bangladesh can be said to be in response to impulses rather than planning : and naturally the social contradictions are appearing in bold relief. Just a few major contradictions are mentioned here :

First, from the technical point of view of planning, the political role and technocratic role have been drifting apart in the created sea of confusion and bewilderment. Political decision-making on vital national issues is not processed in right places and right times. National policies and philosophies are pronounced in political party rallies, comparable to

Communist practices, but are not considered as decisions or directives on national relevant issues. Planning technocrats are not using such pronouncements as solutions. In the President's speech addressed to the members of the Parliament, it was suggested that the huge chunk of 90% of our population living in the villages wanted a better social order and 'an economic system that would free them from their present sub-human way of life' and the overall welfare of people cannot be ensured without a peaceful revolution indicating of the same time that 'this revolution is on in all levels of national life e.g., agriculture, industry, education, culture, public health, family planning and administrative structure, on the basis of Bangladesh Nationalism'. If this was meant to be the framework of national planning, a national document of highest significance could have been prepared in advance and circulated to all members to convince them and even that could have been approved by the Parliament for national guidance. Instead, some cursory elaboration was offered in a subsequent political rally—a rally of the working class section of the principal Party, that the important philosophy behind 'the industrial revolution' was establishment of 'exploitation-free society, drawing attention at the same time to the fact that in the past other parties and other people talked of 'exploitation-free society' but they failed to organize the people for that. The Party in power implicitly claims the credit for organizing the people for the establishment of the stated 'exploitation-free society'. Had that been so, planners under the direction of the Chairman, could have prepared the National plan on this vital programme, even in the political interest of the Party itself. Intelligent observers just do not understand why such odd contradictions are created in the political process to harm both politics and planning?

Second, the philosophy of nationalism is not unfamiliar. It is rather the burning torch for fighting the right of self-determination over the globe. If by Bangladeshi nationalism, we mean the same thing, its emphasis can now be only the means of strengthening the shield against the forces of neocolonialism in any form. Protection against the forces of neocolonialism in any form. Protection against foreign aggression or conspiracies is inherent in the existence of a sovereign state through its primary and basic duty for which the defence services stand guards. The political function, in normal times when the development process is in progress, based on nationalism, will be peaceful protection against the direct and indirect inroads of neocolonialism, especially in economic and cultural life.

The economic counterpart of nationalism is economic self-reliance. In the development process of our country now, self-reliance seems to be the external ivory teeth of an elephant which are not used for internal national planning. Self-reliance in the form of mass mobilization of rural people for canal digging can earn the best of laurels in international newspapers; but planning priorities and allocation of resources may be designed to run the opposite race. The export earnings of physical surplus goods can inch their march of progress while the volumes of physical imports can gallop in double-marching to treble-marching speeds.

Top executives in charge of national planning can, in this situation, write in the Plan document that the rural areas 'constitute a tragic state of mass poverty, unemployment, illiteracy and malnutrition' and therefore 'the Second Plan will attempt at bringing about a decisive change in the pattern of growth inherited from the past by focusing on rural development which constitutes the core of the Plan'. And subsequently they may find actual operations to be oddly different, too oddly different to keep them from denouncing it as wrong planning based on disregard of resource-relevance in seminars (ceremonially organized mainly for demonstration of idle speculation) and not in Inter Ministerial coordination meetings. Wordy patronage of labour-intensive techniques of production in the interest of employment and rural development can shine brilliantly over the mountains of increased support of capital intensive projects which are the invisible channels of economic neo-colonialism.

Economic neocolonialism rapidly widens the doors of cultural neocolonialism. Externally, it is convenient to say 'we need \$2.63 bill. foreign exchange for meeting the development requirements: while we got pledges for \$1.63 bill. from the Western countries, we should balance the budget by seeking assistances from the Arab countries and the centrally planned countries'. But we convince the three types of patterns that we have cultural affinities with them and programmes of cultural exchanges are a continuing process. No political decisions have been directly made in favour of capitalism, socialism or the Islamic ideology; yet these three types of culture are invited with open arms—for the purposes of trade, aid and friendship. The deliveries of cultural influences are of course in varying degrees, depending on the relative roles of the sizes of trade, aid and friendship and the national response because of the relative position of traditions of like-mindedness in the popula-

tion. The traditions are highly favourable for Western culture because of the century-old Western education and orientation. Traditions are also significantly favourable for the Islamic ideology because of largeness of the size of Muslim population in the country. The attraction of the Socialist culture is indeed the lowest and is confined to the small group out of the educated people who somehow got oriented to the ideas of socialism/communism in a secular sense. Traditions of Bengali culture and nationalism did serve as the basic umbrella in which the multi-coloured old and new cultural orientations have integrated themselves with or without political roles. Political parties have not consistently used the cultural groups for political organization. Western culture and orientation of West European socialism are not endogenous; yet these, especially through education and mass media, have been influencing political activity.

Western culture has been privileged with an eminent position because of its association with democracy and science and technology; both these elements captured the imagination of politicians even when the British colonialism, the prototype of the West, was fought by them. Trade, aid and friendship expanded the influence tremendously. The protagonists of socialism and communism had the opportunity of expansion of their influence when the contacts with USSR and Eastern Europe became logical with the role played by the USSR in the recognition of Bangladesh and also in the initial technical and other assistance provided by these centrally planned countries. Subsequently when the doors of the West were reopened, these unconventional contacts and influences largely dried up.

On the other hand, the Islamic ideology could not claim much political influence because of the use of Islam by the Punjabi colonialists in the domination and exploitation of this territory and their barbarous killings in 1971, yet Muslim culture is a dominant endogenous factor. Eighteen representatives of the old Muslim League and IDL could be elected for the Parliament against political moo this is an indication of the dominance of the non-political Muslim culture as an indigenous factor.

The Bangladeshi nationalism philosophy seems to be nurturing social contradictions by a lack of identification of endogenous and exogenous factors of cultural and ideological influence.

Third, the quality of the process of development in the country critically depends on the quality and efficiency of development administra-

tion. Illogical contradictions of self-reliance and everincreasing external dependence have generated a new set of social contradictions with two-types of vicious effects on internal administration: (a) pressures of inflation, lack of ethical traits of character and tremendous increases in the opportunities of economic decisions have made the bureaucracy more extensively corrupt and inefficient; and (b) political patronage, wide open doors for Western consumption habits, idealization of imported wild behaviour and loosening of the rule of law have been expanding the zones and magnitudes of crime, especially among the youth, almost beyond the capability of the administrative system (which itself assumes eroded and incomplete responsibility for enforcing rule of law). Peaceful revolutions are said to be in progress in the country in all spheres of national life; violent defiance of law and order in general and of the time-honoured rules of discipline in educational institutions are also expanding to wild proportions. Development of human resources in response to development requirements has been frustrated by the delay and deficiency in educational reform and appropriate educational planning. The future leaders of the nation, living in University Halls, are meanwhile allowed to indulge in setting up beastly standards of behaviour in drunkenness and naked obscenity in observance of exogenous Ragday and endogenous Pahela Baishakh.

Fourth, development environment needs strong observance of discipline; development administration and management have been producing the forces of indiscipline. In the planning process, resource-relevance is ignored because of the irresistible charm of foreign aid and foreign technology which, again discourage development of indigenous technology. In the distribution process, the charm of Western styles of living and consumption is permitted to make people really addicted to resource-irrelevant enjoyment of consumption, rendering resource generation a near-absurdity. If 80% of the people are below the poverty level, improvement of the level of living of such a vast number of nearly seven crore can be feasible only when the well-off 20% makes the major sacrifice in terms of cut in consumption and in terms of providing land and other capital assets. Some cuts in consumption-potential from this community in the form of direct taxes are being extracted by the Government; but substantially large volumes of indirect taxes are being paid by the poor people. And out of the vast amount of foreign capital (in the form of capital goods and equipment) and Government-permitted institutional credit, very little is going to the poor farmers, artisans and landless and marginal farmers who constitute the bulk of this nearly seven crore people. They are workers.

They have their hands to work with; but hands have to be given the tools to work with and factory space and payroll registration as well as plots of land to work on. Even the vast amounts of available resources (foreign and) internal capital goods, tools, implements, assets and credits are being concentrated on other than the bulk of seven crore people. The logical result of such a process of development has been and will be to make the well-off better-off and the poor bulk of 80% population poorer and to add some more fresh entrants to the community below poverty. Land reform and available land surplus beyond a reasonable ceiling can be a good beginning in helping the large proportion of landless and marginal farmers to raise their own level of living and also increasing GDP with positively increased production. Many other methods can be integrated into the development process if gross contradiction of social philosophy and planning goals are to be avoided.

IV. SUMMARY AND CONCLUSION

In view of the above rather brief analysis of the socio-economic factors and political roles involved in the development experience of the country, one can conclude about the relationship of these with the presence or absence of development perspective and its prospective effects. In the analysis, I have shown that pre-independence development process in the subcontinent of India, and to a lesser extent in some other countries in Southeast Asia, was substantially following the rationale of a Planning Ideology. In this ideology, elements of socialism were operating as instruments of public discussion and private benefit, especially in India; and Pakistan's development process, because of relatively poor development in 1947, pursued the policy of encouragement of private enterprise and capitalism but was eventually responsive to talks of similar vision for building future society. But Pakistan's basic mistakes of making rapid progress on the basis of colonial exploitation of the present Bangladesh region and political deception led to the emergence of Bangladesh as an independent sovereign country. And Bangladesh, after a radially unrealistic academic start on the course of socialism, faced tremendous problem of readjustment politically and economically, and continued to drift on the paths of socially purposeless *ad hoc* planning under the officially called 'pragmatic approach.'

But after 5 years of pragmatism (1976 to 1980), continuation of drifting has invited intensification of the social contradictions and run-

ning the race of opposite character away from building the steps in logical sequence of one well-conceived perspective. The more Government efforts are being made for pushing the considerations of the logic of a social perspective out of sight, the more potentially dangerous the social contradictions do appear. *First*, the wide gap between political decision making and the technical work of planning has been making the Planning documents hollow, and credibility has been falling fast. The pronouncements of 'peaceful revolution in all levels of national life' and aiming the establishment of an 'exploitation-free society' with the mobilization of the people hang in the air in absence of technical preparation, appropriate legal action and national political approval. *Second*, the philosophy of Bangladeshi nationalism is no substitute for a perspective. To be meaningful, this emphasis on nationalism should counteract neo-colonialism in all directions (including economic development and cultural development). In reality, the opposite trends are being encouraged by it. Identification of exogenous and endogenous factors and support of endogenous ones for promoting development are being discouraged. *Third*, the vicious effects of overall contradictions have been producing other dependent contradictions in the form of (i) corruption and inefficiency in development administration; and of (ii) dangerous deterioration in law and order, cultural debasement, violence and unprecedented crimes and indecencies, especially among the youth, the future leaders of the nation. This trend is appearing more and more appalling in face of the pronounced 'Revolution' in education and also in administrative structure. *Fourth*, planning methods and procedures are tending to produce forces of indiscipline rather than discipline that the planning process needs for its success. Resource-relevance is disregarded because of the charms of foreign aid and foreign technology in project-planning; this discourages development in indigenous technology. The planning of production and distribution systems permit the people to be addicted to resource-irrelevant consumption and is pushing savings potential and resource-generation down to near-assurdity levels. The tax system is also supporting this anti-savings trend. And Rural Development, treated as the core of the Second Plan, has not been made productivity-based with the organization of allocation of physical and capital resources to the landless and marginal farmers, including distribution of surplus land beyond an approval ceiling.

We must develop an appropriate perspective for our planning at this critical stage. The very nature of normal planning process de-

mands it, as is implied in the following words: "planning is a multi-dimensional activity and ought to be integrative, embracing social, economic, political, psychological and technological factors. The universe within which we structure the tasks of integrative planning comprises man, society, nature and technology". [9] It is not simply political campaigning and mobilization of the rural people to work with pairs of hands. There must be enough planning for the organization of the capital and other resources along with the resolution of contradictions that emerge; and there must be a clear vision of the society we are building the steps for. Otherwise, in the name of planning numerous things, we create numerous cobbles of dangerous vicious circles that may spell the untimely death of planning itself.

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Constraints and Contradictions in the Strategy of Bangladesh Planning

by

DILIP KUMAR NATH*

Planned economic development as opposed to the spontaneous development of the economy under capitalism is a policy which can be materialized only in definite socio-economic conditions. The success of planned economic development in the socialist countries shows that necessary political and economic preconditions i.e., the political power of the working class and social ownership of the means of production must be fulfilled for economic planning. The success of five year plans of USSR and other socialist countries on the one hand and economic regulation in the developed capitalist countries since great depression on the other influenced the leadership of the newly independent backward countries in adopting economic planning. And as has been aptly said, in many underdeveloped countries along with national flags and anthems, national plans are regarded as the symbols of sovereignty.¹

In most of the underdeveloped countries, economic planning is regarded a neutral which can be equally applied under all socio-economic conditions to achieve economic development. But the socio-economic formations in most underdeveloped countries become strong barrier to the use of economic planning even as a technique. The multistructural nature of the economy, superimposition of a weak and dependent capitalism over the semi-feudal society and wedded to it, a political authority almost fully dependent on imperialism and representing the interests of national and international exploitators utterly fail to achieve the declared lofty objectives of reducing poverty and inequality, increasing income and employment etc. embodied in the national development plans.

*The author is a teacher in the Department of Economics, Rashahi University.

¹Planning in Africa—Difficulties and Prospects, U. N. ECA, p. 1.

Against this background let us see what experiences we had since liberation. Bangladesh as part of Pakistan experienced the futility of economic planning deliberately designed to foster capitalism in bringing any positive changes in terms reducing poverty and inequality, increasing income and employment. Rather planned exploitation helped to increase poverty, pauperisation and inequality in the society. First Five Year Plan of Bangladesh was prepared when socialism was a state principle. The planners very correctly pointed out in the Plan that for socialist development removal of the private ownership of the means of production, capitalist system of income distribution and of the precapitalist production relations is a necessary precondition. It was also pointed out that basic changes are to be brought in land ownership relations and socialisation of agriculture is an objective necessary for socialist development in Bangladesh. The first Plan suggested measures for the consolidation and enlargement of the public and cooperative sectors. The plan put emphasis on the need for political cadre with firm roots in the people and motivated by the new ideology. The Plan correctly noted that to bring about social transformation, the political leadership must be dedicated to socialism.

But there was the chief limitation. The political party in power was not a socialist party. The party was mainly comprised of petty-bourgeoisie, traders, merchants, rich peasants, lawyers etc. A firm commitment to the proposals and suggestions of the Plan would have endangered their interests. For example, the class character political leadership and the embodiment of the interest of the dominant groups in the policy formulation is clearly reflected in the domestic resources mobilization strategy in the First Five Year Plan. As Professor Nurul Islam had vividly shown the inner story of how the possible and potential sources of internal capital accumulation in Bangladesh, i.e., agricultural surplus, industrial profits and mercantile profits could very effectively resist and evade the proposals which sought to siphon off a part of their surplus for capital accumulation. A political leadership preaching socialism as one of the state principles could advance such excuses in support of the above mentioned groups that as they suffered losses of income and assets during the War of Liberation,² they should not be burdened with taxation.

The political change of 1975 has reversed the socio-economic and political perspective of the First Five Year Plan. The draft Second Five

²Islam, Nurul, *Development Planning in Bangladesh. A Study in Political Economy*, pp. 180-213.

Year Plan has been formulated in a period when socialism is discarded as a state principle, denationalisation is taking place. Along with it dependence on external resources is increasing. The very policy pursued during the Pakistani era has now been revived in Bangladesh. But the question remains: Is there any instance in the present day third-world countries, where similar strategy has brought any improvement to the economy, made it self-reliant and changed the lot of the masses? The answer will be probably 'No'. Under the existing production relations and political leadership social transformation is not likely.

The development of capitalism in Bangladesh is very very limited. Capitalism, that exists, is highly dependent on imperialism. Even national capitalism has its own limitations. As A. G. Frank says 'The range of possibilities for this 'national' bourgeoisie is limited by its economic and political contradictions *vis-a-vis* the people whom it exploits at home and abroad which exploit the same people and exploit the national bourgeoisie itself. This bourgeoisie's dependence on capitalist exploitation and weakness in the face of foreign and domestic interests that exploit it in turn—these very contradiction, which now and then, here and there, lead the 'national' bourgeoisie to pursue national capitalist policies, also guarantee that this pursuit will be futile and short lived. Thus the nationalist and relatively progressive element of the Brazilian bourgeoisie are overcome by the same contradictions that create them.'³

In Bangladesh, under the existing production relations, rich farmers and middlemen expropriate the surplus of the agriculture. Trading and merchant capital and bureaucracy appropriate a significant part of national surplus. These surpluses do not find their way into productive investment. Economic planning and by it the foreign capital inflow in this situation can further consolidate the position of the few and enrich them including the comprador bourgeoisie and ruling clique. Economic emancipation of the masses will remain a far cry.

The following tables show the per capita supply of essential consumer goods and trend in real wage index. These tables, along with the consumer price index standing at 486 and 465 in 1978/79 for middle class in Dhaka and working class at Narayanganj (1969/70=100) respectively, show that there has been deterioration in the standard of living of the masses during this period. The draft SFYP also acknowledges that 'the decline in real wages against an overall GDP increase of 29.6

³A.G. Frank, *Capitalism and Underdevelopment in Latin America*, 1969, p. 215.

per cent between 1969/70 and 1979/80 (at constant prices) necessarily leads to the conclusion that during 1970s, the absolute decline in the working class position has taken place when the rest of the society improved their position".⁴ It is not clear whom the planners meant by rest of the society. But they are definitely the microscopic few comprising mainly the rich farmers, mercantile capitalists, a segment of the bureaucracy and ruling clique. It is gathered that the number of registered multimillionaires (having assets worth 10 million Taka) increased from only

TABLE I
PER-CAPITA SUPPLY OF ESSENTIAL CONSUMER GOODS (lb.)

Years	Cereal	Pulses	Fish	Milk	Sugar
1973/74	413	5.7	23.7	27.1	18.5
1974/75	371	5.9	23.7	27.8	18.0
1975/76	395	5.7	22.7	27.4	17.9
1976/77	357	5.8	22.2	27.1	16.7
1977/78	386	5.7	22.0	27.5	15.3
1978/79	388	5.6	21.7	27.0	16.6
(Provisional)					

Source : Draft Second Five Year Plan, pp. 1-14.

TABLE II
TREND IN REAL WAGE INDEX (1969/70=100)

Years	General Wage Index	Agricultural Wage Index
1972/73	67.6	66.5
1973/74	64.5	63.2
1974/75	57.4	60.7
1975/76	66.9	76.6
1976/77	71.2	75.6
1977/78	66.7	74.3
1978/79	75.7	81.0

Source : As in Table 1. pp. 1-15.

one in 1972 to about 70 in 1980. It can well be guessed that the number of unregistered multimillionaires will far exceed the registered ones. To this, the expenditure on conspicuous consumption hoarding in gold and

⁴Draft SFYP, pp. 1-15.

other valuables, real estate purchase must be added. This all added together will show where the social surplus goes and how it creates pockets of affluence in an overwhelmingly impoverished economy.

This deterioration in the living standard of the masses took place during a period when foreign capital inflow increase from year to year. Whereas total disbursements of foreign aid comprising food aid. Non-project aid and project aid were of the magnitude of US \$270.9 m. in 1971/72, 551.0 m. in 1972/73, the corresponding figures for 1977/78 and 1978/79 and 1979/80 are \$820.7m. \$1031.9 m. and \$1232.2m. respectively.⁵ Table III shows the total amount of foreign aid to Bangladesh from December 16, 1971 to June 30, 1980.

But this inflow of foreign aid has neither been of any use in eradicating poverty nor has it been helpful in increasing production. The following Table IV which shows the index of agricultural production and industrial production bears testimony to the fact that foreign aid has not been used productively.

TABLE III⁶
TOTAL FOREIGN AID COMMITTED AND DISBURSED FROM
DECEMBER 16, '71 TO JUNE 30, 1980

Category of Aid	Commitment (Grant and Loan Together)	Disbursements (Grant and Loan Together)	Pipeline on July 1, 1980
1. Food Aid	2,143.9	2,089.3	54.6
2. Commodity Aid	3,167.8	2,769.2	398.6
3. Project Aid	3,909.5	1,734.6	2,174.9
Total :	9,221.2	6,593.1	2,628.1

From Table IV we see that we just reached the 1969/70 index of agricultural production in 1977/78. But weather is the singlemost important factor which is mainly responsible for this humble achievement. Development expenditure in the agricultural and allied sectors is of secondary importance. Development expenditure from 1973/74 to 1978/79 in Agriculture, Rural Institutions and Flood Control and Water Resources amounts to Tk. 1769.46 crore.⁷ But the production index during the

⁵Flow of External Resources into Bangladesh, External Resources Division, Ministry of Finance, Govt. of the People's Republic of Bangladesh, pp. 14-16.

⁶*Ibid*, p. 13.

⁷Calculated from Draft SFYP, pp. 1-22.

period does hardly reflect the influence of the investment incurred. So there is strong reason to suspect that a significant part of this development expenditure has been misspent. Similarly, the Index of Industrial Production in the selected public sector industries shows that in 1978/79, index of jute textile production just equals the base year index 100 in 1969/70. Cotton textile, chemical and allied product, paper and Newsprint production indices in 1978/79 are 99.28, 68.69 and 89.37 respectively.⁸

TABLE IV
INDEX OF AGRICULTURAL PRODUCTION

Base (1969/70 = 100)

Name of the Commodity Group	Index			
	1975/76	1976/77	1977/78	1978/79
1. Cereals	106.88	98.98	109.70	109.86
2. Pulses	76.59	79.69	79.75	77.67
3. Oil Seeds	82.19	80.56	92.43	93.13
4. Sugarcane	79.54	86.50	90.14	92.27
5. Fibres	54.23	63.89	71.21	85.46
6. Vegetables	70.08	87.06	94.25	97.58
7. Spices	82.56	76.33	80.19	81.54
8. Drugs and Narcotics	96.43	109.06	110.88	111.91
9. Fruits	82.14	83.20	82.72	81.05
10. Other Crops	92.18	81.20	89.48	92.02
General Index	98.24	91.64	100.03	101.99

Source : From *Bangladesh Bank Bulletin*, February, 1980, p. 176.

With the existing production relations, institutions and organisations, absorptive capacity in the economy be it in agriculture or in any other sector is. And as we have seen in the past, limited investment resources are misappropriated by the dominant groups. And with production targets, employment and income generating aims and targets of the Plan are thwarted. The mobilization of resources in the SFYP likewise shows that the Plan selects the easy way of financing through external capital inflow. The economically and politically dominant sections virtually make no sacrifice for development. It is the common masses who make the major contribution in domestic resource mobilization through indirect taxation. 85% of the total tax revenue envisaged in the draft SFYP is

⁸See *Bangladesh Bank Bulletin*, February, 1980, p. 177.

to be collected from indirect taxes. And here, as the interest of the mercantile capital, big and rich farmers and other dominant section is not in jeopardy, the planners recommend that yield on excise duty and sales tax on domestic goods can be increased substantially,⁹ but when they deal with the problem of direct taxes, they become cautious so that taxes do not impair incentive for work, saving and investment.¹⁰ This strategy along with the misappropriation of external assistance consolidate the position of the dominant section and ruling clique.

A complete reorganisation of the production structure and radical change in the socio-economic and political perspective becomes necessary for removing the existing bottlenecks connected with exploitative production relations and for economic and social development, resulting in the economic emancipation of the masses.

⁹Draft SFYP, pp. IV-10.

¹⁰*Ibid.* pp. IV-8.

Socio-economic Constraints to Development—Bangladesh Case

by

MD. MAHMUD KHAN*

I. INTRODUCTION

The objective of this paper is to identify the structural constraints to long-run growth in Bangladesh. Development of an economy must always be associated with the increased supply of material wealth and therefore long-run growth or creation of structure appropriate for long-run growth are only indicators of development. Economists often complicate the definition of development, predominantly on short-run distribution considerations. It is argued elsewhere [1] that these definitions are basically concerned with the preservation of present social structure and thus lacks development perspective. The theories of political economy starts from material production and ends with material production. The whole history of human society is explained by material production and the productive forces in operation.

Prospect and the process of growth of an economy is very intimately related with social classes and interest groups within the country, their economic behaviour and foreign relations as well as the inter-class conflict and alliance. This is not contrary to our earlier contention of primary importance of growth. Relations may not be conducive to growth at a particular point in time is a well-known result of the theory of political economy. These obsolete relations (relations inhibiting growth of an economy) points to the historical necessity of replacing the relations by new ones as any economy must grow for its long-run existence. Therefore, historical necessity of structural change, primary contradiction within the economy must be identified by looking into

*The author is a lecturer in the Department of Economics, University of Dhaka.

the process of material production. This paper attempts to identify the contradictions as well as the classes which must be resolved or replaced from the point of view of future growth of the economy.

The paper is organized in the following way. Part II as a starting point of our analysis presents a critique of the literature dealing with mode of production analysis of Bangladesh. All these studies, it is argued, are unscientific and ends up with a conclusion based on some assumed characteristics of different modes of production. Such analyses fail to focus the dynamics of the economy, the production process and the next logical dynamics expected. In part III, dynamics of rural Bangladesh is presented. Part IV makes an attempt to relate the rural economy with the state power to understand the process more clearly.

II. CRITIQUE OF THE MODE OF PRODUCTION ANALYSES

The mode of production (MOP) debate is quite old in the Indian subcontinent. Some authors tried to identify the MOP prevailing in Bangladesh. The methodology of analysis adopted by most of the scholars is more or less identical. The methodology consists of defining a MOP by some relations of production (ROP) and then to examine the prevalence of each of these ROP to identify, which MOP is predominant. In this section, we shall briefly discuss the methodology and MOP analysis of four authors, namely Professors Akhlaqur Rahman, Wahidul Huq and Drs. Borhanuddin Jahangir and Mohiuddin Alamgir. Prof. Rahman [2] as mentioned above, starts for a formal definition of capitalism which assumes some characteristics as inherently capitalistic; use of wage labour, generalized commodity production etc. are the assumed capitalistic institutions. One can easily find similarity between the definition of Rahman and that of Rudra, who triggered off the debate on MOP and identification of capitalist farmers in India. Patnaik rightly criticized Rudra for his search of a pure, well-established capitalist farmer [3]. As Rahman's definition is free from precise statistical test or specification, and more concerned with the MOP at macro level rather than farmer level, Patnaik's criticism may not be quite valid for Rahman's analysis. But note that his analysis starts from assumed relations and then he tries to find out the extent of prevalence of these relations in Bangladesh agriculture. Empiricist nature of the analysis is quite evident from the methodology followed.

Prof. Wahidul Huq [4] and Dr. Mohiuddin Alamgir's [5] analyses are very similar. They both attempt to find out what fraction of total

agricultural land is under sharecropping or under wage-labour cultivation or under peasant farms. "Sharecropping with 16% of farm area (1960 data) could be characterized as semi-feudal. The remaining portion of Bangladesh agriculture should be characterized along a scale, at the two end of which we have pure capitalist farmer and the pure subsistence farmer.....It is important to emphasize that the three modes of production identified above, coexist" [Alamgir, p. 28]. Prof. Huq argues "about $\frac{1}{2}$ of their (large peasant holdings) own land, i. e., $\frac{1}{4}$ of all land is under sharecropping, we can roughly say $\frac{1}{4}$ of Bangladesh agriculture is in the advance for dissolution of feudalism. The other half of the large peasant holdings have features of both chayanovian family farming and incipient capitalist farming with a bit towards the latter.....Our 7% middle peasant holdings with 17.6% of land may be considered to be the remnants of that (Asiatic) mode of production" [W. Huq, pp. 13-15]. Both the authors argued that the prospect of development by town-based industrialization (way no. 2 according to Huq) is bleak and the only alternative is self-reliant development process. The authors fail to look into the historical data to find out the dynamics or nature of changes in MOP that follows from their methodology. A comparison of the relative size of owner cultivators, land under sharecropping and size of owner-cum-tenants in 1960, 68 and 77 reveals that the tenants are swelling in relative size and land under tenancy is also on increase at the cost of owner cultivation, which is Huq's analysis represents either petty bourgeoisie (Asiatic ?) farming or capitalist farming. Inevitably, we immediately arrive at a conclusion which is not consistent with the process of human society that human society moves from a lower level of development to a higher level of development. In this case feudalism (sharecropping) becomes more important at the cost of petty bourgeoisie and capitalist farming, a reverse movement of the society! What is more important is the methodology. Again the method used is characterizing the economy by ROP (sharecropping, self-cultivation and wage-cultivation). This methodology, we think, may lead to completely wrong conclusions. If there exists a one to one correspondence between the level of development of productive forces and the ROP, defining MOP by ROP will pose no difficulty. But the problem lies precisely at this point: a ROP neither crop up out of nothing nor there is a one to one correspondence. One can conceive of many different situations with different historical path of transition which may give rise to similar relations. Patnaik's discussion on why wage-labour use or sharecropping should not be used as sufficient indicators identifying MOP is quite illustrative [3]. Feudal

lords rent out land to exploit the surplus value created by cultivators. Feudal lords' leasing out of land emerges due to their large land holding, low technology and limited market of products and as a consequence giving rise to conspicuous consumption and leisure which in turn encourages leasing-out more land. Leasing-out land may also arise in an economy where marginal farmers do not own animal power instruments of labour, or capital necessary to cultivate the land. Although the latter also appropriates the product of others' surplus labour time, the two obviously do not represent the same MOP. It is perfectly possible that the latter dynamics is a first step towards proletarianization. Similarly, wage labour use in a monsoon economy is quite expected. Even the below subsistence groups in monsoon economy hire labour power at some critical points in crop cultivation cycle. Moreover, it is difficult to conceive 'free labour' when job opportunities are extremely restricted.

Dr. Jahangir [6] starts from feudalism which he defines by a 'coersive relationship between the lord and the cultivator'. Dobb also defined feudalism by a system of serfdom where obligation is laid on the producer by force [7]. Alavi's definition is also based on extra-economic relations [8]. Dobb was probably right in his definition as he dealt with West European feudalism where coercion played very important role. In our context the same definition may not be quite useful. Moreover a MOP cannot be identified by negating another as Dr. Jahangir did. He argued that the relationship between landlord and cultivator (wage labour) is not based on force and therefore the relationship is based on economic factors which implies that the agricultural sector of Bangladesh is capitalistic. The first logical flaw of his analysis is arriving at the conclusion of capitalism by identifying that the sector is not feudal. The second flaw is more serious and it is similar to the methodological mistakes mentioned above. The force thesis, which starts analyzing economy by picking up an act of force, is a very old one. Duhring is perhaps the father of the group. Engels' *Anti-Duhring*, a popular book, effectively dismantled the force-theories. Duhring's theory contended that force is the primary factor of social development and the domination of nature by man presupposes the domination of man by man. The example he cited was the enslavement of Friday by Crusoe which is an act of force. Engels rightly asks, why and how did Crusoe come to enslave Friday? "Just for fun of it? No such thing. Crusoe enslaved Friday only in order that Friday should work for Crusoe's benefit. Thus Friday's enslavement was not the starting point for its own sake, but exclusively as a means of getting grub" [Engels 9, p. 203]. Similarly, extra economic coercion developed

not just for the fun of binding others, it in West European context were necessary as a means of expropriating the surplus labour time. Expropriation of surplus is the primary objective and so whether coercion will develop or not depend upon the particular situations of that economy. If without such extra-economic coercion, surplus labour could be expropriated, why should a landowner impose restrictions? To repeat, coercion may be a good enough definition in West European context but as the situation in 14th century West Europe and today's UDCs are completely different, one can suspect validity of defining MOP by a relation which develop as a means of exploiting the surplus labour time given the technological development.

Another short-coming of all the above analyses is the lack of political content explained with production of material wealth. This is because the analyses are based on 'Static relations' and MOP is defined by the presence or absence of some particular ROP. Hence when the authors conclude that the society is capitalistic, one cannot be sure who is a capitalist and which classes are the major engine of growth and which are not.

Our analyses thus focus on growth of material production. It starts from a basic fact that Bangladesh economy is not experiencing significant increase of material production. The next logical question is why Bangladesh economy is stagnant? Present class structure must provide an answer. In the course of analysis potentials for growth can also be discussed. We purposefully avoided branding the 'nature of the economy', which might give rise to unnecessary controversies.

III. ANALYSIS OF RURAL BANGLADESH

In rural Bangladesh, agriculture is the most important sector. Our examination of rural economy thus starts from the problems of growth in the agricultural sector. Three groups can be identified in the agricultural sector: below self-sufficient farmers, self-sufficient farmers and surplus farmers. The question is why start from classifying agricultural households by subsistence need? The reasons are discussed in detail elsewhere [10]. The conflict between the below subsistence and surplus groups over the price of the product, control of resources and exploitation quite evident. Moreover, such classification facilitates analysis of growth or stagnancy.

Agricultural growth requires investment for productive purposes. The investment may be in terms of rural resources like labour or surplus income accumulated. Subsistence and below subsistence groups lack surplus

income or product. The major resource they own is the labour power which can be utilized for improvement of agricultural land. For significant increase in output, labour must be used collectively, minor land improvement activities of a cultivator can have no significant effect. Therefore, for significant improvement of agricultural output all cultivators should have identical interests. Often the interests are not identical; labour costs next to nothing to marginal farmers but opportunity cost of labour increases as one moves up along the land ownership groups. Therefore, what may turn out quite profitable to marginal farmers may not be at all attractive to surplus farmers.

The second method of agricultural improvement is the adoption of new technology and investment in new input package. The lower two groups lack capital to finance this type of change. Still some from these groups are adopting HYV seeds, fertilizer and irrigation. The surplus farmers have sufficient fund to finance such technological improvement. But only a small fraction of their land is under HYV. Investment in agriculture by the surplus farmers is quite low and this low investment can be explained by profitability ranking of different activities (productive and unproductive). Shahjahan in 1964 found that the average rate of interest of non-institutional sources were 34 per cent, the range being 0 to 160% [11, pp. 40-41]. If the interest free loans are excluded, the average rate will obviously be in the neighbourhood of 60 per cent per annum. Today the average rate is expected to be much higher due to increased population pressures and increased demand for credits. Activities related with trading also yield similar rate of return. Let us compare this rate of return with the rate of return of HYV boro, the most profitable and least risky crop of Bangladesh agriculture. If no labour is hired the rate of return in 4 months is about 80 per cent, i.e., 240 per cent per annum. But if all labour is hired the return drops to only 14 % per annum (calculated from 12). Therefore to most of the surplus farmers HYV cultivation may not be very attractive. The above cultivations indicate that a profit maximizer, given the technique of cultivation, will not adopt new technology by using hired labour. The alternative is a change of technique. Even if a labour displacing technique is assumed sufficiently profitable to attract a profit maximizing investor, it is unlikely that such changes will occur in Bangladesh. The change of technique of cultivation requires high land ownership and consolidation of holdings. Since land is the most important means of production in rural Bangladesh, owners usually do not sell the land and a landowner has to adopt other means of grabbing the land. Advancing loan at a high interest rate is one such method of land transfer. The landlord of Jhagrapur

accumulated 50 acres of land by this method but he was forced to stop such activities and he became a good, religious landlord [13]. In Pabna, poor farmers forced the closure of a rice mill after the *aman* harvest. Obviously, a landlord who accumulates land and adopts labour displacing technology, creates discontent in the rural economy. This discontent usually take a serious turn as the displaced labourers have no other job opportunity. As the pressure of population on land is very high, such labour displacing activities immediately face opposition. Therefore, the second way of growth of surplus farmers also has little prospect. Can the self-sufficient and below self-sufficient groups start a process of growth? A redistributive land reform with credit facilities for the middle and small owners might help adoption of HYV and improvement of agricultural land. If the cultivators' decision to invest in agriculture is based on the subsistence need of the family, continuous agricultural growth cannot be expected. A process of growth requires continuous thrive for better yield, experiment with cropping pattern, land improvement measures and intensive input use. If the cultivator, after a land reform with credit facilities, becomes a profit maximizer, the alternative non-agricultural activities represents a better choice and better use of his labour. Recent studies indicate that consumption need and family labour availability relative to land are significant explanations of HYV adoption [14]. After a land reform, there is no reason to believe that the farmers will behave differently only because the surplus landlords are not there. In fact, it will be argued below that the ranking of profitability of activities, lack of employment opportunity outside agriculture etc. will prevail even after a redistributive land reform. Therefore, the marginal or self-sufficient farmers can be expected to be guided by subsistence need which do not represent a behaviour conducive to long-run growth.

It is mentioned earlier that diminishing the power of the landlords is not expected to change the profitability ranking or other factors responsible for low growth of material production. Low price of agricultural products compared to the price of inputs is one important cause of low profitability of agricultural production. The surplus farmers, as they participate to a greater extent in the market, prefer higher price of output and lower price of inputs. The low price of output and high price of inputs is thus not created by surplus farmers. It is not even because of political pressure by landless and near landless (they are politically most disadvantageous). Therefore, the low profitability of agricultural production cannot be explained by class-relations within the rural sector. Trading is one highly profitable area. Agricul-

ture produces the exportables which is a very important source of income of the government. Export does not benefit rural poor, it benefits to a much lesser extent the rural traders than the urban exporters. Here also the major interest group in favour of trade links with rural areas is outside the rural economy. Historically, destruction of rural industries and rapid rate of population growth was caused by external domination, and colonial exploitation. Hence the problem of unemployment is also created by outside forces. Another profitable arena of investment is investing in politics. High rate of return from politics encourages the most influential and most powerful ones to compete for posts in rural institutions sponsored by the government. This high profitability of rural politics is maintained to control the rural economy through a few persons. Excepting the last one, other factors retarding growth of the agricultural sector will continue even if the political power of landlords are destroyed. The real culprit is thus not the landlords; landlords do not represent the most important contradiction of national economy. The major classes (or class) working against long-run growth of the economy are (is) not located in rural areas. However, there are some obvious contradictions between the surplus farmers and below self-sufficient farmers which can be resolved for attaining limited growth and political stability.

IV. STATE STRUCTURE

Why the state tends to depress the price of food even if the surplus landowners prefer a higher price? The major benefit of trade with agricultural goods accrues to urban business group. All these point our attention to urban groups and their relationship with the state machinery. Government servant and other fixed income groups in urban areas demand a low price for food items. These groups are politically vocal and they have very close links with outside world. Their importance is not due to their control of means of production but a sizeable backing of foreign aid. These resources are heavily committed to various urban groups. Government servants, intelligentsia, businessmen, almost every body form associations to enjoy a part of the state fund. The remainder, although quite small compared to the resources enjoyed by urban groups, goes to rural areas. Rural leaders are most benefited by the fund and nobody in government is seriously concerned with the productive use of the resource. The use of these resources is more political than economic, buying the support of village leaders. The vast rural majority is controlled by only a small fraction of total resou-

rces through these powerful leaders. Clearly the rural leaders are not equal partners with urban business group and bureaucracy.

To satisfy the urban vocal groups another step adopted is the urban industrialization programme. Urban industries are usually of high technology and therefore little articulated with other sectors. A close connection with outside world must continue for the industries spare parts, raw materials etc. This connection brings a few foreign trips and some illegal commission for some urban privileged persons. This group strongly oppose the development of local industries which offer them no benefit and tend to reduce foreign connections. The commodities which are not produced by these modern industries seldom gets a protected market even of small scale local production of the commodities are quite widespread. Therefore the state structure we inherited created a vicious circle, the urban educated class seek economic benefit for each and every move and whether a commodity will receive protection or not depends upon the relative bribing strength of the two opposing groups. As Bangladesh has no strong national capitalist group, govt. policies are directed against them which in turn destroys other national capitalists. Indian capitalist group, because of their relatively more strength effectively barred penetration of certain commodities.

The conclusion is thus, the major classes working against long-run growth of the economy are the urban classes. Most of the educated urban groups can be identified as constituting the growth inhibiting group. The only way of long-run growth is what W. Huq says in his paper as the way no. 1, a close articulation of farmer-artisan group and mutual enrichment¹ in the process. Only such a process can create employment opportunities large enough to reduce dependency on land, large effective demand of both agricultural and non-agricultural commodities and better income distribution. This requires control of imports, aid and technology transfer which the present politically vocal classes of urban areas will be least interested to pursue.

¹Khan *et al.* [10] discussed in detail why appropriate rural industries represent a necessary condition for long-run growth. The process of mutual enrichment of agriculture and industry, when they are closely articulated, is also discussed. See also [4] for a comparative discussion of westernization path and peasant-artisan path of growth.

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OBJECTIVES OF THE SECOND FIVE YEAR PLAN : SOME COMMENTS

by

Abdullah Shibli

The planners in Bangladesh have identified some of the truly fundamental issues that must be addressed in order to have significant improvement in the quality of life of common man. These pertain to poverty, inequality and unemployment which are only three faces of the deepseated malaise that afflict some of the "peripheral" economics. A strategy of rural development must therefore contend with all these three aspects of underdevelopment. Describing all this a part of conventional wisdom the author contends that few people however realise that the Basic Needs Approach which has been referred to very liberally in the plan document, also stipulates progress in these three fronts. The author notes that there is not enough awareness of the magnitude of problem, its profile, dynamics (or statics) and strategies. Substantiating this the author observes that the plan seems to elude to the Basic Needs Approach at the philosophical level while the operational level it talks about the items of basic needs meaning items of essential consumption. This is an indefensible vulgarisation of the concept. The plan, not surprisingly though, thus does not delineate the scope of Basic Needs as applicable to Bangladesh and the resources and institutional set-up required to guarantee Basic Needs to the people are also not identified. On employment the plan fails to make any clear assessment about the magnitude of the problem and propose policy measures based on a well defined list of priorities. Further, there is no clear statement about how to poverty elimination programme will be pleased or how much progress in this connection can be anticipated during the SFYP. There is no estimate of the monetary equivalent of the poverty line which is needed to determine the minimum income consistent with prevailing price level and consumption habits of norms must be guaranteed to the impoverished groups. Finally, in terms of income and wealth distribution, there is though clear awareness among the planners regarding the institutional

determinants, but the policies are not consistent. It is not clear, for example, whether programmes for the agricultural sector were drawn up assuming *peripassu* institutional changes or by disregarding it. The author concludes asking ; does redistribution of land and promotion of small scale farms lead to a better income distribution than a policy of minimum wages in the present set-up, given the various savings propensities or should one concentrate one's energy and resources towards improving the rural credit market for the poor ?

AN ASPECT OF THE SOCIAL PERSPECTIVE OF DEVELOPMENT : THE PATTERN OF URBAN LITERACY DIFFERENTIALS IN BANGLADESH

by

Dr. K.T. Hosain

Mrs. Salema Hosain

The authors observe that the literacy level in Bangladesh as a whole is low and that the rural-urban, urban-urban and within urban areas between different zones the literacy differentials are remarkable. This has considerable significance in terms of the communicability of the population to development efforts as well as social development itself. Participation in development effort is constrained by lack of literacy and the nation must be prepared for a dual society characterised by socio-economic disparities. The authors however point out that a cross district analysis of literacy based on 1974 Census data reveals that while in most cases, literacy in towns is higher than the district average, the reverse also exists in a few districts namely Noakhali, Pabna and Khulna. Thus, in some cases small towns were higher literacy than the larger ones. This is contrary to what may be normally expected because the population in larger towns are likely to be more exponent to the influences of modernization. They suggest that the inadequacy of educational facilities in the larger towns and higher of illiterate population from outside may explain this apparently surprising phenomenon. The author conclude that the pace of development in the country is apt to be slow in so far has economic and social progress depends upon literacy. This poses a formidable challenge to the SFYP.

A REVIEW ON STRATEGIC PERSPECTIVE OF DEVELOPMENT

by

Nisaruddin
Professor, Kumudini
Government college
Tangail

Economic development of a country can be speeded up through proper planning and appropriate strategies. The draft SFYP proposes objectives which though are in line with the aspirations and ambitions of people are not sufficiently high to develop Bangladesh fully by the end of this century. This is understandable as the resources constraints and various other bottleneck. But this does not matter. What matters is success in achieving the different sectoral targets that have been set. The plan very rightly emphasises population control, the need for village level organization, changes in the technological base, land reform, regional planning etc. However, its agricultural production strategy does not adequately emphasize wheat and poultry production which have great potentials in the country. The industrial development strategy also does not pay enough attention to cottage industries sector. The scope for private investment should have been more than what is proposed. The private sector must be encouraged in a mixed system which our economy must be. There is also a need for tapping different sources of energy. Finally, the employment policy must be so desired as to encourage efficiency.

PROSPECTS OF ELIMINATING POVERTY IN BANGLADESH

by

Omar Haider Chowdhury
Research Economist
B.I.D.S., Dhaka

This paper argues that although the draft SFYP strives to bring significant improvement in the quality of life in rural Bangladesh, historical analysis of development planning does not provide any basis for hope in this connection. Moreover, there is no specific indication in the SFYP about how this will be done. The author reports result of aggregative two sector simulations bring optimal programme for a rural economy based on

some plausible ranges of values for parameters like population growth rate, rate of time preference, output elasticity of labour in the traditional sector etc. A rather given future is visualised even under the most optimistic assumption about the rate of economic growth. The model also assumes complete government control over the modern sector in the absence of which, the author, contends, the economy may not follow the optimal growth path. Introduction of more realistic assumption thus only serves to worsen the scenario of poverty visualised by the end of the century. The author therefore concludes that without radically changing the different institutional configurations, arising out of the history, politics, colonial experience, social customs etc., it will not be possible to even reduce the number of poors in Bangladesh in the near future.

SOCIO-ECONOMIC AND POLITICAL CONTEXT OF DEVELOPMENT PLANNING IN BANGLADESH

by

Abu Naser S.K. Siddiqui
Assistant Chief
Planning Commission
Ministry of Planning
Dhaka

Development planning is being practiced as a tool of economic management for a long time. The country experienced three development plans before and two after liberation. Yet there has been no perceptible change in the overall standard of living. Whether this planning failure is attributable to defect within the plans or to the lack of a dedicated cadre for plan implementation under a given socio-economic structure is debatable. The author argues that a congenial socio-economic structure and strong political will underlies the successful implementation of development plans in any country. These aspects are yet at an experimental stage in Bangladesh. Different ideas such as Swanirvar, Ulashi, Zero Population Growth, Gram Sarkar etc. have been tried but no constrain seem to be emerging. Analysis of the Second Five Year Plan indicates that this is also an exercise in "conventional wisdom". It has no political philosophy to guide the planning processes. The development administration of the country is also not capable of realizing the targets envisaged in the plan. Thus, strengthening and defining the socio-political basis of the plan is an essential pre-requisite for successful planning for development.

Rural Works Programme, People's Participation and Meeting Basic Human Needs : Some Preliminary Observations

by

SADREL REZA*

I. INTRODUCTION

Rural public works programme was introduced in Bangladesh in the heydays of unbridled growthmanship of the early 1960s. Most of the economic planners and policy formulators of that period regarded economic development as a ruthless process wherein all that mattered was a maximisation in the growth rate of GNP. The basic quantitative target set by the General Assembly of the United Nations for the sixties—termed as the First Development Decade—was an annual growth rate in GNP of the less developed countries (LDCs) by 5 per cent. There were other considerations to be sure, like employment generation, better distribution, general welfare, technical progress, etc., but these were all considered to be relatively of secondary importance, and were assumed almost automatically to follow¹ the growth rate in GNP. "The desired goal of equitable distribution of incomes", a planning document of Pakistan, for example, maintained, "had to wait till the level of production had risen sufficiently to make such distribution possible".²

*Dr. Reza is Associate Professor of Economics (on leave) at Dacca University. Discussions with Q.I. Siddique on some of the issues have proved very useful. The views expressed here however, are the author's own and are not necessarily shared by either Siddique or the Ministry of L.G., R.D. and Co-operatives, Government of Bangladesh, with which Dr. Reza is currently associated.

¹Either through a 'trickle-down' process or through direct monetary and fiscal interventions.

²Government of Pakistan, Pakistan Planning Commission, *The Fourth Five Year Plan 1970-1975*, p. 11.

Development thinking has taken a complete swing since then to the other opposite extreme. As a matter of fact, even before the First Development Decade was over, economists and other social scientists started asking a number of fundamental questions relating to the impact of growth in GNP on poverty, unemployment and inequality³ which added completely new dimensions to development strategies and goals. Therefore, when the Second Development Decade was launched for the 1970s, with an annual income growth target of about 6 per cent for the LDCs, many people already started regarding the income target as a mere proxy, purely for its convenience of being measured with certain generally accepted conventions.⁴ The economists and policy formulators simultaneously continued their search for something which would prove to be a more meaningful alternative as a measure of what has been termed 'another development'.⁵ As a result, some major changes were contemplated in socio-economic goals and domestic development strategies. It is obviously outside the scope of this paper to enter into any lengthy discussion on the various aspects of all such changes. Our objective is simply to try to link up the rural works programme (RWP) in Bangladesh with the following two interesting facets in this regard viz., (a) that development is a participatory process and (b) that it should aim at meeting basic human needs. We have no pretensions, however, to make any full-scale investigation to draw any conclusive picture. The usefulness of the study, in our view, lies essentially in the fact that it provides some guidelines towards areas where further research is urgently needed.

The article is organized as follows. Section II discusses the meanings of such basic terminologies as RWP, people's participation and basic needs. Section III attempts to trace the origin of RWP in Bangladesh to put the discussion in its proper historical perspective. The performance of the programme in terms of financial investments and physical achievements is next discussed briefly in Section IV. Section V

³Dudley Seers, "Meaning of Development", in Charles K. Wilber (ed.), *The Political Economy of Development and Underdevelopment*, Random House, New York, 1973.

⁴U.N. *The International Development Strategy: First Over-all Review and Appraisal of Issues and Policies*, New York, 1973.

⁵Meaning that development would be a participatory, endogenous, self-reliant process, poverty focussed, need-oriented and based on the transformation of social structures. See, for example, Dag Hammarskjöld Report, 'What Now: Another Development', *Development Dialogue*, 1975; 112.

analyses the planning and implementation processes of the programme with a view to determining the nature and extent of peoples' participation in Section VI. Section VII examines the role of RWP towards meeting the basic needs. Finally, some concluding observations are made, by way of highlighting a few policy inferences, in Section VIII.

II. THE CONCEPTS

An attempt is made here to understand the meaning of the three basic concepts used in this paper, viz. (a) RWP (b) Peoples' participation and (c) basic human needs.

(a) RWP : The central theme of a RWP is quite simple and appealing. In the off-peak seasons, large numbers of landless and marginal farmers remain idle or severely underemployed in most of the LDCs. Rural works programme aims at transforming the surplus labour into productive force by providing "direct and timely income to those needing it most, while creating productive infrastructure at low social opportunity costs."⁶ As an idea, the programme offers nothing new and probably dates back to the ancient civilisations of Rome and Greece and even further back to Moenjodaro,⁷ though in more recent times it has been formally stated most prominently by Nurkse⁸ and has found concrete evidence, amongst others, in Chinese communes and also in the Community Development Projects in India.⁹

According to the Second Five Year Plan of Bangladesh (SFYP) RWP in the country will be broadly grouped under the following schemes :¹⁰

⁶World Bank, *Rural Development*, Sector Policy Paper, February 1975, p. 50.

⁷Rehman Sobhan, *Basic Democracies, Works Programme and Rural Development in East Pakistan*. Bureau of Economic Research, University of Dacca, 1968.

⁸Ragnar Nurke, *Problems of Capital Formation in Undeveloped Countries*, Oxford, Blackwell, 1955.

⁹Rehman Sobhan, *op. cit.* Some other similar programmes are the Crash Schemes for Rural Development (CSRE) and the Drought Prone Areas Programme (DPAP) in India, RWP and the Peoples Works Programme (PWP) in Pakistan, Kabupaten Programme in Indonesia, and the self-help programme in Korea. See, Mahabub Hossain, *Agrarian Reform and Rural Development in Asia. A Review of Recent Experiences in Selected Countries*, Bangladesh Institute of Development Studies, July 1979 (mimeo.).

¹⁰Government of Bangladesh, Planning Commission, *The Second Five Year Plan 1980-85*, May 1980, p. xii-101-103. The schemes are broken down into different components for allocative convenience and should not be looked upon as indicative of any water tight compartments.

1. 'Normal' Rural Works Programme (NRWP) comprising four components, namely, (a) Integrated programme which will cover construction and improvement of irrigation and drainage channels, embankments, sluice-gates, roads, bridges, culverts, etc., and union office-cum-community centres; (b) Thana Irrigation Programme (TIP) which will provide workshops and godowns for pumps and tubewells and finance the cost of training of model farmers, managers and members of the irrigation groups, drivers and mechanics of pumps and tubewells;¹¹ (c) Thana Training and Development Centre Complex (TTDC) which includes construction of thana training auditorium, office of the Thana Parishad including Offices of various departments and residential quarters; (d) Staff contingency and evaluation which is a financial programme to meet the cost of the staff and evaluation of RWP,

2. Reclamation of Government owned derelict tanks for purpose of fish culture, community tree plantation on the embankments and limited irrigation.

3. Development of Government rural hats and bazars. Small godowns for food are also included in the programme.

4. Intensive Rural Works Programme (IRWP), planned for about ten years, in 100 thanas which are especially flood prone and food deficit areas. The main works envisaged under the programme are, in order of priority, (a) flood protection, (b) irrigation and drainage, (c) re-excavation of khas (i.e., government owned) tanks, and (d) other infrastructural development, such as, roads and related structures, markets, godowns, etc. The basic objective of the programme is to develop these to an extent where integrated area development programme of Integrated Rural Development Programme (IRDP) could be extended there in phases.¹²

5. Small Irrigation Project (expected project life is three years), will aim at constructing and operating small scale irrigation system through RWP.

¹¹Launched in 1967 this programme which originally also included the Small Irrigation Project (see component no. 6 of RWP), aims at ensuring primarily institutional facilities. Is at present almost completely sidetracked by Bangladesh Agricultural Development Corporation (BADC) of the Ministry of Agriculture, which has control over pumps and tubewells. Cf. Government of Bangladesh, Ministry of L.G., R.D. and Co-operatives, *Role of Rural Institutions in Agricultural Production*, Policy Planning Wing, September 1980, p. 17.

¹²Employment generation and better distribution of income also find prominence in IRWP objectives. See, Government of Bangladesh, Ministry of L.G., R.D. and Co-operatives, Unpublished documents.

Such system will include low lift pumps, tube-wells, small dams, conveyance system and appertinent structure which will be relatively simple and inexpensive to operate and maintain.

6. Special Public Works Scheme, initially formulated for two/three years, in four districts (Dhaka, Jessore, Rajshahi and Sylhet) in the four administrative Divisions in the country, for improvement of planning and implementation procedures and building up capability of the Local Governments for formulation and implementation of labour intensive rural works programme. The main outputs of this scheme will be (a) Technical manuals, covering project formulation, implementation and monitoring procedures and standard engineering designs, (b) Training and Training materials, and (c) Evaluation Studies.¹³

The above comprises by and large, what is regarded as RWP in the SFYP. Besides there are various types of other programmes which include components of rural works such as, the works programme of the Regional Boards, the Cabinet Division's Programme, the Area Development project works programme and the Food for Works Programme (FFWP).¹⁴ The last type is strikingly similar in philosophy and contents to the RWP¹⁵ and hence will be included in this discussion.

(b) People's Participation : That development should be a participatory process is by now almost universally recognised. However, what participation actually signifies is not so readily intelligible and often the term degenerates into mere rhetorics. Apart from attributing 'motives' to different interest groups, the problem in this respect may probably be traced to the multi-dimensional nature of the process of people's participation. For example, it can be single-purpose or multi-functional, direct or indirect, at one or more stages of various activities. Broadly from the social view-point, there are at least the following three aspects which need to be clearly identified. First, is the opportunity for the people to participate meaningfully in decision-making process about the directions in which the society should move ? This participation is much broader than only the voting power as is granted in democracies being

¹³There will be four evaluation studies (or one comprehensive study) covering samples of different project types focussing on direct, indirect and secondary employment effects of projects, flows of benefits, extent of local people's participation and suggesting solutions to problems identified. see *Ibid.*

¹⁴*Ibid.*, p. xii-97.

¹⁵FFWP, however, has been undertaken on a shorter term basis, and payments under this programme are made in terms of foodgrains, mainly wheat.

practiced by many less developed countries (LDCs). What is needed, in addition is generation of active interests in processes of all the institutions—public, private, national and local—that affect the lives of all citizens.¹⁶ The second type of participation refers to the opportunity for the people to have shares in the fruits of development on a wide and equitable basis. Only this can convince the people that development is a fair deal and ensure their sustained interest in development efforts. The thesis that poverty will simply wither away as the benefits of growth start automatically filtering down to the masses has, by now, been convincingly rejected.¹⁷ Again, the well-known arguments that income inequality is necessary to generate savings and provide incentives to investment has also not been testified by facts.¹⁸ Hence, the case for broad popular participation in productivity growth both as a prerequisite and an end of the development process has come to acquire significant practical relevance. The final aspect of participation is in the sphere of plan implementation which warrants the opportunity for employment for all in the 'psychologically satisfying' and other constructive activities through which economic development is sought to be achieved. Such participation not only enhances the dignity of the individual and the sense of community at all levels, but also adds vitality to government programme and provides a means for local control over them, which is necessary for making the programmes more responsive and better adapted to local needs.¹⁹ All these 'three participations' are essential if the concept of development has to be meaningful, and not end up, as often in the past, into sheer disasters.

(c) Meeting Basic Human Needs:²⁰ The objective of this development approach is alleviation of human misery directly by providing basic services and commodities to the people. The concept has its origin in a

¹⁶M F. Millikan, *A Strategy of Development*, U.N., New York, 1970.

¹⁷Mahbub Ul Haq, "The Crisis in Development Strategies", in Charles K. Wilber (ed.), *op. cit.*

¹⁸Dudley Seers, *op. cit.*

¹⁹U. N. United Nations Technical Assistance Programme, *Decentralization for National and Local Development*, ST/TAO/M/19, New York, 1962. Also see, S. Reza, "Rural Development at the Local Level: The Faridpur Experience," *Administrative Staff College Journal*, Dacca, April-May 1981.

²⁰This portion is based on S. Reza, "An Appraisal of Development Objectives and Policies with Reference to Bangladesh," *Journal of Management, Business and Economics*, Vol. 6, No. 3, 1980, pp. 253-4.

ILO conference at the beginning of 1969. It was, however, at the World Employment Conference in June 1976, that a Declaration of Principles and programme of Action for a Basic Needs Strategy of Development was adopted.²¹

Basic human needs cannot be defined with any generally acceptable degree of analytical rigour. The reason should be obvious. Even the absolute minimum human need is a relative phenomenon and is expected to vary both in space and time. Moreover, the basic needs will also depend on which of the following a particular society wants to ensure to its people: (i) bare survival, (ii) continued survival, or (iii) productive survival, and (iv) whether only the material or certain non-material needs are also to be taken into account.²²

Nonetheless, some 'core' needs can possibly be identified purely for operational purposes, such as, ensuring the people a minimum amount of food, i.e., daily intake of sufficient protein, carbohydrates, fats, vitamins and minerals to allow human beings good working health; ensuring potable water within reasonable access, defined as availability of public hydrants within 200 meters in urban areas; ensuring basic health i.e., adoption of measures to prevent and cure common, avoidable and curable disease; ensuring basic housing, defined with reference to minimum socially acceptable dwelling standard; and finally, ensuring basic education, which essentially means functional, flexible and low-cost non-formal education for the poor.²³

²¹ILO, Report of the Director-General, *Employment, Growth and Basic Needs : A One-World Problem*, Tripartite World Conference on Employment, Income Distribution and Social Progress and the International Division of Labour, Geneva, 1976. For Conceptual and methodological issues in this regard see, D.P. Ghai, A.R. Khan, E.L.H. Lee and T. Alfthan, *The Basic-Needs Approach to Development*, ILO, Third Impression, 1980. The concept has also found its way in the Second Five-Year Plan of Bangladesh where the number one objective of the Plan is stated to be "To bring about a noticeable improvement in the standard of living by ensuring adequate supplies of the basic needs". See Bangladesh Planning Commission, *op. cit.*, p. II-1.

²²This paragraph and the next draws heavily on Mahbub Ul Haq, "A Third World View," *Economic Impact*, *op. cit.*

²³It also implies "that each person available for and willing to work should have an adequately remunerated job". ILO, *op. cit.* All the same, the Basic needs approach has been criticised at least on the following two counts, viz. (i) that it gives rise to an accumulation-consumption dilemma in the LDCs. As Gordon has stated, "Expansion of what actually are consumption services should, if large enough, impair growth by diverting resources from more immediate productive activities and thereby reduce a nation's future capacity to satisfy the very human needs that are of concern

III. THE ORIGIN OF RWP

As already noted in the previous section, RWP has a large number of components: some of which have been integrated at a later stage in the programme and some of which are yet to be effectively launched.²⁴ It would be quite unwieldy, therefore, to try to trace the historical background of each of the various components in such a short space. Neither is it quite necessary given the objectives of the paper. It would be sufficient—to set the proper perspective—to throw some light on the origin of two of the major programmes in this regard viz. (a) Normal Rural Works Programme and (b) Food for Works Programme.

(a) NRWP: This programme had its genesis in the negotiations over the Public Law 480 programme in 1961 between the USA and the Government of the then Pakistan, whereby surplus agricultural Commodities such as wheat, butter, dried milk, edible oils, animal fats etc. would be sold in the local market and the proceeds used to fund projects approved by the USA.²⁵ One such project was what is now known as NRWP which had emerged as a result of experiments conducted by the then Academy for Village Development (now Bangladesh Academy for Rural Development), Kotbari, Comilla, in their laboratory area during the financial year 1961/62.²⁶ The Academy managed a small taka grant (Tk. 2,60,000.00) from the Department of Agriculture out of its funds for minor irrigation schemes. The basic objective of that pilot

today" Lester E. Gordon, "Development Policies: Past and Present", *Economic Impact*, *op. cit.* (ii) The second argument is that the Basic Needs approach is being advocated by some industrial countries as a means of diverting attention from the New International Economic Order being demanded by the third world countries. It is outside the scope of this paper, however, to enter into any discussion on this controversy.

²⁴Special Works Programme, for example, was introduced with UNDP-ILO assistance as recently as in 1980. The Small Irrigation Project, with funds from US-AID is likely to go into operation next year. Again IRWP, which is expected to be financed by the Nordic Countries (Denmark, Norway and Sweden), is still awaiting to be taken to the implementation stage. SFYP allocates Tk. 120 million and Tk. 650 million respectively for Special Programme and IRWP. See Bangladesh Planning Commission, *op cit.* P. XII-160.

²⁵For details see Rehman Sobhan, *op. cit.* Also see. D. Asplund, *The Public Works Programme in Bangladesh and Swedish Aid Objectives*, SIDA, Stockholm, February 1979.

²⁶Government of Bangladesh, *Performance Report on Works Programme 1973/74 to 1976/77*, Ministry of L.G., R.D. and Co-operatives, Dacca, undated. In fact, however, it was not till the mid 1960s that funds actually started reaching the Thana and Union levels. See. D. Asplund, *op. cit.*

project was to test the hypotheses that Thana Councils and Union Councils may be the viable institutions for formulating and executing programmes for building up basic infrastructure in rural areas.²⁷

The Pilot Rural Works Programme of 1961/62 provided the basis for launching a Tk. 100 million programme in 1962/63 covering 54 Thanas, i.e., one in each sub-division of that time.²⁸ Next year, the financial allocation was doubled to Tk. 200 million; and a nation-wide rural works programme has been continuing in Bangladesh since then—being incorporated in the Annual Development Plan—as a separate entity of the national economy.

(b) FFWP:²⁹ This programme developed out of the massive aid donations made to Bangladesh following the floods and famine of 1974. The USA and the World Food Programme are the main donors at present.³⁰ As we shall shortly see, the FFWP is now the most important form of Public Works Programme as far as employment and total allocations are concerned. The imported wheat is distributed as wages and rates have been fixed by nutritional standards. The relief and employment objectives of the FFWP are still dominant and most of the work performed is simple earthwork.

The FFWP has two types of project—central government planned and locally planned. Government projects are prepared by the Bangladesh government agencies and appraised by World Food Programme in Rome. Local projects are prepared at Thana level by officials and Parishad members.³¹ The Ministry of Relief and Rehabilitation as the coordinator of the programme, is represented at Thana level by the Project Implementation Officer. Local proposals are passed to the Ministry at Dacca for scrutiny while CARE, the agency which represents World Food Programme and US-AID, appraises them on behalf of the donors. Approved schemes are supervised in the field by CARE and wheat is not released from Chittagong stores until they are satisfied.

²⁷Government of Bangladesh, *Performance Report*, *op. cit.*

²⁸This also included an allocation of Tk. 19.37 million made for "Works Programme by Municipalities/Town Committees" (Now it is called Urban Works Programme). See *Ibid.*

²⁹This Portion is reproduced almost adverbatisim from Government of Sweden, SIDA, *Intensive Rural Works Programme Bangladesh : Inception Report*, Sir M. Mac Donald & Partners Limited and Hunting Technical Services Limited, July 1980, (Mimeo).

³⁰Other important donors are Australia and Libya.

³¹The Programme is now required to select its projects from the Union and Thana Plan Books. For details of these Plan books see Section IV.

IV. FINANCIAL AND PHYSICAL ACHIEVEMENTS

A historical view of the financial allocations in dollar terms³² is provided in Table I separately for NRWP³³ and FFWP. The allocations are also contrasted to the annual development budgets of the country. It is at once evident that the share of NRWP in the development budget has almost steadily declined over the years. In contrast, almost since its inception, there has been considerable emphasis on FFWP, which highlights the importance of relief objective of the programme. All the same, it is to be noted, that the combined allocations for NRWP and FFWP as percentage of value of the development budget has remained lower even around the end of the 1970s as compared to the annual average of the same over the five years of the NRWP.

TABLE I
FINANCIAL ALLOCATIONS FOR NRWP AND FFWP IN BANGLADESH

Year (July-June)	NRWP (\$ million)	Value of NRWP as % of Development Budget	FFWP (Allotment of Wheat in Tons)	Approximate Value of Grains (\$ Million)	Value of FFWP as % of Development Budget
1962-67 ^a	9.5	8.8			
1968/69	8.5	4.8			
1969/70	7.7	3.7			
1970/71	10.9	N.A			
1971/72	6.9	N.A			
1972/73	10.7	3.5			
1973/74	8.4	2.7			
1974/75	7.5	2.1	31991	6	1.7
1975/76	18.0	2.8	208625	40	6.2
1976/77	16.0	2.0	223557	42	5.3
1977/78	13.7	1.5	275400	50	5.5
1978/79	14.9	1.4	300792	55	5.3
1980-85 ^{a, b}	43.3	1.3 ^c	—	—	—

Source : M. Alamgir, *The Experience of Rural Works Programme in Bangladesh*, Institute for International Economic Studies, Stockholm, 1977 ; Government of Sweden, SIDA, *op. cit.* ; Bangladesh Planning Commission, *op. cit.* and Government of Bangladesh, Ministry of Finance, *Bangladesh Economic Survey 1979/80*.

Notes: a) Annual average.

b) Second Five Year Plan allocations

c) As % of total size of the Second Five Year Plan.

³²In order to avoid the problem of differential exchange rates for the Bangladesh currency.

³³Including some minor components of other RWP.

Of greater importance from our viewpoint would, however, be the figures relating to physical achievements of the programmes. In this respect one is severely constrained by unavailability/unreliability of data.³⁴ Therefore, what is presented in Table II showing various works accomplished under NRWP should be treated with a great degree of caution.

TABLE II
PHYSICAL ACHIEVEMENTS AND TAKA COSTS UNDER NRWP IN
BANGLADESH, 1963/64 AND 1976/77

Type of Works	No. of Projects Executed		Mileage		Total Cost (million Tk. at current prices)		Unit Cost (Tk. per mile or rft. as appropriate)		Total Cost Needed in 1976/77 for Attaining Achievement of 1963/64 (million Tk.)
	1963-64	1976-77	1963-64	1976-77	1963-64	1976-77	1963-64	1976-77	
Kutcha									
Road	17971	687	27553	1532	55.2	17.2	2012.6	11227	308.6
Pucca									
Road	990	569	4928	262	49.3	61.5	9998.4	23473	1156.6
Bridges and Culverts	7428	531	103798 (rft)	9949 (rft)	34.5	26.3	332.0	2643	269.9
Canal	1446	145	1248	401	6.6	14.8	5316.2	36908	46.0
Embankments	990	62	1842	57	6.4	5.2	3469.1	91228	168.0
UCO-cum-Union Community Centre	2386	8	—	—	27.5	2.8	—	—	—
TTDC	244	53	—	—	13.3	29.8	—	—	—
Re-excavation of Derelict Tanks	—	30	—	320 (bigha)	—	10.5	—	—	—

Sources ; For 1963/64, Rehman Sobhan, *op. cit.* 1976/77 figures have been taken directly from or are based on Government of Bangladesh, *Performance Report, op. cit.*

Note : a) The grand total (not shown) depicts only a partial picture, which accounts for its discrepancy *vis-a-vis* the figure shown in Table I.

³⁴For detailed discussions in this respect see, Rehman Sobhan, *op. cit.*

One aspect of the table which immediately arrests one's attention is the many-fold increase in the unit costs between 1963/64 and 1976/77.³⁵ The total costs that would be required in 1976/77 to achieve the physical accomplishments of 1963/64 clearly brings out this picture. This is as is to be expected, since there has been a tremendous inflationary upsurge both globally as well as within Bangladesh between these periods.³⁶ Therefore what follows is that, the actual decline in the significance of NRWP over the seventies has been far steeper than what the financial allocations only in table I would indicate.³⁷ Nevertheless, an analysis of the participatory nature of the programme and its other impacts is considered important at least for the two following reasons: (a) the financial allocations for the programme is expected to significantly increase in the course of the SFYP; indeed, RWP is one of the most important components of Rural Development and Institutions Sector which constitutes the core of the Second Five Year Plan,³⁸ and (b) the programme is undertaken at the local level and therefore provides an excellent opportunity for a local level planning process where the people can identify their own projects and implement them.

V. PLANNING AND IMPLEMENTATION PROCESSES OF NRWP³⁹

Schemes of Thana and Union Councils originate in a Ward meeting called by the Ward Members at the village level. The Ward Members

³⁵These figures are at best only indicative and therefore their magnitudes should not be taken seriously. Moreover, unit costs, calculated in such a simple manner, will have serious shortcomings because costs would vary depending not only on mileage but also whether the project is an old or new one, the extent of levelling work undertaken, the width and height of the road, the nature of surface work, etc.

³⁶This alone, however, cannot explain differential rates of changes between different types of works. For that one needs more detailed information than are at present available.

³⁷If FFWP is also included then picture improves with respect to canal and embankments (1674 and 1906 miles respectively have been constructed, under FFWP). However, road mileage under FFWP has been only 1078 in 1976/77. See, Bangladesh Bureau of Statistics, *Statistical Yearbook of Bangladesh*, 1979.

³⁸It is stated quite categorically that the "Second Plan will...attempt at bringing about a decisive change in the pattern of growth inherited from the past by focusing on rural development which constitutes the core of the Plan. All other development objectives and strategies will be built around this core". Bangladesh Planning Commission, *op. cit.* p. II-2.

³⁹Based primarily on Government of Bangladesh, *Performance Report, op. cit.*, and Circular No. 5 of the Ministry of L. G., R. D. and Co-operatives, 1980/81, and other Unpublished documents.

consult their constituents as to the local problems needing attention, on a priority basis, under the Works Programme. The next step in planning is a meeting by the Union Council where all Ward Members meet together under the presidentship of the Union Parishad Chairman and finalize its proposals for the year under the Programme. If the schemes are to be executed under the Union Parishad Works Programme, these are sent to the Circle Officers (Development) for placing them before the Thana Parishad for its consideration. After preparation of necessary cost estimates and preliminary examination by the Circle Officer (Development) they are put before the Thana Parishad. In the case of Thana Parishad schemes, the detailed estimates are prepared on the basis of preliminary data by the Technical Staff and placed before the Thana Parishad for acceptance.

Detailed government instructions are given as to the assignment of priority to the schemes of all sponsoring parishads and committees.⁴⁰ The maintenance schemes are given the first priority, the incomplete schemes of the previous year or years are given second priority, and new schemes are to be taken up last of all when funds permit. Maintenance of old schemes are, therefore, the first charge on Works Programme allocation to any particular Parishad or Committee.⁴¹

The Annual Plans of Thana and Union Parishads cannot, in general, depart from the Five Year Plan and shown in various maps in their Plan Books. The Plan Books are divided in three main sectors: (a) the drainage and embankment sector, (b) the road sector and (c) irrigation.⁴²

When schemes are selected by the sponsoring Thana or Union Parishad, as the case may be, the stage for approval is reached. The schemes are submitted to the Approving Authority which is headed by the Chairman of the next higher tier with a few Members of the Council. The

⁴⁰See, Government of Bangladesh, Ministry of L. G., R. D. and Co-operatives, Circular No. 5, *op. cit.*

⁴¹Local Bodies are required to set apart 25 per cent of their budget for maintenance of Works Programme Schemes. Sanction of money for the year is withheld unless necessary accounts showing completion of maintenance works is produced. See *Ibid.*

⁴²The existing conditions of drainage and irrigation channels and embankments are shown in the first map, proposed solution of the flood problems shown in Map No. 2, and Map No. 3 shows the solution of these problems as vetted by the Executive Engineer, Water and Power Development Authority of the area. Subsequently maps show works proposed for each subsequent year. The same procedure is followed in the preparation of road plan. See *Ibid.*

Approving Authority examines the schemes submitted in the light of technical soundness and economic feasibility. The Zilla Parishad schemes which are initiated in consultation with the Thana Parishad are however approved by the Divisional approving committee. At every stage of approval, the technical scrutiny is made by a Technical sub-Committee.⁴³

The approved schemes are implemented through the Local Bodies against the allocation made by the government. All major pucca works at the Thana level are executed through contract system. The schemes of Zilla Parishads, whatever be its character, are all executed through contract system. Schemes of Union Parishads and Thana Parishads involving earth works⁴⁴ are executed through Ward Project Committees constituted by the Union Parishads with the approval of Thana Parishads.

It is, however, enjoined that Ward Project Committees of the respective areas should check and supervise execution of all types of projects executed within their areas and certify their proper performance in addition to technical and administrative supervision by the officers attached to the Local Bodies. At the Project sites, sign boards are to be put up giving particulars of schemes, names of Ward Project Committee Members and wage rates, etc. Local publicity about the scheme is also to be given in order to ensure local accountability of Ward Project Committee towards proper implementation of schemes and use of funds in this connection.

Funds are advanced to the Ward Project Committees by the Union Parishad in instalments after taking written undertaking about proper utilization of funds by implementing the scheme according to the time schedule. The second and subsequent advances of funds are made after adjustment for previous funds given in this connection.

However, inspite of this rather elaborate mechanism of checking expenditure and arousing the vigilance of the general public, it has been found in the past that both the spirit and even the letter of these safeguards had been subject to large scale evasion particularly during the sixties, due partly to lack of effective supervision by concerned officials but largely due to the corrupting influence of the then prevailing political system in the country.⁴⁵

⁴³However, since there is no Technical set-up for the programme at the Divisional level, a large number of projects are in fact approved for implementation without any prior technical scrutiny.

⁴⁴And also pucca works with estimated cost below Tk. 20,000/-.

⁴⁵Rehman Sobhan, *op. cit.*

Although it is about two decades since NRWP was first introduced the system is still weakened by at least the following two factors, viz., (a) the absence of a sound technical, social or economic basis for the schemes selected, primarily because of absence of suitably qualified staff at thana or union level and (b) the lack of coordination with other government agencies to follow the plan book system—a problem which is probably much harder to overcome.⁴⁶

VI. THE EXTENT OF PEOPLE'S PARTICIPATION IN RWP

People's participation, in all the three aspects as discussed in this paper, has found its due place in the Second Five Year Plan document. In the Rural Institutions sector, for example, the plan objectives, amongst others, include, (i) reduction of unemployment and under employment and (ii) decentralisation of "the administrative and development process through the institution of local self-governments at various tiers and to expand the scope of people's participation in planning, plan implementation, decision-making, evaluation and control over projects and services."⁴⁷

Let us first look at the employment aspect of the problem. As is well-known, RWP by its very nature is relatively labour-intensive. Although depending on the types of works, the employment generation capacity of the programme will vary, yet, the short-term employment potential of RWP must be considerably higher than in other comparable investment projects. On an average more than 50 per cent of the total funds are spent as direct labour cost under NRWP. Under FFWP, this figure would rise to nearly 70 per cent. The total employment created by NRWP has been estimated to be about 17 million man-days (at a ratio of 1.2 per \$ 1) in 1976/77 while FFWP has probably generated about 80 million

⁴⁶Within a thana, a number of programmes and Government agencies are presently involved in constructing different facilities. Some examples would be, RWP, Thana Irrigation Programme and Integrated Rural Development Programme of the Ministry of L. G., R. D. and Co-operatives, Agricultural Development Corporation and the Department of Agriculture of the Ministry of Agriculture, Roads and Highways Department of the Ministry of Railways, Roads, Highways and Transport, FFWP of the Ministry of Relief and Rehabilitation, etc. A vital element for any rational planning method is the coordination in the investment of these programmes and agencies to optimise their socio-economic impact. For further observations on this point, see the concluding section.

⁴⁷*Ibid.*, p. XII-96.

man-days of employment for the same year (at a ratio of 1.6 per \$1).⁴⁸ Thus, by all accounts, both these programmes can be said to be significantly employment oriented. Even then, the two questions that may arise in this respect are : (i) how about the indirect and long-term employment implications? and (ii) what is the extent to which the programme can help mitigate the current unemployment problem in the country?⁴⁹

The answer to the first question depends, to a great extent, on the relative importance accorded to the various components of the programme. So far, the programme has been overwhelmingly road building oriented whose indirect and long term employment creation potential is marginal at best.

As far as the second question is concerned, the programme to be really effective in combating the problem of un-and under employment, massive investments will be necessary which is at present beyond the country's reach. The World Bank's Action Programme envisages an expansion of rural work (both RWP and FFWP) to generate employment to the tune of 200 to 250 million man-days in 1984/85 against the current estimated output of 80-90 million man-days.⁵⁰ To achieve this employment target would require expanded budgetary allocations from \$80 million in 1980/81 to \$150 million in 1984/85.⁵¹ Even if this target can be achieved, the country would still continue to suffer from an agonising unemployment problem which naturally calls for other productive investment in a comprehensive development framework.⁵²

⁴⁸These figures are taken either directly from or calculated on the basis of data provided in Government of Bangladesh, *Performance Report op. cit.* and Government of Sweden, SIDA, *Inception Report, op. cit.* It may be noted that in 1963/64, the total employment created under NRWP was about 51 million man-days. See Rehman Sobhan, *op. cit.* Table 5.3.

⁴⁹In the absence of the programmes, clearly, the problem would be more acute. However, as we shall shortly see they logically cannot (being only one of many components of a development plan), and in fact are not expected to provide any panacea.

⁵⁰Adapted from World Bank Draft Action Plan, Washington July 1979 as reported in A. S. Haider, *An Assessment of Rural Development in Bangladesh :: Implications for SFYP (1980-85)*, ILO and UNDP project : BGD/79/028, January 1981 (mimeo).

⁵¹*Ibid.*

⁵²The Second Five-Year Plan puts the rural labour force of Bangladesh at 24.96 million for 1979/80. Assuming 33 per cent un-and underemployment, the approximate unemployment figure amongst the rural labour force is 8.2 million. The rural labour force, however, is projected to increase to 29.38 million by 1984/85. See Bangladesh Planning Commission, *op. cit.* p. VI-1.

As far as participation in the formulation and implementation of plans are concerned, this is one of the clearly stated objectives of RWP,⁵³ and is sought to be achieved by ensuring as wide representation of different class interests in the project committees as possible. The Ward project committees, for example, composing of nine to eleven members, include (i) member of Union Parishad, (ii) gram pradhan of swanirvar gram sarker, (iii) head teacher of secondary or primary school, (iv) model farmer/manager living within the ward, (v) social worker, (vi) a representative of the landless or marginal farmers, (vii) a representative of the youth complex, (viii) a representative of the village defence party, and (ix) one woman's representative. Besides there is also provision for cooption of labour representatives working in the scheme.⁵⁴

However, provision for mere representation does not mean much in the socio-economic and political context now prevailing in Bangladesh. In the absence of a proper degree of group solidarity and organizational experience as well as material and cultural deprivation amongst the poor and the landless, the project committees are dominated by the local elites, and are bound to remain so in the foreseeable future. Moreover, at the higher administrative tiers, this token representative in the planning process is also totally absent. The SFYP recognizes this problem when it states that, "Excepting the present Union Parishads, people's representation in planning and decision-making through an elected body is practically absent. Again in the present system of bureaucratic administration, people's participation even in this local body is marred by the decision from above".⁵⁵

In so far as the distributional aspect of the programme is concerned, in principle, again the programme is intended to benefit the 'rural poor' and the 'needy farmers'.⁵⁶ This also occurs in practice, to a significant

⁵³See Government of Bangladesh, *Performance Report*, op. cit. p. 2.

⁵⁴After liberation, however, local government bodies were completely disorganised until they were reconstituted under the Local Government Ordinance, 1976. Activities under RWP were done during this period through *ad-hoc* committees at the local level. "Popular participation in the formulation and execution of project was thus less than what was anticipated". Bangladesh Planning Commission, *The Two Year Plan 1978-80*, p. 131.

⁵⁵Bangladesh Planning Commission, *The Second Five Year Plan*, op. cit., p. XII-97.

⁵⁶Although the target groups may not be always clearly identified. See S. J. Burki et al., *Public Works Programme in Developing Countries ; A Comparative Analysis*, World Bank, Working Paper No. 224, 1976. However, in the SFYP of Bangladesh there are some specific references to the target groups. See SFYP, op. cit., p. VI-17.

extent, as far as the short-term benefits through employment creation are concerned. However, with regard to the long-term benefits of the programme there can be hardly any doubt of their being disproportionately distributed in favour of the richer sections of the society. Sobhan observed this back in the sixties, "Our general impression appears to be that an improved infrastructure along with improved farming aids, is invariably likely to benefit only a narrow class of villages. They must inevitably be the 'surplus' farmers who already exist outside the subsistence economy".⁵⁷ This same viewpoint has also been expressed by a number of other researchers since then.⁵⁸ Although there are possibilities of some indirect benefits accruing to the poor because of higher and more intensive agricultural production, one can reasonably be sceptical about such 'trickle down effects' if historical facts are regarded as any guide.

VII. MEETING BASIC NEEDS

Public rural works programme, as already noted, is only one component of the comprehensive rural development plan. It would, therefore, be puerile to expect RWP to have any effective impacts towards reaching this goal of basic needs. Hence, what we essentially purport to do in this section is to determine if and to what extent the various types of works undertaken under the RWP have Basic needs orientation.

Normal RWP, as is well known, and as already stated, is heavily biased in favour of road building. About 54 per cent of total financial outlay went to this sector alone in 1963/64.⁵⁹ The picture has hardly changed even towards the end of the seventies. For 1976/77, for example, more than 50 per cent of the total financial expenditure was made on road.⁶⁰ In contrast, the allocation for water control schemes, which can raise agricultural pro-

⁵⁷Rehman Sobhan, *op. cit.*, p. 238.

⁵⁸Notably by the progenitor of the Comilla model, Akhtar Hameed Khan, who maintains that "The unearned increment of the landowners was a hundred times more than the wages earned by the labourers..." See his paper, *Comilla Project: A personal Account* presented at the workshop on Rural Development at Addis Ababa, 1973. Quoted in Abu Abdullah, "Institution-Building in Agriculture—Implicit Social Theory in the First Five Year Plan." *Political Economy*, vol. 1, No. 1, Conference, 1974.

⁵⁹Rehman Sobhan, *op. cit.*

⁶⁰Calculated from Government of Bangladesh, *Performance Report*, *op. cit.*

ductivity and help the country out of its current food deficit has been relatively minor.⁶¹

Even then, it can be safely asserted that RWP has some contributory effects in the field of raising agricultural productivity and to that extent it adds to the supply of at least one basic need in the country.⁶² Moreover, the direct employment under the programme as the distribution of wheat under the FFWP also makes foodgrains effectively available to a large number of people who would have no visible alternative sources of securing the same.

Except for food, however, RWP has few other elements of basic needs to offer. Of late, some allocations have been made for re-excavation of government derelict tanks with a view amongst others, to helping in the process of meeting the widespread protein deficiency in the country.⁶³ Total expenditure under this programme has been, for example, about Tk. 10.5 million only in 1976/77.⁶⁴ This programme, therefore, still remains very much on the periphery.

In addition to the above, the government has under its consideration for the RWP a number of such non-conventional schemes as the provision of drinking water and sanitation and rural housing, which are all important components of any basic need oriented approach towards rural development.⁶⁵ However, as yet, as already noted, it has not been firmly decided whether to include them under RWP or not.

⁶¹It was about 6 per cent of the total in 1963/64 (See Rehman Sobhan, *op. cit.*) and somewhat higher, about 12 per cent in 1976/77 (see Government of Bangladesh, *Performance Report, op. cit.*). However, in the Pilot programme of the Comilla Academy, water control was regarded as the key problem at the local level. See BARD, *A Rural Public Works Programme in Comilla Kotwali Thana*, June 1962. This shows a significant departure for the programme from the course originally envisaged.

⁶²The pertinent question here is to ask what would happen to productivity in the absence of the programme and not what is the actual production level. The recently completed feasibility studies for 20 thanas for Intensive Rural Works Programme all indicate possibilities of higher productivity 'with' project than 'without'.

⁶³Protein supplies in Bangladesh provided a low protein-calorie ratio, 8.9 in 1972-74 as compared to the desirable level of 11. See UNDP/FAO Mission, *Selected Policy Issues in Agriculture* (Bangladesh), Dacca, April 15, 1977.

⁶⁴Government of Bangladesh. *Performance Report, op. cit.*

⁶⁵Government of Bangladesh, Unpublished Document.

VIII. CONCLUDING REMARKS

Since its inception, RWP has been more influenced by political than by socio-economic considerations. Immediately after its introduction under what was then known as Basic Democracy (BD) system of Ayub Khan, the programme came to be widely used (or abused) for distribution of political patronage.⁶⁶ As a result, efficiency and distributional aspects were relegated to the background in the determination of financial allocations for the various components of the projects. This is an important explanation of the predominance of road schemes where "funds spent did not produce tangible results in the way of crops saved or lands irrigated. This gave the B.D's more leeway with the funds and less chance of being taken to task for misuse."⁶⁷ The above provides an important lesson for the future. While identification and ranking of schemes must remain the responsibility of the local government, attempts to politicize the process, is bound to frustrate the very basic objectives of the programme. This calls for an 'institutional revolution' in the villages.⁶⁸

Secondly, the local bodies at present are seriously handicapped for lack of sufficient and qualified administrative and technical personnel to effectively carry out the programme.⁶⁹ Unless the local governments are strengthened in this regard with due participation from all classes of local people, the programme will fail to generate and sustain an abiding interest in the people which is vital for the successful implementation of the programme.

Thirdly proper coordination is at present lacking between different government agencies and programmes which seriously undermines the efficacy of the programme. As a matter of fact one major objection against RWP is that it is of the "make work" type, and not really integrated with the national development programme. Many projects are either left unfinished or not properly maintained, making investments, in most cases to be cost ineffective. The programme will have little lasting effect on rural develop-

⁶⁶Since abolished wherein all members to the Union Council, called B. D. members, were directly elected, who in turn would indirectly elect the president of the country.

⁶⁷Rehman Sobhan, *op. cit.*, p. 258.

⁶⁸*Ibid.*

⁶⁹Special Works programme, as noted in section II, is primarily designed to help improve the technical capabilities of the local bodies.

ment unless it is well integrated into a comprehensive scheme of augmenting rural resources.⁷⁰

Fourthly, the importance of RWP as an instrument for facilitating rural development in Bangladesh has so far remained subservient to the object of providing seasonal relief to the poor and unemployed. As the SFYP states : "Rural works programme including food for works are devices primarily designed to offer succour to the target groups in the rural areas while building rural infrastructures".⁷¹ Misplacement of emphasis has thus reduced RWP merely into a 'give away' schemes rather than linking the programme—and which is vitally needed—with increasing the productive capacities of the country's rural resources, both real and human.⁷²

Another problem with the operation of the RWP is that it is heavily dependent on substantial food aid that the country has been receiving over time. If and when, the country attains self-sufficiency in foodgrains, ways and means will have to be devised to continue with such a programme.⁷³ It is to be noted in this regard that the demand for rural works far exceeds the number of projects currently executed.⁷⁴ Application for FFWP schemes, for example, are about four times the number of schemes implemented. This highlights the importance of generating adequate internal resources as well as the need for technical

⁷⁰See Mahabub Hossain, *op. cit.*, p. 77. The need for such integration has also been recognised in the SFYP which states that, "Local Governments are to be developed into real self sustained organic units and proper horizontal and vertical linkages amongst them will be the key factors for mutual and complementary development." Bangladesh Planning Commission, SFYP, *op. cit.*, p. XII-97.

⁷¹Bangladesh Planning Commission, SFYP, *op. cit.*, p. VII-9.

⁷²A.S. Haider, *op. cit.*, p. 56.

⁷³In this regard the strategy of the SFYP is as follows : "While rationing system will be drastically modified and curtailed, a policy of demand management will be undertaken to provide food to the poor, the needy and other disadvantaged groups. Domestically procured foodgrains with external assistance may as well form the basis of food for works programme or rural works programme." Bangladesh Planning Commission, SFYP, *op. cit.* pp. VII-9-10.

⁷⁴However, often in the form of a mere shopping list and not a portfolio of schemes for lack of proper feasibility studies. Socio-economic justification of the schemes is a prerequisite if the programmes are not to turn into the 'give away' types. This calls for better staffing and strengthened local government bodies.

support and monitoring for attaining a reasonable degree of efficiency in programme implementation. It is also essential that the schemes are properly supervised and independently evaluated from time to time in order that the programmes can generate sufficient enthusiasm and gain credibility of the rural masses and not degenerate, as often in the past, into sad repetitions of success stories which are not.

Labour Absorption in Bangladesh Agriculture—A District Level Analysis

by

RAFIQUL HUDA CHAUDHURY*

Introduction

The population of the region, that is now Bangladesh, rose from 28.9 million in 1901 to little over 76 million in 1974.¹ This makes her the eighth most populous country and densely settled² rural nation in the world. Bangladesh is essentially a rural agricultural society. Over 90 percent of the population of the country lives in the rural areas and agriculture contributes a major share to the national economy and it occupies a predominant position in the labour force structure of the country. In 1977-78, agriculture accounted for 55 percent of the gross domestic product (GDP)³ and the agriculture labour force constituted 77 percent of the total labour force in 1974.⁴ The rural labour force is composed mostly of workers in agricultural occupations. There are some in other production activities and sales related jobs, but these occupations are by comparison relatively insignificant to agriculture (see Table I).

*The author is Senior Research Demographer at the Bangladesh Institute of Development Studies, Dacca.

¹Adjusted for under-enumeration (See, Bangladesh Bureau of Statistics 1974, Bangladesh Population Census Report, National Volume). The estimated population in 1980 was 89 million (see Bureau of Statistics. 1979 *Statistics Yearbook of Bangladesh* p. 61).

²Density of population measured in terms of population per square mile was 1286 in 1974.

³In current price (See, Bangladesh Bureau of Statistics, 1978, *Statistical Yearbook*, p. 214).

⁴Bangladesh Bureau of Statistics. 1974 *Bangladesh Population Census Report*, National Volume.

TABLE I
PERCENTAGE DISTRIBUTION OF THE LABOUR FORCE BY MAJOR
INDUSTRY AND RURAL/URBAN RESIDENCE/BANGLADESH, 1974

	Urban	Rural
Agriculture	14.3	83.5
Mining & Manufacturing	15.9	3.5
Electricity, Gas and water	0.2	*
Construction	0.9	0.1
Wholesale and Retail Trade	16.8	2.4
Transport and Storage	8.6	0.8
Finance and Communication	1.9	0.1
Social Services	41.4	6.8
Total	100	100

Source : Economic Characteristics, in Population Census, 1974, Vol. IV.

*Less than 0.05.

Agriculture in Bangladesh depends primarily on crop production, particularly rice and jute. Crop production contributes nearly three quarters of the agricultural output and is the main source of employment of agricultural labourers. According to one estimate crop production accounts for 69 percent of the total labour requirements in agricultural sector⁵. It, therefore, justifies to focuss our attention on the future expansion of employment opportunities in crop production. This requires higher productivity in agriculture to absorb growing labour force associated with accelerating rate (approximately 3 percent per annum) of growth of population. The interplay between labour absorption and growth of crop production is measured here by examining the district level variation between population density i.e. workers per acre (a measure of labour absorption) and the growth of output per acre (a measure of crop production).

Population Pressure and Productivity

It has frequently been observed that regions with higher density of population usually also have higher agricultural yield i.e. output per acre of cultivated land.

⁵Clay, E.J. and Khan, S, *Agricultural Employment and underemployment in Bangladesh. The Next Decade*, Agricultural Economics and Rural Social Science papers, No. 4, Dacca: Bangladesh Agricultural Research Council, 1977.

Population pressure may lead to higher productivity through more intensive cultivation of land, by greater labour utilisation resulting from greater availability of labour per unit of land, by bringing more fallow land under cultivation and by changes in agricultural practices or cropping pattern through important innovations in technique of cultivation over time. Some of these changes have already set in Bangladesh (Table II).

TABLE II
TREND IN THE USE OF MODERN INPUTS IN AGRICULTURE &
CROPPING INTENSITY

Year	HYV Areas as % of Total Area	Fertilizer Consumption per Acre (lbs)	% of Gross Cropped area Irrigated	Cropping Intensity
1965/66	—	—	—	137
1966/67	—	12.3		
1967/68	0.5	15.0		
1968/69	1.2	16.2		
1969/70	2.0	18.9	12.07	
1970/71	3.7	20.7	13.49	
1971/72	5.5	19.3	13.31	
1972/73	8.7	29.6	14.3	
1973/74	11.7	28.6	15.3	
1974/75	11.9	20.2	17.3	
1975/76	12.3	31.2	16.5	148
1976/77	—	—	14.72	149
1977/78	15.2	35.0	17.39	159
1978/79	17.6			

Sources : Computed from *Statistical Yearbook of Bangladesh*, 1975, 1978 & 1979.

Our purpose here is to look at the relationship between population pressure/density and agricultural productivity by examining the change in the level of land man ratio (measure of population density) with change in the level of land yield of a district during the period 1961-1964 to 1974-77. In otherwords, the major thrust is to see how population density and agricultural yield react to one another with the relatively shorter run of a 13-year period. In the light of the arguments given so far we would expect an inverse relationship between population

pressure & agricultural productivity. However, the time span of our study relates only to a period of 13 years since 1960. This makes all the secular or longer term adjustment mechanisms suggested earlier, somewhat in-applicable. Neither the density of population nor significant changes in agricultural practices can be expected to undergo significant adjustment within the relatively short span of 13 years. However, we have taken care of this problem by defining the adjustment variables in such a way, as to be compatible with the time scale of our analysis. For example, two of our central variables—population density and agricultural yield have been defined as follows:

Agricultural yield has been defined as value of output per acre. This definition reflects adjustment mechanisms such as cropping pattern and cropping intensity. Similarly, population pressure or density of population is measured by male workers per acre. This definition incorporates into it the following adjustive mechanism such as interdistrict migration of male labour force and change in the occupation structure within a district over time.*

These definitions of key variables will help us to capture changes undergone in the adjustment mechanisms across the districts during the period under consideration.

Data

For the present study, net-sown area, value of total agricultural output and number of male agricultural workers in each of the 17 districts of Bangladesh during 1961-64 in the sixties and 1974-77 in the seventies are the central variables of analysis. Here we provide a brief description of the definitions used and the coverage of the study.

Choice of Years

The choice of years was made because 1961-64 are pregreen revolution years whereas 1974-77 refers to a period when new technology was introduced in some parts. This would help us to capture some of the changes brought about by the introduction of seed fertilizer technology.

Value of Agricultural Output

Average output of 19 crops for each of the 17 districts for the years 1961/62, 1962/63 and 1963/64 during sixties and 1974/75, 1975/76 and

*An administrative unit.

1976/77 during the seventies was calculated from data collected by the Ministry of Agriculture. Three-year average was calculated to allow for year to year fluctuation in crop output. The total value of 19 crops' output was obtained by applying average all Bangladesh constant 1976/77 prices for both the periods. These 19 crops accounted for approximately 95 per cent of gross cropped area in each district. We have also adjusted the output of 19 crops in order to account for the excluded crops. The value of output for each district was inflated accordingly on the assumption that the average productivity in the left out crops equals the average productivity of the 19 included crops.

Net Area Sown

The data on net area sown during 1961-64 and 1974-77 were obtained from the Agricultural Census Reports published by the Bangladesh Bureau of Statistics. We have taken Net Area sown in acre as our unit of land in view of our interest in finding the potential capacity of available cultivable land.

Workers

The data on male agricultural workers has been obtained from the population census of Bangladesh, 1961 and 1974. A better measure would have been total agricultural workers employed in each district. But ambiguities regarding the classification of women whether within the labour force or within the 'housewife' category makes it difficult to compare for all agricultural workers during 1961 and 1971. These ambiguities have resulted in changing the economic status of women in households from those of workers in 1961 to housewife in 1974. As a result we were constrained to use only male agricultural labourers in the two censuses.

Growth rates

Annual compound growth rates were calculated on the basis of the three year average value of area and output for the base period 1961-64 and the terminal period, 1974-77.

Land-man ratio

It refers to the net area sown divided by male agricultural workers for each district.

Land yield

Value of output divided by net area sown in each district.

Labour productivity

Total output divided by the number of male agricultural workers in each district.

Findings

For the country as a whole land yields are found inversely related with land-man ratio for both during the sixties and the seventies. The regression coefficients obtained by fitting double log functions between yield and land-man ratio for the sixties & seventies were found to be $-.786$ and $-.640$ respectively. This indicates the existence of a dynamic relationship between increase in land yield with a corresponding decrease in land-man ratio.

For the country as a whole, the agricultural output grew at the rate of 1.2 per cent per annum during 1961-64 to 1974-77 while the number of male agricultural labourers has grown at a rate of 1.5 per cent per annum during this period. In other words, the growth of output had failed to keep pace with the growth of labour force (male). As a result, labour productivity has tended to remain more or less constant at about Tk. 2600 per male agricultural worker during the sixties and the seventies (see Table III.1)

One of the important features of agricultural growth during the sixties is that almost all of it has been achieved through increase in yield per acre. The fact that there has been no increase in net area sown and labour productivity has tended to remain constant but land yield has recorded a fairly substantial rise indicates that additional labour force has been applied to a more or less constant area. As a result land-man ratio declined from 1.67 acres per male worker during the sixties to 1.36 acres per male worker during the seventies. The increase in yield on the one hand and decline in land-man ratio on the other has produced a negative relationship between the above two variables.

It can be seen from Table III.2 that there are 7 districts that recorded higher growth rates exceeding 1.50 per cent per annum, and 8 districts that had an average growth rate ranging between .50 and 1.49 per cent. In addition, there are two districts which had negative growth rates.

The 7 high growth districts account for 42 per cent of total area, 47 per cent of total output and 43 per cent of male labour force. Consequently, they are characterised by both above average yield and above average male labour productivity. The land-man ratio in these districts is also lower than the national average.

TABLE III. 1

LAND YIELD, MALE PRODUCTIVITY AND LAND MAN RATIO DURING 1961-64 AND 1974-77 OF DISTRICTS
CLASSIFIED BY THEIR GROWTH OF OUTPUT 1961-64 TO 1974-77

Growth Rate	Number of Districts	1960		1970		1960		1970		1960		1970		Annual Rate of Growth (Compound) 1961-64 to 1974-77			
		Yield Tk./ Acre	Yield Tk./ Acre	Yield Tk./ Acre	Yield Tk./ Acre	Male Produc- tivity Tk/M.W.	Male Produc- tivity Tk/M.W.	Land- Man Ratio (Acre M. W.)	Land- Man Ratio	Output	NAS	Yield	Male Wor- kers	Male Labour Produc- tivity			
1.50	7	1647	2144	2659	2867	1.61	1.33	1.33	2.21	0.15	2.05	1.60	0.58				
0.50-1.49	8	1562	1815	2657	2443	1.70	1.35	1.35	0.87	-0.32	1.16	1.54	-0.64				
Negative	2	1689	1497	2908	2252	1.72	1.50	1.50	-1.15	-0.24	-0.92	0.80	-1.95				
Bangladesh	17	1615	1905	2694	2598	1.67	1.36	1.36	1.19	-0.08	1.27	1.48	1.28				

As against this, 2 negative growth districts present a dismal picture. They account for nearly 15 per cent of the area and 14 per cent of labour force but produce only 12 per cent of national output. Consequently, the land yield and labour productivity achieved by these districts is significantly lower than the national average. The 8 mid growth districts are characterised by average labour productivity, land yield and land-man ratio.

So far we have presented only a static picture of the above three groups of districts during 1974-77. It would be more interesting to determine how in these very districts labour productivity, land yields and land-man ratios have changed as a result of differential rates of growth over the period 1961-64 to 1964-77. The details are given in Table III.1.

One very important result that emerges is that the land-man ratio has declined substantially in all growth rate categories. This is a reflection of fast growing agricultural labour force being absorbed on constant land area all over Bangladesh.

Looking at the 7 high growth districts one finds that both their land yield and labour productivity have recorded substantial increase. Land-man ratio in these districts also has declined rapidly.

The average growth rate of output for 7 high growth districts works out to be 2.21 per cent per annum. That yield is the major source of growth is clear from the fact that whereas yield increased by 2 per cent, net area increased only by .15 per cent. It therefore shows that rapid growth of output is associated with a very large increase of labour force and consequently with a fairly sharp decline in land-man ratio. It, therefore, shows that growth centres in agriculture is also sucking work force at a rapid rate. Compared with the average national growth rate of agricultural male workers of 1.48 per cent, the male labour force increased at an average rate of 1.60 per cent in these districts. However, since output growth rate was little higher, labour productivity has shown a positive growth rate.

In the mid growth districts, all increases in output seem to have been eaten away by increases in the labour force.

In the negative-growth districts, where yield level has declined only marginally (from Taka 1689 per acre during the 60's to Taka 1497 per acre during the 70's), labour productivity has recorded a much sharper fall (from Taka 2908 per male worker to Taka 2252 per male worker). With a substantial decline in output, not being compensated by equally sharp fall in the growth of labour force, their male labour productivity has decreased at a high rate of 2.0 per cent per annum. However,

TABLE III. 2
PERCENTAGE DISTRIBUTION OF AREA AND AGRICULTURAL OUTPUT AND PRODUCTIVITY LEVELS
BY GROWTH OF OUTPUT 1961-64 TO 1974-77

Growth Rates (Annual Compound) %	Number of Dis- tricts	Net Area sown (NAS) %	Terminal period 1974-77				Land Man Ratio (Acre/M. worker)
			Output %	Male worker %	Yield (Taka*/ Acre)	Male worker productivity (Taka/M. worker)	
Above 1.50	7	41.97	47.22	42.80	2144	2867	1.33
0.50—1.49	8	42.91	40.89	43.49	1815	2443	1.35
Negative Growth	2	15.11	11.88	13.70	1497	2252	1.50
Total	17	20767000 (acre)	3956526521 (Taka)	15229075	1905	2598	1.36

*1 US dollar = Tk. 15.00.

it should be noted here that the negative growth districts, have had the highest-land man ratio & also experienced slow growth rate in labour force, compared with the national level. These findings possibly suggests that the reverse process of labour force being pushed out of declining agriculture, is taking place. We, therefore, find both push and pull factors are operating in Bangladesh agriculture.

We have also examined the relationship between land-man ratio & productivity by growth of land yield during the period 1961-64 to 1974-77. The results obtained from a study of growth of yield is more or less similar to that presented by growth of output discussed earlier. This indicates that for most districts, the main determinant of output growth has been increased in yield levels linking growth rates of output and yield in a strong positive manner (see Table III.3).

There is strong evidence to suggest 'suction mechanism' by which high-yield areas seem to attract relatively larger proportion of labour, even within a relatively short period (see Table III.4). On the other-hand districts with poor agricultural performance seem to be pushing out labour into higher growth districts on a very large scale. This represents an interesting obverse case of the suction phenomenon. From the above findings, it appears that job opportunity affects labour mobility. The causation is evidently not Malthusian, but depends probably on creation of new job opportunities. It can, therefore, be surmized that the best way to ensure larger productive employment is through policies that bring about a major increase in land productivity.

Future Prospect of Employment in Agriculture

Now the question arises what is the prospect of increasing land productivity in Bangladesh to absorb its growing labour force. According to one estimate 40% of the agricultural labour force were unemployed in 1975/76.⁶ This situation is likely to be further worsened if the agricultural labour force continues to grow at the current level, and the shift to smaller holding sizes in agricultural production continues. We have seen earlier there is very little scope for extending the arable area in Bangladesh. Increased production, therefore, must come from multiple cropping especially through expansion of irrigation and drainage and from increases in per acre yields primarily through adoption of HYV. In otherwords, the key to potential increase of crop-production lies in the modernization of agriculture. There is considerable room for modernizing agricultural tech-

⁶Smaller operating units with a higher family labour ratio have a lower demand for hired labour.

TABLE III. 3
PERCENTAGE DISTRIBUTION OF AREA AGRICULTURAL OUTPUT AND PRODUCTIVITIES BY
GROWTH OF YIELD 1961-67 TO 1974-77

Growth Rate of Yield (Annual Compound) % 1961-64— 1974-77	Number of Dis- tricts	Net Area sown (NAS) %	Terminal period 1974-77				Land Man Ratio (Acre/M. worker)
			Output	Male worker %	Yield (Taka/ Acre)	Male worker Productivity (Taka/ M. worker)	
Above 1.50	8	48.53	52.91	50.63	2077	2715	1.30
0.50—1.49	7	36.35	35.20	35.66	1845	2565	1.38
Negative	2	15.11	11.88	13.70	1497	2252	1.50
Bangladesh	17	20767000 (acre)	39565265217 (Taka)	15229075	1905	2598	1.36

TABLE III. 4

LIFE-TIME NET MIGRANTS, POPULATION GROWTH, PROPORTION OF LAND GIVEN TO HIGHYIELDING
VARIETIES (HYV) OF RICE AND CROPPING INTENSITY BY GROWTH OF AGRICULTURAL

OUTPUT, 1961-64 TO 1974-77

Growth Rate (Annual Compound) %	% Population change (rural) 1961-74	Life-time* net migrants	Per cent of Net sown land given to HYV in 1976-77	Cropping intensity** (1976-77)	Per cent of Total Cropped Land Given to HYV in 1976-77
2-3	38.48	+76653	25.51	159	16.04
1-1.99	36.15	+585929	15.49	147	10.55
<1	36.32	-210787	13.09	143	9.17
Negative	26.74	-451795	6.95	142	4.81
Bangladesh (Rural)	35.28		16.01	148.44	10.79

Notes : *Life-time migrants—persons enumerated in a place different from the place of birth.

+ indicates net in-migrants from the districts,

**Cropping intensity = $\frac{\text{Total cropped land}}{\text{Net Area sown}} \times 100$.

nology as reflected in the following figures. In 1975/76 only 2.71 million acres or less than 9 per cent of total cropped cultivated land were brought under irrigation. The use of modern chemical fertilizer was only 35 lbs per cultivated acre in 1977/78. The area under HYV constituted only 12 per cent of total acreage in 1975/76. Whereas as early as 1972 Philippines and Pakistan expanded the high yielding varieties to about 50 and 47 per cent respectively of their rice & wheat areas.⁷ There is a vast scope for bringing more land under improved varieties. The Soil Survey Department on the basis of countrywide soil and land capability survey estimate the potential acreage of land that can be brought under HYV. These figures are as follows :

- i) Six million acres are considered suitable for rainfed HYV *aus* (Summer rice) ;
- ii) Six point six million (6.6) acres are suitable for HYV *aman* (Autumn rice) ;
- iii) Three million acres are suitable for HYV *aus* followed by HYV *aman* ;
- iv) About 14 million acres are considered physically suitable for HYV *boro* if adequate water is made available ;
- v) Three million acres are suitable for HYV *wheat* ;
- vi) At least 9 million acres are considered suitable for *rabi* dry-land crops (including wheat).

However, the adoption of the new foodgrain technology & bringing more land under HYV in Bangladesh's predominantly subsistence-type agriculture requires far-reaching institutional, organizational changes and more capital that would not come easily. Moreover, it should be noted that expansion of area under new seed based technology, without effective population control, will not help in improving the employment situation in the foreseeable future. For example, the two-year approach plan (1978-80) set a foodgrain production target of 15 million tons by the end of plan period to achieve self-sufficiency in food by 1985/86. This target was set on the assumption that foodgrain production will increase on a sustained basis of 4 per cent per annum, more than double the trend of the 1960s. Even if this target is achieved the level of unemployment would remain the same as that of the level of 1975/76 (see Table III.5).

⁷United Nations Commission for Asia and Pacific, *Economic Survey of Asia and the Pacific* 1974, Bangkok, 1975.

It, therefore, calls for an alternative employment oriented agricultural strategy other than that of merely a production oriented strategy. This may require a radical transformation of rural society to guarantee that all members of the society is entitled to receive a share of the social product that will at least satisfy their minimum basic needs, irrespective of the type of production and nature of productive gains in agricultural production. One idea in this respect could be to form compulsory multipurpose cooperative society in every village.

TABLE III. 5

AGRICULTURAL EMPLOYMENT AND UNDER-EMPLOYMENT PROJECTIONS FOR BANGLADESH 1975/76 TO 1985/86

Agricultural Sub-sector	1975/76 (Million man-years)*	1985/86	% Exponential rate of growth
1. Agricultural labour force	21.1	26.1	2.1
2. Employment			
2.1 Crop sector ^a	8.91	10.72	1.9
2.2 Livestock ^b	1.13	1.27	1.2
2.3 Fisheries ^c	0.70	0.89	2.7
2.4 Forests ^b	0.11	0.13	1.7
2.5 Rural works ^b	0.48	0.77	4.7
2.6 Others ^b	1.60	2.04	2.4
3. Total	12.93	15.78	2.0
4. Under-employment (1-3)	8.2	10.3	2.2
5. % Under-employment (4/1 x 100)	39%	39%	

Source : Clay and Khan (1977).

Notes : a. Assumes growth rate of 4.3% a year in foodgrains required to achieve, self-sufficiency by 1985/86.

b. Growth rates adapted from FAO (1974)

c. Projection provided by K. Meecham, FAO.

* The crop labour requirements (in million man-years) are computed using Bureau of Statistics crop area and yield estimates and an assumed elasticity of employment with respect to yield per acre of 0.2. The results are not significantly different for rates of change calculated to two significant figures and elasticity of 0.5.

Technical Change in Post-Harvest Paddy Processing and Female Employment in Rural Bangladesh

by

KHALEDA SALAHUDDIN*

I. INTRODUCTION

Although available data are too inadequate and scattered to capture the complex inter-relationship between rural development and changing conditions of rural Women, it is abundantly clear that the neglect of Women's role in the rural economy, particularly their contributions to agriculture (especially in the area of post-harvest foodgrain processing) and the significance of technical change for their economic activities could seriously hamper our planned efforts towards eradication of rural poverty.

This paper will make an attempt to analyse the implications of technological change in post-harvest paddy processing for the rural Women of Bangladesh and particularly for the female Wage-earning group. A number of recent studies have revealed the fact that the poorest rural house-holds are "critically dependent" on the earnings of their female members; and that the major portions of the earnings of the rural working Women engaged in post-harvest foodgrain processing activities come from "Dheki Work".

With regard to the female employment situation the draft SFYP states that "extremely low and declining share of female employment to total employment points to the fact that Women are definitely a disadvantaged group in view of productive work they are doing and can be done by them. In a situation of declining employment opportunity, Women get pushed out of economic work in greater number than men." Employment generation for this "group" and protection of existing employment opportunities for them should, therefore, get special attention and high priority during the Second Five-Year Plan period.

*Eden College, Dacca

But the spread of female labour-displacing technology in the post-harvest paddy processing area is creating new problems not only for those new hands who are seeking wage employment during post-harvest period but also for those who are already engaged in paddy husking during these seasons. The rapid increase in the number of custom mills and other mechanical devices aided by the supply of cheap electricity at subsidised rates is not only making the female wage employment base narrower but threatens to oust Women from income generating activities. The implications of this kind of technological change for rural female employment as well as for income distribution in the rural areas should therefore be examined.

II. CRUCIAL IMPORTANCE OF FEMALE EARNINGS FOR THE VERY POOR RURAL HOUSEHOLDS

A recent survey (1979-1980) carried out in 4 villages each of in Comilla and Tangail District, reveals that the very poor rural households are critically dependent on female earnings (Table I). Out of the one hundred sample households selected from amongst the poorest households, 65 percent were landless and only 33 percent owned cultivable land. The households cultivating leased in or own land "produced on an average 1.46 maunds of cereal per consumption unit while the minimum requirement is 9.4 maunds per consumption unit". All the sample households, therefore had to bridge the gap, as far as possible, through purchases from the market (or by receiving it in wages). The collected income data of this survey also reveals that the average annual income of these households is just over Tk. 3000/-.

Amongst the sample households, 36 percent "female earning households" were not cultivating any land and their average income from cultivation was not more than Tk. 624/- per annum. The average food availability from crop production was not more than 15 percent of the minimum requirements. A declining ability of these households to operate as small farmers has also been noticed. The inescapable conclusion is that the involvement of rural Women in Wage labour work comes about "only when an economic crisis overtakes a household and the alternative to mobilising female members for income earnings is an economic break-down of the family unit". The survey also reveals that female earnings constitute about 25% of the total household earnings in the sample. Post-harvest work appears to be the main source of employment for 50 percent of Women. And for another 44% the main source of employment was post-harvest work combined with household work. Another study (Mead Cain, 1976-77) has also reve-

aled that post-harvest work is the main source of employment for 50 per cent of working Women.

Table I shows that for wage earning women who are engaged in post-harvest work, the major portion of the earnings comes from paddy husking by 'Dheki' (a foot-powered paddy husking device made of wood).

Post-harvest paddy processing is considered a traditional job for the rural Women of Bangladesh. A very high percentage of the total amount of paddy produced in a year is husked by our Women in the household. The Statistical Year Book of Bangladesh, 1979 reports that in 1977-78, Bangladesh produced 12,764,000 tons of rice, of this an estimated 64.77 percent was husked by the rural women in the household. The pre-husking processing includes soaking, parboiling and drying. The low-cost traditional system of post-harvest paddy processing is labour intensive and provides employment to a large number of needy women belonging to the very poor households. At present, the large number of rural women who husk paddy in the household with the help of Dheki often get low rates of return. Experience has shown, however, that small improvements in the technology as well as organisation and management can bring in higher rates of return for investments in Dheki.

Since by tradition women do not participate in cultivation (which includes sowing, transplantation as well as harvesting) post-harvest paddy processing provides them with the major base for wage employment in agriculture.

III. EFFECTS OF TECHNOLOGICAL CHANGE IN POST-HARVEST PADDY PROCESSING

Since the major portion of earnings of the working women engaged in post-harvest grain processing comes from Dheki the increasing use of mechanical paddy processing devices (as used in custom mills and large modern mills) is likely to produce adverse effects on female earnings and employment, particularly in the rural areas.

Custom Mill

A recent study shows that in 1977, there were about 7,600 licensed custom mills in Bangladesh. These mills are increasing at a rate of 5-7 percent per year. An average mill has a capacity of 20 maunds per hour, whereas an average woman operating a Dheki has the capacity of 0.2 maunds an hour. Again, most Women work part-time as they have other household chores to perform. It has, therefore, been estimated that one mill displaces about 300 Women. Thus, if the number of mills increases

by 380 (taking the lowest figure) per year, the number of Women displaced during a year will stand at 1,00,000 [4].

Modern Rice Mills

The labour-displacing effect of modern rice mills is even greater because an automatic mill does away with the need of pre-milling processing activities such as drying, parboiling, winnowing etc. For instance, a "Z" type modern mill can husk two tons per hour which means displacement of the labour force of nearly three average custom mills. A recent BRAC STUDY reveals that in household terms 900 part-time employed women and an estimated 64 full-time or (180 part-time employed) Women employed in pre-milling processing work can be displaced by an automatic mill. An automatic mill can, of course, provide jobs for 18 skilled and 22 unskilled men, but at the cost of 1000 women per work place [4].

Alternatives Available for Displaced Women

Experience shows and studies reveal that begging, unemployment or general domestic employment (as maid servants) at "half the Dheki rate" are the alternatives available for Women thrown out of employment as a result of the advent of rice processing mills. It seems unlikely that cottage industries and poultry farming could create enough jobs to absorb the displaced female labour force resulting from rapid mechanisation of post-harvest paddy-husking. Additionally the increasing landlessness is already expanding the pool of unemployed female labour force in the rural areas.

If, on the other hand, an indiscriminate and unrestricted spread in the number of these mills can be restricted, increased post-harvest grain processing activities could provide a reasonably large base for female employment during the Second Five-Year Plan period (assuming that the foodgrain production increases more or less at the estimated rate). This could also bring about an improvement in the income distribution situation.

IV. MECHANICAL PADDY PROCESSING VS. DHEKI HUSKING

In financial terms, the cost of mechanical paddy processing is, of course, much lower than the cost of husking paddy by a Dheki. A recent survey reveals that the cost of husking paddy in a custom mill is Tk. 1 per maund whereas it costs about Tk. 11.7 per maund if husked by a Dheki [1 ; 2].

As the rate of return is much higher for investment in mechanical milling, it attracts entrepreneurs in large numbers. Mechanical milling has become more profitable due to the availability of cheap electricity

at subsidised rates. The Power Development Board's feasibility study shows that the contribution of rice mills to total benefits from rural electrification would be about 15 percent [6].

But the spread of this technology is likely to benefit only two groups : (a) The mill owners and (b) the surplus farmers. The mill owners rate of return would average 70 per cent per annum. The surplus farmers could also share in the benefits by dispensing with the need for hired female labour and taking advantage of the low husking cost of the mills. The small and marginal farmers cannot share the benefits accruing to the two groups mentioned above, because they use the labour time of their female family members for which the opportunity cost is zero and the carrying cost to the mills and back is prohibitive. Thus, mechanisation would only worsen rural income distribution.

A recent Survey on Rural Industries of Bangladesh (BIDS) 1979 reveals that capital intensity is 95 times higher in modern techniques in ricemilling as compared to the traditional ones (i.e. Dheki). Value of fixed assets per worker is found to be Tk.133/- in Dheki while it is Tk. 12,698/- in rice mills. Value added per taka of fixed assets Tk. 8.48 in Dheki while it is Tk. 1.18 in rice mills. It appears that the scarce factor capital is used more efficiently in traditional technique.

Hullers

Hulling machines are considered to be an intermediate technology for rice processing. But recent survey results have very clearly proved the superiority of Dheki-husking over husking by hullers beyond any shadow of doubt [7].

A recent survey (1980) sponsored by IDS, Brighton, U.K. on the comparative performance of Dheki and hullers measured by the percentage of rice and the percentage of brokens obtained on the results of twenty trials undertaken in a few villages of Madhupur Thana (Tangail) and Chandina Thana (Comilla) shows that the percentage of rice recovered from paddy is higher (72.02%) when husking is done by a Dheki than when it is done by a huller (69.94%). On the other hand, the percentage of broken rice is higher when paddy is husked by a huller. A hulling machine produces about 31 percent broken rice while in the case of Dheki it is about 28 per cent (Table II).

The two percent difference in the recovery rates between Dheki and the huller is not to be ignored as the loss in the food value as the extra two percent of the grain removed in the huller is due to the removal of the "nutritious bran layers of rice which are rich in fats and B-Vitamins".

It is, therefore, clear that the changeover from Dheki to hullers will cause a substantial reduction in food value in addition to the undesirable effects on female employment.

Custom Mills

In spite of a substantial cost advantage over Dheki, custom mills, at the moment, are husking only 33 percent of the total amount of paddy produced in the country. Of course, the availability of cheap electricity may change the situation in such a way that the household husking may lose its competitiveness altogether to the great disadvantage of the poor rural women.

Again, not only is the quality of Dheki-husked rice considered better, the recovery rate from paddy is also higher as compared to that of the rice mills. A survey of some of the government procurement centres in Dinajpur reveals that the rice mills can recover only about 25.3 seers of rice from a maund of paddy, while a Dheki can recover between 28-29 seers per maund. If the transport cost of paddy to the mills and back is also considered, the Dheki does not appear to be so much at a disadvantage in comparison with the Custom mills.

Automatic Rice Mills

The setting up of modern rice mills would not only involve an expenditure of a substantial amount of foreign exchange on the import of automatic and spares required, it is likely to wipe out millions of jobs in the area of paddy processing as it will do away with the need for pre-husking activities like small scale drying, parboiling, winnowing etc. Analysis has shown that in competition with small scale custom mills (the spares for which can be manufactured domestically) the automatic mills are not even economic. The Comilla Modern Rice Mill which till 1977-78 utilised only 9 percent of its engineering capacity incurred huge losses [4]. Again, this type of sophisticated technology is vulnerable to breakdowns as well as uncertainties in the supply of spares (which have to be imported) and management.

For a labour surplus economy like that of Bangladesh where unemployment and underemployment problems are becoming increasingly acute, only that "efficient" technology which generates employment and reflects the real relative values of factors can be termed as appropriate. From this point of view, neither the automatic modern rice mills nor the custom mills can be termed as "appropriate" for rice processing in Bangladesh. What are the factors responsible for the use of such inappropriate techniques in this country? Neither the rigidity of factor

proportions used by such techniques, nor the lack of available alternatives can be put forward as a valid explanation for such a phenomenon. Is it, then, due to the low priority given to female employment that the cheap bank credit is being supplied to the entrepreneurs investing in automatic mills and decontrolling measures to facilitate the import of foreign milling equipments have been adopted?

Alternative Strategy

If, however, the nation values female employment because of the fact that female earnings make critical contributions to the incomes of the poorest rural households, then an alternative strategy may be adopted. The household paddy husking female labour force may be organised into homogenous groups and investment in this area may be gradually increased (BRAC and a few other organisations have already begun experiments on these lines). Homogeneity in groups is to be maintained in order to keep them conflict free. Research programmes may be undertaken in order to explore the possibilities of making technical improvements on Dheki (keeping its capital intensity as low as possible) so that its efficiency may also be raised. Arrangements for imparting short training in management to the working women belonging to the paddy husking groups may also be made, so that a substantial improvement in the management of their business affairs can be effected. Experience has shown that the poor paddy husking women can get a good return for the investment in Dheki if they are organised in groups and can manage their affairs efficiently.

V. POLICY PRESCRIPTIONS NEEDED

If new employment opportunities for rural women in the post-harvest rice-processing area are to be created and the existing ones protected, the following set of policy measures should be adopted without delay.

- a) Research programmes to explore the possibilities of making technical improvements in the indigenous paddy-husking technique should be immediately undertaken.
- b) Dheki centres/groups/co-operatives consisting of poor, needy and landless women belonging to the same economic class should be organised in the rural areas preferably under the supervision of the truly representative Gram Sarkars. Adequate credit facilities should be extended to these groups so that they do not run short of funds during the paddy husking seasons.

- c) Group investment should be encouraged as it is the only way to create opportunities which can benefit the poorest rural households economically. Organised groups of working women rather than individuals have better chances of protecting themselves against the interferences and threats from the rural vested-interest groups.
- d) Adequate training facilities for developing managerial skills should be provided to the Women Co-operators/members of the groups so that they can run the co-operatives/centres efficiently.
- e) Adequate policy measures should be adopted to restrict the spread of custom mills. Import of automatic rice processing machines and foreign milling equipments should be immediately banned. Employment, import and other related policies should be properly co-ordinated so that one set of policies does not come into direct conflict with the others.
- f) A rational set of policies with regard to the use, development and import of technology should be adopted at the national level. Only that technology which is appropriate (i.e. which would reflect the real relative values of factors) should be favoured through governmental policy and economic control mechanism.

TABLE I
THE STRUCTURE OF RURAL FEMALE EARNINGS

Region	Comilla (n=21)	Madhupur (n=33)	Both Regions (n=54)
Female Earnings as % of total household Earnings	24.60	24.50	24.53
Post-harvest Earnings as % of total female Earnings	16.58	49.82	39.36
Dheki Earnings as % of total post-harvest Earnings	50.39	62.50	60.87

Source: A survey (1979-80) carried out in 8 villages of Bangladesh (4 in Chandina Thana in the District of Comilla and 4 in Madhupur Thana in the District of Tangail) in connection with an IDS (Institute of Development Studies, University of Sussex, U. K.) Project.

TABLE II
SURVEY OF RICE MILLING PERFORMANCE (1979-80)

Percent	Dheki	Huller
Rice	72.02	69.94
Broken Rice	28.28	30.54

Each figure is the average of twenty trials.

Source : A survey on Rice Milling performance (1979-80) conducted in a few villages of Madhupur Thana (Tangail) and Chandina Thana (Comilla) in connection with a project undertaken by the Institute of Development Studies, Brighton, U. K. in collaboration with the Food Science and Technology Division of Bangladesh Council of Scientific and Industrial Research and the Bangladesh Agricultural Research Council.

TABLE III
CAPITAL INTENSITY AND PRODUCTIVITY IN ALTERNATIVE
TECHNIQUES IN PADDY PROCESSING

Activity	Techniques	Capital/labour ratio	Output/capital ratio	Output/labour ratio
		Value of fixed as sets per worker (in Taka)	Value added per taka of fixed assets (in Taka)	Value added per worker (in Taka)
Paddy	Dheki	133	8.48	1,126
Processing	Rice Mills	12,698	1.18	14,937

Source : Unpublished data from Rural Industries Study Project, BIDS (as quoted by Dr. Kholiquzzaman Ahmed & Mahbub Hossain in their article "Non-farm Activities & Technology appearing in HOLIDAY dated 1.2.81. The survey was conducted in 1979.)

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Employment Generation, Cottage Industries and Women : Role and Strategy

by

JAHANARA HUQ*

One of the promising points of intervention for fighting back mass poverty and deprivations is to explore the possibilities of self-employment. Recent studies in India, Bangladesh and many other developing countries indicate high potentials and vital role of non-farm activities/cottage industries for employment generation among men and women. The BIDS study on 11 villages conducted in 1979 has shown that 48% of the rural workers are engaged in non-farm activities. This proportion has been found to be higher (52%) in some other studies (C.S.S.).¹ The Second Five Year Plan has indicated that 38% of the total man-days absorbed in agriculture was for non-farm activities like employment in cottage processing of food and agricultural products. It goes without saying that women are the main contributors in this domain.

THE PRESENT EMPLOYMENT STRUCTURE

"Right to work" is a basic, fundamental right as guaranteed by the constitution and as admitted by the Second Five Year Plan. Right to work as such is interpreted as "a person willing to work should have an adequately remunerated job"² "Bangladesh is visualizing a new society which can provide employment to all in the labour force."³ Thus an admission is made that the Second Five Year Plan "has a major responsibility in carrying the economy towards this direction"⁴. These angelic but

*Chairman, Department of Economics, Eden College, Dacca.

¹Available information shows that 30 to 56% of the rural labour force are employed in primary and secondary occupations connected with non-farm activities.

²Planning Commission ; The Draft 2nd 5yr. Plan, Govt. of the People's Republic of Bangladesh ; p. 1.

³*Ibid*, p. 1.

⁴*Ibid*.

blasphemous words do not corroborate the efforts of employment generation in the Second Five Year Plan. An additional 7% of the total employment opportunities is "needed merely to stay where the country is today and unemployment to remain undiminished."⁵ There is no way in which we can see and find where even this 7% employment generation is made.

The following table shows the projected labour-force growth in the coming years.

TABLE I
PROJECTION OF LABOUR-FORCE IN VARIOUS YEARS
(in millions)

Category of Labour Force	1979/80			1984/85		
	Total	Male	Female	Total	Male	Female
Urban	3.47	3.28	.19	4.81	4.54	0.27
Rural	24.96	22.57	2.39	27.44	24.83	2.61
Total	28.43	25.85	2.58	32.25	29.38	2.87

Source : Composed from Table 6.1, Chap. VI, p. 1, *The Second Five Year Plan*.

The projection shows that by 1985 there will be an additional labour force of 3.82 millions with 3.53M male and .29M female components. The Five Year Plan has been completely silent about the sex-wise allocation of additional employment generation, which should have been exercised for clarity.

The following table shows the total distribution of employment in various sectoral activities.

TABLE II
DISTRIBUTION OF EMPLOYMENT IN VARIOUS SECTORS IN 1979/80.

Sector/Industries	millions employed	Percentage of all
1. Agriculture	19.99	79.0
Crop production	12.40	40.0
Non crop production	7.59	30.0
2. Industry	1.19	4.7
Large and medium scale	0.40	1.6
Handloom	0.20	0.8
Other small scale & cottage manufacturing	0.59	2.3
3. Yuade, construction, Transport and all others	4.12	16.3
Total	25.30	100.0

Source : *Ibid*, Chap. VI, p. 4.

⁵*Ibid*, Chap. VI, p. 3.

The table above shows that non-crop activities handloom and other small and cottage industries alone covered 34.7% of employment, the highest of course being agriculture covering 40% of total employment. A significant part of the total employment in noncrop activities is obviously occupied by rural females. Although no exact quantification is possible, about 70% of the husking and 90% of the premilling processing like soaking, parboiling and drying are done by women alone.

POTENTIALS OF SMALL AND COTTAGE INDUSTRIES IN GENERATING EMPLOYMENT

"Small scale and cottage industries have a tremendous scope and potential for maximizing employment by optimal utilization of existing technology and resource base. At present the sector contributes about 37% of the value added and employs 75% of the industrial labour force.⁶

The 1974 census has shown that the proportion of employed labour force as used in crop production was 62% and the rest i.e., 38% was employed for non-crop activities. This makes for an estimation that an average person employed spends approximately 115 days in crop production and 70 days in non-crop production activities.⁷

The following table takes a total stock of situation in cottage industries-numbers, fixed investment, employment and production potential in the country.

TABLE III

Types of Industries	Number	Fixed Investment (in crore Takas)	Employment (in lakh)	Production Capacity (in crore Taka)
Small scale	21,000 units	Tk. 25.23	1.86	124.50
Cottage	3,55,000 units	Tk. 17.47	11.70	110.13

Source : *The Second Five Year Plan*, Chap. XIII, p. 108.

The following table shows the expansion of employment pattern as envisaged in the 2nd 5yr. plan.

The table below shows the significant employment in crop production and non-crop activities and a significant increase over the benchmark.

⁶*Ibid.*, Chapter XIII, p. 108.

⁷*Ibid.*, Chapter VI, p. 35.

Non-crop activities include processing, marketing, livestock, fishery, poultry etc. where a significant part (entire part except marketing) are performed by our rural women. The SFYP has not been generous enough to conceptualize and allocate funds for employment generation for these activities. It has not spelt out what is needed to be done and what has so far been done.

TABLE IV

Sector	(1979/80 in millions)	Increase over the 2nd Plan Period	1984/85 (in millions)	Percentage Increase in the 2nd 5Yr. Plan Period
1. Agriculture	19.99	3.22	23.21	16.0
Crop production	12.40	2.01	14.41	16.0
Non-crop activities	7.59	1.21	8.80	16.0
2. Handloom	.20	.40	.60	200.00
3. Small scale and cottage industries	.59	.21	.80	36.00

Source : *The 2nd 5 Yr. Plan*, Chap. VI, p. 7.

Employment of Women

Bangladesh has a vast number of female population (43 million). 45% of whom are in active labour force. They form a vast reservoir of "womenpower" which can be used as an important input for new employment generation. Already women are working in para-processing/non-crop farm activities/cottage industries in a substantial proportion. The massive RISP study⁸ under BIDS has found that about 40% of cottage industries contribution is made by rural women not only as helpers to the male heads of households but also as producers.

Constructive use of womenpower requires special efforts, policies, programmes, industries to encourage and motivate women for self-reliance through self-employment, within even outside the purview of planning. The 2nd 5yr. plan has maintained a curious silence over this important issue. It has not even hinted at any programme specifically taken for womens' employment generation.

ROLE OF COTTAGE INDUSTRIES IN GENERATING SELF-EMPLOYMENT FOR WOMEN

The basic structural weaknesses of the economy, marginal scope of large-scale industrialization, rural electrification and also the existing social

⁸The RISP has intensively investigated about 57,000 industries in 11 thanas with 217,000 worker and 33% of the workforce with female component.

structure make our women for a few generations ahead, forced to depend on employment generated in agriculture and para-agricultural tasks around the homestead. Cottage industries offer a wide range of diversity and scope for self employment for our women.

BCSIC has identified a large number of cottage industries which are solely run by women.⁹ RISP study also identifies a number of industries where women have shown great promise.¹⁰

The following table demonstrates the poor potential of female employment in various industries.

TABLE V
FEMALE EMPLOYMENT SITUATION IN VARIOUS INDUSTRIES IN
1973 & 1980

Industry	1973	1980	Growth Rate
1. Jute Mills	1600	1093	-31.69%
2. Cotton textile including handloom	900	7000	677.78%
3. Tea Industry	49,000	48,000	-2.04%
4. Pharmaceuticals (including match and fertiliser)	520	729	40.19%
5. Engineering	100	36	-64.00%
6. Sugar Mills	350	278	-71.43%
7. Paper Mills		145	
8. Bakeries & confectionaries		326	
9. Glass factories		350	

Source : Labour office ; Ministry of Labour & Manpower Govt. of the People's Republic of Bangladesh, 1980.

The table above shows that the potential for female employment in large-scale industries has grown bleaker except in cotton textile industries. In all others it has shown a negative potential. Such a situation demands immediate identification of causes which forces women leave employment in the formal sector.

APPROPRIATE OR INAPPROPRIATE TECHNOLOGY

The entire gamut of appropriate/intermediate technology as a catchy concept has occupied a considerable amount of attention in recent econo-

⁹BCSIC has listed 54 types of cottage industries and 25 types have been of direct interest to women. Report on the Development of cottage industries, July 1977.

¹⁰Personal communication conversation with some of the study co-ordinators.

mic literature. Without undermining the appropriateness and significance the debate it may be said that the existing policy on technology by the people who are at the decision making level, is far from appropriate. Choice of technique is important in creating employment opportunity for many, most western too up-to-date, too obsolete technologies often swarm the developing countries. These countries thrust with such technologies are obliged to accept the bestowed "relief" assistance by the multinationals or our benign donors. It is all too well-known that the low elasticity of employment in the manufacturing sector and high capital intensive techniques lead to positively high elasticities of substitution of labour against capital.

BRAC's Study¹¹

A recent study by BRAC entitled "Appropriate technologies under pressure" has important revelations, of labour displacements in cotton handloom textile and post-harvest rice processing. It needs mentioning that these are the two sectors which provide maximum employment opportunities to women.

BRAC's study has also revealed that how men and women are adversely affected by the recent advent of the capital intensive weaving.

The study has attempted a comparative cost estimate of the weaving alternatives as follows.*

- | | | | | | | | | | |
|-----|-----|------|-----|--------|-----------|-----|----------------|----------|--------------|
| (a) | The | cost | per | worker | workplace | per | handloom | = | Tk. 411/— |
| (b) | " | " | " | " | " | " | " | Japanese | = Tk. 751/— |
| (c) | " | " | " | " | " | " | modern weaving | = | Tk. 2,20,000 |

This demonstrates the disadvantageous comparative position. The productivity of labour in the modern system is 10 times higher although it involves 293 times higher cost involvements. This higher productivity potential threatens to displace men and women with the handlooms who are supposed to produce 175 crore yds. of handloom cloth if and when run in full capacity. Incidentally handloom provides 8.5 jobs to men and women. Mechanisation has thus a potential for putting a million people out of work.

¹¹BRAC's study on cases of the cotton Textile Industry and post-harvest Rice processing was primarily based on field research and Barbara Harris report on post-harvest rice processing.

*BRAC, *Appropriate technologies under pressure*, Cases of Cotton Textile Industries and post harvest Rice processing.

POST-HARVEST TECHNOLOGY DISPLACING WOMEN RUTHLESSLY

There has been a positive quantified female displacement estimation made by Barbara Harris.¹²

It has been estimated that in 1977/78, 12,764,000 tons of paddy were harvested and about 77% were husked by women. Over 90% of the premilling processing like soaking, parboiling, drying are still done by rural women.

Cost differential makes mechanical milling attractive to entrepreneur and large farmers. Bari based *Dhenki* technology by an estimate provides 2.7 million rural womanyear of employment in Bangladesh.¹³

It has been found that a custom mill has a capacity to displace 300 rural females whereas the "Z" type of Shilpa Bank modern milling can displace 1000 women outright making a provision for a few skilled male hands.

There were an estimated 7600 custom mills in Bangladesh growing at the rate of 5—7% a year. Taking even a conservative estimate of 380 units additional custom mills will displace well over 100,000 women per year.

A comparative cost estimate for the alternatives is given below.

- | | |
|---|----------------|
| (a) The cost of automatic mill workplace for one skilled worker | = Tk. 2,73,000 |
| (b) The cost of custom mill workplace per one unskilled worker | = Tk. 2,24,000 |
| (c) Domestic technology (<i>Dhenki</i>) | = Tk. 125 |

Investment in expensive mills in foreign exchange, compare very unfavourably for both custom and automatic rice husking mills. It is hard to understand the logic of modernization under such a context.

RATIONALE FOR RECOMMENDING COTTAGE INDUSTRIES FOR WOMEN

It has already been said that cottage industries are most suited for employment generation for women in the Bangladesh context. The reasons are summarised below.

¹²Report of the Task force on Rice Processing and by-Product utilization in Bangladesh, Ministry of Agriculture 1977.

¹³*Ibid.*, p. 14.

(a) The existing socio-economic and religio-cultural status of women.¹⁴

Any set of prescription must be based on reality and pragmatism. Bangladesh society by and large is a tradition bound society where the existing social structure and cultural norms give rise to social expectations making the roles of women and men completely compartmentalized and segregated. Hindered by illiteracy, *purdah* social and religious 'taboos', rural women in Bangladesh is caught in a perpetual trap of social and economic vulnerability. Poverty, illiteracy lack of training and job opportunities have forced a woman to be in a lifelong cyclical dependence subjugation around the male members of the household. Her dependence from "cradle to grave" however is reinforced by patrilineal and patrilocal kinship system.

HOME IS STILL THE BASE UNIT FOR WOMEN

Due to social and cultural proscriptions, religious prohibitions, women's mobility is confined within their homestead. Whatever is the type of work or opportunity for employment she cannot and does not like to work outside her "bari". Thus conforming to & reinforcing the existing norms, she is contented with such work which does not jeopardise her familial harmony and existing social cohesion.

ABSENCE OF INSTITUTIONALIZATION OF CHILD CARE

Child care is one of the basic responsibilities of women. Children born need care and affection. Such a responsibility cannot be properly discharged if she remains outside her "bari", or homestead. Child care has not yet been institutionalized either in urban or rural areas. In the absence of a scientifically designed community child and baby care, children are less neglected in a domestic set up even when the mother is away. It has been observed that even with the active co-operation and help of the mothers/mothers-in-law, sisters/sisters-in-law, the very presence of the mothers in the household ensures greater psychological security for children. Any type of minimum community welfare system involves money and resources, so that home based industries will be most suited for our women. This takes care of the multiplicity of tasks, she can perform by remaining indoors. Moreover her working

¹⁴For detail analysis one should refer to *Social Norms Institutions and Status of women*, by Mahmuda Islam in *Situation of Women in Bangladesh* and also Huq, Jahanara in *Rural Women : Their Status vis-a-vis Development*. (Manuscript).

hours will not be limited to official timings, which she can reorganize according to her exigencies.

Small Capital

Any enterprise necessitate capital. Due to extreme poverty and dependence women in Bangladesh have not made big strides in generating capital for endeavouring in sophisticated productive enterprise. Experiences in BRAC, IRDP, Swanirvar, Grameen Bank indicate that women have extraordinary acumen in generating small capital by musti, co-operative savings and have shown extraordinary promise in repayment discipline of loans in rural banking.

Skill

Bangladesh has a rich heritage of skill and craftsmanship. Women from their ancestors have inherited extra-ordinary acumen in producing exquisite finely finished handicrafts. Women have also acquired expertise in making exquisite *Kantha*, delicate stitchwork, decorated pottery and designed delicacies like *Pithas*. The patience and perseverance, some of the inherent virtues of women, have made them suited to produce crafts suiting artistic minds, local choice and have great potential in satisfying international consumers.¹⁵

The policy imperatives are sketched as follows :

- (1) Declaring the industrial policy pinpointing the role of cottage industry in national development and the role of women.
- (2) A national scale survey of the existing skills and crafts produced by men and women. There is an extreme paucity of baseline data on handicrafts produced in various areas by women.
- (3) Provide institutional and logistic support specially to craftswomen. This should be given in 3 stages.
 - (a) *Preproduction Stage*
 - (i) Support for female entrepreneurial development

¹⁵Karika had a local sale of Tk. 23.00 lakhs in 1978/79 and in the same year exported handicrafts worth of Tk. 24.00 lakhs.

BWRWF annual sales are about Tk. 8.00 lakhs.

BHMC—a subsidiary of BSCIC had exported handicrafts worth Tk. 33.00 lakhs. Annual sales of Mothers club is about Tk. 60,000 to Tk. 70,000/-.

- (ii) Providing credit to craftswomen
- (iii) Providing materials to their homesteads.

(b) *Production Stage*

- (i) Research and design development
- (ii) Quality control
- (iii) Training in management, book-keeping and technical assistance.
- (iv) Training for craftswomen.

(c) *Post-production Stage*

- (i) Marketing : Protecting domestic markets and exploring external markets for crafts produced by women.
- (ii) Quality control.
- (iii) Avoiding middlemen in both purchase and sale.
- (iv) Pragmatic pricing so that losses may be sustained and windfalls may be avoided.
- (v) Commercial intelligence and Information.

Choice of Technology for Small Industry Employment Generation— Some Issues

by

A.H.M. HABIBUR RAHMAN*

I. TECHNOLOGY FOR THE INDUSTRY SECTOR

Technology plays a key role in promoting industrialisation. But technology and techniques in production process are required to be appropriate for the specific project itself and for the environment in which it is utilised. Indiscriminate use of technology will do more harm than good. Extremely few appropriate technologies are known to be universally applicable. Appropriate technology is most location-specific and requires considerable modification and adaptation to allow successful transfer from one milieu to another. The appropriateness of a particular technology must be analysed in terms of its compatibility to the purchasing power, market size, and factor availabilities and overall industrial policy.

The issues about the choice of technology in small industry were seriously ignored in substance while general lip service treatment of desirability was expressed in objectives and strategies in planning so far. It is necessary to identify the scope and nature of application on technology in the small industry sector (where opportunities are large) although hopes of application of appropriate technology to industrial development in general have largely been shattered.

The major problems faced by a developing country like Bangladesh are (i) how to minimise the dependence on the importation of foreign technology which are not appropriate to the factor conditions in the specific cases and (ii) how to maximise R & D resources for evolving desirable innovations (including adaptations and modifications of existing

*Dr. Rahman is Professor of the department of Finance at the University of Dacca.

technology and improving indigenous technology) relevant to the needs of application in the development environment.

The economy of Bangladesh characterised by shortage of capital and abundant supply of labour can adopt those production techniques which are easily understood by the workers and are also labour intensive. Appropriateness of technology must be judged from its contribution to productivity and absorption of additional labour. The critical issue is one of examining whether it is feasible to devise such suitable techniques for small industry.

II. TECHNOLOGY IN SMALL INDUSTRY—A BRIEF REVIEW

Creation of optimum possible employment opportunities is a major objective of the industrial strategy of the Second Five Year Plan of Bangladesh. To attain this goal development of small and rural industries have been emphasised. As against the plan target of additional employment opportunities of 5.18 million, the industry sector is expected to generate employment opportunities of .71 million. Of the total .71 million small and cottage industry sector will account for 0.21 million i.e. 30% of the total over the plan period.¹ To achieve the employment objective, deliberate promotion of appropriate technology in the productive sector was emphasised. The plan particularly suggested formulation of a well-defined technological policy, setting up of a national technology centre for development of indigenous technology and adaptation of imported technology and provision of fiscal incentives to entrepreneurs for commercialising inventions. Further, it is indicated that project-tied aid with capital-intensive technologies where efficient labour intensive alternatives are available should not be accepted.

Though emphasis is given on the development of labour intensive industries, yet appropriate technology suited to small industry has not been clearly defined in the industrial policy. Though the technological issue has been recognised in the planning documents, there is no clear cut prescription with regard to appropriate technology—whether it should be developed on the basis of existing techniques or by developing new techniques or by adopting techniques from other countries with similar experiences.

¹Second Five Year Plan of Bangladesh (1980—85), p. VI—7.

A brief review of the small industry developed through the sponsorship of promotional agencies reveals that most of the enterprises have relied largely on borrowed technology and improved equipment and modern production processes. There was no conscious effort on the part of these agencies to encourage the use of locally made machinery and indigenous processes (where possible). The possibility of producing a product, by using different levels of technology for each process has not been examined.

A review of the BSCIC's loan assistance programme to small enterprises shows that its first loan programme in local currency encouraged the use of locally produced machinery and simple production techniques. But subsequently a shift was noticed in the financial support system from a local currency loan to foreign currency loan. The dependence on foreign credit has discouraged substantially the use of local resources and local technology. This has affected adversely not only the growth of small industry but also the operational efficiency of enterprises. As a result, employment generation objective was not fully realised. The enterprises in Industrial Estates have created employment opportunities for only 9278 persons as against the target of 36275.

Findings of the survey also indicate that promotional agency has no clear-cut policy in linking promotional support with the establishment of industrial units. Majority of the entrepreneurs in the industrial estates have selected the type of machinery by themselves. The establishment of industrial units was delayed due to procedural difficulties in importing equipment. Some enterprises discontinued their operation due to lack of spares and imported inputs. Enterprises were run below capacity level due to short and untimely supply of inputs.

Proper institutional framework needed for developing appropriate technology has not yet developed in Bangladesh. Institutions engaged in innovative research have not yet substantially contributed towards the improvement and use of indigenous technology and adoption of imported technology.

III. SUGGESTIONS

In the light of the above discussion some suggestions are given which may be considered to deal with the technological issues for small industry :

1. There should be a clear-cut technological policy for small industry with special reference to use of technology and production technique.

There is a need to determine the priority areas for application of technology keeping in view the resource constraints.

2. Promotional agencies should link up their assistance programme for small industry with the use of technology and production processes. For example, if the machinery is manufactured in the country financial assistance must be linked with the production and use of that machinery.

3. A study is needed to ascertain the existing techniques used by the small industry as well as to explore the possibility of improving it.

4. Immediate survey is needed to assess the existing capacity of industrial units producing small machinery, spares, components used by the small industry as well as by the big ones. A package and assistance programme may be designed to provide adequate support including marketing to the units so that they can produce them.

5. Appropriate institutional arrangements should be devised to transfer, absorb, adopt, improve, diffuse and utilise scientific and technical knowledge and skill for the implementation of national goals and development objectives.

6. With a view to encouraging innovation, adaptation and improvement of local technologies, research and development efforts should be properly planned and given financial support.

7. Effective cooperation with international agencies both in terms of financial support and technical know-how for strengthening research and development efforts in the country is necessary. Incentives and concessions are required to be provided for small business initiative in research and development. There is need to improve the technological knowledge of promotional and financial institutions to encourage new technologies which have been discouraged so far.

8. Effective coordination should be established between technical institutions/universities and promotional agencies as well as with private entrepreneurs with a view to developing activities of R & D. Arrangement should also be made for effective diffusion of the new processes and marketing of patents and designs.

9. For rural industrialisation, a practical pattern of technology should regard the considerations that (i) machinery and design must be low-priced without impairing efficiency, (ii) introduction of mixed technology should increase the employment opportunities within a reasonable

period, (iii) machinery and equipment should be capable of operation and maintenance by the skilled and un-skilled, (iv) which pattern of mixed technology should be suitable for successful adoption in small units.

While examining the above suggestions it should be recognised that technology choices and their application in the development of small and cottage industries can hardly be completely alien to the ideas of the people. As a practical proposition the innovations must be simple enough for the people to understand and economical enough for the people to employ without confronting the hurdles of costly capital formation.

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Landlessness and the Employment Strategy in the Second Five Year Plan

by

H.I. LATIFEE

1. INTRODUCTION

One of the objectives of the Second Five Year Plan (SFYP) is to expand gainful employment beyond the growth of labour force, so that people have access to resources for their basic needs. How far this objective is compatible with the employment strategy of the plan especially for the landless is within the scope of this paper.

The paper is divided into 4 parts :

1. Definition and identification of the rural landless.
2. Analysis of the employment opportunities available for the landless.
3. Review of the employment strategy suggested for the landless in SFYP.
4. Policy conclusions.

1. DEFINITION AND IDENTIFICATION OF THE LANDLESS

1.1. In a functional sense all the rural households owning less than half an acre of land per household may be considered as landless in Bangladesh. They constitute almost 50 per cent of rural households including about 33 per cent of households owning no cultivable land. The absolutely landless (11.7 per cent of households) with no land under homestead or cultivation are also included in this. According to some estimate, percentage of the landless at present (1981) may be more than 60 in consideration of the rate of landlessness observed in 1970s.

*Rural Economics Programme, Department of Economics, University of Chittagong.

The landless are not only the landless but also are without any income generating asset. They are the poorest of the poor. They cannot meet their basic needs. Their per capita caloric intake is not only considerably lower than the recommended intake (2248) but also significantly lower than the national average (2079.69). Their real crisis lies in the lack of enough gainful employment opportunities and income for them.

2. EMPLOYMENT OPPORTUNITIES

2.1. The employment opportunities available to landless is constrained by their ownership of resources as well as by the employment opportunities in and outside agricultural sector. According to the 1977 land occupancy survey the percentage of pure tenant cultivators is only 6.48 with only 4.39 percent of the land under their cultivation. The absolutely landless and the landless with no cultivable land have no scope for self-employment in farm activities with the exception of those who rent in land either on cash or on share cropping basis for cultivation. The scope of this is again limited by the fact that they are less welcome by the landlords as tenants. The alternative left for them is wage employment in nonfarm activities or self-employment in nonfarm and noncrop activities.

2.2. For the landless who have some arable land (less than 0.50 acres) and who constitute about 30 percent of the effectively landless, the situation is not significantly different. They have some land to cultivate. They may also rent in some land. Some of them really do. But still the land they operate either as owner or owner-cum tenant is quite inadequate to provide them with enough opportunities of gainful employment round the year. So, they are also to look for wage employment or opportunities of self-employment outside crop production.

2.3. The scope for wage employment is limited by the rate of agricultural growth and that of self-employment is also constrained by their lack of access to credit and other facilities. As the rate of agricultural growth is low and the share of the landless in the institutional credit is at a minimum level the landless as a whole are suffering from both unemployment and underemployment and also from low income.

2.4. According to SFYP the employment situation in 1979-80 was in no sense better than 1974. As the employment targets of the First Five Year Plan (1973-1978) and the Two Year Plan (1978-1980) could not

be achieved the situation rather became worse in 1981. The extent of employment and underemployment in Bangladesh according to some micro studies varies from 30 to 40 per cent of the labour force. It was around 33 per cent during 1972-73.

3. EMPLOYMENT STRATEGY FOR THE LANDLESS IN SFYP

3.1 The planners being conscious of the serious problems of unemployment, underemployment and low income faced by the landless identified them as one of the 3 target groups. The other two are the women and the youth.

3.2 During the plan period there would be an addition of 3.82 million to the bench mark labour force of 28.43 million (1979-80). Out of the total labour force of 32.25 million, during the period, 27.44 million will be rural. Assuming at least 50 per cent of the rural households as landless 13.72 million of the rural labour force will be landless labourers.

In contrast to 3.82 million new entrants there is expected to be created 5.18 million new jobs during the plan period. This is of course a very ambitious estimate given the assumption of maintaining the present level of employment intensity. Most of these opportunities will be generated in agricultural sector (3.22 million) to be followed by the industrial sector with the share of handloom, small scale and cottage industries as dominant.

3.3. Agriculture employs more than 75 per cent of the country's labour force. During the plan period about 62 per cent of agricultural employment is estimated to be in crop production and 38 per cent in non-crop activities. The estimation is based on the expected expansion of irrigation coverage from 3.6 million acres to 7.2 million acres and also on the expansion of HYV wheat and rice cultivation in flood-free rain-fed areas. If the input package for such intensive production is available in time and needed quantity (!) the plan is expected to achieve its target of output and employment. However, the same in the absence of any effective and meaningful land reform is not likely.

3.4. In Bangladesh 10.47 per cent of cultivable lands is under owner cultivation, 43.48 per cent of cultivable land is under the cultivation of owner managers who cultivate their land by their own labour and the

labour hired from the landless and the land poor. The rest of the cultivable land is cultivated by the owner-cum-tenants and the pure tenants. The pure owner cultivator, owner-cum-tenants and the pure tenants mostly use their family labour. The demand for hired labour—permanent or casual, mainly come from owner manager cultivators and the cultivators with cultivated holdings, of more than 3.5 acre size. The landless are not the only supplier of this labour. The land poor and the small farmers are also there to compete with them in the labour market. This and the fact that about two thirds of total labour used in crop production come from the family labour make it clear that the employment potential for the landless in crop production is not much. With the increase in the crop intensity whether there will be increased intensity of employment will depend, among other things, upon the public policy and the small and medium farmers' choice between leisure and labour. Whether large farmers will increase their crop intensity and thereby will create more demand for hired labour will again depend upon their consideration of cost and return, the opportunity cost of their surplus capital and the public policy. Even if there is increase in the crop intensity made by all categories of farmers, the landless will only get the benefit of more employment during transplanting and harvesting period which is not long because of factors beyond the control of the cultivators. Under these circumstances there is the serious need for the generation of more gainful employment opportunities especially for the landless out side crop production.

3.5. Nearly 6 per cent of the nations' population depend on fishing and its ancillary industries directly or indirectly for their livelihood. The landless are generally engaged in catching and petty trading. The inland water system (rivers, estuaries, haors, beels) contributes 70 per cent to the nation's total fish catch and provides fishing employment to the fishing labour most of whom are landless. There is however very limited scope for more employment generation in inland open water as the area is already crowded and overfished.

3.6. It is well known that despite various attempts made and policies pursued in the past, the development of small and cottage industry remained not only stagnant but also below the 1969-70 level as far as its contribution to the GDP is concerned. It could not generate the estimated opportunities of employment during last two-plans' period. The second plan, however, proposes a new strategy for the development of this sector by bringing necessary changes in institutional arrange-

ments and also by providing incentive package to the entrepreneurs. But how far this will succeed in achieving its target of creating additional employment opportunities for 3-4 lakh persons is not beyond doubt.

3.7. There are rural works and food for works programme for the employment of the rural poor. But there as well the actual number of man days employed is reportedly less than the number reported. As these programme are for the rural poor in general, the actual number of landless employed under these programme remains to be known.

These programmes are supposedly timed to fit into the seasonal pattern of unemployment in the rural areas. But in practice they do not always correspond to the slackest season in agriculture as they are dependent on dry weather. There is also the danger of closing or slowing down these programmes any time as they are dependent upon the regular flow of foreign aid which is not always certain. Although the programmes serve a useful purpose, they have so far had only insignificant impact on the magnitude of unemployment problem of the rural landless.

3.8. The alternative is the self-employment in other non-crop and non-farm activities. But in these activities the access of the landless is again constrained by their lack of access to financial and other resources. In fact, they have very little access to processing, fisheries, manufacturing, marketing, trading, distribution, transportation and other services as sources of self employment.

4. POLICY CONCLUSIONS

4.1. For any meaningful policy of employment for the landless it is essential that the landless irrespective of sex and age be identified as a class. Any member, group or subset of this class should not be identified with the members of landholding or asset-holding class. The problems of landless men, women and youth are not the same as those of the landowning class. Their problem is the problem of survival. Hence to identify the problem of any subset of this class such as women and youth with the problem of women and youth in general who are also identified as target groups by SFYP is to do harm to the causes of employment and wellbeing of the landless as a whole. Keeping this in view the following policy packages are suggested to improve the employment and income situation of the landless who constitute more than 50 per cent of the rural households in Bangladesh. The packages centre around land and credit.

4.2. Land

4.2.1 To stop the process of unemployment and to release the landless from exploitation, low wage employment and extreme poverty, it is recommended that all the ceiling surplus lands be immediately identified, acquired and distributed among the landless. No *khas* land situated in any place of the country be distributed or leased out to any land and asset holding person or cooperative having members from the land or asset holding class.

4.2.2. The responsibility of this acquisition and distribution should not be left in the hands of the village government alone as suggested by the plan. The acquisition may be made by the joint participation of the concerned govt. officials and the officials of the village govt. But the distribution must be made only with the help of the representatives of the landless who must be landless hailing from the same locality.

Although the identification of some ceiling surplus lands may delay the process of acquisition and distribution of such lands because of controversial title rights, there is no reason to believe why the distribution of *khas* lands among the landless be delayed if the govt. decides to do so with a view to increasing the opportunities of gainful employment for them. The govt. may also promote the cause of the landless by encouraging joint farming and by reforming the existing system of land tenancy.

4.3. Credit

4.3.1. The sources of credit may broadly be divided into two : formal and informal sources. The informal sources are virtually the only sources of credit for the landless in Bangladesh. The formal sources however started advancing credit under Grameen Bank Project, IRDP landless Cooperative, FAO/GOB Small Farmers and Landless Development Project, Proshika's Small Farmers and Landless Development Project, BRAC's landless Development project etc. The experiences of these projects demonstrate that the landless can be trusted as clients. They properly utilise and repay their loans in time.

4.3.2 It is an admitted fact that the landless in general are without any skill. However, every person has a survival skill. And how that survival skill can play a miracle in raising income and employment of an individual and his/her household and help him/her in upward shifting both socially and economically irrespective of sex and age can be seen from the experiences of Grameen Bank and other projects. Hence

it is recommended that more and more credit should be advanced to the members of the landless class under suitable arrangements on the basis of the experiences of the projects in operation so that the majority of the population can find out their own ways of gainful employment.

They may not have land for cultivation but they may have other sources of activities (non-crop and non-farm) for income generation provided they have the credit at reasonable costs. They should not be discriminated. The rate of interest to be paid by them must be the lowest one as they are the poorest of the poor in the country.

UNEMPLOYMENT IN BANGLADESH AND THE SECOND FIVE YEAR PLAN

by

Md. Asaduzzaman

Research Economist, BIDS, Dacca.

That unemployment is a central economic problem faced by Bangladesh goes without saying although there is no clear statistics on the nature and extent of the problem. The incidence of unemployment is particularly higher in agriculture. The planners seem to be well aware of this as evident from the distribution of increase in capital formation envisaged in the SFYP. Capital formation during the plan period has been estimated at Tk. 51.8 lakh out of which 62 per cent will be in agriculture (38 per cent in the crop and 24 per cent non-crop sub-sectors). The estimated increase in capital formation in the crop sub-sector is expected to be realized primarily through increased HYV cultivation which would be made possible through expansion of irrigated acreage and use of chemical fertilizers. What are the chances of achieving the projected increase in HYV acreage and to what extent is it likely to contribute towards employment generation ?

Expansion in irrigation would depend critically on the availability of pumps and equipments which will have to be imported almost entirely and financed by foreign aid. This means success of the irrigation programme would depend on the benevolence of foreign governments and international political and economic situation, thus merely highly uncertain.

UNEMPLOYMENT AND PUBLIC POLICY

by

M.A. Mohaimen

Unproductive government expenditure is that major reason for mass unemployment in Bangladesh. These do not create any permanent employment opportunities. The capital intensive industrial policy now

being pursued is not appropriate for Bangladesh. We should emphasize labour intensive industrialisation. Industrial growth is hindered by increasing customs and excise duties caused by persistent increase in public expenditures. Even the ones which exist are faced with estimation. Increased taxes on raw materials substantially weakened the ability of local products to compete with imported substitutes. Thus, those who are presently employed since the danger of unemployment, not to expensive of the new entrants into the below source.

Small industrial enterprises and engineering works have been sadly affected by unjustifiable increase in power rates particularly the minimum charge requirement and irregular power supply. Power rate increased from Tk. 0.25 per unit in 1972 to Tk. 1.25 per unit presently. This is justified in terms increase in oil prices whereas 74 per cent of power generated is based on gas and water. Thus increase would not necessary simply if we could control the nontechnical system losses.

Both workers and owners are responsible for the prevailing of state industrial relation. Price instabilities have made workers violate agreements rendered in the owners. Corrupt professional labour leaders take advantage of the situation to instigate industrial conflict. The owners in the other hand do not pay a "fair wage" to workers. Labour intensive industrialisation will not be possible without improving industrial relations.

NEGLECTED CHAPTER OF SFYP

by

Fatema Zohra

The author argues that there must be a relationship between economic development and social justice. This in our country is treated as it thus the separate issues. As a result, social injustice and discriminations are always on the increase. Women have particularly suffered from this discriminatory treatment. Although the SFYP identifies women as a target group, it fails to give adequate emphasis compared to what should have been given. It does not describe very clearly to existing distribution of women labour force and also fails to specify the target level of their employment in different sectors during the SFYP period. The targets

that have been set in this connection we based on understated estimates of the size of women labour force in the country. Studies reveal that approximately 2.5 million are engaged in rural cottage industries above areas SFYP estimate of the existing level of women employment in all sectors is about the same. Thus, its employment targets for women are meaningless. The assumption it makes about nature of women employment are also far from reality.

The Second Five Year Plan (1960-65) states: while the traditional functions of the state are multiplying, the administrative system of the country is getting so much involved with the process of growth that the administrative network is no longer considered as an essential part of the development process itself. Accordingly, the issue of decentralization of the development process has moved from the periphery to the centre of the development effort. This paper is an effort to describe the experience in trying to take a group of civil servants from the periphery of administration to the centre of development efforts during the past three years and the possibility of such efforts during the Second Plan period.

The experiment is called "Own Village Development Programme". It started in January 1977. It was initiated by the Assistant Secretary of the Government of Bangladesh and is being executed in collaboration with the National Institute of Public Administration. Under this programme mid-level Government officers are allowed to go to their own villages for development work initially for one month and subsequently twice more in a year. Before they go to their villages they receive an orientation training in rural development at NIPA. After their return they organise a workshop on their own villages in the district. By now over 200 officers have participated in this programme.

The views expressed in this article are author's own. They do not reflect the opinion of the Government of Bangladesh.

Executive General, National Institute of Public Administration (NIPA), Dhaka.

The Own Village Development (OVD): An Experiment in Bottom-up Planning*

by

SHAIKH MAQSOOD ALI**

The Second Five Year Plan (1980-85) states : while the traditional regulatory functions of the state are multiplying, the administrative system of the country is getting so much involved with the process of growth that the administrative network is no more considered merely an arrangement to administer, control and monitor development but an essential input in the development process itself. Accordingly, the issue of development of Public Administration has moved from the periphery to the centre of the development effort.¹ This paper is an effort to describe briefly my personal experience in trying to take a group of civil servants from the periphery of administration to the centre of our development effort during the past three years and the potentiality of such efforts during the Second Plan period.

The experiment is called "Own Village Development Programme" (OVD). It started from January 1977. It was initiated by the Cabinet Division of the Government of Bangladesh and is being executed in collaboration with the National Institute of Public Administration. Under this programme mid-level Government servants are allowed to go to their own villages for development work initially for one month and subsequently twice more in a year. Before they go to their villages, they receive an orientation training in rural development at NIPA. After their return, they organise a workshop on their performance in the same institute. By now over 900 officers have participated in this programme

*The views given in this article are author's own. These do not represent the opinion of the Government of Bangladesh.

**Director General, National Institute of Public Administration (NIPA), Dhaka.

out of which about 266 officers have visited their villages more than once (Annexure I).

The origin of this programme may be traced back to the shift of emphasis of development from the urban to rural areas by the then Chief Martial Law Administrator. In a major policy statement on December 1, 1976 he observed that:²

- (a) in the past various problems of the people living in the rural areas had been suppressed in the name of industrial development which centred around the big towns and cities ;
- (b) time has come to adopt realistic policies for development of the country ;
- (c) the officers at the division, district and sub-divisional levels would have to work towards upliftment of the conditions of the poor villagers living in 65,000 villages of the country ;
- (d) for this purpose, masses should be organised into living forces for utilisation in the development activities of the country ;
- (e) the officers at the division, district and sub-divisional levels would now have tremendous responsibilities in guiding, organizing and leading the people in the rural areas for voluntary work in various development work and schemes.

Following the above declaration, the Cabinet Division launched the OVD Programme. A guideline for the officers participating in this programme was issued on 29 January 1977 by the Implementation Cell of the Cabinet Division. The guideline indicated that:³

- (1) Under this programme the Government servants in close association with their kith and kin may be able to motivate the villagers in participating in various rural development programme;
- (2) because of lack of education, the villagers are in general ignorant of the various Government programmes in their villages. The OVD officers may find out through discrete local enquiries what financial provisions (if any) the Government or the local bodies have made in the field of development ;
- (3) the OVD officers may particularly emphasize such development areas as adult education, attainment of self-sufficiency in food, family planning and population control and cottage industries ;
- (4) the strategy in achieving the above objectives should be based primarily on establishing rapport between the officers and the

co-villagers through formal and informal meetings and by seeking active cooperation of the local leaders.

The OVD officers were to report at NIPA for a two-day briefing session before they go to their villages. The first group of OVD officers reported at NIPA in February 1977 for orientation.

Since it was an unconventional programme for the civil servants, the orientation sessions were also organised in unconventional ways. We brought some social workers from successful villages where participatory development have been taking place and made them the instructors for our OVD officers. To our surprise, we found these social workers easily acceptable to the OVD Officers. We also found some OVD officers showing interest not only in the specified development fields outlined by the Implementation Cell of the Cabinet Division but in the mechanism of integrated development of village as a whole. Therefore, in the Workshop organised with the first batch of the OVD officers in April 1977 a set of compulsory subjects and a set of optional subjects were identified for evaluation.⁴ The compulsory subjects were selected according to the main guidelines of the Government for the participants, such as development of primary school and adult education, problems of excavation of ponds and canals, implementation of minor irrigation projects, and problems of family planning and population control. In addition, particular emphasis was paid on the problems of landless farmers and poor women in the village and on the problems of maintaining the rural development works in the village.

In the optional list, NIPA added a few new dimensions. The participants were asked to indicate (a) when they went to work in the villages, who responded first to their call, (b) how did the officers surveyed the village resources and prepare village development plan, (c) how did the officers motivate the villagers in development activities, (d) to what extent it was possible for the participants to motivate the villagers in voluntary works, (e) what type of cooperation did they get from the thana officers and Union Parishad (Local Government) members and (f) how did the officers try to forge unity among the various factional groups in their villages.

The action workers who were brought from the relatively successful villages (like Batashan Durgapur, Kuji Pookur, Moksudpur, Zoka, Bimile, Rajbari, etc.) also stressed the need for comprehensive understanding of rural development problems and multi-dimensional development

thrust with stress on institution building, so that the development activities could be continued. Therefore, we had the opportunity to exchange ideas on the problems of integrated rural development between these two groups subsequently in joint workshops.

There can be significant controversy over the achievements of OVD programme. At one extreme, there can be the opinion that most of the officers who participated in this programme did not have much commitment for Rural Development. They have been participating in this programme simply because Government wanted them to do so or have lands in rural areas/and have, therefore, taken this programme as interest or pleasure trip to their villages or as a routine kind of Government duty. Most of the reports that have been submitted by these officers, therefore, do not reflect their in-depth study of the developmental tasks in rural areas. These are mainly based on their superficial understanding of the problem of the rural development.⁵

On the other extreme, one can say that even if some officers have not participated in the programme as expected, the very fact that they had been to their villages after so many years of urban exclusiveness, can be taken as a significant achievement towards bureaucratic-exposure to the realities of life in this country. The officers who have participated in this programme now have better understanding of the problems of rural areas relative to the officers who have not participated in this or similar programme at all.

The President of Bangladesh gave an audience to these officers on 23rd March 1978. The officers presented five reports to the President.⁶ Four of these were the group reports presented by the participating officers on behalf of their respective administrative divisions—Chittagong, Dhaka, Khulna and Rajshahi. The fifth was the consolidated report prepared on behalf of all the participants.⁷ The divisional reports reconfirmed the current belief that the development thrust in Bangladesh must start from the villages. It was also pointed out that the most important thing in making such a start, is the careful identification of the various bottlenecks to development at the grassroot level and finding out to what extent local problems can be solved with the local resources. In the context of this broad observations, the divisional reports emphasized the supreme importance of increased agricultural production and family planning and population control. Next, certain specific problems of the different districts were emphasized and government help for their suggested solutions

were sought. However, it was the consolidated report for village development presented to the President by all the participating officers in the OVD programme that appeared to be of special importance.

In this consolidated report the officers were talking in terms of their continued involvement in rural development works and demanded certain steps from the Government so that this involvement could be made more effective. This appeared to be somewhat surprising. The bureaucrats are not expected to be talking in this type of languages. The participant officers in this case, were giving concrete suggestions and were demanding specific actions on the part of the Government.⁸ (a) They demanded that they should be allowed to go to their villages not once but for three times a year. (b) They recommended the establishment of a Reporting Cell in the Cabinet Division so that the various cases of irregularities and corruptions that are often found in field administration and corruptions that are often found in field administration may be reported straight to the Government by the OVD officers. (c) They claimed that the various suggestions—recommendations made in their reports to the Implementation Cell were based on their actual field experience and, as such, should be processed involving the district administration wherever possible. (d) Further they demanded that some development fund should be made available to them preferably from the Divisional Board as matching grant, i.e., if they are able to mobilise an amount of say one million taka through mobilization of local resources, then the Government should be ready to contribute an equivalent amount to this development effort. (e) Simultaneously, they wanted the Government to give preferences to their villages for input supply if they are able to organize these villages. (f) The Government was also requested to issue clear instructions to the district authorities concerned to render necessary help to them in rural development activities in their villages. (g) The officers admitted that under the existing social economic framework, it would be very difficult for them to do much for the disadvantaged groups such as the landless farmers and the poor women. Therefore, they insisted that there should be special directives from the Government to the Social Welfare, Cooperative and Local Government Departments to assist the officers in their villages in the formation of organizations for these disadvantaged groups and for the supply of necessary inputs for these organizations to be effective. (h) Finally, the officers suggested the formation of District Development Support Team with the OVD participants in each district as its nucleus.

The President assured the OVD participants of his acceptance⁹ of these suggestions/recommendations and advised the officers to keep up their citizen roles in the performance of their duties.

Indeed, the OVD programme showed that a Government servant, if he wants to, can play a dual role : he can efficiently perform his duties as a Government servant as required under the terms and conditions of his service. In addition, he can also contribute something extra to the developmental effort in this capacity of a citizen of this country. The second role seems to be rather important because developmental activities are not only difficult to understand and organize, these can sometimes put the officers in acute troubles. Therefore, the officer may need an extraordinary courage and conviction to withstand such vicissitudes in life. If he is conscious of his responsibility as a citizen of the country, in addition to his being a Government servant, he is likely to get more closely involved in rural developmental activities, if opportunities for such involvement are made available to him.¹⁰ It was observed that this had happened to a number of officers under OVD programmes.

However, it is not sufficient to be motivated to play a citizen role in the development process. This may be a necessary but not a sufficient condition. There should also be the development of realistic strategies to initiate and carry out such development programmes. Between April, 1978 to September, 1978, we organized a series of workshops with the OVD participants to consolidate these strategies so that an officer going to the village for the first time, may be told how he may try to organize the village for development work. The main recommendations that have evolved from these workshops are indicated below:¹¹

(i) The participant officers were against organizing any large-scale meeting in the village, at the outset. They suggested that it would be better for an officer to go for discussions with small groups in village tea-stalls, mosques, bazars etc., explaining the purpose of the visit of the village by the officer. There would be many people who would doubt his sincerity, but there is also likely to be a small group of followers specially among the younger generation, who might give him some support.

(ii) The officer would then be advised to start implementing some development works with the help of this small group of people around him without waiting for further communication of his programme. In selecting this development activities, he would be well advised to concen-

trate on small projects that can be implemented with relative ease, such as repair of minor roads, excavation of small canals, derelict tanks etc. The successful implementation of these small development projects would create favourable conditions for undertaking bigger development projects at a subsequent stage and would also help to establish the credibility of the participant as a social worker in the village.

This second step is, therefore, vital. If the participant-officer is really not sincere in his involvement in the development work, he would not be able to motivate others. The villagers, although mostly illiterate, are quite able to identify the true social worker from the fake ones, and as such, the participant-officer who is not really sincere, is supposed to be discarded by the villagers in the process of the test outlined above.

(iii) If the officer survives this initial test and can convince the villagers that he really means business, more people are likely to be attracted to his programme. Groups of people from other parts of his village are likely to come to him with request to start such minor development projects in their areas too with necessary local participation. In this way knowledge of his activities can spread in the village.

(iv) When the programme has been sufficiently advertised in this way, the officer may try to organize a general meeting of the villagers to explain his objectives in greater details. This general meeting should be held only at night preferably after evening prayer in such critical places like the marketing centre, school premises or the mosque. These meetings may sometimes be made more enjoyable through cultural programmes. In these meetings efforts may be made to involve the local union parishad members, and the known social workers. If sufficient number of people are involved, a decision can be taken to survey the village (by organizing the youth groups) so that the village problems can be correctly identified. Simultaneously, some steps can be taken to organize different functional committees like justice committees, cultural committees, health committees etc. Similarly, some interested associations such as, the youth, the women, the landless farmers etc, may also be organized.

(v) Once the village resources are surveyed and the main problems of development of the village have been identified, the critical question would be : to what extent these problems can be solved through the utilization of local resources ? It was found that these problems could be divided into three broad categories :

- (a) Some of these problems could be solved through local initiative and use of local resources like repair of minor roads, clearance of water-hyacinth from small ponds, construction of minor irrigation channels etc. ;
- (b) there would be some problems that would require the financial and other help from the local administration such as, the excavation of bigger tanks and canals, construction of bigger bridges and roads etc. ;
- (c) then there would be some other projects which must be undertaken and implemented mainly by the Government, such as, the supply of electricity, construction of sluice gates, dredging of rivers etc.

The OVD participant may not get adequate support from either the union parishad or the thana administration at the initial stage for a number of reasons. The Union Parishad members have their own ideas on rural development and in many cases, these may not coincide with the thinking and/or the strategies of the OVD officer. Likewise, the various thana officers have their own development programmes and they may not be very much interested in what the OVD officer is trying to do in his own way in the village. The OVD officers may also suspect that the Union Parishad members are engaged in corruption or irregularities with development funds or conversely, the Union Parishad members may suspect that the OVD officer has come to the village to get some benefit from local administration for himself or for his relatives.¹²

The officers were, however, divided in their opinions on whether they needed extra developmental funds under their own control for formulating and implementing new development projects. One group insisted on the need for such funds. They pointed out that even for routine works done through mobilization of voluntary labour, some funds were needed for incidental expenses. It was very difficult to meet these expenses, as they were not even allowed to draw daily allowances for their stay in the village. (They were allowed only the travelling allowances). They felt if they could have some funds they could undertake relatively bigger projects in hand. Since these projects would be formulated and implemented through local initiative and resources, the capital output ratio would be rather low. On the other hand, there was another group of officers who felt that they should not handle any cash as it might give other people the scope to doubt their sincerity and or accuse them of misusing these funds. The compromise formulae that was finally worked

out provided that all extra funds to be made available for development in these villages, should be handled by the local Union Parishad only, and the officers should work through these Union Parishad for effective utilization of these development funds.¹³

In the workshops in the early 1979 some of the OVD officers became interested on the question of determining the training needs for integrated rural development both for the OVD officers and for others with whom they were supposed to work. The training needs were identified¹⁴ by them in their workshops in terms of (1) the relevant areas of training. Here emphasis was given on agriculture, pisciculture, and poultry ; family planning, education, health and sanitation, cooperative system, cottage industry and vocational training ; (2) training for functional groups such as farmers, landless farmers and labourers, women, youth and other interest groups, village leaders and concerned thana officers ; (3) socio-economic problems such as acute scarcity of water and irrigation facilities ; improper distribution of inputs particularly loans, village prejudices and conservatism, corruption and conflicts among the rural elites, communication gap between the officers and the people ; (4) increasing effectiveness of the training arrangement at the Thana Training and Development Centre (TTDC) where the OVD officers found acute shortage of skilled trainers, lack of proper training programmes ; improper selection of trainees and widespread ignorance of the effectiveness of training as a development input among the people ; (5) specialised training in rural leadership with emphasis on management development, human relation, motivation and communication techniques and finally (6) special Training for Trainers (TOT) programme for the OVD officers.

Because of the attitudinal change in some of the OVD officers, we decided to bring some of the selected Swanirvar workers¹⁵ and some of our OVD officers together in a workshop and discuss the problems of administrative changes that might be appropriate for the type of integrated development in which these two groups were showing interest. This workshop was organised at NIPA during the third week of June 1979. The main recommendations made jointly by the OVD officers and the Swanirvar workers for administrative reforms for bottom-up planning in Bangladesh were as follows:¹⁶

- (1) In every village there has to be only one organisation. This organisation may be called Gram Sarkar/Gram Parishad ;
- (2) the Gram Sarkar/Parishad should consist of 11 members and one Head, to be elected from five interest groups—the youth,

the women, the farmers, the landless and the poor and other interest groups ;

- (3) each village may be divided into 9 wards instead of 3 in existence so that one member may represent one ward (the remaining two could be reserved for Women) ;
 - (4) the area of the Union Parishad may be reorganised according to their population, size and geographical locations ;
 - (5) the Union Parishad may act as the main coordinating organisation between the Gram Sarkar/Parishad and the Thana administration. The Union Parishad chairmen may perform this leadership and coordinating role. They have to be specially trained for this purpose ;
 - (6) development activities may be accelerated by converting the sub-divisions into districts and abolishing the divisions as redundant ;
 - (7) at the thana and the District levels, development activities may be coordinated by directly elected peoples representatives. The Government officers and the non-governmental agencies engaged in development in the area should be made accountable to these elected development coordinators ;
 - (8) the Gram Sarkar/Parishad should be made the sole agency for implementing development projects. All other project committees would have to be abolished ;
 - (9) the Swanirvar movement would have to be fully recognised and appropriate steps need to be taken to promote widespread Swanirvar activities;¹⁷
 - (10) the Union Parishads should take initiative to set up branches of Commercial Banks (to be known as Mini-Bank) in every Union and link the villages with these Mini-Banks through mobile banking units of these Commercial Banks ;
- These Mini-Banks should make loans available to the poor farmers on easy terms.

Although the OVD officers and the Swanirvar workers made similar recommendations on administrative changes necessary for rural development, there were marked differences in their attitude to problem solving and in their work styles. The OVD-officers, by and large, were found to be inclined to solve the problems in the rural areas through bureaucratic means. As an agent of change, they felt their effectiveness limited beca-

use they did not have any 'authority' to solve administrative bottlenecks in rural areas and therefore, they pleaded in many workshop to examine the case of giving them some authority while going to their villages. As has been pointed out earlier, some of them also wanted some development funds so that they could undertake projects which they considered more useful in the rural areas in consultation with the local people.

On the other hand, the Swanirvar workers knew very well that there was no possibility of their getting any 'authority or power' for solving bottlenecks in development in rural areas. So they developed two main strategies to meet the situation.¹⁸ Their first strategy was to work everywhere selflessly for the success of their mission but not to take the credit of this success. They preferred to give the credit of their work to the local elites. In this way they could win the opposition of the local elites, if any to their work and strengthen their support for more development works in the area. The second strategy was to try to find out the solutions to the bottlenecks to development in the same ways as a river finds its own course to the sea even though it might be obstructed in many places on the way. These strategies were brought before the OVD officers. They were also reminded that they were going to their villages not as officers but as social workers and that they should, therefore, concentrate on their citizen role as was told to them by the President¹⁹ at Bangabhaban in March, 1978.

By end 1979, the total number of officers participating in this programme rose to about 700. By then the Government had launched its massive programme for excavation/re-excavation of major irrigation canals through voluntary participation of the masses all over the country.²⁰ The Cabinet Division also devised a special programme for sending all the 700 mid-level officials who have already been trained in the rural development work under the 'Own Village Development Programme to their respective project areas in batches'. In a workshop in mid-1980, the OVD officers participating in this programme evaluated it as follows:²¹

- (1) It is a good programme. Excavation and re-excavation of canals can help the increase in agricultural production. It can also utilize the vast reservoir of manpower in the country, if properly organised ;
- (2) For effective organisation of the programme the following suggestions were made :
 - (a) the project should be selected with due care with special reference to (i) its acceptance by the local people ; (ii) the

- local availability of labour ; (iii) availability of local leadership ; (iv) the assurance of cooperation among conflicting local groups ; and (v) availability of adequate technical knowledge for preparing and executing it ;
- (b) in preparing the project a system of compensation has to be agreed upon for those who are supposed to be adversely affected by the project ;
 - (c) because of the insistence on voluntary supply of the project, it becomes very difficult to work out a schedule of work for the project and stick to it. This difficulty notwithstanding, it is necessary to identify clearly the performance schedule of the different groups of people over given time period ;
 - (d) the quality of the spades, baskets to be supplied should be of reasonable standard and be sufficient to utilize the mobilized labour for the project ;
 - (e) there has to be group supervisors to ensure the completion of the work as per schedule and its maintenance after its completion ;
 - (f) there has to be adequate cooperation among the local administration, local government institutions, the project committee and the local people ;
 - (g) the poor and the destitute should not be forced to give voluntary labour. Adequate provision should be made in the project to pay them living wages for their work ;
 - (h) there has to be a coordinated inter-departmental programme for such auxillary works, in an around the canal, as tree plantation, pisciculture, supply of required number of power pumps, construction of sluice gates, building reservoir of water for the winter season and regular provision of maintenance of the canal including its re-excavation where necessary ;
 - (i) the project should provide for special programmes that would benefit the landless ;
 - (j) there should be a built-in provision for continuous evaluation of the project.

The officers presented cases of both success and failures in the workshop. Among the reasons identified for cases of failures were (i) inadequate

quate consultation of the district administration with the local leaders and the local people on the selection of the project ; (ii) resistance of the landowners to give land needed for the projects ; (iii) insufficient availability of labour on voluntary basis as stipulated in the project ; (iv) lower quality and insufficient quantity of spades and baskets ; (v) lack of appropriate supervision and absence of work schedule ; (vi) unaccountability of the project committee to the local people ; (vii) lack of coordination between local administration and the local government institutions ; (viii) lack of technical knowledge in both preparation and implementation of the project, etc. However, the officers on the whole supported their mobilization for the canal digging programme.

After the canal digging programme, the Government launched its mass literacy programme in the rural areas.²² As in the case of canal digging, it was also decided to induce the OVD officers to participate in the mass literacy programme. In a workshop at NIPA in early December 1980, the OVD officers found the main problems of the mass literacy programme in the rural areas to be as follows.²³

- (a) inadequate support for the programme in the rural areas ;
- (b) inadequate environmental conditions for undertaking such a programme ;
- (c) inadequate managerial competence to implement the programme ;
- (d) insufficient availability of persons who can work sincerely and on permanent basis in the programme ;
- (e) lack of desire among the poor people to remove illiteracy ; and
- (f) inadequate incentive for social workers to work in the Project.

The OVD officers identified illiteracy as the greatest curse in human life. They also insisted that the main cause of illiteracy in Bangladesh was acute poverty of the people. Only a small fraction of the population is solvent enough to send their children to schools. Among the older generation, the OVD officers observed greater willingness for adult education mostly among those who were illiterate but were relatively well-off and were 'moving in the higher society'. The willingness to get education was found to be minimum among those who were 'gradually withering away on account of poverty'.

To come out of this hopeless situation, the OVD officers suggested that (a) the 'educated section' in the village should assume the main responsibility to implement the programme ; (b) both the educated and

the illiterate groups, therefore, had to be properly organised for this purpose ; (c) the present lethargy of the officers of the Education Department in carrying out this programme as vigorously as needed, has to be removed.

The OVD officers are now given a detail questionnaire on their own performance in this field. It is encouraging to note that they have willingly accepted the responsibility of removing the curse of illiteracy from their respective villages.

With the beginning of 1981, a more comprehensive questionnaire has been framed for a more systematic development of the villages of the OVD officers. It was also found necessary to gradually investigate into the social background of these OVD officers and find out to what extent their own interest can be made to coincide with social interest. This investigation was made for 24 officers for the first time in a workshop at NIPA on 17-18 March, 1981. It was found that out of this 24 officers, 9 went to their villages in 1981 for the first time under OVD programme ; another 9 officers had participated in this programme in 1980 as well ; 4 officers had participated in this programme in 1978 and 1 participated in 1977. The remaining gentleman goes to his village almost regularly every month.

Secondly, it was found that out of 24 officers, 18 had their parents living in the village ; 1 had his grandfather and another had his uncle living in the village. Only 3 had the members of their own family living in the villages.

The officers also revealed that out of 24, as many as 14 of them were members of joint families.

Out of 24 officers, 11 had inherited landed properties from their parents. 10 officers said that they own land only as members of joint families. 1 officer said that he did not possess any land in the village. Another did not reply.

Thirteen officers claimed that it was possible for them to have increased the output of their land while working in their villages, 8 officers did not succeed in this effort ; 1 did not try, another did not reply.

Fourteen officers claimed that they were not related to any member of Gram Sarkar or the Union Parishad. 11 officers had some relatives among these local government representatives, 1 officer did not reply. 11 officers claimed that in village development work it is advantageous

to have relatives among the local government institutions. 13 officers claimed that the ability to get cooperation for rural development mainly depends on the sincerity and neutrality of the officers in the field of rural development.

Twelve officers claimed that their contribution to the development of their villages had been substantial, 4 officers claimed that it had been moderate and 2 said that their contribution was only marginal.

It is difficult to say to what extent these 24 officers can be taken as representative of a population of over 900 officers. However, it is likely that a significant number of OVD officers have some land and family connections in the village and this might be one of the reasons of their taking interest in this programme. This situation is not unexpected in Bangladesh because most members of the urban middleclass have their properties and relatives in rural areas. The mid-level government officers are members of this urban middleclass. If the present social structure cannot be changed in the short run, it is quite likely that these officers would try to improve the productivity of their own land while working in their own villages. Within this socio-economic constraint the latest strategies that have been developed through the latest workshops for utilising the OVD officers as catalyst for rural development may be seen as follows :

- (1) the OVD officers would be specially trained in the use of indigenous technology, particularly in the use of bamboo pumps tubewells like the Deb-Pump/tubewell (discovered by Narendra Chandra Deva of Ulipur) ; the Twin Pump/tubewell (developed by Abdul Hadi), the Diaphragm Pump/tubewell, etc. If the OVD officers can sink these pumps/tubewells in their own lands or in the lands of their relatives and friends in their villages, the techniques of expanding irrigated cultivation at comparatively cheaper price, might be spread more rapidly ;
- (2) the OVD officers are being introduced to the recent programme of the Commercial Banks for financing rural development by making credit available to poorer section of the community through their own organisations sometimes even without collaterals. The Sonali Bank alone has a programme of opening such mini-branches (Krishi Shakha) in about 945 unions spread over 275 thanas during 1980-83. The OVD officers are being acquainted with this programme and are being trained to organise

- the poor and the landless so that they may be able to get loan from these banks even without collaterals if necessary ;
- (3) as has been mentioned earlier, the OVD officers had identified the training needs for integrated rural development in their own villages through a series of workshops at NIPA. Efforts are now being made to give the OVD officers some kind of TOT (training for trainers) orientation so that, on their turn, they may train the social workers in rural areas²⁷ ;
 - (4) after the establishment of Gram Sarkar²⁸ in all villages of Bangladesh, more attention is being paid to the formulation of a one or two year village plan. The Academy for Rural Development at Comilla is training a number of Thana officers and the concerned representatives of the local government institutions in the techniques of consolidating the villages and the union plans prepared by the local government institutions at the thana level. Those OVD officers who have already surveyed their villages may be able to help the formulation of villages and union development plans in more systematic ways ;
 - (5) the OVD officers can help the linkage of the Gram Sarkar with the Union Parishad and the thana administration. If the Reporting Cell established in the Cabinet Division can be vitalised, the OVD officers can also bring their difficulties in this respect to the notice of the Government²⁹ ; Finally,
 - (6) Finally it may be possible to organise the OVD officers on the basis of their districts. The permission to form some kind of District Support Team with the OVD officers as the nucleus, had already been proposed to the President in the meeting of the OVD officers at Bangabhaban in March 1978. Very recently, the Government has turned its attention to the consolidation of the village plan at the Union, Thana and finally at the district level. In the district of Tangail, some exercise in such plan has already been made. The Deputy Commissioner, Jessore has been showing considerable interest in such bottom up plan. In such places the OVD officers of the concerned district may be able to help the effort with their experience.

The OVD experiment has not yet been systematically organised. We have been helping this programme, in addition to our regular training responsibilities which had increased by over six times during the

last five years. In the Cabinet Division, only one Deputy Secretary is coordinating their programme with his meagre resources and, therefore, the hundreds of reports that have been submitted by the OVD officers at the Reporting Cell of the Cabinet Division over 1977-81 are only a accumulating dust. Because of the shortage of resources, both personnel and financial, it has not been possible for us or the Cabinet Division to organise an outside evaluation of the programme. It is also true that some OVD officers still have very low level of commitment to rural development and some of them have primarily participated in the programme more for their own benefit than for the benefit of others. Given these constraints, the OVD programme may gradually die out as another useless experiment. On the other hand, if the Second Five Year Plan really goes for integrated bottom-up planning, then the OVD programme may be made available as a lively experiment in this field within the existing socio-economic structure. Hoping for the best we have (1) developed in integrated training module based on our experience with the OVD officers and other Social works for future rural development ; (2) developed a module for district decentralised planning for training the officers in consolidating the village plans at the district level through the thana plans and integrating it with the decentralised macro plan ; (3) made a number of specific recommendations to the Planning Commissions for promoting such integrative plan during the Second Plan period through our report³⁰ on the 'Study on Decentralisation and People's Participation at all Administrative Levels in Bangladesh' recently submitted to the Ministry of planning through the Establishment Division.

ANNEXURES**OWN VILLAGE DEVELOPMENT (OVD) PROGRAMME FROM
FEBRUARY, 1977 to MARCH, 1981**

1. Briefing Sessions (31)	No. of participants
a) OVD—Rural development	708
b) OVD—Canal digging	450
c) OVD—Mass literacy	108
Total :	1266
2. Workshops (10)	No. of participants
a) OVD—Rural development	245
b) OVD—Canal digging	140
c) OVD—Mass literacy	215
Total :	600
3. District-wise break up of OVD Participants	
1. Rangpur	18
2. Dinajpur	23
3. Bogra	15
4. Pabna	40
5. Rajshahi	48
6. Tangail	38
7. Jamalpur	04
8. Dhaka	112
9. Mymensingh	46
10. Faridpur	53
11. Barisal	72
12. Kushtia	22
13. Khulna	23
14. Jessore	27
15. Patuakhali	15
16. Comilla	156
17. Noakhali	101
18. Chittagong	47
19. Sylhet	40
Total :	900
4. No. of OVD participants who visited their villages more than once is about 266.	

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 - (c) Participation of government officials in OVD programme CD/DA/1(II)78/207/450 dt. 28 April 1978 (for organizing special programmes for the landless and the poor).
 - (d) Participation of government officials in OVD programme CD/DA/1(II)78/205/450 dt. 28 April, 1978 (for obtaining help for OVD officers from local administration).

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Population Problems and Population Control in Bangladesh : Some Observations

by

M. R. KHAN*

I. THE PROBLEM

The intercensal growth rate of Bangladesh Population increased from an average of 0.75% during 1901-51 to 1.9% during 1951-61 and 2.6% during 1961-74. According to the Second Five Year Plan, the current population size of about 93 million will increase in the year 2000 to 117 million if NRR of 1 is attained by the year 1990, 129 million if NRR of 1 is attained by year 2000 and 134 million if NRR of 1 is attained beyond 2000. Bangladesh population is characterized by high and relatively constant birth rate, declining but still high mortality rate, and very high infant and child mortality rate.¹

Proximate causes of high fertility are (a) universality of marriage, (b) low age at marriage, (c) low acceptance rate of family planning and (d) very small proportion of users of menstrual regulation device. Prolonged lactation and postpartum amenorrhoea in conjunction with distressed economic condition of the people depress fertility. With modernization and improvement in nutritional level, other things remaining same, the fertility will tend to rise.

High and increasing dependence on foreign aid, near stagnated economy, high un- and underemployment and illiteracy dominate socio-

*Dr. Khan is a Senior Research Demographer at the Bangladesh Institute of Development Studies, Adamjee Court, Motijheel Commercial Area, Dacca-2.

¹Infant Mortality Rate is about 140 per thousand live birth; about 38% of all deaths occur in the first year of life and about 56% of all deaths occur within the first five years of life.

economic scene. Not only the average size of land and other resources per household is low, their distribution between the socioeconomic classes is highly unequitable.² A dependent patron-client relationship in rural Bangladesh manifests itself in widespread poverty and malnutrition. With the increase of population, the socioeconomic maladies are further to aggravate.

II. THE REPLACEMENT LEVEL OF FERTILITY AND POSSIBLE GAINS FROM IT

Given the circumstances as enumerated above, it is natural for the national government to embark on policies aimed at substantially reducing the fertility within the shortest possible time. Looking from macro level considerations aimed at alleviating the level of living of the people, there is no option than pursuing policies designed to curbing the high fertility of population at the earliest possible time. The Second Five Year Plan aims at attaining replacement level of fertility by the year 1990. The demographic goal is to be achieved through the involvement of multisectoral agencies under an integrated health and family planning system.

Economic advantages in reducing the fertility have been demonstrated in several studies [1-12]. It may be worth mentioning some of the results of such studies without going into the details of methodology. One of the criteria in ascertaining the viability of a project and assigning priority among the projects is to calculate cost-benefit ratios under certain assumptions. Several studies indicate that the cost benefit ratios of the family planning programmes of various countries range between 1:10 and 1:30; for Bangladesh it is estimated to be 1:16 [1, 8]. There is still another approach in ascertaining the economic benefits of fertility decline. This is through macro-economic models showing interaction of fertility trends with some of key economic indicators such as consumption, savings, per capita income, etc. in some years under certain assumed alternative paths of fertility decline. It has been shown in several of such studies that fertility reduction of around 50% of its initial level attained in 25 years in a high fertility country, amounts to

²According to Rural Studies Project, BIDS, about 30% of the households in rural areas have no agricultural land. The bottom 50% of the households own about 5% of the agricultural land and the top 5% of the households own about 32% of the agricultural land.

a gain in per capita income of around 3-5% in ten years of initial fertility decline, 15-25% in twenty years, 25-50% in thirty years, around 100% in sixty years and 500% in 150 years, indicating that fertility is an important development variable and that the advantage of fertility reduction is cumulative and assumes overwhelming dimensions as the period from the initial fertility decline widens [6,7,9]. The gain from a reduction of fertility of around 50% in 25 years, in terms of per capita income and hence in attaining overall economic development, is thus substantial in the short period of say 15-20 years, remarkable in the medium period of say 65-70 years and overwhelming in the long period of 75 years and over.

If we are modest in ambitions and assume that replacement level of fertility will be attained by the end of this century, the advantage that is likely to accrue to the economy of Bangladesh, would be even more in magnitude than indicated above, because attaining replacement level of fertility by the year 2000 implies that the current fertility of Bangladesh will need to be reduced more drastically, i. e., by 67% in 20 years, instead of only 50% within a somewhat longer period required in the studies cited above. Implicit in the model is that, the higher is the intensity of fertility reduction and shorter the period required to achieve the fertility decline, the higher will be the expected benefit in terms of gains in per capita income or benefits measured by some other indicators of economic development.

It has been held by many demographers, social scientists and public leaders, especially those of the United States, that there should not be any quarrel about the desirability of a stationary population for the USA, for specific countries and for the world as a whole [12]. It is easy to see that any infinitesimal growth of a population will ultimately lead, in the long run, to a huge increase in the number of human population.

Those who advocate for an ultimate stationary state of population, do so, it may be pointed out not particularly for their own sake but for their concern for the future generations, as we have seen that advantage from reduced fertility is not so great for the current generation as it is for the future generations. If the present generation of the Bangladeshis have any concern for the welfare of their offspring—the future generation—they will certainly feel the urgency of limiting their procreation to a bare minimal level. The longer an ap-

appropriate action toward that direction will be delayed or postponed, the more difficult will it be to help solve socioeconomic misery of the people of our own generation and providing for a better prospects for our future generations.

There can, however, be basic contradiction between what is nationally (from macro level consideration) desirable and what is desirable from the point of view of the individual household. The agricultural households with traditional or HYV cultivation may find it advantageous to have a larger family size. Households with small agricultural land holdings may also find it advantageous to have larger number of children for the sake of diversification of employment opportunities among its family members. Even the destitute and the poor, without any land, may not be constrained to have a large family as the cost of upbringing children of such families is minimal, while benefits derived from the children could be substantial. It may not be easy to reconcile the opposing interests of the national and many of the households, especially when, as in Bangladesh, the people are mostly poor, illiterate and dependent on nature and on patrons and thus have adopted a policy of accommodation to his socio-physical conditions, without any ability or will to influence his own destiny and concern for the welfare of his progeny. An individual takes decision to maximize his individual gains, without giving due consideration to the spill-over effects of the negative externalities of his own decision. It is thus possible that individual decisions taken by individual member of a community suit his individual interests best, but the negative externalities of such decisions on other members of the community and of the nation nullify individual gains and keep every body in the society—considering all members together—stand still, if not making them worse off.

III. POPULATION POLICIES AND PROGRAMMES

Population policies and programmes would be directed (1) to improve supply of family planning services and (2) to improve effective demand for family planning, commensurate with the attainment of demographic goal. These objectives can be attained through:

1. Improvement in the administrative and organisational system which has two components:

(i) **Horizontal Improvement.** Major issues which are considered for adaptation and incorporation into the system are integrated health

and family planning programme, multisectoral population programme, use of voluntary organizations, special programmes designed for the benefit of specific group or the entire community, community based distribution, commercial distribution of contraceptives, use of special groups and local institutions, and community reorganization (mobilization of the entire community to practise small family norm).

(ii) **Vertical Improvement.** Measures designed for improving the efficiency of the system from the top management down the organizational hierarchy, including advisory services, ultimately to the users of the service. Major issues are staff recruitment, their training, supervision, control, job description, provision for promotion, rewards and punishment and their overall job satisfaction; use of advisory services; provision of supplies, materials and equipment; delegation of authority, centralization and decentralization; top down and bottom up planning; and management information system for monitoring, evaluation and feedback.

2. Provision of a full array of available methods—the cafeteria approach, and

3. Provision of informational, educational and motivational services (efforts to change basic attitudes and norms towards family size). Such a provision involves the use of audiovisual aid, including posters, leaflets, charts, and diagrams; motivational kit, population education, face to face communication, incentive/disincentive to the clients (without undue pressures), folk talent group performance, commitment of national and local level leaders, and pressures and sanctions from peer groups.

IV. NEED FOR IMPROVEMENT IN THE MANAGEMENT AND OPERATION OF THE EXISTING SYSTEM

With respect to administrative and organisational matters of the Ministry of Health and Population Control, a large room exists for their improvement. For example,

(a) Multisectoral population programme consisting of independent projects mostly remain uncoordinated. Effective system for monitoring and implementation of such projects has not yet been developed. The coordination committees have largely been ineffective.

(b) Even though the performance of the voluntary organisations has been generally good all through, no attempt has been made to capi-

talize on the experience gained and expertise developed by these agencies. Instead of extending helping hands to these agencies, many of them have often been put to unnecessary harassments.

(c) Some communities and swanirvar villages, through reorganising the community, have attained remarkable successes with respect to family planning acceptance and attainment of zero population growth rate. These communities have demonstrated their organisational capabilities for mobilizing the entire community, and imposing sanctions on any one violating the community decision. Reorganisation of communities on this line can achieve the desired objective and under this system the negative externalities of undue fertility can be minimised. The system should be carefully studied with the aim of its replication nationwide.

(d) With the aim of attaining improvement vertically in the organizational structure of the current system and for qualitative improvement in programme content and coverage, the planning process need to be effectively decentralized, and the current practice of centrally developed top down programmes need be replaced by topdown and bottomup planning process with involvement and participation of the people and the grass root and higher level planning agencies.

(e) **Integration.** To achieve integration of Population Control and Family Planning (FCFP) and Health services, at the top level, two secretaries previously responsible for two divisions have been dispensed with in favour of one secretary responsible for both FCFP and Health. Similarly all PCFP and health activities at the thana level and below have been integrated with Thana Health Administrator (THA) now called as Thana Health and Family Planning Administrator (TH&FPA) as the head of the integrated programme at the thana level. The integration at thana level has been done without any field trial and by violating many of the basic principles of good management. As a result the integration has been resented by both the health and family planning personnel, but more so by the family planning personnel. No attempt has as yet been made to resolve the problem and consequently, after integration, both the quality and quantity of family planning services have deteriorated in most places. Among the major anomalies the following may be mentioned :

(i) Drawing and disbursement authority of the thana level staff have now been placed on three officials of the thana. For all practical purposes, the supporting staff are accountable to the officer with drawing and disbursement authority for them. As a result, instead of

one integrated system, three parallel organisations are now in operation at the thana. The officials with drawing and disbursement authority are (a) Thana Family Planning Officer (TFPO) for the family planning staff other than the clinical staff (b) Medical Officer (MO) for the clinical staff of the family planning (c) THA for the health staff. It appears that no integration is possible at the thana level unless the drawing and disbursement authority is vested on one single hand.

(ii) The generalist from the family planning side have been assigned the responsibility of supervising the clinical and technical people from the health side, and vice versa.³

(iii) While TA/DA are allowed to family planning workers, such facilities are not allowed to health workers.

(iv) The 'round system' of visits of the health workers, on the basis of households in a *mauja* and the 'monthly system' of visits of family planning workers on the basis of couples living in wards/villages have not been reconciled.

(v) The District Family Planning Officer (Deputy Director, Family Planning ; District Office) has no authority over the TH&FPA on whose active support and cooperation the success of integration at the thana level depends.

(vi) Though the general notification of integration has been served to TH&FPA and TH&FPO, no intimation has been sent to individual field level workers indicating the change of their designation, new method of supervision and recast job description.

(vii) Under the integration, Sub-divisional Family Officer has been relegated to insignificance with practically all powers withdrawn from him, without making provision of his alternative assignment.

³For example the Government Health Assistants (GHA) and Family Welfare Workers (FWW) both drawn from the health side, along with Family Welfare Assistants (FWA) from the family planning side are supposed to be supervised by the Assistant Health and Family Planning Inspector or AH&FPI drawn mostly from the old FPA, and some from old Assistant Health Inspector or AHI and old Assistant Sanitary Inspector or ASI. AH&FPI are placed under the supervision of H&FPIs all drawn from the health side (from the old Health Inspector or HI and Sanitary Inspector or SI). H&FPIs all from the health side, are supposed to be supervised by Thana Health and Family Planning Officers all drawn from the family planning side (from the old cadre of Thana Family Planning Officer or TFPO). All TH&FPOs in turn are supervised by Thana Health and Family Planning Administrator or TH&FPA, all of whom are physicians drawn from the health side (old Thana Health Administrator or THA).

(viii) While the family planning field staff (FPA, FWA, Dai) have been attached to the Gram Sarkar pradhan in that a certificate of performance is to be obtained by these workers from him, the counter-part field staff from the health side (AHI, GHA, FWW) have not been similarly attached to Gram Sarkar. Even where the system of attaching the field workers with the Gram Sarkar has been introduced, it is reported that, in many such instances, the criteria for giving certificate of good performance by the Gram Sarkar pradhans depends on his personal relationship with the worker and not on the satisfactory performance of the job by the worker.

In other words, with respect of integration at thana level, as it is now, the field level workers of the two departments of health and family planning are carrying on their activities, independent of each other, as before, with the exception that many of these workers are now suffering from frustration because of anomalies the proposed integration have created. In many instances the GHAs and TWWs are openly challenging the authority of AH&FPIs, the HIs and SIs are openly by passing the TH&FPO and MOs are non-cooperating with the TH&FPA.

Administrative anomalies in the line of command, problem of dual and multiple supervision, differential treatments between functionaries of the same cadre, provision of supervision of the technical hands in medical and clinical matters by the generalists and the vice versa, and the lack of seriousness on the part of the top management to redress the anomalies appear to be major problems of integration. Some of the problems of the integration at the field level could have been redressed through training and retraining of all thana level functionaries and removing of the existing anomalies between the workers of the same level. But how can the problem of dual and multiple supervision, which is inherent in the system, be overcome? As of now there is positive distrust and non-cooperation between the staff drawn from two different lines of health and family planning. It is indeed a difficult proposition to integrate two different organisations which have functioned independently for a long period. But was it at all necessary to integrate as has been done? The answer appears to be "no".

(f) **Contraceptive Mix** : The Bangladesh family planning programme places heavy emphasis on the terminal method of tubal ligation and vasectomy. Relative to tubal ligation, the demand for vasectomy is,

however, very low. The tubal ligation cases are mostly drawn from the illiterate and the landless and marginal farmers, and unlike the experience of other countries, most of these clients are the first time users of family planning. It is conceded by the administrators of the tubal ligation cases that over 50% of the clients for tubal ligation come for the financial incentive attached to the system.⁴ With the recent increase of financial incentive for each tubal ligation, one is afraid that there will be more of persuasion and arm twisting, and more of wrong cases seeking for operation to be performed on, which may be counterproductive and detrimental to the programme in the long run. With high infant and child mortality prevailing in the country, women with three or less children may be discouraged to adopt terminal method. Such women may be advised to use other methods, especially IUD, which is cheap and easy to use if the right size is inserted and follow up care ensured. The use of IUDs with adequate follow up care should also in general be encouraged.

In case of oral pills, there is not enough option of brands for a client to choose from, and a particular brand of pill is administered without caring for its suitability to the individual client and its side effects. The advisory service with respect to selection of a pill or other method is poor and inadequate.

As of now the performance of family planning activity is low, even though, huge investment has been and is being made in this sector. The demand for family planning in general is low because users' need, including referral and follow up care, and not adequately reflected in the service delivery system.

V. SUMMARY AND CONCLUSION

Bangladesh population is characterized by high fertility, high infant mortality, moderately high crude death rate and very low rate of education, a vast proportion of which is constantly striving for survival. Viewed from macro level considerations, the present density of popu-

⁴In addition to provision of a saree, the financial incentive to each client has recently been increased from Tk. 83.00 to Tk. 108.00 per ligation performed. A referral fee which is paid to Dais and other field level workers has been increased from Tk. 5.00 to Tk. 10.00 Per case. The fee for the operating surgeon has been increased from Tk. 16.00 to Tk. 18.00 per operation. The fee for clinical supporting staff (OT Assistant, FWV, Midwife, Aya and Sweeper) has remained unchanged at Tk. 10.00 for each operation.

lation, relative to resources, is considered to be posing serious problem to alleviating the level of living of the people, and the benefit from a drastically curtailing fertility to replacement level appears to be substantial in the short run, remarkable in the medium period and overwhelming in the long run. Bangladesh society, however, is basically pronatalist and viewed from micro level considerations of individual household or family decisions, given the socio-economic realities obtaining in the country, a large household size for most families appear to be a realistic proposition. The national population, if segregated into various subpopulations, one would find some subgroups of the population, especially those who have been exposed to modernizing influence and are concerned about the welfare of the progeny—though the proportion of such subgroups of population is very small—who have in the past limited their family size or are currently doing so. There appears to be other subgroups of the national population who are potential users of family planning. One would find other subgroups of national population who are subfecund because of their extreme deprivation and poverty⁵. With the improvement in the nutritional level, their natural fertility would rise. Though the desired family size, on the average, is high there are subgroups of national population who are either current or potential users of family planning. With adequate IEM and delivery services, the demand for family planning can be substantially increased, specially when such efforts are geared to satisfying the users need.

There appears to be serious problem in the IEM and delivery services, in the organisational structure, in the planning process and management information and feedback mechanism for programme implementation, under the integrated health and family planning services of the Ministry of Health and Population Control. The Government family planning services are seriously handicapped by the absence of leadership. Though the family planning services are multisectoral and interlinked with health services, it is absolutely necessary for the success of family planning programmes that the entire responsibility for family planning be entrusted to a single organisation under the leadership of a single person. It appears to have been a wrong decision on the part of the government to have integrated the health and family planning, specially when a viable family planning organisation was just emerging.

⁵These observations are made from the finding of the Rural Studies Project of the Bangladesh Institute of Development Studies.

The attainment of zero population growth rate of Bangladesh population, though desirable, an undue haste in attaining the same is likely to be self defeating. It must be remembered that population problems can not be approached from anything like war footing. Family Planning norms are expressions of socio-physical realities as perceived by the people at a given time. These norms can be changed overtime with persistent and determined actions based on well perceived policies viewed from long terms perspective. Given the socio-physical realities as obtaining in the country, it would be socially unacceptable, politically frustrating and organizationally improbable to attain replacement level fertility in Bangladesh by the year 1990, as indicated in the Second Five Year document. But a gr at deal can and should be done toward that direction through dedicated leadership and concerted efforts through active involvement of the people and communities under an efficient organizational set up. The road to replacement level fertility is long and tedious. I am afraid, those who advocate that the replacement level fertility can be attained by the year 1990 or ever earlier, do so without properly appreciating the socio-physical realities as obtaining in the country now and the gravity of the tasks involved for attaining the same. Let me add, though not by 1990, replacement level fertility can possibly be attained by the year 2000 with appropriate organisational set up and political backing ; and the attainment of replacement level fertility even by 2000 will set an example of unique success of family planning in developing world.

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Communication and Education for Rural Development in Bangladesh

(People's Participation for Rural Development in Bangladesh)

by

SULTAN AHMAD*

I. INTRODUCTION

Bangladesh, though small in size of 55,000 sq. miles, has a large population of 90 million and growth rate of 2.5 per cent per annum. It is predominantly agricultural and rural as 90% of its population live in the rural area and are dependent on agriculture which contributes 54% of country's G.D.P. Farming is concentrated on food crops particularly rice which accounts for 80% of arable land and is the country's staple diet. The land is extensively cultivated under the age-long traditional methods, the size of the farm is small and uneconomic and the average yield of crops is very low. The country is deficient in food supply, the shortage is met through import from abroad, which drains the country's foreign exchange reserve. Large percentage of rural population is landless labourers with limited employment opportunities. Modern medical services and supply of medicine are scarce and costly. Villagers depend mostly on indigenous medicine. The literacy rate is very low and is about 22 per cent, but a very large percentage of rural men and almost all rural women are illiterate. In short, the condition in the country specially in the rural areas militate against modernization.

The term development, whether it is applied to ideas, people events, countries, or whatever, in general, refers to a change from the *status quo*

*The writer is the Deputy Secretary, Planning Division, Ministry of Planning, Government of Bangladesh. Views expressed in the paper are entirely of him and do not necessarily reflect any view point of Bangladesh Government.

to some desired, more advanced more complete or more fulfilling condition. It has both a quantitative and qualitative dimension. National development since World War II has primarily been defined in terms of quantitative economic development—increased gross national product, increased per capita income, increased employment, etc. Some attention was given to the social welfare or quality of life aspects of development, but they were almost always thought to be by-products of quantitative growth and not to be considered as primary objectives or indicators themselves.

And actually, there was substantial attempt in the past for development in this country; but it could not make much headway. The reasons are not far to seek. Selection of strategy for development was not rightly made. The strategy of development in the past was based on the "big push" theory whereby the industrial sector was chosen as the leading sector for rapid economic growth. The development strategy did not give adequate importance to the development of agriculture and the rural sector.

The result was that the economic development in the past failed to make any perceptible improvement in the standard of living of common man of Bangladesh or in the situation of mass poverty prevailing in the country side, it rather widened the gap between the rich and the poor as whatever economic growth in terms of gross national product (GNP) was obtained in the country, the upper thin layer of the population managed for themselves the greater part of the benefit of it, leaving little for the poor majority. The deprivation of the poor goes far beyond the maldistribution of material goods and services. The fact that the poor do not share equitably in the product of economic growth reflects only one aspect of the problem. The basic difficulty is that neither do they contribute significantly to socio-economic development. This phenomenon is due neither to their lack of will nor their laziness, it is deeply rooted in the whole system. The prevailing socio-political context widens the gap between the modern and traditional sectors of the society. This explains the failure of all approaches relying on the so-called "spread" or "trickle-down effect". The real reason for absolute poverty is marginality. This concept of marginality describes the fact that a vast part of the population does not participate in the development process, whether passively as recipients of goods and services or actively as producers. Their role as producers is indeed extremely limited in the simple execution of development activities, not to mention their complete lack of participation in the decision-making process. Unfortunately, the process

of marginalization is self-reinforcing in a kind of a "Cybernetic effect". The marginal position is at least partly a problem of deficient cognitive ability due to lack of communication. It may result either in apathy or in a dangerous gap between aspirations and reality. Apathy in peasant societies which have been the object of exploitation for centuries is often based on the notion of "percieved limited goods" which holds that all desirable things in life, such as land, wealth, security, etc. exist only in restricted quantities, if the pie is limited a larger slice can be obtained only at the expense of somebody else.

II. THE NEED FOR RURAL DEVELOPMENT

The foregoing discussions reveal that the past strategy which tended to emphasise economic growth without specifically considering the manner in which the benefits are to be distributed has been found to be wrong. The assumption that increased growth *per se* would lead to a reduction in poverty as the benefits of an expanding economy spread among the people has also been proved to be incorrect because the emphasis on increasing the rate of growth with a corresponding concentration of effort on the "high growth" modern sector of the economy led to virtual exclusion of the traditional sector and negligence of the growth potential of the rural areas. Failure to recognize this has been a major reason why rural growth has been slow, and rural poverty has been increasing. So the objectives of development must include sustained increase in per capita output and incomes, expansion of productive employment and greater equity in the distribution of the benefits of growth. This implies reducing poverty and human misery by increasing the productivity of the poor and providing them greater access to goods and services.

A strategy for rural development aimed at raising growth rates and distributing the fruits of growth more fairly implies greater interaction between the modern and traditional sectors, especially in the form of increased trade in farm produce and in technical inputs and services. Along with the direct ways of tackling the problems of rural poverty—because such problems have been relatively neglected in the past—other methods are also required to be adopted to deal with rural poverty in all its forms. For this reason, modern sector and macro economic policies are important.

Rural development must lead to a sustained increase in the productivity and incomes of rural workers and households. The emphasis is on

raising output and income rather than simply redistributing current income and existing assets. Operationally, this concept of rural development requires that target groups be specified among the rural poor for whom specific measures to raise production and income can be designed and in whose case the resulting flow of benefits—both direct and indirect—is both identifiable and potentially measurable. It is necessary to focus on these groups of rural population in terms of whose well-being policy action and programmes can be designed and evaluated. The important target groups identified by low income include small holders, tenants, and the landless, each separate group may need a special programme of its own to handle the specific problems it faces. Of course the operational goals of rural development extend beyond any particular sector. They include improved productivity and thus higher incomes for the target groups as well as minimum acceptable levels of food, cloth, shelter, education and health services. Fulfilment of these objectives calls for an expansion of goods and services available to the rural poor and creation/adoption/expansion of institutions and policies that will enable them to benefit fully from the whole range of economic and social services. In order that the development be self-sustaining, it is of special importance that the members of the target group participate in the organisation of the programme. A broad based multi-sectoral approach is therefore necessary whereby a series of activities are to be undertaken almost simultaneously and the constituent elements should be complementary and reinforcing.

Programmes intended to raise rural incomes must center on agricultural development. For the landless, who are among the lowest income groups, public works programmes that generate employment can be an important element in rural development programmes. The same applies to health and education when these services focus on the rural poor. In these instances, however, the effect of the programmes may be to increase the capacity of the poor to become more productive rather than to increase output and incomes directly. The economic circumstances with high inflation in the country dictate that primary emphasis be on increasing shortrun output to generate increased income, which can then be the basis for increased savings and further investment in development.

III. THE ROLE OF COMMUNICATION AND EDUCATION IN RURAL DEVELOPMENT PROGRAMMES

It was observed earlier that a vast majority of the population of the country remains outside the development process whether passively as

recipients of goods and services or actively as producers not because of their reluctance to receive such goods and services or unwillingness of laziness to work, but because, at least partly, of deficient cognitive ability due to lack of communication. If we can remove this deficiency by effective utilization of "education" and "communication", this vast population can be brought to participate, contribute and enjoy the fruits of development.

The process of communicating refers to a sequence of acts in which a communicator identifies an audience, creates a message, selects a medium for transmission of the message, and transmits the message to the receiver who interprets it and may feed back information to the communicator, who may begin the process all over again. The process of educating refers to a sequence of mutually reinforcing teaching and learning activities that results in the acquisition of new facts, concepts, skills, attitudes and behaviour by people. The process involves 'like communicating', identifying a receiver for one's message, creating and transmitting the message and the receiver decoding the message and feeding back a response. As process, therefore, it is difficult to distinguish between communication and education. Both involve communicating both result in learning there is an element of teaching in both processes and interaction and feed back is essential to both. Another way of looking at it is to say that both are social influence processes that inform, persuade and provide reinforcement. Some differences may be observed in them in their methods and media that embody the process. Role of communication (and also education) for encouraging mass participation in the development process and also accelerating the growth rate itself is found in its functions and the accomplishment of its task and objectives. Communication, as we saw earlier, is the process through which ideas, thoughts, feelings, behaviour, etc. are transferred from a source to a receiver with the intent to change his behaviour. The change may be an alteration in the receiver's knowledge of some idea, a change in his attitude towards the idea or a change in his overt behaviour, etc. Hence communication effects are the changes in a receiver's behaviour that occurs as a result of transmission of the message. Communication channels are the means by which a message is sent from the source to the receiver. This may be mass media channel such as radio, television, newspapers, film print and publication, advertisement, etc., or interpersonnel channel which involves a face to face communication between two or more persons. Communication is the root of all human activities. Human beings share knowledge, information and experience

and thus understand, persuade, convert and control their fellows through communication; it thus informs, educates and activates; it helps survey of a new environment, raises people's aspiration; guide and control a dynamic process, teaches new skills and socializes citizens to a new and different society that is still only in the process of becoming. It assists public understanding of national and community problems and promotes public co-operation, both of which are essential for social progress. By providing link between the public and authorities media become part of the system of modern government and an essential public service. Users' contribution to media is also an useful outlet for ventilating public opinion and providing a "feed back" of information to the government. Through carrying suggestions and complaints of and seeking advice from the members of the public media can encourage public participation in national progress and economic and social development. Mass media can widen horizons. They are a liberating force which breaks the bonds of distance and isolation. By bringing what is distant near and making what is strange understandable, the media can help bridge the transition from traditional to modern societies.

The raising of living standard in the country calls for the dissemination of knowledge about scores of key matters such as farming and industrial techniques, health and community development. Obviously this is done by communication. Economic and social development in the country involves fundamental changes in the whole way of life of people, who lived for centuries according to traditional customs. The essential feature of the rise to modernity is change of attitude, change of outlook, change of habit, change in domestic living, in farming, practices in village organisation. In economic terms, this means a better use of resources, the learning of new skills, greater efficiency and productivity, the organisation of labour, and marketing, co-operation and in due course mechanisation. In social terms, it means better hygiene and nutrition, improvement in housing and home management, more attention to personal cleanliness, sanitation, home-nursing, prevention of illness, care of children, family planning, as well as a revision of values and relationships. In the broadest terms, it means education—social, political and economic. The process of education is essentially a communication problem—a problem of bringing new knowledge to un-scheduled people and of motivating them to accept change and adopt new practices inspite of deep-seated and traditional conservatism.

The problems of effective communication with rural people are formidable. No doubt the best method of conveying information and persuasion is by person to person communication and by explanation, demonstration, discussion and recommendation, but this process is very slow for developing nations anxious for rapid progress. They need to enlist the aid of modern media of mass communication, to multiply the personal impacts and to speed up the development process. The mass media cannot do the whole of this task, nor can they do it alone. They have the advantage of reaching large audiences and of presenting information in interesting or dramatic form. But they have limitations and are most effective when used in conjunction with interpersonal forms of communication.

Individuals, provide the fulcrum of all the direct and indirect effort of 'development communication,' a name given recently to communication concerned with development. As such development communication has to take into account the totality of an individual. It should not isolate one problem of an individual's life from his overall problems. The piecemeal view of different social scientists depicting the life of an individual in the backdrop of development could be compared to the descriptions of an elephant by seven men. But the elephant could not be an elephant if the descriptions of all the seven men were not poled together. Likewise, development communication views an individual as a complex of many disciplines in order to suggest better, richer and fuller way of life. In other words, it can be said to derive its essence from the modern philosophy of "New Humanism" and the psychological findings about the "Unit of Mind". To be more specific, development communication grows mostly out of the people's participation and people's satisfaction, the ingredients of which are :

- i) a sense of feeling to have actively participated.
- ii) a sense of pride in evolving solutions to the problems in hand and
- iii) a sense of achievement mental as well as physical.

Educational Needs for Rural Development

The educational needs for rural development are numerous and diverse, but they can be usually grouped under four main headings:

- 1) General or basic education, literacy, numeracy, an elementary understanding of science and one's environment, etc.

- 2) Family improvement education : designed primarily to impart knowledge, skills and attitudes, useful in improving the quality of family life on such subjects as health and nutrition, home-making and child care, home repairs and improvement, family planning and so on ;
- 3) Community improvement education : designed to strengthen local and national institutions and process through instruction in such matters as local and national government, co-operatives, community projects and the like ;
- 4) Occupational education : designed to develop particular knowledge and skills associated with various economic activities and useful in making a living.

As we are more concerned here with occupational education, we enlist below the principal subgroups and their specific requirements for skills and knowledge :

- a) Persons directly engaged in agriculture : In most rural areas, specially in those at the early stage of development, farmers, farm workers and those engaged in animal husbandry, fishing and forestry make up the most of the active labour force and are the largest audience for non-formal occupational education. The specific learning needs of those persons vary greatly according to the ecological and agricultural pattern of the particular area, the state of agricultural technology and markets and the characteristics of the farmers, etc.
- b) Persons engaged in nonfarm artison and entrepreneurial activities. The main hope for increasing rural employment and broadening the distribution of income lies in the growth of nonfarm rural enterprises —nourished by an increased demand for agricultural supplies and services and new consumption patterns of increased farm incomes. While increased demand for traditional skills often can be accommodated by indigenous training process, the new skills associated with modern technologies must be created by new training process or the modification of existing one.
- c) Rural administrators and planners ; Effective rural development calls for broader plans and strategies which require a new breed of rural development planners and administrators capable

of diagnosing the major elements of any rural situation, selection priorities in consultation with others, evolving workable plans and tactics and then mobilizing available resources and implementing plans.

In addition to these more general rural planners/administrators, there is need for competent managers for more specific purposes, such as managing rural co-operative societies, health services, water supply, etc. Meeting their educational needs is likely to require some formal training followed by a variety of nonformal educational experiences.

Development Communication and Education in Bangladesh

Though official documents do not explicitly state the role of communication in planned change in the country, there is a general awareness that it plays a significant part. The development strategy in the country emphasizes attitudinal change, motivation and participation. So communication is regarded as a mobilization mechanism for development of the country especially its rural areas. The mass media have broadened the cognitive maps and mental horizons significantly. This generated an expectation of change and prepared the society—or, at any rate, several segments of it—for acceptance of change. Thanks to the media, to-day there is greater awareness of national issues and problems.

The press in the country high lights the problems of the society, draws attention of government to tackle them and suggests available options for the society. It thus creates an informed public which can be mobilized for advancement of country and its people. It provides feed back to the government about the problems and concerns of the people, and the impact of various policies. Nation-building departments and agencies through publication of large number of periodicals in such diverse fields as agriculture, rural development, co-operation, family planning, power and irrigation, etc. keep the people aware of the progress supply them the required information, educate them about new technology, method, institution, etc. encourage and motivate them for participation in rural development work.

Radio Bangladesh has devised special programmes for rural sector and for working class. It is the most effective mass medium communicating with the vast magnitude of the people all over the country in respect of development activities through its six regional stations and various

transmitters. It has been broadcasting programmes for rural development for about 135 minutes daily from its all six stations. The programme ingredients are news of interest to villagers, weather reports, a bulletin of market rates of agricultural commodities, talks, features, interviews, commentaries, etc. on agricultural development, population control and family planning, raising and protecting poultry and forest development, etc. Radio Bangladesh also broadcasts programmes for the children, youth, women, students from school to university, labour, peasants, army, etc. So the arrangements and programmes of Radio Bangladesh for rural development of the country are commendable.

Bangladesh Television which is of fairly recent origin in comparison with radio has also developed as an instrument for a progressive and dynamic society. Effort are constantly being made for qualitative improvement of TV programmes with an educational and developmental bias. Its transmission hour is at present more than six hours a day from afternoon through night. During these hours it regularly telecasts development programmes of the country for informing, educating, motivating people for development work and encouraging their participation in the execution of development programme. It, for example, telecasts programme on canal digging to grow more food, family planning, health measures, etc., for educating the people on the necessity of adopting such measures for their benefit and national interest. It has recently switched over to the second channel for intensifying telecasting programmes on agriculture, self-reliance, family planning, health matters, etc. Government has a programme of distributing, 5000 T. V. sets for community viewing in the rural areas by 1980 in addition to 1200 sets already distributed as only a limited number of families can afford a set in these areas.

Bangladesh film industry is expected to take up broad social themes and make its contribution to the emergence of the ethos of modernization. Bangladesh Films Development Corporation was set up to encourage production of socially relevant movies. Government Department of Films and Publications is producing news reels and documentaries depicting development efforts in various fields and these are shown in country's 300 cinema halls and television at intervals for information and education of the people of what government is undertaking today and what the people should do for the development of the country.

On interpersonal communication mention may be made of the work done by the extension agents such as Union Agricultural Assistants,

Family Planning Workers, Health Assistants and social workers, etc. who carry on interpersonal communication with the rural people for disseminating ideas of development, health care, family planning, etc. to them with a view to motivating them to practice the ideas. The Union Agricultural Assistants (UAAs), for example, help farmers to increase production and achieve better living through educational means. They educate farmers on the value of modern technology, the modalities of using fertilizer, pesticide, seeds, irrigation, water, etc. and government policy and programme for increasing production and achieving an overall improvement of the farming in the country. They are also required to report to the government about local conditions and problems and as such acts as a source of primary information for government on the state of rural economy. Family planning workers, to cite communication work of another type of extension agents, try, through intensive educational effort, to involve community in planning and implementing programmes and creating the necessary social support towards family planning adoption. In addition to the change agents mentioned above, there are District Public Relation Officers, Sub-Divisional Public Relation Officers, the song publicity organisers, etc. who work as communicators in the rural Bangladesh.

Here it is necessary to say something about the rural development model properly known as Comilla approach, a two tier Co-operative System Village Co-operatives and their federation—Agricultural Co-operative Federation (ACF). The Village Co-operative normally an association of about 50 peasants, run by elected Managing Committee and three honorary office holders—the Chairman the Manager and the Model farmer. With this two tier Co-operative System, three more dimensions—The Thana Training and Development Centre (TTDC), Rural Work Programme and Thana Irrigation Programme—are added. The Village Co-operative Works for promoting adoption of improved agricultural practices, preparing production plans and distributes loans, supplies and services among its members. It maintains constant link with ACF through the manager and the model farmer who attend weekly meeting and training in the office of ACF. Its members meet once a week in their village and discuss plan for development, review activities, collect savings of its members, receive loans, supplies, knowledge and information brought back by the manager and the model farmer from ACF. Its managers and the model farmer, in turn, takes its savings, products, information including its requirements, etc. to the ACF which renders supportive functions. ACF is a client of the TTDC that brings together offices of the local govern-

ment for better planning and co-ordination of activities. This strategy sought to use the farmers themselves as their own extension agents through their training of managers and model farmers who become the point of communication with other members in the village co-operatives. This model has increased productivity and made significant rural development and has been adopted for the whole country, by the government under the Integrated Rural Development Programme.

Though communication has not been much developed in the country and, though there are handicaps and constraints, such as limitation on the wide utilization of press and printed materials by the masses due to high rate of illiteracy and financial difficulties, inadequately education and training of the extension agents in their respective fields, in sufficient number of radio and television sets in the rural areas due to inability of the people to afford them, inadequate base and data, etc., on its effective functioning, communication has done a tremendous job for the growth of a new consciousness, the movement of human mind, the uplifting of human spirit, the infusion of human confidence etc. which are essential for development. The expectation for change has been created in the people who are now more willing to work for the change and development.

As to the role of education for rural development, it may be stated that it serves as an important part of the infrastructure of communication. Education is an instrument of social change. It is a total process which can meet the changing needs of the society. It has to constantly upgrade the human potential for self-help, democratisation of judgement and autonomous action. Total educational process must be a preparation for life. The access to education makes people more receptive to communicating the idea of development because it gives them the technical capability of receiving knowledge and widens their perception of the world. So the level of literacy and the state of education largely determine the impact of the written word. The impact of newspaper and the Government written publicity are constrained by the number of people who can read them. In this context, the available information in Bangladesh indicate that growth in school enrolment is barely keeping up with population growth so that the relative state of literacy has tended to remain substantially unchanged. Here we must say something about the quality or system of education in our society. Education has traditionally been seen as a medium for escaping from the ranks of the masses into the hallowed world of the educated middle class. So to the extent that our goal remains to

release the full potential of the masses by regenerating confidence in the worth of their labour and their ability to participate in the building of society, an elitist education system that alienates the youth of the villages from their own world cannot be a force for development in the society. In this context the literacy level as an indicator of development prospects is rather misleading. The plan documents of the country are fully conscious of this fundamental weakness in the educational system and have articulated the need and the plan for making education more production-oriented and relevant. But both in conception and strategy it is yet to break out of the socio-cultural straight-jacket. Under the circumstances emphasis has been shifted to non-formal education which has a positive forward looking and functional role. It propels education in new directions, maintains or materialises it in vital context with socio-cultural and economic trends. The learning needs of non-formal education are related to health, nutrition, family planning, functional literacy and other important skill for family life, increasing agricultural productivity, developing skills for employment, etc. But formal and non-formal education in the society is not exclusive of each other and should be complementary and not contradictory to each other. Non-formal education enriches formal education, provides alternatives in content and form, proceeds and extends beyond the formal system. There would be channels of non-formal education within the formal system itself—some time the formal system utilizes the channels of nonformal education to supplement its programmes i.e. use of radio, TV, film for school education. But this would be irrelevant until such time as the education system can direct itself to the first principle of development communication—to teach the educated, to communicate with the masses, to learn from them before they can teach them and to work with them rather than to sit at a desk.

The present plan puts stress on employment orientation and social relevance of the education. It also considers the removal of illiteracy as a strategy for socio-economic development of the masses. Universal literacy with emphasis on compulsory primary education has been given priority in the plans. A nation-wide programme of adult education during the plan period is likely to remove illiteracy of 40 million people of the productive age group (10-45 years). It also envisages that the involvement in the primary education will go up from 7 million in the base year to 14.2 million in the terminal year of the plan, which will mean coverage of 40% of the school age children. It also puts stress on the integration of non-formal education appropriate cultural content and a bias to rural living in primary and secondary education. The setting up of the community schools as envisaged in the plan, for example, would provide effective

linkages between the structures of formal and non-formal education and make both mutually re-inforcing. This will help school drop outs while helping rural development. The emphasis is on increasing vocationalisation of secondary education and the general and university education will be more selective and the accent is on quality. Total plan allocation under the education sector is Tk. 967 crore (4.5% of total outlay) of which Tk. 380 crore (1.88% of the total) is meant for primary education against a total plan financial outlay of Tk. 25,595 crores.

IV. NEED OF A SOUND INSTITUTIONAL BASE FOR MAINTAINING SUSTAINED GROWTH OF THE RURAL AREAS OF BANGLADESH

Rural development in Bangladesh could not attain desired level of people's participation or maintain a sustained growth due to lack of a mechanism for proper co-ordination of development programmes with local bodies, people and extension agents. This happened in case of V-AID or other earlier programmes, and is also the case with the present programmes. In other words, the desired level of success or people's participation in the rural development programme cannot be had without appropriate institutional backing. Thus to attain the goal of rural development, the need of the hour is to find out a suitable institutional model which can optimize the benefits of various rural development programmes to all categories of people as well as ensure proper participation in the implementation of the programme.

A close look into the present development programmes of the country like Integrated Rural Development Programme (IRDP), Sanirvar Programme, Small Farmers and Landless Labourers Development Programmes, Area Development Programme, shows that the genesis of most of them lies in Comilla approach which though proved to be very effective in its laboratory area especially in its early stage is not found to be now in good shape particularly in other areas of the country. In IRDP which, as stated earlier, is based on Comilla approach and adopted for the whole country, the integration, for example, of various rural development components which was the basic objective of this programme could not yet be achieved. In most cases the programme has remained confined to distribution of credit and a few other agricultural inputs. The benefits of the programme have primarily gone to those who own land by passing the vast majority of the rural population (landless) who are the most unpr-

vileged. Other programmes conceptualized and developed under the framework of Comilla model namely programmes for non-agricultural population, women, youth, family planning, literacy, health, etc. have either not at all been covered or very marginally covered under IRDP. As a measure to bridge the gap a number of new programmes, are being initiated both by the government and other agencies, but most of these programmes are going in isolation and creating barrier to integrated rural development.

Now, let us make an attempt here to ascertain how far it can be possible on the basis of past experiences to evolve a programme which can meet the demand of rural people of the country. This will obviously be possible if representation of all categories of people can be ensured at all levels including grass-root level of organisations.

In the rural areas as elsewhere the people are engaged in different types of work. So at the lowest or foundation level of the proposed framework the people are to be organized into a number of functional groups according to their common needs and interests. These groups may be: farmer group, share cropper group, labourer group, artisan group and so on. The types and number of groups would, however, be determined on the basis of community needs. For the management of affairs of each group a small Committee with voluntary office bearers such as Chairman, Secretary, Manager and or model worker may be formed. The members will meet regularly to discuss their problems, to chalk out programme for economic activities to generate employment and income of the members of the group and to resolve various other issues. The members will be required to make compulsory savings in order to have their own capital within a given period of time for implementation of their programmes. But at the initial stage they will need money from outside. This may be provided by government or the financial institutions, Village Multi-purpose Co-operatives Societies (detailed below) etc., on the recommendation of the group for taking up financially viable economic activities and generating income and capital. These functional groups may then constitute Village Multi-purpose Co-operative Society which may be formed with members of all functional group in the village. The present Krishi Samabay Samity (Farmers Co-operative Society) may be restructured as Village Multi-purpose Co-operative Society to broaden its activities and to serve the needs of all categories of village people and have a Managing Committee to be composed of Chairman or Secretary

or a person to be selected by each functional group of the village for management of its affairs and also three office bearers—Chairman, Secretary and a Manager. There will be no necessity to have model farmer or worker at this level as there is arrangement of such person in the functional group. Under this Village Multi-purpose Society, there will be a number of small Committees to manage the Society and to take care of various development activities in the village. These Committees will be like management committee, agricultural development committee, physical infra-structure development committee, education committee, health committee, population planning committee, women's affairs committee, cultural affairs committee and so on. These committees are to be formed keeping in view the needs of the village. This society will meet regularly to discuss the problems, to fix up development priorities, to make plan, etc. In this meeting different committees will also report their activities and in case of difficulty seek the advice of the members to find out a solution. This meeting will also be a forum to collect savings from the representatives of functional groups and to channel various resources to the group. So village society will work as a federation to the functional groups. As contribution is made at this level of functional group, there is no necessity to make any contribution by the members at the level of the village multi-purpose society which only will take up all development work in the village and no other organisation will be allowed to form or to take up any development activities within the village.

At the union level the present union parishad/council may be reconstituted with representatives from all village societies within the union, member of representatives from each society depending upon the strength of population of each village. The total number of members of this parishad may remain, as at present, the same. Or alternatively the functional groups of all the villages in the union, in order to ensure their representation in the parishad may select and send their respective representatives, one each, to form the union parishad. This body will also have a number of committees like those in the village society. In this union level organisation, there will be representatives from various nation-building departments namely agriculture, rural works, rural industry, health, education population, livestock, fisheries, etc. These departmental representatives, will work through the relevant committees to be formed at the union level to maximize their services to the people.

At the thana level the present Thana Parishad, Thana Development Committee, TCCA, TTDC, are to be merged into one organisa-

tion. This may be formed with representatives from all union level bodies. All the officers of various line departments at the thana level will work through this body. Members of the thana level body will help departmental officers in the discharge of their responsibility more efficiently. The officers will also be accountable in addition to their accountability to their respective department, to this body for their work. There will be a number of service units at the thana. These units will be like training pool, input, warehouse, machine station workshop, medical centre, marketing section, etc. If needed, some of these units might be extended to union or even village levels. All these units will provide services to the village people through the bodies at the union, village or group levels. This thana level body will, like all other bodies, also have regular meetings to co-ordinate and review the activities of various departments, to draw up more comprehensive development plan for the thana and to help in the implementation of the plan through joint action, etc. This body will obviously require a set of officials to take actions as per its decisions and to pursue all matters for achieving its goals and objectives etc. A similar kind of set-up may also be thought of for the sub-division, district and division and finally national levels.

The above is obviously the structure of multi-tier co-operative system consisting of primary co-operatives at the functional level in the villages and federations of co-operatives at the levels of village, union and high ups as noted above and will consist of the organisations intended to promote capital accumulation through thrift deposits, supervised credit, dissemination of improved practices, joint action of individual technological innovations, over-all socio-economic development, active participation of people in the development process etc. The operating principles will therefore be the same as the multi-tier co-operative structure organised under IRDP.

However, this model will not have the shortcomings which the present development programmes are facing and as such will be superior to the latter because of the following reasons: (1) It will help to develop a machinery to draw up more realistic and comprehensive rural development plan for all types of rural people through local participation; (2) It will benefit all types of rural people who have so far been by-passed or marginally involved in different development activities, (3) It will reduce conflicts among various agencies now engaged in rural develop-

ment activities and also among the various interest groups in the village through intervention and co-ordination of the relevant rural level organisation—village society, union parished, etc. (4) It will ensure more distributive justice through proper distribution of various supplies and services obviously by people's organisation. (5) It will foster local leadership and enable the people to participate more meaningfully in the development process.

CONCLUSION

Foregoing discussions reveals that rural development must constitute the major part of the development strategy of the country and be linked-up appropriately with other areas of development because the problem of rural development is inevitably related to overall social change. The ultimate goal of development is social; the improvement of man's well being. But this statement is a commonplace that begs the basic question of what really constitutes man's well being. The classical economic theory's assumption of the homo-economicus, which describes man as a pleasure or pain, profit or loss calculating machine does not correspond to social reality. In a word, development must be geared toward increased opportunities for human self-realization. Seen in this light, development can be defined as a planned dynamic socio-cultural change, with increasing participation of increasing number of members of the society with regard to the promotion and the direction of this change and to the benefits from its results. It means the stimulation of more and more human beings to act and react in increasingly growing types of social relations. The cry for greater social justice means much more than just a demand for a better-balanced distribution of income. It claims: (1) first and foremost, access to resources i.e. an offer of productive, remunerative and psychologically and socially satisfactory employment opportunities—satisfactory not only for individuals or groups, but also with regard to individuals contribution to the development processes as a whole, (2) a more equal distribution of benefits from development, whether in the form of individuals incomes, materials and non-materials, or in the form of access to services and social security; (3) a more equitable distribution of power, which requires the participation of more and more people at more and more levels, not only in the execution of development activities but also in the decision-making process; (4) better management of irreplaceable natural resources and protection of the environment.

It is obvious that rural sector with dominance of agriculture consists of units mostly owned and managed by private individuals. So the improvement in this sector lies mostly in the initiation of these individuals to do the same. Hence the task of rural development must be undertaken by the rural people themselves although not necessarily without assistance. In other words the creativity must come from the people of this area, but this creativity is the matter of the growth of a new consciousness, the movement of human mind, the uplifting of human spirit, the infusion of human confidence. In short, our people must be turned into a working force to bring about a change in the rural areas. The sense of self-help can be fostered only through inhibiting in them the spirit of co-operation and by organising institutional arrangement in a proper way. The rural people are disorganised and hardly acquainted with plans and programmes of government which are undertaken to ameliorate their lot. They should be properly organised at the grass root level by local leadership to be backed by the agencies engaged in rural development activities. The most important aspect of development strategy is to arouse new awakening among the rural people by providing them positive support to stand their own. Here comes the role of communication and education the function of which is to inform, educate and persuade the rural people in the right way. Our people are hard-working and can go to any extent to boost production provided they get the right kind of direction they need for raising their own as well as nation's income. Sound policies are needed to introduce mass educational facilities. The responsibility of educating and motivating the people in the fulfilment of this task of development is no doubt very great and more so in the labour-intensive strategy because of the necessity of making quick adjustments of values and institution with rapid changes. The task being very gigantic, communication and education must be on a very large scale, more pervasive, intensive and innovative both in design and conception with arrangement of having continuous co-ordination with agencies having the responsibility of development work and of well thought out intra-and-inter agencies co-ordination and elite masses like, creation of an attitudinal and motivational infrastructure, greater stress on development and modernization of media themselves, communication research, educational reform, etc.

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Communication and Basic Need Approach for Development in Bangladesh

by

SULTAN AHMAD

I. INTRODUCTION

Bangladesh, though small in size, about 55,000 Sq. miles—has a large population—about 90 million (and 71.3 million in 1974 census compared with 50.8 million in 1961) with growth rate of 2.5 per annum. More than 90% of its population live in the rural areas and depend on agriculture. The conditions in the country specially in the rural areas militates against modernization: a high population density and miniature farm, lack of machinery and credit, low crop yields, ineffective extension system, widespread illiteracy, ill health, a social system that limits the contribution of women etc. There is widespread unemployment and underemployment. The people are very poor. Many are half-fed, ill-clothed. Per capita income is very very low—much less than US \$ 100. They, specially the villagers, have over time been adjusting their standard of living downward in response to conditions beyond their control—rising cost, increased population pressure, further division of land holdings, increasing indebtedness etc. They become increasingly uneasy about future. The transmitters of traditional values are becoming convinced that living conditions are making it harder to maintain self sufficient family units.

Economic development in the past failed to make any perceptible improvement in the standard of living of common man of Bangladesh or in the situation of mass poverty prevailing in the country side; it rather widened the gap between the rich and the poor as whatever economic growth in terms of gross national product (GNP) was obtained in the country, the upper thin

layer of the population managed for themselves the greater part of the benefit of it, leaving little for the poor majority. In other words, the main deficiency of the past development lied and also at present lies in the fact that it increased differences between the "haves" and "have-nots." The fact that the poor do not share equitably in the product of economic growth reflects only one aspect of the problem. The basic difficulty is that, they do not contribute significantly to socio-economic development. This phenomenon is due neither to their lack of will nor their laziness; it is deeply rooted in the whole system. The prevailing socio-political context widens the gap between the modern and traditional sectors of the society. This explains the failure of all approaches relying on the so-called "spread" or "trickle-down effect." The real reason for absolute poverty is marginalization. This concept or marginality describes the fact that a vast part of the population does not participate in the development process, whether passively as recipients of goods and services or actively as producers. Their role as producers is indeed extremely limited in the simple execution of development activities, not to mention their complete lack of participation in the decision-making process. Unfortunately, the process of marginalization is self-reinforcing in a kind of a "Cybernetic effect." The marginal position is at least partly a problem of deficient cognitive ability due to lack of communication. It may result either in apathy or in a dangerous gap between aspirations and reality. Apathy in peasant societies which have been the object of exploitation for centuries is often based on the notion of "perceived limited goods" which holds that all desirable things in life; Such as land, wealth, security, etc. exist only in restricted quantities; if the pie is limited a larger slice can be obtained only at the expense of somebody else. Paradoxically, unrealistic aspirations often have the same basis of generation-long exploitation. This is the reason that the notion of deferred gratification is rejected. The experience of exploitation has also led to a deep distrust in common efforts to improve situation through co-operation, since the dominant strata very often are likely to skim off the cream, as can be shown empirically in development projects.

II. THE BASIC NEED MODEL AND THE NEW DEVELOPMENT STRATEGIES

With a view to dealing with these deep-rooted problems more effectively the country has been searching for a development model most suitable for bringing about an economic transition with the shortest

possible time. Obviously the implementation of such a model will give utmost emphasis on the strategies for meeting the basic need of people of all walks of life in the society. This model has received remarkable attention of the development planners of the country. As we know the basic needs of a human being are food, clothing, housing health services and education. The model gives first priority to meeting all these basic needs and overcoming fundamental problems of employment opportunities to all and overall income generation activities. To the development economists, this model has been considered as very important contribution to the economic development theory as (i) not only it includes the development strategy but (ii) a great moral appeal is also implied to be present in the approach itself as its basic philosophy. The objectives of development under this model include increases in per capita output and income, expansion of productive employment and greater equity in the distribution of the benefits of growth. This implies reducing poverty and human misery by increasing the productivity of the poor and providing them greater access to goods and services.

The implementation of Basic Need Model of economic growth immediately invites radical and pragmatic change in the national policy package. It has been observed that the traditional approaches to economic development find little way in meeting the fundamental needs of the people for whom the development strategies are undertaken. Change in the development approach will definitely necessitate changes and restructuring of the socio-political settings.

Past development strategies in the country have tended to emphasize economic growth without specifically considering the manner in which the benefits of growth are to be distributed. The assumption has been that increased growth would lead to a reduction in poverty as the benefits of an expanding economy spread among the people. Accordingly, the emphasis has been on the "high growth" modern sectors of the economy to the virtual exclusion of the traditional sector, where the small holders, tenants and the landless make up the bulk of the rural poor. Although in the long run, economic development for the growing rural population will depend on expansion of the modern sector and on non-agricultural pursuits, too strong an emphasis on the modern sector is apt to neglect the growth potential of the rural areas. Failure to recognize this in the past has been a major reason why rural growth has been slow and rural poverty has been increasing.

A strategy for rural development aimed at raising growth rates and distributing the fruits of growth more fairly implies greater interaction between the modern and traditional sectors, especially in the form of increased trade in farm products and technical inputs and services. Along with the direct ways of tackling problems of rural poverty, other methods are also required to deal with rural poverty in all its forms. For this reason modern sector and macro economic policies are important. So apart from increasing the share of the budgets allocated for direct services to low-income groups the country should continue to devote considerable part of its resources to the rural poor, indirectly, through projects designed to increase output, exports and growth generally. It may be stressed here that the rural poverty can be alleviated by sustained increases in the productivity and incomes of low-income rural workers and households. The emphasis is on raising output and incomes rather than simply redistributing current income and existing assets. Operationally this concept of rural development requires that target groups be specified among the rural poor for whom specific measures for production and income can be designed and in whose case the resulting flow of benefits direct and indirect—is both identifiable and potentially measurable. This is done by income levels necessary to cover minimum nutritional requirements and essential non-food expenses—generally an income equal to or less than one-third of national average is the normal criterion for the purpose. Hence target groups identified by low incomes, absolute or relative, include small holders, tenants and the landless; each separate group may need a special programme of its own to handle the specific problems it faces.

The operational goals of rural development extend beyond any particular sector: they include improved productivity and thus higher incomes for the target groups as well as minimum acceptable levels of food, clothing, shelter, education and health services. Fulfillment of these objectives calls for an expansion of goods and services available to the rural poor, and institutions and policies that will enable them to benefit fully from the whole range of economic and social services. In order that the development be self-sustaining, it is of special importance that members of the target groups participate in the organisation of the programme. Here communication/education has got much to do.

Many of the programmes intended to raise rural income must center on agricultural development. For the landless, who are among the lowest-

income group, public works programmes that generate employment can be an important element in rural development programmes. The same applies to health and education when these services focus on the rural poor. In these instances, however, the effect of the programmes may be to increase the capacity of the poor to become more productive rather than to increase out-put and incomes directly. There should be emphasis on increasing short-run output to generate increased income which can then be the basis for increased savings and further investment in development. Further, the capacity of the country with plentiful labour forces to absorb highly capital-intensive, technology-intensive projects is severely limited—limited by insufficiencies of demand (both foreign and domestic) of infrastructure (both physical and social), of experienced managers and technicians, of supporting auxiliary trades and servicing industries. So labour-intensive projects must play a prominent part in an overall development strategy. And with population pressing on food supplies and urban space, the predominantly labour-intensive projects must be rural oriented.

As agriculture is the mainstay of the country's economy, its advancement will ensure in addition to increased supply of food and nutrition, better employment opportunities, income distribution and foreign trade balance. Moreover development of agro-based as well as agro-supporting industries which is both cause and effect of agricultural development will offer similar employment and income-generating opportunities. Keeping in view the short-comings of the existing farm system and the overall socio-economic infrastructure, higher yielding progressive farm systems are to be designed and put in practice. The need-oriented farming system will include expansion of irrigation networks, land reform and improved land tenure system, redesigned supply and price policies for foodstuff etc. Considering the cost-benefit aspects in the basic need model, policies should be aimed at inclusion of incentive and support for small poultry, animal husbandry, home garden cultivation, intensive pond based fish cultivation and other income generating domestic activities. Government of the country may undertake labour intensive public works projects like digging of irrigation canal, reforestation, building of local infrastructure, roads, terracing hills-copes etc, which would provide additional employment and income to the poorest groups. Public sector financial institutions can disburse supervised production credit in cash and kind and the target group should be properly motivated and trained up for profitable utilization of borrowed funds and inputs.

III. COMMUNICATION AND ITS ROLE FOR DEVELOPMENT

At this stage we may now explain the concepts of communication and development and then the role communication can play for development.

Communication is the process of transmission and reception of, directly or indirectly, consciously or unconsciously, feelings, attitude, wishes, opinions thoughts etc. between persons. It is an interchange of thought and opinions with purpose of changing or influencing the attitude or behaviour of the receiver about some object or idea, etc and is taking place in every walk of life in a never ending process. Hence communication effects are the changes in the receiver's behaviour that occur as a result of transmissions of message. Channels of communication may be mass media such as radio, TV, press, etc. or inter personal or face to face communication between persons.

The task of developing a country must ultimately be undertaken by the citizens or natives of that country. We have now learned that any nation that wants to develop must do so by itself, although not necessarily without assistance. Science and certain technology can be borrowed, imported and adapted from abroad, but ultimately creativity from within is the only answer. Development, essentially, is not a matter of technology or gross national product but the growth of a new consciousness, the movement of the human mind, the uplifting of the human spirit, the infusion of human confidence.

Broadly it means education—social, political and economic. Indeed the process of education is essentially a communication problem—a problem of bringing new knowledge to unscheduled people and motivating them to accept change and to adopt new practices in spite of deep-seated and traditional conservatism. So communication has got the great responsibility of educating and motivating the people in the fulfilment of their task of developing their country and this is more so, in the labour-intensive strategy as quick adjustment of values and institutions with rapid changes, both technical and economic, is only possible through mass media education and not formal education. As this task is gigantic, the communication must be on a very large scale, more pervasive and intensive and more innovative in design and conception. Communication, to be more successful in its above tasks, should have continuous co-ordination with agencies having the responsibility of development work with arrangement of well thought-out intra-and-inter agencies

coordination and elite-masses link, creation of an attitudinal and motivational infrastructure, greater stress on development and modernization of media themselves and communication research, etc. In building up the communication infrastructure, unnecessary tendency towards new technology and negligence of more traditional methods and interpersonal communication should be avoided. Western models of media often are not relevant to the situations of countries like Bangladesh. A constant effort has therefore to be made to find out right mix of traditional and modern models to have the desired result and project the media in relation to their envisioned development functions e.g. carrying development messages and imparting knowledge and skills etc, instead of making their stereotyped use i.e., use them for entertainment and dissemination of information, etc.

IV. THE COUNTRY'S SECOND FIVE YEAR PLAN AND THE BREAK THROUGH OF THE STAGNATION

The desperate need to make a break through by an accelerated pace of development is obvious. The leadership of the country could realize this and in the midst of this critical stagnation, its second five year plan has been launched. The magnitude of the impending economic crisis has been well manifested in the Planning Minister's caution of likely turmoil in case a major break through is not achieved within the next five year period.

The fundamental purpose of economic planning is to carry out an adaptation of production to social needs. So it aims at bringing about a conscious harmonization of production and social needs after their relative importance estimated through various means of production including labourpower calculation and production and distribution methods and quantum determination. The objectives of planning are affected by economic conditions as well as by social, political, cultural and ethical considerations. The mechanism of under development necessitates concerted action. Planning in this country anxious for quick change and development has to be mostly structural in order to build up a new order in the society. The old traditional socio-economic policies was based on "big push" theory and quick economic growth through industrialization and followed a model of planning depending heavily on foreign aid for assistance for investment in the hope of breaking through the vicious capital shortage. Obviously the G. N. P. based growth and the improvement of the lot of the majority of

the people and hence meeting the basic needs of the people, conflicted with each other. The new social order demanding rightly the uplifting of conditions of 90 % of the population living in the rural areas—the great percentage of them living in objective poverty—makes it imperative for dependence for development on the principles of self-reliance and mobilization of internal resources—both human and capital. It thus attempts to reduce the dependence on foreign aid. It is obvious from above that the strategy of meeting the basic needs of the people is also the strategy for attaining the economic growth. Hence the main two objective functions of the plan—the increase in per capita income and satisfaction of the basic needs of the people—no longer conflict with each other. This seems to be the most distinguishing feature of the Second Five Year Plan of the country and it is not very frequently that such view is taken.

The plan puts emphasis on agriculture. And the comparative advantage of Bangladesh seems to be in agriculture rather than in industry. The domestic resource cost of agricultural production is likely to be lower than that in any industrial production and the possibilities of attaining food surplus even with the existing technology, are truly considerable. The relative neglect of agriculture in the earlier plans, a misplaced emphasis on rapid industrialization, had an adverse impact on the growth process. The Second plan has rightly avoided committing the mistake. Industry in this country can most significantly contribute to growth process only if it is agro-based and this plan seems to clearly reflect this realization.

From the point of methodology, it can be stated that the earlier plans of the country followed a top-down method making adjustments of sectoral inputs and outputs and the planners prepared the plans which were rigid with the result that targets remained unattainable. The present plan may be categorised, in the matter of formulation and implementation, as top-down and bottom-up with more emphasis on the latter. So though we find that it has followed the top-down process in setting the tentative goals from the prospective plans for the planning period, the bottom-up method is observed in the process of collection of individual plans, recommendations, suggestions, etc. of different Ministries, Divisions, Departments, Agencies, Bodies, governmental and private, etc. for incorporation in the overall total plan of the country and also in its provisions (which are tentative and hence flexible) for periodical review obviously for the purpose of modification, if necessary.

It has avoided rigidity as far as possible. This is more so, because the planners are aware of the fact that they have prepared the plan on the basis of statistics which are both unreliable and undependable.

The plan puts emphasis on people's participation in the growth process. Such participation has implications for both the involvement of the people in the planning and the execution of development projects and sharing of the benefits of such projects by all of them. The plan proposes to achieve these targets by strengthening local government bodies at all the levels including the village level. An extension of the local government structure up to the village may have a significant impact on the development endeavours of the nation.

Decentralisation of power and authority, greater productivity in the rural areas, distributive justice, development of collective orientation are imperative. A specific strategy for a specific problem worked out on the basis of life experience and action programme, a human approach and emulation of the principles of self-reliance are what are required now.

So the development strategy in the country is directed towards the following aims :

- (a) eradication of mass poverty in rural area, within the shortest possible time,
- (b) the development needs, frame-work and pattern should be chosen by the people themselves—in this respect both mass participation and local level planning become imperative, and
- (c) the fruits of development should be enjoyed by the people themselves. So the new approach calls for a change in the methodology for formulating and implementing the development plans from a centralized technocratic, professionalised, G. N. P.-debate oriented top-down model to a creative decentralized participation oriented, dynamic and bottom-up model.

We may next take up for discussion the size, target and sectoral allocation of the plan. It envisages a total financial outlay of Taka 25,595 Crore with an anticipation of additional non-monetized investment of Taka 1,700 Crore. The sectoral allocation in terms of percentage of the total plan outlay is given below :

TABLE I

	% Allocation
1. Agriculture	29.05
2. Industry	17.13
3. Power and Natural Resources	11.39
4. Transport	14.53
5. Physical Planning and Housing	8.67
6. Communication	3.26
7. Health, Population and Family Planning	4.85
8. Education—Culture etc. (Socio-Economic Infrastructure)	6.12
9. Trade and other Services	5.00
Total	100.00

The expected sectoral growth pattern over the Second Five Year Plan is as follows :

TABLE II

	Growth rates (%)
1. Agriculture	6.3
2. Manufacturing	8.6
3. Construction	14.4
4. Power and Gas	16.0
5. Housing	4.2
6. Transport	10.7
7. Trade and other Services	7.4
Total G.D.P.	7.2
Average population growth	2.23
Per Capita G.D.P.	4.90

Obviously Table I shows that the highest priority has been given to agriculture with a coverage of about one-third of the total financial outlay of the plan which clearly puts great emphasis on agricultural pro-

duction aiming at production target of foodgrain of 20 million tons per year and doubling foodgrain production (26 million tons) by 1987. The plan emphasises on the provision of basic needs taking into account the close relationship between basic needs targets, production structure and the distribution of income. The plan thus aims at raising the consumption target of food grain from 15.2oz per head per day in 1979-80 to 17.2oz in 1984-85 and that of cloth per year from 7 yds. in 1979-80 to 11 yds. in 1984-85. It also aims at increasing the social consumption (i.e., mass literacy, health care, etc.). Universal literacy with particular emphasis on compulsory primary education is receiving priority in the plan and non-formal education will be extended through community schools aiming at substantial gain in mass literacy. The plan also aims at increasing and broad-basing the health facilities with emphasis on better health and medical services to the rural areas through community protective health care like improved sanitation and provision of state water, introduction of palli chikitshak (rural medical) scheme, etc.

The increasing demand for housing being constantly placed by the rapidly growing population of the country is also a great concern to the planners. Physical planning claims about 9% of the total plan allocation. The government also puts emphasis on self-help in respect of housing and extends, through its loan giving agencies, credit facilities with a view to enabling low and fixed income groups to solve their accommodation problems at their own risk and responsibility.

The plan emphasises large scale mobilization of the masses through forceful communication methods, channels, principles such as effective rural organisation, conductive socio-political ideology and leadership and modern mass media, etc. for participation in the building of rural infrastructure such as roads, canals, irrigation facilities, schools, horticulture, fishreies, health centres, and the like.

V. SHORTCOMINGS OF THE SECOND FIVE YEAR PLAN

There are, however, several shortcomings in the plan. We may summarise below a few :

1. In spite of great emphasis in the plan on self-reliance, mobilization of local resources and people's participation for development, we find the lack of sufficient endeavour in the plan for 'creation of widespread national enthusiasm making rapid strides in socio-economic deve-

lopment", as communication which only, as we found earlier, can create such enthusiasm through education and motivation and turn the huge human resources into productive forces has not been given corresponding importance or responsibility in it to do this.

2. It is found in many cases specially in the communication discipline, that planning has confined to new projects only requiring capital investment. Planning for better and efficient management of communication resources and improved services is mostly absent or where it is at all done is found to be in very crude form. Communication activities carried out in different sectors such as agriculture, health, family planning, etc. remain, in most cases, uncoordinated and unintegrated. Comprehensive communication planning as defined in UNESCO reports is neither carried out, nor there is any elaborate structure of organisations for communication planning.

3. The plan has been prepared, as noted earlier, on the basis of statistics which are both unreliable and undependable.

4. Though quite conscious of the deficiencies of the sectoral adjustments of inputs and outputs on the basis of unreliable and undependable statistics of the earlier plans, the planners of the present plan could not avoid this with all probable possibilities of its having the same fate as was faced by the earlier plans in this respect.

5. Though a plan normally aims at, as we saw earlier, harmonization of the needs with available resources after those are being duly assessed and their relative importance estimated, careful perusal of the plan reveals imperfection, in some cases, in the matter of deciding relative importance of or putting priority to endless needs for satisfaction by very limited resources.

6. The plan while emphasising the necessity of providing employment to an utilizing unemployed labour for productive purposes in agriculture and rural development ignores capacity of these fields to absorb these huge manpower, especially their increasing number due to population growth, is limited. Unfortunately the plan does not indicate any clear path to solve this gigantic problem. More endeavour to establish cottage and agrobased industries would perhaps have eased the situation.

7. With the growing pressure of increasing population on land and with 11 percent of the households owning about 60% of all land and 50% of the rural population being landless and near landless,

landlessness has become a critical issue and the inability to reduce the degree of landlessness in the coming years would perpetuate socio-economic inequalities and aggravate the present stagnation in agricultural production. Solution may lie in the agricultural structural transformation and reform and diversification of the economy, etc. which are yet to be planned and done.

8. Though education serves as an important part of the infrastructure of communication through rousing the people from the state of passive being to becoming, through its being an instrument of social change etc., the system of education in the country has traditionally been seen as a medium for escaping from the ranks of the masses into the hallowed world of the educated middle class. So the extent that our goal remains to release the full potential of the masses by regenerating confidence in the worth of their labour and their ability to participate in the building of society, an elitist education system that alienates the youth of the villages from their own world can not be a force for development in the society. The plan documents of the country are fully conscious of this fundamental weakness in the education system and have articulated the need and plan for making education more production oriented and relevant. But both in conception and strategy, it is yet to break out of the socio-cultural straight-jacket.

VI. SUGGESTIONS FOR IMPROVEMENT

We add below a few suggestions with reference to the points raised on the shortcomings of this plan :

1. Communication has a vital role to play for the development of the country. To discharge this function effectively and satisfactorily, there is the necessity of a balanced development of communication infrastructure as well as equitable utilization of the existing communication resources. Hence the need for communication planning for the country is essential. For this purpose, the prime need is to study in greater depth and details the present status of various media—radio, television, press, film and publication, interpersonal publicity organisation, etc. Communication plan should have a broader perspective about the future communication in society and its relationship with other social process. In order to develop this perspective, the communication planners should be able to understand the current situation and trends reflected in the structure and activities of communication and other social process. Communication technology

is fast developing and in this context the country must plan out its own communication which is suitable and effective for progress of the country. The immediate short-term measures for improving the communication facilities and resources are also necessary. Communication is under great resource constraints, there is dearth of both software and hardware in the communication discipline. Bangladesh News Agencies have, for example, no transmitter to beam out news externally ; Bangladesh press is required to be modernised in printing facilities, delivery system and news gathering ; radio and television are required to be modernised in many respect, etc. In short, all the communication media need attention. Along with the planning for development of communication facilities and resources, attention should also be given to chalk out programme for better and efficient management and utilization of the existing resources and services which are also required to be integrated and co-ordinated.

2. As regards the imperfection of the base (i.e., unreliability and undependability of statistics), the only way is to correct these statistics or in future attempt should be made to collect and record correct statistics as far as possible. These are obviously laborious and long-range affairs. The short range measures include checking and rectifying the apparently doubtful statistics and periodic review of the plan on the basis of discussions at various levels, implementation reports, suggestions, recommendations, etc.

3. Solution of rural unemployment, given the limited absorption capacity of agriculture, obviously will lie in the diversification of the economy. Attempt to establish cottage and agrobased industries may ease the situation. Establishment of Chinese-type cottage industries, for example, manufacture of cheap radio sets, would not only have eased the unemployment problem, but also improved the communication facilities and saved country's huge foreign exchange, spent recently for importing radio sets from China.

To check landlessness and make a break-through of the present agricultural stagnation, agricultural structural transformation and reform are necessary. Upper land ownership ceiling should be fixed on the basis of requirement of family subsistence only i.e., the maximum area, say five acres, required for maintenance of normal-sized rural family and the system of absentee land-ownership be totally abolished and the present ratio of 1 : 1 share cropping changed to 2 : 1 i.e., ² of the yields going to the cultivators. It may be noted that higher productivity in agriculture is the function of totality of all changes in agrarian structure (institutional

innovation). Agrarian policy measures should hence not only aim at increasing productivity through mechanization and diversification, better use of H.Y.V. seeds, fertilisers etc., but should also aim at creating an institutional base for more employment in land, more equitable distribution of agricultural income, collective facilities in the form of reasonable price and credit facilities. Immediate expansion of the agricultural co-operatives network is necessary to (1) consolidate the fragmented land holdings, (2) ensure collective use of land and the agricultural facilities those are provided, (3) to ensure equitable distribution of agricultural incomes, etc. Co-operatives are even more necessary to introduce irrigation technology or any other technological or mechanised involvement for our agricultural break-through. However while replicating the cooperative approach for broad-based agricultural development, certain deficiencies of the Comilla co-operatives approach should be evaluated and overcome.

4. Country should have need-based education which means functional literacy for all. Functional literacy to the people of all walks of life can only be extended through non-formal education at a minimum cost involvement. Moreover, such way of teaching can create an environment of grass-root level education which, in its turn, contributes a lot to the development process. For a broader perspective, this progressive approach to universal education invites a re-orientation of the existing educational system and reorganisation of the educational institutions—primary, secondary and higher. This reform will necessitate motivation as well as training of the teachers.

The learning needs of non-formal education are related to health, nutrition, family planning, functional literacy and other important skill for family life, increasing agricultural productivity, developing skills for employment, etc. But formal and non-formal education in the society is not mutually exclusive and should be complementary and not contradictory to each others. Non-formal education enriches formal education, provides alternatives in content and form, proceeds and extends beyond the formal system. There would be channels of non-formal education within the formal system itself—some time the formal system utilizes the channels of non-formal education to supplement its programs i.e., use of radio, TV, film for school education. But this would be irrelevant until such time as the education system can direct itself to the first principle of development communication—to teach the educated, to communicate with the masses, to learn from them before they can teach them and to work with them rather than to sit at a desk.

VII. THE RURAL-BASED PREDOMINANTLY LABOUR-INTENSIVE STRATEGY AND MASS COMMUNICATION

It was earlier stated that the rural-based predominantly labour-intensive strategy is suitable for development in Bangladesh, but this strategy will involve large masses of people at the grassroots. These people are generally poor, traditional and with little education. Therefore, the emphasis must be not only on changing technology but also on changing institutions and values. It is certain that the role of mass communication here will be more important and complex than in the capital and technology-intensive strategy. In this context, the major aspects of a labour intensive strategy that may be relevant for mass communication is listed below :

(a) *Revolutionizing Agriculture* : It calls for land reform and for establishing institutions such as co-operatives and farmers' associations to disperse credit, fertilizer, water, extension services and so forth. The goals are an increase in agricultural productivity, employment, incomes, food production ; wider-participation in decision-making ; and more equal distribution of income and opportunities. To accomplish these goals, the productivity of the large majority of the small peasants throughout the country must be increased. This is probably the most difficult part of a labour-intensive strategy ; but it is overwhelmingly the most important, information on new technologies must be disseminated, as well as instructions on how best to grow new seeds and crops by using new methods, machines and equipment and other inputs such as fertilizer, water and insecticide. The peasant must be persuaded to join co-operatives and associations in order to minimize the costs of purchasing new inputs and learning new methods. It is necessary for him to change his attitudes towards work, innovation, consumption, saving and repayment of debts. These are difficult tasks because not only the peasant is illiterate, but he has good reasons for not changing his old ways. For example the new rice seed may be subject to diseases resulting in the loss of a crop which may be disastrous for him ; multiple cropping may permanently lower the fertility of soil ; the problems of storing and marketing the new crop may be difficult ; or he may have had some bad experience in the past with co-operatives and Government agents. It is necessary to educate him regarding the remedial measures on all matters. This is obviously the function of communication. The difficulties are increased by the fact that the best form of promoting agricultural productivity is not adequately known. Different experts advocate different methods. Suitable

one or a mix of different types best suited for the country must be found out.

(b) *Promoting Small Industries*: The goal is to raise their efficiency, improve the quality of their product, to export—in sum, to improve entrepreneurship and skill. Similar problems as in (a) above are faced here. The small proprietor and his workers must be reached through mass media and extension agents and persuaded to adopt better product designs and production methods to organize more efficiently and to improve marketing methods. Institutional innovations are needed to achieve economies in the use of equipment to purchase inputs cheaply and to market efficiently. Here, too, the difficulty is that our knowledge of better methods and institutions is limited. Similar problems exist for the large number of small service units—retail shops, restaurants, and other personal services, transports, building firms and the like.

(c) *Social and Political Development*: In a rural-based strategy, decision-making and implementation cannot be effectively carried out from the capital city. Local Government and other organisations need to participate: fully in planning, decision-making and execution. Due to poor transportation and inadequate mobility, mass communication must be relied on to transmit information and education in a two-way flow from the centre to the hinterland and vice versa. Long neglected because of emphasis on large urban areas the delivery of health services to rural areas can be improved by the mass media. Proper nutrition in the lower-income groups is necessary in a labour-intensive strategy that call for more efficient work efforts. Since formal schooling in the past has failed to educate the present generation of adults to the occupational needs of labour-intensive projects, it falls on the mass media to rectify this situation as well as to raise literacy levels.

(d) *Overcoming Opposition*: There is small but influential group strongly opposing a labour-intensive strategy. Because they occupy positions of power, they can cause confusion and raise obstructions. Their views must be brought out in discussions conducted through the mass media and efforts must be made to persuade them of the necessity of labour-intensive policies—keeping in mind Keynes' advice that the "gradual encroachment of ideas" over vested interest takes time to occur.

In sum, the role of mass communication can be greatly enhanced in a labour-intensive strategy because more people with less education in remote region must be reached than in a capital-intensive strategy. Its role in promoting economic growth is much more complex for several reasons. Labour must be educated and manpower training reoriented. Technology of the intermediate type must be discovered. Different saving in small bits must be collected from the masses of producers throughout the nation instead of in a lump from top income groups. New institutions and organisations in the rural areas must be established, while old values must be modified and new values promoted. The foregoing clearly suggests that the role to be played by mass communication in our present strategy is different and great both quantitatively and qualitatively.

VIII. CONCLUSION

Since the majority of our population live in the rural areas, pestered with problems which are not their own creation, all out endeavour has to be made to inspire confidence in people. The sense of self-help can be fostered only through imbibing in them the spirit of co-operation and by organizing institutional arrangement in a proper way. The rural people are disorganised and hardly acquainted with plans and programmes of government which is undertaken to ameliorate their lot. They should be properly organised at grassroot level by local leadership to be backed by the agencies engaged in rural development activities. The attempt to set and organise the gram sarker (village government) is, I think, in the right direction. The most important aspect of development strategy will be to arouse new awakening among the rural people by providing them positive support to stand on their own. Here comes the role of a motivator and communication. The work of a motivator is to inform, educate and persuade the rural people in a friendly way so that he considers an official as his own. Our people are hard-working and can go to any extent to boost production provided they get the right kind of men who can give them real direction they need in raising their income as well as nation's. Sound policies are needed to introduce mass educational facilities and tackle the problem of unemployment among the educated and other section of people.

The bottom-up planning process adopted in the country opens up a new vista and provides a realistic answer to our development pro-

blems. The problem of development had been baffling us long since in the past. The problem became more complex as we had been trying to impose a sophisticated economic top-down model in our under-developed situation where not only the economic condition of our people is under-developed, but the whole administrative set-up requires much to be desired for absorbing and applying the sophisticated planning model successfully. In a situation where reliable data is not always available and where there are not many trained econometricians to interpret the input-output factors, there is no escape adopting a rough and ready methodology involving all parts of the country and sections of the society through a flexible bottom-up process which in due course has the potential for becoming more refined on the basis of actual life experience.

As regards the Basic Need Model for economic development, discussed above, it may be stated that though such model speaks of easy economic approaches, its implementation is not so easy a task. The country with the intention to undertake basic need approaches to economic advancement will have to make strenuous efforts to reformulate national development policies coupled with reoriented legal administrative and cultural policies.

RURAL SOCIAL STRUCTURE OF BANGLADESH

by

Ashrafunnessa

Research Investigator

BIDS, Research Project on Village,
Companiganj, Noakhali.

The author states that from time immemorial, social philosophers and scientists have been studying the process of social change. The focal point of social change is man who attempts to change his environment through conscious decisions and actions. The continuing existence and superiority of man in fact depends upon his ability to control the environment. Change however is a two way process. Thus, in attempting to change the environment, man himself is influenced by changes that take place in the environment. Thus, when an underdeveloped society interacts with a developed society the former is influenced by the latter and vice-versa. Various leaders and intellectuals of the society organized different institutional processes to increase man's control over the environment and, as a result of changing circumstances, the institutions themselves have changed from time to time. The major input in the process of institutional change have been changes in ideology which generates contradictions in the society the resolution of which leads to a new ideology in the process goes on. The author contends that the evolution of changes in the social structure of Bangladesh can be analyzed within this conceptual framework.

RURAL WOMEN AND THE SFYP

by

Amina Sultana

President, Bhuapur Thana Women's
Cooperative Society and Secretary,
Centre for Research on Rural Women
(Palli Nari Gabeshana Kendra)
Bhuapur, Tangail.

K.T. Hossain

Professor of Economics, Dacca
University.

The authors observed on the basis of the findings of a survey of rural women of Village Ghatandi of Tangail district conducted in 1981 that the literacy of men is above the national average and women below it. Also

women generally suffer from ill health irrespective of their levels of income. Family planning is almost absent and women do not show knowledge of how to bring up children well. They however aware of their contribution to the family income and work very hard at it. Also, they show a religious attitude but the regularity in religious observances seems to be related to family income level. Considering the status of women as depicted by these findings, the authors plead for increasing the allocations made in the Second Five Year Plan for programmes related to development of women.

COMPLEMENTARITY OF PUBLIC AND PRIVATE SECTORS IN INDUSTRIAL DEVELOPMENT OF BANGLADESH

by

Mohammad Taheruddin
Director, Research,
Janata Bank
Dacca

The industrial scene in Bangladesh before partition of the Indian subcontinent dominated by British mercantile interests, Marwari and Bengali Hindus bourgeoisie. After partition, trade and industrial groups of West Pakistan origin made inroads into the economy under the patronage of the then PIDC. Their emergence as entrepreneurs was facilitated by government's generous fiscal incentives, cheap credit, export bonus schemes, tariff protection etc. Bengali entrepreneurs thus could not grow significantly. After liberation in 1971, industrial enterprises were taken over by the government partly because of the exodus of expatriate entrepreneurs and partly because of the popular urge for social justice and equitable distribution. However, due to the absence of adequate number of trained personnel, impact of the war, disruption of trade links, etc., efficient management of the industrial sector became a problem. Various incentives were subsequently offered augmentives the participation of private sector in industrial activity. These included abolition of the ceiling on investment, reduction of public sector reserve list, facilities for joint ventures, tax holidays, credit and equity support etc. Yet private sector investment activity was not commensurate either with the role assigned to it or the development requirement of the country. The major reason

was the absence of a forward looking entrepreneurial class having industrial rather than the prevalent 'trading' neutrality. Probably, emphasis on private sector is somewhat misplaced. After all growth of a stable entrepreneurial class is a drawn process.

However, there are vast prospects for increasing output in the handloom and cottage industrial sector of the economy. Unfortunately, the SFYP's financial allocation for this sub-sector does not seem to be adequate. Direct investment, provision of seed capital and specialised institutional and technical support more than what is envisaged in the SFYP are needed for topping the potentialities of small and cottage industries. Besides, the industrial investment policy must be so designed as to bring about complementarity instead of competitiveness between public and private sectors. Small and cottage units in agro-support and agro-processing industries with relatively short gestation period are attractive areas for private investment while heavy industries requiring lumpy investment will need to be attended by public sector for years to come. Public sector, infact, must be allowed to retain the commanding heights of the economy by controlling key inputs and outputs in order to deter formation of private monopolies or concentration of economic power. A judicious public-private sector mix is not only feasible but also desirable for the country.

Second Plan's Development Strategy with Its Distributive Effects for the Eighty Percent People of Bangladesh

by

M.A. HAMID*

I. INTRODUCTION

"About 90 per cent of the population (of Bangladesh) lives in villages and 80 per cent of it is dependent on agriculture" (I-1).¹ Again, of this 80% people, one half is, although highly disproportionately, landowners, for the sake of the analysis termed as "Right Half" and the other half is landless or near landless, termed as "Wrong Half", the latter of necessity has to depend upon agriculture only indirectly for its livelihood. Both these halves, however, have to share a number of constraints that stand in the way for the improvement of their "quality of life." They include : natural calamities like draughts, floods and cyclones ; high unemployment and underemployment ; poor land use ; lack of local level institution and participation in local planning and implementation and widespread illiteracy. Additionally, the Wrong Half has to bear the consequences of unsatisfactory land tenure systems, inadequate access to modern inputs and support services and general poverty.

Presumably, against this background, the Second Five Year Plan (1980-85) aims : implicitly for the direct benefit of the Right Half and the indirect benefit of the Wrong Half "To accelerate food production beyond self-sufficiency in the shortest possible time" (II-4) ; for the interest of both the Halves "To bring about significant improvement in the quality

*Department of Economics, Rajshahi University.

¹Denotes chapter I, page 1 of the Second Five Year Plan (1980-85), Planning Commission, May 1980. Quotations from the Plan are shown in this manner throughout the paper.

of life in rural areas through greater participation of the mass in development activities through local bodies" (II-4) ; and probably for favour of the Wrong Half "To achieve a more equitable distribution of income, output and employment", ridiculously (?), "among the small and marginal farmers and the landless" (XII-2).²

The purpose of the paper is to examine the strategies as set out in the Plan for the achievement of the above objectives from the view points of (i) whether they are practicable and (ii) their implications for distributive justice.

II. SELF-SUFFICIENCY IN FOOD

To achieve food self-sufficiency the Plan plans to increase production of rice and wheat from 135.0 lakh tons (normalised) in 1979-80 to 200.3 lakh tons in 1984-85, an increase of 48% over the five year period, or 8.3% per annum. This, when compared with the growth rate actually realised during 1960-78, i.e. 1.9%, would appear to be highly revolutionary. This revolutionary target would certainly need revolutionary changes in the strategies, to examine which we now turn.

2.1 Irrigation

With confused base line figure, the Second Plan, quite confusingly again, attempts to double the irrigated average, for instance, from 3.6m acres in 1984-85. Past records demonstrate that total area irrigated increased from 2.61m acres in 1969-70 to 3.38m acres in 1975-76 and thereafter it declined slightly but remained much the same in recent years.³ This does not lend any hope to achieve a target of 100% increase (not to speak of 133% increase required for doubling food production by 1986-87) in the irrigated coverage by the plan period. More specifically, BADC has been assigned the responsibility of operating 25,000 deep tubewells (DTWs) in 1984-85) as against the number actually operated 7,470 in 1978 and 11,000 (estimated) in 1980 and irrigate 15 lakh acres, each will to cover 60 acres. First, if past experience is of any guide, to have 25,000 DTWs in operation, BADC will have to plan for "fielding" at least 25,000 DTWs in total. This of course

²The Plan document contains many inconsistent, contradictory and sometimes meaningless statements and policy suggestions. For some examples see the author's paper entitled "Draft Second Plan is too Draft : The Case of Agriculture, Water Resources and Rural Institutions" presented at the special seminar on the Draft Second Five Year Plan held in Rajshahi University during 6-7 April 1981.

³Source of data : Bangladesh Bureau of Statistics.

implies that 50% of the tubewells will not be in operation.⁴ Second, the study referred to in footnote 4 shows that the area covered by an average DTW was below 30 acres (supported by both field data and official data). It is now widely believed, at least in the pro-DTW circle that since then (1976), the capacity utilisation has been tremendously improved. But does it necessarily justify an expectation of 100 percent improvement in efficiency under the unchanged socio-politic-economic circumstances? Third, most importantly, it is not understood how, knowing fully well that "sufficient and reliable data on the ground water resource potentials are also not available at present results of studies undertaken by BWDB are expected to be available during 1981-82" (XII-83) the plan makers dared to propose the expansion of irrigated coverage by such an extent.

The proposal for the increase in area irrigated by low lift pumps (LLP) from 36.7 thousand acres in 1978 and 37.0 thousand acres in 1980 to 50.0 thousand acres in 1984-85 is obviously courageous, but its success would depend upon, among other things, the stimulation of the almost moribund state of Canal Digging Programme with an emphasis on tank re-excavation programme and timely availability of pumps in the fields and their spare parts. Moreover, in the existing situation, when there is a world wide oil crisis, it is unlikely that the lift irrigation programme will be successful since in the opinions of the planners themselves, "Most pumps and tubewells will continue to be dependent on imported fuel" (II-9).

Too much reliance on modern but alien irrigation technologies will produce some other impacts too. Research studies are in abundance to prove that these sophisticated techniques are causing significant inequalities in the rural incomes, particularly between the Right Half and the Wrong Half. Since the adoption of seed-fertiliser-irrigation technology requires the use of very many chemicals and germicides, it also adversely affects the production of fish, having unfavourable nutritional implications. Moreover, the traditional techniques, it has been gathered, are being continuously overtaken by the modern ones, particularly, power pumps and shallow tubewells are occupying the places of *doons* and swing basket and hand pumps respectively. Furthermore, the imported deives are making

⁴Note that this assumption is itself a significant departure from the past records. For instance, in 1976 Boro season, it was found that out of a randomly selected 1,071 DTWs in North Bengal only 22% were in operation. See M.A. Hamid, "A Study in BADC Deep Tubewell Programme in the North-Western Region of Bangladesh", *Rural Development Studies*, Series 7, Department of Economics, Rajshahi University, 1977.

the recipient countries more and more dependent upon donor countries, helping them concentrate power in the hands of a few, allowing a section of the people to use it as a tool of exploitation, and most importantly, retarding the growth of indigenous technology.⁵ There is still another allegation against the rapid expansion of ground water irrigation scheme. It is contended that if ground water is continuously being lifted, the under ground will dry up in course of time and would lead the country towards desert.⁶

Small is beautiful. But it is not known whether hand tubewells (HTWs) are all that beautiful. Being encouraged by some donors (?), the Second Plan has proposed to flood the country with HTWs, from 1.78 lakh (estimated) member in 1980 to 5.00 lakh number in 1985. It will be useful if the planners are aware of the hard fact that although these methods are pro-wrong Half in terms of employment generation, (a) they are highly painstaking and (b) their capacity to irrigate such water thirsty crop as HYV paddy is extremely limited too. This technology can of course be profitably used as a source of water for kitchen gardening in addition to its role as a supplier of drinking water.

Our view is that the so-called modern and sophisticated irrigation techniques are not appropriate in our situations. We shall have to develop our own technology, the technology that will be suitable to our small holders, the technology that will make maximum use of our labour force and the technology that will be adaptable to our local conditions. Let the local situation made problems give way to local situation made solutions.

2.2 Fertilisers

In the Plan, production of HYV rice and wheat has been proposed to increase from 37 lakh tons in 1979-80 lakh tons in (1984-85 (XII-23-24) i.e., by 190%. This does not seem to correspond to the provision of fertilizer distribution, the amount of which is expected to increase from 10 lakh tons to 19 lakh tons, i.e., an increase of only 90%, during the same time period. Moreover, in view of the policy for continuous reduction of subsidy on fertilizers, it would appear to be highly unlikely that even this 19 lakh tons would actually be bought by the farmers. The suggestion, as

⁵For details see M.A. Hamid, "Irrigation Technologies, Rural Institutions and the Rural Poor", under publication by the Institute of Development Studies, University of Sussex, England.

⁶This allegation is repeatedly being made by the Institute of Diploma Engineers, Bangladesh.

given in the plan document, for large scale production of organic fertilizers, which require little input from abroad, must be implemented without fail. All efforts must be made to use gas as an alternative source of fuel throughout Bangladesh including North Bengal.

2.3 Livestock

The cattle are not only an important source of protein, they are also the most important source of energy for our agriculturists. Unfortunately, the planners, apparently because of poor data base, have not been able to do proper justice to this sector. They have failed to find any new land for fodder production which is in acute short supply in the country, excepting the age-old sources e.g., culturable waste land, sparelands, embankment sides, etc. Let it be absolutely clear that because of rapid adoption of HYV paddy, the above types of land are fast being converted to crop land. Moreover, since HYV crops are short-stemmed, they are themselves causing shortage of fodder. It should be pointed out that a danger to our cattle stock will itself pose a serious threat to the programme of food self-sufficiency. Consequently we cannot but agree with the planners that "... more attention should be given to collect and establish more realistic data for effective planning in the future" (XII-70) and hasten to add that this sort of suggestion should no more be repeated in the other plans of the perspective period.

III. LOCAL INSTITUTIONS

3.1 Local Government and Village Planning

For village level organisation, decentralisation of administration and planning, the Plan offers suggestions for the formulation of Gram Sarker (GS), Union Sarkar (US), Thana Sarker (TS) and Zilla Sarker (ZS) with a National Council for Local Government at the top. Although no detailed description of these local bodies are attempted, it is stated that these would be responsible for land use, production plan, employment planning education and family planning.

3.2 Three-tier Cooperatives

A three-tier cooperative system is propounded. The first tier is the primary cooperative to be formed for different functional groups (XII-98) and/or for different professional groups. At the Second tier, all the primary cooperatives are to be federated at the village level called Village Cooperative Association (VCA) which in turn will be federated at the

Thana level to from what is called Thana Union of Cooperatives (TUC) the third tier. The planners want that "All the input supplies and services will flow from the national agencies like BADC, BKB, etc. to the production units through the cooperative channels of TUC and VCA ..." (XII-98). Including IRDP cooperatives, all the existing societies are proposed to be gradually converted into this three-tier system. Moreover, it has been very courageously suggested that the IRDP should be renamed (not abolished) as IRDD (Integrated Rural Development Department) and be given the responsibility of promotion and development of the new functional cooperatives.

3.3 Local Parishads

In addition to the proposed local government and cooperatives, the planners give due recognition to the existing local *Parishads* and add that "All the cooperative societies will...function as an economic arm of *Village, Union, and Thana Parishads*" (XII-98). Also, all types of worksprogrammes are to be implemented through these local *parishads*. Note also that a sum of Taka 336 crore has been earmarked for this purpose.

3.4 Some Comments

(i) The suggestion for "bottom up" planning as against "top down" one to be implemented through local bodies is obviously praiseworthy ; but its spirit is nullified by another suggestion as given the planners : "The national production will be disaggregated into regional targets to ensure agricultural productivity ..." (II-7).

(ii) It is being increasingly suspected that economic disparity exists between different regions of Bangladesh and that its magnitude is on the increase. Because of the absence of any regional data, this evidences to testify that significant disparity do exists between regions. For instance, Azhar-ud-Din with authoritative evidence claims that "... 10% of the total development expenditure of the country is spent in North Bengal and the number of educated unemployed is 10 times of that in East Bengal and as such North Bengal has been marked as a backward area in a recent publication of the Department of Industries, Government of Bangladesh".⁷

⁷M. Azhar-ud-Din, Regional and spatial planning strategy in the context of the Draft Second Five Year Plan of Bangladesh 1980-85". A paper presented at the special seminar on the draft SFYP held on 6-7 April, 1981 at Rajshahi University.

The SFYP also tells us that "contrary to the desired objective of geographical dispersal, most of the industrial activities have concentrated in the developed Zones of Dacca and Chittagong. The census of Manufacturing Industries (1976-77) shows that over 86 percent of the total industrial fixed assets have found accommodation in Dacca and Chittagong Divisions, while only 10 per cent and 3.76 per cent of the capital formation were made in Khulna and Rajshahi Divisions respectively" (IX-10). This fund must not be allowed to go unabated. As a precautionary step in future regional allocation of resources should be given in the plan document. It is also suggested that the Annual Development Plan which may give some hints to the regional allocation, should be, like the Five Year Plan, made public and put to debate.

(iii) What is the basis for the implied assumption that the local government e.g., would be self-interestless and do the work of planning and programming without murmuring for any funds to handle? In truth, the planners have said nothing about the source of funds for the planning and programming works.

(iv) Although IRDP cooperatives are to be gradually converted to 3-tier ones, the plan seems to have made at least taken 6 crore for the expansion of "IRDP cooperatives" alone (XII-107 (b)).

(v) What is a "Village Parishad"? The Planning Commission owes an explanation as to how it conceived the idea that VP, GS and VCA would exist side by side in the same village.

(vi) Unfavourable distributive effects of Rural Works Programme implemented through local Parishads have been identified. Also we do not have any genuine reason to believe that there has been fundamental changes to what has been observed about 8 years ago by Akhtar Hameed Khan, the originator of the programme: "it was by no means for the misery of the landless. Nor was it, as I have recently hear, and at redistribution of income...."⁸

As a concluding remark on rural institution strategy, it may be added that if any attempt is made to implement all the suggestions put forward in the plan, instead of ensuring people's participation in the development activities, this will lead to more chaos and confusion.

⁸A.H. Khan, "The Comilla Project: A Personal Account", paper presented at the Workshop on Rural Development at Addis Ababa, 1973.

IV. EQUITABLE DISTRIBUTION OF INCOME

Equitable distribution of income and opportunities, 'reduction of poverty' and improvement of quality of life, are the terms frequently used in the plan document. In this last section, some comments are given on this issue.

We begin with a note of disappointment. Neither the 'Strategic' chapter nor the policy trami chapter of the Second Plan contains any detailed 'plan' for the realisation of the above 'hopes'. Nowhere in the plan are discussed the nature and extent of rural income inequality, the factors responsible for this and definite policy suggestions to deal with them. The only policy prescriptions that can be digged out are implied in the discussion of food self-sufficiency, price and subsidy policy, land reform, employment creation, rural industries and people's participation in development activities. Some observations on these points are given as under.

(i) A number of constraints that stand in the way of attaining food self-sufficiency in the immediate future has already been identified. Even if one becomes prepared to assume that food self-sufficiency will be attained the existing social and production relations would themselves act as constraints for the reduction of poverty in the distributive sense. And in any case, increase in production is not a sufficient condition for improving the quality of life for the Wrong Half.

(ii) The Plan document clearly and unequivocally identifies the necessity of land reforms particularly for the interest of the Wrong Half ; but unfortunately, makes clear contradictory policy prescriptions for example :

"To constitute the village government, encourage them to have a village land and employment plan and to implement it as early as possible without disturbing ownership individual/family forming" (VII-7). That is, land reform is rejected. Again "...agrarian reform must be initiated as early as to supplement input and support services with a view to increasing farm possible productivity" (XI-6). Moreover the plan makers also go even a step forward to suggest, among other things, "A new ceiling on landownership should be enacted...." (XI-6). That is, land reform is recommended. Therefore, if you add a positive figure with an equal negative figure this will mean nothing. However, land reform measures are very easy to suggest but are very difficult to implement. But in the context of Bangladesh at least for an interest of the Wrong Half who constitutes more than half

of the total minutes, nothing short of it can help bring a breakthrough in the rural sector. It will be advisable, as a first step, to conduct some indepth surveys in some selected areas in order to obtain some preliminary base line information on which to frame principles the sooner it is started the better it is.

(iii) Input subsidy and price support schemes are generally considered complementary instruments of a positive price policy. The planners have talked about both these schemes.

In order to increase production and encourage the adoption of new technology, fertilisers and irrigation water are highly subsidized by the Government. The peculiarity of input subsidy scheme is that it is regressive in nature. For instance, in 1976-77 the rate of subsidy for large scale irrigation project was estimated at almost 100% for DTWs 67% for LLP 44%, for STW 34%, for HTW 29% and for traditional techniques nil.⁹ In the same year the rate of subsidy for fertilizers was shown to be 31% for Urea, 71% for TSP and 64% for MP. The planners have suggested that all these subsidies would be gradually reduced/eliminated by the terminal year of the plan. This suggestion has caused several debate among the Government officials, politicians and academicians. There are at least two major arguments in favour of reducing subsidy viz : (a) subsidy on inputs is benefiting the upper section of the Right Half and (b) it has become too much for the Government to bear such a huge cost on subsidiary i.e., nearly Taka 2 billion every year. The arguments against the reductions of subsidy include (a) if subsidy is reduced, the cost of input will be more and there will be lesser adoption of modern inputs and (b) the facilities offered to the agricultural produces are not by any means greater than those declared for industrialists particularly foreign investors. To avoid trouble, the plan makers have said, "Efforts will also be made to practice a differential pricing policy in favour of the small and marginal farmers" (XII-15). In principle, it sounds reasonably fair. But to make it operation would be very difficult and consequently, the plan has not gone into details of this. However we are of the opinion that this strategy should be implemented at least for experimentation. Probably, the best suggestion would be to follow a slow process of reducing subsidies with an arrangement for a more efficient distribution of inputs.

Agricultural price support policy is also being practiced in the country but it has so far failed to achieve the objectives for which this was introduced.

⁹From Agricultural Mission, 1977.

ced. The above suggestion should be combined with policies ensuring fair price for growers of agricultural produce.

(iv) It is expected that creation of employment opportunities in the rural areas would provide the Wrong Half an access to the items of basic needs. Besides agricultural activities, the plan emphasises the role of Rural Works Programme and Food for Works Programme as source of employment generation. This strategy suffers from many drawbacks : (a) There is no specific plan for employment creation, rather it is residually determined by the production targets and technical blue-prints. And the policies suggested here are in no sense fundamentally different from the traditional approach. (b) creation of employment cannot be a wholly effective instrument for the redistribution of income in situation where a major proportion of the poor are self-employed and do not enter the wage economy, as is the case in Bangladesh. Poverty in this groups is caused by the absence of remunerative work rather than by the inability to find any work.

The plan has, as noted above, given the top most priority to HYV technology. But it is highly doubtful whether this technology would be able to combat the ever increasing unemployment among the rural poorest. Clay and Khan argue that for a 100% increase in production resulting from the adoption of HYV technology, the demand for agricultural labour goes up between 20 and 50 per cent.¹⁰ And in any event, the HYV crops irrigated by modern methods such as DTW and LLP, generate much less labour requirements in comparison with indigenous devices such as *doon* and swing basket.

(v) Rightly for the benefit of the Wrong Half the planners have given due importance to rural industries; but unfortunately, they have not made more than "would be" and "should be" type statements. More pathetic in the silence of the planners about the ever increasing number of unemployed weavers because of (a) high prices of yarn and other raw materials and (b) almost illegally-legal "export" of *Saries* from the neighbouring country. It should be made absolutely dear that unless the government is determined to attack this problem honestly, these will be more adverse repercussions on the economy in the years to come.

¹⁰E.J. Clay and M.S. Khan, "Agricultural Employment and Underemployment in Bangladesh : The Next Decade", BARC, 1977.

(vi) We have already cast serious doubts about the note of the proposed rural institutions for ensuring people participation in the development activities.

V. IN LIEU OF CONCLUSION

In lieu of a formal conclusion, I would like to note that although the SFYP has been variously described as "poverty oriented plan" "rural-biased plan" e.g., in effect since this Pakistan period, there has been continuously declining proportion of funds allocated to the agricultural sector. This is evident from the data collected from page (II-4) of the second plan as given below:

Year	Annual Development Expenditure of Agriculture and Related Activities as percentage of Total Expenditure
1965-70	37*
1973-74	34
1974-75	34
1975-76	31
1976-77	31
1977-78	29
1978-79	29
1979-80	29
1980-85 (proposed)	29

*From the Fourth Five Year Plan of Pakistan:

This simply provides material support to the hypothesis formed by M. Lipton i.e., "Priority to agriculture funds to industry and urban infrastructure..."¹¹ and this seems to be the development strategy of the Government of Bangladesh for its eighty per cent inmates.

¹¹M. Lipton, *Why Poor People Stay Poor: Urban Bias in World Development*, Temple Smith, London, 1977.

Technological Change in Bangladesh Agriculture : Impact on Productivity and Farm Efficiency

by

BIMAL KUMAR SAHA*

I. INTRODUCTION

In recent years, the introduction, of the new technological package embodied in mechanized irrigation, HYV seeds, fertilizers, pesticides and improved cultural practices has brought about remarkable changes in the farm economy of the under developed countries. In Bangladesh, studies are available (Ahmed 1975, Islam 1976, Abdullah *et al.* 1974, Muklada 1975) to show that the whole package of irrigation, seeds, fertilizers and pesticides have caused an increase of output by between 15% to 350%. It has also been observed that notoriously inefficient large farmers under traditional conditions are making efforts to raise their efficiency by adopting new technologies. Saini (1976), in the context of Indian agriculture, observed that the inequality of income, arising out of the unequal distribution of land, has further been accentuated by the inverse shift of the productivity difference between small and large farms after the setting in of the so called green revolution. Das Gupta (1977), notes that the relationship between farm size and productivity under new technologies is not negative as under traditional agriculture, but there is no firm evidence excepting in cases of very high mechanized farming, of the relationship turning positive. A pioneering study in Bangladesh by Abdullah *et al.* (1974:94) contains a pertinent finding in this line that "new technologies not only increase the

*The author is a Research Fellow-I of the National Foundation for Research on Human Resource Development (NFRHRD), Dhaka. The views expressed here are strictly of his own and do not in any way represent his official position.

efficiency of the traditionally negligent large farmer, but also bring the full productive advantage of larger holdings into play".

This paper attempts to examine microscopically to what extent the agricultural productivity has increased as a consequence of technological change¹ encompassing two purposively selected villages.² This paper also attempts to examine whether the relationship between farm size and productivity/efficiency undergoes any change as an effect of the adoption of new farm technologies. Keeping the evidences of the study in mind, some comments will be made on the output target of agriculture specially the food crops of the Second Five Year Plan (1980-85).

II. VARIABLES : MEASUREMENT AND SOME PROBLEMS ENCOUNTERED

Input and Output

It is very difficult to estimate the actual quantities of input and outputs and the values those of due to the reason that we have largely a subsistence dominated economy where major part of the cost is home supplied and a large bulk of output is consumed at home. Since the market for agricultural commodities operates with little control by exogenous forces, its going rates are expected to act reasonably well as proxy variables for the pricing of the items-inputs as well as outputs—in the subsistence activities. However, in calculating the costs for inputs, we consider average prices of the time when these inputs are used. Our output data are also evaluated in value terms,

¹Here technological change is conceptualized as the change in the dimension of inputs and the improvement (i.e. positive change) in the quality of inputs used in the agricultural production process at a given period of time (for details, see Saha 1978).

²The impact of technological change is sought to be identified through an assessment of objective realities in two distinct villages (Ekdala and Ranjibanpur corresponding to two categories of technological level i.e. base and changed technological level) chosen purposively for our study (for details, see Saha 1978). Ekdala adopting new technologies and Ranjibanpur using age old traditional technologies are about 27 miles and 17 miles respectively to the east of Rajshahi District head quarters. From these two villages, we obtained data from our field work operating on a cross section sample of 87 households. The field research was framed on the basis of direct interviews with the farmers by using our structured questionnaire supplemented by direct observation, informal talks with the villagers and consultation of village documents/records during September 1976 to February 1977.

Productivity/Efficiency

In a relatively land scarce economy like ours, output per unit of land (i.e., land productivity) is often used as the measure of efficiency. There is a perennial controversy as to how land productivity is to be measured i.e., whether output per unit of net cultivated (i.e., net physical acreage; Bhara-dwaj 1977, Hossain 1974, 1977, advocated in favour of this criterion (or per unit of gross cultivated land (i.e., cropped acreage, Chattapadhyya and Rudra 1976, advocated this criterion) is to be used as a measure of land productivity and/or farm efficiency. These two measures are, however, adopted in the present study to examine the productivity of land by farm size categories of different technological levels.

Again, it is also argued that it is not legitimate to single out one input, namely, land from among a number of them and to call the output per unit of net cultivated and/or gross cultivated land as the index of efficiency.³ In other words, productivity of land disregarding the costs of inputs can not give a true picture of farm efficiency. For example, two farm size categories having equal productivity with different cost incumbent can not be considered equi-efficient. Hence in order to give a more accurate picture of relative farm efficiency, we shall also attempt to measure it by net return (return minus cost) per unit of net cultivated and/or gross cultivated land.

III. TECHNOLOGY PRODUCTIVITY AND FARM EFFICIENCY : AN ANALYSIS OF THE RESULTS

Technological inputs specially mechanized irrigation and HYV seeds are mainly adopted in the cultivation of paddy and wheat. Tables I and II give us an impression that adoption of new farm technologies has the significant positive impact on the productivity of both paddy and wheat. Productivity indices (presented in the parentheses of the tables) lend support to the hypothesis that technological change is positively correlated to productive efficiency. The productivities of paddy and wheat, basing on the productivities of traditional varieties of the traditional farmers (group C), are as much as 259.61% and 256.70% respectively. In other words, productivities of both paddy and wheat have been 3.5 times of the productivities of the traditional crops of the traditional farmers. Looking at Tables I and II it can also be observed that the increase of productivities of

³This point was raised by Sau (1975).

TABLE I

WEIGHTED* AVERAGE OUTPUT (IN MDS. PER BIGHA OF LAND) OF LOCAL AND HIGH YIELDING VARIETIES OF PADDY BY FARM SIZE CATEGORIES OF DIFFERENT TECHNOLOGY GROUPS** IN VILLAGES EKDALA AND RAMJIBANPUR, 1976

Farm Size (bigha)+	Group C Traditional Farmers	Group B Less Progressive Farmers	Group A Progressive Farmers					
	All LVs N=19	All LVs N=19	All HYVs (rainfed) N=4	All LVs N=30	T. Aman DTW/ Jant N=20	All HYVs (rainfed) N=4	HYV (Pajam DTW N=10	HYVs (IR-g. IR-Am- an) DTW /STW N=27
0	4.44	4.42	—	4.67	8.00	—	—	16.40
0-1	4.16	4.37	6.67	4.22	7.49	3.12	7.41	16.27
1-5	4.12	4.71	—	4.15	8.20	—	8.00	18.73
5-9	4.91	4.32	—	5.00	—	8.00	9.40	10.40
9-14	5.48	5.26	7.33	4.87	7.33	—	8.50	17.95
14-25	3.84	4.62	—	4.14	7.64	3.00	9.00	14.93
25-50	3.63	4.08	1.33	4.30	6.25	—	7.40	18.84
All farms	4.06	4.47	5.10	4.50	7.44	5.63	8.81	14.60
	(100)	(110.10)	(125.62)	(110.84)	(183.25)	(136.21)	(217.00)	(359.61)

Rank correlation coefficients between farm size & productivity

— .43/S — .14/NS
at 10%

— .11/NS — .66/S
at 1%

— .03/NS + .21/NS

Source: Field survey. Figures in the parentheses indicate productivity index.

Note: LVs=Local Varieties; HYVs=High Yielding Varieties

N = Number of farmers cultivating the crop(s)

DTW'=Deep tubewell scheme area (without irrigation)

DTW=Deep tubewell scheme area (with irrigation)

STW=Shallow tubewell

NS=Not significant even at the 10% level.

S at 1%, ... 10% = Significant at the level 1% ... 10%

*The amount of land devoted for a particular crop is considered as the weight for that crop. In case of *Aus-Aman* (intercrop, harvested in two crop seasons), for one bigha of land; however, we assign weight 1.5.

**On the basis of the use of technological inputs, we have three groups of farmers.

Group A: Progressive farmers of Ekdala adopting irrigation technologies

Group B: Less Progressive farmers of Ekdala not adopting irrigation

Group C: Traditional farmers of Ramjibanpur.

+Bigha is a land measurement unit, one bigha is equal to 33 decimal.

TABLE II

OUTPUT (IN MDS.) PER BIGHA OF LAND OF LOCAL AND HIGH YIELDING VARIETY OF WHEAT BY FARM SIZE CATEGORIES OF TECHNOLOGY GROUPS IN VILLAGES EKDALA AND RAMJIBANPUR, 1976

Farm Size (bigha)	Group C Traditional Farmers		Group B Less Progressive Farmers		Group A Progressive Farmers			
	Local N=10	HYV N=1	Local N=6	HYV (rainfed) N=5	Local N=5	HYV (Rainfed) N=11	HYV/ DTW N=27	HYV/ STW N=2
0	—	—	—	—	—	—	6.28	—
.01-3	2.71	—	2.44	2.64	2.50	5.40	4.13	—
3.01-5	3.00	—	3.07	—	3.75	5.00	7.52	—
5.01-9	2.38	—	1.50	—	—	3.50	5.60	—
9.01-14	3.00	—	2.00	6.67	3.00	3.42	3.68	—
14.01-25	2.50	2.25	—	4.50	—	5.55	7.28	8.00
25.01+	2.33	—	—	4.48	4.00	4.45	7.63	9.00
All Farms	2.57	2.25	2.45	4.57	3.72	4.56	6.25	8.81
	(100)	(91.10)	(99.20)	(185.00)	(150.61)	(184.62)	(253.04)	(356.70)
Rank correlation coefficient between farm size & productivity	— .52/NS					— .14/NS + .36/S at 10%		

Source : Field survey. Figures in the parentheses indicate productivity index.

Note : For explanations, see Table I.

rainfed HYVs (both paddy and wheat) over traditional varieties is somewhat moderate (i.e., 36.21% and 84.62 respectively). This finding indicates that mechanized irrigation not alone, but in association with high yielding variety seeds, proper balance of chemical fertilizers, proper use of pesticides and line planting bring about significant changes in the productivities of paddy and wheat.

If we have a look at the productivity indices of the traditional crops cultivated by different technology groups, we observe an insignificant increase of productivity of our progressive and less progressive farmers over the productivities of our traditional farmers. This finding may lend

support to the hypothesis that "no significant increase in agricultural productivity can be achieved by using the traditional factors of production at the disposal of the farmers" (Schultz 1964). However, we can not rule out *a priori* possibility that in production of some local varieties paddy, our traditional farmers may achieve higher productivity. If we look at the productivity of individual traditional crops (Table III), instead of looking at the weighted average output figures, we can observe that productivities of B. Aus, B. Aman and Aus-Aman of the traditional farmers (group C) are higher than those of our progressive farmers (group A). For B. Aus, and Aus-Aman (intercrop), our less progressive farmers (group B) have also higher productivity than our progressive farmers (group A). In the production of B. Aman, our traditional farmers have achieved the highest productivity. Our progressive farmers have the highest productivity of T. Aman only, amongst the local varieties of paddy. Our progressive farmers have been able to achieve the highest weighted average output for the local varieties of paddy (see Table I), due to their highest productivity of T. Aman.

The lower productivity of our progressive farmers for most of the traditional crops can be explained by the fact that they concentrate their attention on the production of high yielding varieties of paddy. The less progressive and traditional farmers, on the other hand, either failing to adopt irrigation and HYV, or failing to increase their productivities to any significant extent by adopting HYV under rainfed condition, take more care of their traditional varieties of paddy so as to satisfy their subsistence need. This explanation seems to be borne out by the data on the use of fertilizers per bigha of land in the cultivation of these traditional crops.⁴

We have, so far, examined the output effect from the technological point of view. This examination in isolation of the farm size categories at different technological levels, can not give a complete picture of agricultural productivity.

By now quite a large number of studies (Hossain 1974, 1977 ; Rao 1966 ; Bharadwaj 1974 ; Chattapadhyay and Rudra 1976) are available in Bangladesh and India to examine the hypothesis of the *inverse* relationship between farm size and productivity. Researchers in this field

⁴In use of fertilizers and pesticides in the cultivation of traditional crops, our progressive farmers are lagging behind, though they use proper balance of fertilizers and sufficient amount of pesticides in their HYV crops with irrigation (for details, see Saha 1978).

TABLE III
OUTPUT (IN MDS. PER BIGHA OF DIFFERENT CROPS BY FARM SIZE CATEGORIES OF ALL TECHNOLOGY GROUPS OF FARMERS (i.e. GROUPS A, B AND C)

Farm Size (bigha)	N=20 IR-8 DTW	N=10 Pajam DTW	N=2 Pajam ODTW	N=2 Pajam STW/ Jant	N=19 T. Aman DTW	N=1 T. Aman STW/ Jant	N=3 IR- Aman STW/ Jant	N=27 HYV wheat DTW	N=2 HYV wheat STW	*N=14/21/10 T. Aman ODTW	N=2/3/1 IR- Aus
0	16.40	—	—	—	8.00	—	—	6.28	—	4.67/5.20/4.17	—/—/—
.01-3	16.27	7.41	3.00	—	7.49	—	—	4.13	—	6.35/5.45/4.50	4.00/—/—
3.01-5	18.73	8.00	—	—	8.20	—	—	7.52	—	7.42/4.17/—	—/—/—
5.01-9	10.40	9.40	8.00	—	—	—	—	5.60	—	—/5.00/5.09	—/—/—
9.01-14	17.95	8.50	—	—	7.33	—	—	3.68	—	6.57/6.00/5.00	—/7.33/—
14.01-25	15.77	9.00	—	10.67	6.05	8.13	14.36	7.28	8.00	4.35/5.00/4.06	3.00/—/2.00
25.01 +	20.21	7.40	—	20.00	6.25	—	13.14	7.63	9.00	5.00/4.50/4.00	—/1.33/—
All farms	16.72	8.81	6.22	18.96	7.22	8.13	13.89	6.25	8.81	5.87/5.20/4.42	3.29/4.33/2.00
Rank corre- lation coeffi- cient between farm size & productivity.	+ .21/NS	— .03/NS	— .77/S at 1%	— .40/NS	— .14/NS	— .48/NS	— .16/NS	—	—	—	—

Source : Field survey.

Note : For explanations, see Table—I. *First, second and third figure are applicable for group A, B and C respectively. When there is only one figure, it will mean that only the farmers of group A are involved in the crop activity.

TABLE III (Contd.)

Farm Size (big/ha)	N=20/910 (12) Aus (12)	N=4/8/14 Aus Aman (inter-crop) (13)	N=7/3/7 B. Aman (14)	N=11/3/1 HYV wheat ODTW (15)	N=5/6/10 Deshi wheat (16)	N=12/6/10 Jute (17)	N=14/7/15 Sugarcane (18)
0	-4.50/-	-4.99/-	-4.00/-	-/-/-	-/-/-	-/-/-	-/-/84.00
.01-3	3.97/-/5.00	3.99/5.50/6.12	4.22/-/5.00	5.40/2.64/-	2.50/2.44/2.71	4.00/-/4.00	83.75/-/112.22
3.01-5	4.15/-/4.83	3.05/6.25/6.17	-5.00/-	5.00/-/-	3.75/3.07/3.00	3.48/-/3.00	100.00/-/100.00
5.01-9	5.00/5.10/4.50	-6.16/6.95	-/-/7.00	3.50/-/-	-1.50/2.38	5.33/3.75/5.33	136.37/120.00/141.86
9.01-14	4.00/5.33/5.00	8.00/-/5.44	5.10/-/7.33	3.42/6.67/-	3.00/2.00/3.00	4.67/1.37/4.00	107.30/130.00/100.00
14.01-25	3.52/4.00/4.50	4.00/-/5.00	4.90/-/4.45	5.55/4.50/2.25	-/-/2.50	3.31/6.00/2.31	104.21/100.00/126.53
25.014-	4.21/4.29/4.00	-/-/4.20	4.00/4.50/4.80	4.45/4.48/-	4.00/-/2.33	4.24/2.70/2.00	130.00/111.00/98.77
All farms	4.03/4.50/4.47	4.32/5.85/5.27	4.54/4.50/5.16	4.56/4.57/2.25	3.72/2.45/2.47	4.10/2.87/2.57	120.34/114.07/115.50
Rank corre- lation...	+ .99/NS - .50/NS - .40/NS	- - - .77/Sat 1%	- - - .50/NS	- .14/NS - -	- - - .52/NS	+ .11/NS - - .43/NS	+ .37/NS + .20/NS + .34/NS

have put forward a number of explanations, mostly resting on the logic of production decisions in competitive situations.⁵ By observing no systematic pattern of dependence between yield per unit of land farm size in many areas of India, Chattapadhyay and Rudra (1976), not rejecting the inverse relationship, raised caution against its universal validity. It is not, however, our purpose to discuss and evaluate the very many explanations offered by different researchers for the observed relationship between farm size and productivity, rather we intend to examine the relative agricultural productivity and efficiency of different farm size categories at three technological levels, (i.e., traditional, less progressive and progressive) and to give some plausible explanations of our results.

For the examination of relative productivity and farm efficiency, we present our results in several tables, with the application of rank correlation tests to the hypothesis of *inverse* relationship at different technological levels for a few selected crops, all of the crops, as well as certain other factors suggested by us to be the criteria of measuring relative farm efficiency. The tests have been carried out on the similar line as those carried out by Chattapadhyay and Rudra (1976).

Looking at Table III, for individual crops we find, at the traditional technological level, the preponderance of negative signs among the rank correlation co-efficients, indicating that smaller farmers have higher productivity. From this table, at the less progressive technological level, we observe that the number of farmers cultivating the crop (s) is very small ; no significant relationship, preponderance of anyone sign, is observed. For crops at the progressive technological levels, we find that rank correlation co-efficients are mostly non-significant and there are as many negative sign as positive ones. The point worth mentioning is that our larger farmers have been able to raise their productivity under improved (irrigation) technology and thereby are tending to shake off their group characteristics of lower productivity of some individual crops under traditional technologies.

However, this observation cannot be accepted without some detailed analysis, looking at Table I, we find that rank correlation coefficients between farm size and weighted output (paddy) per bigha of land are negative in all cases (in some cases, negative relationship is also statistically significant), except for high yielding varieties of paddy in deep

⁵Explanations of the observed relationship appear in Hossain (1974), and Chattapadhyay and Rudra (1976).

tubewell and shallow tubewell areas where positive relationship (statistically insignificant) is observed. In the production of wheat, similar result is observed (see Table II) confirming our earlier statement that larger farmers have been able to raise their productivity under improved (irrigation) technology; they have raised their productivity to such an extent that negative relationship between farm size and productivity (for paddy and wheat under traditional technologies) has been turned into a positive one (though *not* statistically significant)⁶. But again, this result, though very much striking, must be weighed with caution, since we have very small number of cases in each farm size category. In the context of Indian agriculture, however, Saini (1976) and Das Gupta (1977) found more or less similar results. Even in the context 'Bangladesh agriculture', findings of Abdullah *et al.* (1974) and Malek (1974) give support to result.

But there are some contrary findings as well. Qadir *et al.* (1978) observed declining tendency of productivity with the increase of farm size in their irrigation/co-operative village sample, they explained their result by simply suggesting a hypothesis that smaller farmers can supply sufficient or extra labour to their irrigated lands by relying only on household labour. By testing this hypothesis elsewhere (Muqtada 1975, Table No. IX, p. 411, Saha 1978, 1980) we find that large farmers do not use labour input less intensively than the smaller ones in the irrigated land. Further more, or smaller farmers are also found to use some hired labour in addition to their family labour for the cultivation in the irrigated land (see Saha 1978). So with higher use of fertilizers and pesticides, better irrigation facilities (DTW/STW) and adequate labour supply, larger farmers may reasonably expect higher yield in their irrigated land.

After examining the impact of technological change on the productivity of paddy and wheat, we intend to look into the impact on the overall productivity and/or farm efficiency. Table IV presents productivity of land (both per net bigha and gross bigha of land) by farm size categories of different technology groups. When productivity is measured per net bigha of land, instead of per gross bigha, we find inverse relationship (non-significant) between farm size and productivity for

⁶In the deep tubewell scheme of our study village Ekdala and also in different irrigation scheme in some other villages of Natore, Hamid *et al.* (1978 : 96) observed that the yield of crops (in crop year of 1975) very directly with the size of farms, i.e., highest per acre yield in irrigated areas was obtained by large farmers followed by medium and small farmers.

traditional farmers (groups C) and less progressive farmers (group B) ; for the progressive farmers (group A), positive relationship (significant at the 5% level) is observed. A careful examination of each column of Table IV is, needed before we comment on the results.

If we start with a look at the column (2) containing output per *bigha* of net cultivated land by farm size categories of traditional farmers (i.e., group C), we can observe that the middle farmers (i.e., 5.01-14 *bighas*) are the most efficient in productivity ; the smaller farmers, except the farm size category of 3.01-5 *bighas* of land, have also higher productivity than their larger counterparts (i.e., 14.01 *bighas* and above). In the farm size category of 3.01-5 *bighas* of land, we have only one farmer who has no other working male members, no plough and bullock. That is to say, due to very poor resource endowment, our small farmer (i.e., category of 3.01-5 *bighas*) has some lower productivity than the larger farmers. But the overall pattern is that smaller farmers (0-5 *bighas*) have higher propuctivity than their larger (14.01 *bighas* and above) counterparts. It has already been observed (see Saha 1978) that the larger farmers devote some what higher portion of land in the cultivation of productive crops and highly profitable cash crop (i.e. sugarcane). So it is expected that the observed inverse relationship ($-.21$ /not significant even at the 10% level) between farm size and productivity at the traditional technological level has somewhat been weakened by the choice of more productive and remunerative crops by larger cultivators.

If we have look at the column (3), Table IV, containing output per *bigha* of gross cultivated land by farm size categories of traditional farmers (i.e., group C), we find that positive relationship (i.e., rank correlation coefficient= $+.11$ /not significant) between farm size and productivity is obtained. This indicates that the inverse relationship observed in column (2) is turned into a positive relationship in column (3) when productivity is measured per gross cultivated land rather than per net cultivated land indicating that higher cropping intensity of the smaller farmers is the contributory factor to make the smaller farmers earn more per unit of net cultivated land than the larger ones. In other words, even in the traditional technological level, smaller farmers do not remain efficient when productivity is measured per gross cultivated land, instead of per net cultivated land. It can, however, be observed that middle farmers (5.01-14) are still the most efficient in productivity even when productivity is measured per gross cultivated land.

Looking at the column 4 (Table IV), we find non-significant inverse relationship between farm size and productivity, when productivity is measured per *bigha* of net cultivated land. The productivity of the upper middle farmers (9.01-14) are significantly higher than that of any of the farm size categories. In the upper middle category, we have only two farmers, one of whom is the manager of the cooperative. The manager with sufficient training at the Natore TTDC, earlier experience of cultivating high yielding varieties under mechanized irrigation, higher accessibility to modern inputs such as fertilizers, pesticides and high yielding variety seeds, has been able to obtain much higher output than his counterparts in other farm size categories. The higher productivity of the manager pulls up the productivity of his group to a significant extent. It can also be seen from Table IV (column 4) that the smaller farmers (.01-5) have higher productivity than the larger ones (14.01 *bighas* and above); the deplorable

TABLE IV
PRODUCTIVITY OF LAND BY FARM SIZE CATEGORIES OF DIFFERENT
TECHNOLOGY GROUPS IN VILLAGES EKDALA AND RAMJIBANPUR, 1976

(All output figures are in Tk.)

Farm Size (<i>bigha</i>)	N=19 Group C Traditional Farmers		N=19 Group B Less Progressive Farmers		N=30 Group A Progressive Farmers	
	Output per <i>bigha</i> of net cultiva- ted land	Output per <i>bigha</i> of gross culti- vated land	Output per <i>bigha</i> of net culti- vated land	Output per <i>bigha</i> gross cultivated land	Output per <i>bigha</i> of net cultiva- ted land	Output per <i>bigha</i> of gross culti- vated land
(1)	(2)	(3)	(4)	(5)	(6)	(7)
0	646.21	369.97	335.75	314.01	665.10	622.20
.01-3	641.70	348.96	714.46	385.26	1059.32	555.96
3.01-5	522.53	316.20	711.43	372.48	1321.32	681.76
5.01-9	765.16	453.10	706.85	389.76	1215.26	622.12
9.01-14	757.90	439.17	832.50	453.23	1086.93	581.55
14.01-25	570.47	355.50	681.20	406.68	973.95	544.96
25.01+	555.03	353.33	626.50	378.00	1271.96	721.40
All farms	620.50	376.03	686.77	396.48	1135.74	628.10
Rank correlation coefficients between farm size and pro- ductivity	-.21/NS	+.11/NS	-.04/NS	+.54/S, at 2%	+.36/S at 5%	+.04/NS

Source : Field survey.

economic condition of the landless tenants (who have no plough and bullocks) owes a great deal to the lowest productivity achieved by this group. Though the landless (tenants) have the lowest productivity and the larger farmers allocate somewhat higher percentage of their land to high yielding varieties and lucrative cash crops, e. g., Sugarcane (see Saha 1978), insignificant inverse relationship between farm size and productivity by the less progressive technology category has still emerged. This has been so as the smaller farmers (01-5 bighas) and middle farmers (5.01-14 bighas) have higher productivities than the larger farmers (14.01 bighas and above).

When productivity is measured per bigha of gross cultivated land, we find significant positive relationship between farm size and productivity (see column 5 Table IV) indicating that smaller farmers are *not* efficient in productivity. However, if we have a close look at column 5 of Table IV we can observe that our upper middle farmers (9.01-14 bighas) are still the most efficient in productivity.

Looking at the column 4 (Table IV), it can be observed that rank correlation coefficient between farm size and productivity, when productivity is measured per *bigha* of net cultivated land, is significantly positive indicating that larger farmers, at progressive technological level have emerged as more efficient in productivity than the smaller ones. If we have a close look at the column 6, however, we can observe that our small farmers (i.e., farm size category of 3.01-5 bighas) are the most efficient in productivity and the second best productivity is achieved by the very large farmers (farm size category of 25.01 bighas and above). It is to be noted that our smaller farmers, though found to adopt mechanized irrigation and high yielding variety seeds to a greater extent than their larger counterparts (see Saha, 1978), their overall productivities are still lagging behind those of the larger ones. This point deserves careful scrutiny.

In our study village Ekdala, some of our smaller farmers are not allowed to sharecrop for the whole crop year in the deep tubewell scheme area, (see Saha, 1978) due to which their productivity per net *bigha* of land is expected to have some decreasing tendency. Our larger farmers, on the other hand, due to their better irrigation facilities from their private shallow tubewells, *jant* and also from the deep tubewell along with the associated new inputs (such as fertilizers and pesticides) of some what bigger magnitude (see Saha, 1978), have been able to

raise their efficiency in productivities to a significant extent. Moreover, adoption of interculture of high yielding varieties of highly profitable cash crops grown with controlled water and higher allocation of land to the cultivation of remunerative cash crops (such as Sugarcane, Banana) by our very larger farmers are also the contributory factors for their higher efficiency in productivity.

Looking at the column 7 (Table IV), one may wonder to see the weakened positive non-significant relationship (rank correlation coefficient = +.04) of farm size and productivity, when productivity is measured per *bigha* of gross cultivated land instead of net cultivated land, in a situation when smaller farmers have higher cropping intensity. In our study village at Ekdala, we find that landless (tenants) have significantly lower cropping intensity (see Saha, 1978) which again exerts a contributory influence to mould their productivity per *bigha* of gross cultivated land in such a fashion that places them in some higher position of overall productivity and thus ultimately weakens the positive relationship. What is to be noted is that our very large farmers (25.01 and above) are the most efficient in productivity and the second best productivity is achieved by our small farmers (3.01-5 *bighas*).

However, it is to be pointed out that our findings at different technological levels still do not support nor reject the inverse relationship between farm size and productivity as observed by Hossain (1975, 1977),⁷ Rao (1966), Bharadwaj (1974) in the context of Bangladesh and Indian agriculture. Rather our findings seem to lend support to the view of Chattapadhyay and Rudra (1976) that "the negative relation may hold in certain part of the country at certain times but not everywhere and not at all times."

What is obvious from our foregoing analysis is that with the adoption of new farm technologies our larger farmers, specially the very large farmers in the progressive category have been able to shake off their inefficiencies in the overall productivities observed at the traditional and less progressive technological levels. Our middle farmers (5.01-14 *bighas*), on the other hand, found to be the most efficient in productivities at the traditional and less progressive technological levels, can-

⁷Hossain (1974, 1977) observed inverse relationship between farm size and productivity, that ever measures of productivity (i.e. criterion of output per unit of net cultivated land and/or the criterion of output per unit of gross cultivated land) are considered.

not hold their efficiency measured by any of the criteria (i.e., output per unit of net cultivated land and/or output per unit of gross cultivated land) at the progressive technological level. It appears that the infusion of the spirit of commercialization amongst the very large farmers (25.01 *bigha* and above) and the rising expectation of the small farmers (3.01-5 *bighas*) to reach the subsistence level are the two diverse but determining forces aiding the achievement of the best possible efficiency by these two categories of farmers by adopting the new farm technologies (see column 6 & 7 of Table IV). Furthermore, given their resource base, our small farmers (3.01-5 *bighas*) are expected to be severely constrained by the need to raise cash resources even to keep the cycle of production going.⁸ Thus their allocation of a high proportion of land to more lucrative cash crops such as Sugarcane and Banana, (see Saha, 1978) is also an explanatory factor for their higher productivity.

Output per *bigha* (of net cultivated and/or gross cultivated land) reckoned in money value, has been taken, so far, as the measure of farm efficiency. In order to give a more accurate picture of relative farm efficiency, we shall now attempt to measure it by net return (return minus cost) per *bigha* of net cultivated and/or gross cultivated land.

The results of our calculation of overall net return per *bigha* of net cultivated and gross cultivated land by farm size categories of different technology groups are presented in Table V. Looking at the row of the table containing rank correlation coefficient between farm size and net return per *bigha*, we find that smaller farmers found efficient in both net return per *bigha* of net cultivated and gross cultivated land, at the traditional technological level, are not efficient at the less progressive and the progressive technological levels.⁹

However, if we have a close look at Table V, ignoring our results of rank correlation coefficients, we can observe that middle farmers (5.01-14 *bighas*) found efficient in net return per *bigha* (of both net and gross cultivated land) at the traditional and less progressive technological levels, are not able to maintain their relative efficiency at the progressive technological level, where our small farmers (3.01-5 *bigha*)

⁸Bharadwaj (1974), in the context of Indian agriculture, also offered this explanation of the evidence of devoting higher percentage of land in the cultivation of remunerative cash crops by the small farmers.

⁹Similar results have been observed for the individual crops as well (see Saha 1978).

and the very large farmers (25.01 *bighas* and above) have been the most and the second most efficient in net returns respectively.¹⁰

From the results of our calculation presented at Tables IV and V, it can be discerned that efficiency measured by net return of per unit of land places our smaller farmers in a better position than what they can achieve when efficiency is measured by land productivity. This indicates that our smaller farmers have somewhat lower costs for the

TABLE V
NET RETURN (IN TK.) PER BIGHA OF LAND BY FARM SIZE CATEGORIES
OF DIFFERENT TECHNOLOGY GROUPS, IN VILLAGES EKDALA AND
RAMJIBANPUR, 1976

Farm Size (<i>bigha</i>)	N=19 Group C Traditional Farmers		N=19 Group B Less Progressive Farmers		N=30 Group A Progressive Farmers	
	Net return per <i>bigha</i> of net cultivated land	Net return per <i>bigha</i> of gross cultivated land	Net return per <i>bigha</i> of net cultivated land	Net return per <i>bigha</i> of gross cultivated land	Net return per <i>bigha</i> of net cultivated land	Net return per <i>bigha</i> of gross cultivated land
(1)	(2)	(3)	(4)	(5)	(6)	(7)
0	385.42	220.66	155.02	145.00	343.00	320.86
.01-3	401.96	218.60	391.28	211.00	599.00	314.34
3.01-5	296.90	174.64	352.41	184.52	877.47	452.75
5.01-9	452.18	267.76	398.87	219.94	699.55	358.12
9.01-14	451.81	261.80	471.00	256.43	670.05	358.51
14.01-25	312.10	194.38	339.60	202.75	551.34	308.50
25.01+	242.61	154.45	313.77	189.31	695.31	394.34
All farms	336.44	203.90	360.61	208.20	650.67	359.84

Rank corre-
lation co-
efficients
between
farm size
and per
bigha net
return

-.32/NS -.36/NS +.07/NS +.32/NS +.25/NS +.18/NS

Source : Field survey.

Notes : For explanations, see Table I.

¹⁰More or less similar results have emerged, when farm efficiency is measured in terms of land productivity. Plausible explanations of the observed results have also been offered.

use of resources per unit of land. This result can be questioned by "the cheap Labour based Explanation"¹¹ advanced by Sen (1964) and empirically supported by Hossain (1974, 1977) in the context of Bangladesh agriculture. Hossain in his study (1977) expects that the possibility of employing oneself in part-time non-agricultural activities is greater for larger farmers due to their higher net assets and credit worthiness,¹² suggesting that the opportunity cost of family labour is lower for smaller farmers. Hossain (1974, 1977) also considers that smaller farmers favourably endowed with labour can use more labour per unit of land by (a) more use of labour in individual crop activities, (b) the choice of labour in intensive crops. He also notes that in traditional agriculture with backward production forces, there is indeed more such variation of labour than of material inputs. This implies that smaller farmers using labour-resource more intensively would have higher cost for total resource use per unit of land.

The suggested hypothesis regarding the use of labour by farm size categories may be examined by the evidence available in our study. We have observed in our study villages that percentage of farmers (heads of households only) reporting to have secondary occupation (both agricultural and non-agricultural) is significantly higher for the smaller farmers (some smaller farmers have also more than one secondary occupation) than for the larger ones (See Saha 1978, 1980). Thus the opportunity cost of family labour *may not always* be lower for smaller farmers compared to that for larger farmers whose job opportunities outside the farms are not high and who, due to their social status, do not and cannot sell their excess labour. Even when the opportunity cost of their family labour is lower, the use of family labour per unit of land by the larger farmers cannot be expected to be high, due to their lower man-land ratio and their attitude to manual work on farms. Furthermore, in our study villages, we find no systematic relationship

¹¹Sen (1964) argued that smaller farmers, mainly depending on family labour, have low opportunity cost of labour in absence of alternative job opportunities outside the farms. They have the tendency to use labour input on the farm upto the maximum as long as the marginal productivity of labour is positive. Larger farmers, on the other hand, depending more on the hired labour would restrict the use of labour input to the level at which marginal yield equals the market rate. Employment per unit of land is thus higher in the smaller farms than in the larger farms.

¹²This hypothesis also gets support in Saha *et al.* (1980).

between farm size and labour use per unit of land (see Saha 1978, 1980).

The above evidence leads one to conclude that our smaller farmers, with more or less similar labour use per unit of land and with somewhat lower use of modern inputs than our larger farmers, may have some lower costs per unit of land. Our analysis, however, does not certainly reject the Cheap Labour Hypothesis, rather suggests that the hypothesis, though theoretically sound, and empirically valid in some regions, is not universally acceptable.¹³

IV. CONCLUDING OBSERVATIONS

In the foregoing analysis, we have observed that adoption of new technology has brought about significant changes in production practice and productivities in agriculture. Indications are there that technological change inspires larger farmers more to increase their productivity and/or efficiency since they are in a more advantageous position than smaller ones to have access and to afford these new inputs. This change, however, is not expected to be fundamental or permanent unless there is any significant transformation in the mode of production involving productive force and productions.¹⁴

Now to turn to the issue of evolving the basic agricultural production strategy for attaining self sufficiency, in food,¹⁵ the Second Five Year Plan has recently advocated a big push on developing irrigation facilities through pumps and tubewells and building up of the *right kind* of local level institution with the expectation that these institutions would play a significant role in local planning for harnessing full benefits of irrigation with Government support of comprehensive package of modern inputs.¹⁶ In this

¹³By undertaking rigorous examination of this hypothesis in many regions of India, Chattapadhyay and Rudra (1976) hold the similar view.

¹⁴Saha (1978) observes that new technology is being introduced, but the production relations stand as a primary obstacle to the release of productive forces which historically demand change in the production relation. The finding by Hamid *et al.* (1978) on Thakurgaon Project also corroborates this observation.

¹⁵In order to achieve the objective, the agricultural sector is targetted to grow at a rate of 6.3 per cent; 7.1 per cent for the food grain sector (rice and wheat) and 5.4 per cent in other agricultural sub-sectors (see the draft plan, p. XII-3).

¹⁶The area under irrigation is planned to increase from 3.1 million acres at present to 7.2 million acres by June 1985 implying a growth rate of about 185% per annum (see Hossain 1980).

regard, it is to be pointed out that adoption of new technologies specially irrigation technologies undergoes a socio-economic and political process. Past experience in capacity utilization of irrigation equipment is not encouraging, politics of irrigation water use is often considered to be the cause of suppression of command area expansion of irrigation equipment¹⁷ (see Saha 1978, Alam 1977, Hamid 1978).¹⁸ This point is to be kept in mind since increase in production depends largely on the acreage to be brought under new technologies.

As regards the building up of local institution for harnessing full benefits of irrigation, it is to be pointed out that the representatives of the local bodies are mostly the large landowner and other elites whose interest not only frustrate achieving the targetted high rate of growth, but also whatever growth is there will only more accentuate inequality and worsen absolute poverty (see Hossain 1980).

It is to be mentioned that the acreage under the new technologies depends upon the decisions of the farmers in respect of his distribution of cultivable land under various crops in different crop seasons. The objective conditions such as topography, soil conditions and the whole spectrum of production and market relations in which the farmers are involved are significantly important to mould the production decision.¹⁹ Now one can reasonably ask how far the above mentioned variables are taken into consideration in projecting the acreage under HYV crops and thus targetting the food grain sector. Furthermore, one is to be careful about the long run effect of opportunity cost of production loss of competing crops (i. e. pulses, oil seeds and other Winter crops) for stressing on the production of HYV Boro and HYV wheat.

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¹⁷Saha (1980) observed the coverage area of the deep tubewell in Ekdala to be 80.55 bighas which can be regarded as representative figure in Rajshahi Division where average area of a deep tubewell is 27.08 acres (i.e. 81.24 bighas) in 1976-77 (see Hamid 1977, p. 29).

¹⁸In Bangladesh, declining tendency of acreage under a deep tubewell is mostly round (see Yunus 1977, Hamid 1977).

¹⁹For a good discussion in this line, see Bharadwaj (1974) and Aziz (1979).

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The Strategy of Agricultural Development in Bangladesh : Past and Present

by

M. ALAUDDIN

AND

MUSTAFA K. MUJERI*

Development planning generally is concerned with the problem of generating sufficient productive investment and channeling such investment into different sectors of the economy in such a way as to provide the most rapid growth of the productive power of the national economy. The development plan of a country, as such is expected to provide the guidelines for the use of scarce resources and indicate the methods of implementation. The task of comprehensive planning in this respect is to ensure consistency and feasibility and to permit rational determination of priorities. However, the organic link between the targets in a plan and the policy instruments and other measures required to attain them is a concept that is usually neglected in many countries. There is frequently a lack of understanding that the mere quantum of investment is not enough to ensure growth, that the adoption of appropriate strategy, administrative and organisational measures are frequently more important than increased investment. The case of agriculture in Bangladesh may be taken as an example of this phenomenon where the declared strategies could not provide any blue-print for development rather have been utilised as instruments of propaganda to serve the vested interests of the ruling cliques of the country. It can hardly be surprising, therefore, that most plan targets are never achieved. Moreover, the targets are usually fixed on the basis of what is desirable instead of what is likely. They usually are set so unrealistically high—not in terms of economic potential or need—but in

*Department of Economics, Rajshahi University.

terms of political will and the administrative capacity to develop, that they never have much chance of being fulfilled.

It is well recognised that in a country like Bangladesh, effective development plans must aim at raising agricultural output and productivity in order to achieve rapid and sustained economic growth. In the context of the drastic change in production possibilities resulting from the new seed-fertilizer-irrigation technology, the importance of shifts in production function as key element in strategies for development in Bangladesh agriculture has been emphasized by the planners since the sixties. However, since the government does not produce agricultural output directly, the strategy obviously has to do with the policy instruments that influence the decision making of the farmers. The critical strategy decisions must, therefore, ensure that the various sets of government decisions are consistent with one another. Moreover, although, it is sometimes argued that the yield increasing innovations are natural to scale, widespread diffusion of such technology has some obvious limitations in the context of the existing rural institutional framework in our country. The agricultural development strategy emphasizing increased productivity within the framework of existing pattern of land ownership and technological base, unaccompanied by any structural transformation in the rural society, has failed miserably in the past. The planners have not been able, consciously or unconsciously, to devise the actual mix of policies needed to influence the pattern of agricultural development in the desired direction.

The present paper attempts to examine the strategies of development relating to Bangladesh agriculture in a historical perspective. The strategies have been analysed in the context of overall objectives of increased agricultural output and productivity in order to assess the prospects of attaining agricultural output target in the Second Five Year Plan (1980-85). Section I examines the past strategies of agricultural development in the light of its overall importance of the economy. Section II contains an appraisal of the agricultural strategy outlined in the Second Plan. Section III provides some concluding remarks.

I

Agriculture occupies a position of preponderant importance in the economy of Bangladesh. From Table 1, it can be seen that the share of agriculture (including livestock, forestry and fisheries) in the GDP has declined from about 72 percent in the early fifties to about 55 percent in the late seventies. There has not been any significant structural change

in the economy over the period. During the last decade GDP has risen with a declining share of the manufacturing sector—8.7 percent in 1979-80 compared to 10.4 percent in 1972-73. The share of agriculture also registered a decline from about 58 percent in 1972-73 to about 55 percent in 1979-80, but still it remains the dominant sector of the economy. Although in a growing economy an increasing share of manufacturing usually follows a declining share of agriculture, this has not, happened during the last decade. In recent years, in terms of the 1972-73 prices, around 75 percent of the agricultural value added is derived from the major crops while nearly half of the agricultural value added comes from rice alone. Livestock and fisheries each contributes around 5 to 6 percent of the GDP and forestry about one percent. If the ancillary activities like transporting and marketing of agricultural products are taken into account, agriculture's share would be as high as two-third (Khan 1972). Over half of the value added in the manufacturing sector results from the processing of domestically produced agricultural goods (*ibid*, p. 38). Nearly 80 percent of the total population is engaged in agriculture. As of 1979-80, agricultural labour force remains as high as 79 per cent of the total, although it was 83 per cent in 1969 (Ahmed 1972, p. 30 ; Bangladesh Planning Commission 1980 p. VI-4). Also in foreign trade, there appears to be little, if any, scope for diversification in the near future away from the traditional exports such as jute and tea.

Thus in terms of the proportion of the total population depending directly on agriculture for their livelihood and the contribution of agriculture to the national accounts of Bangladesh in the foreseeable future, the key to economic development is held by agriculture and any attainable rate of industrialisation is unlikely to make adent either in poverty or unemployment. More than 90 percent of the rural people live below the poverty line and about a third of the labour force is unemployed and underemployed, un- and under employment being most in agriculture. A critical factor determining sustained industrial growth is that agriculture should provide a surplus mainly in term of food, raw materials and, at some stage, labour and a market for industrial goods.¹ The attainment of the latter requires that the income of the farming community be enhanced.

The sluggish growth of the economy over the period is mainly explained by the fact that agriculture languished with a slow rate of growth.

¹For an analysis of the role of agriculture in economic development, see Johnston and Mellor (1961).

Agriculture not only seriously lagged behind the other sectors of the economy but also, at times, of population, in terms of rates of growth. As a result, food supply from domestic sources has failed to keep pace with demand and the gap has steadily increased resulting in the need for the import of foodgrains and the consequent drainage of foreign exchange.

Crop production dominates Bangladesh agriculture. Despite this, the per acre yields of most crops are very low—some of the lowest in the world. The manifestations of mass poverty among the rural population do indicate that, under the existing technology, there are more people dependent on agriculture than it can support at other than an inadequate level of living. Low productivity per unit area and high unemployment and underemployment in agriculture suggest the inefficiency of the existing resource allocation mechanism. This appears to have resulted from the rigidity of the supply of land, limited substitutability between land and labour with existing technology, seasonal nature of agricultural operations and an inadequate supply of complementary innovations that could enhance the supply of

TABLE 1
GROWTH AND STRUCTURAL CHANGE IN BANGLADESH
1950-51 TO 1979-80 (CONSTANT 1972-73 PRICES)

Sector	Sectoral Share of Total GDP (Percentage)					1979-80
	1950-51 to 1954-55	1955-56 to 1959-60	1960-61 to 1964-65	1965-68 to 1969-70	1972-73	
Agriculture	71.5	68.1	64.7	62.2	57.6	54.6
Industry	3.6	5.4	7.7	8.2	10.4	8.70
Power, Gas and Construction	0.6	0.9	2.2	4.1	4.0	6.4
Housing	5.0	5.3	4.8	4.5	4.1	4.5
Services	19.3	20.3	20.6	21.0	23.3	25.8
Total	100.0	100.0	100.0	100.0	100.0	100.0

Notes and Sources :

The sectoral shares for 1950-1970 are based on five year averages.

Compiled from

(1) Alamgir and Berlage (1974, p. 168)

(2) Bangladesh Planning Commission (1980, p. I-8).

land through higher intensity of cultivation and/or augmented land productivity. Under given factor endowments, the inefficiency in the use of land and labour may have resulted from the existing institutional structure of agriculture and the associated distribution of non-labour resources.

The broad picture of poor production performance and near stagnation in agriculture can be directly traced back to the historic neglect that the agricultural sector has suffered in the successive development plans since the early fifties. This calls for a closer examination of the strategies and policies pertaining to agrarian development. The following analysis is devoted to a critical appraisal of the past strategies.

Agriculture was the 'sickman' of economic development in the fifties. This resulted from a record of insufficient supplies of critical agricultural inputs, insufficient coordination and inadequate infrastructure and attention required for agrarian development. There were a number of reasons for this. This phenomenon has been eloquently expressed by Papanek (1967).

"The starting point was that farming is a rather morbidly dirty business that has little appeal to the poet-civil servant whose interest tends more towards an ever whiter shirt and a higher capacity air conditioner. Another explanation (for the neglect of agriculture) is the sincere belief that very rapid industrialisation is a cure all...will remedy the grubby, stubborn illness of low agricultural productivity" [Motheral 1960, quoted in Papanek, 1967, p. 145 ; Papanek 1967, pp. 165-66] further points out :

".... the government's agricultural programme had little prestige and offered an unattractive career with lower pay, prerequisites, power and responsibility than other fields.... In addition an assignment in agriculture was likely to leave a black mark on the record of any administrator the administrator in charge of an agricultural programme was almost certain to fail and his failure would be obvious A dozen years after independence and several years after agriculture was theoretically given the highest priority by governments, there were failures in the agricultural programme which government simply would not have tolerated elsewhere."

One of the most important objectives of agricultural development plans in the fifties and sixties was to increase food production and progressively reduce the gap between domestic production and consumption of food. This stemmed from the fact that with population pressure mounting on the land over the years the static nature of food produc-

tion failed to meet the growing demand. This turned the very strong balance of payments of the fifties into one registering increased deficits in the sixties. These dictated a two-pronged strategy as follows :

- i) "Large scale efforts and investments to install irrigation and drainage structures and even to control the flow of the rivers themselves;
- ii) Allocation of foreign exchange for large and growing quantities for foodgrain imports financed through industrialisation, import saving and export earning developments, and by foreign assistance" (Faaland and Parkinson 1976, p. 126).

Although the above policy was rational in conception, it was largely ignored in implementation—implemented only in part and often without persistence. Foodgrain production technology in the fifties and early sixties emphasized large scale irrigation efforts which were lumpy and indivisible. The other technologies like fertiliser, small scale irrigation and biological innovations had little place in the agricultural development strategy.

Closely interrelated with this strategy is the priority or lack of it accorded to agriculture in the development plans. Every plan appears to have given top priority to agriculture. However, statistical evidence hardly substantiates this claim. Table 2 provides a picture of the share of agriculture (including water and power development) in the public sector investment during the period.

The information contained in Table 2 suggests a low priority assigned to this sector. Moreover, the eastern wing which is now Bangladesh had a very low share of development expenditures both in terms of plan allocation and actual realisation of stated objective. Bangladesh's share in public sector allocation was 36 percent during (1955-60), 25 percent during (1960-65) and 36 percent during (1965-70) (Pakistan Planning Commission, 1970-a, pp. 25-28). The Advisory panel on Pakistan's Fourth Plan (1970-75) rightly points out "...that the performance in East Pakistan during the Second and Third periods was not only because total development expenditures were small but also intersectoral relations were inappropriate" (*ibid*, p. 28).

Concerning the 'top' priority to agriculture in the First Plan of Pakistan (1955-60) Muhibul Huq makes fitting remark. This equally applies to the subsequent plans. As he put it, "this is surprising at first sight because the share of total investment going to agriculture as well as the contribution to additional output that it was expected to make

TABLE 2

SHARE OF ACTUAL PUBLIC INVESTMENT OUTLAYS IN
PAKISTAN AGRICULTURE : 1950-1970

Period	Share of Agriculture (Percentage of Total Development Outlay)
Pre-plan (1950-55)	13 (6)
First Five Year Plan (1955-60)	24 (7)
Second Five Year Plan (1960-65)	32 (13)
Third Five Year Plan (1965-70)	36.9 (11.2)

Notes and Sources :

- (i) Figures in parentheses are investment shares of agriculture alone (including livestock, forestry and fisheries).
- (ii) The Third Five Year Plan figures include agriculture and water resource development only. Pakistan Planning Commission (1965, p. 6 ; 1970, p. 28).

was much less than industry....Moreover, if a particular sector is given 'priority', it should also be given priority in the allocation of administrative resources and it is by no means clear from the plan that this was done. One can only conclude that the so-called highest priority to agriculture in the first plan was merely a declaration of pious intentions rather than a reflection of investment or administrative policies" (Huq, 1963, pp. 157-58).

Towards the later part of the sixties the backlog of the earlier neglect was beginning to emerge in serious proportions. This called for a strategy with different innovations adopted to rice cultivation. It coincided with the introduction of the seed-fertilizer-irrigation technology popularly known as the "Green Revolution" innovations. The biological innovations were to act as pace setters of technological transformation in Bangladesh agriculture. The seed-fertiliser-irrigation technology was introduced in different phases. It started with the introduction of imported HYV rice during the Winter season through irrigation. This was followed by its cultivation during the Summer although to a much smaller scale. The import and indigenous development of a number of HYV seeds followed the introduction of IR-8 and IR-20. Encouraged by the euphoria generated by the performance of the "Green Revolution" technologies on a limited scale in Bangladesh and elsewhere in the third world, the late sixties witnessed an attempt to accelerate rice production and

attain self-sufficiency in foodgrains by 1970. The critical elements of the food self-sufficiency plan were the HYV seeds, chemical fertilisers, pesticides and irrigation water. However, the plan targets appeared ambitious in relation to achievement as the critical inputs fell short in supply. Moreover, the commitment and dedication needed for the plan to be implemented was absent. In retrospect, the failure of the food self-sufficiency programme in the sixties could be attributed to the following causes :

- i) the limitations of the biological innovations in terms of their adaptability to ecological zones on a larger scale were underestimated if not ignored ;
- ii) The capacity to expand irrigated acreage during the dry season was exaggerated;
- iii) The limitations of the institutional framework to provide supporting services were not taken into consideration.

Another aspect of the programmes for agricultural development is to catalyse development through institutional change. The process of institutionalisation of rural development started in the 1950's with the initiation of a community development programme known as V-VID whose failure saw its abandonment followed by introduction of the much publicised Comilla Cooperatives. These institutions were introduced without any interference with the agrarian structure reflecting land ownership and distribution pattern.

In 1973 Bangladesh, as a new nation, launched her First Five Year Plan (1973-78). The attainment of food self-sufficiency by 1978 formed a key element in its objectives. This assumed renewed significance in the light of the failure on the food self-sufficiency plan in the sixties. The emergence of Bangladesh itself changed the development perspective because of heavy population pressure on the one hand and crippling balance of payments problem on the other. The following discussion turns to an analysis of the strategy implicit in the First Plan.

The First Five Year Plan advocated a strategy of introducing irrigated and rainfed HYV rice in different seasons with primary emphasis on irrigated HYV in the Winter season. The institutional strategy adopted was primarily a replication of the Comilla type cooperatives through the IRDP. The incentive strategy to catalyse rapid adoption and diffusion of modern technologies was through subsidisation of inputs to varying degrees. The agricultural programme in the First Plan did not achieve food self-sufficiency as it followed much the same path of development as its predecessors despite a change in the perspective of development.

The First Five Year Plan claimed to have accorded highest priority to agriculture although it allocated only 24 percent of the planned total development outlay to agriculture which includes rural institutions and water resources development including flood control. There were substantial shortfalls (about 42 percent) in the development expenditures earmarked for agriculture. The actual share of agriculture in development expenditures is shown in Table 3,

TABLE 3

Year	Annual Development Expenditures on Agriculture and Related Activities as Percentage of Total Development Expenditures
1973-74	34 (12.4)
1974-75	34 (12.2)
1975-76	31 (13.5)
1976-77	31 (15.2)
1977-78	29 (12.8)
1978-79	29 (14.6)
1979-80	29 (12.6)
1973-80	30.2 (13.4)
1980-85 (Proposed)	29 (14.6)

Notes and Sources :

Figures in parentheses are proportions of allocation to agriculture (including live-stock, forestry and fisheries) only.

Compiled from Bangladesh Planning Commission (1980 p. I-23 : pp. III-10-11).

A comparison of Tables 2 and 3 reveals that the share of agriculture and related activities in planned allocations is hardly different although in both decades, the government claims to have given highest priority to agriculture. Nor is there any difference in the strategies of the sixties and the seventies ? It is little or no wonder therefore that the results have not been any difference.

The failure of the past development strategies to provide a basis for sustained growth in agriculture productivity and food self-sufficiency lies in the contradiction between an appropriate development strategy and policy instruments underlying its implementation. The major cause of near stagnation of the agrarian sector in Bangladesh lies in the low level of a technological development and the inadequacies of the insti-

tutional framework in which agricultural development plans are implemented.

Technological innovations consistent with factor endowments and adaptable to ecological conditions have been widely recognised as an important source of agricultural productivity growth. It is in this respect that indigenous R and D efforts play a critical part. The government's technological strategy has placed overwhelming importance on expanding irrigated acreage during the Winter season although this has not succeeded to the extent as was expected. Rarely has there been any attempt to contemplate any action to extend the technological base geared to the needs of the agrarian sector in respect of generation of technological innovation for the all important monsoon season. Low research intensity and priority bear the mark of an illconceived policy framework.²

Agricultural research activity in respect of the level of research investment and the quality and quantity of scientific man power leaves much to be desired. Investment in agricultural research (col. 3, Table 4) *albeit* fluctuations, shows an upward trend over the years. Since the sixties, the number of research workers has registered steady increase (col. 4, Table 4). Columns 5, 6 and 7 respectively represent research expenditures as a proportion of agricultural value added, number of research workers per US \$ 10 million of Agricultural value added and research expenditure (SUS) per research worker. All values are expressed in 1972-73 constant prices. These variables provide a measure of what Evenson and Kister (1975) term *research intensity*, which is very low. These figures in columns 5, 6 and 7 of Table 4 stand in striking contrast to the corresponding figures (for a representative year, refer Tables 5 a-b) of the developed countries of Western Europe, North American, Oceania and Japan. It has not even kept pace with the level of research activity of countries with similar per capita income level taken together in respect of research expenditure ; (a) per scientist man-year and (b) as a proportion of agricultural product value.

The problem that epitomized the weakness of the Bangladesh agricultural research system is not the absence, but the meaningful presence of three basic elements that constitute the keystone of a national agricultural research system. They are policy, planning and coordination, carrying out research and training of research scientists. The importance

²A detailed discussion of agriculture research and policy in Bangladesh has been made elsewhere (Alauddin 1981).

of strengthening the research system, *albeit* theoretical recognition, has rarely been reflected in the policy instruments of development planning.

Further, despite the repeated recognition of serious inadequacies in the institutional framework of agro-rural development, the policy makers appears to have failed to bring about desirable changes in the agrarian structure. The land reform in 1950 abolished the *zamindari* system but in its place nurtured to strength a class of surplus farmers known as *jotedars* and created a class of intermediaries who appropriate the fruits of whatever development that has taken place. The *vast majority* of the rural population live in impoverishment and poverty. Against this background, the strategy for agricultural development in the Second Five Year Plan (1980-85) is discussed in Section II.

II

The Second Five Year Plan of Bangladesh, the launching of which "was delayed by two years in order to develop a substantive plan on solid foundations including improved quantitative knowledge about the working of the economy, policy frame and institutions" (Bangladesh Planning Commission 1980, preface), has been claimed "to herald a big leap forward in development planning" by the addition of "new dimensions to development planning". This is started to have been reflected "in the plan's emphasis on rural development aiming at the widest possible dispersal of the benefits of development planning" (*ibid.* p. X-1). However, mere contention like this need to be justified by programme of actions.

The Second Five Year Plan, according to the planners, aims at bringing about a decisive change in the pattern of growth inherited from the past through the 'magic' programme of comprehensive rural development. And agricultural development forms the core of rural development in the Plan. The growth of the economy at the proposed rate of 7.2 percent annum over the plan period depends crucially on the success in the agricultural sector. The plan seeks to achieve rapid growth in agricultural output and productivity. The strategy for agricultural development in the plan will endeavour to broaden the modern technological base for rapid transformation of the traditional agriculture. The main thrust to the agricultural sector is proposed to be given through increased coverage of irrigation along with expanded cultivation of HYVs of rice and wheat supported by intensive management. The agricultural production strategy of the Plan will seek to ensure

proper institutional changes and appropriate policy measures to increase the supply of inputs and supporting services such as irrigation water, fertiliser, pesticides, improved seeds, credit, extension service, price-support measures and marketing facilities. Moreover, self-sufficiency in food-

TABLE 4

RESEARCH EXPENDITURE, AGRICULTURAL VALUE ADDED
AND NUMBER OF RESEARCH WORKERS : 1960-1977

1	2	3	4	5	6	7
Year	Agricultural Value Added	Research Expen- diture	Number of Research Workers	Col. 3+ Col. 2 (%)	Col.4+Col.2 +80	Col.3+Col. 4+8
1960-61	24,933.5	1.88	104	0.0075	0.33	2,260
1961-62	26,212.9	3.83	121	0.0146	0.37	3,945
1962-63	25,477.9	5.77	171	0.0226	0.54	4,218
1963-64	27,601.1	9.55	192	0.0346	0.56	6,217
1964-65	27,982.2	5.54	219	0.0198	0.63	3,162
1965-66	28,798.8	1.76	273	0.0061	0.76	806
1966-67	28,799.0	2.85	282	0.0099	0.78	1,263
1967-68	31,466.3	11.00	310	0.0350	0.79	4,436
1968-69	30,976.4	11.51	333	0.0372	0.86	4,321
1969-70	31,847.4	12.50	354	0.0392	0.89	4,413
1970-71	30,404.7	11.67	360	0.0384	0.95	4,052
1971-72	27,138.4	12.59	369	0.0464	1.09	4,265
1972-73	27,220.0	5.95	387	0.0219	1.14	1,922
1973-74	30,295.9	21.37	449	0.0705	1.19	5,950
1974-75	29,697.0	24.14	522	0.0813	1.41	5,780
1975-76	32,636.8	40.89	585	0.1247	1.43	8,737
1976-77	32,473.5	42.60	657	0.1312	1.62	8,105

Notes :

- (1) Figures in columns 2 and 3 are in millions of Taka in 1972-73 constant prices.
- (2) Column 5 represents research expenditure as percentages of agricultural value added.
- (3) Column 6 represents research workers per US\$ 10 million of agricultural value added (US\$=8 taka, 1972-73 prices).
- (4) Column 7 represents research expenditure per research worker (in 1972-73 US dollars).

Source : Alauddin (1981, p. Table 2).

TABLE 5

a. EXPENDITURE ON RESEARCH AS A PERCENTAGE OF THE
VALUE OF AGRICULTURAL PRODUCT BY PER CAPITA
INCOME GROUP 1974

Income Group US\$	Percentage Expended for Agricultural Research
I (1950)	2.55
II (1001-1750)	2.34
III (150)	0.67
Bangladesh	

b. RESEARCH EXPENDITURES PER MANPOWER UNIT
BY INCOME LEVEL GROUP 1971

Income Group US\$	Public Research Expenditures per Scientific Manpower
I (1750)	45,519
II (1001-1750)	15,884
III (150)	10,442
Bangladesh	4,052

Sources and Notes :

- Compiled from Table 4 above and Boyce and Evenson (1975, pp. 9-11).
- For Bangladesh the dollar figures are in 1972-73 prices and for other countries they are in 1971 prices.

grains at a higher level of per capita consumption is a major objective of the plan.

Thus the outlook for the agricultural strategy in the Second Plan is largely supply-oriented, that is, how agriculture can increase the supply of commodities especially foodgrains to meet self-sufficiency. The Plan intends to achieve self-sufficiency in food by 1984-85, the terminal year of the plan, and double food production by 1986-87. The plan seeks to increase production of rice and wheat from 135.0 lakh tons (normalized) in 1979-80 to 200.3 lakh tons in 1984-85, an increase of 48 per cent over the five year period that is, 8.3 per cent annum (*ibid.*, p. XII-2). Overall foodgrain production is planned to grow at the rate of 7.2 per cent per annum, in terms of value added, and 6.6 per cent in terms of output. This would surely appear, when compared to the growth rate of 1.9 per cent actually realized during 1960-1978 or even in the most recent past, 3.5 per cent during 1973-80, to be highly opti-

mistic. Achieving such high rates of growth, surely calls for the adoption of revolutionary strategies and policies. Let us now turn to see how the plan aims to achieve such revolutionary targets.

In order to attain the high foodgrain targets and achieve the stipulated rate of growth in agriculture, the plan relies mainly on the fruits of modern technology. It is proposed that the farmers in the irrigated areas will be offered a comprehensive package of inputs and support services to maximize production by concentrating development activities in the areas of high potential. For the rest of the country, the plan seeks to provide a minimum package of inputs and support services to increase production. Further, price support policy will play a major part in expanding production of major crops. Thus, in the context of this "maximizing agricultural output" approach, the plan strategy which may be termed as an "incentive strategy" calls for a set of consistent policy instruments to achieve the targets. These instruments, and their relationships, can be viewed in a variety of ways. However, the critical strategy decisions must ensure that the various sets of government decisions are consistent with one another. Before discussing the broader aspects of consistency of the strategy, let us first examine some of the strategies and policies in regard to the supply of modern inputs. First, let us consider the case of irrigation. The Second Plan aims to expand irrigation coverage from 3.6 million acres to at least 7.2 million acres. However, past performance in this respect shows that the total area irrigated in Bangladesh increased from 2.61 million acres in 1969-70 to 3.68 million acres in 1975-76 and slightly declined thereafter and remained much the same in recent years (Hamid 1981). The Plan aims to expand the irrigation facilities mainly through increasing the area under irrigation by LLP, STW and DTW (see Table 6). However, such an enormous increase in area covered by these methods probably are based on optimistic assertions rather than factual evidence. Past performance in this respect suggests that these targets are unrealistic.

The Second Plan proposes to increase the production of HYV rice and wheat from 37.30 lakh tons in 1979-80 to 108.20 lakh tons in 1984-85, that is, by about 190%. It is well-known that the success of the programme depends critically on the adequate supply of modern inputs especially fertilizer. During the Plan period, the distribution of fertilizer is expected to increase from 10 lakh tons to 19 lakh tons, that is by only 90 per cent. Moreover, in view of the declared government policy of continuous reduction of subsidy on fertilizer, it appears unlikely that

TABLE 6
SUMMARY OF IRRIGATION PROGRAMME DURING SFYP

Agency	June 1978		June 1980 (Expected)		Second Plan target (Additional)		Total, 1985 (Cumulative)		(Area in lakh acres)
	No.	Area	No.	Area	No.	Area	No.	Area	
A. BEDB	—	1.60	—	2.40	—	7.60	—	10.00	
B. BADC									
(i) LLP	36730	13.55	37,000	14.80	1 cusec 4500 2 „ 8500	5.70	10,000	2.50	
(ii) STW	6601	0.59	15,000	1.50	75,000	9.75	90,000	11.25	
(iii) DTW	7470	3.35	11,000	6.05	14,000	8.95	25,000	15.00	
(iv) HTW	—	—	50,000	0.20	250,000	0.70	300,000	0.90	
C. Private									
(i) BKB-STW	6012	0.41	13,000	1.20	18,000	2.55	30,000	3.75	
(ii) IRDP-HTW	60000	0.25	120,000	0.48	80,000	0.12	200,000	0.60	
(iii)	—	9.00	—	10.00	—	—	—	10.00	
Total :	—	28.75	—	36.63	—	35.37	—	72.00	

Source : Derived from Bangladesh Planning Commission (1980, p. XII-80).

the proposed amount will actually be purchased by the farmers. Thus the production plan does not correspond to the provision of fertilizer distribution. The same can be said of other critical inputs. Thus, leaving aside the question of feasibility of the targets in the light of the realities in the agricultural sector, the policy instruments proposed in the Plan seem to be inconsistent.

Now let us consider some basic aspects of the strategy of agricultural development in the Second Plan. There is no denying the fact that among the different methods suggested for augmenting productivity of land under various crops, the seed-fertilizer-irrigation technology is the most important. The output targets embodied in the Plan depend critically on a widescale adoption of such technology. However, one precondition for the success of the programme calls for the adoption of policies that would reduce the administrative bottlenecks in respect of the adequacy and timeliness of the supply of critical inputs. The major constraint in this respect relates to the inability of the economy to provide for the timely and regular supply of the key inputs. The supply of water, fertiliser, HYV seeds insecticides and other support services are not only insufficient, but also irregular and beyond the capacity of most farmers for their adoption on a countrywide basis.

Another fundamental point with respect to the modern technology is the fact that the categories of small and marginal farmers and the sharecroppers, who constitute the vast majority cannot, even in the absence of the above constraints, adopt modern agriculture. The prices of the inputs may be prohibitive for the majority of such framers has little or no access to institutional credit within the present framework. Moreover, the use of modern irrigation facilities may not give expected results if optimum operation is not possible due to small size of farms. Under the present framework, excepting the few big farmers, peasants in general will not be able to avail of the proposed facilities. The question of land reform, particularly the rights of sharecroppers and participation of landless and marginal farmers in the production process, therefore assumes crucial importance if the fully potential of modern technology is to be realised. In this respect, although the Second Plan admits that due to small farm size and existence of large number of landless farmers, modernization of agriculture simply by supplying modern inputs is not possible it still expects large increases in agricultural output without bringing about any change in the production structure. The Plan asserts that at this critical stage of the economy when private enterprises are being encouraged to assume and discharge the historic task of developing the

nation, it is undesirable to interfere with the economic interests of the owners of land. Probably the planners go wrong when they claim that the high targets of the agricultural sector can be attained through mere operation of fiscal and other policies intended to influence land use and production plans at the village level, without interfering with the existing ownership of land. It is not understood how "an institutional framework for production and employment planning at the village level and ensuring better use of land, water and human resources" can be provided "without interfering with the land ownership" (*ibid.* p. II-6). The Second Plan has failed to realize the fact that no major thrust to the agricultural sector can be provided without desirable changes in the pattern of land ownership. The peculiar land management system, present mode of sharecropping, widespread sub-marginal holdings, acute subdivision and fragmentation, dubious land records, etc. are some of the aspects of the socio-economic constraints to agricultural development that cannot be overlooked in any development strategy. Further, the plan seeks "to achieve a more equitable distribution of income, output and employment among the small and marginal farmers and the landless" (*ibid.*, p. XII-2). One wonders how this can be achieved without changing the present pattern of ownership of land and other productive assets which contain built-in mechanisms for generating and accentuating inequality.

To sum up the strategy of agricultural development in the Second Plan, in line with earlier plan strategies, has failed to realise the basic fact that the mere introduction of modern technology and attempts for its adoption, in the absence of a hospitable institutional framework reflecting socio-economic realities, is bound to fail. The desired results cannot be achieved unless the technological innovations are adapted to local conditions, and profound changes in the present production relations in the agricultural sector are initiated.

III

The adoption of an appropriate development strategy and its implementation are key elements in the success of a development plan seeking to foster sustained growth. This applies to sectoral plan as well as to the national Plan.

Agriculture in Bangladesh, despite its overall importance in the economy, has generally received disproportionately low allocation of development expenditures and experiences a historical decline in its share. Moreover, it had to bear the brunt of the shortfalls in regard to the utilisation of allocated funds. One of the integral parts of agricultural plans since the

late sixties has been the goal of achieving food self-sufficiency. Yet it has always remained unachieved. The Draft Second Five Year Plan also aims at achieving food self-sufficiency and bringing about a decisive change in the pattern of growth inherited from the past through comprehensive rural development.

The foregoing analysis suggests that the failure of the past development strategies to provide a basis for sustained growth in agricultural productivity and food self-sufficiency lies in the inherent contradiction between an appropriate development strategy and policy instruments underlying its implementation. The real cause of near stagnation of the agrarian sector in Bangladesh lies in the low level of technological development and the inadequacies of the institutional framework in which agricultural development plans are implemented. Technological innovations consistent with factor endowments and adaptable to ecological conditions have been widely recognised as an important source of agricultural productivity growth. It is in this respect that indigenous R and D efforts play a critical part. Rarely has there been any real attempt to contemplate any action to broaden the technological base geared to the needs of the agrarian sector. Low research intensity and priority bear the mark of an illconceived policy framework. Further in the context of "Maximising agricultural output" approach, the incentive strategy advocated had certain obvious limitations in the present rural institutional framework. Despite the recognition of this fact, the policy makers have failed to bring about desirable changes in the institutional framework and pattern of land ownership reflecting the objective realities of the agrarian structure.

The agricultural development strategies in the past have missed these fundamental aspects. The Draft Second Plan is no exception. The envisaged rate of growth of the agricultural sector at 6.3 percent per annum over the plan period appears to be unrealistic in view of the past performance of 3.5 percent during 1973-80. Unless major changes are initiated and implemented to transform the agrarian structure and broaden the technological base, there is little hope of attaining sustained agricultural productivity growth.

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Rural Development in Second Five Year Plan : Contradictions, Conflicts Inconsistencies, and Inadequacies in Objectives, Policies and Techniques

by

ABU AHMAD*

The Second Five Year Plan (1980-85) identifies Rural Development to be the main 'thrust' of the plan. Especially chapters VII and XII of the plan attempt to highlight the basic issues in this regard and expresses the determination to bring about a qualitative change in the rural life of Bangladesh. But the determination and intent remains confined to the uses of some vague and contradictory jargous.

This paper intends to point out the inadequacies and inconsistencies in the plan's objectives, policies, and techniques for Rural Development and to this end we proceeded as follows:

Section II discusses the present structure of the Institutional framework *vis-a-vis* the changes suggested by the plan ; Section III briefly depicts the present state of affairs in our rural economy and shows how the proposed 'Institutional' and 'Structural' changes are inadequate to resolve the rural problems. Finally section IV suggests some fundamental changes in the present philosophy of the growth and development in the context of the whole economy in general, and that of the rural economy in particular.

II

The needs for 'Institutional' and 'Structural' changes for rural development are much discussed issues in our country and the plan also admitted

*Department of Economics, University of Dacca.

them. It criticises the existing institutions like Comilla Type Cooperatives under IRDP, the Agricultural Extension Services, the TTDC Programmes, the Union Multipurpose Co-operatives mainly on the grounds that the benefits accrue to the rich farmers disproportionately without realising the goal of group benefits from these programmes. It also criticises the present set-up of local govts. For their limitations of resources, and undemocratic nature. About the present rural institutions the plan states : At the present moment there is no institutional arrangement of any significance for undertaking comprehensive rural development covering all the aspects of rural life-agriculture, industry, marketing, storage, transport, health, education etc. [I, chap. XII, p. 96] ; and the plan suggests the reorganization of the rural institutions on the following lines:

- a) Village level govt. is to be instituted in order to take the benefits of planning to the door-steps of the rural people.
- b) The other tiers of the local govts. like Union, Thana, and Zilla parishads are to be retained and democratised, and more power, and freedom are to be entrusted to them within their respective jurisdiction.
- c) At the National Level the formation of National Council for Local Govts. (NCLG) for policy decision, coordination, maintaining and resource allocation is to be organized with the President of the country at its top.
- d) An attempt will be made for a phase-wise substitution of IRDP programmes by the cooperatives of the functional groups like landless, youth, women, weaver etc. which are to be federated at the village level under Village Cooperatives Associations (VCA) and the VCAS in turn are to be federated at the thana level under Thana Union Cooperatives (TUC).
- e) The cooperatives at all levels are to function as economic arms of local govts.

Now, if we examine that above we find that the plan did not suggest anything qualitatively new excepting the 'village govt.' (Gram Sarker). The replacement of two tier IRDP cooperatives with three tier ones cannot change anything qualitatively by itself, unless scopes for functions, funds, controls and administrations for the envisaged cooperatives are well defined before hand. The addition of Gram Sarker to the present local govt. Tiers has been sensibly done in order to take the planning process to the door-step of the rural people which sounds very attractive. But what needs explanation is that how the mere taking of the planning process to the door-steps can benefit the people while the social relation which stems from the

production relations remains unaltered? What we think is, that the planning at the door steps or at a distance from the door-steps is not a matter of much importance to the people; what is important is a clear and well-defined document for changing the present social structure for attaining growth, equity and self-sustenance. The words 'institutional' and 'structural' changes as were put in the plan are not new to the people. The basic mistake of the plan as regards the 'institutional' and 'structural' changes is that it saw the two separately. Actually they should be treated as interdependent. One cannot grow & function without the other. The envisaged 'structural' changes should shape the 'institutional' changes, and 'institutional' changes would act as the vehicle for 'structural' changes. Besides, in most cases the plan inter-changed institutional changes for structural changes and viceversa. The plan did not explicitly outline what structural changes it wants to bring about and how those should be achieved; instead, it suggested some piecemeal changes here and there in vague words which in the ultimate analysis are far away even from what the plan wanted to achieve. In addition, the plan seems to put more emphasis on the institutional changes than on the structural ones, but the actual situations demand just the reverse. Whatever institutions the country now has for rural development are not functioning at the expected level because of want of enough and appropriate works due to the structural rigidities. Why the present institutions are inadequate? Is it because they are not at the peoples door-steps or is it because they are not truly representative? The answer perhaps is none of the above. They are inadequate because they were developed separately without any relation to the structural changes.

Whatever may be the changes in the institutional framework, they cannot do any good to the people unless those changes are accompanied by necessary and sufficient changes in the structural fields. Without sticking to this principle of simultaneity, any future creation of additional institutions is bound to become almost functionless. The degree and nature of the structural changes depends on the nature and dimension of the problems as well as social preference of the nation. In Bangladesh, structural changes to be meaningful should mean changes in the production relations which in turn is decided and shaped by the pattern of factor ownership—the land in case of our rural economy. Without disturbing the present land-ownership and management pattern structural changes are inconceivable in rural sector. But the plan's principles are just the opposite as we quote from it 'the plan proposes to constitute the

village govts, encourages then to have a village land & unemployment plan and to implement it as far as possible without *disturbing ownership* individual or family forming [T, chap. VII, p.7].

What the plan did to pacify the popular land-reform demand is the suggestion for marginal adjustments in the present land-ownership and management pattern like ceiling fixation, acquisition of surplus land, recognition of rights and legal status of the share-croppers etc. Are these enough to solve our rural problems? Keeping aside further discussion on ceiling programme for the later stage, may we ask a few questions here? For example, what should be the upper ceiling on land-holding? Is it a once for all solution? Shall we get enough surplus land to place at the disposal of the proposed 'cooperatives' which the plan terms as 'self-sustained organic economic unity' of the Local Sarkers? What are the systems of management and sharing of output of the cooperatives? Are not the offering of rights and legal status to the share-croppers in contradiction to the concepts of rights and legal status emanating from the institution of private ownership? Without clear cut answers to these questions, piecemeal land-reforms proposals will simply be self-defeating and by no means sufficient to solve our present rural problems. In the past, the cooperatives were service suppliers, but the present plan seems one step regressive in this respect. The plan proposes the gradual privatization of the agricultural inputs supplies and the completion of the process by the plan-end. The plan states, 'handing over of the retail trade of fertilizer to private sector will be continued and completed during the second plan' [1, chap. XII, p. 14]. The privatization of inputs supplies and the absence of any meaningful land-reform will render the proposed cooperatives and so to say, the local sarkers functionless. Now the question is without work how the local sarkers can thrive? The concept of local govts. is century old in this country. It is not necessary that the presence of local govts. does always good to the people. Sometime, their presence brings more harms than good to the people. Under the proposed Gram Sarkers-Plan, each sarker will have 11 representatives and each representative will be in charge of a particular department. Accordingly, Bangladesh will have $68000 \times 11 = 748000$ Gram Sarker members in its 68000 villages who are in rural areas now called Montri (Minister). When other tiers of local govts. like Union Sarkers, Thana Sarkers & Sarkers are taken into account the number of representatives, will be increased by a big number. In the British period, the post of the representative of the local bodies was a honorary one. In Pakistan days, the post was made payable, of cou-

rse, was differentiated from other paid posts by attaching a prestige tag called 'honourarium' to them. We have valid reasons to apprehend that a situation may come when payments in the form of 'honourarium' shall have to be made to all members of the local govts. from already deficit purse of the govt. This sort of 'honourarium' payments for almost no work can be termed as a calculated move to create an elite-dominant class who will act as the local agents of exploitation of the urban capitalists, and will share the booties of exploitation. The plan also did not say anything explicitly as to how the huge establishment and maintenance costs of the local govts. will be met. It is sensible to assume that either local govts. will resort to various cross-taxation or the national govt. will be coming forward to meeting these expenses. Actually what we think reasonable is that before launching the vertically tiered local govts. there should be a thorough cost-benefit analysis of whole programme of political institutions in the name of local govts. The long-felt desire of people's participation and people's sharing in the production cannot come through the mere extension of local govts' tiers unless production relation which is now depending on the pattern of factors ownership is changed.

III

The problems of rural sector in Bangladesh are: poverty, inequality, unemployment, and landlessness. These problems are inter-related and mutually reinforcing. Below let us cite some findings on these problems from various studies on Bangladesh in order to show their nature and magnitude.

a) Top 10% of rural people own 53.9% of the total land and bottom 50% own about 5% of the land [2, p. 7].

b) About 50% (owning no land or less than $\frac{1}{2}$ acre) of the households are functionally landless [1, chap. XII, p. 4 and 2 p. 9].

c) About 35% (in Man-days, 1976) of agricultural labour force is unemployed [10, p. 10] and this rate is on increase as the absorption rate of rural labour force in agriculture is lower than the supply rate. This also means a gradual decline in the bargaining position of the landless and unemployed labour force for wage rate in the already surplus labour market [2, p. 77 and 5 p.].

d) In the cities, the employment situation is almost equally difficult. The population has increased by over 7% p. a. over the last decade while

the rate of growth of employment opportunities has been more modest [9, p. 4].

e) Whatever food production has been increased in the past came through the introduction of new technology as against the extensive cultivation by bringing about more land under plough simply because there was not much idle and waste land to be brought under cultivation [4, p. 4].

f) Though there are evidences that the new technology in agriculture is labour intensive, but there are indications that the distributions of benefits from the new technology are biased in favour of rich cultivators [5, pp. 36-37].

g) The surplus generated with big farmers from the new tech. are in most cases being used for the purchase of small and marginal farmers' land [2, p. 77 and 6 p. 136].

h) There exists wide-spread practice of tenancy market through which the absentee and large owners lease out their land to small and landless cultivators. But the terms of the present tenancy systems are such that the benefits that accrue to the cultivators are insignificant. The introduction of new technology has further worsened the terms of trade between the outleasers and inleasers as the new technology has increased the cash-cost of production the entire amount of which is born by the inleasers [2, p. 73].

i) Though there is no study at our hand about the investment nature of Bangladeshis working abroad, the practical experiences and observation say that a big share of their income is finding its way in land purchase leading to the increase in the price of the land.

j) A huge size of urban appropriation of rural resources is taking place every year through the present monetary, banking and fiscal institutions. One such study quoted by SIDA Report finds the appropriation through Banking institution alone as follows. During 1977, Tk. 25 crores were sanctioned for the people in that district, the figures are Tk. 2 crores against Tk. 20 crores, Tk. 2 crores against Tk. 30 crores in Pabna & Rangpur districts respectively [10, p. 29].

Many of these problems are recognized in our plan-document. But the recognition should not have been the end in itself. The plan proposes to attain 7.2 percent annual growth rate in principal foodgrains the bulk of which is to come from the uses of HYVs. On the other hand, the plan also proposes the withdrawal of subsidies from two major

inputs—fertilizer and water—which are used heavily by HYVs. The plan's stand on subsidy for agricultural inputs especially for fertilizer is this, 'the subsidy on fertilizer will be steadily reduced' [1, chap. XII, p. 14]. Are not these two objectives—the increase in agricultural output through the uses of HYVs and withdrawal of subsidies from HYVs' inputs contradictory? The plan argued for the application of marginal rules in the production-decision making. But in production-decision the application of marginal rules is possible only in the case of surplus farmers. What is about if a marginal or deficit farmer finds the uses of new technology uneconomic? In this case, there are two alternatives, before him. One, he can simply forgo the uses of new technology which will mean less production and which in return will contradict the aim of achieving the food self-sufficiency in a short period; two, he can try to substitute the new technology by internal supply of inputs like the application of more physical labour, and ploughing more hours etc. in order to maintain the growth rate, at least, partly. But this type of substitution has its own limitations and if it succeeds, it will cause adverse effects on the welfare base of the concerned farmers.

As compensation to the rise in input prices after the subsidy withdrawals, the plan suggests the price-incentive to the output of the farmers. This policy can only be beneficial to the surplus farmers. Not only this, if this policy is put into practice without proper compensatory measures the welfare base of the deficit and landless farmers who buy the food from the open market will be seriously hampered. Already there are newspaper reports that the cultivators are using less fertilizers than the amount they previously used to do. Why and who are these cultivators? The answer is obvious, they are the small and marginal farmers whose income base has reduced over the years. The plan also is uneven in its treatment to agriculture and industry as it only advocates the withdrawal of subsidy from agriculture. If any of these two sectors deserves subsidy it is agriculture because most of our disadvantaged groups depend on it for survival. From the plan's declared policy of privatization of marketing agricultural inputs and the withdrawal of subsidy from them, it appears that the plan is making for capitalist development of agriculture in Bangladesh. And from the past experience we apprehend that the capitalistic way of development of agriculture in the context of Bangladesh will mean more landlessness, unemployment, income inequality and urban migration etc. In such a situation all the good words about bottom-up planning, structural changes, people's participation and institutions buildings will turn into more rhetoric and will lose all their meanings.

IV

The solution to the problem of surplus population in Bangladesh should be found out in a thorough reorganization and redetermination of our planning process, strategy and techniques. As a policy towards this the principle of collective participation and sharing in our agricultural production and output should be admitted in a bottom-up planning system. Under this policy the shifting of surplus rural population in the urban manufacturing sector will not be needed and the solution of the local problems in a local framework can be sought. Now, single important bottleneck in the way of collective participation and sharing is the present private land ownership and management system. So long the private land ownership and management system will continue, the surplus population will work on wage rate, the cooperatives will remain service suppliers, the local bodies will have limited production, distribution, and financial jurisdictions, and above all, no rigorous bottom-up planning process can be carried out. As an alternative to the present system, the production system with the provisions of collective management and sharing, can be organized in place of present service cooperatives. And this will undoubtedly require the abolition of the private ownership and management in agricultural land. But this whole up-sideways process will be justifiable if there are enough arguments in favour of this in terms of output increase, employment expansion, equitable distribution, self-sustaining growth etc.

Let us see now what possible results this reorganization can bring. Over decades the rural sector of Bangladesh remained relatively deficit in capital. Lack of capital formation seriously injured the independent and self-sustaining growth in agriculture. The gap has been tried to be narrowed in the past by pumping agricultural loan from financial institutions. But this step has proved futile mainly due to two reasons. One, most of the agriculturists are either landless or marginal one, they hardly possess credit worthiness as needed by the credit offering agencies, 2nd, the plight of capital from rural to urban area outweighs the pumping of capital in the rural area by many times.

Our proposed reorganization of rural society on the framework of production cooperatives with collective ownership, management and sharing will greatly reduce the scope of flight of capital from rural to urban area. The cooperatives will be independent, competitive and surplus generating units. They will have production plans for horizontal and verti-

cal expansion of agro-based and argo-processing industries. The local bodies will use the cooperatives as arms for production, capital creation and social progress purposes. Besides, this plan will also benefit the society in some other ways. At present whatever money is invested inland, the lion's share of it is done as land purchase which can neither increase output, nor employment but only accelerate the rate of landlessness and unemployment. According to one estimate 435000 transfer of land take place in the rural area per annum. Most of these transfers mean buying the poor man's land by the rich man. The money involved in these transactions are mostly use in filling the deficit of the poor farmers and cannot be termed as investment in true sense. The abolition of private ownership & management in land will stop this one way business and will prevent the capital loss in the way of land purchase. In the proposed reorganized system the potentiality of capital-formation will be used through production cooperatives, and individual savings, if any, will have a predetermined market price. The present rural society is ridden with tension, enmity & litigation. According to one estimate each village of Bangladesh has now 6.5 suits on average and 54% of these are directly related to some aspects of land [7, p. 60]. The average suit costs plaintiff and defendants together about Tk. 3144 per annum which means total amount of exps. on suits alone come to Tk. 1054 million; of these Tk. 850 million is transferred to urban area [7, p. 63].

Now let us answer some possible questions that might be asked against the proposed social reorganization through the rural production cooperatives with the provisions of collective ownership, participation and sharing. One serious question that may be raised, for example, is why we advocate the abolition private ownership in one factor of production viz., land, with holding the same treatment to other factors of production like capital? This question should be seen in terms of scarcity of supply of, and magnitude and nature of demand for land. When land is basic to all economic activities and the very life bearing process, its ownership and management system should not be left to the individual's whims, and it should be declared collective goods. The question of collective ownership of land would not have arisen had there been a tolerable and economic land-man ratio in Bangladesh. The next question is that how far it is feasible to keep the agricultural sector under collective control while leaving the industrial sector in the private hands. Actually which sector should be in private control or collective control should be determined by the economic reasonings and socio-economic conditions. We are arguing in favour of collective control of agriculture on the grounds of equity, output,

and employment generation. If these grounds warrant, the collective control of the industrial sector can also be considered. There is no reason why agriculture cannot be put under collective system without doing so in the industrial sector. In the past, we put the major part of industrial sector under public sector leaving the agriculture in private hands. Now why the reverse with modification cannot be done ?

The people must be prepared gradually for ultimate sacrificing of their ownership in land. An interim period, in which consolidation of holdings and collective farming with the retention of private ownership, can be used for this purpose. At first the programme of collective ownership, management & control may be unpopular but once the people are educated and their social consciousness are aroused unpopularity may give way to the popularity. Any drastic reforms involves temporary social destabilization to a certain degree. If this de-estabilization leads to a higher level of social equilibrium we should prefer that. The present equilibrium is neither a stable one nor a desirable one. So if this equilibrium is disturbed through the de-establization of society we have not much to lose. The alternative land management systems can be reformist type like ceiling programme and collective farming system with the retention of private ownership of land. Ceiling programme in Bangladesh cannot be a permanent solution, as with the provisions of private ownership of land and transfer of it, and with population increase more people will be turned into landless, and more changes in the upper limit of the ceiling will be needed. Besides, as technology is indivisible, there must be a lower limitation on the holding size of the farmers so that the economics of scale can be reaped.

The other alternative—collective farming with the retention of private ownership has merits on the grounds of technological adoption and output expansion. But this is no answer to the landlessness, unemployment and inequality. So long the provisions of private ownership and transfer of land remain, there cannot be an end to the landlessness, unemployment, and there cannot be opportunities for collective participation and sharing. The institutions created under the public servilence will serve only the fostering of the individual gains in place of group benefits.

In conclusion, we wish to admit that what we have submitted above is in no way exhaustive. They are highly controversial and subject to further scrutiny. It is impossible to give all the reasons and justifications in favour of a collectivist approach of land management in

the short span of our paper. Once the principle of collectivist approach to land management is admitted, the detailed working mechanism of it can be chalked out.

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Rural/Agricultural Credit Operations in Bangladesh

by

MUHAMMAD YUNUS*

1.0 DEMAND FOR AND SUPPLY OF AGRICULTURAL CREDIT

1.1 Bangladesh ranks very low when the volume of agricultural credit is compared to the value of agricultural output in the country. Over the 1972 to 1977 period the formal credit portfolio was equal to less than 2 per cent of the Gross Domestic Product generated in the agricultural sector.

1.2 According to the revised estimate of Bangladesh Bureau of Statistics, the Gross Domestic Products (GDP) of Bangladesh for 1979/80 stood at Tk. 158,289 million at current prices. Share of agriculture in the GDP is estimated to be Tk. 77,910 million which is 49.22 per cent of GDP.

Cultivated acreage in the country stands at 22.36 million acres. In one quick sweep, one can calculate the agricultural credit need by assuming a particular amount of credit required per acre per year. If we take this figure to be Tk. 500, the total credit required in the agricultural sector comes to : $22.36 \text{ million} \times \text{Tk. } 500 = \text{Tk. } 11,180 \text{ million}$.

1.3 Amount actually disbursed in 1979/80 by all credit agencies catering to the agricultural sector amounted to be Tk. 2,683.9 million, only one-fourth of the amount needed.

Tk. 500 per acre per year is an extremely conservative figure. A more reasonable figure would perhaps be Tk. 500 per crop per year, making Tk. 750 per acre per year, adjusting for the crop intensity of 150 per cent. Recalculating the credit requirement we would find that actual disbursement is only 16 per cent of the amount required.

*Professor of Economics, Chittagong University. Views expressed in this paper are author's own. They do not in any way reflect the position of any organisation he is associated with.

1.4 This only shows that formal financial institutions have either not made any serious attempt to enter this area for financing or not been successful in entering this area, or may be both. As history of agricultural credit operations in this country will bear out, the most plausible explanation probably is the lack of serious attempt on the part of the financial institution for this poor show.

Without formal credit institutions coming forward, the agricultural credit sector remains virtually an exclusive domain for the free play of the greed of the informal sector.

1.5 The present gap between the credit requirement and the credit supply from the formal sector will continue to grow if the rate of increase in supply does not match the growth in demand. The Second Five Year Plan (1980-85) estimates that the credit needs of the agricultural sector will grow at least by 20 to 25 per cent annually during the plan period.

2.0 SOURCES AND QUANTUM

2.1 Institutional credit to the agricultural sector of Bangladesh is channelled through four agencies :

- I. Bangladesh Krishi Bank (BKB)
- II. Nationalised Commercial Banks (NCBs)
- III. Bangladesh Samabaya Bank Ltd. (BSBL)
- IV. Integrated Rural Development Programme (IRDP).

All of them combined, they reach credit to a clientele totalling approximately 3 million borrowers. Growth of clientele had been slow. Only in recent years it had a sharp rise. Total credit delivered in 1975/76 was only Tk. 471.7 million. This rose to Tk. 2683.9 million in 1979/80. (New disbursements of agricultural loans by various agencies in Bangladesh from 1960/61 to 1976/77 have been shown in the Appendix).

TABLE I
DISBURSEMENT OF AGRICULTURAL CREDIT DURING THE LAST TWO
YEARS (1978-80)

(Figures in million taka)

Agency	1978/79	1979/80
BKB	731.7	1409.6
NCB	774.6	1003.9
BSBL	1707.3	270.4
Total :	1707.3	2683.9

(Source : BB Annual Report 1979/80).

Note : The figures for IRDP are included in the figures for the NCBs.

2.2 Special Agricultural Credit Programme : Agricultural credit is offered under two separate programmes : (a) Normal Programme, and (b) Special Agricultural Credit Programme (SACP). All agencies are involved in the Normal Programme. But SACP is carried out by BKB and NCBs only ; BSBL and IRDP are not involved in it.

Under Normal Programme each agency sets its own procedure and observes own formalities, including security requirements, according to the decisions of their own management. But in the case of SACP, Ministry of Agriculture takes up a major role in setting up some basic policies. Ministry of Agriculture fixes the credit norms for financing different crops, gives district-wise and crop-wise allocation of credit to be disbursed.

SACP was launched in February, 1977 with the objectives of increasing participation of the NCBs and BKB in short-term crop financing and enlarging the credit flow to agricultural sector. Agricultural Credit Department of Bangladesh Bank is responsible for monitoring the SACP and issuing detailed guidelines and instructions to the implementing agencies. Each bank-branch under SACP is assigned one or more unions for making short-term credit available to it. Each union is assigned to one specific branch to avoid overlapping.

2.3 Disbursement Pattern : During 1978/79 NCBs disbursed Tk. 506.9 million under Normal Programme. It increased slightly during the following year to Tk. 553.6 million. Disbursement under SACP in 1978/79 was Tk. 267.7 million and in 1979/80 it increased to Tk. 540.3 million.

2.4 During 1978/79, BKB disbursed Tk. 731.7 million in loans. Out of this Tk. 250 million went to financing tea gardens. Of the remaining amount, nearly one-third (Tk. 145 million) was given under SACP, one-fourth for cattle purchase, 9 per cent for shallow tubewells, 8 per cent for fisheries and the remaining for a variety of purposes including short-term crop loans under special schemes or projects, cold storage of potatoes, hand tubewells etc.

BKBs total disbursement upto June 30, 1979, since its inception, amounted to Tk. 3090 million. Nearly Tk. 1000 million out of this total went to tea garden.

2.5 BSBL disbursed loans amounting to Tk. 201 million during 1978/79. Over 84 per cent of these were short-term crop loans. Medium-term loans for cattle purchase accounted for 9 per cent, whereas the remaining 7 per cent were accounted for by long-term loans to land mortgage banks.

Total disbursement of BSBL, upto June 30, 1979, since its inception, amounted to Tk. 1610 million. The amount outstanding and overdue as on that date was Tk. 630 million respectively.

2.6 IRDP disbursed loans amounting to Tk.120 million during 1978/79. Most of these loans are short-term, for financing seasonal agricultural operations. Loan disbursements by IRDP-TCCA, since inception, have amounted to Tk.520 million. An amount of Tk.160 million was outstanding as on June 30, 1979 of which about Tk.80 million was overdue.

TABLE II
PRINCIPAL AMOUNT OF LOANS OF INSTITUTIONAL AGRICULTURAL
CREDIT AGENCIES SINCE INCEPTION

(Upto June 30, 1979)

Agency	No. of Years Since Inception	Disburse- ment	Per cent of Total	(In million taka)		
				Amount Recoverable	Amount Recovered	Percentage of Recovery
BKB ⁽¹⁾	21	2102.7	34	1171.1	747.0	64
NCBs	3	1871.1	31	1564.0	932.9	60
BSBL	21	1607.6	26	1420.8	981.8	69
IRDP	15	515.8	9	439.4	303.9	69
Total :	—	6099.2	100	4595.3	2966.7	65

Source : [1].

(1) Excluding loans to tea gardens.

2.7 Although BKB and BSBL are operating for the same number of years [21] BKBs share in total amount of disbursement by all agencies is one-third, while that of BSBL is only one-fourth. From the consideration of number of borrowers served, BSBL has reached twice as many borrowers than the BKB (Table III).

TABLE III
NUMBER OF BORROWERS FOR EACH AGENCY

(as on June 30, 1979)

Agency	(In million)	
	Number of Borrowers	
BKB	0.669	
NCBs	0.525	
BSBL	1.350	
IRDP	0.482	
Total :	3.026	

Source : [1, p. 25].

NCBs record seem to be extraordinarily impressive both from the point of view of quantum of credit handled and the number of borrowers reached in only three years, than what BSBL did in 21 years, they have reached nearly as many borrowers in three years as BKB did in 21 years.

3.0 RECOVERY PERFORMANCE

3.1 Recovery performance of agricultural credit is far from happy. It has become almost customary not to repay agricultural loans within due dates. Only small portion of loans get repaid within due dates. Remaining amount gradually gets collected over a stretched out period. Optimistic bankers try to find consolation in the fact 'ultimately' more or less all loans get repaid....and bad debts do not accumulate at a rate as is suggested by initial figures. But that is only optimism...bad debts do accumulate, only nobody keeps account of it ; they get lost in the bigger and bigger disbursement and overdue figures every year.

3.2 Bangladesh Bank conducted a survey to evaluate the performance of SACP. The survey included 755 borrowers who received loans under SACP from Feb., 1977 to Dec., 1979, spread over 33 villages in 15 thanas of 11 districts.

Bangladesh Bank Evaluation Report [5] published in Oct., 1980 has the following observation :

"The most unsatisfactory aspect of the programme as revealed in the survey was its recovery performance ... An amount of Tk. 9,07,067 was disbursed to the 755 responding borrowers for different crops during the period from Feb., 1979. to Dec., 1979. The balance outstanding with interest, upto Dec., 1979 however accumulated to Tk.4,62,335 which represented 50.97 per cent of the amount disbursed during the period under review.

Recovery performance is not very clear from the Report since it does not mention how much of the outstanding amount fell due by Dec., 1979.

3.3 Recovery position with regard to both Normal Programme and SACP can be assessed from the following table.

During the same period NCBs did better under the Normal Programme...the recovery rate on the combined programme dropped to 53 per cent due to poorer performance in the SACP part of the operation.

TABLE IV
RECOVERY PERFORMANCE OF NCBs AND BSBL IN RESPECT OF SHORT-
TERM CROP LOANS ISSUED DURING 1976/77, 1977/78, AND 1978/79

In million taka		
	NCBs	BSBL
1. Amount Disbursed During 1976-79 and Recoverable by June 30, '79	823.77	268.11
2. Principal Amount Recovered by June 30, '79 after excluding Interest Accrued and Due	436.80	178.59
3. Recovery percentage	53%	67%

Source : [1, p. 9].

3.4 Recovery percentage seems to improve substantially if one moves from the most recent year to years in the past. This is understandable. Due loans get repaid over the years. Further back one goes, the better seems to be the recovery for that year in the past.

Bangladesh Bank Annual Report for 1979/80 illustrates this point. The percentages of recovery to amount fallen due for combined credit operation under the Normal Programme and the SACP for all agencies together have been shown to be 49.97 for 1978/79 and 35.43 for 1979/80. The year in the past has a better recovery figure as hypothesised.

3.5 What shall we take as indicative of the recovery performance if the percentages are so unstable and sensitive to the location of the year in the time-scale ? One reasonable way is to work with cumulative total figures than annual figures. Such figures are presented in Table II. Recovery percentages varied from 60 to 69 for the four agencies, yielding a global percentage of 65. we may agree that while one agency does slightly better than the others, the recovery percentage generally remains around 65 per cent.

3.6 But is that a bad news ? It sure is. Firstly, it imposes serious resource constraint on the part of all institutions concerned. As the volume of disbursement will expand, more and more funds will be locked up in overdue loans. Government has offered a 30 per cent loan guarantee under SACP. But the Government finds it difficult to arrange funds from its budget to compensate for the loss of resources of the banks. This may threaten the entire programme unless the situation can be improved.

Secondly, banks find themselves forced into taking enormous number of cases to the courts to involve the law enforcing agencies in the recovery drive. A recent newspaper story reports that in one district (Jessore) alone banks took, two and half thousand cases of this kind to the court. This certainly wears the banks off.

Thirdly, there is an automatic shrinkage in the loan operation of each bank branch. Since defaulters are not given any new loan, two things may happen in a branch : (a) Defaulting member of a family may outsmart the bank by sending in some other member of the family to take a fresh loan. There is not much that the bank can do to stop it, under the present procedures (b) since over time the absolute number of defaulters is rising in a given area, the number of persons eligible to be in business with the bank keeps declining. In some branches the rate of this shrinkage is so fast that they have already come to a zero or nearzero disbursement level. If this trend holds true for all branches, sooner or later atleast NCBs involvement with agricultural credit will come to screeching halt.

Despite the fact that all NCBs and BKB are opening rural branches in a fast speed in recent years, their total disbursement under SACP shows a declining trend :

TABLE V
BANKWISE DISBURSEMENT UNDER SACP

(Crore taka)

	(1)	(2)	(3)	(4)	(5)	(6)
	1977 Jan.-Dec.	1978 Jan'-Dec.	1979 Jan'79-June'79 (Six month)	1979/80 July'79-May'80	Jan'79-May'80 (3+4) (17 months)	(12 months)
Sonali	12.46	12.06	4.70	15.89	20.59	14.6
Janata	9.78	9.10	3.67	9.02	12.69	9.01
Agrani	8.49	8.42	2.19	6.52	8.71	6.18
Rupali	6.29	5.62	1.67	4.83	6.50	4.62
Pubali	5.44	3.97	1.81	2.92	4.73	3.36
Uttara	1.79	0.92	0.29	1.20	1.49	1.06
BKB	16.53	13.38	9.55	18.47	28.02	19.89
Total :	60.78	53.47	23.88	58.85	82.73	58.74

Source : Bangladesh Bank.

Fourthly, the fact that many of the loans not get repaid has a demoralising effect on the bank as well as on its clients. Borrowers feel discouraged to pay back. Bank officials get frustrated on a gradually get corrupted ; they will take kick-backs to give a loan to somebody who, he knows, will not pay back.

4.0 LESSONS FROM SACP

4.1 From the NCBs side, SACP had not been a very happy experience. Almost everybody in the NCBs, particularly the managers of SACP branches, wished it were not there.

But any body familiar with agricultural credit in Bangladesh must admit that SACP has made a dramatic impact on the agricultural credit scene. It has given a jolt to all the agencies involved in agricultural credit, most particularly the NCBs. Agencies which specialised in agricultural credit alone, all on a sudden are faced with the prospect of being underdogs in their own field. Total amount of agricultural credit leaped from its traditional level to new heights. Old ideas of dispensing agricultural credit no longer looked as unassailable as it did before.

4.2 Branches of NCBs in the rural areas of Bangladesh had traditionally been used by the banks to syphon off deposits from the rural areas. They were neither intended nor equipped to make credit available to the community in which they operated.

TABLE VI
PERCENTAGE DISTRIBUTION OF ADVANCES AND DEPOSITS BY AREA
(URBAN & RURAL)

As on Dec. 31		Deposits	Advances	Net Difference
1975	Urban	90.51	96.68	+6.17
	Rural	9.49	3.32	-6.17
1976	Urban	90.21	96.53	+6.32
	Rural	9.79	3.47	-6.32
1977	Urban	89.67	95.50	+5.83
	Rural	10.33	4.50	-5.83
1978	Urban	86.22	93.30	+7.28
	Rural	13.78	6.50	-7.28

Source : [3].

The net difference between deposits and advances indicates the magnitude of transfer of capital from the rural to the urban areas.

4.3 SACP was imposed on the banking system by the Government. Banks had no option but to carry it out. It came overnight. But because of this, for the first time the NCBs had to open their eyes to have a close look at the life around them in the rural areas.

Since the bank branches never established any rapport with the populace in their areas of operation it was considered that the Union Parishad (UP) chairmen and members would act as introducers of all loan applicants. Whatever possibility the new programme had to force the banks to know their clients completely evaporated by putting in this intermediary. Banks could not get initiated and the UP chairmen and members took over the command of the situation. And that, as can expect, crippled a potentially good programme. (It may be noted that this procedural requirement has been withdrawn recently).

4.4 SACP has shaken the old beliefs. Unwittingly, it has demonstrated that agricultural credit can be handled by the commercial banks without any kind of preparation for it to all and can achieve a performance level (measured by recovery rate) which is not too far off from that of the specialised old-guards! If the NCBs had the advantage of longer period of operation than they have now, their recovery percentages may even overtake those of the specialised agencies!

This speaks more eloquently for the inadequacy of the specialised credit institutions in handing agricultural credit than it does for the versatility of the NCBs. SACP has only put it into sharper focus that specialised credit agencies in the field of agriculture have gained very little special skill and technique over the years of their operation.

If the specialised credit institutions have learned anything over time regarding agricultural credit management, this is perhaps to live with a default rate around 35 per cent. Instead of quarrelling with the rate, they manage their affair around it, taking it as an alterable fact of life.

5.0 THE SPECIALISED AGENCIES

5.1 BKB : Agricultural Development Finance Corporation and Agricultural Bank of Pakistan were merged in 1961 to create Agricultural Development Bank of Pakistan. The bank had 75 branches in Bangladesh at the time of liberation. Bangladesh Krishi Bank was established

in 1973 as successor to Agricultural Development Bank of Pakistan (ADBP). Historically BKB was not tuned to the type of agricultural banking that was needed to serve the farming population of Bangladesh, ADBP was created to serve the big commercial farmers of the than West Pakistan. Its activities in Bangladesh concentrated in financing tea gradens, cold storage and agricultural machinery. Its mood continued to be that of Agricultural Development Finance Corporation, rather than transforming it into that of an institation serving peasant society. Its branches were located in cities and towns rather than rural areas.

Only in recent years it is becoming aware of its role in Bangladesh agriculture. But it has a long way to go.

5.2 BSBL : The then East Pakistan Provincial Co-operative Bank become the national level Apex Bank after the liberation in 1971. Later it was renamed as Bangladesh Samabya Bank Limited (BSBL).

When the Apex Cooperative Bank was organised in 1948 it started out its loaning operations with its own funds and samll financial support from the Governmetns. From 1958 the central bank opened line of credit for the bank. Since then it become a channel of the Central bank to make credit available to the rural sector.

The membership of BSBL is open to all classes of cooperative societies. At present its affiliated banks and societies are 375 which comprises of 62 Central Cooperative Bank (CCB), 12 Central Sugar-cane Growars' Cooperative Societies, 16 Cooperative Land Mortgage Banks, 12 Thana Central Cooperative Associations (TCCA), and other secondary and primary level cooperative societies.

Dispensation of agricultural credit through cooperatives is the main business of BSBL. All loans given to farmers through the cooperative system were secured at the ultimate borrowers' level by mortgage of proparty (usually agricultural land). The credit facilities extended by the Central Bank through the cooperative Banking system could be enjoyed any by those members who could mortgage encumbrance-free land in favour of the society. Landless share-croppers have no opportunity to take advantage of this credit facility.

Bangladesh Bank provides concessional credit facilities at a rate 2 per cent below the Bank rate to BSBL for lending to its members against Government guarantee to the extent of 30 per cent. Central Bank is the major source of BSBLs funds.

Management of BSBL and its affiliated CCBs has been poor and cheerless. It lacks imagination, initiative and drive. Very few of the officials have any banking experience. Many of the CCBs are either dead or half-dead. Vested interests in the entire hierarchy make it impossible to shake the system out of its slumber.

5.3 IRDP : IRDP cooperatives are financed by Sonali Bank (one of the NCBs), instead of BSBL system. Sonali Bank receives interest subsidy of 1.5 per cent from Bangladesh Bank for its loan to the IRDP-TCCAs out of its own resources. Bangladesh Bank also offers, on this account, refinancing facilities at concessional rate of 2 per cent below the Bank Rate in case such refinance would be necessary to meet the bank's liquidity problem.

Agricultural credit through cooperative channel, both IRDP and non-IRDP, has remained stagnant. To get the cooperative system out of its present stagnation a move was initiated to unify the financing arrangements for all cooperatives by bringing IRDP cooperatives under the fold of BSBL system. Controversy, however, continues around the status of CCB vis-a-vis TCCA in the unified system.

Performance of IRDP-TCCAs has not been a happy one. Average volume of loans issued per TCCA was only Tk. 0.8 million during 1979/80. At the rate of Tk. 500 per acre, this amount can be loaned but for cultivation in 1600 acres of land. Average cultivated area per thana is over 50,000 acres. This means IRDP-TCCA is serving hardly 3.2 per cent of the cultivated area in its area.

IRDP-TCCA receives an annual subsidy of Tk. 130,000 which is almost double the amount that is spent in operating a bank branch. Beside IRDP-TCCAs are provided with the buildings, equipment etc. free of cost by the IRDP. With all this, in addition to the assistance from the government-run supportive system from the national level to the thana level, recovery performance of the IRDP cooperatives is hardly any different from the others.

Only other thing the IRDP does to justify its status as a development agency, rather than a credit channel, is its training programme. That training programme does not seem to have helped too many people.

5.4 A New Move : A recent move has been in the direction of setting up Thana Samabaya Bank (TSB) at the thana level. Along with the setting up of the TSBs, TCCAs will be divested of their credit

functions and this will be shifted over to the TSB. It is quite in keeping with the well-recognized principle of not mixing banking and credit functions with any other business. Many of the problems which cripple the present day cooperatives in Bangladesh may be traced to have originated in the amalgamation of credit and banking function with those of other business of the same organisation.

There seem to be little opposition to the idea of TSB, as long as it is effectively separated from the TCCAs. But the status of CCB in the new configuration has still remained to be a sensitive issue. The options proposed are the following :

- a) To leave the CCBs alone with their limited areas of operation and let them wither away if they cannot fight out an existence for themselves.
- b) To link them up in a cumbersome KSS—TCCA—CCB—BSBL chain.
- c) To convert them as branches of BSBL (if one overcome the legal tangle that will ensue).
- d) To abolish them (if law permits) or starve them to extinction.
- e) To let TSBs be branches of CCBs.

TCCAs are development and promotional bodies. They have not quite succeeded in meaning the credit business. On the contrary, credit business has diverted their attention from their main developmental role. The TCCAs will be strangled if they are divested of credit business.

At times there are proposals to link TSB with the TCCA and give a large amount of loan fund at its disposal as seed capital. This will be a mistake. Financial control of TSB must be located away from the immediate reach of the TCCA members who will borrow from it. Financial discipline will completely disappear if TSB is left at the beck and call of the beneficiaries. In that case there will be no sense in setting up a TSB.

6.3 WHAT ABOUT THE POOR AND THE WOMEN ?

6.1 Could it be that the term "Agricultural Credit" was invented to cleverly by-pass the big issue: the landless poor and the woman ? Logical symmetry is so neatly designed : rural means agricultural, so agricultural credit means rural credit ; there is no scope left to think about the poor and the women anymore.

Agriculture is certainly the most important activity in the rural areas, but it will be enormously harmful to make 'rural' and 'agricultural' synonymous. Allowing the term "Agricultural Credit" to monopolise the literature relating to the credit to the rural sector has its origin in the equation we all have callously conjured up. This has distorted our vision, our policies, and our actions.

6.2 Over fifty per cent of the population who are landless certainly do not all live on agriculture. To make our rural-agricultural equation more convincing we avoid the term "landless people"; instead we call them "landless farmer" which certainly they are not. Alternatively, we imagined that all of them are full-time agricultural labourers. But they are not. Many, may be two-thirds of them, are engaged in non-agricultural-production related activities.

6.3 This distinction is important ; because in the past we got ourselves trapped into thinking that rural Bangladesh is a mono-sectoral economy, and anything other than agricultural (that too, meaning 'crop') production is only trivial and peripheral.

Because of our distorted vision of the rural Bangladesh we have set up Agricultural Bank, not Rural Bank ; the Central Bank of the country has an Agricultural Credit Department, not a Rural Credit Department ; most of the NCBs also have Agricultural Credit Division, not Rural Credit Division.

Entire rural sector should be viewed as a whole by the financial institutions. Their concern should be rural credit, of which agricultural credit is a major component. Unless it is considered in totality, inter-related nature of credit gets lost sight of. Focusing only on agricultural credit we quickly forget that a farmer is also a non-farmer. If he diverts his loan money to some non-agricultural activity we blame him. Fault is not with him, the fault is with the financial institution which treats him as an one-dimensional man.

6.4 Financing the rural sector is a much more complex task than just earmarking a part of the loanable funds for agricultural sector, and establishing outlets to disburse them. It is crucially important that increasing amount of credit generates, incremental income for all categories of borrowers. not just agricultural, to make a decisive impact on their economies. All credit designs aimed at reaching the rural people must start as "rural credit" programme—then it can spell out the details : the landless, the women, the marginal and the small farmers

and so on. If we concern ourselves with the 'part' of a 'whole' without having any clear conception of the 'whole' we make ourselves vulnerable to commit mistakes leading to perpetual frustrations.

6.5 Institutional credit has completely by-passed rural women. A rural woman has more household skills than it is recognised. Her skill can be translated into producing things for the market. She can be an earning member of the family. Once a woman can become an earning member, her status in the family undergoes a change for the better. One single action which may have powerful influence on the status of women, will definitely be the one which helps them become earning members. Bringing financial services to their door-steps may help them become so.

As long as we keep ourselves limited to agricultural credit alone, there would be little chance that the rural women, nearly half the total population, would be noticed. Most of them slave like animals all their lives. Given an opportunity to improve their conditions they will give their best to achieve it.

Today, women are such an unfortunate entity, even the special projects exclusively aimed at reaching credit to the disadvantaged, do not consciously consider of poor women. ASARRD Programme, Rural Finance Experimental Project, Krishi Shakha, BRAC, Proshikha....none of them has this component deliberately built-in into the programme. Single exception is Grameen Bank Project, where one-third of the group members are women, and women are served by women bankworkers at the village level.

6.6 Whatever attempt so far has been made to bring the landless within the fold of the institutional credit..... it has remained more as pronouncements than reality. But the magnitude of the problem associated with the landlessness every body seems to appreciate. One report puts the number of people with absolutely no land at 11 per cent, with homestead only at 33 per cent, with less than 0.5 acre of land at 15 per cent. This makes the number of people having below 0.5 acre of land to the staggering 59 per cent ! No agricultural credit is ever going to reach them.

Nathan Report conducted a survey for an evaluation of the SACP. In a sample of 158 borrowers. It found the following :

TABLE VII
DISTRIBUTION OF SACP LOANS ACCORDING TO LAND OWNERSHIP

	Per cent of Borrowers	Per cent of Total Credit Received
Landless	0	0
Less than 2.0 acres	21	15
2.0—5.0 acres	41	31
More than 5.0 acres	38	54
	100	100

Bangladesh Bank Evaluation Report on SACP (Oct, 1980) finds the following landownership pattern of the borrowers they interviewed :

TABLE VIII
DISTRIBUTION OF SACP BORROWERS BY LAND OWNERSHIP
(1977-1979)

Size of Land Ownership	No. of Borrowers	Per cent of Total
Landless (0.0 acre)	7	0.92
Less than 2.5 acres	234	31.00
2.5-5.0 acres	350	46.36
More than 5.0 acres	164	21.72
Total :	755	100.00

SACP, despite its pronounced objectives, has not succeeded in reaching the landless who constitute more than half the population. Their credit need is in no way of any less importance than other. Credit plays a crucial role in their lives. Only that this credit they have to get from the informal sector with its attendant horrors, such as, among other things, ten per cent per month to ten per cent per day interest rate.

6.7 On the cooperative side things are no better. Cooperatives were nicknamed as "closed club of kulaks" !

7.0 EXPERIENCE OF BANKING WITH THE POOR

7.1 Because of the bad name cooperatives earned over the years, in 1974, the IRDP decided to organise exclusively landless cooperatives. Most of these cooperatives were formed around government (*Khas*) ponds and tanks, often derelict. In 1978, however, an embargo was placed on

forming landless cooperatives since the government decided that *Khas* land, ponds etc. would henceforth be used to form youth cooperatives. The embargo was lifted since Aug, 1980.

By 1980, the number of landless cooperative societies stood at 638 with total membership of 18,867 or 30 per society.

As of 1980, Tk. 902,996 was disbursed to them as credit. Of this Tk. 365,023 is overdue, which comes to 40.4 per cent of the loan given out.

IRDP took up this programme without any experimentation or preparation. They treated it in exactly the same manner as the KSS. These cooperative were tagged with the existing TCCAs.

7.2 ASARRD Programme : Government of Bangladesh and the FAO's regional project on Asian Survey of Agrarian Reform and Rural Development (ASARRD) launched on action-research project of landless and small farmers in 1976. Its objectives were to organise small farmers landless around different economic activities and thereby rose their income.

At present the project covers 12 villages in Comilla, Mymensingh and Bogra. This will be expanded to cover 200 villages during 1980-85.

Upto May 30, 1980 total amount of Tk. 9 milion has been disbursed as loan among 2303 members.

7.3 Proshikha Landless Project : Proshikha is a non-government organisation working with the rural poor. The landless are organised into groups (about 20 members in each). After a certain probation period during which time satisfactory standards of savings and group discipline have to attained, they are given credit for pursuing an economic activity which themselves choose. However, no activity is allowed to be pursued individually. The credit is completely interest free.

7.4 BRAC : BARC (Bangladesh Rural Advancement Committee) is also a non-government organisation engaged in rural development projects. BRAC project for landless consists of 700 groups with about 14,000 members. Economic activities are decided upon by group members themselves and carried out collectively. The credit is interest free.

7.5 RFEP : Rural Finance Experimental Project (RFEP) was launched in Nov. 1978 under an agreement between USAID and Government of Bangladesh. All NCBs, BKB, BSBL and IRDP are involved in the Project which is coordinated and monitored by Bangladesh Bank. The

project aims at testing different ways of delivering credit to and mobilising saving from small farmers and landless. Different interest rates, ranging from 12 per cent to 36 per cent, are used in their selected branches.

By June 30, 1980 a total amount of Tk. 23.5 million was disbursed to 17,016 loanees through 62 outlets. As against this an amount of Tk. 12.3 million remained overdue (52.3 per cent).

7.6 GBP : Grameen Bank Project (GBP) was launched by the NCBs and BKB in collaboration with Bangladesh Bank in June, 1979. Under the project bank branches advance loans to landless men and women in the village without any collateral. Landless people from small group of five make saving deposits every week and take loan for any income generating activity. By March 31, 1981, GBP has disbursed a total amount of Tk. 3 crore for more than 250 different income-generating activities. Total number of members is 20,000 (13,000 male 7,000 Female). Amount overdue is less than one per cent. Amount repaid so far stands at Tk. 1.25 crore. Their own savings in the Group Fund totals Tk. 22 lakh. GBP operates from 25 branches located in Tangail and Chittagong and covers a total of 406 villages at present.

GBP will be expanded during 1981-84 to five districts.

8.0 FUTURE DIRECTION

8.1 SACP : Agricultural credit schene has reached a critical stage. It came out of the stagnation through SACP. But SACP has germinated the seeds of a new crisis which has put the entire banking system at a cross-road.

NCBs, out of their frustrations with the new task, wished that this new responsibility were withdrawn from them and put on the old shoulders of BKB. If the SACP is really left with the BKB alone, and NCBs discontinue this programme, the whole idea of SACP will be defeated. SACP showed the country the feasibility of reaching agricultural credit to a large number of people with the existing institutions. Throwing it over to BKB will only reconfirm the usual suspicion that the NCBs don't really mean to *serve* the rural people, all they want is to sit pretty in the rural areas to receive the flowers of deposits.

May be because of the grumbling in the NCB circles regarding SACP, Government has put an embargo on NCBs opening new rural branches. They will be given the option to hand over the existing rural branches to BKB. If this embargo continues and the NCBs wind up involvement in the rural areas, this will lead to a lop-sided development in the banking system in the country : one bank will have the monopoly of serving the 90 per cent of the population, while NCBs, private commercial banks, foreign commercial banks and (also) BKB will be competing with each other in the cities.

Probably government does not wish to push the situation that far. All it wants is to make NCBs realise that if they want to be in the rural areas they must be ready to serve them.

Continuance of SACP without major modification and strengthening of administrative and supervisory system may bring the programme to a dead end. This will mean not only financial losses to the banking system, but it will also destroy the image of a bank as a financial institution.

Heavy dependence of banks on the law enforcing agencies and courts for realisation of loans only indicates its inner weaknesses. At time there are vocal demands from the branch managers for making laws tougher so that involving the law enforcement agencies becomes easier. But that will be a wrong direction to take to seek solution to their problems.

It is customary to blame the people for the poor performance of an agricultural credit programme. May be actually it should be done the other way Perhaps banks are not doing the things right. SACP has highlighted the inadequacies of traditional banking modalities in dealing with rural sector. Experiences in other countries in this region also bring out this point quite sharply.

Grameen Bank Project in Bangladesh has shown that there exists a format of banking which does not rely on the traditional formula, but delivers the goods in much more efficient way in the particular area of its operation.

A vigorous effort should be made to search for a format which will overcome the present deficiencies of the rural credit management.

Experimental projects can be initiated with all seriousness to search for the appropriate banking format.

8.2 SACP Task Force : As an immediate measure, a high-powered Task Force may be constituted to stream-line the operational procedures of SACP and introduce improvements in the selected branches to observe the reactions and learn through trial and error methods. The Task Force will be given the responsibility of designing rules and procedures, forms, norms, working out personal requirement, training requirement, and finding out ways and means of making SACP more effective. Whatever the Task Force recommends, it must be based on its direct experimentation in atleast a dozen of rural branches.

8.3 SACP in a Rural Credit Framework : SACP should be brought under a broader framework of a rural credit programme so that all types of credit needs can be met. This will enhance the repayment capacity of the loanees. One usual explanation frequently put forward by the SACP loanees is the loss of crop by drought or flood or pest attack. If loans for subsidiary occupations can also be extended they may have better repayment capacity, and tendency for diverting agricultural loans to other activities will lessen.

8.4 Cooperatives : Thana Samabay Bank (TSB) at the Thana level to support the TCCA is a step in the right direction, provided the affairs of TSB are conducted on strict banking principles. TCCA and TSB must be separate organisations, Management of TSB should be carried out by professional bankers, not by amateurs.

Sonali Bank was offered the option of receiving better remuneration in exchange of greater involvement in the financial management of the TCCAs. Sonali Bank, for good reason, did not get themselves involved in this. But with the creation of TSB, Sonali Bank or any other NCB may find the proposal very attractive. It would be profitable for both the NCB which comes forward to undertake this responsibility, and also for the cooperative banking as a whole. It will bring the banking management and skill to the cooperative movement, and the participating bank will benefit from the special immunities enjoyed by the cooperative banks.

Sri Lanka experience may be cited in this connection. In Sri Lanka, People's Bank a commercial Bank, has the responsibility of the management of the cooperative bank called the Cooperative Rural Bank (CRB). CRBs are under the executive control of the Board of Directors elected by the cooperators, while the involvement of the People's Bank in its management well-publicised for everybody to know and gain confi-

dence in the CRBs. The People's Bank finds this arrangement very profitable. CRBs are free to offer their own interest rates to the depositors while commercial banks are not. CRBs can accept deposit from any body but can give credit only to the cooperative members. They can mobilize their own resources at their own terms. Since they are cooperative banks they are not subjected to the usual banking control from the central bank.

TSBs can be developed in the same direction. TSBs, to be effective, must feel like banks, think like banks, act like banks, and in short, they must be banks. Otherwise, the cooperatives are not going to get out of the present rut.

8.5 Women and the Poor : Grameen Bank Project type of banking format can be institutionalised to cater to the credit needs of the women and the poor.

To formalise the Grameen Bank Project as an institution, process may be initiated during its current project period (1981-84). One reasonable way to institutionalise GBP will be to set up wholly-owned Grameen Bank subsidiaries by the NCBs and BKB at the district level. Each district may be allocated to a particular NCB or BKB to set up this subsidiary. Each autonomous district level Grameen Bank will have its own management, personnel, service-rules, and branches.

Objectives of this subsidiary will be to cater to the credit needs of the weaker sections of the society...both men and women. The Grameen Bank subsidiaries will be responsible for extending short, medium and long-term credit for all income-generating activities without collateral to all members of the target households who will conform to the required discipline of the bank.

There are administrative advantage, in having district level Grameen Bank subsidiaries. Bank personnel will not have the opportunity to lobby for transfers from "unattractive" districts to "attractive" districts. By having smaller banks problems of coping with trade union pressures will hopefully be easier than now. Decision-making will be easier. Special economic and social features of the districts will have better chances of being taken note of by the bank in designing its credit programme.

There is no easy way out from the present feeling of frustration in the area of rural (including agricultural) credit. One cannot come up with simple solutions which will lead to smooth sailing in this field. Sustained experimentation must be undertaken to come up with the formal and procedures, and organisational structure which will yield the desired result.

9.0 CONCLUSION

9.1 We usually seem to forget that credit is not a simple facilitator of production or investment...it is a very powerful social, political and economic instrument, all rolled into one. Credit has direct influence on income of individuals and classes, and on the asset-ownership. Structure of the society and the economy can be helped to a great extent to move in the desired direction by appropriate piloting of the credit policy.

9.2 In the past credit has been used as an instrument of development only in the urban sector. But its real promise lies in the rural sector where vast majority of the people make their living. As the new technology in crop breeding has created a miracle, a new delivery-recovery technology in the area of credit can create another miracle of equal importance, if not more.

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APPENDIX**NEW DISBURSEMENTS OF AGR. LOANS BY VARIOUS AGENCIES
IN BANGLADESH 1960/61 TO 1976/77**

(Million)

Year	Agricultural Department Taccavi	BKB	BSBL and Cooperatives	IRDP	Commercial Banks	Total
1960-61	13.5	38.2	43.1			94.8
1961-62	21.5	40.5	45.7			107.7
1962-63	29.0	37.7	37.8			104.5
1963-64	38.5	38.3	35.4			112.2
1964-65	30.2	36.5	25.6			92.3
1965-66	17.8	41.6	9.4			68.8
1966-67	19.0	47.1	23.2			89.3
1967-68	15.3	65.0	70.1			150.4
1968-69	25.4	75.8	79.1			180.3
1969-70	30.0	100.7	173.3			304.0
1970-71	NA	69.7	83.5			153.2
1971-72	NA	96.4	96.4	15.8		208.6
1972-73	NA	179.0	142.5	29.0		350.5
1973-74	14.6	135.7	77.4	24.6	54.9	307.2
1974-75	10.0	176.3	94.1	39.3	76.7	396.4
1975-76	0.5	185.2	106.2	45.3	134.5	471.7
1976-77	0.4	388.4	113.3	62.0	301.2	865.3

Rural Credit in Bangladesh

by

RAFIQUL HUDA CHAUDHURY

AND

ABDUL GHAFUR*

Here, we will be presenting some preliminary findings from an on-going study on credit based on data collected from 68 villages of four thanas (Gaffargaon), Trisal, Muktagacha and Fulbaria) of Mymensingh district. The data were collected in 1978.

TABLE 1
SOURCES OF CREDIT

Sources	N	Percentage
A. Non-institutional	544	89.76
Mahajan	325	53.63
Relative	119	19.64
Businessman	23	3.80
Friend	15	2.48
Landlord	18	2.97
Neighbour	44	7.26
B. Institutional	62	10.23
(BKB/IRDP/Govt. Cooperative Bank/ Commercial Bank)		
Total	606	100

*Bangladesh Institute of Development Studies.

TABLE 2
DISTRIBUTION OF AMOUNT OF CREDIT TAKEN BY SOURCES

Sources	Tk	Percentage
A. Non-Institutional		88.59
Mahajan	190575	52.52
Relative	59297	16.34
Businessman	8323	2.29
Friend	11340	3.13
Landlord	14955	4.12
Neighbour	36970	10.19
B. Institutional	41400	11.40
Total	362860	100

TABLE 3
DISTRIBUTION OF SOURCES OF CREDIT BY LAND-HOLDING STATUS

Source	Land-holding status (in acre)					
	Landless	.01-.99	1.0-1.99	2.0-2.99	3.0-3.99	4 acre and above
Mahajan	59.86	59.06	59.61	43.75	47.06	48.94
Relative	20.41	18.71	21.26	21.25	17.65	17.02
Businessman	5.44	5.26		3.75	2.94	—
Landlord	4.08	4.09	2.36	1.25	2.94	—
Friend	3.40	2.34	1.57	1.25	—	6.38
Neighbour	4.08	6.43	11.02	6.25	8.82	10.64
Institutional sources	2.72	4.09	14.17	22.5	20.59	17.02
Total	100	100	100	100	100	100.00

TABLE 4
DISTRIBUTION OF SOURCES OF CREDIT BY ANNUAL INCOME

Sources	Annual income group					
	Less than 1000	1000-1999	2000-2999	3000-3999	4000-4999	5000 and above
Mahajan	57.81	59.02	54.0	47.54	47.62	42.70
Relative	25.0	20.22	16.67	22.95	19.05	19.79
Businessman	1.56	3.28	5.33	4.92	2.38	2.09
Friend	1.56	1.64	4.00	1.64	—	3.12
Landlord	4.69	4.37	2.0	6.56	—	—
Neighbour	9.38	6.01	8.0	3.28	9.53	7.29
Institutional	—	5.46	10.0	13.11	21.43	25.0
Total	100	100	100	100	100	100

TABLE 5
PERCENTAGE OF LOANS OBTAINED BY DIFFERENT INCOME-GROUPS
FROM SOME SELECTED SOURCES

(percentage distribution)

Sources	Income-groups (annual income)					
	Less than 1000	1000-1999	2000-2999	3000-3999	4000-4999	Above 5000
Mahajan	66.95	66.15	51.04	51.48	52.62	43.38
Relative	14.88	10.13	14.85	21.70	11.31	22.82
Businessman	0.51	3.21	2.65	1.38	5.05	1.68
Friend	1.03	0.70	2.83	1.28	—	9.06
Landlord	5.66	1.86	2.0	7.21	—	—
Neighbour	10.97	12.45	17.84	1.28	4.55	4.63
Institutional	—	5.51	8.78	15.69	26.50	18.43
Total	100	100	100	100	100	100

TABLE 6
PERCENTAGE OF LOAN CONTRACTS WITH AND WITHOUT
INTEREST FROM DIFFERENT SOURCES

Sources	% of loan contracts	
	With interest	Without interest
Mahajan	97.85	2.15
Relative	46.22	53.78
Businessman	95.66	4.34
Landlord	61.12	38.88
Friend	73.34	26.66
Neighbour	95.46	4.54
Institutional	100.00	—
Total	100	100

TABLE 7
PERCENTAGE OF LOANS OBTAINED BY DIFFERENT INCOME-GROUPS
FROM SOME SELECTED SOURCES
(percentage distribution)

TABLE 7 RATE OF INTEREST (ANNUAL) BY SOURCES OF CREDIT	
Sources	Rate of interest (%)
Mahajan	49.20
Relative	19.70
Businessman	58.85
Landlord	30.99
Friend	29.15
Neighbour	44.60
Institutional	11.52
Total	100

TABLE 8
USES OF CREDIT BY FARM SIZE

Uses	Land-holding size group						
	Landless	Less than 1	1.0-1.99	2.0-2.99	3.0-3.99	4.0-4.99	4.0+
1. Capital Expenditure	22.33	19.41	27.00	28.62	41.68	52.80	51.85
a. Livestock	13.32	10.72	22.67	18.56	26.03	30.36	11.91
b. Purchase land	8.21	7.29	3.17	9.38	9.03	16.50	31.20
c. Release of Mortgaged land	0.80	1.40	1.24	0.68	6.62	5.94	8.74
2. Current Farm Expenses							
d. Agricultural inputs	2.61	5.80	8.22	12.85	4.31	9.90	11.34
3. Consumption	55.33	58.64	46.98	43.60	41.07	23.76	18.82
4. Repayment of old loan	3.63	4.91	7.03	3.08	6.92	4.95	8.54
5. Others	16.09	11.25	10.69	11.86	6.02	8.58	9.45
Total	100	100	100	100	100	100	100

TABLE 9
USES OF CREDIT BY INCOME GROUPS

Uses of Credit	Income-groups (annual income)					
	Less than 1000	1000-1999	2000-2999	3000-3999	4000-4999	Above 5000
1. Capital Expenditure	32.34	28.85	24.67	35.95	28.93	34.1
a. Livestock	20.23	16.98	14.57	29.21	8.84	20.51
b. Purchase of land	11.76	6.53	5.95	5.13	20.09	9.58
c. Releasing Mortgaged land	0.35	2.34	4.15	1.61	—	4.01
2. Current Farm Expenses Farm Implements/inputs	4.15	2.60	6.45	15.26	7.57	10.84
3. Repayment of old loan	7.82	4.77	6.23	5.75	5.05	6.34
4. Consumption	34.86	56.97	51.09	28.13	43.41	38.48
5. Illness in the family	14.39	4.84	7.30	8.55	9.44	6.02
6. Construction/Repair of home	6.48	5.0	4.30	6.33	5.63	4.25
Total	100	100	100	100	100	100

TABLE 10
 USES OF CREDIT OBTAINED FROM INSTITUTIONAL
 AND NON-INSTITUTIONAL SOURCES

(in percentage)

Uses	Institutional	Non-institutional
1. Capital		
a. Livestock	28.41	15.73
b. Purchase of land	8.70	10.14
c. Releasing Mortgaged land	0.73	2.87
2. Current Farm Expenses		
a. Farm implements/inputs	9.92	7.20
3. Repayment of old loan	2.48	5.90
4. Consumption	41.48	46.78
5. Illness in the family	5.49	6.51
6. Construction/Repair	2.83	4.93
Total	100	100

Dependency, Exploitation and Development in Bangladesh: A Catalogue of Issues

by

QAZI KHOLIUZZAMAN AHMAD

AND

SAJJAD ZOHIR*

I. INTRODUCTION

Development, defined in terms of improvement in the quality of life of all people, should be conceived as a process of liberation of individuals classes, and societies from situations of dependency and exploitation.

Since it is the individual who lives a life, the ultimate focus of development as defined above must be the individual. As a result of historical processes, there exists a wide variation in the living condition of individuals around the world. Even within a least developed country like Bangladesh, while the large majority are extremely poor suffering from deprivations of all kinds there are a small minority who enjoy high life offered by modern technoeconomic civilization. But, the individuals live in relationship with others in the society ; and the relationship has economic, social, cultural and political dimensions. The existing wide variation in the living conditions of the people is rooted in the grossly unequal control over and ownership of resources prevailing among them. The poor are poor because they suffer from lack of opportunities to improve their conditions, while the elites have access to all the facilities and occupy the dominant position in the society. The former are dependent on and exploited by the latter. Development as conceived here consists in the liberation of the poor from this disadvantageous and exploitative situation and opening up of opportunities to them so that they can shape their own lives.

*Bangladesh Institute of Development Studies, Dacca.

An individual who is at the wrong end of the dominance-dependence relationship has a better chance of breaking through that situation if he/she joins hands with others similarly situated in the social milieu. Also the dominant elements in the society have class interests to safeguard or promote through working together. Collective articulation of common interests and their promotion are the basis of active class formations. The actual methods and tactics used in the process may vary from time to time, and situation to situation.

Dependency has internal and external dimensions. External dominance usually works through local dominant elements who derive strength from external linkages and access to external resources and in the process become dependent on external forces for their fortunes. External dependence sustains the position of the internal dominant forces. Thus there is a mutually reinforcing element in the two levels of dependence.

A purposeful analysis should try and identify the various social classes and determine the basis, nature and extent of dependency inside the society, and also the extent and mechanics of operation of external dependency. In this paper we wish to deal with external dependency.¹ But it is recognized that the internal structure is characterised by dominance-dependence relationships by virtue of which a small minority of economic, bureaucratic and political power elites dominate and exploit the large majority of the people. These dominant forces have their grip at all levels—from the national down to local, operating on the basis of alliances, connivances or patronage distribution.

In analysing the external dependency, we propose to examine (a) the level of integration of Bangladesh economy into the world system via trade, foreign investment and aid, (b) Superstructural dimensions of foreign dependence, (c) internal forces behind external dependency, and (d) reasons for external interest. We shall deal with these issues in turn.

II. INTEGRATION OF BANGLADESH ECONOMY INTO WORLD SYSTEM

Judged in terms of exports and imports, the level of integration of Bangladesh economy into the world system would appear to be rather low. Exports account for about 6 per cent of GDP while imports about 15 per cent. Even so, the external exploitation perpetrated on Bangladesh via exports and imports is substantial as more than 80 per cent of

¹We wish to incorporate internal dependency in our analysis later on.

exports (in value terms) is dependent on extremely vulnerable commodities such as jute and tea, and a large proportion of machinery and spare parts and of supplies for seed-fertilizer-irrigation technology in agriculture has to be imported—in both cases Bangladesh being at the wrong end of an unequal bargaining situation. In so far as foreign direct investment is concerned, it accounts for only less than 2 per cent of fixed industrial assets in the country, mostly in pharmaceuticals,² electronics processing of tobacco and hides & skins. In spite of meagre size, such intrusion are very effective in controlling potential economic sectors and classes.

Bangladesh economy is highly integrated into, and a captive of, the world system via foreign aid and cultural dependence of the power elites. In recent years foreign aid has accounted for nearly the whole of development budgets and about two-thirds of merchandise imports. Moreover, food aid has contributed 12-20 per cent of the revenue budget in the 1970's. Hence, in the absence of these aids, there would be no development activities of the types being carried out and, moreover there would be a revenue budget-disaster. It is well-known that with aid, come foreign technology, which influence not only the development process but also political and cultural processes in the country. Thus, the conventional approach to development still holds away in this country although concern is expressed about the level of poverty in the country and pronouncements made regarding its alleviation. In so far as the political process is concerned it may be noted that in spite of well-known ill-effects of involvement of multi-nationals and trans-nationals in developing economies the door is now wide open for them in Bangladesh. Moreover, they are being wooed into the country through offers of facilities of various kinds.

The types of technology imported show a remarkable lack of touch with realities in the country. Indeed, modern technology embodied in the machine tool factory. Ghorashal fertilizer factory and similar other undertakings are important advancements in the technological possession of the country. But the wastage of resources that these undertakings have entailed in terms of extended gestation periods, associated escalated cost implications, low capacity utilization, etc., clearly indicates the inappropriateness of the undertakings in the country at the present level of development and prevailing factor endowments.

²It may be mentioned here that the rate of profit is very high in the pharmaceutical sector—often reaching 500% per annum, and much of it is repatriated to the principal company.

Currently, import structure is heavily weighed in favour of luxury consumption goods, which shows the distorted values of the power elites who are eager to shape their life styles along western lines, which is shamelessly out of touch with the lives lived below poverty line by the large majority of the people of the country—a vulgar expression of cultural dependence.

III. DEPENDENCE AND THE SUPERSTRUCTURE

Economic dependency has its manifestations in all spheres of the superstructure including social behaviour, arts, politics and even religion. The dependent dominant classes of this country, being in full control of mass media such as radio, television and many leading newspapers have been successfully disseminating this superstructural dependence even amongst the remotest rural population. Here, it needs to be mentioned that the superstructural dependence does not necessarily mean an exact imitation of the 'foreign'. In essence, it is the spread of activities and attitudes which serve the interest of the dominant countries.

Let us illustrate the point with reference to socio-economic research in this country. People involved in socio-economic research are usually western educated, and by training oriented to techno-economic approach. Such treatment of socio-economic issues is natural in the context of the conventional growth oriented approach to development being followed. Thus, while western training determines the basic attitude of the researchers, the framework in which they perform provides the context for the type of research that they conduct. Moreover, funds are available through foreign aid for such research. Inevitable is therefore happening; social issues are neglected, even ridiculed. Made-to-order research works are being produced by otherwise very capable people in exchange for attractive amounts of money—intellectual sell-out.

Next, take the case of Government officials who represent the nation and people in bilateral and multilateral negotiations with foreign agencies and/or governments. The authors of this paper have had occasions to see the apologetic posture even by very senior officials in front of personnel of such organizations as World Bank, USAID and UNDP for approval of foreign trips and other facilities. It would be interesting to examine the relationship between such 'negotiated' trips and facilities and unequal agreements signed.

In politics, such dependence seems to be more prominent. Political parties in this country are known to be pro-this country or ism or pro-that country or ism, and to seek active advice from their mentors in formulation of policies and action programmes. There seems to be no dearth of funds coming from outside for use to influence the political processes in this country are also extremely vulnerable to money—the so-called progressive elements included.

As for the ruling party, it has to be judged by the programmes adopted by the state machinery rather than what the party manifesto claims. The latest of these programmes include the village level institution known as *gram sarkar* and the numerous varieties of credit programmes that are presently being experimented in rural Bangladesh. If one cares to look at the history of credit programmes and credit institutions in Sri Lanka, one will be amazed to find the striking similarity of the two processes. The difference is probably that things started at a much later stage in this country. Such striking similarities of course indicate a world-wide coordination amongst 'country programmes'. Stories behind the planning process and numerous project proposals reveal that such 'coordination' is not based on cooperation and interdependence, rather the predominant element is dependence (voluntary or imposed) on alien agencies/countries.

The above stories and the untold but obvious ones on foreign influence on such spheres as art, literature, mannerisms, customs and dress all involve the so-called 'cream' of the society—academicians, bureaucratic, politicians, and such others. These are the people who are directly involved or indirectly linked with the power structure and thereby serve the interest of the metropolitan and indigenous comprador bourgeoisie. In politics, terror is created to throttle new progressive ideas ; expedient organizations such as *gram sarkars* and youth organizations' are developed to accommodate certain groups of people in the system of distribution of spoils of office and thereby to keep them in line, and bluffs of various kinds are freely used ; in the field of education, the dependent mentality is replicated through the stereotyped text materials ; and in the job market, a thousand graduates are temporarily provided in the so-called 'projects'. These and similar other devices are the tools which essentially work against the spread of social awareness, and are reinforced by a wide range of imported programmes in television and radio, and by the works of opportunist and self-seeking poets, writers, painters and academicians.

The superstructural dependence is essentially anchored on economic dependence, which in turn has its roots in the unequal distribution of resources and power within a society and works through the local dominant forces. The superstructural dependence traps and alienates the intellectuals and other elements having potentiality for doing good for the society which has nourished them and to which therefore they owe a debt of service. This alienation breaks the essential link needed for social progress which can come only through a political change of the right kind.

IV. INTERNAL DIMENSIONS OF DEPENDENCY

Until the emergence of capitalism, different societies were essentially interdependent—except of course the primitive tribes which were yet to taste social and economic interaction with outsiders. The issue of dependence has its roots in the laws of capitalist development and the consequent nature of interaction of a capitalist society with backward social formations. Colonization and direct rule by metropolitan countries held sway over the now Third World countries until after the Second World War, and in many cases till more recent times. But the end of direct colonial rule in a country did not mean its economic independence. Metropolitan connection continued through trade, advice in matters and strategy of development, aid, assistance in manpower development via programmes for higher and technical education and training etc. A newly independent country not only became dependent on metropolitan countries for development assistance, but also its intellectual processes continued to remain conditioned by education and training provided by the metropolitan countries to its nationals. The continued support and patronage of the metropolitan countries was very useful to the national ruling elites because that provided the easy way for them to continue in power and pursue a certain type of development in the country. And in the process they got the country more and more entrenched into metropolitan influence. The result is dependency—subtle in nature, but an effective machinery for exploitation.

Issues here relate to relevant historical events and the character of the dominant forces in the society including the ruling elites and the nature of their control over the masses. We shall briefly trace the history of aid dependence since Liberation and raise some questions relating to dynamics of class relationships in the country.

In Bangladesh, while Pakistani colonial rule was thrown out, dependence on metropolitan countries was inherited from the Pakistani era—a dependence that developed, almost inevitably as outlined above, following political independence from the British. The people who provided leadership in the struggle for Liberation of Bangladesh were, because of their training, orientation and class character, unable to choose the path of shaking off dependency. The rising indigenous bourgeoisie class whom they served, aspired for greater linkages with the metropolitan centres so that they could carry on with their accumulation of the most primitive form. Although the 'establishment' of socialism in the country was accepted as a constitutional obligation, it was ridiculously viewed as synonymous with nationalization which was circumstantially imposed on the ruling elites. And it is well-known that no real progress in that direction was achieved, or even sought even before the political change of 1975. In fact, socialism became an empty slogan in the face of mounting corruption among politicians and bureaucrats, burgeoning finance capital in the hands of indentors, permit holders and blackmarketeers, and extensive use of public enterprises as means of patronage distribution. After the political change of 1975, the process of return to Pakistani style dependent capitalism began to be hastened. To-day, state sponsored, hence foreign aid-based, private capitalism is the basic tenet of industrialization. The public industrial sector has turned into state-capitalism—not serving the interest of the people as it is supposed to in a people oriented strategy, Foreign private investment is now actively sought.

In early years of independence, the need for reconstruction for the war ravaged country attracted massive inflow of foreign resources into the country, generating as a consequence foreign influence in its affairs. The not-too-unwilling leadership was captive of the situation in that reconstruction was necessary to put the country back into shape; it was also essential for them to remain in power. Easy availability of huge amounts of foreign assistance during the reconstruction phase acted as an appetizer for more and more foreign aid for development. Thus, to-day almost the total development budget is based on foreign aid; indeed in so far as the power elites are concerned foreign aid has become the ideological foundation of development in this country; for them, the two terms, foreign aid and development have become the two sides of the same coin—they cannot conceive development without foreign aid. External dependency is thus the way of life with them. Development plans of Bangladesh are now subject to approval by the consortium of donors;

project and programmes are vetted, even initiated by donors. World Bank and IMF oversee development activities of the country. Usually, donor dictates and preferences prevail, even when in Bangladesh's view other projects of higher priority exist.³

Since domestic dominant classes do not like to abdicate or even share their power and privileges they will not adopt policies and programmes geared to transformation of social relations and production organization. The so-called anti-poverty measures enunciated by them from time to time touch only the fringes of poverty leaving its basic cause alone. Such policies are not only supported but also promoted by metropolitan interests—a coincidence of interests. This can be elaborated by referring to agricultural credit programmes in Bangladesh.

Lack of credit facilities has been identified as a major hindrance to agricultural growth. It is argued that agricultural credit is urgently needed to contain pauperization and reduce poverty in rural areas. But not only that landless labourers are outside the scope of such credits but also the small and marginal farmers cannot usually secure credit for both structural and socio-economic reasons. On the other hand, credit helps raise the production and income of larger farmers. Hence, agricultural credit does not contain pauperization or reduce poverty in rural areas; on the contrary, it increases the economic power of the rural rich. Of course, increased agricultural activities induced by availability of credit to larger farmers may create some employment opportunities for agricultural labourers; but this is likely to be of very limited significance in the context of containing rural pauperization or reducing rural poverty.

Such credit programmes which fail to take into account the underlying real causes of poverty, give birth to organizations like IRDP, which soon get promoted from the revenue to development budgets⁴ and thereby ensured of a regular share of the government overhead expenses. Needless to mention that such funds for agricultural credit come from foreign sources, which only increases dependency.

Now while agricultural credit is given such high priority nothing is done about improper use of surplus generated in agriculture which accrues mostly to rich farmers who tend to be least interested in investing in

³See Nurul Islam, "Interest Group and Aid Conditionality" in *Aid and Influence—The Case of Bangladesh*.

⁴It may be mentioned here that the IRDP officials took recourse to strike in support of their demand for government status.

agriculture. Rather they prefer to use their surpluses on conspicuous consumption or unproductive purposes in urban areas like purchase of building or houses in towns or cities. If agricultural surplus would be reinvested in agriculture, need for agricultural credit and the consequent external dependence associated with foreign aid for the purpose would have been minimized. But a purposeful step in that direction would call for a radical land reform, which is anathema to the ruling classes.

The basic reason for this phenomenon lies in the nature of classes or social groups who are in the state machinery formulating plans and implementing them, their relation with resource owning classes of the society and their aspirations arising from outside linkages. The sequence is as follows: unequal ownership of resources generate pauperization which may destabilize the political system, which is sought to be contained by supply of agricultural credit, implementation of which calls for establishing a structure (elements of which include such organizations as IRDP and *gram sarkar*) and securing the patronage of financiers to whom they are obliged.

One can cite many other issues from which similar conclusions can be drawn. Some of these are proposed joint ventures in export oriented industries, establishment of export processing zones, import structure heavily tilted in favour of luxury goods and inappropriate technology, and large-scale import of ordinary consumer goods like pens, pencils, erasers, pots and pans etc. which can easily be produced in this country. One can expand the list. Identification and analysis of concrete issues such as the above should be very fruitful from the point of understanding the dependency situation.

V. EXTERNAL INTEREST

There may not be much disagreement that Bangladesh does not have much resources, especially the strategic ones, that the dominant countries can tap, and that at the present level and pace of development this country does not offer a very attractive market either for consumer goods or for capital goods. But to the extent commodities such as jute, tea and hides & skins can be obtained on the cheap from this country and some consumer, intermediate or capital goods can be sold to this country, so much the gain for the dominant countries. Thus, for a particular dominant country or for a particular dominant company, Bangladesh may be a useful economic proposition ; but perhaps not inalienable. And, on the whole, Bangladesh may not occupy a very important position in the global economic strategies of the dominant countries.

Does it then mean that the interest being shown by the northern countries, in particular in the developmental programmes of Bangladesh, is all humanitarian? In some cases, there may be some truth in a positive answer to this question. But to a large extent, this cannot be true. We should therefore seek explanations of their interest in this country also from the point of view of its geo-political and military importance and as a field of social and medical experimentation.

In this section we consider the importance of (a) the geographical location of the country and (b) its jurisdiction over Bay of Bengal in the big power global politics and military strategies.

That the world scenario to-day is characterised by tensions and forces arising from confrontation and alliances between two super-powers and the emerging big power China, with occasional autonomous shocks appearing in certain areas soon to be meshed into the super-power games, is too well-known.

In this global power game, it seems that the USA and its western capitalist allies have been fast losing their control over the Asian countries in the recent past. In the east, Vietnam, Laos and Kampuchea are under the control of Russian backed communist regimes. Russian influence is also in ascendancy west of Bangladesh. India, with its present government and a military treaty, is more under the Russian influence especially in regard to foreign policy. Similar is the position in Iraq. Afghanistan is presently under direct control of the Russian army. And Iran is now very much on its own and, for all one knows, holds uncertain prospects for either camp. Thus we find the US influence in Asia squeezed to ASEAN countries and some parts of the Middle East. In between, only Pakistan and Bangladesh are the two still non-hostile areas which are also situated at points closer to Russia, China and centre of the Indian Ocean. The political scene in Pakistan is again facing another turmoil with the major opposition aligning mostly with Russia. Thus for USA, a resource poor Bangladesh may be of great strategic importance in the emerging scenario. A friendly Bangladesh may serve as a corridor for USA and its allies through which they can seek to promote their interests and influence in the Asian region, particularly in India which holds a key strategic position for many reasons.⁵ A friendly Bangladesh should also be useful to the Soviet block in its game of influence in the region.

⁵US involvement in both private and public investment in India is still quite significant and Russia's involvement in the public sector is noteworthy. She has a great potentiality to provide huge markets which are currently being sub-optimally harnessed (Continued on page 303)

Next, arising from the importance of the Indian Ocean from both economic and military strategic points of view, Bangladesh also has a key position as it has control over strategically important parts of that Ocean (north of equator) which stretches over about 1200 miles from Chittagong.

From economic standpoint, it may be noted that one square mile of sea-bed where noudless are found may contain 70,000 tons of minerals worth several hundred million pounds. The Bay of Bengal has similar potential. Moreover, the Bay of Bengal has 90 species of fish such as salmon, pomfret and shrimp, which are all available all the year round. At present, the Indian Ocean contributes only about 4 per cent of the total world catch, which implies a per square mile catch 6-7 times less than that of the Atlantic or the Pacific. And yet, USSR secures from the Indian Ocean about half of its total fish catch.⁶

More important is of course the strategic role of the Indian Ocean. In this context, we wish to note the following points.

There are two important focal points of shipping in the Indian Ocean, namely, Suez Canal and Malacca Strait. Ninety per cent of the energy needs of Japan and 70 per cent of that of Western Europe pass through these two entrances. Bay of Bengal is at a key position close to East-West trade routes, with the Malacca Strait only 900 miles (i.e., two days steaming time) away.⁷

Secondly, a very great depth of sea lies in Bangladesh territorial water, which is known as SWATCH of No Ground, giving any nuclear submarine in the area its shortest striking distance of possible targets in Eastern China and parts of Russia. The relevance of this is often argued in terms of the super power rivalry from politico-military viewpoint.

(Footnote 5 continued)

by the Indian capitalist class. Besides, her possession of vast coastal areas in the Indian Ocean extended up to the equator puts her in the natural control over a vast part of this Ocean. A friendly India will help make super-power naval presence in the Indian Ocean more effective by providing harbour, refuelling and repair facilities for ships positioned in the Indian Ocean. Thirdly, India's influence over many developing countries also make her important as a potential junior partner of the super powers. Lastly, in the containment of China by either USA or USSR India's support will be a crucial factor. Moreover, India is a country of great assertiveness of its entity and interest.

⁶See Commodore M. A. Khan, "Bangladesh A Bridge between South and South-East Asia Indian Ocean" presented at a seminar sponsored by Bangladesh Institute of Strategic Studies, Dacca, 1980.

⁷*Ibid.*

Past experiences show that new strategies were adopted with the invention of every new weapon system. During the past three decades, we have observed the sophistication of the manned bomber into the land-based intermediate range ballistic-missile (IRBM), and its improved version, inter-continental ballistic missile (ICBM) and, finally the submarine-launched ballistic missile (SLMB). The change of strategy in the light of the new weapon system may necessitate reorientation in the global perspective of the nuclear power, and an area may lose or gain strategic importance with the change in the weapon system.⁸

The Indian Ocean, till recently, was a low priority area in the military confrontation of the nuclear powers. Its politico-military importance increased significantly following the introduction of the SLBM system, especially after the perfection of the Polaris A-3 missile, with the range of 2,500 nautical miles.⁹ This new weapon system in the Indian Ocean with the task force's independent manoeuvring capability enabled USA to counterpose the Soviet land based strategy in Asia and the Middle East.

Given the above mentioned strategic importance and the resource potentiality, the Indian Ocean has experienced increasing presence of US and Soviet ships in the recent past. In 1980, there were 14 known American ships including 2 aircraft carriers and Russians had 6 ships including one aircraft carrier. USA has a communication base at Diego Garcia and has developed a capacity of deploying big forces at short notice. They also use 33 installations in Australia. The Russian fleet in the Indian Ocean now has helicopter carriers for rescue and immediate air support. In the last session of the laws of the seas conference, they even pleaded for international agreement for installing artificial islands beyond continental shelf margin. The French, on the other hand, have doubled their ships in the Indian Ocean. They maintain a permanent squadron of several ships based at Re-union Island and at Di-Jobuti. This race is likely to increase in the near future and a friendly government in Bangladesh with Bay of Bengal under its control will certainly be useful to a big power.¹⁰

Besides economic and strategic interest the western capitalist countries have another interest in Bangladesh—that of research and experimentation for improving or perfecting ideas and certain types of goods and services

⁸K. R. Singh, *The Indian Ocean—Big Power Presence and Local Response*, New Delhi, 1977.

⁹*Ibid.*

¹⁰See Commodore M. A. Khan, *op. cit.*

using the poor masses of Bangladesh as guinea-pigs. Without going into details, we just wish to mention here that there are two important areas in which this phenomenon has been happening. One is the field of newly developed medicines and contraceptives. The other area is socio-economic research—a relatively new dimension in which activities have been intensified in this country in recent years using both expatriate and local researchers ; this process is thwarting anti-dependency intellectual development in this country both by influencing research works into directions which serve western capitalist interests and by buying off local intellectuals particularly the ones who are potentially dangerous from the point of view of western capitalists.

VI. CONCLUDING REMARKS

We have not been terribly original, nor have we gone into detailed analysis. But we believe that the choice among development alternatives is extremely important, and must be debated at every opportunity. It is only when the basic approach is right, one can profitably discuss matters of details. It has been our purpose in this paper to remind all concerned that the dependent development that is being pursued is essentially anti-people and hence cannot be good for the country. We have sought to raise certain relevant issues.

In the present scenario, the large majority of the people who are poor and disadvantaged are dominated and exploited by the domestic dominant classes (comprador, bourgeoisie, politicians, bureaucrats, intellectuals and such others) who in turn are dominated by metropolitan interests operating through bi-lateral and multi-lateral aid agencies and multi-nationals and trans-nationals. These domestic dependent dominant classes are self-seeking, backward bending, corrupt and prone to begging. On the other hand, the dominated majority are at a low level of concientization and are not organized. A classic case for foreign domination and exploitation. Is there any prospect for the dominated majority ? If so, how can that be realized ? We feel the issue must be brought into the open and discussed thoroughly for establishing the intellectual basis for social change in that direction. At least the conscious sections of the intellectuals cannot remain aloof ; they must come forward to play their historic role in preparing the ground for shaking off dependency in the interest of the people at large. But care must be taken that the process leads to true freedom, and does not create dependence on any other power block.

Self-Reliance and Development Financing in Bangladesh

by

SOFIA HASNA JAHAN ALI*

There are two main ways through which developing countries may try to attain self-reliance in development financing. The first one is said to be the capitalist method and the second one is said to be the socialistic method. It is not yet known to us whether there can be a third method that represents an effective compromise between these two. In case of Bangladesh we see that the institution of private property and capitalistic modes of production is prevailing (retained) but we also see that the constitutional obligation of realizing a socialistic framework for distributive justice is accepted.

The capitalistic process of financing development plans in the developing countries is frequently presented in terms of Nurkse's vicious cycle of poverty in these countries and Harrod Domar type growth model. In the developing countries, labour productivity is low and therefore, income, savings and investment are low. A circular relation among these variables indicates that if the cycle can be broken at any point, there would be possibility of cumulative growth. A Harrod Domar type planning model would show the requisite amount of saving needed to achieve a certain growth rate. If domestic saving fall short of the requisite amount of total savings, foreign assistance might fill up the gap. (The Western capitalist countries show their willingness to complement the low domestic savings of these countries through increased inflow of foreign assistance over a period of time, if developing countries plan on some sort of Harrod-Domar type model). This is supposed to increase domestic productivity, income and savings in subsequent periods and eventually takes the economy to the threshold of self-sustaining growth. Since 1950s, Western donor countries have been trying to sell this model to the developing countries and a large number of whom did formulate their national plans on the basis of such or a somewhat modified Harrod-Domar growth model.

*Assistant Professor, Department of Economics, University of Dacca.

The model works with an assumed growth rate and a fixed capital output ratio which on its turn may be derived from a disaggregative multi-sector input output table. The total amount of investible funds required for a periodic plan is then determined on the basis of the assumed growth rate and the fixed capital coefficient. For financing this amount, either the domestic component or the foreign assistance is treated as residual.

The socialist model of development starts with 'structural' questions, such as the socially desirable ownership of the means of production and the distribution of assets and income. Here the capitalist dichotomy between labour and capital changes. Labour itself becomes capital and institutional rearrangements are made to maximize its productivity through motivation and mobilization. In this format, domestic saving in the form of labour power necessarily becomes the main element of growth.

It is said that the best contemporary example of capitalist type growth is South Korea while the best contemporary model of socialist growth model is the People's Republic of China. Both were civil-war devastated countries. South Korea developed itself through massive foreign assistance from United States. The People's Republic of China received some assistance from USSR in the 1950s. From 1960's, this assistance stopped and the country had to depend more on its internal programme of socialist reconstruction.

In the case of Bangladesh, we have been following a capitalist path of growth with some socialist overtones but with what result? Substantial amount of foreign assistance have been received for development financing during last seven years, but are we moving towards self-reliance or away from it?

In the Second Five Year Plan (SFYP) of Bangladesh, the methodology of resource mobilization does not appear to have been made explicit. Implicitly, it appears that the Plan is largely based on an aggregative Harrod-Domar type model where the total investment requirement is calculated on the basis of an assumed growth rate and a given aggregative capital output ratio. The planners then made an 'intelligent guess, on the likely inflow of foreign assistance into Bangladesh and solved the problem of resource mobilization by taking domestic resources as the 'residual'. The model was then 'refined' by supporting it with a disaggregative input-output table and a set of statements on the fulfilment of 'basic need requirements'.

The SFYP envisaged an outlay of Tk. 25,595 crore, of which public sector investment would be Tk. 20,125 crore (78%). The size of the plan

is about six times greater than the size of the first-plan. This increase in expenditure is considered to be necessary to achieve a high growth rate of GDP of 7.2% (as against the achievement of 4.0% during the First Plan and similar expected rate for the Two Years Plan.) The sectoral target of the Second Plan compared to the First Two-Year Plan may be seen in the table below :

TABLE I
GDP & SECTORAL GROWTH RATIO (%)

	FFYP 1973-78 (actual)	TYP '78-80 (estimates)	SFYP 1980-85 (targets)
1. Agriculture	3.7	3.1	6.3
2. Manufacturing	0.3	6.8	8.6
3. Construction	7.8	17.8	14.4
4. Power and Gas	22.3	17.9	16.0
5. Housing	3.6	3.8	4.2
6. Trade, Transport & Services	5.6	6.4	18.1 (Transport 10.7)
GDP (Total)	4.0	5.0	7.2
Per Capita GDP	1.1	2.1	4.90

Sources : SFYP. p.1-7 & p. III-4.

The total and the sectoral growth targets in the SFYP appear to be quite ambitious compared to past achievement.

Table II shows the financing of the SFYP. The plan estimates that 46% of the total development outlay would be financed from the domestic resources and 54% from external resources. Of the total outlay, however, 78% would be spent in the public sector and more than 60% of the public sector development expenditure would be financed from external resources.

In order to finance such an ambitious plan, the planners had to make a number of old assumptions. These are :

- (i) Both public and private sector investment would be expanded during the plan period.
- (ii) The efficiency of the public sector would increase through better management of public enterprises and the efficiency of the private sector would increase through rationalizing administrative control and greater reliance on correct economic policies.

- (iii) The effort on rural development would be vastly expanded and intensified through mass mobilization, development of local govt. institutions at the village level and mass participation in local planning and development through these institutions.
- (iv) Agriculture could be the leading sector in development primarily through expansion of irrigation facilities and integration of local govt. with govt. efforts in this sector.

TABLE II
FINANCING OF THE SFYP

(1981-85)		
(In 79/80 prices)		In crore Taka
Total Development outlay :		25,595
1. Public Sector		20,125
2. Private Sector		5,470
Finance :		
1. Domestic Resources :		11,715
Govt. revenue surplus		6,555
Private saving & loans from banking systems		5,160
Domestic Savings		6,130
(Domestic resources)		
Non-Investments Tk. 5585 crore)		
2. Foreign Resource :		13,880

Source : SFYP, p. III-3.

It is expected that income, saving and investments would increase in a cumulative way as a result of such steps during the Second Plan period. This would, in its turn, be supplemented by increase inflow of foreign resources. Are these assumptions realistic? An examination of the past performance in development financing during the First & Two Year Plan period does not justify such optimism.

The FFYP of Bangladesh envisaged an expenditure of Tk. 4455 crore in 1972/73 prices, of which Tk. 3952 crore was to be spent in the public sector and Tk. 505 crore was to be spent in the private sector. The Plan envisaged that 57% of the total expenditure would be financed from domestic resources and 43% from external resources, reducing the dependence

on foreign assistance from 62.2% in 1973/74 to 27% in 1977/78. In actuality domestic resources financed only 22% of the development outlay during the First Plan period.

The sharp decline in the domestic resource component was due to high rate of growth of current revenue expenditure, increase in subsidies to the consumers and to the nationalized sectors, less than expected rate of growth of tax revenue, and natural calamities. There was also severe inflation in the early years of the plan period due to the policy of deficit financing of Government expenditures instead of emphasizing on resource mobilization through fiscal resources. The savings capacity of the people was reduced drastically and the domestic savings increased to only 3.88% of GDP in 1977/78 instead of estimated target of 14.2%. Since domestic resources could hardly finance even 25% of the development expenditures, dependence on foreign assistance increased. The total foreign aid received during the plan period came to Tk. 3027 crore (at current prices) as against Tk. 957 crore domestic resources.¹

The size of the First Plan had to be reduced due to drastic shortfall in the domestic resources and also non-availability of sufficient quantity of foreign resources. A Hard-core programme was formulated for the last three years of the Plan period. The overall economic situation improved during the latter part of the Plan period following pragmatic economic policies, strict financial discipline and good weather condition, but still remained far below the expected level.

With these experiences, the Two Year Plan of Bangladesh did not put much reliance on domestic resources. Of the total Plan outlay of Tk. 3,600 crore, Tk. 3,000 crore was allotted to the public sector and 72% of its expenditure was to be financed from external resources. But actually external resources inflow is estimated to be 94.60% of public sector development expenditure in 1979/80.² The gross domestic savings reduced from 3.88% of GDP in 1977/78 to 3.32% in 1979/80. The low level of domestic savings increased dependence on foreign assistance, but the actual disbursement of foreign aid was less than the projected amount. During First Plan, total aid disbursement was 76% of the total commitment. The aid disbursement in 1978/79 was 52% of the commitment.

From the trend in the past, it appears that the inflow of foreign assistance is likely to be less than what is envisaged in the Second

¹SFYP, p. 1-3.

²SFYP, p. III.3.

Plan. And if there is a shortfall in foreign resource, the internal resources are likely to be low because the structure of the domestic resource mobilization is such that we must have increased foreign assistance, if we want to increase our domestic resources. This dependency relationship may be seen from the analysis of our tax structure.

The tax-structure of Bangladesh shows the characteristics of inelasticity and narrowness of base. Taxes are raised from a few major sources, such as customs, excise and sales, contributing 85% of the total tax-revenue. Indirect taxes play a dominating role in the total tax-revenue. Since tax-revenue contributes about 78% of the total revenue, indirect taxes influences the flow of total internal revenue of the govt. Of the total indirect taxes, import duty contributes nearly 40% of the total tax-revenue which is derived from taxes on dutiable imports. The effective rate level of import duty is around 34%. Since export-financed import constitutes a very small proportion of the total import, the growth of import and hence the growth & import duty depends on the inflow of foreign assistance, particularly commodity and project aid. Excise is the second important source of revenue to the govt. of Bangladesh, contributing around 20% of the total tax-revenue at present. The tax is collected from levies on domestically manufactured commodities, most of which depend on imported materials for their production. More than 70% of the total excise tax comes from import-based domestic products. The next important source of revenue to the govt. is sales tax on imported and domestically produced goods. More than 80% of the sale tax is, however, collected at the point of import from dutiable imported goods. Only small proportion of the tax is raised from domestically manufactured commodities. The tax revenue of the govt. of Bangladesh is thus heavily dependent on the level of import and hence on the inflow of foreign assistance. Obviously, such dependency on foreign assistance has made govt. internal revenue also vulnerable to the changes in external variables and indicates future policy implications. The present domestic resources mobilization effort would thus be seriously handicapped if the level of import cannot be maintained.

The SFYP estimates the total domestic resource to be Tk. 11,715 crore, comprising of Tk. 6,555 crore of public savings and Tk. 5,160 crore of private savings. Table III shows the components of public sector resources.

The table shows that largest part of the public sector resource would come from tax-revenue. The plan assumes a 14% rate of growth of the tax-revenue and 7.2% rate of growth of GDP per annum. With a 7.5%

rate of growth of current govt. expenditure, a substantial amount of surplus would be generated in the public sector to finance a part of the total public sector outlay during the plan period. Gross domestic savings rising at 7.2% per year is expected to raise Tax GDP ratio from 8% to 13.3% during 1980-85.

TABLE III
PUBLIC SECTOR RESOURCES
(at 1979/80 prices)

	(In crore. taka)
Tax Revenue	10,680
Add. Taxes	1,585
Total tax revenue	12,265
Non tax revenue	2,280
Total Revenue	14,545
Current Expenditure	7,603
Revenue Surplus	6,942
Self financing (by Corporations and autonomous bodies)	200
Net Capital Receipts	587
Total Public Sector Resources	6,555

Source : SFYP, p. IV-3.

The projections in the resources are made more on the basis of extrapolations of past data than by considering future changes. Since govt. revenue depends heavily on imports a steady flow of foreign assistance must be guaranteed for a steady flow of imports in order to have increased govt. revenue, if export cannot finance the import and domestic output and income do not provide a sufficient base of tax. But the flow of foreign aid was not smooth and upto the expected level earlier. The present mood of the donor countries also do not seem to be favourable for ensuring a large inflow of foreign aid. Even if the level of imports can be maintained somehow at the projected level, the revenue earnings from dutiable imports would not rise at the rate projected as a result of changed composition of imports expected from the import substitution scheme and increased demand for low-duty capital goods. The earnings from export-duty has been very low, though there is scope to raise the revenue from this source in future with export drive scheme. The revenue from customs would not thus show the buoyancy as expected by the planners. Since major part of the sales tax is collected from

dutiable imports, the revenue from sales tax also may not grow at the rate of 17.5% per annum as projected by the planners, unless larger amount is collected from domestically produced goods.

The revenue from excise tax is projected to grow at the rate of 10% per annum. But the growth of excise tax revenue depends on the import of raw materials and intermediate goods. The dependency of domestic manufacturing sector on imported materials can be reduced by fostering the growth of complementary industries to supply spare parts and machineries and by developing agriculture for supplying domestic raw materials. The tariff structure should be adjusted suitably to give sufficient protection to these industries. At present more than 70% of the excise tax is collected from two items only—tobacco and petroleum products. All other goods are very lightly taxed. The development of a strong and efficient domestic manufacturing sector would broaden the base of excise tax and provide scope of increasing the level of taxation. The rate structure of excise taxation also needs rationalization from the point of view of commodity groups and input group. Such long term measures need to be emphasized, if a high growth of import cannot be maintained in the future.

Direct taxes contributes a small proportion of the total tax revenue. There is scope of raising the level of direct taxation by raising land tax and by effective mobilization of income tax. An efficient tax administration can raise direct taxation substantially even at the existing rates. In 1977, the number of income tax assesseees was only 201 thousand in a population of 82 million. The Household Expenditure survey of 1973/74, however, showed that the number of income tax assesseees should have been 475 thousand and income tax collection should have been double the amount collected. The pattern of income distribution also provides a good ground for larger collection. The final report of the Taxation Enquiry Commission tells us that about 70% of the wealth of the country is in the hands of some 30% of the population. The Bangladesh Bank report of 1979/80 also shows that the number of multi-millionaires in Bangladesh was only two at the time of independence and it has increased to 65. Besides, the self-employed and the trading class are earning enormous profits but most of them do not furnish true income returns and thus evade tax. The existence of black money is believed to be quite considerable. The rentier class in the urban area is earning huge income but is contributing little. Similarly, the well-to-do farmers in the agricultural sector are also enjoying large income but is hardly contributing in proportion to their income. All these factor indicates

that the govt. is getting deprived of large amount of revenue due to ineffective tax policy.

Raising of increased revenue from taxes would thus depend upto appropriate and effective tax policies. It is, however, to be remembered that the large increase in the tax revenue envisaged in the plan may adversely affect the incentives to save and invest so that may not be possible to realise the large projected increases in private savings and investment during the plan.

The planners estimated a 7.2% annual growth rate for govt. current expenditure. It is possible to increase public saving by reducing the level of current govt. expenditure. But it is doubtful whether it would be possible to restrain govt. current expenditure to the extent projected, considering the large development programmes envisaged in the plan. A certain minimum rate of growth of current expenditure would be needed for effective implementation of the plan programmes. The high inflation rate (around 12.1) would also contribute to the accelerated growth of current expenditure, unless appropriate monetary measures are undertaken to control inflation.

The SFYP emphasized rapid increase in agricultural production, for bringing food self-sufficiency and generating domestic savings. But two factors should be remembered before we can become very optimistic about the success of our agricultural programme. (1) Only 10% of our land is currently under irrigation. The rest remains dependent on nature. The agricultural production would then remain subject to the vagaries of nature. (2) About 10% of our household own about 40% of our land. A significant number of this group is absentee landlords with only marginal interest in agriculture. So it is not understood how they can increase agricultural production through the current share cropping system. (3) About 50 to 60% of the households are marginal farmers. They have not enough land to cultivate and therefore, cannot respond to govt. agricultural programme and finally (4) agriculture remains dependent significantly on imported inputs. If foreign assistance is reduced, the supply of these imports are likely to be adversely affected, unless they are locally produced.

This brings us to the related problem of the two sectors—public and private. Which one of them is going to be the engine of growth? In the First Plan, the public sector was considered to be the leading sector. In the Second Plan, the question remains vague to a considerable extent. If the public sector is still considered to be the leading sector, one may

point out that the past performances of this sector has not been very encouraging. Further doubts have been raised about the implementation capacity of the administration in managing such an ambitious development plan. On the other hand, if private sector is made the engine of growth, then there has to be greater reliance on the market economy and on a set of consistent economic policies relative to administrative controls. It is not understood how the Second Plan will implement itself without clarifying these dimensions of implementation.

Finally, how far can we overcome the shortfalls in the Plan implementation through mass mobilization? We strongly feel that for mass mobilization, we may have to go for a different definition of capital. We may have to regard labour as capital. It is not understood if such a change in the definition of labour can be brought about without the attendant institutional reforms. Through institutional reforms, such as reorganization of land ownership, we may be able to turn the 60/70 percent marginal farmers in the country as real capital for production. In such a system, the Harrod-Domar type model would have to be discarded which does not really accommodate labour as capital. We can proceed in this direction, but then the Second Plan would have to be looked afresh and reorganised accordingly.

Alternatively, we may try to find out the 'firm' component of the expected foreign assistance and reduce the size of the Second Plan accordingly. In that case, we keep the planning model as it is. Only some of the on-going projects may have to be discarded in favour of those which are of urgent nature. In other words, we may have to work out another 'Hard-Core' programme for the Second Plan as has been the case with the First Plan.

Alternatively again, we may go for a financing model that determines the 'minimum' foreign assistance available and then treats the domestic resources as 'residual'. It would be useful to undertake such exercise for the Second Plan for the following reasons :

- i) as we have pointed out, so long we keep our domestic resources dependent upon the inflow of foreign assistance, our journey to self-reliance remains difficult. We would need increasingly more doses of foreign assistance to increase our domestic savings. If, on the other hand, we regard domestic resources as 'residual', we would be forced to delink our economy to this kind of dependency relationship ;

- ii) under this procedure, the foreign assistance would be automatically tailored to our requirements and we would be forced to have the expansion of domestic market;
- iii) under this system, our attention would be turned to the structural questions, like how to increase the purchasing power of our poor people through better distribution of income and assets, so that a self-reliant economy can be sustained.

It may be mentioned in this connection that the Two Year Plan³ did raise the following structural questions, but they have not been sorted out in the SFYP. The questions were :

- a) What role and size should the public sector have *vis-a-vis* the private sector in the economy ?
- b) Reduction in the ceiling of land and distribution of the surplus land to the landless and the marginal farmers.
- c) Voluntary co-operation among farmers, in which ownership remains undisturbed but the inputs are jointly handled.
- d) Voluntary co-operative farming in which individual land holdings are pooled together, still retaining ownership, inputs being co-operatively used.
- e) Compulsory co-operation among the farmers, for use of all inputs, land being owned individually.
- f) Compulsory co-operative farming in which land is pooled together, all inputs used jointly, but individual ownership is still retained.
- g) Village-based community farming for production decisions with private ownership remaining intact.
- h) Collective farming in which individual ownership of land is abolished and communal ownership introduced and all operation undertaken co-operatively.

Therefore, our suggestion for development financing in the Second Plan is based on the feasible 'best' from the alternatives suggested. For this :

- 1) We should find out the 'firm' component of our foreign assistance programme and adjust Second Plan with a Hard-Core programme immediately.
- 2) Simultaneously, we should try to explore whether we may regard domestic resources in the plan as residual and de-link our internal

³TYP, p. 292.

resource mobilization from the existing dependency relationship with the inflow of foreign assistance.

- 3) Raise the structural questions from where the TYP had left them and try to sort them out as far as possible.
- 4) And finally, explore the possibility of gradually moving towards an economic system that considers labour as capital so that through appropriate institution we might be able to use our vast manpower — the resource that is available in abundance in this country.

In conclusion, we may say that the Second Plan should be regarded as 'transitional', but unlike the Two Year Plan, the structural questions in the Second Five Year Plan have to be taken up seriously.

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External Sector of SFYP: Some Comments*

by

K. M. MATIN**

The growth objectives of Bangladesh's Second Five Year Plan (SFYP) are ambitious. The Plan's GDP growth rate of 7.2% per annum is predicated on an optimistically high rate of growth of the agricultural sector. Total Savings is to increase from 3% to 8% of GDP by the terminal year of the Plan, while institutional problems are expected to be overcome rapidly.¹ Yet even if the targets for domestic resource mobilisation and institutional change are met, the Plan's growth goals will remain crucially dependant on attainment of stipulated targets in the external sector of the SFYP.

The import intensity of planned GDP growth is considerable. Non-foodgrain imports are expected to double by the end of Plan-period. This provides an import elasticity of nearly 2.0 with respect to GDP, with import/GDP ratio standing at 21%. Net foreign capital inflows are expected to finance more than half of total development outlay and more than two-thirds of gross investment and public development outlay.² Even with the heroic assumption of constant terms of trade, the foreign exchange gap (imports-exports) as percentage of GDP, will continue to grow over the plan period.

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**The author is a Research Economist at the Bangladesh Institute of Development Studies, Adamjee Court, Dacca.

¹The Savings growth implies a marginal savings rate of more than 17% at constant prices. The tax-revenue implications seem equally high and unfeasible.

²In 1979/80 external resources accounted for 90% of public development outlay.

The Plan envisages the financing of the stipulated import-growth by both increasing export earnings and increasing foreign assistance, the latter rising at a faster rate than the former. The paper attempts to examine the feasibility of this goal and the implications of its non-attainment. It limits itself by refraining from questioning the validity of the goal. It is the contention of the paper that the targets of the external sector are unlikely to be achieved. Exports will be lower than projected due to weak demand conditions abroad for traditional products and internal supply constraints for non-traditional items. Furthermore the purchasing power of exports will decline over the plan period. The dependence on external resources would thus have to grow at a rate substantially greater than those projected in SFYP. In view of the existing climate and availability of external financing for the first two years of the plan, it is clear that non-foodgrain imports will fail to grow at the rate projected. The import-intensity of the Plan suggest that this will have strong adverse effects on growth of GDP and thus on achievement of plan targets.

Imports

The high import-intensity of the planned growth rates create the growing trade and payments deficit. The present and planned production structure and development strategy, make this inevitable, in the context of a low per capita income, undiversified economy like Bangladesh.

The Plan projects merchandise imports to grow at a rate of 7% per annum in real terms. This rate of import growth is based on the assumption of successful import substitution in foodgrains fertiliser POL and irrigation engines and pumps. Foodgrains self-sufficiency is to be achieved by 1984/85. Yet it is quite possible that either due to failure of policies or through major droughts/floods, this may not to be attained.³ In this event the growth of imports required to meet plan requirements of additional financing, the non-foodgrain imports would be compressed.

Import projections envisage a significant structural change, due to rapid growth of capital goods imports. The SFYP indicates an increase of 25% annually to reach 42% of total imports. The change in structure will be as follows :

³Food autarky has been the objectives of several plan documents in the past. Yet this target has always eluded the policy makers.

TABLE I
STRUCTURE OF IMPORTS

	1973/64	1979/80	1984/85
Consumer Goods	30	28	14
Intermediate Goods	43	52	44
Capital Goods	22	20	42

Such growth in capital goods import crucial to the Plan's investment programme. A growth rate of around 9% for intermediate and consumer goods (except POL) is visualised, to maintain stable supply of essential consumer items as well as for inputs and spares to sustain high capacity utilisation.

This overall growth and structure of imports is predicated on a strategy of import substitution. Details with regard to time-phasing of investment and capital import requirements for import substitution are not indicated in the Plan document. It is therefore difficult to evaluate quantitatively the actual effects of a shortfall in import-substitution.

Exports

Exports are projected to grow at an annual rate of 6.9% in real terms (i.e., at constant prices). This rate seems excessively ambitious in the light of past performance.⁴ The plan projects average annual real growth rates of 5.9% for raw jute, 5.2% for jute goods and 11% for non-traditional (excluding jute and tea) exports to reach the overall target. These targets need scrutiny since they indicate a sharp acceleration compared to past performance.

In view of world jute market conditions, raw jute and jute goods target is excessively optimistic.⁵ The development of non-traditional exports would be time consuming. In the light of the gestation period required for project preparation and construction, most of the output of such export-development projects would be realised after 1984/85. It is doubtful that annual growth rates of 11% for non-traditional exports over the plan-period, could be achieved.

⁴At constant prices exports have grown at less than 1% per annum over the last 7 years.

⁵Over the last 7 years raw jute exports have had negative or zero growth rates in terms of volume. Jute goods have rarely exceeded 2% annual rates.

The plan strategy of increasing export earnings to finance 31% of imports in the terminal year of the plan (even assuming constant terms of trade) appears unachievable. In other words the requirement of foreign assistance is likely to be substantially greater than the already high levels projected, in the SFYP.⁶

It is obvious that planners do not expect constant terms of trade for Bangladesh. The purchasing power of our exports will inevitably decline over the plan period. The problem of such decline should have been highlighted in the plan document in view of our past experience. Yet it has been glossed over by assuming that donors will offset its effects by equivalent resource transfers. The first five year plans achievements were largely vitiated by a terms of trade deterioration of 30-40% and drastic compression of imports as a result. In short, even if export targets of SFYP were met in full (which is unlikely) it may fail to finance the projected quantum of imports.

Balance of Payments

It is quite apparent that Bangladesh will continue to be plagued by structural imbalance in its trade, over the Second Plan period. Under the SFYP, the economy will remain dependent on a continuous increase in foreign capital inflow as a percentage of GDP. Most of this inflow is planned to comprise of foreign economic assistance, with about a fifth of the requirement expected from direct foreign investment and suppliers credit.

Yet, it has been shown, that the SFYP's projected current account deficits will turn out to be substantial underestimates, for two reasons. First export growth will be considerably lower than projected for reason stated earlier. Second, Bangladesh's terms of trade will deteriorate substantially by the terminal year of the plan.

In other words, the achievement of overall growth of the economy as envisaged in the SFYP, will become crucially dependant on obtaining foreign capital inflow at a rate substantially greater than the projected foreign exchange gap. The SFYP's suggested foreign assistance inflow implies a per capita aid disbursement of \$22 by 1984/85 as compared to \$5 in 1979/80.⁷ In fact, aid inflow would have to be at a considerably

⁶Remittances are expected to grow at around 8% per annum. But its total volume cannot finance more than 10% of imports.

⁷This presume that aid (ODA etc) will finance 80% of the projected foreign exchange gap with the balance coming from direct foreign investment and suppliers' credit.

higher rate than projected if the import level of SFYP is to be sustained.

In the context of the present aid climate⁸ these are unrealistic projections. Therefore financing the foreign exchange gap, will become one of the most challenging tasks under the development strategy of SFYP.

We have seen that for most of the seventies, inadequacy in the flow of external financing and meagre international reserves, forced drastic compression of imports in real terms. Average annual growth rates of real imports was around 1% over 1972/73—1979/80. In fact for most of the period, actual value of imports was smaller than estimated value of imports of 1972/73 quantities at relevant years prices. In view of the import intensity of production and investment, forced restraints in imports had far-reaching repercussions on the economy.

The trend inflow of external financing (esp. foreign assistance) has been discouraging. Programme aid commitments in 1979/80 were less than half those of 1978/79 while project aid commitments were about two-thirds of 1978/79 level. For 1980/81, programme aid commitments were even lower than earlier years in real terms. It was hoped that overall fall in commitments would be compensated in 1981/82. Unfortunately this did not come about. The marked decline in commodity aid (in view of progressive reduction of food aid) would thus have adverse consequences on counterpart funds as well apart from its impact on import-capacity.

TABLE II
ESTIMATED COST OF IMPORTS OF

	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79
TOTAL : 1. Estimated :	727.0	1140.6	1565.9	1423.5	1374.8	1310.0	1557.2
IMPORTS 2. Actual :	727.0	925.0	1402.4	1265.7	864.0	1349.0	1503.0
3. Actual as % of							
Estimated : (%)	100	81	89	89	63	103	103

On the very event of the Second Five Year Plan, Bangladesh's balance of payments deteriorated significantly in 1979/80. The current account deficit rose to an unanticipated Tk. 23000 million. There was an overall Balance of Payments deficit leading to a draw down of reserves. In fact,

⁸The policies of the Reagan and Thatcher administration in US and UK do not augur well.

at the beginning of 1980/81 the level of Bangladesh's international reserves was equivalent to one month's imports. This situation occurred despite a substantial increase in export earnings (in current prices), increased food and project aid disbursements, and availability of IMF stand by resources. Most of the payments difficulties arose out of the Government's panic buying of imported foodgrain on commercial terms.⁹ Imports of petroleum and capital goods also experienced increases. For most other imports there was a decline in real terms, despite the overall balance of payments deficit.

The implication of this situation for the first year of the SFYP is obvious. There has already been a sharp deterioration in the terms of trade over most of 1980/81. Disbursements of foreign assistance and purchases from IMF's Extended Food Facility seem inadequate to finance the current account deficit. Yet international reserves, are at such a low level (i.e., 1 months imports) that they cannot be drawn down any further. It is therefore inevitable that most of the adjustment will occur on the import side. The planned increase in imports of 7% in real terms, will thus not be attained in the first year of SFYP. Restraint in imports for 1980/81 coming on top of the decline in real imports of most items for 1979/80, is likely to have marked adverse effects on both capacity utilisation and economic growth.

The second year of the plan-period (i.e., 1981/82) have also got off poorly on external financing. The aid-club meeting committed a total amount of foreign assistance substantially lower than expected. Even with the use of IMF's EFF, the balance of payments situation will continue to be difficult. Imports in real terms may continue at levels lower than those projected in the SFYP. In short, for the first two years of the Plan period, real imports will not grow at the projected rate. This will augur badly for import-substitution and export development projects, which need to get off early in order to make the projected contribution to the external sector.

This precarious payments' situation is made more difficult when amortisation of external debt and build-up of international reserves is taken into account. Bangladesh's debt service payments (excluding IMF) are currently at 15% of merchandise exports. If IMF charges and repurchases are included the debt service rates would be 26% for 1979/80. In the light of the Funds EFF arrangement of \$1200 million (over next 3 years)

⁹More than half of the increased import bill was due to purchases of foodgrains.

incorporating shorter maturities and higher interest rates, the servicing of Fund purchases will exceed the present level of servicing of all other debts. The present Government strategy of contracting Extended Fund Facility, has tied the country, to debt service rates of over 20% for the whole of 1980's. In addition to amortisation, reserves have to be built-up to not less than 3 month's imports, from the present low level of 1 month.

It is clear that claims on external finance on this account, will pre-empt a good part of the available resources over the next 2 years. Adjustment through reduction in imports will become inevitable, in view of lower level of external financing available, than those projected.

The difficult Balance of Payments situation expected in first three years of the Plan period will affect overall growth performance of economy. This will occur in the following ways :

Inadequate level of imports¹⁰ will affect both current output and new capacity creation. The following programme aid commitments will reduce imports of raw materials and intermediate inputs of production. The decline in project and pipeline to disbursement ratio is likely to affect adversely the projected average annual growth rate of 25% for capital import.

The non-achievement of targets set in the external sector will adversely affect performance in the rest of the economy.

We know that a GDP growth rate of 7.2% per annum (4.85% per capita) is a reasonable figure. Yet the demand it makes on the external sector under the SFYP, seem so obviously untenable. The planners should perhaps have devised a development programme with a lower import content. The question that is begged, is whether the import-intensity of the Plan could have been reduced under a different development strategy.

¹⁰Imports will be lower than those projected as necessary on the basis of GDP growth rate of 7.2% per annum, in SFYP.

LIST OF PAPERS PRESENTED AT THE FIFTH ANNUAL CONFERENCE OF THE BANGLADESH ECONOMIC ASSOCIATION, 1981

Session I

Social, Economic and Political Perspective of Bangladesh

- | | |
|---|---|
| 1. Abu Mahmood | Socio-Economic and Political Aspects of Planning : The Subtle Anatomy of Planning for Accelerating Dependency |
| 2. M. Raihan Sharif | The Perspective of Development : Social, Economic and Political Factors |
| 3. Dilip Kumar Nath | Constraints and Contradictions in the Strategy of Bangladesh Planning |
| 4. Nisaruddin | A Review of Strategic Perspective of Development |
| 5. K. T. Hosain and
Mrs. Salema Hosain | Social Perspective of Development |
| 6. Abdullah Shibli | Objectives of the Second Five Year Plan : Some Comments |
| 7. Abu Naser S. K. Siddiqui | Socio-Economic and Perspective of Development Plan of Bangladesh |
| 8. Omar Haider Chowdhury | Prospect of Eliminating Poverty in Bangladesh |
| 9. Md. Mahmud Khan | Structural Constraints to Growth : Bangladesh Case |

Session II

Unemployment and Public Policy

- | | |
|-----------------------|---|
| 1. Khaleda Salahuddin | Technical Change in Post-Harvest Paddy Processing and Female Employment in Rural Bangladesh |
|-----------------------|---|

2. M. A. Muhaimen Unemployment and Government Policy
3. Jahanara Huq Employment Generation, Cottage Industries and Women: Role and Strategy
4. Mustafa Abdur Rahman Cost-Benefit of Exporting Skilled Manpower Abroad
5. Md. Asaduzzaman The Unemployment Problem of Bangladesh and Its Solution in Second Five Year Plan
6. H. I. Latifce Landless and the Employment Strategy in the Second Five Year Plan
7. Sadrel Reza Rural Works Programme, People's Participation and Meeting Basic Human Needs: Some Preliminary Observations
8. Md. Kamrul Islam Chowdhury Unemployment and Public Policy
9. Rafiqul Huda Chaudhury Labour Absorption in Bangladesh Agriculture: A District Level Analysis
10. ফাতেমা জোহরা দ্বিতীয় পঞ্চবার্ষিকী পরিকল্পনার অবগৃহীত অনুচ্ছেদ
11. A. H. M. Habibur Rahman Choice of Technology for Small Industry and Employment Generation: Some Issues

Session III**Social Infra-Structure Development**

1. Sultan Ahmad Communication and Basic Need Approach
2. Sultan Ahmad Communication and Education for Rural Development in Bangladesh
3. Mahbub-ul-Haque Firdous Public Administration System in Bangladesh—The Present Scenario
4. Nilufar Banu The Role of Bangladesh Television
5. M. R. Khan Population Problems and Population Control in Bangladesh

6. Ataul Haq Inter-Regional Distribution of Socio-Economic and Infra-Structural Development : What is being Done in the Second Plan
7. K. T. Hosain Rural Women and Second Five Year Plan
8. S. M. Habibur Rahman Some Observations on the Education and Cultural Sector of the SFYP, 1980-85
9. Saikh Maqsood Ali The Own Village Development (OVD) Programme : An Experience in Bottom-up Planning
10. Md. Zakaria Gram Sarker : Possibilities and Limitations : An Exercise in Light of Existing Quasi Political Rural Institutions
11. আশরাফ-উন-বেলা বাংলাদেশের গ্রামীণ সমাজ কাঠামোর বিন্যাসের পরিবর্তনের পরিকল্পনা : দক্ষিণ-পূর্ব বাংলার একটি গ্রামের পটভূমিকায়

Session IV

Public Sector in Industrial Development Strategy

1. Q. K. Ahmad and M.U. Ahmad Role of Public Sector Industries in the Industrial Development of Bangladesh
2. Muhammad Taheruddin Complementarity of Public and Private Sector in Industrial Development of Bangladesh
3. Ali Ahmad Rushdi Projection of Energy Demand in the SFYP
4. Atiur Rahman Bangladesh : State and Public Sector

Session V

Agricultural Development : Strategy and Its Consequences

1. Sultan Ahmad Appropriate Structure for Transfer of Technology for Rural Agricultural Development of Bangladesh
2. Salehuddin Ahmed Taxing Agricultural Sector in Bangladesh

3. Shahidul Haque Food Policy in the Second Five Year Plan
4. M. Alauddin and The Strategy of Agricultural Deve-
Mustafa K. Mujeri lopment in Bangladesh : Past and
Present
5. Mahbub Ahmed Irrigation in Bangladesh : Past and
Present
6. Murshed Ahmed Field Problem of Implementation of
Water Resources Development Pro-
jects in the Light of SFYP
7. Khondakar Ruhul Amin Inputs and Outputs in the Agriculture
Sector during the Second Five Year
Plan
8. Akhtar Hussain Rural Institutions under Agricultural
Sector in the Draft Second Five Year
Plan—A Case Study
9. M. Yunus Rural Agricultural Credit Operations
in Bangladesh
10. Bimal Kumar Saha Technological Change in Bangladesh
Agriculture : Impact on Productivity
and Farm Efficiency
11. Tamim Ahmed Underdeveloped Structure and Green
Revolution : Test Case of Phulpur
12. Munirul Islam Technical Efficiency of HYV
13. Abu Ahmed Rural Development in Second Five
Year Plan : Contradiction, Conflicts/
Inconsistencies and Inadequacies in
Objective, Policies and Technique
14. R. H. Chaudhury and Rural Credit in Bangladesh
A. Ghafur
15. M. A. Hamid Second Plan's Development Strategy
with Its Distribution Effects for the
Eighty Percent People of Bangladesh
16. Muinul Islam The Myth of Regional Superiority in
Rice Production in Bangladesh
Revisited

Session VI

1. Kholiquzzaman Ahmad and Sajjad Zohir
2. Md. Ali Akbar
3. Md. Mahmood
4. Mir Obaidur Rahman
5. আতিউর রহমান
6. জাহানারা বেগম
7. Mosharaff Hossain and Panez Imdad
8. M. A. Jalil
9. Sofia Hasna Jahan Ali
10. K. M. Matin

Foreign Aid Dependency and Self-Reliance

- Dependency, Exploitation and Development in Bangladesh
- Consistency of Second Five Year Plan (1980-85) and the Foreign Sector
- World Trade in Jute
- Foreign Aid in Perspective
- বহুজাতিক কর্পোরেশন, পরনির্ভরতা এবং উন্নয়ন
- বাংলাদেশে প্রকল্প সাহায্য : ডেনিশ প্রকল্পের একটি নমুনা বিশ্লেষণ
- Foreign Aid in Bangladesh
- Reliance on Internal Resources for Financing Development Plans in Bangladesh : A Remote Possibility
- Self-Reliance and Development Financing in Bangladesh
- External Sector of SFYP : Some Comments

