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Editors**

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THE BANGLADESH JOURNAL OF POLITICAL ECONOMY

Vol. 8

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PLANNING EXPERIENCE OF SOME SELECTED DEVELOPING COUNTRIES

Planning Experiences in Pakistan

MUBASHIR HASAN*

I am not competent to speak on technical aspects of planning. Those aspects rightly belong to the domain of economists. My interests lie more in the political objectives of economic plans, their feasibility, their successes and failures. In the circumstances, I shall try to relate before you some of our government's experiences of plans and planners and of the forces acting upon them.

The principal lesson, we learnt, during the tenure of our government can be stated in one sentence. It is: that preparation of plans and their implementation is more akin to waging a war rather than smoothly carrying out a mission for which a political government wins a people oriented mandate from the electorate. It is an unending series of battles fought simultaneously on many fronts and at many levels. The principal contenders are the following:

1. The people : The overwhelming majority of the people of Pakistan are ill-fed, ill-clothed, ill-educated, poor and backward. The proclaimed objective of almost all economic plans is to raise the economic, social and cultural level of the people. It is the people who vote or are expected to vote to bring governments into power and it is in their name that governments are formed and run.

2. The leadership : Generally speaking, the economic, political, social, ideological and cultural interests of leadership of the political party in power determines the character of the government. In a country like Pakistan, these interests, depending upon the period, may tilt towards the interests of big landowners, industrial or trading classes, or the custodians of the civil and the military apparatus of the state.

* Former Minister of Finance, Planning and Development, Government of Pakistan.

3. The Managers : This group may consists of three or more sub-groups.

(a) At the apex of the administrative and intellectual organisation of the national planning commission are the planners. Highly educated, often at institutions of higher learning in the west, the planners are academic in their approach and generally out of touch with the problems of the people. They have little field experience, if any. Occasionally, members of this group have either served with or have yearnings to serve with the international organisations such as the World Bank.

(b) The second sub-group may be designated as the implementors. In the former colonies of Britain, the implementors are generally members of the civil and the armed services. Among them are administrators, engineers, educationists, doctors and specialists in agriculture and other applied sciences.

(c) Industrial entrepreneurs, capitalist, agriculturists real estate developers, big transporters etc. constitute, yet another sub-group which operates semi-independently and at a level subservient to that of the sub-groups (a) and (b).

4. The Developed Countries : To be included in this group are the industrial and financial houses of the developed countries, their governmental agencies as well as the international agencies dominated by them such as the World Bank, the Asian Development Bank, the International Finance Corporation, the International Monetary Fund etc. The U.S. Agency for International Development and similar agencies created by the governments of other developed countries are also to be included in this group.

The clash of economic, political, social, cultural and ideological interests among the contenders is of a fundamental nature. Take for example the interests of the developed countries. They want markets of the undeveloped countries for their produce, products, low level technology, capital, communication networks etc. at terms as highly profitable as possible. They want to grab the fruits of the labour and wealth of the undeveloped countries as at little a cost as possible. On the other hand they want to sell what they wish to export at as high a price as possible. In other words the interests of the developed countries are best served only when they can make as much profit out of the poor countries as possible. They do not wish that the primary exports of the poor countries should become dearer, or these countries become able to produce locally the goods they depended upon the developed countries to supply. As things stand today our poverty is their riches.

The apparent interests of the managers as these exist in the former colonies of Britain are to enhance their own wealth, influence and

political power. Since their legitimacy as rulers, indispensability as a necessary adjunct to the process of production, and their loyalty to the institution of the nation state has never been established beyond dispute, the managers are prone to connive and collude against the people either with the leadership or with developed countries or both to serve their own group interest. Simultaneously, they are also prone to intrigue and conspire both against the people and against the leadership. However a small number of individuals among them may attempt to act in the national interests along a genuine nationalist approach. But the members of this small group have little chance of keeping their jobs over a long period of time.

The foremost interest of the leadership is, of course, to continue to remain in power. At times such interest proves to be a highly corrupting factor by itself, in other words, the leadership can be swayed away from its electoral commitment to the people and move closer to the interests of the other contenders. A government dominated by big landlords would want to raise the level of the prices of the agricultural produce, would like agricultural inputs to be subsidised by the state and would like a greater share of bank credit for big land-lords. Naturally this leadership is opposed to land reforms or taxes on agricultural income.

Pakistan's brief history is rich with the experience of several possible combinations among the contenders. The leadership dominated by landlords and managers joined hands with the developed countries and we saw what happened during a part of the Pre-Plan and the First Five Year Plan periods (1953-1960). The managers joined hands with the developed countries and the history of the years of the Second and the Third Five Year Plans (1960-1970) is also before us. It is about the few years in the early seventies that I would wish to talk in more detail. Very little comes out in the public of the fierce battles which unceasingly rage behind the scenes among the contenders to be more precise among the contenders minus the people,

We came into power under most unenviable circumstances and ran into major problems from the Day One. Most of our problems arose out of our political stance, our election rhetoric and lack of a proper political organisation. We had a programme to nationalise major financial and industrial undertakings; we were against the bilateral and multinational security agreements of Pakistan; we wanted to improve our ties with the Soviet Union without damaging our relations with China; in our election campaign we had been very vocal against the United States; we wanted to curb the power of the bureaucracy; and we were known as socialists. The result was that the developed countries as well as the managers were totally hostile to us. We had also alienated the big landlords and the big business. It was in such an environment that we had entered Islamabad.

As a result, the legitimate government of a sovereign nation, the first ever elected on the basis of universal adult franchise in Pakistan, had to act as an "outsider" in an environment that was hostile, to put it mildly. The operation of nationalisation of major industrial units had to be called, in the first instance, "taking over of management" and the task had to be accomplished in the dead of night along the lines of a clandestine operation. When it came to nationalisation of bank no file was ever made of that operation. Not one person from the establishment, inclusive of the governor of the State Bank of Pakistan, was made privy to the implementation of the secret project. To avoid hostile international reaction against a state, in such a weak position as Pakistan was in January 1972, the foreign owned firms such as Attock Oil, Esso Fertilizers and ICI undertakings had been exempted from nationalisation. The compensation to be paid for nationalisation of the American Life Insurance Company had to be negotiated secretly in advance of the act of nationalisation. In addition to the economic, many more examples of this nature can be cited in political, social and administrative fields, in which the government considered it necessary to act as if it was a faction in opposition to the real custodians of power --the bureaucracy and its international allies. Time and again we were obliged to adopt extraordinary courses of action to implement our policies.

Soon after we assumed office, Robert McNamara, President of the World Bank paid us a visit. His mission was :

(1) we accept the liability of all the debts Pakistan had incurred up-to date, irrespective of the geographical area for which they were meant, and

(2) we devalue our currency.

In our discussions I put to him that if the Bank was of the opinion that we had inherited a government or an administration, it was mistaken. We were sitting, I said on "ruins and shambles" of a country and a government. McNamara was in agreement. He was also asked to look back on the course of Pakistan's economic development. For almost two decades, Pakistan had depended upon the World Bank and the International Monetary Fund for guidance. The advice of the two institutions was accepted in totality. No questions were ever raised. Pakistan's plans were prepared and economic policies were determined by foreign experts. Pakistan went even to the extent of assigning the task of preparing and implementing individual projects, almost exclusively, to foreign consultants, contractors and suppliers and their output was put by the bank and other agencies to the highest possible scrutiny namely that of the borrower by a lender. I told McNamara: "You described Pakistan as a model developing country". Pakistan accepted the Bank

and the IMF and their foreign experts as its physicians and, as a good patient, took all the medicine they prescribed. And now the patient lay dead before them. Were they prepared to accept any kind of responsibility for the tragedy, he was asked. McNamara seemed moved, but did not answer.

When we assumed power there existed a Fourth Five Year Plan to cover the period from 1970 to 1975. This plan prepared, by the previous regime had been rightly criticised throughout the country, as it then existed. The kind of economic development it had aimed at would have served to exacerbate injustices among people and regions. It did not even attempt to do anything about what our party had termed as the "internal colonial structure" of Pakistan's economy. It was scrapped summarily by our government.

Ideas about starting afresh on preparing a formal five year plan for economic development remained constantly in our minds but for a variety of political, economic and administrative reasons we dared not embark upon them.

(1) The constitution of the country had yet to be framed. The jurisdiction of the federation and the provinces had yet to be delineated, as also the powers of raising revenues.

(2) Nationalisation of basic industries, banks, insurance, shipping, oil had to be carried out first which took us more than two years.

(3) Then we were hit by the spiral of rising oil prices and the severe world-wide recession of the seventies. To add to our economic difficulties we were hit by droughts as well as floods.

(4) There were so many "on-going" projects -- and many more were to be added by us, like the steel mill, the power projects heavy engineering and electrical complexes -- that there was hardly any room for manouverability left.

By the time our government succeeded in giving the country a constitution with the unanimous approval of the Constituent Assembly and by the time we had implemented the programme of nationalisation as envisaged in our election manifesto, it was 1974. Thoughts about the next elections began to occupy our minds and an international economic crisis began to take the world in its grip with extremely harmful consequences for us. Furthermore we were disappointed with the ability and competence of our Planning Commission. The personnel in the Planning Commission was almost totally unacquainted with the conditions in the field. Unfortunately for Pakistan, its capital, has been so designed that foreign visitors are able to adjust themselves in Islamabad better than Pakistanis. For the citizens of Pakistan visiting the capital to

put forth a point of view is a nightmare. More painful in practical terms is the fact that the news of the country never seems to reach it. The majority of our Sahib Bahadurs of the planning commission live in the exclusive paper world of the secretariat. Not much could be done about them by us as we formed the government. They were probably the best as they came in our country in those days. In order to acquaint them with the problems of development in real world of Pakistan I took a train-ful from city to city and they were able to see, probably for the first time, how agriculture, industry, commerce etc. etc. operated in the country. They had a chance to meet and talk to working people, businessmen, administrating officers, professional and others.

Our experience with the developed countries and the international lending agencies educated us in yet another dimension. We had to pledge early devaluation of the Pakistani Rupee. Only then we were able to resume normal financial and commercial intercourse with the Western World. Prior to that, that is when we came into power, the fianacial houses of the West were not honouring our letters of credit or cheques. All our payments had to be made in cash. In fact we were under constant threat of the seizure of our national assets in the Western countries. Such was the truth, in the economic sphere, about the much touted "tilt" towards Pakistan. Our stocks of wheat and edible oil had crossed the danger mark. We had to find money to purchase food and ships to deliver the food to Karachi. Even if all had gone expeditiously, we knew it would be too late to avoid grave shortages at the ration depots, and as a consequence urban unrest. Once we gave the pledge, I refer to the devaluation only, ships on high seas loaded with grain were diverted to Karachi. We heaved a sigh of relief.

We were also to discover that the developed countries excercised great influence over planning and implementation of development projects. We found that the practice of employing foreign consultants and contractors sponsored by or acceptable to the developed countries or their lending agencies to carry out feasibility studies, prepare plans and designs, supply goods and services and to supervise execution of projects is a stupendous drain on and a blatant plunder of the wealth of the countries of the Third World. Quite unjustifiably we are made to pay through our nose five, ten, twenty times the real price for goods supplied and services rendered. With the help of just one officer, an engineer by profession, I was able to save Pakistan's hundreds of millions of dollars from being looted away. But it was always a grim fight. The files bearing orders which adversely affected foreign interests tended to become untraceable. The high echelons of our administration and the top executives of corporations having foreign participation generally tended to side with the foreign interests. Mr Bhutto's Minister of Finance

Planning and Development soon became a very unpopular man, indeed, and for good reason. Permit me to mention a few instances.

In 1971, Pakistani irrigation engineers pointed out that the design of the large Tarbela dam, under construction at that time, and costing \$ 600 million (1971 prices) was defective as it did not provide adequate capacity to release water for irrigation purposes in a particular period of the year. The foreign consultants responsible for the design vigorously rejected the Pakistani criticism. As events were to prove later, the consultants were rightly overruled and we ordered the construction of an additional tunnel in the dam. However, when the consultant and the contractor, big foreign firms both, came to know that I intended to assign the work of designing and construction of the additional tunnel to Pakistani firms a big storm broke loose. The managers and some forces from the elite joined hands with foreign interests to oppose my proposal. I barely managed to assign the design work to Pakistani engineers. Formidable problems arose when the time of awarding the contract arrived as the managers continued to favour the foreign firm.

Two years later as the dam was being commissioned, disaster struck. The tunnels designed and built by the foreigners along with massive concrete works were severely damaged costing us hundreds of millions of additional dollars. But that was not all. Not a word appeared in the press about lack of diligence shown by the foreigners in design or construction or both. The bureaucracy connived with foreign interests. I had left the government by then but found myself totally helpless in getting the responsibility fixed where it belonged. The dam developed other troubles and we have ended up by spending over \$ 1300 million against the original estimate of \$ 600 million.

There was a project to build a new pipeline from a gas field in Sind to Karachi over a distance of about 200 Km. I expressed my preference that the pipeline should be built by Pakistani engineers for I believed it was not so highly technical a job that Pakistanis could not do. The managers balked saying that no Pakistani firm was capable of doing the job. Using the lever of the government's ownership of a part of the gas company, I hinted of my plan to change the management, the part-ownership of a multi-national firm notwithstanding. The company relented and in due course there was a request for approving foreign exchange expenditure of about \$ 40 million to cover the cost of the pipe to be imported. I was staggered. Within minutes I got the length of the pipe multiplied by the weight of the steel per unit length and the price of the steel per unit weight. The answer was between \$ 6 to 7 million. Adding a certain percentage as the cost of fabrication we concluded that the pipeline should not cost over \$ 9 to 10 million against \$ 40 million being

demand of the government. Why? In their explanation, the company said that the government was in a hurry; the pipe was nowhere available on the shelf, hence the high quotation. But when would they actually need the pipe -- in a week, a month, six months; when? Six months was their answer. So why did they not ask for a quotation for the supply to be made six months from now? They promised to do it forthwith. They did, and the price came down by \$ 6 to 10 million, I do not remember the exact figure. But it was still much too high.

At the time the last discussion about the cost of the pipeline took place, an American gentleman was sitting in my office and he showed utter indignation and amazement at what he had heard. He was not a businessman he said, but he had friends and if only he could talk to them over the telex, he could be helpful, he would try. He did and the price came down to about \$ 23 to 25 million. But his gambit did not last long. Unfortunately for him, the telex operator was a sympathiser of the Pakistan People's Party and he supplied my resourceful Private Secretary with the transcript of the American's conversation with his "friends". The transcript revealed that within a period of three days all the four manufacturers of oil and gas pipelines in the world had agreed among themselves on how to share the extra profits any one of them would make out of the Pakistani deal. And they vowed not to quote below an agreed figure. As I pondered over the course to be adopted an executive of our state enterprises called on me in some other connection. Upon learning that he was on his way to Japan I requested him to say the right things to the Japanese steel manufacturers. He did and the price came down if I remember correctly, to \$ 19 million. Ultimately we bought the pipe for \$ 12 or 13 million against the \$ 40 million. In country after country, government after government, the Third World is robbed every working day of the year. Almost every project that came to the Executive Committee of the National Economic Council for approval had either an unnecessary or an inflated tag of foreign exchange expenditure attached to it. In every meeting we would save scores of millions of dollars for the country.

There is a provision in the 1973 Constitution of Pakistan that the amount of compensation paid by the state in lieu of any land acquired by it for housing projects could not be challenged in a court of law. Having been so permitted by the constitution, the Punjab government passed a law, in the same year, assuming powers to acquire land at less than Rs. 5 per square meter for developing residential areas. In the same law the government also assumed the authority to declare a committee or any other body as "official development agency" for the purposes of developing or owning a particular housing colony. This was a wonderful law which had cleared the major hurdle in the way of tackling the

housing problem—that of availability of land. As a result the slum dwellers of Lahore were able to organise themselves through an institution they called the People's Planning Project. Nearly 120 katchi abadis proceeded in accordance with the law to rebuild or develop in Lahore one slum colony after another into proper habitations for human beings. They were even able to build brand new, architecturally innovative, neighbourhoods at a price a majority of the poor people were willing and able to afford. But the honeymoon between the organisation of the slum dwellers of Lahore and the leadership of the Pakistan People's Party lasted hardly a year. The feudals in the party and the urban land ownerer joined forces. The work of turning the slums into reasonably well developed living areas was halted in 1975. Today there is bill before the Punjab Assembly to repeal this particular law.

Following the Tarbela disaster in 1974 the consultants and contractors, their bankers and insurers, along with the international leading agencies, all from the developed countries got together with the managers and some ministers of the government and no investigation was held to fix the responsibility for the disaster. During 1974 and 1975 serious attempts by nationalist minded Pakistani engineers and their organisations to unambiguously point in the direction where the blame lay were blatantly ignored. In 1976 any public discussion of the technical issues in the engineering and design of the construction of the Tarbela dam was prohibited. In the case of the purchase of pipeline the managers did their best to connive and collude with suppliers from the developed countries against the best national interests. In both these cases powerful foreign interests were involved. In both cases they were helped by the managers. In the Tarbela case some ministers also colluded. However, in the case of efforts to provide better housing facilities to the slum dwellers of Lahore the leadership pitted itself against the interests of the people. Foreign inetersts were not involved. With the change of the Chief Minister, the character of the leadership in the Punjab Province had changed. After all it was the government of the same political party that had started the project for redevelopment of the slum areas in 1973.

A five year plan for the economic development of a nation may consist of hundreds of projects costing thousands of millions of dollars. Development requires that the concept of every project has to be elaborated into a working proposition. The project has to be planned and designed in detail. The project cost has to be worked out and arrangements have to be made for funds for its implementation. The project has to be executed on the ground and finally it has to benefit one or more sections of the population in one or more geographical location.

Every stage from the elaboration of the concept to that of deriving benefits from the project after implementation involves solid material and other gains. Open to beg, claim or grab are jobs for managers, fees for consultants, payments to contractors and suppliers, royalties for owners of processes and patents, profits for providers of loans and credits, goodwill and often material benefits for leadership. It is only natural that for every project, clash of interests should give rise to fierce battles for patronage, money and power among the contenders. All aspects of a project can be a matter of economic, political and occasionally strategic interest to the contenders.

Apart from being a generator of projects, a plan of economic development of Third World countries, is an object of deep interest among the contenders for its political content. In what manner will the balance of economic, social and political power among the various classes and regions change in the country, as the plan is implemented? What kind of financial and economic intercourse the plan is likely to generate with developed countries during its implementation? In what manner will the plan influence the pattern of financial and commercial intercourse with foreign countries after its implementation? In what manner will the implementation of the plan affect the contention among the superpowers in the country and the region? These questions go to the heart of the problems of development in general and planning and implementation of five-year plans in particular. These can turn out to be questions of high economic and political stakes. That is why the interest in the plans of economic development is deep not only within the nation but among its foreign patrons.

Allow me to illustrate my point by describing what the developed Countries did not like in the policies pursued by Mr. Zulfikar Ali Bhutto's government. I quote from the Report and Recommendations made by A. W. Clausen, President of the World Bank to his Executive Directors on May 11, 1982:

"8. A series of major political disruptions took place from 1969 leading up to the separation of Bangladesh at the end of 1971. The new government which came to power in Pakistan in 1971 reversed many of the policies of the 1960s. Most large industries, domestic banks and life insurance companies were nationalized, with adverse effects on private investment and confidence. Difficulty was experienced in absorbing these nationalized enterprises into the public sector, leading to a general decline in industrial sector productivity. At the same time, the government embarked on massive, long gestation public investments in industry (notably the Pakistan Steel Mill) and by 1977 public sector investment accounted for three quarters of total industrial investment. The system of five-year plans was discontinued. From the mid-1970s,

public investments were allocated through annual development plans which did not provide a framework for programming the future phasing of development expenditures.

9. In several respects, government policies in the early part of the 1970s were biased towards the improvement of welfare for urban wage earners. Substantial wage increases took place as well as over-staffing of the newly acquired public sector enterprises, while consumer interests were protected by a combination of price controls and subsidies. The agricultural sector bore some of the burden of these policies

10. In addition to large-scale investments in public sector industry and the associated needs for infrastructure, there were continuing large outlays on the major Indus Basin irrigation projects which had been commenced in the 1960s. However these investments were not accompanied by adequate efforts to utilize the irrigation water provided by these projects The government became committed to a policy of increasing subsidization of agricultural inputs as the principal means of promoting agricultural productivity.

11. During the mid-1970s ... there was extensive reliance on significantly increased external borrowing, largely from OPEC sources, as well as excessive domestic borrowing, in order to maintain the pace of public investment. The relaxation of fiscal discipline led to an upsurge in domestic inflation and a depletion of foreign exchange reserves."

The foregoing is indicative of what the developed countries and their lending agencies did not like in the policies adopted by our government. They wanted that the government they were negotiating with at that moment should change those policies. What they wanted to be changed was the substance of the so-called "structural adjustment". It was quite irrelevant for the developed countries and their lending agencies that the policies they wanted to be reversed represented the mandate given by the electorate to the Pakistan People's Party in the general elections of 1970 and 1977. The parliament of Pakistan elected on the basis of adult franchise had approved the measures our government had taken, the very same measures which Clausen and his patrons wanted to repeal by a martial law government.

I shall not narrate the measures adopted by the developed countries to bring about political changes in Pakistan, partly in order to clear the way for the reversal of the policies of the government of the Pakistan People's Party. Let me confine myself to the realm of economy, especially its planning aspect. Our Prime Minister, Zulfikar Ali Bhutto was executed on April 4, 1979. Two days later we read in the papers that the United States had cutoff all economic aid to Pakistan. The World Bank and the IMF did not lag far behind and an economic squeeze was put on General Ziaul

Haq's government. I am told that the Pakistanis did offer resistance but their political position was much too weak. One team from Washington after another visited Islamabad and by the autumn on 1980 the IMF and the Bank had broken through the Pakistani resistance. Finding itself in dire economic straits Pakistan agreed to avail an Extended Fund Facility of US \$ 1500 million in lieu of agreement to change its economic policies ..

In the report cited above Clausen further disclosed;

Over the past 18-24 months, there has been an intensive and fruitful dialogue between GOP (Government of Pakistan) officials and Bank as well as IMF staff on necessary reform measures to support access to the IMF's Extended Fund Facility and the proposed first phase of a program of structural adjustment lending. Bank staff participated in drawing up the sectoral policy measures of the EFF program; the SAL (Structural Adjustment Loan) program is designed to reinforce and build on those initiatives."

Now structural adjustment is an euphemism for basic changes of national economic policy. Change our policy about ownership of means of production and distribution, prices, savings, investment, industry, agriculture, energy and the priorities of your plan and you have carried out "structural adjustments". The agreement to avail of the Extended Fund Facility signed with the IMF in 1980, the agreement for the Structural Adjustment Loan signed with the World Bank in 1982 together with some other loan agreements sealed the fate of the direction of the Pakistan' economy well into the 1990s. These are highly instructive documents for students of national economy and national economic planning. The Structural Loan Agreement binds the Government of Pakistan in the following Sector and Policy issues and I quote from the Clausen's Report cited earlier :

Macro-Economic Management and Resource Mobilisation

1. Economic Growth
2. Domestic Resource Mobilization
3. Monetary/Credit Policies
4. Balance of Payment/Exchange Rate Policies
5. Revised Planning Framework
6. Plan Priorities
7. Planning Procedures

Agriculture and Water Sector

8. Reorientation of Public Expenditure

9. Agriculture Pricing Policies
10. Diversification of Agriculture

Energy Sector

11. Petroleum Exploration
12. Development of Domestic Oil and Gas Fields and Producer Pricing Policies
13. Oil and Gas Consumer Pricing Policies
14. Role of Public Sector Oil and Gas Development (Oil and Gas Development Corporation of Pakistan)
15. Long Term Energy Planning

Industrial Policies

16. Public/private Sector Balance
17. Public Sector Efficiency
18. Export Promotion
19. Import liberalization
20. Restructuring of Industrial Incentives

In a much greater detail than the list, the agreement specifies the objectives, it lists the Recent Actions and Performance and details Further Steps to be Taken.

The specifications of the Structural Reform Program cover six pages in extra fine print. Actions are specified in detail such as: Fertilizer subsidy be reduced from 9.2% of total expenditure in the year 1980-81 to 2.9% in 1983-84. The sectoral share of public industry to decline from 15.6% to 4.9% of total expenditure. Expenditure in the agriculture and water sector to be increased from 19.1% in 1980-81 to 24.2% in 1983-84. Water charges to be increased to cover an increasing proportion of operation and maintenance expenditure in accordance with an agreed schedule. Fertilizer subsidies to be eliminated by mid-1985. All pesticides subsidies to be eliminated end of 1983. Agreed program of import liberalization to be completed by the end of the present Extended Fund Facility Program.

The measures outlined in the Bank's report are so exhaustive that every facet of planning and controlling the economic life of Pakistan has been completely covered in the agreements I have referred to above. No flexibility is allowed to the nation state. The fate of the people is sealed to suit the interests of the overlords not merely in terms of policies, priorities and objectives but also in terms of day to day operations of the planning and implementing organisations Clausen goes on to say in the same report :

A highly regarded and experienced economist has already been appointed to the previously vacant post of Deputy Chairman of the Planning Commission ... More high-level staff are expected to be

appointed shortly and various forms of technical assistance are being sought. In addition, GOP has taken steps to safeguard planned priorities by requiring the active involvement of the planning Commission at all stages of the project selection process. The project selection and approval process was reviewed by the Bank.

The developed countries are keen to place their men in the key posts of development planning, monitoring and implementing machinery. They want to bind the target nation not only in the strait-jacket of the plans they like to dictate but also in the supervision and control of the day to day work of planning and implementation of the plans. The political counter-part of this conspiracy against small nations is that in order to achieve their economic objectives they have to prefer weak and highly centralised governments. Blinded by an unbounded sense of economic greed and, in some cases, by geo-political considerations they care not the consequences of their policies in the target nations comprising of more than one nationalities or ethnic groups at differing stages of socio-economic, cultural and political development. As a result, class and regional disparities grow unchecked, breed all kinds of antagonism which, with passage of time, become irresolvable bringing misery, death and disaster for countless millions.

The dominance-dependance relationship of Third World countries with big powers poses extremely complex and difficult problems in the realm of preparing and implementing plans of economic development. No country having such a relationship can ever be in position to serve genuine national interests, in whatever way the term national interests may be defined. Thus one of the most important pre-requisite for planned national economic development lies in the sphere of the foreign policy of the nation and it is: that the country should be genuinely non-aligned in the struggle between the super-powers. However that may not suffice in some cases. For small countries can have big neighbours who may attempt to dominate their economic life. In most cases the possibility of such dominance can be countered by developing friendly economic and political relations with other nations. Relations among nations in any part of the world are never merely bilateral. Nations can have friends or groupings which come to each other's economic and political help in times of need. Unfortunately, all this is more easily said than done.

When a super-power or a big neighbour acquires a position of dominance that is detrimental to national economic interests of a small or poor nation it does so through the help and in partnership with leadership in the dominated country. Thus the pre-requisite for genuine and planned national economic development is that the developing

country must not have a leadership that is so weak within its own country that it requires help from abroad to remain in power.

· Assume for a moment that we have a developing nation which is genuinely non-aligned and which is blessed with a leadership that is not dependent on outside help to remain in power. Will that ensure national economic development in its true sense? The answer is in the negative because the economic interests of the leadership may not be identical with the economic interests of the people. In all its efforts to prepare and implement plans of economic development for the people the leadership is sure to reserve such a big proportion of developmental effort for itself that the development of the people will remain quite wanting.

The general proposition I have come to believe is that only people can and will develop itself.

Experiences in Planning and Development in Nepal

Y.P. PANT*

Retrospect

Nepal is a small land-locked and least developed country sandwiched between China and India. The concept of 'development' was introduced in the country only after the overthrow of the Rana regime in 1951. Incidentally, this very year also witnessed the emergence of liberated nations on a large scale in Asia and elsewhere. Though not a colony, Nepal shared many of the problems faced by the newly independent states. Against this scenario, it would not be digressive to briefly elucidate the policies pursued in Nepal that were quite similar to other developing countries.

First, following the other developing countries in Asia, in Nepal in 1956, central planning, control and co-ordination of the economy as top-down process was pursued. Second, industrialization and its expansion as a means of rapid economic growth and "take off" was deemed as a supplementary objective for modernizing the economy. Third, it was designed to obtain foreign assistance from both the developed and developing countries, including socialist countries, so as to bridge the 'savings' and 'foreign exchange' gap and also participate in the transfer of international technology. Finally, there were to be constant adjustments in the successive periodic Plans after 1956 to attain some stability in the macroeconomic components either through structural changes in the planning agencies or through a trade-off in the primary objectives. It was generally assumed that the benefits of development of the modern sector would not only trickle down to the less advantageous groups as the economy advanced towards take-off but also the rural sector would leap forward.

Structural Aspects of Nepalese Planning

While the above components have continued to penetrate in the process of development policy in Nepal, it is germane to deal with the

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structural aspects of the planning machinery, though briefly, for providing a footing to understand recent developments. It is also quite indispensable since I was associated with the planning process commencing in 1956 before taking charge as the Finance Minister in 1980.

The evolutionary process of the central planning agency from 1952 through 1985 reveals some fascinating trends. There have been constant efforts by His Majesty's Government of Nepal (HMG/N) to bring about a sound planning agency. But, in the absence of a continuous and well-coordinated approach, the steps taken so far have been based on trial and error, often resulting in expensive failures. It is very vital that the agencies handling planning activities should be of a permanent nature. However, any effort to build a systematic planning organisation in this direction through various measures has not been successful so far.

Coordination among government agencies has remained weak in spite of constant and continuous efforts to ameliorate them. Many agencies do not hesitate to shift their responsibilities to others for tardy progress of projects by lamenting the shortage of technical manpower, untimely budget release process, a dearth of construction materials, and a lack of coordination among the ministries. Generally, all these cumulative factors have stagnated resource mobilisation for the implementation of development projects.

I also feel that a brief discussion of development Plans is quite pertinent. A closer look at the basic features of the periodic Plans is therefore called for.

The First Plan (1956-61)

Planning in Nepal began with the launching of the First Plan in 1956 which was quinquennial as were the successive ones, excluding the Second Plan. The First Plan was prepared with scanty data about production, national income, trade and human resources, among others. Under these circumstances, it was not possible to employ even a simple macro-economic model such as the Harrod-Domar growth model for planning. Looking at it a bit differently, it was merely a medium-term public investment plan wrapping together departmental projects and some new programmes which were considered to be conducive for national development. In spite of its simplicity, the Plan encountered redoubtable difficulties at the implementation stage emanating mainly from a paucity of sound projects. The only tangible outcome seemed to be the increase in Gross Domestic Product (GDP) which was 7 per cent during the entire Plan period, just enough to offset the rise in population.

The Second Plan (1962-65)

The objectives of this Plan was essentially a three-year public investment programme were quite heterogeneous to that of the earlier Plan. Sectoral programmes were not coordinated very effectively, and there was an inconsistency in sectoral targets which resulted in temporary imbalances. As an example, a sugar factory was established during the Plan period, but its capacity remained drastically underutilised for quite some time due to a shoutrage of sugarcane. In other words, adequate attention had not been devoted for the production of sugarcane—the key input. Again, both the First and Second plans were essentially lists of intended expenditures.

The Third Plan (1965-70)

The advent of this Plan heralded new hopes and aspirations since the basic goal was to augment the national income by two-fold in the next fifteen years. Its completion, however, revealed a large lacuna between targets and achievements. The GDP- expressed in constant 1964/65 prices - registered an annual compound growth rate of only 1.5 per cent. I believe this disparity could be principally ascribed to a low rate of domestic savings and a marginal capital/output ratio greater than the implicit ratio taken for granted in the Plan.

The Fourth Plan (1970-75)

A new component of regional planning was tacked into this Plan. Otherwise, the main objectives were similar to that of the Third Plan. The Fourth Plan also suffered from failure to attain specified targets partly due to ineffective fiscal and monetary policies and partly arising from a large hike in oil prices. the rate of growth of GDP was 2.2 per cent in 1964/65 prices.

The Fifth Plan (1975-80)

This plan was different from its earlier counterparts because it reiterated growth with equity. The target growth rate proposed was 5 per cent. It also assigned priority to local development and social services and tended to be more people-oriented. Unfortunately, the goals were not realized because of irregular weather conditions and other maladies which will be elaborated upon later.

The Sixth Plan (1980-85)

This Plan was launched with the basic objectives of increasing production at a faster rate, creating productive employment opportunities, and meeting the basic needs of the teeming masses. Since I was in office as Finance Minister during the first three years of the Plan, I will expatiate on this plan at a later stage.

The Seventh Plan (1985-90)

Recently, from the current fiscal year the Seventh Plan was launched keeping intact the basic objectives of the Sixth Plan. It, however, seems to show a heightened awareness of the inadequacy of growth per se for mitigating mass unemployment and poverty, partly because of the constraints of growth itself. Even though, it seeks to reconsider the strategy and priorities of development, the growth rate is estimated at around 5 per cent per annum.

In short, given the primary objectives of various Plans, each Plan has been a slight improvement over its predecessor as far as the document is concerned. When the question boils down to the main achievements of the Plan, the results are not very satisfactory.

State of the Economy

It is apparent from what I discussed so far that the growth of the Nepalese economy had been rather sluggish during 1965-79. To resummairize, most Plans only declared at best than broad intentions in the field of realization, there was little satisfactory progress.

When I assumed the post of Finance Minister in June 1980, the state of the economy was not very congenial to our growth. The country was confronted with complexities in development endeavours preventing the implementation of selected components for development.

The Fifth Plan had just been completed which revealed lags in various targets in spite of an augmentation in investment. A rapid population growth rate had a further harmful effect on the standard of living. The agricultural sector grew by 3 per cent per annum compared with 3.5 per cent annual target as envisaged in the Fifth Plan. There was quite an increase in money supply resulting mainly from larger deficit financing every year, increasing foreign aid and lower revenue receipts than originally estimated for the fiscal year. Though the balance of payments was favourable, trade deficit was as usual increasing. Hence, the favourable balance of payments resulted in net receipts from service, foreign aid and foreign exchange earnings from tourism. Since many public enterprises had failed to generate any profits, HMG/N had to subsidize them directly or indirectly.

Aspiration

It was against the above scenario of the national economy that I was appointed in mid-1980 to discharge the function of the Finance Ministry. Subsequently, in early 1981, I was also assigned the additional portfolios of Commerce and Supplies. I took the challenge of

undertaking national construction with due aspiration and determination.

On a visionary basis, based on the past performance of planning and development policy making, I had joined the office to accomplish certain basic objectives.

Quite explicitly, in the past the gaps in the field of integrated socio-economic development planning--being so increasingly reiterated in recent years----presented two challenging problems. First, owing to defective administration, social incentives had failed to improve human resources---either to cater to basic needs or to contribute in economic development---necessary for overall development. Second, there was a visible backwardness everywhere in attitude and practice coupled with a propensity to hanker after short-term gains rather than establish on a sound footing a lucrative socio-economic development policy.

While one had to square up with the above challenge as a Minister in charge of making available resources for development and channelling planning processes, more specifically speaking, I had the following improvements in mind to foster the climate of planning and policy making. These included budgetary improvements through various processes such as by introducing programming budgets, improvement of the performance of the public sector enterprises, focus on banking development to expand the process of monetization and streamline monetary policies, develop the export sector of foreign trade, and revitalize the operation of banks to provide more short-term and long-term credit to industries and exporters. I was also determined to act swiftly in the following areas. They covered improvement in the exchange rate system, introduction of austerity measures increasingly more in action than in words by drastically cutting down administrative and other non-productive expenditures, mobilisation of internal resources more effectively--though attempting to increase the absorptive capacity of available foreign aid and also improving its utilisation for development purposes raising the efficiency of public sector enterprises and establishing better coordination with the private sector. Above all, I was resolved to improve planning performance and economic decision-making processes through coordination in the government machinery for better achievement with a common goal of the Panchayat System for development as provided for in the Constitution. As it will be impossible to discuss these hosts of problems in detail, I propose to outline against these issues some of the achievements which I could attain during my tenure of office.

Achievements

Founded on the foregoing objectives, which I, presumably, established for the socio-economic development of the country, I was satisfied to note progress in some sectors when I relinquished the post of Finance Minister in July 1983.

Increase in Government Revenue and Development expenditure

During my tenure, government revenue composing of tax and non-tax revenue soared from Rs. 2,419.2 million in 1980/81 to Rs. 2,841.6 million in 1982/83. In fact, I might say that the challenging task of mobilising domestic resources both in the public and private sectors looked favourable. No doubt, due to adverse climatic situation and drought, the condition deteriorated in the fiscal year, 1982/83, of my office resulting in the shortfall of revenue by about 20 per cent of original estimates. Still, even in this particular year, it was encouraging to note that development expenditure was to the tune of Rs. 4,982.1 million compared to Rs. 3,726.9 million in 1981/82— an increase of nearly 34 per cent. I could also manage to prune down regular (administrative) expenditure of the budget from usual 20 per cent to 12 per cent in my last year annually, which has again gone up to 35 per cent in the current fiscal year.

I should, however, point out, though it is apparent from the statistics presented in the preceding paragraph, that expenditure, more specifically, development expenditure, was catapulting at a more rapid tempo than domestic revenue. To bridge this resource gap, I had to resort to foreign aid and deficit financing and formulate means to check inflation emanating from them.

Effectiveness of Foreign Aid

During the three years of my office, there was a steady increase in foreign aid—both grants and loans. Foreign aid disbursement soared from Rs. 1,562 million in 1980/81 to Rs. 2,076 million in 1982/83. Grants had gone up from Rs. 869 million to Rs. 1,090 million. This figure plummeted to Rs. 877 million in 1983/84 when my successor was in office.

The problems of foreign aid and its effective utilisation are common maladies of all developing countries, particularly the least-developed ones. All my colleagues are fully aware of them. The slow disbursement of project assistance compared to food and financial assistance, low absorptive capacity of the recipient, lack of coordination between different donors and the recipient, are among a host of other problems. In

fact, my friend, Professor Rehman Sobhan has written a very interesting book covering these aspects with reference to Bangladesh. All of these problems, as I have already mentioned, are quite applicable to Nepal. Let me elaborate quite generally the efforts I made towards this direction.

I attempted to bring about coordination between the Ministry of Finance--under which is subsumed the Foreign Aid Division dealing with all aspects of aid--and the Planning Commission in a more intensive way and also improve coordination with other development ministries. What I pragmatically experienced as a hard reality was that in a country like Nepal where the personal approach and that too on a very short-term basis continues to prevail, coordination on the institution basis and working together in a team spirit are fraught with various difficulties. Hence, from the very beginning I took office, I geared my efforts towards this frontier either by strengthening the various cells of the ministries or stepping up the working of the Foreign Aid Coordination Committee---which had remained almost dormant for a number of years in the past before my appointment as the Minister of Finance. I moved forward by having meetings individually with the senior officials of the concerned ministries. Another major task I undertook was the strengthening of the Foreign Aid Division of the Finance Ministry, particularly in managing the foreign aid data base and in coordinating donor activities.

Raising the Competence of Public Enterprises

Another potential area that required amendment was the managerial aspects and pricing of the government-owned corporations enabling them to make greater contribution to the state revenue. The poor financial performance of many public enterprises due to various problems had resulted in a very low rate of return on capital employed. Thus, during my tenure, some public enterprises such as rice exporting companies were liquidated, and the proposals to transfer some of the public enterprises to the private sector and to merge others were under active consideration. The supervising ministries and the Finance Ministry had already commenced operating a management improvement programme through sales inventory and the monitoring of the cash flow and profit and loss account on a monthly basis. While this process was being continued aggressively and some progress was achieved within a short span of time, I quit office. Ironically, today, this condition has reverted back to its original situation, if not worse.

Boosting Exports and Favourable Balance of Payments

As soon as I entered office, I attacked the export sector through the provision of export subsidies and other necessary facilities. It goes

without saying that past endeavours for export promotion had suffered mainly from lack of well-coordinated action on the production front; and as such some product development programmes were initiated during my tenure of office. Simultaneously, it is to be borne in mind that geography is one of the biggest bottlenecks to expansion of export sector. Fiscal and monetary measures including other incentives were devised in such a way that efforts were made to pass the benefits to producers, and that the promotion of exports was adopted as an integral part of the national development strategy rather than a simple effort of expansion. The upshot was an augmentation in the country's export earnings by nearly 28 per cent in 1980/81 from the declining or stagnant levels of previous years.

Excepting the drought year of 1982/83, the balance of payments over the period was more comfortable and the overall surplus increased considerably because of more income from services, transfer payments and capital receipts.

Modification of the Exchange Rate System

The exchange rate system is intrinsically connected with trade and overall development of the country. In this regime, apart from various measures taken to unify the exchange rate in the beginning, more concrete measures were taken towards the conclusion of my tenure. As the exchange rate of Nepalese Rupee was pegged with both the US dollar and the Indian rupee, a broken cross rate used to emerge frequently. Due to major fluctuations in the international foreign exchange market, particularly in early 1982, the broken cross rate prevailed beyond the specified limit. To eliminate this adverse situation, the Nepalese currency was devalued by 8 per cent against the US dollar on December 17, 1982. But, this only solved part of the problem and the broken cross rate continued albeit on a controlled basis. Hence, a system of pegging to the basket of currencies was adopted on June 1, 1983 to avoid recurrence of the broken cross rate and also to keep the exchange rate of Nepalese currency in line with the prevalent situation in the international foreign exchange market. Since then, the system has worked satisfactorily without any cross rate emerging at frequent intervals.

However, HMG/N devalued the Nepalese currency on November 30, 1985 by 14.7 per cent which had a dampening effect on the Nepalese economy. As a sequel, prices of necessities as well as luxuries have increased rapidly. HMG/N gave a spurious explanation maintaining that the objective of devaluation was export expansion. The export base of the country is very weak and although the volume of exports may

augment, the total value may decrease. Thus, the economic situation may further deteriorate in the days ahead.

Favourable Growth Rate

In the first year of my tenure, that is 1980/81, the rate of growth of GDP was 8.3 per cent. This figure is an all-time record. Unfortunately, during the last year of my office, the GDP registered a negative growth rate of 1.4 per cent owing to occurrence of serious drought.

Attempt to Improve Planning Technique

I also initiated some measures for improving planning performance, and providing the masses with the basic needs. However, due to lack of institutional growth and other adverse conditions, nothing much could be done in this regard, and the tendency of always changing the planning structure still prevailed at various levels of administration and decision making bodies. In fact, the top-down method of centralized planning has succeeded over the years only in alienating the people without being able to construct an administrative machinery capable of implementation.

Various Constraints

Though some achievements were attained in selected areas, certain constraints as they stand today need to be pinpointed. Efforts to deal with the symptoms outlined above are severely circumscribed by Nepal's physical geography, and by its limited financial and institutional capabilities. Endeavours were made in the past and also during my tenure. But at the level of policy decision, there are various complications in the process of implementation. For instance, before I resigned office I presented the budget---1983/84---with the main objectives of strengthening the productive sectors of the economy, stabilising the economy and improving the payment situation. But in the past two years, these objectives were not implemented but rather nullified, and this is a glaring example of not working on a consistent basis.

Thus, even today, the basic difficulties such as lack of financial discipline, lack of coordination in planning process and decision making levels, lack of consistent policy approach and more orientation towards ad hoc decision at the higher levels, and also in the economic policy decisions, and, above all, lack of political commitment and dependency on bureaucracy and also erratic seasonal variations are some of the basic issues which need to be remedied over the coming years.

Conclusion

I would like to conclude my remarks by suggesting the following remedies.

First, the weaknesses of the planning process need to be gradually corrected in the years ahead. Plan implementation has not become a formal commitment by the Government as yet. An analysis of the shortfalls in attaining the Sixth Plan targets divulged the deficiencies in the planning and implementation process. In fact, there should be a departure from a departmental approach, and should be integrated with respect to the projects involved and the time span covered. The formulation process needs to be completely related to implementation. No doubt, the implementation of project and programmes, after they are approved by the Planning commission, becomes the responsibility of the executive departments of the Government. Still, so far, the implementation aspect does not seem to be related to reality. The evaluation of the progress made in development activities is as much as its actual implementation. Many errors have been committed in the initial stages of the developmental activities, and there have been unnecessary expenditures as well. It is, however, essential that such errors should be eliminated gradually in the future. Periodic evaluation of progress on proper basis is a means to identify such errors and solutions to overcome them may be accordingly planned for.

Second, in Nepal, so far the quality of the cadres in the various institutions dealing with development activities has not been upto the mark. The low absorptive capacity either of foreign aid or internal resources is also essentially due to this weakness. Again, even the character and authority of the central planning machinery have undergone various changes over time, and they have yet to be stabilized. Also equally important is the ineffective nature of overall administrative agencies, which have to implement projects at various stages, and other aspects dealing with development.

Third, there must be a new strategy for development of human resources. Though this involves various fields, the most important is education. Consequently, the educational system must undergo significant change, not only so that it facilitates and reinforces economic growth and development but also to avoid serious social instability. No doubt, both the Sixth and Seventh Plans have addressed most of the symptoms and the strategy has accorded higher priority to developing agriculture, small scale industries and Nepal's abundant water resources, stressing population control, emphasizing for utilisation of existing infrastructure. However, the sectoral programmes have not conformed to the Plan strategy.

Fourth, I firmly believe that with the recent establishment of the South Asian Regional Co-operation (SARC), the members can arrange various forums to redress economic imbalance through the sharing of experiences and formulating of proposals. Other things apart, the

countries of the region have a common interest with all other developing countries in pressing for the maintenance of a high and stable over-all growth of the developed countries, for measures to remedy instability and imbalances in the world payment system and for drastic reduction in tariff and non-tariff barriers to the import of manufacturers from developing into developed countries. As such I believe that Nepal, along with other member countries, should strive for much greater cooperation among them to improve their collective bargaining power in the context of negotiation of commodity agreements.

It can be asserted that for a country like Nepal, without an urgent sense of political idealism with political dedication and commitment followed by strict economic discipline and measures, the days ahead cannot be bright and smooth.

Experiences in Planning and Development in Sri Lanka

GODFREY GUNATILLEKE*

Introduction

This paper deals with the effectiveness of national planning in Sri Lanka and presents an analytical review of the national planning activities during the last three decades. The survey draws attention to certain identifiable phases in the planning process, focusing on the significant changes which took place during each phase, both in the role of planning as well as in its methodology and approaches. The paper examines the evolution of the planning process in the changing conditions of the Sri Lankan economy as it moved from budgetary and foreign exchange surpluses in its current transactions, to massive budgetary deficits and widening resource gaps in its external account. It also provides an overview of the political setting within which the planning activity underwent modifications. It will be seen that some of these changes were the result of differences in the political ideology of the different governments and the emphasis given to the relative roles of the state and private enterprise in the economy. Other changes came from a reappraisal of planning methodology and an effort to render the national planning activity more effective in the changing economic situation.

1. The Initial Efforts at Planning 1947-1956

Table 1 is a synoptic presentation of the planning activity as it took place under the different governments. It lists in chronological order the main national plans and programmes of investment that have been formulated since 1947. The documents are grouped in relation to the governments that were responsible for them. A few important macro-economic targets that were set out in the plan are compared with the economic performance of the relevant period.

At the time Sri Lanka gained her independence, the Government was already making efforts to plan the government's current activities and

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investments within a time frame which mobilised resources for achieving certain development goals. The political party which assumed power at the time of independence was the United National Party. It was conservative in orientation, advocated change within the democratic system, clearly favoured private enterprise but envisaged a major role for the State in development and social welfare. The UNP leaders while holding office in a system of limited responsible government had advocated and implemented a series of far-reaching welfare measures which included free education, free public health and subsidised food.

The Governor-General's Address at the opening session of Sri Lanka's first Parliament in 1947 contains the following reference to planning: "My Government realises that the future well-being of this country depends to a great extent on the sound development of its resources and that the first step in this direction is planning." The first attempt at the preparation of an investment programme for government activities was the document entitled "Post-War Development Proposals for 1946." This document assembled a number of government programmes, both on going as well as those which could be undertaken in the future in the various sectors of the economy. It provided a large inventory of projects and programmes on which the governments that followed were able to draw, when formulating their investment programmes.

The first two budgets that were presented after Independence were published as a "Six Year Plan". A document published in 1950 entitled "Ceylon Today-- A government by the people", contained a section under the heading, "The National Plan". [1;15-46]. This gave in broad outline the objectives of the government budgets that had been presented from 1947-1949. These were still incipient and very rudimentary efforts at planning, but they recognised that "future progress must be according to a well-defined plan devised to secure an equally well-developed objective" [1]. However, its claim that what it had in the collection of budgets was "a National Plan for the economic and social development of the country covering a period of six years" [1;43] was certainly exaggerated. Even so, it is useful to examine some of the explicitly stated objectives of "planning" in this initial phase. These have an important bearing on what followed, as they defined, as it were, some of the limits within which the planning process would have to operate and any shifts of emphasis or reordering of priorities would have to take place.

The Six Year Plan identified several broad areas of action. First, there were the wet zone crops---tea, rubber and coconut. Already one observes that the attention given to the plantation and export sectors

was limited. The wet zone is seen "as fully exploited" [1;17] and the resources available capable of generating its own momentum. The external trade of the country was still in surplus. No serious pressure existed for either diversification of the export sector or strengthening of its existing assets---an approach which was to have disastrous consequences by the beginning of the sixties and turn the economy around to face an increasing trade deficit.

Second, the programme placed the emphasis on import substitution in both agriculture and industry. In agriculture this implied the development of the dry zone for the production of food, particularly rice. The massive investments made on the rice sector had far-reaching consequences for the pattern of development; it raised productivity and income of the small-scale peasant farmers. It effectively altered the dualistic character of the economy, which had grown during the British period when a well-organised commercial agriculture for the export market developed without interacting significantly with the subsistence domestic agricultural sector. It also affected the process of urbanisation; the pressure of population in the densely settled urban areas in the South-West and centre was eased; a more dispersed urbanisation which carried some of the urban amenities to the rural areas took place. Politically, the agricultural policies enhanced the importance of the rural electorate. Economically the domestic agricultural sector grew in importance; its efficiency became a critical factor for the country's balance of payments. The Six Year Plan of the first UNP Government envisaged the development of an extent of 113,000 acres during the six years.

Third, in industry the Six year Plan emphasised two objectives. It underscored the need to develop the capacity "to supply as far as possible the goods that are imported" [1;23] it provided a broad target for import substitution which was in the region of 100 million rupees. Textiles and manufactures excluding raw materials amounted to approximately 40% of the import budget during this period---i.e. approximately Rs. 400 million. the target for the import substitution of Rs. 100 million worth of manufactures was therefore and ambitious one. the government recognised the major role which the State would need to play in industrial development, and announced that "certain basic industries should be state-owned" [1;27]. In this pronouncement government defined its commitment to the mixed economy which in the context of development must contain a major component of state enterprise.

Fourth, a central feature of the Six Year Plan was the place given to state welfare in government outlays. Free mass education, food subsidies, and free public health services comprised the most important

components of the welfare package. In the period 1950-53 the welfare component absorbed an annual average of approximately 47% of the total government current expenditure. The commitment to social welfare at this high level was an essential element of the government's strategy.

Fifth, the development of the economic infrastructure, power, transportation, and communications and posts was also given a due place in the capital outlay of the government.

It will therefore be seen that the government programme during this period broadly covered the main sectors of the economy and attempted to provide some balance between investments in the commodity producing sectors— agriculture and industry on the one hand, and social infrastructure and economic infrastructure, on the other. The main thrust on the commodity producing sectors was in the direction of import-substitution. The growth sectors that were identified were in this field — in food production and selected industries which will substitute for imports. At the same time, the high proportion of resources devoted to social welfare was already becoming a matter of concern to policy makers. The need to balance the competing claims of welfare and growth was being stressed. The political presuppositions of the 'plan' were also made every explicit. The process of change which the government envisaged was clearly one which had to take place through "the exercise of legitimate powers that democracy had vested in it. It rejected what it described as "a bloody advance along a broad front of social advancement" [1;46].

It could be said that the main objectives of development and the main concomitant problems of economic management that emerged during this period were to remain constant elements in the development strategy over a long period. They assumed different combinations and underwent varying shifts of emphasis but continued to be the core of both the development effort and the development constraints for nearly three decades. Planning or the role of government in directing the economy was placed within the political framework of a social democracy at an early stage of development. In relation to the social objectives within this framework, the welfare state played a major part. In relation to the economic objective, the main drive was to create new growth sectors through import substitution in agriculture and industry. This constituted the country's main response to its external dependence and its need for self-reliance. When it came to the main actors and key instruments of development, the government opted for a mixed economy with a major role for the State in the industrial sector.

The so-called 'plan' of the first UNP Government, however, did not have the technical form or content which we associate with the formal planning exercise. It related the proposed government outlay to the national income in very broad terms, but did not provide any macro-economic framework which showed how resources were to be mobilised and how the main aggregates, savings, consumption and investment and gross domestic product were expected to grow during this period. While it gave the broad magnitudes of government revenue, it did not set the budget within a macro-economic framework and show its relationship to the total development effort and investment that was expected. It did not also define the expectations that was expected. It did not also define the expectations of the plan in regard to external resources and the balance of payments. The availability of such resources and a relatively favourable balance of payments was taken for granted. Any minor disequilibria were to be settled through borrowings from the IMF. Finally, the proportions of public and private sector investment were estimated and set in such a way as to give the principal role for state investment. Private investment was expected to make its contribution without any special encouragement and promotion from the State. There was no clearly defined systematic drive to stimulate private enterprise in relation to selected sectoral objectives.

The absence of a well-formulated macro-economic framework meant that the tasks of economic management were carried out on a somewhat ad hoc and pragmatic basis. Policy responses were therefore of a short-term character to problems as they arose. The national income data available was neither adequate nor reliable for constructing a macro-economic framework which could have been useful for policy analysis and for macro-economic forecasting. The data available at the time when examined in retrospect and in relation to the revisions that have been made at a later date reveal this very clearly. One area which was vital for economic policy in which the data base was very shaky concerned the private sector and capital formation through the private sector. The analysis of the trends in the period 1950-60 indicates that capital formation in the private sector was relatively low. Attempts to reconstruct the impact of tax policies, the volume of corporate profits and retained earnings during the period are fragmentary and not very reliable. Available estimates of government revenues as a proportion of national income indicate that they might have been in the region of 20% in the late forties and early fifties. The national plan in its analysis of government revenue in 1950, however, had estimated the proportion at 30% and concluded that it was already reaching the feasible limit. This is one illustration of how inaccurate the macro-economic estimating had been at that time, and how tax policies could have been easily misdirected by such inaccuracies.

The shortcomings in economic management during this period illustrate the crucial importance of a well-defined macro-economic framework for guiding the development strategy in an economy such as that of Sri Lanka. The period witnessed wide fluctuations in the country's balance of payment's. In 1951 Sri Lanka experienced an unprecedented increase in her export earnings. These rose from Rs. 1,011 million in 1948 to Rs. 1,904 million in 1951. The close link between the external account and the government budget was demonstrated in the steep increase in government revenues as import and export duties rose in response to the improvements in the external sector. Government revenue increased from Rs. 576 million to Rs. 984.0 million. In 1952 and 1953 prices slumped, the government current account dropped to Rs. 36 million and the government had to make a drastic cut in subsidies. These fluctuations strikingly demonstrated the instability of Sri Lanka's economy as a result of its heavy reliance on external trade and the constraints within which any medium-term programme had to work. On the other hand, it also showed that had a sound macro-economic plan framework been available, it would have been possible at least to take account of this inherent instability as a given factor, and to provide for contingent policies and plans which could have led to more prudent management of the fluctuations.

It has to be mentioned, however, that even in the planning and budgeting that was done in the first years after independence, some of the sectoral programmes were pursued with vigour. This was particularly true of the irrigation programme. Although plan targets were not reached, of the 90,500 acres which had to be provided with irrigation facilities during the period 1948-1954, a total of 72,000 acres was brought under irrigation [2:179]. The other growth sector identified for government investment was industry. The public sector enterprises which had been established had run into serious problems. A Commission established by Government to report on the future of the State industries recommended a reorganisation and change of policy. Government accepted the recommendations and decided to transfer these enterprises to Corporations which would progressively hand these activities over to the private sector. The problems of government's policy in relation to the mixed economy were already surfacing. On the one hand, the managerial structure and incentive systems within the public sector were proving to be insufficient to create the base for dynamic industrial enterprise. On the other, private capital was not moving into industry and was apparently reluctant to do so in the face of uncertainties relating to government industrial policies as well as lack of adequate protection from international competition. In the process, the development of the industrial sector, the main vehicle for the modernisation of the economy, was faltering. The causes for this failure

of policy in the industrial sector have to be sought in the political economy of the period, and the dominant economic interests of the elites.

In the programme for the improvement of the social and economic infrastructure the performance of the 1948-1953 period was relatively satisfactory. The review contained in the Six Year Programme of Investment undertaken to expand the power supply, develop the port and improve the transportation system had more or less kept to the time schedule. The expansion of health and education facilities had been one of the more successful components of the programme. Indeed, by the criteria of school enrolments, and the drop in infant mortality, maternal mortality, and death rates, the progress made in these sectors was significant.

The lesson that can be drawn from the government programmes during this period is that despite the lack of a National plan with clearly disaggregated sectoral components, the broad commitments and the objectives were adequate to ensure a system of resource allocation and a programme of implementation which produced substantial results in selected areas, when judged both from physical progress as well as broader socioeconomic indicators.

The Six Year Programme of Investment 1954/55-1959/60 which was prepared by the Planning Secretariat and published in July 1955 could not be implemented in the form in which it was contemplated, as the government changed in 1956. The preparation of the Six Year Programme however took the process of national planning a step further. First, a formal planning organisation in the form of a Planning Secretariat was established and attached to the Cabinet. The programme also for the first time required Ministries and Departments to undertake a disciplined exercise of phasing its ongoing projects and future investments over a period of six years. This compelled all Government agencies to make fairly realistic estimates of the total capital resources required over a six-year period and to plan the implementation of such a programme. The exercise "established a general system of financial allocations, secured the type of data pertinent to an overall public sector programme, ensured the consistency of this data with the annual budgetary provisions and generally integrated and aggregated individual projects and programmes to a single whole" [3;15]. But the programme clearly indicated that it did not "add up to the total of investment in the economy and that therefore owing to its partial coverage it did not constitute an overall plan for the economy as a whole" [3;10]. The Planning Secretariat was as yet unable to undertake this exercise as "neither the data available nor the machinery of planning was adequate

for the task" [3;10]. But in undertaking the programme for the public sector, the Government argued that capital formation in the public sector was still in excess of the private sector, and that therefore Government was still the major actor in the development scene. A well formulated public sector investment programme was therefore expected to give the lead to economic growth and facilitate the development of the private sector.

The thinking behind the Six year Programme of Investment, the decision to confine the planning exercise to the public sector and express this in terms of concrete programmes and projects has continued to provide the basis for many of the planning efforts of the UNP Government in the later period. Such an approach put the emphasis on formulation of sectoral programmes and individual projects, the phasing of such programmes in terms of a feasible estimate of resources, and finally concentrated on the implementation of the programme. The broad approach and the techniques, we shall see, continued to influence some of the planning exercises that were to follow.

2. The New Ten Year Phase in Planning -- 1956-1965

A new Left-oriented government was voted to power in the General Elections held in 1956. The political front which opposed the United National Party and defeated it consisted of a coalition of parties, led by the Sri Lanka Freedom Party. The SLFP could be regarded as a party of the Centre, with economic policies which favoured a mixed economy in which the State assumed a dominant role. The new government included smaller parties which were Marxist in their approach and wanted the country to move more decisively in the direction of a socialist system. This coalition was however short-lived. Policy differences aggravated by other personality conflicts, led to the withdrawal of the Marxist group from the government in 1958. We would later see how the character of coalition governments with their potential for conflict on major policy issues affected the national planning process as well as the commitment to a national plan.

The period immediately following the change of government marked a major change of direction in national planning in Sri Lanka. The Government made it clear that it was firmly committed to the formulation of a comprehensive national plan which was to be the main instrument for guiding and directing the development of the country. A National Planning Council was established by an Act of Parliament with the Prime Minister as Chairman, the Minister of Finance as Deputy Chairman and ten members drawn from different professions both in the public as well as private sectors. It was serviced by a planning secretariat manned by economists and other professionals who included those who were

responsible for the preparation of the Six Year Programme of Investment. The Head of the Planning Secretariat under the previous government continued to head the new secretariat.

The National Planning Council was conceived essentially as the agency for the formulation of the national Plan. The formulation and preparation of the Plan itself took three years. According to the mandate given by the Prime Minister who was also the Chairman it would appear that the Council was to undertake its work as a scientific professional body, examining the problems of the economy in depth, and planning for the structural changes in the economy in a manner which would be of lasting value to whatever government was in power. Planning was therefore defined primarily as an intellectual and technical task. This basic concept of the role of the National Planning Council and the Plan document had several implications. The Council itself during the three years of planning was not drawn into the decision-making process. It was left to complete the preparation of the plan. The tone and substance of the preface to the Ten Year Plan given by the Chairman and Prime Minister underscore this character of the work. The Plan is seen as "a further maturing of the planning process in this country particularly since the publication of the Six Year Programme of Investment and the first Interim Report of the Planning Council" [4;iii]. The Preface studiously refrains from linking it ideologically with the government in power. For example, no mention is made of the political objectives of the government and its much publicised socialist goals. The objective was to give a continuity to the planning process and enable it to deal with the essential problems and solutions in a manner which provides an indispensable technical resource for all governments. The National Planning Council was therefore not vested with any executive responsibilities. Its work was cast in an advisory role. This "separation of functions" could have been effective if there were mechanisms for the Council to be an advisory summit body on economic and development decision-making. The system could have been so designed to give the Council a stature which could have made such an advisory role quite powerful and influential. Such a link between planning and economic management was not established, and the Council itself was far removed from the processes of decision-making. This may to some extent explain why the plan document conveys the impression of being remote from the far-reaching socio-political and economic changes which were taking place during the period of its preparation.

The process of plan preparation itself was intensive and the methodology included most of the elements which were absent in the earlier exercises. The Ten Year Plan has been internationally recognised as a professionally competent document and in many ways a pioneering

exercise for small developing economies [5,6;112]. It undertook the various steps which are part of the conventional techniques of national planning. It started from the demand side, examining population growth, the expansion of the workforce and the future demand for productive employment. Then it examined the prospects and potential of the economy in relation to those needs. It then went on to develop the macro-economic framework which defined the overall magnitudes of national income consumption and investment, the resource mobilisation in terms of both domestic resources and the government budget as well as external resources and the balance of payments. It also apportioned the contribution expected from the public and private sectors. The plan then went on to work out in detailed disaggregated form, the sectoral composition of the investment in the public sector in terms of programmes and projects, and the phasing of the investment year by year for the period 1959-1968.

The effectiveness of the Ten Year Plan will be evaluated in depth in the second part of this paper which deals with the substantive issues. For the purpose of this survey, it would be sufficient if we briefly review the events which followed the publication of the plan which had a bearing on the plan itself and its implementation. With the assassination of the Prime Minister in 1959, shortly after the Plan was presented in Parliament, the Plan lost the support of its main political protagonist who had expressed a profound conviction concerning the intellectual validity of a National plan which transcended the changing fortunes of political parties and governments. Parliament was dissolved in 1960, and after a brief tenure of power by the UNP, the SLFP returned to power in July 1960 with Mrs Bandaranaike, the wife of the late SLF leader, as the Prime Minister. At the same time the developments in the economy belied some of the basic premises on which the plan had been formulated. There was a grave deterioration in the balance of payments together with a worsening budgetary situation in which the current account surplus was turning into a widening deficit. Both the flows of external and domestic resources were falling far below plan expectations, making a critical part of the macro-economic framework of the Ten year Plan irrelevant in the emerging situation. Various other factors of a political nature also intervened at this stage leading to changes in the organisational framework as well as the personnel of the planning agency. The National Planning Council was replaced with a National Planning Department under the Prime Minister.

With the establishment of the National Planning Department, the Planning process became more actively associated with the choice of investments in the public sector and the approval of programmes and projects for inclusion in the government budget. The change in the

country's economic prospects demanded a reappraisal of some of the basic assumptions in the Ten Year Plan. To meet these needs Government prepared a Three Year Implementation Programme 1962-1964. In its analysis of the development problems in Sri Lanka the document saw the growing unemployment and stagnation of the economy as arising largely from shortcomings of past investment policies which resulted in "the imbalance between investment in physical and human capital" [7;15]. It formulated a programme which emphasised investments with quick yielding returns and reallocated resources away from projects with longer periods of gestation such as major irrigation projects. It set more modest targets for the programme, reducing the growth targets of 5.2% per year to 4.8%. Even for this programme its forecasts of budgetary and external resources that were required, left significant unfinanced gaps regarding which the programme provided no clear answer. The programme was however tied more firmly with the Government Budget.

During this period the country's efforts to cope with its balance of payments crisis led to an elaborate system of exchange controls and resulted in the rationing of foreign exchange. This activity became crucial for any meaningful development planning. The Ministry of Finance set up machinery to manage the allocation of foreign exchange for both the public and private sectors. An important feature of the Three Year Programme was the preparation of a portfolio of projects for which external assistance was being obtained. The Three year Programme therefore focused on a component of economic management and planning which was to become critical in the years to come and act as the key determinant of economic growth---the external sector of the economy.

Already in a paper prepared for the National Planning Council, in her capacity as a visiting economist, Joan Robinson, the eminent British economist, underscored the constraints to national planning in a small developing economy like Sri Lanka which was heavily dependent on her external trade: "IN undertaking a national economic plan Ceylon (Sri Lanka) is somewhat in the position of a pioneer. In Communist planning, the model of the USSR has been dominant and her experience has to some extent been a guide also to India. The small Communist states for which the model of a great continental country is totally inappropriate, have only just begun to work out the methods suitable to the situation of a small nation which must always be heavily dependent upon foreign trade.... The key for planning in an open economy must be the foreign exchange position. [8;41-2].

This key problem of planning however was not adequately conceptualised in either the Ten Year Plan or the Three Year Programme.

A National Plan which was heavily biased in the direction of an elaborately formulated investment programme tended to assume that the key variables affecting the resource flows would remain essentially stable. Planning was perceived as an exercise which had to do principally with investment in the national economy. There was no specific effort in the plan itself which was directed at a strategy and "sub-plan" for the management of this variable. This would have required that the plan identify the policy package for managing these variables and responding to changes. This would have had to be done in much greater depth and detail than had been attempted in any of the plan documents prepared. Planning mechanisms would have had to be devised to deal with different scenarios and contingencies. If this had been done, planning would have been involved in the critical areas of decision-making affecting the management of the economy and would have exerted much greater authority and influence over investment decisions. The Three Year Programme recognised the inherent uncertainties of the resource situation and decided to meet them by preparing 'rolling plans' within the main plan framework. This decision however was not implemented. The external sector and its management did not receive the special attention which the new situation required. The programme did not identify any new programme for stimulating and diversifying exports; it confined itself primarily to the main traditional exports, and placed its reliance on the efforts at import substitution to strengthen the external payments position.

The Three Year Programme was essentially conceived in the form of an implementation programme. It therefore had the character of an action-oriented programme which had to be implemented in the short term. This planning response was a reaction to the uncertainties of the long-term perspective as was being demonstrated in respect of the Ten Year Plan. It could be said that the plan as it covered a period within the life-span of the government which prepared it, lent itself more readily for implementation. It was available as the framework for budgetary allocations and for the choices relating to investment. We are therefore able to examine and evaluate the effectiveness of planning in the case of the Three Year Programme as a somewhat rare example of a programme which was implemented. The plan initially suffered a political setback when the Finance Minister who was the principal sponsor of the plan resigned when his budgetary proposals for the reduction of the subsidy were not accepted by the Cabinet. The Plan however remained an important frame of reference for decision making. There are lessons that can be drawn from the special characteristics of the programme which made its implementation possible. These will be dealt with in some detail in part 2 of the study. For this overview it will be useful to draw attention to some of the important features of the programme and its

implementation. Among these were its short-term character and timing, its closeness to the real resource situation, and the programmes and projects which made up the plan. When we compare the targets of plans with the performances, the Three Year Programme comes out tolerably well on the macro-economic indicators. The average annual growth rate for the three programme years was in the region of 4.6% compared to the target of 4.8%. Imports and exports remained at levels which had been forecast on the ongoing trends and had not improved to reach the programmes' targets. The export earnings fell short of the targets and imports were lower. Total investment however reached the levels which had been expected, with marginal variations. The performance in relation to output targets was a mixed one.

3. Macro-Economic Management and Sectoral Planning 1965-1970

In 1965, the UNP was voted back to power. The national planning activity both in organisational form and content underwent major changes and adaptations. The Head of the planning organisation during the period 1954-1960 was brought back as the professional head of a newly created Ministry which took over the portfolio for national planning. The Prime Minister was also the Minister of Planning & Economic Affairs. This change in the structure was a response to the changing character of the economy and the new and complex problems that had emerged in the first half of the sixties. First, the planners defined for themselves a set of tasks and responsibilities in which the formal exercise of preparing a national plan in the manner of the Ten Year Plan had low priority. The secretariat expressly indicated its intention not to devote its time to writing a plan document. It approached its new responsibilities at two levels. It set up four planning committees at the sectoral level to examine and evaluate ongoing public sector programmes and future proposals in relating to short-term and long-term needs and to prepare phased programmes of public sector investment for the period 1966-70. At the macro-economic level it planned a strategy for "economic recovery" which aimed at mobilising and augmenting external resources, restoring supplies and improving the depreciated capital stock in key sectors such as transportation to get the economy working at capacity, and increasing the efficiency of public sector investment. The main elements of the planning activity during this period comprised the mobilisation of foreign aid, the management of the foreign exchange budget and the preparation and supervision of the government capital budget in terms of sectoral programmes.

To perform this task, the Ministry of Planning & Economic Affairs took control of a few key decision-making levers. The subject of foreign aid

and foreign exchange budgeting was transferred from the Ministry of Finance to the Ministry of Planning & Economic Affairs. All important proposals of sectoral Ministries had to receive the comments of the Planning Ministry before they could be considered by the Cabinet. The government capital budget both at the stage of formulation, negotiation of budgetary allocations and implementation came under close supervision of the Ministry of Planning. The Ministry of Planning was therefore actively involved in obtaining as well as allocating the key resources of the economy, on a continuing basis. It therefore acquired considerable decision-making power and authority over execution. In this process however the short-term tasks of economic management and resource allocation took precedence over long-term tasks of planning. During this period the Planning Ministry contained a Division concerned with perspective planning. It attempted to prepare an input-output matrix for the economy and develop a planning model, but this remained at the experimental level and never became an instrument for application and decision-making. The Division and its work have had little influence on the central concerns of the Ministry.

In the 1965-70 period the process of planning acquired several new elements which would influence and define its role in the total structure of national decision making in the future. Organisationally the planning apparatus was brought to the centre of economic decision making, and the conventional planning functions such as programming of investment were linked firmly to economic management. This was reflected in the designation of the Ministry itself--Planning & Economic Affairs. It also introduced new disciplines of project evaluation for improving the efficiency and productivity of the public sector investment programme, and systems of progress control for monitoring plan implementation. Some of its sectoral programmes were quite successful--particularly the programme in domestic agriculture. The organisational changes during this period transformed the planning activity from the advisory functions that had been envisaged for it in the National Planning Council, to one which actively involved itself in resource mobilisation as well as resource allocation. The structure that was set up had some of the features of what was envisaged by Nicholas Kaldor when he criticised the purely advisory role of the National Planning Council and recommended a planning committee of the Cabinet [8;31]. The 1965-70 Government established a Cabinet Planning Committee which became the apex institution for discussion and decision-making in economic matters.

The period also witnessed the entry of a new major determinant of economic policy--external aid and foreign borrowings, the consequent increase in foreign indebtedness and the continuing reliance on flows of foreign aid and foreign loan to finance the gap in the balance of

payments. The external resource gap which had been Rs. 323 million in 1964, had risen to Rs. 1,235 million in 1969 amounting to nearly 40% of the total import payments. The major part of this gap was financed by short-term and long-term borrowing from abroad. This meant a set of adjustments to external factors, very different from what was required in the period prior to 1960. The presence of international institutions and the disciplines and package of policies promoted by them which included balanced budgets and realistic exchange rates became increasingly important. The adjustments to short-term fluctuations in the external transactions became an everriding demand. The implementation of medium-term plans in a relatively stable environment was no longer a realistic prospect.

The 1965-70 period also emphasised the differences in economic policies between the UNP and the SLFP. Its strategy was directed towards creating conditions for a more liberal economy, a reduction of controls, and better functioning of the market mechanism. A dual exchange rate was introduced with this objective. The response of the economy to these measures was fairly positive. The improvement in supplies and the flow of external resources initially resulted in a rapid spurt of economic growth. But after achieving a high 8% in 1968, the rates of growth fell to 5.1% in 1969 and 4.0% in 1970. There were inherent contradictions in the policies directed at liberalisation when implemented in a situation when the balance of payments was worsening, unless drastic corrective measures were taken to reduce demand. The planning process was caught in the dilemma of applying deflationary policies to meet short-term problems on the one hand, and sustaining and adequate rate of economic growth in the long term, on the other. At the end of the period government was formulating a strategy which would have imposed greater austerity on the economy, if it had been returned to power. It was however defeated at the General Election.

The planning process during this period was also grappling with another set of problems which were peculiar to the nature of the mixed economy that had grown. A large part of the economy both in services and production was managed by State enterprises. This constituted an administered part of the economy. Policies which were intended to make greater room for the operation of market forces were not entirely effective in the case of public sector enterprises as it was constituted. The mixed economy and the co-existence of two systems of economic enterprise—the State and the private sector--each requiring a different set of incentives and policies posed a host of complex problems for planners and economic managers. These were not fully understood or clearly conceptualised for the purpose of policy making. The public

sector was recognised as a liability, as it were, by the government which favoured private enterprise; the private sector became the step-child of the government with socialist objectives. A lack of a firm commitment to a mixed economy in which both public and private sectors had well-defined roles hampered the process of long-term investment and tended to demoralise both sectors. Some of these problems become more pronounced as we move into the seventies.

The Alternations in Planning in the Nineteen-Seventies

The seventies once again witnessed the oscillation of political power between the two major parties. These had their expected repercussions on the planning process. In 1970, a coalition of parties with the SLFP as the dominant partner assumed power. The Planning Ministry continued as a separate portfolio under the Prime Minister, with all the functions it had assumed in 1965, but under the designation, Ministry of Planning & Employment. As in the case of previous SLFP coalition governments with broad socialist ideals, the secretariat of the Planning Ministry commenced the preparation of a formal plan document for a period of five years. It mobilised the entire government machinery for the purpose through sectoral committees and working groups. Unlike in the past, these groups were informal in character; the main task of preparing the sectoral programmes fell on the secretariat.

If in the 1965-1970 period the dominant problem which preoccupied government and planners was that of foreign exchange, in the first half of the seventies unemployment became the critical issue. The manner in which the problems emerged to dominate the national decision-making process might itself be regarded as a symptom of the ineffectiveness of the planning process. The process was not able to identify in time the magnitude and severity of the problem and to design strategies which averted a major crisis. In each case the problem had already begun to assume crisis proportions before the planning process could deal with it adequately. As a result the entire planning activity had to be conducted in crisis conditions in which the basic assumptions required for medium-term plans themselves could not be made with any degree of certainty.

Employment as the broad goal of development had been a major concern in all the planning efforts that had hitherto been made. The document which set out the "national plan" in 1950 refers to an employment budget in which it affirms that "one of its primary aims and responsibilities is the maintenance of a high and stable level of employment". But apart from enunciating a few principles and general intention, there was no effort to spell out the specific employment content of the government programmes and policies. The Six year

Programme 1954/55 to 1959/60 went further public sector investments that were planned. According to these estimates the annual increase in employment was to be in the region of approximately 30,000 per annum. The Ten Year Plan dealt with the problem of the increasing workforce, examined the potential for employment in the agricultural sector and concluded that the capacity in agriculture was limited and that the solution to Ceylon's employment problem had to be sought "in a cumulative process of industrialisation at an adequate rate". In all these plans, the employment problem did not go unrecognised, but it did not become the object of special strategies and policies. Employment was expected to follow as an inevitable by-product of investment and growth. Neither was the special nature of the employment problem in the demographic and socioeconomic situation of the country fully understood as yet and the future trends perceived with some degree of foresight. The Plans only provided the estimates of the likely increase in the workforce and the growth of employment as a result of the implementation of the Plan. Incentives, choice of investment and strategies were not specifically geared to employment creation.

By 1970, unemployment had reached proportions which threatened the entire social system. The unemployment rate had risen to nearly 15% and large proportion of the new entrants to the workforce who were coming out of the free education system were without employment. The Plan had therefore to give a central place to employment creation. An emergency employment programme preceded the preparation of the formal plan, and many elements of the emergency programme were incorporated in the Plan itself. The other problem which was central to the plan strategy was that of foreign exchange. For the first time export diversification became a major objective and an export promotion plan was included as a major component. The Five Year Plan therefore was in many ways more problem-oriented than previous plans. As it was related directly to major aspects of the prevailing crisis, the plan could have become a more useful instrument of decision making. However, this did not happen.

In many respects the fact of the Five Year Plan resembled that of the Ten Year Plan. The unsettled conditions in the world economy in the first half of the seventies, the world food shortage, the devaluation of the dollar and the steep rise in energy prices rendered the macro-economic framework totally irrelevant immediately after the publication of the Plan. The sectoral programmes were however pursued within the resources available. The outcome of the development effort during this period was far short of plan expectations. The impact on employment was negative. Unemployment continued to rise to about 24% by the mid seventies. Growth rates which were targeted for an annual average of 6.1, only reached an average of 2.5%.

There were many reasons why the Five Year Plan did not become an effective instrument for policy making. Some of these are to be found in the inadequacies of the Plan itself. It lacked a well-defined policy component for macro-economic management in changing international conditions. As the international economic crisis gathered momentum, the framework for resource-allocation became irrelevant. There were no alternatives built into the plan which would have made an orderly change of direction possible. The political environment for it was also not favourable. Within the government itself the Marxist partners wanted more decisive action in terms of nationalisation and socialist transformation. The Plan offered little to satisfy these political objectives. Its commitment to a mixed economy did not have the full consensus of the coalition itself. These policy differences became more acute with the passage of time until one partner left the coalition in 1974. Furthermore, with the youth insurrection in 1971, the urgent social and political crisis became the centre of attention of the government. In this context, the medium-term strategy of the Plan did not motivate the involvement of policy-makers as had been expected. Personality conflicts also played a part in reducing the role of planning during this period. The Finance portfolio was held by two strong and powerful Ministers during this period and the relationships between the Ministries of Finance and Planning were not always complementary and supportive. Finally, the Planning Ministry organisationally became somewhat weakened with several centres of coordination and authority. A separate coordinating secretariat directly under the Prime Minister gave special attention to the agricultural programme, independent of the Planning Ministry. The function of plan implementation was taken away from the Ministry and vested in a different Ministry of Plan Implementation. As a result of these changes, the rationality in the allocation of functions was somewhat impaired. The relative ineffectiveness of the Plan will be examined in greater detail in the second part of the study.

In 1977 the political pendulum swung again to the Right and the UNP returned to power. Soon after it assumed office, the government began rearranging the planning organisation to bring it in line with their plans for liberalising the economy. A series of policy measures were taken to restore the functioning of the market mechanism. Exchange controls were dismantled with few exceptions, the rupee was devalued, the dual exchange rate was replaced with a unified rate which was allowed to float against a basket of currencies, subsidies were reduced and a whole range of administered prices were aligned to market prices. Market forces were allowed to operate more freely, and the monopoly in a number of public sector enterprises was removed. These policies of liberalisation were supported by a major effort at mobilisation of external resources

which significantly increased the country's import capacity. Not aid receipts during the period 1978-1981 averaged approximately 9% of GDP. Within this framework, the planning process itself had to undergo considerable adaptation.

The governments of the UNP had demonstrated an approach to planning which had generally avoided the centralised planning exercises of the socialist governments. This approach reflected policies which placed greater reliance on the market and private enterprise, and which applied the planning process selectively to the public sector programmes and to specific sectors. These features in the planning approach become more pronounced in the post-1977 period. The tendency in the government was to decentralise decision-making, to enable Ministries and agencies to assume greater responsibility. The intervention of a planning agency in policy making and investment tended to get diminished in the process. Agencies set up for specific programmes such as the Mahaweli Development Authority, the Greater Colombo Economic Commission, and sectoral Ministries acted with greater autonomy and obtained their mandates directly from the Cabinet. A committee of Secretaries of Development Ministries and a Committee of Cabinet Ministers became the coordinating organs within the government for evaluation and approval of development programmes and policies. Within this set-up the role of the planning apparatus was considerably reduced. The planning activity became part of the Ministry of Finance which was redesignated Ministry of Finance & Planning. The planning activity and the government budget was brought under one Ministry. While this helped to make the planning activity service the ongoing decision making of the government and be closely associated with the government budget and financial management, it pushed into the background some of the essential tasks of planning such as defining the medium-term and long-term perspectives for the economy and ensuring the internal consistency of programmes and policies beyond the short term.

The main instrument of planning prepared in the post-1977 period was the five-year public investment programme which was revised annually. Five programmes have been prepared for the period 1979-83, each for a five-year span, and each revising the previous plan and taking it one year forward. The government was able to mobilise resources to embark on a public investment programme of massive proportions and to step up the total investment in the economy to levels which rose to as much as 31% of GDP. The public investment programme therefore had an impact on the total economy more than ever before. The Public sector programme concentrated on three lead projects which absorbed the bulk of the investible resources. The implementation of the major river

diversion project, Mahaweli, was accelerated. A free trade zone was established and foreign investment mobilised. A large urban development and housing programme, was undertaken. The initial response of the economy to the change of policies and the dramatic increase in investment was favourable. The rate of growth of GDP rose to an average of approximately 6.5% in the period 1977-81. Unemployment fell from the inordinately high rate of 24% in the mid seventies to about 13% in 1980. At this point we need to inquire what relevance the planning process had for this performance of the economy. We saw that this performance was possible primarily due to the massive flow of external resources combined with the liberalisation of the economy and the steep increase in the volume and rate of investment. This however was not the outcome of an elaborate planning exercise, but rather of a package of policies designed to stimulate the economy and release the market from the rigidities which the regulatory system and imposed.

The experience of the 1978-1982 period however brought to the surface a number of shortcomings and imbalances both in the investment programme as well as in the management of the economy. These had serious macro-economic consequences both for the government budget and the balance of payments. The diminution of the role of planning and the relative absence of centralised disciplines in terms of a well-defined internally consistent plan framework with agreed national and sectoral targets certainly contributed to this situation. Private consumption and investment in the liberalised regime were at times wasteful of scarce resources and neglectful of the long-term interests of the economy. Despite considerable adaptations of the planning machinery and the planning process, the present system of decision-making has not been able to evolve the right mechanisms which would impose the disciplines of planned development in a mixed economy in which the market is expected to play a dynamic role. This was a recurrent problem which faced planning both in the UNP and SLFP governments. As we saw, in each case the source of the problem was different. In one case the problem arose as a result of the system veering too much towards an administered economy, and in the other, moving too far away from central direction towards the market. An understanding of the varied implications of this problem requires some analysis of the political economy of planning in Sri Lanka. The effectiveness of national planning needs to be viewed in this wider context, when we evaluate the planning process and its outcome.

Conclusion

This brief survey of the planning experience of Sri Lanka draws attention to a number of critical issues concerning the effectiveness of

national planning. One set of issues concern the quality of the planning the predictive capability of the macro-economic framework in conditions of instability, techniques of coping with instability, and capacity to focus on and anticipate critical problems of the economy. The Sri Lanka experience indicates that the planning process could not deal adequately with the problems in this area. A second set of issues concern the mixed economy and the capacity of the planning process to orchestrate the incentives and policies for different parts of the economy in an internally consistent manner. Here again the ideologies of alternating governments and the differences in approach to the relative roles of the public and private sectors, posed planning problems which could not be easily resolved. The evolution of the planning process in response to both the changing conditions of the domestic and international economy as well as to the alternations of government resulted in a variety of planning adaptations which deserve close attention. The planning methodology as it evolved incorporated various new elements. Some of its more selective sectoral programming efforts were quite successful. The emphasis on project planning, project evaluation and implementation in the 1965-70 period built disciplines into the system which helped to improve the quality of investment and efficiency of implementation. The use of flexible planning devices such as the 'rolling plan' were efforts to cope with the inherent instability of the economy. Some of these adaptations which occurred in the maturing of the planning process, offer a wide range of planning options which have a bearing on the effectiveness of national planning.

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Table-1
Economic Indications and Plan Periods

Year	Plan Documents	Period	Government	Targets Growth	Performance		Population		G.D.P		Govt. Budget (Deficit or Surplus)Rs. Mn.	Balance of Payment	
					5	6	7	8	9	10		11	Trade Balance
1947	Six Year Plan	1947/48	United National Party	No		4,984,537 (1946)							
1950	---	---	---	---	---	7,678,000 5,803,152 (1953)	---	4527.3 ^a	n.a		-154.3 ^e	+396	-74
1955	Six Year Program of Investment	1954/55	United National Party	5.2%	4.8%	9,896,000	5930	5930	5930		+127.6 ^e	+480	+322.8
1959	Ten Year Plan	1959-68	Sri Lanka Freedom Party	5.2%	4.8%	9,896,000	5930	6332.4 ^a	6331.0		-488	-128	-220.5
1960	---	---	---	---	---								
1962	The Short-Term Implementation Programme	1961-69	---	4.8%	4.6%	7,453,901 (1963)	6759 ^a	7854 ^a	7741		-501	+148	-140
1966	The Development Programme	1966-68	United National Party	5.2% (1965-70)	5.1%	12,514,000	13,187 ^b	13,187 ^b	13,187		-1150	-316	-350
1970	---	---	---	---	---	9,337,273	13,631 ^b	14,720	14,720		-1,366,170 ^f (12mths) (Rs. 8mths)	-254.6	-196.3
1972	Five Year Plan	1972-76	Sri Lanka Freedom Party	5.2%	2.6%	18,501 ^b	18,501 ^b	49,782	49,782		-8791	-7288	-3556

Year	Public Investment	1979-83	United National Party	5.5%	6.2% (1978-82)	14,738,000	19,575 ^b	62240	-16274	-16312	-10912
1980	-do-	1950-84	---	---	---	14,850,001	20,706 ^b	79337	14866	-20468 ^d	-11793
1981	-do-	1981-85					21,775		-20289 (Prov.)	-15616	-8432
1982	-do-	1982-86					n.a				
1983	-do-										

- a. At constant (1959) factor cost prices.
- b. At constant (1970) factor cost prices
- c. 1953 figures as 1950 figures not available.
- d. Provisional.
- e. Net cash deficit.

Experiences in Planning and Development in Tanzania

AMIR JAMAL*

Despite the distance separating Tanzania and Bangladesh and despite historical and cultural differences between the two countries, we share many concerns and aspirations together. In particular both the countries are afflicted with much poverty and the premises on which our societies are compelled to connect with the rest of the world are altogether identical.

Whatever else one may say about the pressures imposed on our struggling societies by the exacting demands of contemporary global environment in its totality, it has certainly pitted us together striving for remedy, or more often than nought for some temporary relief or escape as we contend with the day-to-day exigencies of managing poverty. For the most part, in the very nature of things as they are, we find ourselves using either a formal or 'ad hoc' intergovernmental channel or mechanism. On the few occasions when non-Governmental organisations or the intellectual community take initiatives in order to assist or influence policy-makers, their agenda for the most part is structured by current events and by short-term considerations. Such initiatives outside official channels do not receive a great deal of attention if they undertake long-term thinking and research aimed at bringing about fundamental change in or restructuring of society. Painful experience teaches that whenever such basic work is undertaken, it usually ends up on the shelf collecting dust, through no fault of anyone in particular.

There are exceptions of course. But again, it is understandable that research with a long-term dimension, in the field of natural sciences or applied technology find willing customers or users; this is not often the case with the findings of social scientists and economists whose disciplines quite often bring them in confrontation with prevailing political management which is unable to show a degree of tolerance needed for a productive dialogue.

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What I have just said is the outcome of my own finding, admittedly rather superficial, of what seems to transpire within the national framework of most developing countries since achieving independence.

For a non-governmental organisation of a developing country to take the initiative of providing an opportunity to compare experiences and to exchange ideas and views among citizens of developing countries is an infrequent occurrence. We are indeed all greatly indebted to the Bangladesh Institute of Development Studies and the Bangladesh Economic Association for affording us this most welcome and timely opportunity to meet and share our thoughts together.

It is often said that the present always looks gloomier than the situation actually warrants; one is tempted to say Amen. Certainly one would like to say, 'Let us hope so' not altogether being able to banish the thought that society's silence does not necessarily mean acquiescence.

The world media seems to give a general impression that in the Third World, the Asian countries on the whole are set on a tract of reasonably assured economic growth and, at any rate, there is now a growing mutuality of interest between the industrialised countries and the countries of South Asia and South-East Asia; that the degree of technological and financial involvement of North America and Europe in the economies of Latin America compounded by East-West rivalry resulting in the assertion of geopolitical interest, leaves few options for the Latin American countries other than continued dependence. Finally, that Africa can be left to be sorted out in due course, in the sure knowledge that the Lome Convention ensures the presence of Europe in the heart of Africa.

How valid is this picture? Is this not a potent combination of induced complacency on the one hand and induced defeatism on the other hand? Can the process of eliminating poverty become irreversible without resolving the inequitable terms of exchange, both nationally and internationally? Without strengthening one another, how do we gather enough weight to extract a better deal out of the Affluent societies that will permit rapid capital formation within our respective boundaries? How do we break this vicious circle?

The purchasing power of the primary products has never been lower since the end of the Second World War. Capital flow from capital surplus to capital deficit countries has practically dried up, a situation which almost never existed even in colonial times. The process of development, where it is most sorely needed, has now gone into reverse. The so-called least developed countries find there is no room left between

the back and the wall. And those Developing societies whose economic managers put so much faith in the market, now find their indebtedness has put them in a Catch 22 situation. A temporary reprieve may be possible and even probable. But no temporary solution can hold for more than a very short period of time- such is the logic of the market itself which, in the first place, has given rise to the deep malaise in which they find themselves.

The question, how do we help ourselves by strengthening one another is, to all accounts, a critically important one. We need to answer it for our own sake. In my view, our own respective historical experience, pre-colonial colonial and since achieving independence, should give us more than just a clue. Understood correctly, it can propel us towards striving to make unity a meaningful, living reality, in the context of our own particular geopolitical circumstances.

My country- it was then really two countries. Tanganyika and Zanzibar- was a colonial creation, as was the case with all but a handful of African States. You may be aware that it was in Berlin in 1885 that the seven metropolitan powers-Britain, France, Germany, Belgium, Portugal, Spain and Italy- carved up Africa amongst themselves. This was not a meeting of seven convivial jolly fellows, out on a spree. It was a power struggle which reached its climax by way of the notorious conference. It was the logical outcome of greed for raw materials and markets for manufactured goods which would be exclusively available to each pawn-holder.

The coastal strip which straddled Tanganyika and Kenya as well as the two inlands of Zanzibar had already come under Arab sovereignty by the time the Berlin Conference was held. A deal had been struck to grant the status of British Protectorate to the islands as well as the coastal strip and it was enforced.

The Berlin Convention excised a portion of the coastal strip with the rest of Tanganyika to Germany, and later as part of the independence deal for Kenya, the British persuaded the Arab rulers of Zanzibar to give up their claim over the Kenya portion of the coastal strip as well.

The Germans ruled Tanganyika until the First World War. During their reign they encountered some of the fiercest rebellions anywhere. The Maji Maji rebellion was a gory testimony to the spirit of independence which permeated the core of Tanganyika.

It is interesting to recall that the Berlin Convention was signed exactly a hundred years ago and note that not one of the seven participants has shown the slightest inclination to observe the centenary of the event which was to prove so decisive for the future of Africa. To cut a long

story short, Tanganyika and Zanzibar came under direct and indirect alien influences, but not long enough for any of them to have entrenched themselves as firmly as say in Kenya or Zimbabwe or Zambia.

Even so, the Arabs brought in Islamic influence of immense significance, and the Christian missionaries found the Germans and the British altogether cooperative. The strong Arab influence over Kiswahili, the language of the coast (Swahili in Arabic means coast), was matched by the successful German and British effort to romanise the script. Beyond this, the common political denominator was to hold on to a vast chunk of Africa, about a million square kilometres, and to survey the natural resources potential for future exploitation. In the meantime, the basic concern was to maintain what was called law and order, a euphemism for laying down the law as the administrators saw fit. There was little concern for mass education. Agriculture became synonymous with growing of export crops like cotton, coffee, sisal and tea and encouraging the export of raw hides and skins, ivory, timber and so on. Neglect of research in food-growing, the decisive resolution of conflict between food and cash crops in favour of the latter through deliberately depressing food prices in relative terms, and the linkage of export commodities through monopolised external marketing with privileged access given to what were called 'home' manufactures, all this was in the ripeness of time to create a painful dilemma for those who were to inherit this legacy.

Overall, in terms of investment of capital, Tanganyika was at the margin in comparison with other territories in the region notably the Central Africa Federation- later to become Malawi, Zambia and Zimbabwe- and Kenya and Uganda. The Germans stayed just long enough to build the central railway line without deriving any long-term benefit themselves since they lost the First World War and the League of Nations gave the British a mandate to administer Tanganyika. The British having only a League of Nations mandate looked at Tanganyika more as a strategic piece of territory which linked the Crown colony of Kenya with the Crown colonies represented by the Central Africa Federation. Their long-term policy objective was to consolidate the white Highlands in Kenya, which meant massive capital investment, and to consolidate first the Central Africa Federation and later Southern Rhodesia, thus establishing the Salisbury-Nairobi axis. Tanganyika and Zanzibar would then somehow fall in place.

By the time the nationalist uprising in the form of the Mau Mau rebellion in Kenya shook the British out of their complacency, they discovered that almost overnight a territory-wide nationalist movement had taken root in Tanganyika. The very magnitude of under development had become a most critical unifying force under a gifted and far-sighted leadership.

I think there is little disagreement among political scientists and students of contemporary East African history that it was the gross under-development of Tanganyika which, in the end, influenced the British to grant independence to Tanganyika earlier than to the other territories where British investment was much more extensive and with deeper roots. With such determined and vastly popular nationalist leadership as was evident under Julius Nyerere, the torch bearer, and at the same time with such deep structural entanglement of Tanganyika with Kenya and Uganda in the form of common Railways, Harbours, Posts and Telecommunications and Civil Aviation Services, common Customs Tariffs and a virtual common market for Kenya's largely British owned industries, it made practical sense to let the Tanganyikans have what would in effect be only technical independence.

The far-seeing leadership in Tanganyika had always believed in East African Unity. It was committed to using its independence for the greater cause of East Africa Unity by building on the common infrastructure which was created by the British for creating a large common market for their own ends, and which was thus heavily tilted in Kenya's favour. Indeed, anticipating the enormous problems that would arise once each of the three East African countries became sovereign independent states, Julius Nyerere declared readiness to postpone Tanganyika's independence if the British were ready to concede independence to Uganda, Kenya and Tanganyika simultaneously on the same day. This would enable them to enter into a larger sovereignty at one and the same time. The British rejected the call.

There was no question of delaying independence and there was nothing else to be done but to take sovereign independence to its logical conclusion with a collection of tribes split across the artificial borders and a handful of Asians and even fewer Europeans in effective control of the economy. With two engineers and just over a hundred graduates, without any institution of higher learning let alone a University, with 85 per cent illiteracy and a per capita income of 100 dollars, with eight countries on its borders as well as the Indian Ocean, the categorical imperative of nation building began to assert itself. It was political leadership at its inspired best. To use the Bantu-based Kiswahili, a ready Arab-influenced language with a Roman script, and to make it a vehicle for mass education as well as an object of cultural pride, to use the mass poverty and common experience of exposure to alien cultural and political arrogance as ground for political mobilization, to remind the British of their Christianity, and the Asians—most of them from the sub-continent—of Gandhi, the great liberator of the masses, all this and much more constituted the quintessence of leadership in Tanzania, personified by Nyerere.

Fortunately, there was enlightened leadership in the Asian community which played a vital role, quite out of proportion to its very insignificant number. Already, soon after the partitioning of India, the then leadership of the Indian Association had seen the danger of fractionalism looming on the horizon, and had made a timely decision to dissolve the Indian Association and form the Asian Association, with the avowed purpose of joining hands with a nationalist movement whenever it emerged. Indeed, the readiness of the Asians to throw in their lot with the mass movement under Julius Nyerere, not only saved what could have been a communal organisation from being impotent and without influence, but also undoubtedly, strengthened the process of mass mobilization, by way of example of a culturally very different and economically highly privileged minority making common cause with the majority. How could the Chagga, the Nyammwezi the Haya and the Hehe tribal interests for example, continue to insist a separate supremacy when right before their eyes, a very distinct Alien, privileged group was willingly cooperating with mass leadership ?

The union of Zanzibar and Tanganyika, the only political event of this century anywhere in the world where two sovereign independent states have merged their separate sovereignty into a single one, came about paradoxically, because the British refused to heed the advice of Tanganyika's leadership not to grant independence to what was a minority regime in league with the Arab sultanate. The overwhelming African majority could not accept the transfer of political power from the British to the minority group, rose up in arms and dethroned the Arab ruler, and the revolution saw its fulfilment in seeking a union with the mainland of Tanganyika whence most of their parents and grandparents had come.

Tanganyika as Tanganyika enjoyed independence for two years and five months, Zanzibar for less than a year. For more than 21 years it has been Tanzania. More than half of the present population of 20 million is born Tanzanian.

I do not wish to dwell at length on our history, not the least because as an active partisan in the struggle to form a nation, I am bound to lack objectivity. The formulation of the nationalist movement in Tanganyika since its inception in 1954, the building up of the case for independence in the United Nations Trusteeship Committee the first ever elections to the Legislative body in 1958, the constitutional advance conceded by the British soon thereafter right up to Independence in December 1961, the resignation of Julius Nyerere as Prime Minister barely seven weeks after gaining independence because he perceived the priority task was to give the national political party a clear orientation of a governing party and not one fighting in opposition for independence, resumption of

power by Nyerere on Tanganyika becoming a Republic in 1963, the Union with Zanzibar in 1964, the severing of relations with the British in 1965 because of the issue of the unilateral declaration of Independence by a minority holding powder with the help of the military in Rhodesia, the Arusha Declaration of 1967, which proclaimed the commitment of the party to constructing socialism on the foundation of self-reliance, the conclusion of a formal treaty in 1967 of cooperation among the three East African States, the assumption of power by Amin in Uganda in 1971 and thus in reducing militarism for the first time in the East African region, the Oil price shock of 1973, the severely crippling droughts of 1973 and 1975, the collapse of the East African Community in 1977, the annexation of a part of Tanzanian territory by Idi Amin in 1978, the second oil shock of 1978-79, the worsening of the global economic and political environment since 1980— all these events have contributed to the process of a nation-in-the-making.

What has held together this nascent nation throughout all the vicissitudes and has enabled it to raise its literacy rate from 15 to 80 per cent, to develop a unique rural health service network, to have universal primary education, to have drinking water for 45 per cent of the rural community instead of the 12 per cent at the time of Independence and to raise life expectancy from 43 to 52 years, has been mass political mobilization with the help of country-wide organisation under a most determined leadership. The use of Kiswahili as the national language, spoken with such facility in Zanzibar and developed scientifically by the Swahili Academy of the University of Dar es Salaam, has been a unifying force of immense significance.

It is a historical fact that the first two elections supervised under the colonial regime resulted in only one political party winning all the seats in the National Assembly. A national commission, which travelled the length and breadth of the country for nine months, received overwhelming evidence of support for a new single-party republican constitution.

The functioning of the single party on democratic principles, with all opinions expressed and contained within the party, with members of Parliament elected on the same party ticket through an electoral process which, for example, gave me six consecutive mandates in the past 27 years in a constituency which is 98 per cent culturally black African—this is a question for historians and political scientists to concern themselves with in due course.

Political leadership itself is very much aware of the dangers inherent in a single-party system. It has acknowledged the many errors of judgement and of selection of wrong priorities. It has been uncompromisingly

critical of many national shortcomings and failures in implementing programmes which were popularly endorsed in the first instance.

The documents- "The Arusha Declaration— Ten Years After" spanning the years from 1967 to 1977, and the "Five Years of CCM Government" spanning the five years since 1977 when the two parties of Tanganyika and Zanzibar merged into one- are candidly analysed and fairly recorded chronicles of achievements and failures, under the signature of the President himself.

The smooth transition of power from the first President, who is known with deep affection as the Teacher and as the Father of the Nation, to the second Head of State and Government who comes from Zanzibar, under the overall supremacy of the single party, the CCM, is a testimony of the strength of the Constitution.

The commitment of Tanzania to African Unity and to the liberation of Southern Africa has been backed by action at every turn of history before and since Independence. Despite the immense setback of the collapse of the East African Community, efforts are now a foot for a new relationship, based upon the premises formulated by the East Africans themselves rather than those inherited from the colonial rulers. The Southern African Development Cooperation Council set up to bring about a deliberate change in economic structures so as to reduce dependence on the historical links with racist South Africa, offers a forum which is potentially of quite some significance.

In a very real sense, it is not only Tanzania but a large portion of Africa which is at the crossroads. The lesson is being driven home, slowly and painfully- and hopefully it may now be accelerating somewhat- that it is absolutely essential to have regional economic cooperation and integration.

The process of nation-making of which Tanzania is one example, forced upon African societies split by artificially imposed boundaries may have just about run its course and could run out of steam under pressures of the external environment spun out by enhancing technology, especially communication technology.

The most powerful economy in the world, that of the United States, is powerful precisely because it is 51 states which have formed one single economic and monetary union. So also the USSR. It too is a union of separate republics.

The Europeans, through twists and turns of their own, are moving at a pace towards an economic and monetary union. They have time available. As the same time the larger and more populous countries of the developing world realise that regional economic and political

cooperation is absolutely vital for their own national interests. It is indeed most gratifying that the city of Dhaka should be the venue for the inauguration of South Asian Association for Regional Cooperation involving seven sovereign states in the region and that it was in Bangladesh that the seed was first planted. It has come not a day too soon and the people of the region carry with them the good wishes of the rest of the Third World without doubt.

As for the nations of Sub-Saharan Africa, I do not believe they can enjoy the dubious luxury of unmitigated sovereignty for much longer. Their attempts, at regional cooperation fall quite short of the critical mass needed to make the process irreversible.

My own experience as a Planning and Finance Minister of some duration tells me that having regard to the structures of their economies— all are primary producers of export commodities, all are in dire need to improve food cultivation by means of proper husbandry, good seed and use of needed inputs including fertilizers, and most of them are in the early phase of industrialisation through import substitution and processing of commodities which were historically exported in the raw state—they will find immense obstacles in developing complementarity through more physical planning within each national framework. Indeed, experience has already demonstrated this, over and over again. Some of them because of reasons of history may believe their economies to be capable of being sustained independently. In my view, this optimism will be shortlived, because even the largest economy is too small and too weak to withstand the buffeting or the Northern Wind.

The great act of faith and indeed of decisive significance, remains to be taken in most parts of Africa. What is needed is the earliest possible formation of a monetary union of cooperating states in a sub-region. Three or four even five monetary unions in sub-Saharan Africa will go a long way to make up for what history has so far pre-empted so callously. With all its political implications, it behoves on African leadership now to reflect seriously on the political implications of not taking such a decisive step.

What has happened in Asia has had immense impact on Africa. Our Chinese friends never tire of saying that we learn from each other

I would like to believe that Tanzania's experience is not irrelevant, that we have a common message that nationalism is a great creative force which, at a certain point of time in history, has to be harnessed, that it then needs to be bent towards greater unity for the sake of survival and for the sake of human dignity, that we have a common cause on this planet—we whom Fanon describes as the wretched of the Earth, that the

Juggernaut of capital and technology will move relentlessly on, crushing us in its wake unless we group and regroup our forces, and deploy them with a sense of history and with the only strategy that has ever worked—ask the ants, the honey bees or whatever— that of unity itself.

The Malaysian Experience

TUN TAN SIEW SIN*

We achieved our independence on 31st August, 1957 and on that very day I became the Minister of Commerce & Industry. From the very beginning, I was convinced that our country must adopt a policy which gives adequate scope for free enterprise. Indeed, in one of my earliest speeches in our Legislature, I said that the Government has no business to go into business. We certainly stuck to this policy during my years in the Government. I served the Government of Malaysia for the first 17 years of its independence, the first two years as Minister of Commerce & Industry and the next 15 years as Minister of Finance.

I came to the conclusion about the effectiveness of private enterprise for the following reason. I had always stated in the bluntest possible terms that totalitarianism whether it is called Nazism or Communism, is effective for only a comparatively short period of time because the incentive is the whip. Capitalism or a free market economy has more lasting effects because the incentive is a carrot. Western-style socialism, or what I call milk and water socialism, is basically ineffective because it is neither carrot nor whip. It might work in Heaven because there you are operating among the angels and the archangels. I have never been there before and I am not likely to go there, and hence I do not know what the conditions are like there, but on God's earth among mere mortals a system which is neither carrot nor whip cannot possibly work.

In furtherance of this policy, our Government maintained an extremely flexible foreign exchange policy. In theory, you have to get Government permission to remit a sum of more than \$ 2 million abroad, but in practice approval is given almost automatically. At this point in time, no restriction is placed on the amount of money which can be sent overseas, although there are a few forms to be filled in for amounts exceeding \$ 10,000/- for statistical purposes but such applications can be approved by commercial banks. I remember asking the then Governor of our Central Bank how long it would take if someone decided to remit \$ 2 million overseas and put in his application at 10.00 a.m. He replied that approval would be given at 5 minutes past ten. I adopted this policy because I felt that if you tell your people that they cannot send their

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money overseas, that is the best reason for sending it overseas. If you tell them that they can send their money overseas at any time they like and in whatever amounts they choose, that is the best reason for keeping it at home. It is a matter of psychology but the experience of Malaysia shows that the strategy works as no significant capital flight took place because of our people's anxiety about Government policies. In fact, we accumulated a level of foreign exchange reserves which was one of the highest among developing countries of our size.

Another fundamental strategy is to get our priorities right. Public expenditure must be kept at a level which the country can afford. Far too often, in the Post-World War II years countries which have achieved their independence during that period spent beyond their means. I of course accept that their intentions were good as the idea is to provide their peoples with the social and economic benefits of independence in as short a time as possible. This intention is certainly praiseworthy but we have to be realistic as well. We cannot spend money which we do not possess, and that is why I have always emphasised the importance of encouraging new investment during my years in the Government.

While on the subject of investment, I strongly feel that foreign investment is as important as domestic investment. If anything, foreign investment is even more important because it can provide us with the technology and expertise which we lack even now in certain crucial sectors of our economy. Hence I have always stated that if we are prepared to face reality, we will realise that we need foreign investors more than they need us for the simple reason that they can go to other developing countries but we have no or, at the best, little choice.

From what I have said so far you will appreciate that I have always maintained that we must achieve a high rate of economic growth before we can even dream of improving the living conditions of our people. We must be pragmatic and realistic and realise that we are living in a fool's paradise if we think that we can improve living conditions before achieving a higher rate of economic growth. It is, of course, true that you can do this for the time being by borrowing heavily, both domestically and overseas, but sooner or later, the moment of truth will arrive, and when that takes place, the prospects are bleak. In fact, such a country will be in a worse state than it was before independence.

As a result of our realistic policies during my year in the Government, our inflation rate was under 1% per annum for nearly 20 years. I well remember my last year in office when one of my top officials said to me that he had bad news for me because our inflation rate in that year was between 2% and 3%. I was horrified because I felt that at that figure was catastrophic. This was in the early seventies. If I am not mistaken, what

we achieved then has not been achieved by any other country in the developing world, probably not even in the developed world. As a result of our policies too, we managed to maintain our financial equilibrium, even when commodity prices fell sharply.

Like many other developing countries, is largely dependent on primary commodities for a major part of its export earnings. In our case, we are the world's largest producer of rubber, tin, palm oil, tropical hardwoods and pepper. The first four are major primary commodities and if their prices register a sharp drop, we are really badly affected. Yet in one particular year, Mr. McNamara, the then President of the World Bank visited us, and he was amazed at our financial resilience because in that year rubber prices sank sharply and yet we did not face major financial problems in regard to our external trade or even our budget.

I have always held the view which was expounded many years ago by John Maynard Keynes, the distinguished British economist. In 1919, after the end of World War I, he was regarded as an outstanding economist even though he was a comparatively young man. As a result, he was included in the British delegation to the Versailles Peace Conference to discuss the terms of the peace settlement with Germany. At that time, the British Prime Minister was David Lloyd George and the Premier of France was Clemenceau. These two Allied leaders wanted to impose penal reparations on Germany for having started World War I. Keynes objected on the ground that such a move would only succeed in bringing Germany down in ruins and that would bring down the whole of Europe with it. At that time, such a concept was too revolutionary to be acceptable and hence the two Allied leaders regarded it as the idle fantasy of a young idealist.

Keynes felt so strongly at the rejection of his basic concept that he resigned straightaway from the British delegation and wrote a book that was subsequently to make his world famous. The title of the book is "The Economic Consequences of the Peace" and the basic theme is quite simple. He stated that the two Allied leaders made the fundamental mistake of equating wealth with gold and gold with wealth. He said that gold was not wealth and that wealth was not gold. Wealth is hard work, brains, initiative, imagination and qualities of that nature. Subsequent history has vindicated him completely.

If you look around the world today you see striking example of Keynes' basic concept. Our nearest neighbour, Singapore, has only an area of slightly more than 200 square miles and yet it has achieved unprecedented prosperity. In fact, it is literally true that the plantation acreage of Sime Darby, of which I am the Chairman, is actually 50% larger than the whole of Singapore Island. Another example is Hong

Kong, which is a barren rock of slightly more than 400 square miles, and yet the Hong Kong economy is buoyant and flourishing. Japan, which was defeated in World War II, consists of overcrowded islands, without any natural resources. Yet it is posing a major economic threat to the U.S.A. It is ironic that Japan has practically achieved by economic means what it failed to achieve militarily during World War II. South Korea which has no natural resources is causing Japan some concern in the economic field, and understandably so, because it might yet one day rival Japan as a major economic force. On the other side of the world, let us look at Switzerland which is a tiny country of about 5 million people whose only asset is snow and ice and yet the Swiss franc is one of the world's strongest currencies. All these countries which I have mentioned have wealth as defined by Keynes but not wealth in the conventional sense, and that is why they are doing so well. On the other hand, there are other countries with enormous natural resources and large land areas, and yet they are just struggling to survive.

In 1982, two Harvard University academics published a book called "The Eastasia Edge" in which they stated that an entire region is overtaking the West in technology, exports and management. They quoted facts and figures to prove that ultimately the countries of East Asia will dominate the world economic scene. According to them, the countries are North and South Korea, China, Japan, Hong Kong, Taiwan and Singapore. I have studied this book and cannot help feeling that an American reading it must feel extremely depressed because this book contains a wealth of facts depressed because this book contains a wealth of facts and figures, not mere theories and arguments. The reason for this conclusion is simple. These two authors also feel that these seven countries of East Asia have wealth as defined by Keynes although they do not refer specifically to him and his basic concept.

To put it very briefly, I feel that private enterprise is really the key to successful economic development. If such a system is given full scope, rapid economic growth will follow as a matter of course. This is not a hypothesis, it is a bald statement of fact, and one need only look at the countries which pursued this policy in the post-World War II years to note that the results are there for all to see. After all, in the last analysis, it is the actual results which matter. Finally, I think it is not inappropriate for me to relate the actual experience of Sime Darby which is the largest multinational in South-East Asia. We operate about 200 companies in 12 countries and our most profitable areas of operations are in the countries of East and South-East Asia, countries which adopt the private enterprise system. That speaks for itself.

INTERNATIONAL ECONOMIC RELATIONS

Export Performance and Prospects and Government Policy to Promote Exports in Bangladesh

A. RAB*

1. INTRODUCTION

The basic economic situation in which Bangladesh has been long locked is one of structural imbalance showing few signs of narrowing over time¹ and of a slow pace of industrialization and overall economic growth. In this situation, a strategy of successful export development would appear to be vital for Bangladesh's future development. Such a strategy by encouraging the relatively efficient production activities would generate a higher economic growth than the existing policies and at the same time produce other desirable effects such as those on the balance of payments and employment. But this paper need not labour these points.² In the existing conditions Bangladesh clearly needs to follow a more vigorous export development policy.

Discussions of the possible role exports can play in Bangladesh's future development are generally found to be dominated by a high degree of pessimism [3]. The reasons usually cited to justify this pessimism include a) a high concentration of export on a few items, b)

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1. The trade gap (value of merchandise imports minus value of merchandise exports) was US\$ 859.212 million in 1977-78 and it widened to some \$ 1900 million in 1984-85. Taken from [1].
2. For a recent stimulating review of the export oriented development strategy, the reader is referred to [2].

rigidities in the structure of production implying a low elasticity of supply of the major exports, c) a low elasticity of foreign demand for the major exports, d) stiff competition faced by Bangladesh in its attempts to venture into new export product line and markets from the newly industrialized and other more favourably placed developing countries, e) lack of foreign markets or of aggressive salesmanship, f) protectionism in the foreign markets, etc. [4].

The difficulties Bangladesh faces in developing its exports are no doubt genuine to a certain degree, but it would be unwise to overemphasize them and do nothing to overcome them. For one thing, the structural rigidities we find in the economy to-day are the result of past and prevailing policies. If policies that were followed have been rather unfavourable to the development of a viable and dynamic export sector, we should blame the lack of export growth on the policies rather than on so-called structural rigidities. The elasticities we often speak of are the short-run ones. The long-run elasticities are usually higher. The elasticity argument in the case of the most important traditional export items, jute and jute goods (except a few of them), however, largely holds. This is because, there has been a discernible long-term decline in the world demand for jute and jute goods. Jute and jute goods even today account for close to 60% of Bangladesh's exports. This is undoubtedly a disadvantage Bangladesh has for achieving a rapid success in diversifying exports. In the case of most other goods, the elasticity argument has little validity [5]³. The export trends of recent years, especially of non-traditional items and the emergence of some new export products and their rapid growth are indeed encouraging and would warrant some justifiable optimism in the future of the export trade of Bangladesh. It should be noted that this development has taken place in a policy environment which still favours import substitution over export-oriented production. It suggests that a more rational policy which considerably moderates the current high effective protection provided to import substituting industries and more actively promotes export production would facilitate Bangladesh's much-needed export development and its diversification.

This paper looks at the export performance of Bangladesh in recent years in the section that follows. In Section III, a brief outline of some export product lines having potential for export growth, that can be readily identified, is provided. Section IV reviews the existing export promotion policies. Finally, in Section V, some desirable changes in policy are suggested.

3. Matin finds good supply response to exchange rate variation in the case of non-traditional exports.

II. EXPORT PERFORMANCE : THE RECENT RECORD⁴

We first look at the aggregate and two major sub-aggregates of export figures in nominal taka in Table 1. This table shows that the share of non-traditional exports⁵ increased from a level of about 10 per cent during 1977-78 to about 27 per cent in 1984-85. This shows an encouraging, relatively rapid, growth of non-traditional exports.

To try to present the picture in terms of growth rates, we have certain difficulties to resolve. Part of the growth in current taka is not real because of a continual change in the value of the taka due to exchange

Table-1
Exports of Bangladesh : Traditional and Non-traditional

	In Nominal Takas Taka Millions			Share of Non-traditional Exports (%)
	Total	Traditional	Non- traditional	
1977-78	7,178	6,494	684	9.5
1978-79	9,632	8,445	1,187	12.3
1979-80	10,997	9,649	1,348	12.3
1980-81	11,484	9,897	1,587	13.8
1981-82	12,387	10,130	2,257	18.2
1982-83	16,162	12,548	3,614	22.4
1983-84	20,136	15,593	4,542	22.6
1984-85 ⁶	22,281	16,187	6,094	27.4

Source : Bangladesh Bureau of Statistics figures as compiled by Joseph J. Stern in his "A Note on Export Growth and Exchange rates in Bangladesh" and "An Update on Exports: 1983/84". TIP, July 1984 and February 1985. Because of a large variation with BBS figures, the 1982-83 figures are taken from Export Promotion Bureau, Bangladesh Export Statistics 1983-84.

Note : Traditional exports are defined here to include raw jute (SITC 264), Jute Yarn (65198), Jute fabrics (6545), Jute bags (6581), tea (074), hides and skins (211) and un-manufactured leather (611). Residual between total and traditional exports makes up non-traditional exports.

4. Research assistance extended to this section by Mr. Abbas Ali of TIP is gratefully acknowledged.
5. For definition, See note at the foot of Table 1.
6. 1984-85 figures are for 11 months up to May 1985 taken from Export Promotion Bureau. The definitional breakdown into traditional and non-traditional exports may have some difference from the earlier years' breakdown, but this was not found as too serious.

rate changes or domestic inflation relative to world inflation. Growth in terms of value in a foreign currency at its current price also suffers from a similar problem. Growth in current US dollars, for example, would understate the export growth of recent years, because current dollar appreciated considerably in value in recent years. Likewise, growth of exports in US dollars by deflating the figures with an export price index of Bangladesh exports, as has been done in Matin's paper [5] for traditional exports, is also flawed, since this shows in effect the growth of the volume of exports and does not capture the growth of exports via higher prices received for exports and via export of higher-value intra-group items in the same export groups to which the price index deflator is applied. The best measure of growth would be in constant takas or dollars (i. e., in value of the currency in terms of real goods and services). The figures as presented in Table 1 are converted into current and constant US dollars in Table 2. This is done because we seem to have a good series of constant dollars related to current dollars and no good measure of constant takas.

Table 2 shows that during the last seven years, 1977/78-1984/85, while total and traditional exports measured in 1983 constant dollars grew at annual average rates of 7.6 and 4.3 per cent respectively, the growth in non-traditional exports in the same real terms was a remarkable 25.1 per cent. The growth of non-traditional exports has been more spectacular during the last three years, when the average annual growth was 33.3 per cent.⁷ This growth has been mainly due to a dramatic rise of ready-made garments as an export earner as can be seen in Table 3.

In Table 3, a disaggregated picture of the non-traditional exports is presented in current taka⁸. It can be seen that during the last six to seven years some new products have emerged as export earners. These include, besides readymade garments, specialized textiles, tobacco, betel leaves, engineering products and fertilizer. In terms of size of export and growth, the relatively and potentially important items are ready-made garments, frozen shrimps and prawns, froglegs, frozen other fish, fruits and vegetables, tobacco, and engineering products. There have been also some sizeable exports of such items as naphtha and bitumen, and newsprint and paper and allied products. But these items may not be considered as dynamically important export items for various reasons.

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7. Growth rates estimated after fitting regression trend lines to all the years' data might have been more appropriate here -- which would have been somewhat lower than these point-to-point estimates --, but this refinement does not seem to lose much in terms of operational or analytical usefulness.
 8. We have not transformed this table in US dollars, as the conclusions we can draw from it are clear and straight-forward.

Fertilizer has not yet become a promising export prospect, but this can change with production flowing from investments underway.

III. POTENTIAL EXPORT PRODUCT LINES

This section is conjectural but perhaps not futile. It draws on the industry studies that have been carried out in the Trade and Industrial Policy Reform Programme (TIP), which throw some light on the possible industry products in which Bangladesh has or can have significant comparative advantage. Some of the potential export product lines are indicated below.

Ready-Made Garments : Further Possibilities

Despite an explosive growth of its ready-made garments (RMG) exports, Bangladesh's penetration into the world market is still modest. Further considerable growth is possible [6]. Quota restrictions, if

Table-2
Exports in Current and Constant US Dollars

Year	Exchange Rate : Taka/\$	Value in Current US \$ million			Value in 1983 Constant US \$ million			MUV Index
		Total	Traditional	Non-traditional	Total	Traditional	Non-traditional	
1977-78	15.12	474.7	429.5	45.2	552.0	499.4	52.6	86.0
1978-79	15.22	632.9	554.9	78.0	644.5	565.1	79.4	98.2
1979-80	15.49	709.9	622.9	87.0	659.1	578.4	80.7	107.7
1980-81	16.26	706.3	608.7	97.6	646.8	557.4	89.4	109.2
1981-82	20.07	617.2	504.7	112.5	585.6	478.8	106.8	105.4
1982-83	23.80	679.1	527.3	151.8	664.5	515.9	148.5	102.2
1983-84	24.94	807.4	625.2	182.2	818.9	634.1	184.8	98.6
1984-85	26.10	919.5 ⁹	667.6 ¹⁰	251.9	923.2 7.6	670.3 4.3	252.9 25.1	99.6

Sources : Exchange rates (annual averages) taken from Bangladesh Bank, Economic Trends, March 1985. The figure for 1984-85 is author's estimate on the basis of Trends' figures upto February 1985 and observed later month's rates.

Manufacturing Unit Value (MUV) Index used to convert current into constant dollars taken from World Bank, Office Memorandum dated January 8, 1985, Half yearly Revision of Commodity Price Forecasts.... (The index numbers given on calendar year basis are re-estimated on split year basis by taking the averages of two adjacent years).

9. Officially announced projected total export figure of Tk. 24,000 million estimated on the basis of 11 months' figures as contained in "Highlights of Export Policy for 1985-86" of the Ministry of Commerce converted into dollars.

10. The breakdown ratio observed for 11 months is applied to total exports projected for the year.

Table-3
Non-Traditional Exports by Selected Product Groups :
1977/78-1984/85

Product Group	In Current Taka Million						1984-85
	1977-78	1979-80	1980-81	1981-82	1982-83	1983-84	11 months
Ready-made garments	0	10.2	48.2	170.8	255.2	774.8	2,571.7
Specialized textiles	0	1.8	8.1	11.5	14.7	8.5	8.1
Frozen shrimps & prawns	156.8	589.5	529.4	891.7	1,499.4	1,555.0	1,823.8
Froglegs	91.6	41.1	51.3	133.2	119.8	192.5	102.7
Fish frozen	7.8	10.1	27.2	49.1	77.0	141.7	132.7
Fish, other	13.0	31.5	30.4	53.9	21.1	40.6	40.4
Fruits & vegetables	4.9	12.0	19.2	32.8	61.0	84.2	85.2
Tobacco	0	0	0.3	37.5	53.7	79.6	66.0
Betel leaves	3.4	0	14.6	19.7	28.2	30.6	28.7
Handicrafts	26.4 ¹¹	50.6 ¹¹	56.1 ¹¹	56.2 ¹¹	58.4	58.3	44.8
Engineering products (elec. wires, transformers etc.)	0	0	2.2	0	66.2	188.6	33.5 ¹²
Fertilizer	0	0	132.9	0	243.6	238.9	123.7
Naptha, bitumen	35.4	0	0.1	109.9	530.3	634.1	537.2
Newsprint, paper & allied products	64.1	112.9	101.0	105.3	108.9	200.2	249.6
Other	280.8	488.1	565.4	585.3	476.0	314.4	245.9
Total :	684.2	1,347.8	1,586.4	2,256.9	3,613.5	4,542.0	6,094.0

Source : Export Promotion Bureau, Bangladesh Bureau of Statistics.

applied, would first touch two of the many categories, which have grown most. Diversification of the product categories and penetration into new markets are good prospects. A potential large unexploited product area is knitwear, especially wool and acrylic sweaters [7].

The industry is now virtually wholly import-based and net export earnings are correspondingly not so high. Further domestic value added creation and greater earnings of net foreign exchange are possible through use of domestically produced fabrics and other inputs in the RMG units. This would help Bangladesh to earn more foreign exchange also on account of the reason that Bangladesh would then qualify for the Generalized System of Preferences (GSP) facility from the EEC and United States markets. The fast growth of the RMG sector should open up a good secondary growth of the textile sector in fabric production and development of quality dyeing and finishing facilities.

11. Taken from World Bank Report No. 5409, Statistical Appendix, Table 3.2 (Figures given in dollars converted back into taka).

12. The sharp fall reflects omission from this year of the value of sales in foreign exchange under international tender.

But neither the RMG exporters nor the manufacturers of fabrics have sufficient incentive to effect this backward integration. Existing policies, exemption of taxes on imported inputs when used in export production and high effective protection provided to local fabrics for sale in the domestic market and not enough incentive provided for sale to export units, are creating this bias. More on this later. TIP studies suggest that textiles production, being a labour-intensive activity, is well suited to Bangladesh's comparative advantage. The first effective breakthrough should come through supplying the RMG sector. Some initial association of a reputed international textile fabric supplier with investment for local production would be an advantage.

Leather Products

Several TIP studies suggest that export of leather products, especially footwear, is a very promising activity [8]. Exports to world markets are dominated by Taiwan, Hong Kong and Korea. Rapidly rising wages in these countries work to Bangladesh's growing advantage in this activity. Development of this activity can essentially proceed along the same lines as that of the RMG sector.

Engineering Goods

Several TIP studies have established that Bangladesh has comparative advantage in the labour-intensive types of production of capital and engineering goods. Existing policies by allowing highly concessionary rates of duties on imported machinery are discriminating against the proper development of this sector. Furthermore, existing policies also do not provide sufficient incentive to sale of these goods in foreign exchange to local projects against international tender.

There is already a small beginning made in export of some of these goods. The products that seem to hold good promise for export are pumps, tubewells, electric transformers, diesel engines, cotton and jute textile spare parts and some machinery, and ships and boats (ships & boats for sale against international tender.)

Another good area is electronics consisting of such products as TV and radio sets, and electronic components. In electronics only one producer is producing on an export-oriented basis. Since electronics is an area where technology and tastes change fast, association of established producers of international repute is advisable.

Specialized Textiles

Although exporting of these products started about the same time as that of ready-made garments, it has not shown any growth in more recent years. The problem, I think, was the inadequate level of assistance it was receiving. During the current year, assistance to this export activity

has been increased. Yet, as we can see in the next section, the overall assistance to this activity remains low.

IV. CURRENT EXPORT PROMOTION MEASURES

This section draws on an earlier piece of work of the author [9]. Since that paper had been written, government policy has undergone some change. The major change that has been introduced during the current year is in the rates of entitlement of the Export Performance Benefit (XPB) which replaces the previous Export Performance Licensing cum Import Entitlement Certificate (XPL/IEC) system. The new set of XPB rates are 100%, 70% and 40% in place of the former 100%, 80%, 60% and 40%. Formerly, 54 items were eligible for the 100% and 80% rates (only four for the 100% rate); now the items made eligible for the 100% rate number some 45. Although a few items formerly receiving XPL at the 60% rate have now been transferred to the 100% XPB rate, the general level of assistance to export production has not been significantly increased by this change.

The current incentives have been aimed at especially increasing non-traditional exports. Besides the XPB, other important measures used include provisions of 1) access to tax-free imports of intermediate input used in export production by a variety of measures, 2) an easier access to imported inputs for some special products, 3) a more liberal and subsidized access to credit, 4) reduced taxes on machinery imports, and 5) special income tax concessions. In addition a somewhat flexible exchange rate policy is being followed.

Although a wide array of explicit policy instruments are being used to actively promote export development, the effectiveness of such measures is largely offset by the degree of protection provided to import substituting production by high tariffs on competing imports, by quantitative restrictions and bans on such imports or by controls on access to foreign exchange, etc. These controls on the import trade and foreign exchange have hurt exports by suppressing the demand for foreign exchange and thus nurtured an exchange rate that is lower than it would be without such extensive controls¹³. It is therefore necessary to appraise the current export promotion measures in this overall perspective and judge their effectiveness and sufficiency against the background of the level of assistance being provided to import substitution by the existing policy environment.

The overall impact of the current measures for various types of export production can be measured by employing the concept of Effective Rate

13. Domestic production activities competing with items imported with low tariffs or with large tariff concessions have been similarly harmed.

of Subsidy which is broader in its coverage of incentives than the Effective Rate of Protection. Effective Rate of Protection (ERP) covers only trade assistance, whereas Effective Rate of Subsidy (ERS) includes in addition non-trade assistance¹⁴

Before we present ERS measures for some representative groups of export products, we may briefly note the individual incentives and their quantitative implications for assistance effects. We treat the incentives in turn.

Bonded Warehouse Facility. Export units which can receive this facility can import their input requirements (with a few exceptions) tax free. Since this facility is liable to abuse in the form of illegal leakages into the domestic market, it can confer some additional benefit on the users in addition to the tax offset. Note that absence of full tax offset on inputs results in a negative effective assistance to the export unit and full tax offset in a zero assistance. In this sense the benefit produced by bonded warehouse system is something positive which is indicated by O+. The bonded facility is or can be availed by only a few export products which include ready-made garments, specialized textiles and knitwear and from the current year, leather goods.

Duty Drawback. Export units not being able to avail themselves of the bonded warehouse facility are entitled to some variant of a duty-drawback or import taxes exemption or refund system. For various reasons, this system has not worked very well [10] and because of the less than full tax offset export units receive under this system, the quantitative measure of this effective assistance is less than zero (O-).

XPB. The benefit on this account depends on the XPB entitlement rate and the difference between the official or primary exchange rate and the Wage Earner Scheme (WES) or secondary exchange rate. Currently the difference between the official and WES exchange rates is 11.6 per cent. Estimation of the benefit is done on the basis of a 10% difference

14. $ERS = ERP$

Plus non-trade assistance as a proportion of unassisted value added.

or, $ERS = \frac{\text{Net Trade Assistance} + \text{Non-Trade Assistance}}{\text{Unassisted Value Added}}$

= NRS on Output/Unassisted VA to Output Ratio
minus NRS on Inputs/Unassisted VA to Input Ratio
plus Assistance to Primary Factors as a proportion
of Unassisted VA.

(NRS = Nominal Rate of Subsidy
VA = Value Added)

between the two exchange rates. On this basis, a 100% XPB (on gross exports) produces a benefit equivalent to some 10% of the FOB value of exports and a 70% XPB produces a benefit equivalent to 7% of the value of exports. In terms of value added, effective assistance would depend on the value added to output ratio. With a 30% value added to output ratio, 100% XPB results in a 33.3% effective assistance and 70% XPB in a 23.3% effective assistance.

Other Incentives. A Back-to-Back LC or in its absence a full cash import license enables producers to import their requirements at less cost than if they have to import under WES. Full absence or partial lack of this facility provides some disincentive or negative assistance. The Back-to-Back LC system is being used by the garment exporters. This facility can also be enjoyed by the leather products manufacturers. Other producers are mostly unable to avail this facility as this depends on the availability of foreign credit which is available only for a duration which is generally too short for most production processes from export order to export delivery. They also hardly receive full cash import license for all their import requirements. Other benefits include availability of bank credit at lower interest rates and income tax concessions on export sales. However, enquiries with manufacturers seem to suggest that they are not either very familiar with or cannot fully avail these officially available benefits [II]. Estimation of these benefits can be done making some plausible assumptions about the extent of their use. Another benefit is the concessionary duty at which export units can import their machinery. Here the benefit is estimated by regarding the absence of the investment incentive as a negative assistance. The investment incentive is measured as a differential incentive export producers receive compared to the treatment received by the producers of import-competing goods.

A quantitative evaluation of all these export incentives can now be done. In Table 4, this is done for ready-made garments, specialized textiles and hosiery products. In Table 5, some idea of the overall assistance received by export industries in general is given. As can be seen from Table 4, current export promotion measures provide an overall effective assistance of some 40% to ready-made garments, about 28% to hosiery products and some 17% to specialized textiles. Ready-made garments receive a fairly high effective assistance due to a low value-added to output ratio. The effective assistance to other products in general is considerably lower.

In Table 5, we look at the level of effective assistance which is generally available to exporters who have not yet received any bonded warehouse arrangements (or for whom such arrangements are difficult to provide either because their products cater to both domestic and export markets or because they are too small units), who cannot avail the

Table-4
Assistance Received by Export Ready-Made Garments, Specialized
Textiles (including Household Linen) and Hosiery Products

Type of Export Incentive	Ready-Made		Garments		Specialized		Textiles		Hosiery		Products	
	NRS on Output	NRS on Input	ERS	NRS on Output	NRS on Input	ERS	NRS on Output	ERS	NRS on Output	NRS on Input	ERS	
Bonded Warehouse	-	0-	0+	-	0-	0+	-	0-	-	0-	0-	0-
XPB	7	-	28	7	-	17.5	7	17.5	7	-	20.0	20.0
Back-to-Back LC or Cash License	-	0	0	-	5	-7.5	-	-	-	0	0	0
Credit Subsidy	(1.17)	-	4.7	(1.17)	-	2.9	(1.17)	2.9	(1.17)	-	3.3	3.3
Income Tax Rebate	(1.8)	-	7.2	(1.8)	-	4.5	(1.8)	4.5	(1.8)	-	5.1	5.1
Investment Incentive	(0)	-	0	(0)	-	0	(0)	0	(0)	-	0	0
Total:			39.9+			17.4+					28.4+	28.4+

Notes: For estimation, see notes in Annex. Value-added proportion in ready-made garments using imported materials is taken at 25% as accepted by the authorities. For specialized textiles, it is some 40% while for hosiery units it is assumed at 35%. Specialized textiles are assumed as unable to avail the benefit of Back-to-Back LC, but considered as receiving 50% cash import license. XPB entitlement rate for ready-made garments and hosiery products using imported fabrics is 70%, while for specialized textiles, it is 100%. Higher, 100%, XPB rates have been introduced for ready-made garments and hosiery products which use local fabrics, but this higher rate would compensate for part of the higher cost of local fabrics due to taxes on its inputs.

special Back-to-Back LC arrangement or do not get the compensating full import license benefit and who can be assumed as not benefiting from the investment incentive (either because the unit is already in place and does not involve any new investment or because it does not qualify for the incentive as it is not yet an overwhelmingly export-oriented unit exporting 80% or more of its output). The orders of magnitude of effective assistance to export industries in general, barring aside a few of them, as depicted in Table 5 present a general picture of rather too light an assistance being received by export industries from the existing policies. The average level of effective assistance seems to lie somewhere around 15%, while the lowest appears to be near-zero or even negative.

Note that these calculations are uncorrected for the possible adjustment needed on account of the overvaluation of the domestic currency. If we make this correction, we would find that the existing export incentives do nothing to compensate the export activities for the disadvantage they suffer due to the exchange rate distortion. The implicit disadvantage due to the probable exchange rate distortion appears either to offset or outweigh the effect of the current export promotion measures as can be seen in Table 6. This table also illustrates that activities using domestic inputs are seriously disadvantaged.

Table-5
Effective Assistance to Exports in the General Category : ERS in (%)

	100% XPB		70% XPB		40% XPB	
	VA 35%	VA 30%	(VA 30%)	(VA 25%)	(VA 25%)	(VA 20%)
Duty Drawback	0-	0-	0-	0-	0-	0-
XPB	28.6	33.3	23.3	28	16	20
Cash Import License	-9.3	-11.7	-11.7	-15	-15	-20
ERP	19.3	21.6	11.6	13.0	1.0	0
Credit Subsidy	3.3	3.9	3.9	4.7	4.7	5.9
Income Tax Rebate	5.1	6.0	6.0	7.2	7.2	9.0
Investment Incentive	-9.1	-10.7	-10.7	-12.8	-12.8	-16
Total :	18.6-	20.8-	10.8-	12.1-	0.1-	-1.1-

Notes : See Annex for estimation. The investment incentive works out to a negative benefit here as the incentive is practically unavailable to these cases.

Table-6
Effective Assistance to Export Production
with Correction for Exchange Rate Distortion

	Shadow			
	Existing Situation		Price of FE-1.20	
	Situat. 1	Situat. 2	Situat.1	Situat.2
Output Value, Unassisted	100	100	120	120
XPB (70% or 100%)	7	10	-	-
	<u>107</u>	<u>110</u>	<u>120</u>	<u>120</u>
Input costs, traded (at official exchange Rate, Tariff-included)	95	51	114	61
Input costs, traded, Domestically Purchased	-	44	-	53
Add. Import Cost with no License Benefit	6.5	3.5	-	-
Input Costs, Non-traded	5	5	5	5
Duty Drawback	-30	-16	-56	-19
License Benefit	-3.3	-1.7	-	-
Total Input cost, Assisted	<u>73.2</u>	<u>85.8</u>	<u>83</u>	<u>100</u>
Assisted value added	33.8	24.2	37	20
Unassisted VA	30	30	37	37
ERP, Unadjusted	12.7%	-19.3%	23%	-33%
ERP, Adjusted or Net	-8.6%	-34.6%	0%	-46%
Credit Subsidy	1.17	1.17	1.4	1.4
Income Tax Rebate	1.8	1.8	2.0	1.1
Investment Incentive	-3.2	-3.2	-3.8	-3.8
Assisted VA + Returns	<u>33.57</u>	<u>23.97</u>	<u>36.6</u>	<u>18.7</u>
ERS Unadjusted	11.9%	-20.1%	22%	-37.7%
ERS Adjusted or Net	-9.3%	-35.2%	-1.1%	-49.5%

Note : Under Situation 1, it is assumed that the manufacturers are able to import all traded inputs, while under Situation 2 they can import only a part of such inputs. It is assumed that they are not getting any offset for the protection domestically produced goods are receiving.

Under shadow-priced situations as taken, neither the XPB nor the import license benefit mean anything as the existing difference between the official and XPB/WES rates of exchange would wither away. Also note that we do not stipulate any change in non-traded input cost under adjusted exchange rate situations. For estimation of various incentive benefits, see Annex notes.

The foregoing evaluation of effective assistance to export production in Bangladesh leads to some major conclusions.

1. The upshot of the discussion is that even though a wide array of incentives are being used, the export sector in Bangladesh is not being adequately encouraged. The current export incentives confer some sizeable benefit on only a few industrial activities such as ready-made garments, finished leather and leather goods, some specialized textiles, etc., which have been able to take advantage of such benefits as bonded warehouse facility, back-to back LC facility, investment incentive, etc. But most other activities do not benefit from these incentives and hence export production in general is being very inadequately assisted, relatively to the average level of assistance being received by import substitution activities.

2. The export units which have to use higher-cost domestically produced inputs in their production without being compensated for the additional cost are seriously disadvantaged. The current export promotion measures do not do enough to remove this disadvantage. The government needs to consider introducing an appropriate mechanism such as a tax exemption certificate system as proposed by TIP [12] to compensate the export units for the additional cost they incur up to a certain level when they use domestic inputs.

3. When proper allowance is made for the distortion in the existing exchange rate, the typical export activities can be seen as being negatively assisted, which means that the export incentives as can be generally availed do not even compensate the activities for the discouragement they receive from the exchange rate side. This suggests that the exchange rate may, and in this case does, exert a greater influence than other export promotion measures. An exchange rate reform would seem to be in order, if the export sector in Bangladesh is to be more effectively assisted.

V. POLICY ISSUES AND OPTIONS

To recapitulate, the analysis of assistance provided to exporting activities by current measures leads to two most important conclusions:

- notwithstanding the existing measures, the export sector in Bangladesh is still not being adequately encouraged and there is a current policy bias against exporters using domestically produced tradeable material inputs.

As we have seen, the gross (unadjusted) effective rate of protection (ERP) received by the typical non-favoured exporter ranges between 0

and 21.6 per cent. This compares to an average rate of 74% for all non-primary goods as calculated by Hutcheson¹⁵. Even the few products which are at present able to benefit from bonded warehouse and back-to-back LC arrangements can be reckoned as receiving only moderate assistance compared to that enjoyed on average by import substituting industries.

Current policies are also not effectively encouraging backward integration of export industries to increase domestic value added and net foreign exchange earnings. The main policy instruments used, the bonded warehouse system, duty drawback and XPB on gross exports are all biased against backward integration. That is because, the exporter receives the full tax offset on bonded warehouse imports or duty draw-back only when he imports and not when he purchases locally and because XPB on gross export basis provides no incentive to reduce the import content in such export products.

A third important issue resulting from current policies is that sale of local products under international tender to government procurement for various projects is also not receiving enough encouragement. Such sales also earn foreign exchange or by stopping imports save foreign exchange and hence should not be ignored.

Other problems with the current policy instruments are that the main instrument after the bonded warehouse or duty drawback used to confer some positive assistance an exporting activities is the XPB which has two drawbacks. First, the benefit it confers is dependent on the premium of the WES exchange rate over the official rate and given the current premium, the level of the XPB entitlement needs to be considerably larger if it is to serve as an instrument for providing adequate assistance. Second, it is not a fully reliable instrument as the premium the WES exchange rate fetches is not stable. As already mentioned, the XPB system on gross exports basis discourages use of domestically produced materials. An XPB system based on net value of exports (FOB value of exports minus value of imports of materials) is, however, difficult to administer as it requires monitoring of imports of materials. Moreover, the intended purpose of the net XPB system may be foiled if exporters purchase locally what has been imported by others. A major loophole with the bonded warehouse system is that it is liable to gross misuse. The major difficulties with the duty drawback system are the lengthy procedures for verifying the legitimacy of claims and the administrative discretion it gives to officials for such verification. The drawback system extended to domestic suppliers of inputs to export units is also

15. See [13]. In the study exporting sectors were found to enjoy an average ERP of 2% compared to 104% for import substituting industries

inherently defective since it encourages these suppliers to import their own inputs to avail themselves of the drawback privileges. Thus the drawback system cannot serve as an ideal instrument to encourage backward integration.

Taking these shortcomings of the existing policy instruments into account, TIP has proposed introducing a new instrument, a Tax Exemption Certificate (TEC) system as an effective alternative to the existing XPB and duty-drawback. The proposed scheme has been fully developed in TIP's latest paper by Hutcheson and McKay [14]. A summary of the essence of this scheme given in another TIP document [12] is reproduced below :

In some respects the Tax Exemption Certificate is similar to the Cash Compensation Subsidy used in India, the Tax Credit Certificate in Colombia, and other schemes successfully used by many developing countries to promote non-traditional exports. Administratively it is designed much like the existing XPB system. Firms would be eligible to receive TECs in proportion to their actual sales in foreign exchange, and they would be allowed to use the certificates either to pay duties and sales taxes on their own imports or to sell them to other importers for the same purpose.

The purpose of the TEC is to offer an attractive alternative to duty drawback for firms that need to be internationally competitive, while at the same time providing them with an incentive to purchase more expensive locally produced inputs. The TEC provides an incentive for exporters to purchase such inputs at a price only a little lower than the landed cost of duty-paid imports because export firms could save money by purchasing inputs from local suppliers instead of importing them and paying duties with their TECs. Unused TECs would be sold to other importers if the price they fetch more than covers the difference between the cost of locally produced inputs and imported ones. This scheme has the added attraction that it does not involve cumbersome administrative procedures; exporting and supplying firms would be left free to negotiate mutually acceptable deals. Furthermore, suppliers would not be motivated to import more inputs just to qualify for benefits under the scheme as they are under the present drawback system; and Government would not lose revenue, because any reduction of imports by exporting firms would generate additional foreign exchange earnings and thus enhance the capacity of the country to buy more dutiable imports.

In view of the fact that it will take time for the TEC scheme to become fully operational and win the confidence of exporters, it should first be introduced for bonded warehouse users on a net foreign exchange earning basis. TECs worth 30% of net exports (total value of foreign exchange sales minus the cif value of imports into bonded warehouses)

would provide exporters with an effective rate of assistance of approximately 30%, at least as much as they are receiving now. The same level of assistance would be provided by a 200% XPB on the net value of export sales, at the present premium of the WES over the official market rate. This reform should be adopted simultaneously with the introduction of the TECs so as to offer exporters a choice between the two until the new system is proven advantageous. It should be noted that in addition to providing a stronger incentive for backward integration, the net TEC and XPL systems would also discourage imports into bonded warehouses in excess of legitimate requirements. And when the gross TEC system becomes operational, it is expected that many exporters will prefer to give up bonded warehouse altogether, although this should not be made obligatory for reasons mentioned in the paper cited.

The TEC rates to be introduced should be varied according to the structure of taxes (or nominal protection) on the inputs of the exported items concerned in order to grant roughly 30% ERP on exports. In practice a relatively small number of TEC rates between 10% and 50% could be used.

A word should also be said about the desirability of unifying TEC rates at 30% and XPB rates at 200% of net foreign exchange earnings. Existing differential rates of XPB were originally intended to calibrate the level of assistance to exporters according to the share of domestic value added in the total value of production of different goods. TIP studies indicate that this intention has not been fulfilled in practice, but more importantly it has become clear that the share of domestic content is a variable that should be influenced by policy, not a constant that policies should be accommodated to.

Short of a TEC system as outlined which would be ideal to introduce, what effective alternative mechanism government is left with to promote exports and backward integration more vigorously? One alternative would be to apply the XPB system on net exports basis and to raise the XPB rates to much higher levels beyond 100% in order to provide a minimum 30% ERP benefit. This system would require close administrative monitoring of imports of the exporters and maintaining stability of the WES exchange rate in relation to the official exchange rate.

A second alternative would be to simply introduce a cash subsidy system replacing both XPB and duty drawback. The difference between the TEC and cash subsidy systems is a cosmetic one in so far as their operational effects are concerned.

A N N E X
Notes on Tables 4-6

Acronyms

NRS Nominal Rate of Subsidy
ERS Effective Rate of Subsidy
XPB Export Performance Benefit
VA Value Added

Methods of Estimation

NRS on Output = Output assistance/Unassisted output value
NRS on Inputs = Input assistance/Unassisted input value
ERS = NRS on Output/Unassisted VA to Output Ratio -
NRS on Inputs/Unassisted VA to Inputs Ratio
+Assistance to VA/VA

Specific Estimates

Assistance due to Bonded Warehouse :
Full exemption of taxes on imported inputs gives an NRS on inputs of 0 (zero). A leakage of such inputs into the domestic market further weakens the protective assistance to inputs. Hence a negative sign is affixed with zero (0). this leads to a 0+ ERS.

Assistance due to XPB :
The benefit is directly related to output.
NRS on output is estimated as follows :
NRS = (XPB entitlement rate) × (the excess of WES over official exchange rate)
= 100 × 10%
= 10%

NRS and accordingly ERS will come out different with different XPB entitlement rates, given other things.

Assistance due to Duty Drawback :

NRS on inputs is 0+ meaning less than full offset on taxes (protection) on inputs. ERS correspondingly shows this assistance as 0-.

Assistance due to Back-to-Back LC/Cash Import License :

Absence of back-to-back LC or cash import license means an extra cost for the importer/manufacturer. In the complete absence of back-to-back LC or cash import license arrangements, NRS on inputs is 10% which is the current difference between the cost of import at the WES rate of exchange compared to the cost of import at the official rate of exchange. The availability of back-to-back LC or cash import license to the full import requirement would wipe out this cost disadvantage and

give an NRS on inputs of 0 (zero). A 50% availability of this facility would leave the cost disadvantage at 5% NRS on inputs, which when translated into an ERS turns out to be -7.5% when the value added to output ratio is 40%.

Credit Subsidy :

The credit subsidy is estimated on the basis of the difference between the regular 16% rate and the special 9% rate of interest (the latter applicable to export credit) and the amount of export credit available. The amount of export credit available is up to a maximum of 90% of the export order received. It is assumed that the credit available at both pre-shipment and post-shipment stages is held up to a maximum average period of four months, which corresponds to a certain export effected. The maximum NRS on output is estimated as follows :

$$\begin{aligned} \text{NRS} &= .90 \times (16 - 9) \times \frac{1}{3} \\ &= 2.1\% \end{aligned}$$

This maximum credit availability is assumed as an exceptional case. In general, it is assumed that exporters receive the credit benefit upto 50% of the export order received. The NRS as a proportion of output works out in this case to $.5 \times (16-9) \times \frac{1}{3} = 1.17\%$. The credit subsidy offered by current policy ignores the reduced interest rate of 7% which is available for some special categories of export products.

Assistance due to Income Tax Rebate :

A crude estimate, but never the less believed to be close to reality, is made on the basis of some simplifying assumptions. One such assumption is that there is considerable evasion of income tax through under-reporting of taxable income. We need also to assume taxable profit as making a certain fraction of the value of exported merchandise. We assume taxable profit as 15% of the value of export and reported income for tax purposes as only 40%. The income tax rebate system allows a maximum exemption of 60% of the tax otherwise payable. If we further assume the average tax rate applied is 50% (close to the highest average rate applied to income brackets which we can reasonably expect such firms to be placed in), the assistance, NRS on output works out as

follows :

$$\begin{aligned} \text{NRS} &= (\text{Reported taxable income proportion in output}) \times (\text{tax rate}) \times \\ &(\text{exemption rate}) \\ &= .06 \times .5 \times .6 \\ &= .018 = 1.8\% \end{aligned}$$

Investment Incentive Assistance :

This can be related to the value of output if one can make a reasonable assumption about the approximate value of the ratio of capital to

output, more appropriately the ratio of the value of investment made in the form of machinery to that of output. Since export activities are generally labour-intensive, we assume a low ratio of 2 as the machinery investment to output ratio. (Specialised textiles seems to have a capital output ratio close this figure; ready-made garments has probably a still lower one.) The investment incentive benefit is estimated by relating the tariff differential to the output value. This is, it should be noted, a one-shot benefit which is estimated as :

$$\begin{aligned} & (\text{the tariff differential}) \times (\text{investment-output ratio}) \\ & = (15\% - 2\frac{1}{2} + 3\%) \times 2 \\ & = 15.5\% \times 2 \\ & = 31\% \end{aligned}$$

This once-for-all benefit is translated into an NRS annualizing it by using a real discount rate of 8 per cent and assuming an average working life of 20 years for machines used. The annualizing formula has been footnoted in the body of the author's earlier paper. The annualized value of NRS has come out 3.2%. In our tables, it should be noted, however, that the investment incentive is shown either as a zero benefit or a negative benefit. The absence of the incentive is shown as -3.2%, whereas its availability is marked as a zero benefit. This treatment is consistent with the way we have treated other trade taxes on output or inputs.

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An Export Policy for Bangladesh

A. R. BHUYAN*

1. Introduction :

The external sector of the economy of Bangladesh is characterised by a massive trade deficit and heavy dependence on foreign aid. Increasing dependence of the country on overseas imports in the form of food, raw materials and capital equipment has brought in its wake a serious balance of payments crisis, the magnitude of which has been assuming mounting proportions year after year (see Table 1). The seriousness of the balance of payments problem may also be guessed from the alarmingly disparate movements in the value of exports and imports and their relative shares in the country's GDP. At present, export earnings can pay for just over a third of the country's imports, which have been growing relatively more rapidly than exports. This structural problem has been exacerbated in the recent years by a substantial deterioration in the country's terms of trade.¹ Consequently, the balance of payments situation is under considerable pressure, and is likely to remain tight in the future. The task of bridging the payments gap through measures like export promotion, import control and import substitution has therefore become of utmost importance to the country. Of paramount significance, however, is the need for expanding our exports both in terms of quantity and value. The nation's growing debt service obligations,² higher import costs caused by rising import prices and domestic currency devaluation, and low and uncertain availability of foreign aid add further significance to the need for export promotion. Development of the export sector is also called for by the limitations imposed by the size of the domestic market. In the present condition, growth of industrial and agricultural sectors for augmenting employment opportunities and the income level

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1. Taking 1972-73 as the base year, Bangladesh's terms of trade came down to 57 in 1983-84, improved to 66 in 1984-85 and is expected to come down to nearly 60 in 1985-86 (See Budget Statement, 1985-86).
2. The estimated debt service in 1984-85 was \$350m, and the projected debt service charges for 1985-86 and 1986-87 are about \$410m, and \$480m. Payments obligations on account of foreign debts for these three years come to about 21.5%, 24.3%, and 28.0% of the country's total foreign exchange receipts from exports and remittances (See Budget Statement, 1985-86).

of the people is crucially dependent upon the rapid development of the export sector. The purpose of this paper is to put forward some policy suggestions that may help in the promotion of our exports. In section II, the performance, policy and potential of the export sector are examined. Section III outlines the major elements of a desirable export strategy and makes some policy recommendations for the development of the export sector. Concluding remarks are contained in the final section.

Table-1
Export-Import-GDP Ratios from 1972-73 to 1983-84

(million/taka)

Fiscal year	GDP at current factor cost	Exports f.o.b.	Imports c.i.f.	Exp/GDP ratio	Import/GDP ratio	Export/Import ratio
1972-73	44051	2856	6963	0.06	0.16	0.41
1973-74	68977	2523	6323	0.04	0.09	0.40
1974-75	123949	3423	9199	0.03	0.07	0.37
1975-76	101393	4806	17162	0.05	0.17	0.28
1976-77	99874	7114	11215	0.07	0.11	0.63
1977-78	139204	7550	19134	0.05	0.14	0.39
1978-79	163909	8923	22269	0.05	0.14	0.40
1979-80	187633	11504	31912	0.06	0.17	0.36
1980-81	219799	13344	38394	0.06	0.17	0.35
1981-82	231320	14545	47121	0.09	0.20	0.31
1982-83	271662	18606	49751	0.07	0.18	0.37
1983-84	295214	20515	54080	0.07	0.18	0.38

Source : Bangladesh Bank, Economic Trends, January 1985.

II. Export Performance. Policy, Constraints and Potential

Table 2 presents information on exports by value from 1973/74 onwards. A great structural weakness in Bangladesh's export composition as reflected in the table is the very high commodity concentration on a few traditional items like jute goods, raw jute, hides and skin, tea and fish. The share of these few items in Bangladesh's export earnings in 1983-84 was 73.4 percent. As is seen from the table, these traditional exports have tended to stagnate throughout. Non-traditional exports have, however, increased rapidly after 1975/76 to now account for about 26 percent of total exports, but given the dominance of traditional agricultural and agro-based products in exports, the performance of the agricultural sector has directly influenced the level of export earnings. In most of the years since 1979 agricultural production, with the exception of cotton, either stagnated or declined.

Table-2
Bangladesh's Export Performance during 1973/74-1983/84 (Million US Dollars)

Items	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84
1. Raw Jute	128.4	82.9	123.7	114.1	96.2	143.1	143.5	118.9	101.7	109.8	117.1
2. Jute goods (all sorts)	194.9	201.2	117.6	173.7	246.9	175.8	384.4	357.0	283.4	319.7	357.0
3. Leather & leather products	15.9	24.3	30.2	38.0	45.0	75.4	65.6	56.6	64.3	58.5	85.3
4. Frozen foods	7.9	4.0	11.6	17.0	20.3	36.0	37.5	41.9	52.6	72.1	77.0
5. Tea	14.7	21.5	17.4	36.1	44.9	40.8	33.0	40.7	37.9	46.6	68.9
6. Naptha, furnace oil and bitumen	—	4.0	3.9	14.3	11.6	9.2	23.2	49.1	41.4	30.8	25.7
7. Ready-made garments	—	—	—	—	—	0.1	0.7	3.2	7.0	10.8	31.6
8. Chemical & Pharmaceutical products	—	0.4	0.3	0.1	0.2	0.3	0.2	10.7	11.7	11.4	10.1
9. Newsprint, paper & allied products	3.7	3.1	1.5	2.4	7.3	6.7	12.9	8.6	6.0	4.6	8.3
10. Agricultural products*	1.0	0.4	2.1	1.4	3.8	4.2	2.7	2.4	4.4	7.0	8.8
11. Handicraft	0.1	0.5	0.6	0.9	1.7	2.6	3.3	3.5	2.8	2.5	2.4
12. Engineering products	—	—	—	0.5	0.2	2.3	1.3	—	—	2.8	4.9
13. Specialized textiles & household linen	—	—	—	—	—	0.4	0.1	0.8	0.4	0.6	0.4
14. Others	3.1	1.7	3.0	6.1	11.6	12.8	14.9	17.3	13.4	9.4	10.6
Total	369.7	344.0	371.9	404.6	489.7	609.7	722.3	710.7	627.0	686.6	807.7

* Includes spices such as tamarind & sesame seeds, fruits and vegetables, raw cotton, cotton waste, kapok, tobacco, betel leaves, etc.

Source : For the period upto 1981/82, World Bank Report No. 4822 : Bangladesh : Economic Trends and Development Administration, vol. 2, Table 3.4, February 27, 1984. For the rest, Government of Bangladesh, Ministry of Commerce, Export Policy, July 1984, June 1985.

Performance of the manufacturing enterprises, too, has been poor. In the past, almost the entire focus of development was the agricultural sector and the need to achieve self-sufficiency in food. The need to articulate an industrialization policy was not felt. For historical reasons, most of large-scale industry was in the public sector but, despite the extremely disappointing performance of the public sector enterprises, no major role was envisaged for the private sector. However, as a result of increasing unemployment and the recent declines in international prices of primary products, the need to develop a modern sector has been more and more strongly felt. A new industrial policy was introduced in June 1982, the cornerstone of which was to encourage the private sector.

Under this policy, only six items have been reserved for public sector industries. A number of public sector units, particularly in jute, have been sold off to the private sector. Some incentives, particularly to export-oriented industries, have been provided, and joint ventures with foreign parties are being welcomed. While it is clearly too early to judge the benefits of this radical change, there is no doubt that the atmosphere for increased productive investment has improved.

In the past few years efforts were also made to improve the incentives for exports. One of the most important incentives which promoted the development of non-traditional exports was the Export Performance Licensing (XPL) scheme. Under this scheme, exporters of almost all non-traditional items (excluding jute goods, raw jute and loose tea) were entitled to obtain freely transferable import entitlement certificates (IEC) upto an indicated percentage of export value which could be utilized to import any commodity on a list specified by the Government. Given that the taka is nonconvertible and foreign exchange is not freely available, the premium obtainable on such imports resulted in a substantial increase in the profitability of exports.³ Other important incentives to exporters include; concessional interest rate on bank loans; release of cash foreign exchange for balancing; modernization and replacement (BMR); duty drawback scheme whereby an exporter of manufactured goods is entitled to get back the customs duties, sales tax, etc. already paid on importation of inputs used in production; income tax rebate; rebates on insurance premium; export credit guarantee scheme; concessional rate of import duty for specified plant and machinery; and liberal export financing facilities. The mainstay of the government's policy has been to achieve a rapid expansion and diversification of non-jute exports, and to that end sectoral incentives for the promotion of

3. The XPL/IEC scheme has been replaced in the 1985-86 export policy by the Export Performance Benefit Scheme whereby the benefits have been refixed at 100%, 70% and 40% of export value.

export production capacity in products, such as ready-made garments, synthetic textiles, hosiery products, handloom products, silk, fresh fruits, vegetables, spices, leather and fish are provided.

The consistent efforts of the government to expand and diversify exports through the provision of package of incentives and a clearly defined export policy reflect its determination to bring about a structural transformation of the export sector. This determination is also reflected in the relatively flexible exchange rate policy followed by the government under which the parity has been adjusted a number of times in response to changing circumstances.

The new focus on export development and the industrialization policy being developed by the Government can form two pillars of achieving a structural change in the external sector over time. There are, however, certain inherent weaknesses in the export sector and in the range of domestic policy measures which should receive immediate attention. One such area is the provision of adequate export financing facilities. While concessional facilities are supposed to be available, banks are still very selective in considering requests relating to export credit. The exporters of finished leather, marine products and small exporters generally experience difficulties in obtaining finance. While a number of measures have been taken recently to improve the situation, including directives from the Bangladesh Bank to commercial banks to simplify procedures and release funds within a specific time limit, much still remains to be done. For instance, there is at present no arrangement for protecting exporters against the risk of exchange rate fluctuation. A system of forward exchange buying would have eradicated, or at least minimized, the loss to exporters and at the same time encouraged commercial banks to take a liberal attitude towards export finance.

Other areas in which attention is needed are the provision for ensuring quality control and standards, improving the export infrastructure, provision of adequate marketing services, rationalization of various regulatory measures in export trade, and streamlining the institutional arrangements for export promotion. All these call for a well-articulated export policy and a systematic planning for export development. While the major elements of such a policy will be outlined in section III of the paper, a brief picture of the country's export potential and the constraints faced by some prominent items of our export is presented in the following.

Export Products and Potential

Jute

Jute is the most important cash crop for some 3 million Bangladeshi farmers providing employment and income for a large number of landless

labourers and marginal farmers. The jute mills are one of the largest employers in the country, providing employment to over 170,000 workers. Bangladesh dominates the world trade in jute, her exports of raw jute and jute goods accounting for over a half of world exports. Despite the growing competition from synthetic fibres that threatens the long term viability of the jute industry, it will, at least in the medium term, continue to remain the country's major export earner. For this reason, while the professed objective of the government is to diversify exports, there is a need for the government to develop an appropriate strategy for the production of raw jute and its processing so that optimum benefit can be derived from this crop, both for the farming community and in terms of foreign exchange earnings.

Jute trade in recent years has been characterised by very poor jute prices received by farmers (due to declines in the international market), a secular decline in the ratio of jute to paddy prices, and a consequent decline in jute acreage and output. Despite low output levels of raw jute in recent years, however, low international demand has resulted in extremely high levels of stock. While in the given international situation of demand and supply, efforts should be made to stabilise the acreage and production of jute at a certain level and rationalise the jute industry, no effective plan has been formulated so far. It is expected that newly established International Jute Organization will work for a gradual stabilization of the international jute market by bringing in improved cooperation between the major producers, preventing damaging price under-cutting and improving the market for jute products in the long run.

Tea

Tea is the third biggest export earner in Bangladesh. The world tea market is now characterised by an excess supply and declining prices. This calls for international cooperation to limit production. A recent UNCTAD study indicates that a 1% decline in the rate of increase in tea production would result in a 7% price increase. This suggests that the proposed international tea agreement which would consist of export quotas will serve to increase export earnings from tea.

Bangladesh, which produces 4% of world tea exports, may substantially benefit from such arrangements if the quality of her tea, which is now at the lower end of the scale, is improved. The recent experience of Malawi, which went through a process of upgrading its tea industry and thereby obtained substantial benefits, is indicative of the possibilities. Prospects for Bangladesh should therefore be better when the current rehabilitation programme undertaken by her tea estates to improve quality and intensify production is successfully completed.

Hides and Skin

Export of hides and skin and leather grew rapidly during the 1970s, but due to supply constraints, slowed down considerably towards the end of the decade. Inadequate support services and the problem of quality are the main constraints facing the animal husbandry sector. Adequate funds have not been made available for its development. In fact, during the Second Plan period, the allocation to this sector was reduced.

At present 90 percent of exports are in the wet blue form because foreign buyers prefer to carry out further processing beyond wet blue stage in their own countries. The government's policy is however to encourage a greater production and export of crust and finished leathers, as is evident from the export incentives provided through a system of differentiated export duties for raw and finished hides. In fact, in the long run, export income from this sector should accrue more from value added through a gradual shift from the wet blue stage to fully finished leather, and from this to the manufacture of leather goods.

In the medium term, however, there is a distinct possibility of switching over to only finished leather export. This will call for support measures to the existing tanneries in the form of speedy and concessionary import of chemicals and components for processing, as well as establishment of new ones, preferably through joint ventures involving foreign investment for developing the competitiveness, and technological and marketing capabilities of the industry. However, the supply problem remains the critical constraint at the moment and needs to be tackled urgently. To overcome this constraint, collection of raw hides and skins should be improved through a network of collection centres all over the country, coupled with incentive prices. Technical know-how should also be made available to improve flaying, recovery and curing of skin, as these finally determine the quality of finished leather.

Marine Products

In the past few years, fish, shrimps and froglegs have become a major export industry. Here again the problem is one of supply. While the export of froglegs has aroused considerable controversy at home and abroad, and opinions have been expressed in favour of a ban on ecological grounds, appropriate measures should be taken to promote the fish industry and the commercial cultivation of shrimps. Despite some government-action, the marine fish sector is still largely unexploited, and infrastructural facilities are very weak, particularly in respect of transportation and storage facilities including adequate refrigeration. International demand being strong for these products, the industry has

faced no marketing problem. Bangladesh has also a price advantage over other countries because, as least developed country, it obtains duty-free access under certain GSP schemes. The major problem is that of raising the scale of production. External financial and technical assistance will be helpful in this regard for increasing the trawling fleet and promoting the mechanization of traditional boats.

Other Agricultural Products

Bangladesh's climate favours the production of a number of other agricultural commodities such as fruits and vegetables, tobacco and spices which offer good export prospects. The main inhibiting factors are absence of commercial farming, stagnant production and high domestic prices that make local sales more profitable and reduce exportable surplus. Tobacco holds greater promise, and the activities of the Bangladesh Tobacco Company which supports, buys and exports tobacco have resulted in increased acreage under good Virginia varieties. Silk production, too, has historically been an area of traditional activity and is now being re-developed in certain areas. In the absence of statistics on production and other technical details, it is not possible to make an exhaustive treatment of many other agricultural products. Detailed studies should be carried out to examine their potential for production and export.

Manufactured Products

Jute has historically been the only major export industry of Bangladesh, accounting for about a half of the country's total exports. Its products are however, traditional, e.g. hessian, sacking and twine. Consideration may be given to the development of more rewarding products like carpets, jute textiles and furnishing materials which have higher proportion of value added and have better markets abroad than traditional products which face competition from synthetic substitutes.

The garment industry has shown much promise in the recent years both in terms of export earnings and employment generation. The industry is, however, highly susceptible to changes in styles and fashions in the international markets. Accordingly, it calls for continuous and up-to-date information concerning market demand. Joint venture collaboration with leading garment makers of Hong Kong, Korea and Western Europe, who are conversant with the design, style and fashions in the major consuming countries, would help in improving both quality and marketing of these products. As a least developed country, Bangladesh has not so far faced any major problem of access to major markets, although it is reported that recently U.S.A., Sweden and some EEC countries have raised some questions about the level of exports to

these countries. In order to prevent any damage to this growing industry, the government should take up the matter in earnest at the appropriate level in the importing countries.

Newsprint industry produces a surplus for export but its cost of production is high relative to world prices. Substantial demand exists in neighbouring India but the State Trading Corporation of India, which is the sole authorised purchaser, has recently suspended imports because of quality and price problems. As a result, stocks have been piling up. While a rehabilitation programme should be immediately undertaken to reduce the cost of production and make the industry more competitive in the long run, for the disposal of the current surplus stock, alternative markets should be explored.

Natural gas holds great potential both for developing import substituting uses and for export oriented industries such as fertilizer and methanol. The capacity being set up should make the country self-sufficient in fertilizer and also leave a surplus for export. In the long run, it is estimated that about half a million ton of fertilizers can be exported. In order, however, to determine the optimal pace of exploitation of this scarce resource and to develop this sector efficiently, the country's gas reserves have to be fully appraised. Technical and financial assistance has been made available to the government by the IDA in planning its exploration programmes and in ascertaining appropriate levels of gas prices and their impact on the economy, including an evaluation of options for optimizing the use of natural gas.

Cottage Industries

Cottage industries which include handloom products and handicrafts should have good export prospects, but so far they have made a minimal contribution in terms of increasing export earnings. Domestic production of such items is very low, and is the result of private sector initiative which is not itself well organized, while being inadequately financed and incapable of handling large export orders within a short span of time.

Given the enormous employment potential of cottage industries, a comprehensive package programme needs to be developed with international assistance. Such a package should include research, design, product development, provision of finance and marketing assistance. It is to be remembered that major prospects of these exports lie in the sophisticated markets of the western countries, Japan and the Middle-East. Improvement in quality design and style is an important pre-condition for the sustained growth of exports in these markets.

It has to be emphasized that appropriate supply and market development studies concerning the potential exportables, whether in agriculture, manufacture or the cottage sector, should be started in right earnest. In fact, Bangladesh's export promotion in the years ahead is contingent upon the development of new products to substantial degree. Even with a sound policy and proper implementation, the traditional agricultural items are unlikely to pick up in the immediate future to produce a surplus of the required magnitude. Attempts should therefore be made not only to re-establish the traditional exports, but also to develop new products for export wherever possible.

III. Strategy for Export Development⁴

As already noted, export promotion requires a well-articulated export policy which should be able to not only overcome the bottlenecks and constraints to export development, but also identify and develop existing and potential products for exports in line with the country's resource endowments and comparative advantages. A country's ability to export depends primarily upon three things: (i) its productive capacity and efficiency in various areas such as agriculture and manufacture, (ii) aggressive salesmanship abroad to consolidate existing markets and find new ones and most importantly, (iii) its ability to minimize cost of production, improve the quality of its products vis a vis the substitutes offered by the competing countries, and make these available to foreign importers at the right time and in the required quantity. The major objectives of an efficient export policy should therefore be to create an environment conducive to export expansion through improved economic policies, provide incentives to export activity right from the production stage, identify products that have export potential and devise measures to overcome problems facing these exports on a product by product basis. These factors are attended to in the following.

1. Widening the Export Base

Bangladesh has a very narrow export base. Her exports largely correspond with the level of agricultural production and the outputs of agro-based manufacturing units. Exports are concentrated on a few traditional products, and what is most distressing about these exports is that their value remained more or less stagnant in the past years. Yet, the country in the present situation, and also in the near future, can hardly avoid depending upon these traditional exports, even though they have been facing fluctuating demand and price conditions in international markets. In recent times, promotion of non-traditional exports has received due emphasis in official policies, but there is unlikely to be any

4. This section draws on [2].

radical change in the structure of our exports and hence our efforts will have to be concentrated on increasing the export of traditional items for quite some time to come.

However, in the long-run interest of achieving a desirable growth of exports, every attempt should be made for introducing newer items of export and appropriate policies adopted to avoid excessive reliance on a small number of traditional products whose markets are vulnerable to external forces, as well as to diversify the pattern of exports so as to widen the country's export base. It is therefore imperative on the government and businesses concerned to explore all possibilities for expanding the existing exports to traditional markets and also find new markets for these products.

2. Widening Export Outlets :

An important characteristic of Bangladesh's export trade is its dependence on a few countries for the major portion of its exports. Table 3 shows that well over 50% of our exports go to as few as ten countries.

Table-3
Direction of Bangladesh's Exports (% of total)

Importing Countries	1878/79	1979/80	1980/81	1981/82	1982/83	1983/84
U.S.A.	14.9	10.9	9.5	9.8	12.9	12.5
Pakistan	7.3	5.0	7.2	5.4	6.5	7.2
U. K. -	6.9	7.0	4.3	5.1	4.6	6.9
Japan	5.5	5.7	2.7	4.1	6.4	6.9
Italy	5.8	5.7	3.0	3.2	2.9	6.6
Singapore	1.1	4.4	7.7	10.7	9.1	2.5
USSR	8.0	6.6	4.1	5.4	5.6	2.5
Iran	2.1	5.0	6.0	3.9	3.3	12.3
Belgium	2.4	3.0	2.2	2.2	3.5	4.5
Australia	2.1	3.4	2.6	3.2	2.3	2.3
Sub-Total for Ten Countries	56.1	56.7	49.7	53.0	57.1	64.2
All other countries	43.9	43.3	51.7	47.0	42.9	35.8
Grand Total	100.0	100.0	100.0	100.0	100.0	100.0

Source : Bangladesh Bank, Annual Export Receipts, 1983-84

The high geographic concentration indicates that we have been paying inadequate attention to the task of diversifying our export outlets and relying increasingly on the few traditional trading partners for our exports. The widely held view that there is not much scope for increasing our exports because their demand is inelastic relates mainly to our exports to these traditional partners. It is very likely that even traditional exports will be increased if new markets, with more responsive customers, are found. Even in markets of the traditional trading partners, vigorous marketing effort and sales drive may succeed in creating increased demand.

Bilateral Agreements :

In the search for markets, however, appropriate care should be taken while entering into special trade agreements with partner countries. In recent years Bangladesh entered into bilateral agreements with a number of countries belonging to the socialist bloc.⁵ Although there is no doubt that bilateral agreements provide a temporary stimulus to particular export products, in entering into such agreements, their possible disadvantages should not be overlooked. Bilateral agreements tend to have a restrictive effect on trade, since they do not result in any net addition to total earnings derived from the sale of the product in question but merely lead to shift of destination. Secondly, it often appears that the privilege enjoyed by the bartering country is much greater than the concession offered. For example, it is alleged that the prices of most goods imported under barter are often abnormally higher than the world market prices.⁶ It is also alleged that many items like scientific instruments, medical equipment, etc., imported under barter, have been found unsuitable for the country [7;33]. Sometimes substandard goods and goods not much in demand in Bangladesh are supplied. Also, delay in shipment is a regular feature of this kind of trade. Many bartering countries deviate from original commitments and repeatedly ask for extension of LCs for supply and change of items orderd for, even after a lapse of considerable period of time [8;32-3]. The question of the tying of a substantial volume of our exports on highly unfavourable terms and conditions therefore merits serious re-thinking.

A recommendation that emerges from the above is that in expanding export outlets, greater attention should be given to explore export opportunities in our neighbouring countries. At present, more than half

5. Over 15 percent of our total exports in 1981/82 and 1982/83 were covered by these agreements. The percentage, however, came down to 8.8 percent in 1983/84. See [6; Table-1].

6. For example, the price of PH metre was US\$ 1894 in Hungary, whereas the same was available from USA at US\$ 260. See [7;33].

of our exports go to the developed market economies and the remainder to the socialist bloc and developing countries. There is, however, very limited trade cooperation with our neighbours, especially India, even though both Bangladesh and India are members of the Bangkok Agreement. It would be worthwhile to explore the potential for greater trade cooperation with our immediate neighbours such as India, Nepal, Bhutan, Sri Lanka and Burma. Greater bilateral efforts within the region are likely to have a strong beneficial effect on the performance of Bangladesh's exports.

3. Creation of Export Surplus

It has been observed earlier that the structure of our exports is unlikely to alter significantly in the near future, and therefore an increase in exports can be achieved mostly through the traditional items of agriculture and related manufactures. This increase in turn can be brought about by a rapid increase in production. But what is distressing in the case of Bangladesh is that production in almost all major spheres of activity, whether in agriculture or in manufacture, has either remained stagnant or declined in recent years. In a good number of cases productivity is well below the 1969-70 level. Higher productivity level is the key to successful export promotion. If productivity in fields and factories cannot be raised, there will be no surplus generated, and export promotion policies will remain mere declarations of intent and not serve any useful purpose. The primary task of those responsible for export promotion is therefore to encourage productivity increase so that sufficient surpluses are left after meeting domestic demand. This is indeed a general problem of economic growth, and a wide variety of measures will be needed to tackle this problem.

First, top priority should be given to ensure productivity increases in agriculture, forestry, fisheries, industry, and mining. In planning for productivity growth in the economy, export possibilities must be given due consideration. Thus, in formulating national plans, attention may be given to ensure that all development activity does have a direct or indirect bearing on export promotion.

An immediate way to increase productivity in agriculture is by improvement of simple crop management practices, beginning with increased crop density and proper plant spacing, followed by the use of good seeds, seed treatment, proper tilling, weeding and better preparation of seed beds and nurseries. These improvements are capable of raising yields substantially without any increase in inputs other than labour. Yields may be increased further by making fuller use of scarce land through multiple cropping, the most important requisite for which is irrigation. Efficient marketing arrangements are also a pre-requisite for

raising agricultural production. This should be complemented by adequate storage facilities for agricultural products and inputs.

In manufacturing, export prospects hinge upon making the existing export-oriented industries run at full capacity, thereby generating surpluses for export. For expanding of handicraft and cottage sectors to generate exports, better access to credit, raw materials and tools, improved technical assistance and training to producers, have to be assured.

In a word, appropriate incentives should be provided to motivate producers and entrepreneurs towards increasing production by guaranteeing fair and adequate returns for their products, thus making export production attractive relative to alternative investments.

Second, wherever economically feasible, attempts should be made to transform primary products into processed manufactures. Since the export of products at a higher level of fabrication is likely to earn more foreign exchange than at lower levels, appropriate encouragement should be given for setting up export-oriented industries, and necessary facilities provided for that purpose.⁷

Third, possibilities of joint ventures and production cooperation with other countries may be explored. Foreign private investment with a clear bias towards export promotion and employment of local labour should be properly encouraged. There are at present great opportunities of foreign collaboration in Bangladesh particularly in gas-based and petrochemical industries, deep-sea fishing, frozen fish industry, and processing of fruits and vegetables. Expansion of production in these activities may greatly contribute to export promotion in this country.

Fourth, exportable surplus may also be obtained in the shortrun by restricting domestic consumption of commodities wherever export possibilities exist. It must be noted, however, that internal demand for all exportables has been rising continuously with increases in population and income, and unless output can be raised sufficiently, restriction of domestic demand by fiscal devices will necessarily raise domestic prices of the products concerned, create scarcity in the home market, and cause hardship to consumers. The scope for restraining domestic demand for export purposes is thus very limited. The permanent basis for export is to be found only in a fast rise in agricultural and industrial production.

4. Export Incentives :

At present, a number of incentive schemes for promoting exports, including a provision of state recognition in the form of awards and

7. This has also the advantage of enlarging domestic employment opportunities.

trophies for best export performance, are in operation. These incentive measures, however, need to be subjected to constant review so that they are not abused. Every incentive has a cost to the economy, and hence, whenever the cost of the incentive is not in keeping with the resulting additional exports, it has to be dropped immediately. At the same time, certain anomalies that are likely to act as disincentives to exporters should be removed. For example, although export licences are, by rule, to be issued automatically, bureaucratic delays in issuing licences often hinder the process of export. There are other problems associated with complex customs formalities, compliance with foreign exchange regulations and banking formalities which should be simplified.

5. Marketing Support :

International marketing these days is getting more and more complex. It requires specialized skill and information about export markets, their laws, regulations and specific needs. Any marketing support programme should therefore give high priority to market research on product development, quality control, market access facilities and distribution channels, export prices and trade information. The Export Promotion Bureau (EPB) provides support services in some of these areas and compiles information about the marketing of specific Bangladeshi products. These services are, however, not adequate, and exporters do not seem to have made much use of such information. Moreover it is not sufficient to investigate the structure of foreign demand once and for all, because consumer's preferences frequently change over time. Research on international trade should therefore be carried out on a continuing basis at the EPB. Collaboration with other competent research institutions of the country is desirable in this important endeavour.

6. Competitiveness in Price and Quality :

Given the level of domestic production, exportable surplus, and the state of world demand, the most important factor that influences exports is the country's ability to compete in the international market in respect of both price and quality of products. As regards price, our experience over the past decade is utterly disappointing. Inflation rates in Bangladesh in recent years have been much higher than the world rates with the consequence that her exports became uncompetitive compared to rival suppliers. Higher domestic prices also render traders' profit margins on domestic sales higher than sales in the export markets. Producers' interest in export markets wanes and as a result export falls. In order to increase exports, therefore, the rate of inflation must be brought down

and held under check so that prices charged by our exporters appear competitive in relation to competing rival products.⁸

Secondly, mere provision of incentives cannot promote exports. Incentives can only affect cost of production and thus the price charged to the foreign buyer; they cannot do anything to influence the foreigners' choice which depends largely upon the quality of the product. In order to expand exports, the products should be of the internationally accepted standard. The quality of the product should be improved, and processing and packaging made up to the taste of the foreign consumer. In the past, failure to ensure quality has caused a great damage to our reputation as an exporting nation, (e.g., in the case of leather and shrimp), and tarnished our commercial prestige in the importing countries. This should not be allowed to recur. In every case, quality of the exported good has to be guaranteed, and therefore, pre-shipment inspection by competent officials should be made compulsory.

7. Export Management Training :

One important area to which an export development strategy should pay due attention is "export management training". Most of the exporters in our private sector have no formal education or training. The public sector organizations also lack the necessary knowledge and skill required for export development. Lack of trained personnel in this field hinders export promotion.

In order to overcome the problems arising from insufficient knowledge and skills and dearth of trained manpower, arrangements should be made for giving specialized training in the export-related subjects such as export costing and pricing, quality control, packaging, export procedures and documentation. Especially important are the functional aspects of export managements; e.g., production, marketing and finance as the main areas of export training, followed by export plans, programmes and policies of the government, international trade practices, conventions and agreements; and legal provisions and procedures to be abided by in export trade.

It may not, however, be immediately feasible for Bangladesh to establish a separate institute for this purpose but, for the present, the EPB in cooperation with existing Bangladesh institutions like the BIDS, Institute of Business Administration and Bureau of Economic Research of Dhaka University, related Departments of various Universities, and the Chambers of Commerce and Industry may periodically organize such

8. This may appear to be a question of exchange rate adjustment and other ad hoc incentive measures. But high relative rates of inflation may render various export incentives ineffective.

training programmes. Cooperation of international organizations like the ITC, UNCTAD and ESCAP may also be sought under their technical assistance programmes.

8. Expanding the Role of the Private Sector :

Over 70 per cent of Bangladesh's exports are currently handled by public sector corporations. These governmental bodies are often accused of being insensitive to price and market advantages abroad, and respond, if at all, very sluggishly to developments in world markets. For this reason, the quality of management of the public sector agencies with export responsibility should be improved and their performance subjected to periodic review in terms of export performance. Export performance of these organizations can be improved and their targets achieved only if competent and energetic officials can be found who will be capable of undertaking this responsibility.

The role of the private sector in export promotion should be recognised and appropriate facilities provided for that purpose. A strong private sector, backed by appropriate logistic support, may contribute more significantly to export earnings by diversifying exports in more ways than envisaged in the country's annual export programmes. The Government's policy in this regard is not clear, however. While it wants the private sector to come in a big way, its allocation to this sector has been raised only in small doses. For instance, industries in the private sector badly need working capital, but they are not given sufficient credit facilities by nationalised banks, because they are alleged to have exhausted their funds in feeding the public sector industries [7;50]. A realistic export development programme must incorporate in it an active involvement of the private sector, which will receive adequate support not only in the form of bank credit but also technical know-how in marketing and product development.

9. Improving the Institutional Framework :

Government organizations charged with the responsibility of export promotion, such as the Export Promotion Bureau should be streamlined and made useful for the task. The EPB which was set up in 1977 to suggest export promotion measures, examine the potential of export-oriented products, and coordinate export efforts of various private and public sector organizations, has not been able to produce any significant results so far. The EPB has greatly expanded in size in recent years and is assisted by a number of other organs such as the Export Promotion Council (EPC), the Export Coordination Unit (ECU), Export Promotion Advisory Committee (EPAC), a special monitoring cell, a Central Task Force (CTF), and a number of Sectoral Task Forces (STF). Each of these subsidiary organs of the EPB has its specific functions

which are ideally useful for export promotion purposes, i.e., in matters of reviewing export policy, coordinating export efforts of various organizations, monitoring information, etc. Their contribution in terms of actual export expansion has, however, been insignificant, since most of their functions are in practice neglected and the attention given has been far from adequate.

In fact, the EPB works more in areas that fall on the periphery of the export process than in matters which are considered crucial for export development. So far, it has engaged itself in only some routine desk research, some surveys and publication of some statistics which are neither comprehensive nor reliable. Its administrative expenses have always exceeded the sums spent on export development activities, and naturally, therefore, the attention given to export promotion has not been sufficient to have had a perceptible impact on exports.

One reason for this state of affairs is that the organization of the EPB and its various organs are so framed that they are functionally attuned to the peripheral activities, relegating the more crucial aspects of export promotion (i.e., the planning of policies, supply development of exportables, market promotion etc.,) to a secondary position. There is no sense of direction from the Government to the Bureau's activities. Its function has been in fact one of providing ad hoc services to the Ministry of Commerce and it merely operates as the Ministry's research wing on export matters. As a result, the Bureau's attention is diverted more towards issues and tasks which are not related to its prime objectives.

Moreover, an inherent weakness of the Bureau is that it has no influence on the formulation of policies, laws and regulations on fiscal and monetary matters that have a bearing on exports. It has no say in the production programmes of various sectors although as the focal organization it could play a leading role in coordinating the activities of various agencies that have some bearing on the export sector. For all these reasons, a complete reorganization of the Bureau is considered necessary. It is desirable that the major export promotional activities are classified into selected areas, and each of these areas placed under separate units created or revamped for this purpose.

10. Problem of Access to Developed Country Markets :

In general, while market access has been so far not a major problem for Bangladesh, some trade barriers are of concern to the country, particularly relating to jute. This is an area which can be addressed immediately by the international community and which would improve the competitiveness and export earnings of jute products. At present, the major policy instrument relating to improved market access is the GSP,

but there is plenty of room for improvement in the scope and quality of various GSP treatments offered by the importing countries. Despite the advantages of GSP rates and the MFN tariff reductions made in the Tokyo Round, some significant tariffs still confront jute products in Australia, Austria, Japan, New Zealand, Sweden and the United States.

Moreover, there are certain products which face high tariff rates even under GSP, e.g., carpets (Austria), prawns and shrimp (EEC) and garments (Switzerland). Many of the GSP concessions are again linked to export ceilings. Clearly the removal of GSP ceilings and enlargement of the GSP product coverage would prevent the erosion of the GSP benefits to Bangladesh and other developing countries. This would also be in the interest of the importing countries because of the resulting lower prices compared to more expensive substitutes.

Non-tariff barriers have often been found to be a more serious impediment to market access. Reviews by UNCTAD have shown that the unprocessed commodity exports of LDCs have not responded significantly to the elimination of tariff barriers, chiefly because of the presence of non-tariff restrictions on trade. Bangladesh's exports that face non-tariff barriers of various kinds in different countries are: crustaceans and jute goods (Australia); tea, fish and jute goods (Austria); fish, tobacco, jute foods and garments (EEC); fish, spices, tobacco, molasses, leather and jute goods (Japan); carpets (Norway); fish, crustaceans and jute goods (Sweden); tea, jute goods and carpets (Switzerland); and fish, raw cotton, jute goods and garments (USA). Efforts should be intensified to obtain liberalization of these non-tariff barriers to Bangladesh's exports.

11. Raising Invisible Earnings :

Earnings from invisibles are small in Bangladesh, and have been declining in recent years. From US \$ 600 million in 1982/83, these earnings have fallen to US \$ 550 million in 1983/84, and to US \$ 430 million in 1984/85. At present, nearly the whole of our invisible earnings is in the form of remittances from nationals settled or working abroad. There is virtually no income from shipping, insurance, banking etc., although such income constitutes a substantial proportion of foreign exchange earnings in developed countries. Because of our meagre shipping capabilities and undeveloped insurance and banking systems, we pay out a lot more than we receive under these heads. The only possibility of raising invisible earnings at present lies in obtaining more remittances from our nationals residing abroad. Current remittances are no doubt small compared to other Asian countries, but these may be increased significantly if appropriate incentives can be given.

There is a great potential in the field of manpower export, but the government department concerned has failed to tap this potential. It has to be understood that job opportunities abroad depend upon the occupational needs of western multinational corporations. In order to be able to boost the export of manpower, the needs of these multinationals have to be assessed, the terms offered by the rival manpower supplying countries ascertained, and more competitive terms offered. This job can be done better by a private commercial organization than a government department, [7:47]. For this reason, a manpower employment agency with representatives from the government, private businesses, and educational and vocational training institutes may be set up. Arrangements should be made for imparting special training in specific trades and activities that are in great demand abroad. The potential of manpower export lies only in the possession of superior technical skill by workers.

In addition to the above, the potential of promoting consultancy services in fields like construction engineering, accountancy, management and economics is also great. With the new affluence of West Asia and Africa, vast opportunities have arisen for supply of these consultancy services. Utilization of this potential warrants special attention from the government. People with skills and talent in specific areas may be given appropriate facilities by the government by way of providing timely information about the availability of related consultancy services abroad, facilitating contact with overseas authorities, and giving prompt clearance for undertaking such jobs. A special cell may well be set up in the Ministry of Commerce or Manpower Development to look after this important area.

12. Infrastructural Back-up :

Successful export promotion effort requires infrastructural facilities like transportation, communication, and warehousing, but these services are insufficiently available in Bangladesh. Thus, facilities for shipping which is the most vital service needed for export development are very poor. Development of shipping is both a long-term and a short-term task. While we should immediately strive to acquire additional tonnage to lessen our dependence on foreign vessels, and expand port facilities to avoid congestion, plans to build a ship-building yard should immediately be undertaken. Air-freighting is now progressively assuming greater importance in the export of light and perishable cargo. Concessional rates may be allowed for these exports to make them competitive, and also arrangements should be made for cold storages at airports for perishable export cargo. Also, internal transportation problems that obstruct export trade (e. g., wagon shortage in the railways, lack of godowns at seaports for storing export cargo till the arrival of ships) demand urgent solution.

IV. Concluding Remarks :

Bangladesh's trade balance has been chronically unfavourable because of our continuously rising import requirements. The imbalance is currently met mainly through foreign aid and partly by invisible receipts in the form of private remittances. There is no doubt that, for quite some times to come, foreign aid will continue to play a vital rôle in our development process. But in the long-run interest of achieving a self-reliant growth, we should depend on ourselves to the maximum extent possible. A strategy to tackle the trade imbalance has therefore to be found soon. Our imports are already curtailed to a bare minimum because of foreign exchange constraints, and any further cutting down of imports will dangerously slow down the pace of our development process. This leads us to the inevitable alternative of expanding our exports.

Expansion of export is, however, a difficult task; its major determinants such as foreign incomes and prices being beyond our control. But if we are to move ahead to achieve our development targets we must make a determined effort to achieve this objective by expanding exports. (1) The foremost task is to expand production in every sphere of economic activity so as to obtain an export surplus. (2) the export base has to be broadened by introducing new exportables. (3) Aggressive salesmanship is needed to consolidate our hold in the old established markets and find new ones. Diversification of export outlets is essential for establishing a firm basis for long-run export development. (4) Appropriate encouragement should be given to exporters through financial incentives. (5) Cost of production has to be brought down to make our products competitive in international markets. (6) Product quality of exportables has to be ensured. This is essential if we want to protect our commercial prestige abroad. (7) Institutions with export promotion responsibilities should be streamlined and made to adopt a pragmatic approach in devising export promotional policies and coordinating export activities of various organizations. Finally, infrastructural back-up services need to be developed to create conditions conducive to long-run export development.

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Import Problems and Policy for Bangladesh

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I. INTRODUCTION

This paper draws on research carried out by the Trade and Industry Policy Reform Programme (TIP) in Bangladesh. It will focus on industrial protection or assistance problems and policies. Instead of dealing with general theoretical issues, with which I am sure you are all familiar, the paper will analyse problems and policies affecting specific industries in Bangladesh - including some that in the judgement of TIP receive too little protection and some that receive excessive protection. But I would first like to say a few words about the approach taken by TIP in its research.

The criteria used by TIP in carrying out its policy studies and in formulating recommendations for reforms are based on the broad guidelines laid down in the New Industrial Policy of 1982. More recently in the Annual Budget Message for 1984-85, the Government has made a more explicit statement of the principles that should guide trade and industry policy reforms. These principles were summarized on pages 1 and 2 of Part II of the Budget Message as follows:

(1) In order to get away from heavy dependence of the Government revenue system on imports, revenue collection has to be gradually shifted from imports to domestic production and income.

(2) Consequently, the revenue collection aspect of customs duty (and presumably other fiscal measures affecting foreign trade) should be assigned a secondary role, and a conscious effort should be made to use such measures as a medium for aiding growth of industrial output by providing domestic producers with adequate protection or assistance.

(3) Consumer's interests should be protected, which in the words of the New Industrial Policy (NIP) means that the quality and price of

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This paper does not take into account import policy changes recently announced for 1985-86.

locally manufactured goods should be maintained at reasonable levels and that the growth of monopolies should be curtailed.

(4) Fiscal anomalies should be removed, which means that contradictory measures and those inconsistent with assistance policy objectives should be reformed.

(5) A uniform tariff should be established for identical goods regardless of who imports them or who uses them for which purpose. (In other words, it is neither realistic nor practical to try to prevent tradeable goods from falling into the hands of the highest bidder).

(6) The tariff structure should be simplified, presumably to reduce the scope for arbitrary administrative discretion and uncertainty and to improve the efficiency of policy implementation.

The criteria that TIP has used to guide its policy studies are the effective rate of protection and the domestic resource cost of earning or saving a unit of foreign exchange. These are the generally accepted professional criteria for assessing industrial assistance policies.

In brief, taxation and control of imports that compete with domestic products determine the price local producers can charge, but the difference between the price they can charge and the price of competing imports does not usually correspond to the effective protection or assistance domestic producers receive. The effective level of assistance they receive is determined by the difference between the price they are able to charge for their products and the prices they must pay for their inputs.

The common belief that taxes on competing outputs must be higher than taxes on imported inputs to provide positive effective protection to domestic producers is erroneous. A uniform tax on competing outputs and imported inputs of, say, 30% would provide 30% effective protection to a domestic producer. The difference between the value of outputs and material inputs, namely value added or payments to owners of capital, labour and land, is equally protected by uniform taxes on outputs and material inputs. Thus, final assembly industries that add little domestic value to imported inputs can enjoy astronomical levels of effective protection if taxes on competing outputs are higher than the weighted average of taxes on imported inputs. This kind of tax anomaly unfortunately seems to be just as frequent in Bangladesh today as of the opposite kind, with the result that assistance is often provided to industries that save little or no foreign exchange at enormous domestic resource costs.

Significant progress have nevertheless been made since 1982 to implement the New Industrial Policy. New incentives have been given to

promote expansion of selected export products, industrialists have been given greater freedom to import producer goods through the WES market, the structure of customs duty and sales tax rates has been simplified and rationalized to some extent, and other steps have been taken to create a more favourable environment for healthy industrial growth. The task that lies ahead is to maintain the momentum of reform, reinforcing and generalising those new policies that have been found successful and overhauling those that have not. Much still remains to be done to bring current trade and industry policies in line with the principles enunciated in the 1984-85 Budget Message.

As will be explained in the following pages, the most important areas requiring further reform are the structures of protection of related inputs and outputs and the choice of policy instruments for providing industrial assistance. Reforms in both of these areas are urgently needed to give reasonable assistance to industries presently suffering from negative effective protection, to prevent resources from being allocated to industries that actually lose foreign exchange for the country, to encourage greater industrial integration (both backward and forward), and to improve the efficiency of assistance policy implementation. If these reforms are successfully adopted, the recent decline in industrial value added as a proportion of gross industrial output can be reversed, net earnings and savings of foreign exchange can be greatly enhanced, and the dependence of fiscal revenue on foreign trade taxes can be progressively reduced.

II. INCREASED ASSISTANCE FOR INDUSTRIES THAT RECEIVE TOO LITTLE PROTECTION

A. Engineering Industry

The main industrial sector so far identified by TIP which receives little or negative assistance is engineering. In "A Case Study on Assistance Policies Affecting the Capital Goods Industry" by H. Siddique, only one of the nine industries studied was found to receive a positive rate of effective protection or assistance. These findings have been confirmed in more detailed studies of diesel engines, electric motors, transformers, pipes and tubes¹. In addition to estimating effective rates of protection presently given to these industries, the studies have also examined the net foreign exchange savings or earnings these industries generate. For this purpose a measure called the Domestic Resource Cost (DRC) has been used.

1. "Report on Assistance to the Production of Diesel Engines"; "Report on Assistance to the Production of Electric Motors"; "Report on Assistance to the Production of Transformers" and "Report on Assistance to the Production of Pipes and Tubes"; by R. W. Warner.

Many engineering or metal working industries appear to be particularly suitable for promotion in Bangladesh, given its present stage of development. In the first place, many of these industries are relatively labour-intensive. The sector already accounts for about 9% of total manufacturing employment in the country according to TIP estimates (excluding handlooms, traditional cottage industries, tailoring and salt), and each one million taka of gross output in the sector generates approximately 23.6 jobs compared to only 18 for manufacturing as a whole. Engineering is also an industry with many backward and forward linkages. It provides abundant opportunities for the acquisition of skills sorely needed in a country undergoing industrialization, and it is an excellent vehicle for the transfer of improved technology. In short, Bangladesh should have a comparative advantage in the production of engineering goods both for import substitution and export. Indeed, few if any low income countries have ever experienced sustained, rapid growth without developing a robust engineering sector².

The main policy reform TIP is prepared to recommend at this time is imposition of a minimum 30% rate of duty-cum-sales tax on imports of engineering goods. The most important goods that would be affected by this measure would be machinery and equipment, which presently enjoy preferential rates of duty. At the same time, duties and sales taxes on spare parts should be brought down to the same level. TIP studies have found abundant evidence that differential taxation of capital equipment for different purposes is not effective and leads to frequent abuse. Furthermore, subsidization of capital by taxing import of machinery at a rate lower than the difference between the exchange rate and the opportunity cost of foreign exchange is bad policy (TIP estimates that the "shadow" exchange rate is more than 20% higher than the official rate). It biases the choice of technology against more labour-intensive methods contrary to the government's priority of maximizing employment generation in its development programmes and policies.

It is understandable that the government may be reluctant to raise tax rates on import of capital goods that either are not, or cannot, be produced in Bangladesh at this time. For this reason it may be necessary to prepare a negative list of machinery and equipment that will not be taxed at 30%, but rather at some lower rate. It would be clearly understood, however, that the main purpose of the recommended policy reform to provide effective assistance for expansion of the engineering

2. In this regard, the TIP studies "Insights From South Korea and Taiwan on the Engineering Sector in Bangladesh" by A.H. Amsjien and "Steel making and Steel Using Industries" by R.W. Warner can be consulted.

goods industry will be thwarted if the native list is large. In the paper "Capital Goods : Potential Areas for Production in Bangladesh" by R.W. Warner and in the study previously cited ("Steel Making and Steel Using Industries"), lists are given of the broad array of products for which there is not already installed production capacity in Bangladesh, which would be seriously affected, stifling the development of new avenues of production.

The main arguments commonly used in support of concessionary rates of taxes on capital goods imports are that investment in general, and the regional dispersal of industry in particular, would be discouraged if taxes are raised. The answer to the first argument is that the increase in the cost of investment caused by raising import taxes on machinery to 30% would in all likelihood be quite modest. The increase in prices of machinery would be offset at least in part by the recommended reduction in taxes on spare parts, and in time by the expansion in competitive supplies of domestically produced capital goods; and adoption of other policy reforms recommended by TIP, such as reduction in the price of steel (see below), would contribute to lowering the cost of investment. The answer to the second argument is that incentives for the regional dispersal of industry can be provided more efficiently by policies other than concessionary import taxes.

TIP recommends that an Effective Rate of Protection (ERP) of no less than 30% should be granted to engineering goods producers. If a nominal rate of protection to products of 30% is given to producers as recommended, then the weighted average on nominal rates of protection to inputs purchased by engineering firms should not exceed 30% to provide an ERP of the same magnitude. Current rates of nominal protection on engineering product inputs, however, exceed this level. For example, electric motor producers are obliged to pay 83 to 95 percent more than the landed cost of inputs they import directly (and an unweighted average of 125% over landed cost for all inputs); diesel engine manufacturers, up to 59% more depending on the proportion of locally produced parts they claim to use; transformer producers, 50% to 300% duty, plus 20% sales tax on imports of raw materials unless otherwise exempted; and tube and pipe manufacturers from 10% duty with no sales tax, to 50% and 20% respectively depending on the inputs.

The main barrier to assuming a target rate of effective protection to engineering goods producers, however, is not the wide disparity of statutory tax rates on inputs but the proliferation of special concessions and quantitative restrictions. There is perhaps no industrial sector in Bangladesh more subject to differential tax and other assistance

measures based on who produces the goods for which end use. Current policies are so complex that it is quite meaningless to try to determine the effective rate of protection a particular product receives; such rates can only be estimated after knowing who produces it for which client, and even then estimates are unlikely to reflect reality because of irregularities in policy implementation. For example, imports of certain gauges of superenamelled wire used in electric motors, transformers and other engineering products is banned so that the single local producer can change a monopoly price; inputs for producing engines for shallow tubewells are exempt from duties exceeding 15%, and BDP and BMTF receive blanket exemption from such duties; Notification No. S.R.O. L/83/794/Cus allows only GEM to be reimbursed for all customs duties above 15% on raw materials used in the production of single and three-phase transformers; imports of raw materials for the production of only 4-inch diameter GI pipe for shallow tube wells are exempt from taxes over 15% according to Notification S.R.O. 429-L/82/758/Cus; shipyards receive tax exemptions on imports of raw materials except for steel plate; etc.

It would, therefore, seem quite impossible to establish a rational, coherent policy for assisting development of the engineering sector without standardising most, if not all, of these special provisions affecting the taxation of both inputs and outputs. Such a reform, although necessary to rationalise present policies, would not be sufficient, however, because government agencies are the principal purchasers of locally produced capital goods, and their procurement procedures are at least as complex and inefficient as differential taxes. This subject has been analysed in a number of the TIP reports already cited and particularly in "An Appraisal of Policies to Promote Government/Public Sector Procurement from Local Industries" by K.M. Sakhawatullah and R.W. Warner, which can be consulted for further details. Only the main policy implications of this research will be summarised below.

The Cabinet Division's directive No: 23 (Policy) gives expression to a number of important principles to be followed in government procurement of capital goods. To give preference to local producers it established "right of refusal" procedures, which unfortunately have tended to delay project implementation more than increase local purchases. In TIP's opinion, it would be preferable to introduce a "law of similars", according to which no items produced locally could be financed with tied foreign aid. All such items would be procured under competitive international tender, preferably with a 15% price advantage for domestic producers. To assist local industry to compete in such tenders, all government agencies should be required to prepare

procurement programmes well in advance of execution, issue pretender notices requesting potential local bidders to express their interest, and consult the body responsible for enforcing the "law of similars" before determining detailed specifications for machinery and equipment, "bunling" project components for bidding, or entering into negotiations with funders.³ This is a very complicated area of policy, however, which is currently under review by a working group set up in the Ministry of Industries to consider TIP's suggestions.

With regard to financial incentives for firms that make sales in foreign exchange under international tender, TIP recommends that they be treated the same way as other non-traditional exporters. They should be given a 200% XPL (or a 30% TEC) on the net value of sales from their bonded warehouses. It is especially important that engineering firms receive an incentive for backward integration because the industry cannot become economically viable without developing a network of sub-contractors for the production of components and the provision of services. For this reason, it is also important that import of CKD part kits into bonded warehouses be fully taxed.

B. Fertilizer Industry

Fertilizer (chiefly urea) production is of vital importance to Bangladesh. As the use of fertilizers increases, the benefits from its efficient production (or costs from its inefficient production) will rise exponentially. Yet the fertilizer sector is shackled by conflicting policies. On the one hand the prices of its major input, natural gas, is highly subsidized; on the other hand it is compelled to sell its output to BADC at below the CIF price of urea. The net effect is the largest negative protection to any sector of the economy. Moreover, plant management has been given neither the incentive nor the autonomy to operate the plants at their full capacities.

These problems have been discussed in detail in "Fertilizer Industry Sector Issues" by Ahmed and Hutcheson, which has been widely circulated for comment. The Principal recommendations of that report are as follows:

1. Allow managers of fertilizer plants the autonomy to decide on operation, staffing, and remuneration of employees while judging and rewarding them according to profitability.
2. Eliminate the preferential price of gas for fertilizer plants.

3. The standards of the National Standardization Committee of the Ministry of Agriculture, such as those contained in CCIE Order No. S.R.O. 342-L '84, Annex 25, should also be adjusted accordingly or abandoned altogether.

3. Set the ex-factory price of fertilizer from time to time at the expected CIF price plus 20%, allowing imports by private traders under WES subject to a 20% customs duty (and no sales tax).
4. Allow private wholesalers to purchase fertilizer directly from the plants.
5. Subject to favourable appraisal of each project, continue expanding urea production more or less in line with the increase in domestic demand.
6. Any subsidy given to fertilizer users should be explicit.

III. REDUCING ASSISTANCE TO INDUSTRIES RECEIVING EXCESSIVE PROTECTION

A. The Steel Industry

This has been the subject of study not only by TIP ("Report on Basic Steel Industry: M.S. Billet, Plate, Rods and C.I. Sheets", by R.W. Warner) but also by other experts (notably, "The Iron and Steel Sector of Bangladesh" by Atkins Planning, commissioned by the BSEC and published in four volumes in May, 1982). The latest study of the industry is "Steel Making and Steel Using Industries" R.W. Warner. It is therefore not necessary to go into much detail on the steel industry in this summary; the facts should be well known to those who are concerned or have consulted the studies cited.

All of these studies underscore the high cost of the basic steel industry to the country both in domestic resources and in foreign exchange, a cost which has increased over the years, instead of declining. The industry therefore requires a high level of assistance from government, mostly financed by high prices paid by steel users to keep the Chittagong Steel Mill (CSM) afloat. Since steel is a basic input to the metal working and construction industries, TIP strongly believes that reform of steel assistance policy is urgently needed.

The policy package suggested calls for the following measures :

1. Reduce tax rates on imports of all rods, bars, sections, sheets, plates, pipes and tubes to a level of 30%. These rates would apply to all items falling under tariff headings 73.07 to 73.20, except billets.
2. Tax rates on imports of billets, steel coils, other semi-finished products, scrap and old ships for breaking should be fixed at 20%.
3. Lift any bans or quantitative regulations on imports of steel products, and eliminate all excise taxes on local production of intermediate products.

4. If it is decided that CSM cannot be closed down for social reasons, then an explicit government subsidy should be given to the mill, equal to 30% of its ex-factory selling price.

The results of this reform would be to :

- (a) Reduce user prices of steel by about 30%.
- (b) Eliminate windfall profits earned by re-rolling mills, but allow efficient ones a reasonable rate of return (this may lead to some contraction of less efficient excess capacity).
- (c) Pipe mills would be able to earn a reasonable margin on processing coil.
- (d) Shipbreakers would also be able to realize a reasonable rate of return, based on typical tonnages in recent years.
- (e) If the indicated subsidy is paid to CSM, the mill should be able to break even, if all long-term debt (and possibly accumulated short-term debt) is written off.

The fiscal implications of these reforms would be favourable if the CSM were closed down. The estimated savings in the development budget from the reduced cost of steel would offset losses in import and excise tax collections by about 11.5 crore taka. If the CSM were kept operating with a subsidy, however, the additional expenditure thereby required would exceed net development budget savings by an estimated 28.5 crore taka. These numbers give a sombre idea of the burden that excessively high steel prices are now imposing on the national economy.

The social cost of reducing excessive assistance to the basic steel industry is often expressed in terms of lost jobs. Indeed, Atkins Planning estimated that employment in the steel industry could double by year 2000, if Bangladesh became completely self-sufficient in steel and GDP grew by 7.2% per year. A doubling of employment would create about 10,000 new jobs. On the other hand, a conservative estimate of additional employment that would be created by more rapid growth of the engineering industry, provided steel prices were reduced, is 100,000 new jobs- and this does not include the favourable effect that lower steel costs could be expected to have on accelerated growth of the construction industry. These are other aspects of the proposed reforms and their expected consequences are explained in greater detail in the study previously cited.

B. The Clothing and Textile Sector

This view is based on a number of studies carried out on individual industries by TIP over the last year and a half, the results of which have

been updated to take account of recent changes in assistance policies. One aspect of present policy that is well illustrated in this sector is the large difference that exists between statutory and actual rates of protection. This difference is explained by the fact that competition among local producers makes them unable to take full advantage of the very high protection given by existing rates of taxation on competitive imports. This situation, referred to as "water in the tariff", provides an excellent opportunity to reform these assistance policies immediately without seriously disrupting the operation of most existing firms or incurring important losses in fiscal revenue (since such high tariffs tend to be prohibitive). On the other hand, rayon and silk yarn industries appear to be in a situation similar to that of the Chittagong Steel Mill: they are losing foreign exchange for the country at a high domestic resource cost.

The recommended policy reforms are of three kinds. Firstly, extraordinarily high tax rates on textile imports should be reduced to more reasonable levels, preferably no higher than 5% or so. Secondly, the marked difference between tax rates on imports of textile inputs and outputs should be compressed, both by raising very low rates on some inputs as well as by lowering very high rates on both inputs and outputs. Many existing tax anomalies are created by extremely large tax differentials. And thirdly, the quantitative regulation of imports creates a chaotic situation in the clothing and textile sector. Such regulations are especially detrimental to the development of certain industries such as weaving, which is relatively labour-intensive and should enjoy a comparative advantage in Bangladesh, and at the same time they create opportunities for making windfall profits by others, such as used clothing importers, who are allotted quotas instead of having to bid in open auctions.

Since policy reforms that are advisable for particular inputs and outputs of the sector depend on reforms adopted for related products, it is not possible to recommend changes in specific rates independently of the overall structure of protection and government is willing and able to provide to the sector. One possible rate structure is based on the premise that each stage of production should receive no more than a 100% rate of effective protection. One important implication of adopting this or any other coherent rate structure should, however, be fully understood: those activities whose cost of production is not significantly greater than the value of output at border prices should be closed down, or kept alive with explicit government subsidies, but not by penalizing consumers with exorbitant prices.

The principal recommendations of TIP for assistance policies for the textile sector are:

- (1) Net protective tariffs should be narrowed down within a range stretching from 30% for raw fibers and other materials, to 55% for all clothing.
- (2) Import bans on raw materials and intermediate products should be lifted, and restrictions on yarn imports should be withdrawn. Commercial importers should be allowed to import under WES and no preconditions should be set on the use of cash licenses.
- (3) Development of modern dyeing and finishing capacities, (especially to supply quality fabrics to the export garments and other textile goods industries), and domestic production of textile machinery and spare parts need to be given stronger encouragement.

C. Other Industries

TIP expects to complete assistance policy studies of other industries which, together with the industries already studied, will account for between 80 and 90 per cent of total manufacturing value added and employment in Bangladesh. Some of these studies are sufficiently advanced, however, to venture policy suggestions, the most significant of which are presented below.

(i) The Plastics industry is quite diverse, so attempts to generalise about it are subject to difficulties. Nevertheless, it appears that policy toward the industry has been unstable and contradictory. Exports are discouraged by high customs duties (50%) and sales taxes (20%) on inputs that make up a large part of the final value of most plastic products. The value of the incentive available through the XPL is only about 6% of the amount exported, thus giving a negative effective protection to exporting. Roughly the same degree of discrimination faces plastic producers who sell to firms participating in international tenders, a potentially important market for manufacturers of PVC pipe, electrical accessories and fitting, electrical wires and cables.

Incentives for domestic sales, on the other hand, are very high because of customs duty of 100% and sales tax of 20% on most items, and because of bans on imports of PVC pipe with diameters of up to 8 inches, shoes, buttons and electrical accessories. The incentive effect of both bans and high duties, however, is undercut by smuggling and by ad hoc imports at concessionary rates.

These problems and recommended solutions have been discussed in "An Analysis of Assistance to the Plastics Industries in Bangladesh" by

M. U. Ahmed and L. McKay. As a step toward rationalizing assistance policy this recommends the following :

- (a) Remove bans on intermediate goods -- PVC pipe, shopgrade PVC foam, electrical accessories and fittings.
 - (b) Lower the customs duty on plastic products to 45%
 - (c) Lower customs duty on plastic materials inputs to 30%, which together with (b) would provide an ERP of about 100%.
 - (d) Allow import of both plastic products and inputs under WES.
 - (e) Make bonded warehouse facilities available for exporters of plastic products and those selling against international tender. Users of bonded warehouses should receive a 200% XPL (or 30% TEC) on their net foreign exchange earnings.
 - (f) If the policy recommended in point (c) above is adopted, then exporters would receive the same effective rate of assistance without a bonded warehouse if they were granted a 30% TEC on gross foreign exchange sales.
- (ii) The packaging industry serves as a supplier to a large number of manufacturers in Bangladesh. There are around 30 firms engaged in the production of cartons of different sizes and qualities. Although the rates of duty on packaging materials are high, the competition among firms results in less than the full statutory rates of nominal protection being realized. The industry is also subject to rates of customs duty and sales tax on its inputs typically totalling 140%. Imports of duplex board, one of the most important inputs, is banned. The combination of these factors may give the industry negative effective protection notwithstanding its high statutory protection.

These problems have been discussed in "A Note on the Packaging Industry", by Z. A. Eltezam. On the basis of this and other studies, the following recommendations are presented for consideration :

- (a) Remove the ban on imports of duplex board.
 - (b) Reduce the customs duty on duplex board, kraft liner, fluting medium, other papers and boards, silicate gum and parafin wax to 50%.
 - (c) Reduce the customs duty on finished cartons; a duty of 70% would provide an ERP of about 100%.
- (iii) A diversity of rubber products is manufactured in Bangladesh but 2 and 4-ply cycle tyres and cycle tubes account for the bulk of employment and fixed investment in the industry. The Industry is an important one

not because of its size (employment level of only around 2200), but because it produces an important input for rickshaws on which lakhs of people depend for transportation and their livelihood.

The effects of assistance policy toward the industry are difficult to estimate. Import of tubes and 2-ply tyres are banned, yet there is a substantial amount of illegal importing. Customs duties and sales taxes amount to 140%. Based on crude price comparisons, domestic tubes appear to be only about 12% more expensive than imported ones, while domestic tyres are around 53% more expensive. These comparisons fail to take into account differences in quality, however. Some consumers affirm that imported tubes last twice as long as domestic ones and that the durability of imported tyres is up to four times greater. Acceptance of these quality differences at face value would imply nominal protection of 125% for tubes and of 152% for 2-ply tyres.

High rates of customs duty and sales tax also apply to the inputs of tyres and tubes: around 88% for most items, of which rubber, chemicals, bead wire, tyre fabric, and tube valves are the most important. Based on price comparisons unadjusted for quality differences, the effective rate of protection would be -38% for tyres and -63% for tubes. Estimation of effective rates of protection on the basis of the cited adjustments for quality, however, leads to diametrically opposite conclusions. The world price value added in both activities would be negative, which means that their ERPs are infinite. Truth probably lies somewhere between these two estimates, but exactly where is hard to say. Here, in fact, one has an excellent example of a major drawback to using bans: they make it difficult for policy-makers to know exactly how much assistance an industry is receiving.

These problems have been discussed in detail in the study, "Analysis of Assistance to the Rubber Products Industry" by M.A. Rashid, which makes the following recommendations:

- (a) Remove the ban on import of 2-ply cycle tyres and tubes.
- (b) Reduce the customs duty-cum-sales tax on cycle tyres and tubes from 140% to 70%.
- (c) Reduce the customs duty-cum-sales tax on bead wire and tyre fabric from 88% to 40%.
- (d) Reduce the customs duty-cum-sales tax on raw rubber to 20%.

IV. CONCLUSION

It can be seen from the examples given above that current import policies are often contradictory and are not well designed to achieve coherent national policy objectives. Current policies are especially in

need of reform if they are intended to help implement the New Industrial Policy of 1982, which places great emphasis on the decentralization of economic decision-making. Decentralization implies greater reliance on incentives, compared to direct controls, to guide decisions in both public and private sector industries. But, since existing import policies provide effective rates of protection ranging from highly negative ones to infinity, there is little correspondence between the financial rates of return industries enjoy and their respective contributions to the national economy. This is not an incentive system that can be relied on to help develop a sound, dynamic industrial structure in Bangladesh.

Sectoral Linkage, Development Strategy and Trade Pattern of Bangladesh

ABUL KALAM AZAD*

This paper estimates the interlinkages of different sectors of the Bangladesh economy and examines how far the trading pattern conforms to the development strategy of the country in the light of the intersectoral linkages of the economy.

I. Introduction

The economics of development is replete with dogma and fundamentalism. For instance, neoclassical analysis views economic development as a gradual and continuous process, involving automatic equilibrating mechanisms and emphasizes the 'trickle-down' effects of economic development. There are others, such as Marx and Schumpeter who perceived conflicts, disequilibria and recurring breaks in the process of development. Such diverse views on the process of economic development have been instrumental behind the controversy on balanced versus 'unbalanced' growth strategies. As an offshoot of the 'unbalanced' growth strategy, we confront the industrialization versus agriculture 'fundamentalisms'. The industrialization fundamentalism can also be linked to the policy controversy about 'export expansion', as against import substitution. This latter controversy involves the trade pattern of a country, the interrelationship of which with economic development has itself been a subject of great debate. Adam Smith's 'rent for surplus' theories of international trade, Ricardo's theory of comparative advantage and Marshall's views that causes of economic development must be sought in international trade, all indicate that the classical and neoclassical writers considered trade as the 'engine of growth'. On the other hand, structuralists, drawing on the experience of the twentieth century, generally emphasize the deterioration of the terms of trade for the LDCs and the asymmetrical effects of technological progress for the 'centre' and the 'periphery'. A more moderate generalization would rather assign to development the role of being an

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'engine of trade'. However, the empirical investigations of the relationship between international trade and economic development gave rise to mixed conclusions. Some case studies, such as mineral exports from Liberia, revealed rapid export growth yet lack of spread effects for the rest of the economy and failure of general development [1]. In other cases, like rubber exports from Malaysia and Indonesia, a period of export contraction and stagnation was found to follow a period of rapid export expansion. Still some other countries - for example, Hong Kong, South Korea, Taiwan - experienced trade expansion and high rates of economic growth simultaneously. In this paper, we propose to see how far the trade pattern, more specifically, exports and imports of Bangladesh, conforms to her pursuit of economic development. The layout of the paper is as follows: Section II deals with the methodology and data; Section III deals with the results of the exercise; Section IV compares the current trade pattern of Bangladesh with the result of the exercise and, finally, Section V presents the conclusions.

II. Methodology and Data

According to Hirschman, the shortage of decision-making ability exercises the most important constraint on economic development. So, he advocated unbalanced development of those industries which exert the strongest stimuli to investments in other industries [2]. In order to find out the extent of inducement each industry gives to others, we intend to measure the intersectoral linkages of the economy. Hence, we calculate 'backward', 'forward' and 'total' linkages of each of the trading sectors of the Bangladesh economy.

To refresh our memory it may be recalled here that the backward linkage, L_{Bj} , for any industry, j , measures the contribution that intermediate inputs from other industries, i ($i=1, \dots, m$), make in the total value of production of industry j . The ratio of inputs to the total value of products is

$$L_{Bj} = \frac{\sum_i X_{ij}}{X_j} = \sum_i a_{ij}$$

where X_{ij} represents the number of units of commodity i used in production of X_j units of commodity j . The higher the ratio of value added to gross production in any industry, the less backward linkage there is.

On the other hand, forward linkage, L_{Fi} , for any industry, i , measures the extent to which its outputs go as interindustry demand to other industries, j ($j=1, \dots, n$). The ratio of interindustry demand to total demand for the output of the i th industry is

$$L_{Fi} = \frac{\sum_j X_{ij}}{Z_i}$$

where Z_i is the sum of the interindustry demand for i , and the final demand for i , Y_i .

These linkages are direct measures that capture only the first round of the backward or forward interactions between industries. Additional increases in outputs of the various sectors are induced in the succeeding rounds of this process. As the process continues, the additional outputs induced approach zero, and the resultant increases accumulating over all rounds of the process approach certain finite limits given by the column sum of the inverse of the Leontief $(I-A)$ matrix where A is the input-output matrix and I is the identity matrix. Thus, the total linkage for sector j , L_{Tj} may be defined as the sum of the direct and indirect linkages.

While total linkage captures both direct and indirect effects of a one-unit increase in the autonomous portion of final demand on the level of production in each sector, the employment linkage effect, as one part of the more general concept of the primary factor linkage effect, measures the total use of labour in any one sector as a result of a one-unit change in the autonomous portion of final demand. We know that in a labour-surplus country like Bangladesh, the economic development strategy cannot ignore the employment implications of each productive activity. Here employment is as important as production. So we have made an attempt to measure the employment linkages of the trading sectors of Bangladesh and ranked these according to their employment generation.

To compute the employment linkage effect, we express each sector's utilization of the primary factors of production, specifically labour, relative to that sector's total production. Let L_j be the labour input and TP_j the output of sector j . We may recall here that the elements of column j of the inverse $(I-A)$ matrix express the output required in each sector i per unit of final demand for commodity j . By multiplying the respective labour coefficients by the elements of the inverse $(I-A)$ matrix and by summing the row elements in each column, we get the employment linkage effect,

$$E_{Lj} = \sum_i b_i a_{ij}^*$$

$$\text{Where } a_{ij}^* = (1 - a_{ij})^{-1}$$

The data for the study were obtained from the background papers of the Second Five Year Plan of Bangladesh [10]. The input-output matrix A , the inverse of $(I-A)$ matrix, came from this source. The output figures of different sectors, imports, exports, average daily employment of different industries were obtained from the Statistical year book (1979,

1982); The Agricultural Statistical year book (1982), and Census of Manufacturing Industries (1976). The labour coefficient, l_j , was calculated from the Census of Manufacturing Industries (CMI). Slight reorganisation of the industries reported in the CMI had to be made in order to make them consistent with the sector specifications of the input-output table for the Bangladesh economy prepared by the Planning Commission.

III. Results of the Exercise

Table 1 presents a four-way classification of the trading sectors of the Bangladesh economy. Category IV represents the sectors with low backward as well as forward linkages¹. These sectors are relatively independent of other producers and provide a closer link between final users and the primary factors of production. They are characterized by a relatively high proportion of value added to total production. In the case of Bangladesh, rice, wheat, tea, other crops, fisheries and salt fall in this category. The sectors in category II are those with high backward and forward linkages. Cotton, cotton yarn, paper, fertilizer, other chemicals, cement, basic metals, metal products, wood, miscellaneous industries and petroleum products fall in this category. The ratio of purchased inputs to value added is in general higher than one in these industries. Categories I and II just fall between the two extremes in the sense that either forward or backward linkages, but not both, are high or low.

According to Hirschman, a 'non-primary' activity, that is, an industry with high backward linkage will induce attempts to supply its inputs through additional domestic production. Correspondingly, a 'non-final' activity (i.e., an industry with high forward linkages) will induce attempts to utilize its outputs as inputs to some new activities. Since derived demand is considered to stimulate investment decisions to a greater degree than induced supply, Hirschman ranked Category III ahead of Category I in developmental priority. Hirschman's development strategy would thus assign top priority to the sectors in Category II that combine high backward and high forward linkage, second priority to the sectors in Category III, third priority to those in Category I, and lowest priority to those in Category IV.

1. Chenery and Watanabe studied four countries (U. S. A., Japan, Italy and Norway) that had 1-0 tables reconcilable at a level of agregation equal to 29 x 29. They computed backward and forward linkages for each of the sectors for each country. They found the four country mean sectoral linkage to be 0.424. On the basis of this average figure they presented a four way classisfication of the sectors [3].

Table-1
Hirschman's Categories of Sectors According to
Backward (L_B) Forward (L_F) Linkages

Category III	L_F	L_B	Category II	L_F	L_B
10. Sugar	.066	.685	4. Cotton	.994	.519
11. Edible Oil	.128	.786	15. Cotton Yarn	1.000	.782
13. Tobacco	.001	.442	19. Paper	.600	.690
14. Other Food	.006	.662	21. Fertilizer	1.000	.599
16. Cloth : Mill-made	.367	.775	23. Other Chemicals	.524	.705
17. Cloth : Handloom	.016	.749	24. Cement	1.000	.764
18. Jute Textile	.06	.768	25. Basic Metals	1.000	.612
20. Leather	.144	.811	26. Metal products	.443	.532
22. Pharmaceuticals	.076	.691	29. Wood	.488	.578
27. Machinery	.215	.606	30. Misc. Industries	.621	.707
28. Transport Equipment	.145	.532	37. Petroleum Products	.885	.973
Category IV			Category I		
1. Rice	.66	.215	3. Jute	.517	.314
2. Wheat	.218	.297	7. Livestock	.569	.232
5. Tea	.005	.324	9. Forestry	.883	.113
6. Other Crops	.317	.279			
4. Fisheries	.001	.254			
12. Salt	.118	.216			

The above grouping of sectors, on the basis of high/low forward/backward linkages, gives a general indication about the sectors in which the development efforts of the country should be directed. However, it does not say anything about the priority of sectors within each group. So we need a comprehensive priority ranking of the productive sectors.

Table II provides a comprehensive priority ranking of productive sectors of the Bangladesh economy. The ranking of the sectors has been done first by classifying them according to priority groups described by Hirschman. Within each group, the sectors have been ranked according to the sum total of forward and backward linkages. However, no sector in a low priority group has been ranked higher than a sector in the higher priority group. This may be called the Hirschman ranking of the sectors according to development priority.

However, the Hirschman ranking of the sectors is an ordinal ranking based on only the first round effects of production activities in various sectors of the economy. As mentioned earlier, the production activity in any sector of the economy will affect outputs in other sectors not only through the first round effects, but also through the effects in succeeding rounds as well. So, in order to determine sectoral priorities, we have to take into account of both direct and indirect effects of the production activities in different sectors of the economy. The total inter-industry linkages provide the measure of such direct and indirect effects. Table III presents the ranking of the trading sectors of Bangladesh on the basis of total interindustry linkages. We will have more to say about this ranking of the sectors in the section to follow. For now, it may be observed here that manufacturing sectors in general (except for sugar, edible oil, salt and tobacco) fall in the first half of the total ranking of all the trading sectors.

But the ranking of the sectors in Table III indicates sectoral priorities only in terms of output expansion in different sectors. For a less developed country like Bangladesh, planners cannot ignore the employment implications when planning production activities in different sectors of the economy.

Table-II
Hirschman-Ranking of the Productive Sectors.

Sectors	Category	Rank	L_F	L_B
1. Rice	IV	30	.066	.215
2. Wheat	IV	27	.218	.197
3. Jute	I	24	.517	.314
4. Cotton	II	6	.994	.519
5. Tea	IV	29	.005	.324
6. Other crops	IV	26	.317	.279
7. Livestock	I	25	.569	.232
8. Fisheries	IV	31	.001	.254
9. Forestry	I	23	.883	.113
10. Sugar	III	19	.066	.685
11. Edible Oil	III	14	.128	.786
12. Salt	IV	28	.118	.216
13. Tobacco	III	22	.001	.442
14. Other food	III	21	.006	.662
15. Cotton yarn	II	2	1.00	.782
16. Cloth : Mill	III	12	.367	.775
17. Cloth : Loom	III	18	.016	.749
18. jute Textile	III	15	.106	.768
19. Paper	II	8	.600	.690
20. Leather	III	13	.144	.811
21. Fertilizer	II	5	1.00	.599
22. pharmaceuticals	III	17	.076	.691
23. Other Chemicals	II	9	.524	.705
24. Cement	II	3	1.00	.764
25. Basic Metals	II	4	1.00	.612
26. Metal products	II	11	.443	.532
27. Machinery	III	16	.215	.606
28. Transport Equipment	III	20	.145	.532
29. Wood	II	10	.488	.578
30. Misc, Industries	II	7	.621	.707
31. Petroleum Prod.	II	1	.885	.973

Table-III
Ranking of the Sectors on the Basis of Total
Inter-Industry Linkages

Sectors	Total interindustry Linkages L_T	Rank
1. Rice	1.408	29
2. Wheat	1.655	24
3. Jute	1.564	25
4. Cotton	1.963	21
5. Tea	2.072	20
6. Other Crops	1.445	28
7. Livestock	1.153	26
8. Fisheries	1.470	27
9. Forestry	1.119	31
10. Sugar	2.093	19
11. Edible Oil	2.267	17
12. Salt	1.353	30
13. Tobacco	1.866	22
14. Other Food	2.272	16
15. Cotton Yarn	2.757	6
16. Cloth : Mill	3.129	2
17. Cloth : Handloom	2.756	7
18. Jute Textile	2.776	5
19. paper	2.858	4
20. Leather	2.413	12
21. Fertilizer	2.294	15
22. Pharmaceuticals	2.562	10
23. Other chemicals	2.367	13
24. Cement	2.755	8
25. Basic Metals	2.587	9
26. Metal products	2.305	14
27. Machinery	2.422	11
28. Transport Equipment	2.123	18
29. Wood	1.788	23
30. Miscellaneous Industries	3.013	3
31. Petroleum products	6.206	1

Table-IV
Ranking of the Sectors on the Basis of Employment Linkages

Sectors	Employment Linkage	Rank
1. Rice	.000275	7
2. Wheat	.000287	3
3. Jute	.000281	4
4. Cotton	.000379	1
5. Tea	.000269	8
6. Other crops	.000279	6
7. Livestock	.000280	5
8. Fisheries	.000262	9
9. Forestry	.000253	10
10. Sugar	.000179	16
11. Edible Oil	.000198	14
12. Salt	.000037	31
13. Tobacco	.000083	25
14. Other food	.000134	19
15. Cotton Yarn	.000305	2
16. Cloth : Mill	.000197	15
17. Cloth : Handloom	.000233	12
18. Jute Textile	.000223	13
19. Paper	.000102	21
20. Leather	.000234	11
21. Fertilizer	.000082	26
22. Pharmaceuticals	.000088	23
23. Other chemicals	.000150	18
24. Cement	.000085	24
25. Basic Metals	.000046	30
26. Metal products	.000061	29
27. Machinery	.000066	28
28. Transport Equipment	.000068	27
29. Wood	.000159	17
30. Misc. Industries	.000115	20
31. Petroleum Products	.000093	22

Table-V
Correlation Between Output Expansion, Degree of
Import Substitution, Inter-Industry Linkages and
Employment Linkages

Correlation Between	Coefficient of Correlation (i)
(1) Actual Output Expansion and Inter-industry Linkages	.218
(2) Actual Output Expansion and Employment Linkages	.01
(3) Degree of import Substitution and Interindustry Linkages	.112
(4) Degree of Import Substitution and Employment Linkages	.26

Table V shows that the value of all of the correlation coefficients is very low. However, among the four correlation coefficients computed here, the correlation coefficients between actual output expansion and the interindustry linkages and between the degree of import substitution and the employment linkages are relatively high. The significance of these findings will be discussed in detail in the next section.

Interpretation of the Results

Before getting into the interpretation of the results obtained in the previous section, let us have a look at the trading pattern, more specifically the export-import pattern, of Bangladesh. In 1981-82, more than 91% of the total export earnings came from jute, jute goods, leather, tea, fish and paper. On the other hand, more than 70% of all imports came in the form of foodgrains, petroleum and petroleum products, edible oil, medicine, basic metals, machinery and motor vehicles [6]. It may be pointed out here that this export-import pattern has been persisting almost since Independence.

But our exercise above has shown that most of our exports, (e.g. jute, tea, and fish) have very little backward/forward linkages and, hence, stand at the bottom of the priority list from the point of economic growth (Table I and Table II). The position of these sectors is almost identical from the point of total interindustry linkages (Table III). However, from the view point of employment creation these sectors fare very well (Table IV). But this should not mean that the expansion of these sectors is desirable for employment generation. The reason is that the agricultural sector is characterised by the presence of vast disguised unemployment. The better performance of the jute, tea and fish sectors with respect to employment generation means that our calculations have picked up the actual situation, but perhaps not the ideal situation. Despite low priority of these sectors in terms of economic growth, their continued dominance in the export sector of the country is explained by the natural advantage enjoyed by the country in producing these commodities, as well as failure of our manufacturing sector to produce enough exportables. We

have mentioned before that our export items are very few in number and among them only leather, jute, textile and paper fare well in the development priority ranking (Tables I, II and III)

On the other hand, almost all of the importing sectors are characterised by high backward, forward and total interindustry linkages (Tables I, II and III). This implies that the expansion of domestic production (i.e. import substitution) in these sectors has great potential in terms of economic growth. Moreover, we have seen that the manufacturing sectors, in general, performed better in the priority ranking in terms of total interindustry linkages (Table III). But, one rather striking observation to be made is that, except for jute textile and cotton yarn, agro-based industries like sugar, edible oil, tobacco do not fare very well in the priority ranking of the sectors in terms of total interindustry linkages. However, this situation is almost completely reversed when the ranking of the sectors is carried out on the basis of employment generating potential (Table IV). The ranking of the sectors on the basis of employment linkages gives more points to the agricultural sectors. This, however, reflects the massive disguised unemployment prevailing in the agricultural sectors, rather than their actual employment generating potential.

Finally, our last exercise was to see how far the actual output growth of the economy in general, and the degree of import substitution in particular, conform to the priority ranking of the sectors according to both the total inter-industry linkages and the employment linkages. As can be seen from Table V, neither the actual output expansion, nor the degree of import substitution in various sectors of the economy, during the period from 1974/75 to 1981/82 conform to the priority ranking of the sectors according to the interindustry/employment linkages. This implies that during this period, the expansion of output in the trading sectors in general, and in the importing sectors in particular, was guided by neither growth considerations nor by the considerations of employment creation.

Conclusions

This paper attempted to estimate the output and employment linkages of various trading sectors of the Bangladesh economy. On the basis of this estimation, it tried to obtain priority rankings of the sectors in terms of two developmental objectives, namely, the growth of output and the creation of employment opportunities. It was observed that our exporting sectors have got very little backward or forward linkages and hence they hold little promise for accelerated output growth. Further, it was found that the manufacturing sectors in general stand at top of the priority list yielded by the interindustry linkages. This is true for the importing (manufacturing) sectors as well. However, from the viewpoint

of employment generation, it was found that agricultural sectors fared better in the priority list. But, then, the relatively better performance of the agricultural sectors in respect of employment generation was the result of massive disguised unemployment in those sectors. Next, we tried to examine how far the actual output expansion and the degree of import substitution conformed to sectoral priority rankings obtained on the basis of output and employment linkages. It was found that neither the actual output expansion, nor the degree of import substitution, was correlated in any significant way with the output/employment linkages of various sectors. This means that neither of the two developmental objectives - output growth and employment generation had any significant influence in determining the actual output expansion or the magnitude of import substitution in various sectors of the Bangladesh economy during the period 1974/75 to 1981/82. In other words, actual output expansion and import substitution during this period failed to achieve either of the two development objectives mentioned above. Does it mean that our planners ignored these objectives while planning productions in various sectors? Or is it the outcome of our planners' balancing effort between the two development objectives, trying to catch two trains at the same time and ending up catching none? To find out the answer to the last question, one, of course, needs to undertake further research.

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Consequences of an Imported Technology : Case Study of a Garments Factory in Chittagong

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1. Introduction :

The emergence of garments manufacturing as an important contributor to Bangladesh's foreign exchange earnings is a phenomenon of the recent years. Bangladesh has a rich heritage in garments manufacturing evidenced historically by the appreciation of her garments products abroad, even as far back as the fourth century B.C. It was then an artisanal product embodying the artisanal skill of our fabric producers and weavers as well as the artistic creativity of the indigenous tailors. This rich tradition went into decline under the impact of the colonial rule. The recent revival of garments manufacturing for the external market differs from the earlier tradition in respect of the nature of technology, organisation of production, scale of production, origin of production decisions and designs, exploration of markets and the types and origins of the raw materials used. We would like to term this activity as a modernized artisanal activity with a specific place in the international division of labour. What really makes it different from traditional artisanal activity is its alienation from decision-making functions in respect of choice of designs, choice of raw materials and choice of the labour process.

2. How much Foreign Exchange do we earn from Garments ?

There is a great deal of confusion over the amount of earnings from the export of readymade garments from Bangladesh. According to the

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Export Promotion Bureau, earnings from the export of readymade garments during the last few years were as follows :

Table-1
1. Export of Garment-products from Bangladesh.

Year	Volume of exports (in crores of taka)
1976-77	0.01
1977-78	0.10
1978-79	0.16
1979-80	1.01
1980-81	5.30
1981-82	14.01
1982-83	25.52
1983-84	77.48

The minister of commerce of the Government of Bangladesh in a press conference held on 15.7.85 revealed that earnings from readymade garments exports from Bangladesh were taka 290 crores in 1984-85 and the target for the same in 1985-86 had been fixed at taka 450 crores. According to the minister, there are about 450-500 readymade garments manufacturing units in Bangladesh. A Bangladesh Government weekly published by the Ministry of Information gave export earning figures amounting to taka 7.42 crores in 1981-82 which were just half the amount shown by the Export Promotion Bureau publication. Figures given by the Export Promotion Bureau have also been used in the Statistical Year Book published by the Bangladesh Bureau of Statistics. Export Promotion Bureau depends on sources like daily custom lists (Chittagong and Khulna), Custom Airfreight Unit, Dhaka and Land customs stations.

3. Decision-hierarchy in Garments Manufacturing :

In terms of organisation of production, readymade garments manufacturing in Bangladesh represents a case of 'the international putting-out system'. This system is a cost-sharing arrangement in production wherein a large financier capitalist provides working capital and raw materials to a small producer to carry out production dovetailed to the needs of the financier. This arrangement enables the financier to shift the burden of labour process supervision to the small producer and thus reduces his cost of management and, at the same time, to maintain his grip over the marketing process which inter alia affords him the larger share of surplus compared to the small producer. The Putting-out system: a Phenomenon of early capitalist era, seems to persist in the

contemporary period under a changed situation. In this context Maurice Dobb says, "small firms may continue to thrive (and even be multiplied in number) in order to supply the needs of larger firms for special components or special lines, or to help out certain stages of production at periods of peak demand; these small firms filling the role of sub-contractors to the large firms on a kind of modern 'putting out system' practised between large capitalists and small, as war experience has shown to be such an extensive feature of armament production. To the extent that these varying types of industrial relationship are found, the unevenness of development and of circumstances, and the divergence of interest within the ranks of capitalist business itself, are evidently much accelerated in the present age" [1]. The emergence of a large number of readymade garments manufacturing units in Bangladesh in the recent years is a living example of Dobb's 'modern putting out system'.

Readymade garments are exported to countries like the U. S. A. France, F. R. Germany, Sweden, Italy, U. K., Belgium, U. A. E., Denmark, Switzerland, Ireland, Singapore, Australia, Netherland, Hongkong, Japan and Canada. Various categories of agents are involved in handling the readymade garments trade. These are as follows :

- I. Commission agents
- II. Importers cum wholesalers
- III. Central purchase body of the departmental stores.
- IV. Big retail traders.
- V. Small retail traders (special type of stores).

The major share of the world trade in readymade garments is handled by two types of agents, namely, (a) Central purchase body of individual chain stores procuring readymade garments through its representatives stationed in different countries. These purchase bodies place order with individual garments manufacturing units in various countries, specifying the quantity, quality and design of the products. They also supply all sorts of raw materials ranging from fabrics to buttons. The supply side of the readymade garments is highly competitive. The buyers do not face and difficulty in procuring the needed products. Individual representatives of some of the major purchase bodies have been found to be making a good business out of their middle-man position. They extract a commission over the f.o.b. value of each order in percentage terms in local currency. The supply of raw materials like fabrics, buttons, threads and other things also come from their allied trading houses in Hongkong, Japan, South Korea and Taiwan. In the majority of the cases, the supply of raw materials come from a source different from the actual buyers. This arrangement tends to impose risk on the garments manufacturers. Because of the divergence between those who determine the quality and design and those who provide the raw materials, there arise the risk of

rejection of finished products on the grounds of poor materials used. The producers are constrained to accept whatever material is made available by the individual representative of the purchasing agencies as well as the judgement passed over the quality of the make and material by the same agency. Lack of access to both these ends make their position vulnerable.

In the era of early capitalism, the petty artisanal producers were appendages of large mercantile financiers in various putting out arrangements. In the contemporary context, the garments manufacturers in a Third World country like Bangladesh serve as similar appendages of wholesale traders of the developed countries. Putting out system prevailing in the era of early capitalism eroded the position of the petty producers, transforming them into wage labourers. It is not unlikely that a similar, but not the same, situation may arise in the contemporary context. Garments manufacturing as it stands today in Bangladesh is a labour employment mechanism on an international plane. Since the wholesale buyers of readymade garments and the fabric manufacturers do not have immediate advantages in the Third World labour market, they consider it expedient to hand over the task of labour process supervision to the indigenous manufacturers. With the concession of joint participation and pure foreign participation, specially in the export processing zone, the advantage enjoyed by the indigenous producers in the labour market may gradually pass over to the dominant foreign parties. Successful labour management by the foreign companies in jute and tea sectors of Bengal is a pointer in this regard. Thus, what now appears to be a lucrative area for indigenous enterprise, may eventually be monopolised by international capital.

It has been already pointed out that the existing structure of readymade garments production represents a mechanism for employing labour on an international scale. The basic objective of such an employment mechanism of the finished product-seeking giant mercantile bodies is to tap the cheapest labour, using sources that enable them to reap the maximum surplus. The advantages enjoyed by them lie in their knowledge of the demand conditions, taste of the consumers, cheap sources of raw materials, command over an elaborate distribution system, command over financial resources and, above all, the ability to manipulate market conditions to a considerable degree. With these advantages lying with them they have to decide :

- a) the distribution of output quanta among the producers
- b) development of designs to suit the taste of the consumers
- c) allocation of output targets among dependable and cheaper suppliers.

d) procurement of raw materials.

On the other side of the coin, the small readymade garments manufacturers, enjoying none of the advantages of the giant mercantile bodies, have little decision-making role, apart from refusing or accepting the package offered to them by the agents of those bodies (since they operate in a highly competitive environment). Their area of concentration is 'effective execution of given decisions' whose success is crucially dependent upon extraction of careful, meticulous and intensive, but cheap labour. The source of attraction for Bangladesh in the world market for readymade garments manufacturing is its tremendously cheap labour. Moreover, Bangladesh's new born garments industry enjoys liberal state patronages in the forms of concessionary import duties on machines and equipments, XPL benefits of 60% f.o.b. value of exports and the facility to import raw materials without involving any cash resource under a back to back L/C arrangement which may be allowed upto 75% of the f.o.b. value of exports. Such liberal state patronage and availability of a reserve army of unemployed labour ready to offer their services below the subsistence requirements, enable the Bangladeshi entrepreneurs to offer their counterparts high favourable terms for cutting and making services.

4. Nature of Technology in Garments Manufacturing :

From the point of view of size and direct labour absorption, garments manufacturing units represent a medium-scale industry and from the point of view of transformation of materials, they represent a marginal manufacturing activity. The manufacturing role of this industry is confined to giving shape to already finished materials without affecting their qualitative features. Therefore, the production process in garments is free from complexities. Modern garments technology is designed for a line production method. This method also represents the division of labour among the garments workers. For example, the sewing operation of a shirt is divided into 19 stages involving 19 sewing tables arranged in a linear fashion. Each stage covers only a small fraction of the whole job. Time is also allocated among the stages in a manner that does not leave any possibility for piling up of clothes at a particular stage unless there is a mechanical failure. Uninterrupted flow through the stages is very much dependent upon the skill of workers. Machine speeds are to be adjusted with the skill of the worker concerned. The personnel in charge of production has to meticulously plan the flow through the tables arranged in line. The sewing operations of a shirt in stages include the neck, the chest, the waist, sweep (hip/bottom), front length, back length, side seam, long sleeve length, short sleeve length, arm hole, yoke (shoulder), cuff length, upper arm, elbow, across front, across back, tail size seam,

long sleeve inseam. The sewing stage is preceded by cutting of cloths according to given designs. The cutting machine is capable of cutting a huge amount of cloth at a time arranged layer upon layer. The success of the operation depends essentially upon manual manoeuvre of the sharp knife of the machine which demands great dexterity. Sewing operation is followed by ironing and packing which is more labour intensive compared to the earlier processes.

The line method of production can give good results only if no gap appears on the flow line of manufacturing and instantaneous arrangements can be made to fill in the gaps. Bangladeshi garments firms characterised by frequent absenteeism often suffer from shut down of operations because of the innate nature of the line production method. There are also grave implications of the line production method on the workers. A worker engaged in a specific stage of production automatically gets excluded from the opportunity to develop skill for other stages. Thus the labour process becomes monotonous and deprives the workers from the attainment of self realization. The technology of garments manufacturing in Bangladesh is of a fixed factor proportion type. There is practically no substitutability between men and machine. For each machine labour requirement is technologically determined. The specification of operations in stages and fixed proportion nature of technology enable the management to maintain performance records of the workers which has an automatic disciplining affect on them.

So far we have discussed the general features of garments industry based on our knowledge of the industry from the secondary sources and our personal knowledge derived from on-the-spot impressions. In the following sections we present factual information on a medium sized garments manufacturing unit at the heart of the port city of Chittagong. In order to maintain anonymity we do not give the identity of the firm. To us it appears to be a typical garments manufacturing unit. It does not fall within the category of large sized units nor within the category of the smaller units doing only sub-contracting work having no direct contact with the foreign buyers.

The garments factory under review went into trial production in November, 1984. It represents the generation of garments factories that came up in a period of maximum spurt of the industry in recent years and thus it started contribution to our foreign exchange earning in the fiscal year, 1984-85. The factory space covers 8000 square feet and it has a capacity of producing 2000 pieces of readymade garments in an 8 hour-shift day. The factory owner showed a commendable degree of ability in completing the installation work in 5 months' time which is normally 8 months for a factory of comparable size. The plant lay-out was made by an architecture graduate of the Bangladesh University of

Engineering and Technology. The major share of the finance was provided by a multinational bank. The machines and equipments were imported from Japan. Raw materials are imported from Taiwan, South Korea and Hongkong.

5. Performance of the Factory :

Under this section we shall concentrate on the performance of the factory with respect of different indicators.

Employment Generation

5.1.1. The period under review spread over 3.5 months in early 1985. The factory received order for making cheap value cotton lady's shirts (size 16) and lady's Hawai blouse consisting of 5902 and 2108 dozens respectively. The factory took 3.5 months in production, packing and loading ships for these products. The factory employs 4 types of workers which include casual workers, permanent workers, management personnel and office employees. Except for the first category of workers the rest of the employees are permanently employed. The casual workers are paid only when they work. There are three types of casual workers, namely thread cutters, sewing operators and iron-man. Actual man days employed with respect to the casual workers are indirectly derived from their average output performance as detailed employment figures on them were not available from the employer. As the total output during the period under review was 80100 peices of ladies garments, employment of casual labourers stands as follows :

Table-2
Employment of Casual Workers

Types of workers	Production/8 hr. man-day	No. of man-days employed	Total wages paid (Taka)
Thread cutter	60 pieces	1335	32194
Sewing operator	900 pieces	1691	47481
Iron-man	50 pieces	1602	44979
Total man-days :	4628	Total wages paid:	124654 Takas.

5.1.2. Employment implications of technology becomes apparent from this table. Use of machines is less predominant in thread cutting and ironing which are marginal operations in the production process, therefore these two operations absorb a high proportion of casual labour. Actual sewing of cloths absorb a small proportion of casual labour as the power of automation makes labour redundant.

The permanent employees are to be paid a regular salary whether the factory produces any output or not. They are skilled and trained hands and the management cannot throw them off the pay roll as they do not move smoothly between factories under operation and the factories not currently operating. The salaries and the number of man-days employed of these types of employees are mentioned below :

Table-3
Employment and Wages of the Skilled Workers

Type of employees	Number	Salary per month (Tk)	Total salary (Tk)
Designer	01	2300	8050
Marker	01	2300	8050
Cutter	01	2300	8050
Line chief	04	1500	21000
Time Keeper	01	1000	3500
Supervisor	04	2350	32900
Total man-days	- 1260	Total salary	- Taka 81550

Salaries and man-days employed of the managerial personnels are mentioned below :

Table-4
Employment and Salary of Managerial Personnels :

Types of management personnel	No. of persons employed (no. of persons)	Salary per month (in Taka)	Total salary paid (in Taka)
General Manager	01	6500	22750
Production Manager	01	4000	14000
Export Officer	01	3000	10500
Personnel Manager	01	3000	10500
Managing Director	01	8000	29750
Total man-days	525	Total salary:	87500

Salaries and man-days employed of the office staff is given below :

Table-5
Employment and Salary of Office Staff

Type of employee	No. of employees	Salary per month (Tk)	Total salary paid (Taka)
Store officer	01	3000	10500
Store Keeper	01	1500	5250
Accountant	01	2500	8750
Typist	02	1000	7000
Peon	02	450	3150
Guard	04	800	11200
Total mandays:	1155	Total salary:	Taka 45850

Thus, the total amount paid in salaries, wages and emoluments during 3.5 months of the period under review were taka 339554 and total man-days employed were 7568. The percentage shares in employment and wages of different types of workers, employees and personnels stand as follows :

Table-6
Shares in Employment and Wages of Various Category of Workers

Type of employment	Share in employment (in percentage)	Share in wage and salary bill (%)
1. Casual workers	61.15	36.71
2. Permanent employees	16.65	24.02
3. Management personnel	6.94	25.77
4. Office staff	15.26	13.50

On the basis of calculations shown here per capita remuneration per manday are taka 26.93, taka 64.72, taka 166.66 and taka 39.62 respectively for casual workers, permanent employees, management personnels and office staffs. Management personnels are usually recruited from among the kins of the entrepreneur. The wages received by the casual workers per day appear to be the smallest of all types of employees and they also go into unemployment when the factory temporarily goes out of operation.

During the 3.5 months under review, the factory could produce 1,82,0000 pieces of readymade garments had it utilised its full capacity, but the factory produced only 44% of its capacity. It could only employ 44% of the total employable casual labourers. Therefore, output, casual employment and machine capacity bear a proportional relation. By utilising the fullest capacity, the factory could economize on the use of permanent employees. Moreover, the share of the casual workers in the wage bill would have expanded.

If this rate of utilisation continues throughout the year, then the cost of generating one job by this factory is taka 42201 with a total capital involvement of taka 3000000. When the factory attains the full capacity mark, the cost of generating one job will come down to taka 18568. In Sri Lanka free trade zone the average cost to generate a job in garments industries in 1979 was Sri Lanka Rs. 20,000. [2;100]. Both in the Sri Lanka case and in our case, the cost of infrastructure has not been included, though it is undeniable that without society's investment in infrastructure, the investment in garments factories would not have been forthcoming. "In Bangladesh the experience of Shilpa Bank and Shilpa Rin Shangstha indicate that per employee capital investment has been a minimum of US \$10,000 and generally about double the sum". [3].

Since all the raw materials are imported, the garments sector lacks in backward linkage effect on employment. Our personal inspection of the production activities inside the factories reveals that even the packing materials for packing and distilled water used for ironing the shirts are imported from foreign countries. So long the garments manufacturers continue to operate in a highly contrived market, we do not visualize any possibility of the use of local materials in garments manufacturing. The linkage effect of the garments industries in Bangladesh may be expected only through additional employment creating further demand in the market.

Cost of Supplying two Consignments:

In order to arrive at the profit figures related with the supply of two consignments of readymade garments a detailed estimate of cost has been made. The cost items include wages and salaries, rents paid for factory space and public utilities depreciation of machines, interest on owned and borrowed capital and other miscellaneous items like gratification and entertainments. For calculating depreciation of machines, it has been assumed that their maximum life would be 4 years with a scrap value of 10% of the original cost of machines. The following table shows the cost of manufacturing two consignments of readymade

garments during 3.5 months under review:

Table-7
Estimation of Cost (in taka)

Wages and salaries	:	339554
Rent	:	104300
Depreciation of machine	:	144885
Interest	:	176239
Miscellaneous	:	94000
<hr/>		
Total cost in the period	:	858978 Takas

During the same period the enterprise earned taka 1701702 for its cutting and making services and taka 590775 as XPL benefits. Thus, it made a profit of Taka 1433499 and taka 842724 respectively with and without XPL benefits. The rates of return over cost are thus 166.88% and 98% respectively with and without XPL benefits.

5.3. Foreign Exchange Contribution :

During the period under review, the factory exported two consignments of garments products consisting of 5902 dozens and 2108 dozens respectively. For the first consignment it received \$7.5 per dozen for cutting and making services. For the second consignment it received \$8.9 per dozen. Thus, the total amount of foreign exchange earned were US\$63,026. But it had to pay gratification to the agent of the importer in foreign exchange which was US\$2963 to get the consignments accepted. The foreign exchange earned was not without cost involved in foreign exchange. Foreign exchange was spent for importing machines which amounted to \$77,778. Assuming a four year life for the machines, the value of the machine used up during the period under review in straight line terms were US\$5366 with allowance for scrap value. For the simplicity of calculations we ignore the appreciation or depreciation of the foreign exchange. Thus, the factory earned a net amount of \$54697 which is equivalent to taka 1476819. Now this amount can be checked against value added under different heads to the national economy as follows:

Table-8
Estimation of Value-added: (in taka)

Profit of the entrepreneur	:	842725 (57.06%)
Interest paid to the bank and interest on own capital	:	176239 (11.93%)
Rent paid to land lord and public authorities	:	104300 (7.06%)

Wages and salaries	: 339554 (22.99%)
Miscellaneous payments (to domestic agents)	: 14000 (0.94%)
<hr/>	
Total value added (in taka)	: 1476817

The small discrepancy that arises between taka value added to the national economy and the net earning of foreign exchange is due to rounding of taka converted into foreign exchange. It should be asserted that the gratification paid to the agent of the importer to avoid the risk of rejection on grounds of defective making is a leakage to the national economy as these funds are likely to be transferred out of the country.

5.4. Penetration of Cloths Imported for the Garment Factory into Domestic Market:

There is a general feeling that a part of the cloth imported under back to back L/C arrangement for the garments industries penetrates into domestic market to the disadvantage of the domestic textile industries and cloth importers. Textile manufacturers and cloth merchants of the country expressed grievances over this issue in the past on the plea that they had been placed on an unequal footing vis-a-vis garments industry imported cloths which are not subjected to excise duties. The government therefore introduced a pass book system for cloths imported by the garments industries. The pass book records the amount of cloths imported and cloths used for making garment items on the basis of a prescribed formula. In the case of our own study we tried to calculate the potential amount of cloths that may have penetrated the domestic market while meeting the requirements of the foreign importer. The following schedule shows the basis of apprehension in this regard.

Table-9
Leakage of Garments Cloths into Domestic Market

Order No. and specification	Yds. of cloth imported	Doz. of shirts that can be produced as per govt. estimate	Doz. of shirts that can be produced as per manufacturer estimate	Doz. Of shirts actually exported	Amount of leakage as per govt. estimate
01.C.V.C. lad's shirt size 16	115579 yds.	7970 (14.5 yds per dozen)	5504 (21 yds. per dozen)	5902	35757 yds.
02.C.V.C. lady's Hawaii blouse	36413 yds.	2601 (14 yds per doz. of blouse)	1821 (20 yds. per dozen)	2108	6901 yds.

5.4.2. In this connection the owner of the factory disclosed that he had proper approval from the customs authority for using cloths exceeding prescribed limits. That there is some impreciseness in the estimation of cloth requirement is apparent from the figures relating to the second consignment of goods. In this respect producer's own estimate of blouses that can be produced is much lower than what he actually exported. The question arises where did he get the cloth to make extra 287 dozens of shirts. One explanation could be, of course, variation in wastage.

5.5. Income Distribution Effect

Income distribution effect during the period under review of the garments manufacturing unit that we studied will become apparent from the percentage share of different components of income generated by the factory. They are shown below.

Table-10
Shares of Income Components

Profit income accruing to the entrepreneur	: 57.06%
Interest income	: 11.93%
Rental income	: 7.06%
Wage and salary income	: 22.99%
Income earned by miscellaneous sources	: 0.94%
Total	: 100%

To make a further analysis of the income distribution effect, it may be argued that a part of the interest income also accrues to the owner of the factory as return on owned capital. Moreover, a good part of wages and salary income also accrues to the owner as he himself draws a salary as the managing director of the firm. One or two important managerial position is also held by his family men. Interest income going to the bank is ultimately used to boost up the income of the moneyed class. Therefore, only a negligible share goes to the workers. Overall income distribution effect will, of course, depend on the manner in which the entrepreneur uses his income. If he invests the money in employment generating projects then there will be less undesirable effect on income distribution. Entrepreneur's tendency to do so will depend on relative rates of return from different economic activities.

5.6. Labour Cost Comparison with other Asian Countries:

In this section we compare the labour cost of the factory that we studied with the labour cost in free trade zones engaged in similar

activities in different Asian countries.

Table-11
Average Labour Costs US\$ per Hours

Country	Unskilled	Semi skilled	Skilled
Bangladesh (for our factory in official exchange rate)	.12	.23	.36 : 1985
India (Santa Cruz)	.14	.20	.29 : 1979
Malaysia	.28	.31	.62 : "
South Korea	—	1.30	— : "
Sri Lanka	.13	.16	.19 : "
Taiwan	.52	—	.60 : "

Comparative per hour wage rates in US dollar for various categories of workers in different Asian countries have been taken from Jean Currie's book, *Investment, the Growing Role of Export Processing Zones* published by the Economist Intelligence Unit Ltd. London in June, 1979. The figures are quite backdated and makes the comparison somewhat meaningless. Yet it is not difficult to understand that Sri Lanka and India are formidable competitors of Bangladesh in terms of labour cost in the world market for readymade garments manufacturing contracts. This in no way justifies the prevailing wage rates in Bangladesh garments industries. Perhaps, better labour productivity performance can be achieved with a more decent wage rate.

5.7. Workers' Welfare Considerations:

5.7.1. The work force of the garment industry in Bangladesh is predominantly composed of women labour. No systematic study is available as to the nature of discrimination practised against the women labour in this industry. During our visit to the factory we have been told by an experienced worker that the turn over rate of the workers in the garments industry is quite high. A women worker can work continuously at best for 5 years. After 5 years of work she develops serious disabilities in the form of poor eye sight, severe back pains and other occupational diseases. Most of the workers join the factories at an age (14-15) and thus will have to retire from the job when they reach the age of 20. We therefore, perceive the emergence of a huge mass of disabled women workers causing a grave problem to the society by the next 5-10 years. It has been confided by a supervisory staff of the factory that many workers become unconscious while working due to exhaustion, boredom and poor nutritional status. The line production method suited to the existing technology of the garments industry also does not provide any opportunity for the workers to develop mastery over the whole process of

garments making. A person working his whole life in a factory of this type will not be able to make a complete shirt. In spite of the miseries and drudgeries of work, this new activity is having a tremendously progressive impact on our social life. The womenfolk are coming out of their kitchen to earn independently. It is giving them self-respect and at the same time it has a shattering effect on reactionary feudal values that kept the women folk in bondage for centuries. It will have a revolutionizing effect on the traditional family life. Garments factory workers come predominantly from rural marginal peasant and landless families. They live in slum areas of the city with their kith and kins. When they do not find such kith and kins to provide them lodge, they form a mess of small groups to reside together. The spurt in the garments industries has opened up this possibility unthinkable even a few years back. This phenomenon is not only remaking their own life, it is also reshaping our agrarian society.

6. Conclusion and General Observation :

It is neither desirable nor reasonable to reach any conclusion from a case study of one producing unit while the whole industry is composed of 450-500 producing units. If it can be assumed that this is a typical unit, then perhaps it may be said that garments is a promising sector of our economy but not without some fundamental problems. One such problem area is capacity utilisation. The capacity utilisation problem in the garments sector is not simply a problem of irregular power supply or other related technical problems, it is also a problem of getting a continuous flow of orders. It seems the existing capacity far exceeds production requirements. A capital poor country like Bangladesh can hardly afford such misuse of capital. This problem can be overcome by making an intensive drive to get more orders and by gaining confidence of the buyers.

Short supply of skilled hands is another problem area. Government is already contemplating to establish an institute of garments making. The sooner it is done the better. The entrepreneurs can themselves take initiatives to train personnels abroad. It is a mere freak of history that Bangladesh could make a big stride in the garments sector during the last fiscal year. Ethnic violence in Sri Lanka provided Bangladesh this historic opportunity. Such a historic opportunity could be lost due to our inefficiency and poor management. Care should be taken to develop efficiency and the level of management.

Workers' welfare considerations should not be ignored. If we want to avoid serious societal problem in a near future, then we should adopt concrete measures in this regard immediately. The entrepreneurs should not also forget that by spending more on worker welfare, they can expect better performance from the workers.

Garments manufacturing is a foot-loose industry. It shifts from country to country depending on the climate of investment. In order to sustain it, frantic exploitation of the workers is not the appropriate means. Efficiency of enterprise rather than exploitation of workers should be the fundamental strategy.

In order to develop linkage industries use of domestic raw material should be incorporated into the agenda of future negotiations with foreign buyers. Our trade missions abroad should arragne exhibition of readymade garments made of local materials to make the case.

Garments making is a very competitive sector of our national industry. Competition brings efficiency. Any state policy towards this sector that jeopardises competition should not be adopted. It may be beneficial for some big houses but not for the country's economy.

Expansion of market horizon should be seriously considered. We have not yet explored the East European market. This is likely to be a promising area in our search for more buyers of our product.

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Overseas Employment of Bangladesh Nationals- an Overview.

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Background :

The purpose of this paper is to compile at one place, available statistics on overseas employment of Bangladesh national during 1976-1985. The data included in the paper are operational statistics only i.e. those which have been collected from routine documents maintained by one of the processing agencies, in the course of performing routine duties assigned to it.

It may be mentioned here that at least three Government Agencies are involved in facilitating/processing overseas employment of Bangladesh national and they are :

- (a) Bureau of Manpower, Employment and Training of the Ministry of Labour and Manpower. (B.M.E.T.)
- (b) Establishment Division in the President's Secretariat.
- (c) Office of the Shipping Master of the ministry of Shipping, I.T.T. and Transport.

B.M.E.T., mentioned at (a) above is authorised to deal with overseas employment in Government and private sector establishment in foreign countries except employment in U.N. agencies, Inter-Governmental bodies and employment with Foreign Shipping companies. The Establishment Division is authorised to deal with vacancies in Inter-Governmental organisations, U.N. agencies while the office of the Shipping Master deals with recruitment of Seamen and other personnel for sea-going vessels of national and foreign origin.

The present paper is limited to discussion of data maintained in the Bureau of Manpower, Employment and Training. Although BMET, covers more than 90 p.c. of total overseas employment (annual recruitment of seamen and Inter-Governmental agency recruitment

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being around 2000 and 50 respectively), the Inter-Governmental agency employment opportunities are of significant importance as the potential of savings is higher in such employment. Similarly, in case of employment in sea going vessels, the potential for expansion is also very high. The data presented in this paper relate to :

- (a) annual overseas employment secured year-wise and country-wise during 1976-85.
- (b) distribution of overseas employment secured by level of skill, and
- (c) distribution of overseas employment secured by agency of recruitment.

Since its creation in May 1976, the BMET has been authorised to scrutinise the employment offers secured by individuals with a view to assist job-seekers in gaining reasonable working conditions, and also to brief them on the situation in the countries of employment. This has, as in many other bureaucratic instances, taken a negative form and emigration authorities at the air-port do not allow departure on overseas employment without clearance from the Bureau of Manpower, Employment and Training. This negative aspect has gone to such an extreme that dependents proceeding overseas to join their relations employed abroad, are not allowed to depart, unless the BMET puts on a stamp on their application that "no permission is required for persons proceeding on purposes other than Employment." However, the positive out-come of the situation is the availability of statistics.

'Overseas Employment secured' for the purpose of BMET records means the emigration clearance issued in favour of persons proceeding abroad on employment. It does not mean that persons without such clearance cannot secure employment abroad. A sizeable number of persons proceeding abroad on purpose like Umrah, Hajj, Ziarat, Visit, studies, stay back in foreign countries legally or illegally with some sort of employment. There may be some, who avoid obtaining clearance from BMET, particularly when salaries and other conditions of employment fall below the minimum requirement prescribed by the Government. Then again, all those who are granted emigration clearance by BMET may not have actually left the country on personal reasons or because of their inability to pay the sum demanded by the processing agency. There is still another group, very small in size, who on reaching the country of employment after obtaining clearance from the Bureau, may not immediately or eventually find a job in the country of Employment. This happens, when persons proceed with what is popularly known as "Free N.O.C." In such cases, the foreign employer on record is only a name-lender and the emigrant is required to find his own employment,

which was easier in the 70's and which has become extremely difficult since 1983.

'Overseas employment secured' is not the same as the total job offers received from overseas employers. In many cases, the overseas employers accept lesser number of persons than the number indicated in their offer or the number selected by them through tests and interviews. In a large number of cases, processing agencies refuse to despatch workers even if they are in demand by the overseas employers for reasons mentioned earlier. The B.M.E.T. maintains another set of documents known as recruitment permissions accorded to processing agencies indicating the number, trade, working conditions and the name and address of overseas employers. Information available in these records have not been compiled so far.

Overseas Employment Secured :

Data presented in this paper should therefore be interpreted keeping in mind the above clarifications. Annexure-1 of this paper shows the number of persons securing overseas employment during 1976 to 1985 (upto June 1985) by countries of employment. Such employment secured prior to 1976, is believed to be small in number. The data for 1976 is likely to be lower than the actual as it relates to the period subsequent to establishment of BMET in May 1976, and also as the enforcement of the requirement of obtaining clearance from BMET may have been weak in the initial period.

It will be seen that overseas employment secured has steadily increased from 6087 in 1976 to 62762 in 1982 after which it showed a decline of about 6 p.c. in 1983 (59220) and a further decline 4.1 p.c. (56754), in 1984 compared to the respective proceeding years. During Jan-June 1985, overseas employment secured has been the highest so far at 36119, for any half-year period since 1976. Allowing for possible decline around the Hajj season, the annual figure for 1985, may yet equal the peak of 1982. It may be interesting here to note that studies undertaken by researchers in 1980, the findings of which were reported in World Bank staff working paper 454 of 1981, had predicted a flow of about 40,000 per year during 1980-85.

It will be seen however that increase in overseas employment secured was sudden and abnormally high in 1981, in which year the figure almost double to 55787 from the previous year's figure of 30573. This may be accounted for by the following factors :

- (a) More than 800 p.c. increase in case of placement in Iraq,
- (b) High increase in Saudi Arabia, Oman and U.A.E.,
- (c) Entry into Singapore Labour Market, and

(d) General increase in almost all countries.

Although it has not been studied systematically, my feeling is that liberalisation of issue of recruiting agency licenses and greater initiative taken by these agencies were responsible for most of these additional placements. Secondly, several employing countries did not have their embassies at Dhaka in the initial years of 1976-79 and by 1981, these embassies became effectively operational and foreign employers found it easier to process their demand. Thirdly, the publicity campaign launched during 1976-79, may have yielded some results by 1980. In case of Iraq, recruitment prior to 1980, were mostly made through Government Agencies in Bangladesh and relaxation of this condition may have contributed significantly.

It may be pointed out that the increase in overseas employment secured was accompanied by deterioration in the working conditions of the employment secured. Again, no study has been made on this aspect. The records however show much larger instances of deportation, complaints of contracts substitution, and other malpractices than justified by the increase in number. The most significant adverse development has been under cutting among recruiting agencies to secure demand and consequent emergence of exorbitant rates of fees charged by the processing agencies:

The fall after 1982, has been of the order of about 5 p.c. per year compared to the respective preceding years and cannot possibly be attributed to the general recession in the oil-rich countries. The increase during Jan-June 1985 and the anticipated increase for the year 1985, will indicate that impact of recession has not been always adverse. The fact is that in the overall demand pattern in the oil-rich countries, the share of Bangladesh has been very small. In the World Bank study mentioned earlier, it was shown to be less than 3 p.c. of the expatriate labour force in several selected countries, Phillipines, India and Pakistan, have been securing overseas placement of 300000 to 150000 annually since long and the recession may have affected these countries more adversely than ours. In order to avoid over concentration of expatriate workers from countries like India, Phillipines and Pakistan, preference is given by some countries to workers from lesser known countries like Srilanka, Bangladesh, Indonesia. In any event, it is difficult to say from the data presented whether the flow will increase or decrease and it will be more difficult to determine the rates of such increase or decrease. It is possible that promotional efforts by processing agencies, in case of Bangladesh, will be the major determining factor in influencing the future flow.

Countries of Employment :

It will be seen from the annexure-I that share of different countries of employment in the overseas employment secured has varied during 1975-85. U.A.E. remained the largest employer for the years 1976-78 while Saudi Arabia emerged as the largest employer in 1979. Saudi Arabia represents the largest source of demand and annual flow to their country has reached 20000 in 1984 and may exceed 30000 during 1985. In this country, the number of overseas employment secured has increased every year except in the year, 1983. the number of overseas employment secured has exceeded 100000 mark by June 1985.

U.A.E., remained the second largest source of employment during 1979 and 1980, and became the fourth largest source during 1981-1984. The peak was reached in 1978 in case of U.A.E. and the number of overseas employment secured in U.A.E. did not show a consistent trend. It recorded frequent variation over the preceding year during 1979-1984. The number of overseas employment secured has exceeded 50,000 mark by June 1985. In Oman also, the overseas employment secured so far has exceeded 50,000. Flow to this country showed a consistent increase except in the year 1984. Despite emergency situation in Iraq, the overseas employment secured in that country was very high at 13153 and 12898 during 1981 and 1982 respectively. Total employment secured in that country has exceeded 40,000 mark by June 1985. Fall in employment secured during 1983, compared to the previous year was also very high. The sudden abnormal increase in 1981 in Iraq, was possibly due to acceptance of private recruiting agencies by the foreign employers. Earlier, they were reluctant to use private agencies. Kuwait is another country, where more than 40,000 employment opportunities have been secured till June 1985. In this case also, there was a continuing increase from 1976 upto 1983. During 1984, recruitment was virtually stopped and a search for illegal entrants was launched. During 1985 also, temporary restrictions were imposed on entry of foreigners following a bomb incident.

In Qatar, about 29000 employment opportunities have been secured upto June 1985 and except a drastic fall in 1984, there has been a continuing increase during 1976-83. Same is the situation in Bahrain, where about 20,000 employment opportunities have been secured upto June 1985. In Libya, also, more than 20,000 opportunities have been secured so far and intake during 1984 was higher than previous year. A sharp decline is likely during 1985.

Singapore and Iran have provided for 2-3 thousand job opportunities upto June 1985. While Singapore may not be a prospective source of overseas employment in the future because of their declared shift towards high-technology industries, Iran may revive their demand in the near future.

It will be seen from the above scattered information that both in case of total employment as well as in case of country-specific employment, there has been continuing increase between 1976 and 1982. The rate of increase has been abnormally high between 1980 and 1989 (82.41). The peak was reached in 1982, after which gradual decrease of 5.64 p.c. in 1983 and 4.16 p.c. in 1984, over the respective previous years have been noticed. Judging from the figures of first six months, it is likely that 1985 figures will be close to the peak attained in 1982. It should also be noted that substantial increase of 59 p.c. took place in Saudi Arabia during the year 1984 and but for drastic fall in Qatar and Kuwait, there would have been increase in the total overseas employment secured during 1984.

Skill Level :

The records released by BMET also classifies the emigrants by skill level. In doing so, the following groupings are shown :

Professional	: Medical doctors, Engineers, Foreman, Teachers, Nurses, Accountant, Administrative, Managerial and related jobs.
Skilled	: Welder, carpenter, Electrician, Heavy vehicle Driver, Tailor, plant operator, Mason, Steel Fixer, cook, mechanics etc.
Semi-skilled	: Gardener, Cleaner, farmers, etc.
Un-skilled	: Labourer, domestic servant.

This classification is used in determining the permissible minimum wage levels prescribed by the Government.

Annexure-II, shows the distribution of workers securing over-seas employment during 1976-85, by skill level. It will be seen that 51.73 p.c. are un-skilled workers.

It may be noted however that proportion of unskilled worker was lower during the period 1976-1981, during which period it varied from 44 to 52 p.c. of the total. In the subsequent years the proportion of unskilled workers increased to over 55 p.c.

Correspondingly, the proportion of professional workers, which varied from 9.33 p.c. to 15.15 p.c. during 1976-79, decline in subsequent years and varied between 3.08 p.c. to 6.49 p.c. of the total during 1980-1984. Similar variation may also be noted in case of skilled workers, proportion of whom declined from 40.21 in 1981 to around 30 p.c. in subsequent years.

Similar variations in the skill composition of workers are also noticed in respect of countries of employment. In case of Saudi Arabia, for example, the proportion of skilled workers declined from 23.8 p.c. in 1980 to 16.62 p.c. in 1984 while the proportion of unskilled worker increased from 65.1 p.c. in 1980 to 76.59 in 1982 and remained at 74.78 p.c. and 72.79 p.c. in 1983 and 1984 respectively. Professional workers constituted 2.23 percent of the total recruitment in Saudi Arabia in 1983, compared to 4.6 in 1980 and 4.96 in 1984. It is difficult to make any observation on the causes of decline of the proportion of skilled workers and professional workers among the total emigrants during later years. Reluctance to release such workers is usually attributed as a cause. Restrictions on doctors and engineers is also mentioned as cause in most circles. These reasons do not fully explain the decline as there was no ban on other professionals like teachers, accountants, bank and insurance executives, air lines worker, hotel management, municipality, executives, agricultural, animal husbandry, forestry workers, industrial technologists and management workers for steel mills, chemical plants fertiliser factories etc. Problems of obtaining release is usually overcome by the individuals by well-known method of 'Tadbir'.

The major reason to my mind is the absence of an effective processing agency in the public sector, which could generate confidence among professionals and also among skilled workers. Annexure-III will show the distribution of emigrants by channel of recruitment. Till 1979, Government recruiting media accounted for nearly 30 p.c. of the total emigrants placed in overseas employment. By 1983, the share of Government agencies became negligible.

On the other hand, the share of recruiting agents increased from about 7.40 p.c. in 1977 to 57.19 p.c. in 1984. These agencies with profit-motive, tend to prefer demand for unskilled workers as young, educated, and unskilled persons of land owning families can pay them at a higher rate by selling their land. Those who are actually making a living by working in an unskilled, semi-skilled or skilled job within the country, cannot compete with the other group.

Individual efforts have been responsible for placement of the largest proportion of emigrants since the inception of the flow. In countries like India, Phillipines, Pakistan, the number of overseas residents exceed one million and if 10 p.c. of them secure a job for their friends and relations, every year, the annual flow becomes, 0.1 million. These offers secured by overseas residents tend to be more for unskilled workers.

Concluding Remarks :

The purpose of this paper was to provide available information on overseas employment secured so far. It is for the distinguished analysts to see whether these information can be used in assessing the current and future trends with any degree of certainty.

ANNEXURE-I

Trends of Overseas Employment by Countries. (1976-85)

Year	YAE	Qatar	Kuwait	Iraq	K.S.A.	Libya	Bahr	Oman	Japan	Singapore	Yemen	Iran	Jordan	Malaysia	Brunel	Nigeria	Algeria	Others	Total
1976	1989	1221	643	587	214	173	398	113	—	—	—	281	—	—	—	16	—	512	6087
1977	5819	2262	1315	1238	1379	718	879	1492	—	—	—	339	—	—	—	121	11	161	15725
1978	7512	1303	2243	1454	3212	2394	587	2877	—	—	—	982	—	23	—	6	17	24	22809
1979	5055	1383	2289	2362	6480	1969	827	3777	—	110	—	4	73	—	—	—	25	121	24485
1980	4847	1455	3687	1927	8695	2976	1351	4745	—	669	—	2	127	3	—	2	3	84	55787
1981	6418	2268	5464	13153	13384	4162	1392	7351	—	1083	—	—	66	—	—	17	—	1029	30573
1982	6862	6253	7244	12898	16341	2071	1993	8248	—	331	—	—	220	—	—	57	21	223	62762
1983	6616	7561	10302	4932	12942	2215	2470	11126	172	178	236	—	127	23	253	40	—	27	59220
1984	5302	2763	5677	40701	0587	3386	2325	10111	—	728	494	534	—	—	30	—	—	176	56754
1985	4325	2385	3860	1469	17311	452	1634	4264	4	20	156	146	69	7	—	—	—	17	36119
(upto June)																			
Total	54745	28854	42724	44721	100555	20516	13962	54104	176	3119	886	2288	613	118	290	259	77	2314	370321

ANNEXURE-II

Skill Composition of Migrants.
Skill level

Year	Professional	Skilled	Semi-Skilled	Un-Skilled	Total
1976	568 9.33	1775 29.16	543 8.92	3201 52.59	6087 (100)
1977	1766 11.23	6447 40.99	490 3.12	7022 44.66	15725 (100)
1978	3455 15.15	8190 35.9	1050 4.60	1014 44.34	22809 (100)
1979	3498 14.77	7005 28.61	1685 6.88	12301 52.24	24485 (100)
1980	1980 6.49	12209 39.49	2383 7.66	14038 45.92	30573 (100)
1981	3892 6.98	22431 40.2	2449 4.39	27015 48.42	55787 (100)
1982	3898 6.21	20611 32.84	3272 5.21	34981 55.74	62762 (100)
1983	1822 3.08	18939 31.98	5098 8.61	33361 56.33	59220 (100)
1984	2652 4.65	17183 30.28	5484 7.66	31445 55.41	56754 (100)
1985 upto June	1751 4.85	13043 36.11	3255 9.01	18070 50.03	36119 (100)
Total	25271 6.82	127833 34.52	25669 6.93	191548 51.73	370321 (100)

Professional : Doctor, Engineer, Foreman, Teacher, Nurse, Admn, Staff.

Skilled : Mechanics, Welder, Mason, Carpenter, Electrician, Painter, Cook, Driver, Dunter, Plumber, Tailor, Balacksmith, Operator, Steel Fixer etc.

Semi-Skilled : Farmer, Gardener, Cleaner etc.

Un-Skilled : Servant, Labour etc.

ANNEXURE-III.**Distribution of Overseas Employment
by Recruiting Media.**

Recruiting Media				
year	Govt. Agents	Recruiting Agents	Individual	Total
1976	5279 (86.72)	284 (4.67)	524 (8.61)	6087 (100)
1977	5729 (36.43)	1171 (7.45)	8825 (56.12)	15725 (100)
1978	6160 (27.01)	1994 (8.74)	14655 (64.25)	22809 (100)
1979	6957 (28.42)	2966 (12.11)	14562 (59.47)	24485 (100)
1980	5715 (18.69)	7773 (25.42)	17085 (55.88)	30573 (100)
1981	6074 (10.89)	22218 (39.83)	27495 (49.28)	55787 (100)
1982	4483 (7.14)	24939 (39.74)	33340 (53.12)	62762 (100)
1983	730 (1.23)	26320 (44.45)	52170 (54.32)	59220 (100)
1984	157 (0.28)	32480 (57.19)	24137 (42.53)	56754 (100)
1985	105 (0.29)	19046 (52.73)	16968 (46.98)	36119 (100)
Total	41389 (11.18)	139171 (37.58)	189769 (51.24)	370327 (100)

Overseas Remittances and the Bangladesh Economy

RAISUL AWAL MAHMOOD*

1. Introduction

Remittances from nationals working abroad have been among the most tangible aspects of manpower exports from Bangladesh. They are now a major source of foreign exchange, a prime element of disposable income for thousands of migrant households and an important catalyst behind various economic activities in the country. While their importance is widely appreciated, attempts made so far to quantify the various aspects of remittances [4,12] and to put them in their proper perspective are inadequate. However, these are important for policy planning as also for understanding the earning-expenditure matrix of nationals working abroad. The purpose of this paper is to make some contribution in this direction. This would help in understanding the various aspects of overseas remittances and their respective importances in comparison to other similar earnings.

By way of organising the paper, section 2 develops a schematic model depicting the income-expenditure matrices of nationals working abroad. It identifies a remittances function. Section 3 makes an attempt to quantify the various elements of the remittances function. Section 4 contrasts remittances with some macro-parameters, followed by a summary and conclusions.

2. The Model

$$\text{Let, } Y = \sum_i w_i s_i \quad i = 1, 2, \dots, n \quad (1)$$

Where w is the average wage of the i th skill group, s the number of nationals in the respective skill group, and Y meaning income. $E_a(1)$ implies the aggregate income earned by the nationals— all skill group taken together, working abroad. It is possible to have the Y function specific to each individual country where the nationals are currently employed, thus taking into account variation in wage rates for different skill groups across countries.

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Therefore,
$$Y_j = \sum_i w_{ij} s_{ij} \quad i = 1, 2, \dots, n \quad (2)$$

Y_j means total income earned by the nationals working in country J. W_{ij} and S_{ij} are respectively the level of wage and the number of nationals of the i th skill group in country j . Aggregating over Y_j and calling that \bar{Y} we have,

$$\bar{Y} = \sum_j Y_j = \sum_j \sum_i w_{ij} s_{ij} \quad \begin{matrix} i = 1, 2, \dots, n \\ j = 1, 2, \dots, m \end{matrix} \quad (3)$$

E_q (3) refers to the aggregate income of all nationals working in different foreign countries.

Corresponding to the income abroad, there will be some expenditure too. The most important item is the cost of living, say, C . This comprises expenditures on food, clothing, housing, etc. which are necessary to maintain oneself (including family) abroad at a certain standard of living. We define C as,

$$C = \sum_i c_i s_i \quad i = 1, 2, \dots, n \quad (4)$$

c_i means the average cost of living of the i th skill group, and s_i the respective number of migrants. Moreover, similar to equations (2) and (3) we have,

$$C_j = \sum_i c_{ij} s_{ij} \quad i = 1, 2, \dots, n \quad (5)$$

$$\bar{C} = \sum_j C_j = \sum_j \sum_i c_{ij} s_{ij} \quad \begin{matrix} i = 1, 2, \dots, n \\ j = 1, 2, \dots, m \end{matrix} \quad (6)$$

\bar{C} means the aggregate cost of living of all nationals living in different countries. Now combining \bar{C} and \bar{Y} together and defining E as earning of nationals working abroad, we have,

$$E = \bar{Y} - \bar{C}$$

E is defined as earning — not saving, because part of E may be used for purposes other than saving or accumulation as explained later on. E may be called Income Net of Cost of Living.

Given Income Net of Cost of Living of nationals working abroad one may assume that a part of it is transferred back home for either current consumption of family and other dependents, and/or for accumulation of resources. Let this portion of E be called T_h — income transferred back home. The other part of E may be retained in the country of residence or transferred to a third country for current consumption or accumulation of

assets. This we call income retained abroad $-T_a$. Thus,

$$E = T_h + T_a$$

As defined, T_a may be used for either consumption or accumulation. Accordingly, we may further define,

$$T_a = T_{aa} + T_{ac}$$

T_{aa} implies earnings retained abroad or transferred to a third country as accumulation of assets- liquid or otherwise. This may include saving with banks or other forms of profitable investments, and expenditures on house building, consumers durables, etc. This kind of savings are assumed to be convertible into cash and, therefore, can be transferred back home in future. T_{ac} means consumption expenditures of the migrant concerned or any of his dependents abroad in addition to the average costs of living.

From the above equations, the Foreign Exchange from Nationals Working abroad, called FX_r , aggregated, is,

$$FX_r = T_h + T_{aa} \quad (10)$$

FX_r is the maximum possible amount of foreign exchange that could be expected from foreign remittances. Alternative assumptions about the average cost of living of different skill groups and various levels of T_{ac} will give varying estimates of the FX_r .

The Final step in understanding the issue of foreign exchange from the remittances of nationals working abroad is the possible components of the T_h variable in eq(9). T_h may be either in cash or in the form of goods - respectively termed T_{hc} and T_{hg} . Again cash transfers, i.e. T_{hc} , may take place either through the official channels and/or through private middlemen. If cash transfers take place through the official channels we call it T_{hc}^O , and if they take place through private middlemen it is termed T_{hc}^P .

Finally, foreign transfers which are made in the form of commodities, i.e. T_{hg} , may take place along with normal imports of the country (T_{hg}^m), or as accompanied baggage of an incoming passenger (T_{hg}^a).

Therefore,

$$T_h = T_{hc} + T_{hg} \quad (11)$$

$$\text{and } T_{hc} = T^{o}_{hc} + T^p_{hc} \quad (12)$$

$$T_{hg} = T^m_{hg} + T^a_{hg} \quad (13)$$

From equations (10) to (13), we can rewrite the FX_r function as,

$$FX_r = T^{o}_{hc} + T^p_{hc} + T^m_{hg} + T^a_{hg} + T_{aa} \quad (14)$$

3. Level of Overseas Remittances

Given the schematic model drawn up the above, this section makes an attempt to quantify the different components of the Remittances function. This is followed by some discussion on the factors underlying the present trend in the flow and the country origin of remittances. One should note here that the estimates of remittances that follow do not necessarily correspond to the saving of nationals abroad during the same period. Savings retained abroad may be transferred in a later time in either of the four other forms in the equation (14). Accordingly, the T_{aa} component is left out of the discussion here.

3.1 Cash Remittances through the Official Channels (T^o_{hc})

(a) Remittances in Foreign Exchange

Overseas remittances are first received in the form of foreign exchanges which are later converted into their taka equivalents. This may be either in cash foreign exchange, or in drafts, travellers cheque, cheques, international money-orders, etc. And such transfers may be made, (i) directly into a bank account, (ii) brought into the country in person (or sent with someone) in the form of cash, drafts, travellers cheques, which are later deposited into a foreign currency account, and (iii) postal transfers. A sum of foreign exchanges thus coming into the country from the nationals working abroad in either of the above ways will give the total volume of remittances in foreign exchange during a particular time period.

Table-1
Level of Remittances in Foreign Exchange

(in millions)

Years	Remittance in	
	US \$	PoundSterling (£)
1975/76	0.73	7.92
1976/77	9.36	22.01
1977/78	54.97	34.56
1978/79	64.58	29.04
1979/80	149.50	42.22
1980/81	378.72	23.30 (Jan.-June, 1981)
1981/82	412.44	N/A
1982/83	617.16	N/A
1983/84	596.52	22.09 (Jan.-June, 1984)
1984/85 (July-May)	397.98	15.91 (July-Dec., 1984)

Source : Exchange Control Department, Bangladesh Bank.

Table-1 is based on remittances in foreign exchanges received either in US \$ or £. Unfortunately, information on the flow of sterling (£) remittances has been incomplete since 1980/81 constraining any fruitful discussion of their trends. Remittances in \$ demonstrated a significant increase upto 1982/83, when they stood at 617 millions.

(b) Remittances in Taka

As noted earlier, remittances in taka are derived by converting foreign currencies received from the remittances of nationals working abroad into domestic currency. Such a conversion takes place through the official rate of exchange. This raises one particular problem. As US \$ received as remittances, for instance, is equivalent to, say, Taka 28 converted through the official exchange rate for US \$. In the official statistics, maintained by the Bangladesh Bank, the flow of remittances during that particular time period will be declared as Taka 28. But to the recipient of remittances this will be equivalent to, say, Taka 30 converted through the IP rate under the WES. Now, if millions of \$ and £ are converted both at official exchange rate and IP rate the corresponding levels of remittances will be significantly different. In terms of the flow of cash in the hands of the migrant households due to overseas remittances, foreign exchange converted via the IP rate would seem to be the most appropriate index of the level of remittances. The following analysis, therefore, highlights both the levels of remittances.

Table-2
Flow of Overseas Remittances in Taka
(Converted Through the Official Exchange Rate)

(Taka in millions)

Years	Level of Remittances
1976/77	744.2
1977/78	1,539.7
1978/79	1,879.3
1979/80	3,854.5
1980/81	6,197.1
1981/82	8,396.7
1982/83	14,949.3
1983/84	14,837.8
1976/77-1983/84	52,398.6

Source : Exchange Control Department, Bangladesh Bank.

Remittances from nationals working abroad increased significantly over the years. As table 2 shows, from an initial figure of less than a billion taka during 1976/77, remittances increased to about 15 billion during 1982/83. In the following year, however, the flow of remittances was slightly lower. The reasons underlying such a downward trend in the flow of remittances is analysed later.

Before one looks into the flow of remittances derived by converting foreign exchange remittances through the IP rates (exchange rate under the WES), table 3 contrasts the two exchange rates over the past few years. Only US \$ is referred to here because of the data constraint.

Table-3
Difference Between the Official
and the IP (WES) Rate

Exchange Years	Rates	Difference IP ^b	Difference between the rates	
	Official ^a		Absolute	Relative
(1)	(2)	(3)	(4)=(3)-(2)	(5)=(4)%(2)
1980/81	16.34	20.25	3.91	23.90
1981/82	20.04	22.82	2.78	13.87

1982/83	23.76	24.98	1.22	5.13
1983/84	24.95	27.98	3.03	12.14

Sources : (a) World Bank : Bangladesh : Economic and Social Development Prospects. Report No. 5409, April 12, 1985.

(b) Based on daily exchange rate of US \$ under the WES published in daily newspapers.

As table 3 shows, excepting for 1982/83, differences between the official and IP rates of US \$ were significant.

Table-4
Flow of Overseas Remittances in Taka
(Converted through both IP and Official Exchange Rate)

years	Remittances at official rate (in millions)	Exchange rate Differentials (Percentage)	Remittance at IP rate (in millions)
(1)	(2)	(3)	(4)
1980/81	6,197	23.90	7,678
1981/82	8,397	13.88	9,563
1982/83	14,949	5.12	15,714
1983/84	14,838	12.15	16,641

Note : Column (4) was derived by inflating column (2) through the exchange rate differentials, i.e., column (3)

Sources : Based on earlier tables.

A comparison of tables 3 and 4 will reveal that during 1983/84, for instance, income in the hands of migrant households due to remittances would have been taka 16,641 millions as compared to the official estimates of Taka 14,838 millions. A similar differential would have prevailed in the earlier years.

3.2. Remittances in the form of Goods along with normal Imports of the Country (T_{hg}^m)

Until it was discontinued in July 1980, Bangladeshis working abroad were allowed under the WES to remit their overseas savings in the form

1. If one would have used the difference between the official exchange rate and the rate provided by the currency racketeers, the relative differences in the flow of remittances would have been much more significant.

of goods admissible under the scheme. Payments for such imports would be made directly to the respective exporters, while a nominee of the migrant would receive the delivery of the goods in Bangladesh. The policy was supposed to serve two purposes. First, it would enable the migrants to earn an extra premium for their hard currency from the trading profits, therefore, encouraging them to save and remit more to Bangladesh. Secondly, such imports would add to local supplies and ease market scarcities².

Table-5
Direct Import by Bangladesh Nationals
Working Abroad

(TK. in millions)

Year	Cash Remittances	Direct Import	Direct Import as Percentage of Cash Remittances
1975/76	660.1	477.07	72.27
1976/77	992.7	781.09	72.27
1977/78	1,541.6	653.02	42.36
1978/79	1,892.3	790.35	41.77

Source : Bangladesh Bank : Annual Import Payments, various issues.

During its tenure of operation direct import out of overseas savings would have been equivalent to a significant proportion of cash remittances. As table 5 show, during 1975/76-1976/77, remittances in the form of direct import payments would have been equivalent to more than 70 percent of remittances coming in cash form. In the following years their relative importance was decreasing. In absolute terms, however, such transfers demonstrated some stability.

2. During those early years (prior to 1974) the newly born nation was going through serious crises. The war of independence had shattered the overall economic base of the country. Then there followed severe flooding; crops failed and the food reserve dropped to rock bottom. The already dwindled foreign exchange reserve would not pay for the immediate food imports. Also needed were most essential imports such as edible oil, baby foods, medicines, cloths, cement, iron and steel, industrial raw materials and spares. Against this background, in June 1974, to meet the urgent foreign exchange needs of the country from the savings of nationals working abroad, the WES was announced.

3.3 Remittances in the form of Goods Imported as Personal Baggage (T_{hg}^a)

Goods brought into the country by incoming passengers as accompanied baggage should account for a significant proportion of their overseas savings. A casual visit to the Zia International Airport, Dhaka, and a look at the quantity of goods brought in by incoming nationals would reveal the importance of such transfers.

Procedurally, the incoming passengers are supposed to give a declaration about the nature and value of the goods they have brought into the country. However, the time allowed to the arriving passengers to list the goods brought, and to the customs' officials to take a proper inventory of these is too short. As a result, whatever information is available on the value of such transfers would be a gross underestimation of the actual flows.

Table-6
Number of Passengers Arriving from Abroad
(Bangladeshis only)

Year/period	Passengers Arriving from			All Passenger
	Middle East	Europe	Asia	
(1)	(2)	(3)	(4)	(5)
1980/81	—	—	—	—
July-December	—	—	—	—
January-June	19,169	5,687	24,697	49,553
1981/82	47,563	22,690	49,796	120,059
July-December	22,047	7,798	30,051	59,896
January-June	25,516	14,902	19,745	60,163
1982/83	—	—	—	—
July-December	31,358	13,479	19,572	64,859
January-June	—	—	—	—

Source: Computed from data supplied by the office of the Director General of Immigration and Passports, Dhaka.

Table 6 shows the number of passengers arriving into Bangladesh during 1981 and 1982. Middle East and Europe (including all western countries) apart, arriving passengers include also those coming from various South and South East Asian Countries. Now a multiplication of

Table-7
Remittances in the form of Accompanied
Baggage of incoming Passengers.

Year/periods	No. of Passengers arriving from Europe and Middle East	Alternative Levels of Remittances based on		
		A ₁	A ₂	A ₃
(1)	(2)	(3)	(4)	(5)
1980/81	—	—	—	—
July-December	—	—	—	—
January-June	24,856	124,28	248,56	372,84
1981/82	70,263	251,32	702,63	1053,95
July-December	29,854	149,23	298,45	447,68
January-June	40,418	202,09	404,18	606,27
1982/83	—	—	—	—
July-December	44,837	224,19	448,37	672,56
January-June	—	—	—	—

Note: A₁, A₂ and A₃ refer to taka 5,000, 10,000 and 15,000 respectively as the value of accompanied baggage brought into the country.

the number of passengers arriving from Europe and the Middle East (where nationals work) at different points in time by an assumed average value of goods brought inland as accompanied baggage should give the possible levels of remittances.

Based on alternative assumptions about the average value of accompanied baggage of an arriving passenger, different estimates of the corresponding level of remittances are shown in table - 7. If one assumes an average value of accompanied baggage as taka 5,000, the corresponding level of remittances during 1981/82 would have been taka 351 million, Europe and Middle East taken together. On the other hand, if the average value of remittances is assumed to be taka 10,000 the corresponding level of remittances will be taka 700 millions. In reality the average value of accompanied goods will be much higher as will the corresponding level of such remittances.

3.4: Cash Remittances Through Unofficial Channels (T^P_{hc})

Remittances through the unofficial or private channels are alleged to account for a significant proportion of savings of nationals abroad. These have been rather common to Bangladeshis living in the UK, but insignificant to those in the Middle East. However, this category is

gaining much prominence lately. For instance, in a survey recently carried out on Bangladeshi returned migrants from the Middle East³, it was revealed that more than 16 percent of those interviewed would have sent their savings abroad - partly or fully, through private middlemen (See table- 8).

Table-8
Relative Importance of different Methods of sending Remittances

Different Methods of sending Remittances	Relative Importance
Friends and Relatives returning home	10.05
Bank Draft	78.26
Bank to Bank transfer	8.97
Middlemen	16.30
Others	2.45

Moreover, it was observed that among the migrants from particular districts, e.g., Sylhet and Chittagong, having a long tradition of migration the relative importance of private middlemen was much more evident. This was however less important among the urban-based, educated and skilled migrants of Dhaka City. Even in this case some 10 percent have had used middlemen to send their remittances.

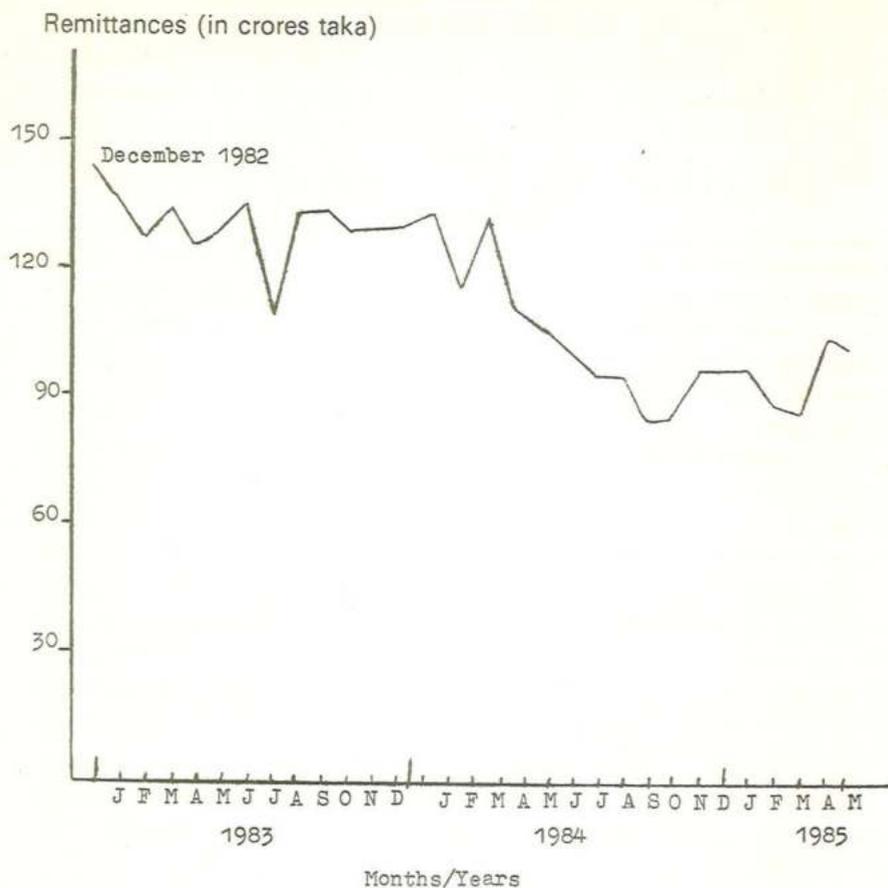
The importance of such transfers though very much evident, nothing much can be said about the magnitude of overseas savings thus transferred.

3.5 Current trends in the flow of remittances.

As table -2 demonstrates overseas remittances increased significantly until 1982/83, since when such flows have shown a downturn. To have a better picture of the present trends in the flow of remittances Graph-1 distributes overseas remittances by months/years. Overseas remittances reached the highest level ever, monthwise, in December 1982 (145 crores), and since then the trend was downwards until September 1984 when the level of remittances had declined to Taka 85 crores. From the end of 1984 onwards the flow of remittances has been rather erratic.

3. This was in connection with a research project entitled "Asian Migrant Workers to the Arab World". Some 370 returned migrants - those who have had completed atleast one job contract in the Middle East, were interviewed from the districts of Chittagong, Noakhali, Sylhet and Dhaka.

Graph-1 : Month-wise Distribution of Remittances.



Regarding the downward trends in the flow of remittances [5], among the various explanations could be the following : First, there has been a slowing down in the number of people migrating to the Middle East⁴. Then there are the returning migrants. These two together will make the number of nationals actually working abroad much smaller, hence the corresponding decline in the flow of remittances.

Secondly the current downward trend in the flow of remittances could be due to a disinclination on the part of the migrants abroad to remit their overseas savings through official channels. The free auctioning of

4. Migration to the Middle East increased consistently until 1982, when it stood at more than 62,000. However, in the following year it was stood at more than 60,593, coming further down to 57,830 in 1984. For further details, see Mahmood, R. A., *ibid.*

foreign currencies (\$ and £) under the WES has been discontinued lately. Instead, the Bangladesh Bank dictates from time to time the rate at which foreign currencies (US \$ and Pound Sterling) should be bought and sold in the market. Although such rates are higher than the official exchange rates, the withdrawal of the auctioning itself could have some dampening effect on the inflow of remittances. One implication of the new system is the failure of the declared exchange rates to truly represent the prevailing market forces. At times, currencies (especially US \$) are bought and sold at prices much higher than the rate prescribed by the Central Bank. The margin is much higher for cash than for draft/cheques. Therefore, instead of transferring foreign earnings through banks and post offices, people prefer to bring such earnings in person and in cash⁵ and to sell it directly in the market. Such transactions (especially cash currencies) are hardly likely to be registered as foreign exchange earnings of the country, and clandestine indeed some of it may even represent a form of capital flight from the country.

Moreover, the non-operation of the free market for foreign exchange under the WES is said to have been a boon to the currency racketeers. Such channels are said to have gained much prominence in recent years. Thus when money does actually come in it seldom shows up in the register. Even if the actual level of remittances remains the same such unregistered flows could account for a downward trend in the official flow of remittances.

Finally, it is maintained by many that part of the reason for the downward trend in the flow of remittances is due to withholding of a part of overseas savings by migrants abroad. Since the job market in the Middle East is presently quite uncertain, for professionals and semi-professionals alike, people are presently withholding a part of their savings abroad with a view to paying for a new visa/Job contract if one loses his present job.

It should be noted here that the figures shown in table 2 do not all necessarily refer to remittances from nationals abroad. Part of this will include overseas earnings of nationals (not migrants) being clandestinely transferred into the country either to evade possible taxation, and/or to get a better premium. In countries such as Hongkong, Japan, for instance, there is hardly any Bangladeshi migrant workers (almost nil in Japan according to the official statistics), but

5. At present, nationals working abroad are allowed to bring into the country a certain amount of hard currencies (\$ and £) without making any declaration, to the customs official. However, the actual amount of foreign currencies brought in is often much higher than what is allowed for.

every year a significant proportion of remittances come from these countries. It is possible that earnings in Foreign exchange accruing from under-invoicing exports or over-invoicing exports from and to Bangladesh or from earnings of Bangladeshi indentors, commission agents, or under-dealers in various government and sector corporations are transferred into the country in the name of workers' remittances. Such transfers could be from any country with whom Bangladesh has trading relations.

3.6 : Geographical Origin of Remittances.

Geographically, remittances coming into Bangladesh originate mostly from two areas - the UK and the Middle East (see table 9). As of 1984 (for the first six months for which data are available), more than three quarters of such remittances came from the Middle Eastern countries alone. Moreover, the relative importance of these countries has been increasing overtime. The relative importance of remittances from Bangladeshis working in the UK, the traditional source of such remittances, has been on the decrease. In 1984 it accounted for only 11 percent of the remittance as compared to about 38 percent in 1977. However, in absolute terms the inflow of remittances from the UK has been increasing rather significantly⁶. Among the other sources of remittances, USA seems to occupy an important position.

Table-9
Overseas Remittances by Major Areas/Countries and Year

Regions/ Countries	(in percentage)				
	1980	1981	Years 1982	1983	1984 (upto June)
Middle East	45.05	60.35	57.38	78.12	77.27
UK	31.78	22.48	14.44	12.33	10.97
USA	10.69	7.94	7.79	5.69	7.38
West Germany	3.06	2.45	1.25	-	0.72
Others	9.53	6.79	19.13	3.86	3.67
Grand Total	(100)	(100)	(100)	(100)	(100)

Source : Exchange Control Department, Bangladesh Bank, Dhaka.

6. One should note here that remittances from the UK do not all necessarily represent the savings of nationals working there. Many of those working in the Middle East, especially among the educated and professionals, do maintain bank accounts in the UK. And part of these savings are later transferred into Bangladesh. Lack of an immediate need for cash in Bangladesh and better returns and higher securities for savings are behind such banking habits.

Within the Middle East, the single most important source of remittances is Saudi Arabia (see table-10). In 1984 it accounted for about 48 percent of the remittances coming from the region, followed by the UAE, 11.63 percent. The third important source is Kuwait, 11.24 percent.

Table-10
Remittances from the Middle Eastern Countries

(in percentage)

Countries	Years				
	1980	1981	1982	1983	1984 (upto June)
Bahrain	1.26	1.20	0.74	1.33	1.82
Iran	2.94	1.29	0.26	0.15	0.13
Iraq	8.93	7.29	15.83	9.89	9.4
Kuwait	10.93	8.18	11.29	10.01	11.24
Libya	6.27	6.65	8.47	6.58	6.34
Oman	2.27	3.06	4.28	5.03	5.83
Qatar	7.54	5.82	7.23	7.25	5.70
Saudi Arabia	41.20	41.51	34.08	44.66	47.91
UAE	18.66	25.51	17.81	15.11	11.63
All together	(100)	(100)	(100)	(100)	(100)

4. Remittances' Importance to the Bangladesh Economy

The foregoing analysis appraised the quantum of resources coming into the country as remittances from nationals working abroad. However, a proper appreciation of such remittances would require a comparison of the same with other sources of earning of the country. Importance would here be measured by a comparison of remittances with export earnings and import payments, foreign aid and loans received over the years, domestic resources of the country, development financing, etc. The purpose of this section is to contrast foreign remittances with various macro-parameters of the Bangladesh economy.

4.1. Exports, Imports and Remittances

Overseas remittances have become the most important source of foreign exchange earning for the country. Compared to export receipts, remittances have become increasingly important. As of 1982/83, remittances were equivalent to about 83 percent of the country's export earnings (see table- 11). Even export earnings from raw jute and jute manufactures, country's two major sources of foreign exchange, fall short of overseas remittances. During 1983/84, for instance, remittances came to more than 500 percent of the export earnings from raw jute; and more than 160 percent of that from jute manufactures.

Compared to import payments, in recent years remittances finance more than one third of total imports coming into the country & its share in imports is progressively increasing. In the context of Bangladesh three import items have become vital for the survival of the population and running of the economy, e.g., food (Rice and Wheat) petroleum and related products and capital machineries. Individually and jointly they account for a significant proportion of the import payments, and total export earnings can hardly pay for any two of these imports. However, overseas remittances are almost equivalent to the import payments for all three of these major import items taken together. During 1982/83, for

Table- 11
Overseas Remittances in Relation to the Foreign Trade of Bangladesh

	(in percentage)			
	1980/81	1981/82	1982/83	1983/84
EXPORTS EARNINGS ^a (X)	53.96	67.79	82.98	73.69
Raw jute	330.46	419.94	579.43	543.58
Jute Manufactured	94.93	133.62	188.75	167.04
Tea	1029.42	836.32	893.56	817.51
IMPORT PAYMENTS ^a (M)	16.62	21.68	39.89	34.14
Cereals (Rice and Wheat)	285.19	164.64	335.56	216.13
Petroleum & Petroleum Products	77.64	125.94	355.26	213.70
Capital goods (other than transport equipment) ^c	349.41	211.72	306.42	259.23
BALANCE OF TRADE DEFICIT (X-M)	23.02	31.88	78.83	63.61
REMITTANCES ^b (Tk. in millions)	(6,197.10)	(8,396.70)	(14,949.30)	(14,837.80)

Sources : a) B. B. S., Statistical yearbook, 1983-84

b) B. B., Exchange control dept.

c) Computed from W. B. report No. 4822.

instance these major imports would have accounted for about 90 percent of overseas remittances. In other words, if the whole of the overseas remittances during the reference period were used for import payments, they would have almost paid for the three most vital import needs of the country.

Bangladesh has a history of chronic deficits in her balance of payments; export earnings can hardly pay for even half the import needs of the country. Now, as table - 11 shows, overseas remittances could

Table-12
Overseas Remittances in Relation to Import Financing in Bangladesh

(in percentage)

Import Financing	1980/81	1981/82	1982/83	1983/84
TOTAL IMPORT	14.53	16.09	27.12	24.65
Loans and Grants	35.72	35.54	48.81	52.27
Cash	34.00	43.84	128.25	85.3
Barter	392.45	416.0	1800.46	787.69
WES	113.42	122.28	131.11	120.22
REMITTANCES (TAKA IN MILLION)	(6197.10)	(8396.70)	(14949.30)	(14837.80)

Note : Total Import figures shown in the above are slightly different from those contained in the earlier tables.

Source : Bangladesh Bank, Bangladesh Bank Bulletin, December 1984

cover a significant part of these deficits. During 1982/83, for instance, remittance would cover more than three fourths of the country's balance of trade deficits.

A disaggregation of import financing of Bangladesh would further reveal the importances of overseas remittances. Imports into Bangladesh are financed, apart from export earnings - called cash imports, through foreign aid and loans, barter trade STA and overseas remittances. The relative importance of imports under each of the above arrangements compared to the inflow of remittances is given in table 12. Over the years under observation remittances have been demonstrating an ever increasing prominence in import financing. They were equivalent to more than half the imports financed out of aid and loans received from abroad during 1983/84, and more than the cash imports of the country in the previous year.

4.2 : External Resources and Remittances

Table 13 contrasts overseas remittances with the foreign aid and loans received by Bangladesh, the life-blood of the economy and the agent for all development activities⁷. The three different forms in which such aid and grants are received are food aid, commodity aid and project aid. Overseas remittances compare significantly with such aid and loans. During 1982/83, remittances were equivalent to more than half the external resources available to the country.

7. For further details on the role foreign aid and loans play in Bangladesh economy see [8].

Table-13
Overseas Remittances and External Resources available to Bangladesh

(in percentage)

	1980/81	1981/82	1982/83	1983/84
EXTERNAL RESOURCES (aid and loans)	41.31	47.71	51.69	43.45
Food aid	244.17	255.81	272.21	249.02
Commodity Aid	120.59	139.95	153.94	128.49
Project Aid	84.63	100.93	108.99	89.17
OVERSEAS REMITTANCES	(6137.10)	(8396.70)	(14949.3)	(14837.8)

Note: Percentage figures refer to the equivalence of remittances to the respective items.

Sources: Adapted from, World Bank, Bangladesh: Economic Trends and Development Administration, Report No. 4822, February 27, 1984.

For the different components of aid and loans, the relative importances of overseas remittances is much more significant. During the period under observation remittances were more than double the food aid; more than the commodity aid, and almost equal to the project aid coming into Bangladesh.

4.3 : Domestic Resources and Remittances

The main issue underlying the discussion here is that if the government had a fuller control over remittances coming into the country, how would such resources have compared to the other revenue earnings of the country? For instance, at present the government sells Wage Earners' Development Bond to the nationals working abroad. The sale proceeds from these bonds go to the government exchequer and used for various purposes including recurring expenditures. Now if the whole of the remittances were tapped in similar ways, what would have been their importance compared to revenue earnings.

The relative importance of remittances as compared to the total revenue earnings of the country has been significant, and has been increasing all through. During 1980/81 remittances were equivalent to about one quarter of the current revenue earnings of the country, increasing to more than half in 1982/83 (see table 14).

Table-14
Overseas Remittances in Relation to the Current Revenue of the Country.

	(in percentage)			
	1980/81	1981/82	1982/83	1983/84
TAX REVENUE	34.78	42.66	69.22	61.94
Customs duties	82.63	106.96	164.28	156.52
Sales taxes	182.27	293.91	473.08	413.31
Excise duties	166.14	181.43	311.44	248.96
Income taxes	281.68	322.83	474.58	442.92
NON TAX REVENUE	110.43	143.34	271.36	266.15
Nationalised sector	334.98	586.36	1187.39	1121.53
Railways	590.20	671.74	946.16	1009.37
TOTAL CURRENT REVENUE	26.45	32.88	55.15	50.25
REMITTANCES (Tk. in millions)	(6,197.1)	(8,396.7)	(14,949.3)	(14,837.8)

Source : Excepting for remittances, data come from World Bank, Bangladesh: Economics and Social Development Prospects, Report No. 5409, April 12, 1985.

A comparison of the remittances with the different components of the current revenue earning of the country would better demonstrate their relative importance. Remittances have been much greater than the non-revenue earnings. Even in the case of tax revenues, remittances would cover more than three fifths of the total since 1982/83. They have all along been much higher than various tax revenues. Remittances come to much more than the Customs Duties the most important source of revenue for the country, and has been so consistently. Moreover, they have been many times higher than Income Taxes.

4.4 : Remittances and Some Macro Indicators :

Table 15 contrasts overseas remittances with some macro indicators of the country. Remittances account for about 6 percent of the GDP during 1982/83 and 1983/84. Remittances are much greater than the country's gross domestic savings.

The importances of overseas remittances can be appreciated better if compared to the total credit/loans which have been issued for agricultural activities and industrial development. Overseas remittances are many times higher than industrial loans disbursed by the Bangladesh Shilpa Bank (BSB) and the Bangladesh Shilpa Rin Sangstha (BSRS) over the years. During 1983/84, for instance,

Table-15
Overseas Remittances in Relation to Macro Indicators

	(in percentage)			
	1980/81	1981/82	1982/83	1983/84
DIFFERENT FINANCIAL INDICATORS				
Gross Domestic Product	3.16	3.83	5.91	5.60
Gross Domestic Savings ^a	136.11	104.79	355.51	147.42
Agricultural Loans issued by				
Major Financial Institutes	178.74	208.13	239.48	149.08
Loans disbursed by BSB and BSRS ^b	560.52	854.19	1497.94	2021.50
REMITTANCES (Tk. in millions)	(6,179.10)	(8,396.70)	(14,949.30)	(14,837.80)

Note : a. At market prices

b. BSB, BSRS refer to Bangladesh Shilpa Bank and Bangladesh Shilpa Rin Sangsta respectively.

Source : World Bank, Report No. 5409; Bangladesh Bank.

remittances were more than 200 percent higher than the loans disbursed by these two major institutions together. Similarly, remittances greater than agricultural loans provided by various commercial banks, and specialised banks such as Bangladesh Krishi Bank and Bangladesh Samabaya Bank.

4.5. Remittances and the Annual Development Programme

The purpose here is to judge the potential capability of remittances to finance the development expenditures of the government. Specifically, we ask, had it been possible to divert these remittances into various sectors, what role could they have played in enhancing the development process keeping in view the current resource availabilities.

As compared to the Annual Development Programme (ADP) of the country (see table 16) overseas remittances come to more than one quarter of the ADP in 1980/81 rising to about half the ADP in 1982/83. Much more significant are remittances vis-a-vis sectoral allocations in the ADP. Overseas remittances are many times higher than resources allocated for individual sectors separately. In the case of agriculture, for instance, ADP allocations during 1983/84 would have been equivalent to less than one third of the remittances received during that period; for industry it would be about one fourth. Resources allocated for education and training in the 1982/83 ADP were less than 7 percent of the remittances received. ADP allocations for manpower and employment would be very insignificant compared to the inflow of remittances.

Table-16
Overseas Remittances and the Annual Development Programme

(in percentage)

	1980/81	1981/82	1982/83	1983/84
ANNUAL DEVELOPMENT PROGRAMME	26.16	30.92	47.82	42.95
Agriculture	192.04	227.06	316.66	316.98
Rural Development	827.58	745.05	1288.73	1604.00
Industry	184.05	228.36	475.34	377.00
Transport	165.21	220.85	305.52	571.00
Physical Planning & housing	869.16	1392.00	1967.01	2132.00
Education and training	838.88	784.00	1377.00	1081.00
Manpower and Employment	5902.00	4141.00	7292.00	4833.00
REMITTANCES (Tk. in million)	(6,197.10)	(8,396.70)	(14,949.30)	(14,837.80)

Note : Figures contained in the table refer to remittances as percentage of the respective item.

Source : Excepting for remittances, data come from World Bank, *ibid.*

It is quite evident from the above that overseas remittances have great potentialities to finance development activities in the country, provided such resources could be properly tapped and diverted into various sectors in the economy, the overall investment—both total and sectoral, would have increased significantly.

4.6. Employment Promotion and Remittances

There is no data available to show the employment potentials of remittances. However, some idea about the same could be derived based on some assumptions. Given the level of un— and underemployment, mass poverty, lack of foreign exchange and investible surplus, the current flow of remittances could have contributed significantly towards increased investments and employment opportunities. Even if a half of the remittances coming into the country is productively used the job opportunities thus created would have provided employment to thousands.

Assuming an investment/employment ratio of 20,000 : 1, for instance, even if a half of the remittances coming into the country during 1983/84 (14,838 million taka) were used for investment purposes, this would have generated job opportunities for about 370 thousand people. If the investment/employment ratio is raised to 40,000 : 1 (not too unrealistic), the corresponding job openings would have been 185,000. Such employment effects will be much higher if all indirect employment

opportunities thus created are also taken into account. One should not further that the above estimates relate to the use of remittances coming in one single year. However, if the total flow of remittances overtime is taken into account the corresponding job opportunities will be many times higher than the number of people migrating abroad.

Summary and Conclusion

Overseas remittances have been among the most tangible aspects of manpower exports from Bangladesh. They are now a major source of foreign exchange earnings for the country and disposable income for thousands of migrant households, and an important catalyst behind various economic activities in the country.

The purpose of the paper has been to probe into the various aspects of overseas remittance, and to put them into their proper perspective. Overseas remittance have been shown to comprise four important components, i.e., cash remittances through official and private channels, goods imported out of the savings abroad either along with normal imports of the country or as accompanied baggage of incoming passengers.

Remittances in the form of cash sent through official channels increased many fold over the past few years. From a nominal figure of taka 744 millions during 1976/77, remittances increased to about taka 15,000 millions during 1982/83. However, from December 1982, the period registering the highest level of remittances ever, monthwise, the trend of remittances has been downward. Lately there has been some signs of improvement in the flow of remittances. Such flows are however rather erratic.

Whilst remittances through unofficial channels and in the form of accompanied baggage of arriving migrants would account for a significant portion of migrants' overseas savings, data constraints preclude any proper estimation of these remittances. Based on whatever information that is available, remittances in the form of accompanied baggage do seem to account for a sizeable proportion of cash remittances. If information on the different components of remittances were available, remittances would have been much higher than what is shown in government statistics.

The importances of overseas remittances to the economy would be better appreciated if compared to export earnings, import payments, balance of payments deficit, external and internal resources of the country, development financing, etc. Remittances are equivalent to a significant proportion of export earnings; they could have paid for the major imports of the country; and compared to the level of the balance of payments deficit of the country they are quite significant. The importance

of remittances' is very much evident in comparison to the Annual Development Programme of the country, more so in contrast to the sectoral allocations in the ADP. Flow of remittances is greater than the allocations in ADP for sectors such as agriculture and industry. Finally, overseas remittances have great potentialities for creating job opportunities.

A proper appraisal of the level of remittances and their respective importances would require an improved data base. Remittances in foreign exchange should be reported in all currencies in which they are received, and published along with taka remittances. Efforts should be made to further improve statistics on the inflow of remittances in the form of accompanied baggage. Lastly, efforts should be made to devise means to properly appraise the level of remittances coming through unofficial channels. Otherwise a significant proportion of remittances would remain unaccounted.

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The Role of Aid Financing in the Annual Development Programme of Bangladesh : A Sectoral Analysis

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I. Introduction

The economy of Bangladesh is generally known to be heavily dependent on foreign aid. Even the revenue budgets cannot escape the mark of this dependence. On average over the past decade i.e. from 1974-75 to 1983-84, 33.1% of the total revenue earnings came from custom duties alone. (Appendix, Table-1). When one remembers the fact that on average through all these years more than half of the import budget was financed by foreign aid the dependence of our revenue budgets on external aid flows becomes even more focussed. For details see [3].

But if the dependence of the revenue budgets on foreign aid is somewhat discreet, development budgets in our country are very overtly dependent on external aid flows. Again, with time this dependence is only increasing. If in the early seventies project aid financed only about one-third of the total government expenditure, then in 1983/84, for example, this has risen to the level of 51.1% (Appendix, Table-2). But even this does not fully express the extent to which our development efforts at present hinge on external assistance.

As is known, project aid forms only one of the components of the total aid that is being received by Bangladesh. Although the relative share of project aid in the total volume of aid has tended to increase over time, even in recent years non-project aid (i.e. food and commodity aid) continues to constitute about 52.6% of the total aid flow into the

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country. (Appendix, Table-3). The government generates counterpart funds by utilising these aided commodities within the economy which can then be rechannelised to finance Government of Bangladesh (GOB) funded projects or the GOB components of the otherwise aided projects included in the Annual Development Plans (ADP). Thus the ratio of Project aid in the volume of total development expenditure does not fully reflect the aid dependence of our development budgets. One has also to know the volume of commodity aid that has actually entered into the GOB funded share of the development budget through carryover from the revenue account.

All this indicates that our dependence on external assistance is overwhelming. As a result it is popularly believed that without aid all our development activities could come to a standstill. Over the years we have become unable to finance even the local expenditure of the projects which are now being taken up by the donors for financing as part of what is known as Programme Loans. This involves assigning parts of the taka cost of a project to the aid budget for reimbursement by the donor in foreign currency. A progressively larger number of projects now tend to carry a reimbursible component. The fact that we are finding it increasingly more difficult to finance on our own account the local expenditure of the projects, and are forced to seek funds from the donors for this purpose, indicates that the domestic savings gap as well as the foreign exchange gap has emerged as a major constraint to the development effort in Bangladesh.

The coverage of the paper

In order to understand the extent of aid dependence in the development effort in Bangladesh it is necessary to trace the sources of financing in the ADP. Estimates of aid flows, presented at a high level of aggregation conceal the reality that many sectors of the development process in Bangladesh are more dependent on aid than others. Once this differentiation in the incidence of aid dependence is established we can try to understand how different components of the economy are linked up with aid. This paper will limit itself to the task of reviewing how far aid is important to sustain the development activities in different sectors of the economy. This will enable us to examine whether aid was literally indispensable for the whole development effort or whether there was scope for substituting aid by increased efforts in domestic resource utilisation; in other words, whether it is possible to do away with aid and yet carry on the development effort momentum in different sectors either by re-fixing the priority in project selection, rationalizing the project designs or by relying more on domestic capacity utilisation. These are the issues that will be raised in subsequent sections of the paper.

The paper has been organised in the following way. Section II narrates the methodology used for assembling and analysing the data set. Section III forms the main body of information and analysis. While in section IV we will try to put together some of the findings and bring out their proximate significance for the development process in our country.

II. Methodology

The methodology that we follow here may seem to some to be a bit arbitrary. But this is so because we chose to be indicative rather than conclusive. For bringing out the sectoral pattern of aid dependence we selected the year 1983/84. This particular year was chosen not because of any desirable statistical property, but just because of the fact that this would show us the latest position prevailing in this regard, a position that has evolved over the past years. Although it has not been presented here but it can be seen on the basis of Annual Development Plans of recent years that the sectoral pattern of aid dependence would not be significantly different if we would have chosen some other year in the recent period as the reference year instead of 1983/84.

III. Aid Dependence in Different Sectors

Calculated on the basis of the revised Annual Development Plan (ADP) of 1983/84, project aid constituted 51.1% of the total development outlay for that year. The total number of projects included in the ADP was 992; of them 427 (43%) had a project aid component. But usually the projects involving foreign aid were the larger ones, hence the allocation for foreign aided projects constituted as much as 78% of the total development expenditure. Thus the 565 projects which involved no foreign aid accounted for only 22% of the ADP allocation, although numerically they formed the bulk (57%) of the ADP list. That this pattern of dependence of the ADP on project aid did not differ much from the earlier years can be seen from Appendix table 4, which shows similar indices over the past years.

But these aggregate indices of dependence of ADP on project aid conceals significant inter-sectoral variations. It has now become conventional for the ADP to divide the economy into 18 development sectors, with a small amount remaining unallocable. In 1983/84, for example, the unallocable component accounted for about 14% of the total development outlay. But for 1983/84 this amount was exceptionally high because of the special allocation made for the first time for the new Upa-Zilla administrative structure. In fact allocation for this purpose alone accounted for 70% of the non-sectoral allocation.

Details of the inter-sectoral variations of the indices of dependence on foreign aid can be seen from Table-1. In terms of the number of foreign aided projects as a percentage of the total number of projects (Index-A) the sector with the highest indices of dependence were found to be Natural Resources (85%), Power (83%), and Population Control & Family Planning (80%). At the other end of the spectrum were sectors such as Sports & Culture (03%), Education and Religious Affairs (15%), Physical Planning & Housing (18%) and Transport (17%). Agriculture with 50% and Industry with 63% of their projects being foreign aided showed an higher than average aid dependence, whilst Communications (37%) and Health (28%) were lower than average.

But the numerical incidence of aided projects does not accurately reflect the foreign aid intensiveness of any particular development sector, because, as has been mentioned earlier, the aided projects tend to be the larger projects appropriating much more resources within the ADP than the non-aided ones. Thus in terms of allocation for aided projects as a percentage of total sectoral allocation, (Index-B) indices of aid dependence escalate to more than 90% for a number of sectors. Among these were, for example, Power (99.6%), Natural Resources (98%), Population Control and Family Planning (97%), Scientific and Technological Research (95%) and Public Administration (95%). In these sectors it would appear that virtually the entire sector ADP was committed to the execution of aided projects. At the lower end of the scale were sectors such as Sports & Culture (6%), Social Welfare, Women Affairs and Youth Development (17%), where the bulk of sectoral development was located in non-aided projects. Physical Planning and Housing (47%), Transport (49%) and Education and Religious Affairs (59%) were sectors somewhat in between the extremities of low and high dependence where the ADP was shared between aided and non-aided projects.

But if we want to know the dependence of a development sector specifically on project aid, the most accurate index will be the project aid volume as a percentage of the total development budget allocation for the sector (Index-C). For the ADP as a whole 51.1% was funded by project aid (Table-1). As for individual sectors the highest indices were for sectors such as Population Control and Family Planning (78.5%), Scientific and Technological Research (72.6%), Natural Resources (70.8%) and Power (69.1%). At the other end were sectors such as Sports & Culture (3.6%), Social Welfare, Women Affairs and Youth Development (15%), Mass Communications (20.4%), Communications (22.7%), Education and Religious Affairs (23.9%) and Transport (29.6%).

A mere listing of the sectors in order of the degree of dependence on foreign aid according to different indices of dependence shows that

Table-1
Incidence of Foreign-Aid in Different Sectors
(Based on Revised ADP of 1983-84)

Sl. Sectors No.	Index-A No. of foreignaided projects as % of total no. of projects	Index-B Allocation for foreign aided projects as % of total allocation	Index-C Project Aid as % of the total allocation	Project aid as % of the allocation for the foreign aided projects	Relative weights of the sector, calculated on the basis of sectoral allocation as % of all sector total
1. Agriculture	55	64	52.3	82.2	13.7
2. Rural Development Institution, Dev. Boards	66	81	62.4	77.3	3.1
3. Water	65	82	40.4	48.9	13.6
4. Industry	63	89	56.9	64.1	9.6
5. Power	83	99.6	69.1	69.4	16.6
6. Net. Resources	85	98	70.8	72.5	6.3
7. S.T.R.	53	95	72.6	76.6	0.8
8. Transport	17	49	29.6	60.7	7.6
9. Communications	37	70	22.7	32.5	1.6
10. Mass communica- tions	50	70	20.4	29.4	0.4
11. Physical Planning & Housing	98	47	33.8	71.9	4.2
12. Education and Religious Affairs	15	59	23.9	40.2	3.8
13. Sports & Culture	03	6	3.6	57.8	0.3
14. Pub. Administration	64	95	39.2	41.3	0.3
15. Population conotral & Family Planning	80	97	78.5	80.7	3.1
16. Health	28	76	33.4	43.9	2.3
17. Soc. Welfare, Women Affairs, youth Dev.	29	17	15.0	87.3	0.4
18. Labour & Manpower Development	40	86	59.2	68.4	0.7
Sector Total	43	78	51.1	65.3	100.0

there is a rough correspondence in the order. Sectors in the upper echelons of dependence in terms of number of aided projects as a percentage of the total number of projects, are also those which come to the forefront in terms of allocation for aided projects as a % of total allocation or in terms of project aid volume as a percentage of total allocation. But this correspondence remains only proximate since the exact orderings according to different indices do not fully correspond.

Table 2.1, 2.2 and 2.3 put the various sectors into five ranges of aid dependence according to the three different indices mentioned above. The shifting of the sectors from one range to another with the change of index chosen indicates the relative variation in the degree of correspondence of the orders. This can further be explored by

Table-2.1
Dependence of Different Development Sectors on Foreign Aid

Index A : Number of Foreign Aided Projects as % of total Number of Projects in the Sector. (Based on the Revised Annual Development Plan, 1983/84).

Range	0 — 20%	20 + to 40%	40 + to 60%	60 + to 80%	80 + to 100%
Sectors	Sports & Culture (3%)	Health (28%)	Mass Communications (50%)	Industry (63%)	Power (83%)
	Education & Religious Affairs (15%)	Social Welfare, Women Affairs and Youth Development (29%)	Scientific and Technological Research (53%)	Public Administration (64%)	Natural Resources (85%)
	Transport (17%)			Water Development (65%)	
	Physical Planning and Housing (18%)	Communications (37%)	Agriculture (55%)	Rural Development & Institutions (66%)	
		Labour & Manpower (40%)		Population Control and Family Planning (80%)	

All sectors : 43%

Table-2.2
Dependence of Different Development Sectors on Foreign Aid

Index B : Allocation for Foreign Aided Projects as % of Total Allocation in the Sector. (Based on the Revised Annual Development Plan, 1983/84).

Range	0 — 20%	20+ to 40%	40+ to 60%	60+ to 80%	80+ to 100%
Sectors	Sports & Culture (6%)		Physical Planning and Housing (47%)	Agriculture (64%)	Rural Development and Institutions, Boards (81%) Water (82%)
	Social Welfare Women Affairs Development (17%)		Transport (49%)	Communications (70%)	
			Education and Religious Affairs (59%)	Mass Communications (70%) Health (76%)	Labour and Manpower Development (86%) Industry (89%) Public Administration (95%)
					Scientific and Technological Research (95%)
					Population Control and Family Planning (97%)
					Natural Resources (98%)

All sectors : 78%

Table-2.3
Dependence of Different Development Sectors on Foreign Aid

Index C : Project Aid as Percentage of the total Allocation for the Sector.
(Based on the Revised Annual Development Plan, 1983/84).

Range	0 — 20%	20+ to 40%	40+ to 60%	60+ to 80%	80+ to 100%
Sectors	Sports and Culture (3.6%)	Mass Communications (20.4%)	Water (40.3%)	Rural Development and Institutional (62.4%)	
	Social Welfare, Women Affairs and Youth Development (15.0%)	Communications (22.7%)	Agriculture (52.3%) Industry (56.9%)	Power (69.1%)	
		Education and Religious Affairs (23.9%)	Labour and Manpower Development (50.2%)	Natural Resources (70.8%)	
		Transport (29.6%) Health (33.4%) Physical Planning and Housing (33.8%) Public Administration (39.2%)		Scientific and Technological Research (72.6%) Population Control and Family Planning (78.5%)	

All sectors : 51.1%

constructing matrix tables with two indices on two axes and counting the incidence of sectors in the diagonal slots (Appendix, 5.1, 5.2, 5.3)¹. Whilst the smaller number of sectors in the slots above the diagonals would indicate a lower aid intensiveness of the similarly placed index (e.g. Index A in relation to index B in Appendix, Table 5.1).

Aid for the 'core' projects

Since 1975/76 it has become conventional to identify a core within the Development Plan and designate projects included within it as core projects (the rest being named as non-core projects). This implies a prioritisation in project implementation in the plan. The process was initiated in the wake of the 1973/74 upheaval in the world economy which made the targets of the First Five Year Plan (1973-78) quite insecure and necessitated the identification of a core plan to be taken up for implementation based on the availability of external resources, for the subsequent part of the plan period. But even to this day identification of projects into "core" and "non-core" has remained rather elusive. Even the latest IMED report had to recognise that there is no criterion for identification of a project as a core-project. The absence of any criterion for categorising core projects was causing problems in the implementation of the directive of the National Economic Council (NEC) to reduce the number of core projects (IMED report, for the year 1983/84, October 1984). Given the prioritisation associated with the core projects it was expected that aid-dependence would be much higher in case of core rather than for the non-core projects. However in the absence of any explicit criteria for prioritisation it is not clear if a core project does receive priority in being assigned aid or whether the availability of aid for a project secures its selection in the elite category of core projects.

This correlation between aid prioritisation and core categorization is corroborated by all the three indices of foreign aid dependence we have so far cited (Appendix, Table-6). For example, if in terms of number of projects the core contained 52% of the projects as aided, in the non-core part the number of aided projects constituted 35% of the total number of projects. In terms of allocation, the differential was even higher. If for the core part 98% of the allocation was for aided projects, then for the non-core part aided projects accounted for only 53% of the allocation. In terms of volume of project aid as a percentage of the total allocation, for the core part this comes to 53%, while for the non-core part it is 39%. But

1. The higher number of sectors in the slots above the diagonals would indicate more aid intensiveness reflected in the index put along the X -- axis (e.g. Index B in relation to Index C in Appendix, Table 5.3).

this trend was not valid for all the sectors. Thus in terms of index A sectors such as Rural Development & Institutions, Natural Resources, Communications, Sports & Culture, Public Administration and Population Control and Family Planning come up with the opposite trend i.e. the non-core category contained a relatively greater number of aided projects than the core sector (Appendix, Table-7). In terms of index B, i.e. allocation for aided projects as a percentage of total allocation, 5 sectors viz. Rural Development & Institutions, Industry, Natural Resources, Sports & Culture and Social Welfare, Women Affairs & Youth Development came up with the opposite trend. Here the volume of project aid formed a lower percentage of the total allocation in case of the core projects compared to the non-core projects. In any case, in aggregate, as has been already mentioned, the volume of project aid as a percentage of total budgetary allocation proved to be higher for the core compared to the non-core projects.

IV. Summary and Conclusion : The Criticality of foreign aid

An overview of the annual development programme indicates that project aid is an important factor in the realisation of the programme. However the significance of this aid varies considerably from sector to sector. If we look at the three measures of aid intensity we see an element of overlap between sectors where aided projects dominate both in numbers and in relation to commitment of funds within the sector. However, within the aided projects for each sector the Government of Bangladesh (GOB) contribution varies thereby determining whether aid intensity is high for a particular sector.

On all counts the Power and the Natural Resources sector emerge as the most aid intensive. This would appear to reflect the fact that mostly aided projects, with a high foreign aided component tended to be incorporated into the ADP for these sectors and the drilling and mineral exploration projects have traditionally been made contingent on aid availability to make them effective.

In contrast, Scientific and Technical Research has fewer aid financed projects (53%) but these claim 95% of the sector budget. The aided projects themselves tend to have a high aid component (73%). This again indicates that a large number of small non-aided projects tend to be included and survive as the neglected component of the sector programme.

Other sectors with high aid intensity on all three counts include, Population Control and Family Planning and Rural Development and Institutions. Population Control has 80% of its projects under aid with these projects claiming 97% of the aid budget. The aid commitment for the sector accounts for 78.5% of their budget which is the highest aid

component for all sector budgets. This evidence confirms the priority which donors invest in the Population Control programme which in turn encourages aid use and crowds out domestically supported programmes.

The importance of aid in the Rural Development and Institutions (RDI) programme is however a more recent and more questionable development. Not only does the sector have a large proportion of aided projects but these consume 81% of the sector budget. 62.4% of the total sectoral allocation comes from aid.

Other sectors where aided projects crowd out non-aided projects in the ADP share are Industry (89%), Water (82%), Public Administration (95%) and Labour and manpower development (86%). Though here both Water and Public Administration, even within the aided projects, have a large GOB component.

It is a matter of some uncertainty whether even projects with a high GOB component will get taken up in the ADP if aid was not available. The dominance of aided projects in the share of the ADP budget (Index B) would thus appear to be the dominant measure of aid criticality. By this count as shown in Table-1. Power, Natural Resources, Population Control, STR, Public Administration, Industry, Labour and Manpower development, Water and Rural Development, which together account for 54.1% of the ADP, would today have some difficulty in sustaining a development programme without access to aid.

In contrast the step-children of the ADP cover such areas as Sports and Culture, Social Welfare, Women Affairs and Youth Development, which count for little in their claims on the ADP, and even Physical Planning and Housing and surprisingly Transport (49%). Education and Religious Affairs where 59% of the projects are aided occupies something of a middle ground.

Aid financing for local costs

The above account of aid intensity of our development budget and the inter-sectoral variations in this regard brings out the following points of importance. First, for some of the sectors aid dependence is total, almost all the major projects in these sectors being aided projects. Secondly, the traditional association between import-intensiveness and aid-intensiveness is undergoing significant change. The phenomena of the 'reimbursible component of Project Aid' epitomizes this metamorphosis. Project aid is no longer assuming the task of financing imports of the critical inputs necessary exclusively for the project; increasingly it is appearing in the role of financing parts of the local costs

of the project. This has now created the scope for all sectors in the ADP to be equal claimants of foreign aid. As a result we now find that a sector such as Rural Development and Institutions, involving very little in the way of imports has become one of the most aid-intensive sectors of the economy.

Even the static picture of a particular year (1983/84) bears out the fact that the aid-addiction of the economy is growing. The increasing volume of RPA only symbolizes this current trend. To the extent that aid-financed development strategy is leading us to a situation where we are increasingly proving unable to finance the local costs of any investment programme from our own savings, the negative correlation between aid and domestic savings becomes more comprehensible. A more in-depth analysis is however necessary to bring out the causal basis of this observed correlation between high aid dependence and a low capacity for domestic resource mobilisation. This is however beyond the scope of this paper.

REFERENCES

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3. Sobhan, Rehman : Crisis of External Dependence - The case of Bangladesh. University Press Limited, Dhaka, 1983.

Appendix Table-1

The share of custom duties in the Total Govt. Revenue
Earnings
(Based on Revised Revenue Budgets for different years)

(Million Taka)

Year	Total Revenue Earnings	Custom duties	Custom duties as % of total revenue	Excise
1972/73	2235.5	697	31.20	550
1973/74	3939.1	1187	30.13	836
1974/75	6837.1	1517	22.19	1504
1975/76	10284.2	3496	34.00	1819
1976/77	9960.9	2890	29.01	2030
1977/78	10981	3840	34.97	2200
1978/79	15813	5187	32.80	2493
1979/80	15333	6254	40.79	2088
1980/81	17551	6425	36.61	3145
1981/82	25725	8277	32.17	4543
1982/83	27107	9100	33.57	4800
1983/84	33446	13300	39.77	5260

Weighted average : 33.10

Source : B.B.S. Statistical Year Books 1983/84, 1978/79

Appendix Table-2

Share of Project Aid in the Govt. Development Expenditure
(Based on Revised Annual Development Plans)

(in lakh)

Year	Total Development Expenditure	Project Aid		Total	Project Aid (Total) as % total Dev. Exp.
		F. C.	Tk.		
1972/73					
1973/74					
1978/79	147047.00	11202.42	46500.00	57702.42	39.24
1979/80	207000.00	62662.16	13549.68	76211.84	36.82
1980/81	270000.00	962736.6	17044.57	97978.17	36.29
1981/82	301500.00	80195.82	19804.18	100000	33.17
1982/83	270000.21	75497.95	25804.03	101301.98	37.52

Weighted Average : 36.61

Sources : Revised ADP 1978/79, 1982/83.

Appendix Table-3

**Relative Shares of Project, Commodity and Food Aid in the
Total Aid Volume for Different Years
(Based on the statistics of E. R. D.)**

Year	Project Aid (%)	Commodity Aid (%)	Food Aid (%)	Aid total Disbursed (in 000 US Dollars)
1972/73	14.50	52.39	33.10	551,444
1973/74	26.96	23.46	49.58	461,328
1974/75	15.92	41.70	42.41	901,294
1975/76	15.53	45.68	38.79	808,224
1976/77	29.75	47.45	22.80	533,082
1977/78	33.37	45.17	21.46	828,596
1978/79	35.76	46.85	17.39	1,029,974
1979/80	38.44	30.91	30.65	1,222,449
1980/81	48.82	34.26	16.92	1,147,216
1981/82	47.27	34.09	18.65	1,236,128
1982/83	47.43	33.58	18.99	1,345,528
1983/84	48.73	33.82	17.45	1,375,000

Source: Ministry of Finance, External Resource Division.

Appendix Table-4

**Dependence of ADP on Foreign Project Aid.
(Based on revised ADPs of different years)**

Years	No. of foreign aided projects as % of total no. of project	allocation for foreign aided project as % of total allocation	Project aid as % of the total allocation
1979/80	27.52	62.16	32.36
1980/81	30.10	68.16	36.29
1981/82	29.26	63.77	33.01
1982/83	36.61	68.97	37.52

Source: Revised ADP 1979/80, 1982/83.

Appendix, Table-5.1

Pattern of Dependence of Different Development Sectors on Foreign Aid

Index A : No. of aided project as % of total no. of projects.

Index B : Allocation for aided projects as % of total allocation.

Range : Index A	0-20%	20+ to 40%	40+ to 60%	60+ to 80%	80+ to 100%
Range : Index B					
0-20%	Sports & culture	Social Welfare, income affairs, Youth Devt.			
20+ to 40%					
40+ to 60%	Education & Relg. Affairs, Transport Physical Planning & Housing				
60+ to 80%		Health Communications	Mass communications	Ariculture S.T.R.	Industry Pub. Admn. Water Rural Devt. & Inst, Popln control, Family Planning
80+ to 100%		Labour & Manpower Devt.			Power Natural Resources

Appendix Table-5.2

Pattern of Dependence of Different Development Sectors on Foreign Aid

Index A : No. of aided projects as % of total no. of projects.

Index C : Project aid as % of total allocation.

Range : Index A	0-20%	20+ to 40%	40+ to 60%	60+ to 80%	80+ to 100%
Range : Index C					
0-20%	Sports & Culture	Social Welfare, Women Affairs, Youth Devt.	Health Communications	Mass Communications	Public Admn.
20+ to 40%	Educations & Relg. Affairs, Trans- port Physical Planning & Housing				
40+ to 60%		Labour & Manpower Devt.	Agriculture S.T.R.	Industry Water Devt. Rural Devt. & Insts, Population Control and Family Planning	Power Natural Resources
60+ to 80%					
80+ to 100%					

Appendix Table-5.3

Pattern of Dependence of Different Development Sectors on Foreign Aid

Index B : Allocation for aided projects as % of total allocation.
 Index C : Project aid as % of total allocation.

Range : Index B	Range : Index C	Development Sectors
0-20%	0-20%	Sports & Culture Social Welfare, Women Affairs, Youth Devt.
20+ to 40%	20+ to 40%	Physical Planning & Housing Transport Education & Health Relg. Affairs
40+ to 60%	40+ to 60%	Pub. Admn.
60+ to 80%	60+ to 80%	Water Labour & Manpower Devt. Industry Rural Devt. & Institutions S.T.R.
80+ to 100%	80+ to 100%	Population Control & Family Planning Natural Resource Devt. Power

Source: Author's calculation.

Appendix Table-6

Foreign Aid Dependence of the Core and Non-core Projects in Different Development Sectors

(Based on the Revised Annual Development Budget of 1983/84)

Sectors	Index : A		Index : B		Index : C		Relative weights of the of the sectors (allocation for the sector as % of total sectoral allocation)	
	No. of aided projects as % of total no. of projects	Allocation for foreign aided projects as % of total allocation	Value of Project aid as % of total allocation	Value of Project aid as % of total allocation	Value of Project aid as % of total allocation			
1	2	3	4	5	6	7	8	9
1. Agriculture	57	51	63	58	51	65	18	4
2. Rural Development, Institutions, Div. Boards	55	100	72	100	56	92	3	2
3. Water	72	52	86	68	38	50	15	14
4. Industry	66	59	88	92	55	65	11	8
5. Power	100	69	100	96	69	74	21	22
6. Natural Resources	77	100	89	100	72	66	7	0.6
7. S.T.R.	67	45	97	81	73	71	0.9	0.8
8. Transport	22	16	54	37	32	27	6	3

1	2	3	4	5	6	7	8	9
9. Communications	31	38	80	34	6	46	7	0.5
10. Mass Communications	71	0	95	0	28	0	0.4	9
11. Physical Planning & Housing	56	8	81	11	58	3	3	5
12. Education & Religious Affairs	26	11	80	9	32	5	4	5
13. Sports & Culture	0	4	0	10	0	6	0.2	0.8
14. Pub. Admn	67	70	98	64	34	51	0.3	0.5
15. Popt. Control & Family Planning	77	81	97	73	78	94	4	0.3
16. Health	75	6	96	3	42	3	2	2
17. Social Welfare, Women Affairs and Youth Devt.	50	23	9	22	5	22	0.2	1
18. Labour & Manpower Devt.	57	0	92	0	63	0	0.9	0.2
All sectors	52	35	98	54	53	59	100.0	100.0

Mathematical Models as Aid to Planning in Bangladesh : The Issue of Self Reliant Development

SHAHABUDDIN MOSHERRAF HOSSAIN*

The issue of gradual reduction of aid dependence has been on the agenda of planning for a long time. The paper briefly discusses the successive five year plan models noting that they are not intended as tool for planning self reliant development. In this context a model developed by Prof. W. Haque (and which is currently being estimated at BIDS) intended to explore the self-reliant development possibilities of the Bangladesh economy during the perspective-plan period has been presented. Its distinctive features and points of departure from other approaches is then highlighted.

I. Prefatory Statement

An issue which has long been in the forefront of the planning debate in Bangladesh is the possibility of self-reliant development by reducing the reliance on foreign aid. Excessive dependence on foreign aid it is argued, distorts economic structure and the social priorities and creates lasting bias in the policy making process, considered detrimental for the longrun national economic development. Moreover, it typically involves grave social and political costs (e.g. loss of sovereignty) resulting in perpetuation of the status quo., a factor not quantifiable, but are clearly perceived by the members of the society. But one can't do away with foreign aid suddenly as this under present situation would mean stagnation and possibly chaos. Aid is required to finance import of food, inputs and capital goods considered very crucial both for maintaining current output (and employment) and making investment in new capacity thus contributing to growth of the economy by easing the foreign exchange constraint.

Foreign aid clearly affects all the macro-economic variables like consumption, savings, investement, export, import, economic growth etc.

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both directly and indirectly. To plan reduction of foreign aid, resources allocation and sectoral expansion plan need to done in such a way that domestic resources are mobilized to the fullest possible extent without unduly sacrificing growth objective, in the long run.

Clearly formulation of such long term plan necessitates some kind of quantitative framework to analyse intersectoral and intertemporal implications, taking into account the general equilibrium interactions and feedback of the macro-variables involved. Economy-wide Mathematical or statistical models are intended to provide such framework. The models if carefully constructed could provide deep insight on the alternatives open to society, the tradeoffs involved and consistency of a set of targets. However it is important to realize that much of the richness or weakness of planning models stem from its close relationship with underlying economic theory. In so far as the theory is an inaccurate description of what really goes on in developing economics, formal planning based on the model is likely to be weak to say the least.

In Bangladesh even though the statesmen, planners, policy makers at all level repeatedly assert the goal of reducing external dependence over the perspective plan period, there has hardly been any attempt to model the quantitative implications of self-reliant development in the long run. In this light here an attempt has been to briefly review the mathematical models that have been put forward as an aid to planning in Bangladesh.

II. Reducing Aid Dependency : A Review of Plan Models.

The macro-model for the Second Five Year Plan (SFYP) was basically an input-output based multisectoral consistency model¹. A consistency model typically provides allocation of resources (e.g. investment, foreign exchanges) in such a way that the sectoral output levels are consistent with some given consumption or income targets; consistency in this context meaning that the supply of each sector's output is matched by demand generated by intersectoral and final use at base year relative prices. To the extent that targets are flexible, there may be many such feasible plans. The SFYP model [2] though contain some innovative features (e.g. assigning priority to 'basic needs' consumption, strategy of considering SFYP as the initial period of longer term Perspective Plan for development etc.) didn't explicitly attempt to explore the possibilities of

1. No published document exists specifying the technical frame underlying the FFYP (First Five Year Plan). However in the words of the Deputy Chairman of the then Planning Commission it was a simple consistency model based on a 33 sector input output table [1].

reducing foreign dependence over the years. The inflow of foreign aid in the model has been specified as residual in the accounting sense.

F	=	$M_{c.i.f.} - E^* - NFY^* - OCT^*$
F	=	net capital inflow from rest of the world.
M_{cif}	=	agregate import payments at c.i.f. prices
E^*	=	agregate export earnings at f.o.b. prices
NFY^*	=	net factor income from abroad
OCT^*	=	other current transfers from rest of the world (remittances)

*All variable marked with asterisk are exogenously specified in the model.

Thus here it is exogenous output growth target, that determine the requirement of foreign aid through imports (import is linked to output through fixed co-efficients). The choice between alternative growth targets in this class of model is essentially arbitrary. Some criteria of optimization, lacking here may become indispensable in the long run.

Detailed information is not available regarding the structure and characteristics of the macro-model underlying the proposed Third Five Year Plan-TFYP (1985-90) of Bangladesh. Available scanty evidence, however suggest that the model belongs to the class of Applied General Equilibrium (AGE) models [3,4]. Supply and demand relationships of thirty nine commodities have been specified. The Govt. and the different social 'classes' constitute the actors of the model. The economy-wide model distinguishes ten different social classes of which six are farmers and the rest rural and urban nonfarmers.

Foreign aid (and remittances) in this model has been specified as exogenous and is expected to grow at a fixed rate. Import and exports are basically endogenous, determined largely by price elements. It appears that imports in the model has been treated as competitive. Complementary aspect of imports considered important in a developing economy don't seem to have found a place in the model.

The AGE models are basically geared towards analyzing the effects of policy changes (such as changes in tax rates, imposition of tariff or quota, granting of export of food subsidies or sudden exogenous change

in price or reduction/increase of a supply of commodity or foreign aid) on a variety of macrovariables: distribution of income among the social classes, govt. revenue, levels of output and prices etc. But in such models there is no optimization framework based on some explicit preference/objective function, in which planners and policymakers are usually interested. If the planner objective is to pursue a self-reliant development strategy within a planning horizon, then AGE. Models are clearly not the appropriate framework as it is poorly equipped to analyze the long run implications of debt minimization goal given certain constraints (or maximizing growth given a certain degree of dependence on foreign aid). In this context a macro-model developed by Prof. W. Huq [5] and presently being estimated at B.I.D.S. (Bangladesh Institute of Development Studies) is worth noting. The model is of optimizing variety where implications of minimizing aid dependence (or gradually reducing the dependence to a certain level) on the real side of the economy have been investigated.

III. Planning for Self-Reliance- A Suggested Model

The model is of multisectoral, multi-period linear programming type, geared towards exploring the self-reliant development possibilities of the Bangladesh economy during the Third Five Year Plan (TFYP) as well as the Perspective Planning period. It builds on the following structural components.

(a) Foreign Borrowing :

This macro-variable lies at the centre of the analysis. Foreign borrowing at any period is defined as the difference between foreign payments and foreign receipts during that period. Foreign receipts are derived from exports and exogenous transfers (remittances and grants) while foreign payments are made due to debt servicing i.e. amortization and interest payments on pre-plan and new loans (incurred during the plan period) and payments in imports used as final consumption, intermediate inputs and capital goods. Debt accumulation (D_t) in any period may be expressed in terms of the following difference equation.

$$D_t = (1 - \epsilon) D_{t-1} + (\epsilon + P) D_{t-1} + a_t$$

$$= (1 + P) D_{t-1} + a_t$$

where $\epsilon + p$ represents the expected rate of amortization and interest on foreign loans to be negotiated during the plan period and a_t represents the net import payments including amortization of foreign loans.

$$a_t = b_t + \sum_s M_{st} + \sum_r \sum_s M_{sr} a_{sr} X_{rt} + \sum_s M_s Z_{st} - \sum_s E_{st} - F_t$$

S - Total no. of sectors

T - Plan period

r,s = 1, 2-----S (subscript.)

- X_{st} - gross output of sector s in year t
- E_{st} - export from sector s in year t
- M_{st} - import into sector s in year t for consumption
- Z_{st} - capital formation from sector s in year t
- M - proportion of Z_{st} that is imported
- W_{st} - $(1 - M_s) Z_{st}$
- a_{rs} - current input of sector r per unit of output of sector s
- M_{rs} - proportion of A_{rs} that corresponds to imports into sector
- b_t - debt servicing in year t due to pre plan loans
- F_t - exogenous transfer in year t

(b) Capital Accumulation :

Given the gestation lag (T_s) and annual sector specific depreciation of capital supplied by sector s, (S_s) we have the following difference equation that governs capital accumulation in each period.

$$K_{st} = S_s K_{s,t-1} + Z_{s,t-T_s+1}$$

where K_{st} represents total fixed capital available in sector s in year t.

(c) Minimum Sectoral Consumption

The model specifies a minimum level of sectoral consumption to be maintained in each year. The lower bound on sectoral consumption (C_{st}) may be derived from the per-capita basic needs consumption targets of the base year and the projected population growth each year.

$$\therefore C_{st} \leq C_{st}$$

(d) Sectoral Balance

Sectoral balance equation in a standard input-output framework ensures consistency in macro-projections through equality between supply (domestic production plus imports) and demand for each sector in the economy.

$$X_{st} + M_{st} = \sum_r m_{sr} a_{sr} X_{rt} + M_s Z_{st} = \sum_r a_{sr} X_{rt} + C_{st} + Z_{st} + E_{st}$$

$$r = 1, 2, \dots, S$$

$$s = 1, 2, \dots, S$$

$$X_{st} = (1 - m_{st}) a_{sr} X_{rt} = C_{st} + E_{st} + (1 - M_s) Z_{st} - M_{st}$$

in vector notation

$$(I - \bar{A}) X_t = C_t + E_t + W_t - M_t \quad [(1 - M_s) Z_{st} = W_{st}]$$

$$\text{If } (I - \bar{A})^{-1} = (V_{rs}) \text{ then}$$

$$X_{rt} = \sum_q V_{rq} (C_{qt} + E_{qt} + W_{qt} - M_{qt}) \quad q = 1, 2, \dots, S$$

System Constraints :

There are several system constraints imposed on the model. The two most important ones are fixed capital constraint, and cropped acreage (land) constraint - requiring that their total demand must not exceed the total availability.

$$\sum_{r=1}^S b_{sr} X_{rt} \leq K_{srt-1}$$

$$\sum_{r=1}^S b_{s+1r} X_{rt} \leq K_{s+1, t-1}$$

where, b_{sr} represent fixed capital-output ratio.

$b_{s+1, r}$ represents fixed land-output ratio.

$K_{s+1, t-1}$ represents total cropped land available in year t-1.

Apart from these, imposition three other constraints namely, Export Limit Constraint, Foreign Balance Constraint, Aid Tying Constraint makes the model complete. The first one requires that the export level of particular sector cannot possibly exceed an upper bound (E_{st}) determined by world demand and domestic supply limits. The Foreign Balance Constraint ensures that foreign payments don't exceed receipts. Finally aid-tying takes the form that debt servicing must be met from

recipients own foreign exchange earnings implying that aid at most finances only imports².

1. Maximum Self-Reliance Model :

Based on this component the Maximum Self-Reliance Model has the objective to minimize foreign debt accumulated at the terminal year of the plan subject to the constraints imposed by the availability of fixed capital, land and feasible growth of exports. This is the first of the two alternative versions of the model.

The entire model in terms of the objective function and system constraints in reduced form can be written as follows .

Minimize Debt :

$$\sum_{t=0}^{T-1} (I + P)^T [b_{t-r} \sum_s \sum_r m_{sr} a_{sr} \sum_q V_{rq} \{E_{qt} + W_{qt} - M_{qt}\} + \sum_s (\frac{M_s}{1-M_s}) W_{s,t-T} + \sum (M_{s,t-T} E_{s,t-T}) - F_{t-T}]$$

with respect to the non-negative variables E_t, M_t, W_t t = 1 T

Subject to the following constraints

Fixed Capital Constraint

$$\sum_r b_{sr} \sum_q V_{rq} (E_{qt} + W_{qt} - M_{qt}) - \sum_{j=0}^{t-T_s-1} (\frac{S_s^j}{1-M_s}) W_{s,t-j-T_s} \leq S_s^{t-T} K_{s0}$$

Land (Cropped Acreage) Constraint : $-\sum_r b_{sr} \sum_q V_{rq} C_{qt}$

$$\sum_r b_{s+1,r} \sum_q V_{rq} (E_{qt} + W_{qt} - M_{qt}) \leq K_{s+t} - \sum_r b_{s+1,r} \sum_q V_{rq} C_{qt}$$

Export Limit Constraint **Minium Sectoral Consumption Constraint**

$$E_{qt} \leq \bar{E}_{qt} \qquad C_{st} \geq \underline{C}_{st}$$

Foreign Balance Constraint

$$\sum_q E_{qt} \geq b_t - E_t$$

2. All these expressions can be represented in terms of parameters, predetermined variables & decision variables of the model.

Aid-Tieing Constraint

$$\sum_{q=0}^T E_{qt} - (\lambda + P) \sum_{t=0}^{t-s} (1+P)^t \left[\sum_q \left(\sum_s \frac{F}{F} m_{s, a_s, V_{1q}} \right) (E_{qt} - \bar{c} - f M_{q+t-i-1}) \right]$$

$$+ \sum_q \left(\sum_s \frac{F}{F} m_{sr} a_{st} V_{rq} + \frac{M_q}{T - M_q} \right) W_{q, t, r-f} \geq b_{t-f} + (C+P) \sum_{t=0}^{t-C} (1+P)^t$$

$$\left[b_{t-1} + \sum_s \sum_f m_{sr} a_{sr} \sum V_{sq} - C_{q, t, s, 1} \right]$$

2. Acceptable Dependence Model

The structure of this second version of the model is basically similar to the first one accepting the fact that, the objective here is to maximize GDP at the terminal year of the plan. An additional constraint has been introduced to keep external dependence at a permissible level. It is expressed in terms of a minimum acceptable self-reliance ratio (SRR) i. e. the proportion of total investment financed out of domestic savings should not fall below a prespecified level (n) determined politically.

i. e. SRR = n

$$\text{whole SRR} = \frac{\text{total domestic savings in year T}}{\text{Total investment in year T}}$$

Solution of the Model

The parameter/co-efficients of the model are a_{rs}, b_{rs}, m_{rs}

T_s, S_s, λ, C and n

The predetermined variables are $K_{sor}, K_{s+1,t}, C_{st}, E_{st}, F_t, b_t$

The parameters and the predetermined variables together constitute the date-base of the model, to be used to find the optimal solution values of the 3 sets of decision variables namely E_{st}, W_{st} , and M_{st}

These would in turn determine the level of X_{st}, C_{st}, Z_{st} and K_{st} .

in each exercise.

The Acceptable Dependence model would appear to be more realistic than the Maximum Self-Reliance version. However in this case an unduly high self-reliance ratio (n) may not yield a feasible solution. Actual solution of the MSR model therefore may assist in specifying a realistic value for the parameter. The Aid-Tieing Constraint may be automatically satisfied by a solution of the untied aid regime. The L.P.

(Linear programming) problem of the untied version (without the constraint) may be solved first. Only if the results don't satisfy the constraint, then the tied aid version may be solved. This is suggested for both the planning models.

Having exposed the model, it may be useful to highlight the salient features of the model. The model clearly is an optimizing type and the principal national objectives of Self-Reliance, Growth and Basic Needs has been explicitly incorporated into the framework. Since the model is multisectoral it can be run with as many disaggregative sectors as the data availability and objectives permit.

Inflow of foreign aid (loans) constitute most crucial macro-variable in the model. Given the objectives and structure of the model, the yearly requirement/flow of foreign aid comes out as the model solution. This means aid inflow is treated as an endogenous variable in the model. One could, however, argue that, inflow of foreign aid is certainly variable over which govt. has very little control — as such it should be ideally be specified as an exogenous variable. Nevertheless, the rationale of modeling aid inflow, as an endogenous variable is that govt of developing countries including Bangladesh usually do have a certain amount of control with respect to foreign aid, insofar as their international policies domestic economic activities (e.g. absorptive capacity) and quality and terms of negotiations can significantly influence the quantity of aid forthcoming. More important, the required amount of aid that come out of such model solution may serve as a useful device for aid negotiations. Expected rate of interest (P) and amortization on foreign loans. (L) are treated as parameters in the model since evidence indicate that from late 1970's the terms of aid is more or less stabilized. To the extent that this is not true, the information could be incorporated through alternative parameter specifications.

Another distinctive feature of the model lies in its treatment of imports. Normally non-competitive imports are classified only by sector of origin (not by destination). But since in multisectoral analysis, import intensity differs significantly among sectors and goods are in general end-use specific, projections or analysis based on this method is likely to yield serious under or over estimation of actual import requirement of an economy. Thus in this model intermediate imports have been classified by destination as well relating such imports to output levels through fixed coefficients (m_{rs}). Import substitution possibilities can thus be analyzed through changing parameters. For instance (M_s) proportion of capital goods that in imported can be viewed as a policy of capital goods that in imported can be viewed as a policy parameter. In this respect, one virtue of this linear programming type model is that, the model solution

generates a set of sectoral 'shadow prices' of resources which is a very important tool in analyzing industrial comparative advantage to assign priorities.

Lower bound of the sectoral consumption level in each period (C_{st}) in this model have been treated as exogenous, the level being determined by basic needs target and possibly also by reasonable levels of non-basic needs consumption. The underlying rationale is that govt. through monetary, fiscal & trade policy can greatly influence the composition & level of these macro-magnitudes. There are however reasons to believe that the govt. policy tools are inadequate in this respect. Alternatively as is usually done the consumption sectoral could be implicitly tied to sectoral output level through sectoral expenditure elasticities, without altering the basic structure of the model. Solution then could be found through successive iteration.

Another problem relates to availability of land (cropped acreage) which is assumed to be exogenously given in the model. But cropped acreage itself is a function of investment in irrigation which is determined endogenously in the model. Again this can in principle be handled through iteration until the solutions converge.

The model is envisaged to be run initially for five years than for ten more years to see the quantitative implications of Self-Reliant development. However if the model is run beyond five years, the parameter values can't be assumed to remain constant and thus need to be adjusted. In the absence of projection of key parameters by the central planning agencies - this poses a very difficult problem. Particularly the adoption of HYV rice technology in Crop Agriculture and lumpy capital intensive investment in certain sectors is bound to seriously invalidate the assumption of constancy of input-output co-efficients (a_{rs} , b_{rs}). Though there exists vast theoretical literature on structural change and substitution possibilities in input-output based models, for the purpose of estimation of the model, given data limitations, it could be handled in the following manner. The crop agriculture sector could be divided into traditional and non-traditional sub-sectors. The input-output co-efficients of each conglomerate sector is to be determined as the weighted average of the co-efficients of traditional and non-traditional sub-sectors. The base year weights would change as time passes (normally contribution of the modern/nontraditional sector in total output would rise with time). The weights could be determined looking at the trend, extraneous information and a priori judgement. Similar procedure is suggested for the industrial sectors.

The Self Reliance Model Compared

Now the question arises whether the issue can be better analyzed within alternative frameworks : As mentioned earlier the AGE models are clearly not the appropriate approach for this kind of long term macro-economic exercise. The model though allowing for more flexible treatment on the supply and demand side are basically static and focus primarily on periodic adjustment mechanisms rather than long term macroeconomic projection. The contenders in this context are Chenery type two gap consistency models and Macro-econometric approaches. The two-gap models by emphasizing the distinction between savings and foreign exchange gaps on the one hand and tradable and nontradable goods on the other focus on the crucial role of foreign aid into the process of economic growth. In a paper recently published in BDS journal[6] entitled "External Assistance and the Alternative Planning Strategies: A Two Sector Model for Bangladesh" Prof. Akhlaqur Rahman and Dr. Mustahidur Rahman Presents a two-gap type aggregative (two-sector) planning model focussing primarily on effects of foreign aid on domestic saving and resource mobilization [6]. The results of the model (based on published data) indicate close positive link between foreign assistance and domestic savings. Massive increase in foreign assistance and domestic savings. Massive increase in foreign aid in the initial years (between 1981-1982 to 1986-87) has been found to contribute greatly to the attainment of high degree of self-reliance in the terminal year (2000-2001) requiring planned inter-sectoral shift of incremental resources to facilitate expansion of output and narrowing down of trade gap (through import substitution and export expansion) during the plan period. The work is first of its kind in Bangladesh provides very useful quantitative insight into the role of foreign aid in our economy. But as admitted by the authors, the exercise was essentially aggregative ignoring the inter-industry analysis reqd. for planning sectoral allocation of resources. Secondly parameter changes to capture structure shifts, could not be done in a satisfactory manner due largely to information constraint. Moreover since the model is basically of non-optimizing type,³, explicit preference function of planners is difficult to incorporate in the model.

Some of the assumptions underlying the deterministic input-output based linear programming model (presented earlier) are : the level of aggregate demand and capacity utilization don't matter and that there is limited short run flexibility resulting from low elasticities of substitution on the one hand and very low short-run response to price changes on

3. The authors did however make a laudable attempt to introduce some sort of Social Welfare Function and determine the Optimal level of foreign assistance commensurate with given level of GNP.

the other. Stochastic macro-econometric models in this respect may be superior to the programming models in the sense that they can incorporate demand constraint explicitly in the model - a factor clearly not unimportant for long term projection. But in addition to the important fact that they are non-optimizing type, these models require large no. of time series observations clearly lacking in Bangladesh; and in forecasting exercise it is rather difficult to capture the expected structural shift in such models.

IV. Concluding Remarks :

The preceding discussion tend to indicate that a programming model may be more appropriate than other models to explore the implications of pursuing Self-reliant growth strategy in the long run, though it may not be the right framework to analyze other major planning issues. But solutions of such macro-model usually give macro-targets without providing the micro-entities in physical terms required at least theoretically for providing a mechanism of implementation. Theory is still inadequate in this respect, though some developments have occurred. In the context of the Self-Reliance Model. - Haque (1984) suggests a way through which the micro-implications of the essentially macro-model could be derived providing the micro-entities in physical terms that are consistent with macro-magnitudes. This is essentially done through a method of 'consistent aggregation' defining two sets of value vectors (weights) used for aggregating flows and stocks, fulfilling certain criteria of valid aggregation.

In a 'centrally planned economy', the resulting physical plan may be actually implemented by administrative fiat but in a 'mixed economy' micro-details are essentially indicative. As Haque points out through various fiscal, monetary and trade policies attempts may be made to move towards the direction of the plan targets.

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Beneficiaries of Foreign Aid to Bangladesh

A Conceptual Framework

SYED M. HASHEMI*

Introduction :

The rationale provided by donor countries for granting foreign aid, is two fold. Firstly, aid is provided for donor "concern" over Bangladesh's basic humanitarian need and secondly, for the purpose of promoting economic development. In both cases the beneficiaries of aid are supposedly the majority of the people. It is true that benefits do trickle down to a large section of the people. However, the process of foreign aid inflow ensures that benefits accrue to a narrow segment of the population and create a wealthy and powerful class. This paper attempts a conceptual analysis of the beneficiaries of foreign aid to Bangladesh. The framework is devised to estimate not only the benefits to the "narrow segment of the population" but also the benefits received by the much larger group of people.

Foreign aid benefits can be conceptualized at two levels. Firstly, in terms of a flow of funds, one can identify a series of groups who receive a share of the dollars disbursed due to foreign aid. It is through this mechanism that economically powerful groups within Bangladesh receive access to funds. Indentors, consultants, contractors, etc. receive a portion of the foreign aid as "fees" for services rendered. This flow of benefits is the second conceptual level at which foreign aid beneficiaries can be identified. The Food for Work program provides employment benefits to landless peasants. A power plant generates electricity for the benefit of a large group of consumers. These flows of benefits are absorbed by a much larger group than the first.

In this paper we will analyse the process of aid inflow and redistribution to identify the process by which each group lays claims to foreign aid, and suggest possible methods of quantifying these benefits. All estimates are based on the ongoing work at BIDS on "Studies on Planning for Self Reliance in Bangladesh".

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Flow of Funds Abroad :

From December 1971 till June 1983, foreign aid commitment has amounted to U.S. \$ 14,485 million, of which U.S. \$ 10,336 million has been disbursed. However not all of this aid money has flowed into Bangladesh. Foreign aid money is broken down into foreign currency and local currency disbursements. Foreign currency disbursements are meant for expenditures abroad. It is usually spent on purchasing foreign materials, paying shipping charges, providing fees for foreign consultants and contractors and payments for training Bangladeshi personnel abroad. Though foreign currency disbursement beneficiaries are not all foreign, it is spent abroad and not within the Bangladesh economy.

Analyses of project budgets indicate that the bulk of aid flows are made available in the form of foreign currency. Hence the major portion of aid does not even flow into Bangladesh. A significant portion of the foreign currency component is spent on the purchase of materials. In those instances where credit is tied (implying that purchases must be made from the donor country), prices are usually higher than competitive prices, thereby providing foreign producers with high profits. Foreign consultants and contractors receive high incomes from aid sponsored projects. U.S. freight rates are twice as high as other countries' but at least 50% of U.S. products brought in have to use U.S. shipping lines. It is not that these services are unnecessary but in situations where payments made are greater than competitive rates, there is definitely a net outflow of foreign aid meant for Bangladesh.

Flow of Funds

A. Indenting :

The major Bangladesh flow of funds beneficiaries include indentors, consultants, contractors and bureaucrats.

The indenting business, in the post 1971 period, has provided large profits to a number of people. it has been instrumental in the process of "primitive accumulation" that has taken place in the years after the independence of Bangladesh. The rationale for the indenting business lies in it providing information to the buyers and sellers for facilitating market transactions. For their services, indentors state that they are provided a fee ranging usually around $\frac{1}{2}$ % of the total cost. The indenting commission is specified on the bid document and the BDG pays the indentor in local currency.

Of course, in reality, decisions are usually influenced by the indentors' access to state patronage through their links with the decision makers. In many instances, in fact, the firm receiving the contract may neither be the

lowest bidder nor providing the superior product. In certain instances the bid is negotiated even before the tender has been "floated". Reports of irregularities in tenders appear often in newspapers. Access to state patronage is as important to indentors as it is to all business firms. In fact most of the big business houses have had contacts high up into the echelons of power.

Indenting Comminssions are almost always understated on paper. For foodgrain and commodities the commissions are lowest, less than 2% and more correctly ranging around 1%. For a "normal" tender above three crore takas the commission may vary between 2% to 4%. On machinery and spares the fees are high, about 10%. Commissions are highest on tied credit because costs are usually highly inflated in projects on tied credit. Here fees are atleast 10% and more. Though the percentage seems low the total amount received by indentors for little investment is extremely high. A 5% indenting commission on 50 crore taka project amounts to 2.5 crore takas. Since most of it is received tax free in foreign currency, for a select few it becomes an extremely profitable profession.

B. Consultants

Consultants are required by the donor countries to design and supervise projects, and make evaluations. In the case of construction projects consultants make the design of the project which incorporates the layout. Conculatants also make estimation of costs and specification of materials. Quite often the bids by contractors are evaluated by the consultants. Once construction begins, consultants are supposed to maintain close supervision to ensure that the construction proceeds according to engineering specifications and in keeping with cost estimates.

In foreign aided projects, consultants are almost always foreign, though lately they have been using local counterparts. In tied credit projects stipulations are usually made in favour of hiring donor country consultants. In the post 1972 period a handful of efficient Bangladesh consulting firms have developed. About 20 consultancy firms take care of the bulk of the work available. Local consultancy firms feel that they are capable of all civil engineering consultancy with as good a level of proficiency as any foreign firms. In other fields too local consultancy firms can take care of the majority of the projects. Hence the huge amounts paid to foreign consultants represent an unnecessary drain on resources.

Consultants receive income not only for their services but also from contractors as payoffs to facilitate their bill payments. This normally

amounts to a 3% "fee". In certain situations consultants can (and do) favour a specific construction firm by providing them with inside information on design and specification and thus earning an additional few percentage points as payoffs.

In the last few years there has been a mushrooming of local socio-economic consulting. Professionals (Social Scientists, Statisticians etc.), mostly from the university and research institutes, have entered the lucrative field of consultancy. It is normal for such professionals to double or treble (or more) their income from being part time consultants. In a time when real income is fast declining (and was not too high to begin with), academics have gotten hooked on aid.

C. Construction Contractors

The construction business in Bangladesh was undeveloped in the pre-liberation period. During that time, the little construction activity that did take place, was dominated by Pakistani firms. There were of course a few Bengali firms but it wasn't really till the Zia period (post 1975) that major construction projects were undertaken and a few major Bangladeshi firms developed and started getting involved in projects worth crores of takas.

About 10 major construction firms are responsible for the majority of the major construction works. There are however several hundred smaller firms and with the Upazilla development on the agenda, the number of smaller firms will probably increase.

Contractors' profits are listed on paper at 15% but usually the profits range from 20% to 30%. This increases, the higher the corruption. It is interesting to note that in many projects the contractors quote rates that are 8% to 10% below the estimated costs (based on market prices). This, of course, is due to the fact that contractors are well-aware that they can make profits by other means. Engineers (of the government agencies) and consultants actively collaborate with contractors to ensure high profits both for themselves and for the contractor.

Contractors earn profits by engaging in mutual negotiations to increase costs. This happens more often when there is already a list of prequalified contractors. Most of the big time contractors are close acquaintances. It is extremely common for them to sit together and decide on who would get the specific contract, increase their bids substantially, and receive a cut from the higher profits without even having to work.

Engineers have become extremely wealthy through collusion with construction contractors. In certain departments, payoffs to engineers

have been institutionalized with a percentage of total costs being taken away as engineers' fees.

Most of the contractors and engineers feel that local contractors can carry out most of the construction needs of Bangladesh. The government strongly discourages this practice even when there are no donor stipulations to the contract. Most contractors feel that foreign companies charge ten times as much as local companies. Local expertise has developed to the point they claim that there can no more be any rationale for letting foreign firms engage in construction activities.

E. Industrialists :

The new economic policies of the Government with its emphasis on private capital, have paved the way for governmental loans to develop industries. The BSB and the BSRS has received foreign assistance to provide loans to prospective industrialists. However, as indicated in a BIDS study, the repayment of these loans have been anything but satisfactory [1]. In fact a significant portion of the loans have not culminated in the setting up of productive enterprises. What has occurred is state sponsored transfer of resources to a few hands.

Flow of Benefits

Once a project has been implemented, benefits flow to a large number of people in the form of employment, consumption etc. We now turn to an examination of these benefits.

A. Food and Beneficiaries :

Food aid to Bangladesh since December, 1971 has been 19.53% of total aid. The distribution of food aid, though providing unequal benefits to urban people, do serve vast numbers of people. The Public Food Distribution System provides food aid under several categories. Statutory rationing accounted for 22% of total food distribution in 1980/81. It provides rationed food grains, edible oils and sugar usually at lower than market rates to urban residents of the six major cities. This ration is essential for the urban poor in holding up their consumption level. 39% of the total PFDS offtake in 1980/81 was meant for priority groups, armed forces, police, employees of autonomous bodies, teachers and students hostels. Modified rationing is provided only after the first two categories of rationing requirements are met. It covers those rural and urban people who do not qualify under the first two categories. It is specifically geared towards providing rations to the lower income people first. MR has been 12% in 1980/81.

Outside of the rationing system, food is distributed as relief, for Food for Work program and for open market sales. Disaster relief is provided to

people in disaster stricken areas. The relief distribution system is however fraught with corruption. In 1972, during the aftermath of the liberation war, in 1974 after the famine and more recently now in the southern regions stories abound on the maldistribution of relief material. A substantial portion of relief food never reaches the intended beneficiaries.

The Food for Work program was initiated in 1974-75 to create infrastructural development by providing employment (in payment of wages in kind) to the rural poor. According to a BIDS study in terms of providing employment, the FFW program has been fairly successful in reaching the target group the functionally landless [2]. The benefits however accrue also to gang leaders, local leaders (chairman etc.) and Government functionaries who lay claims to the food aid. This is done by declaring wheat "Loss" between local storage depots and the site of the project and by underpayment of workers.

B. Rural Development :

Foreign aid sponsors rural development through providing fertilizer, irrigation, rural credit etc. The new technology however has sponsored the development of certain classes at the expense of others. The unequal ownership of land, access to state patronage, has provided the rich peasants with an unequal access to rural development inputs. It is they who receive credit and who have access to power pumps etc. They are the ones that can afford the new HYV package. Consequently the relative positions of landlords and sharecroppers have changed to the landlords benefit. Inequality in land ownership and income has increased; landlessness has gone up to over 50% at present. Though employment opportunities have increased real wages have not increased.

C. Others :

There is in addition a major flow of foreign aid which provide benefits to a large segment of the population of Bangladesh which cannot be quantified easily. This class of people will benefit from rural electrification, from increased food production and of course from the secondary impacts of demand creation brought about by increased foreign aid.

D. Secondary Impacts :

In our exercise on aid beneficiaries it is necessary to account for the secondary impact of aid. The multiplier effect of aid in increasing income, if measured, would give us a more realistic picture of the importance of aid or in other words, the real extent of aid benefits. A dollar of foreign

aid spent for the construction of a power plant provides immediately, employment opportunities. However the income thus received, when spent, creates further demand. The day labourers are in many cases dependent on foreign aid for employment (in aided projects). This of course not only creates more demand for baskets, spades etc. but also for street side food vendors, clothing etc. An indentor receiving his income because of foreign aid could create a demand for anything from car repair mechanics to local carpets; more and better food etc. With each cycle of expenditure this list would only increase and show how pervasive aid is in the economy of Bangladesh.

Quantification of Aid Benefits :

Though a quantification of the benefits from aid derived by each group is outside the scope of this paper, possible methods of conducting such an exercise can be pointed to. Quantification of the flow of funds would be relatively easier. Estimates of indenting commissions (for each type of activity), of construction profits etc. can be made based on detailed interviews. A breakdown of each foreign aided project would reveal the expenditure for import of material, for consultancy, for construction etc. Indenting commissions, multiplied by the amount spent on imports of a specific material would provide us with the amount of aid flowing to indentors. Construction profits can be obtained through a similar method. Consultancy fees would appear as a separate category. Of course it would be extremely difficult to quantify the extent of foreign aid flow as bribes but extremely general (and somewhat reliable) figures may be obtained from those departments where bribes are somewhat institutionalized.

Quantifying the flow of benefits presents more problems. Food aid beneficiaries may be identified in broad categories of urban/rural and rich farmers/poor farmers. Benefits to better off farmers in the form of credit and agricultural inputs may be broadly quantified (within ranges) on the basis of micro studies. Consumption benefits (power, water etc.) can at best be explained through illustrative examples. The point, in analysing the flow of benefits, is however to show the vast numbers of people who are at least somewhat dependent on aid. An illustrative exercise on the multiplier effect of aid as it flows through successive rounds of expenditure should reveal more clearly this aid dependence.

Conclusion :

Two major features of foreign aid are pointed to in this paper. Firstly aid dependence (In the form of flows of benefits) pervades major sections of the people. Secondly, and probably more importantly the

flow of aid funds have created an affluent class in Bangladesh. Almost all of its members are urban. Upper echelon bureaucrats have played a pivotal role in supporting this development. Most of the members of this group (indentors, consultants contractors, bureaucrats) have strong social ties whether through intermarriage or sharing in the same social gatherings. Actually there is a great overlapping in these groups. Ex-bureaucrats become business directors; indentors become industrialists; traders become contractors. These groups are therefore essentially one group - that which dominates the economic life of the country. As long as this group benefits from foreign aid, the chances of limiting Bangladesh's dependence on aid, is indeed limited. What will be interesting is to see whether this group can at all provide the required direction to push Bangladesh towards a self sustaining development (that which the donors are supposedly counting on). All available indications point to the contrary.

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Aid Donors' Development Philosophies and the Export of Capital

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During the years since Independence, Bangladesh has been seeing a chronic dependence of its economy on foreign aid. As of June 81, Bangladesh had received aid commitments worth US \$ 10.9 billion of which 71% had been disbursed [1;Appendix-1]. Between 1972—73 and 81—82, aid had risen from 9.5% of GDP to nearly 14%. Aid has financed on average of 75% of fixed investments and the lion's share of the development budget. This has contributed to a growing involvement of aid donors in the internal policy making of the country. While the causes of this dependence on foreign aid must be sought in the international division of labour within the world capitalist economy and in the socio-economic development of Bangladesh, much of the implications of the aid regime for the future course of development might be better understood by going into an analysis of policies, priorities and activities of donors. The present paper aims at putting donor policies and practices in their proper perspective.

Aid donors and the World Bank

The major sources of aid to Bangladesh are the developed capitalist countries like the USA, Japan, West Germany, Canada and Britain, and the International Agencies like the International Development Association (IDA) of the World Bank, the Asian Development Bank (ADB) and UN Organisations. During the first post independence decade, about half of all aid committed came from the developed capitalist countries, about a third from the International Agencies and only 5—6% from the OPEC countries and from the socialist countries [1;Appendix—1]. The developed capitalist countries, especially the USA, have a much greater influence on Bangladesh through aid because besides giving aid on a bilateral basis, they hold in their control such multilateral aid donors as the International Bank for Reconstruction and

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Development (IBRD), IDA and ADB. The World Bank occupies a special place in the aid-matrix of Bangladesh not only because it provides the largest amount of aid through the IDA, but also because it happens to act somewhat like a 'Coordinator' among the major donors of aid to Bangladesh. Every year, the Bangladesh Aid Group, popularly known as the consortium, consisting of the developed capitalist countries, holds a meeting in Paris to make commitments on the size of aid to be given to Bangladesh under the chairmanship of the Bank. These consortium meetings provide a forum for the World Bank to review Bangladesh's economic performance, pass judgement on the country's policies, come up with prescriptions for all its maladies and to use the influence of all the other donors in favour of its own policies. The World Bank's report serves as the basis for discussion by the donors, who in large measure confine themselves merely to echoing the Bank's concerns regarding how Bangladesh should run its affairs. The Bank, with its formidable arsenal of expertise and information, provides the support to donors necessary for justifying their view points. No wonder, the World Bank's ubiquitous godfather-like image appears constantly to fill the corridors and offices of important decision-making government bodies of Bangladesh dependent for their very existence on the flow of aid, and of Ministries and their parastatal enterprises who have converted the attainment of foreign aid from a means of achieving given aims and objectives in certain fields into the ultimate aim of all activities. Given the present state of affairs, the World Bank and its activities in Bangladesh should warrant a closer look.

The World Bank today comprises of the IBRD and its affiliates, the IDA and the International Finance Corporation (IFC). The IBRD, which together with the International Monetary Fund (IMF) was conceived at the Bretton Woods conference and born in 1945, was created much along the lines of a capitalist financial enterprise operating on a world scale backed by the chief capitalist states, and through its "foreign aid" operations served as an extremely vital vehicle of exporting US capital accumulated during the second World War to the war devastated countries of Western Europe. Later, when the economic and territorial redivision of the world following the collapse of the colonial system made it imperative to make similar inroads into economies of the Third World countries, the old mechanism was found wanting and the IDA was set up in 1960 ostensibly to "provide assistance for the same purpose as the IBRD, but primarily in the poorer developing countries and on terms that would bear less heavily on their balance of payments than IBRD loans" [2;3]. It is the IDA that provided upto June 30, 1984, \$ 2.9 billion to Bangladesh in 97 credits [2;210]. While the IBRD provides loans to borrowers, the IDA provides credits, i.e. it does not charge interest, but receives service charges (generally 0.75%) and commitment charges and

allows upto ten-year grace periods and 50 year maturities. Significantly, the statement of income for 1983/84 and 82/83 recorded net losses to the IDA. It is necessary to recount here the general mechanism of IDA financing. IDA funds come as subscriptions and general replenishments from the developed capitalist states and as transfers from the net earnings of the IBRD. The IBRD, for its own part, draws its capital as subscriptions from member countries and finances its lending operations primarily from borrowings in the world capital markets. Thus, IDA lending appears to indicate a flow of western capital into Third World economies guaranteed by the assets of the IBRD. In other words, developed capitalist states have found a smooth mechanism for subsidizing the export of capital to the Third World, facilitating the transition of these economies into the domain of International capital. These assertions are validated not only by the above observations on World Bank operations, rather the broad involvement of multilateral and bilateral aid from the developed capitalist countries represents an integrated mechanism subordinated to the same general objectives, in which the World Bank plays a key role.

Coalitions of interest

The concrete environment in which the aid donors play out the above role is also by itself a key component of the whole aid regime. The acquisition of foreign funds for the implementation of projects and programmes has become a principal preoccupation of ministries and their parastatals. They find it imperative to cultivate special relationships with the aid agencies. The development of such relationships are made easier due to the fact that most aid agencies choose to operate in a limited number of sectors because of their 'comparative advantage' in those sectors, and develop 'working relationships' with a relatively small number of people whom they can get to know. To this relationship is added another actor in the aid drama - the supplier, together with its local agent. The suppliers get to know the preferences of the buyers, and the buyers get to know the specialities of the sellers resulting in very close relationships between the two. These relationships can lead to situations where the supplier promises the buyer influence with the aid agency¹, and where the Planning Commission often confronts a common front of the supplier and the buyer and sometimes of the donor agency too. The coalitions of interest that form in this way can be sufficiently strong to override national planning objectives. An important role in such coalitions is often played by sellers of 'softwares' - foreign consultancy firms that have expertise to sell in a competitive and

1. Nurul Islam gives a concrete example of such a situation in connection with a Civil Aviation Project in [3].

profitable environment. Despite the relative abundance within Bangladesh of highly qualified and competent personnel, donors and government agencies find it more in their interest to employ foreign consultants, who are generally tempted to justify the proposals under review and tell the sponsors what they would like to be told, rather than what they should be told. The World Bank itself comments. "The consultants are not always committed to developmental objectives but more interested in securing additional business for themselves; tend to restrict their activities to the letters of their Terms of Reference; do not always recruit the best people available; and not unusually end up writing reports on doubtful quality which are largely built upon other equally mediocre reports Few countries have been the object of so much report writing as Bangladesh, and although the country is virtually littered with reports on every single aspect of the economy, the amount of operationally useful information remains limited" [4;37].

Development Philosophies

While the aid regime is a product of the objective process of the international movement of capital, donor agencies are forced to give considerable importance to their "Philosophy" of development which has during the past decades known quite significant shifts in the points of emphasis. The aid policies pursued in the 1960s started being criticised in the early 70s. The philosophy of 'growth' with emphasis on large capital intensive projects was attacked for doing nothing to ameliorate poverty by radicals, experts and even by donor agencies. The assumption that economic growth would eventually spread its benefits to all strata of society through the benevolence of 'trickle-down' effects was now discovered to have been wrong. Aid agencies, with the threat of popular discontent snowballing into social upheavals because of the failure of 'development strategies' hanging over them, now had to come up with 'new' alternatives. USAID announced its 'new directions' legislations in 1972, to be immediately followed by the World Bank and, over a period of a few years, by the Scandinavian countries, Britain and the Netherlands. These policies aimed at the eradication of poverty, the satisfaction of basic needs, and the promotion of self-reliance. More emphasis was to be laid on rural development and agriculture; benefits of development programmes were supposed to reach the 'target group'. But even the on going foreign - aided rural development and agricultural projects are being criticised for widening the gap between the rich and the poor because of the built-in structural bias in favour of asset owning social groups. There are criticisms that despite official policies, aid programmes are not as yet giving sufficient support to the rural sectors [5].

A usual critique of aid-dependent development strategies is based on the technological factor [6,7;277-300]. The argument is that technologies developed in the West reflect the factor endowments prevailing there and that these demand that technologies be large-scale, capital-intensive, organisation - intensive and labour - extensive, that all technologies carry their own code - economic, social, cultural, environmental and embody deeply rooted assumptions about the organisation of knowledge, space and time, human relations and relations with nature. It follows that the import of technology implies the import of structures and value systems. Once established, technologies create societies in their own image, demanding structurally compatible technologies to sustain them. This process generates dependence.

The donor community, with the huge resources at its command, together with the local and international groups which thrive on the dependence on foreign aid, will continually come up with strategies and models to make aid more 'efficient' and distribution of benefits created by it more 'egalitarian' While studies on the implications of aid and alternative strategies are not without merits, such issues should be viewed in the light of the essential function of foreign aid. It has been the central point of the present discussion to attempt to place the aid process in the backdrop of the movement of international capital.

The chain of contradictions started by the dependence of Bangladesh on foreign aid and on aid donors presents a worthy intellectual challenge to students of social processes. It is our firm contention that analyses of donors' 'development philosophies' in the light of the objective process of aid giving will help in understanding the above contradictions. There is always a temptation to attack the aid regime purely on the basis of certain examples of aid being used for improper or corrupt aims. While such facts can and should be used to understand the underlying essence of foreign aid, they can hardly be a substitute for a dispassionate, objective analysis of the aid regime.

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Donors' Perspectives : The Emerging Trends for Bangladesh

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Introduction :

The flow of external resources remains the most critical factor for development and attaining self-reliance in Bangladesh. Due to massive aid dependence not only the external alignments of Bangladesh but also its domestic economic policies remain susceptible to the evergrowing pressures of the donor countries and agencies. Understanding the forms and content of the influences exercised on Bangladesh by its donors is not merely an academic exercise, but also can help us to perceive better the conditionalities of aid — varying according to its sources and the circumstances under which these pressures are exercised. The responses of successive regimes in Bangladesh to these pressures and the socio-economic consequences conditioning the acceptance of the policy recommendations put forward by the donors also merit analysis. As a matter of fact, all these questions relating to the understanding of the donors' aid philosophy are of vital importance for determining the policy of national resource mobilisation and its effective use in order to achieve self-reliance, not to mention the protection of the sovereignty of the country.

Scope and Objective :

The present paper aims to develop a model for better understanding of the donors' aid philosophy by identifying the areas of their policy preferences and classifying their positions on the basis of the similarities of their attitudes to various policy questions. These similarities relate to the extent of the donor's dominance over particular sectors of the economy and the forms and intensity of the pressure exercised by particular donor's in this area. In this context, the general responsiveness of Bangladesh to donor's pressures, in different time periods, has also

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been taken into account. In other words, the paper attempts to explore the dialectical relationship which exists and functions between the donors and the recipient agency in Bangladesh in the context of time and circumstances.

In order to prepare this paper, the author draws upon information generated in an ongoing BIDS project cited earlier. Many of the conclusions drawn in the paper are based on a series of firsthand discussions which took place directly with donor representatives in Bangladesh. However, the preliminary nature of the presentation here limits us from going into detailed substantiation of many of the opinions expressed here. The present paper limits itself to the dominant trends and approaches, prevailing among the members of the Bangladesh Aid Group. It is acknowledged that a review of the perspectives of the OPEC and Socialist countries would have given completeness to the present analysis, but this remains beyond the purview of the paper.

Donors' Perspective : The Basic Premise

Reflecting on the issue of Bangladesh's growing debt burden, failing aid absorption capacity and gross misuse of aid, the most perplexing question which arises in ones' mind is why do the donors continue to give aid to Bangladesh ?

The philosophy on which aid is being given to the developing countries by the developed countries or the doctrine which justifies the "transfer of resources on concessional terms" emerged in the post Second World War era, conditioned by concrete historical circumstances determined by the social, cultural, political and economic peculiarities of particular countries in the developed and developing world.

When aid started to flow into Bangladesh, it was concerned primarily with relief, rehabilitation and repairing damage, incurred during the War of Independence. However, once the immediate post-war threat of famine had passed and the worst damage repaired, foreign aid became a fundamental component of the development process in Bangladesh. As successive governments in Bangladesh declared as their aim the "significant reduction of poverty" and "more equitable distribution of income and resources", so the aim of the donors was officially declared to be to strengthen the economy of Bangladesh and in particular to give assistance to the poorest sections of the population. This humanitarian approach to aid has been echoed in all the statements and declarations of the donors.

But it can be very well noticed that there exists a sharp difference between the rhetoric and the practice of the donors' aid policy. The aid rationale of the donor countries are more complex in reality and reflect a

mix of both selfinterest and altruism. This mix varies extensively between donors depending on the factor endowments of the particular donor country and its strategic interest in Bangladesh. Whilst the altruism of the aid policy of the donors emerge from moral and humanitarian considerations, their selfinterest is dictated primarily by two factors: strategies of global, political and military interest in the region and the enhancement of their commercial interest in Bangladesh.

The extent to which aid is exploited to pursue commercial ends of the donors in Bangladesh is best revealed in the practice of tying of aid, taking the forms of single, double and triple tying. Moreover, in many cases statutory items included in the aid agreements automatically ensure promotion of private capital of the donor countries in Bangladesh. Perhaps the most obvious example regarding this matter is the country checklist, project checklist and standard item checklist of US AID where the general criteria for country and project eligibility have been explicitly stated.

Thus we see, from the documents of the donors themselves, that whatever "historic humanitarian concern" may compel the donors to give aid, there is definitely a strong case of selfinterest which, in its turn, attempts to influence the domestic economic, as well as the foreign, policies of the recipient country to suit them best. And that is what has happened and is happening in Bangladesh, as can be empirically validated.

However, the donors usually deny and/or fail to see any contradiction between their aid and commercial policies. At the same time, they acknowledge that the business lobby in the donor country along with a section of interested people in the recipient country exploit the aid programme, sometimes successfully, in their favour.

Areas of Preference of the Donors and the Degree of their Interference

A close scrutiny of the positions taken by various aid donors in Bangladesh brings out the following broad issues on which the donor, countries/agencies have been inclined to take policy positions

- (a) population control
- (b) agriculture and rural development
- (c) domestic resource mobilisation
- (d) trade policy
- (e) utilisation of foreign aid
- (f) economic management and development administration
- (g) industrialisation
- (h) social equity.

It should be noted that the abovementioned list is arranged to indicate some prioritisation in the donor's policy concerns. This list is however not at all exhaustive as there is hardly any socio-economic question of relative importance where the donors do not express their perceptions. Moreover, each of these policies can be detailed out in terms of concrete measures advocated by the donors.

It is reckoned that the degree of influence which a donor can exert upon Bangladesh is directly proportional to the quantum of aid which it is providing in the related venture, project or sector. For example Holland and Nordic countries as donors are providing a relatively smaller share of the Bangladesh aid budget, so their influence over policy is comparatively limited. In contrast, major donors such as the World Bank, USAID, Asian Development Bank (ADB) and Japan, etc. can exercise much greater leverage in moulding the domestic economic policies of Bangladesh.

It has been observed that the more aid a donor gives, the more explicitly are its policy choices expressed. These opinions may be registered through informal bilateral talks between the donor and the Government of Bangladesh (GOB), through recorded policy statements and memoranda, as well as the mandatory conditionalities imposed in the aid agreements signed with the GOB.

However, it would be deceptive to think that the donors limit themselves to expressing their perspectives always within the areas where their aid contribution is being channelized. Some donors tend to take the liberty of making generous comments on various aspects of the economy of Bangladesh even where their involvement is sectorally limited.

Dominant Tendencies in Donors Perspectives

A review of the perspectives of the various aid donors in Bangladesh (except the OPEC and Centrally Planned Countries) suggests a gradation, though very flexible, among them in their tendency to exercise pressure on policy questions. As we have already mentioned, the donors persistently emphasise particular policy measures with varying degrees of intensity. These variations in the intensity of pressure exercised by the donors can be used to classify them into three broad groups: most assertive, moderately assertive and assertive. While the major donors such as the World Bank, ADB, IMF and USAID belong to the first group, the UK, Japan and UN agencies tend to form the middle group. Sweden, Norway, Denmark, the Netherlands, Canada and Australia comprise the last group.

It should be pointed out once more that this classification is very flexible, as it is sometimes difficult to draw a line of demarcation between one group and another. For example, the UK has a definite propensity to be tougher in imposing its preferences but chooses for various reasons to hide behind the shield of the World Bank. On the other hand, a donor can be most persistent within its own framework of preferences, as for example the Scandinavians have been on the question of social equity.

It is also necessary to add that these gradations among the donors emerge not only on the basis of the quantity of their aid contribution, but also to some extent signify the diverse trends existing among the donors on particular policy issues. For example, whilst the population problem always receives prime importance from all donors, the position of Sweden, Netherlands, Norway, Denmark, Canada (the so-called like-minded countries LMCs) happened to be somewhat different from the general approach of the Bank and USAID on this question, which is very well articulated. These LMCs (which happen to be the third group of our proposed gradation) emphasise the need for integration of the family planning activities with health programmes as against the WB and USAID (first group of our proposed gradation) approach of maximum reduction of fertility by building up family planning service delivery systems.

Another example which can be cited here is the question of reduction of subsidies on agri-inputs and the public foodgrain delivery system. Whilst some countries such as the UK, FRG, Japan and others support the strongly articulated position of the USA, WB, ADB and IMF for the reduction of subsidies, the countries comprising the third group express their reservation on this policy issue, motivated by the concern that it might adversely effect the economic condition on the rural poor.

It can thus be observed that each of the three groups of donors in many aspects (if not all) can be identified with a distinctive line of thinking.

Point of Intersection of Donors Perspectives

Despite the above mentioned trends prevailing among the donors of Bangladesh, there is one point on which they all seem to be in consensus. This identity of views of the donors emerges from their overall understanding of the development process in Bangladesh, which is determined by their socio-class content. All the donors explicitly expressed their preferences for a "free market economy" in Bangladesh which, according to them, is the best model for advancing the development performance of a country such as Bangladesh. This is so,

even though by tying aid, imposing tariff and quantitative restrictions on imports and the free movement of labour, they themselves appear to be violating the logic of the free market. As a result, these perceptions on the liberalisation and privatisation of the Bangladesh economy pervades all the policy recommendations of the donors. The specific manifestation of this similarity of views leads the donors to speak in unison in favour of denationalisation of the public sector, privatisation of the agri-input delivery system, opening up of the economy to foreign private capital, etc. The motivation behind this policy intervention/preference by the Bangladesh Aid Group in favour of 'privatisation' becomes quite obvious if we take into consideration that the continued viability of particular multilateral and bilateral donor organisations depends upon the confidence of the multibillion dollar global capital market from which these organisations do their borrowing. So it is quite natural that this confidence is directly proportional to the possibilities which the donor countries/agencies can create for promotion of a congenial atmosphere in Bangladesh for private indigenous, as well as expatriate, capital. However, according to the donors, their pressure for privatisation is not derived from ideological considerations, but from the point of view of pragmatism and efficiency.

Responsiveness of Bangladesh and the Changing Pattern of Donors' Interference.

While we analyse the content and form of the donors' perspectives, it is also important to take cognizance of the character of the recipient, because the extent to which the donors' perceptions can be materialized depends upon the receptivity of the aid recipient. It is not secret that the attitude of the Government of Bangladesh towards donors over time has undergone a metamorphosis. The ways in which, in the first years of independence, attempts by particular donors to influence state economic policies became a source of friction with some of the major donors, and the extent to which this affected the economy and, eventually, the socio-political circumstances of Bangladesh, merits fuller discussion than is possible in this paper. In 1974, GOB had to give in to donors' pressures due to, on the one hand, unavoidable economic compulsions and, on the other, its socio-class limitations in respect of state power.

From the second half of the 1970s, the responsiveness of successive regimes towards the donors' recommendations have noticeably increased. By counterposing the wide spectrum of policy recommendations which the donors have put forward with the attempts of GOB to translate them into reality, one cannot but say that from the latter half of the 1970s till the present there appears to be a broad identity

of views between the donors (especially with the World Bank) and the GOB. To argue otherwise would imply that GOB, inspite of its disagreement with donor perceptions, is succumbing more and more to their pressure on policy issues. Either way, it may be argued that objectively speaking the economic policies of Bangladesh closely approximate the donors' policy perceptions.

Whilst the GOB may be in full solidarity with ideas of economic reform postulated by the donors, it occasionally hesitates to implement these reforms, apprehending adverse public reaction and unwanted socio-economic consequences of such policy changes. As a result, in various aid forums, the GOB is compelled to emphasise its good intentions in fulfilling the policy demands of the donors, in order to be eligible for getting more aid, as well as to project their performance to fulfil and follow up on the conditions and suggestions laid down by the donors.

This positive change in the responsiveness of the GOB corresponds with the changing pattern and level of donors' influence on the domestic economic policy of the country. It seems that the donors can leave the imprint of their policy perspectives at least at three levels of the Bangladesh economy: project level, sectoral level and national policy level. As has been already mentioned, depending upon the degree of its involvement in the economy, a donor can exercise influence at each of these levels. An exposition of each of the bilateral relations between Bangladesh and its donors shows that our previous classification of donors according to their "assertiveness" by and large corresponds with this classification of levels of influence. Thus the most assertive donors can influence policy at the national policy level, moderately assertive ones at the sectoral level, whereas the less assertive donors can exercise leverage at the project level. As a whole, a close observation will show that the overall thrust of the donors' influence has shifted dynamically from the project level to the sectoral level and now the major donors feel that the circumstances are congenial to influence economic policies at the national level.

Whilst the GOB is progressively more inclined to surrender to this changing pattern of pressure by the donors, the donors' position is also becoming harder with the crisis in the world capitalist system and the assumption of power of the Reagan administration in the most powerful of the developed capitalist countries. Not only has the current US administration become more explicit in its policy interventions in various developing countries in favour of the free market and private capital, but also it has become more determined to 'tie' aid to overtly political conditions. The notorious 'check-list' prepared by Ms. Jean Kirkpatrick, the former US ambassador to the UN, on voting behaviour in the UN in

relation to positions favoured by the US administration, is a case in point. But many more instances can be cited where US aid policy is directed to favour political clients and pressure recalcitrant Third World countries.

Concluding Remarks

It is interesting to note that, in recent times, representatives of the ruling elite and those sections of Bangladesh which were most enthusiastic about foreign aid, are becoming vocal about the growing rigidity of the conditions imposed by the aid givers. This demonstrates that even among the main beneficiaries of aid in Bangladesh there is a growing disenchantment with the aid dependent circumstances of the country. On the other hand, it also draws our attention once again to the necessity of attaining self-reliance. After all, in the final analysis, it is our object dependence on foreign aid which makes us vulnerable to their pressure on policy issues.

Taking into account the overall performance of foreign aid in the past years, growing pressure by the donors and the decreasing quantum of aid inflows in real term into Bangladesh, it has become imperative to chalk out an alternative development strategy based on effective mobilisation of domestic resources. Such a development strategy however can only be formulated and carried out by a state power representing those classes and strata of Bangladesh which are capable of withstanding donors' pressures and are committed to the cause of national development.

শিক্ষা ও উন্নয়ন

Equity, Excellence and Efficiency in Higher Education - Certain Conceptual Issues

MUZAFFER AHMAD*

Introduction

Higher education is a sub-system within the total education system of a country. For education, particularly higher education, to play its due role in national development through appropriate development of human potential, the issue of Equity, Excellence and Efficiency assume great importance. The concepts of equity, excellence and efficiency are interlinked. It is the general and high level of competence of the large majority of people achieved through a system of accessible, relevant and efficiently delivered education that ensures attainment of a broad socio-economic base for consolidating national freedom and advancement in a quickly progressing world. The conflicts amongst these three objectives that emanate from resource constraints are real but can be resolved into convergence instead of normally observed divergence, through deliberate policy measures, appropriate planning and objective management.

Concept of Equity

Equity objective, broadly expressed, is that every person, irrespective of his place of birth or residence, sex, ethnicity, socio-economic status, financial capability must get as a citizen and human being, an opportunity for education of equitable standards and of the kind for which he is best fitted and to the fullest extent of his power so that he is empowered to avail of the best opportunities in the post-educational situation. Such an objective may not be fully realistic but such inspiring myths if pursued generate energy and effort for its near attainment.

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Equity, as a complement of social justice, has strong ethical and moral imperatives. However equity in education, particularly higher education, has been variously perceived, viz

- (a) equal access to the education system,
- (b) equal participation in the education system,
- (c) equal attainments through the education system, and
- (d) equal opportunity after the completion of the education process (i.e., equal effects on life of the education system).

(a) Equity as Access

Enrolment in higher education in the developing countries show considerable variation caused by economic and demographic factors. As enrolment reflects a cost, the economic condition of individual, family, groups as well as of the country and government expenditure, particularly expenditure on education in which the share of higher education, seem to influence the access to higher education. It may be recalled that the unit cost of enrolment in higher education is always substantially higher than that in other sectors of education.

Given this broad observation, equity of access has to be understood in two dimensions for each criteria i.e., within and between entities.

(i) There are disparities between regions, such regional disparities are explained by disparities in dispersal of higher education institutions, socio-economic position of the clientele group and the demographic and cultural factors. The capstone of such analysis of disparities is a region has less access to higher educational institution because it is socially, economically and culturally backward and such backwardness is in turn fed by lack of access to educational institutions of quality. The best example of regional disparity is concentration of institutions of higher education in urban areas without proper integration with hinterland and unidirectional migration of talented aspirants away from rural areas which cause such disparities to persist. Regions are rarely homogenous as a physical entity. Thus within regions disparity persists. Roots of such disparities lie in the socio-economic distance of such sub-regional units (e.g., village or a sub-village or a cluster of villages) from the centre of the region. In other words within the region the thesis that social, cultural and economic backwardness is positively correlated with lack of access to higher educational institutions apply with equal force.

Access to higher education has been found to be related to need for such education which in turn is determined by the labour force engaged in non-traditional (i.e., modern) sectors of the economy. It appears from statistics available that the major share of GDP of countries with low per capita income stemmed from traditional agriculture which employ large

majority of labour force. These are also the countries that spend less on education and much less on higher education. Such explanation of inter country disparities can be extended *mutatis mutandis* to disparities between and within regions.

(ii) Gender inequality in higher education has also been observed though such disparities seem to be narrowing overtime. For example throughout Asia the proportion of female at any level of education is still very low. Male domination of decision making within the household, and of policy-making in society and in administration have been cited as the cause of gender inequality. In other words, the gender inequality is directly related to the role women play at home and in non-home production activities. Gender inequality is higher in non-urban areas and amongst socio-economically backward groups. Unless employment opportunities are broadly equalised and wage differentials rationalised, net cost of enrolment of a female is more than that of a male counterpart. Gender inequality in higher education is conditioned by such realities.

(iii) Ethnic inequality in higher education, though not fully documented, has been substantiated by almost all studies of indigenous ethnic groups of so called aboriginal, tribal groups throughout Asia and the Pacific. Since such ethnic groups live in clusters, ethnic inequality, at times, is manifested in regional inequality. Such ethno-regional backwardness is generally explained in terms of absence of modernising catalyst i.e., predominance of status-quo oriented tradition which limit need for education per se and higher education in particular. Such inequality is allowed to persist through pursuance of a policy of non-intervention or exclusiveness which does not permit integration of such groups in the mainstream of the population.

(iv) Socio-Economic Groups also demonstrate unequal access to higher education system. The perspective espoused by Bourdeleve and others is that education, particularly higher education, allows acquisition of 'capital' - cultural or even economic. Access to this is defined by keepers of educational system as they define values, norms and attitudes of the system. The class or groups whose values and norms are within those defined ones gain ready accessibility and perform well. These groups whose norms and values are out of tune in differing degrees of accessibility manifests differing degrees of success.

Many studies of the students in the education system in the developing countries in Asia and Africa shows that socio-economic groups with high income constitute a small number but dominant presence in the educational system while the opposite is true for low income group. And such inequalities in access to higher education will compound the social inequities overtime. Mere expansion of the

educational system does not seem to remedy the inequality of access unless the catchment at the bottom level is large, and its retention is large and its expansion is accompanied by deliberate demonstration of the process, because where economic and cultural inequalities persist, it is only logical that they would continue to influence access to and attainment in education system.

(v) Differences in Financial Capability also lead to inequity of access : If education is not free (and higher education is not free in most of the developing countries) and if non-monetised sector is predominant in agricultural production or if service terms of exchange is weighed against those who perform primary, basic or maintenance jobs, the socio-economic status is not coterminus with financial capability in a traditional society. This fact is manifested by records of impoverishment of small farmers in the Indian subcontinent as they put their children through higher education. Such eventualities only dramatise the lack of access of higher education in real terms to many.

(b) Equity as Participation

While access refers to potentiality, participation is the reality. There is indeed a gap between the two. Provision of access does not necessarily ensure (continued) participation. There is a strong case to argue that access should be understood in terms of participation. With this observation made, our comments about regional, gender, ethnic, socio-economic groups and financial capability equally hold, perhaps with greater force.

At this point it may be pertinent to recall that higher education system, differentiated as it is, instrumental in creating control and distribution structure for intellectual property i.e., advancement in knowledge and its application. This control and distribution structure is made complicated and less accessible through establishment of finely tuned specialities that has grown in scale with the general enlargement of knowledge in society. Thus participation in higher education system has to be understood in terms of such differentiated specialisation- as higher education is not a monolith or a homogenous entity. The growth of knowledge leading to evolution in production function dictates the division of labour which in turn influence specialisation in higher education. And at any time access to 'coveted' specialities are limited. Those who are left out of the advancing system, participate in so-called traditional component of higher education resulting in overcrowding in such areas relative to employment opportunities. This is manifested in enrolment pattern in the universities of the Asian region. It is to be noted that differing participation rates reflect generally the basic inequities vis-a-vis region, gender, ethnic group, socio-economic groups and

financial capability. However, certain 'natural' differences are to be expected (e.g., more women in nursing), and certain vocations may be region or ethnic or social class specific. But the question to be raised is whether differential rates of participation are due to structural rigidities, monopolistic practices or due to rationally acceptable factors.

(c) Equity as Educational Attainments

The third concept of equity is equality of educational attainment. It is argued that geniuses and fools are rare phenomenon. Majority of participants should be within a given range of intelligence defined by standard deviation around a mean of pooled population of participants over a certain number of years. This concept draws our attention to inequality in performance due to manmade factors, such as facilities, curricula, faculty, teaching practices, learning process and examination procedures. Inequities caused by such factor lead to existence of differences between institutions of education at the basic as well as higher education and tend to perpetuate such inequities by attracting 'better students' 'better teachers', better 'attention' and 'higher allocation of resources.' Thus broad equality of access and even participation does not guarantee equality of attainments. In this respect the observations made in respect of region, gender, ethnic groups, socio-economic groups and financial capability also hold, and with even greater force.

(d) Equity as Post-Educational Opportunity

Post educational opportunity is conditioned by access to labour market. Neither the higher education system through appropriate integration with the manpower planning process nor the entrants to the system through their own selectivity create such equality across the higher education spectrum. This would have been attained if the marginal return to investment in education across the spectrum could be equalised. The available facts of overcrowding and unemployability in some segments as well as selective entry and high income in some other segments of higher education demonstrate imperfection in labour market itself and non-automaticity of supply response from higher education system.

Given these constraints, equality of post-educational opportunity would make some limited sense if the conditions of equality of access, equality of participation and equality of educational attainments were met and post-educational opportunity was offered on the basis of merit. Since the basic socio-economic structure breeds inequity, the attainment of post-educational opportunity and its three pre-conditions need be weighed in favour of the less fortunate.

These four concepts of equity are not substitutes, they view equity at various points of the education process itself; access comes before the process starts, participation starts and stays throughout the process, attainment is the immediate result of the process and life opportunity comes after the process ends. Thus one builds on the previous stage. It is only logical to start with access, but logic need not be extended sequentially; rather attempts can be made to attain various degrees of equity given the limitation of the previous stage. As attainment and maintenance of equity is a continuous efforts, base of equity can only be extended through achievement of equity at the access level and extending the base through participation, attainment and opportunity.

Concept of Excellence

Excellence is a concern for higher education because the dynamics of development are entrenched in the search for and pursuit of excellence in the education system as a whole but with added emphasis in the higher educational institutions which represent the cumulated potential and realisable capacity of the system at its ultimate point. In this sense excellence in higher education is a context bound concept about quality of education, though it is not easy to perceive it in absolute terms. The necessity of judging excellence in relation to objectives of education implies that excellence has to be aimed at, achieved, measured and promoted differentially at different stage of education and at different levels of socio-economic development of a country. Thus as a time-free concept idea of excellence changes overtime and as a time-bound context it maintains a logical relationship with minimum required standards that are relevant to discipline, community/national needs, individual expectations and to an ideal. Excellence, a complex and dynamic entity, is thus difficult to define generally and like truth requires constant and conscious search and pursuit. However, the pursuit of excellence has to be bounded by the norms of relevance. In a two dimensional space with excellence and relevance represented in two axes, infinite ways of combining the twin goals are possible. One may set a minimum standard in terms of relevance and allow unbounded pursuit of excellence. Alternatively one may set minimum standard in terms of excellence and follow a policy determined pursuit of relevance. Furthermore there are ways of combining the twin goals at various rates of increase as one moves away from the origin. Hence, it is difficult to prescribe an absolute desirable loci of the path describing pursuit of relevance-excellence goals. In general terms it may be said that a higher education system that promotes logical absorption and integration of knowledge, methodical delineation and creative incorporation of it and meaningful interaction and experimentation with it on the one hand and

produce desired and relevant application and innovation that have implications for and positively contribute to socio-economic progress, preferably in short term but at least in not-so-long term, on the other hand can be said to satisfy the twin criteria of excellence and relevance in the context of the developing countries of the region.

Excellence can be perceived at various levels of integration of the higher education system, e.g.,

I. Least integration : (a) Excellence as individual attainment of students, (b) excellence as individual attainment of faculties,

II. Minimal integration : (c) excellence as institutional attainment,

III. Intermediate integration : (d) excellence as higher education system attainments, and

IV. Maximal integration : (e) excellence as education system attainments since excellence need be viewed conjointly with relevance, hence it may be desirable to relate individual and national objectives of education. Traditionally, individuals objectives is said to be enlightenment, dignity, intellectual advancement and only recently employment and career building. Whereas with the dawn of independence, national objectives have been considered to be creation and preservation of national identity and coherence, utilisation and augmentation of productive capacity, creating political consciousness and capacity to exercise political judgement in the national interest, creating social consciousness and capacity to pursue social judgement, creating international competitive strength and consciousness for international cooperation, regulation and preservation of national culture and finally accentuation of social and economic, transformation for better equality of life. It can be argued that national objectives need not be at variance from individual objectives, as the goals of the individual attainments can be made consistent through appropriate impartation of cognitive, affective and productive skills. The cognitive skills need be extended from mere imparting facts to impartation of powers of reasoning, creativity and judgement through inculcation of values and attitudes that transcends individual advantage to national goals and finally combining scholastic and technical knowledge in various degrees simultaneously for career development at the individual level and productive manpower utilisation at the national level. Thus the individual usage for advancement can be made consistent with national need for transformation, change and development through appropriate policy, planning and management of higher education.

(a) Excellence as Individual Attainment of Students

The excellence of higher education institutes is often judged by the attainment of students career attainments and/or scholastic attainments.

This is so done because it is easy to do so, and apparently these are the things that seem to have broader social acceptance as measures of success. Career attainments are rough indicators of returns investment in education by individuals, and scholastic attainments are rough indicators of heights of intellectual capital formation by individuals. Both are considered important parameters.

Student body as a whole have been classified as follows (1) Job-seekers who primarily look for 'skill' acquisition and interested in career development; (2) social status seekers who are interested in acquisition of fines's that would help them attain social dignity and status and they seem to have no interest in vocational and academic objectives; (3) knowledge seekers who are interested in enlightenment and intellectual advancement and prefer to pursue a career in teaching or research for a possibility of 'extension of knowledge' or at least to work as education extension worker; (4) political activist who seek knowledge and power of reasoning to work for broader social change outside the education system and are not interested in traditional, vocational and/or academic career; (5) disinterested ones who just happen to be there and have no defined academic or vocational objectives and (6) Anarchist who is a pro-changer and opposes the system and whose 'broad' objectives have no relevance to the education stream he is in.

Besides the objectives noted, higher education like the education system is supposed to develop character, attitudes and values in all of them. That is the common denominator. Individual students attainments are normally measured in terms of acquisition of imparted knowledge but not in terms of such basic but probably nonmeasurable objectives which await revelation in their post-education life cycle.

The points to ponder is excellence as individual attainment as perceived through career development and scholastic attainment is much too limited a concept and normally does not integrate the broad social/national objectives of education.

(b) Excellence as Individual Attainments of Teachers

The excellence of higher education institution may be construed to lie in the attainment and image of teachers who are the active agents of the process, while the students are generally considered as passive recipients. In the case of teachers of higher education, if career development options are taken as given, the attainment of excellence judged only by scholastic attainments in terms of research and publication. But like students, teachers are not a homogenous group nor do they have identical objectives. First, there are the teachers who are

primarily teachers and effectively impart existing knowledge with care, and often is close to larger body of students whose character, attitude and values are influenced easily by such a teacher. But such teachers can-not wholly satisfy those students who need intellectual advancement primarily. Second, there are the teachers who are primarily researchers who are engaged in understanding and extending knowledge in order to extend it beyond current limits. They normally communicate well with those who seek intellectual advancement and less effectively with general mass of students. They wish to restrict admission and update curriculum in order to raise 'efficiency' and 'attainments' of the institutions they serve. Third, there are teachers, especially in professional schools, who are academic entrepreneurs and their pursuit of knowledge is conditioned by income-maximising opportunities. For them teaching and research are incidental. They prefer to limit admission and restrict change in curricula. Their individual attainments are comparable to students who are job-seekers. Fourth, there are teachers, many in social science or related subjects, who are activist and have non-academic goals to achieve. They are comparable to students who are social status seekers or political activist. Their interest in teaching and research is marginal and their attainments cannot be measured in terms of scholastic terms. Fifth, there are the apathetic type of teachers like the disinterested student group. Neither academic nor non-academic objectives seem to move them. They are generally non-performers. Finally, there are the anarchist who are anti-system and thus actively work against standard attainments.

Having made the observations above and noting its implication for characteristics of excellence, it has to be emphasized that an academic in higher education is required to integrate what is being taught with what is known to the subject. Further he is expected to integrate what is known with now approaches, new knowledge and realm of the unknown that needs to be explored. Hence, given this reality to some extent to the contrary, individual attainments of teachers can only be reckoned in this context, as a measure of excellence.

(c) Excellence as Institutional Attainments

Institutional attainments are not merely aggregation of individual attainments. At the level of institution, an evaluation of attainments provides the opportunity for a minimal systematic overview and allows for the emergence of macro cosmic approach. It is at this level that a community dimension, if not a national one, emerges. It is at this level that the primary impact of the revolution of rising social, economic and political expectations in the general population manifests in the community and societal needs and demands vis-a-vis education. The felt

manifestation is the increased demand for higher education and its diversification which in turn reflects societal needs and employment prospects of graduates. This also implies that in the face of knowledge explosion and technological development such institutions of higher education must continuously build capacity for adjustment and change which in turn is constrained by availability of resources: financial, human and material. However, assessment of institutional attainments have been made difficult in the absence of clearly defined institutional objectives besides imparting traditional knowledge. Much of the institutions of higher learning in the region are mere emulation of 'good' institutions abroad without broad national relevance and a management system that awaits to be modernised in order to make the institutional capability responsible and flexible.

Institutional attainments largely depend on the attainment of its constituent units severally and jointly and members of the constituent units in the same way. Attainment of excellence in institutions of higher learning depends on the quality of curricula, of physical facilities, of work environment, of teachers, of administrators and finally of students. Of these elements, curriculum is considered to be very basic for attainment of excellence. Mere implantation of curricula or cramming it with more topics does not help eradicate superficiality in teaching which is the anti-thesis of excellence. Further, the pedagogical approach has to be changed from teaching to a learning process, from theoretical discourse to its application in own environment, from dependence for knowledge to self-reliance if excellence is to be pursued and attained. Such an approach requires to be adjusted in evaluation of students to allow experienced teachers to assess the quality of attainment through prolonged, observation. Such method would reduce risk, promote interaction, inculcate necessary competencies and reduce wastage in the higher education system. Institutional attainment of excellence is unimaginable without excellence among teachers. Many teachers are status-quo oriented. But the teacher in higher education has to be a learner as the knowledge grows overtime and an institution in pursuit of excellence cannot allow itself to be obsolescent.

Institutional pursuit of excellence is permitted, encouraged or obstructed by the environment for intellectual and educational work. A general environment where creativity, innovation and good performances are recognised and rewarded encourages attainment of excellence; while an environment of strife and bitterness and an environment where flattery and patronage are rewarded, discourages attainment of excellence. Continuous pursuit of excellence in an institution of higher learning is highly conditioned by attainments in research. If researches tend to be small, limited, confirmatory,

non-innovative, repetitive, and so on, then attainment of excellence becomes difficult. Further developmental linkages of research to education improves relevance and promotes excellence.

(d) Excellence as Attainment of Higher Education System

Higher education in a country generally comprises of number of institutions. These institutions, even when not linked together, constitute a system that are dependent on feeder institutions for intakes, supply teachers to those institutions as inputs, and collectively create environment for higher education institutions. The observations made earlier for institutional attainments apply for the higher education system collectively. In order to promote systemic efficiency interlinkages, exchanges of experience and ideas, joint programmes wherever needed and feasible, joint appointments, joint research are considered helpful. The idea is to seek remedies for deficiencies through joint supportive actions before looking towards external help. This requires continuous interaction on program strength and deficiencies and on direction of change and consequential required adjustment.

(e) Excellence as Attainment of Education System

Higher education system is a sub-system of education system and should not stand in isolation. Where education system is fragmented representing divisions in society, higher education system may tend to cater to a fragment of the feeder system, thus negating its national integration objectives. Hence the excellence of higher education system is required to be built as component of the education system as a whole. This is difficult and would require initially much more resources than is available to the education sector in many countries. But pockets of excellence in higher education without appropriate and extensive backward linkages throughout the education system to the extent desirable, not only creates sub-optimal attainments for the system but also creates possibilities of inequity within the system. When resource constraint limits such general approach and when selectivity has to be exercised it has to be done in a manner that allows derivation of optimum social benefit over a period of time not maximum excellence at a point of time particularly in a country with widespread poverty, urban-bias, nondevelopment and proliferation of substandard feeder schools in rural areas. This emphasizes the fact that excellence need be pursued in the total system of education and wherever selectivity is unavoidable it has to be exercised with care so that the trade-off between equity and excellence is settled in the broadest perspective of social integration and social benefit.

Concept of Efficiency

Efficiency has been variously perceived and measured. Efficiency is an organization, environment and membership related concept. Efficiency of a higher education institution or system has to be understood in terms of its capacity to mobilise and use resources in pursuit of its operative goals in a manner that effective goal attainment is least expensive in terms of resources. It is however helpful to conceive such efficiency in broader perspective and to distinguish between various aspects of efficiency. Efficiency of a higher education institution has rightly been related to higher education system, education system as a whole and the national level i.e.,

- I. Internal efficiency
 - a) at the higher education institution level
 - b) at the higher education system level
- II. External efficiency
 - c) at the total education system level
 - d) at the national level

a) Internal Efficiency at the Higher Education Institution level

The nature and concept of a higher education institution has varied overtime and amongst countries. It has been viewed as a community, a bureaucracy, a business firm, a political system and the like. Whatever may be the near appropriate description of a higher education institution, the efficiency of such an institution depends on the set of factors that determine its goals, targets, availability and use of resources, structure of groups and components, internal and external environment, and the process of teaching, research, review, coordination and integration .

The objectives and goals of a higher education institution are often not articulated and while teaching and at times research are recognised by its functions, the external dimension of its activities are rarely explicitly recognized. The output objectives are identified as graduates and research where quantitative dimension are available but quality objectives may widely vary. Such presentation of objectives emphasises the supply side of the system and largely ignore the demand side represented by society, guardians and even students.

The growth of a higher education institution tend to deemphasize the concept of community of scholars and conveyance of objectives through consequences. The growth leads to a conflict situation where allocation of resources tend to become an endless bargaining process. Even with a system of participation and democratisation the higher education institution becomes an amulgum of several communities or groups. The

distribution of decision-making power determines allocation of resources and reveals attainable objectives which may be at variance from objectives defined by efficiency criteria.

Efficiency of a higher education institution depends on the academics, students and the administrators. Not only the academics are non-homogeneous with differing objectives, but the roles performed by academics as academics have many dimensions (e.g., creators of knowledge, seekers of knowledge, providers of knowledge, setters of standards, depository of knowledge, etc.). The academics in performing these roles determine the efficiency and attainments of a higher education institutions relative to its goals. The academic is required to transform information into knowledge while transmitting it to recipients and to integrate what is known with the realm of unknown while seeking and creating knowledge. These are difficult functions but their attainments, though not uniform, are difficult to measure instantaneously. However varied attainment of efficiency of higher education institution is conditioned by capacity and activity of individual academics. Hence selection of 'right' academic in terms of potential, and commitment and providing him with work environment and minimally adequate facility and resources become important for institutional efficiency.

The resource allocation function within the institution is done by administrators who are often academics themselves. This allocation touches many things such as space, line, books, equipments, men, money, materials and this need be done in terms of objectives of the higher education institutions and it should be so distributed that marginal returns in relation to marginal cost from such use in various components are equalised. This however would require acceptance by academics of an administrative system that is responsive to management by objectives and results. Such continuous evaluation is often thwarted by the process of leadership selection and dilution of leadership position.

The students also contribute to efficiency as it is their collective attainments including the quality in immediate and over the life cycle that become a primary input in the evaluation of efficiency of a higher education institution. The efficient use of resources is conditioned by the number and quality of intake including the diversity of their objectives for pursuit of higher education. Many institutions have attempted to maintain and augment their efficiency through restrictive entry in order to include broadly homogenous student body even though it runs contrary to social objectives. On the other hand a free entry system would require allocation of resources for remedial or deficiency and increased intensity of faculty supervision.

Before leaving this section it may be mentioned that various efficiency indicators of a higher education institution has been used. These are generally partial e.g., attrition rate, failure rate, employment of graduates and levels of their entry and attainments, capacity utilization rate, wastage rate, research output, cost per student, average earning potential of a graduate etc.. As a multitude of factors go to determine the level of efficiency in a given institution of higher education, such partial indicators have limitations. On the other hand, integrated measure is a necessity, but such a measure face many problems viz. construct validity problem, criterion stability problem, time perspective problem, multiple criteria problem and measurement precision problem. As integrated index of efficiency is thus difficult to construct, in such a situation a simple indices can be used.

The internal efficiency at the institutional level thus requires mobilisation, allocation and utilisation of human, material, financial and organisational resources through a conscious process of internalised planning and implementation within and between constituent departments/units with built-in mechanism to monitor deviation from objectives as well as planned outlay to pursue corrective measures and minimisation of cost and waste. This is only possible through a conjoint effort of faculty and administration.

(b) Internal Efficiency at the higher education system level

The concept of efficiency at the higher education system level initially refers to agglomeration of internal efficiency at the constituent institutional level. But the concept goes beyond as it has to take into account higher education objectives at the aggregate level which is not necessarily the aggregation of the higher education institutional objectives. Further it has to take into account capability and performance of the constituent units as the system efficiency has to be built upon mobilisation, allocation and utilisation of resources for and amongst constituent units to optimise capability and attainments given the system goals and perspectives. Thus at this level it is not merely a question of institutional planning and implementation but more importantly it encompasses policy issues vis-a-vis higher education system as a whole which in turn conditions the delineation of institutional objectives within the system perspective. This is a process of interaction and integration.

In free market economics, the focus is on institutional efficiency and the system efficiency is built through voluntary action (e.g., accreditation procedure) and competition. In developing countries where development planning of some sort has been accepted and where education remains a primary responsibility of the government the higher

education system efficiency is as important as the efficiency at the institutional level. Individual institutional efficiency without attainment of systemic efficiency may indeed reflect sub-optimal utilisation of resources and also have serious consequences of inequity.

The higher education system, generally speaking, at least is as efficient as the constituent units provided a minimal criteria is satisfied by the constituent units. But the disparate efficiency standards which create small pockets of very high efficiency and large pockets of very low efficiency tend to create an output efficiency level that is lower than the aggregates would suggest with lower efficiency units creating diseconomies of attainments. But the converse is not necessarily true, as it is more difficult for lower efficiency units to adjust to the pulls of higher efficiency units. But the higher education system with general uniformity of efficiency tend to generate externalities through specialisation as well as competition that results in higher system efficiency than what would be suggested by aggregation across the system. These observations suggest that disproportionate allocation of resources to create or sustain pockets of high efficiency is not only undesirable from points of view of equity but also unsupportable from the points of view of systematic efficiency. This is borne but by experience of isolated centres of excellence.

The pursuit of efficiency in the higher education system can only be built up in stages through continuous evaluation of objectives, inputs, facilities and outputs inter-institutionally as well as intra-institutionally. But such pursuit to be effective and acceptable would require deficiency remedial measures and provision of vocational education for the disinterested or deficient and job-seekers while competence and flexibility is ensured in the high education system.

The system is as good as are the people who man and run it. For the system to be efficient, the management of the system need be efficient. This is not merely a question of structure or the process which should reflect the objectives of the system adequately but also of a workable system of evaluation and accountability to self, peers, academic and the society. Diffused responsibility code, decentralised responsibility, weakened leadership in academic administration within the system make such an effort across the system difficult.

The systemic efficiency depends on adequacy of facilities vis-a-vis current programmes of horizontal expansion due to population pressure and growth of socio-economic transformation. This requires a coordinated allocation of available resources. As within the institute, misallocation between departments results in sub-optimal efficiency, similarly misallocation between institutions causes inefficiency across

the system. Rapid expansion has often resulted in recruitment of unsuitable or untrained teachers, overcrowding of classes, lack of laboratory facilities or inadequacy of library books etc. Depending on the degree of such academic deprivation, the institutions become to that extent less efficient. Hence maintenance of systematic efficiency requires anticipating the demand for higher education and being ready for it. On the other hand maintenance of efficiency requires pre-emption of obsolescence and demand in terms of faculty quality and facilities across the system.

(c) External Efficiency of the Higher Education System.

External Efficiency of the higher education system has to be perceived at two levels i.e., (i) its impact on education system as a whole and (ii) its response to national development and social transformational needs.

It has to be remembered that higher education system is an integral part of the total education system. It should not stand apart as it did at times in many colonies where education was a large but neglected and un-integrated sector. In an integrated education system intakes for higher education comes from the pre-higher education sector. Thus their efficiency has a bearing on the efficiency of higher education system. Further, higher education system supplies the agents for correction and integration to the pre-higher education sector as its graduates become teachers in that sector. Hence there are externalities both ways. But externalities emanating from higher education system seem to be dominant not only because it produces the manpower but also because it can influence the development of curricula, create conditions for vertical and horizontal integration, create flexibility in programmes for attaining standards and reducing waste, and promote interaction for coherent development and change in the total system so that conflict between various levels of education and between various units, disciplines, departments or strands could be minimised.

(d) External Efficiency vis-a-vis National Needs and Social Transformation

The institutions of higher education are depository of knowledge and the community/country expects this knowledge to be directly or at least indirectly relevant. The academics and the institutions are required to perform community, social and national functions. The institutions of higher learning supplies the most capital intensive human agents for national development and through its research and deliberations they are expected to contribute to social and economic transformation and to create cultural and intellectual capital that helps rejuvenation and progress in the country. Narrowly perceived this externality has been

viewed in terms of employment of such institutional output (i.e., graduates) and relevance of communicated knowledge (i.e., curricula) and of created knowledge (i.e., research). However, the concept is much broader and need be perceived through a social and economic production function and monitored through accounting matrix that reflect social and economic output of the system, as each sector of the national economy needs and indeed has a distinct educational input. The effectiveness of such inputs, within the constraint of existing institutions, reflect the external efficiency in respect of national needs. The social transformation or social engineering process is propelled, guided and sustained through conscious education with a social dimension which emanates from the socially responsive education system in general, and higher education system in particular. The external efficiency is to be judged by the contribution to and attainments of social transformation that is attributable to higher education system.

Thus efficiency of higher education system is neither a simple nor a unidimensional concept. It is complex because of complexity of variable that determine it. It is multi-dimensional because higher education like education has multidimensional impact. It is necessary to understand these ramification, though it may not be easy to operationalise all these concepts.

শিক্ষা ও উন্নয়নঃ বাংলাদেশ প্রসঙ্গে দু একটি কথা

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উন্নয়ন

উন্নয়ন শব্দটির সঙ্গে আমার পরিচিতি সেই ছোট বেলা থেকে হলেও উন্নয়ন বলতে সঠিকভাবে কি বোঝায় সে বিষয়ে সুপরিষ্কার ধারণা এখনও হয়েছে কি না সে বিষয়ে আমার যথেষ্ট সন্দেহ আছে। দু দশক আগে যখন ঢাকা বিশ্ববিদ্যালয়ে অর্থনীতি পড়তাম, তখন জেনেছি, উন্নয়ন বলতে বোঝায় মূলতঃ প্রবৃদ্ধি, তবে প্রবৃদ্ধি হলেই তা উন্নয়ন হবে না। মাথাপিছু প্রকৃত আয়ের ক্রমোন্নতি, কালের বিচারে যা সুপ্রতিষ্ঠিত, প্রবৃদ্ধির প্রকৃতি কেবলমাত্র এমনটি হলেই তাকে আমরা বলতে পারি উন্নয়ন।

ষাট আর সত্তরের দশকে যখন দেখা গেল তৃতীয় বিশ্বের অনেক দেশে মাথা পিছু প্রকৃত আয়ে যথেষ্ট উন্নতি হলেও সাধারণ জনগণের জীবন যাত্রার মানে কোন মৌলিক উন্নয়ন হয়নি বরং কোন কোন ক্ষেত্রে বাস্তব অবনতি ঘটেছে, উন্নয়নের সংজ্ঞার পরিবর্তন অবশ্যম্ভাবী হয়ে পড়লো। বলা হল, প্রবৃদ্ধির সংগে সংগে যদি দারিদ্রের মাত্রা, আয়ের বৈষম্য ও বেকারত্ব কমে আসে বা পুরোপুরি দূর হয় কেবলমাত্র তখনই সুনিশ্চিতভাবে বলা যাবে, উন্নয়ন হয়েছে।

আশীর দশকে এসেও আমরা দেখছি দারিদ্র, বৈষম্য ও বেকারত্ব তৃতীয় বিশ্বের বহু দেশে দাপটের সংগে বিরাজমান। এ জন্য নয় যে, এ সব রাহুর সংগে যুববার হাতিয়ারের অভাব ঘটেছে। রবং প্রকৃত সত্য হল, অনেকক্ষেত্রে হাতিয়ারের অপপ্রয়োগ ঘটেছে। এ প্রসঙ্গেই দু' একটি কথা বলবো।

শিক্ষা ও উন্নয়ন

বেশীর ভাগ অর্থনীতি বিদেরই ধারণা (আপাতঃ দৃষ্টিতে নেহায়েত অমূলক নয়) একটি দেশের মানব সম্পদই হল উন্নয়নের চাবিকাঠি। পুঁজি ও প্রাকৃতিক সম্পদের যথাযথ ব্যবহার ও প্রয়োজনীয় সামাজিক অর্থনৈতিক ও রাজনৈতিক সংগঠন সৃষ্ণের মাধ্যমে মানুষ জাতীয় উন্নয়নকে এগিয়ে নিয়ে যায়। প্রয়োজনীয় জ্ঞান সঞ্চারে ও দক্ষতা বৃদ্ধিতে অর্থাৎ মানব সম্পদের যথাযথ উন্নয়নে একটা দেশের শিক্ষা ব্যবস্থার ভূমিকা সে কারণে অপরিসীম।

* সহযোগী অধ্যাপক, অর্থনীতি বিভাগ, জাহাঙ্গীরনগর বিশ্ববিদ্যালয়।

বাংলাদেশ প্রসঙ্গে দু'একটি কথা

শিক্ষা ব্যবস্থা বাংলাদেশের উন্নয়ন প্রক্রিয়ায় কতটা অবদান রেখেছে সে বিষয়ে বিস্তারিত আলোচনা করবার বাসনা আমার নেই। কারিগরি শিক্ষার সাথে শ্রমশক্তির দক্ষতা বিকাশের সম্পর্ক নেহায়েতই প্রত্যক্ষ। বাংলাদেশে কারিগরি শিক্ষা অর্থনৈতিক উন্নয়নে কতটা অবদান রাখছে, আমার বক্তব্য আমি শুধু এই বিষয়ের উপরই সীমিত রাখবো।

একটা লেখা পড়েছিলাম। রফিকুল ইসলামের An Alternative Approach to Employment Planning with in the Context of The Second Five Year Plan (1980-85) of Bangladesh [3]. বিনোদের হাল বিশ্ববিদ্যালয় ১৯৮১ সালে পেশ করা অর্থনীতি বিষয়ে স্নাতকোত্তর থিসিস। বিষয়টি আকর্ষণীয়। একটি Linear Programming model এর সাহায্যে ইসলাম দেখিয়েছেন, মাঝারি পর্যায়ের দক্ষ জনশক্তির ঘাটতির কারণে দ্বিতীয় পঞ্চবার্ষিক পরিকল্পনার লক্ষ্যমাত্রা অর্জন সম্ভব নয়। সরকারী ভাষ্য অনুসারেই দ্বিতীয় পঞ্চবার্ষিক পরিকল্পনা খুব একটা সফল হয়নি। কি কারণে, হয়নি সেটা কি দক্ষ জনশক্তির অভাবে, না অন্য কারণে সে আলোচনায় না যাওয়াই ভাল, কারণ প্যাণ্ডোরার বাক্স একবার খুললে বন্ধ করা কঠিন হয়ে পড়তে পারে। তা ছাড়া জনাব ইসলাম যে ভাবে মাঝারি দক্ষ জনশক্তি পরিমাপ করেছেন (মাধ্যমিক পরীক্ষায় উত্তীর্ণ জনসংখ্যাও দু'বছর বাদে বিশ্ববিদ্যালয় বা স্নাতক শ্রেণীতে ভর্তি হওয়া ছাত্র-ছাত্রীদের সংখ্যার ব্যবধান + স্নাতক পর্যায়ের (drop outs) এবং তার মডেল সংক্রান্ত অন্যান্য অনেক অনুমিত সত্য (assumptions) যথেষ্ট প্রশ্নের উদ্বেক করতে পারে। তবে যে জন্য তিনি প্রশংসার দাবীদার, তা হল সঠিকভাবে তিনি তুলে ধরেছেন এ দেশে বিপুল উদ্ভূত শ্রমশক্তি থাকা সত্ত্বেও দক্ষ জনশক্তির যথেষ্ট ঘাটতি রয়েছে এবং আমাদের উন্নয়ন প্রক্রিয়ায় তা নানান প্রতিবন্ধকতার সৃষ্টি করতে পারে।

প্রশ্ন হল, আমাদের শ্রমশক্তির দক্ষতা বৃদ্ধির জন্য যে প্রাতিষ্ঠানিক কারিগরি শিক্ষা ব্যবস্থা রয়েছে তা কি জাতীয় প্রয়োজনের তুলনায় যথেষ্ট? আরো গুরুত্বপূর্ণ ও প্রাসংগিক প্রশ্ন, বাংলাদেশের কারিগরি শিক্ষা ব্যবস্থা থেকে যারা পাশ করে বের হচ্ছেন, তাদের কি যথাযথ ব্যবহার করা হচ্ছে।

প্রায় হাজার পৃষ্ঠার বিশাল বাংলাদেশ পরিসংখ্যান বর্ষ গ্রন্থের মাত্র একটি পৃষ্ঠায় এদেশের কারিগরি শিক্ষা সম্বন্ধে কিছু তথ্য দেয়া আছে, (সারণী-১ দ্রষ্টব্য। ১৯৮৫-৮৬ সালের পরিসংখ্যান অনুযায়ী, এদেশে পলিটেকনিক ইন্সটিটিউটের সংখ্যা ১৮, ছাত্র-ছাত্রী সংখ্যা ১১,৮৮১। বাণিজ্যিক ইন্সটিটিউটের সংখ্যা ১৬, ছাত্র-ছাত্রী সংখ্যা ৩,৬২০, টেক্সটাইল কলেজ আছে ১টি, গ্রাফিক আর্টস ইন্সটিটিউট, ১টি কাঁচ ও সেরামিক ইন্সটিটিউট, ১টি লোদার টেকনলজি ইন্সটিটিউট, শারীরিক শিক্ষা কলেজ ২টি। ১৯৮৩-৮৪ সালের একটি কারিগরি শিক্ষক প্রশিক্ষণ কলেজ ছিল, ১৯৮৫-৮৬ তে সেটি নিখোঁজ হয়েছে। এ ছাড়া রয়েছে নিম্নতর পর্যায়ের দক্ষতা বৃদ্ধির জন্য ৫৪টি বৃত্তিমুখী প্রশিক্ষণ ইন্সটিটিউট যার ছাত্র-ছাত্রীর সংখ্যা ১৯৮৫-৮৬ সালে দাড়িয়েছে ৪৩০০। ১৯৮৩-৮৪ সালে এ সংখ্যা ছিল ৪৫০০।

কারিগরি বিশ্ববিদ্যালয় ও ৪টি বাংলাদেশ ইন্সটিটিউট অফ টেকনোলজি (যা উচ্চ পর্যায়ের দক্ষ জনশক্তির চাহিদা মেটায়) সহ মোটামুটি এই হল বাংলাদেশের প্রাতিষ্ঠানিক কারিগরি শিক্ষা কাঠামো যা ১০ কোটি জন অধ্যুষিত একটা উন্নয়নশীল দেশের জাতীয় প্রয়োজনের তুলনায় নেহায়েতই অপ্রতুল বলে মনে হয়। শিক্ষা এদেশের অর্থনীতিতে একটি অবহেলিত খাত। আর তার মধ্যে কারিগরি শিক্ষা চরম ভাবে নিগূহীত।

১৯৮২-৮৩ সালে বাংলাদেশ ব্যুরো অব ম্যানপাওয়ার এমপ্লয়মেন্ট এন্ড ট্রেনিং, বাংলাদেশ ম্যানপাওয়ার প্ল্যানিং সেন্টারের সংগে যৌথভাবে ১,০৬৯,০০০ জন ব্যক্তিকে নিয়োগ করেছে এমন ১০,৯১৯ টি প্রতিষ্ঠানের উপর একটি জরীপ চালায়। জরীপের ফলাফল চমকপ্রদ। চলতি ধারণার সাথে খাপ খায়না মোটেই।

দেখা যাচ্ছে যে সব প্রতিষ্ঠানে দক্ষ জনশক্তির ব্যবহার সঠিক হবার কথা, যেমন শিল্প প্রতিষ্ঠান সেখানেও আধাদক্ষ জনশক্তির ব্যবহার শতকরা ৪৫ ভাগ। খনি ও কোয়ারিতে এ হার শতকরা ৩১ ভাগ, পরিবহন শিল্পে শতকরা ২৭ ভাগ। জরীপকৃত প্রতিষ্ঠানসমূহে নিযুক্ত মোট শ্রমশক্তির শতকরা ৫০ ভাগ পরিপূর্ণ মাধ্যমিক শিক্ষা বা কোন রকম কারিগরি শিক্ষা পায়নি। মাত্র শতকরা ২৫ ভাগ কোন না কোন প্রাতিষ্ঠানিক কারিগরি শিক্ষা প্রতিষ্ঠানে প্রশিক্ষণ লাভ করেছে, বাকি সবাই কাজ করতে করতে প্রয়োজনীয় দক্ষতা অর্জন করেছে।

উপরের চিত্রের পাশাপাশি অবশ্য দেখা যাচ্ছে, আরো দুটি বিষয় (১) প্রাতিষ্ঠানিক কারিগরি শিক্ষা ব্যবস্থা থেকে পাশ করে যারা বেরিয়ে আসছে, তাদের মধ্যে দীর্ঘকালীন বেকারত্ব ও (২) এই সব কারিগরি শিক্ষা প্রতিষ্ঠানে বিরাজমান সুযোগ সুবিধার অপূর্ণ ব্যবহার। অনেক সময় যুক্তি দেখানো হয়ে থাকে, প্রাতিষ্ঠানিক কারিগরি শিক্ষা অঙ্গনে লব্ধ জ্ঞান অপ্রাসঙ্গিক। যুক্তিটি আমার মতে মোটেই গ্রহণযোগ্য নয়। আমাদের দেশে প্রযুক্তি এতটা এগিয়ে যায়নি যে রাতারাতি একটি আরেকটির আগমনে বাতিল হচ্ছে। আমি সব সময় বিশ্বাস করি, 'নাই মামার চেয়ে কানা মামা ভাল'।

দক্ষ জনশক্তির স্বাভাবিক বিচরণ ক্ষেত্রে নিয়োগপ্রাপ্ত অদক্ষ জনশক্তির প্রাচুর্যের পাশে প্রাতিষ্ঠানিক কারিগরি শিক্ষায় শিক্ষিত চাকরি প্রার্থীর ভীড়ের কারণ খুঁজতে হবে অন্য কোথাও, কারিগরি শিক্ষার তথাকথিত অপ্রাসঙ্গিকতা বা অসম্পূর্ণতার মধ্যে নয়, যদিও এ বিষয়গুলো বাস্তব সত্য হতে পারে এবং এই সব ঘাটতি দূর করে কারিগরি শিক্ষার মানোন্নয়ন সম্ভব।

অমর্ত্য সেন ভারতীয় সাপ্তাহিকী 'ফ্রন্টিয়ারে' সাম্প্রতিক এক সাক্ষাতকারে বলেছেন, গবেষণা চালানোর মত উপাত্তের প্রকৃত অভাব খুব একটা নেই। অপ্রচলিত সূত্র থেকেও অনেক প্রাসঙ্গিক ও নির্ভরযোগ্য উপাত্ত সংগ্রহ করা সম্ভব। বাংলাদেশ ব্যবস্থাপনা উন্নয়ন কেন্দ্রে এমনি অনেক উপাত্তের সন্ধান পেলাম। যারা এখানে বিভিন্ন কোর্স করতে আসে, তাদের প্রায় সবাইকেই কিছু না কিছু গবেষণা করতে হয়। এমনি কিছু গবেষণা প্রতিবেদন থেকে জানতে পেলাম, আমাদের দেশে যে সব সরকারী শিল্প প্রতিষ্ঠান রয়েছে, বিশেষ করে পাট শিল্পে, সেখানে অবশ্যই 'বদলি' শ্রমিকদের মধ্য থেকে নিয়মিত শ্রমিক নিয়োগ করতে হবে। এর অন্যথা হবার উপায় নেই। এবং বদলি শ্রমিকদের

তালিকাভুক্ত হতে হলে যা প্রয়োজন তার সাথে প্রাতিষ্ঠানিক কারিগরি শিক্ষা লাভের কোন রকম আবশ্যকীয় যোগসূত্র নেই। “পাট কলে যে ভাবে বদলী শ্রমিক নিয়োগ করা হয় তাহাকে সুষ্ঠু নিয়ম বলা যায় না বা সঠিক কাজের জন্য সঠিক লোক নিয়োগের জন্য যে পদ্ধতির প্রয়োজন তাহা এখানে নেই। কর্মকর্তা ও . . . ট্রেড ইউনিয়নের প্রভাব, ব্যবস্থাপনা কর্তৃপক্ষের ইচ্ছা, বাহিরের হস্তক্ষেপ, স্বজনপ্রীতি এই সব প্রভাবের ফলে অদক্ষ শ্রমিক (বদলি শ্রমিক হিসাবে) শিল্পে নিয়োজিত হয়ে থাকে এবং বাংলাদেশের আর্থ-সামাজিক অবস্থায় খুব কম লোকই আছে যাহারা দক্ষতার কারণে নিয়োগ প্রাপ্ত হয় বদলী শ্রমিক হিসাবে। “[২] প্রসঙ্গতঃ উল্লেখ্য, ১৯৮৬ সালের ডিসেম্বরে বাংলাদেশের পাট কলে নিয়োজিত মোট সংখ্যা ২,১৩,৪৭৮ যার মধ্যে বদলি শ্রমিকের সংখ্যা ৬১,৩৯৪।

অন্যান্য সরকারী শিল্প প্রতিষ্ঠানেও এমন কোন নিয়োগ বিধি নেই যা প্রাতিষ্ঠানিক ভাবে দক্ষ শ্রমিকে অগ্রাধিকারের ভিত্তিতে নিয়োগ দিয়ে থাকে। বেসরকারী মালিকানাধীন প্রতিষ্ঠানে এ প্রসঙ্গতো নেহায়েতই অবান্তর।

বিদেশে নিয়োগের ক্ষেত্রেও দেখা যায়, বিদেশী নিয়োগকর্তারা প্রাতিষ্ঠানিক শিক্ষার চাইতে অভিজ্ঞতাকে বেশী গুরুত্ব দিয়ে থাকেন। দেশে চাকরি না হলে, অভিজ্ঞতাই বা হবে কোথেকে? নিজের উদ্যোগে কোন কারিগরি প্রতিষ্ঠান গড়ে তুলতে যে পুঁজির প্রয়োজন হয় তা সংগ্রহ করাও নেহায়েত দুরূহ ব্যাপার। সর্বোপরি রয়েছে, কারিগরি শিক্ষা, ব্যাপক অর্থে শ্রমের প্রতি সামাজিক অনীহা। এই সব কারণে কারিগরি শিক্ষার চাহিদা জাতীয় প্রয়োজনের যথার্থ মাপকাঠি হয়ে উঠেনি। এবং অর্থনৈতিক উন্নয়নেও প্রাতিষ্ঠানিক কারিগরি শিক্ষা ব্যবস্থা যথায়থ ভূমিকা পালন করতে সক্ষম হয়নি।

কারিগরি শিক্ষা, যার সাথে দক্ষতা বৃদ্ধির প্রত্যক্ষ সম্পর্ক, তার ভূমিকাই যদি এমন হয় সে ক্ষেত্রে উন্নয়নে সাধারণ শিক্ষা ব্যবস্থার ভূমিকা কি?

উন্নয়ন প্রক্রিয়ায় ধনাঙ্ক অবদান রাখার পরিবর্তে এ শিক্ষা ব্যবস্থা কি সম্পদ ও সুযোগের বশতেনে প্রকল্প প্রতিদ্বন্দ্বীর ভূমিকায় অবতীর্ণ হয়ে কারিগরি শিক্ষাকে কোনঠাসা করে তার সাভাবিক বিকাশের পথে অন্তরায় হয়ে দাঁড়াচ্ছে না? না কি প্রকৃত দুই গ্রহ লুকিয়ে আছে অন্য কোথা?

গ্রন্থপঞ্জী

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Table-1
Number of Technical Institutions by Type and Teachers and Students there in

Institution	Number of Institutions			Number of Teachers			Number of students		
	1983-84	1984-85	1985-86	1983-84	1984-85	1985-86	1983-84	1984-85	1985-86
1. Engineering College	4	4	4	154	170	175	1902	2000	2170
2. Technical Teachers Training College	1	—	—	11	—	—	10432	—	—
3. Poly technic Institute	17	18	18	755	859	909	12347	11307	11881
4. Institute of Graphic Arts	1	1	1	19	20	20	104	107	117
5. Textile College	1	1	1	19	23	23	310	405	484
6. Leather Technology College	1	1	1	15	17	21	127	87	109
7. Commercial Institute	16	16	16	111	111	111	367	3895	3620
8. Survey Institute	—	1	—	8	—	—	—	4880	—
9. Vocational Training Institute	54	54	54	250	383	383	4500	4246	4300
10. Glass and Ceramic Institute	1	1	1	12	9	9	62	46	49
11. Collegel of Physical Education	1	2	2	15	29	29	166	267	307

Source : Bangladesh Economic Survey, noted in 1986 Statistical Year Book of Bangladesh, BBS

বাংলাদেশের রু্তি মুখী কারিগরী শিক্ষার সংকট - প্রচলিত উন্নয়ন ধারার সংকট

মোস্তাফিজুর রহমান

এক ঃ শিক্ষা যদি জাতির মেরুদণ্ড হয়, তবে আজকের তৃতীয় বিশ্বের বিদ্যমান বাস্তবতার প্রেক্ষাপটে এটাও সমমাত্রায় সত্য যে, শিক্ষিত শ্রমশক্তি হলো সে উপাদান যা এ মেরুদণ্ডকে সোজা করে রাখে। এবং তাই, সার্বজনীন প্রাথমিক শিক্ষার পাশাপাশি রু্তিধর্মী ও কর্মমুখী শিক্ষা প্রচলনের প্রয়োজনীয়তা ক্রমবর্ধমানহারে তৃতীয় বিশ্বের উপলদ্ধির জগতে স্থান করে নিচ্ছে। শিক্ষা ব্যবস্থার কাঠামোগত এ বিস্তার ও বিন্যাসের তাগিদ একদিক থেকে এসেছে বিপজ্জনক ও বাধ্যতামূলক পরনির্ভরশীলতা থেকে বেরিয়ে আসার তাগিদের কারণে, অন্যদিক থেকে এসেছে নির্ভরশীলতার বিপরীতে স্বনির্ভর অর্থনৈতিক উন্নতির ভিত্তি স্থাপনের প্রয়োজনীয়তার অনুধাবন থেকে। উন্নয়নশীল দেশের অর্থনৈতিক উৎক্রান্তির উপরিল্লেখিত দৃষ্টি কোণ থেকে শিক্ষার প্রায়োগিক দিকের অন্যতম গুরুত্বপূর্ণ উপাদান হল রু্তিমুখী কারিগরী শিক্ষা যা আমাদের শিল্প ও কৃষি ক্ষেত্রে আত্মনির্ভরশীল হবার বিষয়ীগত ভিত্তি স্থপ্তি করে।

সাম্রাজ্যবাদের উপর নির্ভরশীলতাকে টিকিয়ে রাখার ক্ষেত্রে অর্থনৈতিক কাঠামোর পাশাপাশি শিক্ষা কাঠামোও এমন ভাবে গড়ে তোলা হয় যাতে শোষণের প্রক্রিয়ায় দ্বিতীয়টি প্রথমটির জন্য কোন চ্যালেঞ্জ হয় না দাঁড়ায়। তাই নয়া উপনিবেশিক শোষণের একটা পরীক্ষিত চারিত্রিক বৈশিষ্ট হল তৃতীয় বিশ্বের আর্থ-সামাজিক অবস্থার সাথে সঙ্গতিপূর্ণ কারিগরী শক্তি গড়ে উঠতে না দেয়া এবং অতটুকুই দেয়া যতটুকু উন্নত পুঁজিপতি দেশের নিজস্ব স্বার্থেই অপরিহার্য। তাই আমাদের মত উন্নয়নশীল দেশে কারিগরী শিক্ষা মূলতঃ গড়ে তোলা হয় দেশের অভ্যন্তরে ‘উন্মুক্ত বাণিজ্যিক এলাকা’ ও ‘বিমানবাহিত রপ্তানী প্রক্রিয়াজাতকরণ জোন’ আর বাইরে মধ্যপ্রাচ্যে পুঁজিবাদী দেশগুলি পরিচালিত উন্নয়ন কর্মকাণ্ডে শ্রম সরবরাহের চাহিদার প্রতি লক্ষ রেখে। এসব প্রক্রিয়ার মাধ্যমে সাম্রাজ্যবাদ তৃতীয় বিশ্বের দেশগুলোকে অর্থনৈতিক নির্ভরশীলতার সাথে সাথে কারিগরী নির্ভরশীলতায় আবদ্ধ রাখে। এবং ইকনমিক ইম্পেরিয়ালিজম ও টেকনলজিকাল ইম্পেরিয়ালিজমের চারিত্রিক বৈশিষ্ট মূলতঃ অভিন্ন।

আমাদের দেশে বর্তমানে পরিচালিত উন্নয়ন ধারাকে বিবেচনার মধ্যে নিলে নির্ভরশীলতার এ চরিত্রটি আরো সুস্পষ্ট হয়ে উঠে। শিল্প উন্নয়নের নামে যে হাজার হাজার কোটি টাকা খণ দেয়া হয়েছে তা যদি সত্যিকার অর্থে ব্যবহৃত হত তা হলে এ শিল্প অবকাঠামোর জন্য কারিগরী শিক্ষা কাঠামোকে নতুন ভাবে বিন্যাস করার প্রয়োজন

পড়ত। তা হয়নি এবং সঙ্গত কারণেই— কারণ যে মেশিন নেই তার মেশিন অপারেটরেরও প্রয়োজন নেই এবং এটা অনুমান করেই বোধ হয় দেশজ শিল্পের উপযোগী দক্ষ শ্রমশক্তি গড়ে তোলার ও স্বনির্ভর অর্থনীতি গড়ে তোলার প্রক্রিয়ার সাথে তার সংযোগ স্থাপনের কোন পরিকল্পিত উদ্যোগ বাস্তবিক অর্থে অনুপস্থিত। অথচ আমাদের মত দেশে যেখানে ১৯৮৫ সালে বেকারের সংখ্যা ছিল ৭০ লাখ আর ১৯৯০ সালে যা বৃদ্ধি পেয়ে দাঁড়াবে ১ কোটি ১০ লাখ সেখানে আমাদের কৃষি ও শিল্পের চাহিদা অনুযায়ী লাগসই প্রযুক্তি নির্ধারণ করা ও সে অনুযায়ী শ্রমশক্তি গড়ে তোলা আমাদের অর্থনৈতিক উন্নয়ন এবং পরনির্ভরশীলতা কাটিয়ে উঠার অন্যতম পূর্বশর্ত।

আমাদের দেশের আর্থ-সামাজিক বাস্তবতার প্রেক্ষাপটে রুত্তিমুখী কারিগরী শিক্ষার আরেকটি দিক আছে যা প্রায়শঃই যথাযোগ্য গুরুত্বের সাথে বিবেচিত হয় না, আর সেটা হল রুত্তিমুখী শিক্ষার সাথে শিক্ষার গণতন্ত্রায়নের আন্তঃসম্পর্ক। একথা সুবিদিত যে, আমাদের মত সমাজে রুত্তিমুখী শিক্ষার দিকে নিম্নবিত্ত পরিবার থেকে আগত শিক্ষার্থীরাই বেশী আকৃষ্ট হয়। সুতরাং রুত্তিমূলক শিক্ষার প্রসারের সাথে এ শ্রেণী থেকে আগত ছেলে-মেয়েদের শিক্ষা গ্রহণের সুযোগের একটা আন্তঃসম্পর্ক রয়েছে এবং বিষয়টা শুধু শিক্ষা গ্রহণের নয় বিষয়টা কর্ম প্রাপ্তির সুযোগের সাথেও যুক্ত।

কিন্তু বর্তমান উন্নয়ন ধারায়, যা একদিকে নির্ভরশীল ও অন্যদিকে উচ্চবিত্ত ঘেষা সেখানে রুত্তিমুখী শিক্ষা যে সংকটের সম্মুখীন হবে তা অনেকটাই পূর্ব নির্ধারিত।

দুই : স্বাধীনতা পরবর্তী সময়ে রুত্তিমূলক শিক্ষার প্রসারের লক্ষ্যে যে তিনটি উদ্দেশ্য নির্ধারিত হয় তা ছিল কৃষি ও শিল্প খাতে দক্ষ শ্রমিক সরবরাহ, নিয়োজিত শ্রমিকদের দক্ষতার উন্নয়নের মাধ্যমে কৃষি ও শিল্পের উৎপাদনশীলতা বৃদ্ধি ও শিক্ষিত বেকার যুবকদের কৃষি ও শিল্পে কর্মসংস্থানের উপযুক্ত হিসেবে গড়ে তোলা। কুদরত-ই-খুদা শিক্ষা কমিশনের রিপোর্টে রুত্তিমূলক শিক্ষাকে মাধ্যমিক শিক্ষার একটি অন্তর্গত ধারা হিসেবে প্রবর্তন করে ক্রমান্বয়ে মাধ্যমিক শিক্ষাকে মূলতঃ রুত্তিধর্মী করার কথা বলা হয়েছিল এবং ক্রমান্বয়ে মাধ্যমিক স্তরের শিক্ষার্থীদের অন্ততঃ শতকরা ৫০ ভাগকে রুত্তিধর্মী শিক্ষা ব্যবস্থায় অন্তর্ভুক্ত করার লক্ষ্য স্থির করা হয়। কিন্তু জাতীয় উন্নয়ন কর্মকাণ্ডের সাথে সম্পৃক্ত করে এ শিক্ষা ব্যবস্থাকে গড়ে তোলার কোন সমন্বিত কার্যক্রম পরবর্তীতে গৃহীত না হবার ফলে এ বিষয়ে তেমন উল্লেখযোগ্য পরিবর্তন সাধিত হয়নি।

বর্তমান উন্নয়ন ধারার বৈশিষ্ট্য থেকে শিক্ষা ব্যবস্থাকে যদি বিমূর্তভাবেও বিশ্লেষণ করা যায় তবে দেখা যাবে যে, শিক্ষা কার্যক্রম ও শিক্ষা দর্শন রুত্তিমূলক শিক্ষার উপর যে অভিঘাত ফেলে তার পেছনে আরেকটি উপাদান কাজ করে আর তা হল শ্রমের প্রতি দৃষ্টিভঙ্গী। আমাদের প্রচলিত মাপকাঠিতে শ্রমের মর্যাদা বিষয়ক রচনা লিখে যতটা প্রশংসা পাওয়া যায় উচ্চফলনশীল আউশ চাষে ব্যবহৃত যন্ত্রচালিত পাম্পের মেরামত করে একর প্রতি উৎপাদন ২০ মণ থেকে বৃদ্ধি করে ৪০ মণে উন্নীত করার মাধ্যমে এর সামান্যও জোটে না। আশ্চর্যের কিছু নেই যে শিক্ষা ও গবেষণা ইনস্টিটিউট কর্তৃক পরিচালিত এক জরীপে দেখা গেছে যে, প্রাথমিক বিদ্যালয়ের ছাত্র-ছাত্রীদের মধ্যে যেখানে

শতকরা ৭৯ জন পরবর্তীতে উচ্চশিক্ষা গ্রহণের অভিজ্ঞ প্রকাশ করেছে, সেখানে বৃত্তিমুখী শিক্ষার প্রতি আগ্রহ প্রকাশ করেছে মাত্র শতকরা ১৩ জন, মাধ্যমিক স্তরের ছাত্রদের মধ্যে জরীপের ফলাফলটা ছিল যথাক্রমে শতকরা ৮৮ ও শতকরা ১০। যদিও পরবর্তীতে এসব ছাত্র-ছাত্রীদের মধ্যে উচ্চ শিক্ষার স্তরে প্রকৃতপক্ষে শতকরা ২ জনও পৌঁছতে পারে না, তথাপি উল্লেখিত জরীপ বিদ্যমান সামাজিক মানসিকতা ও বর্তমান শিক্ষা ব্যবস্থারই পরিচয়বাহী এবং বৃত্তিমুখী শিক্ষার মানসিকতা প্রাথমিক শিক্ষার স্তরে না দেবার যেমন ফল তেমনি এ শিক্ষাকে জাতীয় উন্নয়ন কর্মকাণ্ডের সাথে সম্পৃক্ত করে কর্মসংস্থানের সুযোগ সৃষ্টি করার একটা মাধ্যম হিসেবে প্রতিষ্ঠিত করার ব্যর্থতারও পরিচায়ক এবং যখন ১৯৭৭ সাল পরিচালিত এক জরীপে দেখা যায় বৃত্তিমুখী কারিগরী শিক্ষা প্রতিষ্ঠানগুলোর শিক্ষাদান ক্ষমতার শতকরা ৪০ ভাগও ব্যবহৃত হচ্ছে না তখন এর কারণ কিছুটা হলেও অনুধাবন করা যায়।

বর্তমানে দেশের ৪টি প্রকৌশল মহাবিদ্যালয়, ৫৪টি ভোকেশনাল টেকনিক্যাল ইনস্টিটিউট ও ১৭টি পলিটেকনিক ইনস্টিটিউটসহ ৮৭টি বৃত্তিমূলক কারিগরী শিক্ষা প্রতিষ্ঠানে বিশ হাজার চারশত প্রশিক্ষণার্থী শিক্ষা গ্রহণ করেছে এবং এ সংখ্যা প্রাথমিক স্তর বর্হিভূত শিক্ষার্থী সংখ্যার শতকরা ০.৬৫ ভাগেরও কম।

সারণী-১

দ্বিতীয় ও তৃতীয় পঞ্চবার্ষিকী পরিকল্পনায় কারিগরী শিক্ষা স্তরে শিক্ষার্থী ভর্তির
সাক্ষ্য ও লক্ষ্যমাত্রা (হাজার)

	১৯৭৩	১৯৮০	১৯৮৫		১৯৯০
	সালের	সালের	লক্ষ্যমাত্রা	অর্জিত	লক্ষ্যমাত্রা
	অবস্থা	অবস্থা		সাক্ষ্য	
প্রকৌশল	১.১১	২.০৮	৩.৩৩	৩.১২	৩.৪৪
কারিগরী	১০.৯০	৯১.৮৩	১৭.৫০	১২.৭৫	১৩.২৬
বৃত্তিমূলক	৩.৭০	৬.৪২	১০.০০	৪.৪৯	৫.৩৩
মোট কারিগরী শিক্ষা	১৫.৭১	২০.৩৩	৩০.৮৩	২০.৩৬	২২.০৩

সারণী ১ থেকে দেখা যায় যে ছাত্র ভর্তির লক্ষ্যমাত্রা দ্বিতীয় পঞ্চবার্ষিকী পরিকল্পনায় যেখানে দশ হাজার পাঁচশত বৃদ্ধির কথা ছিল সেখানে ৫ বছরে বেড়েছে সাবুল্যে মাত্র ৩০ জন এবং অতীত অভিজ্ঞতা সমরণে রেখে ১৯৯০ সালে লক্ষ্যমাত্রাকে রাখা হয়েছে অনেক নীচু স্তরে।

তৃতীয় পঞ্চবার্ষিকী পরিকল্পনায় আমাদের শিক্ষা পদ্ধতিকে সনাতনভাবে উদার শিক্ষা কেন্দ্রীক বলে স্বীকার করে বলা হয়েছে এ শিক্ষা ব্যবস্থা শিক্ষিত বেকার যুবক সৃষ্টি করছে বটে কিন্তু তা অর্থনীতির প্রয়োজনীয়তা মেটাতে পারছে না এবং এ কারণেই দ্বিতীয় পরিকল্পনায় কারিগরী শিক্ষাকে অগ্রাধিকার দেয়া হয়েছে, আর এর পরবর্তীতেই উল্লেখ করা হচ্ছে যে সম্পদের ঘাটতির জন্য পরিকল্পিত ৮৮.২ কোটি টাকার স্থলে প্রকৃত ব্যয় ছিল ৪৯.১ কোটি টাকা অর্থাৎ বরাদ্দের শতকরা ৫৫.৭ ভাগ, বাস্তবায়নের জন্য যে ৩৫টি প্রকল্প হাতে নেয়া হয় তার মধ্যে ২০টি সমাপ্ত হয়, ৯টি স্থানান্তরিত হয়, ২টি বাতিল হয়, ৪টি হস্তান্তরিত করা হয় ইত্যাদি। অথচ ১৯৮২/৮৩ থেকে ১৯৮৬/৮৭ পর্যন্ত বাৎসরিক উন্নয়ন পরিকল্পনাগুলোতে ৫৪টি ভোকেশনাল ট্রেনিং ইনস্টিটিউটের জন্য যেখানে বরাদ্দ হয়েছে মাত্র ১০ কোটি টাকা সেখানে একই সময়ে ৮টি কেডেট কলেজের জন্য বরাদ্দ ছিল ৩৭ কোটি টাকা। এ ধরনের নীতির ফলশ্রুতিতে যেখানে প্রকৌশল, কারিগরী দক্ষ শ্রমিকের অনুপাতের লক্ষ্যমাত্রা অর্জন করার কথা ছিল ১ঃ ৫ঃ ১৫ সেখানে দ্বিতীয় পঞ্চবার্ষিকীর বাস্তব অবস্থাটা দাঁড়ায় ১ঃ ৫ঃ ২।

কারিগরী শিক্ষানীতি বিশ্লেষণ করলে এটাও প্রতিভাত হয় যে সাম্প্রতিক কালে মধ্য প্রাচ্যে কর্মসংস্থানের সুযোগ গ্রহণের লক্ষ্যে যথোপযুক্ত অবকাঠামো সৃষ্টিই কারিগরী শিক্ষার ক্ষেত্রে একটা মূল উপাদান হিসেবে বিবেচ্য হচ্ছে। এ কথার অর্থ এ নয় যে মধ্যপ্রাচ্যে কর্মসংস্থানের মাধ্যমে বৈদেশিক মুদ্রা অর্জনের প্রয়োজন নেই। কিন্তু এর সাথে সাথে আমাদের অর্থনীতিতে দক্ষ শ্রমশক্তি রফতানীর যে বিরূপ প্রতিক্রিয়া পড়ছে তার সনাক্তকরণ ও এর সমাধানের লক্ষ্যে দীর্ঘ মেয়াদী পরিকল্পনা গ্রহণ জরুরী হয়ে পড়ছে। শুধুমাত্র এক বছরে বাংলাদেশ বস্ত্রকল সংস্থা থেকে তিনশত দক্ষ শ্রমিক চলে যাওয়ায় এ সংস্থা মারাত্মক অসুবিধার সম্মুখীন হয়। কারিগরী শিক্ষা প্রতিষ্ঠানগুলো থেকে কোন প্রকারে একটা সনদপত্র জোগাড় করে মধ্যপ্রাচ্যে পাড়ি দেবার আগ্রহই সাম্প্রতিক বছরগুলোতে এসব শিক্ষাপ্রতিষ্ঠানে ভর্তির অন্যতম কারণ হিসেবে দেখা দিয়েছে। গত বছর বেশ কয়টি বিষয়ে আগ্রহী প্রার্থী ও আসনের অনুপাত ছিল ১০ঃ ১, এবং এসব বিষয়ের অগ্রাধিকার নির্ধারিত হয়েছে মধ্যপ্রাচ্যের বাজারের চাহিদার দ্বারা। যেখানে নিম্নবিত্ত শ্রেণীর ছেলেরদের আসার কথা ছিল এসব বৃত্তিমুখী শিক্ষা প্রতিষ্ঠানে সেখানে সাম্প্রতিক কালে যারা প্রতিযোগিতার মাধ্যমে ভর্তি হতে সক্ষম হচ্ছে তাদের সংখ্যাগরিষ্ঠই আসছে শহরে ও মধ্যবিত্ত পরিবারের থেকে। দেশে বৃত্তিমূলক কোন পেশায় দক্ষ শ্রমিক হিসেবে কাজ করার মানসিকতা যেমন এদের মাঝে অনুপস্থিত তেমন এদের একটা বড় অংশই সাধারণ স্কুল ও কলেজ সমূহে ভর্তির সুযোগ পেলে বা মধ্যপ্রাচ্যে যাবার সুযোগ হলেই শিক্ষা প্রতিষ্ঠান ছেড়ে চলে যাচ্ছে। প্রায় সবগুলি বৃত্তিমুখী শিক্ষা প্রতিষ্ঠানেই ড্রপ-আউটের পরিস্থিতি এক কথায় ভয়াবহ। যদিও, সাম্প্রতিক কালে জনশক্তি কর্মসংস্থান ও প্রশিক্ষণ ব্যুরো বিভিন্ন কোর্সের সময়কাল ও সার্টিফিকেট প্রদান নীতিমালায় পরিবর্তন আনয়নের লক্ষ্যে বেশ কিছু পদক্ষেপ গ্রহণ করছেন, তা সত্ত্বেও কর্মসংস্থানের কোন সূষ্ঠু কার্যক্রমের অনুপস্থিতিতে এ সমস্যাগুলোর সমাধানের সম্ভাবনা প্রকৃত পক্ষে খুবই ক্ষীণ।

বর্তমান অবস্থার প্রেক্ষাপটেও দেশে প্রয়োজনের তুলনায় দক্ষ শ্রমশক্তির অপ্রতুলতা রয়েছে। ১৯৮৫ সালে পরিচালিত দক্ষ শ্রমশক্তি বিষয়ক দেশব্যাপী এক সার্ভে'র সার সংক্ষেপ সারণী দুই-এ সন্নিবেসিত করা হয়েছে।

সারণী-২

বাংলাদেশে দক্ষ শ্রমশক্তির চাহিদা ও নিয়োজন

- ১। বৃত্তিমূলক ও টেকনিকাল শিক্ষা প্রতিষ্ঠান-এ যে ১৮টি বৃত্তির উপর প্রশিক্ষণ দেয়া হয় সে সব বৃত্তিধর্মী কর্মসংস্থানের সংখ্যা-৪৩,৭০০
- ২। এসব শিক্ষা প্রতিষ্ঠানে প্রশিক্ষণপ্রাপ্ত নিয়োজিত শ্রমশক্তির প্রকৃত সংখ্যা-১৩০০
- ৩। এসব প্রতিষ্ঠানের বাইরে প্রশিক্ষণপ্রাপ্তদের সংখ্যা-৫৯০০
- ৪। মোট প্রশিক্ষণপ্রাপ্ত (২ + ৩)-৭২০০
- ৫। প্রশিক্ষণপ্রাপ্ত নয় এমন শ্রমিকদের সংখ্যা-(১-৪)-৩৬৫০০
- ৬। মোট যে ৩০টি বৃত্তিতে দক্ষ শ্রমশক্তির চাহিদা বর্তমান তার মোট সম্ভাব্য কর্মসংস্থানের সংখ্যা-৮৩১০০
- ৭। তৃতীয় পঞ্চবার্ষিকী পরিকল্পনাকালে বৃত্তিমূলক ও টেকনিকাল প্রশিক্ষণপ্রাপ্ত দক্ষ শ্রমশক্তি ও টেকনিশিয়ানের চাহিদা-১,২৪,৪০০
- ৮। সংশ্লিষ্ট শিক্ষা প্রতিষ্ঠান সমূহে সর্বমোট সীট সংখ্যা-৮০১২

এ থেকে দেখা যায় যে, কারিগরী প্রশিক্ষণ কেন্দ্র ও বৃত্তিমূলক প্রশিক্ষণ প্রতিষ্ঠানসমূহে প্রশিক্ষণপ্রাপ্ত দক্ষ শ্রমিক ও টেকনিশিয়ানের প্রকৃত চাহিদার মাত্র একটি ক্ষুদ্র অংশই মেটাতে পারছে এবং ব্যাপক শ্রমশক্তিই এ নেটওয়ার্কের বাইরে রয়ে গেছে। তৃতীয় পঞ্চবার্ষিকী পরিকল্পনাকালে যে সোয়ালাক্ষ প্রশিক্ষণপ্রাপ্ত শ্রমশক্তির চাহিদা থাকবে তার একটা ক্ষুদ্র অংশই প্রশিক্ষণ প্রতিষ্ঠানসমূহ থেকে আসার সম্ভবনা। কিন্তু প্যারাডক্সটা হ'ল এই যে একদিকে যেমন দেশে প্রশিক্ষণপ্রাপ্ত শ্রমিক ও টেকনিশিয়ানের অপ্রতুলতা রয়েছে তেমনি অন্যদিকে, যারা বিদেশ যেতে পারছে না তাদের মধ্যে বেকারত্বও প্রচুর। ব্যক্তিমালিকানাধীন বিভিন্ন শিল্প প্রতিষ্ঠানের মধ্যে একটা অংশ এতই পুঁজিঘন যে সেখানে কর্মসংস্থানের সুযোগ খুবই সীমিত, অন্যগুলিতে দক্ষ শ্রমিকের চাহিদার সংকুলান করা হয় সাধারণ শ্রমিকদের শিল্প প্রতিষ্ঠানেই সামান্য কিছু প্রশিক্ষণ প্রদানের মাধ্যমে এবং তাদের পক্ষে সেটাই অর্থনৈতিকভাবে লাভজনক। অন্যদিকে, রাষ্ট্রীয় খাতের বিভিন্ন প্রতিষ্ঠানের সাথে প্রশিক্ষণ কেন্দ্রগুলির-সরাসরি সংযোগের কোন কার্যকর মেকানিজমও অনুপস্থিত। উৎপাদনশীলতা, উৎপাদনের গুণগত মান, অর্থনীতির উপর দীর্ঘমেয়াদী প্রভাব-এসব দৃষ্টিভঙ্গি থেকে সমস্যাটিকে অনুধাবন করার চেষ্টা করা হয় না।

কারিগরি শিক্ষার উৎকর্ষতার জন্য একদিকে যেমন এসব শিক্ষা প্রতিষ্ঠানে প্রয়োজনীয় কারিগরী সাজ সরঞ্জাম ও মাতৃভাষায় বইপত্র অত্যাাবশ্যিক, প্রশিক্ষকদের যথাযোগ্য প্রশিক্ষণের ব্যবস্থা দরকার, ঠিক তেমনি শিল্প প্রতিষ্ঠান সমূহের সাথে নিকট সম্পর্কও অপরিহার্য। অথচ বর্তমানে এসব প্রতিষ্ঠানের ছাত্র পিছু স্থিরকৃত ব্যয় উচ্চ পর্যায়ে'র শিক্ষা প্রতিষ্ঠানের শতকরা দশ ভাগেরও কম আর শিল্প প্রতিষ্ঠানে শিক্ষানবিসী কার্যক্রম

পরিচালনার জন্য সুনির্দিষ্ট কোন নীতিমালাও অনুপস্থিত। প্রতিবেশী রাষ্ট্র ভারতে ইন-সার্ভিস ট্রেনিং ও এপ্রেন্টিস এন্ট এর প্রবর্তন করে বিভিন্ন রুত্তিমূলক প্রতিষ্ঠানের সাথে শিল্প কারখানার সংযোগকে কার্যকর করার ব্যবস্থা করে এ সমস্যার সমাধান করা হয়েছে, কিন্তু শক্তিশালী রাষ্ট্রীয় খাতের অনুপস্থিতিতে এ ধরনের কার্যক্রম হাতে নেয়া ও বাস্তবায়িত করা দুঃসাধ্য বলেই প্রতীয়মান হতে পারে। মধ্যপ্রাচ্য প্রত্যাগত দক্ষ শ্রমশক্তিও অনুৎপাদনশীল খাতেই তৎপর হতে আগ্রহী। কারিগরী প্রশিক্ষণ প্রদানের জন্য তাদের পেছনে দেশের যে ব্যয় এবং পরবর্তীতে উৎপাদনশীল কর্মকাণ্ডে তাদেরকে সম্পৃক্ত করতে না পারায় যে সামাজিক ব্যয় তার হিসেব না করে বৈদেশিক মুদ্রা অর্জনটাকে মুখ্য বিবেচনা করে আমরা এক ধরনের আত্মসন্তুষ্টিতে আছি। কিন্তু এ প্রক্রিয়ায় প্রকৃত লাভ লোকসান কতো এবং অর্থনীতির উপর এর নেতিবাচক প্রভাব কতটুকু তার পরিমাপ আমরাও যেমন করি না, সাহায্য-সহযোগিতা প্রদানকারী সাগরপারের নীতি-নির্ধারণকরাও তা করেননা, তার কারন মানব সম্পদ উন্নয়নের জন্য কোন বিনিয়োগ ছাড়াই উদ্ধৃত সৃষ্টি ও আত্মসাতের এরকম সুযোগ তাদের অর্থনৈতিক সাহায্য না হলেও সহযোগিতারই অন্য এক মাত্রা। তাই বর্তমান অবস্থার প্রেক্ষাপটে এটাও স্বাভাবিকতার পর্যায়ে পরে যখন কিনা দেখা যায় যে বাংলাদেশে কর্মরত জনৈক বিদেশী জনশক্তি পরিকল্পনা বিশেষজ্ঞ কারিগরী শিক্ষার বিদ্যমান সমস্যাবলী নিরসন বাতলে দেন সরকারী প্রশিক্ষণ কাঠামো ভেঙ্গে দিয়ে গোটা কার্যক্রম এন,জি,ও দেব হাতে ছেড়ে দেবার সুপারিশের মাধ্যমে।

তিন : রুত্তিমুখী কারিগরী শিক্ষার যে সমস্যাগুলো উল্লেখ করা হল সেগুলো বিশ্লেষণ করলে দেখা যাবে যে, টাগেট গ্রুপ নির্ধারণ থেকে প্রশিক্ষণপ্রাপ্ত শ্রমশক্তির নিয়োজন পর্যন্ত বিভিন্ন পর্যায়ে যে সংকটগুলো বিদ্যমান তা একদিকে আমাদের বর্তমান উন্নয়ন ধারার সংকটেরই একটা আংশিক রূপ, আরেকদিকে সামগ্রিক উন্নয়ন ধারার সংকটেরই প্রতিফলন অথচ আমাদের দেশের বিশাল শ্রমশক্তি, ও তার যথাযোগ্য ব্যবহারের কথা চিন্তা করলে এটা মনে করার যুক্তিসংগত কারণ আছে যে লাগসই প্রযুক্তির প্রয়োগিক রূপটা একমাত্র এ ধরনের শিক্ষার ব্যাপক বিস্তারের মাধ্যমেই বের হয়ে আসতে পারে। আর কারণ স্থানীয় চাহিদা মাহিক যে নতুন প্রযুক্তির উদ্ভাবনের প্রয়োজন তার জন্য যে তাত্ত্বিক ও ব্যবহারিক জ্ঞানের সমন্বয় সাধন আবশ্যিক তা এ ধরনের শিক্ষা থেকেই উদ্ভূত ও বিকাশ লাভ করতে পারে। পশ্চিমা উন্নত পুঁজিবাদী দেশ সমূহে শিল্পোন্নয়নের প্রক্রিয়া শিক্ষা ব্যবস্থার বিজ্ঞানমুখী ও কারিগরীমুখী বিন্যাসকে প্রভাবিত করেছে, এর বিপরীতে আমাদের মত উন্নয়নশীল দেশে উন্নয়নের ধারা এবং সেই সাথে সংশ্লিষ্ট কৃষির রূপান্তর ও শিল্পায়নের রূপরেখার সচেতন নির্বাচনের উপরেই কেবল শিক্ষার কাঠামোগত পরিবর্তনের স্বরূপ মূলতঃ নির্ভর করবে। তাই লক্ষ্যণীয় যে বিপ্লোবস্তর চীনে আর্থ-সামাজিক পরিবর্তনের কর্মকাণ্ডের একটা অবিচ্ছেদ্য অংশ হিসেবেই শিক্ষা ব্যবস্থার ব্যাপক কাঠামোগত পরিবর্তন ও গণতন্ত্রায়নকে দেখা হয়েছে, রুত্তিমূলক শিক্ষাকে স্থানীয় উন্নয়ন পরিকল্পনার অবিচ্ছেদ্য অংশ হিসাবে বিবেচনা করা হয়েছে এবং ১০ বছরের মধ্যে ২০ লাখ দক্ষ কারিগর সৃষ্টির কর্মসূচীকে সে প্রক্রিয়ারই অবিচ্ছেদ্য অংশ হিসাবে বাস্তবায়িত করা হয়েছে।

মধ্যপ্রাচ্যের বাজারের দিকে লক্ষ রেখে নয়, আমাদের গ্রামীণ অর্থনীতি ও দেশোপযোগী শিল্পনীতির প্রয়োজনেই কারিগরী ও বৃত্তিমূলক শিক্ষার বিকাশ ঘটতে হবে। শিক্ষা খাতে বর্তমানে জাতীয় ব্যয়ের পরিমাণ জি, ডি, পি'র দুই শতাংশেরও কম থেকে সাত শতাংশ উন্নীত করা জাতীয় লক্ষ্য হিসাবে নির্ধারণ করা শিক্ষার বিদ্যমান চরিত্রকে বজায় রেখেও করা সম্ভব। কিন্তু উৎপাদনমুখী শিক্ষা ব্যবস্থা শিক্ষা কাঠামোর পুনর্বিদ্যায় এবং ভিত্তি প্রসার না ঘটিয়ে করা সম্ভব নয়। আর এ সম্ভাবনা সৃষ্টির পূর্বশর্ত হল উন্নয়ন ধারার গণমুখীকরণ যা শেষের বিচারে আর্থ-সামাজিক দর্শন ও রাজনৈতিক ইচ্ছাশক্তির উপাদানের সাথেই সংশ্লিষ্ট।

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আনু মুহাম্মদ

ভূমিকা

শিক্ষা সমাজ অর্থনীতির গঠন (Socio-economic Formation) নিরপেক্ষ কোন শাস্ত্রত প্রক্রিয়া নয়। সমাজ অর্থনীতির গঠনের সঙ্গে সঙ্গতিপূর্ণভাবে এর অবস্থান, গতি প্রকৃতি এবং ব্যাপ্তিও নির্ধারিত হয়। যেহেতু যে কোন সমাজ অর্থনীতির গঠন তার শাসক শ্রেণী দ্বারাই রক্ষিত ও পরিচালিত হয় সেহেতু শিক্ষার যাবতীয় পরিকল্পনা ও তার ব্যবহারও সে কাঠামোর মধ্য থেকে উদ্ভূত শাসক শ্রেণীর প্রয়োজন চাহিদা উদ্দেশ্য আদর্শের উপরই নির্ভর করে। প্রাক পুঁজিবাদী সমাজ কাঠামোতে শিক্ষার সীমিত গতি তৎকালীন সামাজিক ও অর্থনৈতিক গতিধারার সংগে খুবই সঙ্গতিপূর্ণ ছিল, একইভাবে পুঁজিবাদী কাঠামোতে শিক্ষার বিস্তার, সার্বজনীন শিক্ষার বাস্তবায়ন সেই কাঠামোর মধ্য থেকে উৎসারিত শাসক শ্রেণীর চাহিদা ও প্রয়োজনের সঙ্গে সম্পর্কিত। এখানে কোন ব্যক্তির ইচ্ছা-অনিচ্ছা, প্রশাসনের নিছক দক্ষতা অদক্ষতা খুবই গৌণ প্রসঙ্গ। বাংলাদেশের বর্তমান সামগ্রিক শিক্ষার ক্ষেত্রে যে নৈরাজ্য ও সংকট সৃষ্টি হয়েছে তার মূল বিদ্যমান সমাজ অর্থনীতির গতি প্রকৃতি, শাসক শ্রেণীর চাহিদা প্রয়োজনের চরিত্র এবং সামগ্রিকভাবে উন্নয়ন গতি ধারার মধ্যে অনুসন্ধান করতে হবে। বর্তমান প্রবন্ধে বাংলাদেশের বর্তমান উন্নয়ন ধারার প্রধান দিক সমূহ শিক্ষা সংকটের বর্তমান স্বরূপ এবং এ দুয়ের পরস্পরের সম্পর্কের মূল অনুসন্ধানের চেষ্টা করা হয়েছে।

সার্বজনীন শিক্ষা

সার্বজনীন শিক্ষার বিস্তার, গড় শিক্ষা ও গবেষণার গুণগত বিকাশ পুঁজিবাদের বিকাশের অন্যতম সহযোগী। পুঁজিবাদ তার দক্ষ শ্রমশক্তি ও বিজ্ঞান প্রযুক্তি ব্যবস্থাপনা বিকাশে দক্ষ জনশক্তির চাহিদা পূরণ এবং মুনাফা সর্বোচ্চ করণের প্রয়োজনেই শিক্ষার বিস্তার ও বিকাশের তাগিদ বাস্তবায়ন করে। বর্তমানে উন্নত পুঁজিবাদী রাষ্ট্রসমূহের উন্নয়নের ইতিহাসে এ ধারাটি অভিন্ন।

ইংল্যান্ডের ইতিহাস থেকে আমরা দেখি, সামন্তবাদী ব্যবস্থার ধংসাবশেষের উপর শিল্প বিপ্লব যখন বিজয়ী শক্তি হিসেবে প্রতিষ্ঠিত, যখন নতুন নতুন আবিষ্কার এবং পুঁজির পুঞ্জি ভবন অধিকতর পুঁজি বিনিয়োগের চাহিদা তৈরী করেছে সে সময় বুর্জোয়া শ্রেণীই সার্বজনীন শিক্ষার জন্য প্রয়োজনীয় আইন প্রণয়ন করে ও প্রয়োজনীয় প্রাতিষ্ঠানিক

কাঠামো নির্মাণ করে। ১৮৪৪ সালে ইংল্যান্ডে ফ্যাক্টরি আইন হয়। “এই আইনে যে সব ছেলে মেয়ে সুতাকলে কাজ করতো তাদের প্রতি সপ্তাহে পুরো ৩ দিন বা ৬ দিনের প্রতি দিন অর্ধেক দিন স্কুলে হাজির থাকতে হবে এই বিধি ব্যবস্থা পালন করতে উক্ত ছেলে মেয়েদের পিতা মাতাকে বাধ্য করা হল। ১৮৬৪ এবং ১৮৬৭ সালে আরও কিছু আইনে বর্ণিত ব্যবস্থা সুতাকল ছাড়া অন্যান্য ফ্যাক্টরী ও কারখানায় প্রসারিত হল” [১]। ১৮৭০ সালের মধ্যে ইংল্যান্ডে প্রাথমিক শিক্ষা বাধ্যতামূলক করা হল। ব্রিটিশ ঐতিহাসিকের ভাষায় “১৮৪০ সালের তুলনায় ১৮৭০ এর পর কারিগরি শিক্ষার গুরুত্ব অনেক বেড়ে গেল এবং এটা স্পষ্ট হল যে, সাধারণ শিক্ষায় শিক্ষিত ছাড়া অন্য কারও পক্ষে কারিগরি শিক্ষা অর্জন করা সম্ভব নয়। সে সময় আমাদের শিল্প ও অর্থনৈতিক প্রাধান্য বিভিন্ন দেশ দ্বারা চ্যালেঞ্জের মুখোমুখি। বিজয় সুনিশ্চিত করার জন্যই শিক্ষার বিস্তার অপরিহার্য হয়ে দাড়ায়।” [২:৬৭৫]।

১৭৯১ সালে ফ্রান্সের সংবিধান প্রথম প্রাথমিক শিক্ষা বাধ্যতামূলক ও অবৈতনিক করার কথা বলে। পরে ১৮৮২ ও ১৮৮৮ সালে আইনের মাধ্যমে যথাক্রমে প্রাথমিক শিক্ষা বাধ্যতামূলক ও প্রাথমিক শিক্ষা অবৈতনিক করা হয় [৩]। স্বাধীনতার পর বিশেষতঃ গৃহযুদ্ধের পর পুঁজিবাদী উন্নয়নকে গতিশীল করবার প্রয়োজনে মার্কিন যুক্তরাষ্ট্রে শিক্ষার বিস্তারের জন্য ব্যাপক পরিকল্পনা নেয়া হয়।

১৯৭২-এ প্রণীত বাংলাদেশের সংবিধান ও অভিন্ন, গণমুখী ও সার্বজনীন শিক্ষা ব্যবস্থা প্রতিষ্ঠাকে রাষ্ট্রীয় নীতির মৌলিক দিক হিসেবে ঘোষণা করে।

সার্বজনীন শিক্ষার এই উদ্দেশ্য স্বাধীনতার আগেও এখানে ব্যক্ত করা হয়েছে। ১৯৫৭ সালে তৎকালীন পূর্ব পাকিস্তান শিক্ষা সংস্কার কমিশনের রিপোর্টে পরবর্তী ১৫ বছরের মধ্যে শিক্ষাকে সার্বজনীন ও বাধ্যতামূলক করার কথা বলা হয়। ১৯৫৭ সালে জাতীয় শিক্ষা কমিশনের রিপোর্টে প্রাথমিক শিক্ষাকে পুঁজি হিসেবে গণ্য করে বলা হয় যে, এ থেকে দক্ষ জনশক্তি উৎপাদিত হবে। রিপোর্টে পরবর্তী ১০ বছরের মধ্যে প্রথম থেকে পঞ্চম শ্রেণীর শিক্ষা বাধ্যতামূলক ও সার্বজনীন করার জন্য এবং পরবর্তী ১৫ বছরের মধ্যে অষ্টম শ্রেণীর শিক্ষা বাধ্যতামূলক ও সার্বজনীন করার সুপারিশ করা হয়। ১৯৬৬ সালে শিক্ষার্থীদের সমস্যা ও কল্যাণ কমিশনের রিপোর্টে উপরোক্ত কমিশনের সুপারিশ অনুমোদন করা হয়।

উপরোক্ত লক্ষ্য ও উদ্দেশ্য পুঁজিবাদী উন্নয়নের দর্শনের সঙ্গে সঙ্গতিপূর্ণ হলেও আমরা দেখি বাংলাদেশে স্বাধীনতা পূর্ব ও পরবর্তী কোন সময়েই শিক্ষা সম্পর্কিত কোন অগ্রগতি লক্ষ্য করা যায় না। এর অন্তর্নিহিত কারণ বাংলাদেশের পুঁজিবাদী উন্নয়নের ভিন্ন ধারা ও শাসক শ্রেণীর বাস্তব অবস্থানের মধ্যেই নিহিত।

বাংলাদেশের উন্নয়ন ধারাঃ প্রধান কয়েকটি দিক

বাংলাদেশে বর্তমান উন্নয়ন সংকট, যে ভাবে প্রচার করা হয় সে রকম, কোন অপরিহার্য বা অবশ্যম্ভাবী বা ব্যবস্থা নিরপেক্ষ সংকট নয়। এ সংকট হচ্ছে পুঁজিবাদী বিশ্ব ব্যবস্থার অন্তর্ভুক্ত দরিদ্র একটি রাষ্ট্রে পুঁজিবাদী উন্নয়ন কিংবা আরও স্পষ্ট করে

বলে বলে যায় পুঁজিবাদী উন্নয়নের অসম্ভাব্যতার সংকট। সে কারণেই এই সংকটের চরিত্র বাংলাদেশের জন্য একক বা অভূতপূর্ব নয়। তৃতীয় বিশ্ব নামে কথিত রাষ্ট্র সমূহে দ্বিতীয় বিশ্বযুদ্ধান্তর উন্নয়ন ধারা, ৫০ ও ৬০ দশকে প্রবৃদ্ধি কেন্দ্রিক উন্নয়ন কৌশল, সবুজ বিপ্লব, ৭০ দশকে পল্লীমুখীনতা এবং ক্রমবর্ধমান দারিদ্র কমানোর বিভিন্ন মডেল উদ্ভাবন ও তার ব্যর্থতা ইত্যাদি সবই অনুন্নত পুঁজিবাদী রাষ্ট্র সমূহের জন্য উন্নত পুঁজিবাদী দেশসমূহের জন্য সাধারণ অভিজ্ঞতা।

সাধারণ অভিজ্ঞতা হলেও সংকটের দিকটি সব দেশে সমানভাবে স্পষ্ট নয়। বাংলাদেশের পরিস্থিতি এ পর্যায়ে পৌঁছেছে যে, উন্নয়ন সংকট বর্তমানে আর সংকটের পর্যায়ে নেই, এটি এখন নৈরাজ্যের স্তরে উপনীত হয়েছে। বিদ্যমান কাঠামোর অধীনে উৎপাদন, বিতরণ, সংগঠন, পুঁজির গঠন ও বিকাশ এবং তার সঞ্চালন সব ক্ষেত্রেই এখন সমাধান অযোগ্য অবস্থায় এসে দাঁড়িয়েছে।

এই পরিস্থিতি বস্তুতঃ বাংলাদেশের সমাজ অর্থনীতির বর্তমান গঠনের কার্যকারিতার সংকটকে তুলে ধরেছে, যে সংকট বর্তমান শাসক শ্রেণীকে অব্যাহতভাবে গভীর থেকে গভীরতর সংকটে নিষ্ক্ষেপ করেছে। শিল্পে চূড়ান্তভাবে পশ্চাৎপদ এ অঞ্চলে ১৯৫৬-৫৭ র বিভিন্ন উদ্যোগ। ১৯৬২র আয়ুবী ভূমিসংস্কার ও পাকিস্তান কেন্দ্রিক রুহৎ পুঁজির রাষ্ট্রায়ত্ত্ব গৃহিত নীতি অনুযায়ী স্বাধীনতা পূর্বকালে এ অঞ্চলে রুহৎ পুঁজির অধীনস্থ ছোট তরফের অংশীদার বাঙালী ব্যবসায়ী, ঠিকাদার, শিল্পপতি আমলা গড়ে উঠে। পাকিস্তান কর্তৃক এ অঞ্চল প্রায় ঔপনিবেশিক কায়দায় শোষিত হওয়ার প্রয়োজনে কোন বুর্জোয়া সংস্কারও এখানে করা হয়নি।

১৯৭১ সালে সশস্ত্র স্বাধীনতা যুদ্ধের মাধ্যমে বাংলাদেশ একটি স্বতন্ত্র রাষ্ট্র হিসেবে যখন প্রতিষ্ঠিত হয় তখন এখানে সেই অপ্রস্তুত অদক্ষ বেহিসেবী উঠতি ঠিকাদারী বুর্জোয়া শ্রেণী ক্ষমতায় আসীন হয়। রাষ্ট্রায়ত্ত্ব খাত লুটপাট, বৈধ ও অবৈধ ব্যবসা, পারমিট লাইসেন্স ইত্যাদি তাদের শ্রেণী হিসেবে দৃঢ় ভিত্তি খুঁজ পাবার প্রধান ভিত্তি হয়ে দাঁড়ায়।

সমাজ অর্থনীতির কোন ক্ষেত্রে কোন ধরনের র্যাডিক্যাল পদক্ষেপ না নেয়া এবং উঠতি বুর্জোয়া শ্রেণীর অবৈধ পুঁজিভবনের প্রক্রিয়ায় রাষ্ট্রীয় শক্তির প্রত্যক্ষ সমর্থন ইত্যাদি কারণে উপরোক্ত প্রক্রিয়া ক্রমান্বয়ে বেগবান হয় এবং কালো টাকার মালিকানার মাধ্যমে গড়ে উঠে নতুন একটি শ্রেণী যাকে ব্যারনের ভাষায় বলা যায় লুস্পন বুর্জোয়া শ্রেণী। এ শ্রেণীর মূল বৈশিষ্ট্য হচ্ছে, এর মূল কর্মতৎপরতা অনুৎপাদনশীল খাতেই সীমাবদ্ধ থাকে, ব্যবসা বাণিজ্য ছাড়া উৎপাদনমুখী কোন তৎপরতায় এদের পুঁজি গমন করে না।

১৯৭২ থেকেই এই লুস্পন পুঁজি বিকাশের জন্য যে সব অনুকূল শর্ত বিরাজ করছিল তাতে এর বিকাশ ত্বরান্বিত হয় এবং এদের এই বিকাশ বাংলাদেশে সাম্রাজ্যবাদী পুঁজির ক্রমবর্ধমান প্রবাহের চাহিদাও তৈরী করে। সাম্রাজ্যবাদী পুঁজির প্রবাহ এই পুঁজির অস্তিত্ব ও সফলিতি কঠিন ছিল। ১৯৭৫ এর মধ্যেই এদেশে তাই দুর্বল হয়ে পড়া সাম্রাজ্যবাদী নেটওয়ার্ক আবারো সচল হয়, পুঁজি প্রবাহ বৃদ্ধি পায়, উন্নয়ন তৎপরতার

জন্য সাম্রাজ্যবাদী রাষ্ট্র ও প্রতিষ্ঠানসমূহের উপর আদিগন্ত নির্ভরশীলতা বৃদ্ধি পেতে থাকে, তাদের ভূমিকা নির্ধারক অবস্থানে চলে আসে, দেশের অভ্যন্তরে বিনিয়োগ সিলিং বাড়ানো হয়, বিরাস্ত্রীয়করণ প্রক্রিয়া শুরু হয়। ভূমি ব্যবস্থা মৌলিক কোন সংস্কার থেকে দূরে থাকে।

১৯৭৬ এর পর এদেশে কিভাবে লুপ্তন এবং কমিশনভোগী দালাল বুর্জোয়া শ্রেণীর বিকাশ সাধিত হয়েছে সে সম্পর্কে ইতি মধ্যে বেশ কিছু সমীক্ষা হয়েছে।^১

সামগ্রিক সমাজ অর্থনীতি ও রাষ্ট্রের উপর এ শ্রেণীর আধিপত্যের কারণে একদিকে উৎপাদনের সবগুলো খাতে নৈরাজ্য সৃষ্টি হয়েছে অন্যদিকে গ্রাম ও শহরের নিরক্ষর ও শিক্ষিত জনগোষ্ঠীর কর্মসংস্থানের সমস্যা সৃষ্টি হয়েছে। বেড়েছে আপেক্ষিক ও চরম দারিদ্র।

প্রথমে কৃষি খাতের অবস্থা দেখা যেতে পারে। এ খাতের অবস্থা এখন স্পষ্টতঃই এরকম দাঁড়িয়েছে যে, অধিকতর জমি চাষের অধীনে এনে উৎপাদন বৃদ্ধির সম্ভাবনা একেবারেই নেই বললেই চলে, একই সঙ্গে জমির উৎপাদনশীলতাও পর্যাপ্ত বিনিয়োগ এর অভাবে খুবই নিম্ন পর্যায়ে রয়েছে [৪]।

১৯৫০ থেকে ১৯৮০ পর্যন্ত বাংলাদেশে কৃষি উৎপাদন বেড়েছে গড়ে বার্ষিক ২.৪ ভাগ হারে এবং খাদ্য (ধান ও গম) উৎপাদন বেড়েছে তার থেকেও স্লথ গতিতে। বর্তমান শতকরা মাত্র ১৮ ভাগের মত জমি আধুনিক সেচ সুবিধা পায় এবং এক চতুর্থাংশেরও কম জমিতে উচ্চ ফলনশীল শস্যের আবাদ হয় [৫:১-২]।

খাদ্য শস্য উৎপাদনের তথ্য থেকে দেখা যায়, ১৯৬৯-৭০ থেকে ১৯৮৬ সাল পর্যন্ত ১৬ বছরে সামগ্রিকভাবে খাদ্য উৎপাদন বৃদ্ধির হার শতকরা ৬২.৩৬, এর মধ্যে আমনের বৃদ্ধি শতকরা ২২.৮৬, আউশের শতকরা ৪৪.০১, বোরোর বৃদ্ধি ২৬১.৭ ভাগ এবং গম ১০৭৬.৪৭ ভাগ। ধান ও গমের সামগ্রিক বৃদ্ধিতে নির্ধারক ভূমিকা দেখা যায় বোরো ধান ও গমের। একর প্রতি ফলনের হিসেবে দেখা যায় ৬৯/৭০ সালে বোরো ধানের একর প্রতি ফলন ছিল ২৩.৭৩ মণ, ১৯৮৫-৮৬তে তা দাঁড়ায় ২৫.৯১ মণে। এ থেকে বোঝা যায় উৎপাদনশীলতা বৃদ্ধির জন্য নয়, বরঞ্চ চাষাধীন জমি বৃদ্ধির জন্যই এই উৎপাদন বেড়েছে। ১৯৬৯/৭০ সালে বোরো ধানের চাষাধীন জমির পরিমাণ ছিল ২১.৮৩ লক্ষ একর, ১৯৮৫/৮৬ তে তা দাঁড়িয়েছে ৪২ লক্ষ একর। গমের চাষাধীন এলাকা ৬৯/৭০ সালে ছিল ২.৯৬ লক্ষ একর, ১৯৮৬/৮৭ সালে তা দাঁড়িয়েছে ২০ লক্ষ একর [৬]। বোরো গমের বৃদ্ধির সঙ্গে আন্তর্জাতিক কৃষি উপকরণ ব্যবসা কোম্পানীগণের তৎপরতার সম্পর্ক যতটা জাতীয় পরিকল্পনার সম্পর্ক ততটা নয়। উচ্চ ফলনশীল বীজ, সার সেচ যন্ত্র ইত্যাদি আমদানী ও তার ব্যবহার এবং কমিশন এজেন্সীর সরকারী নীতিও তার পেছনে কার্যকর। এর পরও জমি ও পানি ব্যবস্থার কোন পরিকল্পিত উন্নয়ন না হওয়ায় এ সবেব কোন সুষ্ঠু ব্যবহার হয়নি, অনেকক্ষেত্রে পরিবেশ, দেশীয় বিভিন্ন

১. এ সম্পর্কে সব চাইতে উল্লেখযোগ্য হচ্ছে, বি আই ডি এস থেকে রেহমান সোবহান এবং অন্যান্যদের দ্বারা সাম্প্রতিককালে প্রকাশিত বিভিন্ন গবেষণা প্রতিবেদন।

ফসল ইত্যাদির উপর বিরূপ প্রতিক্রিয়া সৃষ্টি হয়েছে। সবকিছু মিলিয়ে উৎপাদনশীলতার কোন উল্লেখযোগ্য বৃদ্ধি না ঘটায় এই খাতটির প্রকৃত কোন বিকাশ স্বীকার করা যায় না। অন্যদিকে সীমিত চাষাধীন জমি বোরো ধানের ক্ষেত্রে কেন্দ্রীভূত হওয়ায় পাট, আলু, ডাল, মরিচ, পেঁয়াজ ইত্যাদির জমি কমেছে এবং মোট অথবা মাথাপিছু উৎপাদন কমেছে। বিনিয়োগ চাহিদা বৃদ্ধি না পাওয়ায় ভূমি ব্যবস্থার সংস্কার এবং জমি ও পানি সম্পদের যথাযথ উন্নয়ন ঘটেনি। যার ফলে কৃষিতে কর্মসংস্থানের সুযোগও বৃদ্ধি পায়নি। বিপরীত দিকে ফসলের ন্যায্য দাম প্রাপ্তির সমস্যা, নদীর ভাঙন, কৃষি উপকরণের দাম বৃদ্ধি, উৎপাদন বিকাশে সরকারী নীতির প্রতিবন্ধকতা ইত্যাদি কারণে স্বচ্ছল কৃষকরা ব্যবসা পুঁজি, পুঁজিবিনিয়োগে আগ্রহী হয়েছে^[২] এবং দরিদ্র-কৃষকরা অধিকতর হারে ভূমিহীন পরিণত হচ্ছে। লুটেরা পুঁজির ক্রমবর্ধমান শক্তি বৃদ্ধির সঙ্গে সঙ্গে সরকার এবং লুটেরা কৃষি খাতের সঙ্গে সঙ্গে শিল্প উৎপাদনের ক্ষেত্রেও একই ধরনের নৈরাজ্য ও সংকট দেখা যায়। শিল্প উৎপাদনের সূচক দেখলে দেখা যায়, ১৯৭৩-৭৪ সালে ১০০ ধরলে ১৯৮৫-৮৬ তে তা ১৪৫ এ এসে দাঁড়িয়েছে। লুটেরা পুঁজির ক্রমবর্ধমান শক্তি বৃদ্ধির সঙ্গে সঙ্গে সরকার এবং লুটেরা পুঁজিপতিদের দিক থেকে দুটো আগ্রহ খুবই প্রবল দেখা গেছে। এর একটি হচ্ছেঃ সরকারী শিল্প কারখানা বেসরকারী খাতে দিয়ে দেয়া এবং নতুন শিল্প প্রতিষ্ঠার জন্য রাষ্ট্রায়ত্ত্ব ব্যাংক থেকে বিপুল ঋণ সরবরাহ।

রাষ্ট্রায়ত্ত্ব খাতের উদ্ভূত দখল এমন কি এই খাতের শিল্প কারখানা আত্মসাৎ করার মধ্য দিয়ে যে নতুন শ্রেণীর উদ্ভব ঘটে সেই শ্রেণীই এই খাতের শিল্প কারখানা বিরুদ্ধীকরণ প্রক্রিয়ায় কিনে নেয়। এবং এই শ্রেণীই নতুন শিল্প প্রতিষ্ঠার জন্য রাষ্ট্রায়ত্ত্ব ব্যাংকগুলো থেকে বিপুল ঋণ গ্রহণ করতে সক্ষম হয়।

পুঁজিবাদী উন্নয়নের জন্য উপরের দুটি কাজই একটা পর্যায়ে সমর্থনযোগ্য হতো যদি দেখা যেতো এই নতুন শ্রেণীর জন্য সরকারের বিপুল সমর্থন ও ভর্তুকি শিল্পায়নে সহায়তা করছে।

বস্তুতঃ যে সব শিল্প কারখানা ব্যক্তি মালিকানায় ফেরত দেয়া হয়েছে বা তাদের কাছে আবার বিক্রি করা হয়েছে সেগুলোর অধিকাংশ ক্ষেত্রে উৎপাদনমুখী বিস্তার ঘটেনি, বরঞ্চ সেগুলো লোকসান দেখিয়ে সরকারের কাছ থেকে ভর্তুকি নামে কোটি কোটি টাকা সুবিধা আদায়ের অস্ত্রে পরিণত হয়েছে। দৃষ্টান্ত হিসেবে বলা যায়, রাষ্ট্রায়ত্ত্ব পাট কলগুলো বিরুদ্ধীকরণের সময়ে বন্ধ হয়েছিল এর কোন দায়িত্ব আর সরকারকে বহন করতে হবে না। অথচ অর্থমন্ত্রী ১৯৮৭-৮৮ অর্থ বছরের বাজেট বক্তৃতায় সুস্পষ্টভাবে বলাছেন, “১৯৮৪-৮৫ সালে পাট শিল্পের যে লোকসান হয়েছিল এবং এই কারণে ব্যাংকের নিকট পাট শিল্পের যে দেনা হয়েছে তা সরল সুদে ৪ বৎসরে পরিশোধের সুযোগ দেয়া হয়েছে। ১৯৮৫-৮৬ সালে পাট শিল্পে যে লোকসান হয়েছে তার জন্য ও রেয়াতী ব্যবস্থা গ্রহণ করা

২. কৃষি খাতে ঋণ সম্প্রসারণ ঘটেলেও, তা উৎপাদনে বিনিয়োগিত হবার চাইতে বেশী বিনিয়োগিত হচ্ছে ব্যবসায়। “অর্থমন্ত্রিপালয়ের এক সমীক্ষায় দেখা যায়, কৃষি খাতে যা ঋণ দেয়া হয় তার মধ্যে শতকরা মাত্র ১৫ ভাগ সরাসরি কৃষিখাতে বিনিয়োগিত হয়। শতকরা ২০ ভাগ সরাসরি ব্যবসায় বিনিয়োগিত হয়, শতকরা ২৭ ভাগ পারিবারিক ও সামাজিক বিভিন্ন ব্যয় নির্বাহে যায়” [৭]।

হবে। ঐ বছরের লোকসান জনিত কারণে ব্যাংকের নিকট পাটকলগুলির যে ঋণ রয়েছে তা ৩ বছরের রেয়াতসহ পরবর্তী ৫ বছরে পরিশোধের সুযোগ দেয়া হবে। তবে শর্ত হবে যে, সংশ্লিষ্ট মিলগুলোর লোকসানের অংক নির্ধারণ করার জন্য তাদের নিরীক্ষিত হিসাব ব্যাংকের নিকট গ্রহণযোগ্য হতে হবে, আর যে সকল মিল উপরোক্ত সময়-সূচী অনুযায়ী ব্যাংকের ঋণ পরিশোধ করবেন, তাদেরকে সম্পূর্ণ সুদ প্রতি বছর মওকুপ করে দেয়া হবে। এই কারণে ব্যাংক সমূহের যে ক্ষতি হবে তা রাজস্ব বাজেটের মাধ্যমে সরকার থেকে পূরণ করা হবে। এই ৩টি ব্যবস্থার জন্য ১৯৮৭-৮৮ সালের রাজস্ব বাজেটে বিশেষ বরাদ্দ রাখা হয়েছে, যার পরিমাণ প্রায় ৬০ কোটি টাকা।”

এ পর্যন্ত উল্লেখযোগ্য সংখ্যক শিল্প কারখানা ও একাধিক ব্যাংক ব্যক্তি মালিকানায ফেরত দেয়া হয়েছে। তথাকথিত হোল্ডিং কোম্পানীর নামেও সরকারী প্রতিষ্ঠানগুলোকে একচেটিয়া গ্রুপগুলোর হাতে ছেড়ে দেয়া হচ্ছে। বেসরকারী শিল্প খাতের প্রসারের উদ্দেশ্যে ১৯৮৫-৮৬ তে মোট ব্যাংক ঋণের শতকরা ৫৬.২২ অর্থাৎ ৮৩৫৬.২ কোটি টাকা দেয়া হয়েছে। ১৯৮৬ সালের ৩০ জুন পর্যন্ত শুধুমাত্র শিল্প ব্যাংকের মেয়াদ উত্তীর্ণ বকেয়া ঋণের শতকরা ৯৮ ভাগই পাওনা ছিল বেসরকারী শিল্প প্রতিষ্ঠানের কাছে [৮]। অর্থমন্ত্রীর বক্তব্য অনুযায়ী এ খাতে অনাদায়ী ঋণের পরিমাণ ২০০০ কোটি টাকা অতিক্রম করেছে। অথচ “পূঁজি প্রত্যাফাত বস্তুকলগুলোতে উৎপাদন হয়েছে মোট ক্ষমতার ৫১.১৮ ভাগ” [৬]। নতুন শিল্প প্রতিষ্ঠার জন্য যে ঋণ দেয়া হচ্ছে সেখানে শিল্প অর্থসংস্থান বিষয়ক গঠিত একটি কমিটির রিপোর্ট অনুযায়ী বেসরকারী খাতের বিনিয়োগ প্রায় থাকেই না বরঞ্চ প্রকল্প পেশ ও পাশ করানোর মধ্য দিয়ে কিছু ব্যক্তি রাষ্ট্রীয় সম্পদ হস্তগত করে নেয় [৯]। যা মূলতঃ প্রবাহিত হয় কমিশন এজেন্সী, বৈধ-অবৈধ আমদানী-রপ্তানী ও ইণ্ডেন্টিং এ। সম্প্রতি এশীয় উন্নয়ন ব্যাংক নিয়োজিত অস্ট্রেলীয় অডিট ফার্ম বাংলাদেশের সামগ্রিক শিল্প ঋণ ব্যবস্থা পর্যবেক্ষণ ও পরীক্ষা-নিরীক্ষণ শেষে প্রদত্ত রিপোর্টে উল্লেখ করেছে যে, বর্তমান বাংলাদেশের শিল্প প্রকল্পের শতকরা ৬০ ভাগ প্রকল্পই নষ্ট [১০]।

রাষ্ট্রায়ত্ত্ব খাতগুলোর অবস্থাও সংকটাপন্ন। সর্ববৃহৎ পাটকল আদমজী জুট মিলেও স্বাধীনতার পর থেকে কোন ধরনের সম্প্রসারণ ঘটেনি। উপরন্তু এখানে পাট ক্রয়, রফতানী ইত্যাদি প্রক্রিয়ায় লুটপাটের মাধ্যমে লাভজনক শিল্পকে পরিণত করা হয়েছে লোকসান প্রতিষ্ঠানে।

শিল্পখাতের বর্তমান বৈশিষ্ট্যসমূহ সংক্ষেপে তুলে ধরা যেতে পারে এভাবেঃ (১) শিল্পখাতের যে বৃদ্ধির হার দেখা যায় তা বর্ধিত পুনরুৎপাদন কিংবা অনুন্নয়নের বিষয়ক্রম ভাঙার জন্য প্রয়োজনীয় হারের চাইতে অনেক নীচে (২) শিল্পোৎপাদন বা শিল্পোন্নয়নের এই হারও বার বার বাধাগ্রস্ত হয়েছে প্রথমতঃ রাষ্ট্রায়ত্ত্ব খাতে দুনীতি অব্যবস্থার কারণে এবং রাষ্ট্রায়ত্ত্ব খাত থেকে অযৌক্তিক ও পরিকল্পনাহীনভাবে সেগুলো ব্যক্তিগত মালিকানায স্থানান্তরের কারণে (৩) দুটো কারণ শিল্প খাতের বিকাশকে সব সময়ই বাধাগ্রস্ত করেছে। এগুলো হচ্ছেঃ কৃষি সংস্কারের অভাব এবং চরম দারিদ্র বিস্তৃতির কারণে বাজারের কার্যকর বিস্তার না ঘটা (৪) ব্যবসা খাতে অধিকতর মুনাফা, ব্যবসা

খাতের প্রতি রাষ্ট্র এবং আন্তর্জাতিক পুঁজির অধিকতর পৃষ্ঠপোষকতা, ইত্যাদি কারণে শিল্প খাতের পুঁজির ব্যবস্থা খাতে স্থানান্তর ঘটছে (৫) বিভিন্ন পরিসংখ্যানে লক্ষ্য করলে দেখা যাবে যে, যেসব শিল্প প্রতিষ্ঠানই এখন তুলনামূলকভাবে ভাল অবস্থানে আছে যেগুলো প্রধানতঃ বৈধ এবং অবৈধ রফতানীর জন্য নিয়োজিত। গার্মেন্টস শিল্প, যা প্রধানতঃ ঠিকাদারী প্রতিষ্ঠান, এর অন্যতম অংশ। আন্তর্জাতিক একচেটিয়া পুঁজির প্রয়োজন দ্বারা এই উৎপাদন এর হ্রাস রুদ্বি ও গতি প্রকৃতি নির্ধারিত। সংযোজন শিল্প হিসেবে যে ধরনের শিল্প এখন দাঁড়াচ্ছে সেটাও বহুজাতিক কোম্পানীর শ্রম বিভাজনের একটি ক্ষেত্র হিসেবে দাঁড়াচ্ছে। সেজন্য এসব শিল্পের কোন স্থায়ী বা স্থিতিশীল ভিত্তি নেই। আভ্যন্তরীণ বাজারের সংকট সমাধানে অক্ষম হয়েই বিভিন্ন সরকার ক্রমবর্ধমান হারে শিল্প কৃষিসহ সব ক্ষেত্রে রফতানীমুখী উপাদানগুলোকেই উৎসাহিত করছে। কিন্তু আমদানী রফতানী ক্ষেত্রে ক্রমবর্ধমান হারে ব্যবধান এবং বিভিন্ন উন্নত দেশে আমদানী চাহিদার উঠানামা ক্ষেত্রে ও শাসকশ্রেণীকে কোন নিরাপত্তা দেয়নি (৬) দক্ষিণ কোরিয়া বা তাইওয়ান মডেল বাস্তবায়নের জন্য এখানে যে প্রচেষ্টা চলছে সেটাও ব্যর্থতায় পর্যবসিত হয়েছে, সাম্রাজ্যবাদী পুঁজিও এখানে ব্যবসায় নিয়োজিত হতে যতটা উৎসাহী, শিল্পে ততটা নয়। শিল্প এবং কৃষি খাতের এই অবস্থার কারণে আভ্যন্তরীণ সম্পদ সমাবেশ রুদ্বিরও সুযোগ নেই। সাম্রাজ্যবাদী ঋণ ও পুঁজির প্রবাহ রুদ্বির সঙ্গে বর্তমান অধিপতি শ্রেণীসমূহের অস্তিত্ব ও স্বহীতির সম্পর্ক আছে। এই পুঁজিই কমিশনভোগী লুপ্তন বুর্জোয়া শ্রেণীর মূল জ্ঞানানী। এই ঋণ অন্যদিকে বিদ্যমান অর্থনীতিতে ক্রমান্বয়ে বেশি বেশি ঋণের চাহিদা তৈরী করে এবং অর্থনীতিতে উৎপাদনশীল পুঁজির বিকাশকে প্রতিহত করে। উৎপাদিকা শক্তির বিকাশকেও তা একইভাবে প্রতিহত করে।

উৎপাদনশীল খাতের এই স্ববিবর্তন এবং তার বিকাশের সঙ্গে শাসক শ্রেণীর স্বার্থের বিপরীত অবস্থানের কারণে বিজ্ঞান প্রযুক্তি ব্যবস্থাপনা বিকাশের কোন চাহিদাও এদের কাছে নেই, উৎপাদন বিনিয়োগ রুদ্বির মাধ্যমে মুনাফা লাভ যেহেতু এদের মূল প্রক্রিয়া নয় সেহেতু দক্ষ শ্রমশক্তিও এদের খুবই সীমিত প্রয়োজন। উৎপাদিকা শক্তির বিকাশের প্রশ্ন যেহেতু এদের কাছে অবাস্তব সেহেতু সমাজ বিজ্ঞান বা বিজ্ঞান গবেষণার বিকাশও এদের কাছে অর্থহীন। এসব কারণে শিক্ষাখাতে এই শ্রেণীর কাছে অগচয়মূলক অপ্রয়োজনীয় খাত বলেই গণ্য। তাদের নিজেদের প্রয়োজন মেটানোর জন্য সামগ্রিক শিক্ষাখাতের বিকাশ দরকার হয় না, সমান্তরাল সীমিত ব্যয়বহুল শিক্ষা কাঠামোই সেখানে যথেষ্ট। সেজন্যে একদিকে ব্যয়বহুল ভিন্ন কাঠামোর বেসরকারী ব্যবসায়িক শিক্ষা প্রতিষ্ঠানের বিকাশ এবং অন্যদিকে প্রতিষ্ঠিত শিক্ষা প্রতিষ্ঠানগুলোর সামগ্রিক নৈরাজ্যে পতিত হওয়ার ঘটনা ঘটছে। প্রতিরক্ষাসহ অনুৎপাদনশীল খাতগুলোতে প্রকাশ্য ও গোপন ব্যয় রুদ্বি হচ্ছে অন্যদিকে অন্যান্য উৎপাদনশীল খাতের মতো শিক্ষাখাতও আর্থিক বরাদ্দ ও পরিকল্পনার অভাবে সংকটে পতিত হচ্ছে।

শিক্ষাখাতের ব্যয় ও অন্যান্য দিক

শিক্ষকখাতের নৈরাজ্য, অসঙ্গতি ও এই খাতে ব্যয়ের ক্ষেত্রে শাসকশ্রেণীর দৃষ্টিভঙ্গী কি তা পরিষ্কার হবে নীচের কয়েকটি ছক থেকে।

ছক-১

রাজস্ব ব্যয়ে শিক্ষা ও প্রতিরক্ষার অবস্থান

বছর	মোট রাজস্ব ব্যয় (কোটি)	শিক্ষাখাতে ব্যয় (কোটি)	শতকরা হার	প্রতিরক্ষা (কোটি)	শতকরা হার
১৯৭২-৭৩	২১৩.১১	৪৫.০৬	২১.১৪	২০.১৬	৯.৪৬
১৯৭৩-৭৪	৩৪৬.২০	৬৪.৮২	১৮.৭২	৪১.৯৬	১২.১২
১৯৭৪-৭৫	৫৬৫.৫৩	৮২.২১	১৪.৫৩	৭০.৮৫	১২.৫৩
১৯৭৫-৭৬	৬৩৬.০৩	৮৩.৪৫	১৩.১২	১১০.৯৩	১৭.৪৪
১৯৭৬-৭৭	৭৬৯.৩১	৯৮.২১	১২.৭৬	১৫১.৩৯	১৯.৬৮
১৯৭৭-৭৮	৯৪০.৬৫	১২৬.৪৯	১৩.৪৪	১৪৪.১৭	১৫.৩৩
১৯৭৮-৭৯	১০৮৭.৫৮	১৬৬.৫০	১৫.৩০	১৪৮.৪৭	১৩.৬৫
১৯৭৯-৮০	১৩৪১.৯৪	১৭২.৮২	১২.৮৭	২৪২.৬৭	১৮.০৮
১৯৮০-৮১	১৪৮১.৫৬	২০৬.৫৪	১৩.৯৪	২৭৪.১৯	১৮.৫০
১৯৮১-৮২	১৮৪৯.৬৮	২৩১.৬৪	১২.৫২	৩৪৭.৫৬	১৮.৭৯
১৯৮২-৮৩	২১৪৬.৭০	২৯৪.২৯	১৩.৭০	৪১৮.৩৬	১৯.৪৯
১৯৮৩-৮৪	২৫০৩.০০	৩৬৫.১৭	১৪.৫৮	৪২৭.০৮	১৭.০৬
১৯৮৪-৮৫	২৯৩০.০০	৪৯২.৭২	১৬.৮১	৪৯২.৭৪	১৬.৮২
১৯৮৫-৮৬	৩৩১৩.০০	৪৮৭.৪৪	১৪.৭১	৪৬৫.০৮	১৪.০৩

সূত্রঃ বাংলাদেশ অর্থনৈতিক জরীপ, ৮৬-৮৭ থেকে তৈরী।

উপরের ছক থেকে পরিস্কারভাবে দেখা যাচ্ছে যে, স্বাধীনতার পর পর রাজস্ব ব্যয়ের ক্ষেত্রে শিক্ষাখাতের অবস্থান ছিল প্রতিরক্ষার দিগুণেরও বেশী যথাক্রমে শতকরা ২১.১৪ ও ৯.৪৬ ভাগ। এর পর দেখা যায় শিক্ষা খাতের ব্যয় ক্রমান্বয়ে কমতে থাকে, প্রতিরক্ষা খাতে ক্রমান্বয়ে বাড়তে থাকে। ১৯৮৩-৮৪-৮৫ের ছাত্রগণ আন্দোলনের ফলে প্রকাশ্যে রাজস্ব ব্যয় প্রতিরক্ষা খাতে কিছু কমানো হয় কিন্তু ভর্তুকি ও অন্যান্য সুযোগ-সুবিধা একইভাবে বাড়ানো হয়।

জিডিপির প্রেক্ষিতে শিক্ষা ব্যয়ের অনুপাত পরীক্ষা করলে আমরা নিম্নোক্ত চিত্র পাই।

ছক-২

জিডিপিতে শিক্ষা ও প্রতিরক্ষার অবস্থান

বছর	জিডিপি চলতি বাজার মূল্য (কোটি)	শিক্ষা খাতে রাজস্ব ব্যয়	%	প্রতিরক্ষা	%
১৯৭২-৭৩	৪৯৬৯	৪৫.০৬	০.৯	২০.১৬	০.৪
১৯৭৯-৮০	১৯৭৯৮.৫	১৭২.৮২	০.৮৭	২৪২.৬৭	১.২২
১৯৮২-৮৩	২৮৮৪২.৩	২৯৪.২৯	১.০২	৪১৮.৩৬	১.৪৫
১৯৮৫-৮৬	৩৯৭৭৪.৬	৪৮৭.৪৪	১.২২	৪৬৫.০৮	১.১৭

সূত্রঃ বাংলাদেশ পরিসংখ্যান বর্ষগ্রন্থ ১৯৮৬-৮৭ থেকে তৈরী।

রাজস্ব ব্যয়ের সঙ্গে উন্নয়ন ব্যয় যোগ করলে এই অনুপাত সামান্য বৃদ্ধি পাবে। কিন্তু তা কোন ভাবে শতকরা দেড় ভাগের বেশি যাবে না। অথচ উন্নত পুঁজিবাদী এমন কি অনেক অনুন্নত পুঁজিবাদী দেশেও শিক্ষা খাতে মোট জাতীয় আয়ের শতকরা ৫ থেকে ৮ ভাগ ব্যয় হয়।

বার্ষিক উন্নয়ন কর্মসূচীতে শিক্ষা খাতে বরাদ্দ কোন বছর উন্নয়ন বাজেটের শতকরা ৫ ভাগ অতিক্রম করেনি। দ্বিতীয় পঞ্চবার্ষিক পরিকল্পনাকালে বিভিন্ন বছরে এই ব্যয়ের বন্টন নীচের ছক থেকে পাওয়া যায় :

ছক-৩

বার্ষিক উন্নয়ন কর্মসূচীতে শিক্ষার অবস্থান

বছর	বার্ষিক উন্নয়ন বাজেট	শিক্ষা (আনুমানিক) ^৩	অনুপাত %
১৯৮০-৮১	২৭০০.০০	১০৭.০৫	৩.৯৬
১৯৮১-৮২	৩০১৫.০০	১২১.০০	৪.০১
১৯৮২-৮৩	৩৩০০.০০	১২৪.৭০	৩.৭৭
১৯৮৩-৮৪	৩৪৮৩.৮৬	১৬৫.২৫	৩.৮৮
১৯৮৪-৮৫	৩৫০৮.৪২	১২৭.৩১	৩.৬২
১৯৮৫-৮৬	৩৮২৫.৭২	১৫৮.৮৬	৪.১৫

৩। এখানে শিক্ষার সঙ্গে ধর্ম, ক্রীড়া ও সংস্কৃতি এক সঙ্গে হিসাব করা হয়েছিল। কয়েক বছরের হিসাবে শিক্ষা ছাড়া অন্যগুলোর অনুপাত শতকরা ১০ ভাগের কাছাকাছি হওয়ায় মোট বরাদ্দ থেকে শতকরা ১০ ভাগ বাদ দিয়ে আনুমানিক শিক্ষা বরাদ্দ করা হয়েছে।

সূত্রঃ বাংলাদেশ পরিসংখ্যান বর্ষগ্রন্থ, ১৯৮৬ থেকে তৈরী।

অন্যদিকে পঞ্চবার্ষিক পরিকল্পনা সমূহে শিক্ষা খাতের বরাদ্দের পরিমাপ অনুসন্ধান করলে আমরা দেখি এর অনুপাত ক্রমশঃই কমেছে।

ছক-৪
বিভিন্ন পরিকল্পনায় শিক্ষার অবস্থান

পরিকল্পনা	মোট বরাদ্দ (কোটি)	শিক্ষা (কোটি)	%
১। প্রথম পঞ্চবার্ষিক ও দ্বিবার্ষিক পরিকল্পনা যৌথভাবে	৫৪৩৩.০০	২৫৮.৮৬	৪.৭৬
২। দ্বিতীয় পঞ্চবার্ষিক পরিকল্পনা	১৬০৬০.০০	৫০৯.৫১ (ধর্মসহ)	৩.১৭
৩। তৃতীয় পঞ্চবার্ষিক পরিকল্পনা	৩৮৬০০.০০	১১৮০.০০	৩.০৫

উৎসঃ তৃতীয় পঞ্চবার্ষিক পরিকল্পনা দলিল, ১৯৮৫ ও বাংলাদেশ পরিসংখ্যান বর্ষপত্র, ১৯৮৬ থেকে তৈরী।

শিক্ষাখাতে ব্যয় তুলনামূলকভাবে ক্রমহ্রাসমান এবং অপ্রতুল হওয়া সত্ত্বেও বাস্তব অভিজ্ঞতা থেকে দেখা যায় যে, এই অপ্রতুল ব্যয় বরাদ্দ ও পুরোপুরিভাবে ব্যয় হয় না।

প্রথম পঞ্চবার্ষিক ও দ্বিবার্ষিক পরিকল্পনায় যৌথভাবে শিক্ষাখাতে ব্যয় বরাদ্দ করা হয়েছিল ৪৫৪.০১ কোটি টাকা, কিন্তু বাস্তবতঃ এ খাতে ব্যয় হয়েছে ২৫৮.৮৬ কোটি টাকা অর্থাৎ প্রকৃত ব্যয় বরাদ্দ টাকার অংকে প্রায় অর্ধেক (৫৭.০১%) নেমে এসেছে— প্রকৃত মূল্যে এ বরাদ্দ আরও কমেছে। দ্বিতীয় পঞ্চবার্ষিক পরিকল্পনাকালে এখানে মোট বরাদ্দ ধরা হয়েছিল ৭০৭ কোটি টাকা কিন্তু টাকার অংকে প্রকৃত ব্যয় দাঁড়ায় ৫০৯.৫১ কোটি টাকা বা শতকরা ৭২ ভাগ।

দ্বিতীয় পঞ্চবার্ষিক পরিকল্পনায় শিক্ষা খাতে ১৩৩টি নতুন প্রকল্প সমাপ্ত করার কথা ছিল কিন্তু এর মধ্যে শুধু ৮৮টি প্রকল্প সমাপ্ত করা হয়। এই সমাপ্ত প্রকল্পগুলোর অধিকাংশই আবার পঞ্চম ও দ্বিবার্ষিক পরিকল্পনার অসমাপ্ত প্রকল্প। মোট ৮৮টির মধ্যে ৫২টি আগের পরিকল্পনা কাল থেকে এসেছে এবং মাত্র ৩৬টি এই পরিকল্পনাকালে গৃহীত প্রকল্প। মোট বরাদ্দের মধ্যে মোট ১২০ কোটি টাকা পুরনো অসমাপ্ত প্রকল্পের জন্য খরচ করা হয় [১১]।

শিক্ষা খাতে প্রকৃত বরাদ্দ সময়কালে জনগণের প্রকৃত আয়ও কমে গেছে। এ সময়ে পারিবারিক ভাবে শিক্ষার ব্যয় ভার বেড়েছে কিন্তু এই ব্যয় ভার নির্বাহি বিপুল সংখ্যাগরিষ্ঠ মানুষের পক্ষে উত্তরোত্তর কঠিন হয়ে বেড়েছে। শিক্ষা উপকরণের ব্যয় বৃদ্ধি এই সংকটকে আরও তীব্র করেছে। এই ব্যয় বৃদ্ধির একটি চিত্র পাওয়া যাবে।

ছক-৫
শিক্ষার উপকরণের দাম বৃদ্ধির হার

দ্রব্য	একক	১৯৭২	১৯৭৭	১৯৮৪	বৃদ্ধির হার %
১। কাগজ-ফুলস্কেপ	রীম	১১.০০	৪৮.০০	১১০.০০	৯০০
২। পেন্সিল	প্রতিটি	০.২৫	১.৩৭	২.০০	৭০০
৩। কালি	প্রতিবোতল	০.৩৭	২.৫০	৩.৫০	৮৪৫
৪। ড্রইং পেন্সিল	ডজন	১৮.০০	৪৫.০০	৭২.০০	৩০০
৫। জ্যামিতি বস্তু	একটি	৭.৫০	২০.০০	২৮.০০	২৭৩.৩৩
৬। বায়োলজি বস্তু	প্রতি বস্তু	২৫.০০	১৭০.০০	৩০০.০০	১১০০
৭। বালা শিক্ষা	একটি	০.২৫	০.৭৫	৪.০০	১৫০০
৮। ইংরেজী প্রাথমিক বই	একটি	০.৭৫	২.২৫	৫.০০	৫৬৬.৬৬
৯। ইন্টারমিডিয়েট পাঠ্য বই অংক	একটি	১২.০০	১৮.০০	৪৫.০০	২৭৫
" বোটানী	একটি	২০.০০	৪৫.০০	৬৫.০০	২২৫
" অর্থনীতি	একটি	১৫.০০	২৫.০০	৪৫.০০	২০০
১০। ডিগ্রী বই	একটি	৭.০০	১৫.০০	১৫.০০	২৫৭.১৪
"	একটি	২০.০০	৩৫.০০	৪৮.০০	১৪০

সূত্রঃ Bangladesh Education in Statistics, Sept. 1985 থেকে তৈরী। গত কয়েক বছরে এসব উপকরণের দাম আরও বৃদ্ধি পেয়েছে।

ছক-৬
দ্বিতীয় পঞ্চবার্ষিক পরিকল্পনাকালে লক্ষ্যমাত্রা, সাফল্য

শিক্ষার পর্যায়	১৯৭৩ এর চিত্র	১৯৮০ এর চিত্র	১৯৮৫	
			টার্গেট	সাফল্য
১। প্রাথমিক শিক্ষা (লাখ ছাত্র)	৬০.০০	৮২.৮৬	১২৯.৯০	৮৯.২০
২। মাধ্যমিক শিক্ষা (লাখ ছাত্র)	১৭.০০	২০.০০	২৫.০০	২৪.৮৩
৩। কলেজ শিক্ষা (লাখ ছাত্র)	৩.২৮	৩.১৬	৪.৮৯	৪.২৮
৪। বিশ্ববিদ্যালয় শিক্ষা	২৩,৭২৬	৩০,০০০	৩৪,০০০	৩৮,৩০০
ক. সাধারণ	১৯,২৮৭	২৫,৬৮০	২৯,০০০	৩১,৮৮৬
১. বিজ্ঞান	৬,২৭৭	৭,২৯৪	৯,৩৯০	৮,৪৯৫
২. কলা ও সমাজ বিজ্ঞান	১৩,০১০	১৮,৩৮৬	১৯,৬১০	২৩,৩৯১
খ. প্রফেশনাল	৪,৪৩৯	৪,৩২০	৫,০০০	৬,৪১৪

শিক্ষার পর্যায়	১৯৭৩ এর চিত্র	১৯৮০ এর চিত্র	১৯৮৫	
			টার্গেট	সাফল্য
১. প্রকৌশলী	১,৯৪৪	১,৯০০	২,২০০	৩,০৮১
২. কৃষি	২,৪৯৫	২,৪২০	২,৮০০	৩,৩৩৩
৫। কারিগরী শিক্ষা	১৫,৭১০	২০,৩৩৩	৩০,৮৩০	২০,৩৫৯
ক. প্রকৌশলী	১,১১০	২,০৮০	৩,৩৩০	৩,১২০
খ. কারিগরি	১০,৯০০	১১,৮৩৩	১৭,৫০০	১২,৭৪৯
গ. বৃত্তিমূলক	৩,৭০০	৬,৪২০	১০,০০০	৪,৪৯০
৬। বাণিজ্যিক শিক্ষা	২,৫৫০	২,৭২০	১০,০০০	৩,৩০০

সূত্র: তৃতীয় পঞ্চবার্ষিক পরিকল্পনা দলিল, ১৯৮৫

উপরের ছক অনুযায়ী শিক্ষার যে স্তরগুলোতে খুব রক্ষণশীল টার্গেটও পূরণ হয়নি সেগুলো হচ্ছে প্রাথমিক শিক্ষা, মাধ্যমিক শিক্ষা, কলেজ শিক্ষা, বিজ্ঞান বিষয়ে বিশ্ববিদ্যালয় শিক্ষা, কারিগরি শিক্ষা এবং বাণিজ্যিক শিক্ষা। এগুলোর মধ্যে আবার টার্গেট থেকে সবচাইতে বেশি দূরত্ব সৃষ্টি হয়েছে প্রাথমিক শিক্ষায়। যে সব পর্যায়ে শিক্ষা টার্গেট থেকেও বেশি হয়েছে সেগুলো হচ্ছে কলা ও সমাজবিজ্ঞান ও প্রফেশনাল বিশ্ববিদ্যালয় শিক্ষা।

শিক্ষাখাতে ব্যয়ের অপ্রতুলতা এবং এই খাতের বিকাশের জন্য ন্যূনতম পরিকল্পনা ও লক্ষ্যের অনুপস্থিতি, শিক্ষা ক্ষেত্রে নৈরাজ্যের সৃষ্টি করেছে। শিক্ষাখাতের বিভিন্ন অংশের মধ্যে মানগত বৈষম্য, বিকাশের ধারায় সঙ্গতিহীনতা, ব্যয় বরাদ্দে অযৌক্তিক প্রবাহ বৃদ্ধি এই নৈরাজ্যকে গভীরতর করেছে মাত্র।

নীচের ছক গুলোতে বিভিন্ন খাতের শিক্ষায় অগ্রগতি ও অগ্রাধিকার স্পষ্ট ধরা পড়ে।

ছক-৭

প্রাথমিক স্কুলে (গ্রাম ও শহর)

১৯৭৮-৭৯			১৯৮০-৮১			১৯৮৩		
গ্রাম	শহর	মোট	গ্রাম	শহর	মোট	গ্রাম	শহর	মোট
৪০০০১	২৪৩৪	৪২৪৪৩	৩৯৯৭৬	২৪৭১	৪২৪৪৭	৪০২৫০	২৭৮৯	৪৩০৩৯

ছক-৮
প্রাথমিক স্কুল সংখ্যা বৃদ্ধির হার

বৃদ্ধির হার		
১৯৭২-১৯৮৩		
গ্রাম (শতকরা)	শহর (শতকরা)	মোট (শতকরা)
০.৬০	১৪.৫৮	১.৪০

ছক-৯
মাদ্রাসা সংখ্যা বৃদ্ধির হার

১৯৭৮-৭৯	১৯৮৩-৮৪	বৃদ্ধির হার (শতকরা)
২৩৮৬	২৮৬৪	২০.০৩

ছক-১০
মাধ্যমিক স্কুল সংখ্যা বৃদ্ধির হার

১৯৭৮	১৯৮০	১৯৮৪	বৃদ্ধির হার ১৯৭৮-৮৪
৭৯৮১	৮০২০	৮৫৫১	৭.১৪

ছক-১১
কলেজ সংখ্যা বৃদ্ধির হার

১৯৭৮	১৯৮০	১৯৮৪	বৃদ্ধির হার
৬০০	৫৯০	৬৫৭	৯.৫

সূত্রঃ ৭ থেকে ১১ বাংলাদেশ পরিসংখ্যান বর্ষপত্র, ১৯৮৬ থেকে তৈরী

উপরের ছকগুলোতে দেখা যাচ্ছে যে, মোট শিক্ষা ব্যয়ের শতকরা ৩৬ ভাগ প্রাথমিক শিক্ষা খাতে খরচ হলেও গত ৫ বছরে গ্রামাঞ্চলে প্রাথমিক স্কুল সংখ্যা বৃদ্ধির হার হচ্ছে শতকরা ০.৬ ভাগ, জাতীয় ক্ষেত্রে এ হার ১.৪ ভাগ। অন্যদিকে মাদ্রাসা সংখ্যা বৃদ্ধির হার হচ্ছে শতকরা ২০.০৩ ভাগ। একই স্তরের অন্যান্য যে দুটি খাতে (মাদ্রাসা ও ক্যাডেট কলেজ) প্রবৃদ্ধির হার অনেক বেশি— সেগুলোতে মাথা পিছু ব্যয়ও অনেক বেশি। ১৯৮২-৮৩ থেকে ১৯৮৪-৮৫ পর্যন্ত প্রাথমিক শিক্ষা খাতে ব্যয় বৃদ্ধি পেয়েছে

৬৪.৮২ কোটি টাকা বা শতকরা ৪৪.৫৯ ভাগ অন্যদিকে মাদ্রাসা শিক্ষায় ব্যয় বৃদ্ধি পাচ্ছে ৩১.৩৩ কোটি টাকা, বৃদ্ধির হার এখানে হচ্ছে শতকরা ৭৬৭.৮৯ ভাগ [১২;১৩১]। সমপর্যায়ের শিক্ষা ক্ষেত্রে অন্যটি হচ্ছে ক্যাডেট কলেজ। প্রকৃতপক্ষে এটিকে সামরিক খাতের অন্তর্ভুক্ত প্রতিষ্ঠান হিসেবে গণ্য করাই সঙ্গত কেননা, সে ভাবেই এ প্রতিষ্ঠানগুলো পরিকল্পিত, পরিচালিত ও নিয়ন্ত্রিত। ক্যাডেট কলেজের একজন ছাত্রের মাথাপিছু ব্যয় ৯১ জন সাধারণ প্রাথমিক শিক্ষারত ছাত্রের সমান।

ছক-১২
বিভিন্ন শিক্ষাখাতে ব্যয়, ১৯৮৫

ছাত্র	শিক্ষক	মোট ব্যয় (কোটি)	শিক্ষকঃ ছাত্র অনুপাত	ছাত্রদের বার্ষিক মাথাপিছু ব্যয়	
প্রাথমিক স্কুল	৯৫,৫১,০০০	১৮৩৬৫৮	২১০.১৮	১ঃ৫২	২২০.০০
মাদ্রাসা	৮,৫৪,৬৫৩	৩৬৫৪৯	৩৫.৪১	১ঃ২৩	৪১৬.৫৮
মাধ্যমিক স্কুল	২৬,০৮,০০০	৯৫২৭৫	১০৬.৮৪	১ঃ২৭	৪১০.০০
সাধারণ কলেজ	৪,১৬,৭৭৭	১২৬২৩	৪৫.০১	১ঃ৩৩	১০১৭.০০
কারিগরি	১১,৭৮৯	১০৭১	১১.০৯	১ঃ১১	১০০৮১.৮৯
বিশ্ববিদ্যালয়	৪০,৫৯১	২৬২৬	৪৩.৬৩	১ঃ১৫	১০৯০৭.০০
ক্যাডেট কলেজ	২,৫২৫	২১০	৫.০৮	১ঃ১২	২০১১৮.৮১

উপরের ছক হতে আরও দেখা যাচ্ছে যে, প্রাথমিক শিক্ষায় ছাত্রদের মাথাপিছু ব্যয় সর্বনিম্ন এবং ক্যাডেট কলেজে মাথাপিছু ব্যয় সর্বোচ্চ। সর্বোচ্চ পর্যায়ের শিক্ষা প্রতিষ্ঠান বিশ্ববিদ্যালয়ের মাথাপিছু ব্যয়ও ক্যাডেট কলেজ থেকে নীচে। শিক্ষা উপকরণ সহ শিক্ষার বিভিন্ন সুযোগ-সুবিধার ক্ষেত্রেও ক্যাডেট কলেজ বিশ্ববিদ্যালয় উচ্চতর অবস্থানে আছে।

বিশ্ববিদ্যালয়ে খাতে বর্তমানে যতটুকু অর্থ বরাদ্দ করা হয় তা ব্যবহারে সরকারী নিয়ন্ত্রণ প্রয়োজনীয় অর্থ ব্যয়ের পথে প্রতিবন্ধক হয়ে দাঁড়ায়। বিশ্ববিদ্যালয় মঞ্জুরী কমিশনের মাধ্যমে এই নিয়ন্ত্রণ উচ্চতর শিক্ষাগণের স্বাভাবিক কার্যক্রম বিকাশের পথে বাধা সৃষ্টি করে।

শিক্ষাখাতে সরকারী ব্যয়ের নমুনা থেকে একথা স্পষ্ট যে, কিছু বিশেষ অংশ যেমন, ক্যাডেট কলেজ মাদ্রাসা ছাড়া শিক্ষার সামগ্রিক বিকাশে বর্তমান শাসক শ্রেণীর কোন আগ্রহ নেই। এর কিছু বাস্তব কারণ আছে। প্রথম কারণ হচ্ছেঃ কর্মসংস্থানের সমস্যা। দ্বিতীয় কারণ হচ্ছেঃ এর বিকাশের সঙ্গে শাসক শ্রেণীর স্বার্থের যোগস্বহীনতা।

১০ বছর আগের একটি হিসেব নিয়ে আলোচনা শুরু করতে পারি। এতে দেখানো হয়েছে শিক্ষিত জনশক্তির কত অংশ বিদ্যমান ব্যবস্থায় উদ্ভূত বা অপ্রয়োজনীয়।

ছক-১৩
উদ্বৃত্ত শিক্ষিত জনশক্তি

ডিগ্রীপ্রাপ্তদের ধরণ	কর্মসম্পন্নীদের সংখ্যা	প্রাপ্ত পদের সংখ্যা	উদ্বৃত্ত	কর্মসম্পন্নীদের মধ্যে উদ্বৃত্তদের অর্ধের শতকরা হার
জেনারেলিটি	৯,৬০,৩৩০	৩,০৪,৬০৮	৬,৫৫,৭২২	৬৮
বিভিন্ন বিষয়ে মাস্টার ডিগ্রীপ্রাপ্ত ও				
মানবিক	৬,৪৪১	৩,৯১৯	২,৫২২	৩৯
সমাজ বিজ্ঞান	৭,৭০৩	৩,১৫৫	৪,৫৪৮	৫৯
অর্থনীতি	৬,৩৬০	৪,৪৫৯	১,৯০১	৩০
প্রাকৃতিক বিজ্ঞান	৬,৪৯২	৬,০৯৬	৩৯৬	৬
অন্যান্য ডিগ্রীধারী	৬,২৭৫	৩,৮০১	২,৪৭৪	৩৯

সূত্রঃ পরিকল্পনা কমিশনঃ Employment Market for the Educated in the Bangladesh Dhaka, 1974.

উদ্বৃত্ত জনগোষ্ঠীর এই হার কমেই এবং বেড়েছে। ১৯৭৪ সাল থেকে ১৯৮৫ পর্যন্ত সামগ্রিক কর্মসংস্থানের হার শতকরা ৩৩ ভাগে স্থির হয়ে আছে। ১৯৭৪-এ বেকারত্বের হার ছিল শতকরা ৪৪ ভাগ, ১৯৮৪তে দাঁড়িয়েছে শতকরা ৪৮ ভাগ [১১]।

উচ্চ শিক্ষা প্রতিষ্ঠানের সংখ্যা বৃদ্ধি না ঘটবার ফলে শিক্ষিত ডিগ্রীধারীদের সংখ্যা খুবই কম হারে বাড়ছে কিন্তু তার পরও তাদের কর্ম সংস্থানের কোন সুযোগ বর্তমান অর্থনীতিতে নেই। বর্তমান শাসক শ্রেণীর কাছে বর্তমানের চাইতে বেশী দক্ষ জনশক্তির প্রয়োজন নেই। সে জন্য বিশ্ববিদ্যালয়সহ বিভিন্ন শিক্ষা প্রতিষ্ঠান বন্ধ রাখা তাদের জন্য স্বস্তিকর।

জনসংখ্যার হার অনুযায়ী এবং উন্নয়নশীল একটি দেশ হিসেবে ডাঙার, ইঞ্জিনিয়ার, কারিগরী দক্ষ ব্যক্তিদের চাহিদা বাস্তবে অনেক বেশি থাকলেও বর্তমান অর্থনীতিতে তাদের কর্মসংস্থানের কোন নিশ্চয়তা নেই। সে কারণে এই ডিগ্রী প্রাপ্তদের মধ্যেও আছে অনিশ্চয়তা এবং এই শিক্ষার প্রসারের ক্ষেত্রে সরকারের মধ্যে আছে অনাগ্রহ। শিক্ষার হার খুব কম থাকলেও বাংলাদেশের শিক্ষা ব্যবস্থা এভাবে চাহিদার তুলনায় অতিরিক্ত জনশক্তি উৎপাদন করছে।

এক হিসেবে দেখা যায়, সরকার করিগরী শিক্ষার উপর গুরুত্ব দেয়ার কথা বললেও যে কারিগরী প্রতিষ্ঠান বর্তমানে চালু আছে সে গুলোর ক্ষমতার অনেকখানি অব্যবহৃত থাকছে। এর কারণ কর্মসংস্থানের সীমাবদ্ধতা এবং এ সব প্রতিষ্ঠানের উচ্চ হারে শিক্ষা ব্যয়।

ছক—১৪

অব্যবহৃত ক্ষমতার চিত্র

প্রতিষ্ঠানের নাম	আসনের তুলনায় ভর্তিকৃতদের শতকরা হার
ভোকেশনাল ট্রেনিং ইনস্টিটিউট	৫৬.১৪
টেকনিক্যাল ট্রেনিং ইনস্টিটিউট	৬৪.৩৮
পলিটেকনিক ইনস্টিটিউট	৬৮.৩৮
বাংলাদেশ গ্লাস এ্যান্ড সিরামিক্স ইনস্টিটিউট	৬৫.০০
ইঞ্জিনিয়ারিং কলেজ	৬৭.২৬

সূত্রঃ NF RHRD : Technical Education in Bangladesh. Capacity and Utilisation, Dhaka, March, 1979.

শিক্ষার সংকট বিশ্লেষণ করতে গেলে আমাদের আর একটি দিকে বিশেষ মনোযোগ দেবার দরকার আছে।

বাংলাদেশে লুটেরা উন্নয়ন ধারার স্বাভাবিক পরিণতিতে আপেক্ষিক ও চূড়ান্ত উন্নয়ন ক্ষেত্রেই দারিদ্র তীব্রতর হয়েছে। এই দারিদ্র তাদেরকে যেমন জীবন ধারণের জন্য ন্যূনতম প্রয়োজনীয় উপকরণ ক্রয় থেকে বঞ্চিত রাখে তেমনি ন্যূনতম মৌলিক অধিকার শিক্ষা গ্রহণের (বর্তমান সমাজে বস্তুতঃ যা ক্রয়) সুযোগ থেকেও বঞ্চিত রাখে।

দরিদ্র জনগোষ্ঠীর বিপুল সংখ্যাগরিষ্ঠের অবস্থান গ্রামে। গ্রামীণ প্রাথমিক শিক্ষার ব্যবস্থা সামগ্রিক শিক্ষার অন্যতম প্রধান ভিত্তি। কিন্তু প্রাথমিক শিক্ষা খাতে বর্তমান ব্যয় বরাদ্দ বর্তমান স্কুলগুলোর ন্যূনতম মান বজায় রাখার জন্যও যথেষ্ট নয়। গ্রামাঞ্চলের অধিকাংশ প্রাথমিক স্কুলে শিক্ষা প্রদান বা গ্রহণের কোন উপযোগী পরিবেশ নেই। চেয়ার বেঞ্চ টুল ব্যাকবোর্ড নেই, ঘরের চাল নেই, অনেক স্কুলে বেড়া নেই, এমন কি কোন কোন ক্ষেত্রে মাঠে বসেই ক্লাশ নিতে হয়। চরম দারিদ্রের কারণে বিপুল সংখ্যাগরিষ্ঠ জনগণের জন্য ভাঙ্গাচোরা বা মাঠের স্কুলের শিক্ষা গ্রহণও সম্ভব হয় না।

গ্রামের একজন শিশুর ন্যূনতম প্রাতিষ্ঠানিক প্রাথমিক শিক্ষা খরচ দাঁড়ায় খাওয়া সহ বার্ষিক ২০৫৫ টাকা। সে যদি পড়াশোনা করে তাহলে তাকে অন্যদের বাড়ী কাজ করা ছেড়ে দিতে হবে সেক্ষেত্রে তার বছরের খাওয়া খরচ ও মজুরী যা সে কাজের বিনিময়ে পেতে পারতো সেটা তাকে ত্যাগ করতে হবে। এখানে বিকল্প ব্যয় প্রায় দাঁড়ায় ২০০০ টাকা (খাওয়া সহ)। এদিক থেকে একজন শিশুর জন্য মোট খরচ দাঁড়ায় বার্ষিক প্রায় ৪০০০ টাকা। অন্যদিকে গ্রামাঞ্চলের একজন ক্ষেতমজুরের সর্বোচ্চ দৈনিক মজুরী বর্তমানে সরকারী নীতি অনুযায়ী ৩০ টাকা। ১ জন মজুর গড়পড়তা ৫ মাস বেকার থাকলে কর্মক্ষম মজুর সর্বোচ্চ আয় দিয়েও বছরে রোজগার করে $৩০ \times ৩০ \times ৭ = ৬৩০০$ বা মাসিক প্রায় ৫২৫ টাকা। অন্যদিকে শিল্প শ্রমিকদের মধ্যে সর্বনিম্ন মজুরী ৫৬০ টাকা, ভাসমান শ্রমিকদের মাসিক আয় এর থেকেও কম। অর্থাৎ এসব পরিবার যারা মোট জনসংখ্যার শতকরা ৮০ ভাগেরও বেশি গঠন করেছে— তাদের অধিকাংশের পক্ষে তাদের পুরো আয় দিয়েও ১ জন সন্তানের প্রাথমিক শিক্ষার খরচ মেটানো সম্ভব হয় না।

অর্থাৎ বর্তমানে কর্মহীনতা ছাড়াও কর্মসংস্থান যতটুকু আছে সেখানে মজুরীর বর্তমান স্তর শিক্ষা গ্রহণের অন্যতম প্রতিবন্ধক । মজুরীর বর্তমান স্তর বাঁচার মত মজুরীর স্তরে উন্নীত না হলে এবং শিক্ষা খাতে ব্যয় এই মজুরীর অন্তর্ভুক্ত না হলে প্রাথমিক শিক্ষা বাধ্যতামূলক বা অবৈতনিক হলেও তা গ্রহণ করা শতকরা ৮০ জনের পক্ষে সম্ভব হবে না । একই কথা মধ্যবিত্ত, নিম্নবিত্ত পেশাজীবীদের জন্য সত্য যাদের একটি বড় অংশের সন্তানেরা অর্থনৈতিক কারণে শিক্ষা ছেড়ে দিতে বাধ্য হয় ।

সে কারণে আমরা দেখি, প্রাথমিক শিক্ষা গ্রহণের উপযোগী বয়সী জনসংখ্যা যেখানে প্রায় ১ কোটি ৮০ লাখ সেখানে এর মধ্যে সর্বশেষ হিসাব অনুযায়ী স্কুলে ভর্তি হয়েছে মাত্র ৯৫ লক্ষ ৫১ হাজার বা শতকরা ৫৩.০৫ ভাগ । এদের মধ্যে প্রাথমিক স্কুলের শেষ পর্যায়ে উঠতে পারে শতকরা মাত্র ২২.৫ ভাগ । ষষ্ঠ শ্রেণীতে এদের মধ্যে যায় শতকরা মাত্র ১০ ভাগ । এর পরও এদের মধ্যেও একটি উল্লেখযোগ্য অংশ প্রাতিষ্ঠানিক শিক্ষার পরবর্তী ধাপে পৌঁছাতে ব্যর্থ হয় নিছক অর্থনৈতিক কারণেই ।

শিক্ষা সংকটের ভিত্তি ও সংকট মুক্তিঃ

একটি নির্দিষ্ট উৎপাদন সম্পর্কের অধীনে উৎপাদিকা শক্তির বিকাশের সম্ভাবনা যতক্ষণ থাকে ততক্ষণ সে অর্থনীতিতে উৎপাদনশীল বিনিয়োগের সুযোগ এবং তাগিদ থাকে, অস্থায়ী ও স্থিতিশীল কর্মসংস্থানের সুযোগ বৃদ্ধি পায়, দক্ষ শ্রম শক্তির চাহিদা পূরণের প্রয়োজনে শিক্ষার বিস্তার ঘটে, বিকাশমান এবং স্থিতিশীল অর্থনীতির সঙ্গে জীবন জীবিকা শিক্ষা গবেষণা সংস্কৃতির যে পরিবেশ তৈরী হয় তাতেও বিকাশের উপাদান বিদ্যমান থাকে ।

বাংলাদেশে বিদ্যমান উৎপাদন সম্পর্ক এবং শাসন ব্যবস্থার অধীনে উৎপাদিকা শক্তির বিকাশের সেই সম্ভাবনা লুপ্ত হয়েছে । এখানে পুঁজির ক্রিয়া, পুঁজির বিকাশ, পুঁজির সংবর্ধন সঞ্চালন, একচেটিয়া রুহৎ পুঁজির উদ্ভব সব কিছুতে যদিও পুঁজিবাদী উন্নয়নের রূপ আছে কিন্তু সারবস্তুর দিক থেকে তা পরিণত হয়েছে লুণ্ঠনপন পুঁজিবাদী উন্নয়নে । এই উন্নয়ন লুটেরা পুঁজিপতি শ্রেণী তার সমর্থক গোষ্ঠীর শ্রেণীগত বিভ্রান্তি ঘটায়, সমাজ বিকাশকে সহায়তা করে না । সাম্রাজ্যবাদী বিশ্ব ব্যবস্থার অধীনস্থ বাংলাদেশের লুটেরা বুর্জোয়া শ্রেণী লুটপাটকেই তাদের বিত্ত অর্জনের ও পদ্ধতি বলে গ্রহণ করেছে । রাষ্ট্র একে বৈধ করছে দমন পীড়ন এবং আইনের মাধ্যমে । প্রয়োজনে সামরিক শাসনের মাধ্যমে ।

তাছাড়া বুর্জোয়া অর্থনৈতিক ব্যবস্থার সংকটের কারণে এ দেশের শাসক বুর্জোয়া শ্রেণীর মধ্যে যে নিরাপত্তাহীনতা ও অনিশ্চয়তাবোধ সৃষ্টি হয়েছে তাতে এই শ্রেণীর মধ্যে ধুব দ্রুত বিপুল মুনাফা অর্জন করে তা জমি বাড়ী জাতীয় স্বাবর সম্পদ ক্রয় এবং বিশেষভাবে তা বিদেশে পাচার করবার তাগিদই প্রধান । এর সঙ্গে কৃষি ও প্রাতিষ্ঠানিক ব্যবস্থার, জনগণের ক্রয় ক্ষমতার বিস্তার, প্রযুক্তিগত বিকাশ, সার্বজনীন শিক্ষার বিস্তার কিংবা উচ্চ শিক্ষার বিকাশ সম্পর্কহীন ।

সে জন্যই বর্তমান শাসক শ্রেণীর মধ্যে শিক্ষার বিস্তারের ও বিকাশের আগ্রহ নেই । প্রাথমিক স্তর থেকে উচ্চ শিক্ষার স্তর পর্যন্ত সকল খাতের সে সব অংশেই শাসক শ্রেণীর

কিছু মনোযোগ দেখা যায়, যে সব ক্ষেত্রে সাম্রাজ্যবাদ মনোযোগী এবং তারা তহবিল যোগান দিতে আগ্রহী। মাঝে মাঝে আকস্মিক নিরক্ষরতা দূরীকরণ কর্মসূচী, ওপেন এয়ার ইউনিভার্সিটি, ধর্মীয় শিক্ষা, ক্যাডেট কলেজ এ সবই তার অংশ। গবেষণা সে সব ক্ষেত্রেই ঠিকভাবে পরিচালিত হয়, যে গুলো সাম্রাজ্যবাদী নেটওয়ার্কে প্রয়োজনীয় হিসেবে উপস্থিত হয়। বর্তমানে শিক্ষা পরিকল্পনায় ও এর দিক নির্দেশে যে ব্যাপক নৈরাজ্য বিরাজ করছে তা এই সামাজিক অর্থনৈতিক নৈরাজ্যের অবিচ্ছেদ্য অংশ। লুটপাট-সামরিকীকরণ-নৈরাজ্য বাংলাদেশে এখন যে স্থায়ী দুঃচক্র সৃষ্টি করছে অন্যান্য উৎপাদনশীল খাতের সঙ্গে সঙ্গে শিক্ষা তারও একটি অন্যতম শিকারে পরিণত হয়েছে।

এই অবস্থা থেকে মুক্ত করে বাংলাদেশে স্বাধীন পুঁজিবাদী উন্নয়ন নিশ্চিত করা সম্ভব হলে শিক্ষা ক্ষেত্রেও বর্তমান নৈরাজ্য থেকে সীমিতভাবে হলেও মুক্তি সম্ভব। কিন্তু এই কাজ করতে গেলে ভূমি সংস্কার পানি ও জমি উন্নয়ন, শিল্পায়ন, ক্রয়ক্ষমতার বিস্তার এবং সেই সঙ্গে অতি আবশ্যিক ভাবে লুটেরা শ্রেণীর উচ্ছেদ ও সাম্রাজ্যবাদের শৃঙ্খল থেকে মুক্তি অপরিহার্য পূর্বশর্ত। এই পূর্বশর্ত পূরণ না করে পুঁজিবাদী পথে উন্নয়ন সম্ভব করবার বিশ্বব্যাংক, ইউএসএইড সহ বিশ্ব সাম্রাজ্যবাদী নেটওয়ার্ক এবং দেশীয় শাসক শ্রেণী বহু রকম মডেল নিয়ে ঘর্মান্ত হচ্ছেন কিন্তু তাতে যুক্তিসঙ্গত কারণেই কোন সুফল আসছে না [১৩]। এটা নিশ্চিত ভাবেই বলা যায় যে, কেবল উপরের শর্তগুলো পূরণ হলেই উৎপাদিকা শক্তি বিকাশের পথ প্রশস্ত হতে পারে। কিন্তু সাম্রাজ্যবাদ আশ্রিত দেশীয় লুটেরা শ্রেণী এ পথে যাবে কিংবা তাদের সে শক্তি আছে এটা কল্পনা করাও অযৌক্তিক। আর এ কাজগুলো অন্য যে শ্রেণী করতে সক্ষম হবে তারা অধিকতর অগ্রসর ব্যবস্থায় না গিয়ে স্বাধীন পুঁজিবাদ প্রতিষ্ঠাকে লক্ষ্য হিসেবে বেছে নেবে এটা ভাবারও কোন রকম যুক্তি নেই।

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