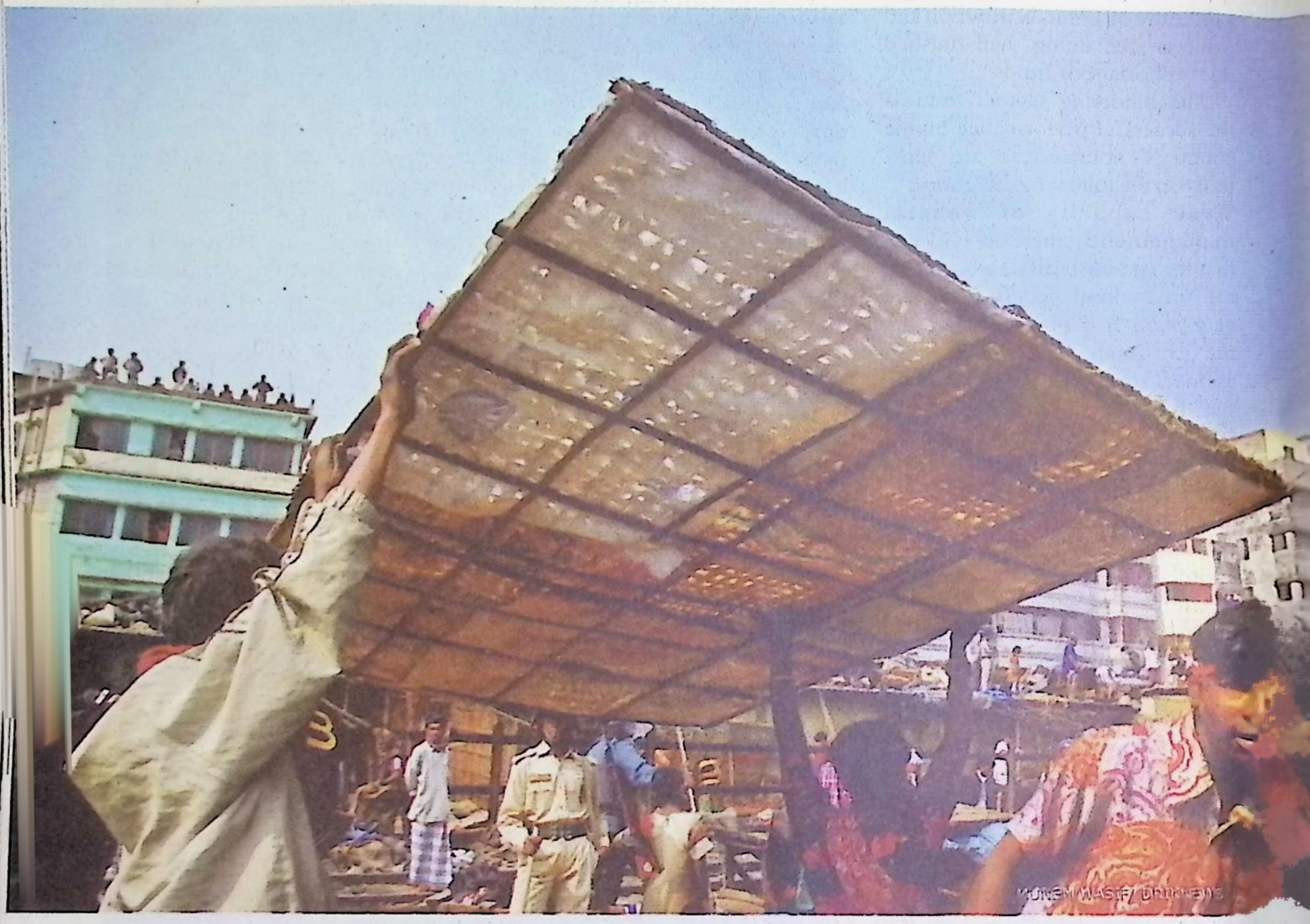


by the World Bank leads to the following results:

- The level of collection from the own-revenue sources is extremely low.
- The variation in the collection of total revenues per capita across pourashavas is extremely high.
- There is a huge discrepancy in the revenue growth rates.
- The pourashavas are heavily dependent on central government transfers for much of their revenues and this dependence has increased over time.

The main source of revenue income is holding tax. But government has in the past circulated new rules and regulations regarding tax breaks, which are contradictory to the Pourashava Ordinance 1977 and have contributed to a reduction of income.

It is stated in the industrial policy of the Board of Investment that export-oriented industries are exempted from paying local taxes such as municipal taxes. In 1999, a circular from the Prime Minister's Secretariat also mentioned that 100 percent export-oriented industries would be exempted from all kinds of municipal taxes. Due to these two circulars, tax revenue of pourashavas has been greatly squeezed.

For instance, there are about 338 small and big factories for garments, jute, pharmaceuticals and textiles among others in the Tongi Pourashava area. However, the pourashava is not empowered to collect taxes from any of these due to stated circulars.

Moreover, elected local bodies are reluctant to collect tax from city dwellers for reasons of local politics and pandering to public opinion. Reportedly, most ward commissioners and chairmen stand by tax defaulters to attain popularity.

Delegation of power: The existing ordinance gives the elected pourashava chairman all executive powers, including the power to delegate to others. In practice, there is a minimal level of delegation of powers by the executives. The roles assigned to the council and the commissioners are too vague, and the committee structures of the municipal councils do not function properly. An important element of