

## Chapter Six

# Markets, Ethnicity and Development in the Chittagong Hill Tracts of Bangladesh

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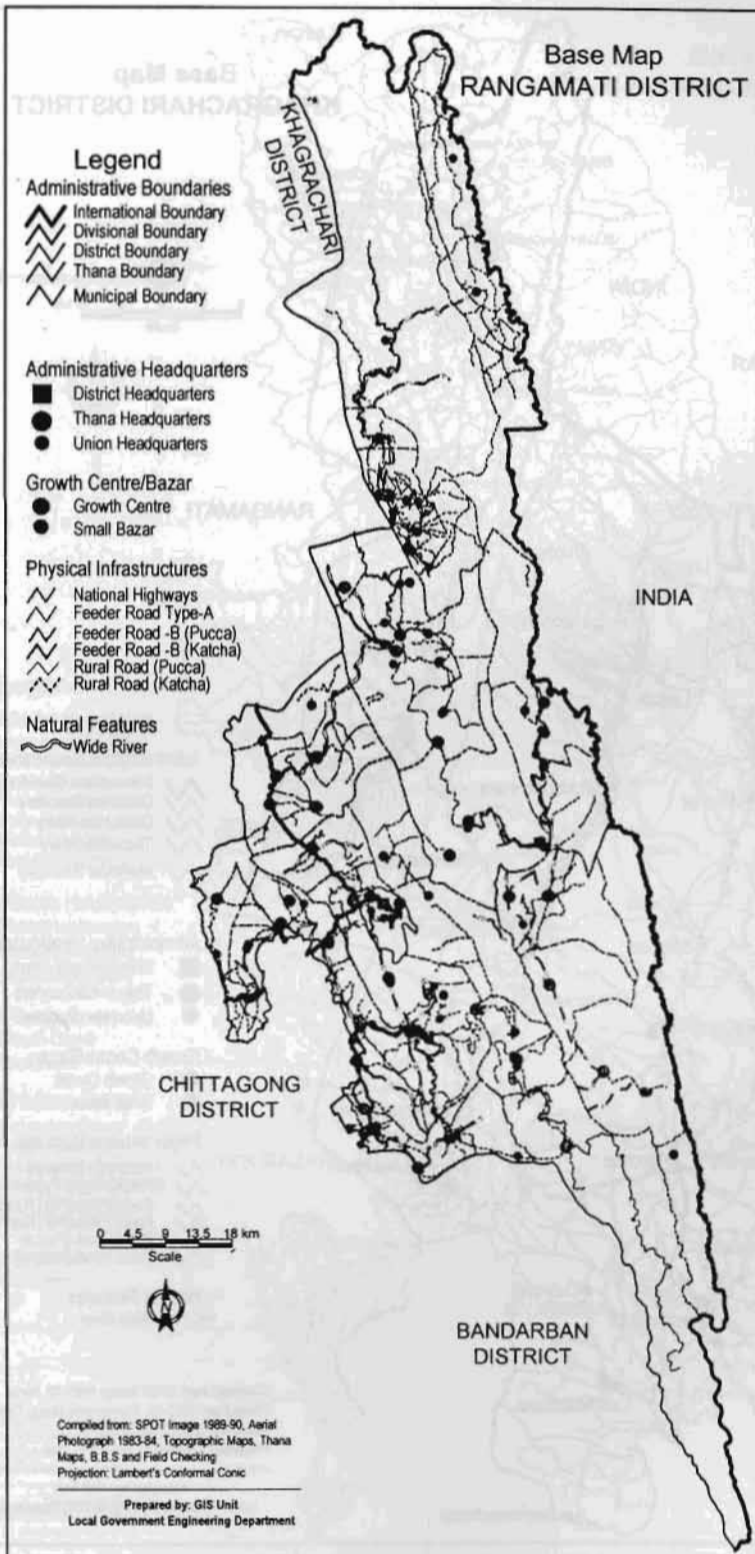
Over the last two decades, there has been a marked change in the status of market and small towns in some areas of the Chittagong Hill Tracts (CHT). In most cases, old markets have expanded substantially. In certain cases, new markets have sprung up, some of which are growing rapidly. The markets and small towns of 20 years ago were tiny, shops were few, transactions were meagre and slow, and all fell dark at dusk. Now, almost everything physical has changed; roads are metalled, shops and establishments are bigger, electric and neon lights have transformed darkness into light, hotels and restaurants are humming with customers. The merchandise is new and modern. Items are supplied directly by wholesalers, including producers from the port city of Chittagong.

However, expansion and development are not uniform throughout the CHT region (Figure 33). The extent of modernisation varies from place to place and also from district to district. It is most discernible in Khagrachari district bordering the Indian state of Tripura. Such development is not so evident in the district of Bandarban. The three districts—Khagrachari, Bandarban, and Rangamati—that comprise the CHT have a total of 95 growth centres declared as such by the Planning Commission. These are important rural markets-cum-small towns with potential for further development. They have been identified by the government for realisation of that potential through planned investment and development. Rangamati, Khagrachari, and Bandarban have 39, 29, and 27 growth centres, respectively (Figures 35, 36, and 37). There are nearly 100 small bazaars, some of which have also been identified as growth centres.

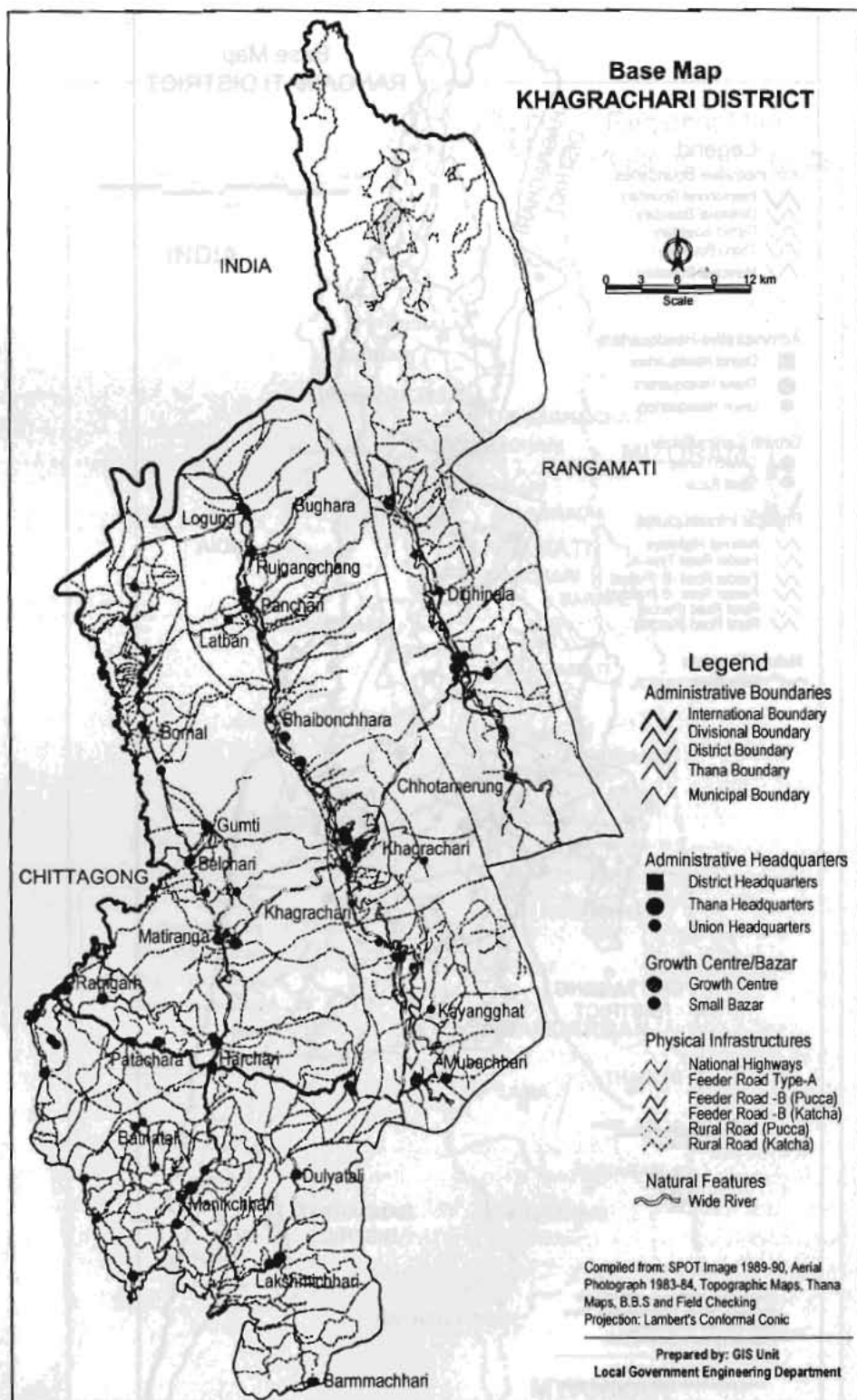
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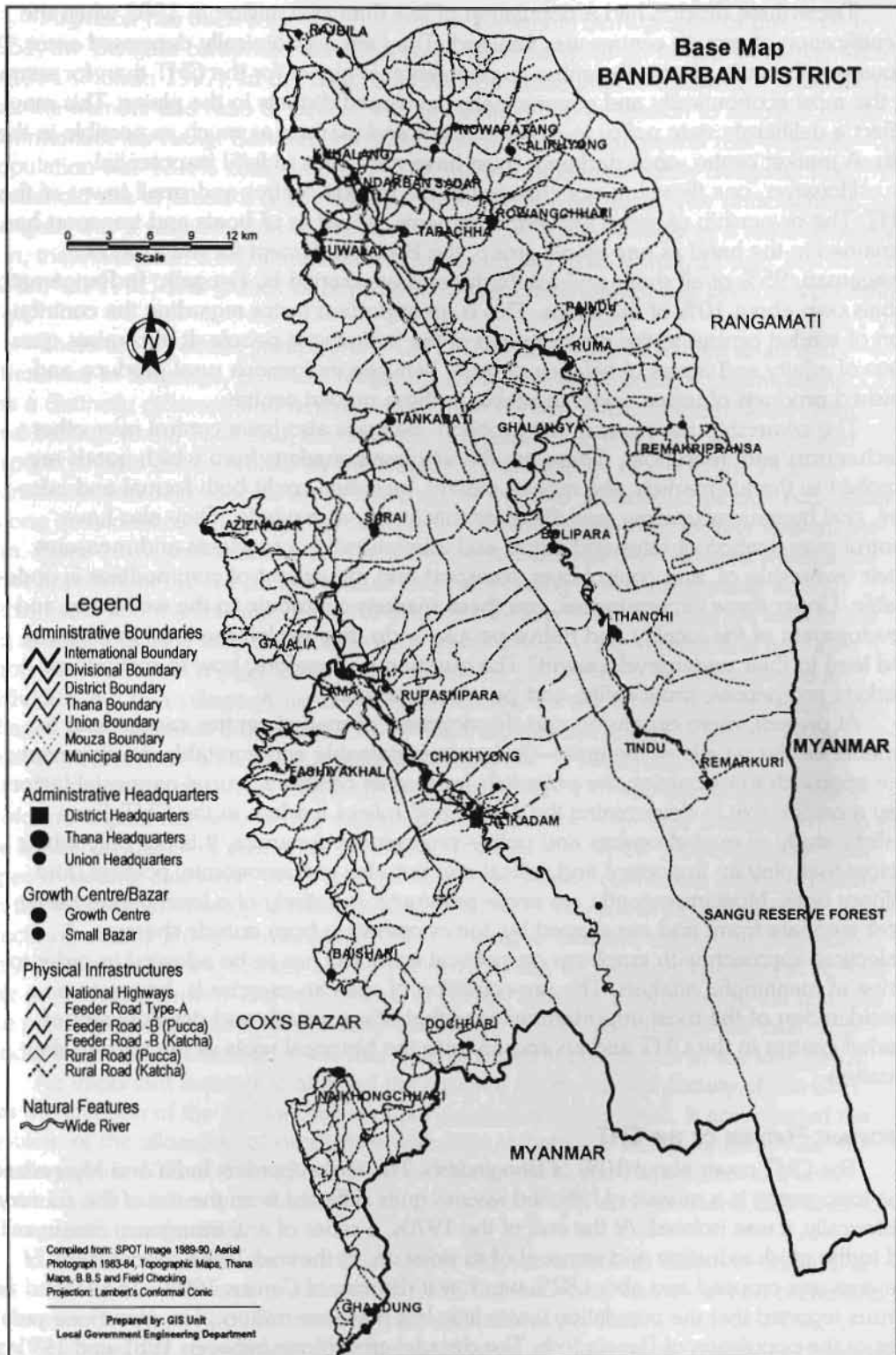
**Figure 33: Map of the Chittagong Hill Tracts**



**Figure 34: Map of Rangamati District showing growth centres**



**Figure 35: Map of Khagrachari District showing growth centres**



**Figure 36: Map of Bandarban District showing growth centres**

These three districts had a population of less than one million in 1993 when the identification of growth centres was finalised. They are economically depressed areas. However, the ratio of growth centres to population is higher for the CHT than for some of the most economically and commercially developed districts in the plains. This may reflect a deliberate state policy to develop roads and markets as much as possible in the hills. A market centre, once declared, must have road links to fulfil its potential.

However, one thing has not changed in the market centres and small towns of the CHT. The ownership of shops and establishments as well as of boats and transport has remained in the hand of one ethnic group, the Bengalis. Except for the town of Rangamati, 95% of all shops and establishments are owned by Bengalis. In Rangamati, tribals own about 10% of the shops. This is an important factor regarding the contribution of market centres to the development of the indigenous people. It also raises questions of equity and issues of balance of trade between indigenous rural produce and finished products of urban origin available in these market centres.

The ownership issue is just one problem. Bengalis also have control over other mechanisms and institutions. These are the wholesale markets from which goods are supplied to the hill markets, the money market, including credit both formal and informal, civil bureaucracy, army, and the state machinery as a whole. They also have control over fixation of rates and prices and administration of weights and measures. Their ownership of, and control over, transport and movement of commodities is undeniable. Under these circumstances, can these markets contribute to the well-being and development of the locality and native people or do they exploit the local inhabitants and lead to their underdevelopment? The question is, therefore, how to make these markets pro-people, pro-locality, and pro-development?

At present, mere expansion and development of market centres cannot lead to benefits for the people of the area—far less to sustainable and equitable development. The approach to examining the potentials for market centres is crucial as special factors play a central role in determining the nature and role of markets in the CHT. For a realistic study of market centres and policy-programme dynamics, it is not only ethnic factors that play an important and critical role but also socioeconomic, political, and military ones. Most importantly, no single parameter is entirely of a local origin, rather most emanate from, and are shaped by, forces operating from outside the area. A dialectical approach with emphasis on political economy has to be adopted in order to arrive at meaningful analysis. The pre-condition of such an exercise is, however, a consideration of the most important features that affect growth and development of market centres in the CHT and an enquiry into the historical roots of the present-day situation.

### **IMPORTANT FEATURES OF THE CHT**

The CHT cover about 10% of Bangladesh. The region borders India and Myanmar. The topography is a mosaic of hills and ravines quite different from the rest of the country. Historically, it was isolated. At the end of the 1970s, a series of anti-insurgency measures led to the quick reduction and removal of its isolation. In the mid-1980s, about 5.8% of the area was cropped and about 82% was forest (Bureau of Census 1993). The 1991 census reported that the population was a little less than one million, i.e., about one per cent of the population of Bangladesh. The decadal growth rate between 1981 and 1991 was 36.55%. An overwhelming proportion of the population is rural. Only about 11.1% was reported to be urban in 1991 (Bureau of Census 1993).

Migration has been a significant factor in the ethnic demography of the CHT. In 1951, the Bengalis comprised less than 10%. This had gone up to approximately 48% in 1991 (Mohsin 1997). In the politico-ethnic and demographic scenario, it is significant that the number and ratio of Bengalis as an ethnic group in relation to all other ethnic communities are rising. Between 1981 and 1991, the decadal growth rate of tribal population was 13.4% compared to 74.3% for non-tribals, primarily Bengalis. The household size of tribals is 5.13 compared to 4.78 for non-tribals. The settlement of Bengalis was a phenomenon of the late 1970s in particular. Chiefly as a result of migration, there has been a substantial growth in population density from 21 km<sup>2</sup> in 1951 to 74 km<sup>2</sup> in 1991. The growth of population in favourable valleys has been exceptionally high.

There are 13 ethnic groups in the CHT. They have distinct habitat areas and differences in language, customs, religious beliefs, and socio-political organisations. CHT has a distinctly different land tenure system from the rest of Bangladesh. Most of the land belongs to the State and, according to a regulation of 1900, the allocation and disposal of land are controlled by the Deputy Commissioner of CHT. The Deputy Commissioner could allocate up to five acres of flat land suitable for plough cultivation to one individual or family and up to 10 acres of hill land for fruit or other tree cultivation. Since 1989, settlement of land in the three districts has been banned without the prior approval of the hill district council and landholding is not transferable to any person who is not a resident of the hill districts (Shelley 1992). Most of the land in the flat alluvial valleys is held under long-term leases that give permanent and heritable rights for which rent is paid. Land used for shifting cultivation is not allocated to an individual but to a village. A headman is responsible for the distribution of land among villages. It is estimated that about 15% of tribal families are predominantly shifting cultivators and have little or no farmland (Ahmed and Rahman 1995).

Shifting cultivation has long been practised in the CHT and the system has a profound impact not only on the economy and ethnic-demographic features but also on the spatial incidence of economic growth. At present, among the tribals there are four types of shifting cultivator: those who practise only shifting cultivation (hillmen residing on the ridge tops), those practising shifting cultivation with some plough farming, those practising mainly plough farming with some shifting cultivation, and those depending only on plough farming (Sattar 1995). Needless to say, all migrants engaged in agriculture are plough farmers. The importance of plough farming is revealed by the fact that rice production in the CHT in the early 1980s was about two-thirds of the total crop production, while it was a little less than half of the total production in the late 1940s.

An important factor that affected the regional economy and society of the CHT was the creation of the Kaptai dam on the Karnafuli River in 1962. It accentuated the problem of the allocation of productive resources in both the valleys and the hills. By flooding about 40% of the region's most productive land, the Kaptai dam displaced about 10,000 families with land rights on the reservoir bed and another 8,000 landless shifting cultivator families.

The system of slash-and-burn cultivation did not require an elaborate market. It was basically a subsistence production system. The economy functioned on barter and exchange. Plough cultivation made surplus agricultural production possible. This, in turn, facilitated the emergence of markets to dispose of the surplus. Weekly or bi-weekly temporary markets or hats, based on trade of agricultural produce, gradually began to emerge.

Penetration of the market has also been greatly facilitated by expansion of the transport and communication networks. The response of the government to the insurgency of the 1970s was almost entirely military and included settlement of hundreds of thousand of Bengalis and construction of hundreds of kilometres of roads and highways. Between 1980 and 1991, under the multi-sectoral development programme, a total of 597.3 million Taka was spent on the development of physical infrastructure. Most of the significant roads were commissioned from the early 1980s and the process of market development coincided with the commissioning of these roads. A number of roadside market centres started developing. Military roads accelerated commercial transaction in many ways. Inaccessibility and isolation were largely removed giving rise to further transportation of commodities, penetration of Bengali migrants, and expansion of markets.

### **ON HISTORY OF ETHNICITY AND MARKET DEVELOPMENT**

The CHT became a separate district in 1860 on the basis of the system of cultivation. Areas practising shifting cultivation were separated from the plains practising wet-rice cultivation. Under such a system, which is inefficient and unproductive, markets cannot develop easily.

Hunter (1876) wrote 'of exports, the most valuable is raw cotton: 2,015 tonnes of cotton were exported from the district in 1874-75. Most of the cotton grown is sold to Bengali traders, and floated down to Chittagong on bamboo rafts.' The words 'Bengali traders' and 'floated down to Chittagong' are significant indications as to the dynamics of the CHT markets. This simply means that tribal produce was purchased, carried, and controlled by outsiders. Historical evidence further testifies that, in the eighteenth century, the indigenous inhabitants of the CHT had no alternative but to go to the plains under the control of Bengalis in search of markets and marketing of essentials (Hunter 1876).

Bengalis not only took away produce but also brought merchandise from the plains to the CHT markets. These 'markets' were, in fact, mostly empty places that held weekly bazaars. In the absence of permanent establishments, boats carrying merchandise and moving from place to place in the hills played the role of mobile establishments. This may be testified from the fact that in 1935 Bandarban as a 'market' had only five permanent shops.

The lines of communication from the plains to the hills played a decisive role in determining the location of most important markets in the hills. All older markets were located on the river banks and only recently have roadside markets developed.

With the introduction of the 1900 Regulation, the authority of the government was established beyond any question and restrictions were imposed upon the Bengalis. Their movements and operations were regulated and made dependent upon the discretion of the Deputy Commissioner. Gradually, Bengalis moved to the remotest corners of the hills to carry on their trading operations. Market centres and markets were established and expanded by them (Dewan 1990). Markets are, therefore, a Bengali phenomenon in the CHT.

However, despite partition of India in 1947, construction of a hydro-electric project and a dam in Kaptai in 1962, relaxation of restrictions over migration by the Pakistan Government in 1964, and creation of the State of Bangladesh in 1971, the pace of development of market centres was slow although the migration of Bengalis evidently took place during the period.



Both the political and material situation changed in 1976 with the launching of a tribal insurgency in the area. The army undertook a series of far-reaching anti-insurgency measures. A massive military mobilisation took place—a number of cantonments and hundreds of military outposts were built in most areas of the CHT. For military movement, hundreds of kilometres of metalled, semi-metalled, and earthen roads along with hundreds of culverts and bridges were constructed. Inaccessibility was vanishing rapidly through the building of a communication network, intelligence network, and a much-extended administrative structure. All these developments not only gave way to the march of the military machine but also provided a boost to market mobility. For civilian support, a few hundred thousand Bengali settlers, who were mostly peasants and agricultural labourers in the plains, were settled in about 200 cluster villages in most parts of the CHT. Each cluster village was built around an army camp. This large-scale mobilisation necessitated large amounts of supplies including commodities such as food, medicine, cloth, shelter, house-building materials, and facilities for medical treatment, amusement, and worship. The government also injected massive amounts of money for welfare and popular programmes in order to win the support of the tribal masses over the insurgents.

These developments impacted on the growth of market centres. They resulted not only in the expansion of already established markets but also in the creation of new ones often with army patronage.

#### **POLICIES AND PROGRAMME EXPERIENCES**

The multitude of authority structures inevitably lead to policy confusions. The peace treaty that was signed in 1997 has yet to build up an overall structure of authority. The Bangladesh Army that used to be dominant over other authorities and coordinated the activities of development agencies is now inactive. The Local Government Parishad, the Deputy Commissioner representing the central government, the Rajas, and the autonomous bodies, most of which are now under the control of the Local Government Parishad, have, in fact, minor and peripheral roles in the promotion of market centres.

There are a number of agencies that play a prominent role in the promotion of market centres. These are as follow.

- The Bazaar Fund initiated in 1900 and administered by the Deputy Commissioner until the early 1990s and now transferred to the Local Government Parishad. The Bazaar Fund is a toll-collecting arrangement under the leadership and control of a Bazaar Chowdhury, appointed by the Deputy Commissioner and recommended by the Raja of the concerned circle. Traditionally, the Bazaar Chowdhury role was important to the promotion of market centres. In recent years, this institution has become almost defunct. There are 26 Bazaar Funds in the district of Bandarban.
- The Chittagong Hill Tracts Development Board (CHTDB), a regional autonomous development agency functioning from 1976. The CHTDB was established with the aim of accelerating socioeconomic development. It has been responsible for policy formulation planning, and coordination of multi-sectoral development programmes. Its schemes cover a range of sectors including road construction, communication, power development, social welfare, education, agriculture, horticulture, forestry, tourism, cottage industries, sports and culture, and so on. Settlement of landless families and rehabilitation of shifting cultivators have been among its priority programmes. The CHTDB has under-

taken 112 schemes on bazaar development. However, the reality of the dependency of the hill producers on Bengali traders means that none of these efforts at bazaar development was directed at bringing balance to the ethnic character of markets (Mohsin 1997). These planned efforts have reinforced the position of Bengalis in the markets; tribals have benefited only marginally.

- The Bangladesh Small and Cottage Industries Corporation (BSCIC) now under the control of the Local Government Parishad. Some of the policies and programmes initiated by the BSCIC before the Local Government Parishads were established in 1989 are remarkable insofar as the tribal contribution to market development is concerned. The BSCIC adopted a policy of entrepreneurship development among the indigenous people by providing not only training but also initial capital and inputs in the fields of agro-industry and cottage industry. The initial response of the tribals was good; however, the project ultimately failed. The technology for which training was provided was more productive and efficient than the tribals' own. The surplus production was to be marketed. However, tribals were not accustomed to marketing. The newness of the technology coupled with the tribals' reluctance to market the produce contributed to failure of the project. The cultural changes required will take time, patience, and careful planning. For example, the agro-industrial component of the BSCIC failed mainly because of the reservation of one tribal group to work and mix with members of another tribe. The resistance to work in a multi-ethnic group requires careful handling to overcome.
- The Local Government Engineering Department (LGED) under the control and policy direction of the Ministry of Local Government, Rural Development and Co-operatives. The LGED is a comparative newcomer to the CHT, but it is perhaps the most important central government agency working for the promotion of market centres in the hills. Although the LGED previously managed 'infrastructure development projects for socioeconomic development of the inhabitants of cluster villages'—mainly settled by Bengalis—it now administers all programmes and activities relating to growth centres. At present, it has undertaken the 'Infrastructure Development Project' to accelerate economic activities. The basic objectives of this project are to improve overall access and facilitate agricultural production through construction/reconstruction of feeder and rural roads and to enhance economic and commercial activities through improvement of physical facilities.
- In 1993, a national-level decision was taken to raise the number of growth centres in CHT from 60 to 95 (Planning Commission 1993). Detailed criteria were adopted for identifying a market as a growth centre. The aim of growth centres is to improve the access to markets, marketing of agricultural produce and inputs, and availability of credit to farmers. Over 35 growth centres have yet to be selected. The planning process for the development of growth centres includes assessment of the environment where the growth centre is situated, recording of the existing situation in and around the growth centre, assessment of infrastructural needs, and preparation and implementation of a development plan (LGED 1995). LGED develops and deals with infrastructure both outside the market, i.e., roads, culverts, and bridges leading to the target point, and inside the market, i.e., drains, sheds and inner roads, and so on.

Infrastructure can benefit or accelerate the promotion of market centres. It facilitates movement of men and materials to the markets. However, for the market to develop, the production base has to be enhanced. In the CHT, this means development of the production base of the indigenous people. Infrastructural planning cannot take care of socioeconomic imbalances or ethnic questions. This requires political planning to be reflected through the infrastructure. Without these two considerations—development of production and politically determined planning in favour of the disadvantaged—infrastructural development may lead to further inequality and strengthening of the already powerful section. In that sense, infrastructural development of the markets in the CHT may further strengthen the position of the Bengalis compared to the tribals living in the hinterland.

It must be mentioned that every important market centre, irrespective of its categorisation as growth centre, has its bazaar management committee composed entirely of Bengali shopkeepers. One or two tribal members may be found, mainly as a courtesy. These committees have a role in the promotion of their market. The bazaar management committees, established in most market centres, are, in fact, internal arrangements for protecting the interests of the shop owners. In various ways, they are dependent upon the government. The land system gives enormous authority to the government. As such, the bazaar committees have little to do with reform that is required to ease the situation of the tribals.

## **AGENDA FOR THE FUTURE**

### **Gaps in knowledge and research**

There has not been any serious study on the promotion and problems of markets and small towns in the CHT. Some government departments have, however, information, data, and insights. Most prominent of these are the Local Government Engineering Department (LGED), the Bangladesh Army, the Deputy Commissioners of the three districts, and the Local Government Parishads. Local elderly persons—particularly those involved in leadership—can be of much help. As such, a foundation of research has to be built by undertaking a series of purely descriptive studies. These can facilitate analytical studies in the future. Under the present circumstances, these preliminary exercises should constitute the priority area for research.

### **Policy advocacy and programme intervention**

Notwithstanding research, the indigenous people's access to the market needs louder advocacy as a deliberate state policy. A series of measures to ensure this access can be suggested but their efficacy is doubtful because of the current social organisation, cultural pattern, and value system. Most attention should be directed to these areas, although change will be difficult and time consuming.

The first area is development of entrepreneurship among the indigenous people. Entrepreneurship is usually inherent but can be enhanced by well-designed training. To introduce such measures, tribal leaders must launch a social movement so that tribals can develop their own capital in order to compete with Bengali capital penetrating from outside. If broad macro-level planning is not carried out, the political benefits that have accrued to tribals might be lost in the face of economic and commercial extraction. Also, the standard of living of the poor among the indigenous will deteriorate if some control over the markets is not established.

Pending the macro-level planning by the state, some marginal gains can be achieved by changing the orientation, direction, and content of plans and programmes that are already envisaged or in operation. A quota or reservation system could be introduced to existing and new markets ensuring a supply of plots for the sole use of tribals. Protectionism is an internationally recognised mechanism for providing justice for the weak and disadvantaged. It is in the long-term interest of the Bengalis to provide some room to the tribals because, if the benefits of markets are not shared, or if these markets contribute to the underdevelopment of tribals, a day may come when the Bengalis might be compelled to leave these markets altogether.

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