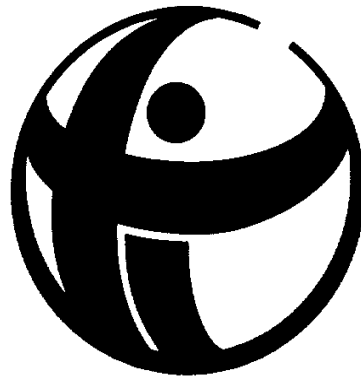


**Evidence to be submitted to the
United Kingdom House of Commons International
Development Committee Hearing on Corruption &
Development**

By

Transparency International Bangladesh



14th November 2000

Introduction

Since its independence in 1971 Bangladesh has been heavily dependent on foreign assistance in order to reduce poverty and attain sustainable growth. But the track record so far has been rather modest and the long-standing problems are still to be tackled. The crisis of governance in Bangladesh is coming under greater scrutiny from both within the country and outside. Over the last few years the key stakeholders in Bangladesh who are involved with the process of development have belatedly realized that the issue of governance could be more important than getting the right policies in place. The focus is on issues such as corruption, transparency and the confrontational politics (appendix 1 – *Rethinking Confrontational Politics: A Reform Agenda by the Civil Society* by Feroz M. Hassan, President, MSS/SRG and Secretary General, Free Election Monitoring Alliance (FEMA) & Manzoor Hasan, Executive Director, Transparency International Bangladesh, August 2000).

According to *Crisis in Governance: A Review of Bangladesh's Development 1997* (The Centre for Policy Dialogue, June 1998) “This failure of the Bangladesh economy to move on to a sustainable growth path...points to a crisis of governance rather than a failure of macro-economic policy.” Transparency International Bangladesh (TIB) has looked into some of the major sectors and extracts from those reports should suffice to reinforce the aforementioned judgment of the Centre for Policy Dialogue (CPD).

Bangladesh Power Development Board

The Bangladesh Power Development Board (BPDB) can substantially increase its power generation capacity by plugging some of its revenue and expenditure leakage. At a rough estimate, a 10% reduction in system loss would yield Tk 3 billion (USD 0.06 billion) in savings, sufficient to add to the system 200 MW of simple cycle gas turbine generation every year. Alternatively or additionally, a mere 5% reduction in the inefficiency of spending the Tk 15 billion (USD 0.28 billion) annual development budget of the government's power sector could yield Tk 750 million (USD 13.88 million), sufficient to add another 50 MW to the system, raising the total additional generation capacity by 250 MW. In one year, the current power crisis of greater Dhaka (capital of Bangladesh) could be tackled and in two years, the shortage of generation capacity in the entire country could be put right.

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Genesis of Corruption

Corruption in the power sector had not assumed serious proportion until after the independence of Bangladesh. In the 1960s, stealing of electricity was significantly more widespread in West Pakistan than in East Pakistan. Suspicions about corruption were mainly focused on the purchase and construction contracts relating to the power department headquarter, and not so much on execution of large projects or appointments of consultants of which there were many.

As shame and remorse once attached to corruption gradually vanished and certain sections of employees became gradually emboldened under protection of their Collective Bargaining Agents (Trade Union), corruption spread to a wider sphere of BPDB's activities and cases once confined to only subordinate staff extended to certain sections of officers.

Payment of a small percentage of a bill to the accounts section by contractors has become standard practice and is now taken for granted. The same is the case of gratification required by junior officers for certifying measurements, recommending quoted rates for unscheduled works, and for higher level officers approving bills. Engagement of ghost labour in the master roll, particularly during an emergency, is fairly common. These types of corrupt transactions would be fairly common in most government agencies and departments. But however prevalent such petty corruption may be, it is the large-scale corruption associated with BPDB's technical and commercial functions that has been eating away at the vitals of the organisation and hurting the economy and the society.

Apart from suspicions about high-level, large-magnitude corruption in the procurement processes resulting from the government's crisis avoidance actions, the shortage of generation, transformer, and distribution line capacity provides incentives to fairly widespread corruption in giving new electric connections and increasing the authorised load.

The most pernicious phenomenon nurturing corruption is the so-called system loss, which involves the theft of a substantial volume of electrical energy. What was initially a minor issue became gradually more serious due to the neglect in enforcing discipline at a time when things were still under control. With no disciplinary actions forthcoming, delinquent BPDB employees developed an attitude of having the "right to steal". Protected by strong trade

unions that claimed political support and patronage, and with the connivance of certain sections of officers, the employees have been an active party to the system loss, causing huge revenue losses to BPDB and undermining its financial viability. This has led to the loss of donor trust and aid worthiness.

At the same time, demand management has been handled most casually. Some classes of electricity tariff (residential and commercial) continue to be higher than rates prevailing in regional countries. Consumers, faced with high electricity bills relative to their income, are tempted to get their bill totals reduced by bribing meter readers, billing clerks, and customer account keepers.

Corruption in Procurement

Top officials in the BPDB have hinted that major corrupt practices in large contracts take place "outside the organisation", which would seem to indicate the ministry level. None, however, denied the existence of minor vices at different levels of BPDB, a phenomenon, which they felt, was common to most development-oriented government departments that handled large construction and supply works. In contrast, Dhaka Electric Supply Authority (DESA) officials suggested that corruption in procurement was not significant, while Rural Electrification Board (REB) officials claimed that well-developed procurement procedures and effective supervision of their procurement system offered little scope for corruption.

System Loss

In fiscal 1998-99, BPDB generated 14,150 MkWh of electricity, purchased another 450 MkWh from private sources, but billed for only 11,462 MkWh, giving a system loss of 22%. This was better than DESA's 40% but poorer than REB's 17%. The weighted average system loss in the power sector as a whole is estimated at 35%, which includes 21% technical loss. The balance 14% (non-technical loss) was due to pilferage, theft and unauthorised use. In 1999-2000, total generation by BPDB and independent power producers is projected at 17,535 MkWh. Theft of electricity at the rate of 14% is therefore estimated to be 2,434 MkWh. At an average tariff of Tk 2.10 per kWh, the value of the theft would be Tk 5 billion (USD 0.09 billion).

The corruption related to the theft of electricity has become very pervasive. Apart from meter readers, supervisors, ledger keepers and other positions connected with billing and consumer accounting, many Assistant Engineers and some high level officers are involved in this vice. With the involvement of officers, supervision becomes impossible. On the consumer side, people across the economic spectrum are involved in dishonest practices.

The number of illegal connections is enormous. Although no one knows the actual figure, it could be as high as 300,000. Theft also takes place by way of tapping distribution lines, bypassing meters, 'fixing' the meters, and misusing free electricity supply for BPDB employees. High-tension consumers, particularly some textile mills, jute mills and chemical plants, often remove the fuses from instrument transformers in order to disable the energy meters.

Banking Sector

Genesis of Corruption

The legacy of corruption and malpractice in the banking sector can be traced back to the pre-liberation (pre 1971) days. The Pakistan government, bent on rapid industrialisation and modernisation of agriculture, provided liberal refinance facilities to specialised development finance institutions, who were encouraged to dole out large amounts of money to budding industrialists and large agriculturists. There were reports of borrowers bribing bank officials in cash or kind for getting loans. Large industrial loans required political patronage, some of which was thought to have had a price tag attached to it. Insider lending was common in private banks, as was the use of bribes to mobilise scarce deposit funds from owners or controllers of government and military funds. The incidence of fraud and forgery was however very limited and/or not made public.

Growth and Spread of Corruption

After independence, all private banks, excepting foreign banks, were nationalised and brought under the direct control of the bureaucrats. The government allowed the remission of interest and, in some cases, even the principal for borrowers who could claim that they had been adversely affected by the war of liberation.

The acute shortage of manpower in the banking sector forced the government to go for hasty, quota-based recruitment drives. The prolonged government ban on new recruitment of officers (forced upon by trade union pressure) even when the branch network was expanding rapidly created pressure for promotion from the clerical ranks. This resulted in a decline in the average quality of the work force.

The government's policy of mandated credit for agriculture, to be disbursed through local level government officials and rural power brokers, practically institutionalised corruption in agricultural lending. Dishonest bank officials took a 10 to 20 percent cut of the loan amount, as a matter of routine.

The new government inherited from its predecessor an enthusiasm for rapid industrialisation. Government-owned development finance institutions (DFIs), using soft donor loans, financed numerous projects. However, a large proportion of such loans represented political patronage to party supporters, former and serving civil / military bureaucrats, and their relatives. In such cases, the lending decisions were obviously not based on sound banking principles. At the same time, commercial banks offered lines of credit indiscriminately without reference to the customers' creditability, safe in the knowledge that the bank's lending risk would be covered by Bangladesh Bank's credit guarantee. The freewheeling banking operations came to a shuddering halt in the early eighties, following the hardly unexpected revelation that the DFIs were burdened with large non-performing loan portfolios. The flow of donor credit dried up soon afterwards.

Large borrowers wilfully defaulted on the loan repayments to the DFIs and nationalised commercial banks (NCBs), emboldened by their close links with the corrupt civil-military bureaucracy. Subsequently, the defaulters extracted concessions in the form of interest waivers, segregation of loans into "blocked accounts", and repeated rescheduling. Some defaulters are alleged to have used the defaulted funds to start private banks and insurance companies. This gave them a further opportunity for insider lending and for diverting yet more funds to various pet ventures. Herein lies the origin of the 'default culture'.
The Situation Today

A recent study on the bank loan default problem found that in the sample group of 125 defaulters, 78% utilised political connections, including ministers' influence, to get loans

sanctioned. Of the 37% directly involved with the ruling party, a large proportion had changed their political affiliation at least once.

Successive governments have made half-hearted attempts to tackle corruption in the banking sector. Recommendations made by various committees set up to investigate corruption never received the priority that they deserved. In some cases, the final report was not even published. The attitude of major donors was ambivalent. The Financial Sector Adjustment Credit programme (World Bank) and the Financial Sector Reform Program (USAID), two major aid projects focussing on the financial sector, neglected the issue of combating corruption in banks.

The political patronage enjoyed by the defaulters and dishonest senior bankers was sufficiently strong to prevent the Bureau of Anti-corruption (BAC) from investigating suspected bank officials without the clearance of the Prime Minister's Office (PMO). Defaulters were allowed to contest the 1991 general election. In the 1996 elections, the caretaker government initially took a strong stance against the participation of defaulters. The government later reversed its position and allowed defaulters to contest, provided they got their default loans rescheduled on payment of only a single instalment of 10% of the defaulted amount. After getting elected the default status of members of Parliament no longer mattered.

Recently, the government, with some sustained prodding from the donors, has brought in new laws to fight defaulters in spite of the powerful defaulter's lobby in the parliament. But these reform measures have not reversed the poor trend; the banking sector remains fragile and capital deficient. The proportion of total bad loans has increased (67% for DFIs, 40% overall) despite the fall in the proportion of classified loans disbursed during 1996-98. Today, the NCBs and many private banks of Bangladesh would be considered insolvent by international standards.

As for the default loan scenario, the entire focus has been on the borrowers. Bank officials have been very fortunate to escape blame for their role in many corrupt, or at best ill judged, lending decisions. There appears to be a lack of awareness in the government and the banking community that bank officials can be penalised by the law for wilful or negligent conduct in disbursing loans.

Magnitude of Corruption

Reliable estimates of the monetary involvement in cases of bribery, fraud and forgery in the banking are hard to come by because of the high degree of secrecy maintained by the concerned parties.

Good borrowers prefer to conceal their involvement whereas defaulters are prone to exaggerate their costs of doing business with banks.

The cumulative losses through *frauds and forgeries* are estimated to be Tk 1 billion (USD 0.2 billion) at the end of November 1998, at 0.2% of total bank deposits. Bribes related to *agricultural loans* are said to range between 10 to 20% of the loan amount; but a lower rate (2-10%) applies in the case of larger loans, which are usually taken out by relatively influential borrowers. In the case of *project loans* for agriculture, fisheries, and dairy, bribes collected by the bank officials are sometimes shared with the local government project development officers. In the case of *commercial loans*, the banker not only collects outright bribes (1-5% of the loan limit), but also often receives occasional gifts and regular hospitality or entertainment from the client. For *term loans*, the bribes range from 1 to 5 %, depending on the (a) type and size of the projects, (b) special services, if any, to be rendered by the bank staff in preparation of the project feasibility report and processing the loan proposal as a "package deal", and (c) the status of the person influencing the loan sanctioning decision. The successful borrower has to pay a further sum at the time of disbursement. *Working capital loans* involve a separate payment of 1 to 5% to the bank's managers, employees and trade union leaders.

Roads & Highways Department

Introduction

The Roads and Highways Department (RHD), under the Ministry of Communication, is responsible for building and maintaining (a) national highways, (b) regional highways, (c) feeder roads which connect thana headquarters to the arterial road network, and (d) bridges and culverts. Additionally, RHD operates ferries of various types and sizes to link the rest of the system.

RHD receives a healthy allocation from the government's development budget, In FY 1999-2000, RHD's allocation was Tk 14 billion (USD 270 million), of which the foreign aid component was 55 percent. The bulk of aid funds (83%) came from IDA, ADB and OECF Japan.

The chief operating officer of RHD is the Chief Engineer who sits at the top a pyramid organisation structure, with engineers dominating the line functions. Apart from the 9,000 or so permanent employees, RHD is burdened with at least an equal number of temporary lower level staff, who were originally employed under specific projects but managed to stay in employment with support of the unions and other vested groups. Not surprisingly, the RHD is grossly over-manned.

Corruption in the Selection of New Roads

The identification and selection of new roads to be constructed should be based on cost-benefit analysis, considering the availability of financial resources. In practice, such analysis is rarely done except in the case of donor-funded projects. The task of identifying new road projects has traditionally been "delegated" to ministers, members of parliament, bureaucrats, and the influential local elite, for whom the construction of a road is an effective means of buying future votes. Thus, many of the road projects which are taken up have very little to do with national or regional priority and availability of financial resources. Yet, neither the Planning Commission nor any other relevant agency raises any question about the justification of such "mandatory" projects.

Until a road completed, the project sponsors will often invoke the support of a minister or even the prime minister to successfully lobby for additional financial allocations, causing even more wastage of scarce developmental funds. Sometimes pressure is brought upon divisional RHD officers who, under the government's administrative and financial rules, are authorised to write cheques on the government account without any limit.

Projects are rarely completed in time because of the large numbers in the implementation schedule. When a particular stretch of a road is ultimately built and opened to traffic, repairs become necessary before the full length of the road is completed. Development funds are

usually diverted for such repair work, with little regard to proper maintenance of accounts for such expenditure.

Corruption in Road Construction

Widespread corruption is involved in determining the path a new feeder road should follow. It is quite common for affected landowners to bribe junior level RHD officials or use of their political connections to change the course of a road. As a result, a road that had a straight alignment as per the original plan ends up with numerous bends.

After the commencement of civil work, RHD officials receive kickbacks from the contractors either as a direct payment (usually a percentage of the contract value) at different stages of the job, or as a share of the contractor's surplus arising from an over-billed or fictitious or substandard contract work which was knowingly approved by the RHD engineers in the first place.

A common example of the second type is the frequent re-carpeting of roads. The annual re-carpeting which takes place in Bangladesh would not be required had the work been done according to RHD's written specifications. By producing sub-standard work, the contractors and the collusive RHD officials jointly ensure the continuity of future corrupt earnings.

Earthwork is another source of rampant corruption. Embankments of 6 to 8 feet height are often required to protect the road from flooding during the rainy season. Private contractors will usually make the road measurements just before the onset of the rainy season (March to June) and carry out earthwork during the rainy season when parts of the earthwork are washed away, making it impossible to verify the extent of the work. It is common practice for contractors to bill for trucked-in earth, which involves a higher cost, when in fact the earth is usually dug up from the depressed areas on either side of the road. The contractor, who shares a part of it with the RHD executive engineer who certified the work and cleared it for payment, pockets the windfall gains resulting from such fraudulent activities.

Corruption in Engineering Supply and Repair Contracts

In engineering supply contracts (e.g. spare parts for ferries), original or genuine parts are never supplied. The contractor, after paying bribes to the RHD hierarchy, has to make some

profit for himself after all. There would be nothing left if he purchased a genuine or new part. Sometimes, the contractor will purchase an original part - one, which has been stolen from RHD stores with the connivance of the storekeeper. For repair works, most contracts end up is false or fictitious works since there is no physical supply involved. In some cases, the contract itself is fictitious. If the work is to be done outside of Dhaka, chances are even greater that no actual work or supply will take place.

The rates of bribe paid to the different levels of RHD officials are well established and known to all relevant parties. Deviations from the standard rates are the prerogative of the higher-level officials. The total bribes paid by a contractor ranges from 37% to 47% of the gross contract value. The effective rate of 40% to 52% of the net contract value, after deduction of VAT and advance income tax.

Selection of Local Contractors

Local contractors are usually selected through covert negotiation, although records would show that a competitive bidding system, as required by government rules, was followed. Prior to the submission of bids, a tacit understanding between the RHD officials and the contractor syndicate on the allocation of contracts amongst contractors and the contract prices. Competitors do not object to such an arrangement, and wait obediently for their turn in some other contract.

Outside experts are rarely used for determining the volume of material and labour input, or for preparing the design specifications. As a result, the quantity of work budgeted for is usually much higher than actual requirements. Besides, few projects can be completed within the stipulated period for want of adequate resources. For such delays, contractors are compensated by increasing rates and in other forms providing additional benefits.

Selection of Consultants and Contractors in Aided Projects

For aided projects, the method of selection of consultants and international contractors is guided by the terms of the loan / grant agreement and the guidelines of the respective development partner. Even so, RHD officials enjoy considerable discretion in determining the ranking criteria for contractors involved in the pre-qualification. Advance information is passed to select international firms or individuals through their local agents with a view to

favouring them in the final selection. In some cases the bid documents are manipulated to favour a particular firm.

Although the donor agency usually approves shortlist of consultants, the final selection lies with the RHD, based on weights assigned to the various selection criteria. There is scope for considerable discretion here, mainly at the higher levels of officials. The bid evaluation report and the recommendations of the evaluation committee are not made public before the final selection.

Cases have also been reported where RHD officials had to make decisions (in selecting consultants / contractors) respecting the wishes of the administrative and political authorities and the ministry. As a result, there have been cases where the selection changed when the "authority" changed. In the Jamuna Bangabandhu Bridge project, selection of the consultant for construction of the access road was changed several times with change of such "authorities". This process may lead to selection of consultants who are not technically the best, but are found "acceptable" on other considerations, at times with disastrous consequences.

Corruption in Consulting Activities

Consultants pay, on average, 12 to 15% of their fee as bribe at the time of commissioning of the contract. The money is divided between ministry officials, and the members of RHD's Technical Evaluation Committee. Interestingly, the corruption level in the RHD is judged to be "moderate" compared to other government departments. The RHD rate is usually between 2 and 6% of the consultant's fees, whereas in other departments, the rate is not only higher (up to 15%) but is applied to the sum of consultant fees plus out-of-pocket expenses. RHD is by far the largest user of consultants and the recipients of bribes apparently abide by the dictum of "not killing the goose that lays the golden egg".

Revenue

The Governments of Bangladesh (GOB), past and present, have failed to generate a high rate of recovery and it relates to number of factors: constraints of law, efficacy of enforcement and collusive arrangements between the executing agency and the assesseees. This problem of

under collection applies to all variety of public revenues from direct taxes to revenue from public utilities, such as electricity, gas, telecommunications, water and sewerage. The problem here is social, political and institutional.

Corruption is pervasive in the customs department mainly because of the immense discretionary and monopoly powers vested in and enjoyed by customs officers in a system where accountability is conspicuous by its absence. A secondary reason is the absence of institutional discipline, whereby career planning decisions, transfers and postings are made on the basis of pressures, gratification and other considerations instead of clearly established principles. The situation is made worse by an absence of moral commitment on the part of customs officers, arising from a flawed system of recruitment which is based on transfers or promotions from other government departments or ministries, instead of direct and focused recruitment followed by training. Corruption is certainly not a transitory phenomenon here.

“The indiscipline may originate from below but its persistence and consolidation derive from the failure of political will at the top to stop the rot and to impose the democratic authority of the regime in enforcing administrative order....Interestingly enough, regimes which have come to power with a clear democratic mandate are equally inept at taking on the vested forces both of the bureaucracy and society.... In the absence of any serious political prospect to either economise or rationalize current expenditures, the burden of adjustment falls on the Annual Development Plan (ADP) whose share of GDP has remained unchanged over nearly two decades. This has serious consequences for stimulating growth since public investment, largely aid-funded, can have a catalytic effect on economic growth. However, ADP budgets remain underused, aid lies unspent with a project aid pipeline, which has doubled from \$ 3 billion to \$ 6 billion in the last 10 years. Over a third of the ADP is padded with items of recurring expenditure, which cannot be accommodated in the revenue budget....the large ADP projects themselves often tend to be misconceived, or over-designed, uncoordinated with collateral projects, poorly implemented, and after completion, inefficiently managed. Thus, ADP projects represent both an inefficient use of public funds as well as a failure to derive the expected returns from such investments. Most of those problems associated with public expenditure are governance related, reflecting lack of transparency in design and execution, lack of accountability, weak supervision, potential for large scale corruption and eventually inefficient management of the end-product (see appendix 2 – Judicial Review application challenging the establishment of a container port on transparency grounds). Thus public revenues are lower than they need to be whilst public current expenditures are higher

than they need to be. Public development expenditures whilst much lower than is appropriate from the resources available to the GOB, tend to be wastefully spent and inefficiently managed. This means that mis-governance is giving Bangladesh a much lower level of public savings, investment and GDP growth than would be available to her within a better governed system.” (*Crisis in Governance: A Review of Bangladesh’s Development 1997*)

Transparency International Bangladesh Survey

In 1996, Transparency International’s Bangladesh chapter conducted a survey of 2,500 rural and urban households to determine people’s experience with corruption and their perception of its prevalence. In addition to seeking respondents’ views about the definition of corruption, the survey covered 10 sectors where corruption was believed to be rife and underscored the ways in which the respondents suffered from corruption.

Bangladesh National Household (HH) Survey carried out by Transparency International Bangladesh (December 1997)

Police and Courts

- 96% of HHs said they have to pay the police to get any help or service
- 63% of HHs involved in court cases said they have to bribe court officials and lawyers
- 89% of HHs involved in court cases said it was almost impossible to get fair and quick judgment from the court without money or influence

Education

- 74% of HHs said it required extra-regular methods to get children into school
- 42% of HHs said it was not possible for children to get good results or promotion into next higher class without hiring teacher as private tutor

Health

- 40% of HHs reported extra pay was needed to get admission to hospitals
- 41% of patients at hospitals said they did not get their medicine without extra pay

Business Licenses

- 65% of HHs said it took money or influence to get licenses

Utilities

- 32% of HHs reduce their electricity and water bills through extra payments
- 47% of HHs reduce their tax bill through extra payments

Land Administration

- 85% of HHs involved in land sales/purchases reported need to make extra payments to officials to get sale registered

Places of Corruption:

Main institutions where bribery is said to be necessary are

- Thana Police (97% of HHs) and
- Courts (89% of HHs)

Perceived causes of corruption:

- "get rich quick" - 76%
- "moral degradation" - 58%
- "lack of accountability" - 51%
- "inadequate salary" - 32%

Seventy-six percent of the respondents defined corruption as the misuse of position and power and the neglect of duty. The judicial system and the police were identified as the most corrupt sectors in Bangladesh. More than 96 percent of the respondents stated that it was impossible to get help from the police without money or influence and 89 percent felt that quick and just settlement from the courts was impossible without resorting to bribes or influence. Most households reported having to pay bribes to obtain health services, education services, municipal services, transport services, land title records, and loans from the financial system.

(see appendix 3 – *Survey on Corruption in Bangladesh*, Transparency International Bangladesh, December 1997).

It is no wonder that accelerated public investments in health and education are not matched with improved governance in these sectors. Consequently, even today Bangladesh's human development indicators remain comparable to those of Bihar, India's socially most backward state. Health is another problem area: the bottom 20% of the rural health population spends 7-10% of income on meeting private medical expenses, whereas the benefits from the public health service (PHS) are equivalent to only 1-3% of their income. This dependence on private healthcare provides, which is usually of poor quality, a reflection of the lack of confidence of the poor in the public health facilities, arising from the mis-governance of these programmes.

Public Administration Reform Commission observed that “The general perception of people is that almost all important institutions of public life – the law and order agency, the judiciary, the revenue collection departments, the service sector, the financial sector, to name a few, and majority of public servants of all categories working in them are involved in corruption. Corruption has become so pervasive that the press in Bangladesh, Transparency International and many development partners have drawn attention of the government of Bangladesh from time to time for taking urgent remedial measures to combat it.” (*Public Administration for 21st Century* – Report of the Public Administration Reform Commission Volumn 1, June 2000)

Transparency International Bangladesh News Scan Report

The sampling technique included developing a data bank through collection of news from nine national dailies over a six-month period. Newspapers are a good source of current information since many corruption-related reports are published in the newspapers everyday focusing on various sectors such as Police, Forest Department and Local Government. By scanning nine dailies for six months (January-June 2000) TIB News Scan Database Team gathered one thousand three hundred and forty five corruption cases i.e. more than 224 cases in each month or about 51 cases each week.

Corruption by Sector/Department/Directorate:

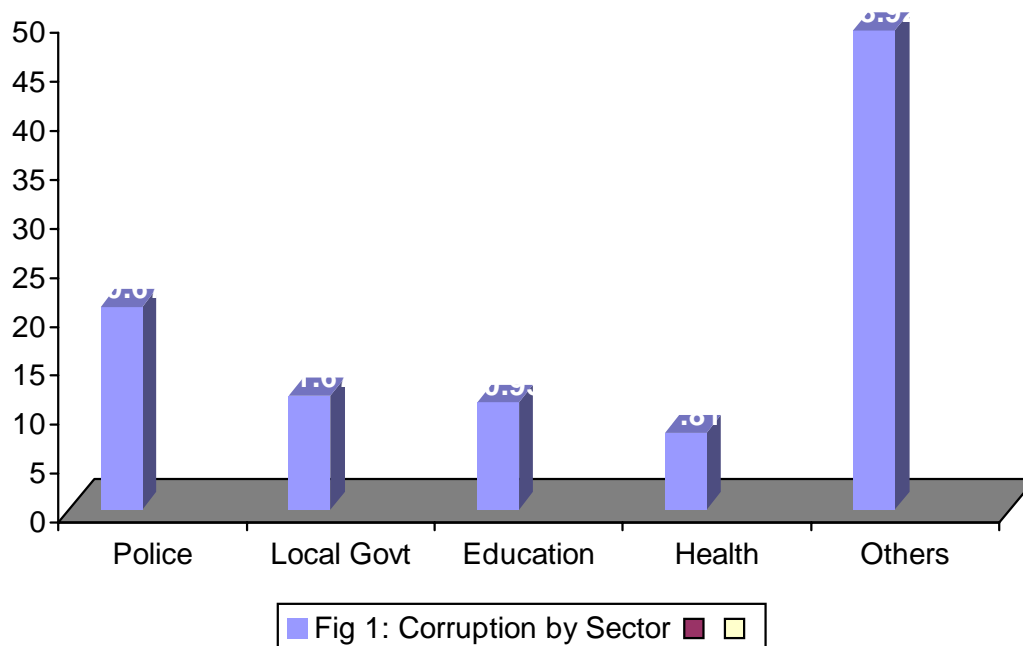
While scanning news coverage on corruption the News Scan Database Team also found corruption cases against the officials working in thirty-six of the mentioned thirty-seven sectors/departments/directorates. Among these, Law Enforcement Agency, which included police, BDR and Ansar & VDP, were found to be the most corrupt service sector (20.67%). The reported number of cases against this sector was 278. The table below ranks corruption by sector/department/directorate.

Table 3.1: Distribution of Corruption by Sector/Department/Directorate

Sector/Department/ Directorate	Reported Cases		Sector/Department/ Directorate	Reported Cases	
	%	N		%	N
Law Enforcement	20.67	278	Fisheries & Livestock	0.67	9
Local Government	11.67	157	Cultural Affairs	0.67	9
Education	10.93	147	Agriculture	0.59	8
Health	7.81	105	Prison Administration	0.52	7
Forest & Environment	4.46	60	Department of Narcotics	0.52	7
Direct & Indirect Tax	4.46	60	Public Works & Housing	0.45	6
Finance	4.31	58	Judiciary	0.45	6
Communication	3.79	51	Energy & Mineral Resource	0.45	6
Water Resource	3.49	47	Civil Aviation & Tourism	0.37	5
Post &	2.97	40	Disaster Management and	0.37	5

Sector/Department/ Directorate	Reported Cases		Sector/Department/ Directorate	Reported Cases	
	%	N		%	N
Telecommunication			Relief		
Power	2.90	39	Defense Service	0.30	4
Land Administration	2.38	32	Sports & Youth	0.30	4
Commerce & Industry	1.26	17	Religious Affair	0.22	3
Shipping	1.12	15	Information	0.14	2
Parliamentary Affairs	1.12	15	Election Commission	0.07	1
Passport & Immigration	1.12	15	Bureau of Anti-corruption	0.00	0
Social Welfare	0.82	11	NGO	1.56	21
Food Department	0.82	11	Private Service Organization	4.68	63
			Political Party	1.56	21
Total				100.00	1345

Table 3.1 also shows that the first four sectors represent half of the total reported cases (51.08%). The next 8 sectors represent about 30% of the reported cases. Bureau of Anti-corruption was the only department without any reported cases.



Corruption in Law Enforcement Agency

During the study period Law Enforcement Agencies (Police, BDR, Ansar & VDP) was found to be the most corrupt service sector. In recent years corruption in police department has been widely publicized. Several reports (WB 2000, US Human Rights Report 2000) revealed that corruption is widespread in police service in Bangladesh. In 1997, TIB in its 'Survey on Corruption in Bangladesh' also found police service as one of the most corrupt sectors.

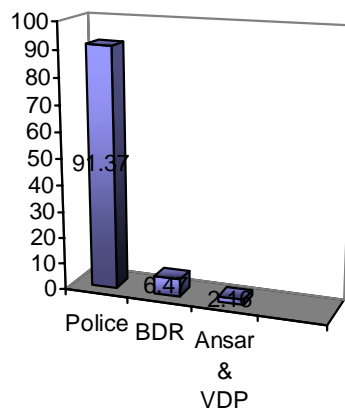


Fig 2: Corruption in Law Enforcement Agency

Total number of reported cases against Law Enforcement Agencies was 278, out of which 254 cases were against police department. This includes Detective Branch (DB) police, Metropolitan police, Thana/Upazila police, traffic police and district police line. The reported number of cases against BDR, which is the border petrol force, was 18 while it was 6 for both Ansar & Vliiage Defence Party (VDP). Table 3.2 shows the breakdown of corruption in Law Enforcement Agency by department and type of corruption.

Table 3.2: Corruption in Law Enforcement Agencies

Type of Corruption	Police	BDR	Ansar & VDP
Abuse of Power	123	3	3
Bribery	51	11	2
Embezzlement	1	0	1

Type of Corruption	Police	BDR	Ansar & VDP
Extortion	28	0	0
Fraud	1	0	0
Influence Peddling	0	0	0
Misuse of Resources	3	1	0
Nepotism	1	0	0
Refusal to Provide Services/ Perform Duties	46	3	0
Total	254	18	6

Abuse of power was widespread in police department. About half of the reported cases (123) that were published are related to abuse of power. Analysis reveals that discretionary power granted under Act 54 have been the source of abuse of power for this department.

Corruption in Local Government

At Local Government level, Union Parishad was reported to be the most corrupt with 48 cases of corruption. District Parishad and Local Government Engineering Department (LGED) follow Union Parishad with 23 cases of corruption. Third in line is the Thana Parishad with 21 reported cases of corruption. The lowest in the hierarchy is City Corporation and Pourashava with a total reported cases of 11.

Unlike Law Enforcement Agency, the local level officials use their office for misappropriating public resources. Most of the misappropriation took place under the VGD and VGF program where chairman and members of the Union Parishad misused fund, wheat, rice and other allocated public resources. Some of the cases show that Union Parishad in collusion with other local government organizations like Local Government Engineering Department (LGED) misdirected public funds. For example, wheat and rice were misappropriated under 'Food for Work' program to reconstruct a local embankment. Government is looking into various reform measures for local government units. The corruption cases reported on the Local Government level indicate that more checks and control need to be in place to stop the malpractices. Close scrutiny is also needed in the areas where misappropriation takes place.

Table 3.3: Corruption in Local Government Service

Type of Corruption	Union Parishad	District Parishad	LG ED	Upazila/ Thana Parishad	City Corporation	Pouras hava	PH ED	Development Authority	WA SA	Ministry of Local Government
Abuse of Power	6	4	3	4	2	4	2	3	0	1
Bribery	1	2	1	2	1	0	0	1	0	0
Embezzlement	37	8	9	6	1	4	3	0	0	1
Extortion	1	1	1	0	0	1	0	0	0	0
Fraud	2	2	4	4	0	0	2	2	1	0
Misuse of Resources	1	1	5	3	3	0	0	0	0	0
Influence Peddling	0	1	0	0	0	0	0	0	0	0
Nepotism	0	1	0	1	0	0	0	1	0	0
Refusal to Provide Services	0	3	0	1	4	2	1	0	2	0
Total	48	23	23	21	11	11	8	7	3	2

Corruption in Education

Education is one of the largest and important public service providers in Bangladesh. The National Plan of Action (NPA) 1990 in its overview stated that lack of basic education was the Achilles hell of the society and economy of Bangladesh. Millions of dollars have already been pumped into this sector but the situation is far from satisfactory level.

Table 3.4: Corruption in Education

Type of Corruption	Secondary School	College	Education Board	Food for Education	Primary School	Education Ministry	Education Office	University	Madrasa	Technical Institute
Abuse of Power	6	4	10	0	0	2	4	6	1	1
Bribery	5	2	1	1	1	2	2	0	0	0
Embezzlement	11	4	6	9	7	3	4	1	0	2
Fraud	2	2	2	1	1	0	0	0	6	0
Refusal to Provide Services	2	1	0	5	5	1	1	2	0	0
Extortion	1	10	0	0	0	0	0	0	0	0
Nepotism	0	0	0	0	0	0	0	1	0	0
Influence Peddling	0	0	0	0	0	0	0	0	0	0
Misuse of Resources	0	1	2	0	4	4	0	0	0	0
Total	27	24	21	16	14	12	11	11	8	3

In all department/directorate of education sector TIB Database Team monitored 147 cases published in 9 dailies during the study period. Embezzlement was the most common form of (47) reported cases, followed by abuse of power (32). Refusal to provide services (17),

bribery and fraud (14) were also significant in the education sector. Only one case of nepotism was found and no case was found on influence peddling.

It is also evident from the table that about half of the cases were reported as abuse of power in six education boards. Embezzlement (6) was also widespread among the boards. In 'Food for Education' most of the reported cases were identified as embezzlement (9) and in primary school half of the cases (7) were belonged to this type. The rest of the cases were reported against Education Ministry (12), Education offices (11) and University (11) and 8 cases were reported on madrashas (religious schools).

Corruption in Health

The government has dedicated ample resources to the health sector in order to fulfill its target 'health for all' by the year 2000.

Table 3.5: Corruption in Health Sector

Type of Corruption	Health Complex (Upazila & Dist.)	Medical College Hospital	Civil Surgeon Office	Family Planning	Health Ministry
Abuse of Power	9	8	3	0	1
Bribery	2	0	3	0	1
Embezzlement	4	7	9	7	2
Fraud	2	0	6	1	1
Misuse of Resources	1	2	1	0	1
Nepotism	0	0	1	0	0
Refusal to Provide Services	16	9	1	2	0
Extortion	1	2	0	0	0
Influence Peddling	0	2	0	0	0
Total	35	30	24	10	6

TIB identified 105 corruption cases in the health sector. Embezzlement and refusal to provide services are the most common form of corrupt practice. Out of the 35 reported cases of corruption against Health Complexes located in the districts and Upazilas, 16 were refusal to provide services due to absentee health officials and doctors. In addition doctors were

often engaged in private practices. Embezzlement was found in the Civil Surgeon Office, where officials misappropriated fund allocated for expensive medical equipment and machinery. Misuse of resources has been stemming from lack of inspection and absence of proper regulatory bodies. For example, due to lack of inspection many shops are able to sell life saving drugs without proper license.

Corruption in Forest and Environment

Table 3.6 shows the distribution of reported corruption cases related to on forestry and environment.

During our study period fifty-nine cases were reported on forest department with officials and employees of Forest Department permitted the wood smugglers to cut trees from forests. Sometimes cutting and selling of trees by the officials themselves were reported. In exchange of bribery, the forest officials directly cooperated with timber traders to cut huge quantity of wood and poachers to kill animals. The highest number of cases about Forest Department was embezzlement (20) reflecting one-third of the total reported cases in this sector. The number of cases related to abuse of power was 14 followed by 12 cases of bribery.

Table 3.6: Distribution of Reported Cases in Forest & Environment

Type of Corruption	Forest Department		Department of Environment
Embezzlement	33.90	20	0
Abuse of Power	23.73	14	1
Bribery	20.34	12	0
Misuse of Resources	11.86	7	0
Refusal to Provide Services/Perform Duties	5.09	3	0
Fraud	3.39	2	0
Extortion	1.69	1	0
Nepotism	0.00	0	0
Influence Peddling	0.00	0	0
Total	100.00	59	1

Corruption in Direct and Indirect Taxation

Taxation is the largest source of revenue for the government of Bangladesh. Direct and Indirect Taxation departments consisted of Customs, Revenue, VAT and taxation administration.

There were 60 reported cases of corruption in the nine dailies during the six-month data collection period. Abuse of power and bribery were the most frequently reported cases in customs department. Seventeen cases related to abuse of power were reported while the number of reported cases on bribery was 15. Tax collectors were found to collect excess tax in violation of government rules. Other reported cases were release of illegal imported goods and misappropriation of fund collected as taxes.

Table 3.7: Corruption in Direct and Indirect Taxation

Type of Corruption	Customs	Revenue	Taxation
Abuse of Power	17 (34.00%)	2	1
Bribery	15 (30.00%)	2	2
Embezzlement	5 (10.00%)	0	0
Extortion	5 (10.00%)	1	0
Fraud	5 (10.00%)	1	1
Refusal to Provide Services	3 (6.00%)	0	0
Misuse of Resources	0 (0.00%)	0	0
Nepotism	0 (0.00%)	0	0
Influences Peddling	0 (0.00%)	0	0
Total	50 (100.00%)	6	4

Corruption in Finance

Fraud, embezzlement and abuse of power are the most common form of corrupt practices in the financial sector with most of the reported cases occurring in the nationalized banks. During the research period, there were 56 reported cases on corruption out of which 21 were fraud, 19 on embezzlement and 14 on abuse of power. There were 2 cases on abuse of power. Other examples of corruption involved a group of bank officials in nationalized banks submitting false papers to draw agricultural loan by claiming to be poor farmers. In another case a farmer got an agricultural loan which was less than the sanctioned amount. Some officials were involved in forging Letters of Credit (LC) and selling US dollars in the black market. General Manager (GM) and other high bank officials were observed to use personal preference in providing loans.

Table 3.8: Corruption in Finance Sector

Type of Corruption	Nationalised Bank	Investment Company	Insurance Company	IRD	ERD
Fraud	21	0	0	0	0
Embezzlement	19	0	0	0	0
Abuse of Power	14	2	0	0	0
Bribery	1	0	0	0	0
Extortion	1	0	0	0	0
Refusal to Provide Services/Perform Duties	0	0	0	0	0
Nepotism	0	0	0	0	0
Influence Peddling	0	0	0	0	0
Misuse of Resources	0	0	0	0	0
Total	56	2	0	0	0

Corruption in Communication Sector

There were 49 reported cases of corruption in the transport and communication sector with abuse of power the dominant form of corruption practice. There were 18 cases of abuse of power of which 13 cases were reported on Bangladesh Railway department.

Table 3.9: Corruption in Communication Sector

Types of Corruption	Bangladesh Railway	Roads & Highways	BRTA	BRTC
Abuse of Power	13	3	2	0
Bribery	0	1	1	0
Embezzlement	6	5	0	0
Extortion	2	0	2	0
Fraud	1	0	0	0
Influence Peddling	0	0	0	0
Misuse of Resources	5	0	0	0
Nepotism	0	1	0	0
Refusal to Provide Services	4	3	0	0
Total	31	15	5	0

There were total of 31 cases reported against Bangladesh Railway followed by 13 cases against Roads and Highways and 5 cases on BRTA. There were 11 cases of embezzlement and 7 cases of refusal to provide services.

Other examples of corruption in Communication sector involved officials in Roads and Highways misappropriating funds allocated for construction works and giving away tender work on the basis of nepotism without bidding. There were reported cases on issuing illegal licenses, fitness certificates, route permits, Blue books by BRTA office.

Corruption in Water Resources sector

Water Resources sector consists of Water Development Board (WDB), Irrigation, Water Resource Ministry and WAPDA. Most of the reported cases of corruption were on WDB. Out of a total of 46 reported cases 21 cases related to embezzlement. There were 10 cases on misuse of resources and 6 cases on abuse of power. There were some cases relating to bribery (3) and refusal to provide services (4).

There were reported cases of embezzlement and abuse of power at WDB when some of their officials by-passed tender process and selected constructors after taking bribes. Project directors, engineers and other officials misappropriated public funds in various construction projects. There were reported cases of corruption on Water Resource Ministry.

Table 3.10: Corruption in Water Resource Sector

Type of Corruption	WDB	Irrigation	Water Resource Ministry	WAPDA
Embezzlement	17 (47.23%)	4	0	0
Misuse of Resources	8 (22.22%)	1	1	0
Abuse of Power	4 (11.11%)	0	2	0
Bribery	3 (8.33%)	0	0	0
Refusal to Provide Services	3 (8.33%)	1	0	0
Extortion	1 (2.79%)	0	0	0
Nepotism	0 (0.00%)	0	0	0
Influence Peddling	0 (0.00%)	0	0	0
Fraud	0 (0.00%)	0	1	0
Total	36 (100.00%)	6	4	0

Corruption in Post & Telecommunication Sector

There were 40 reported cases of corruption in Post & Telecommunication sector and most of those cases were related to abuse of power (11) followed by embezzlement (8) and bribery (7). Others were cases of refusal to provide services (5) and fraud (4). Officials at BTTB are commonly found to harass subscribers by providing false bills and taking bribes to reduce the bills. Corruption also takes the form of extortion of money by threatening disconnection of lines. Refusal to provide services is a more common type of corruption practice within Post Offices.

Table 3.11: Corruption in Post & Telecommunication Service

Type of Corruption	BTTB	Post Office
Abuse of Power	9	2
Bribery	7	0
Embezzlement	2	6
Extortion	2	0
Fraud	2	2
Influence Peddling	0	0
Misuse of Resources	3	0
Nepotism	0	0
Refusal to Provide Services	0	5
Total	25	15

Corruption in Power Service Sector

Power Service Sector consists of PDB, DESA, PBS and REB. Reported cases of corruption in this sector during the research period were 39. PDB was reported to have the highest number of corruption cases (23) followed by DESA (10), PBS (5) and REB (1). Most of the cases related to abuse of power (15), followed by embezzlement (7), bribery (5), fraud (4) and misuse of resources (4).

PDB officials and engineers are involved in various types of irregularities such as taking bribes from public for reducing bills. Sixty crore taka (USD 0.01 billion) was embezzled by showing system loss, which means unauthorized and illegal connections.

Table 3.12: Corruption in Power Service Sector

Type of Corruption	PDB	DESA	PBS	REB
Abuse of Power	10	5	0	0
Bribery	5	0	0	0
Embezzlement	4	2	1	0
Extortion	1	0	1	0
Fraud	2	1	1	0
Influence Peddling	0	0	0	0
Refusal to Provide Services	1	0	0	0
Nepotism	0	0	1	0
Misuse of Resources	0	2	1	1
Total	23	10	5	1

Corruption in Land Administration

During the news scan survey period there were 32 reported case of corruption in Land Administration and out of 37 directorate/sector surveyed land administration was found to be the 13th most corrupt department. Most of the cases reported were bribery (12), abuse of power (7), extortion (5). There were also cases of fraud, embezzlement and refusal to provide services.

Table 3.13: corruption in Land Administration

Type of Corruption	Reported Cases	
	%	N
Bribery	37.50	12
Abuse of Power	21.87	7
Extortion	15.63	5
Fraud	9.37	3
Embezzlement	6.25	2
Refusal to Provide Services	6.25	2
Misuse of Resources	3.13	1
Nepotism	0.00	0
Influence Peddling	0.00	0
Total	100.00	32

Corruption by Administrative Upazila/Thana

There are 496 upazilas/thanas in Bangladesh (BBS Statistical Pocket Book 1998). TIB Data Base Team looked at the corruption-reports in all these thanas/upazilas. Out of total number of upazilas/thanas except 16 had no incidence of corruption.

Table 3.14: Corruption in Upazila/Thana Administration

Name of the Thana/Upazila	Reported Cases	
	%	N
Uttara	1.86	25
Ramna	1.19	16
Sharsha	0.97	13
Sherpur (Bogra)	0.89	12
Barisal Sadar	0.82	11
Comilla Sadar	0.82	11
Srimangal Sadar	0.82	11
Mymensingh Sadar	0.74	10
Kalapara	0.74	10
Lakshmipur Sadar	0.66	9
Mathbaria	0.59	8
Lalbag	0.59	8
Begumganj	0.52	7
Demra	0.52	7
Gulsan	0.52	7
Mirpur	0.52	7
Hathazari	0.45	6
Rangamati Sadar	0.45	6
Kaptai	0.45	6
Jhenaidah Sadar	0.45	6
Natore Sadar	0.45	6

N.B. Upazila/thana that had 5 or less number of reported cases was not included in the table. Furthermore, if a particular type of case were to be prevalent throughout the district it was not included within any thana/upazila.

On the other hand no case was found in the following unions: Aditmari, Atgharia, Akkelpur, Bagatipara, Barhatta, Barkal, Beani Bazar, Daulatpur, Fenchuganj, Harirampur, Hossainpur, Kumarkhali, Manpur, Rampal, Saturia and Sullah.

Corruption in by Administrative District

TIB News Scan Database Team found corruption reports from all 64 districts of Bangladesh. The highest number of case (221) was reported against the officials/employees of Dhaka district and Chittagong was second highest with 78 reported cases.

Table 3.15: Corruption by Administrative District

<i>Name of the District</i>	<i>Reported Cases</i>		<i>Name of the District</i>	<i>Reported Cases</i>	
	<i>%</i>	<i>N</i>		<i>%</i>	<i>N</i>
Dhaka	16.43	221	Jhalakhati	1.04	14
Chittagong	5.80	78	Kishoreganj	1.04	14
Patuakhali	3.57	48	Kustia	1.04	14
Jessore	3.20	43	Manikganj	0.97	13
Moulavi Bazar	3.12	42	Rajshahi	0.97	13
Comolla	2.68	36	Barguna	0.89	12
Mymensingh	2.60	35	Dinajpur	0.89	12
Sherpur	2.38	32	Khulna	0.89	12
Barisal	2.23	30	Rangpur	0.82	11
Jhenaidah	2.23	30	Brahmanbaria	0.74	10
Lakshmipur	2.16	29	Chandpur	0.74	10
Netrokona	2.16	29	Lalmonirhat	0.74	10
Narayanganj	2.08	28	Rajbari	0.74	10
Niphamari	2.08	28	Thakurgaon	0.67	9
Pabna	2.01	27	Bandarban	0.67	9
Bogra	1.93	26	Chuadanga	0.67	9
Nawabganj	1.78	24	Gazipur	0.59	8
Tangail	1.71	23	Madaripur	0.59	8
Cox's Bazar	1.64	22	Magura	0.59	8
Jamalpur	1.64	22	Meherpur	0.59	8
Naogaon	1.64	22	Munshiganj	0.59	8
Rangamati	1.56	21	Narsingdi	0.52	7
Bagerhat	1.49	20	Sunamganj	0.52	7
Noakhali	1.49	20	Gopalganj	0.45	6
Sirajganj	1.42	19	Panchagarh	0.45	6
Faridpur	1.34	18	Sylhet	0.37	5
Natore	1.34	18	Shariatpur	0.37	5
Pirojpur	1.26	17	Kurigram	0.30	4
Habiganj	1.19	16	Khagrachari	0.30	4
Satkhira	1.12	15	Narail	0.22	3
Bhola	1.04	14	Feni	0.15	2
Gaibandha	1.04	14	Joypurhat	0.15	2
<i>Nation Wide</i>	<i>0.22</i>	<i>3</i>	<i>Regional</i>	<i>0.15</i>	<i>2</i>

Number of cases in Patuakhali (48), Jessore (43), Moulavi Bazar (42) varied between 40-50 while the reported cases were found to be 36,35, 32, 30 and 30 in Comilla, Mymensingh, Sherpur, Barisal and Jhenaidah, respectively. Sixteen districts were found to have reported-cases between 20 to 29, while twenty-one districts had 10 to 19 cases each. Three cases were monitored that covered the whole country and 2 were reported covering regionally.

Level of Official

At an individual level first class officials were found to be more corrupt than others. The number of reported cases against them was 399. The second highest number of cases was

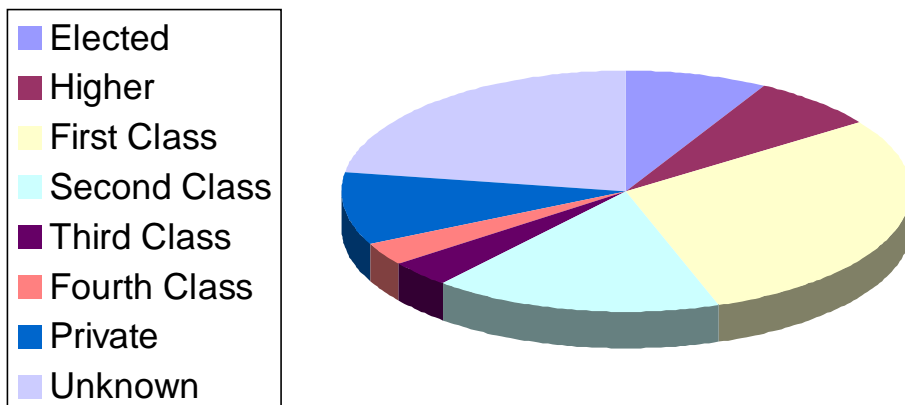
against second-class officials (219), while the number of monitored cases against both third and fourth-class officials was less than 50.

Table 3.16: Number of Reported Cases by Level of Official

Actor Level	Reported Cases	
	%	N
Elected Official	8.18	110
Higher Official	6.99	94
First Class Official	29.67	399
Second Class Official	16.28	219
Third Class Official	3.57	48
Fourth Class Official	3.05	41
Autonomous Official	9.74	131
Unknown	22.52	303

N.B. Higher Official= Joint Secretary and Higher

Fig 3: Corruption by Actor Level



Cases reported against higher officials were 94, while elected officials 110.

Impact of Corruption and Action Taken

Victims of Corruption

Table 3.16 shows the distribution of victims of corruption in reported cases.

Table 4.1: Victims of Corruption

Name of the Victim	Reported Cases	
	%	N
Government	36.95	497
Citizen	31.08	418
Student	7.21	97
Businessman	4.54	61
Government Official	2.75	37
Farmer	2.16	29
Teacher	0.82	11
Journalist	0.22	3
NGO Worker	0.22	3
Doctor	0.15	2
Lawyer	0.15	2
Unknown	13.75	185
Total	100.00	1345

It is evident from the table that the government officials were mainly to be blamed. About 500 cases were reported on government officials. The second group was made up of most incurring class was the citizens which represents more than 30% of all reported cases. Students, businessmen, government officials, farmers, teachers and some other professionals from different segments were found suffering in the reported cases.

Effects of Corruption

The effects of all reported cases could not be measured in monetary terms. Some cases reflected damage on environment, some violated human/citizen rights, while some cases were related to physical harassment. Due to lack of information, TIB database Team could not measure the financial loss.

Table 4.2: Effects of Reported Corruption Cases

Type of Effects	Reported Cases	
	%	N
Deterioration of Law & Order	5.28	71
Financial Loss	48.70	655 (govt.211, citizen 72, unknown 372)
Violation of Citizen's Right	16.73	225
Environmental Degradation	5.35	72
Violation of Human Rights	2.01	27
Physical Harassment	1.12	15
Other	6.91	93
Unknown	13.90	187
Total	100.00	1345

During our study period the total amount of loss for the government from the reported 211 cases amounted to **TK. 11534.98 crore (USD 2.14 billion)**. This figure doesn't include the loss to citizens who paid bribes to corrupt officials (e.g. businessmen paying bribes to the police officials for performing duties). Furthermore, misappropriation of food grain by Union Parishad (UP) Chairmen and members was not converted into cash, which was estimated to be 1000 metric tons during the study period.

Financial Loss in Reported Cases

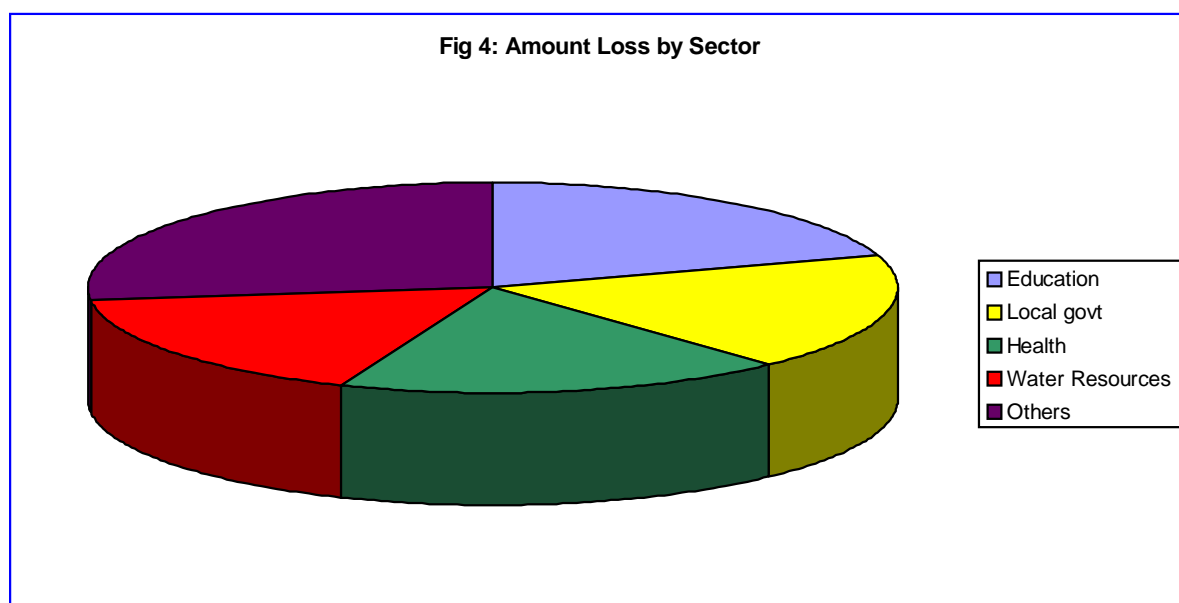
During our study period 655 reported cases related to financial loss. Among these 211 cases illustrated financial loss, amounting to Tk.11534.98 crore (USD 2.14 billion), and from various government sectors.

Table 4.3: Financial Loss by Sector

Rank	Name of the Sector	Amount Loss (Tk. in Crore)
1	Education	2305.48
2	Local Government	2111.23
3	Health	2051.42
4	Water Resources	1978.83
5	Finance	993.25
6	Commerce and Industry	783.47
7	Shipping	638.42
8	Forest and Environment	228.67
9	Direct and Indirect Tax	119.32
10	Communication	106.08
11	Power	87.58
12	Food department	12.09
13	Social Welfare	1.53
14	Passport & Immigration	1.05
15	Law Enforcement Agency	0.87
	Other Government Sectors	115.69

Rank	Name of the Sector	Amount Loss (Tk. in Crore)
	Total	11534.98

The government incurred highest level of financial loss from the education sector, i.e. Tk. 2305.48 crore (USD 0.43 billion). Total reported financial loss amounted to Tk. 2111.23 crore (USD 0.39 billion) for local government. The monetary loss for Health, Water Resources and Finance was Tk. 2051.48 crore (USD 0.38 billion), Tk. 1978.83 crore (USD 0.37 billion) and Tk. 993.25 crore (USD 0.18 billion) respectively.



The World Bank in its report stated that Bangladesh could achieve 2-3 percentage of additional GDP growth by eliminating corruption (WB 2000). In 1997-98 the total GDP of was Tk.1548.33 billion which is equivalent to US \$ 28.67 billion. On the other hand the financial loss amounted to US \$ 2.14 billion, which is 7.46% of Bangladesh GDP.

Action Taken Against Reported Cases

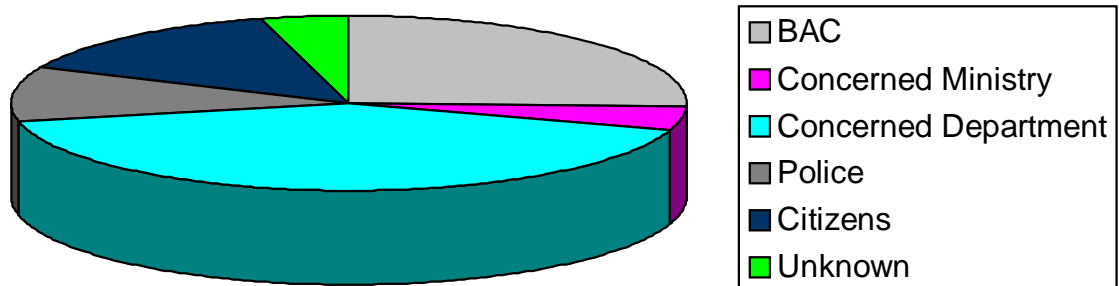
Table 3.10 shows the action taken and the name of the authority initiating the action against the reported cases. Out of 1345 cases, action was taken against 453 cases. The role of the concerned department was found to be more frequent than Bureau of Anti- Corruption (BAC). The BAC dealt with only 116 cases. They investigated 23 cases and filed charges against 86 cases. The number of chargesheet (5), initiated by BAC, was very low.

Table 4.5: Action Taken Against Reported Cases

Type of Action	Action Taken by						Total
	BAC	Concerned Ministry	Concerned Department	Police	Citizen	Unknown	
<i>Suspended</i>	-	6	49	0	0	0	55
Inquiry	23	4	63	3	0	4	97
Case Filed	86	4	28	24	32	2	176
Charge Sheet	5	1	1	1	0	0	8
Conviction*	2	0	4	0	0	0	6
Protest	-	0	10	0	15	7	32
Closed	-	0	15	0	0	0	15
Reported to the Authority	0	3	14	18	17	6	58
Transfer	0	2	4	0	0	0	6
Grand Total	116	20	188	46	64	19	453

N.B. Charge sheeted by BAC and Convicted by court.

Fig 5: Action Taken in Reported Cases



The concerned ministry dealt with only 20 cases, while the concerned department dealt with 188 cases. They suspended (permanently & temporarily) 49 persons for conducting corruption, investigated 63 cases and submitted charge sheet against 28 reported cases. Police also dealt with 46 reported cases.

The information/data to be found in the news scan report has been collected from newspapers only. People often do not remember the variety of different news published in the newspapers. Working as watchdog, TIB monitored the news, added value to the news

published by compiling them over a given period of time and subsequently analyzed them. Through the compilation of data we tried to

- measure the pervasiveness of corruption;
- identify the levels of corrupt officials;
- define the loss to the government from reported cases;
- identify the most corruption-prone area (thana & district) of Bangladesh;
- identify the role of BAC and other government agencies in curbing corruption;
- inform the government and the people of the extent of corruption in various government departments.

Conclusion – The Role of Civil Society

Bangladesh is not alone in the fight against bad governance. Due to the collusive nature of corruption-relationship and a distinct lack of incentive to change such behaviour it is far too important a task to be just left to politicians. As poor political governance is at the heart of the present malaise in Bangladesh, as in so many other countries, the civil society will have to be involved with the process to regenerate public opinion to curb corruption.

Everyone seems to know about corruption, often from hearsay, but solid documentary evidence is, in the nature of things, hard to find. Surveys, if credibly undertaken, are invaluable in providing hard data in answer to such questions as ‘did you have to bribe an official to get your driving license, or land title, or passport?’. Armed with such data, it is much harder for officials simply to brush the matter aside as baseless. Moreover, the public relations impact is always much greater.

Surveys and diagnostic studies provide the grist for the mill of public opinion, but TIB also recognizes that it needs to also work to organize lobbies around the country. The long-term target would be to have a presence in every parliamentary constituency. As a start it has begun setting up a network of Committees of Concerned Citizens (CCCs). These are seen as self-sustaining groups of individuals who, with the support of TIB’s central organization, will campaign locally against corruption. They may also prepare regular “report cards” on the performance of local government departments and service agencies, and lobby for improved local service delivery. Thus, reducing corruption would be just one part of a larger set of concerns of interest to the local population.

Winning over the minds of the young so that they see corruption not as an inescapable fact of life, to which one accommodates oneself, but rather as cancer in society that threatens their future and should be challenged at every opportunity. TIB has sponsored an essay competition among schoolchildren in conjunction with a national newspaper.

- Greater access to information is critical for citizens to assert their rights
- Electronic and printed media have to strengthened

- Members of Parliament & Parliamentary committees to be provided with institutional capacity to investigate & disseminated their findings

Forging Partnerships to Fight Corruption

TIB recognizes that a key to its effectiveness will be its ability to create a strong civil society coalition to fight corruption as a common cause. This coalition will comprise not only NGOs interested in human rights and environmental issues and the numerous private voluntary development organizations active at the village and district level, but many other groups: professional and business organizations, private research institutes, and the Press.

TIB's dialogue with the business community is principally through the Chambers of Commerce and Industry. The aim has been to encourage the chambers to propagate a clear message to their members on the importance of adhering to honest business practices in order to gain the respect and the trust of the community and to reduce the cost of doing business. The business community can identify the ways their members encounter corruption and joint programs to combat corruption developed.

NGOs are already playing an impressive role at the grassroots level making the poor aware of their rights, helping them to organize and providing voter education. In the 1996 general election the NGOs encouraged voters to ask whether candidates were loan defaulters or had any criminal convictions or were known to be corrupt. The defeat of over twenty Ministers was in no small way due to the enhanced awareness of their reputation for venality. The NGOs are the natural allies of the CCCs.

An area of cooperation still to be explored is with local professional groups such as accountants, lawyers and the like. Working with trade unions will be another challenge, to convince the workers that they would benefit from a society freer of corruption and encourage them to tackle their leaders notorious collusion with corrupt officials in public agencies.

- Greater emphasis on creating a conducive environment to encourage ethical behaviour amongst civil society stakeholders
- Greater emphasis on human resource development (as opposed to creating new institutions and laws) to secure human freedoms

Advocacy

TIB has clearly understood that mere exhortation is useless in achieving change. Not only must one build public opinion through data collection, press campaigns and nurturing a powerful civil society coalition, but one must also identify a set of credible measures to reduce corruption. The public must be convinced that there are practical actions that would indeed reduce corruption. So far TIB has highlighted a number of such measures, including most importantly: repealing the Official Secrets' Act; requiring Ministers and Members of Parliament to make a public declaration of their assets every year; appointing an Ombudsman; enacting a Freedom of Information Act; making public the deliberations of Parliament's Public Accounts Committee; creating an independent television and radio broadcasting authority; separating the Judiciary from the Executive; and having the Anti-Corruption Bureau report directly and publicly to Parliament, not secretly to the Prime Minister.

- Development assistance has to take into account the long term nature of good governance reform
- Donors' awareness of holistic nature of reform agenda, and also informing their taxpayers

Public Opinion and Parliament

Ultimately it is Parliament that must hold the government accountable for its performance. And, in turn, the electorate holds Parliament accountable. Consequently, the link between civil society and the goal of reducing corruption should be above all through Parliament. At present this link in Bangladesh is particularly weak. This underlines the importance to be attached, on the one hand, to Parliamentary reform and, on the other, to the role of CCCs, NGOs, and other civil society organizations, which are active at the constituency level. As part of TIB's holistic approach it is critical that crystallization of political will is seen as both 'bottom-up' and 'top-down' process.

Changing the attitudes and behavior takes time. So far TIB cannot claim that any concrete success in reducing corruption in Bangladesh. However, the activities of TIB in building a strong partnership with civil society have firmly placed corruption on the public agenda. Parliamentarians have a pivotal role to play and they will ignore this fact at their peril.

- Encourage a synergy between public opinion and Members of Parliament
- Encourage reform within present political institutions
- Expand the scope of international conventions to address issues such as foreign donations to political parties, stricter banking laws to discourage money laundering and secret bank accounts

Manzoor Hasan
 Executive Director
 Transparency International Bangladesh

Rethinking Confrontational Politics: A Reform Agenda by the Civil Society

Introduction

In this paper an attempt has been made to bring together some of the burning issues of current confrontational politics and some indigenous solutions. The authors believe that if the people of Bangladesh could accept the innovative idea of ‘caretaker government’ as a homegrown solution to political confrontation, then many such special ‘fix’ could be brought in to resolve some of the current crisis. Such a strategy may also help to develop a democratic governance structure over a period of time. Time is ripe to explore different paradigms to establish political stability and democratic institutions. We call for creativity and openness in thinking among the societal stakeholders in order to overcome some of the present impasse.

Politics of confrontation

Politics in Bangladesh has increasingly become confrontational and unstable. The situation is such that whatever democratic institutions we now have could breakdown. The major political parties have boycotted the Parliament on such pretext that they are not being given fair time to talk and all unable to bring their motions. Today, for all practical purposes Parliament is nonfunctional. The major political parties have also abstained from elections on the pretext that the ruling party would rig the elections.

The problems of Bangladesh largely stem from lack of commitment by the political parties to basic norms of democracy. The civil society is once more faced by a challenge. The civil society seriously needs to explore the possibilities of strengthening the democratic institutions and demand greater social and economic development from the politicians. Attempts are being made by a section of intelligentsia to redefine democracy in the form of number of proposals to overcome the present political impasse. In recent discussion meetings held by many civil society organizations and from opinions expressed by eminent persons several suggestions have come forward to strengthen democracy and consolidate the democratic gains.

Some of the important proposals are as follows:

Elections under caretaker administration:

Holding of national elections under a caretaker government was a widely supported issue and was finally was recognized through the passing of constitutional amendment by BNP government. However, the prospect for holding a national election under caretaker government has done little to solve the problem of by-elections or local elections. The same set of apprehensions, which gave substance to the demand of caretaker government for national election applies to local elections. To avoid electoral malpractices by ruling party and eliminate opposition’s scope to go for agitation politics it is proposed that all elections could be held under the supervision of the caretaker government.

Fixed Term of Office:

To avoid desperation and cause of confrontation we may need to rethink the maximum tenure of an elected government and the five-year term could be reduced to four years. A four-year term will help make the system stable by obliterating the demand for mid-term elections. Even the dates of elections could be preset. This would allow parties to plan their campaign and would also prevent political manipulation of election dates.

Making the Role of Speaker neutral:

One of the contentious issues is the role of the Speaker in the Parliament. He/She is the most important figure in the parliament. The public perception is that the Speakers are not being able to perform their duty impartially or in a manner, which would create confidence among the opposition. In order to address the issue of neutrality the following may be done:

1. The Speaker will resign from party position as s/he is soon as elected to the position.
2. Speaker will discard his her party color and not attend any party gatherings.
3. The speaker must be neutral in all respect of political activities.
4. Because of his neutrality the Speaker will not be opposed and s/he will automatically get re-elected to the next parliament if s/he is willing.
5. S/He should be paid attractive remuneration and benefits including handsome pension after his/her retirement.

Political party reform:

We cannot build proper democracy and institutions of democracy without reform within the political parties. Some of the reforms suggested are:

1. Party must have a list of their subscribing members preferably showing a minimum membership from all the 300 political districts or even from 64 administrative districts. That list must be submitted to the Election Commission and be available as public document.
2. Party must have regular meetings as written in there constitution.
3. Party must have annual general meetings and the proceedings must be submitted to the Election Commission together with their annual audited balance sheet duly approved in the party council.
4. Party requires a periodical, secret ballot vote for party leadership, such votes to be overseen by the independent electoral commission.
5. There must be a minimum of two candidates for every party executive position at the election.
6. Greater genuine public participation at the grass roots level could encourage the development of a bottom-up nomination process within the political parties.

7. Party leadership (President) should not be allowed for more than two terms.
8. Party must prepare accounts of its receipts and expenditures, and those must be available for public scrutiny, and public accounting firms must audit these accounts.
9. Party leader's authority should not be so overwhelming that people with diverse opinion can't remain within the party.
10. Political parties should not have armed political cadre in educational institutions.
11. Parties must have election manifestoes and they should not be utilized as devices to deceive and hoodwink the electorate. Such manifestoes should include a clear commitment to fulfill their promises.

Political parties wishing to participate in elections at any level will have to follow the above.

Effective and Meaningful Parliament

Surely the chief function of Parliament (legislature) is the enactment of laws. The modern legislature is much more than a mere lawmaking organ. Here are some general issues for discussion in order to bring some reforms to ensure effective and meaningful parliament.

1. Parliament is a representation of the society in a democratic state, and therefore the parliament should work with and for the society.
2. People want parliament to be truly citizens' parliament, with which citizens can work without much complexity and responsibly. This has to be done by: (a) opening the committees to civil society groups allowing for more open consultations and discussions; (b) Opening important issues of national significance for public debate through circulation of draft bills among concerned and interested groups /peoples.
3. In all democratic states especially parliamentary democracies, all parties should be involved in the running of the parliament. Both Treasury and the Opposition must together run parliament, whilst the majority party forms the government. A number of measures are needed to be taken such as: a) Distribution of important parliamentary positions among able statesmen from the Treasury and Opposition; b) Invite opposition members to head important committees or at times head government delegations; c) Appoint competent opposition leaders to head government/semi-government organizations.

Reforming the Electoral System- Proportional Representation

The election system prevailing in Bangladesh is that of "first past the post" (highest vote-getter wins). To remedy some of the defects and promote inclusion of various political opinion and encourage dispersed interest groups to be represented in the legislature the proportional representation system may be considered. Even emerging democracies have adopted some form of PR system.

The Independence of the Government Owned News Media:

The news media in democracy plays a very important role. The following should be done immediately:

1. An independent broadcasting authority (example: BBC) is set up to run state TV.
2. An independent broadcasting authority should be set to run Bangladesh Betar (Radio).

Women's Participation in Legislative Process:

The present system of 30 reserved seats is not only contrary to democratic practice by also gives undue advantage to the majority party. The following should be done immediately, that is before the end of the current system. Provisions should be made for direct elections to reserved seats for women, and the present inadequate number of seats to be increased to 64 seats representing 64 districts. In addition, the political parties should nominate at least 25% women candidates to participate in general elections. Adequate training provision for women MPs is also needed.

Civil Society – Proactive Role

Due to the confrontational nature of politics being pursued by the major political parties therefore it has become more violent, abusive, and is becoming more disconnected from popular concerns. Such a system obviously encourages the entry of a new breed of people into politics that are motivated exclusively by personal greed and by use of money muscle and mastans realize their private goals. The civil society, if it is to be heard will have escalated its proactive role from being a mere observer or even a referee. It must seek to design more potent sections to be applied by a large constituency of citizens against political parties. Civil disobedience movements need not to be monopoly property of the political parties especially in the opposition against the government. Creating such vibrant civil society and working for such goals demands much responsibility of the citizens. To exercise that responsibility, or not exercise it, remains the challenge of the day.

By

Feroz M. Hassan, President, MSS/SRG and Secretary General, FEMA
Manzoor Hasan, Executive Director, Transparency International Bangladesh

IN THE SUPREME COURT OF BANGLADESH
HIGH COURT DIVISION
(Special Original Jurisdiction)

WRIT PETITION NO. 4692 OF 2000

IN THE MATTER OF:

An application under Article 102 of the Constitution of the People's Republic of Bangladesh.

-A N D-

IN THE MATTER OF:

The Chittagong Port Authority Ordinance, 1976.

-A N D-

IN THE MATTER OF:

1. Engineer Mahmud-ul Islam son of late Professor Emdadul Islam, House No.21, Road No.2, Chittagong Co-operative Housing Society Limited, Nasirabad, Chittagong.
2. A.S.M. Nazrul Islam son of late A.S.M. Rafiqul Islam, President, Chattagram Bandar Sramik Union (Regd. No.B-1002) Bandar East Residential Area, Police Station Bandar, District Chittagong.
3. Sunil Kanti Aich son of late Aswini Kumar Aich, Head Assistant, Department of Hydrography, Bandar Bhaban, Chittagong Port Authority, Police Station Bandar, Chittagong.
4. Md. Shah Alam, son of late Meah Nazir Ahmed, 3 Ramkrishna Mission Lane, Askardighi West Par, Police Station Kotwali, District Chittagong.

... PETITIONERS

-versus-

1. People's Republic of Bangladesh represented by its Secretary, Ministry of Shipping, Bangladesh Secretariat, Ramna, Dhaka-1000.
2. Joint Secretary, Ministry of Shipping Bangladesh Secretariat, Dhaka.

3. Secretary, Ministry of Land, Bangladesh Secretariat, Ramna, Dhaka.
4. Joint Chief Ministry of Shipping, Bangladesh Secretariat, Ramna, Dhaka.
5. Deputy Secretary (Port), Ministry of Shipping, Bangladesh Secretariat, Ramna, Dhaka.
6. Senior Assistant Secretary, Ministry of Shipping, Bangladesh Secretariat, Ramna, Dhaka.
7. Chairman Chittagong Port Authority, Bandar Bhaban, Chittagong.

-A N D-

IN THE MATTER OF:

Memo No.Mos/Planning-1/Chittagong-1/98-96 dated 28.4.1998 issued by the respondent No.4 allowing to establish two private container port terminals one at Patenga, Chittagong and another at Pangaon, Dhaka under BOO (Build, Own and Operate) basis and integrated operations of barge services (Annexure-D) in pursuance of Government approval dated 25.3.1998.

-A N D-

IN THE MATTER OF:

Minutes of the first meeting of the Co-ordination Committee of the Ministry of Shipping dated 16.6.1998 signed by the respondent No.2 for construction of two Terminals one at Patenga, Chittagong and another at Pangaon, Dhaka by SSA (B) Ltd. (Annexure-K).

-A N D-

IN THE MATTER OF:

Memo No. Mabasha/Nirman-01/98-168/1 dated 18.6.1998 issued by the respondent No.6 directing to take necessary action for leasing out demanded land to S.S.A. Bangladesh Ltd. and also to complete draft lease agreement (Annexure-L).

To
Mr. Justice Latifur Rahman the Chief Justice of Bangladesh and his companion justices of the said Hon'ble Court.

The humble petition of the petitioners abovenamed most respectfully -

S H E W E T H:

1. That the petitioner No.1, is the former Chairman of Chittagong Port Authority and Chittagong Development Authority. He served in responsible positions in the Chittagong Port Authority for many years. He has been involved with the development of Chittagong Port over the years and has been committed to the improvement of the Port in the national interest as the premier port of this country vital to the national economy. He is mindful of the need to be vigilant to protect the port in the public interest from suffering from serious adverse effects through the activities of unscrupulous parties who are seeking to procure projects for their unconscionable personal gain by dubious means, by avoiding all rules and procedures and statutory requirements. The petitioner No.2 was a Superintendent under Mechanical Department of Chittagong Port Authority. He retired from his service on 31.3.1996. He is also the President of Chattagram Bandar Sramik Union. The petitioner No.3 is the Head Assistant of the Department of Hydrography of Chittagong Port Authority. The respondent No.4 is a citizen of Bangladesh residing at Chittagong. All of the petitioners share a sense of concern at the grave damage that is threatened to the public interest by the proposed project and granting an "approval" by the respondents in the circumstances described in the petition.

2. That the petitioner No.1, 2 and 4 executed a letter of authority in favour of the respondent No.3 to file petition, applications swear affidavits and to take steps in the instant Writ Petition. Photocopy of the said letter of authority is annexed hereto and marked as Annexure - "A".

3. That the respondent No.1 is the People's Republic of Bangladesh represented by the Secretary, Ministry of Shipping. The respondent No.2 is the Joint Secretary, Ministry of Shipping. The respondent No.3 is the Secretary, Ministry of Land. The respondent No.4 is the Joint Chief, Planning, Ministry of Shipping. The respondent No.5 is the Deputy Secretary and the respondent No.6 is the Senior Assistant Secretary, Ministry of Shipping. The respondent No.7 is the Chairman, Chittagong Port Authority and their addresses are as given in the cause title.

4. That the address of the petitioner for the purpose of service of notices, affidavits petitions and other documents relating to this petition is C/o. Mr. H.S. Deb Brahman, Advocate Room No.74, Supreme Court Bar Association Building, Dhaka.

5. That the Chittagong Port ("the Port") was established in 1988 for seaborne commercial trading activities and providing port facilities. During the British period, port operations came under the control of the Commissioner under the Port Commissioner's Act, 1887. In 1960 reorganization of the management of Chittagong Port resulted in the formation of the Chittagong Port Trust. In 1976 the Chittagong Port Authority was established to facilitate the growth and progress of the port. There are 17 jetties in the Chittagong Port Area. Jetties No.1-13 are situated side by side. Jetties No.14, 15, 16 and 17 are scattered and situated in New Mooring Area. Jetty No.17 is being used for handling of explosives and Military Equipment handling. The Jetty Nos. 14, 15, 16 and 17 were damaged by the tragic cyclone in 1991. The Chittagong Port Authority constructed a multipurpose berth inside the berth area for handling containers which is known as the Chittagong Container Terminal (CCT).

6. That Government defined the Port Limit of Chittagong Port vide notification bearing No.S.R.O.(11) dated 30th June, 1960. As per section 3(1) of the Chittagong Port Ordinance 1976 the Government amended the limits of Chittagong Port for the purposes of this Ordinance by notification in the Official Gazette bearing No.S.R.O. 197-L/83/PE/2E-1/82 dated 22.6.1983 in reference to CPA's Memo No.DC-XI(233)/6466 dated 23.5.83 and informed the same to the Chairman Chittagong Port

Authority vide memo No.PE/2F-4/83-537 dated 29.6.1983. Paragraph 1 of the said Notification dated 22.6.1983 reads as follows:

"1. The seaward limits of the Chittagong Port shall be as follows:

With Patenga Beacon as Centre if an arc is drawn seaward with a radius of 5 1/2 miles till it intercepts the coast line at position lat: 22 - 18' - 45" North, Long 91 46-30" east, in the North and Lat: 22 - 8'-13" North, long 91 0 50-00" East in the South, the area enclosed within the extreme miles of the arc".

Photocopy of the said memo dated 29.6.1983 is annexed hereto and marked as Annexure - "B".

7. That Chittagong Port Authority in its Board Meeting vide resolution No.52 dated 16.9.1969, resolution No.1789 dated 15.11.1986 and resolution No.8331 dated 10.6.1999 decided that no port land shall be leased out except through invitation of tender and without application in response to paper advertisement. Photocopy of the said resolution dated 16.9.1969 and 15.11.1986 are annexed hereto and marked as Annexure - "C" and "C - 1" and "C - 2" respectively.

8. That during the liberation war, the Chittagong Port suffered serious requiring extensive part clearance and repair of damage is installations. Subsequently, part development has been progressing in as developed below.

9. That after the liberation war of Bangladesh, the world was fasting moving towards containerization. In 1992 government allowed Chittagong Port Authority to build two new container berths at New Mooring, in place of prayer for four berths. In 1992 Chittagong Port Authority constructed container jetty measuring 450 metres length having capacity of handling 1,90,000 TEUS container initially and then constructed some container years in Jetty area and handled 3,66,000 TUES Container in the year 1998-1999. The chart shown below would give at clear picture of the container handling situation of the Chittagong Port along with projection until the year 2004-2005:

Year	Actual number of container landed (TEUS)	Total volume of containers cargo (MT)	Projected container Traffic TUES	Number of container ship called at the point
1985-1986	39056	339920	40000	423
1986-1987	50019	455454	-	446
1987-1988	55392	548689	-	360
1988-1989	77522	712846	-	403
1989-1990	110644	974201	80000	423
1990-1991	101280	889073	-	395
1991-1992	121326	1082424	-	315
1992-1993	150487	1378706	-	359
1993-1994	174958	1626524	-	372
1994-1995	227172	2112015	190000	341
1995-1996	250867	2335515	-	423

1996-1997	290303	2669515	-	455
1997-1998	329163	3017758	-	385
1998-1999			402000	
1999-2000			459000	
2000-2001			514000	
2001-2002			577000	
2002-2003			640000	
2003-2004			700000	
2004-2005			765000	

10. That in order to overcome the problem of lack of space for containers the Chittagong Port Authority submitted a project to the government in 1995 to construct New Mooring container terminal by spending Tk.720 crores and also submitted project in 1996 to procure 142 equipments by spending Tk.305 crores. The Ministry of Finance issued liquidity certificate in favour of the Project. The said two projects were also approved later on by the National Economic Council on 19.5.1999 and 12.5.1999. A photocopy of the relevant parts of the Projects are annexed hereto and marked as Annexure - "D" and "D - 1".

11. That the Planning Chief of the Chittagong Port Authority vide Memo No.Chabaka/Planning/20-523/74 dated 9.6.1997 requested the respondent No.1 to present a feasibility study of a container terminal in Patenga to International Development Authority. A photocopy of the said Memo dated 9.6.1997 is annexed hereto and marked as Annexure - "E".

12. That under the Chittagong Port Authority Ordinance, 1976 ("the Ordinance") Authority can permit erection of private dock, Section 17 and Section 18 of the Ordinance 1976 read as follows:

"17. Private docks, etc. prohibited: (1) Save as provided in Section 18 no person except the Authority shall make, erect or fix below high-water mark within the Port any dock, Pier, erection or mooring.

(2) Any matter or thing made, erected or fixed in contravention of sub-section (1) may be removed by the Authority and the person who has so made erected or fixed any such matter or thing shall be punishable with fine which may extend to ten thousand taka for every day during which such matter or thing has been permitted to remain so made erected or fixed after notice to remove the same has been given to him and shall be liable to pay all expenses which may have been incurred by the Authority in removing such matter or thing.

18. Power to permit erection of private docks, etc. The Authority may by order in writing and subject to such conditions as may be specified therein permit any person to make, erect or fix below high-water mark within the Port any dock, pier, erection or mooring."

13. That the People's Republic of Bangladesh is a member of the United Nations Organization (U.N.O.) and is signatory to the U.N. Charter. The United Nations Economic and Social Commission for Asia and the Pacific has formulated "Guidelines for Private Sector Participation in Ports" in 1997. Another component of the United Nations namely, the United Nations Conference on Trade and Development (UNCTAD) published a report namely "Guidelines for Port Authorities and Governments on the Privatization of Port Facilities. The principles underlying the Guidelines are set out in Chapter 5

and 6 of the said report. A photocopy of Chapter 5 and 6 of the said report dated 23.9.1998 is annexed hereto and marked as Annexure - "F".

14. That the Overseas Trade Service, trade division of the Government of United Kingdom, submitted a proposal to the Hon'ble Minister, Ministry of Shipping dated 3.3.1997 to construct a container terminal at Patenga, Photocopy of the said proposal dated 3.3.1997 is annexed hereto and marked as Annexure - "G".

15. That a Joint Venture agreement was executed between a Bangladeshi company, Orient Maritime Limited and S.S.A. Netherlands BV on 1.12.1997 pursuant to which a Joint Venture Private Company namely S.S.A. Bangladesh Limited was formed in which Orient maritime Limited and S.S.A. Netherlands BV had equal shares. The partners of the said company subscribed an Article of Association on 4.12.1997. A photocopy of the said agreement dated 1.12.1997 and Articles of Association dated 4.12.1997 are annexed hereto and marked as Annexures – "H" and "H - 1".

16. That the Company namely S.S.A. Bangladesh Ltd., presenting itself as an affiliate of Stevedoring Services of America, submitted an application on 29.12.1997 before the Hon'ble Minister, Ministry of Shipping for establishment of container terminal in private sector in Dhaka and Chittagong under Build, Own and Operate (BOO) Scheme, No feasibility study was submitted under the application, and it was submitted without any competitive bids having been invited. The said application was "approved" with extraordinary space by the Government on 25.3.1998. A photocopy of the said application dated 29.12.1997 is annexed hereto and marked as Annexure – "I".

17. That the respondent No.3 vide memo No. MOS Planning-1/Chittagong-1/98-96 dated 28.4.1998 intimated the Managing Director of the said Company namely S.S.A. Bangladesh Ltd. that its proposal for establishment of two (2) private sector container Port Terminals one at Patenga, Chittagong and another at Pangaon, Dhaka under BOO (Build, Own and Operate) basis and integrated operation of barge services has been considered and approved by the Government and also requested it to take necessary steps for immediate implementation. Photo of the said Memo dated 28.4.1998 is annexed herein and marked as Annexure – "J".

18. That a co-ordination committee of the Ministry of Shipping in its first meeting dated 16.6.1998 took the following decision-

“3. Decisions:

3.1 SSA (Bangladesh) Ltd. will send formal proposal to the Ministry of Shipping to send recommendation letter to the Ministry of Land/DC, Chittagong, Ministry of Water Resources BWDB and Ministry of Energy, Bakhrabad Gas System Ltd. for acquisition leasing out of land. After getting the request, Ministry of Shipping will take steps to send the recommendation letters to the concerned for the purpose.

3.2 CPA will process the leasing of 20.77 acres of land to SSA (Bangladesh) Ltd. on a long term basis.

3.3 BIWTA will necessary arrangement to lease out 88 acres of land at Pangaon to SSA (Bangladesh) Ltd. urgently.

3.4 Ministry of Shipping will arrange a co-ordination meeting on last week of June 1998 to monitor the progress of execution of lease agreements and acquisition of land.”

Minutes of the said meeting was signed by the respondent No.2 on 16.6.1998 and was communicated to the concerned persons by the respondent No.6 vide Memo No.MOS/MPA-nirman-1/98-166(13) dated 16.6.1998. A photocopy of the said Minutes dated 16.6.1998 is annexed hereto and marked as Annexure – “K”.

19. That the respondent No.6 vide Memo No.Mabasa/nirman-1/98-168/1 dated 18.6.1998 requested the Chairman of Chittagong Port Authority for leasing demanded land of S.S.A. (Bangladesh Ltd. and complete the process for lease agreement. Copy of the said Memo dated 18.6.1998 is annexed hereto and marked as Annexure – “L”.

20. That Port Ventures Limited, a British company placed a proposal dated 4.1.1999 to the Chairman, Chittagong Port Authority proposing a private sector BOO/BOOT container Terminal at Patenga. A photocopy of the said Proposal dated 4.1.1999 is annexed hereto and marked as Annexure – “M”.

21. That PSA Corporation Limited (Port of Singapore) a Singaporean Company proposed to the Chairman, Chittagong Port Authority by an application dated 18.1.1999 proposing Technical Cooperation, Joint Venture at Chittagong Container Terminal and also for developing a new Container Terminal at Patenga. A photocopy of the said application dated 18.1.1999 is annexed hereto and marked as Annexure – “N”.

22. That different Trade Union Organizations of Chittagong Port Authority filed applications before the Hon’ble Prime Minister of the People’s Republic of Bangladesh on 24.6.1998 to postpone the Government approval for constructing container Terminal by SSA Bangladesh Ltd. A photocopy of the said application dated 24.6.1998 is annexed hereto and marked as Annexure – “O”.

23. That a Civic Organization namely “Chattagram Bandar Unnayan Forum” headed by the petitioner No.1 – former Chairman Engineer Mahmudul Islam of Chittagong Port Authority and Chittagong Development Authority published a booklet disclosing adverse effect of private container Terminal in the Mouth of Karnaphully river at Patenga. A copy of the said booklet is annexed hereto and marked as Annexure – “P”.

24. That a Civil Organization namely “Gana Adhikar Sangrakhon Parishad, Bangladesh also published a brochure disclosing conspiracy for destroying the Chittagong Port Authority. A copy of the said brochure is annexed hereto and marked as Annexure – “Q”.

25. That on 10.7.1998 the Daily Bangla Bazar Patrika disclosed that a serious forgery was committed during approval of private container terminal. The same paper published an editorial column on 11.7.1998. A photocopy of the said news dated 10.7.1998 and editorial dated 11.7.1998 is annexed hereto and marked as Annexure – “R” and “R-1”.

26. That a local paper of Chittagong namely Dainik “Purbokon” on 3.9.1998 reported that without any international bidding permission was given for container terminal undermining the national interest. The said Daily also reported on 5.9.1998 that file of a British Consortium about Private Container Terminal was missing from the Ministry. A photocopy of the said report dated 3.9.1998 and 5.9.1998 is annexed hereto and marked as Annexures – “S” and “S-1”.

27. That the Bandar Sramik Karmachari Parishad through a letter set out the disadvantages of a private terminal at the mouth of Karnaphully river. A photocopy of the said letter is annexed hereto and marked as Annexure – “T”.
28. That the Mayor of the Chittagong City Corporation in a public meeting dated 29.2.2000 opposed the Government’s decision for establishing private container terminal at Patenga and disclosed his commitment for resisting it as being against the national interest. The news of the said meeting was published in the daily Purbokon on 1.3.2000. A photocopy of the said news dated 1.3.2000 is annexed hereto and marked as Annexure – “U”.
29. That 11 parties (an Alliance of Gano Forum, Communist Party of Bangladesh, Worker’s Party, Bangladesher Samajtantrik Dal (BSD), Ganotantri Party, Krishak Sramik Samajbadi Dal, Bangladesher Samyabadi Dal, Bangladesher Samajtantrik Dal (BSD), Gano Azadi League, Ganotantrik Majdoor Party etc.) Chittagong Branch also opposed the Government’s “decision’ for establishing a private container terminal at Patenga. The said alliance in a public meeting dated 23.2.2000 expressed its opposition and the said news was published in the Daily Azadi on 24.2.2000. That Bangladesh Jatiyatabadi Dal, Chittagong City Unit also opposed the Government’s decision for establishing private container terminal at Patenga, through a statement dated 4.3.2000 and the same was published in the daily Azadi on 5.3.2000. A Photocopy of the said news dated 24.2.2000 and 5.3.2000 are annexed hereto and marked as Annexure – “V” and “V-1”.
30. That 5 port users organizations namely Bangladesh Steamer Agents Association, Chittagong, C&F Agents Association, Bangladesh Masters Stevedores Association, Bangladesh Lighterage Contractor Association and Chattagram Bandar Truck Malik and Contractors Association in a joint declaration dated 7.3.2000 requested the Government to refrain from taking this “suicidal” steps. A photocopy of the said joint declaration dated 2.3.2000 is annexed hereto and marked as Annexure – “W”.
31. That Chittagong Port Authority vide resolution No.8729 dated 19.6.2000 of its Board Meeting intended to build Port through open International Tender on the Principle of BOT (Build, Own and Transfer). The Board Meeting also decided to acquire land for building port. The respondent No.7 vide Nothi No.Chabaka/Planning/20-523/12 dated 22.6.2000 communicated the said decision to the respondent No.1. A photocopy of the said Nothi dated 22.6.2000 is annexed hereto and marked as Annexure – “X”.
32. That the respondents are holding meeting with the S.S.A. Bangladesh Limited to conclude the agreements for building private container terminal at Patenga which was published in the Daily Jugantor on 5.9.2000. A copy of the said news dated 5.9.2000 is annexed hereto and marked as Annexure – “Y”.
33. That it is stated that the private container terminal is not in the national interest will not impair but destroy existing activities and functioning Chittagong Port Authority to a great extent.
34. That it is stated that alleged container terminal at Patenga will ultimately deprive 7000 employees of employment, 10,000 dock workers will become idle and there will be serious instability among the shore handling contractors (Stevedores), C&F Agents, transport owners and workers, different third parties related thereto affecting some 50,000 persons.
35. That it is stated that no evaluation of the track record of the company, that is previous experience of S.S.A. Bangladesh Ltd. or its components regarding port operations, financial capability, or feasibility study had been given serious consideration before “approval” of their proposal.

36. That it is stated that the proposal of S.S.A. Bangladesh Ltd. did not contain clear provisions relating to royalty, lump sum payment or license fee and revenues which are to be passed by the alleged private container terminal over to the government.
37. That it is stated that no technical and financial evaluation was done about S.S.A. Bangladesh Ltd. and there is palpable lack of application of mind with regard to evaluation of the company and the feasibility of the proposal, or to ascertain if this was the best of the proposals through evaluating other bids received, or inviting further competitive bids.
38. That it is stated that no transparency is evident in the decision making process, involving the entire activities of S.S.A. Bangladesh Ltd. were done behind the screen defeating the principles of equities and national interest.
39. That it is stated that ESCAP recommended action plan for port privatization and UNCTAD recommended guidelines for port authorities and governments on the privatization of port facilities which were not at all followed by the respondents.
40. That it is stated that S.S.A. (Bangladesh) Ltd. was formed by Orient Maritime Limited and S.S.A. Netherlands BV but the application for private container terminal was submitted on 29.12.1997 by S.S.A. (Bangladesh) Ltd. as an affiliate of Stevedoring Services of America.
41. That it is stated that at present the Chittagong Port Authority is handling 80% containers of importing cargoes and the rest 20% is handled by the Mongla Port Authority.
42. That it is stated that Chittagong Port is handling near about 4,00,000 (four lacs) TEUS container in the year 1999-2000 and keeping the same in the Chittagong Container Terminal and the container yards by two high stacking. If the high stacking are upgraded to six/seven as like as Singapore and Hongkong the volume of container handling will be near about 8 lacs. If the period of container delivery/release is reduced to 7 days from 15 days the quantity of container handling will be 16 lacs TEUS. If container yard and container jetties are constructed in Port Park, JC yard, behind the 13 Nos. Jetty, vacant places of TCB Go-down and Shell Oil Company and on the other bank of Karnaphully river there will be no necessity for constructing any port or container terminal upto 2100.
43. That it is stated that there was no feasibility study of private containers terminal at Patenga as per letter dated 9.6.1997 (Annexure – “E”) issued by the Planning Chief of Chittagong Port Authority in favour in favour of the Secretary Ministry of Shipping.
44. That it is stated that other parties, namely Overseas Trade Services (Annexure – “G”) S.S.A. Bangladesh Ltd. (Annexure – “I”), Port Venture (Annexure – “M”) and PSA (Annexure – “N”) applied to the Hon’ble Minister, Ministry of Shipping and Chairman, Chittagong Port Authority for establishing container terminal at Patenga, Chittagong, and thereafter an international competitive tender/bidding procedure ought to have published and adopted.
45. That the proposed site for private container terminal at Patenga, Chittagong is a sensitive location from a national security point of view having regard to the Naval Academy, Airforce Installation and M.A. Hannan International Airport, Chittagong.
46. That only one port is normally constructed at the mouth of a river. There are no two ports at a river mouths anywhere in the world, as such the alleged approval for private container terminal at Patenga is irrational, against the national interest and without lawful authority.

47. That powers and functions of Chittagong Port Authority had been vested by the Chittagong Port Authority Ordinance 1976, for the management, maintenance and Development of Chittagong Port and for matters connected there with or incidental thereto with specification of port limit, and any “approval” of a project by-passing the Authority and disregarding the provisions of the Ordinance, is manifestly without lawful authority.

48. That the minutes of the meeting of the co-ordination committee of the Ministry of Shipping shows that S.S.A. (Bangladesh) Ltd. had prepared an exhaustive map of 211.66 acres of land of which Chittagong Port Authority owns 20.97 acres, Bangladesh Water Development Board owns to 25.52 acres, Khas land of the Government amounts to 4.61 acres, Bakhrabad Gas Company owns to 1.67 acres, and 158.89 acres are owned by private owners.

49. That the lands of the proposed private container terminal at Patenga belong to different public authorities and are managed by distinct laws, the action purporting to grant such lease in an arbitrary manner, without due application of mind, and a competitive bidding procedure, through a public auction, are manifestly without lawful authority.

50. That the government has approved construction of New Mooring container terminal in 1999 and also approved for procuring 142 equipments for Chittagong Port in 1996, if the said projects are implemented this will totally undermine the operations and viability of the New Mooring Container Terminal and thus be against national and public interest.

51. That it is submitted that no feasibility study for private container terminal having been held by the experts and consultants as per request letter dated 9.6.1997 issued by the planning chief of Chittagong Port Authority (Annexure – “E”), the Government’s “approval” dated 28.4.1998 for establishing private container terminal at the mouth of the Karnaphully river S.S.A. (Bangladesh) Ltd is arbitrary and not in accordance with law, and this is without lawful authority.

52. That it is submitted that there is no national policy, laws or rules for establishing private container terminal in Bangladesh, and the Government’s decision dated 28.4.1998 without any policy or guidelines for establishing private container terminal is arbitrary and without lawful authority.

53. That it is submitted that Bangladesh being a member of Economic and Social Commission for Asia and the Pacific (ESCAP) having grossly disregarded the guidelines for private sector participation in ports and transparency with regard to the decision making process; consequently the purported approval and subsequent action of the Government are arbitrary and without lawful authority.

54. That it is submitted that there is no proper application of mind by the respondents nor considerations required by the Rules of Business framed under Article 55 of the Constitution for proper exercise of executive authority, inasmuch as the following actions have not been taken (a) identification of priority project (b) conduct pre-feasibility and assessment of commercial viability (c) identification of related infrastructure investments essential to viability of proposed project (d) preparation and publication of project outline (e) no preparation of summary of privatization parameters for distribution with project outline (f) preparation of pre-qualification advertisement (g) publication of advertisement (h) distribution of project outline (I) preparation of prequalification short list (j) preparation of bid documents (k) distribution of bid documents (l) evaluation of tenders and (m) negotiation with the top ranked bidder from the government. As such without following any action plan respondents’ actions are arbitrary, and without lawful authority, as well as violative of the provisions of Articles 27 and 31 of the Constitution.

55. That it is submitted that no evaluation and tract record of the company that is previous experience of S.S.A. Bangladesh Ltd or its subscribers regarding port operation financial capabilities having been done before “approval” nor any technical or financial evaluation S.S.A. Bangladesh Limited, the purported “approval” and the action taken pursuant thereto are without lawful authority.

56. That it is submitted that four different companies expressed their intention for establishing private container terminal at Patenga through applications (Annexures _ G, I, M and N), and no competitive bidding procedure having been followed, the purported “approval” and the action taken pursuant thereto are without lawful authority.

57. That it is submitted that powers and functions of Chittagong port having been vested by the Chittagong Port Authority Ordinance 1976 in the Authority for the management, maintenance and development of Chittagong Port and for matters connected there with or incidental thereto within port limit, the purported “approval” and action taken pursuant thereto, disregarding, by-passing and circumventing the Authority and the provisions of the Ordinance are without lawful authority.

58. That it is submitted that Authority has its own conservancy and is controlled by a conservator and if a private container terminal is established within its port limit at Patenga, there will be dual administration contrary to the Ordinance.

59. That it is submitted that the lands of the alleged container at Patenga belong to different public authorities and are managed by distinct Laws and the respondent No.1 (the Ministry of Shipping) has no jurisdiction to take decisions regarding leasing of land of other Ministries and of all public, which could openly be done in accordance with law, by following the competitive bidding procedure through public auction.

60. It is submitted that the parliamentary standing committee of Ministry of Shipping in its recently concluded meeting has decided that without due compliance of tender formality there should not be establishment of private container at Chittagong Patenga point and the Government has been given necessary direction in this behalf but despite such direction of the parliamentary standing committee the respondents are proceeding to finalize the implementation agreement with SSA (Bangladesh) Ltd. If the respondent No.1 is allowed to proceed to sign implementation agreement in order to operate the impugned orders there will be no transparency in the executive acts of the Republic.

61. That being aggrieved by the impugned orders (Annexures – J, K, L) the petitioners served a demand of justice notice upon the respondents on 11.9.2000 to withdraw, cancel or rescind the impugned orders but to date received no reply. Photocopy of the said notice dated 11.9.2000 along with telegraphic receipt is annexed hereto and marked as Annexure – “Z”.

62. That the petitioner craves leave of this Hon’ble Court to file photocopies of annexures as the original are lying in the office of the respondents.

63. That under the circumstances as stated above the petitioners having no other equally efficacious remedy provided by law is constrained to move this application under Article 102 of the Constitution of the People’s Republic of Bangladesh on the following amongst other –

GROUND S

I. For that no feasibility study for private container terminal having been held by the experts and consultants as per request letter dated 9.6.1997 issued by the planning chief of Chittagong Port Authority (Annexure – “E”), the Government’s “approval” dated 28.4.1998 for establishing private container terminal at the mouth of the Karnaphully river S.S.A. (Bangladesh) Ltd is arbitrary and not in accordance with law, and this is without lawful authority.

II. For that there is no national policy, laws or rules for establishing private container terminal in Bangladesh, and the Government’s decision dated 28.4.1998 without any policy or guidelines for establishing private container terminal is arbitrary and without lawful authority.

III. For that Bangladesh being a member of Economic and Social Commission for Asia and the Pacific (ESCAP) having grossly disregarded the guidelines for private sector participation in ports and transparency with regard to the decision making process; consequently the purported approval and subsequent action of the Government are arbitrary and without lawful authority.

IV. For that there is no proper application of mind by the respondents nor considerations required by the Rules of Business framed under Article 55 of the Constitution for proper exercise of executive authority, inasmuch as the following actions have not been taken (a) identification of priority project (b) conduct pre-feasibility and assessment of commercial viability (c) identification of related infrastructure investments essential to viability of proposed project (d) preparation and publication of project outline (e) no preparation of summary of privatization parameters for distribution with project outline (f) preparation of pre-qualification advertisement (g) publication of advertisement (h) distribution of project outline (I) preparation of prequalification short list (j) preparation of bid documents (k) distribution of bid documents (l) evaluation of tenders and (m) negotiation with the top ranked bidder from the government. As such without following any action plan respondents’ actions are arbitrary, and without lawful authority, as well as violative of the provisions of Articles 27 and 31 of the Constitution.

V. For that no evaluation and tract record of the company that is previous experience of S.S.A. Bangladesh Ltd or its subscribers regarding port operation financial capabilities having been done before “approval” nor any technical or financial evaluation S.S.A. Bangladesh Limited, the purported “approval” and the action taken pursuant thereto are without lawful authority.

VI. For that four different companies expressed their intention for establishing private container terminal at Patenga through applications (Annexures _ G, I, M and N), and no competitive bidding procedure having been followed, the purported “approval” and the action taken pursuant thereto are without lawful authority.

VII. For that powers and functions of Chittagong port having been vested by the Chittagong Port Authority Ordinance 1976 in the Authority for the management, maintenance and development of Chittagong Port and for matters connected there with or incidental thereto within port limit, the purported “approval” and action taken pursuant thereto, disregarding, by-passing and circumventing the Authority and the provisions of the Ordinance are without lawful authority.

VIII For that Authority has its own conservancy and is controlled by a conservator and if a private container terminal is established within its port limit at Patenga, there will be dual administration contrary to the Ordinance.

IX. For that the lands of the alleged container at Patenga belong to different public authorities and are managed by distinct Laws and the respondent No.1 (the Ministry of Shipping) has no jurisdiction to

take decisions regarding leasing of land of other Ministries and of all public, which could openly be done in accordance with law, by following the competitive bidding procedure through public auction.

Wherefore it is humbly prayed that your Lordships would be graciously pleased to

- A) Issue a Rule Nisi calling upon the respondents to show cause as to why the impugned order dated 28.4.1998 issued by the respondent No.4 (Annexure – J) in pursuant to Government approval dated 25.3.1998, Minutes of meeting of the coordination committee dated 16.6.1998 of the Ministry of Shipping (Annexure – K) and Memo dated 18.6.1998 issued by the respondent No.4 (Annexure-L) and the actions taken pursuant thereto should not be declared to have been made arbitrarily unconstitutional, without lawful authority and is of no legal effect;
- B) To stay operation of order dated 28.4.1998 issued by the respondent No.4 vide memo No.NOS/Planning-1/Chittagong-1/98-96 (Annexure-J) Minutes of the meeting dated 16.6.1998 of the co-ordination committee of the Ministry of Shipping (Annexure-K) and memo No.Mu-Ba Sha/Nirman-01/98-968/1 dated 18.6.1998 issued by the respondent No.4 (Annexure-L) and any action pursuant thereto;
- C) Upon hearing the cause shown if any, by the respondents to make the rule absolute;
- D) To award cost against the respondents;
- E) To pass any other or further order or orders as Your Lordships may deem fit and proper.

And for this act of kindness your humble petitioners as in duty bound shall ever pray.

A F F I D A V I T

I, Sunil Kanti Aich son of late Aswini Kumar Aich Head Assistant Department of Hydrography Bandar Bhaban, Chittagong Port Authority, Police Station Bandar, District Chittagong aged about 47 years by faith Hindu by Profession Service by nationality Bangladeshi by birth do hereby solemnly affirm and say as follows:

1. That I am the petitioner No.3 in the instant writ petition and letter of authority holder of the petitioner Nos 1, 2 and 4 as such am acquainted with the facts and circumstances of the case and am competent to swear this affidavit.

2. That the statements made in the foregoing paragraphs are true to the best of my knowledge and belief and the rests are submissions before this Hon'ble Court.

Prepared in my office.

Advocate.

DEPONENT

The deponent is known to me and identified by me.

Advocate.

Solemnly affirmed by the
Deponent before me at the
High Court premises on this
the day of September,
2000 at a.m./p.m.

Commissioner of Affidavits
Supreme Court of Bangladesh
High Court Division, Dhaka.

Tan/engg

SURVEY ON CORRUPTION IN BANGLADESH

December 1997

Survey Conducted

By

The Survey and Research System
House No. 8, Road No. 6
Sector 3, Uttara Model Town
Dhaka, Bangladesh

For

Transparency International Bangladesh
121/C (3rd Floor) Gulshan Avenue
Dhaka, Bangladesh
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With Assistance From

The Asia Foundation
House # 3/B, Road # 50
Gulshan Model Town
Dhaka, Bangladesh

SURVEY ON CORRUPTION IN BANGLADESH

**SUMMARY ON PHASE 1 ACTIVITIES: PILOT STUDY
SUMMARY ON PHASE 2 ACTIVITIES: BASELINE SURVEY**

Survey Conducted

For



Transparency International Bangladesh

**121/C (3rd Floor) Gulshan Avenue
DHAKA, BANGLADESH**

I. Executive Summary

Implementation of the Project 'Survey and Corruption' was carried out in two phases. In Phase one a 'Pilot Study' was conducted to understand the nature, form, extent and intensity and the places where corruption occur and in Phase 2 a large scale survey was conducted to provide base line information on corruption in the sectors selected for the project. The Phase 2 base line survey consisted a sample size of 2500 households and information related to services provided by various sectors, delivery of services and corruption in providing services were collected. The pilot study of Phase 1 furnished valuable guidelines on scope, conceptualization and coverage. The scope of the survey was extended from six sectors in the pilot study to ten sectors in the base line survey. The results of the survey have been discussed in the report on Phase 2 activities of the project: Base Line Survey. A summary of the findings of the survey is presented here.

Education Sector:

The baseline survey revealed that a little over two-thirds (68.2%) of the households (HHs) in Bangladesh had children attending educational institutions. The corresponding figures for the rural and the urban areas were 67.8% and 71.1% respectively. Among the HHs with children at school, 72.5% had children attending primary and kindergarten schools in the country. Further, of the HHs with children in primary schools, 5.5% reported to have faced difficulties in admitting their children at schools. Majority of the households, who had difficulties admitting children into primary school, employed various extra regular methods for admission of their children at school. The survey revealed that about 74% of these households used extra regular method for admission of their children into school. Among the various extra regular methods used, payment of donation was most prominent and used by about 41% of the HHs, followed by the use of political influence (28% of HHs) and through private tutor (10% of HHs). Payment of money for admission of children into school was reported by 3.6% of the HHs. Extra expenditure incurred, on the average, was Tk. 739 per household.

Approximately three-fourths (74.4%) of the HHs received books from primary schools and more than half (53%) of them had to pay for the books. The average payment for books was Tk. 5.30 per HHs.

Existence of 'Food for Education Programme' in the area was reported by 22% of the HHs throughout the country. Although the programme was mainly undertaken for rural areas, some urban HHs also reported its existence in their area. The respondents reported a number of irregularities and malpractice. Among the irregularities reported by the HHs were nepotism (42%), distribution of quantity less than allocated amount (58%) and eligibility not properly assessed (16%).

When views related to irregularities practiced in school were sought, about one-half (50.8%) of the households reported that extra payment was necessary for admission and examination. Difficulty getting promotion to next class or good results unless teacher was engaged as private tutor was reported by 49% of the HHs, partial to the influential was reported by 33% and deduction of scholarship money was reported by 27% of the HHs.

Measures of general opinion demonstrated a very high agreement or complete agreement (more than 45%) that there existed unethical practices in supply of primary school books and examination procedure. One out of every five believed practice of unethical standard existed in admission procedure.

There were differences in the findings by socio-economic characteristics and these were briefly discussed in the report. For details the base tables may be consulted.

Health Sector:

The findings of the base line survey revealed that 28.1% of the HHs had patients who sought treatment at public hospitals through out the country during the last one year. Comparatively, more HHs headed by women and low-income group HHs sought treatment at the public hospitals.

Approximately two-fifths (39.4%) of the HHs reported payment higher than normal registration fees at the outpatient department.

The households who had patients seeking inpatient treatment also reported irregularities in admission procedure. Normal process of admission was reported by only 41% of the HHs. Among the extra regular methods for admission into hospital, the frequently used methods were consultation with the doctor at private chamber was reported by 20% of the HHs, payment of extra money to the hospital staff reported by 18% of HHs, through hospital staff reported by 9% and through influential persons reported by 9% of HHs.

About 59% of the respondent reported that patients (both inpatient and outpatient) received medicines from the hospital. The other 41% did not receive medicines from the hospital. About one-fourth (26%) were advised to get medicines from designated stores.

One out of every five households reported to have patients who required pathological tests, x-rays and operations during the preceding year. The survey found that only 21% of these HHs had these tests done at the public hospitals and the remaining 79% had their tests performed at private clinics. Further, 62% of the HHs with patients, who had their tests done in public hospitals, made extra payments for the services. The average payment per HH for tests carried out at the government hospital was estimated to be Tk. 95 for the country. The average cost per HH for tests was higher in urban areas (Tk.171). The reasons for having the test done in private clinic were attributed to poor service in public hospitals (50%) and advice by the doctor (50%).

Measures of opinion showed that about 70% either agreed or completely agreed that there existed unethical practices in the procedure for admission into the hospital and a higher proportion (81%) held similar view regarding supply of medicines or treatment at the hospital.

Changes in the results due to variation in socio-economic characteristics and details were discussed in the report and shown in the base tables.

Judiciary Sector:

Involvement of HHs in court cases either as accused or as plaintiff was found to be 9.6% according to the results of the household survey and nearly three-fifths (59.4%) the court cases were related to land and property disputes. The other disputes reported were terrorism (10.5%), political repression (3.8%) and repression of women (3.3%).

More than three-fifths (63%) of the HHs involved in court cases reported that they had to bribe the court officials. The proportion of rural HHs paying bribe money to court officials was 63.6% compared to that of 57.1% of urban HHs. Cash for bribe was paid to the court employees by 71.3% of HHs, followed by 16.3% of HHs to opponent's lawyer. Majority of HHs (53.3%) made payments for bribe directly, i.e., in person and through the lawyers (28.1%).

Hiring witnesses was reported by 18.7% of the HHs involved in court cases. The percentage of rural HHs (19.5%) hiring paid witnesses was markedly higher than that of rural HHs (10.5%).

Pending cases were reported by 85% of HHs involved in court cases. Regarding expected time for settlement of pending cases, 53.9% of the accused/plaintiffs reported that they were uncertain about the period when settlement would be reached. And about 79.8% of them reported that delays in reaching settlement were deliberate and due to (i) lawyers' business interests (42.4%), (ii) opponent's ill motive and manipulation (53.5%) and (iii) court's high handedness (43.1%).

The survey revealed that public view of the integrity of the judiciary was extremely poor. Almost 9 out of every 10 HHs (88.5%) agreed or completely agreed that it was almost impossible to get quick and fair judgement from the court without money or influence.

Grameen Shalish:

The base line survey revealed that about 18% of the rural HHs in the country took the opportunity to settle disputes through grameen shalish. Majority of the disputes (52.2%) was related to land and property, followed by disputes related to local violence (35.4%) and marital problems (11.4%). Other kind of disputes was reported by about 9% of the HHs.

About 60% of the HHs affirmed that grameen shalish was fair and nearly equal proportions of HHs headed by men (60%) and women (63%) held the same view.

The HHs (40%) who expressed a negative view regarding fairness of grameen shalish attributed one or more of the five specific reasons for their negative view. An overwhelming majority of 93.5% of HHs thought 'grameen shalish tends to favour the rich and influential'. Grameen shalish was influenced by money and opportunities was the view expressed by 84% of the HHs and 66.7% of the HHs thought grameen shalish was influenced by terrorism. Among the steps needed for shalish to be effective, about (i) 89% of these HHs said that 'impartiality of grameen shalish be ensured', (ii) 70% of the HHs thought that 'equal representation of the parties was necessary', and (iii) 32% of HHs suggested that 'women representation in disputes involving women was a requisite'.

Police Service Sector:

The base line survey found that only 5.4% of the HHs were involved in police case during the preceding year and that involvement was evenly divided between the accused and the accuser (plaintiff). Disputes over land and property were the most frequent (26.8%), followed by complaints of terrorism (19.5%), theft cases (17.9%), repression of women (11.4%) and political repression (8.1%). About 54% of the cases filed with the police were recorded as FIR complaint and the rest 46% were recorded as GD complaint. About one-half of the complainants (49.5%) made prior arrangement with the police for disposal of their cases; majority (55%) of the prior arrangements was not to send the disputes to the court, while nearly two-fifths (38%) of the arrangements was to send the complaints to the court for disposal. About 71% of the respondents reported that police deliberately delayed sending the cases to the court.

More than two-thirds (68.1%) of the complainants reported to have payments to the police for filing complaints as FIR. Payment to the police was made directly by the complainants (40%), followed by payments through office employees (34%) and through local dalal (26%).

Requirement of police verification was reported by 7.3% of the HHs. Payment of money to the police when they visited the house of the person needing verification was reported by 38.5% of the HHs and repeated visits to police station to obtain verification was reported by 24.2%.

Public view of the police was very low and 96.3% of the HHs expressed the view by way of their complete agreement or general agreement with the assertion that it was almost impossible to get help from the police without money or influence.

Land Administration Sector:

According to the base line survey about 23% of the HHs bought or sold land during the preceding year and more than one-half (54%) of them reported payment of extra cash for registration. About two-thirds (65.7%) of the HHs reported that in order to reduce the registration costs, sale price less than actual price was shown on the deed for cash payment to the sub-registrars.

Mutation or adjudication of land and property were reported by 5.9% of the HHs. About three-fourths (76.4%) of these HHs paid extra cash for mutation to the tehsil office.

Other irregularities, such as, extra payment while paying land taxes and assesment of taxes were also reported by the respondents.

While expressing their views the public confirmed the existence of unethical practices in land administration by a large margin. About 71% of the HHs agreed or completely agreed with the assertion that it was almost impossible to complete registration of land, mutation of property and clear taxes without payment of money or influence.

Financial Sector:

According to the results of the household survey 5.6% of the HHs borrowed money from the scheduled and the agricultural banks during the year before. Nearly one-fourth (25.7%) of these borrowers reported that they received amounts lower than sanctioned amounts. Less than half (46%) of the borrowers reported obtaining loan following usual procedure, while about 45% reported getting loan through bank employees for payment of money and 9% reported getting loan with the help of influential persons and dalals.

The borrowers reported various actions by the banks for loan recovery. Most frequently used loan recovery action was to confiscate assets (55%), followed by court cases (54%), banning future sanction of loan (48%) and arresting defaulters with the help of police (42%).

About a third of the borrowers had to submit documents for obtaining loan at an extra cost. The extra cost for documents was, on the average, Tk. 219 per HH (borrower).

The presence of unethical standards in providing loan and financial assistance by the banks was confirmed by the public. About four-fifths (73.5%) of the sample HHs either agreed or completely agreed that it was almost impossible to get loan from the banks without money or influence.

Municipal Service Sector:

Wide spread corruption in municipal services was indicated by the base line survey. Irregularities and corrupt practices were reported in services for water supply, electricity connection and municipal taxation.

(a). Water Supply

The base line survey found that only about 44% of urban dwellers in the country had municipal water supply. About 23% of the HHs reported difficulty getting water supply line; of these HHs about 17%

reported payment of extra money, 16% reported repeated visits and 12% reported long wait and red tape in getting water line.

About 73% of the HHs with water supply reported receipt of water bills regularly and 97% of them reported payment of the bills regularly. Nearly a third (32%) of the urban HHs stated that reduced water bill was obtainable by arrangement with the meter reader.

When asked for their views, 60% of the urban HHs with water supply strongly agreed or generally agreed that it was almost impossible to get water line without money or influence; and about 45% of the HHs with water supply held a similar view on getting correct water bill.

(b). Electricity Supply

Approximately 4 out of every 5 urban HH in the country reported to have electricity connection. Just fewer than 30% of these HHs did not face any difficulty getting electricity connection to their house. The remaining 70% of the HHs faced various difficulties; among the difficulties faced, about 33% of the HHs paid money for electricity connection and accessories, 21% reported to make frequent visits, 12% reported undue delays and 40% reported other unstated difficulties.

Regular receipt of electricity bills were reported by 63% of the HHs with electricity connection and 72% of them reported regular payment of bills. About 12% of the HHs with electricity connection reported non-receipt of bills regularly. Also, about 30% of the HHs reported that reduced electricity bill was obtainable by arrangement with the meter reader.

About two-thirds (67.2%) of the HHs confirmed prevalence of unethical practices in delivery of electricity supply and another 46% confirmed the existence of the same in the billing system.

(c). Holding Tax

Municipal assesment of holding tax on house and property was acceptable to 56% of urban HHs and the rest 44% considered the assesment excessive. Unacceptability of tax assesment resulted in delayed payment of taxes. The excessive assesment was reduced by 53% of the HHs through the Review Board and the other 47% had their assesment reduced by arrangement with municipal staff on payment of money.

When asked for their views on the assertion that it was almost impossible to get correct assesment of holding tax without money or influence less than half (45.1%) of the HHs, despite a high proportion of HHs unhappy with assesment, lent support to the assertion. About 16% of the HHs contradicted and the rest either had no comments or did not answer.

(d). Business and Trade license

Base line survey indicated that about one-third (35%) of the urban HHs were involved in some business or trade and about 56% of them had trade license. About one-half of the license holders reported difficulty getting trade licenses, such as, payment beyond normal fee (49%), repeated visits to municipal office (40%) and other difficulties (18%). About 65% of the urban HHs expressed the view that it was almost impossible to get a trade license without money or influence. Only 8% of the HHs contradicted the implying contention, while the rest had no comments.

Public Transport Sector:

The survey found that 73% of the HHs had persons travelling by train, 55% of the HHs had persons travelling by bus and 18% of the HHs had persons using the steamer service. About one-fourth (23%) of the HHs reported difficulty procuring tickets; approximately 73% of them reported to have paid extra money for buying tickets, 42% of the HHs had to buy tickets in advance and 36% bought tickets through dalals (brokers).

Only about 3% of the HHs travelled in their own vehicle and crossed river using the ferry service. Long wait due to shortage of ferryboats was the complain of two-thirds (65.8%) of the ferry service users. About 58% of the complainants reported that early crossing was possible on payment of cash to the BIWTA staff.

News Media- News Paper Sector:

The base line survey revealed that three-fifths (60%) of the HHs in the country kept themselves abreast of the news published in the daily newspapers either by reading or through other means. Awareness of events through newspapers was much higher in urban areas (82%) than in rural areas (57%). More than 95% of the HHs, readers and non-readers were of the opinion that newspapers should be factual and impartial in furnishing the news.

When asked for their views, by a very large margin (83.5%) the readers and those who kept themselves aware of news thought that newspapers were professionally unethical and partisan. They expressed this view by agreeing or completely agreeing with the contention that the owners and the management of newspapers for partisan interest inflates or deflates news of events. About 3% only contradicted the contention and the rest 13% made no comment.

Public Perception of Corruption:

Public view was sought on what activity constitutes corruption. The base line survey revealed that among the choices put before them, 'misuse of position and power' was perceived as corruption by the highest proportion of respondents (76.0%), followed by 'negligence of duty' (75.7%), 'activity outside normal procedure' (67.7%) and 'while on duty taking money for personal gain' (57.8%). 'Misuse of power and fund for personal gain' (56.4%) and 'misuse of fund' (50.6%) were also perceived as corruption.

Thana Police Service was pointed out for corruption by the highest number (97%) of respondents (HHs) and the Judiciary by the second highest (89%) number of HHs. Thus, the two main arms of administration had the honour (!) of being identified for corruption by highest number of the respondents. The other public offices in order of choice of the respondents were Sub-Registrar's office, Land Record office, Tehsil office and Scheduled Banks, etc.

Thana Police Service was also identified as the most corrupt public office and was the choice of the 58% of the HHs, followed by the Judiciary which the choice of 19% of the HHs as the most corrupt office.

The respondents were almost unanimous (97%) in their view that considering the functions and responsibilities assigned the thana police station was either important or highly important public service organization (which was ironically viewed as the most corrupt office).

When asked for their view on what were the causes of corruption the respondents stated as follows: 'Desire to get rich overnight' was viewed as the main force by the highest number (76%) of HHs, followed by 'Moral degradation' (58%), 'No accountability' (51%) and 'Inadequate salary' (32%).

I. Executive Summary

The project of Transparency International – Bangladesh, ‘Survey on Corruption’ in Bangladesh, was divided into two phases: Phase 1 consisted of a ‘Pilot Study’ to ascertain the nature, extent, intensity - wherever possible, of corruption, and the places where corruption occur and Phase 2 consisted of a large scale survey to provide baseline information on corruption. In the pilot study a small scale national household survey was undertaken to obtain information on public services performed in six different sectors and corruption that took place in performing those services from a recipients point of view; simultaneously, an institutional survey on performance or delivery of public services in these six sectors was conducted to obtain information from a provider’s point of view. Observed or on the spot verification information from persons receiving services at the institutions were also collected in the institutional survey. Results of these activities of the Pilot Study are provided in the summary.

Education Sector:

The household survey revealed that about 74% of the households (HHs) had children attending educational institutions. Approximately three- fourths (73.1%) of these HHs had children attending primary schools. Of the HHs with children in primary schools, 7.2% reported difficulties in admitting their children at schools and 4.5% reported to have made extra payments for admission. The proportion of HHs making extra payments for admission of children at schools was much higher for HHs headed by women (10.2%) than those headed by men (3.9%).

Employing teachers as tutors was reported by 21.2% of the HHs. The percentage of HHs headed by women and employing teachers as tutors (32.7%) was significantly higher than the HHs headed by men and employing teachers as tutors (19.8%).

Children attending primary schools were supposed to receive books from the schools. About 17% of the HHs reported that their children attending primary schools did not receive books from the schools. Non-receipt of books reported by HHs in urban areas (33.3%) was more than twice that by HHs in rural areas (15.4%). Non-receipt of books by children for HHs headed by females was 32.3% compared that of 13.8% for HHs headed by males.

Implementation of ‘Food for Education’ programme in the locality was reported by 17.7% of HHs, 19.0% in rural and 7.6% in urban areas. Of the HHs reporting ‘Food for Education’ programme, 62% illegal reported practices in distribution of rice and wheat among the students.

Approximately 42% of the HHs, 40.4% in rural and 51.9% in urban areas expressed the view that it was not possible for the children to get good results or promotion to next higher class unless school teachers were engaged as tutors.

The results of the institutional survey revealed that heads of educational offices and high schools largely denied irregularities any wrong doing in the education sector. However, some of the irregularities reported in the household survey received partial and indirect confirmation from the institutional survey. Some of the headmasters of the primary schools reported that there were instances when they had to pay the thana education offices to get books and education materials for their schools. Similarly, illegal practices in 'Food for Education' programme were also corroborated by the primary school teachers. Illegal practices in determining eligibility, nepotism and distribution of quantity less than allocated amount were reported by the headmasters of primary schools.

Health Sector:

The findings of the household survey revealed that 31.5% of the HHs had patients who sought treatment at public hospitals through out the country. The proportion of HHs headed by women (43.5%) seeking treatment at public hospitals was considerably higher than that (30.0%) of HHs headed by men. Nearly 85% of the HHs with patients seeking treatment at the public hospitals belonged to the lower income groups with monthly household income of Taka 6,000.00 or less.

About a fifth (20.5%) of the HHs with patients who sought treatment at public hospitals reported payments higher than standard amount of Taka 3.30 for registration at the outpatient department. Of all the HHs with patients visiting hospitals for treatment, 19.3% had patients admitted for inpatient treatment. About 65% of these in patients (HHs) reported admission to hospitals through normal process. The other 35% reported through other means, such as, payment of cash directly to hospital staff (11.8%), payment of consultation fees at the doctors' private chambers (10.1%), through hospital staff (8.4%) and through class iv employees of the hospitals (5.0%).

Non-receipt of medicines for patients was reported by 41.2% of the HHs and there was marked difference between the proportions of rural HHs (42.6%) and urban HHs (32.0%) not receiving medicines from hospitals. More than a fifth (21.2%) of the HHs who did not receive medicines at the hospitals said that they were advised to get them from designated pharmacies.

There was a substantial discrepancy between the results of the HHs survey and the reports narrated by the doctors and hospital staff. However, the OSV information of the institutional survey corroborated the findings of the HHs survey to a large extent. Payment of additional amount for registration at outpatient department or admission to hospital for inpatient treatment was reported by one third of the patients of the institutional survey compared to that of 20% in the HHs survey.

Related to the supply of medicines, about half of the patients in the institutional survey reported that they received either a partial supply of medicines or no medicines from the hospitals and thus corroborating non-supply of medicines reported in the HHs survey.

Judiciary Sector:

Involvement of HHs in court cases either as accused or as plaintiff was found to be 14% according to the results of the household survey and about 60% of the court cases were related to land and property disputes.

More than half (52.4%) of the accused/ plaintiff reported that they had to bribe the court officials. The proportion of rural HHs paying bribe money to court officials was 54.5% compared to that of 28.6% of urban HHs. Cash for bribe was paid to the lawyers by 65.1% of HHs, followed by 27.9% of HHs to court officials and 7% of HHs to the judges. Majority of HHs (51.1%) made payments for bribe directly, i.e., in person and through the lawyers (38.0%).

Hiring witnesses was reported by 19.8% of the HHs involved in court cases. The percentage of urban HHs (28.6%) hiring paid witnesses was markedly higher than that of rural HHs (18.9%).

Regarding expected time for settlement of pending cases, 78% of the accused/plaintiffs reported that they were uncertain about the period when settlement would be reached. And about 75% of them reported that delays in reaching settlement were deliberate and due to (i) lawyers' business interests (34%), (ii) opponent's ill motive and manipulation (30%) and (iii) court's high handedness.

Payment of bribe was corroborated by persons interviewed for observational data (OSV) of the institutional survey. About half (52%) of them reported payment of bribe to court officials. The judges, contradicted the findings of the household survey. They expressed denials of acceptance of bribe by court officials and asserted that court fees charged were according to standard fixed amount. They also made denials of deliberately delaying settlement of pending cases.

Grameen Shalish:

The household survey revealed that about 14% of the rural HHs took the opportunity to settle disputes through grameen shalish. Majority of the disputes (60%) were related to land and property, followed by disputes related to local violence (21%) and marital problems (11%). About 17% of HHs reported other kind of disputes.

About 58% of the HHs affirmed that grameen shalish was fair. More HHs headed by women (65%) gave positive marks to grameen shalish compared to HHs headed by men (57%).

The HHs who expressed a negative view regarding fairness of grameen shalish attributed one or more of the five specific reasons put before them for their negative view. An overwhelming majority of 92% of HHs thought 'grameen shalish tends to favour the rich and influential'. Among the steps needed to be taken for shalish to be effective, about (i) 90% of these HHs said that 'impartiality of grameen shalish be ensured', (ii) 64% of the HHs thought that 'equal representation of the parties was necessary', and (iii) another 15% of HHs

suggested 'women representation in disputes involving women' was a requisite for grameen shalish.

Police Service Sector:

Household survey revealed that only about 6% of the HHs were involved in police case during the preceding year. About two-third of them were involved as accused and the other one-third were involved as complainant. Disputes over land and property were the most frequent (35%), followed by complaints of terrorism (29%), theft cases (12%) and political repression (12%). About 65% of the cases filed with the police were recorded as G.D. complaint and the rest 35% were recorded as F.I.R. complaint.

The results of the household survey showed that about 41.4% involved in police cases made payments to the police and of these payments, 91% were made directly to the police and the rest were made through employees of the police stations. It was also reported that nearly one-fifth of the HHs involved in police cases made arrangements with the police for disposal of cases.

The results of the institutional survey showed that police officials denied irregularities and accepting money from either the accusers or the accused. The results of the household survey were, however, supported by the observed data (OSV) from the institutional survey. All persons who came for services at the police stations reported payment of cash ranging from Taka 500 to 2.000.00. The persons interviewed further reported that police officials paid attention to complaints only after they were paid.

Land Administration Sector:

According to the household survey about 17% of the HHs bought and sold land during the preceding year. More than a third (35%) of these HHs reported that they paid extra cash for registration. Of the total HHs involved in land transactions, 85% reported additional cash payment to deed writers, 73% reported cash payments to sub-registrars and 71% reported additional cash payments to the vendors. About 71% of the HHs was able to reduce the registration costs by showing prices less than the actual prices after cash payment to the sub-registrars.

Household survey revealed that while paying land taxes, 7.5% and 20.1% of the HHs had to make additional payments for clearing current and outstanding land taxes respectively.

Mutation or adjudication of land and property were reported by 4.5% of the HHs. About 54% of these HHs paid extra cash for mutation.

The results of the institutional survey showed that most of the sub-registrars and the tehsilders denied any wrong doing or acceptance of extra payments. The observation report of the institutional survey, however, lent support to the findings of the household survey. All respondents reported that additional payments were made for registration of land transactions. The additional payments ranging from 5 to 10% of the transaction value were charged

according to a scheduled list of items, such as, deed writer, vender, sub-registrar, etc. Extra payments for mutation were also confirmed by the observed data.

Regarding allotment or lease of government land observed data from the institutional survey agreed with the results of the household survey.

Financial Sector:

According to the results of the household survey 8.5% of the HHs borrowed money from the scheduled and the agricultural banks during the year before. Nearly one-fifth (19%) of these borrowers reported that they received amounts lower than sanctioned amounts. About 43.5% of the borrowers reported obtaining loan following usual procedure, while 35.5% reported getting loan through bank employees and 16.1% reported getting loan with help from influential persons.

Although the bank officials denied any irregularities and unusual practices in granting loan, the observed data supported the findings of the household survey. Persons receiving services at the banks reported payments to bank officials and employees ranging from Taka 100 to 500 depending upon the amount of loan and also receiving amount less than sanctioned amount.

Public Perception of Corruption:

The household survey provided some insights into the public perception of corruption. Among the choices (see Questionnaire in appendix - 3) put before them, “negligence of duty” was perceived as corruption by highest proportion of respondents (73%), followed by ‘misuse of position and power’ (66%) and ‘while on duty taking money for personal gain’ (66%). ‘Misuse of fund’ was perceived by least number of respondents (41%) as corruption.

When asked to give their opinion of public offices considering their experiences, police service and judiciary -two most important arms of the government for maintenance of law and order received poorest opinion of the respondents. Both services were point out for corruption by more than 90% of the respondents. The education sector, schools and education offices, was pointed by least number of persons (26.2%) for corruption. The other public offices pointed out for corruption were sub-registrar’s office (64.7%), Tehsil office (55.0%), Public hospitals (56.9%) and banks (47.7%). When asked about the most corrupt public office, the police service and the judiciary were again perceived as most corrupt by highest proportion respondents.