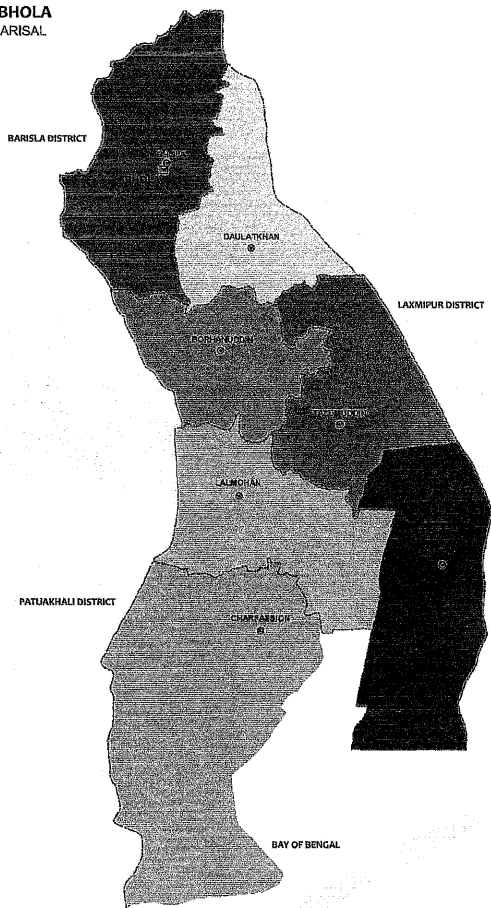


DISTRICT MAP
DISTRICT BHOLA
DIVISION BARISAL



CREDIT RATING REPORT ON BHOLA POURASHAVA

**CREDIT RATING REPORT
On
BHOLA POURASHAVA****REPORT: RR/15456/17**

This is a credit rating report as per the provisions of the Credit Rating Companies Rules 1996. CRISL's entity rating is valid one year for long-term rating. After the above period, this rating will not carry any validity unless the entity goes for rating surveillance.

CRISL followed Municipality Rating Methodology which is published in CRISL website www.crislbd.com

Address:

CRISL
Nakshi Homes
(4th & 5th Floor)
6/1A, Segunbagicha,
Dhaka-1000
Tel: 9530991-4
Fax: 88-02-953-0995
Email:
crisldhk@crislbd.com

Associate Consultant:

Md. Asiful Huq
asif@crislbd.com

Analyst:

Ehmed Kushal Imtiaz
imtiaz@crislbd.com

Entity Rating

Long Term: BBB

Outlook: Stable

Date of Rating: August 20, 2017	Valid up to: August 19, 2018
Entity Rating	BBB
Outlook	Stable

1.0 RATING RATIONALE

Credit Rating Information and Services Limited (CRISL) has assigned 'BBB' (pronounced as plain triple B) rating to Bhola Pourashava (BP). The above has been done on the basis of its Revenue Account and Development Account ended up to FY2015-16 and other relevant quantitative and qualitative information up to the date of rating.

The above rating reflects Bhola Pourashava's good growth in revenue surplus during the last five-years along with noticeable development activities. While assigning the rating CRISL also took into consideration BP's loan repayment history which was found to be satisfactory.

However, the above rating is constrained, to some extent, by moderate collection efficiency, moderate liquidity, noticeable amount of outstanding bill, moderate solid waste collection efficiency, non existence of reserve fund, moderate street light coverage, inadequate storm water drain, inadequate manpower at various departments, unplanned urbanization, unstructured and weak accounting record, non utilization of surface water etc.

The Long Term rating indicates that Municipal entities rated in this category offer moderate degree of safety for timely repayment of financial obligations. This level of rating indicates that a Municipal entity is under-performing in some areas. Risk factors are more variable in periods of economic stress than those rated in the higher categories. These Municipalities are however considered to have the capability to overcome the above-mentioned limitations.

CRISL also views the ULB with "Stable Outlook" for its steady revenue growth and consistent fundamentals and believes that the Municipal entity will be able to maintain its fundamentals with the same trend in foreseeable future.

BHOLA POURASHAVA

**YEAR OF
ESTABLISHMENT**
1920

MAYOR

Mohammad
Moniruzzaman

PANEL MAYORS

Md. Monjurul Alam
Mainul Islam Shamim
Samsunnahar Sonia

ULB'S OWN REVENUE

Tk. 98.70 million

REVENUE SURPLUS


Tk. 39.84 million

**DEVELOPMENT
EXPENDITURE**

Tk. 329.84 million

2.0 PROFILE OF BHOLA POURASHAVA**2.1 The Genesis**

Bhola Pourashava is situated in Bhola district, which is located in south-central of Bangladesh. It is located in the Barisal Division and has an area of 40.75 square kilometers. Bhola Pourashava is bounded by Lakshmipur and Barisal Districts to the north, the Bay of Bengal to the south, the lower Meghna river and Shahbazpur Channel to the east and Patuakhali District and the Tetulia river to the west. The Pourashava was established in 1920. Fishing is the major occupation of the whole district as close to 60% people are involved in fishing activities. The economy of Bhola is also dependent on agricultural activities and its major agricultural products are Rice, Cucumber, Water melon, Potato, Peanut, Chili, Coconut, Betel leaf, Betel nut and different vegetables etc. In Bhola, Bangladesh Petroleum Exploration Company Ltd (BAPEX) discovered Shahbazpur gas field in 1994. Bhola Pourashava is classified as an "A" category Pourashava. The Pourashava is headed by Alhaz Mohammad Moniruzzaman, Mayor. The main office building of Pourashava, a three storied building which was constructed in 2012 is located at Notun Bazar, Bhola. The official website of the Pourashava is www.bholapourashava.gov.bd.


Muzaffar Ahmed, FCMA, FCS
President and CEO

Credit Rating Information and Services Ltd.

**CREDIT RATING REPORT
On
BHOLA POURASHAVA****2.2 Demographic Profile****2.2.1 Population**

Bhola Pourashava has a total population of 95,444 (2016) which has increased at an estimated growth rate of 0.52% from a population of 47,477 in 2011. Total area of Bhola Pourashava was 31.48 square kilometers, which has been extended in 2015 and stood at 40.75 square kilometers. The increase in the population has been due to urbanization and migration from the neighboring rural areas. The total numbers of households in Bhola Pourashava were 10,653 in 2011. The average literacy rate of Bhola Pourashava is 62% which is in the line of national average literacy rate of 51.8%.

2.2.2 Urban Poor

There are 11 slums in Bhola Pourashava having a population of 3,657 which constitute 7.70% of the total population of town (Census 2011). The total numbers of households residing in slums are 3,657 (Census 2011).

2.2.3 Education and Literacy

The average literacy rate of Bhola Pourashava is 62% which is above the line of national average literacy rate of 51.8% (Census-2011). The Pourashava has been operating with 16 Primary Schools, 4 Kinder gardens, 9 High Schools, 5 Colleges 14 Madrashes and 1 vocational institution.

2.2.4 Health and Sanitation

Bhola Pourashava has 1 Govt. Hospital, 21 private Hospitals and 28 EPI centers. The Pourashava has been continuously enhancing awareness regarding open toilet and consequently maximum households use toilet with septic tank.

3.0 GOVERNANCE STATUS


Bhola Pourashava consists of 9 wards and its adjoining other urban area comprise of 8 mauzas. It was established in 1920 and was again reconstituted as Bhola town Committee in 1960 under the Municipal Administration Ordinance of 1960. After Independence, it was renamed as Bhola Pourashava according to the Bangladesh Local Councils and Municipal Committees (Amendment) Order, 1972. The Pourashava upgraded to "A" class in May 3, 1989.

3.1 Management Structure

Existing manpower scenario of Bhola Pourashava has been found to be moderate. There is some shortage of manpower in each section of the Pourashava. It has total 87 officials against the allocated number of 155 in Pourashava Organogram. In the Administration Division, 31 officials are working against the sanctioned post of 54. In Health & Sanitation, 15 are working against the post of 33 and in Engineering Division, 41 officials are working against the available post of 68. The percentage of vacant post of Bhola Pourashava stood at 43.87%. Thus, Bhola Pourashava has been running with shortage of required staff.

Inadequate manpower at various departments

Department	Number		
	Sanctioned	Employed	Vacant
Administration	54	31	23
Health & Sanitation	33	15	18
Water & Engineering	68	41	27
Total	155	87	68


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**CREDIT RATING REPORT
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BHOLA POURASHAVA****3.2 Key Management**

A brief on key management people of BP is delineated below:

Name	Position in BP	Academic Background	Experience in BP (years)	Total Experience (years)
Md. Jashim Uddin Arju	Executive Engineer	BSc in Engineering	7	25
Md. Abul Kalam Azad	Secretary	MSc	10	24
Md. Mostafizur Rahman	Accounts Officer	M Com	6	17
Mr. Nazir Ahammad Tarik	Assistant Engineer	Diploma in Engineering	26	26
Md. Nur Al Azad	Assistant Engineer	Diploma in Engineering	7	16
Md. Jahidul Islam	Slum Development Officer	MSS	6	6

3.3 Pourashava Parishad and Standing Committee

According to the local government (Municipality) act, 2009, Bhola Pourashava has an elected Parishad with 13 members including Mayor. As an elected Mayor, Alhaz Mohammad Moniruzzaman, is the Chairman of the Parishad. He completed graduation in arts and is living in Nobipur, Bhola Sadar, Bhola and holding the office of Mayor since 2009. Mr. Moniruzzaman won Bhola Pourashava Election 2015 as a nominated candidate of Bangladesh Awami League. Beside the Pourashava, he is involved with business, which is his major source of income. As an income tax payer, his Electronic Tax Identification Number is 451071406345. The Pourashava has been completed under the supervision of the Mayor. With the experienced leadership of Alhaz Mohammad Moniruzzaman as Mayor, Bhola Pourashava covered 65% of Poura area with streetlights, 42% of households are connected with tap-water supply and collects 9 MT of wastes per day, which is 75% of total wastes generation. Bhola Pourashava arranges a meeting in every month and the meeting is presided over by the Mayor or panel Mayor. The Parishad discusses in the meeting about the development work, tender of hat, water supply, sanitation etc.

Name	Designation	Academic Background	Experience in BP (years)
Mr. Mohammad Moniruzzaman	Mayor	BA	7
Md. Monjurul Alam	Panel Mayor -1 & Councilor	BA	12
Mr. Mainul Islam Shamim	Panel Mayor -2 & Councilor	SSC	2
Mrs. Samsunnahar Sonia	Panel Mayor -3 & Councilor	Alim	7
Mrs. Josna Easmin	Councilor	MA	7
Md. Shah Alam	Councilor 2	HSC	7
Mrs. Razia Sultana	Councilor	Below SSC	2
Mr. Omor Farukh	Councilor	SSC	2
Mr. Atiqur Rahman	Councilor	BA	2
Ibrahim Khokon	Councilor	SSC	2
Alhaj Md. Arfanur Rahman	Councilor	BA	2
Alhaj Md. Slauddin Linkon	Councilor	HSC	2
Mr. Shawkat Hossain	Councilor	SSC	2

Bhola Pourashava formed fourteen Standing Committees in line with Local Government (Municipality) Act 2009. Suggestions of the Standing Committee are discussed in each Municipality meeting and if any suggestion is not granted, Municipality informs the standing Committee by writing with proper explanation along with the cause for being not granted. Every activity of this standing Committee is finalized after approval of the Municipality. However, CRISL did not find proper records and register books for the meeting decisions of standing Committee.

3.3.1 Establishment and Finance Committee

Establishment and Finance Committee consists of 5 members and Chaired by Alhaj Mohammad Moniruzzaman, Mayor, Bhola Pourashava. The Committee monitors internal audit report and government audit report.

**CREDIT RATING REPORT
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BHOLA POURASHAVA****3.3.2 Taxation and Levy Committee**

Taxation and Levy Committee consists of 5 members. The Committee monitors and reviews the tax rate assessment and tax collection.

3.3.3 Accounts and Audit Committee

Accounts and Audit Committee consists of 5 members and Chaired by Mr. Md. Ibrahim Khokon, Councilor of ward no. 2. The Committee reviews the financial transaction recording procedure and internal audit report.

3.3.4 Urban Planning, Services for Citizen and Development Committee

Urban Planning, Services for Citizen and Development Committee consists of 5 members and Chaired by Alhaj Md. Shah Alom, Councilor of ward no. 7. The Committee monitors the urban planning and works for less development area.

3.3.5 Rules & Regularities and Public Security Committee

Rules and regularities and Public Security Committee consists of 5 members and Chaired by Alhaj Mohammad Moniruzzaman, Mayor, Bhola Pourashava. The Committee monitors law and order situation with the Pourashava area.

3.3.6 Communication and Infrastructural Development Committee

Communication and Infrastructural Development Committee consists of 5 members and Chaired by Alhaj Md. Arfanur Rahman, Councilor of ward no. 5. The Committee monitors all maintenance and development activities of road, street light, market and other infrastructure within the Pourashava area.

3.3.7 Information and Culture Committee

Information and Culture Committee consists of 5 members and Chaired by Mrs. Shamsun Nahar, Councilor of reserve seat-2. The Committee monitors all the cultural activities within the Pourashava area. Besides, the Committee monitors security system so that people of every religion can enjoy and participates their religious program.

3.3.8 Observation, Monitoring and Control of Prices Committee

Observation, Monitoring and Control of Prices Committee consists of 5 members. The Committee Observes, monitors and controls the price level of essential goods and commodity.

3.3.9 Fisheries & Livestock's Committee

Fisheries and Livestock's Committee works for the development of fisheries as well as for livestock's management to economic development.

3.3.10 Women & Child Development Committee

Women and Child Development Committee consists of 5 members and Chaired by Mrs. Josna Yeasmin, Councilor of reserve seat-1. The Committee monitors different woman development program like computer training, build-up poor fund etc.

Besides, Bhola Pourashava also formed additional Standing Committees, especially engaging with Non-Government organization, such as Disaster Management Committee, Health, Water and Sanitation Committee, Market Management and Gender Committee.

3.4 Audit Process

There is no separate department for internal audit in the organization structure of Bhola Pourashava. Accounts and Audit Committee, the Standing Committee of the Parishad, reviews the internal and external audit report. Mr. Md. Mostafizur Rahman, Accounts officer performs the internal audit activities along with his team which is a conflict of interest and against the spirit of best corporate practice. The Office of the Controller and Auditor General (CAG) conducts audit of the Pourashava's accounts on a regular basis. Last accounts audit activities are based on FY2012-13 and FY2013-14. The report mentioned some irregularities in the Pourashava's accounts. Major irregularities are the uncollected of Paura tax amounting of Tk. 13.31 million, Tk. 1.03 million which are collected as VAT, income tax and others were not deposited subsequently in government treasury.

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BHOLA POURASHAVA****4.0 POURASHAVA IN BANGLADESH**

Bangladesh has been experiencing rapid urbanization since its independence in 1971. Urban population as a percentage of total population increased from around 8% to nearly 23 % during 1974-2001 periods. By the year 2015 nearly one-third or 33% of the population of Bangladesh will be living in urban areas. The phenomenal rate of urbanization is posing a major development challenge. The cities and towns of Bangladesh, suffer from acute problems of deteriorating infrastructure in the form of poor housing, lack of safe drinking water, paucity of drainage and sewerage facilities, logjam of urban transport, and pollution. ULBs are striving to address for operation and maintenance (O&M) of existing basic urban service systems. This does not necessarily mean that urbanization is bad.

At present urban dwellers constitute about 30 percent of the total populations of Bangladesh, but their contribution to GDP is more than 60 percent indicating that the productivity of labor in urban areas is much higher than in rural areas. The government always realizes that urbanization is an unavoidable element of economic development that requires careful planning and management. The government is committed to manage urbanization in such a way that beneficial aspects of urbanization are strengthened and negative aspects of urbanization are minimized. In view of the above context and in order to utilize the experience and lessons learn from the successfully completed Municipal Services Project (MSP) the Government of Bangladesh requested the World Bank to provide financial support for another investment project. In response to the request the World Bank agreed to fund this Municipal Governance and Services Project (MGSP). The World Bank Board has approved the project on 14 January 2014 while the Government has also approved the MGSP in the ECNEC meeting on 19 January 2014. The credit has been declared effective from April 06, 2014. The Municipal Governance and Services Project (MGSP) will be implemented through Local Government Engineering Department (LGED), Bangladesh Municipal Development Fund (BMDF), and Local Government Division (LGD).

The average urban growth rate was 8% during 1961 to 1981. The present average growth rate is about 4.5%. According to the population census of 2001, the share of urban population was about 23.29% and at present it is approximately 25%. By the year 2015, the share of urban population will be about 37% of the national population. The importance of urban development is emphasized in terms of its role in the national economy. More than 60% of the national GDP is derived from the non-agricultural sectors that are mainly based in urban areas. Again, the most foreign exchange earning sectors, like, garment and knitwear enterprises are agglomerated in urban areas. These sectors earn over 70% of the foreign exchange. Remittance is also a major sector of foreign exchange earnings and a large share of the remittance goes into the purchase of urban land. Surplus remittance is invested in business and manufacturing located in urban areas. These phenomena indicate the increasing role of urban areas being played in the national economy. The expansion of urban economy leads to the growth of urban population and concomitant haphazard urban spatial growth without planning. The rapid urbanization is marked by the creation of Pourashavas, whose number at present stands at 312. Pourashavas are created not only to provide urban services to their citizens, but also to create a livable environment through development of planned and environmentally sound living space.

The legacy of the local government and local self-governance system in Bangladesh prevail in different forms, such as: administrative set up, rules and regulations, bureaucratic culture, rural power structure etc. similar to that of India and Pakistan, as this subcontinent shares a common history of local governance.

Immediately after the Independence of Bangladesh, the name of the Union Council was changed to Union Panchayat and an administrator was appointed to manage the affairs of the Panchayat. The name of Thana Council was changed to Thana Development Committee while the District Council was named Zila Board or District Board. Again in 1973, Union Panchayat's name was reverted to Union Parishad. In 1980, as a result of an amendment of the Local Government Ordinance, the Swanirvar Gram Sarker (self-reliant village government) was introduced at the village level. It was later abolished by a Martial Law Order in July 1982. A major change was also initiated in the local government system through the introduction of

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the Local Government Ordinance in 1982 (Upazila Parishad and Upazila Administration Reorganization). This Ordinance was followed by the Local Government (Union Parishad) Ordinance in 1983, the Local Government (Zila Parishad) Act in 1988 and the three Hill Districts Acts and Palli Act in 1989. The Bangladesh Census Commission recognized 522 urban areas in 1991 (with a minimum population of about 5000 or more) but only about 269 of the larger urban areas among these have urban local governments. The six largest cities have City Corporation status, while the rest are known as Pourashavas or Municipalities. Currently all the Municipality/pourashava has been operating under the guidance of local government (Municipality) Act, 2009.

Bangladesh has 532 urban areas classified into eleven City Corporations and 318 Pourashavas (Municipalities) run by elected Pourashava councils. Pourashavas are further classified as A, B and C categories. Urban areas are categorized as larger city corporations or A, B, and C class Pourashavas based on the least amount of annual revenues collected over the last three years. Class A being those with income of more than Tk. 6 million, class B with more than Tk. 2.5 million up to Tk. 6 million and class C with more than Tk. 1 million up to Tk. 2.5 million. About 60% of the urban population resides in the city corporations, while 40% live in Pourashavas. Urban areas are contained within only 10,600 square kilometers (7%) of the country's 147,000 square kilometers, reflecting a high urban population density in 2011 of 4,028 persons per square kilometer (compared with a much lower rural density of 790 persons).

Municipal activities are guided by the Local Government and Engineering Ministry. "Pourashava Ordinance, 1977" are initially enforced by the Pourashava authority. Due to the limitation of such Ordinance "Pourashava Act-2009" are enforced and provide the guideline the activities, duties and responsibilities and three major activities are prescribed namely town planning, building construction and development. To expedite the activities "Model Tax Schedule-2014" also comes into force to provide wide range coverage of tax and non-tax issues. LGED time to time disclose office order in case of legal requirement. All Municipal has been preparing their accounts as per the prescription of GoB. Accounts are prepared on cash basis. Budgeted accounts are being prepared with three major head namely Fiscal Accounts (Upanksho 1 and 2), Development Accounts and Capital Accounts. Every account is being prepared in three parts such as Current year revise budget, up-coming year budget and previous year's actual budget. Therefore, existing accounting system does not truly reflect the actual performance of ULB. GoB may adopt the current accounting policy with Local accounting standard.

As the urban government bodies do not earn enough revenue from taxes and other sources, they depend on central government grants for financing development projects. But, the grants which they receive from the central government always fall behind their actual requirements. As a result of financial stress, City Corporation authorities face a difficult challenge of distributing these scarce resources among contesting demands and departments. In dealing with the distribution of funds, they cannot satisfy all the departments which sometimes create intra-organizational coordination problems. As per regulation ULB has to sanction department wise post but majority of Municipal has almost 40% vacant post including Chief Executive Officer, Medical Officer, Town planner and other related designation. Class variation, package variation as well as duties and responsibilities variation are the reasons behind posts being vacant. ULB in Bangladesh are weak in case of institutional framework, organizational structure and skilled workforce.

Few of the Municipalities have good road network but majority of them are unpaved and brick soling road. Road conditions are not at all satisfactory and unsuitable for heavy vehicles and are difficult to use during rainy season. 90% of the population has access to water supply, around 30% of the households get tap water facilities and less than 20% have their own connection. Majority of the Municipal do not have their own water supply system. Few of the Municipalities have their own piped water supply system but carry insufficient facilities compared to existing population requirement. People are used to ground water facilities which are extracted by tube-wells. Water treatment facilities are not satisfactory for the majority of the Municipalities as some of the Municipal has arsenic and iron contaminated water. Few Municipalities have water treatment facilities but they are insufficient in coverage.

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ULB has no authorized sewerage facilities. Thus, the sewerage conditions are very poor. Many householders have septic tanks and sanitary latrines and much of the sludge is discharged through open drains into river. Unpaved drainage, brick drains are more compared to RCC drainage facilities. Solid Waste Management (SWM) collection and disposal system are not well organized. ULB are responsible for segregation, door to door collection from house, markets and offices, collection from specific points, cleaning of roads, night cleaning from busy and important roads, hospital waste, transportation of waste from different areas up-to disposal site. Track facilities, trolleys and rickshaw vans are used to collect the waste through specific location and dumped selected premises. Households often dump their waste to open premises or street or onto drain. Commercial and industry dump their waste in illegal ways. Hospital wastes are not well collected. Solid waste collection procedure exists but no management system is in place. Very few Municipalities maintain solid waste management but facilities are not satisfactory compared to overall coverage. Streetlight facilities of ULB are not sufficiently covered.


Municipality is a local government institution and obviously autonomous body. It is expected that it will enjoy autonomy in its deliberations. In Bangladesh, government does not like to lose control over these types of organizations. In various ways government tries to control it. In this context, financial grant is major constraint. To obtain government grant which is the main source of income, the Mayor of the Municipality has to maintain a good relationship with the government. If the Mayor belongs to the ruling party, he faces less challenge in accomplishing various tasks. Therefore, local government institutions' success largely depends on the interest, sincerity and equality of the government.

5.0 SERVICE QUALITY**5.1 Roads & Drains**

Overall roads and drainage facilities of Bhola Pourashava are of average standard. As an island, Bhola Pourashava is not connected to the national highway. The total road length of Bhola Pourashava stood at 89.5 kilometers. Total drainage network extends to an area of 49.90 kilometers of which around 32% drainage is natural. Road side drainage is only 15.10 kilometers, which is insufficient according to asphalt and CC road.

*Inadequate storm water
drain*

Roads (KM)	Existing	Proposed
Corporation Roads		
District and Other Roads	9.50	--
Total Road Length (Own)		
Cement Concrete (CC) road	36.50	25.00
Asphalt road	30.50	25.50
Other	22.50	10.00
Drains (KM)		
Natural Major	9.80	
Natural Minor	6.50	11.80
Storm Water Drains (SWD)	18.50	47.20
Road Side Drains (RSD)	15.10	12.90
Area Coverage by SWD (%)	40	40


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5.2 Water

In Bhola Pourashava 61% of households is connected with tap water supply, though a separate water supply project has been proposed to cater the remaining population. Water is supplied from ground water through 14 pump house and there is no water treatment facility. Beside the Pourashava has 556 hand pumps. Currently the Pourashava supplies water 10-12 hours per day. The water supply network covers only 58% area of the city. Considering the water treatment and demand supply gap, Bhola Pourashava has not been found at a satisfactory level.

Water Supply	Existing	Proposed
Sources Total (m3/d)	6,600	5,600
Water Mains (km)	21.59	20
Distribution (km)	40.26	30
Covered Area (sq. km.)	18.20	31.38
Population Covered (%)	61%	100%
Tap water coverage (% of households)	41.51%	100%

5.3 Solid Waste Management (SWM)

Solid waste management of Bhola Pourashava has been found to be moderate due to absence of waste treatment as well as insufficient collection point. Bhola Pourashava generates 12 MT wastes per day which comprises of biodegradable and non-biodegradable components. Bhola Pourashava not yet segregates these wastes. The Pourashava collects 9 MT wastes, which is 75% of total wastes generation. Total Area of dumping yard is 1.5 Acres and no wastes is treated there.

Moderate solid waste collection efficiency

SWM	Existing	Proposed
Daily Generation (MT)	12	20
Daily Collection (MT)	9	20
Collection Points	7	15
Vehicle Capacity (Cu. M)	1.2	2.0
Landfill Site (Acres)	1.50	6.00
Total Staff in SWM	109	150

5.4 Street Light

Bhola Pourashava has a moderate coverage of street light facilities. Currently there are 3,850 streetlights which cover 75% of the roads and 65% of the city area. The Pourashava has a plan to install another 1,850 streetlights to cover the remaining portions of the city.

Moderate streetlight coverage

Streetlights	Existing	Proposed
Total No. of Streetlights	3,850	1,850
Coverage Area (%)	65	35
Coverage Roads (%)	75	25
Total No. of Street Light Poles	5,700	1,000

5.5 Building Permission

Bhola Pourashava has an established system under which building permission is granted. Refer exhibit below for the details of application and Income.

Particulars	FY2015-16	FY2014-15	FY2013-14	FY2012-13	FY2011-12
No. of applications received	147	137	135	146	63
No. of applications approved	65	101	88	121	45
Income (Tk. in million)	1.4	1.6	0.8	1.0	0.5

5.6 Sewerage

Bhola area is not covered by any sewerage network. People mostly depend on on-site sanitary latrines in the urban area and pit latrine in rural and semi-urban areas. Septic tank/soak well of on-site sanitary latrines are often connected to nearby drains, canals and water body.

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BHOLA POURASHAVA****6.0 PROJECT PERFORMANCE ANALYSIS**

While analyzing the project performance of Bhola Pourashava, CRISL has reviewed the project details for ongoing projects, completed projects, and upcoming projects.

6.1 Ongoing Projects

Sl. No.	Project Name	Donor	Particulars	Contract Amount (Tk. in million)	Completion Stage (%)
1.	CTEIP	ADB	Drain (15.23 km)	297.80	75
2.	CTEIP	ADB	Road (9.88 km)	168.70	70
3.	B MDF	World Bank	Kitchen Market	117.20	95
4.	CTEIP	ADB	Cyclone Shelter (2 nos.)	68.10	30
5.	CCTF	GoB	Canal Bank Protection & Road (625 m)	42.90	yet to start
6.	BPMIIP	GoB	Bridge (3 nos.)	41.80	75
7.	BPMIIP	GoB	Road (3.15 km)	34.00	70
8.	CTEIP	ADB	Bridge (3 nos.)	22.20	0%
9.	BPMIIP	GoB	Public Toilet (2 nos.)	5.90	75
10.	CCTF	GoB	Canal Excavation	4.30	yet to start
11.	CCTF	GoB	Street Light	2.80	yet to start
Total				805.70	

The total number of ongoing projects is 11 most of which are completed 70% and above. Total value of the ongoing projects is Tk. 805.70 million of which total work done value stood at Tk. 532.79 million.

6.2 Completed Projects

Sl. No.	Project Name	Donor	Particulars	Contract Amount (Tk. in million)	Completion Stage (%)
1.	B MDF	World Bank	Office Building	68.50	100
2.	B MDF	World Bank	Road (1.95 km)	44.00	100
3.	B MDF	World Bank	Drain (2.60 km)	45.30	100
4.	BPMIIP	GoB	Drain with footpath (480 m)	12.80	100
5.	BPMIIP	GoB	Dustbin Pit (205 nos.)	3.00	100
6.	CCTF	GoB	Drain (2.75 km)	30.10	100

The total number of recently completed projects is 6 and worth of Tk. 203.70 million. The project works included the construction of office building, roads & drains etc.

6.3 Upcoming Projects (Proposed)

A brief summary of the upcoming projects of Bhola Pourashava is delineated below:

Sl. No.	Project Nature	Estimated Cost (Tk. in million)	Potential Funding
1.	Construction of 15-storied Bhola Trade Centre (22,500 sqm)	750.00	MIF
2.	Construction of 12-storied Poet Mozammel Huq Town Hall Market (12,000 sqm)	480.00	MIF
3.	Construction of Bir Srestha Mostafa Kamal Bus Terminal (13,400 sqm)	250.00	MIF
4.	Construction of Drain (17.15 km)	385.87	CTEIP
5.	Construction of Drain (5 km)	112.50	BPMIIP
6.	Construction of Road (10 km)	185.00	BPMIIP
7.	Construction of Community Resource Centre	60.00	BPMIIP
8.	Vertical extension of Paura Office Building	100.00	B MDF
9.	Vertical Extension of Kitchen Market	120.00	B MDF
10.	Re-excavation of Canals (15 km)	150.00	CTEIP
11.	Bi-pass Road (2 km)	120.00	CTEIP

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12.	Sanitary Land-field and Waste management	250.00	CTEIP
13.	Construction of Over Head Water Tank (4 nos.)	150.00	CTEIP
14.	Installation of Water Meter (4,000 nos.)	12.00	CTEIP
15.	Construction of Community Health Clinic (3 nos.)	100.00	MIF
16.	Construction of Paura Park	200.00	GoB
17.	Beautification works (3 nos.)	200.00	GoB

7.0 ANALYTICAL FRAMEWORK

While conducting the credit rating of Pourashava, it was found that like other ULBs, cash basis accounting method has been followed along with the system of recording prescribed by the GoB. Thus, a radical change might be required for improving the quality of account and to standardize the accounting system across ULBs. While analyzing the financial performance, CRISL has considered the actual Revenue Account, and Development Account. ULB's accounts are being prepared on cash basis including single entry accounts and as such accounts do not truly reflect the actual performance of Municipality. In consideration of the above, CRISL also applied its own analytical framework in financial analysis. However, proper care has been taken to ensure the correctness of the information and to draw reasonable conclusion to the extent possible.

8.0 FINANCIAL PERFORMANCE ANALYSIS

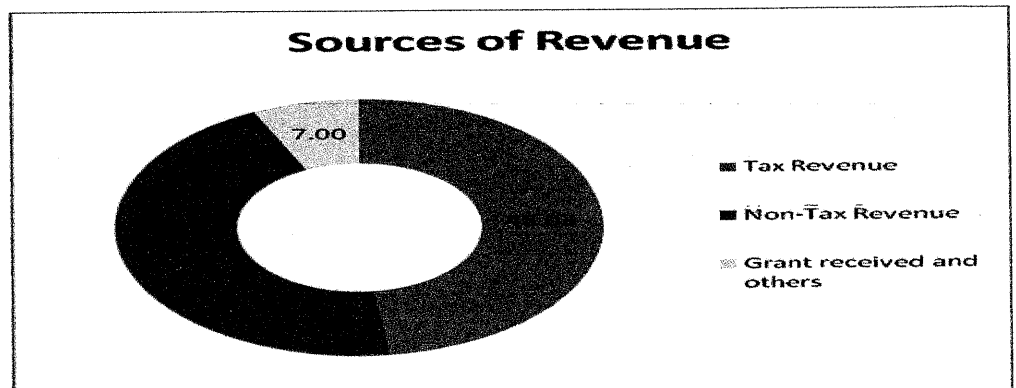
The financial performance analysis includes an in-depth review of the revenue account. The revenue account incorporates two components including revenue income and revenue expenditure.

8.1 Revenue Income

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12	*Share	**CAGR
	Amount Tk. in million					%	%
Tax Revenue	46.68	33.24	30.62	30.34	22.35	48.03	20.22
Non-Tax Revenue	52.02	22.89	29.39	27.67	20.89	44.97	25.62
Revenue from own sources	98.70	56.13	60.01	58.01	43.24	93.00	22.92
Grant received & others	8.56	3.86	2.16	4.06	5.15	7.00	13.54
Total	107.26	59.99	62.17	62.07	48.39	100	22.02

*Five years average **Cumulative Average Growth Rate

Income from own sources grew at a CAGR of 22.92% during FY2011-12 to FY2015-16 and reached at Tk. 98.70 million in FY2015-16. Own source income accounted for 93% of total Revenue Receipts. Taxes including Land & Residence Tax, Water Tax, Rates, and Fixed Asset Transfer Tax etc. increased to Tk. 46.68 million in FY2015-16 from Tk. 22.35 million in FY2011-12. Non-Tax Income also grew to Tk. 52.02 million in FY2015-16 from Tk. 20.89 million in FY2011-12.



**CREDIT RATING REPORT
On
BHOLA POURASHAVA****8.1.1 Tax Revenue (TR)**

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12	Share	CAGR
	Amount Tk. in million					%	%
Rates	11.86	8.14	7.62	7.42	6.08	12.10	18.18
Water	11.80	7.97	7.49	7.38	5.86	11.92	19.12
Fixed Asset Transfer	7.63	7.15	6.44	5.44	3.86	8.98	18.57
Land & Residence	8.26	5.58	5.25	5.64	4.08	8.48	19.28
Occupation / Business	3.75	2.64	2.49	2.18	1.76	3.77	20.82
Others	1.77	0.94	1.01	1.38	0.35	1.60	49.96
Transportation	1.24	0.61	0.01	0.72	-	0.76	19.87
Advertisement	0.37	0.21	0.31	0.18	0.36	0.42	0.69
Total TR	46.68	33.24	30.62	30.34	22.35	48.03	20.22
Total Receipts	107.26	59.99	62.17	62.07	48.39	100	22.02

Major tax revenue generated from rates

Tax Revenue constituted 48.03% of total revenue receipts. Tax Revenue is the major source of revenue for Bhola Pourashava. The highest tax receipts were generated from Rates and Water Tax of 12.10% and 11.92% respectively followed by Fixed Asset Transfer Tax of 8.98%.

8.1.2 Non-Tax Revenue (NTR)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12	Share	CAGR
	Amount Tk. in million					%	%
Receipts - Water Supply	8.77	7.52	8.42	7.09	7.09	11.44	5.46
Adv. Received (Salami)	14.36	4.67	8.81	9.48	-	10.98	14.85
Others	17.81	2.33	4.84	2.64	4.55	9.47	40.66
Lease (Ijara)	6.28	6.01	5.50	5.61	5.68	8.56	2.54
Rental Income	4.26	2.10	1.46	2.57	3.18	3.99	7.58
License & Fees	0.54	0.26	0.36	0.28	0.39	0.54	8.48
Total NTR	52.02	22.89	29.39	27.67	20.89	44.97	25.62
Total Receipts	107.26	59.99	62.17	62.07	48.39	100	22.02

Major non-tax revenue generated from receipts from water supply

Non-Tax Revenue constituted 44.97% of total revenue receipts. Non-Tax Revenue consists of License & Fees, Rental Income, Advance Received (Salami), Lease Income, Income from Water Supply etc. The top non-tax receipts were generated from the income from Water Supply Section and from Salami of 11.44% and 10.98% respectively.

8.2 Revenue Expenditure (RE) and Surplus

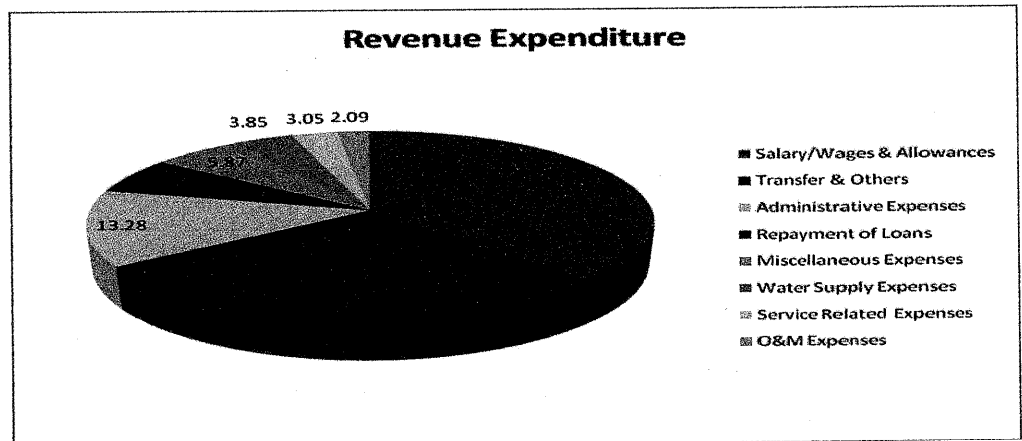
Particulars	2015-16	2014-15	2013-14	2012-13	2011-12	Share	CAGR
	Amount Tk. in million					%	%
Salary/Wages & Allowances	33.21	25.16	24.91	21.47	19.85	37.75	13.73
Administrative Expenses	8.68	6.44	7.64	7.40	13.66	13.28	(10.72)
Miscellaneous Expenses	5.53	4.54	1.90	3.29	4.14	5.87	7.51
Water Supply Expenses	1.77	1.34	3.67	2.52	3.40	3.85	(15.06)
Service Related Expenses	2.71	2.78	1.98	1.11	1.48	3.05	16.33
O&M Expenses	1.59	1.57	1.03	1.39	1.32	2.09	4.76
RE without loan repayment	53.49	41.83	41.13	37.18	43.85	65.89	5.09
*Transfer & Others	45.82	8.80	15.46	20.84	1.09	27.87	154.63
Repayment of Loans	5.37	6.15	4.35	2.21	2.50	6.24	21.06
Total Expenditures	104.68	56.78	60.94	60.23	47.44	100	21.88
Revenue Surplus/Deficit	39.84	8.15	14.53	18.62	(3.11)	-	28.86

Good growth in revenue surplus

*Refers to surplus funds transferred to development account and non-operating expenditures

CREDIT RATING REPORT
On
BHOLA POURASHAVA

Revenue expenditure (without loan repayment) has grown at a slower pace having CAGR of 5.09%. As a result, a steady increase in operating surplus has been noticed in 5-years period. Salaries and Allowances costs have grown at a CAGR of 13.73% during FY2011-12 to FY2015-16. These costs are expected to rise for a few more years as Bhola Pourashava is already having lower number of employees than sanctioned and to adjust the inflation component in the salaries. Expenditures related to O&M has been found to be relatively lower compared to other expenditure items. Service related expenses have surged at a CAGR 16.33% largely on account of increase in relief and grants along with health & sewerage.



8.3 Operating Efficiency

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Population	95,444	47,477	47,477	47,477	47,477
Source and Allocation of CAPEX					
Revenue surplus to CAPEX (X)	0.12	0.03	0.07	0.15	(0.01)
CAPEX to total expenditure (X)	0.81	0.84	0.82	0.76	0.81
Capital receipts to total receipts (X)	0.76	0.83	0.77	0.66	0.81
Per capita exp. on education (in Tk.)	149.30	833.39	-	-	-
Per capita exp. on health & sewerage (in Tk.)	838.60	1,159.87	1,296.29	285.68	765.11
Cost recovery of key services					
Per capita revenue expenditure (in Tk.)	616.70	1,010.59	957.94	829.66	976.26
Per capita CAPEX (in Tk.)	3,455.85	5,776.90	4,434.36	2,703.84	4,400.87
Per capita revenue income (in Tk.)	1,034.11	1,182.26	1,263.98	1,221.85	910.76
Other Ratios					
Operating Ratio (X)	0.54	0.75	0.69	0.64	1.01
Capital Utilization Ratio (X)	0.95	0.95	1.01	1.06	0.99

The average operating ratio stood at 0.73 indicating that the operating expenses are less than the income generated from operation. Average capital utilization ratio stood at 0.99 indicating that Bhola Pourashava's development expenditures are almost at par with its development fund.

8.4 Collection Efficiency

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Holding Tax collection against demand (%)	80.29	55.60	60.60	71.98	84.56
Lease collection against demand (%)	84.74	79.05	90.84	89.88	95.09
Fees collection against demand (%)	57.30	35.68	61.90	81.57	63.36

Moderate collection efficiency

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BHOLA POURASHAVA**

Overall collection efficiency of Bhola Pourashava has been found to be fluctuating in nature over the 5-years period. Property tax collection efficiency has been found to be around 80% in FY2015-16. Lease collection efficiency stood at 84.74% in FY2015-16 which was 95.09% in FY2011-12. Fees collection efficiency has been found to be at moderate level and stood at 57.30% in FY2015-16.

8.5 Liquidity Analysis


The liquidity position measures the capability of a Pourashava to meet up its short-term obligations in due course. The operating ratio of Bhola Pourashava has been found to be fluctuating in nature. Nevertheless, the operating ratio indicates that the Bhola Pourashava's operating income was adequate enough to meet up its operating expenditures during FY2012-13 to FY2015-16. Nevertheless, CRISL views that the operating ratio of Bhola Pourashava could have been improved if it could increase its collection efficiency. Besides, the Municipality does not have any FDR, Reserve Fund or mentionable liquid assets from which it can meet its short term obligations smoothly. Hence, sometimes it has to defer its sort term payment obligations. Due to shortage of fund, one month salary of the Pourashava is outstanding during the reporting period. Moreover, noticeable amount of electricity bill and contractors' bill was due as on April 30, 2017 indicating moderate liquidity of the Pourashava.

9.0 PERFORMANCE ANALYSIS OF DEVELOPMENT ACTIVITY

Particulars	2015-16		2014-15		2013-14		2012-13		2011-12	
	Tk. in mill.	%	Tk. in mill.	%	Tk. in mill.	%	Tk. in mill.	%	Tk. in mill.	%
Sources of Fund										
Pourashava	38	10.9	3.72	1.29	12.12	5.79	20.39	16.8	-	-
B MDF	138.54	39.9	-	-	-	-	34.87	28.8	95.93	45.5
Grant & others	170.5	49.1	284.84	98.7	197.21	94.21	65.67	54.3	114.77	54.4
Total	347	100	288.5	100	209.3	100	120.9	100	210.7	100
Uses of Fund										
Roads	118.96	36	72.14	26.3	103.23	49.03	87.95	68.5	103.31	49.4
Drains	79.89	24.2	53.85	19.6	60.75	28.86	8.88	6.92	30.25	14.4
Others	130.99	39.7	148.28	54	46.55	22.11	31.54	24.5	75.38	36.0
Total	329.8	100	274.2	100	210.5	100	128.3	100	208.9	100
Surplus/ Deficit	17.2		14.29		(1.2)		(7.44)		1.76	

Good development activities

The performance of development activities has been found to be good. For development activities, most of the funds were procured through grants and others receipts during FY2013-14 to FY2015-16. Bhola Pourashava's own contribution in the development project has been found to be fluctuating during the last four fiscal years. Most of the funds were used for the construction of roads and drains. During FY2015-16, the expenditures on roads and drains contributed 60.29% of total development expenditures; other major expenditures include the construction of Municipal office building and market development during that period.


Muzaffar Ahmed, FCMA, FCS
President and CEO
Credit Rating Information and Services Ltd.

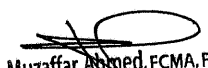
**CREDIT RATING REPORT
On
BHOLA POURASHAVA****10.0 FIXED ASSET OF BHOLA POURASHAVA**

Total fixed asset of Bhola Pourashava stood at Tk. 2,218.00 million as of May, 2017. Total fixed asset includes land and building of Tk. 2,055.43 million, water supply equipment of Tk. 132.79 million and vehicles and other equipment of Tk. 29.78 million. Particulars of land and building are given below:

S.L.	Particulars	Quantity of land	Value of land	Value of building	Value of land and building
		In decimals	Amount Tk. in million		
1	Poura bhaban	33.19	53.11	120.06	173.17
2	Town hall	18.06	29.00	60.05	89.05
3	Hazi Samsuddin market	8.71	13.94	10.06	24.00
4	Zla super market	49.69	284.68	15.06	299.74
5	Monohory patty market	100.30	574.62	11.05	585.67
6	Old fish market	4.95	28.36	3.00	31.36
7	Kitchen market	30.02	172.00	117.20	289.20
8	Hatkhola bazar	85.09	212.73	0.00	212.73
9	Hatkhola market	3.35	8.36	11.03	19.39
10	Cattle market	200.00	59.80	0.00	59.80
11	Garage shed	150.50	47.11	10.50	57.61
12	Dom patty	170.00	75.48	5.03	80.51
13	Poura grave yard	89.00	20.38	0.00	20.38
14	Garbage disposal site	154.00	24.95	5.39	30.34
15	Bus terminal	300.33	48.65	6.00	54.65
16	Public toilet	0.10	0.06	5.00	5.06
17	Girls School fountain	0.08	0.13	10.57	10.70
18	Water pump station	36	10.80	1.27	12.07
Total		1,433.37	1,664.16	391.27	2,055.43

11.0 LIABILITY AND SOLVENCY STATUS**11.1 Loan Policy of BMDF**

The financing policy of BMDF is, indeed, unique in nature. The government of Bangladesh (GoB) receives loan from its development partners through standard bilateral agreement in which the Economic Relations Division represents the GoB. Then, BMDF goes for a subsequent agreement calling it Subsidiary Loan and Grant Agreement with the Bank and Financial Institutions Division of the Ministry of Finance. BMDF is committed to repay the government's 15% of its total utilized amount. In order to begin a project, 10% of the project cost as matching contribution has to be deposited with an escrow account, which is to be operated by the recipient ULB. BMDF bears the rest of the 90% of the project cost. Of this 90%, BMDF provides 80% as grant and 20% as loan to the concerned ULB under Subsidiary Loan and Grant Agreement made between the BMDF and Bank and Financial Institutions Division of the Ministry of Finance. BMDF transfers money to the escrow account against Bill(s) of work submitted by the recipient ULB for payment to the contractors.


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11.2 Liability Position

Bhola Pourashava has a liability status with Bangladesh Municipal Development Fund (BMDF). The latest liability position of Bhola Pourashava stood as follows:

(Amount in Tk. million)

Lender	Mode of Loan	Sanctioned Amount	Outstanding as on 20.05.2017	Repayment Status
BMDF	Term Loan	19.61	10.35	Regular
Total		19.61	10.35	

Regular loan repayment history

The term loan of Tk. 19.61 million was disbursed on December 13, 2012. The tenor of the term-loan had been set to 10 years with quarterly payment and having interest rate of 5%. As per the repayment schedule, total 36 payments requires to be made of which 17 installment was due and repaid accordingly as on May 20, 2017.

11.3 Financial Safeguards against Loan Exposure

As a safeguard to BMDF, ULB (Bhola Pourashava) shall establish an escrow account (ULB-BMDF Sub-Project Account) into which Sub-Project specific revenues and other revenues earmarked for debt services shall be deposited by the ULB from which the BMDF can withdraw its due amount from the ULB. The escrow account should have a balance equivalent to not less than next installment amount due as per the given repayment schedule.

11.4 Solvency Position

(Amount in Tk. million)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Revenue from own source	98.70	56.13	60.01	58.01	43.24
Operating exp. less loan	53.49	41.83	41.13	37.18	43.85
Surplus/Deficit	45.21	14.30	18.88	20.83	(0.61)
Financial Cost	0.72	0.86	1.00	0.64	0.19
LTL-CP [actual payment]	2.88	2.88	2.88	1.79	0.70
*DSCR (X)	12.56	3.82	4.86	8.56	(0.68)

*Debt Service Coverage Ratio

The solvency position of Bhola Pourashava has been found to be good. The Debt Service Coverage Ratio (DSCR) sharply increased to 12.56 times in FY2015-16 from 3.82 times in FY2014-15 indicating good repayment capacity of the borrower.

12.0 RISK ANALYSIS

Bhola Pourashava is exposed to some risks by virtue of its operating nature and the industry dynamics. The attitude of leadership is critical when planning and establishing the tools necessary for sound, effective risk management. CRISL reviewed the risk aspects of Bhola Pourashava which are given below:

12.1 Quality Maintenance Risk

Pourshava provides services to its citizens which otherwise cannot effectively provide for themselves individually. The level of proficiency in delivering a service will impact the level of risk the Municipal entity will experience. Shortage of skilled manpower, lack of motivation and willingness always present challenges for providing quality service. Failure to provide quality service also leads to reputational loss. To minimize quality maintenance risk, the Municipal entity has to ensure availability of sufficient equipment/furnishings to meet requirements to efficiently provide services. Besides, sound and effective control over operation and ethical understanding at work place should also be established to minimize the risk exposure.

Muzaffar Ahmed, FCMA, FCS
President and CEO

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**CREDIT RATING REPORT
On
BHOLA POURASHAVA****12.2 Fund Shortage Risk**

The development projects that Bhola Pourashava undertakes are mostly financed through grants. Bhola Pourashava's own contribution to development projects is marginal. Any delay in fund disbursement may result in delay in project completion and therefore the project cost may also increase. However, Bhola Pourashava's capital utilization ratio suggests that it is able to keep its development expenditure almost at par with the fund received. Thus, Bhola Pourashava is less exposed to fund shortage risk.

12.3 Revenue Collection Risk

Revenue collection risk arises when ULB is unable to collect its revenue (both tax and non-tax) from the related parties in due course. It is usual that a good portion of tax revenue remains uncollected as different other Govt. agencies do not repay their dues on time. Any delay in revenue collection may make Bhola Pourashava to collect funds from other non-related sources to meet its operating expenditures. However, the collection efficiency of Bhola Pourashava shows improving performance during FY2015-16 and FY2016-17 (Up to April). Besides, the revenue surplus of Bhola Pourashava grew at CAGR 28.86% over the last four fiscal years. Considering all, CRISL views that Bhola Pourashava is exposed to revenue collection risk.

12.4 Tax Imposition Risk

Tax revenue is one of the major earning sources for Pourashava. ULBs have the power to levy taxes, fees, charges on any base or subject, but conditioned to take Govt. approval. However, ULBs also have to consider the public sentiment that the taxes, fees, or charges shall not be unjust, excessive, oppressive, confiscatory or contrary to declared national policy.

12.5 Manpower Shortage Risk


Bhola Pourashava has been providing water supply service, street-light service, building permission, solid waste management service etc. In order to provide quality service experienced and competent employees are required. According to the Organogram of Bhola Pourashava, 155 posts were created by the Government against which 68 posts are vacant at present. Thus, shortage of manpower may hamper the service quality of Bhola Pourashava.

12.6 Project Completion Risk

Project completion risk refers to the fact that the project will not be completed by the expected date of completion. Bhola Pourashava undertakes different development projects in each fiscal year. There is a risk that the development works may not progress as per the proposed plan due to shortage of sufficient fund and other unavoidable circumstances. All of which may increase the overall project cost too. However, Bhola Pourashava's performance of development activities has been found to be good. Considering this, CRISL views that Bhola Pourashava is less exposed to project completion risk.

12.7 Political Risk

Political affiliation of Mayor & Councilors of a Pourashava is very vital for overall improvement & infrastructural development of a Municipality. If political party affiliation of Mayor is different from political affiliation of central government, it is often difficult to pursue government to ensure & mobilize financial assistance & grants for overall infrastructural development of a Pourashava. As Mayor of Bhola Pourashava & its Parishad is from same political platform of central government, it is less exposed to such risk.


Muzaffar Ahmed, FCMA, FCS
President and CEO
Credit Rating Information and Services Ltd.


**CREDIT RATING REPORT
On
BHOLA POURASHAVA****13.0 OBSERVATION SUMMARY**

<p>Rating Comforts:</p> <ul style="list-style-type: none"> • Good growth in revenue surplus • Good Development activities • Regular loan repayment history 	<p>Rating Concerns:</p> <ul style="list-style-type: none"> • Moderate collection efficiency • Moderate liquidity • Significant amount of outstanding bill • Moderate solid waste collection efficiency • Non existence of reserve fund • Moderate streetlight coverage • Inadequate Storm water Drain • Inadequate manpower at various Departments • Unplanned urbanization • Unstructured and weak accounting record • Non utilization of surface water • Absence of Sewerage System • Absence of sufficient leasehold property to ensure a regular flow of revenue • Absence of adequate industry in the Pourashava area • Dependence on grant to finance development projects
<p>Prospects:</p> <ul style="list-style-type: none"> • Imposition of tax • Expansion of urbanization • Enhancement of economic activity 	<p>Challenges:</p> <ul style="list-style-type: none"> • Imposition of new tax • To increase tax rate • Regular payment of salary & outstanding bill • Concentrated power vested on Mayor • Political affiliation risk

END OF THE REPORT

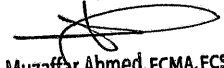
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[We have examined, prepared, finalized and issued this report without compromising with the matters of any conflict of interest. We have also complied with all the requirements, policy procedures of the BSEC rules as prescribed by the Bangladesh Securities and Exchange Commission.]

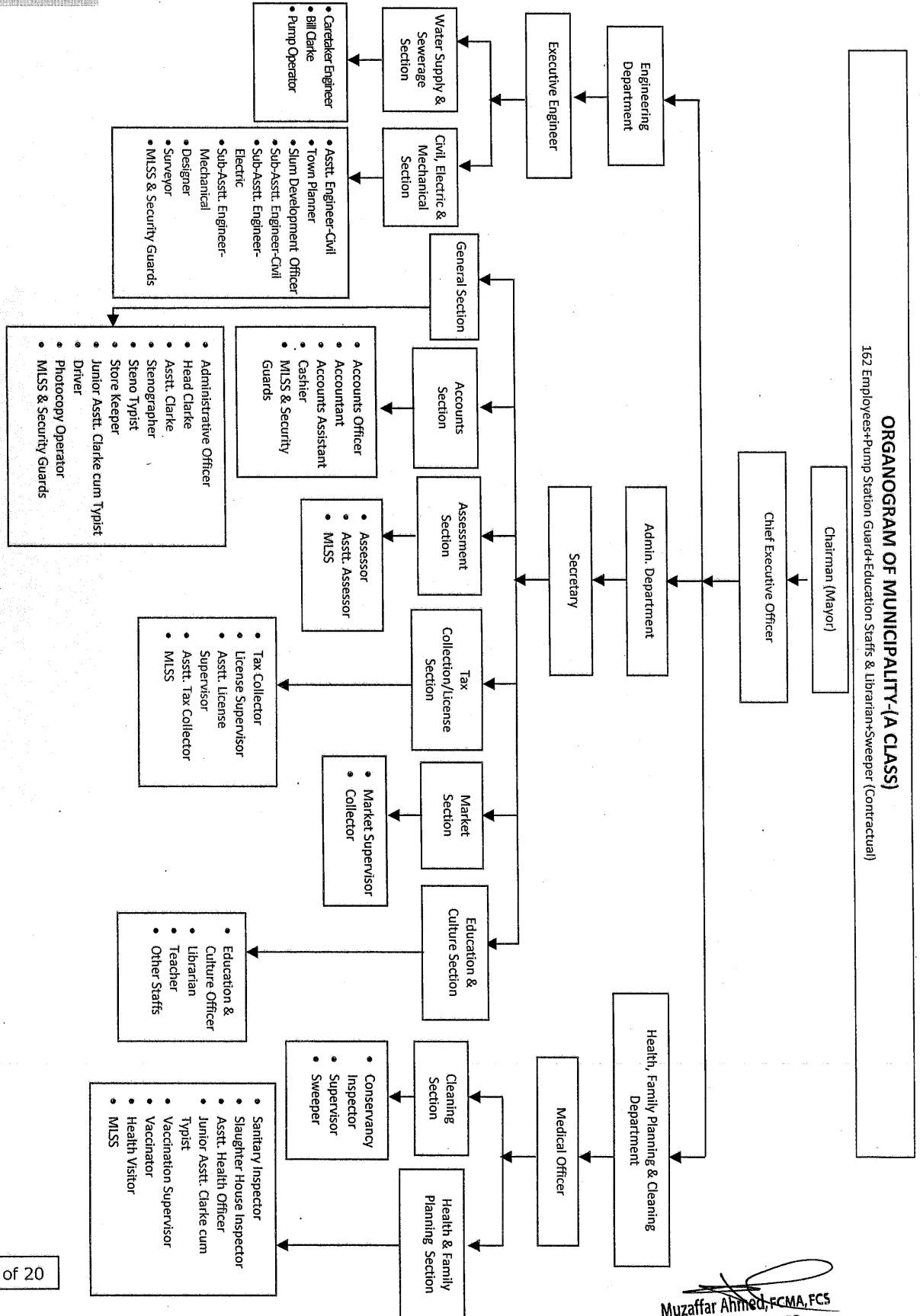

Muzaffar Ahmed, FCMA, FCS
 President and CEO
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**CREDIT RATING REPORT
On
BHOLA POURASHAVA****14.0 FINANCIALS (REVENUE INCOME & EXPENDITURE ACCOUNTS)**

	(Amount Tk. in million)				
	2015-16	2014-15	2013-14	2012-13	2011-12
Operating Income (OI)					
Tax Revenue (TR)					
Land & Residence	8.26	5.58	5.25	5.64	4.08
Fixed Asset Transfer	7.63	7.15	6.44	5.44	3.86
Occupation/Business	3.75	2.64	2.49	2.18	1.76
Water	11.80	7.97	7.49	7.38	5.86
Rates	11.86	8.14	7.62	7.42	6.08
Transportation	1.24	0.61	0.01	0.72	-
Advertisement	0.37	0.21	0.31	0.18	0.36
Others	1.77	0.94	1.01	1.38	0.35
Total TR (A)	46.68	33.24	30.62	30.34	22.35
Non-Tax Revenue (NTR)					
License & Fees	0.54	0.26	0.36	0.28	0.39
Rental Income	4.26	2.10	1.46	2.57	3.18
Advance received (Salami)	14.36	4.67	8.81	9.48	-
Lease (Ijara)	6.28	6.01	5.50	5.61	5.68
Others	17.81	2.33	4.84	2.64	4.55
Receipts from water supply	8.77	7.52	8.42	7.09	7.09
Total NTR (B)	52.02	22.89	29.39	27.67	20.89
Total OI (A+B)	98.70	56.13	60.01	58.01	43.24
Operating Expenses (OE)					
Salary, Wages, Allowances	33.21	25.16	24.91	21.47	19.85
Administrative Expenses	8.68	6.44	7.64	7.40	13.66
Service Related Expenses (SRE)					
Education	-	0.05	-	-	-
Health & Sewerage	1.77	2.18	1.38	0.81	1.18
Relief & Grants	0.94	0.55	0.60	0.30	0.30
Total SRE	2.71	2.78	1.98	1.11	1.48
O&M Expenses	1.59	1.57	1.03	1.39	1.32
Repayment of Loans	5.37	6.15	4.35	2.21	2.50
Miscellaneous Expenses	5.53	4.54	1.90	3.29	4.14
Water Supply Expense	1.77	1.34	3.67	2.52	3.40
Total OE	58.86	47.98	45.48	39.39	46.35
Revenue Surplus/Deficit	39.84	8.15	14.53	18.62	(3.11)
Opening Balance	3.21	1.23	1.84	0.95	1.42
Grant & Other Receipts	5.35	2.63	0.32	3.11	3.73
Transfer from Total Surplus	29.31	4.30	13.89	20.64	-
Other exp. & transfers	16.51	4.50	1.57	0.20	1.09
Closing Balance	2.58	3.21	1.23	1.84	0.95


Muzaffar Ahmed, FCMA, FCS
 President and CEO
 Credit Rating Information and Services Ltd.

**CREDIT RATING REPORT
On
BHOLA POURASHAVA**



**Credit Rating
Report****CREDIT RATING REPORT
On
BHOLA POURASHAVA****CRISL RATING SCALES AND DEFINITIONS
LONG-TERM RATINGS OF MUNICIPALITY**

RATING	DEFINITION
AAA Triple A (Highest Safety)	Investment Grade Municipalities rated in this category are adjudged to be of best quality, offer highest safety and have highest credit quality. Risk factors are negligible and risk free, nearest to risk free Government bonds and securities. Changing economic circumstances are unlikely to have any serious impact on this category of companies.
AA+, AA, AA- Double A (Higher Safety)	Municipalities rated in this category are adjudged to be of higher quality, offer higher safety and have higher credit quality. This level of rating indicates a municipality with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions.
A+, A, A- Single A (Adequate Safety)	Municipalities rated in this category are adjudged to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a municipality with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories.
BBB+, BBB, BBB- Triple B (Moderate Safety)	Municipalities rated in this category are adjudged to offer moderate degree of safety for timely repayment of financial obligations. This level of rating indicates that a Municipality is under-performing in some areas. Risk factors are more variable in periods of economic stress than those rated in the higher categories. These Municipalities are however considered to have the capability to overcome the above-mentioned limitations.
BB+, BB, BB- Double B (Inadequate Safety)	Speculative Grade Municipalities rated in this category are adjudged to lack key protection factors, which results in an inadequate safety. This level of rating indicates a Municipality as below investment grade but deems likely to meet obligations when due. Overall quality may move up or down frequently within this category.
B+, B, B- Single B (Risky)	Municipalities rated in this category are adjudged to be with risk. Timely repayment of financial obligations is impaired by serious problems which the entity is faced with. Whilst an entity rated in this category might be currently meeting obligations in time through creating external liabilities.
CCC+, CCC, CCC- Triple C (Vulnerable)	Non-Investment Grade Municipalities rated in this category are adjudged to be vulnerable and might fail to meet its repayments frequently or it may currently meeting obligations in time through creating external liabilities. Continuance of this would depend upon favorable economic conditions or on some degree of external support.
CC+, CC, CC- Double C (Highly Vulnerable)	Municipalities rated in this category are adjudged to be highly vulnerable. Entities might not have required financial flexibility to continue meeting obligations; however, continuance of timely repayment is subject to external support.
C+, C, C- Single C (Extremely Vulnerable)	Municipalities rated in this category are adjudged to be extremely Vulnerable in timely repayment of financial obligations. This level of rating indicates entities with very serious problems and unless external support is provided, they would be unable to meet financial obligations.
D (Default)	Default Grade Municipalities rated in this category are adjudged to be either already in default or expected to be in default.


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