

STATE-OWNED FUND RAISING ENTREPRENEURSHIP AT LOCAL GOVERNMENT OF BANGLADESH FOR SOCIO-ECONOMIC DEVELOPMENT

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PURPOSE

THE main objective of this research is to find out an opportunity of state-owned fund raising entrepreneurship development at local government for earning revenue to strengthen the development fund and capacity for delivering more public services and building a balanced national economy of Bangladesh as well as other developing and under developed countries.

Design/Methodology/Approach: *The identified problem of this study is to find out the scope of developing entrepreneurship at local government for fund raising in building the national economy. This study is an exploratory research in nature. Both secondary and primary data have been used in this research. Qualitative data have been collected by conducting two Key Information Interview (KII) at two Upazila Parishads of Bangladesh. In each KII, eight participants attended the discussion. All individual opinions over the KII discussions have been recorded by using a mobile device. Two personal interviews have been also recorded from the DDLG (Deputy Director of Local Government), Khulna and DF (District Facilitator), Khulna. The data collected from the KII interviews and personal interviews have been presented analytically within the theoretical framework of social and non-profit organization.*

Findings: *In analyzing both secondary and primary data, it is found that local government is not able to create, communicate, and delivery voter-market oriented public services due to blocked grants and shortage of development fund. The KIIs have identified opportunities to establish locally produced farm-product based small and medium industries and logistic supports to facilitate the rural farmers. On the other hand, some service oriented enterprises may be established to earn additional revenue to strengthen the local government. A conceptual model has been established on the basis of secondary and primary data to define the research problem for conducting a quantitative research.*

Research Limitations: *This research has defined the research problem and scope of establishing fund raising enterprises at local government. A conclusive (experiment) research should be conducted for making decision.*

Practical Implications: *All under-developed and developing countries who are facing fund crisis for socio-economic development can apply the new concept on pilot project basis.*

Originality/Value: *This is a new concept of socio-economic development. It is an original research for the under-developed and developing countries in achieving SDGs (Sustainable Development Goals).*

Key Words: *Local Government, Entrepreneurship, Fundraising, Socio-Economic Development.*

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Introduction

Fund raising entrepreneurship at local government is a new concept to strengthen the local government and socio-economic development. This initiative may have double benefits; first is, strengthening local government by setting some locally appropriate services and manufacturing oriented, revenue generating commercial projects, which would help in earning more revenue and thereby, leading to increase in the development fund for undertaking infrastructural development projects. The second is, to enhance socio-economic development through setting locally suitable small and medium industries and service-oriented, less risky entrepreneurship using locally produced raw materials, labor including other resources by the local government under an efficient management control. Each and every level of local government like Union Parishad or Upazila Parishad, Municipality, Zila Parishad, and City Corporation may have some low risky service and manufacturing commercial projects for revenue generation to strengthen the decentralized local government and satisfy the gradually increasing demands of local people. Fund is the main factor to build capacity for providing maximum public services to the local people. A separate wing may be set at each Upazila including other services creating and delivering units of other levels of local government under the strong control of the Ministry of Industry and Local Government. An effective management system should be established like successful commercial organization at private sector headed by a Chief Executive Officer (CEO) with necessary support services as a separate department under local government. The earning profit from the State Owned Enterprises at local government will be deposited in the revenue fund of the Local Government for transferring the surplus of the revenue fund to the development fund for allocating budget in the proposed plans and projects by different committees. It may form a pilot project for setting some less risky, service-oriented commercial revenue generating projects in Bangladesh. This effort can be expanded in terms of the successful rate of this pilot project.

The local government of Bangladesh is playing an important role for executing the vision and mission of the government and an election manifesto of a winning political organization. This ability depends on the availability of development funds (Annual Development Program or ADP, other grants and surplus revenue). Very often the major part of locally collected revenue is almost finished for the salary of the employees and the operating expenses at each unit of local government (Upazila Manual, 2013). In fact, the surplus revenue and development fund are not enough to meet the gradually increasing local demand for public services. "It is taken for granted that the local government bodies in Bangladesh suffer from inadequate financial resources. By taking this into consideration, the regulations of Local Government (LG) have given its bodies the power to mobilize funds from local resources through levying taxes, hat-bazaar lease, etc. Although the Upazila Parishad (UP) grant funds from different sources, it does not receive its total share. For instance, out of the total revenue that the UP generates from leasing of rural markets, it receives only 50%. Out of the other 50%, the national government retains 25%, the upazila receives 10% and the remaining 15% is kept for the maintenance of the market. Another area of concern is that each UP receives grants from the national government under the Annual Development Program (ADP). However, it is strictly specified in laws that the LG units must use this block grant in some sectors prescribed by the central government. Such a direction hampers the planning process of the LG because it is not able to incorporate the immediate locality's needs into the plans, but the LG needs to work on the guidelines provided by the government. These types of control have made the LG dependent on the central government, which is contrary to the basic principles of the decentralized local government bodies" (Pandy, 2011, p. 219). On the other hand, the national allocation should not be termed as 'Block Grant' the term may be replaced by the term 'Inter Governmental Transfer' (Rahman & Ahmed, 2016). To meet the increasing local demands, government is gradually trying to increase the ADP allocation to each unit of different level of local government through gradually increasing the rate of different taxes and value added taxes (VAT). This effort is a force creating attitude in order to increase revenue from the businessman, mostly private sector investment. Practically, no individual want to pay any tax or VAT, they are enforced and bounded to pay taxes and duties. On the other hand, this effort should be at a tolerable level of the people and private sector investors. The businessmen sometimes protect the higher rate of corporate taxes, VAT

that affect the business (Bakht & Basher, 2015). At another extreme, micro-credit is not running successfully to bring about socio-economic development due to risky investment with higher rate of compound interest. In this context, local government can take investment risk to set fund-raising entrepreneurship as the additional new source of revenue earning besides the traditional source of revenue. To strengthen the decentralized local government, it needs continuous financial support to satisfy the local problem solving public service delivery. The proposed fund raising entrepreneurship at local government increase the development fund through converting the profit into revenue for undertaking proposed project from each committee of upazilla level and other level of local government like Union Parishad, Zilla Parishad, Municipalities, City Corporation. On the other hand, such entrepreneurship of local government will be able to make a link between local economic development and social development in terms of self employment generation, efficient usage of locally produced raw materials, poverty alleviation, and infrastructural development. The rural people want to work, avoiding the risk of micro-credit investment. In this context, if the local government undertakes the investment risk, the local economic activities will be increased. This article will be a new dimension of socio-economic development by local government in the world. It will be helpful to eliminate the bad impact of micro-credit programs (Khatun, Islam, & Majumder, 2013). The concept will also be helpful to make a balance between urban and rural economic development for equalizing the national income distribution. On the other hand, the gradually increasing rate of different taxes and VAT restrict the private sector investment. In this context, this new concept will reduce the dependability on tax and VAT based revenue sources. Of course, it would be a new source of revenue generation for multi-purpose socio-economic development of Bangladesh.

Literature Review

Definition and Scope of Entrepreneurship Development

“Cantillon, an Irish man living in France, was the first who introduced the term ‘entrepreneur’ and its unique risk-bearing function in economics in the early 18th century. He defined entrepreneur as an agent who buys factors of production at certain prices in order to combine them into a product with a view to sell it at uncertain prices in future” (Khanka, 2012, p. 5). The entrepreneur, according to Knight, “is the economic functionary who undertakes such responsibility of uncertainty which by its very nature cannot be insured, nor capitalized nor salaried too” (Knight, 1965, p. 57). An entrepreneur is one who combines the land of one, the labor of another, and capital of yet another, and, then, produces a product (Say, Princep, & Biddle, 1827). Marshall (1936) advocated the significance of organization among the services of special class of business. Innovation to the entrepreneur plays an important role. On the basis of the above discussion, entrepreneur is intimately associated with the three elements namely, risk bearing, organizing, and innovating. Thus, an entrepreneur can be defined as a person who tries to create something new, organizes production, and undertakes risks and handles economic uncertainty involved in enterprise. Entrepreneurship is the attempt to create value through recognition of business opportunity, the management of risk-taking appropriate to the opportunity, and through the communicative and management skills to mobilize human, financial, and material resources necessary to bring a project to fruition (Duffy & Stevenson, 1984). Entrepreneurship is the purposeful activity of an individual or a group of associated individuals, undertaken to initiate, maintain or aggrandize profit by production or distribution of economic goods and services (Cole, 1959).

According to the above discussion, entrepreneurship refers to the functions performed by entrepreneurs. In other words, entrepreneurship is the act of being an entrepreneur. Actually, it is a process of giving birth to a new enterprise.

Social Entrepreneurship of Public Sector Organizations

“The term social entrepreneurship is being adopted and used extensively, but its meaning is not widely understood. In particular, the scope of social entrepreneurship in both business and the

voluntary sector has not been mapped effectively” (Thompson, 2002, p. 412). This paper seeks to do this.

“The acceleration of economic reform in the early and late 1990s has highlighted repeatedly the importance of social welfare for maintaining economic growth, social stability, and political authority. Indeed each of these decade-long goals of China’s government can be seen to rest on either establishing or maintaining an accessible social welfare package. Economic growth requires further enterprise reform, which in turn requires alternative forms and funding of worker’s social welfare” (Croll, 1999, p. 684). Economic theories of the non-profit sector suggest several different ways of understanding the relationship between government, private, and not-for-profit organizations. In particular, different strands of theory support the alternative views that non-profits (a) operate independently as supplements to government, (b) work as compliments to the government in a partnership relationship, or (c) are engaged in an adversarial relationship of mutual accountability with government. A historical review of the United States revealed that all the three views have validity and that government and non-profit sector relations must be understood as a multilayered phenomenon. In this article, the foregoing analysis is extended internationally. The three theoretical perspectives are applied to four countries: the United States, the United Kingdom, Israel, and Japan, in an effort to illuminate non-profit government relations in those countries and to assess whether the multilayered approach provides a substantially richer understanding than any one of the theoretical perspectives. Etzkowitz (2003) suggested that, “innovation is increasingly based upon a ‘Triple Helix’ of university-industry-government interactions. Government acts as a public entrepreneur and venture capitalist in addition to its traditional regulatory role in setting the rules of the game” (p. 293). Moving beyond product development, innovation then becomes an endogenous process of “taking the role of the other”, encouraging hybridization among the institutional spheres (Zerbinati & Souitaris, 2005). In this paper, the author explores the potential role of entrepreneurship in public sector organizations. At first, he presents a review of the entrepreneurship theme in the political science and public management research streams, comparing these ideas with the mainstream business literature on entrepreneurship. Thereafter, he illustrates empirically how Stevenson’s classical framework of entrepreneurship can be applied in a European local government context to explain the recent initiatives to compete for and utilize the European Union structural funds. The empirical basis of the study is comprised of ten in-depth case studies of local government organizations, five in the UK and five in Italy. Finally, the author proposes five distinct types of entrepreneurial agents in the public sector: professional politician; spin-off creator; business entrepreneur in politics; career-driven public officer; and politically ambitious public officer (Perlmutter & Cnaan, 1995). The author addresses the role of local public administrations in an era of tax base decline, diminishing state and federal support, and intensified public demand for more and better services. Perlmutter & Cnaan (1995) argue that the policy of fundraising and development is one solution to this dilemma. The author acknowledges that private support for public services is not a new idea or practice. However, the institutionalized policy of capital campaign and donation seeking from private sources on an ongoing basis to fund traditional public services is the essence of this new policy. Hubbard (1995) suggested that, “local government entrepreneurship in China in the reform era is argued to have been instrumental in the growth and market-oriented reform. Economic factors are emphasized in explaining both, its rise and anticipated decline. Undeveloped markets and established local state trading networks favored agencies of the local state in exploiting business opportunities arising from deregulation. However, market development and increasing autonomy of firms are now reducing the advantage of local government business agencies and they face a diminished and changed role” (p. 335). “Social entrepreneurs are one of the most important source of innovation. They identify under-utilized resources, people, buildings, equipment, and find ways of putting them to use to satisfy unmet social needs. They innovate new welfare services and new ways of delivering existing services. Social entrepreneurs who deploy entrepreneurial skills for social ends are at work in parts of the traditional public sector, some

large private sector corporations, and at the most innovative edge of the voluntary sector” (Leadbeater, 1997, p. 2). Macnaghten & Jacobs (1997) uses focus groups, drawn from different sections of the Lancashire public which sought to cast light on the public understanding and identification with sustainable development. Considerable public support was found for the idea that, current ways of life are generating problems for the future and that economic activity would have to be held within environmental limits. However, there was very little support for the idea that sustainability would be achieved through government and business initiatives. Froelich (1999) examined “the effects of three major revenue strategies in non-profit organizations. Evolving resource dependence is demonstrated by the shifting reliance on each source of funds: private contributions, government funding, and commercial activities. A wide-range of literature review is condensed into summary profiles comparing revenue volatility, goal displacement, process, and structure effects of each strategy. The profiles are drawn upon to anticipate potential advantages and disadvantages of increasingly diversified revenue strategies employed by nonprofits to combat resource dependence. The potential interaction effects raise critical but unanswered questions about non-profit performance, legitimacy, and public policy issues” (p. 246). Carroll & Stater (2009) investigates whether revenue diversification leads to greater stability in the revenue structures of non-profit organizations. The paper suggest that “non-profits can indeed reduce their revenue volatility through diversification, particularly by equalizing their reliance on earned income, investments, and contributions” (p. 947). Flora, Sharp, Flora, & Newlon (1997) pointed that a “community embedded perspective hypothesizes that nonmetropolitan localities having high on entrepreneurial social infrastructure (ESI) are more successful at implementing economic development projects, than those lacking ESI. ESI is a format for converting social capital into organizational forms that facilitate collective action. Logistic regression revealed that localities with projects were more likely to have an unbiased support, multiple contributions by financial institutions to community projects, and more external linkages. Project communities place more emphasis on citizen involvement through civic organizations than through local government. Community-based patterns of interactions and organization are associated with successful collective economic development action” (p. 623).

Reactions of the Private Sector Investors on Fund Upraising Budget

In every year, the expenditure of government is gradually increasing for meeting the unlimited demands of the people of the country. In this context, the government is gradually imposing higher taxes, tariffs, VAT, and other duties. In Bangladesh, a budget for the fiscal year 2016-17 has been declared in the National Parliament with high targeted revenue collection for increasing the level of public services from national and local government levels of Bangladesh. Here are some important information on how the government attitudes of fund uprising through increasing taxes, tariffs, corporate taxes affected the business and industries. The immediate reactions of some business leaders are given below:

Leading economists and businessmen argued that the new budget lacks specific policy directions for boosting private investment matching with an ambitious revenue target set for funding upraised budgetary outlay. In their immediate reaction after the presentation of the TK 3,406 trillion budget in parliament, they said revenues will mainly come from the business but it is hardly possible to mobilize resources and ensure satisfactory investment in the private sector. Economists were critical of proposed high domestic borrowing as it will result in increased interest payments at the expense of taxpayer’s money. Economists claimed that they did not get any specific direction on how to stimulate the private investment which hovers around 21 percent, although, it needs to be raised to at least 27 percent to attain expected level of economic growth. Bakht & Basher (2015) pointed out that the corporate tax remained unchanged in the proposed budget, which according to him, is discouraging potential and existing investors from taking up new ventures or expanding their plant sizes. President of Dhaka Chamber of Commerce and Industry (DCCI) stated that local

industries will lose competitiveness if the supplementary duty is withdrawn on a number of products (The Bangladesh Accountant, 2016). President, Federation of Bangladesh Chamber of Commerce and Industries (FBCCI), thanked the government for reinstatement of package VAT. But he said they will sit with the government for a cut in the rate of package VAT as the budget proposed a cent-percent increase (Bdnews24.com, 2016). It was stated that the imposition of supplementary duties on 1440 products would cause problems to the local industries. It was pointed that, the local industries will lose competitiveness if the supplementary duty is withdrawn on a number of products. Also, the reduction in corporate tax for the ready-made garment sector to 20 percent, while keeping it for other industries unchanged is a point of concern. The leading businessmen noted that this should apply to other industries, too, especially the potential sectors and the SMEs. The cost of living would increase due to the proposed cent-percent hike in package VAT in the proposed budget. Besides, the entrepreneurs of Small and Medium Enterprises (SMEs) will be discouraged from making the investment. Hailing various fiscal measures in the proposed national budget for the financial year 2016-17, the Metropolitan Chamber of Commerce and Industries has termed the target of attainment of increased revenue collection as a major challenge for the government. In its mixed reaction to the TK 3.4 trillion proposed budget placed by the Finance Minister in the parliament, the chamber suggested that enterprises should not be burdened excessively with a view to achieve the high revenue target of TK 2.42 trillion. The given reactions of the leading businessmen of Bangladesh on the government fund upraising budget for revenue collection is calling for a new source of revenue. In this context, fund-raising entrepreneurship at local government would be a new way of collection of revenue in order to expand the profit for socio-economic development. There should have no remarkable reaction of the private sector investors and local people because it is only for revenue generation, to strengthen capacity for delivering more services to the local people, and rural economic development.

Takagi (2000) concluded that developing economies, which intend to develop domestic production base and create employment opportunity, have to invite the inflow of foreign financial resources including the foreign direct investment, while raising or keeping the domestic saving ratio. Singh, Nagy, Villanyi, & Kaposzta (2008) stated that government, industry, and the academia work together to develop and market intellectual property products which alone can increase the per capita revenue non-linearly. Sinha, Singh, Gupta, & Dutt (2010) suggested that if an organization's culture is to contribute towards enhancing performance, it must be both "dominant" and possess distinctive "traits": particular values, beliefs, and shared behavior patterns. Some scholars have claimed that positive cultural traits boost performance in proportion to the strength of their manifestation.

Research Gap

It is clear from the earlier sections of literature review that many studies have been conducted related to entrepreneurship development. For example, in the world of social entrepreneurship, entrepreneurship in the public sector, relationship within the non-profit organization, government and private organizations, public identification with sustainable development, rise of the social entrepreneurship, etc. It is found that no research has yet been conducted on how the local government can raise the development fund by setting some commercial revenue generating projects in building capacity, for providing better services to the local people in socio-economic development. In one section of this literature review, Thompson (2002) stated that, the social entrepreneurship concept is not clear in business and voluntary sectors in defining how it is working in socio-economic development. Croll (1999) has highlighted how economic growth is dependable on political stability and social welfare. Young (2000) has stated, how the non-profit organizations are working as a supplement to the government. He did not mention how local government can be strengthened by raising fund as a non-profit organization to best satisfy the nation. Etzkowitz (2003) stated that how a government is acting as a public entrepreneurship to support the private entrepreneurship. He did not state that, how local government entrepreneurship can support directly in building the rural economy by encouraging the farmers for further production.

Zerbinati & Souitaris (2005) pointed out, how entrepreneurship can be applied in the context of European local government. He did not explain how the earned revenue can be converted into development fund in building capacity for providing social services for the healthy labor force as the precondition of economic development. He did not explain that how local government entrepreneurship can play an important role in poverty alleviation. Hubbard (1995) said that market development and increasing the autonomy of local firms are now reducing the advantage in China. In fact, major markets in Bangladesh are underdeveloped. The private sector investments are not encouraging for higher corporate tax and other government charges like fuel, electricity, gas, etc. So, the advantages of entrepreneurship at local government in Bangladesh are available. Macnaghten & Jacobs (1997) said that government support for the generation of idea is significantly important for economic development. Entrepreneurship at local government for fund raising is a new idea in Bangladesh in building the national economy. At present, the economic growth is fully dependable on private sector entrepreneurship. The public and private (PP) partnership is not being encouraged. On the other hand, hiking tax, VAT, duties, tariff are discouraging the private entrepreneurship. In fact, the traditional revenue collecting sources are gradually being reduced. Therefore, the government should reduce the rate of corporate revenue from the business community to support the private business for economic development. In this context, it is observed that no reviewed literature state on how entrepreneurship at local government can raise the socio-economic development fund in building the national economy. Therefore, there is a scope of study on entrepreneurship at local government in building national economy of Bangladesh.

Conceptual Framework

On the basis of literature review, it is observed that the institutes like Union Parishad or Upazila Parishad, Municipality, City Corporation are non-profit social organizations in character. Each and every non-profit organization is always involved in delivering services for socio-economic development. They are fully dependable on revenue, grants, donations, and subscriptions. But sometimes their funds are not able to achieve their goals in terms of socio-economic development. In this context, they can set some sort of fund raising commercial projects to earn revenue, not profit, only for strengthening their capacity to expand the service delivery toward their mission. In the literature review, it is found that a large number of non-profit organizations in the world are raising their funds set by commercial projects. For example, world's largest NGO, Brace, has set enterprise only for fund raising to expand its capacity to provide social services. Similarly, all institutes of local government can set fund-raising commercial projects for generating revenue, for strengthening their revenue fund, to deliver more services, to best satisfy the local people, to achieve the sustainable development goal (SDG) for a balanced socio-economic development. On the other hand, the main objective of fund-raising entrepreneurship is socio-economic development in terms of employment generation, poverty alleviation, rural development, equal distribution of income. Almost all the national government of the world, including Bangladesh, is operating state-owned industries only for generating revenue, not for profit; therefore, local government can set commercial projects for fund-raising to expand its service delivering ability. This initiative may be a model of socio-economic development in the world. The key variables of the concept are: (1) upraising revenue fund by setting social entrepreneurship; (2) capacity building in delivering more public services; (3) employment generation for poverty alleviation; (4) rural economic development; (5) making a balance between social and economic development. A conceptual model is shown in figure no. 1.

Objectives of the Study

The main objective of this research is to find out the opportunity of fund raising at local government for earning revenue through developing entrepreneurship, to strengthen the services providing capacity for the local people, and building the national economy. The specific objectives are:

1. To identify the scope of developing entrepreneurship at local government for increasing revenue fund in building the capacity of local government.
2. To examine the opportunity for employment generation in alleviating poverty.

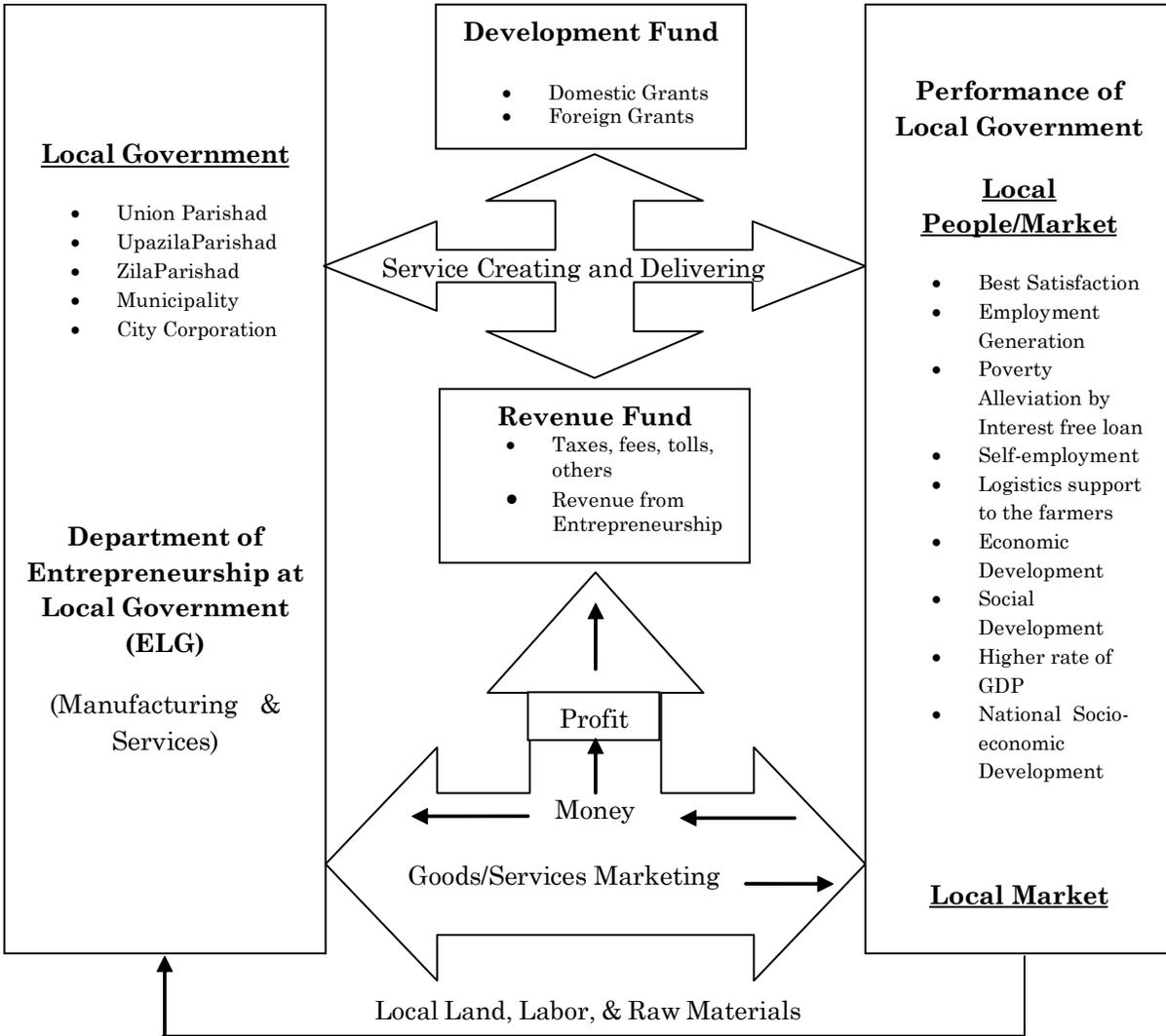


Figure No. 1: A Conceptual Model of Fund-Raising Entrepreneurship at Local Government for Socio-Economic Development

- To strengthen the capacity of local government for undertaking more projects to satisfy the increasing expectations of the local people.
- To make a balance between economic and social development in the rural economy.

Methodology of the Study

The identified problem of this study is to find out the scope of developing entrepreneurship at local government for fund rising in building the national economy. This study is an exploratory research in nature. Qualitative data have been collected by conducting two Key Information Interview (KII) at two Upazila Parishad named Phultala Upazila Parishad and Dumuria Upazila Parishads under Khulna district of Bangladesh. In each KII, eight participants attended the discussion. Upazila Chairman, two Vice-Chairman, Upazila Nirbahi Officer, Agriculture Officer, Engineer, Samaj Seba Officer, Education Officer, Fishery Officer, Livestock Officer have taken part in the discussion. All individual opinions

over the focus group discussions have been recorded by using a mobile device. Two personal interviews have been also recorded from the DDLG (Deputy Director of Local Government), Khulna and DF (District Facilitator), Khulna. The data collected from the focus group interviews and personal interviews have been presented analytically within the theoretical frame of social and non-profit organization.

Findings of the Study

Discussion with the Phultala Upazila Parishad of Local Government

A focus group discussion has been conducted at Phultala Upazila Parishad, Khulna. Upazila Chairman, Vice-Chairperson (female) Upazila Nirbahi Officer, and some other officers took part in the discussion. The focus group said that entrepreneurship at local government might be the alternative way for raising development fund to build the capacity in delivering optimum services to the local people. The Upazila Chairman said that expanding tax area and increasing tax rate can be helpful in raising revenue for increasing development fund. But, this effort would not be greater than state-owned-entrepreneurship development at local government. He also said that some commercial projects like, water supply, cold storage, might be a profitable investment to increase fund but miss-management is a major problem to run these commercial projects. In this regard, some efficient manpower is needed who have a good knowledge in marketing and management. The Ministry of Industry or Ministry of Commerce can set a new unit for profitable business operation at each Upazila. The Vice-Chairperson (female) said that developing entrepreneurship at local government might be a new concept in poverty alleviation instead of micro-credit because the success probability of micro-credit is interrupting due to the higher rate of interest. Actually, the poor people want interest free loan for investment to earn money. She also said that, the poorest people might be deployed in different commercial projects like transportation (bus, truck, auto-rickshaw, rickshaw), poultry farm, etc.

The fishery officer said that the concept is good but maintaining and operating the appropriate businesses is a major problem. The social welfare officer said that this new initiative will help the local government for undertaking different service generating projects to better satisfy the local people. He also said that the locally appropriate entrepreneurship or investment might be the alternative of micro-credit for employment generation. Because, it is observed that the poorest people often use micro-credit for consumption purpose ignoring the investment purpose for income generation. As a result, the amount of loan turns into bad debt. In this regard, the poor people are getting poorer in the long-run. In this connection, entrepreneurship of local government can be a very good initiative for poverty alleviation by employment generation. The Upazila engineer said that the entrepreneurship by the local government might be a new initiative for poverty alleviation by undertaking suitable commercial projects. The earnings from these projects might be allocated to the poorest people as a loan for income generating purpose. On the other hand, the poorest people might be employed in these commercial projects in the appropriate working fields. This initiative by the central government will be able to strengthen the capacity of local government for local development. Therefore, the rural economic development will contribute to the development of the national economy as well as social development. But effective manpower is required in selecting and implementing demandable less-risky commercial projects. ECNEC (Executive Committee of National Economic Council) can be started by undertaking some pilot projects at Upazila, Municipality, and City Corporation of the local government. If these pilot projects can run successfully in raising fund for development then the entrepreneurship at local government can be expanded gradually at all Upazila, Municipality, and City Corporation in Bangladesh.

The Upazila Nirbahi Officer said that people do not want to pay taxes or other government charges. Very often, they are not so interested in paying tax, VAT, etc. The local government always looks for the fund from the central government for development activities. In this context, local government

should find new sources of fund for local development. In this, Upazila, nursery industry, day care center for female workers, departmental store, weaving industry, cold store, fishery, apartments are the potential sectors. But the question arises, who will finance these projects? Central government should come forward for successfully implementing these projects. Therefore, there is a scope of entrepreneurship at local government for fund raising in building the national economy. She also said that, the earning of profits by setting potential commercial projects will contribute to alleviating poverty in strengthening the ability for allocating loan to the poor people at a lower interest or interest-free loan. This effort might be the substitute of higher rated loan allocated by NGOs and other banks. On the other hand, entrepreneurship at local government will lead to employment generation for the local people. Micro-credit is doing business by exploiting the poor people. It is great business for the NGOs in Bangladesh as they are charging a higher rate of compound interest from the poor people. Very often, the poor people fail to repay the loan amount with a compound rate of interest. There are some professional loan receivers who are taking a loan for giving installment of another loan, in this way, poor are becoming poorer. In this connection, entrepreneurship at local government can be a new concept in alleviating poverty from Bangladesh. The UNO also said that there is some scope of setting commercial projects for fund raising but it requires financing. The national government may finance subsequently in the entrepreneurship at local government by forming a project encouraging foreign grants.

Discussion with the Dumuria Upazila Parishad of Local Government

The second focus group discussion has been conducted at Dumuria Upazila, Khulna. The Upazila Chairman, Vice-Chairman (male), Vice-Chairperson (female), Upazila Nirbahi Officer, Agriculture Officer, Livestock officer, Social Welfare Officer, Cooperative Officer, Youth, and Sports Officer took part in the discussion. The Upazila Chairman said that entrepreneurship at local government for fund raising is a very good concept. At present, the Upazila Parishad fail to undertake necessary development projects to meet the local demand due to the inadequate development fund. There is a great scope of generating employment by developing entrepreneurship at local government. This Upazila is famous for vegetable producing region because a huge amount of vegetables are transported in Dhaka. In this context, transporting business might be a potential unit for earning revenue for raising development fund. Besides this, fishery, dairy farm, cold storage might be set up in this Upazila. This initiative might be the substitute of micro-credit by increasing the ability for allocating interest-free loan for the self-employment from the Upazila development fund. The entrepreneurship of local government might be an attractive way of economic development in terms of effective policy and management by the central government.

The Upazila Nirbahi Officer said that the entrepreneurship at local government is a very good concept no doubt. But, before undertaking attractive commercial projects for fundraising, effective management should be developed at local government. Suppose, in transporting business, the entrepreneur needs some skilled people and a unit for operating and maintaining the business. Government logistic support can ensure the higher price to the farmers. A separate management unit might be set up under the Ministry of Commerce or Ministry of the Industry which can effectively operate the commercial projects in raising development fund at each Upazila. This initiative can also control the price level in favor of the consumer for consuming farm products at a lower price. Sometimes, the local government might be able to finance the central government also. He also said that the entrepreneurship at local government will be able to increase the growth rate of GDP. A strong committee might be formed to run the commercial projects effectively and efficiently. 10% profit might be allocated among the members of this committee to encourage them.

The Upazila Vice-Chairman agreed with the opinions of the UNO. He added that there is a great opportunity for generating employment in suitable commercial projects at local government level. Healthy development fund will help the entrepreneur for allocating interest-free loan for self-

employment. This initiative will be able to discourage VGF program. Therefore, rural economy will be stronger and the overall capacity of local government also will be increased. The Vice-Chairperson (female) agreed with this statement given by the Vice-Chairman (male). She argued that micro-credit is no longer effective for poverty alleviation. The government should find the new way of employment generation and poverty alleviation. The Social Welfare Officer said that it needs to develop a national policy for executing this concept. A new separate management unit must be set up under the Ministry of Commerce or Industry. He said that the success rate of micro-credit is only 5-10%. In this context, entrepreneurship at local government might be an effective tool for generating employment for the local people.

The Cooperative Officer said that the concept is very good and has potential but, management challenge is significantly important. A cooperative wholesale market might be established at Dumuria for farm products. All farmers will sell their farm products in this market. The vendors will purchase the farm products from here to send it to the urban area. A supermarket might be established for the local target group. A sales center might be set up for handicraft products for encouraging the local cottage industries. In this context, Parishad can invest in logistic support like track, warehouse, cold storage, etc. Here is a scope of employment generation to strengthen the socio-economic development. Most of the people in this Upazila are farmers. They expect such a loan which will be paid after investment return. But in micro-credit system, loan recipients are bound to start installment payment. Therefore, this system is not so effective in generating self-employment. In this connection, entrepreneurship at local government can play a significant role in employment generation and flourish the development activities.

The Upazila agriculture officer said that it is very urgent to raise fund for strengthening the local government for generating public services to satisfy the local people. In this view, entrepreneurship at local government is a good concept in terms of fundraising to undertake socio-economic development projects and employment generation for the local people. In fact, the central government should handover a new management unit under the Ministry of Industry or Ministry of Commerce. He added that setting services oriented commercial projects at Local Government might be more profitable potential sectors like establishing a training center, public transportation, high-rise commercial building, community center, warehouse, cold storage, etc. He also added that rice mill is another potential commercial project. Now the government of Bangladesh is purchasing rice instead of paddy. For raising development fund, entrepreneurship is better than taxes and VATs because the people do not want to pay higher tax and VAT. ECNEC should conduct an experiment in some Upazila Parishad for examining the success probability on a pilot basis. The Livestock Officer said that a dairy farm might be established targeting the greater Khulna market. In this project, employment will be generated for collecting milk from the farmers, producing packaged milk, and distribution of the packaged milk.

Personal Interview with the Deputy Director of Local Government, Khulna

The Deputy Director of Local Government (DDLG) said that entrepreneurship at local government is a very good proposal for fund raising in building the national economy of Bangladesh. Very often, the government of Bangladesh looks for foreign donations to allocate development fund to the local government for implementing Annual Development Program (ADP). Without enough fund, the local government is not being strengthened at the optimum level. Actually, the government tries to achieve its mission & vision by using the local government. Therefore, the success of a government depends on the adequate fund for performing development activities. People do not accept higher tax and VAT rate and increasing the tax area. So, local government should have a self-sufficient fund for undertaking various development projects. But, before undertaking revenue earning, profitable commercial projects, a strong management unit should be established at Upazila level. This unit would be responsible for profit and loss of fund raising commercial projects. The executive

of this unit has to identify the potential area of undertaking commercial projects for raising fund. All employees of this unit should have commerce background for forecasting, business analysis, and managerial skills for smoothly running the projects. A special bonus might be provided for the incentive of the management unit to encourage the business activities effectively and efficiently. On the other hand, a special Act should be imposed to control these commercial projects strongly and profitably. He added that entrepreneurship at the local government has two benefits. They are: rising development fund and employment generation.

The entrepreneurship at local government will be able to bring about socio-economic development by increasing the GDP growth rate and new employment opportunities for the local people. Micro-credit is no longer a good concept in alleviating poverty due to a higher rate of interest and hard recovery terms and conditions. He said, locally arranged commercial projects might be a new way of poverty alleviation by creating new working field. Local poor people might be employed in these commercial projects on the basis of their quality. In this context, it is a very good concept for strengthening the rural economy. He commented that this initiative would be a sustainable effort for developing national economy as a whole. But it requires skilled manpower with commercial knowledge. The employees should be honest, which is the major drawback of entrepreneurship of local government.

Personal Interview with the District Facilitator of Khulna (DF)

The District Facilitator said that the local government structure of Bangladesh is well structured than other countries of the world. He shared his experience about the local government structure of some neighboring countries like Malaysia, Vietnam, China, India, etc. He added that there are twelve special units under twelve Ministries in the local government of Bangladesh. He said that entrepreneurship at local government is a new concept for fundraising, for flourishing the development activities, to satisfy the local people in Bangladesh. For undertaking suitable and profitable commercial projects, almost all kinds of technical experts are available here without business experts. Agriculture Officer can provide technical support in undertaking farm product based commercial projects, Livestock Officer can provide technical support in developing poultry farm. Fishery Officer can provide in developing fishery farm. Cooperative Officer can form a commercial cooperative for raising development fund. He said that the officers are looking for a new instrument and the new field of work. In this context, effective training to the officers at local government will be able for undertaking different commercial projects in raising fund for generating employment and building the national economy of Bangladesh.

Challenges

Some challenges have been found in this exploratory research to introduce the entrepreneurship development concept at local government. They are as follows:

1. The concept may be failed due to lack of proper management.
2. The Institutions of local Government are only the public services providers, not an Institution for business.
3. The existing law and manuals do not permit for setting any commercial project for revenue generation.
4. There is no necessary department and small industrial or commercial skill for operating the revenue generating commercial projects at local Government units.
5. There is no enough expertise to supervise the overall activities of local government. DDLG is basically a Government Officer at Zila Parishad of local Government.

Recommendations

1. It is found, through analysis of the collected qualitative data that, there is a scope of establishing manufacturing and service-oriented enterprises at local government. Each Upazila is famous for specific raw materials, and resources for creating products or services. Therefore, each Upazila has the separate scope of undertaking commercial or industrial projects for revenue and employment generation.
2. The main objective of the fund raising commercial projects or entrepreneurship development at local government is to generate revenue as profit, not profit for any personal interest. In socialism, entrepreneur interest, rather than it is distributed for the society. The profit of entrepreneurship would be converted into revenue for social development. On the other hand, setting state-owned commercial projects for economic development at local government would be a socio-economic development effort in achieving SDGs.
3. First of all, a separate management unit should be established under the Ministry of Industries which would be handed over to the local Government Department. The Chief Executive of this unit must have excellent commerce background in the field of small industry. The designation of this new post might be Chief Executive of Entrepreneurship, local Government. He should be a commerce graduate having a good result and practical experience in effective planning, implementing, and controlling of commercial projects as the Chief Executive Officer (CEO) in Multi-National Company (MNC). All the supporting employees should be commerce graduates with practical experience.
4. A new clause in the present law for local Government should be incorporated for entrepreneurship development at local government units.
5. A new cadre for DDLG should be incorporated at Public Service Commission for proper supervision of the overall activities of the local government.
6. The Public Service Commission should create a new cadre named Industries cadre for selecting and supplying the right industry managers at the Department of Industries of local Government and state-owned Industries of the National Government. The age limit of this cadre would be 30-40 years old for hiring industrial talents and experienced candidates from the industrial and business sectors. The salary for this new post would be fifth or sixth grade with 10 percent commission on the monthly earned profit. The other employees of this unit may have a similar incentive to apply the self-controlling management technique to run all commercial projects profitably.
7. The Department of Entrepreneurship at local government (ELG) should have an organizational structure containing one Chief Executive, one Research Officer, one Maintaining Officer, and an Accounting Officer. Each Officer should have a secretary with the computer cum typist. Three LMSS might be set in this department. In fact, Each Upazila has a multi-disciplinary technical department like agriculture, fishery, livestock, cooperative, social welfare, youth and sports, engineering, forestry, health, etc., for necessary technical support for entrepreneurship development.
8. The ELG unit will conduct marketing research for undertaking attractive and potential sectors for commercial investment in raising development fund and generate employment for the local people.
9. A new project can be formed named Entrepreneurship Development at Local Government (EDLG) encouraging foreign grants to set up Department of Entrepreneurship at Local Government (DELG) for operating some commercial projects on a pilot basis. If the financing in developing entrepreneurship at local Government is assessed successfully, this initiative can be expanded gradually in all the Upazilas, Municipalities, and City Corporations.
10. The local government can undertake both manufacturing and service generating projects for earning revenue in building development fund at each Upazila. In fact, manufacturing commercial projects

is more attractive in generating employment and poverty alleviation but it is a more risky business than services generating commercial projects. The attractive manufacturing potential sectors that have been identified are a rice mill, dairy farm, handicraft, fish processing, handloom and weaving, nursery, brick, fishery, etc., and the attractive service sectors are transportation and warehousing, cold storage for facilitating the farmers by eliminating the interest of middleman. This logistic support will encourage the farmers in getting a fair price for further production which is a major problem for Bangladeshi farmers. Besides this, lake for the local people's enjoyment, high rise building for rent, day care center, water-supply, diagnostic center, sales center for handicrafts, the cooperative market for wholesalers for sending farm products to the urban area, departmental store, training center, English medium school, etc., may be set up for raising the development fund of the Local Government. These sectors are less vulnerable and less-risky for a successful business.

11. A certain percentage of the yearly earning revenue can be contributed in making a national budget for strengthening the national economy and achieving government mission and vision.
12. The entrepreneurship at Local Government can be allocated interest-free loan for self-employment from the healthy revenue earning fund by undertaking attractive commercial projects in building poverty free Bangladesh.
13. Local Government should invest in logistic support to facilitate the farmers of Bangladesh for ensuring fair price by reducing the number of middlemen. Cold storage, the warehouse can store the perishable farm products to sell it at a higher price in unseasonal time of consumption. Investment in the cooperative wholesale market helps the farmers for getting a justified price. Investment in transport agency can help the vendors to shift farm products from rural area to urban area. Rice mill project can buy locally produced paddy to sell at a higher price by using local government's transporting agency to the foodwarehouse under Food Ministry at each Upazila.

Conclusions

The findings of this study observed that the local government is facing the development fund crisis at each Union Parishad or Upazila, Parishad, Municipality, and City Corporation. At present, they are depending on the central government for their development activities to satisfy the local people. Local Government has two types of funds: one is revenue fund and another is development fund. The allotment of Annual Development Programs (ADP) is the main source of fund. This allotment is not adequate. Therefore, the socio-economic development activities of local government are interrupted. It is found in this study that, increasing rate of tax and VAT are not accepted to the general people and increasing tax would not be able to collect optimum level of revenue. In fact, government capacity is limited to allow the optimum level of the fund to the local Government in collecting higher rate of tax, VAT and other charges and foreign donations. In this connection, the Central Government can facilitate the local Government in developing entrepreneurship for raising development fund at local Government. But the main problem is unavailability of strong management expert to run the commercial projects profitably. In fact, each unit of local government can establish an effective management unit for identifying potential commercial projects and operating and monitoring them profitably by using modern management techniques under the Ministry of Industry. Effective training on marketing strategy, Introducing new Act and developing government policy on State-Owned-Enterprises can run attractive commercial projects for earning revenue. Entrepreneurship at the local government has three major benefits. Firstly, this initiative will be able to generate employment for the local people. The local people will get opportunity to work at local State-Owned Enterprises from their residence. Secondly, raising fund will increase the capacity of allocating interest-free loan among the poor for self-employment as the substitute of micro credit's disadvantages. Thirdly, the rural economy will be strengthened to build national socio-economic development by raising development fund and capacity development for making better services providing plans and projects for the local people. A new project named Entrepreneurship Development at Local Government (EDLG) encouraging foreign grants may be formed in developing

entrepreneurship at local Government subsequently on the pilot basis. This initiative can be expanded to almost all the units of local Government in terms of building fundraising in developing socio-economic development. For creating a self-development fund, emphasis should be given on income generating projects because this income will be turned into development fund later. There is no other way of generating income without doing any profitable business or producing and selling goods or services. In this context, entrepreneurship of local Government for raising fund can play an important role in building the national economy of Bangladesh. The NGOs of the world operate their non-profit activities to serve the people by collecting donations from the individual donors or donor agencies. But now the large NGOs are setting up revenue earning enterprises for making profit and turning the revenue into development fund for providing more non-profit services for the people. In Bangladesh, the largest NGO named BRAC is doing business by setting BRAC enterprise for making a profit in raising fund for providing multi-services to the nation. The same concept may be applicable to local Government of Bangladesh. The local Government should invest the limited resources into the reproductive purpose of creating a fund to strengthen the public service capability. Any new thinking or idea is neglected at an early stage, but once the idea is adapted it breaks the traditional system. The entrepreneurship opportunity in raising revenue fund at local government is absolutely a new idea. The local government easily can use their limited resources in multi-purpose goals. A dairy farm project in an Upazila can earn a profit for raising the revenue and development fund along with the employment generating purpose in contributing to the growth rate of the national economy. The generated income from this project can be used for providing further public services. Similarly, a project of setting an auditorium or community center, a cold store for storing perishable farm products, a public warehouse, oil mill, special transportation for faster-carrying farm products to the urban areas can earn income for rising development fund through increasing employment. An Upazila sales center or marketplace can be rented for creating development fund by allotting individual businessmen of the locality. A handicraft sales center can encourage the home-made handicrafts. In the discussion of the above section, it is found that there is an opportunity to identify the scope of entrepreneurship for doing business at local Government for fund raising in building the national economy. At present, the local government is using the fund for infrastructural development to facilitate the individuals and group investors in the private sector. But this initiative fails to encourage local investment for employment generation to alleviate local poverty for strengthening the local economy as well as the national economy. The local people do not have enough capital, knowledge, and skill for risky investment. But local government can take over such risk to bring about a balanced economic development in achieving SDGs.

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