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Resource mobilization and management in Tangail Pourashava

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**"Support for Implementation of the National
Plans of Action "**

**Resource Mobilization and Management in
Tangail Pourashava**



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July 2000**

SINPA

**"Support for Implementation of the National Plans of Action
(Tangail)"**

Resource Mobilization and Management in Tangail Pourashava

List of Contents	i
List of Tables	ii
Acknowledgements	iii
Executive Summary	iv
Section I. Background	1
1. Terms of Reference	1
2. SINPA Programme in Brief	3
3. Overview of Pourashava Finance in Bangladesh	4
4. Pourashava Features	4
5. Results from Tax Payer's Survey	7
Section II: Current Situation of Finance and Management	10
1.0 Financial Position of Tangail Pourashava	10
1.1 Holding Tax Administration	12
1.2 Holding Tax Collection Performance	17
1.3 Assessment	19
1.4 Other Important Taxes	19
1.5 Profession and Trade Tax	19
1.6 Vehicle Tax.	21
1.7 Own Property Income	21
1.8 Water Supply	23
1.9 Assessment	23
1.10 Government Grant	25
1.11 Assessment	26
1.12 Pourashava Expenditure	26
1.13 Assessment	30
2.0 Financial Management of Tangail Pourashava	31
2.1 Accounting	31
2.2 Procurement and Storage	31
2.3 Budget	32
2.4 Auditing	33
2.5 Assessment	33
Section III: Recommended Measures	34
3.1 Measures for Increasing Revenue	34
3.2 Measures for Improving Financial Management Capacity	38
Section IV: Conclusion	41
Appendix Tables	42
Resumen en Español	47

List of Tables

Table 1.1: Demographic and Physical Characteristics of Pourashavas

Table 1.2: Distribution of Holdings According to the Amount of Annual Pourashava Tax.

Table 1.3: Resources as Expressed by Household Heads for Increase of Holding Tax

Table 1.4: Reasons for Dissatisfaction about Pourashava Operation and Services

Table 1.5: Suggested Measures of Pourashava Tax Payers for Resource Mobilization

Table 2.1: Annual Pourashava Revenue by Major Sources (1997-98)

Table 2.2: Features of Pourashava Property Based Tax and Rates (Holding Tax) (1997-98)

Table 2.3: Per Capita Own Source Revenue of Pourashava 1997-98

Table 2.4: Collection Performance of Property Based Tax and Rate (Holding Tax) (1997-98)

Table 2.5: Pourashava Revenue from Trade Licenses (1997-98)

Table 2.6: Pourashava Revenue from Vehicle Tax (1997-98)

Table 2.7: Revenue from Pourashava Own Property (1997-98)

Table 2.8: Annual Pourashava Expenditure by Major Sources (1997-98)

Appendix Table 1: Annual Revenue by Major Sources (1993-94 to 1997-98) in Tangail Pourashava

Appendix Table 2: Annual Expenditure by Major Sources (1993-94 to 1997-98) in Tangail Pourashava

Appendix Table 3: Availability of Service Provided by Tangail Pourashava

Appendix Table 4: Respondent's Satisfaction and Dissatisfaction about the Pourashava Services (Number)

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Executive Summary

The efficient financing of local government bodies, of which Pourashava is an important part, has become a major challenge for Bangladesh. The density of municipal population is rising due in- migration and higher Population growth rate. The Pourashavas are responsible for providing infrastructure and services irrespective of social and economic background of the residents. The poor residing in municipal areas constitute about one third of total population and their tax payment capacities are very limited. The middle and upper class households pay most of the taxes. Also, by definition, property owners only pay Holding tax.

Greater tax collection will eventually depend on the capability to pay. However, it is true that more than half of the gross domestic product comes from urban areas and thus it is assumed that tax payment capability is there within the Pourashava population. These people are expected to pay taxes if they receive better urban facilities. Over past years, total revenue of Pourashavas are increasing though the rate of increase is not in line with the demand for services. The demands for services are not being met adequately and increased doses of government and donor funding have been made available throughout the last decade. It is a matter of concern that the Pourashavas are not mobilizing potential revenue and not managing expenditure in a thorough and systematic manner. At this backdrop, Tangail Pourashava has taken a very timely decision to enhance its revenue base and strengthen its financial management system.

Analysis of Tangail and five other Pourashavas reveals that the Pourashavas are not collecting taxes efficiently. Performance of collection of Holding tax is very low. Tangail Pourashava collected only 26.26% of its total demand for taxes in 1997-98. It had a total arrears tax demands of Tk. 29.57 million in that year. Per capita collection was only Tk. 51. The total internal revenue of Tangail was Tk. 28.40 million in the same year. This means that by ensuring collection of arrears taxes, The Pourashava can increase its revenue by a significant extent.

By increasing tax rates and improving collection efficiency, the potential for enhanced revenue is also there in case of trade licenses, vehicle tax, entertainment tax and market fees. There is also scope for increased income from own property.

A significant portion of the own revenue is spent on salaries, recurring expenses and minor development works. Major capital projects are funded by government grant. Grant constituted 49.27% of total Pourashava revenue in 1997-98. Of total expenditures, salaries and allowances accounted for 12.57%, office maintenance 8.22%, services 14.72%, and development and maintenance 64.49%.

The report recommends measures for improvement in two broad areas. These are, (i) Increasing revenue and reducing expenditure, and (ii) Financial management.

1. Increasing Revenue and Reducing Expenditure: The focus is to improve tax assessment and tax collection performance from existing sources. There is a misconception among many local government representatives that by enhancing tax rates, they will become unpopular. But it has been proven in several Pourashavas that by simultaneously raising taxes and improving services, the Chairmen have become very popular. It is thus imperative that revenue enhancing measures must be coupled with improved service delivery. The specific suggestions are as follows:

- Formation of a Revenue Advisory Team headed by the Pourashava Chairman.
- Undertaking fresh reassessment of property tax and rates.

- Assignment of permanent holding numbers.
- Improvement of billing and collection system not only of Holding tax but also of all other taxes, rates and fees.
- Computerization of taxpayer information and collection status.
- Training of staff and recruitment of staff on vacant posts.
- Analysis of tax collection performance on a monthly basis by individual wards.
- Undertaking a general civic awareness campaign on service delivery and tax collection.
- Working with the Ministry of Local Government, Rural Development and Cooperatives for enhancing trade licence rates, which were fixed in 1985.
- Arrangement of bank payment of all taxes and rates.
- Improvement of tax collection from cinema halls.
- Revision of rental rates of shops and markets upward and construction of new markets in the future.
- Imposition of correct water rates for piped water supply and recovery of at least the recurring cost in the initial stage.
- Reduction of unnecessary expenditures.
- Request the disbursement of government grant installments by December 31st.

2. **Financial Management:** The focus is to improve financial management system to enable Pourashava elected persons and officials to quickly access accurate financial information and to manage financial resources better. The specific suggestions are given bellow:

- Preparation of practical and realistic accounts heads by amending the Municipal Accounts Rules, 1932.
- Arrangement of accounts training.
- Ensuring transparent and proper procurement procedures.
- Involving the community, private sector and NGOs in selective Pourashava service delivery system.
- Keeping buying from receiving, storage and issuing of stores.
- Creation of a central storage facility for the Pourashava.
- Modernizing budget preparation and decision making by more transparent and participatory process.
- Separating capital and recurring items in the budget.
- Establishment of an Audit Advisory Team headed by a woman Ward Commissioner.
- Instituting an internal audit system.
- Introduction of management and performance audits.
- Cost analysis of service delivery, especially for conservancy, water supply and street lighting.

Section I. Background

1. Terms of Reference

The present study on "Resource Mobilization and Management in Tangail Pourashava" has been undertaken by the consultant within the concept of the Support for the Implementation of National Plans of Action (SINPA), an on-going Capacity Building project in Tangail and supported by the Institute of Housing and Urban Development Studies (IHS) of the Netherlands and coordinated by RADOL. A National Steering Committee on SINPA has also been constituted for review and monitoring SINPA – Tangail project.

The study presents financial information of Tangail Pourashava in greater detail alongside preliminary analysis of five other Pourashavas of Bangladesh to draw a comparison of revenue mobilization and expenditure decisions. The study provides important background information to fill the gap in understanding about the financial situation in Tangail Pourashava and suggests processes and measures to improve performance in tax assessment, collection, management, accounts keeping, budgeting and containing unnecessary expenditures.

Due to increased population pressure and consequent deterioration in urban services, Tangail Pourashava is facing a challenge of mobilizing additional resources and better utilize those resources to ensure improved service delivery to the inhabitants. Tangail Pourashava has thus undertaken an initiative to enhance local revenue base under the SINPA Project. The Project has established the following terms of reference to fulfill these requirements:

- i. Background understanding about revenue mobilization system through review of documents, questionnaire survey of tax payers in Tangail Pourashava and interview of Pourashava Chairman, officials and other stakeholders;
- ii. Analysis of internal resource and government grant receipt;
- iii. Recommendations to increase current revenue base, additional resource potentials and government grant management ;
- iv. Analysis of current accounting system for expenditure;
- v. Suggested saving measures in current operations and expenditures;
- vi. Suggested organizational and manpower requirements;
- vii. Suggested manpower capacity building strategy ;
- viii. Production of presentation materials for steps ix;
- ix. Brain storming in Tangail and Dhaka on resource mobilization and financial management;

The above terms of reference have been arranged into three logical groups:

1. Financial position and financial management
2. Measures for improving revenue and reducing expenditures
3. Building financial management capacity.

This report comprises of four sections. The first section is the shortest, providing a background to this study. Section two discusses the financial position, financial management, and revenue

from different sources and expenditures. Section three puts forward-recommended measures and the last section is the concluding section.

Financial situation demonstrates the strength of a local government body as an autonomous institution. The Pourashavas (municipalities) in general continue to show poor performance in terms of local mobilization of resources. They mobilize low per capita revenue and therefore remain dependent on government grant. However, it is true that own resources and central grant together fail to provide reasonable minimum basic services to the local people. Pourashavas limit their services mainly to road construction and maintenance, garbage collection, street lighting and water supply although the standard of these services are not so good. In order to provide good services, the financial performance of the Pourashava needs to be improved.

The consultant's analysis of the financial management practices in Tangail and five other selected Pourashavas is based on careful review of the terms of reference, visits to Tangail and the other Pourashavas, analysis of available material and interviews of Pourashava tax payers, chairman, ward commissioners and other stakeholders. The other five Pourashavas were selected based on their relatively good financial performances.

The consultant thought it was essential to incorporate a wide spectrum of views in the report. Therefore, the following group of people were interviewed through standard questionnaires:

1. Tax payers of Tangail Pourashava
2. Selected Ward Commissioners of Tangail Pourashava
3. Employees of Tangail Pourashava
4. Opinion leaders, government officials, local government experts
5. The current and two previous Chairmen of Tangail Pourashava

Two consultation meetings were arranged in Dhaka to get feed backs from the local government experts, Pourashava Chairman, Ward Commissioners, NGO representatives, University Professors, National Institute of Local Government officials, Pourashava tax assessors and tax collectors, RADOL officials and IHS consultants. A rigorous review of draft report was done in these two meetings. The comments received from these two meetings have been very important and have enriched this report.

Information for the present study has been collected from different sources. These are annual budget of Pourashava, tax assessment and collection registers, interviews of assessor, tax collectors, accountants, engineers, water supply staff, conservancy and health staff, interview of elected persons, tax payers and others. The information collected can be classified under the following heads:

1. Tax assessment, collection and penalty for non-payment;
2. The process of budget preparation and accounting system;
3. Current and arrears demands and collection of holding tax and rates for street lighting, conservancy and water supply;
4. Reasons for tax default and measures necessary for enhancement of collection;
5. Expenditure on development and maintenance of infrastructure and services;

6. Innovative ideas on property assessment, resource mobilization and containing wasteful expenditure.

Financial data for five years, 1994-95 to 1998-99 were collected from Tangail Pourashava and one year data for 1998-99 was collected from five other selected Pourashavas, Barisal, Chandpur, Madaripur, Magura and Noakhali, for comparison. The other five Pourashavas have relatively better tax collection performances. All these Pourashavas including Tangail are class A Pourashavas. These Pourashavas having annual own revenue collection of above Taka 6 million qualifies as class A Pourashavas.

A total number of one hundred tax payers and 30 other stakeholders were interviewed to understand citizen perception about tax payment, property assessment, satisfaction about Pourashava service delivery and suggested measures needed to improve resource mobilization.

2. SINPA Programme in Brief

The support for Implementation of National Plans of Action (SINPA) signifies an effort to contribute to the National Plans of Action. All the countries that participated in the 1996 Istanbul Habitat-II conference presented respective national action plans to solve the urban housing problems and halt environmental degradation. SINPA is a non-traditional method of urban development that does not necessarily consider financial constraints as a major obstacle to healthy urban development. The programme is premised on the cooperation of urban inhabitants, service organizations, local government and project implementation authorities to jointly work to achieve a better urban environment and habitation. The SINPA Tangail is a three-year Project lunched on September 1, 1998.

In the SINPA Bangladesh programme, Tangail Pourashava is the focal point for programme implementation. However, this is significantly different from other traditional approach to project implementation. The activities are being undertaken on a community participation basis. To this end, a local body called Tangail Urban Platform (TUP), composed of 70 members from the Pourashava, NGOs, local elites, service organizations and all elected representatives, was formed. The Chairman of Tangail Pourashava is the ex-officio chairman of TUP. The TUP is working to strengthen the service delivery system.

In order to implement the programs under SINPA project, several subjects specific Task Forces have also been formed. To effectively solve all problems identified by the TUP, the Task Forces generate information and maintain liaison with different organizations. So far, three basic problems of Tangail Pourashava have been identified and these are, traffic jam, waste disposal and housing. Three Task Forces have been formed on these three issues.

In order to implement programs at the community level, four community committees have been formed. Representatives from professionals, women, student, NGOs, CBOs and social workers have formed these committees. These committees are the grassroots entities under the SINPA programme. They identify community problems, seek public opinion and discuss options for service delivery. They also mobilize people and encourage self-help initiatives.

In order to monitor the activities and effectively steer the programme in the right direction, a National Steering Committee is functioning. The SINPA activities are being administered by the "Policy Guideline" Provided by this committee. The steering committee includes the Joint Secretary, Ministry of Local Government, Rural Development and Cooperatives, Joint Chief, Physical Planning, Water Supply and Housing Wing of the Planning Commissioner, and the Director of the Center for Urban Studies, Dhaka. The Secretary, Ministry of Housing and Public Works is the chairman of the committee and the Secretary General, RADOL is the member secretary of the committee.

3. Overview of Pourashava Finance in Bangladesh

The Pourashava Ordinance, 1977 guides and controls local financing of all the Pourashavas of Bangladesh. This provides the local governments to collect revenue from both tax and non-tax sources and required them to provide urban services and infrastructure facilities to the people. The Pourashava generates own resources from property tax and rates, business and profession tax, fees from market, fees from non- motorized vehicles, auction of hats, bazaars, bus stands, truck stand, sand stalls and sale and rental of shops and buildings.

The Pourashava spend on construction and maintenance of roads, drains, park, market centers, bus and truck stand, library and school, street lighting, water supply, street cleaning, public health, maintenance of conservancy system, tree plantation, maintenance of grave yard and improvement of slums. In general, Pourashava services are not of satisfactory standards, operation and maintenance is weak and services do not extend to the entire population but kept limited to the more developed parts of the town. Most of the development and maintenance works are carried out from government grant while own resources are kept mainly for payment of staff salaries, office maintenance and payment of electricity bills.

Automatic revenue sharing is still not used extensively in Bangladesh. There is only one such tax sharing by the government. This applies to IPTT. The Pourashava receives only 1% of property tax that is collected within the Pourashava boundary by the government. Increased demand from local government is being voiced to raise this share to at least 3%.

4. Pourashava Features

Here, some comparative picture of Tangail and five selected studies Pourashavas are presented. Table 1.1 presents demographic and physical characteristics of these Pourashavas. It also gives selected financial data on own revenue and property tax collection. This shows that there is marked difference area, population and infrastructure among these Pourashavas. Magura Pourashava with a small population but a relatively larger number of assessed holding is collecting the highest per capita own revenue (Tk . 281) Tangail's per capita revenue is much lower, Tk. 95 only.

Tangail Pourashava has been separately studied in depth. Separate tables on its revenue, expenditure and tax collection performance have been given in section 2. The consultants have collected data and information on these aspects by visiting the Pourashavas and holding discussions with staff in tax assessment and collection sections.

Table 1.1
Demographic and Physical Characteristics of Pourashavas

Pourashava	Population (Estimated) (2000)	Area (Sq. Km)	Total Length of permanent all weather	Total No. of Street Light Points	Total No. of Holdings	Total No. of Trade and Vehicle Licenses	Total Own Revenue (Tk in 000 1997-98)	Per Capita Own Revenue (1997-98)
Tangail	152,200	21.80	37	3,252	21,392	11,893	14,408	95
Barisal	500,000	77.76	140	11,250	13,130	23,074	47,931	96
Chandpur	126,000	9.15	63	950	9,558	11,628	18,737	149
Madaripur	81,970	10.56	56	1,115	6,970	4,010	9,732	119
Magura	36,900	19.42	48	1,080	7,339	3,749	10,393	281
Noakhali	130,000	17.11	170	1,750	10,850	7,610	12,435	96

Source: Pourashava records and annual budgets

5. Results from Tax Payer's Survey

A sample survey was carried out in one hundred holdings in Tangail Pourashava to get taxpayers views about tax assessment, service delivery and Pourashava development work. The survey was done in ward numbers 1,2,6,7,11,13,16,17 and 18, which constitute the developed part of the Pourashava and most services are concentrated in these wards. Of the 100 holdings surveyed, 90 were residential holdings and 10 commercial holdings. In terms of occupation of household heads, 41 were businessmen, 28 service holders, 9 farmers and 22 other professionals.

All the 100 holdings surveyed have been assessed by the Pourashava for tax payment in 1996. Information about their present taxes and previous taxes are given in Table 1.2. As is apparent, the tax rates have gone up between the last and 1995 assessment. While there were no holdings paying taxes above Tk. 1,000 per year before 1995, 16 holdings pay taxes above that level now.

Table 1.2
Distribution of Holding According to the Amount of Annual Pourashava Tax

Tax Rate (Tk.)	Number (Present)	Number 1995
Up to Tk. 300	28	51
Tk. 301-Tk. 600	35	36
Tk. 601-Tk. 1000	21	13
Tk. 1001-Tk. 1500	12	-
Tk. 1501+	4	-
Total	100	100

Source: Survey of TaxPayers, Tangail Pourashavas, May 2000.

Very few household heads knew how, property tax is exactly assessed. Only three respondents could tell about it. There were a variety of views that were expressed by them when they were asked about the reasons for increase of taxes following an assessment. Their views are given in Table 1.3. It shows that the taxpayers have only some general idea about why tax increased after reassessment. This means that they are not either interested to know about it or they are not provided with full information about assessment process. This gap of information is not a healthy sign for both assessment and collection of taxes.

In terms of tax payer's satisfaction about Pourashava operation and services, 31 percent said they were satisfied but 69 percent were not satisfied with the services. When they were asked why they are not satisfied, they gave different reasons for that. Their views in this respect are

Table 1.3

Reasons as Expressed by Household Heads for Increase of Holding Tax

Reasons	Number (1)
Increase of Property Value	44
Increase of commodity prices	36
Increase of salary of Pourashava staff	29
Increase of Holding size	12
Improvement of structure (non-permanent to permanent)	9
Addition of floors (one storied to storied)	6

(1) Multiple answers have been considered.

Source: Survey of TaxPayers, Tangail Pourashavas, May 2000.

Presented in Table 1.4. This shows that the respondents were dissatisfied with the level of service provision for which they mainly blame the Pourashava staff.

Table 1.4

Reasons for Dissatisfaction about Pourashava Operation and Services

Reasons	Number (1)
Pourashava staff not responsible to their duties	28
Pourashava cannot collect taxes from the rich people	24
Pourashava services below people's expectations.	20
Pourashava employees are corrupt	19
Presence of malpractice in tax assessment	14
Pourashava not sincere about service delivery	11
Pourashava did not extent any services	8

(1) Multiple answers have been considered.

Source: Survey of TaxPayers, Tangail Pourashavas, May 2000.

Taxpayers also believe that the staffs are not sincerely working to raise resources from the rich taxpayers and are involved in malpractice in tax assessment. One point that becomes apparent is that the respondents do not blame the elected representatives, which may be caused either by their lack of confidence on them or their ignorance about their roles in Pourashava operation and service delivery process. Two more detailed Tables on Pourashava services have been given in the Appendix.

Another remarkable feature as evident from the interviews is that they have very little idea about the work of the Pourashava. Out of 100 respondents, none said they have very good idea about Pourashava development work. Only four persons said they have some idea but 96 persons said they have no idea about the development work.

With regard to the potentials for additional revenue generation by the Pourashava, the respondents made important suggestions. These are provided in Table 1.5. The table shows that 39 respondents support increase of taxes and 71 want government grants to go up. A significant number (28) want better property assessment where equality and neutrality would be ensured.

Table 1.5
Suggested Measures of Pourashava Tax Payers for Resource Mobilization

Suggested Measures	Number (1)
Increase Pourashava taxes	39
Increase government grant	71
Collect taxes from the rich	24
Assess taxes neutrally and equally	28
Stop corruption	19
Construct markets on Pourashava land	13

(1) Multiple answers have been considered.

Source: Survey of TaxPayers, Tangail Pourashavas, May 2000.

Section II: Current Situation of Finance and Management

This section discusses source of Pourashava revenue, tax assessment, tax collection, government grant management, Pourashava expenditure, accounts system, budget preparation and audit of expenditure. Pourashavas are guided by the Pourashava Ordinance, 1977 and Model Tax Schedule 1985, in assessing tax rates and imposition and collection of taxes. The Rules that guide financial management are, Municipal. Accounts Rules, 1932, the Municipal Committee (Preparation and Sanction) of Budget Rules, 1960 and the Municipal Committee (Property) Rules, 1960.

1.0 Financial Position of Tangail Pourashava

Two primary sources of Pourashava revenue are internally raised resources and government grants. Internal resources include several taxes, rates for provision of services, fees, tolls and rents from own property. Central grant is primarily provided to undertake development and maintenance activities. Since 1982-83, octroi compensation grant is being provided to make up the lost revenue from octroi tax, which Pourashava used to collect. The government in 1982 abolished Octroi tax.

Although, in theory, a Pourashava can borrow money from the banks, through the local Authorities Loans Act, 1914, due to advance approval required from the government for this, the Pourashavas do not opt for loan. Therefore, Pourashava revenue is composed of own sources and government grants. Table 2.1 gives total actual revenue of Tangail and five other studies Pourashavas broken down into major revenue sources, for fiscal year 1997-98.

As Table 2.1 shows, government grant constituted about half of total Pourashava revenue in Tangail, over three fourths of total revenue of Madaripur and Magura Pourashavas, 38% in Chandpur and 46% Noakhali Pourashavas. The trend of government grant was not as high as 70% before. The recent increase in government grant is made up of additional resources under “Secondary Towns Infrastructure Development Project”. This is a five-year project to improve roads, drainage and other selected infrastructure including market construction. Table 2.1 also shows that taxes and rates comprise the highest amount of own revenue in the Pourashava.

Internal resources or own source revenue of Pourashavas can broadly be divided into three categories. These are, property based revenue, activity based revenue and revenue from own property. These are discussed below:

“Property based revenue” is the principal source of Pourashava revenue. It can be divided into two types, tax and rates. The tax is imposed on dwellings and rates are for providing street lighting, conservancy and water supply. Both the tax and rates are based on the rental or potential rental income of individual properties that includes houses and commercial establishments. The tax and three rates are together commonly called “Holding Tax”.

Table 2.1
Annual Pourashava Revenue by Major Sources (1997-98)

Pourashava	Property Tax and Rates	Other Taxes	Fees	Own Property Income	Other Income	Government Grant	Total Revenue	Government Grant as a Percentage of Total Revenue
Tangail	9,991,088	1,361,724	385,424	1,691,877	978,333	13,994,015	28,402,461	49.27
Barisal	37,778,811	4,837,340	220,470	5,056,434	37,875	31,109,000	79,039,930	39.36
Chandpur	8,223,507	1,905,549	551,387	5,411,657	2,644,461	11,626,379	30,362,940	38.29
Madaripur	51,78,120	1,344,411	308,479	2,900,739	-	32,039,000	41,770,749	76.70
Magura	4,040,572	738,281	107,740	5,056,151	449,985	37,067,326	47,460,055	78.10
Noakhali	4,358,956	1,231,126	106,827	5,63,5294	1,102,360	10,821,293	23,255,856	46.53

Source: Pourashava budget, 1999-2000.

There is another property based tax called Immovable Property Transfer Tax (IPTT) which is collected directly by the government during transfer of property and one percent of this revenue is shared with the Pourashava.

There are several “activity or benefit based revenue” sources. These are, tax on profession, trades and callings, tax on the application for erection and re-erection of buildings, taxes on advertisement, amusement, vehicles, fees on shops and licenses, and tolls on ferries, bus stands and sand deposits.

Pourashava revenue also includes own property income. Pourashavas build shopping centers, building, and own land, pond and auditorium, which provides substantial revenue as rents and profit.

Property based tax, which is imposed on the property owners based on rental receipt of dwellings and land, is historically the most important own source revenue of Pourashavas. Three rates for street lighting, conservancy and water supply provisions are also fixed on the basis of the same rental valuation of property. However, rates are applicable only on those holdings where particular services have been provided.

1.1 Holding Tax Administration

The Pourashava follows the Municipal Taxation Rules of 1960 and the Model Tax Schedule, 1985 for administration of holding tax. The Model Tax Schedule of 1961 was replaced by the current schedule of 1985. The schedule provides the maximum rate that can be imposed as tax and rates. The tax and rates are imposed according to the following maximum rates:

Property tax:	7% of the annual value of property
Street lighting:	3% of the annual value of property
Conservancy:	7% of the annual value of property
Water supply:	10% of the annual value of property

Holding tax is imposed on the basis of assessment of individual properties within the Pourashava boundary. The assessment is carried out under rules 22 to 43 of the East Pakistan Town Committee (Taxation) Rules, 1960. According to the rules, properties are assessed at the annual rental value at the time of assessment. In case of owner occupancy, a value is calculated from the rents of a similar building in the locality. All structures are assessed except places of worship, graveyard and buildings having assessed value of Tk. 300 or less. No building these days are assessed at such a low value as Tk.300 fixed in 1960.

Table 2.2 and 2.3 provide main features of holding tax in six Pourashavas and per capita level of taxes and rates. This shows that the per capita level of taxes varies significantly between Pourashava. Tangail's per capita revenue is higher than three Pourashavas, Chandpur, Madaripur and Noakhali but lower than Barisal and Magura Pourashavas. Tangail needs to take initiatives to enhance its tax collection performance. Magura, a small Pourashava has been able to generate Tk. 78 per capita while Tangail's per capita collection is Tk.51. The assessment is made in the following manner:

- i) A whole year's (twelve months) rental income is estimated;
- ii) Two month's rental income is deducted for maintenance;
- iii) Any formal/institutional mortgage interest cost associated with the holding is deducted;
- iv) An additional 25 percent from the ten-month's rent is deducted in case of owner occupancy of a building.

According to the Municipal Taxation Rules, 1960, the Pourashavas are required to reassess all the properties within their jurisdictions every five years and impose new taxes based on the assessment. The reassessment year is different for different Pourashavas. Reassessments are done with the support of Pourashava assessment officials and ward commissioners, and social leaders, if required. In Tangail, the last reassessment was carried out in 1995 with the support of following persons:

- 1) Mr. Zahirul Baten, Assistant Engineer, Tangail Pourashava
- 2) Mr. Ajit Kumar Das, Assessor, Tangail Pourashava
- 3) Mr. Abu Tayeb, S.O. Tangail Pourashava
- 4) Mr. Zahurul Hoq. Siddiqui, Accounts Officer, Tangail Pourashava
- 5) Mr. Abdus Salam, Tax Collector, Tangail Pourashava
- 6) Mr. Abdul Hamid Talukder, Cashier, Tangail Pourashava

Each of the above persons was entrusted with one ward. In 1995, the Pourashava was divided into six wards. Each of these wards has since been divided into three wards and total number of wards is now eighteen.

During reassessment, the assessment committee members visit every holding within the designated wards to collect specific information. The tax rules specify the following details to be recorded in addition to current monthly rental value, during a reassessment:

- i. Holding number
- ii. Name and address of the owner
- iii. Number of structure
- iv. Building dimensions
- v. Materials used in the structure
- vi. Number of floor
- vii. Use of structure
- viii. Proportion owner occupied.

Table 2.2
Features of Pourashava Property Based Tax and Rates (Holding Tax) (1997-98)

Pourashava	Year of Last Assessment	Total No of Holdings	Total Rate of Holding Tax (%)	Total Current Demand of Holding Tax	Total Collection of Holding Tax	Average Per Holding Current Demand of Holding Tax	Average Per Holding Collection of Holding Tax	Per Capita Collection of Holding Tax	Percentage of Holding Tax collected
Tangail	1996-97	21,392	22	10,557,630	7,766,553	493	363	51	26.26
Barisal	1997-98	13,130	20	36,007,825	35,883,857	2,742	2,732	72	38.62
Chandpur	1999-2000	9,558	17	6,868,616	3,850,537	719	403	31	56.06
Madaripur	1998-99	6,970	17	3,750,537	4,015,471	538	576	49	52.18
Magura	1997-98	7,339	22	4,240,586	2,891,662	578	394	78	46.15
Noakhali	1999-2000	10,850	18	7,247,425	4,904,011	668	452	37	67.66

Source: Pourashava records and annual budgets

Table 2.3
Per Capita Own Source Revenue of Pourashava 1997-98

Pourashava	Total Population	Per Capita Revenue in Taka					
		Property Tax and Rates	Others taxes	Fees	Own Property Income	Other Income	Total
Tangail	152,200	65.44	8.94	2.53	11.12	6.43	94.67
Barisal	500,000	75.56	9.67	0.44	10.11	0.08	95.86
Chandpur	126,000	65.27	15.12	4.38	42.95	20.99	148.70
Madaripur	81,970	63.17	16.40	3.76	35.39	0.0	118.72
Magura	36,900	109.41	20.00	2.92	136.91	12.18	281.42
Noakhali	130,000	33.53	9.97	0.53	43.53	8.48	95.65

Source: Pourashava records and annual budgets

All Pourashavas do not maintain complete record of the above information. Without properly recording all relevant information, it becomes difficult to identify additions made to a building resulting in rise of rental income. In the absence of proper records, potential tax revenue is lost. Moreover, since information is not computerized, it is not easy to retrieve historical records about a holding and status of tax payment. Manual recording of registers causes backlogs and is fraught with the chances of errors.

Following the reassessment of property, many complaints are usually heard most of which are related to dissatisfaction about incomparability of assessed value between holdings. Therefore, many taxpayers submit appeals for downward fixation of taxes and these are quickly disposed off by reducing tax rates. However, even after this reduction, total demand for taxes rises after every reassessment. This increase is not due only to rise in rents but also due to improvement and additions to structures, construction of new buildings and increase in number of holdings due to population increase, breaking up of joint families and sometimes extension of Pourashava boundary. Several registers are maintained in the Pourashava for tax administration. These are:

- i) Valuation Register
- ii) Assessment Register
- iii) Demand and Collection Register
- iv) Daily Tax Collectors Register (Challan)

Valuation register records all information collected during reassessment of property. Assessment register maintains names and addresses of taxpayers and information on the amount of tax payable by each quarter and by each year by individual holdings. Demand and collection register maintains up to date position of tax payment by each taxpayer. Daily tax collector's register maintains collection made everyday by the cashier. In addition the tax collection section maintains bill books and forms for payment. These are tax collectors receipt book and quarterly bill forms.

For the convenience of tax collection, the Pourashava is divided into tax circles or blocks and each tax collector is given responsibility of encouraging tax payment in one or more circles. In some Pourashavas like Bogra, tax collection is also carried out by individuals on a contract basis. In Tangail, taxpayers can pay their bills either in the Pourashava office or in the banks. The tax collectors visit every holding and provide completed receipt books that mention all the arrears and current tax dues. The tax collectors usually concentrate house visits towards the end of the fiscal year. The private holdings generally pay the annual tax in one installment while the government holdings pay in four installments. Tax is paid in the banks directly by the taxpayers. A total of 12 bank branches in Tangail Pourashava receive holding taxes. Tangail Pourashava has four staff positions in the Assessment section. Currently one Assessor and one Assistant Assessor are working. Two Assistant Assessor positions are lying vacant. The two staff has no formal training in assessment although they have received general basic training before.

Holding tax is payable at the maximum of four installments in a year. In order to attract payment, section 10 of the Municipal Committee (Taxation) Rules, 1960, provides a

rebate of 10% if the entire tax is paid within the first quarter of a year or by March 31st, and a 5% rebate if the respective quarterly payments are made within that quarter. A 5% penalty is imposed on every delinquent tax. This is not calculated on an annual basis and thus a penalty of 5% is imposed on the unpaid portion even if the tax is unpaid for many years. A simple penalty rate of 5% does not force the taxpayers to pay taxes on time.

The Pourashava can use a punitive measure of tax collection called “distressed warrant”. Through this, the Pourashava can recover arrears taxes by selling the immovable property of a taxpayer. Under this, the tax collection section can issue a demand notice to a defaulter to pay taxes within fifteen days. If the tax payer does not pay within this period, a DW can be issued under section 38 of the Municipal Administration Ordinance, 1960 read with rule 12-15 of the Taxation Rules, 1960 which allows the Pourashava to sell all or part of the defaulter’s movable property at auction on the spot or on a later date.

In Tangail Pourashava, over the last three years only 30 DWs were served for tax recovery. In the five other Pourashavas studied, the average number DWs was 116. Thus Tangail is using DWS only sparingly.

The major weakness in tax assessment as expressed by the stakeholders interviewed is wide difference of tax assessed between similar buildings. Also it is not clear to most how tax is fixed. In the taxpayer’s interview, it has been found that only 3 out of 100 household heads interviewed know that tax is fixed by assessing rental income.

1.2 Holding Tax Collection Performance

Holding tax has been accorded highest priority in this report because it is the principal own revenue source in the Pourashava. It has also the largest potential for growth and as has been found, it is historically the most stable source of Pourashava revenue. The assessment and collection rate of holding tax also demonstrated performance of a Pourashava tax administration and provides a basis for institutional strengthening of local government.

Table 2.4 gives arrears, current and percentage of tax collected for holding tax, for fiscal year 1997-98 in Tangail and five other study Pourashavas. As has been mentioned previously, holding tax includes property based tax and rates for street lighting conservancy and water supply. The table shows that the collection performance is not satisfactory. The government wants to raise collection efficiency to at least 70%. The arrears tax accumulation is very high and it was between two to five times the current collection rate in 1997-98. The per capita collection varies widely between the six Pourashavas. It is gathered that only 32% of taxpayers in Tangail paid their holding taxes in 1999-2000. Among the six Pourashavas, Tangail collection performance is the poorest, having collected only 26.26 percent of the total tax demand. Also, among these Pourashavas, Tangail's accumulated arrear tax demand as a percentage of total demand is the highest. The arrear demand is about 60 percent of the total tax demand. Arrear tax collection often more difficult than current collection.

Table 2.4**Collection Performance of Property Based Tax and Rate (Holding Tax) (1997-98)**

Pourashava	Demand			Collection			Percentage of Total Collection	Per Capital Collection
	Current	Arrears	Total	Current	Arrears	Total		
Tangail	10,557,630	19,019,163	29,576,793	4,144,774	3,621,779	7,766,553	26.26	51.03
Barisal	360,07,825	56,894,350	92,902,175	12,161,472	23,722,385	35,883,857	38.62	71.76
Chandpur	4,219,084	2,649,532	6,868,616	2,668,676	1,181,861	3,850,537	56.06	30.56
Madaripur	3,750,537	3,944,449	7,694,986	2,103,604	1,911,867	4,015,471	52.18	49.14
Magura	4,240,586	2,029,757	6,265,343	1,830,721	1,060,941	2,891,662	46.15	78.30
Noakhali	5,012,207	2,235,218	7,247,425	3,267,168	1,636,843	4,904,011	67.66	37.72

Source: Pourashava records.

1.3 Assessment

The stakeholders made several recommendations regarding tax collection. These include, active involvement of the Chairman and Ward Commissioners in tax collection, specially in getting tax from the bigger tax payers who are often more influential; motivation by the Pourashava Chairman and staff; wall writing, poster and miking to convince the tax payers, and finally to use force (DW) to collect taxes. One important suggestion is to improve the incentive system by increasing the percentage of rebate from current 5% to 10% for timely payment of taxes. There is a wrong conception among many local government representatives that by enhancing tax rates, they will become unpopular. However, actual practice in several Pourashavas, such as Noakhali, Khulna, Bogra and Chandpur in which rapid increase of tax rates were coupled with improvement of Pourashava services, the popularity of Pourashava representatives actually increased and the same Chairmen were reelected in the next election with even wider margins.

1.4 Other Important Taxes

Taxes on profession and trade, vehicles, amusement, construction of buildings, advertisement, and animals fall under this category of revenue. The Pourashava license section undertakes the collection of these taxes and issues licenses against them. The tax rates have been fixed by the Model Tax Schedule, 1985. Pourashava sets rates within the bands allowed by the Schedule. Table 2.5 gives revenue collected from business and profession taxes (called trade license) in Tangail and five other study Pourashavas. This shows wide variations in tax collection per capita and per taxpayer, between Pourashavas. Tangail is ahead of all other Pourashavas in collection excepting Madaripur Pourashava. This has been possible by better collection of taxes by Tangail. The license section staff regularly pursue the tax payers and this resulted in better collection performance.

1.5 Profession and Trade Tax

Profession and trade tax can be levied on all business, firms, mills and factories, shops, banks, insurance companies and on professionals such as lawyers, engineers and doctors. The tax rates were increased in 1985 after 25 years. This enabled Pourashavas to collect taxes at a higher rate. But after fifteen years now, the tax rates of 1985 can again be revised upward after adjusting for inflation.

Although a marked growth in trade taxes were observed following revision of taxes in 1985, average revenue per tax payer still remain low and wide variation of revenue between Pourashava shows inadequate efforts by the local bodies. As has been found also, the tax registers do not maintain adequate information about the taxpayer and the type of business and profession. The registers record the names and addresses of the taxpayer, tax rate and the amount received. It does not maintain the type of business and estimated value of transaction. It cannot be ascertained from the existing information whether correct taxes have been imposed.

Table 2.5
Pourashava Revenue from Trade Licenses (1997-98)

Pourashava	Total Pourashava Population	Total No of Tax Payer	Total Revenue from Trade Licenses	Per Capita Tax Collection (Tk.)	Average Revenue per Tax Payer (Tk.)
Tangail	152,200	3400	385,425	2.53	113
Barisal	500,000	5497	199,800	0.40	36
Chandpur	126,000	3268	101,339	0.80	31
Madaripur	81,970	2101	239,000	2.92	114
Magura	36,900	1845	107,740	2.92	58
Noakhali	130,000	1307	106,827	0.82	81

Source: Pourashava records

1.6 Vehicle Tax

There are specific rates for vehicles tax in the Model Tax Schedule, 1985. Vehicle Tax makes up a substantial part of Pourashava own revenue. Table 2.6 provides total revenue Collected in 1997-98 and per capita tax in six Pourashavas. Most towns use tax rates lower than the maximum rates given in the schedule. Average revenue varies between Pourashavas and larger Pourashavas normally use higher rates. Tangail Pourashava did not separately show revenue collected from vehicle tax in the budget.

Collection of taxes for business, trade and vehicle is done by Pourasahva tax collectors. The tax is also collected at the Pourashava office. No bank collection system is available.

The other tax sources are entertainment, new construction, advertisement and animals. Entertainment taxes are collected from cinema houses, based on the ticket sold. Due to under-reporting of tickets sold, as was found during interviews, potential revenue is lost.

Taxes on building erection not imposed in Pourasahvas. Advertisement is taxed but not with proper measurement of billboards as required by the tax schedule. Animal tax is rarely imposed by the Pourasahvas.

Taxes on building erection become difficult, as many people do not bother to seek permission from the Pourashava for construction. Town planning and building control is not taken seriously either by the Pourashava or by the people. Neither Tangail nor any of five study Pourashavas follows a master plan for proper development of the towns.

1.7 Own Property Income

Most Pourashavas possess properties, which they use to earn income. These are, land, building, shops, markets, auditorium and ponds. Some Pourashavas also have bus stands, truck stands, sand stalls and ferryghats, which they either auction out on an annual basis, or collect tolls themselves. Annual revenue from own property in six Pourashavas are

Table 2.6
Pourashava Revenue from Vehicle Tax 1997-98

Pourashava	Total Pourashava Population	Total no of Vehicle Registered	Total Revenue from Vehicle Tax	Per Capita Tax Collection	Average Revenue Per Vehicle
Tangail	152,200	8,484	-	-	-
Barisal	500,000	17,582	906,555	1.81	52
Chandpur	126,000	8,360	302,699	2.40	36
Madaripur	81,970	1,909	152,900	1.86	80
Magura	36,900	1904	14,450	0.39	8
Noakhali	130,000	6,303	138,732	1.01	22

Source: Pourashava records

given in Table 2.7. It shows that although it constitutes a substantial part of own revenue, income varies between Pourashavas. It constitutes 11.74 percent of own revenue in Tangail Pourashava. Tangail Pourashava leases out its five hats and markets on an annual basis. It earned Tk. 578,600 in 1998-99 and Tk. 585,500 in 1999-2000 from the markets. It also leased out its bus and track stands at Tk.321, 200 in 1999 and at Tk.388, 500 in 2000, which are leased out on a calendar year basis. Other Pourashava, especially Magura and Noakhali earn a much higher revenue from own property income.

Many Pourashavas in recent years have constructed shopping complexes and markets for sale and/or rent. Tangail Pourashava has 83 stalls in the super market from which it earned Tk. 215,064 in 1998-99. Other Pourashavas.

1.8 Water Supply

One potentially important source of Pourashava revenue is domestic water supply. Tangail Pourashava provides a total of 100,000 gallons of piped water daily against a total biological requirement of 748,000 gallons. It has 18 km of water pipes, has about 2,000 domestic connections, 350 commercial connections and 10 street hydrants. It also has 1,637 hand tubewells for public use. The water tariff is collected at a flat rate of only Tk.50 per month per connection. There is no water meters but there is wide differences in consumption levels. The water rate is too low. The Pourashava hardly covers the recurring cost of water supply and the quality of water supplied is Poor. In order to improve water quality and extend the supply to new areas, it should increase water tariff to about three times on the average. Water metering is the obvious goal but in the interim, the rate needs to be raised.

1.9 Assessment

The tax sources are reasonably appropriate for Tangail Pourashava. Proper assessment, accurate fixation of tax rates and timely collection are necessary. When we interviewed the stakeholders, out of 25 persons, 19 said that the existing revenue sources of Pourashava are appropriate for a local government body and maximum effort should be made to utilize these sources. They mentioned that the tax rates should be enhanced and proper lease provision needs to be followed in order to receive increased income from markets, bus stand and truck stand. They also thought that the Pourashava could build more markets to earn rent. They suggested enhancing the rate of domestic water supply from its present low level of Tk.50 per house connection per month. Property tax assessment in Tangail in 2001 an opportunity to correct tax rates. The present Pourashava Chairman has already formed ward based tax collection committees, which needs to be strengthened. Above all, people need to know what the Pourashava is doing and the quality of services they are getting so that they are convinced about the value of the money they are paying to the Pourashava.

Table 2.7**Revenue from Pourashava Own Property (1997-98)**

Pourashava	Total Pourashava Population	Total Own Source Revenue	Pourashava Own Property Revenue	Own Property Revenue as a Proportion of Own Source Revenue (%)	Per Capita Own Property Revenue (Tk.)
Tangail	152,200	14,408,446	1,691,877	11.74	11.12
Barisal	500,000	47,930,930	5,056,434	10.55	10.11
Chandpur	126,000	18,736,561	5,411,657	28.86	42.95
Madaripur	81,970	9,731,749	2,900,139	29.80	35.39
Magura	36,900	10,392,729	5,056,151	48.65	136.91
Noakhali	130,000	12,434,563	5,635,294	45.32	43.53

Source: Pourashava Budgets

1.10 Government Grant

The Pourashavas receive government grant on an annual basis. The quantum of grant is continuously rising over the last two decades. Total government grant to Pourashavas stood at Tk.900 million in 1994-95, up from Tk.481 million in 1986-87. Government grant can be divided into three types. These are normal or salary compensation grant, octroi compensation grant and development grant. Normal grant is received in order to pay for higher salary levels made necessary due to governments increase in salary scales, Octroi compensation grant was introduced in 1981-82 following government's discontinuation of octroi tax. Although these two types of grant registered only nominal rise, development grant has increased substantially over the years.

From 1981-82, government grant began to pick up after a decade of falling real per capita grant. The calculation shows that in 1973-74, per capita grant was Tk.5.09, which rose to Tk.7.76 in 1980-81 in nominal terms. With the introduction of octroi compensation grant in 1981-82 per capita grant moved up to Tk. 11.40 in 1981-82 and to Tk.56.58 in 1986-87. The per capita grant for 40 selected Pourashava was Tk.130 in 1992-93. Financial constraints made it impossible for Pourashavas to provide basic services and maintain infrastructure until the grants was enhanced in early 1980s. The reason for sudden increase in grants in 1982-83 and its continuation in successive year can be traced back to the backlog of services and infrastructure in the 1970s. The floods of 1987 and 1988 caused serious damages to urban roads and drainage system. The Asian Development Bank and the World Bank came forward to build infrastructure in the Pourashavas throughout the 1990s and funding is expected to continue in the future.

As of today the infrastructure in some Pourashavas are reasonably good as a result of Secondary Towns Infrastructure Development Project (STIDP) and this has been very helpful in increasing the property value and rental income which is a basis for higher adjustment of property based tax and rates. The STIDP project was implemented from 1996 to June 2000. Under the project Tangail Pourashava has built a market at a cost of Tk.10 million. The Pourashava has to repay this amount to the government within the next 15 years. The Pourashava population seems to be more willing to bear the cost of infrastructure development and maintenance. The Pourashava should be able to exploit this positive environment created and should improve tax collection efficiency. The Pourashava can double the income from holding tax just by improving collection efficiency.

The ADB and World Bank projects have helped improve Pourashava infrastructure and services but these did not improve the institutional capacity of Pourashavas. This is because the grant money was not made available to the Pourashava for spending. The central government through the Local Government Engineering Department (LGED) was responsible for selection of projects, floating of tender, selection of contractors and day-to-day supervision of work. LGED engaged private agencies to also oversee the quality of work.

The Pourashavas mainly use grant money to build physical infrastructure such as roads, drains, footpath, parks and burial grounds. In Tangail Pourashava, 90% of grants fund is used for development work and 10% is used for operation and maintenance activities. Grants money is not spent for service delivery. However octroi compensation grant money is mainly used for salary payment. Many Pourashavas also build shopping centers with grant money to create a permanent source of income for themselves. The expenditure of grant resources is made after selection of projects in the annual budget. The Pourashava Chairman and ward commissioners select new projects. The regular repair and operation and maintenance of existing infrastructure sufferers due to overwhelming importance give to new projects. It is not possible from the Pourashava records the exact amount spent on operation and maintenance. The O and M is not well planned and is undertaken on an adhoc basis. No separate account for grant expenditure is maintained. It becomes impossible to identify how grants money was used. The government does not always require the money to be accounted for separately.

1.11 Assessment

Government grant is decided by the Ministry of Local Government, Rural Development and Cooperatives and allocated in the Annual Development Program. The common problem in grants is delay in disbursement to the Pourashavas and in many times, as echoed in the interviews of stakeholders also, the bulk of the money comes towards the end of the fiscal year, that is, in May or June. The Pourashava receives grant money in four installments. The money comes during the last six months of the fiscal year. If the money is made available in between September and April, the quality of implementation of development work could be much better. The entire grant money should be made available to the Pourashava by December or first half of the fiscal year so, that Pourashava can implement the work better.

1.12 Pourashava Expenditure

This section will be dealing with Pourashava expenditure, accounting system, budget making and auditing procedures. These are guided by Pourashavas roles and responsibilities as mentioned in the Pourashava Ordinance 1977. The responsibilities have been divided into compulsory and discretionary functions in the Ordinance. Most Pourashavas undertake with priority the compulsory activities and then some of the optional ones. Both types of functions are listed below:

Compulsory Functions

- 1) Construction and maintenance of roads
- 2) Disposal of refuse from municipal area
- 3) Provision and maintenance of street lighting
- 4) Provision and regulation of water supply
- 5) Establishment and maintenance of public markets
- 6) Provision and maintenance of drains
- 7) Provision and maintenance of burial places

- 8) Provision and maintenance of slaughter house
- 9) Control over erection of buildings
- 10) Control over traffic and public vehicles
- 11) Plantations of trees on road sides
- 12) Prevention of infectious diseases and epidemics
- 13) Registration of births, deaths and marriages

Discretionary Functions

- 1) Checking adulteration of food products
- 2) Control over private market
- 3) Maintenance of education institutions
- 4) Provision of flood and famine relief
- 5) Provision and maintenance of parks and gardens
- 6) Establishment of welfare homes and orphanage
- 7) Establishment of public dispensary
- 8) Establishment of veterinary hospital and improvement of livestock
- 9) Preparation of master plan
- 10) Establishment of library promotion of community development

The Pourashavas undertake activities depending on the availability of resources. Some towns occasionally perform some optional functions such as checking adulteration of food staff, planting of trees and donation of books to libraries. Infrastructure and expensive services such as street lighting and water supply Pourashava are made within the developed areas only. The central government grant enables the towns in developing infrastructure and also assigns specialized agencies for water supply and street lighting to improve services. The Department of Public Health Engineering (DPHE) helps the Pourashavas in installing deep tubewells and laying of grand pipes, Local Government Engineering Department (LGED) helps in road, drainage and slum development and maintenance and Power Development Board (PDB) assists the electrification of street lighting. The government or donor agencies bear the capital costs of these while the Pourashava is responsible for day to day operation and maintenance of these services. The Pourashava feels constrained by lack of funds to operate and maintain infrastructure and services at a required level and it is a great challenge for the local bodies to generate resources for maintaining ever-expanding stock of capital asset.

Table 2.8 provides expenditure levels for Tangail and five other study Pourashavas in 1997-98. This shows that development and maintenance constitute the highest percentage of expenditure. Salary and allowances ranks second in the total expenditure.

The total amount spent on establishment depends on the number of employees in a Pourashava. Capital expenditure is depended on the availability of government grant. Most Pourashavas are unable to undertake capital development as own resources are absorbed mostly in recurrent expenditure and in payment of electricity bill for street lighting, water supply and small-scale maintenance activities.

The accounting system in Pourashavas does not maintain record of desegregated data to allow for proper recording of development, operation and maintenance expenditure. The spending on roads cannot be easily identified from spending on drains or building improvement. Similar to development of infrastructure and maintenance of these developments of services and their maintenance cannot be identified. This poses a problem of finding out the appropriate level of maintenance expenditure so as to be able to project budget allocation for future. Historically, road development and maintenance is the major capital expenditure by Pourashava. According to one estimate, Pourashava needs twice as much resources per kilometer compared to that it spends now. In terms of social services, certain towns maintain health clinics and schools. Tangail Pourashava maintain four health clinics and employs one Medical Officer and some health assistants.

Some towns spend substantial amount on schools. Most primary schools were nationalized between 1984 and 1986. Some High schools are still run by Pourashavas. However Tangail Pourashava maintains no schools.

The Pourashava Ordinance 1977 describes in broad terms the composition, staffing, financing and administration of the municipal bodies. The Local Councils Service Rules, 1968 defined originally the classification of Pourashavas. This classification has been based on annual level of own revenue. Those having annual own revenue above Tk.30 lacs were defined as class I Pourashavas. Those having and revenue between Tk.5 lakh and Tk.30 lakh was classified as class II and that below Tk.5 lakh were class III Pourashavas. Due to deterioration of currency value, the government re-fixed the income ranges in 1988 through an office order, which re-classified the Pourashavas. According to this, those Pourashavas having annual own revenue income of above Tk.70 lakh are class-A those having income between Tk. 30 lakh and Tk. 70 lakh are class B and those below Tk.30 lakh are class C Pourashavas.

The Pourashavas are administered by an elected Chairman, Ward Commissioners and regular staff. The Chairman is the executive head of the Pourashava. The Chairman and ward commissioners are elected for a period of five years by direct election One commissioner is elected from each ward. In addition, one woman Ward Commissioner is elected for every three Wards. The regular or salaried employees of Pourashavas are categorized under four classes-Class I to Class IV. In addition, there are temporary staff known as master roll employees. The Pourashavas can directly recruit master roll staff. However, for others, they need to receive approval from the Ministry of Local Government, Rural Development and Cooperatives. The status and salary scale vary according to the types of Pourashavas i.e., the same position in a class A Pourashava carries higher salary and benefits than that position in class B Pourashava. Usually, there are ten sections in a Pourashava. The sections and corresponding essential officials are listed below:

Table 2.8
Annual Pourashava Expenditure by Major Sources (1997-98)

Pourashava	Salaries and Allowances	Office Maintenance	Services	Development and Maintenance	Miscellaneous	Total Expenditure
Barisal	3,688,948 (12.57%)	2,410,747 (8.22%)	4,317,641 (14.72%)	18,918,123 (64.49%)	-	29,335,459
Chandpur	8,333,768 (19.34%)	1,086,220 (2.52%)	10,092,731 (23.42%)	23,515,956 (54.57%)	60,511 (0.14%)	43,089,186
Madaripur	9,739,633 (40.56%)	425,498 (1.77%)	645,502 (2.69%)	12,261,085 (51.07%)	937,140 (3.90%)	24,008,858
Magura	2,999,745 (5.65%)	1,124,224 (2.12%)	16,544,110 (31.13%)	32,462,690 (61.10%)	-	53,130,769
Noakhali	15,432,722 (19.44%)	1,647,750 (2.08%)	7,749,559 (9.76%)	47,662,840 (60.05%)	6,880,316 (8.67%)	79,373,187

Source: Pourashava budgets, 1999-2000.

Section	Personnel
General Administration	Chief Executive Officer/Secretary
Assessment	Chief Assessor/Assessors
Tax Collection	Tax collector Assistant Tax collections
Conservancy	Inspector Supervisors
Street Ligthing	Assistant Engineer Sub-Assistant Engineer Inspector
Water Supply	Superintendent Assistants
Engineering	Executive Engineer Assistant Engineer Sub-Assistant Engineer Supervisor
License	Inspector Assistant
Accounts	Accounts Officer Cashier
Health	Inspector Vaccinator

The above essential staffs are supported by clerks, drivers, peons, and guards. Conservancy section has sweepers and cleaners. The MLGRDC approved four different types of organization charts or organograms. These are, Pourashava class A-1, class A-2, class B and class C. The Pourashavas may not recruit the maximum number of staff given in the organogram.

1.13 Assessment

According to the stakeholders, expenditure can be controlled by strict supervision of development and maintenance work. Limiting the number of bamboo bridges that are built during the rainy season and using the streetlights of one side of the road rather than both the sides at the same time. In addition, streetlights should be kept on during the time when roads are used the most. All the lights may not be used after midnight. Some suggested for undertaking development and maintenance works during the dry season, September to April, so that the quality of work is better and more transparent to the people. The work at the end of the fiscal year is often completed in a hurry and the quality of these works often remains a question among the Pourashava people. Another suggestion is to reduce Pourashava staff and improve quality of staff. Expenditure can also for reduced by discouraging construction of temporary bamboo bridges during the rainy season. These are not required if more ring and box culverts are built during the dry season. By providing a part of the Pourashava functions to the private sector, cost can

also be reduced. In addition, computerization is a must. India has computerized in the '80s and '90s, we must computerize now.

2.0 Financial Management of Tangail Pourashava

The financial activities of the Pourashava can be classified into three groups. These are, (i) accounting, (ii) budgeting, and (iii) auditing. "Finance sub committee" is the highest policy making body in the Pourashava to manage finance. The Pourashava Chairman is the head and Accounts Officer/Accountant, Cashier and some selected ward commissioner are members of this body. The day to-day official responsibility of this body lies with the Accounts section. In addition to maintenance of account, this section prepares annual budget and answers to audit comments.

2.1 Accounting

Accounts is maintained in the Pourashava per the Municipal Accounts Rules, 1932. The Pourashava maintains books and registers as per the Account Rules. The financial year runs from July 1 to June 30. Accountant's cashbook is the basic document maintained on a cash basis and in single-entry format. On the side of the cash book receipt is recorded and on the other side expenditure is maintained. There are also quarterly or periodic (3 monthly), annual and long term registers. The account is maintained according to the heads of expenditure and income mentioned in the annual budget, but the accounts system, due to this, does not give a clear picture of what is being spent on development and what is spent on operation and maintenance. Again, some small items with values not exceeding several thousand Taka are separately maintained while certain items with much bigger outlay are collapsed under "other" or "miscellaneous" line items. Tangail Pourashava maintains a total of sixteen bank accounts. The accounts are for the purposes of (i) holding tax collection (12 accounts), (ii) development work from government grant (2 accounts), (iii) contractors security money (one account) and (iv) development work from own resources (one account).

The account section in Tangail Pourashava has one Accounts Officer, one Accountant and two Assistant Accountants. The Accounts Officer and Accountant have master's degree and the two other are arts graduates. None of them has received any accounts training but two persons received general training although they are employed for more than ten years. All of them wanted to have accounts training to improve work performance. If computer is introduced in the account section, they will also need separate computer training.

2.2 Procurement and Storage

Procurement is done in Tangail Pourashava as per government regulations. Up to Tk.5000, the Pourashava can purchase with the approval of the Chairman. For any purchase above Tk.5000, at least three quotations are required and the purchase committee should approve it. The purchase committee is composed of a Ward

Commissioner, Chief Executive Officer, Secretary, Executive Engineer and Chief Accountant.

Tangail Pourashava has not got any storage facilities. This causes big problem of safe storage of goods and materials purchased. The Pourashava needs a storage area as close to the Pourashava office as possible.

2.3 Budget

The budget can be divided into three basic categories according to the 1932 Account Rules. These are “current”, “capital” and special fund account. Due to absence of proper definition of these three categories of accounts, Pourashava mainly use the first category. However, the items are not separated according to salaries, capital expenditure and recurrent expenditure properly. This creates proper categorization of expenditure very difficult. Under the capital expenditure, two item advances and deposits are only maintained. A very small amount called Zakkat fund is maintained under the special fund account.

Budget preparation is a very routine exercise and done in a simplistic manner. The account section in discussion with the Pourashava Chairman and Ward Commissioner selects project and allocates fund. The revenue estimates are prepared by totaling arrears and current demand for taxes and increasing other revenue by a certain percentages. However, in most Pourashavas a good part of arrears taxes remain unrealized and therefore the actual revenue falls short of the budgeted revenue by a big margin. Only about a third of the budgeted property, taxes and rates are realized annually. The estimates for government grants are made on the expected amount depending on previous year’s receipts.

Annual budget is prepared during the month of March, April and May. The draft budget is sent to the Pura-2 section of MLGRDC by June 30 for approval the approval is usually received by July or August. The budget maintains three columns. The first column is for next year’s estimated, second column for last year’s revised budget and third column for previous years actual revenue and expenditure.

2.4 Auditing

Audit is regularly carried out every year. Two different audits are carried out, one internal audit and two, external audits. Internal audit, which is of course not so rigorous, is carried out by the account section. This however losses meaning as audit means crosschecking by a different party. External auditors come from local revenue audit department of the office of the Accountant General of Bangladesh. Audit is completed between July and December every year. Two auditors take about ten days to complete auditing. The last audit in Tangail Pourashava was done in August 1999. Audit report concentrate on the accuracy of financial records and do not look into the financial management aspects such as realistic budgeting, tax collection performance, cash management, earning interest from bank deposit, optimization of liquidity, sound fiscal projection and reasonability of

undertaking construction work such as when the price of wage labour and material cost is lower-work is usually done towards the end of fiscal year when the cost is the highest.

All audit reports and comments are forwarded to the office of the Accountant General and the Local Government Division of the Ministry of Local Government, Rural Development and Cooperatives. The financial figures and auditor's comments are published in the Annual Report of the Accountant General. The report is not however published quickly after the audit. It takes more than four years to publish them. Due to long delays in publication, they lose the value of auditing to a great extent.

2.5 Assessment

Although most of the stakeholders interviewed have no clear idea how computer is used they are in favor of correct tax assessment, collection records, more transparent system and more information about not only his or her tax records but also of others. There is a feeling among the taxpayers that information is withheld from them and they lose incentives to pay when they feel they are not treated equally in terms of assessment. They also wanted the ward commissioners to be more actively involved in budget preparation and project selection through more participatory mechanisms like meetings and individual discussion. The stakeholders want more participation in road maintenance, garbage collection and resolution of local disputes. The stakeholders want participation of the private sector in waste management and street lighting. They are however not very confident about managing any of the Pourashava services through the community participation on a permanent basis. Nevertheless, some of them feel that the community can form local development committees to monitor Pourashava work and suggest ways to improve services. The taxpayers should be regularly interviewed for their opinions in the service delivery system and administration of the Pourashava. Public debates and forums should be encouraged to discuss Pourashava activities on a regular basis. The Pourashava Chairman should also meet the people more regularly in community meetings.

Community's cooperation is necessary for proper development of the Pourashava and proper calculation of project costs and making those more transparent. The taxpayers should be able to investigate Pourashava expenditure if they like. Details of all expenditure should be maintained in the Pourashava.

In the longer run, the potential for increased revenue depends on the planned development of the Pourashava area. A master plan should be drawn up, properly followed and should be attractive to business and industries. With increased economic activities, the property value and rental income goes up, providing the possibility of enhanced revenue.

Section III: Recommended Measures

Tangail Pourashava does not have sound financial situation. In order for it to ensure a healthy town; it has to take specific measure to strengthen its finance. Basically, there are two types of measures that Tangail should undertake. These are:

- Measures for increasing revenue and reducing expenditure.
- Measures for improving financial management

3.1 Measures for Increasing Revenue and Reducing Expenditure

Tangail Pourashava can enhance its revenue by correcting valuation of property, collect arrears taxes and by revising rates of trade licenses. It should also optimize revenue markets, bus stands and truck stands. Instead of exploring new sources of taxes for which, there is very limited scope, it should concentrate on improved collection from existing sources. The Pourashava can request the government to increase the percentage of revenue from Immovable Property Transfer Tax (IPTT) from its 1% level to 5% level. Emphasis should also be given in building direct relationship with the tax payers, call them in meetings and other events and increase their awareness about Pourashava activities. The Pourashava need to be more open to the citizens in its approach to dealing with tax collection. The Pourashava should calculate a break-even cost for piped water supply and convince consumers to pay for it.

Key Focus Area	Recommended Actions
1. Property Tax Assessment	<ol style="list-style-type: none"> 1. Form Revenue Advisory Team headed by the Pourashava Chairman with membership of Ward Commissioners and assessment and collection section staff. 2. Undertake a fresh Holding tax assessment in early 2001 and computerize all the information. 3. Start the tax assessment preliminary database preparation as soon as possible. 4. Involve the Tangail Urban Platform (TUP) and the Community Committees are the reassessment work. 5. Prepare a correct map of the Pourashava and plot all the holdings with a permanent holding number of each holding on it. Computerize all basic information pertaining to each holding including number of family members, profession, willingness to pay taxes in one or more installment, Pourashava service provided etc. so that a database on the tax payers is established. 6. Institute a regular system of six-monthly periodic assessment of those holdings that will have undergone improvement, use change or alterations. 7. Provide an official Pourashava copy of property assessment details to each owner of holdings following every reassessment. 8. Train tax Assessment staff. 9. Consider promotion of assessment staff/upgrade pay scale. 10. Recruit two new staff to fill up two vacant posts.
2. Tax Collection	<ol style="list-style-type: none"> 1. Strengthen the ward-based tax collection team operations by start tax collection drives at the deigning of the year rather than at the end by issuing tax bills on time and pursuing collections. 2. Prepare monthly tax collection statement for the review of the Revenue Advisory Team for there advice. 3. Start quarterly billing of private holdings. 4. Analyze monthly tax collection performance by Ward and put maximum tax collection thrust on the Wards having poor collection performance.

Key Focus Area	Recommended Actions
	<ol style="list-style-type: none"> 5. Involve the TUP and community committees in the campaign to mobilize taxes. 6. Undertake a general civic awareness campaign for improving tax collection. 7. Enforce legal instruments (Distressed Warrant) to mobilize arrears taxes. 8. Prepare a list of tax defaulters and put it on the notice boards. 9. Consider promotion/upgrading of scale on a performance basis. 10. Recruit additional tax collections to reduce workload on the 11. Existing staff
3. Profession and Trade tax	<ol style="list-style-type: none"> 1. Introduce taxes on professions such as medical practitioners, lawyers, private teachers, engineers and architects. 2. Since the last revision of tax rates was done in 1985, get an approval for new rates from the government and re-fix the tax rates. 3. Start strict collection of taxes and reduce the level of arrears. 4. Revise the taxes upward if there is scope within the existing Model Tax Schedule, 1985 rates. 5. Arrange bank payment of profession and trade taxes to reduce collection load of Pourashava staff.
4. Entertainment Tax	<p>Improve assessment of tax from cinema halls.</p>
5. Vehicle tax	<ol style="list-style-type: none"> 1. Introduce new vehicle tax rates by getting government approval and revise rates upward. 2. Enforce strict tax collection system. 3. Revise the taxes upwards if tax rates in 1985 Schedule permits. 4. Arrange bank payment of vehicle tax to reduce tax collection load of Pourashava staff.

Key Focus Area	Recommended Actions
6. Own Property income	<ol style="list-style-type: none"> 1. Revise rental rates of shops and markets upwards since the market rate of space has gone up. 2. Advertise in the newspapers and in public places for renting out the new shopping centers that the Pourashava will construct in future. 3. Build another shopping center at the C.D. club area where the Pourashava has 35 decimal of own land. 4. Arrange the widest possible announcement before leasing out bus stand, truck stand and other property like hat bazaars to make possible the highest revenue earning from these sources.
7. Water supply	<ol style="list-style-type: none"> 1. Raise connection charges for water supply to different types of consumers. 2. Introduce water meters for the consumers. 3. If water metering is not possible immediately, introduce a more accurate rate depending on the number of taps of water users as an interim arrangement. 4. Base the cost of water supply on the calculation of recurring expenses at the moment so that the rates do not become excessively high immediately.
8. Government Grant	<ol style="list-style-type: none"> 1. Request the government to disburse the grant installments during the first six months of the fiscal year, i.e. by December 31s, so that implementation can be improved. 2. In order to improve tax collection, the government can tie 50% of the grants with the performance of collection of different taxes and rates, and fifty percent on the basis of population.

3.2 Measures for Improving Financial Management

Generation of adequate revenue will itself not automatically ensure its best utilization. For ensuring optimum service delivery, well-established financial planning and control over expenditure will have to be guaranteed. The Pourashava representatives and officials will be able to plan best financial utilization when accurate financial figures are available. In order to ensure a good system of financial planning, management and control, the following measures are recommended.

Key Focus Area	Recommended Actions
1. Accounts	<ol style="list-style-type: none"> 1. Prepare practical and realistic accounts heads. Capital costs should be clearly identifiable from the recurring costs. Work with the Ministry to change the 1932 Accounts Rules. 2. Computerize accounts system for quick entry and retrieval of amounts, for accuracy and flexibility of analysis of income and expenditure situations. 3. Create a system whereby operation and maintenance expenditures can be identifiable from the development expenditure. 4. Arrange training of staff on account management. 5. Increase autonomy of the work of Accounts Section and reduce unnecessary interventions by officials and elected representatives. 6. Appoint appropriate consultants for developing & computerizing accounts system to meet user needs. 7. Keep money in the interest-bearing account for earning income.
2. Procurement and storage	<ol style="list-style-type: none"> 1. Ensure that proper tendering and procurement procedures are adhered to in all procurement and public works. The process should be transparent to the people so that question in the public mind can be settled. 2. Use information boards near work sights giving details about the work such as costs involved, description of the work and name of contractor. 3. Distribute the list of project, to be undertaken in a particular year at the beginning of the fiscal year so that the citizens know about Pourashava work and open competition can take place. 4. Keep certain windows open for the community to be involved in the work, such as tree plantation and garbage collection. 5. Separate the buying from the receiving, storage and issuing of stores. 6. Create a storage facility for the Pourashava.

Key Focus Area	Recommended Actions
3. Budget	<ol style="list-style-type: none"> 1. Consider annual budgeting as part of a longer term, say, five-year plan of revenue mobilization and expenditure decisions. 2. Prepare Budget on the basis of realistic assumptions about revenue and expenditures. 3. Make a quarterly (three month) plan for revenue mobilization in line with the quarterly billing system for Holding tax collection. 4. Revise classification of budget heads for getting reasonable information of capital, recurring and operation and maintenance expenditures as well as source of revenue. Request revision of Municipal Administration Rules, 1960 for this to the government. 5. The government's expenditures should be clearly identifiable from the budget. So, provide project by project expenditure statement in the budget in addition to the existing format.
4. Audit	<ol style="list-style-type: none"> 1. Strengthen internal audit system. The internal audit should be done not but by the Pourashava but by professional auditors hired by the Pourashava. 2. Introduce management and performance audit to strengthen overall operation of the Pourashava. 3. Establish an Audit Advisory Team headed by a Ward Commissioner, preferably Women Commissioner and a chartered accountant as one of the members.
5. Privatization and community involvement	<ol style="list-style-type: none"> 1. Privatize part of the conservancy operation. 2. Invite NGOs and the community for assistance in keeping the city clean and control traffic, improve housing condition, undertake tree plantation and so on. 3. Involve the Urban Platform and Community Committee is improving service delivery. 4. Calculate the cost of service delivery for discrete operations involved and privatize those parts most burdensome for the Pourashava. 5. Start cost recovery of health centers by introducing fees. 6. Invite the support of big businesses in undertaking some work in order to increase their own images, for example, in cleaning the "Central Canal". The people will notice this benevolence by the company.

Key Focus Area	Recommended Actions
6. Water Supply Expenses	<ol style="list-style-type: none"> 1. Calculate true cost of pipe water supply and limit water supply to those areas cost effective to supply. 2. Expand piped water supply slowly to new areas since it requires high dose of investment. Provide hand tubewels under community management as an interim arrangement with the goal of providing clean and safe water to each household in the near future. 3. Reduce water wastage by strictly monitoring use. 4. Reduce number of staff after proper assessment of actual need for staff.
7. Other Expenses	<ol style="list-style-type: none"> 1. Tighten control of vehicle use and use logbook. 2. Reassess expenditure of administrative nature and reduce expenditure in other ways. 3. Plan street lighting in a way so that wastage is reduced. 4. Request the government to introduce domestic rate for street lighting instead of existing commercial rates. 5. Plan structures of more durable and permanent nature rather than temporary ones such as bamboo bridges.

Section IV. Conclusion

It has been a very important decision for Tangail Pourashava to enhance revenue generation capacity and move towards modern financial management system. The SINPA Programme has undertaken this study to identify key areas in Tangail's financial system that needs improvement. The study attempted to be participatory and practical in approach so that the recommendations can be taken up for implementation.

Different stakeholder groups have been interviewed for this study and they have suggested for improving tax collection, correcting assessment of Holding tax, increasing rates, reducing wastage, instituting more open and transparent financial management system, planning better budget preparation and enhancing the total image of the Pourashava as a local government institution. It is the expectation of this report that the suggested measures will be taken seriously for implementation. The role of Tangail Pourashava Chairman, Ward Commissioners, officials of the Local Government Division of the Ministry of Local Government, Rural Development and Cooperatives would be crucial for this.

In order to implement the recommendations suggested in the study, the Pourashava can prepare a time bound work plan and follow it very strictly. In order to get hands on experience of how tax collection can be improved, the Pourashava can arrange visits to two Pourashavas, Chandpur and Noakhali which have done much better. For bringing about a notable change in its operation, the Pourashava needs to really move from its present ways of management to a dynamic and results-based system, set performance indicators, and for these, attitudinal shift is the first and foremost requirement.

Appendix Table 1

Annual Revenue by Major Sources (1993-94 to 1997-98) in Tangail Pourashava

Year	Holding tax	Other taxes	Fees	Own Property Income	Miscellaneous	Government Grant	Total Revenue
1993-94	4,853,138	747,087	511,470	10,25,197	1,937,241	16,629,879	25,704,012
1994-95	2,795,731	450,320	441,650	1,487,418	2,411,164	11,745,000	19,331,283
1995-96	4,706,573	1,079,161	299,725	1,758,799	2,508,126	10,101,497	20,453,881
1996-97	5,120,784	1,267,119	405,900	9,946,91	3,561,109	17,228,861	28,578,464
1997-98	9,991,088	1,267,119	385,424	1,691,877	978,333	13,994,015	28,307,856

Source: Pourashava budget, 1995 -96 to 1999-2000.

Appendix Table 2

Annual Expenditure by Major Source (1993-94 to 1997-98) in Tangail Pourashava

Year	Salaries and Allowance	Office Maintenance	Service	Development and Maintenance	Miscellaneous	Total Expenditure
1993-94	3,002,516	2,246,507	2,835,725	15,090,209	144,222	23,319,179
1994-95	3,086,741	742,872	2,417,253	12,846,550	414,748	19,508,164
1995-96	3,374,917	681,650	2,690,358	12,023,196	233,295	19,003,416
1996-97	3,207,434	719,436	3,383,485	11,764,9290	211,343	25,170,988
1997-98	3,688,948	2,410,747	4,317,641	18,918,123	-	29,335,459

Source: Pourashava budget, 1995-96 to 1999-2000.

Appendix Table 3
Availability of Service Provided by the Pourashava

Service	Number of Holdings
Roads	77
Dustbin	43
Drain	57
Street lighting	67
Water Supply	9
Garbage disposal	51
Health center	61
Park Play ground	22
Bazaar	48
Market/Shopping center	33

Source: Survey of taxpayers, Tangail Pourashava, May 2000.

Appendix Table 4

Respondent's Satisfaction and Dissatisfaction about the Pourashava Services
(Number)

Service	Satisfaction	Average	Dissatisfaction
Roads	59	31	10
Dustbin	31	19	50
Drain	23	28	49
Street lighting	19	33	48
Water Supply	9	17	74
Garbage disposal	38	54	8
Health center	11	21	64
School	Nil	Nil	Nil
Park/Play ground	22	42	36
Bazaar	44	37	19
Market/shopping center	21	65	14

Source: Survey of taxpayers, Tangail Pourashava, May 2000.

Resumen en Español

La Movilización y Gestión de Recursos en la Municipalidad de Tangail

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Seminario SINPA

IHS, Rotterdam

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El financiamiento eficiente de los gobiernos locales, de los cuales Tangail es uno de los importantes, ha llegado a ser un reto significativo para Bangladesh. La densidad de la población en la Municipalidad está creciendo debido a la inmigración y un aumento en la tasa de crecimiento poblacional. Las municipalidades son obligadas prestar los servicios e infraestructura independientemente de las características socioeconómicas de los habitantes. Los habitantes pobres de las municipalidades representan aproximadamente una tercera parte de la población total y su capacidad de pago de impuestos es muy limitada. Las familias de mediana y alta clase pagan la mayor parte de los impuestos. Además, por definición, solo los propietarios pagan impuestos inmobiliarios.

La posibilidad de contar con una recaudación mayor depende de la capacidad de pago de la población. Sin embargo, como más de la mitad del Producto Interno Bruto origina de las áreas urbanas es común suponer que la capacidad de pago de impuestos de las municipalidades urbanas es alta. Se espera que los habitantes paguen impuestos si reciben mejores facilidades urbanas. Recientemente los ingresos de las municipalidades han crecido aunque no tanto como la demanda para servicios. Esta última no se está atendiendo adecuadamente y ha sido necesario recibir aportes financieros de donantes y del gobierno central durante la década pasada. No se ha considerado que las municipalidades no están recaudando todo lo que pueden y que tampoco están manejando sus gastos rigurosa y sistemáticamente. Dentro de este marco, la Municipalidad de Tangail ha tomado la decisión oportuna de ampliar su base de ingresos y fortalecer su sistema de gestión financiera.

Un análisis de Tangail y cinco otras municipalidades demuestra que no están recaudando de forma eficiente. Los resultados de la recaudación de impuestos inmobiliarios son muy malos. La Municipalidad de Tangail recaudó solo 26.26% de los impuestos debidos entre 1997-98. Existía una mora impositiva de Taka 29.57 millones en ese año. Recaudación per cápita fue solo Taka 51. Los ingresos internos totales de Tangail sumaron solo 28.40 millones en el mismo año. Esto significa que si la Municipalidad pudiera recuperar las deudas morosas, se podría aumentar sus ingresos significativamente.

Además, se puede aumentar los ingresos de las licencias comerciales, los patentes, impuestos sobre el entretenimiento y tarifas de mercado si las tasas impositivas fueran aumentadas y la recaudación fuera realizada de forma más eficiente. También es posible aumentar los ingresos de su propiedad propia.

Una proporción significativa de sus propios ingresos se gasta en salarios, gastos recurrentes y obras de inversión menores. Los proyectos de inversión principales se financian con donaciones del gobierno central. Estas representaron un 49.27% de los ingresos totales de la Municipalidad en el periodo 1997-98. De todos los gastos, los salarios y prestaciones sociales representaron un 12.57%, el mantenimiento de las oficinas un 8.22%, servicios un 14.72% y el desarrollo y mantenimiento un 64.49%.

El informe hace recomendaciones en dos áreas generales. Estas son (i) el aumento de los ingresos y la disminución de los gastos, y (ii) la gestión financiera.

1. **El aumento de los ingresos y la disminución de los gastos:** el enfoque consiste en mejorar el cálculo de los impuestos que se deben cobrar, así como los resultados de la recaudación de otras fuentes. Existe un mito entre muchos representantes del gobierno local que un aumento de las tasas impositivas los harán impopulares. Sin embargo, se ha demostrado en varias municipalidades que la popularidad de los presidentes ha aumentado cuando se han subido las tasas simultáneamente con una mejora de la calidad de servicios. Por lo tanto, es imprescindible que medidas para aumentar los ingresos sean acompañadas por una mejora en la prestación de servicios.

Las propuestas específicas son las siguientes:

- La conformación de un Equipo Asesor de Recaudaciones encabezado por el Presidente de la Municipalidad.
 - La realización de una nueva evaluación de las contribuciones inmobiliarias.
 - La asignación de números permanentes a las propiedades.
 - El mejoramiento del sistema de facturación y recaudación no solo del impuesto inmobiliario sino también de todos los demás impuestos, cuotas y tarifas.
 - La computerización de la información sobre contribuyentes y sus antecedentes de pago.
 - La capacitación de personal y la contratación de personal para varios cargos.
 - El análisis mensual de los resultados de la recaudación por subdivisión administrativa.
 - El montaje de una campaña de sensibilización cívica general sobre la prestación de servicios y las recaudaciones.
 - La colaboración con el Ministerio de Gobierno Local, Desarrollo Rural y Cooperativas para aumentar las tasas impositivas de las licencias, las cuales se establecieron en 1985.
 - Arreglar que los pagos de impuestos y rates sean efectuados bancariamente.
 - El mejoramiento de las recaudaciones de los cines.
 - El aumento de los alquileres de las tiendas y mercados y la construcción de nuevos mercados en el futuro.
 - El establecimiento de la cuota que se paga por el servicio de agua corriente de forma realista y económica, y la recaudación de por lo menos el costo recurrente en la etapa inicial.
 - La reducción de gastos innecesarios.
 - Solicitar al gobierno central que las cuotas de sus donaciones sean desembolsadas antes del 31 de Diciembre de cada año.
2. **La gestión financiera:** el énfasis es en mejorar el sistema de gestión financiera para permitir que las personas elegidas y los funcionarios puedan tener acceso rápido a una información financiera fiable y que puedan gestionar mejor los recursos financieros. Las propuestas específicas se presentan a continuación:
 - La elaboración de rubros presupuestarios realistas y prácticos a través de una enmienda a las Reglas de las Cuentas Municipales, 1932.
 - El montaje de capacitación en la contabilidad
 - El establecimiento de procedimientos para las adquisiciones que son transparentes y correctos.
 - Involucrar a la comunidad, el sector privado y las ONG en la prestación de determinados servicios municipales.
 - La separación de las adquisiciones de los recibos, almacenamiento y entrega de provisiones.
 - La creación de una facilidad central de almacenaje para la Municipalidad.
 - La modernización del proceso de elaboración de presupuestos y toma de decisiones que debería ser más transparente y participativo.
 - La separación de los rubros de capital y gastos recurrentes en el presupuesto.
 - El establecimiento de un Equipo Asesor de Auditoría presidido por una comisionada de subdivisión administrativa.
 - La creación de un sistema de auditoría interna.
 - La introducción de inspecciones de rendimiento y gestión.

- El análisis de costos de la prestación de servicios, especialmente para la conservación, abastecimiento de agua y alumbrado público.