An Analysis of Fiscal Decentralization of Upazila Parishad in Bangladesh: Tapping the Untapped

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Thesis submitted to the Public Policy and Governance (PPG) Program in partial fulfillment for the award of Master in Public Policy and Governance (MPPG)

December 2017

Public Policy & Governance Program North South University
Dedicated to

My mother Mrs. Afsia Khondokar
And
My father Late Khondokar Abdul Mannan.
Declaration

I declare that the dissertation entitled “An Analysis of Fiscal Decentralization of Upazila Parishad in Bangladesh: Tapping the Untapped” submitted to the PPG Program of North South University, Bangladesh for the Degree of Master in Public Policy and Governance (MPPG) is an original work of mine. No part of it, in any form, has been copied from other sources without acknowledgment or submitted to any other university or institute for any degree or diploma. Views and expressions of the thesis bear the responsibility of mine with the exclusion of PPG for any errors and omissions to it.

Signature with Date

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Acknowledgement

First of all, I praise the Almighty Allah Subhanahu Wa Ta'ala for bestowing me with rahmah and enable me to do the thesis.

Then, I want to offer my respect to my supervisor Dr. Rizwan Khair, Visiting Associate Professor, Department of Political Science and Sociology, North South University, whose profound care makes it easy for me to do this thesis smoothly. Although his busy chores, he spared his valuable time to assist me in finishing the thesis. His insightful supervision and constant support encouraged me a lot during the entire research period. His valuable annotations paved the avenue for me to embrace innovative knowledge. The guidance and contribution that he made, overwhelmed me with indebtedness.

I am also want to convey my gratefulness to Professor Salahuddin M. Aminuzzaman, Adviser to MPPG Program, for his comprehensive guidance, comments, suggestions, and assistance. His erudite discussions instilled new idea.

In this scope, I further want to take the privilege to deliver my heartfelt thanks to Professor Sk. Tawfique M. Haque, Director of MPPG Programme, Dr. M. Mahfuzul Haque, Adjunct faculty member of North South University and Dr. Ishtiaq Jamil, Associate Professor, University of Bergen, Norway for their knowledge sharing, scholarly comments, constructive suggestions and overall supervision. Their sincere concern instigated the confidence and upgraded the skill.

Again, I think this is the best place to acknowledge the contribution of respondents who helped spontaneously without thinking of recognition. The Upazila Nirbahi Officers of Dohar, Savar, and Monohargonj Upazilas, as well as the elected representatives and other respondents of those Upazilas, deserve unconditional gratitude from me. My special thanks also go to the Deputy Directors of Dhaka and Comilla Districts and Officials of Ministry of Local Government, Rural Development and Cooperative.

I am also grateful to MPPG Program of Department of Political Science and Sociology, North South University and Ministry of Public Administration, Bangladesh for giving me the opportunity to do the two years Master degree in Public Policy and Governance.

Finally, my deep love and gratitude go to my family-my father-in-law Mr. Mainul Hassan, my husband Mr. Khaled Mehedy Hassan and my two beloved daughters Sumehra Maliyat and Mahdiya Mahveen. Without their inspiration, cooperation, and sacrifice, it would not be possible to complete the entire course. Though I thought I deprived them, they took it for granted and engulfed me with their kind love and support.

Israt Zahan
Abstract

Recently the decentralization of government is seen as an inevitable means to ensure good governance. Upazila Parishad (UZP) in Bangladesh has been created as an intermediate local administration in between Union Parishad and Zila Parishad under the decentralization package of the Government. Decentralization is an extensive progression and can be further segmented into administrative, political, and fiscal decentralization. However, the focus of this study is on fiscal decentralization and financial management of Upazila Parishads in Bangladesh.

The purposes of fiscal decentralization are to facilitate local government to execute their chores efficiently to the contentment of inhabitants; use limited resources optimally, skillfully, and effectively; develop expertise and capabilities to generate and manage resources in the vicinity; increase citizen's involvement and institutionalize accountable, transparent governance (UNDP, 2001). Therefore, fiscal decentralization has a significant role in establishing effective as well as citizen-oriented Upazila Parishad. Nowadays the Upazilas has become the center of development activities as well as an important middle tier between unions and upper level of governments. Currently, they are performing various functions which include both administrative and establishment concerns. Maintaining law and order within the vicinity, planning for socio-economic development as well as implementing and providing welfare services to the citizen are some of the core functions of Upazila Parishad. To perform these functions every Upazila Parishad has two funds- namely revenue fund and development fund. A significant part of these funds is mainly originated from Government grants. The other sources are- 2% from land development tax, 1% from land transfer tax, revenue from sairat mahals, donations from other local bodies, earnings and profits from Parishad owned organizations etc. The capability of discharge duties as per the satisfaction of the citizen and efficient service delivery hinges on the management of this finance which, however, is subjected to the fiscal decentralization of the Upazila Parishad. According to Smith (2001), the effect of fiscal decentralization on rural local government is more transparency, more
accountability and closer links to the people which actually facilitated democratization. So, the issue of fiscal decentralization of Upazila Parishad is unavoidable.

As the effective fiscal decentralization is a key to strengthening democratic local government institutions and enhancing the capacity of service delivery as per the satisfaction of the citizen, this research paper focuses on the revenue management as well as current status of fiscal decentralization of UZP in Bangladesh.

The core aim of the study is to assess the practice of fiscal decentralization in Upazila Parishads in Bangladesh. Alongside with this aim, the other purpose of this study is- to sketch the flow of revenues and expenditure composition of Upazila Parishad and to examine the accountability and transparency of Upazila Parishad in affairs of financial management. For fulfillment of the purpose, primary data has been collected from three Upazila Parishads and a total of 54 respondents including Government officials, local representatives, and citizen has been interviewed.

However, the study found that presently the fiscal decentralization of Upazila Parishad in Bangladesh is less than the desirable level. With the centrally regulated limited local revenue-raising power, the UZPs are struggling to lift there own revenue. Lack of awareness along with some socio-politico factors make the UZPs mainly reliant on government initiative to enhance the revenue. But currently, a positive trend is found that the ADP fund is no more the largest source of income for some UZPs. The findings also indicate that the UZPs can spend according to their local preference but some local socio-politico factors may hinder it.

**Key Words:** Bangladesh, Fiscal Decentralization, Financial Management, Upazila Parishad.
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An Analysis of Fiscal Decentralization of Upazila Parishad in Bangladesh: Tapping the Untapped

CHAPTER I

INTRODUCTION

1.1 Background of the Study:

In Bangladesh local government is an age-old concept. In this region, the presence of local government can be found even in ancient and medieval time. However, in course of time, its form and function changed considerably. After the independence of Bangladesh, many changes have been made to establish effective local government system. At present, five local government institutions (LGIs) are functioning in urban and rural areas of Bangladesh. Among these, Zila Parishad (ZP), Upazila Parishad (UZP) and Union Parishad (UP) are in force in the rural area while City Corporation and Pourashava are functioning in the urban area. As a rural local government tier, the Upazila Parishad mainly serves as a bridge between the central government and the root level rural government. Now, UZP is seemed as the basic entity in the development edifice of the country as measured in politico-administrative arrangement and in the socio-cultural milieu of our grass root societal level.

The constitution of Bangladesh gives emphasis on local government by making it a constitutional obligation in article 59 which conditions that in every administrative unit of the country the local government shall be delegated to bodies composed of elected persons who will perform the administrative work as well as upkeep the public directive. Furthermore, as per the article 59, these local government bodies are also assigned for the formulation and implementation of plans linking to community services and economic
progress. In accordance with the provisions of article 59, article 60 of the constitution mandates the transfer of power to local government bodies to levy taxes, to formulate their budgets and to keep funds. Because of this constitutional importance, as well as considering a vital element of good governance, the emphasis has been given on decentralization time to time by several governments.

In general, Decentralization can be termed as the assignment of administrative liabilities, funds, and authority from center to root levels of government. The essence of Decentralization can be adopted from the theorem documented by Oates (1972) that “each public service should be the jurisdiction having control over the minimum geographic area that would internalize benefits and costs of such provision.” Types of decentralization include political, administrative, and fiscal decentralization. The political decentralization can be acknowledged as the assignment of authority to a sub-national body, while the administrative decentralization can be defined as the transmission of functional duties from central to local authorities and the fiscal decentralization can be recognized as the allocation of funds and revenue-earning power and authority to local governments.

The purposes of fiscal decentralization are to facilitate local government to execute their chores efficiently to the contentment of inhabitants; use limited resources optimally, skillfully, and effectively; develop expertise and capabilities to generate and manage resources in the vicinity; increase citizen's involvement and institutionalize accountable, transparent governance (UNDP, 2001). Thus, fiscal decentralization has become a vital issue in local government finance system. It is an effort to make sources of revenues of local governments sturdier, in addition, to endow the local governments with more decision-making powers so that they can enjoy absolute discretionary control on their share of revenues.

The main purposes of ¹Upazila Parishads in Bangladesh are executive and establishment allied. Providing welfare facilities in the vicinity, Keeping law and order in the jurisdiction,

¹ In Bangladesh, Upazila Parishad denotes the Sub-district.
preparing five years plan for development, constructing/reconstructing and maintaining of roads inside the Upazila, carry out irrigation schemes, creating jobs and instigating projects to decrease poverty are major obligations of the UZPs. UZPs maintain two funds to perform such functions- namely revenue fund and development fund. A lion part of these funds is mainly originated from Government grants. The other sources are- 2% from land development tax, 1% from land transfer tax, revenue from \(^2\)sairat mahals, such as – \(^3\)jalmahals, sand quarry, stone quarry and \(^4\)ferry ghats under the Upazila, lease money from \(^5\)hat-bazar, levies and charges on cinemas, \(^6\)jatras, exhibitions, local markets, trade and business, contributions from other local bodies, earnings and profits from Parishad owned establishments like schools, shops, multipurpose hall, buildings and houses etc. The capability of discharge duties as per the satisfaction of the citizen and provide services competently is subject to the management of the funds which, nevertheless, is subjected to the fiscal decentralization of the Upazila Parishad.

However, Local government Institutions in Bangladesh show meager record as efficient, accountable and responsive providers of public services. In a country like Bangladesh which follows the Unitary system, and where control is much centralized by the central government, the issue of fiscal discretion is essential (UNDP, 2002 and 2007). There is no denying that for bringing government’s services to the common people’s doorstep decentralization is the strongest means. In this regard mobilization of own source revenue and expenditure according to local demand is necessary. It also ensures the accountability and transparency of local government as well as citizen’s participation in local level development.

\(^2\) Sairat Mohal is government owned lands used for common purposes and leased by the government for a certain period.

\(^3\)Jalmahal means either close or open water body where round the year or a portion of the year water exist, which may call as river, pond, lake, canal etc. and leased only by the government.

\(^4\) River port

\(^5\) Open air village market

\(^6\) Folk theater in Bangladesh.
Since fiscal decentralization plays a critical role in improving services for the citizens by making local governance mechanism effective, this study focuses on the present status of fiscal decentralization of Upazila Parishad in Bangladesh.

1.2 Statement of the Problem:

Being a signatory country of Sustainable Development Goals (SDGs), Bangladesh is committed to develop effective, accountable, transparent and responsive institutions at all levels. Local government institutions such as the Union Parishad, the Upazila Parishad, Pourashava and City Corporations are involved in the development and service-oriented activities for poverty alleviation and improving the lives of the people. The main objective of the establishment of Upazila Parishads (UZPS) in 1982 was promoting decentralization and boosting rural growth centers. From 1991-2008 there was a period of the nonexistence of elected representatives at Upazila level. After that in 2009, with open elections, Upazila Parishads were reinstalled under the Upazila Parishad Act (Amended) 2009. Under the amended act the UZP with a revitalized framework and arrangement has crucial comportment on the local level development. With the other regular functions, the redefined roles of the UZP include both annual and five-year local level development planning, budgeting, and comprehensive development with stress on making functionaries more efficient and pro-service-centric. Effective service-delivery by the UZPs depends much on the arrangement and management of financing which are very much allied to fiscal decentralization.

As the basic notion behind fiscal decentralization is that it brings services closer to the citizen and thereby facilitate poverty diminution along with local need-based problem solution, it can be argued that UZPs performance on rural development largely depends on what extent UZPs enjoy fiscal decentralization. This paper intends to address this issue.

1.3 Objectives of the Study:

The key objective of the study is to assess the extent of fiscal decentralization that is being practice in Upazila Parishads in Bangladesh. Alongside with this aim, the other purposes of this study are- to sketch the fiscal flow of Upazila Parishad and to look at the accountability and transparency of Upazila Parishad in affairs of financial management.
1.4 Research Questions:

The main research question is-

✈ What is the present status of Fiscal Decentralization in Upazila Parishads?

And the derived research questions are-

✈ How much authority do Upazila Parishads have in affairs of financial management?

✈ Do Upazila Parishads have adequate legal frameworks and human capacity to be financially sound, accountable and transparent?

1.5 The rationale for the Study:

Socio-economic development of the country mainly depends on the effectiveness of the rural local government bodies. Recently Bangladesh has entered into the list of ‘Lower Middle Income Countries’ recognized by the World Bank. And the target is to enter the list of ‘Middle-Income country’ by 2020. It will not be possible without local level development. As the major part of Bangladesh is a rural area, so the overall development of the country depends on rural development. And certainly, the decentralization of local government plays a vital role in this local level development. Moreover, in recent time, the need for decentralization has increased with a view to increase the quality of public services and local governance in a cost-effective way, improve the organizational capability and efficiency of the public sector, and make sure citizen’s participation in local development etc. It has also been acknowledged as an instrument of executing and stimulating both democratic and developmental objectives across the aid receiver region. At present every UZP in Bangladesh is run by an elected person through popular vote. Following its democratization, the UZP itself has become an important actor. Hence, more attention should be given now on fiscal management as well as fiscal decentralization of UZPs.

Again, on the issue of local government in Bangladesh, there is a number of studies, but there is an insufficiency of studies that absolutely focus on financial management as well as fiscal decentralization at the local level. However, a few financial related research
studies have been done in case of Union Parishad, City Corporation, and Pourashava, but there is limited literature exclusively on fiscal decentralization aspect of UZPs. Especially after the re-installment of UZPs in 2009 hardly any research can be found on this particular issue. This is why this research focuses on this less attended but important issue of the present fiscal decentralization scenario of Upazila Parishad in Bangladesh.

1.6 Chapter Outline:
The thesis includes six comprehensive chapters. Beginning with the introductory chapter, a complete description of the methodology of collecting and analyzing the data is described in next chapter. The third chapter gives an overview of Local Governance in Bangladesh as well as a comprehensive review of related literature. The fourth chapter describes the related theories and ends with developing an analytical framework. The fifth chapter analyzes the data that has been collected and provides interpretations. Lastly, the sixth and last chapter comes with the summary and conclusions of the whole research.

Chapter I: Introduction
Chapter II: Methodology
Chapter III: Overview of Local Governance in Bangladesh
Chapter IV: Theory and Analytical Framework
Chapter V: Data Analysis and Findings
Chapter VI: Summary and Conclusion.

After drawing this chapter outline, this introductory chapter ends here. The next chapter deals with the methodology that uses to accumulate and scrutinize data in order to accomplish the purpose of the study.
CHAPTER II

METHODOLOGY

This chapter presents the narrative of approaches and techniques applied in this study. It describes the process that uses to accumulate and scrutinize data in order to measure the present status of fiscal decentralization of Upazila Parishads.

2.1 Research Method:

In this study, both primary and secondary sources of data and information have been considered and it involves both qualitative and quantitative research approaches. A self-administered questionnaire, structured interviews, and observations were the tools for collecting primary data. Whereas secondary data has been collected through content analysis. The questionnaire has been formed on the basis of research objectives.

2.1.1 Primary Data collection:

Different methods are used to collect primary data. They are as follows:

► Self-administered Questionnaire

In this research, the respondents were the Upazila Chairmen, Upazila Nirbahi Officer Vice chairmen of Upazila Parishads, Union Parishad’s Chairmen and citizens of respective Upazila. Hence, three questionnaires- one for interviewing the local people, one for interviewing the elected representatives and another to interview the Upazila Nirbahi Officer has been developed. For the convenience of data collection, there were some questions which were common to both groups. Both open and close-ended questions were there and some portions of it were aimed to acquire views and observations on particular matters from the respondents.

► Structured interviews:

For this research purpose, the designed interview has also been conducted to collect primary data from Deputy Director of Local government (DDLG) and Officials of Ministry
of Local Government, Rural Development and Co-operative (MoLGRDCo). A checklist for the interview was also made for conducting the conversation.

2.1.2 Secondary Data Collection:

Secondary data were acquired by analyzing content.

**Content Analysis:**

Content analysis is the critical and objective review of the published or printed facts, figures, opinions, observations and generalizations in the light of its content value (Wilkinson 1952:16 cited in Aminuzzaman, 2011a: 54). Secondary literature on the theory, rules, and regulations, various concerns of decentralization of local governance, administrative, political and financial aspects of Upazila Parishads were assimilated content analysis for this research. Books, manuals, related Acts/Rules/Regulations, government documents, policy papers, research reports, journals, internet documents, articles from the newspaper and websites of well-known organizations were referred for steering the scrutiny. The books and printed documents related to the study were collected from several sources like from Ministries, North South University (NSU) library, National Institute of Local Government (NILG) library and Upazila Parishad.

2.2 Sample Size:

The total sample size for this research was 54 as shown below in Table: 1.

**Table-1: Sample Size**

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elected representatives</td>
<td>UZP Chairman</td>
<td>03</td>
</tr>
<tr>
<td></td>
<td>Vice Chairman (both male and female)</td>
<td>04</td>
</tr>
<tr>
<td></td>
<td>UP Chairman</td>
<td>09</td>
</tr>
<tr>
<td></td>
<td>Pouro Mayor</td>
<td>02</td>
</tr>
<tr>
<td>Government officials</td>
<td>UNO</td>
<td>03</td>
</tr>
<tr>
<td></td>
<td>DDLG, Officials of LG Ministry</td>
<td>03</td>
</tr>
<tr>
<td>Citizen</td>
<td>-</td>
<td>30</td>
</tr>
</tbody>
</table>
2.3 Study Area:

Data has been collected from three different Upazila Parishads (UZPs) of two different Districts in two different Divisions. For accomplishing the objectives of the study these three Upazila Parishads were selected purposively. These are- Savar Upazila Parishad and Dohar Upazila Parishad of Dhaka District in Dhaka Division and Monohargongj Upazila Parishad of Comilla District in Chittagong Division. Savar Upazila Parishad is very near to District Headquarter while Dohar UZP is relatively far from the District Headquarter. Again Monohargongj UZP is comparatively a new UZP. The intention of choosing these three UZPs is to find out if there exists any variation in fiscal management between headquarter-proximate and distant UZP and between old and new UZP.

2.4 Data Analysis:

The collected quantitative data has been analyzed with the help of statistical tools like MS Excel, Table, and Chart etc. The qualitative facts and figures are offered in a descriptive or tabulated form. Furthermore, to present the outcomes of the data in a graphic way, charts and diagram are also used.

2.5 Limitations of the Study:

Due to time constraint, only 03 Upazila Parishads among 491 were covered. Budgetary constraints are also a concern. It was difficult to collect the financial related data because of weak documentation system of Upazila Parishads. Besides, this data is unaudited data, so technical accuracy of this data is also unsure. Accumulating data from the community people, the majority of which is illiterate, was also challenging.

The second chapter ends here. The next chapter; i.e. the third chapter; depicts an overview of Local Government in Bangladesh. As well as, the third chapter also provides the review of the related literature.
Chapter III

OVERVIEW OF LOCAL GOVERNMENT IN BANGLADESH

This chapter presents a synopsis of the local government system in Bangladesh, mainly focusing the Upazila Parishad. Then it offers a comprehensive review of related literature.

3.1 Present status of Local Government in Bangladesh:

In Bangladesh, currently, two distinctive local government institutions (LGIs) are functioning. They can be categorized as- LGIs for rural areas and that for urban areas. There are three tiers of LGIs In rural areas, which embody a hierarchical arrangement. These are- Union Parishad, Upazila Parishad, and Zila Parishad. Whereas in the urban area two LGIs are present, known as Pourashava/ Municipality and City Corporation. The current local government assembly in Bangladesh is shown in Fig: 1 below:

![Fig 1: Current Assembly of Local Government in Bangladesh.](image)

*Number of LGIs; Source: National web portal of Bangladesh (as in 20 Dec’2017)
3.2 An Overview of Upazila Parishad:

Upazilas were formed by the proclamation of the Local Government (Upazila Parishad and Upazila Administration) Ordinance on November 7, 1982, which substituted the oldest establishment in Bangladesh known as Thana. The replacement of the word “Thana” by the word “Upazila”, through a nationwide reform, was the significant change in the rural local government. However, the verbatim meaning of Upazila is Sub-District.

Composition and Functions:

According to the Upazila Parishad Act, 1998 (amended in 2011) an Upazila Parishad comprises of a chairman, two vice-chairmen among whom one should be a female, all union Parishad chairmen within the Upazila periphery, mayors of all Pourashavas if there are any, and women members of the earmarked seat. The people of the concerned Upazila elect the Chairman and Vice-Chairmen directly through popular election. Chairmen of all Union Parishads as well as the Mayor of any Pourashava, situated inside the border of the Upazila, are ex-officio members of the UZP. Moreover, the UZP also includes a definite number of woman members from the earmarked seats.

The main functions of Upazila Parishads are both executive and establishment allied. Providing welfare facilities in the vicinity, Keeping law and order in the jurisdiction, preparing five years plan for development, constructing/reconstructing and maintaining of roads inside the Upazila, carry out irrigation schemes, creating jobs and instigating projects to decrease poverty are major obligations of the UZPs. The other functions comprise- overseeing and coordinating the different government department activities which were handed over to the UZP; ensuring public health, and pure drinking water supply; inspiring people with regard to the extension of education; overseeing and monitoring Secondary and Madrasa education; instigating programs for the development of the children and women, and stimulating sports and cultural activities; providing necessary assistance to the Union Parishads; creating public responsiveness and taking precautionary steps against terrorism, burglary, robbery, smuggling etc.; and execution of any other work particular by the government.
Fig 2: Composition of Upazila Parishad.

Source: Based on Upazila Parishad Act, 1998 (Amended in 2011).

Financial Resources of Upazila Parishad:

According to the section 35(1) of Upazila Parishad Act, 1998 (Amended in 2011) there will be a fund in every Upazila Parishad where, as per section 35(2), the following will be deposited- a) money from the tax, rate, toll, fees and other demands set by the Parishad; b) Profits from all the possessions entrusted on UZPs and run by them; c) fund given by the government for the salary, allowance and other related expenditure of transferred department; d) gov. grants or grants from other authorities; e) donation from any organization or person; f) profit from the financial investment of UZPs; g) any other finance received by the UZPs; h) residue of money of Parishad’s fund; i) money from other sources of income fixed by the government.

Again, as per the section- 3 of the Guidelines for the Upazila Parishad Development Fund Utilization-2014, UZP fund will have two parts: a) Upazila Parishad Revenue Fund and b) Upazila Parishad Development Fund. Section-3(a) also states that the Revenue Fund will be formed in accordance with the local resources. And its sources will be -the income
from the households under the Parishad; various taxes, rate, toll, fees or money from other demands; lease money from hat-bazar (remaining 41%); 1% of land transfer tax; 2% of land development tax; Profits from all the possessions entrusted on UZPs and run by them; donation from any organization or person; profit from financial investment of UZPs; any other finance received by the UZPs; residue of money of Parishad’s fund; money from other sources of income fixed by the government

Furthermore, the 4th schedule of the *Upazila Parishad Act, 1998 (Amended in 2011)*, in accordance with the section-44 of the same act, describes the taxes, rates, tolls, fees by the UZPs and income from the other sources as follow:

1. Lease money from the hat-bazar, transferred *jolmahal* and ferry *ghat* fixed by the government in the premises of the Upazila.
2. Taxes fixed on business organizations and industries that situated at the thana sadar of the Upazila where the Pouroshava is not formed.
3. a) Taxes on cinema in the Upazila where there is no Pourashava.
   b) Part of the taxes on drama, theater and jatra fixed by the law.
4. Tax on street lighting.
5. Taxes on fair, exhibition and recreational program arranged by the non-government organization.
6. Fees on license and permit of various business, occupations and profession given by the UZP, excluding the sector fixed for UP and not cover the related UZP.
7. Fees on services providing by the Parishad.
8. 1% of the registration fees of land transfer and 2% of land development tax.
9. Other tax, rate, toll, fees or income from any other source fixed by the government time to time.

In contrast, as per section 3(b) of the *Guidelines for the Upazila Parishad Development Fund Utilization-2014*, generally the sources of the *Development Fund* will be –

1. The lump grant of Annual Development Program;
2. revenue remaining;
3. Local donation;
4. Received money for development project from any other source other than the ADP or part of national project;
5. Money from any organization or authority or local government institution through signing contract for project implementation.

The figure-3 summarizes the sources of UZP fund as per the existing laws.

![Figure 3: Main Sources of UZP Fund.](image)

*Source: Based on UZP Act and Guidelines for the UZP Revenue Fund and Development Fund Utilization.*
3.3 State of Decentralization in Bangladesh:

In spite of their long historical background and constitutional prominence, local government institutions in Bangladesh have the chronicles of being unproductive, unaccountable and insensitive to necessities of the local peoples. Over the spans, the local government system in Bangladesh has been experiencing policy experimentation rather than steady institutional progress. All successive governments take decentralization-allied policy reforms as an important agenda. As a result, various committees have been set up, recommendations have been made but in the case of implementation, an unsatisfactory result is found. Thus, the country is still pursuing the notion of the really proficient and responsible local government institutions which are completely devoted to local people’s wants and concerns (Fox and Menon 2008). Bangladesh trails behind many African and Asian countries having the comparatively lengthier exercise of local government, through most accepted measures of fiscal decentralization, like total local government spending as a stake of total public spending. As for example, in Bangladesh, overall annual local government spending as a percentage of GDP has barely gone across more than 3% (Fox and Menon 2008).

3.4 Literature Review:

As local government institutions in Bangladesh have been performing since British Period, a number of studies have been done on various issues of different tiers of these institutions. But the present structure of Upazila Parishad is relatively new and thus there are not so many literatures on it, especially on this particular issue of Fiscal Decentralization. However, there are some studies on overall decentralization of LGs which are carried by some researchers in Bangladesh. Again there are a handful of studies regarding financial issues as well as Fiscal Decentralization of some LGIs like Union Parishads, City Corporations/ Pourashavas. Hence, this chapter reviews the findings of some studies regarding overall decentralization as well as Fiscal Decentralization of LGIs. This review is divided into two segments for the convenient of the study. The first segment provides important findings of some overall decentralization related studies
whereas the other segment provides findings of some fiscal decentralization related studies.

3. 4.1 Literature Related To The Decentralization of LGIs in Bangladesh:

Siddiqui (1995) pointed out that in Bangladesh, the local government institutions enjoy a degree of operational autonomy. However, they are very much hooked on the central government or on the administrative system of the country. Therefore, a local body and the government interacts in many areas like legal, administrative and financial issues. The Central government determines its local authority, its tasks and the taxes it can levy. Hence in Bangladesh, the affiliation among the central government and the local government is like a patron-client relationship.

Siddiquee (1997) stated that the purposes of decentralized governance; such as-improved response to local necessities, widespread contribution, proficient delivery of services and better accountability; did not materialize. With regard to dominance over the local activities or enhanced access to socio-economic welfares, the huge majority of the people gained little.

Khan (2001) argued that the decentralization strategies have suffered from an absence of sincere political commitment to devolution and have been demoted to simple de-concentration in most part. Hitherto the extensive experimentation with various decentralization arrangements and patterns, the vital concerns, and complications, which regulate the realization of local institutes, have not been sufficiently attended. The key concerns such as mobilization of local resource, the larger autonomy of the local government, actual participation of common people in decentralized institutes, and struggling the affinity of central influence and intervention are so far to be responded to. These unattended concerns have made the decentralization efforts mostly unsuccessful in bringing about any significant modifications in the lives of the common people. Among the other things, a strong degree of political commitment can indeed assist the progression of decentralization effective.
Power and Participation Research Centre (PPRC) published a report, edited by Rahman (2002), on an International Workshop on “Decentralization in Bangladesh: Local Government Issues and Way Forward” organized by the Local Government Division, Ministry of LGRD & Co-operatives with support from the Power and Participation Research Centre (PPRC). In this report, the summary of the discussions of the workshop is outlined that there is petty evident of opposition in South Asia to the aim of decentralization and sturdy local governments. But, the vital challenge lies in converting decentralization into a persuasive political schema. In Bangladesh, local governments do not enjoy constitutional warranty. The 'political will' question is more byzantine here. The main block to local government is the embedded vested interests.

Wahhab (2002) noted that because of the political leader’s disinclination in raising revenues properly, the UZPs continued completely reliant on government grants. Besides, the guidelines for using the government grants were often ignored. Public’s involvement in the UZP activities persisted virtually absent. By maintaining close associations with the elected representatives and the bureaucrats the local elites took the advantage of influencing selection and implementation of development projects. Consequently, the projects facilitated predominantly the affluent people rather than the common people.

As-Saber and Rabbi (2009) illustrated that autonomous Upazila Parishad increases its responsiveness and accountability to the people. In a perfect situation, the Parishad is expected to act in upkeep and extending these two good governance values. They noted that Upazila Parishads in Bangladesh, to some extent, are failed to increase their responsiveness and accountability to the people though they have democratically elected representatives. A number of dynamics seem to have added to this catastrophe which include the existence of a great number of rules and regulations executed by the central government, the dominance of the Ministry, scarce local resources available to the Parishad, devotion of the civil servants to the central authority rather than to the elected Parishad, insufficiency of abilities and knowledge of elected representatives, corruption, influence of local elites in decision making process etc. The situation has become further
complicated due to the lately executed provision of the obligatory advisory role of the members of the parliament (MPs).

Ahmed (2012) conferred that the introduction of decentralization processes in the 1960s and in 1980s allowed vast extension of central bureaucratic control in the rural regions. Local government institutions paved the way of buttressing associations between the centrally and locally dominant classes. By using this means the central government stretched out its authority in the rural areas. And the shelter was given to the locally dominant classes of the rural society by the state in striving for their social, economic and political intentions. Elucidating reference from the West Bengal state of India, Ahmed made an observation that, in the decentralized institutions, the participation of a greater number of people from the lower strata in programs like a land redistribution program as well as other redistributive and employment generation program was ensured. Consequently, the Government of West Bengal had to be concerned about the satisfaction of a broader section of the society together with the rural petty bourgeoisie and the poor alike. Conversely, in Bangladesh, the dominant elite was competent to safeguard its supremacy by patronizing a marginal group of the local petty bourgeoisie and lumpen elements as the bulk of the people were not sufficiently structured to place effective stresses on the regime. He also states that the arrangement of local government finance reveals the very nature of resources accretion in a societal foundation where the political framework plays a powerful role in production activities.

3.4.2 Literature Related to The Local Level Finance Issues:

Asaduzzaman (1985) focuses on the role of grants in local government finance. He argues that grants under particular non-matching group which if could be matched even to a small extent in the starting can generate an enriched local resource base and also directly reflected in performances beneficial to the generation of temporary and durable occupation and earnings. He further argues that the several trivial compensatory grants look as if assist no actual purpose apart from the rise in managerial and accounting liability.
Datta (1985) provides an examination of the nature of fiscal decentralization as an overture to a comprehensive analysis of the local fiscal arrangement, fiscal mechanism, and developments in fiscal pursuance. Datta (1985) made the observation that in the condition locating in Bangladesh, as in other South Asian countries, with strong colonial backgrounds of centralization in public administration and management, independent decentralization of government is not easy. The reasons behind it are the nonappearance of a local political practice and unassertiveness of local government to the central administration. An effective system of democratic decentralization in such a setting prerequisites notable political and administrative readjustments. Firming of local government finance, through the fiscal capacity formation and its application, thus needs to be expedited and continued by other related measures regarding democratic decentralization in Bangladesh.

Reza (1985) scrutinized in what way local government is fit to mobilize funds and derived the inference that a significant opportunity exists there for mobilizing resources at the local levels in Bangladesh. However, Reza also argued that the accomplishment of any fiscal restructuring at the local levels ought to be subject to supplementary modifications in local level institutions to make them more approachable to the benefits of the deprived.

Ahmed (2002) noted that the gap between the works to be implemented by the local institutions and the existing resources (both from own sources as well as the central government) is huge and thereby the local government in Bangladesh is not very effective as because of the negligence of the concern of fiscal decentralization.

A report was organized by Rahman, Kabir, and Razzaque (2005) for the World Bank, scrutinizing the level of community involvement in local government budgeting in Bangladesh. They concluded that in Bangladesh the process of budget-making is not transparent and bureaucratic in nature. In selecting the development schemes/programs so far the role of the elected representatives is very inadequate. Therefore the budgeting is likely to be incremental, sometimes comprehensively dragged by political and other
categories of clients. This budgeting is still more undemocratic. It is completely reliant on the planning of central budget-architects. The fund mobilization scope of local government within the vicinity is also very narrow. Yet, the report also noted that there are many optimistic signs that people would come onward to join in the combat against paucity and that participatory budgeting (both at the national as well as local levels) could certainly appear as a tactical instrument for increasing community involvement in ensuing a pro-poor development schema.

Khan (2008) offered a comprehensive scrutiny of legitimate and real-world limitations for the effective local government in Bangladesh, which comprised a variety of local funding affairs too. Khan illustrated that despite the fact that Union Parishad representatives are elected through popular voting, the usual custom of the representatives is to confer nil info with the folks regarding UP’s actions and skills. Khan (2008) again remarks that there is a usual acceptance that the actions of a Union Parishad are the one and only authority of the elected personnel. The citizen has no right in this respect.

A case study of three Union Parishads in Bangladesh was undertaken by Ullah and Soparth (2010) to study the financial resource mobilization performance of rural local government. They accomplished that the local resources mobilization performance of Union Parishads does not lie in lack of commitment, but rather a lack of a realistic fiscal devolution policy of central authority to persuade Union Parishads in support revenue efforts. They also conclude that there exists untapped revenue that can be exploited with comprehensive efforts and incentive mechanism. Both the central and local government should prioritize internal resource mobilization by recognizing local probable sources, encouraging local people and creating a stake of local proprietorship on development schemes together with executive and regulatory supports. In line with their 2010 article, Ullah and Soparth (2011) state that although findings show that open budget discussion, flexible and performance grants have a positive impact on local revenue collection, there is a question about the sustainability of the revenue augmentation due to the disparity of de-concentrated allocations system and feeble local democratic governance. They
recommend making adjustments in local revenue shares, increase discretionary grants, and validation of local participatory governance.

Bhattacharya et al (2013) completed a study on local government’s finance where the major focus was city corporation/municipal finance within the agenda of fiscal decentralization in the context of Bangladesh. The study asserts that these bodies are categorized by high dependency on the central government transfers, serious financial stress and meager accountability leading to loss of fiscal autonomy. These bodies are spending more on establishments, social/religious organizations, and land development. But little portions of allocation are spent on health, sanitation and education expenditure. The study also finds that due to low tax collection and inadequate grants from the central government, local governments cannot carry out and implement as many development projects as they would like and also cannot afford quality basic services to local communities. This creates disappointments among the dwellers. Even some of the residents of the municipalities are in favor of going back to the previous union Parishad system.

Odd-Helge (2014) made a brief for CMI (Chr. Michelsen Institute) which examines fiscal decentralization practices in developing countries and explores causes affecting the reform progression that could enlighten future policy and research on fiscal decentralization in Bangladesh. This brief has the argument that fiscal decentralization deserves more attention from policymakers. Because it fetches many people into direct interaction with public authorities and thus plays a significant role in determining state-society associations. This brief also stresses that most local governments in Bangladesh continue to depend on fiscal transfers from the central government. Therefore it is necessary to make the transfers more foreseeable and transparent. To enhance harmonization between central and local government should be vital features of fiscal decentralization reforms.

A case study of four Union Parishads on public finance and revenue mobilization is done by Rahman et al (2016) which examined the capability and authority of Union Parishads in resource mobilization in the broader framework of decentralization and good
governance in Bangladesh. It examined this by assessing the status and dispersal of their revenue sources, by measuring citizens' view about the method of revenue collection, and also by observing the influence of citizens' involvement on community development planning and budgeting. This study finds that the preferred outcomes of decentralization are accountability, transparency, increased community participation and enhanced efficiency in service provision of Union Parishads. But the route of advancement of decentralization cannot be predicted. Though in the short term, Union Parishads' prospects is fragile to bring about the preferred decentralization advancements, there are some Union Parishads that have the prospects to appear as strong actors of local development. However, bureaucratic controls and political motivations and intervention hinder their prospects. This study argues that intensifying revenue sources, developing a pro-tax organizational culture and including citizens will be means to empower local government. Along with the capacity building efforts, it will stimulate greater devolution of administrative and financial power to them.

*It can be inferred from the review of the above-mentioned decentralization and finance related literature of Local Government that –*

Fiscal decentralization of LGIs might be affected by political, institutional and legal factors. Fiscally empowered LGIs can increase their responsiveness and accountability to the citizen. In an ideal situation, the LGIs are expected to perform in protecting and enhancing these two good governance principles. However, their poor revenue generation as well as unable to spend through local preference and lack of accountability indicates that some factors, like political, institutional and legal factors, might affect the progress of fiscal decentralization.

**Research Gap:**

It is found that several studies have been done on decentralization issue of local government in Bangladesh. But study solely focusing on fiscal decentralization is insufficient. Though a small number of research works have been carried out on financial resources mobilization of Union Parishad, City Corporation, and Pourashava, there are
very few literature exclusively on fiscal decentralization of UZPs. Especially after the re-installment of UZPs in 2009 hardly any research can be found on this particular issue. This is why this research will focus on this untapped issue of the present fiscal decentralization scenario of Upazila Parishad in Bangladesh.

Drawing this inferences, this chapter ends here. The next chapter presents the theoretical background and illustrates an analytical framework for this study.
CHAPTER IV
THEORY AND ANALYTICAL FRAMEWORK

This chapter firstly provides the basic idea of decentralization and fiscal decentralization. Then it gives an overview of related theory and finally, it offers an analytical framework with dependent and independent variables for facilitating the purpose of this study.

4.1 Decentralization and Fiscal Decentralization:

Decentralization can be illustrated as the transfer of power to plan, take decisions and conduct public functions from the national jurisdiction to any individual, institute or agency at the sub-national level. The essence of Decentralization can be adopted from Oates’ (1972) theory which states that- the authority which has the control over the least geographical area should afford each public service that would internalize welfares and expenditures of such arrangements. There are three distinctive features of decentralization. These are- political, administrative and fiscal decentralization. Each of these has distinctive features, objectives, and settings for success.

<table>
<thead>
<tr>
<th>Decentralization</th>
<th>Political</th>
<th>Administrative</th>
<th>Fiscal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>When central government transfers power or functions to local institutions which are run by the local political representation, it is called political decentralization. It denotes the transfer of definite, well-defined decision making authorities, and arrangements of accountability, from central government to lower levels of government.</td>
<td>Administrative decentralization is the bringing of line ministry staff from their respective ministries under the jurisdiction of the local authority; which incorporates processes for setting up a local payroll. It denotes that local authorities can hire their own staff and, if necessary, they also can fire them.</td>
<td>Fiscal decentralization is the transfer of authority of local decision making on the allocation of financial resources (i.e. financial discretionary powers) from central government to local institutions and the powers to impose local taxes. To some extent, fiscal decentralization also needs political decentralization and administrative decentralization.</td>
</tr>
</tbody>
</table>

Decentralization is supposed having a potential to escalation competence with respect to the usage of public funds mainly through improved governance as an outcome of (i) augmented ownership, (ii) fine-tuning to local conditions, and (iii) improved and more
direct mechanisms of accountability. First, decentralization is connected with increased efficiency, as lower levels of government are more likely to assess demand and to be acquainted with citizens’ priorities. Second, decentralization may lead to resilient democracy, as it makes local government more accountable for its activities (World Bank 2003).

For decentralized governance system, *Fiscal Decentralization* is one of the important aspects. The European and American scholars often use other terms such as ‘central-local (or intergovernmental) financial relations’ and ‘fiscal federalism’, respectively (Davey and Péteri 1998). In general fiscal decentralization is a set of rules for fiscal tasks that describes roles and responsibilities among different levels of governments as well as budget making and implementation, revenue initiation and public sector borrowing. More specifically, fiscal decentralization refers to the transfer of taxing and spending authorities from the central government to the sub-national levels (local, provincial, municipal, etc). In a strong decentralized system, local governments have extensive authorities to mobilize resources, through taxing powers go along with resilient tax bases. As its rules outline the initiation and dispersal of resources (both between and within different government levels) that are used to satisfy citizens’ demands, it places at the core of any local government arrangement. For the voters, the capability of the government to make fiscal decisions in providing of local government services is a prerequisite to measuring the performance of their voted legislative body with respect to the quantities and qualities of services they are receiving for the levies that they are paying (Mueller, 2006). Fiscal Decentralization deals two inter-related concerns- one is the division of expenditure responsibilities and revenue sources among levels of government (national, regional, local), and the other one is the volume of freedom of choice given to regional and local governments to govern their expenditures and revenues in comprehensive and detail. Both have noteworthy effects on the reality of decentralization in its wider political and administrative sense. The purposes of fiscal decentralization are to facilitate local government to execute their chores efficiently to the contentment of inhabitants; use limited resources optimally, skillfully, and effectively; develop expertise and capabilities
to generate and manage resources in the vicinity; increase citizen's involvement and institutionalize accountable, transparent governance (UNDP, 2001).

According to Davey and Péteri (1998), the amount of authority and responsibility that regional and local governments really implement is subject to:

i. which public services they have the responsibility to finance;

ii. whether their revenues are proportionate with responsibilities;

iii. how much actual choice they have in assigning their budgets to specific services;

iv. Whether they can decide the rates of their taxes and levies (that actually letting them to vary their levels of expenditure and making them accountable to payers).

**Table 3: Different Levels of Fiscal Decentralization.**

<table>
<thead>
<tr>
<th>Index</th>
<th>Desirable Feature</th>
<th>Second Best</th>
<th>Least desirable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Representation</td>
<td>Popular election of executive and legislative branches</td>
<td>Indirect election (part elected and part appointed)</td>
<td>Appointment by higher level government</td>
</tr>
<tr>
<td>Expenditure</td>
<td>Significant control over how money is spent</td>
<td>Autonomy with significant limits, expenditure mandates and minimum requirements</td>
<td>Effectively a spending agent of the higher-level government</td>
</tr>
<tr>
<td>discretion</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budget</td>
<td>Local approval, hard budget constraints</td>
<td>Local approval, soft budget constraints</td>
<td>Central approval, soft budget constraints</td>
</tr>
<tr>
<td>Revenue</td>
<td>Significant local power: discretion to change rates in a closed list of taxes</td>
<td>Some local power: discretion to choose tax bases; introduce new taxes</td>
<td>No local revenue-raising power and full reliance on revenue sharing</td>
</tr>
<tr>
<td>Intergovernmental transfers</td>
<td>Unconditional and formula driven</td>
<td>Conditional and formula driven</td>
<td>Ad hoc and discretionary</td>
</tr>
<tr>
<td>Borrowing powers</td>
<td>Broad borrowing powers</td>
<td>Restricted borrowing powers</td>
<td>No borrowing powers</td>
</tr>
<tr>
<td>Human resources</td>
<td>Local power to hire, fire and determine compensation and promotion</td>
<td>Local power to hire, fire, but are unable to determine compensation and promotion</td>
<td>No power to hire, fire or determine compensation and promotion</td>
</tr>
</tbody>
</table>

*Source: Adapted from Bhattacharya et al (2013), based on Bahl and Martinez-Vazquez (2006).*
Fiscal decentralization has many exponents, in precise as an approach to develop service delivery at local level. Generally acknowledged purposes for fiscal decentralization embrace those of a competent distribution of resources through a responsive and accountable government, a justifiable provision of services to citizens in different jurisdictions, and safeguarding of macroeconomic steadiness and elevation of economic growth. The consequences of fiscal decentralization can be shown as figure below.

**Fig 4: Consequence of Fiscal Decentralization.**

*Source: Adapted from Bhattacharya et al (2013), based on Smith (2001).*

There are four pillars of fiscal decentralization identified by scholars (Smoke 2003; Bahl and Martinez-Vazquez 2006; Boschmann 2009). As drafted by Smoke (2001), these are:

1. Expenditure responsibilities;
2. Revenue assignments (including tax sources);
3. Intergovernmental fiscal transfers;
4. Sub-national borrowing.
**Expenditure Responsibilities:**

Local governments should have strong dominance over their expenditure responsibilities, which results in production efficiency, and a responsibility to provide necessary services to local peoples, that instigates allocative efficiency. The capability of the local government to respond to the demands of the citizens depends on the tasks assigned to the local level and the degree of freedom of choice prevailing to the local government to make their own budgetary decisions for local public goods. Which also inspires the people to take part in the decision-making process. Even though there is no single expenditure assignment method which fits all countries, World Bank offers a worldwide standard of dissemination of expenditure assignment among various levels of government through different services which are shown in Table-5 below.

**Table 4: Worldwide Expenditure assignment among various levels of government.**

<table>
<thead>
<tr>
<th>Social Services</th>
<th>Transportation</th>
<th>Utility and Other Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Welfare</td>
<td>C</td>
<td>Urban transportation</td>
</tr>
<tr>
<td>Hospitals</td>
<td>C,P,L</td>
<td>Railroads</td>
</tr>
<tr>
<td>Public Health</td>
<td>C,P,L</td>
<td>Airports</td>
</tr>
<tr>
<td>Universities</td>
<td>C,P,L</td>
<td>Ports and Navigable</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Waterways</td>
</tr>
<tr>
<td>Secondary</td>
<td>C,P,L</td>
<td>Urban Highways</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary Education</td>
<td>C,P,L</td>
<td>Interurban Highways</td>
</tr>
<tr>
<td>Housing</td>
<td>C,P,L</td>
<td></td>
</tr>
</tbody>
</table>

*C- Central Government, P: Provincial/Regional Government L: Local Government*

*Source: World Bank (2009).*

**Revenue Assignment:**

Revenue assignment means that a decentralization program must embrace provisions for local governments to acquire the authority to decide on the rates of their taxes and fees. It is also vital that local governments get intergovernmental allocations that provide them the preference to select the amalgam of their public expenditures. Unconditional grants and block grants can afford such discretion, while strongly designated transfers do not (Bird 2000). The freedom of choice to decide on the use of resources makes local government representatives accountable to local voters for the outcomes of public goods.
expenditure. The weakness of the low freedom of choice of the local government to escalate own-revenues; or else the incapacity of the local government to accumulate revenues while they have the discretion; is too much dependence of the local government on the central government for the transfer of revenue.

- **Inter-governmental transfer system:**

The mechanisms that determine the amount of distributable pool and allocation among local governments should be rule-based and local governments should have the discretion to utilize the transfers. Yilmaz and Bindebir (2003) stated that there are four elements of the intergovernmental transfer system which have significant local government discretion and accountability implications:

1) The rules that regulate the aggregate amount of transfer—the distributable pool.

2) The rules that control the allocation of distributable pool among local governments.

3) The motive of the transfer system—an unconditional general grant versus a conditional specific transfer.

4) Management of the intergovernmental transfer arrangement as well as participation in formulating rules for the transfer system

A rule-based transfer arrangement fetches larger steadiness and certainty and thus stimulates well planning and effective service delivery endeavor. But if the distributable pool is determined by the central government in an unplanned and nontransparent way, it generates allocative ineffectiveness and causes increased unpredictability at the local level about the receiving of the transfer revenues. This unpredictability drives to poor budgeting perform and decline the accountability relation concerning local governments and peoples. Likewise, limitations on the expenditure of resources transferred to the local government further reduce the capability of the local governments to respond to the preferences of the peoples. Again, the departmental ministries or departments also get a chance to control over the local governments through a conditional grant.
Local government borrowing:

With proviso and relentless accountability, local governments should be permitted to borrow. Local borrowing can act as a noteworthy source of revenue for local governments, particularly in countries where own source revenues and intergovernmental transfers fall short of responding to local investment requirements. However, irresponsive borrowing practices or too much dependence on subnational borrowing can put macroeconomic equilibrium at risk. Hence, if permitted, local government borrowing should be satisfactorily supervised by the central government by formulating specific rules and procedures of borrowing. Thus, in developing countries, many central governments restrict, regulate, or forbid the issuance of debt by local governments.

World Bank (2010) has developed an analytical framework where, with these four pillars, there are another two primary components of a fiscal decentralization system.

These are 1. Discretion and 2. Accountability.

Discretion permitted to the local government to accomplish fundamental fiscal tasks and tools that embrace the local government accountable for proper use of this discretion. The framework stresses that an authority can be held accountable for executing a particular task only if it has the financial resources and the discretion to execute that task. In the same way, the framework contends that accountability is not a spontaneous consequence of increased discretion and that governments need to make an endeavor to develop arrangements that would embrace local governments accountable. The accountability has two essential elements- one is public accountability, where responsible entities are held accountable by other designated officials, and another is social accountability, where public officials are accountable directly to the peoples.

Figure 5 provides the graphical representation of this relations.
Fig-5: World Bank’s Analytical frameworks for fiscal decentralization (WB 2010).
4.2 Fiscal Decentralization Theories:

4.2.1 Theories of First Generation:

The first generation theory (FGT) of fiscal federalism is allied with decentralization of expenditure responsibilities and centralization of revenue responsibilities for the aim of accomplishing ‘efficacy’ and ‘equity’ in the federation. It stresses the significance of transfers for addressing the problems of vertical and horizontal imbalances. It is basically normative and assumes that federal and sub-national decision-makers are ‘benevolent’ and maximizes the social welfare (Chandra, 2013). Amongst various economic concepts about decentralization of public functions to subnational governments (SNGs,) and the accompanying concern of public finances under decentralized systems, influential contributions were made by Tiebout (1956), Musgrave (1959) and Oates (1972), all of whom placed the strong basis for noteworthy discussions of fiscal decentralization. Olson (1969) also made a significant contribution to his idea of fiscal equivalence. These studies, in harmony with the public choice approach to multi-tier government primarily advanced by Brennan and Buchanan (1980), signifies pivotal works in the first generation literature on fiscal decentralization.

▶ The hypothesis of Tiebout:

In the theory of public finance Tiebout (1956) presented the concept of ‘impure’ or local public goods. He used this concept to examine political and fiscal decentralization with regard to competition among localities, with the movement of peoples among localities providing the instrument for preference exposure. The core of the Tiebout theory is that when peoples choose the jurisdiction which delivers them with the best net benefit then the consumer demand for local public goods can be exposed. He hypothesized that, with movement, consumer-voters choices can be exposed and consumers will end up at, or at least close to, the point where their demand for impure public goods is come across with due acknowledgment of the expenditures of providing this demand. This hypothesis is commonly known as ‘Tiebout sorting’. Tiebout illustrates that when public goods are
delivered by competing localities, sorting in accordance with preferences will prompt an effective provision.

In brief, two key contributions have been made by Tiebout in the analysis of fiscal decentralization. First, he presented the concept that SNGs provide ‘impure’ public goods. Second, he stressed that movement of taxpayers, i.e. voters, between localities denotes the instrument by which people expose their preference for ‘impure’ public goods.

▶ Theory of Musgrave:

In his book The Theory of Public Finance – A Study in Public Economy, Musgrave (1959) presented three diverse divisions of public finance: allocation of resources i.e. provision of public goods and services; redistribution of income; and macro-economic stabilization of economy. In general terms, each branch is separately conditional on steady theoretical analysis. Among these branches, analytical consistency is more challenging because of various and individual assessments of the relative significance of stabilization, income distributions and effectiveness. In the particular public finance perspective on federalism, the Musgravian branches of public finance verified worthwhile in setting the restrictions to fiscal decentralization (stabilization and distribution) and the probable benefits of fiscal decentralization (efficiency).

▶ Fiscal Equivalence Theorem:

Olson (1969) hosted the important concept of ‘fiscal equivalence’ to economics within a general basis for examinations of fiscal decentralization. ‘Fiscal equivalence’ is the concept which suggests that, for each combined good, there is a distinctive ‘boundary’ for which a separate government is required, so that ‘there can be a match between those who receive the benefits of a collective good and those who pay for it’ (Olson, 1969, p. 483).

▶ Oates’s Decentralization Theorem:

The following pivotal contribution was made by Oates (1972) in his essay Fiscal Federalism. Oates discreetly intermingled Olson’s concept of fiscal equivalence with
features of Tiebout’s idea of impure public goods in his theory of fiscal decentralization, although devoid of concentrating directly on domestic movement or sorting. He advanced the decentralization theorem as-

“For a public good – the consumption of which is defined over geographical subsets of the total population, and for which the costs of providing each level of output of the good in each jurisdiction are the same for the central or the respective local government – it will always be more efficient (or at least as efficient) for local governments to provide the Pareto-efficient levels of output for their respective jurisdictions than for the central government to provide any specified and uniform level of output across all jurisdictions. (Oates, 1972, p. 35)”

▶ The Leviathan hypothesis and public choices approach:

The last torrent of the FGT arises from the public choice literature, which reaches back into scholarly history for its stimulus. The concept of the Leviathan was described by Thomas Hobbes in 1660. The Leviathan was called a Commonwealth or State which as an artificial man; although of bigger physique and stronger than the natural, for whose security and protection it was envisioned; and in which the control is an artificial soul, as giving life and motion to the whole body. . .’ (Hobbes, 1660). Brennan and Buchanan (1980) restored the concept of the State as Leviathan. They advanced the assumption that the foremost concern of the government is to tax widely so that they have fiscal resources to expend. In this illustration, the government is a monolithic Leviathan, which all the time look for maximizing its taxes profits. In broad-spectrum, the Leviathan hypothesis and public choices approach to fiscal decentralization described a new perception on government which stressed the main benefit of fiscal decentralization as a dynamism for keeping reduced government.

Overall government invasion into the economy should be minor, ceteris paribus, the larger the scope to which levies and expenses are decentralized, the more homogeneous are the discrete entities, the smaller the jurisdictions, and the lower the net regional rents. (Brennan and Buchanan, 1980)
Limitations of FGT: Gap between Theory and Reality:

In the FGT the federal government is supposed as ‘benevolent’. It also assumes the principal-agent sort of relationships among the central and sub-national governments in which the first can formulate its policy without any consultation with the later. However, the reality may give rather an unlike depiction from that wished-for at the theoretical level. It has been noted that inter-governmental fiscal affairs are conditional on political negotiating and settlement by different governments and political forces in federations. Besides, transfers are often made for vested political advantages. Moreover, the formula used to allocate the equalization transfers also differs from country to country (Chandra, 2012).

4.2.2 Second Generation Theories of Fiscal Decentralization:

A second generation theory (SGT) of fiscal decentralization has started to arise at the end of the last decade of the twentieth century, which extracts concepts from outside the public finance literature. Incentives and knowledge- these two inspiring issues has characterized the emerging SGT. The major studies of emerging SGT, are linked with Weingast (1995), Seabright (1996), Lockwood (2002) and Besley and Coate (2003).

Weingast (1995) presented the idea of market preserving federalism to examine how competing authorities make incentives for reliable commitment and lower transaction expenditures. Weingast demonstrated the market preserving federalism, supposing a hierarchy of governments (the same land and people are ruled by as a minimum two levels of government) with autonomy of each level of government established, in which (i) Sub National Governments (SNGs) have controlling responsibility over the economy, (ii) a common market is ensured so that SNGs are unable to prevent trade in goods and services from other jurisdictions and (iii) SNGs face a hard budget constraint.

On the contrary, for analyzing fiscal federalism Seabright (1996) presented the concept of ‘incomplete contract’. The author illustrates elections as incomplete contracts where some information, in the ‘contract’, is unverifiable. Political accountability can be an organizational motivation for decentralization. On the other hand, centralization could be
more preferred when the mechanisms related with incomplete contract afford larger scope for policy cooperation between different levels of government to internalize inter-jurisdictional fiscal externalities.

The initial point of Lockwood (2002) and Besley and Coate (2003) is Oates's decentralization theorem, but these authors pointed out that goods and services provided by the national government are not essentially homogeneous, as Oates had originally supposed. In their framework, output providing by the national government comprises of locally designed outputs which are decided by the central legislature. Since the national government body always includes locally elected representatives from local constituencies, this framework is undoubtedly feasible.

Lastly, the second generation of the public choice theory is also developing. This is largely connected with the effort of Wagner (2007), which swings concern away from ‘tiers’ of government, and transfer of authorities and responsibilities through tiers, to an emphasis on the competing ‘polycentric’ characteristic of government. This is allied with a focus on the process by which various centers of government respond to demands for publicly provided services in a way that is incorporated into the market economy. Wagner’s basic interpretation on the evolutionary characteristic of polycentric government is more significant than the hierarchical feature of government in which the questions of which functions to be provided at the national and subnational levels of government are addressed (Wagner, 2007), as it is in the orthodox approach to fiscal decentralization. The manner by which governments respond to emerging demand from the community is directly related to the capability to raise their own revenue in an innovative way. Moreover, the emphasis is on government ‘enterprise’, in which some government entities satisfy the role of public service producers and some take on the role of the articulators of the public services (Wagner, 2007).

4.3 Analytical Framework for the Research:

Aimed at developing the Analytical framework for comprehensive analysis in measuring the present status of fiscal decentralization in Bangladesh this paper examines Local
Choice Model and the Principal-Agent Model advanced by Gallagher (1998). Basically, the “Local Choice Model” is more of democratic content, where local government is highly autonomous, its leadership is nominated through the local election, and it is liable to the local voting public. In this model, local public services are the obligation of the local government, which has the authorized capability to execute local taxation. The local legislatures empower local taxes, which, however, must be consistent with the national constitution. Local inhabitants elect their government and there are sufficient local financial base and an organizational capability to facilitate local governments to both mobilize resources and to use them, to afford public goods and services preferred by local electorates. Local governments mobilize their own resources and select how they will be used. They formulate budgets that are voted on, either by local councils or by the broader local electorate.

In contrast, the “principal-agent” model, stressed that the Local government may be elected, but it has few powers or authorities to make it capable of providing services other than those delegated and financed by the central government. If local governments formulate a budget, this is much the same as any central-government budget entity preparing its annual budget demand. A local assembly or electorate need not review this demand. Its approval or alteration is in the hands of a central government agency.

Gallagher (1998) has suggested the following method for measuring the depth and nature of fiscal decentralization and examining the assignments.

**Expenditures:**

1. The nature of public intervention and expenditure is decided by which level of government? Where is the legislative competence (e.g., national parliament or local ordinance)?

2. Which level of government is competent or has the power to administer a function? Does local government administer central government programs?

3. Which level of government will budget and maintain financial control over the expenditure in question?
Revenues:

1. Who has legislative competence with respect to certain revenue laws? For instance, is local taxation authorized by national legislation or by local ordinance?
2. Which level of government will actually collect the specific tax?
3. Which level of government will budget these revenues? For instance, does shared revenue get budgeted by the central government?

Present Upazila Parishad in Bangladesh matches with both the model in a sense that it is elected and is accountable to the people at the grassroots which relates the ‘local choice model’ and according to section- 38(4) of the Upazila Parishad Act, 1998 the central government has the authority to modify the Upazila Parishad’s budget which linkages the ‘principal-agent model’.

In accordance with the reviewed literature and using these two models as theoretical background the dependent and independent variables for this specific research are determined as follows.

Table- 6: Dependent variables, Independent variables and Indicators.

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Independent Variables</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal decentralization of Upazila Parishad</td>
<td>1. Capacity of UZP</td>
<td>Utilizing the Sources of revenue, the volume of the revenue, expenditures ability, training of officials and staffs.</td>
</tr>
<tr>
<td>✓ Generation of Own Source Revenue</td>
<td>✓ Financing through local preference</td>
<td>UZP Act, 1998 (amended in 2009); UZP Budget (Preparation and approval) Rule, 2010; Guidelines for the Usage of UZP Revenue and Development Fund; other UZP related rules, circulars, notifications etc.</td>
</tr>
<tr>
<td>✓ Accountability</td>
<td>2. Rules and regulations</td>
<td>Domination of Member of Parliament, Domination of Upazila Parishad Chairman /Vice Chairman, Domination of Union Parishad Chairmen.</td>
</tr>
<tr>
<td>✓</td>
<td>3. Political factors</td>
<td>Participatory budgeting, access to information, awareness of citizen.</td>
</tr>
<tr>
<td>✓</td>
<td>4. Citizen’s participation</td>
<td></td>
</tr>
</tbody>
</table>
An analytical framework presenting the link between dependent and independent variables with indicators is shown in fig.6.

**Independent Variables**

**Capacity of UZP**
Utilizing the Sources of revenue, the volume of the revenue, expenditures ability, training of officials and staffs.

**Rules and regulations**
UZP Act, 1998 (amended in 2009); UZP Budget (Preparation and approval) Rule, 2010; Guidelines for the Usage of UZP Revenue and Development Fund; other UZP related rules, circulars, notifications etc.

**Political factors**
Domination of Member of Parliament, Domination of Upazila Parishad Chairman /Vice Chairman, Domination of Union Parishad Chairmen/Pouro mayor.

**Citizen’s participation**
Participatory budgeting, access to information, awareness of citizen.

**Fiscal decentralization of Upazila Parishad**
- ✓ Generation of Own Source Revenue
- ✓ Financing through local preference
- ✓ Accountability for resources

**Fig 6: The Analytical framework.**

With the aim of addressing the research question, a framework has been provided in this chapter. Based on this the questionnaire was constructed. The following chapter offers the outcomes of the research, according to which the present status of extent of practice of fiscal decentralization of Upazila Parishad has been analyzed.
This chapter offers the data that has been collected from the study areas and analyzes these with the help of some statistical tools, e.g., MS Word Table and Chart, Microsoft Excel etc. The analysis of the data has been done in accordance with the analytical framework that has been developed previously. At first, the scales of measurement and the analysis techniques are described briefly. Along with, this chapter introduces the profiles of the study areas as well as the respondents. Then the primary data has been presented with the support of MS Word Table and Chart, Microsoft Excel etc. Finally, the empirical data has been analyzed in the light of theory and previously developed analytical framework to answer the research question of this study.

5.1 Measurement Scales and Methods of Analysis:
Along with the analysis of secondary contents, facts and figures and theoretical discourse, primary data has also been collected from the respondents through questionnaires. For the convenience of the data collection, three categories of the questionnaires were developed. One for the Public Representative, one for the Upazila Nirbahi Officer and another one for the Citizen. Structured interviews were also taken from Deputy Director of Local Government (DDLG) and Officer of the Ministry of Local Government, Rural Development and Co-operatives.

The collected data belong to two scales of measurement- nominal and ordinal. Nominal data have been generated from the questionnaire with only ‘yes’ or ‘no’ options. And these data have been analyzed in terms of percentage. Whereas the data which indicate rank order belong to an ordinal scale. In this research, the questionnaire had some queries where the respondents had to answer that on a 5 point scale. For the convenience of analysis simplified techniques have been used, where 1 and 2 are banded together to signify ‘not at all’ or ‘less influence’; 4 and 5 are banded together to signify ‘fully related’ or ‘maximum influence’ and 3 signifies average.
5.2 Profiles of the Study Areas and Respondents:

For accomplishing the objectives of the study three Upazila Parishads were selected purposively. These are- Savar Upazila Parishad in Dhaka district, Dohar Upazila Parishad in Dhaka District and Monohargongj Upazila Parishad in Comilla District. Savar Upazila Parishad is very near to District Headquarter while Dohar UZP is relatively far from the District Headquarter. Again Monohargongj UZP is comparatively a new UZP. The intention of choosing these three UZPs is to find out if there exists any variation between headquarter-proximate and distant UZP and between old and new UZPs in affairs of fiscal matter.

Table-5: Profile of the Study Area

<table>
<thead>
<tr>
<th>Name</th>
<th>Dohar UZP</th>
<th>Savar UZP</th>
<th>Monohargongj UZP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Established in</td>
<td>1983</td>
<td>1981</td>
<td>2005</td>
</tr>
<tr>
<td>Area</td>
<td>121.41 sq. km</td>
<td>280.121 sq. km</td>
<td>159.53 sq. km</td>
</tr>
<tr>
<td>Population</td>
<td>2,26,439</td>
<td>14,42,885</td>
<td>2,44,943</td>
</tr>
<tr>
<td>Rate of Education</td>
<td>57.5%</td>
<td>68%</td>
<td>64%</td>
</tr>
<tr>
<td>Main Occupations</td>
<td>Fishing, Business, Foreign remittance</td>
<td>Business</td>
<td>Agriculture, Fishing, Foreign remittance</td>
</tr>
<tr>
<td>Number of the Unions</td>
<td>08</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>Pourashavas</td>
<td>01</td>
<td>01</td>
<td>-</td>
</tr>
<tr>
<td>Number of Hat-Bazars</td>
<td>34</td>
<td>11</td>
<td>24</td>
</tr>
<tr>
<td>Location</td>
<td>60 km Far from District HQ</td>
<td>27 km Far from District HQ</td>
<td>40 km Far from District HQ</td>
</tr>
</tbody>
</table>

From the aforementioned table-1, it can be found that in terms of area Savar UZP is the biggest among this three UZPs. In its jurisdiction, Savar UZP has 12 Unions and 01 Pourashava which also make it as the UZP having highest number of other LGIs among the three UZPs. It has the largest population which is about 7 times larger than the other two.

For this particular research, a total of 54 respondents were interviewed. Among them 06 are government officials that include 03 Upazila Nirbahi Officers,02 Deputy Directors of
Local Government and 01 official from Local Government Division. The respondents from public representative include 03 Upazila Parishad Chairmen, 04 Vice-chairmen (both male and female), 02 Mayors, and 09 Union Parishad chairmen. The rest 30 respondents are the citizen of the three UZPs. Among the respondents 9 are female and 46 are male and their age range is between 28-62 yrs.

5.3 Analysis of the Capacity of UZP:

For this particular study, one of the independent variables is the capacity of UZP. The major indicators of this variable are i) the sources and volume of revenue of UZP, ii) the expenditure pattern, and iii) capability of officials and staffs regarding the fiscal matters.

5.3.1 The Sources and Volume of Revenue:

According to the Upazila Parishad Act-1998 (Amended in 2011), there are two funds in Upazila Parishad namely- Revenue Fund and Development Fund. Revenue fund is formed through the income from own sources and government grants, whereas the development fund is formed through the ADP allocations from the government and the unspent money of the revenue fund of the previous year.

From the collected data it is found that the own revenue income for 2016-17 FY in Dohar UZP is 2,17,36,291 BDT; Savar UZP is 11,91,84,107.35 BDT and Monohorgonj UZP is 76,40,915 BDT. On the other hand, the development fund for 2016-17 FY in Dohar UZP is 2,28,07,817 BDT; Savar UZP is 4,67,28,634 BDT and Monohorgonj UZP is 2,34,39,541 BDT. Therefore, the total fund for Dohar UZP is 4,45,44,108 BDT, for Savar UZP the total fund is 16,59,12,741.4 BDT and for Monohargonj UZP it is 3,10,80,456 BDT.

According to the data, there is a wide gap in the financial capacity of Upazila Parishads. Monohargonj UZP, the lowest revenue earning UZP among the three, earned 76,40,915 BDT for revenue fund whereas Savar UZP, the highest revenue earning UZP, earned 11,91,84,107.35 BDT, about 15 times more than that of Monohargonj UZP. In case of Development fund, the discrepancy is smaller; Dohar UZP, the lowest recipient among the three, received 2,28,07,817 BDT whereas Savar UZP, the highest recipient, received 4,67,28,634 BDT, about 2 times that of Dohar’s. Although the technical accuracy of this
unaudited figure is not guaranteed, this indicates a wide gap in the financial capacity among Upazila Parishads under study.

Again, if the revenue income and ADP fund received of these three UZPs are compared, it can be found that the revenue income of Savar UZP is more than the ADP fund; the revenue fund is 72% of the total fund and the development fund is 28% of the total fund. Whereas, for Monohargonj UZP, it is vice versa; the revenue fund is 25% of the total fund and the development fund is 75% of the total fund. However, in case of Dohar UZP, the volumes of these two funds are near about the same; the revenue fund is 49% of the total fund and the development fund is 51% of the total fund.

The comparison between the volume of revenue fund and development fund is shown in fig.-7.

![Volume of Revenue Fund and ADP Fund](image)

**Fig 7: Comparison Between the Volume of Revenue Fund and ADP Fund**

### 5.3.2 Revenue Fund:

If the sources of Revenue Fund are analyzed it is can be gathered that despite the different potential sources that are mentioned in the UZP Act, the UZPs are exploiting very few of them. The lion share of the revenue fund of Savar and Monohargonj UZP originated from the 1% of land transfer fees. The percentages of earning from this sector for these two UZPs are 95.20% and 81.14% respectively. However, in case of Dohar UZP maximum
Revenue income is derived from the lease of ferry ghat. The percentage of earning from this sector in this UZP is 61.68%. In fact, Dohar UZP is using maximum sources among these three UZP for raising own revenue. The revenue income of Dohar UZP is coming from 6 (six) heads including rent from a shopping center owned by the UZP that contribute 9.79% to the total revenue fund. On the other hand, in Savar UZP revenue income is derived from 3 (three) heads only. One assigned source of revenue, that is, 2% of land development tax is also not deposited to the fund yet. During the data collection period, they couldn’t show any documents in favor of the deposition. Again in Monohargonj UZP, four sources of revenue fund are utilized. After the 1% of Land Transfer Tax, house rent is the second highest income source for this UZP which contributes 10.95% of the total revenue fund. The below table illustrates the different sources of revenue fund and fig- shows the percentage of contribution of the sources to total revenue fund.

Table-6: Sources of Revenue Fund

<table>
<thead>
<tr>
<th>Sources of Revenue Fund</th>
<th>Name of the UZP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dohar</td>
</tr>
<tr>
<td></td>
<td>Volume in BDT</td>
</tr>
<tr>
<td>House rent</td>
<td>2,17,36,291</td>
</tr>
<tr>
<td>Lease money from Hat-Bazar</td>
<td>1,34,06,767</td>
</tr>
<tr>
<td>2% of Land Development Tax</td>
<td>67,331</td>
</tr>
<tr>
<td>Rent from Shopping Centre</td>
<td>21,27,425</td>
</tr>
<tr>
<td>1% of Land Transfer Fee</td>
<td>26,23,194</td>
</tr>
<tr>
<td>Lease Mony from Ferry Ghat</td>
<td>13,03,049</td>
</tr>
<tr>
<td>Total</td>
<td>9,30,271</td>
</tr>
</tbody>
</table>
Fig- 8: The Percentage of Contribution of Different Sources of Revenue Fund.

However, the extent of land transfer tax, land development tax is based on commercial land value. Hence, Upazilas near commercial hubs could raise more revenue from these property taxes. Among these three UZPs, in Savar UZP, the huge amount of revenue is coming from 1% of land transfer tax because of the location of this UZP. The Savar UZP is an Upazila under Dhaka District, the Capital of the country, and very near to the District Headquarter. Moreover, over the years, the area has seen a big growth of industries. Therefore, the commercial land value of this Upazila is comparatively high than the others. Again, the Dohar UZP is situated on the bank of river Padma, one of the largest rivers of the country. Hence, lease money from ferry ghat brings in maximum revenue. The revenue generation of the Monohargonj UZP is lowest among these three UZPs. The only potential source is 1% of the land transfer fee, and, though the revenue coming from this sector is larger than that of the Dohar UZP, having no other potential sources make the total revenue lesser than the total revenue of Dohar UZP.

However, it is observed that the UZPs are reluctant to generate own source revenue. They always look up at Government for revenue generation. As one Deputy Director of Local Government (DDLG) observed, “The UZPs are not at all trying to generate their own source revenue. They are very much reluctant about it. Even they do not lease out
Jolmahals owned by them, like ponds, properly. Rather they always think that Central Government will take every initiative. This mindset of UZPs makes them almost dysfunctional in terms of revenue generation, though there exist many potential sources.”

5.3.3 Development Fund:

On the other hand, if the contribution of different sources of development fund is explored, it can be found that government allocation and fund transfer of previous year’s unspent revenue are the two sources of UZP’s development fund. From the data, it can be argued that currently the government direct grant is not the major source of revenue for some of the UZPs. Rather the shared revenue and some other own sources of revenue are contributing a lot to raise the earning.

The following table shows the sources and the volume of the Development Fund of this three UZPs.

**Table- 7: Sources of Development Fund**

<table>
<thead>
<tr>
<th>Sources of Development Fund</th>
<th>Name of the UZP</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dohar</td>
<td>Savar</td>
<td>Monohargonj</td>
</tr>
<tr>
<td></td>
<td>Volume in BDT</td>
<td>Volume in BDT</td>
<td>Volume in BDT</td>
</tr>
<tr>
<td>ADP Funded by Government</td>
<td>58,48,000</td>
<td>1,16,33,215</td>
<td>94,31,000</td>
</tr>
<tr>
<td>Special Fund Receive</td>
<td>40,00,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer of Revenue Fund</td>
<td>1,29,59,817</td>
<td>3,50,95,419</td>
<td>1,40,08541</td>
</tr>
<tr>
<td>Remaining</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2,28,07,817</td>
<td>4,67,28,634</td>
<td>2,34,39,541</td>
</tr>
</tbody>
</table>

Fig-9 shows the percentage of contribution from different sources to the development fund.
From the above figure, it can be observed that for all the three UZPs, transfer of previous year’s revenue surplus is the major contributor to the development fund. For Dohar UZP it is 56.86%, for Savar UZP it is 75.10% and for Monohargonj UZP it is 59.76%.

The intriguing fact is that the data shows, currently the ADP Grant is no more the largest income source for some UZPs. Nevertheless, it constitutes a great part of the fund.
According to the fourth schedule of Upazila Parishad Act-1998 (Amended in 2011) power to collect revenue is given to the UZP from following sources—tax on professions, trade and business; tax on entertainments including cinema hall; fees from licenses and permits Upazila Parishad issues; lease money from 

\[\text{hats, bazar, ferry terminals; lease money from water bodies; 1\% of immovable property transfer fees; 2\% of land development tax; street lighting tax; fees on fairs, trade shows, jatras and exhibitions by the private sectors; other taxes or fees prescribed by the Government.}\]

But here it is observed that these three UZPs are exploiting only a few of them for revenue earning. However, there are significant opportunities to use other potential sources and maximize the revenue. As for example, Savar Upazila is a very prominent Upazila where urbanization is taking place rapidly. In its jurisdiction Savar UZP has 373 villages of which 304 have electricity. Since urbanization is happening here quite fast, street lighting can be a significant source of revenue. Again, because of its position, very near to capital city and having good road communication, the business and trades are flourishing here very rapidly. Therefore, tax on trade and business can be another potential sector of revenue earning for this UZP. However, not only in Savar UZP but also in other two; i.e., in Dohar and Monoharganj UZP, street lighting project and imposing tax on trade and business can be the possible source of income. Again fees can be imposed on fairs, trade shows, jatras, and exhibitions which are organized by the private sectors.

However, there are several potential options for the UZPs fixed by the law to raise own resources. But these resources are still untapped. The UZPs are reluctant to mobilize their resources mainly because of unawareness and fear of losing votes. As a Senior Assistant Secretary who works in the Local Government Division of the Ministry of local Government, Rural Development and Co-operatives and also has the experience of serving as UNO for about 4.5 years, noted, “Law has fixed several sources for UZPs to raise their own funds. However, only few of these are explored by most of the UZPs. Unawareness of these provisions may be one of the reasons of it. Another reason is the fear of losing popular vote. Because new tax or fees is always an unpopular matter.”
5.3.4 The Expenditure Pattern:

There are two specific guidelines for using of UZP funds, namely *Guidelines for the Utilization of Revenue Fund* and *Guidelines for the Utilization of Development Fund*, where the details about the procedure of expenditure have been delineated. According to the *Guidelines for the Utilization of Revenue Fund - 2014*, the sectors where the fund can be spent are specified as- Honorarium of Chairman and Vice-Chairmen of UZP; Salary of Staffs; Conservation and Maintenance of Parishad’s owned Structures and other Assets; Payment of Utility Bills; Purchasing Office Equipments, Furnitures, Electronics Equipments; Payment of Land Development Tax, Municipality Tax; Vehicle Repairing; Unexpected Expenditure and Miscellaneous. Whereas the *Guidelines for the Utilization of Development Fund - 2014* has identified several broad areas where the development fund can be used. As for example- Communication and Physical Infrastructure Development; Agriculture and Irrigation; Education; Health and Family Planning; Youth and Sports Development; Women and Children Development; Social Welfare; Freedom Fighter; Fisheries and Livestock; Rural Development and Cooperatives; Culture; Environment and Forest; Market Price Observation, Monitoring and Control; Finance, Budget, Planning and Local Resource Mobilization; Public Health, Sanitation and Pure Water Supply.

5.3.5 Revenue Expenditure:

If the collected data for revenue expenditure of these three UZPs are scrutinized, it is found that, for 2016-17 FY, in Dohar UZP the highest revenue expenditure areas are Staff Salary and Entertainment, which is about 24% of the total expenditure. While in Savar UZP, the highest expenditure has been made for Purchasing Furniture, Office Equipment, and Electronic Equipment, which is about 30% of the total expenditure. And the highest expenditure sector for the Monohargonj UZP is House Repairing sector which accounts for about 30% of the total revenue.

It is to be noted that in Savar UZP, the provision for Honorarium from the revenue fund for the UZP Chairman, Vice-Chairmen (both Male and Female) remains unused as those
elected personnels stand suspended due to cases filed against them in Courts. So these posts are actually temporarily vacant now.

In fact, similar to that of the central government the Upazila Parishad pays salaries and allowances for Upazila Parishad staffs, honorarium for elected representatives and operation and maintenance expenditure of Upazila Parishad services from its revenue fund. The data is shown in the Table as given below.

**Table-8: Revenue Expenditure of Three UZPs in FY 2016-17**

<table>
<thead>
<tr>
<th>Area of Expenditure</th>
<th>Dohar</th>
<th>Savar</th>
<th>Monohargonj</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount in BDT</td>
<td>Amount in BDT</td>
<td>Amount in BDT</td>
</tr>
<tr>
<td>Honorarium</td>
<td>10,44,00</td>
<td>-</td>
<td>5,94,000</td>
</tr>
<tr>
<td>Salary of Staff</td>
<td>2,40,00</td>
<td>6,22,860</td>
<td>3,30,000</td>
</tr>
<tr>
<td>Conservation &amp; Maintenance of Building and houses</td>
<td>-</td>
<td>12,75,000</td>
<td>6,85,000</td>
</tr>
<tr>
<td>Vehicle Repairing</td>
<td>50,000</td>
<td>-</td>
<td>12,500</td>
</tr>
<tr>
<td>Observing National Day</td>
<td>1,00,000</td>
<td>-</td>
<td>1,00,000</td>
</tr>
<tr>
<td>Purchasing of Furniture</td>
<td>-</td>
<td>2,50,000</td>
<td>-</td>
</tr>
<tr>
<td>Purchasing of Office &amp; Electronics Equipment</td>
<td>-</td>
<td>14,26,000</td>
<td>95,000</td>
</tr>
<tr>
<td>Utility Bill, Land &amp; Municipality Tax</td>
<td>2,22,727</td>
<td>-</td>
<td>2,75,000</td>
</tr>
<tr>
<td>Maintenance of Water Pump</td>
<td>-</td>
<td>-</td>
<td>1,45,000</td>
</tr>
<tr>
<td>Solar Panel</td>
<td>-</td>
<td>4,99,500</td>
<td></td>
</tr>
<tr>
<td>Unexpected Expenditure</td>
<td>-</td>
<td>-</td>
<td>15,000</td>
</tr>
<tr>
<td>Entertainment</td>
<td>2,40,000</td>
<td>2,40,000</td>
<td>40,000</td>
</tr>
<tr>
<td>Contengency &amp; Miscellaneous</td>
<td>48,000</td>
<td>5,49,470</td>
<td>12,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,05,127</strong></td>
<td><strong>48,62,830</strong></td>
<td><strong>23,03,500</strong></td>
</tr>
</tbody>
</table>

In section 6(a) of the **Guidelines for the Utilization of Revenue Fund-2014** it is stated that after spending of this regular expenditure the remaining fund has to be divided in following ways:

1. Projects under implementation by UZP, roads, bridges, culverts, visible projects, education sector, UZP’s income generating projects etc. 90%
2. Reserve 10%
But for the complex and time-consuming process of approving such projects from Local Government Division, none of the UZPs of these three took any project under revenue fund. Again, in section 6(c) provision has been made to transfer the unspent revenue fund to development fund within 30 June of each FY. UZPs are following this provision, though the technical error is also found in this process.

The following figures show the percentages of the total revenue expenditures of these three UZPs.

**Revenue Fund Expenditure of Monohargongj UZP in FY 2016-17**
- Honorarium
- Salary of Staff
- Conservation & maintenance of B & H
- Vehicle Repairing
- Purchasing of Equipment
- Utility Bill, Land & Municipality Tax
- Maintenance of Water Pump
- Unexpected Expenditure
- Entertainment
- Contingency & Miscellaneous
- Observing National Day

**Revenue Fund Expenditure of Dohar UZP for FY 2016-17**
- Honorarium
- Salary of Staff
- Vehicle Repairing
- Utility Bills, Land & Municipality Tax
- Contingency & Miscellaneous
- Observing National Day
- Entertainment

**Revenue Fund Expenditure of Savar UZP for FY 2016-17**
- Salary of Staff
- Conservation and Maintenance of B & H
- Purchasing furniture
- Purchasing solar panel
- Purchasing Office and Electronic Equipments
- Entertainment
- Contingency & Miscellaneous

*Fig 10: Percentage of Total Revenue Fund Expenditure.*
5.3.6 Development Expenditure:

According to the section 4 of the *Guidelines for UZP Development Fund Utilization-2014*, the Local Government Division divides the total ADP, approved by the Parliament, in line with the following method:

<table>
<thead>
<tr>
<th></th>
<th>A. Construction/reconstruction/extension/ repairing and maintenance of UZP buildings</th>
<th>15%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B. General</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>C. Study tour in home &amp; abroad</td>
<td>3%</td>
</tr>
<tr>
<td></td>
<td>D. Unexpected sector (natural disaster)</td>
<td>2%</td>
</tr>
<tr>
<td></td>
<td>E. Special grant for backward Upazila (in accordance with the intent of LG Minister)</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>F. Special grant for ongoing project (in accordance with the intent of LG Minister)</td>
<td>5%</td>
</tr>
</tbody>
</table>

The 50% allocation of the General sector is further divided among the UZPs according to the following method:

1. Population-35%
2. Area-35%
3. General-30%

In section 2(D) of the *Guidelines for UZP Development Fund Utilization-2014*, the discretionary power for Upazila Parishad to choose development projects according to local demands has been given. However, if the Upazila Parishad prefers sector-wise allocation, in section 6, this guideline provides sector-wise allocation of ADP as shown in Table below.

*Table -9: Sector-wise allocation of ADP as per the Guidelines for UZP Development Fund Utilization-2014*

<table>
<thead>
<tr>
<th>SL. No</th>
<th>Sector</th>
<th>Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td><strong>Agriculture &amp; Small Irrigation-</strong></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>A) <strong>Agriculture &amp; Irrigation:</strong></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Intense Crops Program, Demonstration Farm, Providing Seeds, Social Forestation with Roadside Tree plantation, Cultivation of Fruits and Vegetables, Water Drainage &amp; Irrigation, Construction of Small Flood Preventing Dam &amp; Small Irrigation Infrastructure.</td>
<td>10%</td>
</tr>
</tbody>
</table>
**Fisheries & Livestock:** Conservation and Development of Fisheries, Development of Livestock, Pond Excavation & Renovate of Old Pond, Rural Fisheries Farm.

**Small & Cottage Industries:** Small & Cottage Industries Workshop Program, Training for Expertise Development & Extension of Income Generating Program Etc.

### 2. Physical Infrastructure

**A) Transportation & Communication:** Construction of Roads, Village Works Program, Smalls Bridge, Construction/ Reconstruction & Development of Culvert.

**B) Public Health:** Rural Public Health, Providing Pure Water System, Low-Cost Sanitary Latrine, Prevention of Arsenic Problem etc.

### 3. Socio-Economic Infrastructure

**A) Education:** Development of Educational Institute, Classroom, Play Ground and Providing Means of Education.

**B) Health & Social Wellbeing:** Health-Related Hygiene, Family Planning, Primary Health Care, EPI Program, Medical Service to Arsenic Affected People, and Social Welfare Program with Youth & Women welfare.

**C) Youth, Sports & Culture:** Youth Activities, Games, Sports, Cultural Activities, Development of Children’s Physical, Mental & Cultural state.

**D) Women and Children Welfare:** Social Welfare along with Women Welfare.

**E) Miscellaneous:** Birth & Death Registration, Relief Works, Upazila Survey & Monitoring of Development Work (up to 1%), Climate Change Mitigation, Scouting/ Girls Guide (not more than 1%).

However, the sector-wise ADP allocations of these three UZPs in FY 2016-17 are as shown in the table below.

**Table-10: ADP allocations of Dohar, Savar and Monohargonj UZP.**

<table>
<thead>
<tr>
<th>Name of the UZP</th>
<th>Sector of ADP Allocation</th>
<th>Total Amount of BDT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Agriculture &amp; Small Irrigation</td>
<td>Physical Infrastructure</td>
</tr>
<tr>
<td></td>
<td>Amount in BDT</td>
<td>Amount in BDT</td>
</tr>
<tr>
<td>Dohar</td>
<td>9,63,000</td>
<td>1,89,53,666</td>
</tr>
<tr>
<td>Savar</td>
<td>-</td>
<td>4,54,73,634</td>
</tr>
<tr>
<td>Monohargonj</td>
<td>15,47,647</td>
<td>63,51,787</td>
</tr>
</tbody>
</table>
The percentage is shown in fig below.

**Fig. -10: Percentage of ADP utilization of Dohar, Savar and Monohargonj UZP.**

From the data, it is observed that much of the utilization of the Development Fund goes to develop the physical infrastructure, while Agriculture & Small Irrigation and Socio-Economic Infrastructure Development is the less-endeavored arena. It also indicates that the UZP enjoys discretionary power over the expenditure of development fund and can choose projects according to the local preference.

Likewise, if the total percentage of expenditures is considered, it is found that the percentages of the revenue fund expenditures in regarding of total revenue income for these Dohar, Savar and Monohargonj UZPs are 5%, 4%, and 30% respectively. While the percentages of the development fund expenditures for these three UZPs are 96%, 100%,
and 45% respectively. Again, if the aggregate expenditure for both revenue and development fund is considered, it is seen that in FY 2016-17 Dohar UZP has spent 52% of the aggregate fund, Savar UZP has spent 31% of the aggregate fund and Monohargongj UZP has spent 41% of the aggregate fund.

![Fig-11: Percentage of Expenditure of Aggregate Fund.](image)

The data, therefore, shows that the UZPs lack competence to utilize their revenue satisfactorily, especially in case of the expenditure of the revenue fund.

### 5.3.7 Sketching the Fiscal Flow:

To map the actual fiscal flow of UZP is complicated. Not only the own source revenue of UZP or ADP grant or another direct grant from government is the source of fiscal flow but also there are other fiscal sources like budget from line ministries of transferred departments or allocation from local MP, which makes the actual fiscal flow of UZP a complex one. Every UZP has officers from line ministries who have their own budget, both revenue and development budget, allocated by the central government. They implement projects and deliver services using this budget. In case of revenue budget, different ministries and departments keep the budget mainly for the salary of their departmental officers in UZP and allocated this to the Ministry’s code, not in the UZP code. Although in the section -35(2c) of the Upazila Parishad Act-1998 (amended in 2011), a provision has been made that the fund given by the government for the salary, allowance and other expenditure of transferred department should be deposited to the revenue fund of the
UZP, but it is yet to be implemented. As a result, such funds used in Upazila are mostly not shown in Upazila Parishad’s budget. In terms of Development Budget, each ministry or department implements projects at Upazila level but controls them from central or district level and allocated fund in Ministry’s head, not in UZP’s head. Social Safety Net Program (SSNP); such as Food For Work (FFW), Employment Generation Program for the Poorest (EGPP); is the best example of it where the program is implemented in UZP jurisdiction but the fund is not integrated into the UZP budget. Again, under the Important Rural Infrastructure Development Project on Priority Basis (IRIDP), each Member of Parliament (MP) gets fund from the government to develop his/her constituency. This project is implemented by Local Government and Engineering Department (LGED), but this is also not reflected in the UZP budget. This multifaceted arrangement creates the difficulty to map the actual fiscal flow of UZP.

**Fig. 12: Fiscal Flow of UZP (Based on UZP Act, Guidelines for Revenue and Development Fund Utilization etc.)**
Law has made the provision to integrate the budget of transferred departments with the budget of the respective UZP. But it is yet to be implemented. Along with the salary and allowances for the departmental staffs the transferred department also get budget especially for poverty alleviation and social protection of local people. For this purpose a significant amount of resource has been channeled from Ministry of Finance to Upazilas through various other Ministries and Departments. SSNPs, FFW, EGPP, VGF, and VGD etc. are the best example of it. Most of the expenditure of the transferred departments is development centered and social safety net to the inhabitants of the Upazila. This expenditure has been overwhelming majority of expenditure at the Upazila. But, hitherto the received fund from the line ministries as well as the expenditures of the transferred departments is a ‘Missing Link’ in UZP budget. Another important ‘Missing Link’ of UZP budget is the MP’s allocations in the constituency under Important Rural Infrastructure Development Project on Priority Basis (IRIDP) program which is basically implemented and supervised by the LGED. Due to this ‘Missing Links,’ UZPs play a limited role in the decision-making of such departmental budget. It also limits the level of involvement and the ability of UZP to plan.

It is to be noted here that there are about 17 other non-transferred departments (e.g. - Land, Police, Rural Electrification Board, Railway etc.) working in Upazilas. Among them some are earning a significant amount of revenue and also spending it in Upazila’s premises. Their budget is also excluded from the UZP’s budget.
5.3.8 The Capability of Officials and Staffs Regarding Fiscal Matter:

According to the theoretical framework of this particular study, another important indicator of the independent variable the Capacity of the UZP is the capability of Officials and Staffs Regarding Fiscal Matter. To assess this indicator, the related respondents have been asked a question that whether they or other responsible persons got any training on financial management, budget preparation, annual and five years planning or not. All the respondents of the three UZPs replied negatively. Actually, the capability of the UZP’s officials and staffs regarding the fiscal matter is scarce. There is no trained personnel to prepare a budget or annual and five years planning. Due to this reason, during the data collection, it was very difficult to get accurate data related to the financial matter. As a consequence, the technical accuracy of the collected data cannot be guaranteed here.

The weakness in financial management is also found in case of transferring the previous year’s revenue surplus to current year’s development fund. In section 6(c) of the Guidelines for the Utilization of Revenue Fund-2014, it is stated that after 30th of June the unspent money of the revenue fund has to be deposited in the development fund. But this direction is not fully followed by the UZPs. One of the UZPs in this study, transferred a portion of the unspent money from the revenue fund to the development fund for the first time in 2016-17 FY. Before that no such fund transfer was made, therefore, a significant amount of remaining balance is found in revenue fund. However, even in 2016-17 FY, not the total remaining balance but a portion of it was transferred to the development fund. So, the difficulty arises when the comparison has to be made with other UZP.

The shortage of staff also reduces the capability of UZP. All the financial records and documents are kept and reserved in UNO office. Though there is no post of accountant in UNO office, UNO assigns one of the current staffs to do the job. Overwhelmed by other duties, it is very tough for the staff to maintain all procedures accurately.
Thus, shortage of staff, lack of efficiency due to lack of training in financial management make the UZPs capacity feeble to be financially well managed or in other words to possess financial management capacity.

*The Budget, Annual and Five years Plan:*

During the survey, the budget document was found in two UZPs among the three. They prepared the budget according to the prescribed form provided in the Upazila Parishad Budget (Preparation and Approval) Rules-2010. Again, no Annual Development Plan is found in these three UZPs. And only one of the three UZPs prepared their Five Years Development Plan (2015 FY-2019 FY) with the assistance of Upazila Governance Project (UZGP). According to the respondents, lack of trained personnel and lack of awareness are the main reasons for not being to able to prepare Budget and Annual Development Plan or Five Years Development Plan.

5.4 Analysis of the Legal Aspects:

5.4.1 The Financial Related Rules and regulations for UZP:

The *Upazila Parishad Act -1998 (Amended in 2011)* is the principle law to outline the composition and function of Upazila Parishad. Together with the structures, roles, duties, and powers of UZPs, this Act also specifies administrative and financial management, decision-making process, human resources of UZPs and others. The composition of the funds of the UZPs, maintenance, and application of the funds, budget, accounts, audit, properties of UZPs, development planning, imposing taxes, fees or tolls by the UZPs etc. are described briefly from the article-35 to article-49 of the Act. Whereas the fourth schedule of the Act specifies the areas of the revenue generation of UZPs.

*Upazila Parishad Manual,* published by the Local Government Division (LGD) with the support of Upazila Governance Project (UZGP), is a government acknowledged compilation where all the necessary Act, rules and regulations are compiled for the UZP.
to operate accordingly. Besides the Act, the Upazila Parishad manual compiles a total of 12 secondary legislative mechanisms, specifically 07 rules, 02 charter of duties, 02 guidelines and 01 policy. Among the seven rules, the *Upazila Parishad Budget (Preparation and Approval) Rules-2010* plays an important role in maintaining the fiscal discipline of UZPs. This Rule provides comprehensive details for the preparation of the budget. Other important legal means are the two guidelines, namely, *Guidelines for the Utilization of Revenue Fund-2014* and *Guidelines for the Utilization of Development Fund-2014*. These two guidelines exclusively deal with the fund utilization, i.e., the expenditure aspect of the UZPs. The only policy, the *Policy of Hat-Bazaar Management, Lease Process, and Distribution of those Income, 2011*, is another important legitimate tool of UZPs which provides the legal basis for earning revenue from the ijara of hat-bazar.

However, according to the Article-63(2) of The Upazila Parishad Act -1998 (Amended in 2011) several other rules and regulations including tax-related issues; accounts auditing; preparation, consolidation, and implementation of the development plan, are yet to be finalized.

### 5.4.2 Respondent’s Opinion Regarding Legal Aspect:

While being asked that ‘how much the present legal frameworks, i.e., the related laws, regulations, guidelines etc. are favorable for the Upazila Parishad to be financially sound, accountable and transparent?’ 72% of the respondents answered that the present legal frameworks are favorable enough.

Again, regarding the financial management, 44% of the respondents believe that the UZPs have moderate authority, 32% believe UZPs have less authority and rest 24% believe UZPs have enough authority.

Also, 51% of the respondents think that the present legal frameworks are moderately favorable to generate new revenue sources. Whereas 23% think that this is quite favorable and 24% think it is less favourable.
Furthermore, 68% of the respondent considered that the present legal frameworks are quite favorable to spend resources according to local preferences while 32% consider the present legal frameworks as moderately favorable.

5.5 Analysis of the Political Factors:
The section 25(1) of The *Upazila Parishad Act -1998 (Amended in 2011)* made provision for the Member of Parliament as the Advisor of the UZP and in article 25(2) it is stated that if the UZP needs to communicate with Government regarding any issue, the Member of Parliament should be keep informed. Sometimes this advisory role of MP can obstruct the discretionary power of UZP. Again, according to the Guidelines for Development Fund Utilization-2014, the Local Government Division preserves 25% of the total ADP budget, approved by the parliament, for the backward UZP as a special grant and 5% of the total ADP budget for the ongoing projects as a special grant. In both cases, the allocation will be made according to the intent of the LG Minister. This provision may create a loophole or political biases in the allocation of ADP.

However, the data shows that 67% of the respondents have opined that the MP has an involvement in the financial related decision-making process of UZP. But 86% of the respondents think that there is no political influence in case of fund transfer from ministry to UZP.

Again, it is found that 81% of the respondents think that the political affiliation of the UZP chairman affects the resource mobilization of UZP. Besides, 90% of the respondents think that the political affiliation of the UZP chairman affects the expenditures of UZP. On the other hand, the data shows that the respondents think the political affiliation of UZP vice-chairman (both male and female) have no significant impact on resource mobilization and expenditures of UZP. On the contrast, 81% of the respondents believe that the political affiliation of UP chairman affects the expenditures of UZP whereas it is found insignificant in case of resource mobilization of UZP.

Furthermore, if the influence of the political actors of UZP on financial affairs is assessed, it is found that MP scored the highest (average 4.81). The UZP chairman scored the second
highest (average 4.48), while the data shows that the vice-chairman (both male and female) and the mayor of Pouroshava (if any) have the less influence on financial affairs of UZP.

5.6 Analysis of the Citizen’s Engagement:
To analyze civic engagement in UZP’s activities and civic perception about the accountability and transparency of UZP, 30 citizens (10 from each Upazila) were interviewed. The data shows that 43% of the respondents think that the main activity of UZP is the construction of the road, bridge, culvert etc. 23% of them think that development of education is the main activity of UZP. 17% of the respondents think that health and family planning-related development is the main activity of UZP while another 17% think that development of agriculture is the main activity of UZP.

Again, 90% of the respondents noticed the Citizen Charter in UZP premises, while 10% had no idea of it. Among the respondents (who had the idea of citizen charter) 63% opined that the Citizen Charter is being followed properly. Besides, 56% of them considered that the UZP is not enthusiastic to provide information to the people.

On the topic of the Right to Information Act (RTI), 77% of the respondents told that there was no designated officer to provide information, while 23% of them had no idea of it. But 90% of them noticed the complaint box in UZP complex but never made any complaint.

Regarding the engagement of the community people in development planning, budgeting, and implementation process of UZP 43% of the respondent had no idea while 33% of the respondents responded negatively and only 6% of the respondents gave an affirmative answer. Again, 77% of the respondents told that they had no idea of project implementation by UZP.

Concerning the budget of the UZP, all the respondents told that they never attended the budget meeting. But regarding the budget information, 10% of the respondents said that it was available, 33% of them said that it was not available and 57% of them had no idea of it.
5.7 Analysis of the Variation between Headquarter-proximate and Distant UZPs and between Old and New UZPs in the Affairs of Fiscal Matter:

Lastly, if the variation between headquarter-proximate and distant UZP and between old and new UZPs in the affairs of fiscal matter is considered the empirical data shows that for revenue earning both the criteria may impact. Savar UZP is nearer to the district headquarter than Dohar UZP and the revenue earning of Savar UZP is about five times more than that of the Dohar UZP. Again, Monohargonj is the newest UZP among these three and the revenue earning of this UZP is also the lowest among these three. So it can be argued that the financial capacity of the headquarter-proximate UZP and the relatively old UZP is more than that of the distant UZP and the new UZP. On the other hand the empirical data shows that in case of expenditure the ‘headquarter-proximate and distant’ or ‘old and new’ criteria do not matter significantly.

5.8 Implications of Findings:

From the empirical data and the qualitative observations, it can be argued that presently the fiscal decentralization of Upazila Parishad in Bangladesh is at the least desirable level. With the centrally regulated limited local revenue-raising power, the UZPs are struggling to lift there own revenue. Lack of awareness along with some socio-politico factors make the UZPs mainly reliant on government initiative to enhance the revenue. But currently, a positive trend is found that the ADP fund is no more the largest source of revenue for some UZPs, mainly because of the shared revenue that they get from 1% of land transfer tax or 2% of land development tax. However, it is also found that some UZPs have their own revenue resource which is larger than the shared revenue or the government grant. As for instance, the lease money of ferry ghat of Dohar UZP constitutes 61.68% of its total revenue fund and it is also larger than the government grant.

Again the data reveals that for spending revenue fund the UZPs enjoy a limited discretionary power, while for spending development fund they enjoy full discretionary power. But, according to the data, the UZPs lack the competence to spend their revenue fund at a satisfactory level, whereas the expenditure of development fund is satisfactory
enough. The findings also indicate that the UZPs can spend according to their local preference but some local socio-politico factors may hinder it.

For the accountability indicators, the data shows that UZPs are less accountable to the citizen. The budget is not participatory, citizens are less aware of the day to day function of UZP and the RTI Act is not followed properly, which obstruct the UZP to be more citizen-oriented.

However, the following table summarizes the findings in the light of the analytical framework.

Table 11: Summary of the findings in the light of the analytical framework.

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capacity of UZP</strong></td>
<td></td>
</tr>
<tr>
<td>Utilizing the Sources of revenue, the volume of the revenue, expenditures ability, training of officials and staffs.</td>
<td>1. Very few sources are used to generate revenue; 2. At present volume of own revenue of some UZP is larger than the Government Grant; 3. The ability of revenue fund expenditure is limited due to the complexity of rules and regulations, on the other hand, UZP enjoys discretionary power over the expenditure of development fund; 4. Training of officers and staffs is insufficient.</td>
</tr>
<tr>
<td><strong>Rules and regulations</strong></td>
<td>Though maximum respondents thought that the available rules and regulations of UZP are quite enough to be financially sound, accountable and transparent but several other important rules and regulations are yet to be finalized.</td>
</tr>
<tr>
<td><strong>Political factors</strong></td>
<td></td>
</tr>
<tr>
<td>Domination of Member of Parliament, Domination of Upazila Parishad Chairman /Vice Chairman, Domination of Union Parishad Chairmen</td>
<td>1. MP has the highest influence on the fiscal matter of UZP among the other political actors which indicates the political intervention. 2. The political affiliation of UZP Chairman affects both revenue generation and expenditure of UZP.</td>
</tr>
<tr>
<td><strong>Citizen’s participation</strong></td>
<td></td>
</tr>
<tr>
<td>Participatory budgeting, access to information, awareness of citizen.</td>
<td>1. Budget is not participatory, 2. Citizen’s access to information regarding the fiscal matter is narrow, 3. Awareness of citizen is low.</td>
</tr>
</tbody>
</table>
Finally, if the four pillars of Fiscal Decentralization is concerned the following inferences can be drawn:

<table>
<thead>
<tr>
<th><strong>Pillars of FD</strong></th>
<th><strong>Present Status of UZP in Bangladesh</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure responsibilities</td>
<td>To some extent enjoy the discretionary power and spend according to local preference.</td>
</tr>
<tr>
<td>Revenue assignments</td>
<td>Limited control to raise own revenue</td>
</tr>
<tr>
<td>Intergovernmental fiscal transfers</td>
<td>Unconditional grant</td>
</tr>
<tr>
<td>Local government borrowing</td>
<td>No borrowing power</td>
</tr>
</tbody>
</table>

Therefore, from the above analysis of the findings, it can be argued that presently the fiscal decentralization of Upazila Parishad in Bangladesh is at the least desirable level. In affairs of financial management, UZPs have limited authority to raise own revenue but to some extent have the discretionary authority to spend it according to local preference. However, the weak capacity of UZPs due to lack of training, shortage of manpower, absence of some important rules and regulations and lack of awareness along with some socio-politico factors hinder the UZPs evolution to be financially sound, accountable and transparent.

The next chapter is the ending chapter of this study that summarizes the overall depictions and retraces the research questions and finally wraps up with a conclusion.
Chapter VI

SUMMARY AND CONCLUSION

This chapter encapsulates the entire depictions and retraces the research questions. Then it illustrates some policy implications and finally wraps up with a conclusion.

In this study, the foremost research question is - What is the present status of Fiscal Decentralization in Upazila Parishads? And the two derived questions are - How much authority do Upazila Parishads have in affairs of financial management? And Do Upazila Parishads have adequate legal frameworks and human capacity to be financially sound, accountable and transparent? To find the answer to these questions, the study was accomplished by a mix of both qualitative and quantitative approach. The data were collected from three UZPs, namely Savar, Dohar and Monohargonj UZP through a questionnaire survey. Opinions were also taken from Deputy Director of Local Government and Ministry personnel. Besides, contemporary literature regarding local government and fiscal decentralization was studied to examine the findings.

After analyzing the empirical data and exploring the findings, this study argues that currently, the practice of fiscal decentralization of Upazila Parishads in Bangladesh is less than a desirable level. In affairs of financial management, they enjoy limited authority. The data shows that though the scope of revenue generation is limited due to some legal and socio-political factors, there are still some untapped potential resources also. The expenditure pattern shows that the UZP can spend according to local preference. Again, though the respondents assume that the present legal frameworks are adequate enough, there still several other rules and regulations including tax-related issues; accounts auditing; preparation, consolidation, and implementation of the development plan, which are yet to be streamlined or finalized. Lastly, based on the findings this study argues that lack of skilled human resource inhibits the ability of the UZPs to be financially sound, accountable and transparent.
6.1 Policy Implications and Beyond:

Population size and Area: Does It Fit For All?

The empirical data of this study finds that the population and area generally have no role in UZP’s performance of own-source revenue mobilization. Both the larger - densely populated UZP and smaller- less populated UZP can have the potential to raise own revenue. In this study, Savar UZP is the largest and most densely populated UZP among the three UZP and its volume of revenue fund is also the highest among the three UZP. On the other hand, between Dohar and Monohargonj UZP, the second one is the largest and most densely populated but its volume of revenue is less than the first one. The data also shows that the population and area do not play any role even in the UZP’s competence of expenditure or UZP’s accountability.

But in case of ADP allocation, the population and the area impact significantly. The ADP grant from LGD is divided to UZP considering the area (35%) and population (35%) of the UZP. Therefore, the larger and densely populated UZP gets more ADP grant than the smaller and less populated UZP. The justification of transferring funds is grounded on the notion that local governments are not capable to generate the necessary revenues, and therefore, to correct the functional and fiscal disparities the transfers from the central government to local governments are necessary. But considering the population and area may not always justify the notion. However, drawing attention to this matter one of the UZP chairmen said, “For ADP allocation Government should revisit their policy of considering population and area of UZP. Rather Government can categorize the UZP based on their revenue earning and then allocate the ADP as per real need and capability.”

Upazila Parishad vs Pouroshava: scuffle of status:

At present Local Government system of Bangladesh, there are too many tiers. Sometimes it causes overlapping of jurisdiction, power, and function. It also limits the revenue generation of LGIs. In an Upazila’s jurisdiction, there can be another two Local
Government Institutes- Pouroshava and Union Parishad. The functions of these three LGIs overlap many ways. In case of UZP and UP, the area of functions may overlap but there is no rivalry of power or status. But between UZP and Pouroshava, the scenario is different. The UZP chairman and vice chairmen are directly elected by the people including the voter of the pouro area. But the law has barred UZP to spend revenue within the pouro area. Again, the Mayor of the Pouroshava is a member of UZP by law and supposed to be present in Upazila Parshad’s meetings. But in reality they are not interested to attend the UZP meetings. They remain absent in the meeting or send a representative on their behalf. While interviewed, one of the mayors, with a strong voice, repeatedly told that he never go to UZP. Actually, a tug of war of status is existing between the UZP chairman and Pouroshava mayor which also hampers the main essence of decentralization effort and thus the scope of effective practice of fiscal decentralization. To overcome this situation the role and power of every tier of LGI should be well defined by the Government.

6.2 Conclusion:

In Bangladesh, among the other Local Government Institutions, the Upazila Parishad is relatively a new endeavor. So, the decentralization process of Upazila Parishad faces many challenges. For being financially decentralized, the first it needs the capacity building of Upazila Parishad. Training on fiscal matters, such as budget preparation, is imperative for Parishad’s personnel. Then E-governance should be introduced for better accountability and transparency of the UZP. Though this study argues that at present, in terms of fiscal decentralization the Upazila Parishad’s position is less than desirable level, and still it has to travel a long in order to reach the desirable level of fiscal decentralization at the local level.
References


Chowdhury, Mohammad Shahjahan and Chowdhury Abdullah Al-Hossienie (2012). Quest for an Effective and Efficient Local Government: Local Government in Japan and


Nadiruzzaman, Md. (2008) Rural Local government and state politics in Bangladesh, Durham theses, Durham University. Available At Durham E-Theses Online: http://etheses.dur.ac.uk/2238/


Annexure-I

Questionnaire for the Upazila Nirbahi Officer

The objective of this questionnaire is to collect data for the requirement of a thesis, titled An Analysis of Fiscal Decentralization of Upazila Parishad in Bangladesh: Tapping the Untapped, which is a part of the Master in Public Policy and Governance (MPPG) program in North South University. The intention of the collection of information is fully academic and this will be used for this research purpose only.

Please put tick (✓) marks where needed.

A. Basic Information of the Respondent:
1. Age:
2. Gender: [ ] Male     [ ] Female
3. Posting Place:
4. Tenure as UNO: [ ] < 1 year [ ] > 1 year to 2 years
   [ ] > 2 years to 3 years [ ] > 3 years

B. Profile of the Upazila:
5. Please mention the following.
   i. Area:
   ii. Population:
   iii. The rate of Education:
   iv. Main Occupations:
   v. Number of the Unions:
   vi. Number of the Pourashavas:

C. Information related to Resource Mobilization:
6. Please mention the sources of revenue fund of this Upazila as follow.

<table>
<thead>
<tr>
<th>SL. Number</th>
<th>Sources of Revenue Fund</th>
<th>Volume (2016-17)</th>
<th>Percentage(%) of Total Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>01.</td>
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<td></td>
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</tr>
<tr>
<td>02.</td>
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<tr>
<td>03.</td>
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<td>04.</td>
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<td>05.</td>
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<tr>
<td>06.</td>
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<td>07.</td>
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<td>08.</td>
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<td>09.</td>
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<td>10.</td>
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<td>11.</td>
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<tr>
<td>12.</td>
<td></td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

You can add more options on extra pages.
7. Please mention the sources of development fund of this Upazila as follow.

<table>
<thead>
<tr>
<th>SL. Number</th>
<th>Sources of Development Fund</th>
<th>Volume (2016-2017)</th>
<th>Percentage(%) of Total Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>01.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>02.</td>
<td></td>
<td></td>
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<tr>
<td>03.</td>
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</tr>
<tr>
<td>04.</td>
<td></td>
<td></td>
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<tr>
<td>05.</td>
<td></td>
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<tr>
<td>06.</td>
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<td></td>
<td></td>
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<tr>
<td>Total</td>
<td></td>
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</tr>
</tbody>
</table>

You can add more options on extra pages.

D. Information Related to Revenue Expenditure:

8. Please mention the areas of revenue expenditure as follow.

<table>
<thead>
<tr>
<th>SL. Number</th>
<th>Areas of Revenue Expenditure</th>
<th>Volume (2016-17)</th>
<th>% of Total Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>01.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>02.</td>
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<td></td>
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<tr>
<td>03.</td>
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<td>04.</td>
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<tr>
<td>05.</td>
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<td>06.</td>
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<tr>
<td>Total</td>
<td></td>
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</tr>
</tbody>
</table>

You can add more options on extra pages.

E. Information related to Development Expenditure:

9. Please mention the areas of development expenditure as follow.

<table>
<thead>
<tr>
<th>SL. Number</th>
<th>Areas of Development Expenditure</th>
<th>Volume (2016-17)</th>
<th>% of Total Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>01.</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>02.</td>
<td></td>
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<tr>
<td>03.</td>
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<td>04.</td>
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<td>05.</td>
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<tr>
<td>06.</td>
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<tr>
<td>Total</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

You can add more options on extra pages.

F. Information Regarding the Budget, Annual Development Planning and Five Year Planning:

<table>
<thead>
<tr>
<th>Questions:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Is the budget prepared regularly in every year?</td>
</tr>
<tr>
<td>2. Is there any annual development plan?</td>
</tr>
<tr>
<td>3. Has the five-year plan been prepared?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Budget</th>
<th>Annual Development Planning</th>
<th>Five Year Planning</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If YES then answer

<table>
<thead>
<tr>
<th>The time period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who prepare it</td>
</tr>
</tbody>
</table>
11 Please provide the following information as per the latest budget.

<table>
<thead>
<tr>
<th>SL. Number</th>
<th>Description</th>
<th>Budget for previous year</th>
<th>Budget for current year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Part I</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Received</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Grant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Total received (A)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Revenue expenditure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Revenue surplus/deficit</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Part II</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Development</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Development grant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Revenue surplus/other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Total (B)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Grand total received (A+B)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Development Expenditure (C)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Total budget surplus/deficit (A+B-C)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Initial balance (+)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Total budget balance</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

12 Are the budgets of line departments integrated with Parishad’s budget?

☐ Yes  ☐ No

G. Opinions Regarding Legal aspects:

13 Please put tick (√) marks on the following:

Not at all =1  Maximum =5

<table>
<thead>
<tr>
<th>1 2 3 4 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. How much the present legal frameworks, i.e., the related laws, regulations, guidelines etc. are favorable for the Upazila Parishad to be financially sound, accountable and transparent?</td>
</tr>
</tbody>
</table>
ii. How much authority does the Upazila Parishad enjoy in regard to financial management?

iii. To what extent do the present legal frameworks are favorable to generate new revenue sources?

iv. To what extent do the present legal frameworks are favorable to spend resources according to local preferences?

H. Opinion on Local Political Factors:
14 Please rank the following actors of UZP in terms of their influences on development planning, budgeting, and implementation process.
Less influence=1 Maximum influence=5

<table>
<thead>
<tr>
<th>Actors</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>MP</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>UZP Chairman</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>UZP Vice Chairman (Male)</td>
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</tr>
<tr>
<td>UZP Vice Chairman (Female)</td>
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<tr>
<td>UP Chairman</td>
<td></td>
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<tr>
<td>Mayor of the Pouroshava (if any)</td>
<td></td>
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</tr>
</tbody>
</table>

15. Please answer the following

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you think that the political affiliation of the UZP chairman affects the resource mobilization of UZP?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do you think that the political affiliation of the UZP chairman affects the expenditures of UZP?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do you think that the political affiliation of the UZP vice-chairman(male) affects the resource mobilization of UZP?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do you think that the political affiliation of the UZP vice-chairman (male) affects the expenditures of UZP?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do you think that the political affiliation of the UZP vice-chairman (female) affects the resource mobilization of UZP?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do you think that the political affiliation of the UP chairman affects the resource mobilization of UZP?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do you think that the political affiliation of the UP chairman affects the expenditure of UZP?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Thank you for your cordial cooperation.
Annexure-II

Questionnaire for the Upazila Parishad Chairman/Vice Chairman/Mayor/Union Parishad Chairman.

The objective of this questionnaire is to collect data for the requirement of a thesis, titled An Analysis of Fiscal Decentralization of Upazila Parishad in Bangladesh: Tapping the Untapped, which is a part of the Master in Public Policy and Governance (MPPG) program in North South University. The intention of the collection of information is fully academic and this will be used in this research purpose only.

Please put tick (V) marks where needed.

A. General Information:
1. i. Age:
ii. Gender:
   a. H.S.C. / Equivalence B.A./B.Sc./Hons./Equivalence
   b. M.A./M.Sc./Equivalence Others (please specify) ..............
iv. Experience as UZP Chairman/UZP Vice Chairman/Mayor/UP Chairman:
   a. First Time Second Time More
v. Previous Experience as Local Representative: (If any)
   a. UZP Vice Chairman UP Chairman UP Member
   b. Others (please specify) ................................

B. Specific Questionnaire:
2. Do you think that UZP has enough scope to generate its own revenue sources?
   Yes No
3. If ‘Yes’ then please specify some potential sources.

4. If the answer is ‘No’ then please specify some reasons behind it.
   Legal Political Administrative Economic Social
   Others (please specify).................................

5. Can your UZP spend the revenue according to local preference?
   Yes No
6. If ‘No’ then according to you what are the barriers?
   Legal Political Administrative Economic Social
7. Please put tick (√) marks on the following: Not at all =1 Maximum =5

| v. | How much the present legal frameworks, i.e., the related laws, regulations, guidelines etc. are favorable for the Upazila Parishad to be financially sound, accountable and transparent? |
| vi. | How much authority does the Upazila Parishad enjoy in regard of financial management? |
| vii. | To what extent do the present legal frameworks are favorable to generate new revenue sources? |
| viii. | To what extent do the present legal frameworks are favorable to spend resources according to local preferences? |

8. Does local MP involve himself in the financial affairs (e.g. revenue collection, revenue expenditure, project taking etc.) of UZP?  
Yes □ No □

9. Who influences the most in Development Planning, Budgeting and Implementation Process in this UZP?  
Less influence=1 Maximum influence=5

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<tr>
<th>Actors</th>
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<tr>
<td>MP</td>
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<tr>
<td>UZP Chairman</td>
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<td>UZP Vice Chairman (Male)</td>
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<td>UZP Vice Chairman (Female)</td>
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<td>UP Chairman</td>
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<tr>
<td>Mayor of the Pouroshava (if any)</td>
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10. Please answer the following:  

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<th>Yes</th>
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<tr>
<td>Do you think that the political affiliation of the UZP chairman affects the resource mobilization of UZP?</td>
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<tr>
<td>Do you think that the political affiliation of the UZP chairman affects the expenditures of UZP?</td>
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<tr>
<td>Do you think that the political affiliation of the UZP vice-chairman(male) affects the resource mobilization of UZP?</td>
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</table>
Do you think that the political affiliation of the UZP vice-chairman (male) affects the expenditures of UZP?

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Do you think that the political affiliation of the UZP vice-chairman (female) affects the resource mobilization of UZP?

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Do you think that the political affiliation of the UZP vice-chairman (female) affects the expenditures of UZP?

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Do you think that the political affiliation of the UP chairman affects the resource mobilization of UZP?

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Do you think that the political affiliation of the UP chairman affects the expenditure of UZP?

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11. Do you have any training regarding fiscal matter?

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<th>Yes</th>
<th>No</th>
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12. Comments (if any):

Thank You for Your Cordial Cooperation.
Annexure-III

Questionnaire for the Citizen

The objective of this questionnaire is to collect data for the requirement of a thesis, titled An Analysis of Fiscal Decentralization of Upazila Parishad in Bangladesh: Tapping the Untapped, which is a part of the Master in Public Policy and Governance (MPPG) program in North South University. The intention of the collection of information is fully academic and this will be used in this research purpose only.

Please put tick (V) marks where needed.

A. General Information:

1.
   a. Age:  
   b. Gender: Male □ Female □
   c. Religion: Muslim □ Hindu □ Buddhist □ Christian □
   d. Marital Status: Married □ Unmarried □ Widow/er □ Divorced □
   e. Educational Qualification: Bellow S.S.C. □ S.S.C. / Equivalence □
       H.S.C. / Equivalence □ B.A./B.Sc./Hons./Equivalence □
       M.A./M.Sc./Equivalence □ Others (please specify)……………□
   f. Major Occupation:
      i. Household work □ Business □
      ii. Service □ Agriculture □
      iii. Labor □ Unemployed □
      iv. Retired/old-age □ Others (Please specify)……………□

B. Knowledge About UZP:

2. Do you visit Upazila Parishad? □ Yes □ No
   i. If yes, how many times did you visit in last 3 months? ____________ Times
   ii. Usually for what purpose do you visit?
      Land related □ Health related □
      Family planning □ Education related □
      Law and order issue □ Local dispute related □
      Fisheries and livestock related □
      Social Safety Net Allowance □
      Project related □
      Sports and culture related □
      Others (Please specify) □ ____________
3. Do you know about the activities of Upazila Parishad?
   Yes ☐ No ☐
   i. If ‘Yes’ then please mention some of them.

C. Accountability and Transparency of UZP:
4. Have you seen the citizen charter of UZP?
   Yes ☐ No ☐ Don’t know ☐
   i. If ‘Yes’ then do you think it is being followed properly?
      Yes ☐ No ☐ Don’t know ☐
   ii. Do you think is Upazila Parishad enthusiastic to provide information to the people?
      Yes ☐ No ☐ Don’t know ☐
   iii. Do you know about different development plans of Upazila Parishad?
      Yes ☐ No ☐

5. Is there any complaint box in UZP?
   Yes ☐ No ☐ Don’t know ☐
   i. If yes, have you made any complain ever?
      Yes ☐ No ☐
   ii. If Yes, have you received any response of your complain?
      Yes ☐ No ☐
   iii. Is there any designated officer to provide information that someone demanded?
      Yes ☐ No ☐ Don’t know ☐

D. Planning, Budget & Project Implementation:
6. Does your UZP engage the community people in Development Planning, Budgeting and Implementation Process?
   Yes ☐ No ☐ Don’t Know ☐

7. Do you have any idea of the projects undertaken by UZP?
   Yes ☐ No ☐

8. During the selection of projects what are the considerations that may considered?
   Overall development for the locality ☐
   Development for the negligible and deprived community ☐
   For political benefits ☐
   For personal benefits ☐
   Others (please specify) ☐ ................................................

9. Have you ever attended Upazila budget meeting?
   ☐
10. Is the information of current budget available to the citizen?

Yes ☐ No ☐ Don’t Know ☐

i. If yes, then from where can you get the information?

- Notice board of UZP ☐
- Website of UZP ☐
- Notice board of UP ☐
- Notice board of Pourashava ☐
- Others (please specify) ☐

Thank you for your cordial co-operation.
Annexure-IV

Checklist for the interview

1. How much the present legal frameworks, i.e., the related laws, regulations, guidelines etc. are favorable for the Upazila Parishad to be financially sound, accountable and transparent?
2. How much authority does the Upazila Parishad enjoy in regard to financial management?
3. To what extent do the legal frameworks influences revenue mobilization and revenue expenditure?
4. To what extent do the present legal frameworks are favorable to generate new revenue sources?
5. To what extent do the present legal frameworks are favorable to spend resources according to local preferences?
6. Do you think that UZP has enough scope to generate its own revenue sources?
Annexure-V

List of the UZP Related Acts, Rules, Charter of Duties, Guidelines & Policy

According to Upazila Parishad Manual-2013

2. Upazila Parishad (Activities Implementation) Rules, 2010
3. Upazila Parishad (Activities Implementation Rules, 2010 (Amended)
4. Upazila Parishad Chairman and Vice-Chairman (Duties, Responsibilities and Financial Benefit Rules, 2010)
5. Upazila Parishad Chairman and Vice-Chairman (Duties, Responsibilities and Financial Benefit), Rules, 2010 (Amended)
6. Upazila Parishad Budget (Preparation and Approval) Rules, 2010
7. Upazila Parishad (Contract Agreement), Rules 2010
8. Upazila Parishad (Property Transfer, Maintenance and Management) Rules, 2010
9. Upazila Parishad Employee (Service) Rules, 2010
10. Charter of Duties of Various National Building Officers Handed Over to Upazila Parishads
12. Upazila Parishad Revenue Fund Utilization Guidelines
13. Upazila Parishad Development Fund Utilization Guidelines
Annexure-VI

The functions of the Upazila Parishad

According to the Upazila Parishad Act 1998 (amended in 2011)

1. Preparation of Five-Year Plan and other development plans.
2. Implementation of the activities of different Government agencies that are transferred to the Upazila Parishad, and supervision and coordination of the activities of those agencies.
3. Construction, repair and maintenance of inter-Union connecting roads.
4. Adaptation and implementation of small-scale irrigation projects, according to the instructions of the Government to ensure best utilization of surface water.
5. Ensuring services for public health, nutrition and family planning.
6. Improvement of sanitation and sewerage systems and adaptation of proper measures for supply of safe drinking water.
7. (a) Providing motivation and support for extension of education at the Upazila level.
    (b) Providing supervision and support to concerned institutions with a view to improve secondary education and madrasa education systems.
8. Undertaking activities to establish and develop small and cottage industries.
9. Supporting activities of cooperative societies and non-governmental voluntary institutions and coordinating their functions.
10. Cooperating and implementing the activities related to women, children, social welfare and youth, sports and cultural activities.
11. Undertaking activities for the improvement of agriculture, livestock, fisheries and forestry and for their implementation.
12. Reviewing the entire law and order situation in the Upazila, and submitting reports to the District law and order committee and higher authorities on a regular basis.
13. Adaptation and implementation of programs for creating self-employment and poverty reduction, and providing necessary assistance to the Government in the region.
14. Coordinating and monitoring Union Parishad development activities and providing necessary support for them.
15. Creation of the people’s sensitivity against offences like women’s and child abuse, including taking preventive measures.
16. Creation of the people’s opinion against terrorism, theft, robbery, smuggling, drug abuse, as well as taking preventive activities.
17. Undertaking social forestry and other programs for environmental conservation and improvement.
18. Coordination of all activities relating to disaster management.
19. Extending cooperation to other organizations implementing similar programs, such as the Upazila Parishad.
20. Introducing and encouraging e-governance.
21. Performing other functions as the Government assigns from time to time.
ANNEXURE-VII

Organogram of the Upazila Parishad

(Source: Approved and Updated Table of Organization & Equipments for Upazila Parishads. Local Govt. Division Memo No. 46.046.026.00.00.002(1).1999-600, Date 14/11/11. Dhaka: Local Government Division.)

1 X Upazila Parishad Chairman
   (1 Elected)
   1 X Stenographer cum Computer Operator
   1 X Driver
   1 X M, L, S, S

1 X Vice Chairman (Male) 1 X Vice Chairman (Female)
   (1 Elected) (1 Elected)

1 X M, L, S, S

Equipment & Transports

Jeep (1 for each UZP)
Boat (along with the Jeep, only for 10 UZPs which are surrounded by water bodies)
Computer (1 for each UZP)
Photocopier Machine (1 for each UZP)
Fax Machine (1 for each UZP)
Laptop (1 for each UZP with one Modem)

Manpower

Stenographer cum Computer Operator (1 for each UZP)
Car Driver (1 for each UZP)
Boat Driver (1 for each UZP)
M, L, S, S (2 for each UZP)