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# THE SECOND FIVE YEAR PLAN (1980-85)

SUMMARY

PLANNING COMMISSION  
GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH  
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**SUMMARY**





## The Economy in Seventies

Bangladesh has a long history of planning for economic and social development. Unfortunately, however, the story has been one of frustrated hopes and unfulfilled aspirations. It can be said that the Declaration of Independence on March 26, 1971 was made largely to secure economic sovereignty. The country emerged as an independent state on December 16, 1971 inheriting a devastated economy, war-torn infra-structure, and a brutalised and displaced multitude. The rehabilitation of the economy naturally received high priority. Simultaneously it was felt that the process of restructuring the social and economic life to reflect national hopes and aspirations should begin in right earnest. Before long the First Five Year Plan (1973-78) was drawn up and launched even though basic data were inadequate and preparatory work was insufficient. The Plan size was fixed at Tk. 4,550 crore and it aimed at bringing about a new economic order. Its basic premise was social ownership of the commanding heights of the economy and its main thrust was the development of a system of institutions. Central planning was not directly attempted as agriculture, which is the mainstay of the economy, remained in the private sector but market mechanism was not relied upon either. The Plan stressed on an effective implementation system which, however, was in the realm of uncertainty.

2. The Plan, however, suffered many a setback. Global inflation adversely affected trade and aid. Balance of payment outlook changed dramatically for all countries following oil price rise beginning the fall of 1973 and Bangladesh suffered specially as payments for food, fuel and fertilizer increased enormously without any appreciable improvement in aid outlook. To top it all was the flood of 1974 and difficulties in obtaining food supplies that caused widespread starvation and famine. The Government hardly had time to put its house to order when it was besieged by such difficult problems. Economic management under such stresses displayed ineptitude. By about May-June 1975 pragmatic reformist measures were initiated including a strong stabilisation programme. There was very soon a turn-around in economic performance. Both domestic and external resource position largely improved as stabilisation measures led to a greater inflow of aid. The pick-up in economic activities together with continued monetary restraints reduced inflationary pressure substantially during the second phase of the Plan (1975-78). Price level which rose at an annual rate of 50 percent between 1972-73 and 1974-75 rose only at the annual rate of 2.6 percent in the subsequent years of the Plan. Real wage which suffered severely gained some of its lost ground; as a result, real wage index rose from 51.4 (1969-70=100) in 1974-75 to 66.7 in 1977-78.



3. However, in spite of general improvements in the economic performance in its second phase, the goals and targets of the Plan remained largely unfulfilled. Only 59 percent of the investment target was realized and GDP grew at the rate of 4.0 percent a year against the target rate of growth of 5.5 percent. Food output remained in serious deficit and overall supply of cereal food declined from 413 lb. per head in 1973-74 to 386 lb. in 1977-78, the terminal year of the Plan. Export earning in current dollar terms grew at the rate of 6.6 percent a year from its depressed level of 1972-73, only because of global inflation, but in real terms it was almost stagnant at 1972-73 level. Industrial output exceeded its 1969-70 level by 1976-77 but the output of country's leading industry, i.e., the output of jute textiles was below the 1969-70 level together with raw jute output. One-third of the employment target (5.4 million man-years) of the Plan remained unfulfilled for lack of adequate investment.

4. It was against this ambivalent experience of the First Plan, a Two Year Plan was initiated in 1978-79. It was directed towards consolidating the economic base through completion of on-going projects rather than initiating new investment. With increasing foreign aid and domestic resources the economy maintained its growth ahead. GDP grew at the annual rate of 5 percent against the target growth rate 5.6 percent in spite of a serious drought in 1979 spring. Industrial output including jute textiles made steady progress and merchandize export exceeded the target by substantial margin in current prices. Aid inflow which increased after the stabilization measures of 1975 also exceeded the projected level, in contrast to the fact that First Plan received 20 percent less of foreign aid than envisaged.

#### *Initiation of the Second Five Year Plan (1980-85)*

5. There was thus a sustained trend of improvement in economic performance in the second half of the 1970s. This together with improvement in external trade and aid led to optimism for the future. The Draft Second Five Year Plan (1980-85) reflected this optimism against the overwhelming problem of poverty generating an intense desire for a visible improvement in the standard of living of people. The size of the Plan was fixed at Tk. 25,595 crore—Tk. 20,125 crore for the public sector and Tk. 5,470 crore for the private sector. The Plan envisaged GDP growth at the rate of 7.2 percent a year against the actual growth rate of 5.2 percent in the preceding five years of the 1970s. Such an acceleration in growth implied a very high level of investment as well as of foreign aid. The Plan envisaged the public sector outlay to rise from Tk. 2,130 crore in 1979-80 to Tk. 5,613 crore in 1984-85 (at 1979-80 prices). Such an acceleration in the level of investment could not be sustained without having a high level of foreign aid also. Foreign aid requirement was estimated at Tk. 13,880 crore constituting 54 percent of the total planned outlay as against Tk. 8,064 crore received during the preceding 5-year period.

6. The Plan had, however, an inauspicious start. The global economic situation took a turn for the worse. Recession in the industrialised countries, high price of fuel and slack in primary commodity demand and price led



to a serious decline in trade and aid. Terms of trade moved very adversely against Bangladesh so that in the first two years of the Plan the country lost about a billion dollar in its external purchasing power. The second oil crisis beginning 1979 made it impossible to rely on cheap energy to fuel growth. Aid in the first two years of the Plan amounted to \$ 2,297 million (in 1979-80 prices) as against the expectation of \$ 3,094 million. Low level of aid inflow and a deteriorating terms of trade affected resource mobilisation so drastically that against the target public sector outlay of Tk. 3,015 crore in 1980-81 the achievement was only Tk. 2,369 crore and in the following year ADP had to be revised downwards to Tk. 2,715 crore against the target of Tk. 4,068 crore. It was clear that the overly ambitious targets could not be reached at all. In view of shortfalls in resources in the first two consecutive years of the Plan it became apparent that the planned outlay of Tk. 20,125 crore for the public sector could not be matched by necessary resources. However, instead of compromising the targets of the Plan the cost effectiveness of public sector programmes was improved by cutting down their less essential expenditures and concentrating scarce resources more on productive activities. The cost of the rationalized public sector programme came down to Tk. 15,897 crore against Tk. 20,125 crore. But the resource situation continued to deteriorate and only an outlay of Tk. 2,391 crore could be realised under 1981-82 ADP. The ADP for 1982-83 could be drawn up for only Tk. 2,700 crore. In three years (1980-83) it seemed likely that the total development outlay would be Tk. 9,147 crore of which Tk. 6,057 crore would be in the public sector and aid inflow would be \$ 3,459 million only. In current prices, these figures correspond to Tk. 11,416 crore, Tk. 7,605 crore and \$ 3,727 million respectively. It is against this background of severe resource constraints that the Second Plan has been finalised for a public sector outlay of Tk. 11,100 crore only in a total outlay of Tk. 17,200 crore, the remaining Tk. 6,100 crore being allocated to the private sector. In current terms this will mean a Plan outlay of Tk. 25,040 crore of which public sector programme will be Tk. 16,019 crore and foreign aid inflow on gross terms will be \$ 6,917 million.

### Objectives of the Plan

7. The objectives of the Plan have been set against the overwhelming problems of poverty, unemployment, illiteracy and malnutrition besetting the country. About 85 percent of people lives under conditions of absolute poverty; 74 percent of people cannot read and write and 33 percent of the labour force has no work. High rate of growth of population and slow growth of the economy have accentuated these problems over decades. If these trends continue to persist the number of people living in absolute poverty will rise to 113 million by the end of this century and the syndrome of poverty will spread further into social life. The nature of the problems facing Bangladesh is so complex and in magnitude they are so massive that their eventual solution will need a long-term planned effort. The Second Plan is only a step in that direction and its objectives have been formulated in a long-term perspective.



8. The objectives of the Plan are :

- i. to ensure an equitable growth in order to bring about a visible improvement in the standard of living of people through adequate supplies of basic needs;
- ii. to reach food self-sufficiency in the shortest possible time;
- iii. to reduce the rate of population growth;
- iv. to provide gainful employment to people so as to ensure their access to basic needs and benefits of development;
- v. to eliminate illiteracy and provide universal primary education in the broader perspective of human resource development;
- vi. to promote participation of people in development activities through rural development by devolution of administration and development of local institutions;
- vii. to attain a higher degree of self-reliance through mobilisation of increased domestic resources and improvement of balance of payments position.

9. The main focus of the Plan is on poverty. A higher level of income and employment in the economy as a whole is a necessary condition for amelioration of poverty. It is in the rural sector that most of the poor people live. It is there that the potential for growth has not been fully tapped. It is also there that the three major resources of Bangladesh *i.e.*, man, land and water now lie in waste. In the past there has been a concentration of investment on facilities and requirements of urban life to a considerable neglect of the needs of the vast majority in the rural areas. The Second Plan will make a decisive attempt to change this pattern of growth by focusing on the rural sector. Other development activities should ideally minister to the demands of a rural development strategy.

10. The Plan emphasizes the need for a comprehensive rural development programme covering all aspects of rural life, including education, health and culture. But because the foundation of welfare is growth of output and employment, the cornerstone of rural development has to be agricultural development. Agriculture will also act as the prime mover of the Plan for attaining higher levels of income and employment. The planned strategy for agricultural development is to broaden the modern technological base of agriculture. To attain this not only adequate resources will be made available to the rural sector but also an equitable distribution of planned resources will be ensured to various social groups through institutional development so that they share the benefits of development. Since access to resources is significantly influenced by the existing pattern of ownership of rural resources, particularly land, a viable distribution system along with necessary political condition should also be promoted in the rural areas. Social justice will demand a more equitable distribution of wealth, income and employment opportunities during the Second Plan.

11. In order to ensure that the poor has access to their basic needs, the poverty reduction strategy requires spelling out in detail the strategies for

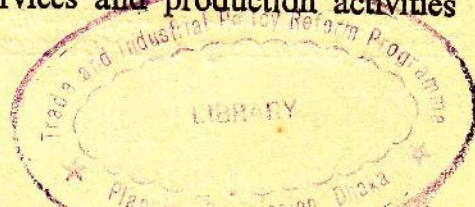


employment and human resource development. A traditional approach to employment generation pure and simple will not do. Technological support as would make labour more productive is what is needed. Further labour has to secure command over tools with which its productivity can be increased. Employment opportunities have to be created not only in intensive and progressive farming but also in rural infra-structure building, rural trades and services and production of goods to meet the needs of rural people. Along with employment, skill of labour will have to be upgraded by training and extension as well as substantiated by support of improved tools, equipment and technology. Thus human resource development will be the key element in attaining an equitable growth under the Second Plan. Universal primary education and vocational orientation of the education system will be the basis of a comprehensive human resource development programme for productive employment.

12. The success of an equitable growth strategy will necessarily depend on production programme. The Plan will ensure adequate supplies of basic need commodities like cereal food, edible oil, pulses, fish, cotton textiles, drinking water, medicine, health care and education. In recent years many of these items have been in short supply. The Second Plan will make this up as well as ensure improvement in their per capita availability through accelerated domestic production. In case of any shortage, as it may happen due to vagaries of weather, price and distribution support will be provided to reduce sufferings of the common man. Open market sales of foodgrains from Government stocks, issue of ration to specific groups of people, food for work programme, vulnerable group feeding programme and such other rational system of price and distribution support are well known.

13. Past effort for reaching a higher standard of living largely suffered due to the rapid growth of population. Though it shows some decline, the current rate (2.6 percent) of population growth is still high. In the face of this growth no amount of development efforts can bring about an appreciable improvement in the standard of living of the common man. For the success of planned development, therefore, population control and family planning must be vigorously pursued with a priority as equal in importance as agricultural and rural development. It is, in fact, an essential lever for rural development and will need involvement of the rural community in order to create a favourable climate of moral and social acquiescence.

14. In order to accelerate the pace of rural development, off-farm activities like trading and services and rural industries will need to be encouraged also. The Plan, besides emphasizing the necessity of pursuing the policy of industrial dispersal, will initiate measures for the development of a chain of rural industries and service centres in support of agriculture. These industries will provide inputs and services to agriculture, process agricultural raw materials and manufacture consumer goods to meet the needs of rural households. The service centres will have facilities for workshop, technical training, demonstration of methods and techniques, marketing and storage. A special credit programme for promoting rural trade, services and production activities will be undertaken during the Plan period.





15. The Plan recognizes the severity of resource constraints; therefore, one of its main objectives is to correct domestic and external resource imbalances. While bringing its investment programme down to the level of available resources, the Plan will have to allocate more resources to those areas which have larger growth potential in near term so as to ensure faster growth of both domestic and external sectors even within the limited resources. The planned emphasis on the agriculture and rural sector will help the country optimize investment benefit from development since its potential is much more than had been perceived in the past. With its vast surplus of labour force it can help accelerate the growth process with less demand on conventional resources and thus help the country succeed in its objective of self-reliance.

### Strategies

16. *Rural Development* : The aim of rural development is to bring about an all-round improvement in the quality of rural life, both material and cultural. The task is massive and complex and will require a combined effort of both people and the Government. In fact, given its vast canvas, the prime mover of rural development has to be people themselves, while the Government will act to complement local efforts with financial and technical support. Initiative of local people will be encouraged to evolve a framework of grass root level institutions for planned programme and implementation.

17. The present involvement of the Government in rural development is minimal and largely indirect. It has been so ineffective that the pattern of rural life has virtually remained unchanged during the three decades of planned developments. The economic activities in the rural areas are to be seen in isolated villages inhabited by seven million families of farmers and petty businessmen who generally live in a state of subsistence away from the main stream of national development process. To overcome this isolation of the masses, the emphasis will be on developing Thanas as effective units of administration and development planning. A system of local governments will be established under which a large part of governmental functions will progressively devolve to elective bodies in Thanas. In addition, Thana authorities will initiate and undertake programmes of local importance with resource support from the national Government.

18. To ensure people's participation in the development process, two streams of action will be simultaneously carried out. Organisation of Thana administration with responsibility for planning, coordination and implementation of local level activities as well as supervision of national development activities at local level will be the primary action. Elected Thana Parishads assisted by services of experts will draw up and implement Thana plans in diverse sectors like rural roads, local irrigation and drainage, primary education, population planning, health care, rural marketing, rural forestry, inland fishing, animal husbandry, rural water supply and sanitation and rural social welfare. They will raise revenue but their main source of funds will be share of revenue as well as project funds from the national Government. They will also supervise and coordinate at local levels national development programmes like regional roads, large irrigation projects, industrial projects located in the Thana, secondary and technical education and health services. This will on



the one hand provide for local programmes based on felt needs and on the other hand help national programmes to be coordinated with local needs and activities. Thana administration will be based on organisation of rural life on Union basis as Chairmen of Union Councils will essentially form the Thana Councils and supply the outlines of Thana plans. The next phase of this process will be strengthening and reorganising the unit of local government at the district level.

19. At a different plane local level non-governmental economic organisations will be promoted. These will be self-help institutions representing economic interests and working for economic purposes. They will provide for more efficient use of voluntary labour on a sustained basis or for production planning through agricultural cooperatives, or for credit support to organised groups of artisans, traders or service industries. A restructuring of IRDP for promoting cooperatives of agriculturists as well as other target groups will be undertaken. Strengthening of *Grameen* Bank concept and extension of its group philosophy will be systematically attempted. The role of the Government in developing local level voluntary organisations will be one of moral leadership and guidance.

20. In the past efforts for rural development mainly failed for lack of support from local organisations, though motivation and enthusiasm among people were not lacking. The whole approach in the past was top-down, which not only failed to appreciate the felt needs of people but also thwarted their initiative. The Plan, therefore, emphasizes the necessity for encouraging grass root level production organisation, particularly among the socially disadvantaged groups like landless labourers, share-croppers and marginal farmers, to promote a back-to-back relationship with Thana administration. The intention is to ensure that the felt needs of people are reflected in official policies and programmes. Local level organisations will be encouraged to promote production, employment, voluntary consolidation of holding, community management of water resources, forests and fisheries and for community involvement in building physical infra-structure, education, family planning, etc.

21. *Agricultural Development* : The Plan envisages a rapid expansion of agricultural outputs, without which there can be neither any rural nor any national development. All efforts in the areas of administrative changes, land reforms, local level organisation, rural service centres and credit programmes will be geared to provide the thrust to raising agricultural production. While self-sufficiency in foodgrain production is the major objective of the Plan, a beginning will be made to secure a more balanced diet through increased output of oil seeds, pulses, fish and poultry. The agricultural production strategy will ensure necessary institutional support and policy measures with respect to input supplies and services. The main thrust of the strategy is to increase irrigated area together with supplies of other essential inputs like HYV seeds and fertilizer. Irrigated acreage will be doubled, mainly through the least-cost irrigation techniques. Fertilizer use is envisaged to be two-fold by the end of the Plan period. Since modern inputs are costly and modern agriculture is energy intensive, supply of adequate credit



to farmers will be ensured on the one hand and more use of organic manure will be encouraged on the other, not only to keep the cost of modern inputs to a minimum but also to accelerate microbial activities.

22. An essential condition for attaining agricultural targets is to maintain incentive prices for farm inputs and outputs. General subsidies on fertilizer and other inputs will be selectively used as also planned promotional efforts, with greater emphasis on incentive prices for outputs to stimulate agricultural output. At the same time storage and processing facilities will have to be greatly improved. In case of foodgrain a security reserve will be maintained to overcome emergencies, but the rationing system will be progressively eliminated. Food policy will be integrated with other agricultural production programmes, particularly that of jute, through market mechanism so as to minimize fluctuations in their outputs.

23. *Regional Planning Approach to Rural Development*: The Plan recognizes the necessity of regional planning for comprehensive rural development. It is necessary to develop a spatial plan in support of the production plan. The national targets of production will be disaggregated into regional targets to ensure agricultural specialization in accordance with local resource endowments, e.g. soil, rainfall, temperature, etc., to ensure efficient uses of natural resources.

24. The villages of Bangladesh must be the focus for any regional plan but considering the size of population and the scales and diversities of economic activities the geographic area of a Thana is considered to be a more viable unit to organize agro-industries centre at its best location in relation to its socio-economic parameters. Each Thana will have a service-cum-industrial programme within its overall Thana Development Plan based on local resources. These programmes will provide for inter-region and inter-industry linkages also. It will be a major task for the planners to identify the Thana level viable agro-based and agro-support industries and services. To ensure a strong catalytic process the Thana level activities will not only be organized within a hierarchical system of regional and national complexes but also be related effectively with its natural basic units, i. e. the unions and villages. Starting selectively, the aim should be to develop a model village in each Thana to make them organically viable. Development of rural infra-structure including rural electrification will provide the life lines for the development of villages.

25. *Industrial Strategy for Rural Development*: The industrial strategy of the Plan is to provide the necessary support to the rural sector through linkage with agricultural development. Therefore, the industrial programme will consist mainly of agro-process and agro-support industries. In order to ensure a full impact of agricultural development on the rural economy special importance will be given to the development of consumer industries in rural areas. Light and small industries will be developed in close proximity to rural communities to provide maximum employment opportunities. Development of a chain of growth centres in rural areas with all the public utility facilities will encourage dispersal of industries.



26. Since development is a continuous process, it cannot be overlooked that, though agriculture has the largest growth potential in the near-term, the long-term economic interest of the country lies in sustained growth. This will need initiation of a structural change through industrial development. With foreign debt accumulating and export-import gap widening, Bangladesh has to develop in the long run an outward-looking industrial structure. Because of resource constraints and limitations of institutional capabilities of the public sector, greater use of private entrepreneurial abilities and initiative will have to be made in the industrial sector. A new industrial policy with less of official control will be pursued during the Plan period.

27. *Strategy for Energy Development* : The consumption of commercial energy is one of the lowest in Bangladesh, it is only 32 k.g. oil equivalent per capita a year. And yet the country faces a serious energy crisis. Imported fuels cost over 50 percent of export earnings (1979-80) and harnessing of indigenous energy resources is both costly and time consuming. The demand for commercial energy will rise significantly during the Plan period with the development of the economy, particularly because modern agricultural technology which is indispensable to bring about rapid agricultural development is very energy intensive. So a satisfactory solution of the energy problem facing the country has to be aggressively sought to ensure agricultural and other developments. The main piece of the energy sector strategy is substitution of natural gas for imported fuel as far as technologically feasible.

28. Rural sector faces an equally serious energy crisis, but silently, because of depleted forest resources as well as because of high cost of imported fuel. Therefore, rural electrification has been given a very high priority in the Plan as it will indirectly substitute natural gas for diesel in irrigation pumping and for kerosene in household lighting. The Plan recognizes overall danger of depleting forest resources in the rural areas and will initiate programmes to solve it through the development of community forests and homestead woodlots.

29. *Strategy for Population Control* : Fast growing population remains a serious problem for Bangladesh. So far the main emphasis in family planning has been on the delivery system ; but a real break-through cannot be achieved without the participation of the community. One of the focuses of local level organization will be to create conditions for community participation in family planning as well as in education and health care. Along with this, the quality of family planning services will be improved and the incentive system restructured to encourage late marriage and small families. Motivational activities and a system of incentives, recourse to all methods of birth control measures, improvement in delivery system including the quality of service, legal and social steps to discourage early marriage and large families, training of family planning workers, supervision of the population control measures and a monitoring system for population planning will all have to be effectively and efficiently coordinated for the success of population control programme.

30. *Strategy for Education and Human Resource Development* : The objective of attaining a higher quality of life can be realized only if the population is literate. The ability to read and write is an asset for progress



and is a means not only for access to employment and income opportunities but also for overall development of human resources. The Plan has, therefore, given utmost emphasis on primary education and non-formal education. In non-formal education, though literacy will be an essential component, the emphasis will be on skill formation, linked with the rural economic life. A number of community schools will be developed which will provide linkage between organized and structured knowledge of formal education and felt-need-based non-formal education. For an osmosis of knowledge and experience, participation of the community in school activities will be encouraged through the establishment of parent-teacher councils, curriculum advisory committees, etc., involving progressive farmers, local experts and social workers. The school will also actively participate in the community development programmes. Vocational orientation in education programme, improvement in science teaching in schools and higher allocation of resources for vocational and primary education are the other salient features of the education strategy of the Plan.

31. While there is need for development of field-level activities on the basis of tested knowledge through the community schools, it is equally important to ensure a strong feed-back between knowledge and experience. To meet this need the Training and Visit (T & V) system will be extended to all the spheres of rural life such as crop cultivation, fisheries, livestock, forestries, population planning, health, non-formal education, cottage industries, etc.

32. One of the basic objectives of the Plan is employment. To make labour productive, rewarding and satisfying, the Plan will consciously seek the transition of the rural economy to a higher level of technology through upgrading the skills of labourers and artisans and providing them with improved tools and equipment. Without such transition the material basis of life cannot improve significantly and the quality of life cannot change appreciably.

### **Plan Size and Sectoral Allocation**

33. Against the background of socio-economic malaise, an intense desire to achieve a visible improvement in the standard of living of people could not but warrant a search for an optimum size of the Plan. Expectation has been reinforced by the significant improvement in development performance during the second half of the last decade. Between 1975-76 and 1979-80, GDP increased at an annual rate of 5.2 percent. There was substantial improvement in public sector resource position. Tax/GDP ratio rose from 4.3 percent in 1974-75 to 7.9 percent in 1979-80 and the investment rate from 5.9 percent to 12.9 percent over the same period, mainly due to higher aid inflow. It was against this encouraging background that the Second Plan for an outlay of Tk. 25,595 crore (in 1979-80 prices) was prepared. No sooner the Plan was launched in July 1980 than there was the second oil crisis which set the world trade and aid in shambles. Aid inflow stagnated and export earnings declined even in current dollar terms, severely upsetting public sector resources. During the first two years of the Plan, only \$ 2,300 million were received as aid against the Plan estimate of \$4,408 million and only 67 percent of the public sector planned outlay was realized. In the third year (1982-83), there is still no hope for any significant



improvement in foreign aid, while the public sector ADP constituted even a smaller percentage (49·3 percent) of the third year's planned outlay. This is the case despite a considerable effort that has been made for mobilization of domestic resources. In view of the depressed climate of world trade and aid, the Plan size has been drastically reduced.

34. The final size of the Plan is Tk. 17,200 crore, Tk. 11,100 crore for the public sector and Tk. 6,100 crore for the private sector as against their original allocations of Tk. 20,125 crore and Tk. 5,470 crore respectively in the draft Plan. Public sector's allocation has been reduced by 45 percent. This reduction in public sector allocation has been effected through (i) elimination of less essential components of on-going projects, (ii) dropping of such projects as would have made little impact on growth of the economy or on employment, and (iii) deferring of a number of important projects which though necessary for the sustained growth of the economy have limited impact on the economy in the near term. In contrast to the reduction of the public sector allocation, private sector allocation has been raised from Tk. 5,470 crore to Tk. 6,100 crore in the light of the new industrial policy which has liberalized private investment and increased inflow of wage-earners' remittances. Further, since foreign aid constraint is anticipated to continue, the Plan emphasizes the need to encourage international capital movement through private channel for which greater incentives are being made available.

35. The main reason for the reduction of the Plan size is severe resource constraint. At the present level of income, adequate domestic resources cannot be mobilized to bring about a visible change in the economy. Therefore, even after reduction of its size, the Plan will be substantially dependent on foreign aid which has been estimated at a drastically reduced level. Out of the total planned outlay of Tk. 17,200 crore, Tk. 7,091 crore will be financed from foreign aid (net) against Tk. 8,064 crore (at 1979-80 prices) received during the preceding 5 years. Foreign aid (net) will decline from 66·0 percent of planned outlay in 1979-80 to 28·5 percent in 1984-85. This necessarily implies a greater emphasis on domestic resource which is estimated at Tk. 8,132 crore, while wage-earners' remittances will provide an important cushion for development financing. Public sector resource is estimated to be Tk. 4,674 crore for the Plan period; underlying this is the implication that tax/GDP ratio will rise from 7·9 percent in 1979-80 to 9·5 percent in 1984-85. The amount of additional tax is Tk. 1,215 crore out of which Tk. 881 crore will come from measures already taken during the first 3 years of the Plan. The envisaged tax/GDP ratio does not look impossible to attain in the light of experience of the developing countries in South-East Asian region. Table-1 provides a picture of Plan outlay in the public and private sectors along with estimates of foreign aid and internal revenue surplus.

36. *Saving and Consumption* : The required saving level will not impose any undue burden on consumption. The present saving rate is 4·3 percent which will rise to 7·4 percent in 1984-85. Even after that the consumption fund will grow at an annual rate of 5 percent which is about twice the rate of population growth, though somewhat below the projected GDP growth rate of 5·4 percent.

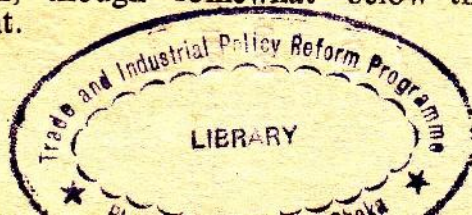




TABLE 1

## Revised Second Five Year Plan Outlay

[Taka in crore]

Year	In 1979-80 prices					In current prices						
	Total Outlay	Public Sector	Private Sector	Revenue Surplus	Foreign Aid		Total	Public Sector	Private Sector	Revenue Surplus	Foreign Aid (million dollar)	
					Million dollar	Crore Taka						
1979-80	..	2,717	2,082	635	535	1,223	1,895	2,717	2,082	635	535	1,223
1980-81	..	2,965	2,115	850	811	1,065	1,650	3,316	2,364	952	910	1,147
1981-82	..	2,887	1,907	980	496	1,181	1,830	3,620	2,391	1,229	622	1,235
1982-83	..	3,312	2,052	1,260	581	1,213	1,880	4,513	2,883	1,630	765	1,345
Sub-Total (1980-83)		9,164	6,074	3,090	1,888	3,459	5,360	11,449	7,698	3,811	2,297	3,727
1983-84	..	3,740	2,330	1,410	1,028	1,252	1,903	5,884	3,666	2,218	1,640	1,510
1984-85	..	4,296	2,696	1,600	1,289	1,309	2,029	7,707	4,715	2,992	2,325	1,660
Sub-total (1983-85)		8,036	5,026	3,010	2,317	2,561	3,932	13,591	8,381	5,210	3,965	3,170
Total (1980-85)		17,200	11,100	6,100	4,205	6,020	9,292	25,040	16,019	9,021	6,262	6,897



In fact, over 80 percent of incremental income of the Plan period will be available for consumption; so the basic need goal of the Plan will remain fully protected. The Plan will match this consumption goal with necessary production programmes and price and distribution policies.

37. The major consumption targets are:

Item	1979-80	1984-85
1. Foodgrains (oz/day per head) .. ..	15.8	15.8
2. Fish (lb/year per head) .. ..	16.6	22.8
3. Sugar and Gur (lb/year per head) .. ..	16.1	16.9
4. Cloth (yds. per head) .. ..	7.1	9.7
5. Energy (kg of c.e.) .. ..	49.0	78.0
6. Hospital beds (per 1,00,000 people) ..	18	27
7. Graduate Doctors (per 1,00,000 people) ..	13	17
8. Primary Enrolment (% of age group, 6-11)	60	92
9. Paved Roads (miles per thousand sq. mile)	56	97

The Plan does not envisage any increase in cereal consumption but will maintain the level through food self-sufficiency; it, however, provides for significant improvement in the quality of diet through improved supplies of fish, pulses, meat, etc.

38. *Development Management:* An important condition for realizing the Plan is the management ability of the country, particularly that of the public sector. The thrust on rural development, decentralization of public administration, greater reliance on the private sector and emphasis on public participation in development process will call for a new environment in the techno-economic management of the development programme. There has been significant improvement in economic management in recent years but the thrust needs not only to be maintained over the Plan period, but also to be adapted to the diffusion of development process. Administrative decentralization, devolution of power to local governments and greater reliance on the private sector will vastly increase the responsibility of the national Government having the ultimate responsibility for the well-being of its people. There should be greater emphasis on monitoring of economic development and policy planning in view of less of direct control of the economy through public investment.

39. *Sectoral Allocation:* The sectoral allocation has been determined within the framework of a multi-sectoral model on the basis of national priorities. Except some final demand goods of social importance like food and cloth, all other outputs have been determined endogenously within the model; similar has been the investment decisions, except for some large, lumpy investments and investments dictated by social necessity as in primary



education. Resulting investments were allocated to public and private sectors depending on their involvement in various sectors of the economy. According to the present budgetary practices some non-investment items such as subsidies on agricultural inputs and salaries of development agencies (non-revenue) were added to the investment size to arrive at the total planned outlay.

40. The sectoral allocation of the total development outlay is shown below:

TABLE 2  
Sectoral Allocation

Sector	[Taka in crore]		
	Public	Private	Total
1. Agriculture, Water and Rural Development	3,802	2,257	6,059
2. Industries and Minerals .. ..	1,390	1,769	3,159
3. Power and Energy .. ..	2,052	..	2,052
4. Transport and Communications ..	1,524	976	2,500
5. Physical Planning .. ..	574	1,098	1,672
6. Socio-economic Sectors .. ..	1,758	..	1,758
Total ..	11,100	6,100	17,200

The details of public sector allocation is shown in table 3 along with the original allocation under the draft Plan.

41. In sectoral allocation, emphasis has been given on those sectors which have direct and positive effect on supplies of basic needs, employment generation and resource mobilization. Accordingly agriculture sector has received the highest priority not only because it has the highest growth potential in the near term, but also because it will increase employment and improve balance of payment position through substitution of food import. Over 34 percent of the public sector outlay has been allocated to agriculture, water and rural institutions sectors. The emphasis on irrigation will also bring about a substantial private investment in this sector. Out of Tk. 6,100 crore of anticipated private investment, Tk. 2,257 crore is expected to be made in agriculture.

42. But it must also be emphasised that to face up to the challenges of endemic poverty and massive unemployment in the rural areas, a total approach for rural development is necessary. Besides agriculture and water, physical infra-structure need be developed in rural areas. Development of basic socio-economic infra-structure in the rural areas has been largely neglected in the past; this is likely to suffer during the Second Plan period due



TABLE 3

A Comparative Statement showing Original, Revised and Proposed Allocation in the Public Sector of the Second Five Year Plan (1980-85)

[Taka in crore]

Sector	Original Allocation (as in Draft Plan)		Revised SFYP		Expenditure 1980-82		Allocation 1982-83	
	Total	Percentage	Total	Percentage	Total	Percentage	Total	Percentage
1. Agriculture and Related Activities	..	..	3,802	34.2	1,572.8	33.1	861.9	32.0
(a) Agriculture	2,700	13.41	1,470	13.2	596.9	12.5	392.8	14.6
(b) Irrigation and Water Resources	3,000	14.91	1,850	16.7	777.8	16.4	352.3	13.1
(c) Rural Development Institutions (including Development Boards)	800	3.98	482	4.3	198.1	4.2	116.8	4.3
2. Industry	3,275	16.27	1,390	12.5	547.6	11.5	308.6	11.4
3. Power and Natural Resources	2,760	13.72	2,052	18.5	831.5	17.5	457.5	16.9
4. Physical Planning and Housing	1,220	6.06	574	5.2	302.4	6.4	137.5	5.1
5. Transport	2,635	13.89	1,287	11.6	836.2	17.6	368.2	13.6
6. Communication (excluding Mass Communication)	835	4.15	237	2.1	96.3	2.0	62.8	2.3
7. Socio-economic Infra structures and Human Resource Development	2,900	14.41	1,758	15.84	569.2	11.9	503.5	18.7
(a) Health	595	2.96	288	2.6	130.4	2.7	68.5	2.5
(b) Population Control and Family Planning..	615	3.06	310	2.8	86.6	1.8	78.4	2.9
(c) Social Welfare, Youth and Women Affairs, Sports and Culture and Mass Media	370	1.83	202	1.8	105.4	2.2	44.9	1.7
(d) Education and Religious Affairs	920	4.57	480	4.5	162.0	3.4	107.0	4.0
(e) S. T. R.	155	0.77	92	0.8	55.9	1.2	28.8	1.1
(f) Manpower and Labour	185	0.92	61	0.5	16.0	0.3	20.5	0.8
(g) Public Administration	60	0.30	38	0.3	12.9	0.3	10.1	0.4
(h) Development of New Administration	..	..	287	2.6	..	..	140.0	5.1
(i) Reserve	..	..	..	..	..	..	5.3	0.2
Total	20,125	100.00	11,100	100.0	4,755.6	100.0	2,700.0	100.0

Notes: Plan allocations are at 1979/80 prices, ADP expenditure/allocation at current prices.



to stringent condition of resources unless positive steps are taken in a planned way to improve physical facilities in the rural areas. Decentralization of public administration will augur a new phase in rural development. The Plan will provide strong support to it through its emphasis on primary education, family planning and health care, rural water supply, rural road construction, rural electrification, rural forestry, inland fishing, water conservation and agro-urban centres.

43. All plans, however, involve compromises between short-term and long-term ends. In view of the serious domestic and external resource constraints, the Plan has to ensure that output and investment are also optimized, given reasonable social constraints, so that the economy can sustain a steady growth over time. The sectoral allocation has, therefore, been arrived at for attaining an optimal growth in the light of past experiences. It is recognised that through growth only the economy can overcome its current domestic and external resource imbalances. From this point of view, the second most important area for planned programme is the energy sector. Bangladesh spent over 50 percent of her export earning (1979-80) in importing fuel. To help the energy sector to overcome this phenomenon without affecting the growth of the economy which will also lead to increased energy consumption, it has been allocated 18.5 percent of public sector outlay.

44. *Private Sector's Allocation* : The inter-sectoral allocation for the private sector is partly based on its past behaviour and partly on the need for social direction as its past behaviour has been heavily influenced by the preference of financial institutions as well as by an urban bias of development strategy. New policies and new strategies with their focus on rural development require re-orientation of private investment towards national priority sectors, particularly in favour of small farmers, small entrepreneurs and small businessmen. Fiscal and monetary policy incentives to bring about this reorientation in private investment will be actively pursued during the Plan period.

### **Growth of the Economy**

45. The original Plan envisaged an annual rate of growth of 7.2 percent for the Plan period; since the Plan size has been reduced, only a 5.4 percent annual growth will be feasible on the average for the Plan period as a whole. This will be a little above what was achieved in the preceding 5 years in 1970s. The mainstay of this growth will be agriculture which has also been given the highest allocation. About half of the growth of the GDP will



originate in the agriculture sector, mainly from increased food output (17.5 million tons of grains in 1984-85). The sectoral growths are indicated in table 4 below :

TABLE 4  
Growth and Composition, Gross Domestic Product for the Second Five Year Plan

(At 1979-80 prices)

[Taka in crore]

Sector	Value Added		Average Annual Growth Rate (%) over the Period (1980-85)	Growth Rate	
	1979-80 (Actual)	1984-85 (Projection)		1980-82 (Actual)	1982-83 (Forecast)
1. Agriculture .. .. .	8,919.1	11,418.5	5.0	3.2	5.6
(a) Foodgrains .. .. .	4,931.3	6,278.5	4.9	3.7	5.8
(b) Other Agriculture .. .. .	3,987.8	5,140.0	5.2	2.6	5.4
2. Manufacturing .. .. .	1,421.6	2,124.4	8.4	5.8	3.5
3. Construction .. .. .	928.9	1,174.9	4.8	(—) 1.0	3.4
4. Power and Gas .. .. .	36.9	77.6	16.0	14.5	9.8
5. Housing .. .. .	1,146.4	1,329.0	3.0	4.0	4.3
6. Transport .. .. .	1,127.9	1,486.6	5.7	1.9	4.5
7. Trade and other Services .. .. .	3,698.2	4,861.0	5.7	4.6	4.2
(a) GDP at factor cost .. .. .	17,279.0	22,472.0	5.4	3.5	4.9
(b) GDP at market prices .. .. .	18,206.0	24,210.0	5.8	3.7	5.1
(c) Population (In million) .. .. .	87.23	98.05	2.4	2.8	2.4
(d) Per capita GDP (In Taka) .. .. .	2,087	2,469	3.5	0.7	2.5

46. The revised GDP growth rate of 5.4 percent is marginally above that (5.2 percent) realized in the preceding 5-year period (1975 to 1980). Though the economy will be operating under greater resource strains than in the past, fructuation of such old investments as in cotton textiles, urea fertilizer, power plants, etc., and greater emphasis on the quick yielding investments in agriculture, irrigation, small industries and gas distribution projects will enable substantial improvement in the growth rate.

47. The external resource constraint is reflected in the construction and housing industries which will grow below the GDP growth rate; as a result, their share in the GDP will slightly decline. Because the industries and power sectors constitute a small share of GDP, each of them will have a little



improved share, mainly because of past investments. Trade and transport sector will also gain in share reflecting greater trade and transport activities which will follow dispersal of development activities in favour of rural areas. The structural change which is shown in Table 5 below will, however, be marginal :

TABLE 5  
Structural Change in GDP (% share)

Sector					1979-80	1984-85
1. Agriculture	..	..	..	..	51.62	50.81
2. Industries	..	..	..	..	8.20	9.45
3. Power and Gas	..	..	..	..	0.24	0.35
4. Construction	..	..	..	..	5.38	5.23
5. Housing	..	..	..	..	6.63	5.91
6. Transport, Trade and Services	..	..	..	..	27.93	28.25
Total					100.00	100.00

### Highlights of Output Targets

48. The main emphasis of the Plan is to increase output of goods and services for the rural population. The target for foodgrains output has been fixed at 17.5 million tons (original target was 20 million tons). This will enable total replacement of food import by 1984-85 at the normal level of per capita consumption of 15.8 oz. a day. The main strategy for increasing food output is to bring about a rapid diffusion of the water-fertilizer-seed technology. The area under irrigation will be doubled to 7.2 million acres; so also the fertilizer input (1.6 million tons). There will be some improvement in the supply of such other carbohydrates such as sugar and *gur*. Sugar output will increase from 93.2 thousand tons to 200 thousand tons.

49. The daily diet of the ordinary man in Bangladesh is very deficit in protein. The Plan will lead to some improvement in protein diet through increased output of fish and pulses. The target for fish production is 10 lakh tons against 6.5 lakh tons produced in 1979-80, which will enable an increase in per capita consumption of fish from 16.6 lbs. a year to 22.8 lbs. a year.

50. Next to food, the most important item of mass consumption is clothing. The production target for cotton cloth is 95.06 crore yards, most of which (85 percent) will be handloom products. The per capita availability of cloth will rise from 7.1 yards in 1979-80 to 9.7 yards in the terminal year of the Plan.



51. There will also be rapid expansion of public goods like education, health care, water supply, family planning services, road facilities and energy supply. Primary school enrolment will increase from 7 million in 1979-80 to 12.99 million in 1984-85; the number of practising eligible couples for family planning from 2.34 million to 7.08 million; hospital beds from 15.3 thousands to 26.3 thousands; number of electrified villages from 500 to 25,000; commercial energy output from 2.77 million tons of oil equivalent to 4.58 million tons of oil equivalent, and paved roads from 2,554 miles to 4,404 miles.

52. Major output targets of the Plan are given below :

TABLE 6

## Output Targets

Item	Benchmark (1979-80)	Target (1984-85)
1. Foodgrains (lakh tons) .. .. .	134	175
2. Fish (lakh tons) .. .. .	6.5	10
3. Tea (lakh lbs) .. .. .	816	950
4. Sugar (000 tons) .. .. .	93.2	200
5. Cotton Cloth (crore yds.) .. .. .	59.2	95.1
6. Jute Textiles (lakh tons) .. .. .	5.38	6.50
7. Fertilizer (lakh tons) .. .. .	4.42	10.37
8. Paper and Newsprint (000 tons) .. .. .	71.88	93.00
9. Pumps ('000') .. .. .	2.11	18.10
10. Diesel Engines ('000') .. .. .	2.41	20.00
11. Electricity (million kwh) .. .. .	2353	3430
12. Natural Gas (MM Cft/day) .. .. .	127	460

## Financing of the Plan

53. The total outlay during the Plan period is estimated at Tk. 19,079 crore of which planned outlay is only Tk. 17,200 crore. The total contribution of external resources will be Tk. 10,947 crore, of which net foreign aid will



be Tk. 7,091 crore, and domestic resource will contribute Tk. 8,132 crore. External resources as a proportion of total development outlay will be 57.4 percent as against 76.0 percent in 1979-80. Taking aid disbursements into account without noting repayment and debt servicing, it will be Tk. 7,955 crore in five years and Tk. 1,343 crore in the terminal year of the Plan. Aid disbursement (gross) as a proportion of planned outlay was 69.8 percent in 1979-80 and it will be 31.3 percent in 1984-85 while for the SFYP period it will be 46.3 percent. Table 7 (P. 21) shows development outlay and its financing.

54. The financing of the public sector programme of Tk. 11,100 crore will call for generating a large revenue surplus. In the first three years, estimated revenue surplus is Tk. 1,888 crore, in the next two years it should be Tk. 2,317 crore and this will mean additional and new tax effort of Tk. 334 crore. It is assumed that own resources of various development agencies will secure Tk. 350 crore, while net capital receipts will be Tk. 119 crore and borrowings from banks and other sources will yield Tk. 230 crore. Net contribution of foreign aid will be only Tk. 6,196 crore. Table 8 indicates the financing of the public sector development programme.

TABLE 8  
Financing of the Public Sector

	[Tk. in crore]
1. Planned Outlay .. .. .	11,100
2. Financing :	
I. Domestic Resources :	
(i) Revenue Surplus (at existing rates)	2,838
(ii) Corporate Fund .. .. .	350
(iii) Capital Receipt (net) .. .. .	119
	3,307
II. Foreign Aid (net) .. .. .	6,196
Total Available Resources .. .. .	9,503
III. New Tax and Non-tax Measures .. .. .	1,367
IV. Bank and Private Borrowings .. .. .	230
Total Resource .. .. .	11,100



TABLE 71

## Development Outlay (Plan and Non-Plan) and its Financing

(1979-80 prices)

Description				Base year (1979-80)	Plan period (1980-85)	Terminal year (1984-85)
1.	Planned Outlay	..	..	2,717	17,200	4,295
2.	Non-Plan Outlay	..	..	627	1,879	280
3.	Total Development Outlay	..	..	3,344	19,079	4,575
4.	(a) External Resources	..	..	2,544	10,947	2,165
	(b) Foreign Aid (net)	..	..	1,792	7,091	1,225
5.	Domestic Resource Need	..	..	800	8,132	2,411
6.	GDP (at 1979-80 market prices)	..	..	18,206	..	24,210
7.	(a) Development Outlay (% of GDP)	..	..	18.4	..	18.9
	(b) Planned Outlay (% of GDP)	..	..	14.9	..	17.7
8.	(a) Investment	..	..	2,896	16,579	3,955
	(b) Investment as % of GDP	..	..	15.9	..	16.3
9.	(a) Domestic Saving	..	..	789	5,668	1,790
	(b) Domestic Saving as % of GDP	..	..	4.3	..	7.4
10.	(a) National Saving	..	..	1,196	9,279	2,706
	(b) National Saving as % of GDP	..	..	6.6	..	11.2
11.	Marginal Saving Rate (Domestic)	..	..	..	14.7	32.6
12.	Tax/GDP Ratio	..	..	7.9	..	9.5
13.	(a) Foreign Aid (net) as % of GDP	..	..	9.8	..	5.1
	(b) Foreign Aid (net) as % of Planned Outlay	..	..	66.0	41.2	28.5

Note : (i) Non-Plan outlay shows a decline in 1984-85 from 1979-80 benchmark because in the latter year there was large food stock build-up as well as a large Food for Work Programme.

(ii) In 1979-80, national saving (10.b) and foreign aid (13.a) as percentage of GDP do not equal investment ratio (8.a) because of draw down of cash reserve which is a dissaving and receipt of I.M.F. resources.

(iii) Foreign aid estimated at Tk. 7,955 crore or \$5,132 million after adjustment for loss of resource due to lower unit price for export.

(iv) Foreign aid on disbursement basis is Tk. 1,896 crore in 1979-80, Tk. 9,292 crore in 1980-85 period and Tk. 1,343 crore in 1984-85 giving shares of 69.8%, 46.3%, and 31.3% respectively in the planned outlay.



## Balance of Payment and External Resources

55. One of the great predicaments of current economic situation of Bangladesh is its growing balance of payment gap which primarily necessitated the revision of the Plan. Between 1973-74 and 1979-80, import bills rose from \$ 925 million to \$ 2,366 million while export earnings increased from \$ 363 million to \$ 721 million only, resulting in the widening of the trade gap from \$ 562 million to \$ 1,645 million. During the second half of the 1970s the gap was largely met from foreign aid which rose from \$ 461 million in 1973-74 to \$ 1,222 million in 1979-80. However it needs to be emphasized here that the most important strategy of developing countries is to deliberately run a balance of payment gap to absorb foreign aid; a balance of payment gap itself is thus not undesirable so long as it is matched by external resources inflow. Since the second oil crisis of 1979 however the world aid and trade conditions changed so much to the disadvantage of Bangladesh like many other developing countries, that it has become too difficult even to maintain the existing gap. Global inflation has raised the cost of imports faster than export prices and the terms of trade of Bangladesh has deteriorated sharply leading to a loss of significant amount of her resources. Export-import gap widened in current dollar terms while aid stagnated. The original Plan envisaged an aid inflow of \$ 1,400 million (in 1979-80 prices) in 1980-81; but actual aid was \$ 1,147 million in current prices (\$ 1,065 million in 1979-80 prices). Because of persistent recession and inflation in the developed world the aid outlook remains discouraging. Against this background, the projection of foreign aid was revised drastically downward, from \$ 9,161 million in the draft Plan to \$ 5,132 (gross) million (\$ 6,094 million before terms of trade adjustments) in the revised Plan.

56. The main strategy for facing the balance of payment problem of the country is to secure a higher growth of export and induce greater substitution of imports, while keeping non-essential imports to the minimum. Export sector has so far failed to be as dynamic as it should be in a developing country. In real terms (1974-75 prices), export value increased at 5.0 percent a year, at about the same rate as GDP grew during the second half of 1970s. The main reasons were virtual dependence on a single manufacturing industry (*i. e.*, jute textiles), past industrial strategy concentrating heavily on import-substitution resulting in the neglect of investment in export industries in spite of presence of comfortable areas of comparative advantage, deteriorating world trade and the like. The Plan has addressed these issues but a break-through in the export market will require determined effort at home for developing export industries and an aggressive marketing policy overseas including international effort to expand the Generalized System of Preference for the developing world. At home the efforts will also include investment in physical facilities such as transportation, shipping and warehousing and enforcement of quality control. The establishment of the Export Processing Zone at the port town of Chittagong and fiscal and foreign exchange facilities provided to foreign private capital are expected to induce higher foreign investment in the export sector during the Plan period. In addition, the potential export markets for some of the public sector goods like newsprint, paper, fertilizer, electric cables and equipment should be explored by the public enterprises through aggressive salesmanship abroad and planned production at home rather than going for export of erratic surpluses.



57. The Plan projects export to grow from Tk. 1,118 crore in 1979-80 to Tk. 1,698 crore (in 1979-80 prices), giving an annual rate of growth of 8.7 percent against 5 percent growth (in 1974-75 prices) achieved in the preceding 5-year period. Main exports will consist of raw jute, jute goods, tea, leather, fertilizer and refinery products. The share of the traditional exports consisting of the first 4 items will decline from 87.2 percent to 75.7 percent of the total export in the terminal year of the Plan, mainly because no significant improvement in jute goods export is foreseen in view of a continuing world recession.

58. The measures mentioned above for export promotion cannot bring about any substantial improvement in export earnings not only because the investments in this sector have great gestation lag but also because considerable promotional activities will have to precede export pick up. In view of these constraints to rapid growth in export, an optimum import substitution programme also has been planned. This will consist mainly of substitution of food, imported fuel, pumps and diesel engines, fertilizer, electric equipment and cables, tools and machineries. As a result, import is projected to be Tk. 3,719 crore in 1984-85 against Tk. 3,667 crore in 1979-80, both in 1979-80 prices. This means a nominal increase in imports.

59. The export-import gap is estimated at Tk. 2,165 crore for 1984-85 against Tk. 2,544 crore in 1979-80 (in 1979-80 prices). A significant part of this gap will be met from foreign remittances (Tk. 916 crore). The net foreign exchange gap will decline from Tk. 2,058 crore in 1979-80 to Tk. 2,049 crore in 1984-85.

60. The balance of payment picture for the Plan period is shown in Table 9 below :

TABLE 9

## Projection of Balance of Payment, 1980-85 (at 1979-80 prices)

Item	[Tk. in crore]		
	1979-80	1984-85	1980-85
1. Imports :			
(a) Goods (c.i.f.) .. ..	—3,667	—3,719	—17,802
(b) Services .. ..	—387	—591	—2,575
2. Exports :			
(a) Goods (f.o.b.) .. ..	1,118	1,698	7,425
(b) Services .. ..	392	447	2,033
3. Balance of Trade .. ..	—2,544	—2,165	—10,919
4. Terms of Trade Adjustments .. ..	..	—682	—2,710
5. Net Remittances .. ..	407	916	3,611
6. Current Account .. ..	—2,137	—1,931	—10,018
7. Debt Repayments .. ..	—104	—118	—864
8. Required Change in Reserve .. ..	183	..	36
9. Foreign Exchange Gap .. ..	—2,058	—2,049	—10,846



61. *Foreign Remittances* : An encouraging feature in the evolution of the external sector in recent years is the rapid growth of remittances from Bangladeshi nationals working abroad. In 1979-80 the amount of remittances stood at Tk. 407 crore, next to jute goods, as the second largest source of foreign exchange earning. This helped to cover the balance of payment gap significantly and liberalize import policy through the opening of a free foreign exchange market. In spite of this encouraging development, the share of Bangladesh among the world migrant workers is 1 percent only. While this indicates potentials for increasing her share, Bangladesh has to take positive measures to upgrade the skill of her manpower to meet the specific needs of the importing countries. This is also necessary to avoid any eventual short supply in the domestic market.

62. The number of migrant workers from Bangladesh is estimated to rise to about 3.4 lakh, a growth of 8 percent a year. Remittances are expected to grow faster because of normal increase in earnings as well as for remittance of accumulated saving. The projection of remittance for 1984-85 is Tk. 1,085 crore or \$ 700 million (in 1979-80 prices).

63. *Employment Prospect* : One of the main objectives of the Plan is to create opportunities for gainful employment so as to ensure access of common man to basic needs. In the past, employment situation failed to improve because of serious shortfall in investment, faulty investment strategy, choice of inappropriate technology, capital biased factor pricing, high rate of population growth and above all, treatment of employment as an indirect product of investment and income growth; but the major reason was shortfall in investment. Only 59 percent of the planned investment of the First Plan was realized; the realization rate for the Two Year Plan was better. But economic growth and expansion of employment opportunities were slower than envisaged in the plans. The employment target of the First Plan was creation of 54 lakh jobs on man-year basis; against this, the estimate of new employment is 30 lakh which was short of increase in labour force by 9 lakh. The Two Year Plan's target for new employment was 18 lakh but slower economic growth suggests that actual growth in employment opportunities was less than planned. However, under the Food-for-Work Programme 2,000 lakh man-days of employment were created during the Two Year Plan against 2,640 lakh man-days created during the preceding 4 years.

64. The draft Plan envisaged creation of 51.8 lakh job opportunities between 1980-81 and 1984-85. But since it also envisaged a level of investment much higher than the revised size this employment target cannot be



reached. However, reallocation of resource to quick yielding projects, concentration of investment on projects in their pen-ultimate stage, reorientation of the Plan towards rural development including development of rural industries will offset partly the effect of reduction in planned outlay on employment creation.

65. The main instrument of the Plan for employment creation will be the expansion of the new agricultural technology which is both land-augmenting and labour-intensive. It is proposed to double irrigated areas which is estimated to create new employment for 18 lakh of farm labourers in the crop sector. Non-crop sector activities in livestock, fisheries and forestry will also provide additional employment opportunities which is estimated at 6.6 lakh. Another 6.9 lakh employment will be created in industries, mainly in small and cottage industries like handlooms. Other sectors such as construction, trade, transport and services may generate employment for another 5.0 lakh people giving a total of 36.5 lakh in new employment. The estimate for new overseas employment is 3.4 lakh. Thus the total employment may be about 39.9 lakh. This means an employment creation just above the size of new labour force (34.3 lakh). Unemployment (31 lakh) situation will thus remain about the same as in 1979-80. However, Food-for-Work Programme will provide some relief to the unemployed as it will create short-term employment for 3,670 lakh man-days or for 30 lakh people working 4 months a year; that is roughly equal to 1 million all-the-year-round employment. The main emphasis of the employment policy is on landless labourers, marginal farmers, unemployed youth and women.



## SECTORAL PROGRAMMES

### Agriculture, Water Resources and Rural Development

66. Agriculture in Bangladesh has a very high potential. Its fertile land, abundant water and favourable climatic condition throughout the year offer excellent opportunity for development of agriculture. But yet the fertile land in places is running out of micro nutrients and the water available so abundantly during monsoon months become scarce during the winter months, the best period for growing crops. At present irrigated area accounts only for one-sixth of the total cultivated area and the use of fertilizer is limited only to about 40 kg per acre.

67. The experience of economic development suggests that without the development of agriculture a sustained economic growth for a developing country is not possible. This fact combined with the need for overcoming chronic food deficit of the country necessitate a major emphasis on agricultural development. Diffusion of the modern agricultural technology will also alleviate rural unemployment situation as it happens to be highly labour-intensive also. The Plan has therefore assigned highest priority to the agriculture, water resource and rural development sectors. The allocation for these sectors together is Tk. 3,802 crore or 34 percent of the public sector programme and Tk. 6,059 crore out of the total Plan size of Tk. 17,200 crore.

68. The main objective of the sector plan is to reach food self-sufficiency in the shortest possible time. The Plan's target is to reach a foodgrain output level of 175 lakh tons in 1984-85 against 135 lakh tons produced in 1979-80. The strategy is to double the irrigated acreage from 3.5 million acres to 7.2 million acres alongwith doubling the fertilizer use from 8.5 lakh tons to 16.0 lakh tons by the terminal year of the Plan. Since modern irrigation is capital intensive, emphasis will mainly be placed on low cost, quick-yielding small irrigation schemes and on low cost technology. Shallow tubewells and low-lift pumps together will increase their area coverage from 16.60 lakh acres in 1979-80 to 49.25 lakh acres, while DTWs and BWDB's gravity irrigation will increase coverage from 7.95 lakh acres to 14.00 lakh acres; that is, low-cost, quick-maturing irrigation system will contribute largely to the total additional acreage of 37 lakh acres to be brought under irrigation. The number of irrigation equipment will increase as follows:

TABLE 10

#### Distribution of Irrigation Equipment

				[In numbers]	
Mode of irrigation				1979-80	1984-85
1. LLPs	..	..	..	38,600	60,000
2. Shallow Tubewells	..	..	..	23,400	2,50,000
3. Deep	..	..	..	9,795	18,000
4. Hand	..	..	..	1,10,000	4,50,000



69. Along with the expansion of irrigation facilities, the demand for fertilizers, HYV seeds, etc. will also go up. It is estimated that sale of fertilizer will be about double over the Plan period as follows:

					[In '000' tons]	
Fertilizer					1979-80	1984-85
1.	UREA	..	..	..	540	700
2.	TSP	..	..	..	210	600
3.	MP	..	..	..	100	300
Total					850	1,600

70. Use of such high cost inputs as irrigation water and fertilizers cannot have much effect on yields of agricultural crops unless improved and high yielding seeds are made available to farmers. The Plan provides for the supply of certified rice and wheat seeds for 10 percent of areas under HYVs and LIVs only. Of the total of 20.50 thousand tons of seeds to be supplied by BADC, 7,000 tons will be produced in BADC's own farms and the rest will be produced by BADC's registered growers. About 1,700 tons of quality jute seeds will be produced through contract growers. During the Plan period, emphasis will be placed on organizing contract growers for production of certified seeds in other areas also, but development of HYV seeds by the Government research institutions will remain the most crucial factor in achieving various production targets.

71. In recent years, all agricultural inputs have risen in cost and prices. This may work as a disincentive to their greater uses by farmers. To provide easy access to inputs by farmers, agricultural credit, which is the weakest link in agricultural development, will have to play a greater role during the Plan period. Although during the 1970s there was rapid expansion of agricultural credit, particularly during the second half after the introduction of the special agricultural credit programme in 1976, it was not fast enough to meet the expanding need of farmers for fertilizer and other inputs. Village money lenders who charge interest rates as high as 50 percent or over are still the main source of agricultural credit. The level of agricultural credit in 1979-80 was Tk. 352.3 crore only, including Tk. 60.7 crore given to tea plantation. The overall level of agricultural advances by scheduled banks accounted for only 12.4 percent of total advances, though agriculture accounts for over 50 percent of GDP. The Plan, therefore, emphasises the necessity for a rapid expansion of agricultural credit, consistent with its emphasis on the agriculture sector and envisages a rise in its share from 12.4 percent in 1979-80 to about 25 percent of total credit by the end of the Plan period. It is to stress that the private sector's investment programme for agriculture (Tk. 2,257 crore) will have to be largely financed through agricultural credit.



72. *Foodgrains*: The main emphasis of the Plan is on food self-sufficiency; accordingly, the foodgrain production target has been fixed at 175 lakh tons as follows:

TABLE 11

## Foodgrain Target

					[In lakh tons]	
Crop					1979-80	1984-85
(1)	Aus	..	..	..	31.03	38.90
(2)	Aman	..	..	..	74.22	83.50
(3)	Boro	..	..	..	22.39	34.00
All Rice					127.64	156.40
(4)	Wheat	..	..	..	7.16	18.60
Total					134.80	175.00

73. Increased output of foodgrains as envisaged in the Plan will require in addition to technological support, a strong policy support from the Government for maintaining farm level incentive through input and output pricing. Due to increased cost of inputs, the commodity terms of trade has moved substantially against the farmers. In 1972-73, for example, 5 mds. of rice could buy roughly 13 mds. of urea fertilizer; in 1977-78 the ratio declined to 5:11 and further to 5:9 in 1979-80. This disincentive to farmers is reflected in the slowing down of the growth rate in fertilizer offtake—against a 13.3 percent growth during the First Plan period, the rate of growth during the Two Year Plan was 8.3 percent only. If this growth trend continues over the Second Plan period, fertilizer demand would increase by about 50 percent only and not 100 percent as assumed in the Plan. However, relative to rice price, fertilizer price is still lower in Bangladesh than in some of the neighbouring countries. Therefore the Plan, while emphasizing maintenance of relative incentive prices for rice and fertilizer, stresses the necessity of improving the effectiveness of fertilizer use through improvement of application techniques, use of micro-nutrients in poor soils and use of more organic manures for growth of microbial activities.

74. *Jute*: Though jute is the main commercial crop of Bangladesh and is the backbone of her largest industry as well as of export, in recent past it has suffered a serious decline both at home and abroad. In 1979-80 jute acreage was 18.7 lakh acres against 24.7 lakh acres in 1969-70 and raw jute output declined from 71.7 lakh bales to 59.7 lakh bales over the same period. In the international sector, raw jute export declined from 36.4 lakh bales to 19.8 lakh bales and jute goods from 5.1 lakh tons to 4.5 lakh tons over the same period. The declines at home and abroad were due to interaction of two separate forces. International demand for jute and jute goods declined due to stiff competition from cheap



synthetic products; this in other words means that jute could not be produced as cheap as its substitutes. Since it could not be produced cheaply, it also faced strong competition from rice at home for a greater share of the limited land resource. The disadvantage of jute *vis-a-vis* rice is clearly reflected in their commodity terms of trade. In 1969-70, the commodity terms of trade, at growers' prices, was 0.94 between jute and rice; in 1979-80 it declined to 0.74 only to the disadvantage of jute. World recession has also dampened demand for jute goods. Thus, jute lost ground to rice at home and to synthetic fibre abroad. In late 1970s measures were taken to increase yield of jute and thereby reduce its cost through an intensive jute cultivation scheme. Though about 8.8 lakh acres of land has been brought under the scheme, the relative disincentive still persists. Jute being an important crop, cannot, however, be left to suffer. It concerns 30 lakh farmers and 2,00,000 jute mill workers. It accounts for a large share, directly and indirectly, of the export earnings of the country. A great deal of investment has been made in jute industry and it must pay. Jute yield must increase, diversification of jute industry must be secured and international arrangements to protect the market for both raw and jute products should be solicited. However, there does not seem to exist a quick solution to the problem because of the continuing recession in the major jute goods importing countries. It is proposed that an in depth study of the problem be urgently initiated for formulation of a rational domestic policy.

75. *Other Crops* : The other important crops of the country particularly emphasized in the Plan are tea, sugarcane, tobacco, potato, cotton, oil seeds and pulses. The Second Plan targets for major agricultural crops are shown in table 12 below:

TABLE 12

## Output Targets of Agricultural Crops

Crop	Unit		1979-80	1984-85
1. Foodgrains	(lakh tons)	.. ..	134.80	175.00
2. Jute	(lakh bales)	.. ..	59.70	60.00
3. Sugarcane	(lakh tons)	.. ..	63.40	77.80
4. Tea	(crore lbs.)	.. ..	8.09	9.50
5. Virginia Tobacco	(crore lbs.)	.. ..	4.50	6.75
6. Pulses	(lakh tons)	.. ..	2.14	3.00
7. Oil Seeds	(lakh tons)	.. ..	2.46	3.60
8. Cotton	('000' bales)	.. ..	6.00	56.00



76. *Fisheries:* Protein deficiency of average diet in Bangladesh is a serious problem. A concerted effort will be made to improve protein supply during the Plan period. Besides emphasis on the vegetable protein supply such as pulses, there is need to significantly improve animal protein also. Fish is the main source of animal protein. There is a great potential for development of this source. About one-seventh of land surface of Bangladesh consists of perennial water bodies; during monsoon, water area for fish production extends to about one-third of the total area or to 10.7 million acres. In 1979-80 fish production was 6.47 lakh tons and accounted for 4.1 percent of GDP. Per acre yield of inland fisheries continues to be poor (about 50kg). Despite an increase in fish production, there has been sharp decline in its annual supply over the last two decades—from 28.9 lbs. per head in 1964-65 to 16.6 lbs. in 1979-80. This was due to depletion of natural habitats, over-fishing, lack of culture, and high population growth. Use of pesticides and withdrawal of water from impounded water bodies are also partly responsible for lower fish production. The main objectives of the Plan are, therefore, to strengthen fisheries research and extension services to develop and follow modern fishery practices by the private sector, to introduce fast growing fish species and to promote marine fishing because of increasing pressure on land and water for crop production. An important programme of the Plan will be to organise rural labour force, particularly the landless labourers, for development of water bodies like derelict tanks for fish culture. The Plan target is to raise fish catch from 6.47 lakh tons in 1979-80 to 10 lakh tons in 1984-85 thereby increasing annual per capita consumption from 16.6 lbs. to 22.8 lbs. in the terminal year of the Plan.

77. Export of frozen fish and aquatic products have become important in recent years. In 1979-80, Tk. 67.92 crore was earned by exporting 10,766 tons of processed shrimps, fishes and frog legs. There is a great potential for the development of modern shrimp hatcheries along the coastal belt of Bangladesh. Planned development of shrimp hatcheries and shrimp seed farms will be encouraged during the Plan period, particularly through small entrepreneurs. There should also be greater stress on marine fishery since pressure on land will be ever-increasing for crop cultivation and water resources will be increasingly used for irrigation. The deep sea of the Bay of Bengal is also rich in shrimp. Out of the total target of export of 20,100 tons of fish in 1984-85, shrimp will account for about 85 percent.

78. *Livestock:* Livestock sub-sector contributed about 7.5 percent of the GDP in 1979-80. Animals supply 44.6 gms. of milk, and about 3.2 gms. of animal protein per head per day. Animal protein supply from livestock is about 43 percent of the total. The value of cattle however lies in its draft power for agriculture, but individual cattle is so poor in health and its power is so low that it is to be harnessed in pair for ploughing. As a result, Bangladesh has a very high density of cattle population but of low quality. While a solution to low draft power has been sought by the farmers in the increased number of cattle head, the unending fragmentation of holding into smaller farms has also accentuated the problem of draft power supply. While the main emphasis of past official programmes in this area had been narrowly focussed on veterinary services, the problems of genetic improvement



and enriched feed supply remained largely unattended. So the Plan emphasizes all the three aspects of animal husbandry: (i) breeding of improved varieties, (ii) provision of feed and fodder and (iii) better veterinary practices. It has been established through research that draft power of local breeds can be substantially improved through the infusion of improved exotic blood. Artificial breeding was introduced in Bangladesh as early as 1958 and there are also about 600 improved bulls placed at remote localities for direct breeding. The Plan provides for import of 250 Haryana bulls for breeding purpose. Further, by 1984-85 all Thanas will be provided with artificial insemination facilities with semen collection and supply centres at district headquarters, as against 84 Thana artificial insemination centres and 17 district semen collection and supply centres existing in 1979-80.

79. Mortality of cattle in Bangladesh is very high which partly explains carrying of larger number of cattle per acre of land than in many other countries. It is estimated to be about 10 percent, but morbidity of animal is even worse. A well-organised and efficient preventive and curative programme will be undertaken during the Plan period. Simultaneously, production of vaccines will increase from 45 million doses in 1979-80 to 300 million doses in 1984-85 and of medicines from 10 million doses to 50 million doses. For management of preventive and curative services about 300 veterinarianians will be engaged for training of farmers. Unemployed youths will also be trained in livestock farm management and vaccination.

80. With the growing shift of foodgrain production to dwarf HYVs, livestock feed supply has been facing a problem of ruffage supply. There are now some fodder varieties available in the country which can economically compete with other crops for marginal lands. Area under such fodder crops will be increased through extension services. Manufacture of feed concentrates may be undertaken by the public sector on a pilot basis, while the main emphasis will be on the private sector for the same.

81. *Forestry*: Compared with countries in comparable climatic zone forest area in Bangladesh should be considered precarious in relation to its ecology. Reserve forest land occupies only 9 percent of total area; in addition, 7 percent of the area is under unclassified forest land which is basically unstocked scrub land. Forest resources over the last one hundred years or more have depleted rapidly to make more room for crop cultivation and habitation. A point has now been reached when it cannot meet the need even of fuel-wood and has in turn led to large scale felling of homestead trees. The estimated village forest inventory is 1932 million cft. of which firewood standing volume is 1560 million cft. A twenty-year cycle as usually used in forestry management implies that about 78 million cft. of firewood would be available from homestead woodlots a year or about 5 cft. of firewood per rural household which is quite meagre in comparison with the need. High price of commercial fuel (kerosene) has on the other hand increased the pressure on firewood encouraging a faster rate of depletion of village forests. The situation, therefore, warrants a strong planting programme for fast growing species as otherwise not only the rural energy crisis will be accelerated leading to faster depletion of homestead woodlot, but agricultural land also is likely to be degraded as it would be starved of agricultural residues.



82. Thus in the forestry programmes the highest priority has been given to plantation activities. These include plantation of hill forests, plantation of one lakh acres of unclassified forest areas and one lakh acres of coastal belt; afforestation of 65,000 acres of denuded forest areas; plantation in 8,000 selected villages through intensive extension programme; and linear plantation of 2,000 miles of rail roads, roads, canals and embankments.

83. Besides plantation, the Second Plan programme includes expansion of rubber plantation by 13,000 acres to raise the total area to 25,000 acres; expansion of oil palm and mulberry plantation; a programme for stabilization of land under accretion in the coastal belt and settlement of *Jhumias* (shifting cultivators) of the Chittagong Hill Tracts on 3 lakh acres in agro-forestry.

84. *Rural Development and Institutions*: Bangladesh is overwhelmingly rural and its economy is predominantly agricultural. About 90 percent of the population lives in the rural areas. Agriculture is the main economic activity in the rural areas. Growth of non-farm activities has been slow. The rural sector is underdeveloped and its under development is reflected in low productivity, unemployment and low income on the one hand and severe dearth of transport, health and educational facilities and other amenities of life on the other.

85. Landlessness, unemployment and poverty are the major economic problems in the rural areas. They arise from the basic economic structure existing in the rural areas. Agriculture offers an appreciable scope for expansion of employment. Yet, it alone cannot absorb the growing labour force. The land ownership structure, with a preponderance of small holdings, gives rise to the problems of share-cropping and low productivity and income of the small farmers. There has been a trend towards growth of larger holdings and corresponding diminishing of smaller holdings due to transfer of lands from the poorer farmers to larger ones contributing to the process of landlessness. Magnitude of landless population has increased and in constructive sense, it is about 51 percent of rural households. Women who constitute about a half of population have literally no work or employment outside households. As a consequence of increasing landlessness and unemployment on the one hand and less opportunities for work on the other, poverty in the rural areas is increasing.

86. Rural development has received priority in the development plans and programmes but the strategies and programmes followed have mainly been for agricultural growth or development in which the rural poor have had only marginal and peripheral benefit. The Integrated Rural Development Programme in the form of two-tier cooperatives, covering 350 Thanas in the country, is the main instrument to promote improved agricultural operation. Secondly, the Rural Works Programme (RWP) is being pursued with the twin objective of development of physical infra-structure and providing employment but its scope to provide employment to increasing labour force is limited owing to its size and seasonality of work.

87. Since 1976, area specific projects have been adopted as a new approach to rural development and three such projects (Rural Development Project-1,



Seraiganj IRD Project and Noakhali IRD project) have been under implementation for a period of over 5 to 6 years. These projects costing Tk. 133 crore cover only 14 Thanas or one Thana at an average cost of Tk. 9.5 crore. The projects cover a long range of activities over a small area leading to coordination and management problems and the resultant time overrun of implementation targets. Major investments of these projects are on infra-structure, rural institutions and irrigated agriculture. They provide for subsidiary services and production processes like fishing or rural industry in a very small way. They depend heavily on supervised credit programme.

88. The foremost objective of SFYP is alleviation of poverty. For rural development this would mean higher productivity, employment and income in the rural areas both in agriculture and non-agriculture sectors. Future rural development projects will envisage programmes for achieving this objective. Programmes for development of health and educational facilities and other important programmes for improvement of rural life, will continue as the normal programmes of the national or local line agencies entrusted with development of such facilities.

89. Agriculture will be a priority area for development. It still offers the largest scope for employment and income. Along with agriculture, emphasis will be given on development of the non-agriculture and non-farm sectors where rural unemployed and underemployed people would find sustained sources of income. There are enough potentials for development of these sectors with diverse activities and labour specialisation. Some of such important activities may be production of fruits, vegetables and spices, pisciculture, livestock and poultry keeping, manufacturing and processing, cottage crafts and industries, repairs and servicing of irrigation equipment, blacksmithy, pottery and rural trading.

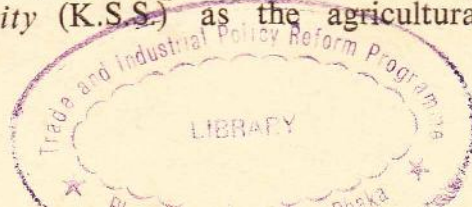
90. The rural development projects will be formulated with the following three major programme contents:

- (a) irrigated agriculture, small drainage and flood control.
- (b) direct employment and production programme for the rural poor.
- (c) infra-structure development such as communication network, administrative centres, storages and markets.

Rural poor will include the absolute landless and those having less than 0.5 acre of land.

91. An important area of development will be transformation of the idle, unskilled rural labour into skilled productive groups. The major means for such transformation will be skill training and provision of credit. The production programmes will be developed as a package programme involving all processes of production, preservation, processing and marketing. Integrated support facilities for such purpose will include appropriate institutions, adequate provision of inputs, creation of warehousing and marketing facilities.

92. The institutions will be cooperatives or informal groups or pre-cooperatives and they will cover three specific groups. Ideally there will be (a) *Krishak Samabaya Samity* (K.S.S.) as the agricultural cooperatives,





(b) *Bittayheen Samabaya Samity* (B.S.S.) for the landless and the poor, and (c) *Mohila Samabaya Samity* (M.S.S.) for the disadvantaged women. The informal groups may operate for quite a while before they establish formal cooperatives in their respective fields. Such groups will be village-based and as cooperatives will be federated at the Thana level with a central organisation. The groups to be effective may also be initially small and there may be more than one K.S.S. or B.S.S. or M.S.S. (or such informal groups) in a village. Economic activities for the B.S.S. and M.S.S. or the groups will be based on the skill they possess which would, however, have to be developed into higher technology through training. The *Mohila* groups, in addition to their engagement in economic activities, will undertake educational programmes in family health and nutrition, family planning and child care.

93. The RD projects with such an integrated approach to rural development will be planned to cover the entire country, in a phased manner, within a mid-term Plan period which may cover next two Five Year plans. Each project will cover a larger geographical area with only a few core components related to its objectives of increased productivity, employment and income. Such project areas should be related to the geographical jurisdictions of administrative districts in order to provide for better coordination.

94. Needless to point out once again that the success of the rural development strategy will depend very largely on devolution of administration to districts and Thanas and establishment of Thana as an effective unit for economic planning and implementation of development projects. The Plan provides a special allocation of funds for the purpose of bringing into being the new concept of devolution of governmental authority and responsibilities.

### Industries

95. Against the green mosaic of the agrarian economy of Bangladesh industries appear like grey patches. The large modern industries sector contributes only one-sixteenth of the national income; but yet it plays an important role in supporting the agricultural sector. Further, in a country like Bangladesh where population pressure has reached a level comparable with some of the smaller industrial states of West Europe or city states of the East, development of the manufacturing sector holds the major long-term hope for a steady growth of the economy. However, for a maximum impact on development in the medium-term under conditions of severe resource constraint, the Plan has given the industries an active role to play in support of agriculture. As a result, the allocation to the industries sector has been limited to 18 percent of the total outlay of Tk. 17,200 crore against 35 percent allocated to agriculture. Industry and minerals sector has been allocated Tk. 1,390 crore in the public sector and Tk. 1,769 crore in the private sector.

96. Besides supporting agriculture, the other important objectives of the industrial policy of the Plan are to provide basic need goods for people such as cotton textiles, sugar, medicines and households goods; contribute to the improvement of balance of payment position through expansion of output of exportable commodities like newsprint, fertilizer, cables, etc.; effect further substitution of imports e.g. pumps and diesel engines; create employment



opportunities through promotion of small and cottage industries and bring about a balanced regional growth through industrial dispersal and development of rural industries. The Plan will initiate a decisive change in industrial policy which in the past was based on the doctrinaire view of public ownership of the commanding heights. During the Plan period private sector which was reactivated in the second half of the 1970s will have even a greater role to play. It will not only have an access to some of the industries, which are presently reserved for the public sector, but will also have less formalities to observe in getting industrial sanctions. Its role will further be strengthened by liberal import policy, fiscal concessions, foreign exchange allocation, particularly in case of export industries, investment promotional services, etc.

97. The hallmark of the new industrial strategy will be setting up of a number of agro-industry centres in rural areas so as to promote optimal use of local resources, labour and indigenous technologies. The establishment of rural industries will be encouraged through extensive motivational and counselling activities by the Government sector. These growth centres will be provided with all infra-structural facilities like roads and electricity, workshops and training. The main purpose of growth centres is to bring the village into the main stream of national economy. In setting up rural industries care will be taken so that they have forward and backward linkages with large industries. The Plan will deliberately promote sub-contracting between small and large industries to ensure appropriate vertical linkages.

98. The past industrial policy had been largely inward-looking having its main emphasis on import substitution. But the widening balance of payment gap, which in the last decade could be endured with liberal foreign aid inflow, calls for a radical change in the industrial policy. From being inward-looking it has becoming increasingly an outward-looking one. Such a change can take place only gradually for it will need not only directing investment toward potential export industries but also a lot of nest-feathering for promoting viable linkage with overseas markets. The Plan will seek to make a humble start in that direction, mainly through the private sector which is by nature more dynamic than the bureaucratic management of the public sector. To become internationally competitive, the public sector enterprises are still to solve a number of serious problems, though there has been some improvement in its management efficiency.

99. *Management of Public Enterprises*: The main problem of the public sector is that capacity utilization in most public enterprises is very low. In 1979-80 utilization rate was 68 percent in jute, 67 percent in cotton yarn, 81 percent in urea, 47 percent in TSP, 53 percent in steel and 30 percent in diesel engines and so on. Such low rates of capacity utilization mean high product overhead cost. So it is an important as well as the least costly strategy for growth of industrial output over the Plan period to make optimum use of existing capacities. This may require some replacement and balancing of equipment in old plants but in terms of investment-benefit it will not only be worthwhile but also cost effective. More importantly, however, use of idle capacity will need market consciousness on the part of the management at home and aggressive salesmanship overseas for some of the



products. Improved capacity utilization will undoubtedly improve cost-price structure and thus help domestic products to be more competitive in the world market.

100. A second problem with the public sector enterprises\* which needs a serious attention is the decline in labour productivity. Compared to 1969-70, labour productivity in 1979-80 was lower in all the large industries; it was 86.4 percent in jute textiles; 32.7 percent in cotton textiles and 30 percent in paper. During the same period, real wage in the manufacturing sector also declined to 69.6 percent. Though a variety of factors have contributed to this decline it points to the basic fact that without an increase in labour productivity there cannot be real wage gain for labour also. Wage increase should therefore be indexed to productivity and formulated in such a manner as to enable the worker to increase his earning very significantly over the minimum wage. To achieve these goals of high productivity and high wage it will be necessary to improve factory environment; provide training facility for skill development and welfare facilities; adopt production planning and quality control and encourage workers participation in management.

101. A third, but not the least, important problem of the public enterprises is their poor financial performance. A number of factors have led to their poor financial performance of which the most important one, other than the two discussed earlier, is lack of pricing freedom. Government in developing countries are often required to regulate prices of essential goods in order to safeguard the interest of common man. The public sector enterprises certainly cannot be allowed to impose a burden on their consumers, specially when they enjoy monopolistic position or else they are inefficient. But it must also be ensured that they enjoy legitimate freedom in pricing their products according to market conditions. This objective will guide the public sector industrial policy during the Plan period as otherwise huge public sector investment cannot be sustained for long. If for social or welfare ground prices are kept low by the Government for any enterprise, it should provide production subsidy to such enterprise. Such a policy will not only improve the financial position of public enterprises but also help prove their efficiency. Government policy will aim also at ensuring manageable size of public undertakings and adequate capital structure for them.

102. *Private Sector*: The main instrument for propelling industrial development during the Plan period is the private sector. This is all the more necessary in view of the policy of industrial dispersal needed to bring about an all round rural development. A centralised organisation cannot undertake it. The Plan will seek to dismantle gradually the fetters on the private sector and encourage it to fulfil the role assigned to it. The importance given to the private sector is reflected in the fact that the allocation for the private sector industries has been substantially raised over the original allocation. Foreign remittances which have risen quite fast in recent years will be an important support to private investment. The Government has also set up "Wage-earners' Development Bond"; in addition, other institutional arrangements such as setting up of overseas trust funds and sterling companies should also be pursued during the Plan period.



103. Besides financial support to the private sector, it will be necessary to instill a competitive spirit in the private sector and provide the necessary incentives for both capacity utilisation and efficiency improvement. Some of the measures contemplated in the Plan are as follows :

- (1) Measures will be intensified to remove fiscal anomalies, if any, between imports of finished goods and their raw materials or semi-finished products.
- (2) Private collaboration with foreign firms will be encouraged where transfer of foreign technology and management skill is needed in national interest or where it will mean export promotion.
- (3) Use of local raw materials and equipment and spares will be encouraged if necessary by restriction of competitive imports.
- (4) Training programmes will be strengthened to overcome adverse effects of brain drain.
- (5) Appropriate linkage with public sector enterprises through sub-contracting will be ensured.
- (6) The Government store purchase policy will encourage greater competition between public and private sector enterprises and provide for domestic preference.
- (7) The development of facilities in the Export Processing Zone of Chittagong will be accelerated to stimulate foreign private investment.

104. The main industrial targets of the Plan are shown in Table 13 below:

TABLE 13  
Targets of Industrial Output

Product	Unit	1979-80	1984-85
1. Jute Goods	(lakh tons)	5.38	6.50
2. Cotton Yarn	(crore lbs)	11.28	18.30
3. Urea Fertilizer	(lakh tons)	4.42	10.30
4. TSP Fertilizer	(lakh tons)	0.71	1.00
5. Paper	('000 tons)	30.61	45.00
6. Sugar	('000 tons)	93.22	200.00
7. Diesel Engines	('000 tons)	2.41	20.00
8. Pumps	('000 tons)	2.11	18.10
9. Electric Cables and Conductor	('000 tons)	2.36	9.00
10. Bicycles	('000 tons)	22.64	222.00
11. M.S./G.I. Pipes	('000 tons)	8.72	30.00
12. Electric Fans	('000 tons)	0.60	1.00
13. Steel Ingots	(lakh tons)	1.33	2.25



## Energy and Power

105. Bangladesh has one of the lowest per capita commercial energy consumption in the world—32 kg of oil equivalent a year, which characterizes her low level of economic development. Even at this level of consumption she however faces a serious energy crisis. Fuel import bill in 1979-80 accounted for over 50 percent of her export earning. Besides, high cost of commercial energy has adversely affected rural energy situation also, as it has increased demand for fuel wood so much that rural forests are being denuded to the peril of land and environment. So, next to agriculture and population the energy sector has been emphasized as the most important sector in the Plan. Since commercial energy consumption will increase with development, the main strategy of the Plan for energy development is to rapidly substitute imported fuel by indigenous energy resources, particularly natural gas which is available in abundance. The strategy consists of replacement of imported fuel in electricity generation by gas as the main primary energy, substitution of gas as industrial and domestic fuel for POL products and development of village forest resources for firewood. There is thus need for rapid expansion of both gas and electricity networks. However as natural gas reserves are located on the eastern side of the country, a major condition for successful substitution of imported fuel is inter-connecting the east and west grids of the electricity system so that electricity generated through gas in the east can be supplied to the west. Another possibility which will be explored is gas transmission from east to west across the River Brahmaputra. Exploration of hydrocarbon on the westside where no gas field has yet been found needs also to be emphasized. Development of village forests will receive priority. Along with the expansion of the gas network, electricity system and forestry, effort should also be directed to develop low energy technologies using solar and wind energy, biogas and biomass. The Plan envisages to reduce the share of imported fuel in commercial energy from 60.8 percent in 1979-80 to 39.6 percent in 1984-85. Commercial energy consumption is projected to increase from 2.77 million tons of oil-equivalent to 4.75 million tons of oil-equivalent.

106. *Electricity:* The success of the substitution programme will largely depend on the expansion of the electricity system as the most versatile form of secondary energy using gas. It is estimated that over the Plan period demand for commercial energy will grow at an annual rate of about 12.6 percent; of this increase 24.2 percent will be met by electricity. The present generation capacity is 838 MW and meets 19.7 percent of commercial energy demand, but there is also considerable suppressed demand for electricity in the country. So the generating capacity will be augmented by 424 MW during the Plan period to raise the total capacity to 1,262 MW. The volume of sales in kwh is estimated to grow at an annual rate of 19.5 percent over the Plan period as against 11 percent of the previous quinquennial years. The main focus of the generating programme is on the least-cost expansion to make the power system viable. This means: (i) generation of as much of power as possible with gas as primary energy; (ii) bringing the east and west zones into a single grid through the inter-connector across Brahmaputra; (iii) development of an optimum load despatch system with greater emphasis on gas-fired plants; (iv) proper maintenance of plants at maximum fuel efficiency levels; and (v) reduction of



system loss. Accordingly, 74.0 percent of generating capacity in 1984-85 will depend on natural gas against 48.6 percent in 1979-80. The consumption of imported fuel in electricity generation will be reduced to 96,000 tons of oil in 1984-85 against 1,76,000 tons in 1979-80. Secondly, the power sector programme provides for the completion of the inter-connector by 1982-83; this will enable despatch of 200 MW of electricity a year from the east to the west.

107. One of the most lingering problems of the power system is high system loss. This has gone up from 30 percent in 1974-75 to 40 percent in 1979-80. Both technical and management deficiencies are at the root of this problem. A number of measures are currently underway; nevertheless, this problem needs to be doggedly pursued as it is one of the main reasons for the existing financial predicament of the Bangladesh Power Development Board. If the system loss could be brought to the level of other developing countries, the revenue of the Power Board would increase by about a third. In 1979-80, the financial loss of BPDB was Tk. 30.49 crore which was 32.7 percent of that year's sales revenue. The power programme envisages to reduce system loss from the present level of 40 percent to 23 percent in 1984-85, which means an increase in sales revenue by 28.3 percent. Thus, on this account alone PDB will be able to substantially reduce its operating losses.

108. The planned emphasis on agriculture means that energy demand for irrigation will double by 1984-85. Currently (1979-80) 95 percent of energy used in irrigation comes from diesel. Since expansion of diesel use in the country can hardly be afforded, power sector plan emphasizes the expansion of the electricity distribution system to the country side for electrification of irrigation. Rural electrification is also necessary as an incentive for dispersal of industries in rural areas and an overall improvement in the quality of rural life. Therefore it is planned to electrify 25,000 villages by 1984-85. The main responsibility for promoting rural electrification will be with the Rural Electrification Board (REB). The approach consists of developing Thanas in blocks through *Pally Biddut Samity* or consumer cooperatives with technical support from REB.

109. *Natural Gas* : The mainstay of the energy substitution programme will be natural gas. Bangladesh has about 11 trillion (million-million) cft. of proven reserves; but in 1979-80 only 49,170 million cft. of gas or 0.44 percent of the proven reserve was consumed. Thus there is large scope for commitment of more gas to new uses, particularly in power and urea production. Gas output is expected to go up to 388 MM cft./day in 1984-85 against 149 MM cft. per day in 1979-80. The growth rate is 29.0 percent a year which reflects planned substitution of imported fuel. The share of natural gas in commercial energy supply will rise from 37.4 percent in 1979-80 to 58.9 percent in 1984-85. Gas offtake in the terminal year will be 168 million of cft. or 1.53 percent of proven reserves.

110. To help the substitution programme, the main tasks of the gas sector will comprise (i) development of gas fields; (ii) completion of major transmission and distribution networks in main urban areas in the east; and (iii) acceleration of geological survey in the west zone. Altogether 10 wells



will be developed during the Plan period. In the area of gas transmission and distribution networks, the main emphasis is on the Bakhrabad-Chit-tagong transmission line, Titas-Narsingdi-Joydebpur second line, Kailas Tilla-to-Chhatak line and gas supply to Sylhet tea estates. Along with the expansion of gas fields and distribution networks, studies will be carried out for use of gas in other areas, particularly in transport in CNG form. Gas fields will also provide substantial volume of liquid hydrocarbon to be used in place of POL products. As another measure for fuel economy, LPG capacity at Eastern Refinery will be expanded by 15,000 tons.

111. *Coal and Peats*: Bangladesh has an estimated reserve of 700 million tons of coal, and technological possibility of mining will be further probed into during the Plan period. There are also large tracts of land in two separate locations where peat formations exist but the areas are located in agricultural belts. Their economic feasibility will also be assessed.

112. The effect of energy sector programme on achieving a rapid energy substitution is indicated in the table below:

**Percent Distribution of Commerical Energy**

Energy	1979-80	1984-85
1. Natural Gas ..	37.4	62.4
2. Hydro Power ..	1.8	1.3
3. Petroleum ..	54.4	32.3
4. Coal ..	6.4	4.0
Total :	100	100

As a result of the substitution drive, petroleum import will increase only nominally, mainly for transport, from 1.51 million tons in 1979-80 to 1.62 million tons in 1984-85.

### **Transport and Communication**

113. Transport is one of the least developed infra-structure in Bangladesh. There are only 8 miles of metalled road and 3 miles of rail roads per 100 sq. miles. Besides being reflection of under developed state of the economy, they have also been influenced by the topography of the country. Low elevation of land, meandering rivers and monsoon rain make both road and railway construction costly, while there is a network of natural waterways which provide cheaper transport. The geographical features of the country has also come to determine the traffic and modal use. Waterways is the dominant mode of transportation in the central and southern areas and road and railways in the north and north-west. Transport pattern has, however, been influenced by past history and recent development efforts. In the past, rail roads and major road system were oriented for the movement of goods and raw materials to their terminal markets, mainly Calcutta. After partition



of India, the pattern was slowly adapted to the needs of newly growing industrial and urban centres. The system was severely damaged during the War of Independence and its rehabilitation made heavy claims on the limited resources of the country; so, very little progress could be made during 1970s in expanding the system. Only 500 miles of new roads were paved in 8 years after Independence, while traffic demand continued to grow rapidly. Between 1973 and 1979 passenger and freight traffic increased by 39 and 21 percent respectively. Besides their rapid expansion, there was also significant inter-modal redistribution of traffic. The share of roads and railways in freight traffic increased from 36 percent in 1973 to 49 percent in 1979, while their share in passenger traffic declined from 80 percent to 75 percent over that period. Both the rate of growth of traffic and their inter-modal preferences will have important bearing on the development of the transport system during the Plan period.

114. But as its pattern has changed over the last three decades in response to socio-economic evolution, the transport system has also to adapt to the emerging need of the country. The shift in the development strategy of the Plan from urban to rural bias will need a major change in the pattern of transport system so that it can play an active role in the rural development. The programme for development of the transport sector is not only directly addressed to the need of the productive sectors like agriculture and industry, but also designed to help planned dispersal of economic activities and integration of scattered villages into a single stream of national development process for acceleration of overall growth of the economy. Transport alone can create the condition of viability for the development of the growth centres which are of crucial importance in the Plan's rural development strategy. Development of a network of rural feeder roads is thus the main thrust of the transport sector.

115. *Railways*: The change in the development approach cannot but raise serious questions about the development of such large-scale operators as Railways. Particularly, in view of its accumulated problems, formulation of a rational programme for Railways for the Second Plan proved extremely difficult. As a system, it has its own need-base claims which should be satisfied if the system is to remain in operation. Though heavy investment has been made in the system in the 1970s, it was never fully rehabilitated to its pre-independence state, partly due to resource limitation and partly due to misplaced investment priorities. In the past more emphasis was placed on acquisition of assets than on their maintenance. This was, however, nothing special with Railways; it is true for all public sector enterprises. Like other organizations, efficiency of the Railways is also low; wagon turn-round time, for example, has risen from 12.5 days in 1969-70 to 15.0 days in 1978-79 on B.G. lines. Other indicators such as percentage of wagons in use, net ton-miles per wagon day and average speed of diesel freight show a general deterioration of operating efficiency. In view of this the main emphasis of the Plan is on improvement of operating efficiency through rehabilitation of the existing assets, though the core need of assets to make the system meet the rising traffic demand would have to be satisfied. Since resource is scarce, investment must be made to optimize benefit out of it and mainly directed towards raising operating efficiency. A recent study by the Asian Development



Bank shows investment in operational improvement, followed by investment in tracks and then in acquisition of rolling stocks as the desired order of priorities. Although the compulsion of the requirement of the system would not probably allow maintenance of this order in investment, efforts should be made to have an optimal investment programme.

116. The development programme for Railways includes rehabilitation of tracks and bridges, improvement of tele-communication and signalling system and improvement and modernization of workshops. The objective is to ensure proper maintenance of the system, augmentation of rolling stocks through repair and balancing and securing better utilisation of engines, coaches and wagons through improved turn-around time, higher speed and larger carrying capacity of trains. The main track rehabilitation programmes consist of Dhaka-Chittagong, Akhaura-Sylhet, Bhairab Bazar-Mymensingh and Khulna-Parbatipur sectors of the Railway system. During the Plan period, 99 locomotives, 1,075 wagons and 164 carriages will be procured. One of the main features of the Railway programme is local assembling/fabrication of 1,255 wagons and 94 carriages.

117. While the Railway programme emphasizes improvement in operating efficiency, an important issue that must be kept under constant review is the financial performance of the Railway. During the 1970s it faced a fast rising cost with slowly rising revenue. Besides lower efficiency as mentioned above, traffic management as well as tariff practices contributed to the financial problem of the Railway. On the basis of recent experiences, it can be said that there should be greater emphasis on freight traffic than on passenger traffic and on long hauls than on short hauls so as to improve the economy of railway operation. Secondly, as fuel cost has become an important element of total cost, there should be periodic revision of tariff rates to reflect fully the increased cost of fuel. A better management design is a must for the Railway system.

118. *Roads and Road Transport* : Paved road mileage in Bangladesh is 4,254 miles only. These are classified into national (354 miles), regional (505 miles), district (465 miles), feeder (700 miles) and local (1,700 miles) roads. It is estimated that 2,758 miles of new roads are required to develop the existing road system into a network to meet the new development strategy. The network expansion will need construction of 2,100 miles of feeder roads alone. During the Plan period, however, 1,155 miles of roads will be taken up for development in stages. Out of this, 900 miles will be feeder roads. In addition, 205 miles of roads will be widened and 540 miles of roads will be improved. Road construction in Bangladesh requires frequent bridge building also. The major bridge programmes are construction of bridges on Meghna, Gumti, Surma, Lamakazi and Gorai Rivers. Two additional ferry services will also be introduced on the Jamuna River, namely, at Chargabsara-Serajganj and Sariakandi-Madorganj.

119. The main problem with roads is their poor maintenance because of lack of adequate allocation of fund in the revenue budget. Therefore, fund or new construction will be so determined that adequate fund is available for

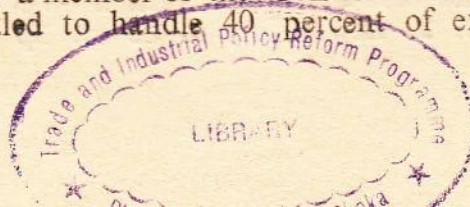


improvement and rehabilitation of the system. Road projects should also be phased in such a way that individual road becomes operational in 5 to 7 years. In general, maintenance of existing roads and equipment will be given the highest priority in the allocation of fund in the road sector. This will be equally applicable to the public sector transport fleet. Currently, only 34 percent of the buses of Bangladesh Road Transport Corporation is on the road. This explains its poor financial performance. The emphasis is, therefore, on the improvement of operation rather than on expansion of fleet. BRTC will limit its passenger services primarily to Dhaka and Chittagong areas. This is also necessary to stimulate private sector activities in the transport sector.

120. *Inland Water Transport* : Inland water transport is the natural and at the same time an important mode of transportation in Bangladesh. It carries about 50 percent of arterial freight traffic and 25 percent of passenger traffic. It has over 3,000 miles of natural waterways. It is, however, facing serious problem from siltation of rivers and channels as a result of which permanent waterways have declined from about 4,500 miles to 3,000 miles over the last 3 decades. This problem has been accentuated by increasing withdrawal of both ground and surface water for irrigation purpose. Besides draft problem, there are problems of management also. Channels lack markings for night navigation, the fleet are mostly over-aged and landing facilities are inadequate. So the main objectives of the Plan in this sector are to improve the channel condition through dredging and markings, develop landing and shore facilities and augment the river fleet adequately. The programme for waterways provides for dredging of six drying sections of rivers (12 million cu.yds. of dredging); excavation of 3 navigational canals; construction of 4 inland river ports and 50 landing stages; acquisition of LCT vessels for rapid movement in cyclone prone areas, etc. It has been proposed to manage the landing stages through toll system. While there will be in general a greater dependence on the private operators for water transport, IWTA should correspondingly strengthen its regulatory function to ensure passengers' safety and comfort, in addition to its responsibility for development of channels and landing facilities.

121. *Port Development* : Export and import of Bangladesh amount to over 25 percent of her GDP; thus the two ports of Chittagong and Khulna have a crucial role to play in the total flow of resources. In 1979-80 they together handled over 8 million tons of goods. Since imports of food and fertilizer, which will be largely substituted from domestic sources, account for a very large share, the traffic volume will remain about the same in 1984-85, so no major expansion in port handling capacity is envisaged. However, for improvement of operational efficiency the development programme will be concentrated on (i) the improvement of draft to accommodate large ships, (ii) development of handling facilities for container ships, and (iii) rehabilitation of railway tracks, etc., at Chittagong and (iv) construction of back-up facilities including the Khulna-Mongla Road at Khulna. In addition, in view of the rapid increase in vessels size, the prospect of establishing a deep-draft port should be explored.

122. *Ocean Shipping* : Bangladesh has a small merchant fleet mainly in the public sector. As a member of the Conference Line, Bangladesh Shipping Corporation is entitled to handle 40 percent of export-import cargoes





of Bangladesh; but because of smallness of its fleet it handled about 22 per cent of cargoes in 1979-80. The programme for the Second Plan, therefore, provides to augment the fleet by acquisition of 4 ships, while 7 ships would need to be replaced as they are over-aged. Besides the fleet programme, the Plan emphasizes the need for accelerating marine training. Bangladesh has a large community of sea-farers and can export seamen for foreign shipping lines after their proper training.

123. *Civil Aviation* : The national carrier (Bangladesh Biman) handled 6.4 lakh passengers in 1979-80. Traffic growth in the international sector has been quite rapid in recent years—doubling between 1977-78 and 1979-80 to 2.06 lakh passengers, while in the domestic sector traffic declined some what. For administrative and other reasons domestic routes will need to be maintained and 3 domestic airports (Chittagong, Sylhet and Rajshahi) will have to be improved. It is proposed to acquire two wide bodied planes and two twin jet aircrafts to cope with international and regional traffic demands.

124. *Communication* : With the decentralization of administration and diffusion of development process to the rural areas, the communication system will need to be further expanded and strengthened during the Plan period. The system's 1979-80 position will be inadequate to effectively respond to the envisaged changes as the following statistics will show. In 1979-80, for example, there were 7,292 post offices in the country; of this 5,980 were in rural areas. This means that there was one post office for over 11 villages in about 9 sq. miles of area. Similarly, there were only 492 telegraph stations in the country in 1979-80; of these 360 were in rural areas or one station per 153 sq. miles area. There were only 734 rural public telephone call offices or one call office per 75 sq. mile area. As a matter of fact, the present communication system is so underdeveloped that the rural areas are least served. The Second Plan, therefore, provides for the expansion of the system, particularly in rural areas, so as to provide an effective support to the policy of decentralization.

125. The Second Plan envisages to set up 900 new post offices as well as improve delivery facilities through mechanization of the system. Currently most of the post offices are poorly housed in hired houses; there is therefore, also a programme to build 75 postal buildings and 4,000 residential quarters. Secondly, the Plan provides for setting up 55,000 telephone lines to raise the total number of lines to 1,75,000. This will yet mean 1 telephone for 600 people in 1984-85; but the expansion programme will raise the share of rural areas from 8.4 percent to 12.0 percent. It is proposed to connect 300 union councils and 100 rural growth centres and set up 200 public call offices during the period. Besides, extension of service, the quality of telephone service will also be improved through installation of electronic exchange for 10,000 lines, installation of trunk dialing facility in 32 new places and conversion of all exchanges in districts and sub-divisional headquarters into automatic exchanges. Some Thanas will also be covered under the latter programme. Further, to improve overseas communication, 50 overseas circuits and 500 telex/Genetex lines will be added to the system. Thirdly, the number of telegraph offices will be raised from 488 to 538 with greater facility for the rural sector. The number of rural telegraph offices will increase from 360 to 395; that is, out of 50 new offices to be set up 35 will be located in the



rural areas. Lastly, to support the planned expansion of telephone service, the output of telephone sets and cables will be raised. The Telephone Shilpa Sangstha Ltd. will be expanded through an expansion and balancing project, to enable it to produce some imported components as well as some exportable items. Simultaneously, the capacity of Bangladesh Cable Shilpa Ltd. will be expanded from 2,25,000 k.m. to 4,00,000 k.m. which will enable it to export its product after meeting domestic need. An important component of the communication system is the meteorological service. All the existing part-time observatories will be converted into full-time observatories and 9 new first class observatories will be set up during the Plan period.

### Physical Planning and Housing

126. With the development of the economy urban growth has become a natural phenomenon. This means not only a redistribution of population causing urban congestion and blight but also redistribution of scarce land from agriculture to non-agricultural uses. For both social and economic reasons urban development and land use should, therefore, be approached in a planned way. Physical planning for planned settlement and urban development, construction of office and residential buildings for various groups of people, provision of water supply and sanitation both for urban and rural areas, development of tourism and hotel construction, fire prevention and the provision of basic infra-structures and services for the emerging growth centres, all need to be integrated into a national programme.

127. Because of resource shortage and pressing needs of some priority sectors, funds for meeting even minimum requirements could not be allocated to this sector in the past. As a result, the main activity of the sector which is to provide planned and systematic human settlements in the country could not be given enough attention. Some achievements were made in the fields of rural water supply, resettlement of urban squatters and development of residential quarters and plots in the 1970s. About 1,50,000 squatters were relocated; 3,00,000 shallow drinking tubewells were sunk and 8,456 housing units and 2,000 plots were developed.

128. Overall situation still remains very depressing. Only 10 percent of the population living in 100 urban and semi-urban locations have access to minimum civic comforts like liveable shelter, piped water supply and sanitation, local transportation and community facilities. In rural areas, where 90 percent of the population lives, people have no access to piped water. Secondly, because of their historical origin in nucleated villages, rural homesteads occupy much more land (about 15 percent of land area) than what would have been required had there been systematic settlements. High rate of proliferation of rural homesteads due to break-up of joint families on the other hand makes it difficult to reach modern amenities to villages because of their scattered character. Thirdly, there are over 2,00,000 urban squatters and the number is rising, creating a state of urban squalor. City Development Authorities have not been generally able to satisfactorily respond to the need of squatters, slums and low income groups, because of financial considerations as they are supposed to have self-liquidating projects for urban development. Finally, for about 4,65,000 Government employees in the country, there are only about 20,000 housing units. This covers only about 4-3 percent of the



employees. Construction of new houses at current prices of raw materials with capital borrowed from the money market usually takes 15—20 years to amortise. This low rate of return accounts for very slow growth of housing in the private sector, particularly for the medium and low income groups.

129. Decentralization of socio-economic activities throughout the country as a strategy for rural development calls for the formulation of a complete physical and land use plan in relation to the Thana administrative centres. Further, as continuing population pressure will make a heavy claim on scarce land for settlement purposes, efforts should be made to accommodate all future rural homestead requirement within the existing homestead area through legislation and incentives. Within these broad precepts the programmes under the Second Plan will address the following basic areas: (i) development of rural water supply with one drinking tubewell for about 150 rural people as the goal; (ii) provision of piped water supply in most of the subdivisional towns; (iii) development of Thana headquarters and growth centres; (iv) construction of 4,000 housing units, flats or semi-permanent structures; and (v) expansion of the water supply and sewerage services in metropolitan cities of Dhaka, Khulna and Chittagong. Besides the public sector programmes, private sector will be encouraged to undertake housing construction in the rural areas to meet the new demand which will arise as a result of decentralization of administration to the Thana level. Since urban unemployment is growing acute, the Plan also provides for Urban Works Programme in urban areas and growth centres in order to use unemployed labour force for development of physical infra-structure.

## Education

130. Bangladesh has one of the lowest literacy rates (26 percent) among the developing countries in South-East Asia. Besides the low level of literacy which tends to inhibit development efforts, there are also serious imbalances in the present education system. Education has become so much a status symbol that it has influenced the system in favour of liberal education. Educational investment is lopsided as education is viewed more as a consumption good than as a necessity for development. Vocational orientation of the educational system is negligible and skills training does not receive much attention. This has resulted in a peculiar imbalance where shortage of skilled manpower co-exists with over supply of educated youths. Secondly, for the same reason, a greater emphasis has been hitherto placed on higher education than on primary education. As a result, educational facilities in rural areas have remained under-developed. This imbalance between urban and rural education facilities explains the low intake at primary level and high rate of illiteracy. Only 71 percent of children in the primary age group (6-11) years was covered in 1979-80. There is also the problem of high rate of drop-outs in primary education. Generally speaking, the fundamental characteristic of the education system in Bangladesh is its ineffectiveness. There are many reasons for the present state of affairs; the goals of education are not defined, practical training for skills is neglected, the focus of investment is not proper and above all commitment of adequate resource for development of education is very low. Only 1.8 percent of GDP is invested in education, much below the rates in other low-income countries. Similarly, only 14.2 percent of the



revenue budget of the Government is spent in running the system. Against the background of high rate of illiteracy and need for skilled labour, low allocation of fund is a severe constraint and worse still is the deployment of such funds.

131. Under conditions of serious resource constraint, the main focus of education programme in the SFYP is universal primary education with particular emphasis on the development of cognitive skills of pupils. To attain this goal physical facilities for enrolment of all children in the primary age-group (6—11 years) will be created. Alongwith it, a non-formal education programme will be undertaken for functional literacy of adults and youths. Thirdly, at the secondary level, facilities for science and vocational education will be expanded with a view to making secondary education virtually terminal. While science and technical education will be emphasized at the higher levels also, in general higher education will be made more selective.

132. *Primary Education* : Low level of enrolment and a high rate of drop-outs are really reflection on the effectiveness of the current primary education system. Indeed opportunity cost of sending children to school is quite high for poor families in rural areas. To make it attractive to a large number of rural families it has to be integrated with rural life through work-oriented education. Therefore, during the Second Plan, a new curriculum will be introduced to make primary education relevant to the needs of the community. The new curriculum will inculcate among students moral values, aesthetic sense and nationalism and include agriculture, health, sanitation, population education and science as a study of child environment. At the same time greater scope for participation of the community in school management will be provided. This will bring about the necessary decentralization of overall administration of primary education. Management of primary school will be with a managing committee consisting of local people and Thana primary education authority will be set up which will be responsible to the Thana Council. It will however be necessary to define the working relations and functions of local primary education authority with local government in order to achieve an effective decentralization of administration. To get universal primary education going, the Plan provides for incentives in the form of free distribution of text books starting with classes I and II to cover ultimately all the primary classes and free distribution of uniform for the classes II and IV students. During the Plan period, book will be distributed among 130 lakh students and uniform among 50 lakh children of the landless labourers. School facilities will be further developed to make school environment more stimulating and the teachers will be provided with short in-service training in the new curriculum. Creation of new physical facilities, better school environment, participation of local people in school management, free distribution of books and uniform and above all, the introduction of a new curriculum relevant to the life of rural people will increase the attractiveness of primary education. It is estimated that enrolment at the primary level will increase from 70 lakh in 1980 to 130 lakh in 1985.

133. *Non-formal Education* : Since illiteracy is a formidable barrier to modern development process, the Plan considers its eradication as a national urgency for attaining equitable growth. At present, 74 percent of



people are illiterate. The objective of the programme is to impart functional literacy with focus on community need so that the practical value of the programme is understood by people. This will emphasize farm and non-farm vocations of people, family planning, health care, nutrition etc. The programme will cover people of 11 to 45 years age group. Besides the programme contents, community participation in the programme will be indispensable for the success of the programme. Each village should have a literacy committee which will maintain the list of illiterate people. In addition, all Government functionaries up to the Union level will be involved in the programme.

134. *Secondary Education* : The Plan provides for reorganization and improvement of Secondary Education so as to make it terminal in functional sense. This will be achieved through integrating science and vocational education with liberal education at the secondary level. This will consist of 3 stages : (1) Junior Secondary or preparatory level from Class VI to Class VIII, (2) Secondary level covering classes IX and X and (3) Higher Secondary level covering Classes XI and XII. At the preparatory stage there will be greater emphasis on vocation and crafts and on group activities. At the secondary stage there will be a combined course while at the higher secondary level there will be specialization of courses. The main emphasis will be on quality rather than expansion of the system and criteria for granting recognition to secondary schools will be strictly enforced. An integrated science course will be introduced in Classes IX and X with effect from January 1983. Further, for dissemination of vocational knowledge, one secondary school in each Thana will be developed into a community school in which local community will have opportunity for participation through parent-teachers councils, curriculum committees, etc. Community schools will have workshop facility in addition to laboratory facility for science education. Because of the emphasis on quality and on science and vocational education, the enrolment for secondary education will not be greatly expanded during the Plan period. The increase may be from 20 lakh to 25 lakh only.

135. *Teachers Education* : Shortage of trained teachers at all levels is a serious handicap to proper educational development and improvement of quality. Introduction of universal primary education and science and vocational education at the secondary level will further increase the demand for trained teachers. While existing teachers will be oriented with new education curriculum, short courses will be arranged on a crash basis in all existing teachers training institutions to train a new batch of teachers. Facilities will also be created in the teachers training colleges for training of teachers in vocational courses. In addition, correspondence and evening courses will be organized for primary and secondary teachers through mass communication which will be gradually developed into a distance learning system. PTI instructors, supervisors and administrators of primary schools will be trained at the Academy for Fundamental Education.

136. *Higher Education* : Higher education is now being administered through 265 intermediate colleges, 324 degree colleges and 6 universities. All these three levels of higher education are beset with serious problems. The private intermediate colleges (262) whose number far outweigh that



of Government colleges (3) provide mainly liberal education. This is also true for non-Government degree colleges. As a result, they turn out educated youths who have very little demand in the labour market. During the Plan period, therefore, attempts will be made to emphasize science education in private colleges through necessary financial support, while establishment of new intermediate and degree colleges will be discouraged. It is estimated that enrolment at the intermediate level will increase from 2.77 lakh in 1980 to 3.37 lakh in 1984-85 and that at degree level from 1.19 lakh to 1.44 lakh. Enrolment in science subjects is expected to improve from about 33 percent to 35 percent in 1985. University education which is very costly has to be more selective than ever before and at the same time greater emphasis should be laid on science and technical education. The enrolment in science will be raised from the current level of 28 percent to 32 percent in universities. It must, however, be emphasized that though university education has yet to work out its complex relationship with the changing society, it must not be valued in the narrow sense of its immediate contribution to material development of the society. University education has by nature a long gestation lag; at the frontier of knowledge it is still more uncertain. It needs to be valued by its contribution to both the frontier of knowledge and exchange of knowledge on the one hand and balanced development of the society on the other.

137. *Women Education* : If illiteracy is a social scourge, it has nowhere else so much dehumanizing effect as on the female population as it denudes them of their self-respect. In fact, high rate of female illiteracy and their low status in our society have been mutually reinforcing. Such a situation cannot be allowed to continue. In modern development process women have a creative role to play, as an active agent in family planning, mass education, primary health care, nutritional education, etc. Therefore, in implementing the education programmes priority will be given to cater to the needs of women, particularly in rural areas. Universal primary education will constitute an important step in removing existing disparity in women education at the primary level. It has been proposed that 40 percent of scholarship and stipends will be reserved for girls. Similarly 40 percent of the seats in primary teachers training courses will be reserved for women. Additional hostel facilities will be created for female trainees. In recruiting teachers the requirement of pre-service training will also be relaxed. Facilities for female education in crafts, trade, commerce and technical fields will be expanded and in each district headquarter one girls' college will be developed. At University level women education will be encouraged through award of scholarships and stipends.

138. *Madrasha Education* : *Madrasha* education currently covers a large section of the population. The estimated enrolment is 3.5 lakh in 2,427 *madrashas*, mostly privately managed (only 2 are Government owned). The *madrashas* lack physical facilities, and need modernization of their curriculum to make this education respond to social needs. The Plan, therefore, envisages introduction of science and vocational subjects in *madrasha* education based on community needs. The curriculum will also be updated to bring it at par with the general system of education. This will be done in cooperation with the *Madrasha Education Board*, *Institute of Islamic Education and Research* and *Islamic University*.



139. *Technical Education*: In view of existing imbalance between education and work and employment opportunities abroad, the Plan has given great emphasis on technical education. The present capacity in technical education is very limited. This consists of 33 vocational institutes, 17 polytechnics, 4 monotecnics, 4 engineering colleges, one training college and one engineering university. The total enrolment capacity of all the technical institutes is 35,360 students. With this capacity, total supply of engineers, technicians and skilled workers in the country cannot but be low. There are only 30,000 scientists and engineers in the country. Worse than that, even the limited capacity remains significantly under-utilized in the mid levels. There is also no effective linkage with industries; as a result there are imbalances between demand and supply in specific categories of skilled manpower. So the aims of the Plan are to make technical education market-oriented, improve its capacity utilization and increase the proficiency of the students rather than expand the number of institutions. An important feature of the Plan is to train unemployed youths and landless labourers in new crafts and arts to meet both local and overseas demand. Such training will also lead to substantial self-employment.

### Health and Family Planning

140. *Family Planning*: The rapidly growing population has been one of the major concerns of development planning in Bangladesh since the sixties when the family planning programme was first officially undertaken. Latest census (1981) indicates some decline in population growth from 2.7 percent during the inter-censal period of 1961 and 1974 to 2.6 percent in the inter-censal period of 1961 to 1981. The rate of growth is still considered high; it is definitely higher than the equilibrium rate of fertility. If the population continues to grow at the present rate, by 2,000 AD it will increase by about two-thirds. Maintenance of such large population will undoubtedly have deleterious effect on the development of the economy. The family planning and population control programmes, therefore, aim at attaining the replacement level of fertility by 1990. The importance of this target needs to be emphasized as otherwise there will be serious development implications. If, for example, the achievement of the target is delayed by 10 years, there will be need for additional food of 16.3 lakh tons at 15.8 oz. per day per capita and rural employment and income will further worsen as less of GDP will be available for investment. There is also the threat of the Malthusian positive solution.

141. The population policy aims at a drastic reduction in fertility rate to achieve the demographic goal of  $NRR=1$  by 1990. The Second Plan's target is to attain a crude birth rate of 31.56 per thousand as against the current (1979-80) rate of 43.25. In terms of programme, this means an increase in the number of continuous users from 2.3 lakh to 7.1 lakh in 1985. In order to achieve this a wide range of contraceptive choices will be provided to the eligible couples, with greater emphasis on sterilization, though temporary methods for delaying first pregnancy and spacing it subsequently will continue to be popularized. In addition to supplies and delivery services it will be necessary to enlist community participation in family planning programmes, particularly in discouraging early marriages and large families. A



wider system of incentives and disincentives together with social and legal measures will be evolved to accelerate the trend of decline in population growth.

142. But a family planning programme aiming at a smaller family can not succeed unless it is also matched by improved mother and child health care. A higher survival rate for infants and children is a necessary condition for making the small family norm widely acceptable. To meet this condition there is need to integrate health and family planning services at local level. Thana Family Planning Officer will become the principal aid to the Thana Health Administrator. The programme will be organized on ward basis, each ward having a team of one female and one male visitors from among the Family Planning Assistants and Family Planning Welfare Assistants.

143. Though service delivery system has been greatly expanded both in number of family planning workers and physical facilities, quality of services needs to be further improved, particularly sterilization services. This should include setting of standard for sterilization, supply of sterilization equipment and improvement of sterilization surveillance. Delivery of mother-and-child health care services also remains inadequate mainly due to inadequate infra-structural facilities. The integration of health and family planning services will improve the situation; but improved supply of essential drugs for mother-and-child health care including a vulnerable group feeding programme is needed to make family planning a success.

144. *Health Services* : Primary health service is one of the basic needs of people and is the immediate objective of the Government also. The major constraints in this respect are inadequate service delivery system, short supply of essential drugs and shortage of mid-level technical manpower. There are only one doctor per 7,500 people; one nurse per 58,153 people and one bed for each 5,685 people. As a result there could not but arise a serious imbalance between urban and rural health facilities, although doctors are required to serve in rural areas. The main thrust of the Plan is to correct this imbalance through expansion of health and family planning services in the rural areas. This will consist of (i) quick completion of thana health complexes and family welfare centres, (ii) placement of services of trained manpower at Thana level, (iii) augmentation of medical and surgical supplies, and (iv) control of communicable diseases through immunization programmes. The basic approach of health planning is to provide improved service, disseminate health education and prevent incidence of diseases rather than rely on curative medicine.

145. The specific targets for the Plan are to increase: (i) hospital beds from 15,343 in 1980 to 25,382 in 1984-85, (ii) number of doctors from 11,631 to 18,705 and (iii) nurses from 1,500 to 3,784 over the Plan period. Health care delivery system will be developed so that the satisfaction of rural need is ensured. The various levels of the system will be structured into: (i) primary health care from Thana to village level with emphasis on common diseases, (ii) secondary health care at subdivision and district level hospitals with all facilities, (iii) tertiary health care at medical college hospitals at regional level, particularly as a referral system, and (iv) specialized health services in national institutions like I.P.G.M.R., Chest Hospital, Cardio-vascular Institute,

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BIRDEM, Cancer Research Institute, etc. Alongwith the development of health facilities, regulatory function of the health department will be strengthened, particularly in drug control. High incidence of diseases has created a state of pharmaceutical bonanza in Bangladesh. There is need to define basic medicines and control their sales by generic name only to ensure that common man has access to medicines he needs at a minimum cost.

146. In the context of pervasive malnutrition, health education has also to play a critical role. It is estimated that first degree malnutrition is as high as 36.1 per 100 children, and the second and third degree malnutrition is 8.3 per 100 children. Third degree malnutrition together with infectious diseases is the major cause of child mortality. To reduce such incidences the mass nutrition education programme will be intensified during the Plan period. For this purpose health and family planning personnel at field level will be trained in nutrition as a component of primary health care.

### Socio-Economic Sectors

147. *Labour and Manpower Training* : Development of skill is one of the basic conditions for modern economic development ; it is also necessary to have access to benefit of development through gainful employment. But past effort in this respect has been largely inadequate and ineffective as the low productivity of labour in such organized industries as jute textiles, cotton textiles, paper and engineering industries indicates. In fact, very little resources are used for labour and manpower training in Bangladesh. Thus, for example, Jute Mills Corporation trained 510 craftsmen in 1978-79 at a cost of Tk. 5.04 lakh and none in 1979-80 though it is the largest organized industry of the country. Under the First Five Year Plan and the Two Year Plan Tk. 14.7 crore only were spent in developing facilities for labour and manpower training. In recent years, however, the opening of overseas employment opportunities has led to a greater emphasis on labour and manpower training. This is reflected in the fact that while during the First Plan period Tk. 5.03 crore were spent in this sector, the amount increased to Tk. 9.7 crore under the Two Year Plan. The Second Plan has laid increased emphasis on labour and manpower training and programmes have been designed to meet domestic and foreign demand for craftsmen, like machinists, turners, diesel mechanics, auto-mechanics, electricians, welders carpenters, etc. They will be trained in technical training centres (TTC) and vocational training institutes (VTI). The number of TTC will be increased from 5 in 1979-80 to 12 in 1984-85 and their intake capacity will rise from 1,980 to 11,923. Besides TTCs and VTIs, vocational education will also be introduced in secondary schools. A national council for skill development and training will be set up during the Plan period to provide effective coordination among various training programmes. The public sector enterprises will also strengthen their in-service training and apprenticeship programmes. An important area that will be vigorously explored during the Plan period is overseas employment in which Bangladesh has considerable initial advantages. Not only that she has abundance of surplus labour but she also has a large pool of unemployed educated youth who, after training in appropriate fields can find gainful employment in the Middle East. Besides, lack of well-organized training programmes at the moment, lack of organised efforts also adversely affect prospect of overseas employment. Bureau of



Manpower, Employment and Training (BMET) is not organized enough to meet overseas employment demand. In view of inherent limitations of Government organizations, other countries have set up specialized agencies for manpower export. The question of setting up an overseas employment authority should be seriously considered as early as possible, though the replacement of the Emigration Act of 1922 by the Emigration Ordinance, 1982 will facilitate increasing outflow of workers. It is estimated that during the Plan period volume of manpower export may exceed 3,00,000 in total, rising from 24,500 in 1979 to about 90,000 in 1984-85.

148. *Youth Development* : Youth in the age group of 15 to 30 years representing the prime form of human resource constitutes 25 percent of the total population. But a vast majority of them remains alienated from the productive process for lack of education and employment opportunities ; consequently, their attitude and sense of values have become regressive to social development. Further, if their alienation continues they will pose problems to social order. The Plan however regards them as a source of nascent energy which can be turned into a great productive force through training, guidance and organization. It stresses the need to mobilize youth-population in productive activities and social services and through participation in such activities, give them a sense of belonging. The youth will be trained in new agricultural technology, veterinary services, fish culture, poultry, trades and crafts, secretarial practices, etc. Short orientation courses will be organized in rural and urban areas to meet their specific needs. The planned target is to train 1,17,000 youths in these various areas for employment both at home and overseas.

149. *Women Affairs* : Though women constitute about half of the population, they largely remain outside the main stream of development activities. Social tradition and taboos, lack of education and training and natural limitations have reduced them virtually to a state of dependency and despair. This is reflected in that the participation rate among women is only half of that of man; so also is their literacy rate (13.7%). Though several programmes were undertaken towards the end of the First Plan, the overall situation has remained basically unchanged. It is felt that a diversified programme is needed for meaningful participation of women in development activities. In fact there are areas such as family planning, primary health care, nutrition education and primary and non-formal education where women can play an important role. To achieve this there is need to create first a social psychology that will make women's participation in development activities increasingly acceptable. Secondly, educational opportunities including specialized training facilities for women will need to be expanded for enhancement of their role in the society. Thirdly, as a necessary condition for their participation in outdoor productive activities, facilities for child care and protection will have to be provided. As to social acceptability, it is regarded that universal primary education programme will help break the barrier that now isolates women from the rest of the society. Besides, programmes specially addressing the problems of women will have to be developed to train women in family planning, health care, adult literacy, nutrition science, poultry raising, dairy farming, garment making, food processing, etc. To meet these needs a number of training



centres will be set up through which 1,87,500 women are expected to be trained over the Plan period. In addition to training, it is also proposed to establish proto-type factories for garment making, textile printing and fruit processing and repair shops for radio and watches, all to be run by women. The Plan also envisages to build 4 career women hostels, 4 destitute homes and 4 low-cost hostels for women looking for jobs.

150. *Social Welfare* : Society has to take special care of socially disadvantaged groups like the physically handicapped, orphans and destitutes. In addition there are vagrants, delinquents and way-wards who need social rehabilitation. Traditionally, social welfare services have been addressed to these diverse groups of people largely as a matter of charity and relief. Organized welfare services have been mainly confined to urban areas. There is no doubt about the need to provide welfare services to these groups but more important is to rehabilitate them in the society as worthy citizens. The scope of the social welfare programmes under the Plan have therefore been broadened. Physically disabled and handicapped persons will be brought under a self-reliance programme and efforts will be made to rehabilitate beggars, orphans, destitutes and other socially disabled people. As these problems severely afflict the rural community, the programmes will have a rural bias. The programmes envisage to promote social, economic and productive capacities of the disadvantaged groups. 65 rural Thanas and 12 urban communities at subdivision level will be taken up for social services and community development. 3 lakh landless people, 16,000 orphans and destitutes and 20,000 vagrants will be trained in useful crafts and trades for their social and economic rehabilitation. In addition, 70 voluntary organizations will be provided with financial assistance to educate and train 8,000 socially neglected children.

151. *Science and Technology* : Foreign aid dependence of Bangladesh has resulted in a more than proportionate dependence on foreign technology, resulting in a serious disincentive to the growth of indigenous technology. Bangladesh has very limited options but to pitch her dependence on imported technology to enrich the local base of science and technology by successful assimilation, adaptation and innovation till the stage of economic self-reliance is reached. Simultaneous effort should be made to deepen the local base through scientific research and development. Mere promotion of higher scientific education will not achieve this goal unless science is applied in practical life, in the development of agriculture and industries and in other areas of economic activities. Though the current R&D base is small and dependency on foreign technology is high, there exists a great potential in the country for development of local technologies by the existing community of scientists and technologists numbering around 30,000 in the existing R&D institutions. In spite of their existence the indigenous technology has remained undeveloped because of lack of sense of direction, absence of clear knowledge about national priorities, ineffective coordination among research institutions and above all, inadequate financial support to R&D activities. In view of the importance of technology in accelerating development, a science and technology division has been created in the Government and a National Council of Science and Technology (NCST) has been set up; but they have not been effective in coordinating R&D activities because of diversities of line authorities of various research institutions. In coordinating R & D activities under



different Ministries, NCST has to develop a capability for determination of priorities and formulation of well coordinated research programmes and policies for development of science and technology and assessment of R&D activities. It is emphasized that economic problems are complex and inter-dependent and hence their solutions will need concerted, inter-disciplinary approach to R&D activities. Development of technology assessment capability must also be supported by necessary screening of imported technologies and promotion of local technologies. For these purposes, priority areas should be first ascertained and local capability be directed to those areas. Under the Second Plan, science and technology programmes will concentrate mainly on agriculture, energy and small and cottage industries. They will consist of (a) application of nuclear technology in developing high yielding seeds and preservation of agricultural produces; (b) development of new processes on the basis of local raw materials; (c) development of substitute energy technologies; (d) development of design and fabrication capability for prototype machineries and equipment; (e) application of scientific instruments and techniques in quality control; (f) use of space and remote-sensing technologies for resource survey and forecasting; and (g) promotion of scientific awareness among school and college students through science clubs.

152. *Public Administration:* In planned development, public administration has a critical role to play in discharging Government responsibility for the well being of people. In Bangladesh, public administration has also a special place because the public sector occupies a key position in the total development efforts. Though the new industrial policy will reduce the scope of the public sector, its role in some areas will still be strategically important such as in transport, power and input supplies. The recent decentralization of administration up to the Thana level will on the other hand enhance the involvement of the Government in local level activities. Besides this change in administrative structure, there are areas such as financial and personnel management which need to be rationalized and improved in achieving an efficiency in public service which is commensurate with the socio-economic aspirations of the country. During the last decade since Independence, effort has been continuously made to evolve an efficient public administration but there are still scope for further improvements. There is need for greater emphasis on career planning in public service, upgrading of job knowledge and skill, attitude development, rationalization of office management, improvement of information system, simplification of accounting, budgeting and financial control procedures in response to decentralization and extension of training support to local Government. Different ministries and public agencies will be required to organize wide varieties of programmes for improvement of management and administration in relation to their organizational goals under the Plan. However, in order to ensure greater coordination and harmony one single organization of the Government should work as the focal point for development of public administration. Establishment Division is the natural choice for such integrative role in public administration as it is most concerned with the modernization of the administrative system. Actual programmes of training, education and research will be carried out by a number of institutions. Further, the need for creation of facilities for personnel training should be emphasized in view of the introduction of cadre services, particularly for technical and professional services. Training programmes



for public servants must be consistent with personnel policies and career planning of cadre services within the framework of a national training policy. The National Training Council has to formulate such a policy.

153. To meet the training needs, the three training institutions for public administration, namely, the Bangladesh Administrative Staff College, National Institute of Public Administration and Civil Officers Training Academy will be developed into a Public Administration Training Complex in one campus so as to have effective communication and coordination among them. They will be able to train every year 1,200 officers of different level. It is estimated that the number of officers in the Government will stand at 24,500 in 1985, out of them 9,900 will come under the scope of training programmes of the three institutions. Thus the training facility will cover about 60 percent of the eligible staff. Besides training in these institutions, new recruits into professional and technical services under the new cadre management system will be required to undergo basic training in administration. Arrangements for such training will be made within the framework of the existing public administration training network through specially designed short courses. For efficient office management staff training has also to be given due emphasis. For this purpose, existing Staff Training Institutes at Dhaka and other divisional headquarters will be further strengthened. These institutes will have an estimated training capacity of 1,950 persons a year. This means a coverage of 21 percent of those (1,06,000) who will need training in the total secretarial staff strength estimated to reach 1,50,000 in 1985.

154. Outside public administration there is also a great need for further improvement of management capability of public sector corporations. The requirement for training in this sector will be considerable during the Plan period though quite a good number of jute and cotton textile mills will be transferred to their local owners. The number of trainees is estimated to be over 50,000. A national coordination committee on management and training in the Ministry of Commerce and Industries may be set up to develop a comprehensive training programme for public enterprises. To meet the demand of this sector, Bangladesh Management Development Centre should be expanded. Further, creation of a professional cadre of managers to meet the demand of public sector enterprises needs to be considered.

155. The strategy of rural development requiring decentralization of public administration and establishment of local government will need to be matched by development of local level planning, implementation and organization capability. The corresponding training facility will be provided by the Local Government Institute, Bangladesh Academy for Rural Development (Comilla), Rural Development Academy (Bogra), Rural Development Training Institute (Sylhet) and Cooperative College and Zonal Institutes. The nature and size of the training need for local administration, local government and village level production organizations should be assessed in details to develop a well articulated and phased programme for training.

156. *Sports and Culture* : Sports and cultural activities are essential ingredients of national development and reflect the physical and mental progress of people. Following Independence these activities therefore attracted



greater interest of people and the Government. Among other things, a number of stadia were built at district and sub-divisional levels; Thana schools were provided with play grounds and a women sports centre was built at Dhaka between 1973 and 1980. The Second Plan also recognizes the importance of sports and cultural activities in national life. Its main emphasis is however on improvement of the standard of sports and games and on such community activities as boy scout, girls guide and jamborees. For improvement in standards, training courses will be arranged for national players, coaches, referees and umpires and competition at national and regional levels will be organized in an intensive way. Alongwith such emphasis stadia at division, district and sub-division levels will be further developed to expand sports activities and organize competition. To locate talents, training will be arranged at division and district levels in 7 areas of games. For round the year practice, an indoor stadium also will be constructed in Dhaka.

157. In the field of cultural activities, the major programmes will consist of expansion of library services all over the country, promotion of Bangla literature, development of fine arts and performing arts of the country and preservation of national history and heritage. During the Plan period, a national library will be set up as the biggest repository of books and periodicals in the country and an art complex will be built in the precinct of *Shilpakala* Academy consisting of the Academy, a national academy of performing arts, Nazrul Institute and *Shilpacharja* Zainul Abedin Museum. At district and sub-division levels *Shilpakala Parishads* will be set up to organize cultural activities.

158. *Mass Media* : Mass media like radio, television and press play vital role in national life. They are powerful tools to propagate new ideas about agriculture, family planning, adult education, health care, etc. The main emphasis during the Plan period will however be on the expansion of radio broadcasting system. Both medium and shortwave transmission capacities will be increased. Medium wave transmission capacity will be increased from 1,163 kw in 1979-80 to 1,412 kw in 1984-85 and the shortwave transmission capacity from 217.5 to 717.5 kw. In addition to capacity increase a new station will be set up at Rangpur. This will increase the number of stations to 6. The television coverage will be increased from 85 percent of population in 1979-80 to 100 percent in 1984-85. Six new relay stations will be established to achieve this target. In addition, special programmes focusing on rural development, food production, family planning, adult education, etc. will be broadcast through the second channel of the Central Television Station at Dhaka. For motivation of people in nation building activities and for education of people in new crafts and trades, T.V. sets will be distributed among village level institutions at subsidized rates to make T.V. an effective medium for distance learning.