

Budget Making Process in Urban Local Government: A Study of Savar Pourashava

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Abstract

Local government commenced with the beginning of ancient civilization for the welfare of people living in different civilizations in the world even before the emergence of national government. City government in ancient roman civilization. In the Indian sub-continent or particularly in this region the town government was developed through the hands of Mughal dynasty. In urban areas of Bangladesh people depend a lot on the urban local government bodies for the daily basic amenities. There is Pourashava (municipality in small town) and city corporation in big towns in our country for this purpose of civic service delivery to the citizens. The proper provision of services and continuous development of the local urban area largely depend on the preparation of an efficient budget at the beginning of the fiscal year and effective execution of it throughout the year. Most of the local government bodies in Bangladesh are in constant shortage of funds, on the other hand, it is seen in the research that the urban local government bodies specially, pourashavas continuously prepare “surplus” budget. That means, there is inefficiency in the budget expenditure and implementation of budget. In fact, the overall development of the town or pourashava depends on the efficiency of the budget. Urbanization accelerates social development in terms of increasing higher literacy rate, improvement of quality of education, improving security issues and other social development factors that enhance our urban life comfortable.

Keywords: Local government, Urban local government, Mughal dynasty, Bangladesh, Pourashava, Citizen, development, Budget.

Introduction

Local level resource mobilization and efficient utilization of resources have always been a major challenge for socio-economic development in Bangladesh. Although the developing World is less than 40 percent urban, its urban sector contributes to more than 65 percent of the Gross Domestic Product (GDP). Even in Bangladesh (with less than 28 percent of population urban), this sector contributed to more than 60 percent of the GDP in 2009 (Choe and Roberts, 2011, p. 120). In urban area, the Paurashava is the responsible body of local resource use and development. The paurashava utilizes resources on construction and maintenance of roads, drains, park, market centers, bus and truck stand, library and school, street lighting, water supply, street cleaning, public health, maintenance of graveyard improvement of slums etc. Paurashava provides different kinds of services but all services are not of satisfactory standards. The local government especially in small town namely pourashava suffers from severe lack of resources. On the contrary, it cannot ensure efficient use of resources. Inefficient budget making with inefficient implementation is one of the main causes of it. There are different factors behind this. The elected representatives of pourashava are not committed enough as well as the officials are not efficient enough in budget making, assessing and collecting taxes and other related functions. The expenditure of fund is not always transparent enough. As a result citizens are deprived of quality service from pourashava.

Objectives

The study is concentrated on budget making process at Paurashava. Keeping mind of research methodology and research theme, the study objectives has been formulated. The primary objectives of the study

- To examine the budget making process at Paurashava.
- To scrutinize problems and facts in budget making process at Paurashava.
- To explore people’s perception about financial transparency at Paurashava.
- To find out the degree of financial autonomy of urban local government bodies.
- To find out the areas of inadequacy and inefficiency in the use and management of local resources.

Scope of the Study

There are various problems in budget making process in urban local government particularly in Paurashava. Firstly, Local politicians often interfere and influence the allocation of resources in budget. Secondly, In the budget making process, the Paurashava budget is finally approved by the ministry of LGRD & Co. Ministry can control the amount of government grant in the budget. So in this regard, the pourashava or the urban local government in general is dependent on bureaucracy for its financial matter. It hampers the autonomy of the local government. Thirdly, A fiscal year starts from the month of 1st July. But the proposed budget of urban local government is normally approved by August or September. i. e. In the interview all politicians and officials have

said that the delay approval by the ministry in every year greatly hamper project implementation and proper service delivery. Fourthly, elected politicians are reluctant to collect or impose taxes because of their electoral political interest. It is one of the main obstacles of resource mobilization at the local level. Fifthly, 77% respondents have said that development projects are taken with no scientific study or impact assessment, most of the time projects are initiated on the basis of the interest of the politicians and local elite rather than the public interest (I.e. selecting the location of roads, culverts etc. on the basis of the interest of the local elite). So, scope of the study begs description.

Rationale of the Study

There are some problems faces implementing budget. For instances; firstly, Lack of efficiency in revenue and tax collection has become an acute problem in urban local government. Secondly, there is severe insufficiency in efficient manpower and related technology in project management. There is no modern equipment without a road reeler. So it is hardly possible to implement projects efficiently. Thirdly, It is a very common matter for the urban local government that the central government does not release funds timely. As a result development projects cannot be accomplished timely. Fourthly, Corruption is one of the most talked issues in Bangladesh. It hampers proper implementation of development projects at the urban local government.

Limitations of the Study

To complete the study, there are some constraints facing that less capacity to be overcome. The constraints are following below:

Small Sample Size:

The sample size don't convey very big figure for the study. Sample size is 50 respondents of different categories people. With this small sample size, only one pourashava was selected for this survey among several hundreds of pourashava. So it is difficult to come to a generalization.

Time and resource constraints:

Time and resource limitation is one of the main problems for most researchers to diagnose the problem in depth. Like other study, it has time and resource constraint in survey conduct.

Unaware respondents:

There are only 62% people are literate. The remaining people are no more write down a single word. Among 62% literate people, most of them are not aware of what is happening at local government in Bangladesh.

Introvert in nature:

Those people who are both literate and illiterate are not extrovert. They are not exposed their views, opinion, facts and problems. Women are more introvert and they are not interested to express their opinion.

Research Method

The study has been designed on the basis of formulating objectives and research importance. Both qualitative and quantitative methods have been applied in the study and descriptive research design has been followed. Both qualitative and quantitative data are collected through interview method from two target groups such as: 1) elected representatives and government officials 2) Mass people.

Study Area

The study bears significance of people participation at budget making process at Paurashava. The study area, Savar is a class A-2 pourashava of Dhaka district located at a distance 27 km. from Dhaka city (Satu: 2005). There takes half an hour to reach Savar from Dhaka City by road. The area of Savar Pourashava is 14.08 square Km and total population is about 1,40,300 (BBS: 2001). The Pourashava conveys 9 wards, 44 mouzas and 51 mahallas. The total holding number of Savar Pourashava is 13,198 of them, 11,101 holdings are residential (84%), 1,480 holdings are commercial (11%). So, Savar Pourashava conveys significance of residential area. The pourashava earns revenue 1,20,00,000 by annually from its own source. A total of 131 staffs are working in the pourashava (Satu: 2005).

Data Collection Method

Generally, there are two sources of data for instance; primary data and secondary data. The study is based on both primary and secondary data. Primary sources of data collection alludes to the original sources that the researcher was expected to rely on when conducting the study or the study which will enable the researcher to produce the final report. It provides first-hand information although personal interviews, observations and also questionnaires. The primary data are collected from the people of the Savar Pourashava of Dhaka district through both structured and unstructured questionnaires.

Sample Size

The sample size of the study is 50. Of them, there are elected representatives for instance chairman of pourashava, word commissioner, citizen of the pourashava etc.

Category	Number
Mayor of the pourashava	1
Ward Commissioners	9
Pourashava officials	10
Citizen of the Pourashava	30
Total	50

Figure 1: Sample Size

Sampling Method

The study is done by sampling method. Simple random sampling method has been applied to collected data from different categories respondents. Simple random sampling method has been applied for the convenience of the research study.

Primary Data:

Primary data has been collected through direct interview by predetermined questionnaire through both structured and unstructured questionnaire. Two sets of questionnaire have been formulated for instance;

- a) Questionnaire for pourashava mayor, ward commissioners and government officials.
- b) Questionnaire for the general citizens of the saver paurashava.

Questionnaire method:

The study composes of questions which were to be formulated on the basis of study objectives and sent to the target group for collecting data. There were two sets of questionnaire developed one is for elected representatives, government officials and other for citizen of the area. Then questionnaire were primarily sent to some respondents for preliminary testing and validation of questionnaire. There was some necessary modification after preliminary testing. After preliminary testing of questionnaire, finally Data has been collected through questionnaire from 50 respondents for instance; 30 respondents from citizen of the area and 20 respondents from elected representatives and government officials. There are two sets of questionnaire are for instance; one is for elected representatives and government officials who are 20in number interviewing from randomly selected, elected by universal adult franchise from each ward and whole constituencies. Other is for citizen of the area are 30 respondents. The questions were both open and close ended. Some parts of Questionnaires were designed to get specific opinion and comments on specific issues from the research participants. Close ended questions were used to save time and open ended questions were used to get depth knowledge and personal experience. Every research participant shares their views, personal experience and in-depth knowledge that enrich the study.

Secondary Data:

Secondary data has been collected from various books, journals, official documents of saver paurashava, government circular, pourashava manual and different government the web sites.

Data analysis tool and technique

The collected data have been accumulated, organized, tabulated and analyzed in keeping mind of research theory, objectives and variables. The analysis of both qualitative and quantitative data have been analyzed after coding of qualitative data and both qualitative data and quantitative data have been analyzed with the help of by using Microsoft Excel and SPSS (Statistical tool for Social Science), Minitab etc. Furthermore, different kinds of chart, picture and map have been included for enriching research report along with analyzing social realities, causalities and social phenomena.

On the basis of research design, data has been collected questionnaire method. The study has been enriched combination of both methods for instance; questionnaire methods through interviewing. After analyzing data in different way with the help of SPSS software and Microsoft excel, it is presents and describes what the findings from the study has.

Process of budget making

Budget making is a systematic process. In urban local government budget is made a manner mainly, prescribed by the central government. It is a routine task of pourashava, which is mainly carried on by the accounts section of the respective office of the local government. Generally, a budget in urban local government especially in Paurashava, is made as the following way:

1. Selection of projects:

The accounts section in discussion with the pourashava Mayor and Commissioners selects projects and funds. In selecting project, the elected representatives play the main role. They use some techniques to apprise a project's social and economic viability. Theoretically, local representatives use

- People's opinion
- Site survey

- Expert's opinion etc.

Thus after assessing the viability the pourashava council approve the projects to be included in annual budget. Then it is reported to the accounts section.

2. Preparation of formal budget proposal:

At this second stage, the accountant section of the respective pourashava prepares the formal budget proposal. Here the accounts section uses the budget proforma which is given by the finance division. Using this proforma, formal proposal is made including all projected receipts and expenditure as well as all development projects for the next fiscal year. Formal budget mainly expresses two things---

- Projected income and expenditure of the next fiscal year.
- Proposed development projects for the next fiscal year.

The revenue estimates are prepared by totaling the arrears and current demands for taxes and increasing other revenue by a certain percentage. The estimate for government grants are made on the expected amount depending on previous year's receipts.

3. Approval by poura council:

This formal budget proposal is sent to the pourashava council (Body of Mayor and commissioners) then for final approval. The council scrutinizes the formal budget proposal. After assessing the budget if the council agrees with the proposal then they give final approval and allocation for sending it to the ministry of LGRD & Co.

4. Approval by ministry:

Annual budget is prepared generally during the month of March, April, and May by the respected pourashava. Then the draft budget is sent to the "paura-2" section of the ministry of LGRD & Co by June 30 for approval. The approval is usually received by July or August. The budget maintains three columns. The first column is for next year's estimate, second column for last year's revised budget and third column for previous year's actual revenue and expenditure.

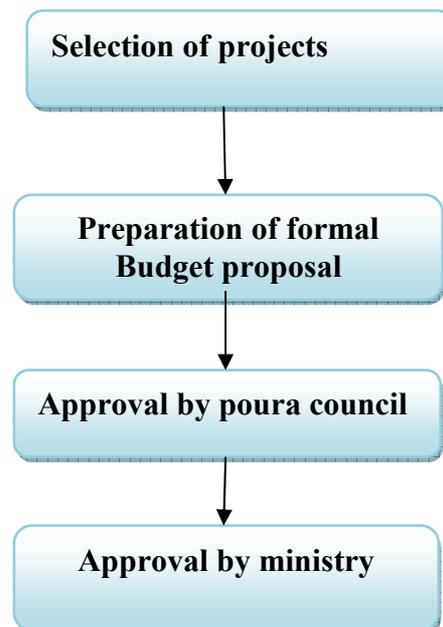


Figure 02: Approval process in urban local government

Related issues of budget making:

Budget making in pourashava is a continuous process. It is closely related with some other financial activities which are actually a part of budgeting. Because, without these financial activities, a budget could not be made. Those are:

- Accounting and
- Auditing.

Accounting:

Accounts in a Paurashava are maintained per the Municipal Accounts Rules, 1935. The pourashava maintains books and registers as per accounts rules. The fiscal year runs to July 01 to June 30. Account's cashbook is the basic document maintained on a cash basis and in single entry format. On the side of the cash book, receipt is recorded and on the other side expenditure is maintained.

Auditing:

Audit means cross checking by a different party. It is an integral part of budgeting or overall financial management. Audit is regularly carried out every year. Two different audits are carried out for example;

- Internal audit and
- External audit.

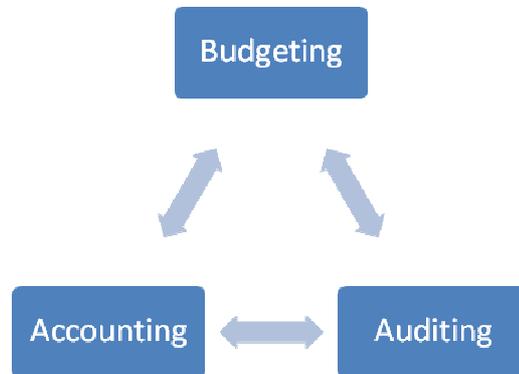


Figure 03: Entire financial process in urban local government

Income and expenditure in urban local government

Urban local bodies in Bangladesh are in constant shortage of funds. The sources of their income are generally taxes, rates, fees and charges levied by the local body, and rents and profits accruing from properties of the local body and sums received through its services contributions from individuals and institutions, government grants, profits from investments, receipts accruing from the trusts placed with the local bodies, loans raised by the local body and proceeds from such others.

Holding taxes is the most important source of own income. Loans and voluntary contributions are rare. Non-tax revenues are of two kinds: (i) fees and tolls, and (ii) rents and profits on properties of the local bodies. Urban local bodies raise between 55-75 per cent of the revenue from their own sources while a significant proportion comes from government grants. Nowadays, foreign or international project funds also contribute a significant share of the budget.

Urban local government in Mughal period:

The “Kotwal”, or Chief Executive Officer of the town, enjoyed and practiced most of the powers in a town, powers including magisterial, police, fiscal and municipal power. Two officials assisted him in performing his duties: a “Kazi” who was a judicial officer and “Mahatasib”, who was assigned to prevent illegal practices, (Siddiqui, 1992). The Mughal system with all its novelties lacked mechanisms for participation by the citizens. It was nothing more than a top-down hierarchical administrative system that was intended to be an extension of the central authority into the local areas.

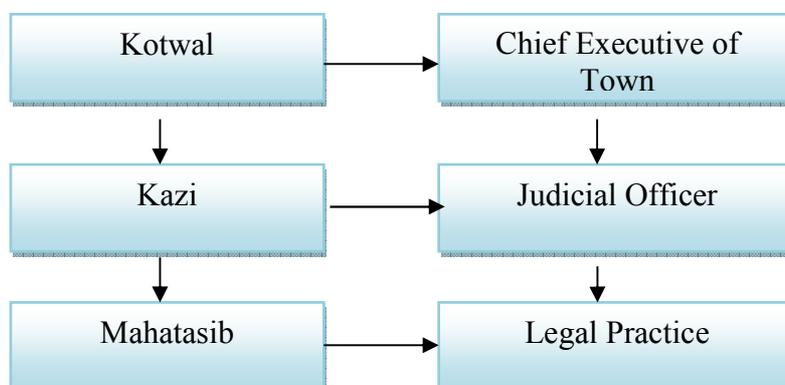


Figure 4: Structure of urban administration in Mughal Period.

Urban local government in the British period:

During almost two hundred years of British rule (1765-1947) over the Indian subcontinent, a number of experiments were made with the local government system. All the experiments were intended to devise a system that would serve British imperial interests. The major objective of the British-India was twofold for example; Maximization of land revenue collection and maintenance of law and order.

In the arena of urban local government, British policy resulted in the setting-up of a municipal administration in the Presidencies and giving responsibilities to municipal committees for a number of civic amenities. Until the 1870s, officials, or their designated representatives, ran urban local government bodies. Gradually, Municipalities became representative bodies with the promulgation of a number of acts between 1860 and 1947, starting with the Municipal Development Act of 1860. The Bengal Municipal Act of 1932 strengthened the powers of Municipalities in levying rates and taxes and in the utilization of funds (Siddiqui, 1994).

Urban local government in Pakistan era:

During the formative years after Pakistan's independence and up until 1971, the provincial government of East Pakistan initiated some important changes. General Ayub Khan, who seized power in 1958, introduced a system of local government known as Basic Democracy. This four-tier system lacked novelty and innovation, and bore a clear resemblance of the union councils and municipal committees of the British days (Khan, 1997).

Urban local government in Bangladesh:

Urban local government in Bangladesh is mainly the legacy of British system of urban local government. Only the name has been changed after the independence. In 1977 the municipality was named as "Paurashava" through the Paurashava ordinance, 1977. In 1990 firstly Dhaka was declared as "City Corporation". Till present 10 big cities in Bangladesh have been declared as city corporations. The Dhaka city consists of two city corporations.

Savar Paurashava:

Saver pourashava is one of the pourashava of Dhaka district. It was established in 1990. But no election was held till 2011. From 1990 to 2011 saver pourashava was led by generalist civil servant namely, the U.N.O. who was selected as the administrator by the ministry of Public Administration in the absence of elected people's representatives. The first election was held in January, 2011 and this elected body came into existence from February 15, 2011.

Main sources of income:

Property tax:

1. Property tax on annual value of building and land.
2. Conservancy rate.
3. Water rate
4. Lighting rate

Shared property tax:

1. Surcharge on the transfer of property ownership.
2. Tax on professions, trade and callings.
3. Tax on vehicles and animals.
4. Tax on cinema, drama and entertainment etc.

Other taxes:

1. Tolls and minor taxes (advertisement, marriage etc.)
2. Fees and fines
3. Rents and profits from property (specially markets)

Non tax sources:

There are some non-tax sources of income. Those are as follows:

- Income from fairs, cattle market etc.
- **Loans:** Loans from internal sources, loans from banks or from international agencies etc.
- **Grants:** Normal development grants from government, salary compensation grants, extra ordinary grants or development grants from international agencies through projects.

Major areas of expenditure:

Local government bodies in urban areas are responsible for the provision of various services to the citizens of that city or town. Theoretically, the urban local bodies have a diverse and numerous functions to be done. Local government bodies expense their funds in disposing these services to the citizens and in development projects.

Broad heads of expenditure:

Urban local government expenditures are mainly geared towards physical infrastructure (equaling 30 to 40 per cent of total expenditures) Public health expenditure accounts for 15 to 20 per cent and administrative expenditure between 7 to 16 per cent. Expenditures on social sectors are negligible (Chowdhury, 1997 p.42)

Development:

- Construction and maintenance of roads and footpaths
- Construction and maintenance of bridge, culvert etc.
- construction of drainage system, sewerage system etc.

 1. Administrative expenses
 2. Health and sanitation
 3. Social welfare
 4. Street lighting
 5. Bus terminal
 6. Garbage cleaning
 7. Market construction and maintenance
 8. Family planning.

Budget in saver paurashava of the fiscal year, 2013-14:

The total amount of 2013-14 budget of saver pourashava is eleven corer seventy two lakhfive thousandseven hundred and fifty six taka.(11,72,05,756 TK). Total income was twoand twelve lakh(2,12,00,000) and total expenditure was two corer two lakh and fifty eight thousand (2,02,58,000 TK). There was a total surplus of nine lakh forty twotaka (9,42,000 TK). So, here it is notable that it is a surplus budget in nature. The previousyear's budget that means the budget of fiscal year 2012-13 was eleven core seventy forty three lakhfifty nine thousand two hundred and seventy nine taka(114359278)tk. 2.49% growth will make in the total amount of the 2013-14 budget from the budget of 2012-13.

Budget of the fiscal year, 2013-14

The total amount of 2013-14 budget of saver pourashava is fifty two crore seventy nine lakh tftty one thousand seven hundred and fifty seven taka.(527951757.00 tk). Total income was one crore and six lakh(1,06,00,000) and total expenditure was one crore one lakh and twenty nine thousand (1,01,29,000 tk.)

Income side in 2013-14 budgets:

The revenue sources of an urban local government can be broadly classified in two main categories. Those are:

1. Own income and
2. Government grant

1. Own income source of saver pourashava:

Own source of income in saver pourashava are mainly the following:

- i. Tax
- ii. Rate
- iii. Fee
- iv. Miscellaneous etc.

Tax: Total proposed income from taxes was tk.85151242.00. Largest tax revenue was from the surcharge on the transfer of ownership of property.

Rate: Total income from rate is about six lakh(tk.4576510). Here, main sources are lighting-tk. 3256304.

fee; There are different types of fees from which saver pourashava earns some money. Fees from the rent of market is the main source here. The proposed income from the rent of market in FY 2013-14 is tk. 255000.

Miscellaneous: There are different miscellaneous sources of income. Among them leasing of bazaar, leasing of bus terminal, selling of tender schedule etc are the main areas of income.

Development revenue:

Development revenue means the amount of money received by the pourashava for development purpose. Urban local government get development funds from different sources. The grant from is the central government is a certain source of development budget for always. Other sources are mainly the carried balance of revenue income of pourashava, receipt from particular development projects etc.

Government grant:

In the fiscal year 2013-14 saver pourashava had received an amount of tk. 90,00,000 which is a certain source of development income.

• **Balance from revenue income:**

It is mainly the surplus earnings from the revenue. In fiscal year 2013-14 the revenue surplus was tk. 8,00,000.

• **Development projects:**

Other development revenue in saver pourashava were earnings from different development projects like urban infrastructure development project, water supply projects etc.

Data analysis and interpretation:

Categories of respondents: In the study, about the budget making and resource use, herestress had been given to know the opinion of theservice receivers or citizens of saverpourashava. The opinion of local politicians specially the elected representatives has alsoimportance here.

Category	Number	Percentage(%)
Elected politicians	05	25%
Pourashava officials	05	25%
General people	10	50%
Total	20	100%

Table05: Categories of respondents.

Knowledge of people about budget:

In the survey, it has been found that only 20% of the citizens (among respondents) know about the current budget of pourashava. On the other, 80% of people have said that they don't know about the current budget.

Question: Do you know about the budget of current fiscal year of your pourashava? (Only forcitizens)

Category	Yes(no.of persons)	Percentage (%)	No	Percentage(%)
Citizens	2	20%	8	80%

b) Satisfaction level about the service: Among the total 20 respondents only 3 persons said that they are satisfied with the service provided by pourashava, when other 5 people said,they are partially satisfied and 12 persons said that they are totally dissatisfied.

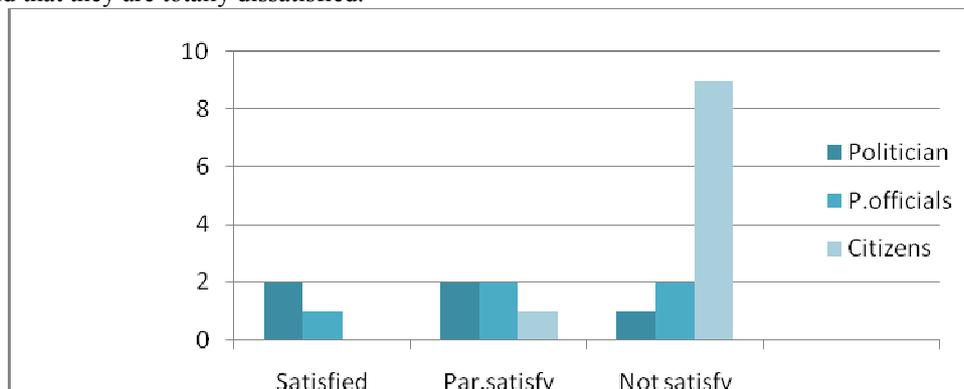


Figure : Level of satisfaction with the service of porashava.

Here, we see from the chart that most of the people (90% of citizens) are totally dissatisfied with the service when some politicians have mainly said that they are satisfied. Most probably the cause of this satisfaction is that the responsibility of provision of service finally go to them.

c)Level of responsiveness: In the question of responsiveness of pourashava in citizens' demand, people are moderately satisfied. Among 10 citizens, 3 said that the level ofresponsiveness is good, 4 said it average and 3 said it poor. This question was only for citizens

Question: How is the level of responsiveness of pourashava in people's demand?(only for citizens).

Category	Good	Percentage	Average	Percentage	Poor	Percentage
Citizens	3	30%	4	40%	3	30%

Table : Level of responsiveness of pourashava.

d) Level of participation in budget making:People have opined hat citizens have a very little scope of participation in budget making especially in selection of projects. Politicians have said that projects are selected on the basis of people's demand and thus people's participation is ensured indirectly. In fact no formal way of participation is practiced in saver pourashava.

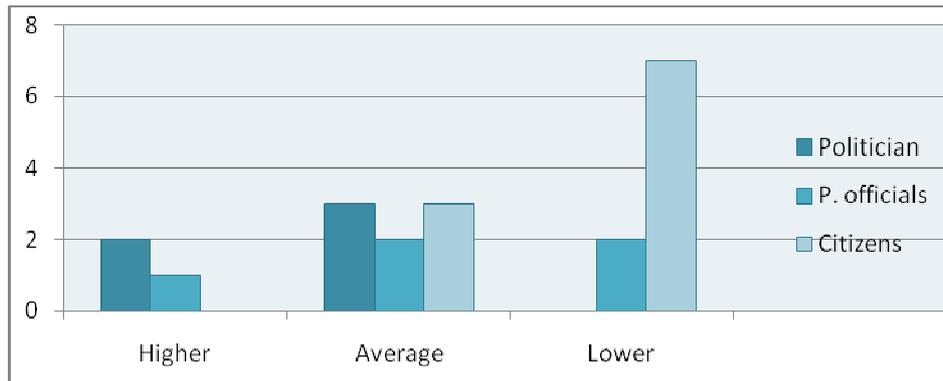


Figure : Level of participation of people in budget making.

So, here a matter is very clear that there is a gap between the perception of people and elected politicians. Politicians think that people’s participation is ensured indirectly by valuing their demand in project selection. On the other people’ opinion is opposite to the opinion of politicians.

e) Efficiency in local resource use: A question was about the efficiency of local resource by pourashava to both politician and people. Among the total respondents 70% said that resources are used inefficiently and the effective use is not ensured.

f) Opinion about the amount of tax received: There was a question to know the opinion about the amount or rate of tax received by porashava. Most of the people want lower rate tax and said that they don’t get services as to the level of money they pay to pourashava.

g) Level of financial autonomy: 90% of politicians and officials think that pourashava should have more financial autonomy to extract local resources and allocation of funds. They said that the influence of ministry in project selection should be minimized

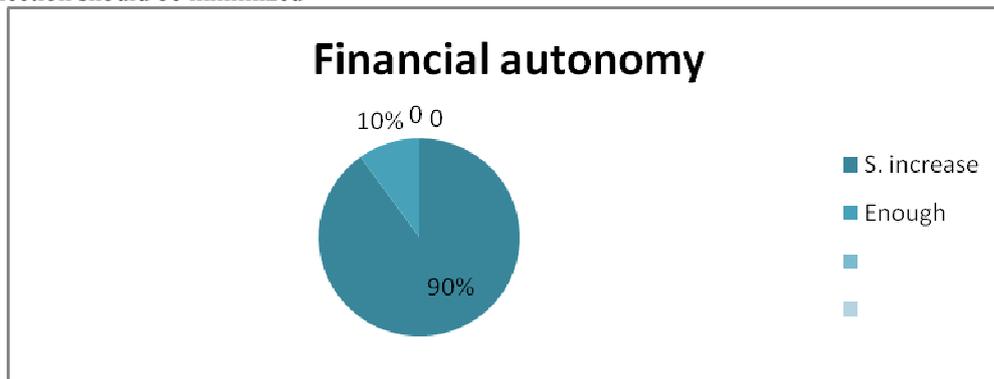


Figure : Opinion about the financial autonomy.

h) Level of corruption in project implementation: We know that there is more or corruption in every organization of Bangladesh. So the question was about the level of corruption in the project implementation of saver pourashava. Here most the respondents agreed about a significant level of corruption.

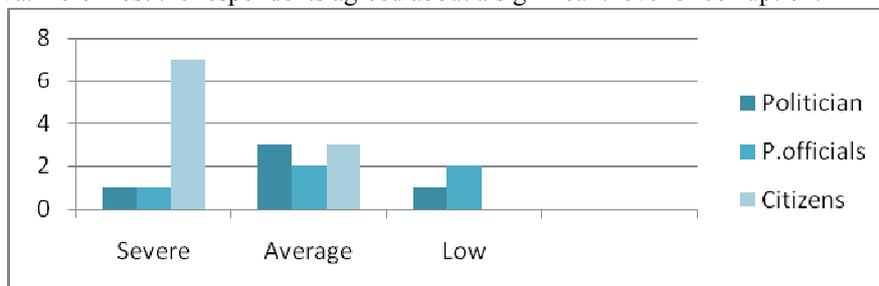


Figure : Level of corruption in project implementation.

i) Effectiveness of people’s participation: Respondents were asked about their opinion on the effectiveness of people’s participation in ensuring better utilization of resources Minimizing corruption. In this matter most of the respondents said conscious participation of citizens may contribute to minimize corruption better utilization of resources.

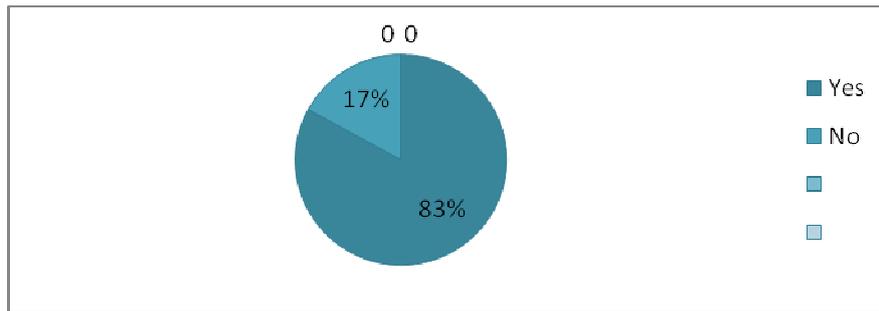


Figure: People's perception on effectiveness of people's participation in better utilization of resources. Here, among the total respondents, 83% believe that active people's participation can improve the efficiency level of resource use by the pourashava. They also think conscious participation of people may reduce the level of corruption

j)How much effective the development project is to improve people's life: People and politicians have said that the development projects have moderate influence in improving quality of life of the people. 60% people said that the development projects have moderate impact, or the development projects have moderately improved the life of people, not high positive impact.

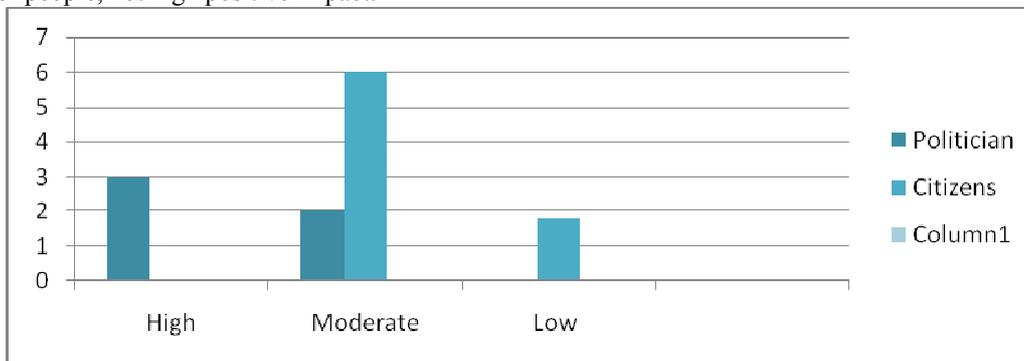


Figure : Perception on the effectiveness of development projects on quality of life.

In this matter 60% of politicians said it has high degree of effectiveness and 40% opined it has a moderate degree of effectiveness to improve the quality of life of people. So, here it is a notable thing that there is always a considerable degree of difference between the opinion of politicians and people.

Amount of government grant: The politicians and officials (especially who are involved in budget making) of pourashava were asked their opinion on the amount of government grant. About 90% of politicians said that government grant on annual budget should be increased, on the other hand, 10% of politicians emphasized on the efficient use of funds. 40% of the pourashava officials who are mainly involved in budget making have said that the present amount of grant could be enough if the fund is used efficiently. 60% of officials said government grant should be increased.

Category	Enough	Percentage(%)	Should increase	Percentage(%)
Politician	1	10%	4	90%
Officials	2	40%	3	60%

Table : Perception about the amount of government grant.

Recommendation and Conclusion

From the study of the budget of Paurashava, it can be understood that the overall financial situation of Paurashava is not very good. There is inefficiency in budget making and it is very much dependent on government grant for implementing development projects.

So there are a number of problems which should be addressed and suggested for recommendation to ensure efficient utilization of local resources and to improve the financial condition of urban local government. Here some main areas should be focused. Those are:

- a) Measures for increasing revenue
- b) Measures for improving overall financial management
- c) Measures for improving people's participation etc.

a) Measures for increasing revenue: The urban local government can increase revenue by using different means as follows-----

- **Correct valuation of property:**

Most of the time the property is devaluated by the officials because of the influence of local elites and corruption

of the officials. As a result, the pourashava get lower taxes. So the property both movable and immovable should be evaluated correctly and the corruption in assessment should be reduced.

- **Collect arrears taxes:**

There are a lot of taxes remain arrear. Proper measures should adopt to collect arrear taxes. People should be ensured that their tax will be used most effectively without any corruption.

- **Computerized database:**

Computerized database system should be introduced to improve the overall efficiency level in tax assessment tax collection and tax management.

- **Appoint planners:**

In most of the pourashava there is no position of planners but it is very important to appoint planners for land use planning for the preparation of holding map and for overall development of project plan in pourashava. It will also help in tax collection.

- i. Better use of land, infrastructure and existing capacities of pourashava to increase income.
- ii. Tax collection receipt from the office may be sent to the tax payers regularly for payment.
- iii. Provision for regular checking by the authority about the complaints made by the citizens regarding extra or improper tax charge.

- **Government grant on the basis of performance:**

The government should introduce the mechanism of providing grant on the basis of performance in financial management of the previous years based on---

- i. Tax collection performance
- ii. Performance in local resource use
- iii. Quality of development work completed in the pourashava in previous years.

- **Updated statistics:**

The pourashava should maintain updated statistics and data about the total number of structures of different categories(such as residential, commercial, industrial etc) and tax payers. It will help to assess and collect revenue quickly.

- **Incentives for timely payment:**

Pourashava can provide incentives to those tax payers who pay taxes within the time period. Incentives may be 5% rebates on total tax amount or such other things.

- **Motivating the tax collectors:**

The officials and staffs related to tax collection should be given incentives on the basis of their performance.

b)Measures for improving budget making and financial management: Generation of adequate revenue will itself not automatically ensure its best utilization. For ensuring optimum efficiency in resource use and budget implementation, well established and control over expenditure will have to be guaranteed. The pourashava representatives and officials will be able to plan best financial utilization when acute financial figures are available (Ahmed, 1997). In order to initiate a good annual budget and to ensure a good system of financial planning, management and control, the following measures should be taken----

- i. Prepare practical and realistic accounts heads. Broad heads of expenditure should be clearly identifiable from the recurring cost.
- ii. Computerized accounts system for quick entry and retrieval of accounts, for accuracy and flexibility of analysis of income and expenditure situation.
- iii. Create a system where the operation and maintenance expenditures can be identifiable from the development expenditure.

- **Timely approval of budget by the ministry:**

- **Training of officials and representatives:**

C) Measures for improving people's participation: The local citizens and tax payers should be involved in the budget making process of pourashava. It will increase the confidence of citizens about the pourashava and it will help to increase taxes from citizens. Some measures should be initiated to increase people's participation-----

- **Taking people's opinion before formulating budget:** Before the formulation of budget the opinions of local citizens should be considered. The pourashava should meet different local citizens body to take their opinion. Different bodies are----

- i. Local civil society organizations
- ii. Local NGOs
- iii. Local business organizations
- iv. Local professional bodies etc.

- **Giving awards to best tax payers**

- **Involvement of citizens in project selection committee**

- **Annual meeting with dwellers**

- **Tax campaign or fair**

Concluding remarks

The savor Paurashava has passed 22 years since its establishment. But it is very unfortunate that it could not expand its area of activities. Still its amount of annual budget is very small. Its own income is very much insufficient to undertake a new development project in its own finance. It is dependent mostly on government grants on the other its expenditure is increasing sharply. Hence the problem of finance is the main problem of pourashava. Due to financial constraint, the pourashava can not expand its programmes and services.

In development expenditure it is seen that about 30-35% of total development expenditure are spent in physical infrastructure development like in construction and development of roads, bridge, culverts etc but social issues are given now importance here. In 2012-13 budget, sanitation, public health etc social issues constitutes only 2-3% of total development expenditure. These social issues should be given more priority.

People are not willing to pay taxes, on the contrary, they want good services. The main cause of it may be the absence of confidence of people on the politicians. Most of the people opined that their taxes is not used efficiently for their welfare. The corruption in pourashava also de motivate them to pay taxes. So, there is a serious lake of confidence of the people. Here the politician can play the most significant role to build up people's confidence. Politicians have to prove it that they are trying their best to satisfy the demands of the people.

Here another matter is very important. That is the participation of citizens in both budget making process and in tax collection process. The honorable members of the society should be involved in the tax collection. If the people are interested and willing to pay taxes and the representatives are committed enough to make the best use of resources only then the urban local government will be successful as a local body. So, it is the duty of both the citizens and public representatives to perform their right function.

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