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Overview

Little is known and even less understood about the 2,00,000-strong Bangladesh Army's corporate interests. The importance of the subject owes itself to the fact that the army has been a veritable power of stability in a country that has been dogged by decades of unending political turmoil. The fact that the Army had to step in to keep the country from slipping into a political abyss in 2006 underlines the criticality of its role in providing stability and security to the people of Bangladesh in times of crisis.

The army in Bangladesh is regarded as a powerful and politically influential institution. Hence, its attitudes and approaches need to be closely scrutinized. Although the army's dalliance with radical groups and political parties with extremist dispositions has been the subject of some studies, there has hardly been any attempt within or outside Bangladesh to document and analyse its corporate interests.

This paper is an attempt to fill this gap. The primary endeavor of the paper is to document the various economic and corporate interests of the Bangladesh Army (or BA for brevity). However, since relevant data is either not available or can only be found as disjointed pieces of a puzzle, the documentation would at best be indicative. For a better understanding of the issue, the paper has been divided in six sections. Section I gives an overview of the Bangladesh Army; Section II deals with the theoretical underpinnings of the military's business, followed by the history of BA's corporate interests and its political connections.

The paper then maps the business interests of the army before attempting to lay out the implications of a corporate army.

Introduction

The two-year long military-backed caretaker government in Bangladesh (2007-08) aroused an interest amongst army watchers in the BA's corporate dealings. It was observed that, during this period, the army had a presence in certain lucrative civilian sectors, such as the distribution of rice, and a say in the appointment of officers to commercial institutions like the Tea Board and the state-owned airline company, Biman Bangladesh Airlines Limited.

However, the corporate interests of BA are not new. It has been running many profit-making businesses under its welfare trust, the Sena Kalyan Sangstha (SKS). The army's involvement in the construction and management of key infrastructures projects, including roads and ports, is fairly extensive. These initiatives have opened up new sources of revenue generation, giving the BA greater leverage for funding ventures it would like to keep closely guarded even from the civilian government.

Experiences from countries like Pakistan and Indonesia, where militaries are known for running big corporate empires, suggest that self-generated resources have prodded the armed forces to take an abiding interest in the politics of the country, often undermining the institutions that support and sustain public participation in the process of nation-building. An attempt of this paper would, therefore, be to study the underlying motives of the BA's increasing interest in running corporate entities and the impact of such a development on the future course of democracy in Bangladesh. Such an assessment would necessarily pursue the nature of the relationship between the Army and

the political parties, as also scrutinize the Army's motives and activities within the overall context of Bangladesh's nation-building process.

Bangladesh Army—An introduction

The Bangladesh Army was the product of the 1971 Liberation War. The new born army comprised Bengali officers and men of the Pakistan Army (who participated in the freedom struggle) as well as civilian freedom fighters, members of the Mukti Bahini¹.

Soon after Independence, BA was reorganized after the repatriated army personnel from Pakistan were inducted into the force. In 1975, out of the 36,000 men in the armed forces, 28,000 were repatriates from West Pakistan². This dominance of repatriated officers and soldiers had a telling influence on the functioning of the force. For instance, the country's military intelligence, the Directorate General of Forces Intelligence (DGFI), was conceived on the lines of Pakistan's Inter Services Intelligence (ISI).

It would be erroneous, however, to assess the BA solely from this perspective. There are two fundamental differences between the two armies. While BA was born out of an independence movement, the Pakistan Army was created by dividing the British Indian Army in 1947 and, unlike in Pakistan, BA does not encourage feudalism. Officers do not get land as grant. In fact, the feudal *zamindari* system was abolished in East Pakistan in 1951³.

Since 1971, BA's growth has been phenomenal. The army is the largest among the three wings of Bangladesh's armed forces. BA has 2,00,000 personnel including 50,000 reservists⁴, while the Navy and the Air Force have 24,000⁵ and 17,000⁶ personnel respectively. The primary mission of BA is to defend the country's territorial integrity; in times of war the army is authorized to mobilize national resources by assuming

direct control over the paramilitary forces and the police, as well as the civilian transportation and defence industries. Besides, BA is constitutionally obliged to assist the civilian administration in times of crisis⁷.

BA has seven infantry divisions with 25 Infantry Brigades deployed across the country. It has one each of Armoured Division, Artillery Division, Engineering Division, Commando Brigade, Air Defence Artillery Brigade and Eleven Aviation Squadrons. BA also has a division for training and doctrinal policy formulation called the Army Training and Doctrine Command (ARTDOC) Division and a number of training institutions to supplement its combat capability. As the military capability and training are managed by a particular corps, BA is divided into 16 administrative corps: 1) Armored 2) Artillery 3) Engineers 4) Signals 5) Infantry 6) Army Service Corps 7) Ordnance Corps 8) Electrical and Mechanical Engineering Corps 9) Special Operations 10) Aviation 11) Military Police 12) Army Dental Corps 13) Army Education Corps 14) Army Corps of Clerks 15) Remounts Veterinary and Farms Corps 16) Army Nursing Corps.

The basic hierarchical structure is similar to other professional armies. Under the Chief of BA, there are Commanders who hold key positions at the headquarters—Chief of General Staff, Quarter Master General, Adjutant General, Master General of Ordnance, Engineer in Chief and Military Secretary. Besides, there are General Commanding Officers of 9 Infantry Division at Saver, 11 Infantry Division at Bogra, 19 Infantry Division at Ghatail, 24 Infantry Division at Chittagong, 33 Infantry Division at Comilla, 55 Infantry Division at Jossore and 66 Infantry Division at Rangpur.

An introduction of BA will be incomplete without reference to its role in the United Nations Peace Keeping operations (UNPKO). It is one of

the biggest contributors of troops to the UNPKO. It has established the Bangladesh Institute of Peace Support Operation Training to orient its troops for UN missions.

Conceptualising Military's Business interests

Before looking at the extent of BA's corporate interests, it would be useful to clarify certain underlying factors that propel some of the militaries of the world to indulge in the business of profit making.

A military is said to have corporate interests when it is involved in various profit making businesses. But unlike a corporate entity, its financial transactions are not subjected to public or any other scrutiny and largely remain outside the purview of the civilian government. The scope of the military's business interest is not limited only to those initiatives which are directly under its control, but also those which are under its implicit and explicit patronage. According to the Bonn International Centre for Conversion (*The Military as an Actor: Soldiers in Business*), military business is defined as economic activities falling under the influence of the armed forces, regardless of whether they are controlled by the defence ministries or various branches of specific armed units or individual officers⁸.

But various scholars have pointed out that such a linear definition does not take into account the dark areas of illegitimacy and non-transparency in the world of military business. Dr. Ayesha Siddiqa, in her book *Military Inc* defines military business (Milbus) as "...military capital used for the personal benefit of the military fraternity, especially the officer cadre, which is not recorded as part of the defence budget or does not follow the normal accountability procedures of the state, making it an independent genre of capital. It is either controlled by the military or under its implicit or explicit patronage"⁹. Siddiqa's definition projects three essential elements of an Army's corporate

interests—the purpose of the economic activities, the subject of the 'milbus' and the accountability mechanism. This definition includes all activities, such as the transfer of resources including money, land or even state-run industries to private individuals and entities for the gratification of one particular group, overriding all established norms. This also points out that costs of these financial transactions are not always recorded in the defence budget. Since the military is at the core of such corporate entities, the chief players are the individuals or groups who form part of the military fraternity, including those who are retired and rehired.

It would be interesting, at this point, to study how Milbus has been defined in other countries where the armed forces have similar corporate interests. For instance, the National Team of Tentara Nasional Indonesia (TNI) Business Activity Transfer¹⁰ defines military business as business activities that cover foundations, cooperatives, the use of state assets and other activities outside the main task and function of TNI (Indonesian military)¹¹. This definition takes into account businesses run by military foundations in social and educational areas, housing advance payments, health support and commercial activities like farming, construction and trading.

Another important feature of the military's businesses is that these financial activities are not always publicized and hence, as pointed out earlier, relevant data remain inaccessible.

This brings us to the basic question—why do armed forces dabble in business? The reasons could be quite varied. It could be for social welfare purposes, creating resources to support the retired or serving personnel or to help in the overall national economic development. Another important reason could be the need to cover the deficits or lack of funds for the modernisation or welfare of its personnel. Many

military officers get involved in businesses after their retirement. For example, in the US, France and South Africa scores of retired army personnel form companies that provide training and sell equipment to national and foreign countries.

What is of real concern is not the profit margin of these military enterprises, but the fact that such a pursuit gives the military a kind of autonomy from the federal government, encouraging direct involvement in domestic politics. The unaccounted military capital encourages military personal to use their organisational influence to gain monetary and political benefits. For example, it was the Turkish military's financial autonomy that helped it to increase its clout in the country's political circles.

Legacy of Pakistan

The BA's business dealings are a legacy of the Pakistan era. In the undivided Pakistan, Fauji Foundation of East Pakistan was the flagship of the army's business interests. It was established in 1954 as a charitable trust dedicated to the welfare of ex-servicemen and their dependents. Earlier it was known as the Post War Service Reconstruction Fund, (PWSRF), set up during World War-II by the British-Indian government to provide for the post-war welfare and rehabilitation of soldiers.

The Fauji Foundation of East-Pakistan received Bangladesh Taka (BTK) 52.22 lakh as its share from PWSRF¹². At its inception the foundation purchased a commercial property at Dhaka that cost BTK 3.50 lakh and BTK 1.50 lakh was spent on the rehabilitation of the ex-serviceman¹³.

The Foundation ventured into the industrial field in the mid '60s¹⁴. Various business units were established in accordance with the policy of Pakistan's military regime to enhance economic self reliance of the

armed forces. Another motive that pushed the military's business interests in East Pakistan was to accumulate support for Ayub Khan's military regime. These industrial ventures provided lucrative career alternatives to both serving and retired army personnel. The profits earned were also spent on the welfare of the service personnel.

In 1967-68, the investment of the Foundation in industry was BTK 24.00 lakh, which grew to a phenomenal BTK 2.40 crore in 1969-70¹⁵. Prior to Independence, the foundation invested in the Fauji Chatkal (jute mill) at Dhaka, Fauji Floor Mill at Chittagong, a three-storied building at Dhaka and in buying shares of Bangladesh Lamps Limited, Bangladesh Electric industries (Philips) and British Tobacco Company limited¹⁶.

These business successes in no way mollified the feeling of discontentment that persisted in East Pakistan as a result of the over-all policy of inequality towards Bengalis practiced by the Islamabad regime. This resentment was felt no less by the Bengali personnel of the army. Thus, when the struggle for freedom was launched, a large number of Bengali men in uniform revolted and joined the movement. Although the Pakistani regime failed to reap the desired benefit from the expansion of Milbus in East Pakistan, its experiences served as a source of motivation and guidance for the BA when it set up its own business structure under the flagship Sena Kalyan Sangstha, which is but a reincarnation of Pakistan's Fauji Foundation.

In the following section, we shall look at the status the army's business wing had under different regimes, both military and democratic, for a better understanding of its growth and influence.

Political- Military Nexus of BA

For Sheikh Mujibur Rahman¹⁷, the founding father and the leader of the newly independent nation, the top priority was reconstruction of his war-ravaged country; the military and its welfare got lower priority

during his rule. This attitude and policy of the Mujib government caused serious rifts in the civil-military relations. Frustration ran high among the rank and file of the BA as majority of them were Pakistan Army products who found it highly uncomfortable to be suddenly dependent on a civilian government for their welfare. There was, of course, one positive development, the establishment of the Sena Kalyan Sangstha, which was to have a lasting impact on Milbus in Bangladesh.

Among other reasons, the government's apathy towards BA's corporate interests acted as a catalyst in bringing the curtains down on Mujib's democratic rule and change the course of the country's politics. An assessment of the civil-military ties during Mujib's era could provide an insight into how such a transformation took place.

Mujib's experience of the Pakistani era made him skeptical of the army. His reluctance to strengthen the armed forces angered the top brass of the BA. They criticised the government for the delay in reconstruction and rehabilitation of training institutes and cantonments. The military expenditure also declined gradually. In the 1973-74 budget, revenue expenditures on defence was little more than 16 per cent of the total budget expenditure. In 1974-75 it was reduced to 15 per cent and, in 1975-76, it was less than 13 per cent¹⁸. All these developments led the military to conclude that its corporate interest could never be secure in the hands of the civilian government.

Another reason that further frustrated the BA was Mujib's decision to establish the Jatiya Rakkhi Bahini (JRB). It was a special paramilitary force directly under Prime Minister's Office. JRB was trained by the Indian Army. The force was alleged to be close to the Awami League and was reportedly being used by the party to intimidate its opponents. The government took special interest in the development of JRB. It was planned that JRB would annually add enough numbers so that the force would have a strength of 1,20,000 by 1980¹⁹.

The military viewed JRB as a threat to its existence. The BA's antipathy to the Mujib government and the JRB deepened after the formation of Bangladesh Krishak Sramik Awami League (BASKAL)²⁰. It was decided that a unit of JRB was to be placed under the command of each district governor. This move was far more than a hint that the BA was not indispensable.

Initially, BA's resentment hardly had any impact since the force itself was going through internal schisms and factionalism. BA was divided over the structural set up it should adopt. There was a section in the BA, led by former officers of the Pakistan Army turned freedom fighters, Abu Taher and Ziauddin, who advocated a production-oriented army which could be the major driver of the country's socio-economic development, on the lines of People's Liberation Army of China. The other group was in favour of retaining a traditional army. Mujib, apprehensive of radicalism in the military, saw to it that Abu Taher and Ziauddin left the force. Soon Abu Taher joined a radical underground unit of the leftist political party called the Jatiya Samajtantrik Dal.

Besides, the force was also divided between the freedom fighter personnel and the 'repatriates'. The former questioned the loyalties of the latter as they did not take part in the freedom struggle and had stayed "safe and sound" in West Pakistan during the struggle. The latter countered with the accusation that the former were pro-India and questioned their compatibility. They claimed that the Indian Army gave victory on a platter to the freedom fighters. The government's preferential treatment to 'freedom fighters' only added to the schism. They enjoyed special privileges in terms of transfers and postings. The repatriates complained that they were not treated at par with their rank and experience and felt humiliated. These initial dissensions weakened the BA.

The BA began to regain its unity from 1973, after it was deployed in activities for maintaining internal law and order. The experience gave it an insight into the weaknesses of the government. It was this experience which encouraged BA to conceptualise its corporate ventures. This ambition could have been one of the major reasons for the 1975 coup. Professor Emajuddin Ahmed, a commentator on BA's corporate interests, remarked that the military realized its corporate interest were not secure in the hands of the political elite²¹. "Hence, the armed forces emerged as the ruling elite in Bangladesh in 1975, first through the bloody coup of August 15 and finally by throwing away the slender parliamentary façade which hung loose from August 15 to November 3, 1975²²."

The assassination of Mujibur Rahman in the 1975 coup turned the BA's fortunes for the better. It began to consolidate its position after Gen. Ziaur Rahman took control in 1976. Zia was quick to create a political framework that assured a permanent role for the BA in the country's politics. In 1978, to give democratic colour to his rule, Gen. Zia floated the Bangladesh Nationalist Party (BNP) which later evolved as a major political force in the country. Many of the influential leaders of the party continue to be retired BA officers.

Zia also positioned several serving BA officers in key leadership positions in the civil administration which helped BA in extracting special concessions from the civilian government in the subsequent years. According to records, as on March 1, 1979, 25 out of the 625 officers in the senior policy pool (responsible for policy-making in the secretariat) were military officers²³. In June 1980, 42 out of 101 chairmen or managing directors of public corporations were military officers or retired servicemen²⁴. Similarly, 22 of the 40 district superintendents and additional superintendents of police were army officers in January

1981²⁵. Nearly 500 retired military officers were employed in industry, indenting business, foreign trade, and supply and contracts under the patronage of the government. Also, many military officers were allotted residential plots in the developed areas of the city and were even granted liberal loans by the House Building Finance Corporation²⁶. Many serving and retired military officers were inducted into the Foreign Service.

The extent of the benefits enjoyed by the army can only be ascertained from the sudden rise of the defence budget. The military budget grew by around 186% between 1972-1981.

Although much of this power was lost after Zia's assassination in 1981, the army saw to it that it did not remain out of power for long. In 1982, General Hussain Muhammad Ershad took over the reign of the country by removing the elected government on charges of incompetence.

Ershad's regime played a catalyst role in promoting BA's corporate interests. Since the General lacked popular support, he undertook a policy of appeasing the BA for supporting his rule. The corporatization of the BA was the obvious tool to attain the desired objective. Measures such as rejuvenating the Sena Kalyan Sangstha and encouraging profit making businesses helped BA to consolidate its financial autonomy. It was during Ershad's period that Bangladesh started sending troops to the United Nations Peace Missions, which became another source of revenue for the BA.

The period also marked a steady increase in defence expenditure. The defence allocation was increased to nearly 18 percent annually. However, the total allocation of the budget was increased by 14 percent²⁷. Special initiatives were also taken to channelise additional resources for the armed forces by investing in areas like security and intelligence. Large portions of the budget allocated for the construction

of housing, highways and roads were spent in the cantonment areas. Some informed estimates put the increase in overt and covert defence expenditure to at least 25 per cent ever since 1982²⁸.

Another significant measure was the increase in perks and privileges of the military personnel. In 1985, new pay scales were enforced; salaries in the armed forces were brought on parity with those of the civilian counter-parts in the government. In addition to their regular salaries, the defence personnel were also entitled to special benefits. For instance, allowances and benefits for an army officer included service allowances amounting to 11.5% of their original pay, free medical treatment, servant allowances and subsidised ration. All these allowances made the pay packet higher or at least similar to that of the highest ranking civil servant. The facilities and benefits were also increased in the lower ranks. Entitlements for the lower ranks included service allowances amounting to 20 per cent of their original pay, free food and accommodation, allowances for good conduct, efficiency and for their children's education. Thus, privates and NCOs got four times the pay of their civilian counterparts.²⁹ Such initiatives not only helped the army to gain monetary benefits but also contributed to establishing its primacy in the society.

After the ouster of General Ershad from power in 1990 through a democratic movement, the BA, by and large, decided to keep away from political matters. The BA accepted the dominance of the successive democratic governments (BNP government 1991-96/2001-2006 and Awami League government 1996-2001/2009-still continuing). The only exception was when the BA decided to back a caretaker government from January 2007-December 2008.

A close scrutiny of Bangladesh's politics, however, shows that the army has a substantial presence both inside and outside the government as

many of the retired officers are in the political arena; some of them are ministers. The BNP, a byproduct of the military rule which was in power during 1991-96 and 2001-06, has several former BA officers in its leadership. Even Awami League has many retired officers in its ranks.

As a natural corollary to this development, BA's corporate interests were protected and promoted even during civilian rule. Even the seemingly more progressive parties such as the Awami League have not restrained the military's direct and indirect influence on the country's politics and economy. Further, giving the military control of certain institution—the Khulna Shipyard and the machine tools factory—in the name of greater discipline and efficiency, has strengthened the military's hold on the country. Indirect penetration has taken the form of greater number of retired military personnel joining political parties, running for elections and being absorbed into the private sector³⁰. Ayesha Siddiqa's finding that financial autonomy goes hand in hand with the growing social significance of the armed forces is of relevance here.

Both the Awami League and Bangladesh Nationalist Party have maintained the rising curve of the defence expenditure. In 1996, the defence expenditure of the country was 579 million USD. In 2006 it was 720 million USD³¹. Again, like the military regimes, the democratic governments have allowed the defence expenditure to remain opaque and there is hardly any meaningful debate on the subject³². Thus, both the democratic and the military regimes have contributed to strengthening the BA's corporate world.

The military-backed caretaker regime (2007-2008) also encouraged this trend and hence needs a brief evaluation. The political situation in Bangladesh turned volatile after October 2006 when the outgoing Khaleda Zia government appointed former Supreme Court Judge K.M.

Hasan as the Chief of the caretaker government. According to the Constitution of Bangladesh, the elected government hands over power to a non-party impartial caretaker government once its term is over. The main function of the caretaker government is to hold free and fair elections and hand over power to an elected government within three months from the date it takes charge. The opposition objected to K.M. Hasan's appointment as he was known to be close to BNP. Hasan declined to take up the responsibility.

Meanwhile, President Iajuddin Ahmed, for want of other constitutional alternatives, decided to take up the role himself. The opposition objected, saying Ahmad was partial to the BNP. The opposition also expressed concern over the impartiality of the Election Commission. The situation deteriorated on January 3, 2007 as the opposition political parties, led by the Awami League, decided to boycott the election. Soon, violent clashes broke out between the rival political parties.

As the situation became grave, President Ahmed resigned from the post of Chief of the caretaker government, creating a constitutional deadlock. With no other alternative, the BA stepped in and, instead of taking power into its own hands, it installed a civilian caretaker government.

Dr. Fakhruddin Ahmed, a former World Bank economist, was appointed the Chief Advisor to the caretaker government. The refusal of the military to take up power directly and opting to stay in the shadows surprised many. The popular argument was that the BA had realized the unpopularity of military regimes and decided not to repeat the mistake of previous military rulers. This opinion was verified by Lieutenant General Moeen Ahmed, the then army Chief, when he stated that “the country had three options in front of it: the first was to

go for elections that was scheduled on January 22, 2007; the second was to proclaim martial law and the third option was to protect the national existence by establishing an acceptable Caretaker Government by quickly promulgating emergency... everybody in the world including Bangladesh at that time was apprehending that martial law was imminent. But we decided not to follow the footsteps of our predecessors and the third option was adopted...³³”

There were some who believed that the General was not interested in taking over power and others saw the influence of strong international pressure against a military takeover. The UN, for instance, indicated that all Bangladeshi troops in the UN Peace Keeping Operations would be withdrawn if the army took over power.

Opinions on the issue might vary, but all agreed on the point that the BA was firmly behind (or controlling, as some would opine) the caretaker government. The army was involved in activities like distributing relief to the victims of *Aila* cyclone and the preparation of voter lists. At times, the army behaved like a guiding force to the caretaker government. Addressing a function in April 2007, Gen Moeen not only said that the country must develop its own brand of democracy, but also underlined the priorities of the government. Making such political statements went far beyond the scope of the duties of the military, as defined in the Constitution³⁴.

An analysis of events like the infamous 'minus two formula',³⁵ efforts to launch political parties and the arrest of political leaders on various corruption charges, suggested that the army Chief's speech was, in fact, a blueprint for the future activities of the caretaker administration. Commenting on the civil-military relations during the caretaker government, the BBC reported that, in practice, it was Gen. Moeen who was calling the shots and Dr Fakhruddin was simply following the

General's lead³⁶. No wonder the General categorically declared that he had no intention of becoming the President³⁷. Why bother, many wondered, when without sitting on the chair of power he enjoyed all the power.

The reason for the cozy ties between the BA and the caretaker government was that the latter couldn't care less what the BA's interests were, corporate or otherwise. In 2007, the post of the army Chief, which was a Lieutenant General rank, was elevated to that of a full fledged four-star General. Subsequently, this helped in promoting other senior officers³⁸. Officers, both retired and in service, were appointed to high offices in the government and in various public sector institutions³⁹. There was also a significant increase in the defence budget. The allocation for defence was BTK 64.080 billion for 2008-09, around BTK 1000 crore more than the previous year⁴⁰.

During this period, there was a tendency of portraying the superiority of the army as a disciplined and organised force and these self-proclaimed attributes prompted the government to give special privileges to BA, like handing over the control of many state-owned industries. For instance, in July 2008, the Industry Ministry proposed the reopening of three state-owned industries and handed over at least one of them—the North Bengal Paper Mills—to the army. BA's corporate growth was not restricted to acquiring and operating State-run entities. There were reports that many State-run programmes like the anti-corruption drives were exploited by the intelligence agencies to acquire shares in many private media houses, in exchange for freeing the detained media owners.

Mapping the business empire

The army's corporate interests are primarily spearheaded by the Sena Kalyan Sangstha (SKS). The SKS network includes hospitality, import

and export of products like food, iron scraps, banking, manufacturing and real estate. Apart from SKS, the BA is both directly and indirectly involved in different segments of the country's economy. The BA's direct involvement can be seen in the management of infrastructure like shipyards, ports, construction of roads and embankments etc in which it employs serving military personnel. Its indirect involvement is through appointment of various retired officials to the public sector institutions which offer lucrative post-retirement benefits for the select few and also help the army to exercise control over these organisations.

Sena Kalyan Sangstha—SKS, which originated from the East Pakistan Fauji Foundation, was worth 25 million Bangladeshi Takas (BTK) when it began operations in 1972. Today, the organisation is the main business wing of the army and its worth in 1996 was 987 milion BTK⁴¹.

Although SKS is controlled by the Ministry of Defence, which is directly under the Prime Minister's Office, the actual control of the organisation is in the hands of an eight-member Board of Trustees appointed by the government. The composition of the board is as follows: the Chief of Army Staff, or his nominee (not below the rank of Major General) is the Chairman. The Adjutant General of the BA is the Vice Chairman and other members include a nominee of the Chief of Naval Staff not below the rank of Commodore, a nominee of the Chief of Air Staff not below the rank of Air Commodore, the Director of the Bangladesh Armed Services Board and a nominee of the Defence Secretary not below the rank of Joint Secretary. The Managing Director of SKS acts as the Member Secretary. The day-to-day management of SKS is carried out by the management committee, comprising the Vice Chairman (Adjutant General of BA), Managing Director, Deputy Managing Director and six directors (administration, finance, marketing, production, procurement, welfare).

SKS operates in the private sector and claims that it generates its own resources to carry out all its welfare, commercial and industrial activities. The revenue earned from the UN missions is a major fund source for SKS. It also receives 30 million BTK as yearly grant from the government.

Its business ventures have greatly helped in providing timely help to the army personnel and their dependents. The different business initiatives have provided post-retirement employment opportunities for many of them. Besides, SKS also arranges stipends for the education of children of the army officers and soldiers and helps in providing access to quality medical facilities.

According to an estimate, SKS' gross turnover was nearly 2 billion BTK in 1995 when it owned 15 industrial and two commercial units, five sales outlets and 15 real estates⁴². Since then the SKS' empire has grown significantly, so has its turnover. Today it fully owns nine industries and two commercial units. In addition, it owns four sales promotion offices, 28 real estates ventures and holds shares in three internationally reputed enterprises.

Some of the business entities in the SKS empire are listed below.

Industrial units

- Mongla Cement Factory, Mongla, Bagerhat.
- Fauji Flour Mills, Chittagong.
- Diamond Food Industries, Chittagong.
- Chittagong Flour Mills, Chittagong.
- SK Electric Industries, Chittagong.
- Enesel Textile Mills, Chittagong.
- Savoy Ice-Cream Factory, Tejgaon, Dhaka

- Eastern Hosiery Mills, Tongi, Gazipur.
- SK Fabrics, Tongi, Gazipur.

Commercial Units

- Sena Filling Station, Chittagong
- Sainik Lamps Distribution Centre, Dhaka

Subsidiaries

- Bayazid Industries
- Savoy Bread and Confectionery
- SKS AC, IT & Communication Ind
- SK Textiles
- SKS Trading House
- Sainik Lamps Distribution Centre
- Apang Food Industries

Real estate

- Sena Kalyan Bhaban, Dhaka
- Amin Mohiuddin Foundation, Dhaka
- Mohakhali Land & Building, Dhaka
- Mohakhali Plot No. 7, Dhaka
- Shyampur Ghat, Dhaka
- Premises of Weather Proof Packing Materials Industries, **Dhaka**
- SKS Commercial Complex, Tongi, Gazipur
- Premises of Nazir Industries, Tongi, Gazipur
- Enesel Mansion, Chittagong
- Premises of Tyresoles (BD) Ltd. Chittagong
- Mehdibagh Rest House, Chittagong

- Steel House, Chittagong
- Commercial Plot at Agrabad C/A, Chittagong
- Premises of JJ Rehbach (BD) Ltd., Chittagong
- Kalurghat Plot, 8P Heavy I/A, Chittagong
- Sena Kalyan Bhaban, Khulna
- Shiromoni Industrial Plot, Khulna

Given below are some brief details of some of the BA's businesses.

Sena Hotel Development Limited (SHDL)

Formed in 1995, the SHDL is a joint venture between the Army Welfare Trust and the SKS with a partnership of 80 per cent and 20 per cent, respectively⁴³. The BA Chief is the chairman of the SHDL Board of Directors. The group presently owns the luxurious Radisson Water Garden in Dhaka. It is constructing Chittagong's first five-star hotel. The group also runs a hotel management institute called the Sena Hotel Management Institute. The group's earning from the hotel at Dhaka was 9.52 million US dollars in 2006-07⁴⁴.

Trust Bank Bangladesh Limited

BA runs its banking business under the Trust Bank Bangladesh Limited. The Bank was established in 1999 and is supported by the Army Welfare Trust. The bank operates as a private bank and 50 per cent of its share are held by the Army. The bank has 39 branches across the country. It is one of the biggest private sector banks in the country. In 2008, its gross income was 1,172.42 million BTK⁴⁵. The bank is managed by a Board of Directors comprising a Chairman, Vice Chairman and five Directors; all positions are held by army officers with the Army Chief being the Chairman. Civilians with proven ability in the banking sector are incorporated as members. The managing director of the bank looks after its day-to-day management.

Bangladesh Machine Tools Factory

In 2000, BA took over the management of the Bangladesh Machine Tools Factory (BMTF), a public sector company which was closed down on July 14 1994. BA turned it around and repaid the factory's outstanding debt of 443.48 crore BTK⁴⁶. In February 2005 the company earned a profit of 6.03 crore BTK⁴⁷. The BA Chief is the Chairman of BMTF. The factory manufactures and assembles vehicles like trucks, jeeps, pickups, ambulances, mobile vans, fuel tankers, and power tillers. It also manufactures different kinds of cutter tools, gears, machine tools like Celtic Lathe, Bench Drill, power tillers, etc. One of the major successes of the company was the Memorandum of Understanding signed with Bangladesh Railways to supply track components and spare parts.

Bangladesh Diesel Plant (BDP) Ltd.

On November 30, 2007, BA took over the management of BDP. It had been commissioned in 1980 and was an enterprise of the Bangladesh Steel and Engineering Corporation under the Ministry of Industry. The company was shut down as it incurred huge losses. The company was handed over to BA to turn it in to a model state run profit making enterprise. Presently, BDP is under the Ministry of Defence. The board of directors is responsible for the management of the company. The board is comprised of one Chairman and eight directors. According to the information provided in the website of BDP <http://bdp-bd.com> dated August 2, 2010 the majority of the top management members are from the army. Quarter Master General of BA, Lieutenant General Iqbal Karim Bhuiyan, is its Chairman. Many of the directors are also from the army, such as Brigadier General Md Tawfiqul Anam, Brigadier General Sohail Saifdin Sabir and Brigadier General Nazrul Hasan. Its managing director is Colonel Mirza Md Munzur Kadir. BDP

is involved in the field of assembling engines, manufacturing telecommunication towers and various engineering items. The company is also involved in the renewable energy sector. The company claims to be a market leader in environment friendly electric vehicles. BDP has also ventured into the power sector. In June 2010 it signed an agreement with Bangladesh Power Development Board for installing a 50 mega watt rental power station for commercial production⁴⁸.

Infrastructure development

To date, the Engineering Corps of the Army has been involved in 16 projects for the construction and repair of roads across the country. These large-scale infrastructure projects have helped the Army to establish itself as a credible construction 'company'.

Some of the important road projects are: Rangamati-Chandroghona-Bandarban-Bangalhalia Road, Chittagong-Hathazari - Rangamati Road, Baghailhalia-Rajasthali Road, Baghaichari-Naniarchar-Longodu Rd, Cox's Bazar-Teknaf Marine Drive Road, Ramu-Naikhangchari Road, Alikadam-Thanchi Road, Chimbuk-Tonkabati-Lama Road, Baghailhat -Masalong-Sajek Road, Khagrachari-Dighinala-Baghailhat Road, Dighinala-Chotomerung-Longodu Road, Mohalchari-Sindukchari-Jaliapara Road, Panchari-Gaurangapara Road, Rajasthali-Bilaichari-Jurachari-Barkal Road, Airport Road(Zia Colony)-Mirpur Cantonment.

Besides, BA is also involved in construction, repair and protection of various flood protection embankments across the country. Some of the major projects are: Meghna Flood Protection Embankment, ADP for Prevention of Jamuna and Bangali River Unification Guthail Hard Point, Gumti Flood Protection Embankment, Dhaka-Narayangonj-Demra (DND) Embankment. Narayangonj-Narshingdhi-

Demonstration Project (NNDP), Meghna-Dhonagoda Project, Comilla.Bhuapur–Tarakandi Embankment, Jamalpur, Chadpur Town Protection Embankment and the Gongachara Flood Protection Embankment.

UN Peace Operations

UN Peace Keeping operations (UNPKO) are the biggest source of revenue for Bangladesh. Military ruler Hussain Muhammad Ershad was the first to offer troops to the UNPKO, sending batches for operations⁴⁹ in Iraq and Namibia. Since then, around 73,176 Bangla soldiers and officers have taken part in 41 UN missions in 30 countries⁵⁰. These countries include Namibia, Cambodia, Somalia, Uganda, Rwanda, Mozambique, former Yugoslavia, Liberia, Haiti, Tajakistan, Western Sahara, Sierra Leone, Kosovo, Georgia, East Timor, Congo, Cote d' Ivoire and Ethiopia⁵¹. In January 2010, Bangladesh became the top contributor to the UNPKO with 10,641 personnel participating in different peace keeping operations globally. On such missions, a soldier, on an average, earns nearly 1100 US dollars monthly, i.e. 75,680 BTK, a princely sum for a country like Bangladesh⁵² or, indeed, for any developing country. The officers' pay depends on the rank. BA earns about 200 crore BTK yearly from these operations⁵³. A substantial portion of it is invested in various SKS projects. For instance, Radisson Water Garden, Dhaka, was built from the contributions made by members of Bangladesh Army from their earning of UN peace keeping missions⁵⁴.

Conclusion

The basic motivational factor behind the Bangladesh Army's corporate interests is to ensure the welfare of the military fraternity⁵⁵, as also to strengthen the army's influence on the civil society. To pursue this goal, the BA has created a network of business entities that not only provide

essential services but also generate employment and revenue. These factors have given the army a strong political leverage.

Whether such a strong military influence on the political affairs of the country poses a threat to the democratic process in Bangladesh is debatable. At least some sections of the intelligentsia believe that the BA's dependence on the revenues earned from the UNKPO missions as an alternative source of revenue might work as a deterrence to any direct military intervention in the future. The BA's decision, for instance, to remain behind the throne in 2007 partially supports such a hope, but it must be kept in mind that it could very well have been the UN's 'warning' against intervention that made the army keep its hands off the governance pie.

Given its corporate as well as political clout, it will be reasonable to conclude that Bangladesh Army will remain a strong and influential power base in the country in the foreseeable future.

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Endnotes:

1. The Mukti Bahini "Liberation Army" also known as the "Freedom Fighters", collectively refers to the armed organizations those fought against the Pakistan Army during liberation war of Bangladesh. It was formed by the Bengali officers and soldiers of Pakistan Army who deserted the force to join freedom struggle and civilians after the proclamation of Bangladesh's independence on March 26, 1971.
2. Ahmed Emajuddin, *Military Rule and the Myth of Democracy*, University Press Dhaka, 1988, page-51
3. Jalal Ayesha, *Democracy and Authoritarianism in South Asia: A Comparative and Historical Perspective*, Cambridge University Press, Cambridge UK, 1995, page-149.
4. "Bangladesh Army Overview", at http://www.bdmilitary.com/index.php?option=com_content&view=article&id=68&Itemid=124, accessed on October 27, 2009.
5. "Bangladesh Navy-Overview", at http://www.bdmilitary.com/index.php?option=com_content&view=article&id=90&Itemid=125 Online, accessed on August 2, 2010 .
6. "Bangladesh Air Force-Overview", at http://www.bdmilitary.com/index.php?option=com_content&view=article&id=79&Itemid=127, accessed on August 2, 2010
7. "Bangladesh Army Overview", at http://www.bdmilitary.com/index.php?option=com_content&view=article&id=68&Itemid=124, accessed on October 27, 2009
8. Siddiqa Ayesha, *Military Inc. Inside Pakistan's Military Economy*, Oxford University Press, Oxford, 2007 page-4.
9. Siddiqa, 2007, page-5
10. Actual name is Tim Nasional Pengalihan Aktifitas Bisnis Tentara Nasional Indonesia
11. Fitriani , "Study of Indonesian Governments Policy Implementatio in Separating Military from Government", Thesis submitted as partial fulfilling the requirements for obtaining Master Degree from Bandung Institute of Technology , Indonesia, 2008, at <http://www.scribd.com/doc/19488638/Indonesia-Military-Business-Takeover-Master-Degree-Dissertation-for-ITB> , accessed on December 13, 2009.
12. "Corporate Overview", Sena Kalyan Sangstha, at http://www.senakalyan.org/2_co.aspx, accessed on August 2, 2010
13. Ibid
14. Ibid
15. Ibid.
16. Ibid
17. Sheikh Mujibur Rahman was President and Prime Minster of Bangladesh. He was first President of Bangladesh in absentia from 26 March 1971 to 11 January 1972. Mijib was Prime Minster from January 1972 till 24 January 1975. He was President from 25 January 1975 till 15 August 1975. Banglapedia: National Encyclopedia of Bangladesh, at http://www.banglapedia.org/httpdocs/HT/R_0022.HTM, accessed on August 7, 2010.
18. Ahmed Emajuddin, 1988, page-54
19. Ibid

20. BAKSAL is “the only legally recognised party of Bangladesh founded on 7 June 1975 following the Fourth Amendment to the constitution of Bangladesh...the Fourth Amendment provided that no person could continue to remain a member of parliament unless he joined the national party before a time fixed by the President. BAKSAL, the new national party, was scheduled to replace officially the nation's other political organisations and associations on 1 September 1975. Many restrictive regulations coming from the BAKSAL included the promulgation of the Newspaper Ordinance (June 1975) under which the declarations of all but four state owned newspapers were annulled...Sheikh Mujibur Rahman was to become Chairman of the Party.” *Banglapedia: National Encyclopedia of Bangladesh*, at http://www.banglapedia.org/httpdocs/HT/B_0207.HTM, accessed on 29 July, 2010
21. Ahmed Emajuddin, 1988, page-56
22. Ibid
23. Ahamed Emajuddin, 'Politicisation of the armed forces, military and democracy in Bangladesh military as the ruling elite', in R.J. May and Viberto Selochan. (ed.). *The Military and Democracy in Asia and the Pacific*, ANU, 2004, Melbourne, at http://epress.anu.edu.au/mdap/mobile_devices/ch07s03.html.
24. Ibid
25. Ibid
26. Ibid
27. Khanna, S K and Sudarshna, K, *Encyclopedia of South Asia: Bangladesh*, APH Publishing Corporation, Delhi, 1998, page-110
28. Ibid
29. S K Khanna and KN Sudarshna, 1998, page-111
30. Siddiqa Ayesha, “Bangladesh's sleeping Frankenstein”, *Daily Times*, Lahore, January 1 2007, at http://www.dailytimes.com.pk/default.asp?page=2007/01/01/story_1-1-2007-pg3_4, accessed on August 11 2009.
31. Bangladesh Military Expenditure, at www.sipri.org, accessed on December 20 2009.
32. Democracy Report Bangladesh prepared by international democracy watchdog Institute for Democracy and Electoral Assistance (Idea), Stockholm page-54 at <http://www.idea.int>, accessed on July 2007.
33. Datta Sreeratha, *Caretaking Democracy Political Process in Bangladesh, 2006-08*, Institute for Defence Studies and Analysis, New Delhi, 2009, pp-53-4.
34. General Moeen said, “I reckon, Bangladesh will have to construct its own brand of democracy recognizing its social, historical and cultural conditions with religion being one of several components of its national identity...Bangladesh will try to promote a democratic system... my ideas of new order will revolve around ground realities...The road map to democracy lies...through anti corruption drive and reform packages... the intention of the introduction of this device is to safeguard our democracy, ensure economic stability and also to provide a security environment where the political and administrative reforms can be implemented without the fear of intimidation or threat.”
“The Challenging Interface of Democracy and Security”, *The New Nation*, April 2, 2007, at http://nation.ittefaq.com/artman/publish/article_35096, accessed July 27, 2010
35. During caretaker regime the government declared there was an effort to free Bangladesh politics of the two leading ladies of the country's politics Awami League President Sheikh

Hasina and BNP Chairperson Begum Khaleda Zia. Both the leaders were arrested and were put behind bars for months on charges of corruption. This became famous as minus two formula.

36. Dummett Mark, "Bangladesh's 'year of surprises'", BBC News, January 10, 2008, at http://newsbbc.co.uk/go/pr/fr/-/2/hi/south_asia/7181578
37. "Gen Moeen says he has no desire to become president", The Daily Star, October 17, 2007, at <http://www.thedailystar.net/story.php?nid=7745>
38. Principal Staff Officer major General Zahangir Alam Chowdhury became Lieutenant General: Commandant of National Defence Academy Major General Abutayeb Mohammad Zahirul Alam became Lieutenant General and Deputy Director of DGFI Brigadier General Golam Muhammad was promoted to Major General and was made Director General of DGFI. Besides a number of serving officers also got diplomatic postings like- major General Mostafa Reza Noor was sent to Kuwait, Major General Mohammad Istiaq to Turkey and Lieutenant General Masuddin Chowdhury to Australia.
39. Some of the important appointments of the time were: - former army Chief Lieutenant General Hasan Masood was appointed as the Chief of the Anti Corruption Commission, Brigadier general Shakhawat Hossain was appointed as an Election Commission. Two advisors of the regime were also former officers- Major General (retd) MA Matin was in charge of Ministry of Communication, Shipping, Civil Aviation and Liberation Warfare and Major General (retd) ASM Matiur Rahman was in charge of Ministry of Health and Family Welfare, Water Resources and Religious Affairs.
40. "Defence Budget Higher by TK 1000cr", New Age, June 10, 2008
41. "Sena Kalyan Sangstha" Banglapedia: National Encyclopedia of Bangladesh at http://banglapedia.search.combd/HT/S_0220.htm accessed on September 2,2009
42. Ibid
43. "PM opens 3rd 5 star hotel", The Daily Star, February 6, 2009
44. Ahmed Rahnuma, "Thirty five years later", The New Age, April 1 2008.
45. Annual report of Trust Bank 2008 at <http://www.trustbank.com.bd> online, accessed on August 13,2009
46. The New Nation, Dhaka, June11, 2003
47. UNB, February 23, 2005
48. "Army enters power sector business", New Age, June 04, 2010.
49. Momen Nurul, "Bangladesh-UN partnership", The Daily Star, February 19, 2006, downloaded from http://www.thedailystar.net/suppliments/2006/15thanniv/bangladesh&theworld/bd_world18.htm , accessed on July 20, 2010
50. Prothom Alo, July 20, 2009
51. Dey Cumer Doyel, "UN-Bangladesh partnership in peace building", The Independent, Dhaka, July 20, 2010, at <http://www.theindependent-bd.com/details.php?nid=173067>.
52. Hossain, Farid and Dutta, Sujjan, "Sepoy Mutiny in Dhaka-'Pay' rebellion simmers after Hasina pardon", The Telegraph, February 26, 2009
53. Prothom Alo, July 20, 2009
54. The daily Star, February 6, 2006
55. Fraternity here means both retired and serving military personals.

“The trend of the last five years, the revised non-development budget for Defence in FY07 exceeded the original budgeted figure. This difference stood at Tk 536 crore in FY07 - a five year high. In FY08, total non-development and development expenditure in Defence Services will stand at Tk 5397 crore, which amounts to 6.3 per cent of the total budget (compared to 7.0 per cent in FY07). Defence Services received 9.8 per cent of the total non-development budget which is 11.3 per cent more than the revised allocation in FY07 and 0.02 per cent more than the original budget of FY07. Alongside, the development budget for Defence is set to grow by 61.3 per cent in FY08. Defence expenditure for Bangladesh in FY07 stood at 1.15 per cent of GDP. It will be pertinent to mention here that this which is lower than the comparable spending in Pakistan (2.84 per cent) and India (1.81 per cent) for the corresponding year.”

CPD Dialogue :State of the Bangladesh Economy and Budget Responses 2008 An Analysis of the National Budget for FY2007-08, Centre for Policy Dialogue, Dhaka, June 2007, page-24

56. “The Bangladeshi government announced on 11 June a Fiscal Year 2009-10 (FY09-10) defence budget of BTd83.82 billion (USD1.2 billion). The government said that the increase is about 2.5 per cent over the revised allocated spend during FY08-09. Jane's notes, however, that the rise over the original allocation for this year is about 30 per cent. “Bangladesh increases FY09-10 defence budget”, at <http://www.janes.com/articles/Janes-Defence-Industry-2009/Bangladesh-increases-FY09-10-defence-budget.html>

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