



# Performance Improvement Strategy of Bangladesh Road and Transport Corporation (BRTC)



**Monitoring Cell  
Finance Division  
Ministry of Finance**

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## Acronyms and Expansions

Acronym	Expansion
ABs	Autonomous Bodies
ACCA	Association of Chartered Certified Accountants
AIT	Advance Income Tax
BDT	Bangladeshi Taka
BSEC	Bangladesh Securities and Exchange Commission
BRTC	Bangladesh Road and Transport Corporation
CA	Chartered Accountants
COGS	Cost of Goods Sold
CPA	Certified Public Accountant
CSR	Corporate Social Responsibility
DLR	Disbursement Linked Result
ERD	Economic Relation Division
EU	European Union
FD	Finance Division
GO	Government Order
GoB	Government of Bangladesh
HRD	Human Resources Department
HRM	Human Resources Management
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
MC	Monitoring Cell
OECD	Organizations for Economic Cooperation and Development
PFM	Public Finance Management
PIS	Performance Improvement Strategy
R&D	Research & Development
SOEs	State-Owned Enterprises
SWOT	Strength Weakness Opportunities & Threat
SPFMS	Strengthening Public Financial Management Program to Enable Service Delivery
TDMW	Treasury and Debt Management Wing
TDS	Tax Deduction at Source
USA	United States of America
VAT	Value Added Tax
VDS	VAT Deduction at Source
WPPF	Workers Profit Participation Fund

## **Executive Summary**

Finance Division, Ministry of Finance is implementing “Strengthening Public Financial Management Program to Enable Service Delivery (SPFMS)” of which the Scheme of Strengthening of State-Owned Enterprises’ Governance is an important component. The objective of the scheme is to strengthen the governance of State-Owned Enterprises (SOEs) and Autonomous Bodies (ABs). Under this scheme Independent Performance Evaluation Guideline (IPEG) was prepared for the SOEs and ABs. This IPEG was approved by Finance Division to evaluate their performance independently. The prime objective of the evaluation is to improve the efficiency, transparency, accountability and overall performance of SOEs and ABs to ensure good governance.

Based on the evaluation score of DLR 7.3 SOEs who has the areas to be improved will be selected and at least 2 (two) will be taken for preparing the Performance Improvement Strategy (PIS). Meanwhile if any SOE made loss consistently, received significant amount of financial assistance and do not meet the performance target would be under purview of PIS even the score of IPE is good or above.

It is to be noted that Independent Performance Evaluation (IPE) of 20 SOEs and ABs are completed. On the basis of the IPE result, BRTC scored **2.14**. According to the IPE report it is one of these that has the areas to improve. As such scoring performance, BRTC has been selected for PIS.

In order to devise PIS for BRTC we have carried out due-diligence and identified the root causes of poor performances. Based in these findings we have suggested few recommended measures for short, mid and long term for improving their performance.

BRTC, an important State-Owned Enterprise (SOE) operating under the Ministry of Road Transport and Bridges (Road Transport and Highways Division), holds a key position within Bangladesh's economic development and transportations. Despite its historical importance, BRTC encounters multifaceted challenges concerning governance, financial viability, and modernization. It is worth mentioning that BRTC's financial performance has improved compared to its position in 2019 and earlier. The existing governance structure, as per the BRTC Act 2020, blends management with the Board of Directors, leading to potential conflicts of interest and a lack of accountability. Furthermore, BRTC faces challenges such as unfeasible projects taken by external

influence, departmental inefficiencies are not addressed. There are opportunities for excelling the performance by involving local business communities and experts. By addressing these challenges and implementing reforms can enhance BRTC's effectiveness in fostering travel and tourism growth, thus contributing more significantly to Bangladesh's Economic Development and Employment generation.

To address these issues, the proposed recommendations include revising the Bangladesh Road and Transport Corporation (Amendment) Act, 2020 to separate management and the Board of Directors. At the same time, it is to allowing for independent directors and the establishment of vital committees, like the Audit Committee, Remuneration & Nomination Committee and Executive Committee. This overhaul aims to bolster Transparency, Accountability, and Effective decision-making.

Moreover, operations Department is the backbone of BRTC along with other departments. Therefore, the recruitment of qualified professionals in pivotal departments like Operation, Accounts and Finance, Human Resources, Marketing, and Internal Audit is recommended to streamline efficiency and governance within BRTC. These proposed recommendations aim to enhance BRTC's performance, foster competitiveness and augment its contribution to the nation's Economic, Transportation and Tourisms.

## Introduction

### 1.1 BRTC and the background of the SOE Sector in Bangladesh

The Bangladesh Road Transport Corporation (BRTC), established in 1961, has served as a vital state-owned enterprise providing public transportation services across Bangladesh. Since its inception, BRTC has played a critical role in connecting rural and urban areas, supporting the mobility of low-income populations, and contributing to national development.

Initially operating with a limited fleet, BRTC expanded significantly after Bangladesh's independence, aided by government funding and foreign assistance. However, its growth was often unplanned and influenced by political considerations rather than economic feasibility or passenger demand. Over time, BRTC has faced persistent challenges, including operational inefficiencies, an aging fleet, lack of skilled staff, corruption, financial mismanagement, and *intense competition from unregulated private transport operators*<sup>1</sup>. The traditional fixed-route model has resulted in poor occupancy on many routes, leading to high fuel consumption and maintenance costs, further exacerbating operational losses. Additionally, limited use of modern technology has hindered the corporation's ability to optimize routes or improve customer service. To make BRTC operationally profitable, several reforms are necessary. The most critical step is to adopt a demand-driven road operation model that uses real-time data to dynamically allocate buses based on passenger needs. This should be supported by the modernization of the fleet with energy-efficient buses, investment in digital systems such as GPS tracking, electronic ticketing, and route optimization software. Furthermore, BRTC must focus on staff training to build a skilled workforce and reduce inefficiencies. Public-private partnerships (PPP) can also help share operational responsibilities and inject innovation. Strengthening internal governance, ensuring transparency in procurement and auditing, and aligning BRTC operations with the national transport strategy are essential to restoring accountability and competitiveness. Pilot projects should be introduced for new service models such as

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<sup>1</sup> <https://www.newagebd.net/article/178879/brtc-faces-resistance-from-pvt-bus-operators>

on-demand shuttles and Bus Rapid Transit (BRT), followed by phased implementation. If these strategic steps are taken, BRTC can reduce losses, improve service quality, and eventually operate as a financially viable and trusted public transport provider in Bangladesh.

However, before Bangladesh gained independence in 1971, the landscape of State-Owned Enterprises (SOEs) was relatively limited in the then East Pakistan. The central government controlled a few key sectors such as utilities, telecommunications, transportation, and banking. However, the industrial sector was underdeveloped, with private enterprise dominating economic activity. After independence until the 1990s, Bangladesh focused on rebuilding and growing its economy. The government actively established many SOEs. In the 1980s, policies emphasized replacing imports and taking control of various industries.

The 1990s brought about structural changes and economic reforms, aiming to privatize some SOEs. The creation of the Bangladesh Privatization Board in 1993 oversaw and supported this process. This privatization aimed to boost efficiency, lessen the government's financial burden, and create a more competitive economy.

From the 2000s, Bangladesh adopted diverse strategies for SOEs, some were privatized to become more competitive, while others remained under government control. These enterprises are vital in sectors like energy, telecommunications, transportation, and finance, playing a significant role in the country's economy.

Challenges persisted throughout these periods, including bureaucracy, political involvement, and financial limitations. Ongoing efforts have focused on improving governance, transparency, and operational efficiency.

Bangladesh's SOEs reflect the changes in economic policies over time. As the country progresses, managing and defining the role of these enterprises continues to evolve. To stay updated, consulting official government reports, publications, and reliable news sources is crucial.

## **1.2 Rationale of Performance Improvement Strategy**

State Owned Enterprises (SOEs) in Bangladesh face significant operational inefficiencies, financial instability, governance issues, and lack of competitiveness in the market. Despite being vital contributors to the national economy, these entities grapple with challenges such as political interference, inadequate accountability mechanisms, outdated management practices, and insufficient strategic direction, hampering their ability to achieve optimal performance and contribute effectively to the country's economic growth. Addressing these multifaceted issues within SOEs is imperative to enhance their productivity, financial sustainability, and overall contribution to Bangladesh's economic development.

## **1.3 Objectives of the Strategy**

The primary objective of this Performance Improvement Strategy for the Bangladesh Road and Transport Corporation (BRTC) is to comprehensively assess the existing operational framework, identify key challenges impeding performance, and develop a strategic roadmap for enhancing the efficiency, competitiveness, and sustainability of BRTC. This initiative aims to:

1. Conduct a thorough analysis of BRTC's current operational structure, identifying strengths, weaknesses, opportunities, and threats (SWOT analysis);
2. Evaluate the specific operational inefficiencies, financial constraints, governance issues, and market competitiveness factors affecting BRTC's performance;
3. Identify and prioritize critical areas for improvement, considering best practices and benchmarks from successful domestic and international transportation industry;
4. Develop a tailored performance improvement strategy encompassing organizational restructuring, technological advancements, capacity building, financial management reforms, and market-oriented approaches.
5. Recommend actionable steps and implementation guidelines to facilitate the execution of the devised strategy, ensuring measurable outcomes and sustained growth for BRTC.
6. Provide a framework for monitoring and evaluating the effectiveness of the proposed improvements, enabling continuous refinement and adaptation for long-term success.



## **1.4 Methodology**

The development of the Performance Improvement Strategy for the BRTC involves a comprehensive and multi-phased methodology designed to gather insights, analyze data, and formulate actionable recommendations (short, medium and long-term) tailored to the specific needs and challenges faced by BRTC. The methodology comprises the following key steps:

### **Data Collection:**

Interviews and workshops with key stakeholders, including BRTC management, employees, industry experts, government officials, and beneficiaries of BRTC programs were conducted to collect necessary data for designing the PIS.

Gathering secondary data from Audited Financial Statements and Annual Reports of BRTC, Independent Performance Evaluation (IPE) Report of BRTC by Finance Division, Debt and Contingent Liabilities (DCL) Statements of BRTC by Finance Division, Economic Reviews, academic literature, industry publications, and relevant government documents to understand the historical context, industry trends, and best practices.

### **Analysis and Assessment:**

Performing a SWOT analysis to identify BRTC's internal strengths and weaknesses, as well as external opportunities and threats in the current market landscape.

Evaluating financial data, operational processes, governance structures, and market positioning to pinpoint critical areas for improvement.

### **Benchmarking and Best Practices:**

Benchmarking BRTC against global best practices reveals significant opportunities for improvement by learning from successful public transport models around the world. Countries like Singapore, Sweden, and South Korea have adopted integrated, data-driven, and customer-centric transport systems that balance efficiency with sustainability.

For instance, Singapore's Land Transport Authority (LTA) uses a centralized transport management system with GPS tracking, automated fare collection, and dynamic scheduling to optimize service delivery. Similarly, Seoul's bus system operates under a semi-public model where private operators run buses under government regulation, ensuring quality and profitability. These models emphasize real-time data analytics, smart ticketing, passenger information systems, and regular performance monitoring — all of which are largely absent in BRTC's traditional operations. Benchmarking BRTC against such systems highlights the need for adopting technology-driven solutions, strengthening regulatory oversight, and ensuring demand-responsive service planning. By aligning with these global best practices, BRTC can transform from a loss-making entity into a modern, efficient, and financially sustainable public transport provider.

### **Strategy Formulation:**

Collaborating with experts and stakeholders to develop a tailored performance improvement strategy for BRTC, incorporating findings from the analysis phase.

Formulating specific and measurable objectives, actionable initiatives, and a roadmap for implementation.

### **Implementation Framework:**

Outlining a clear implementation plan that delineates responsibilities, timelines, resource allocation, and key performance indicators (KPIs) to track progress.

Suggesting change management strategies to facilitate the adoption of proposed improvements within BRTC's organizational culture.

### **Validation and Feedback:**

Validating the proposed strategy through feedback sessions and discussions with stakeholders to ensure alignment with their expectations, needs, and capabilities. Incorporating feedback to refine and finalize the Performance Improvement Strategy document.

## Documentation and Presentation:

Compiling the finalized strategy document, including detailed recommendations, action plans, and supporting data analysis, in a comprehensive report format. Creating a presentation summarizing the key findings, strategies, and implementation plan for dissemination to stakeholders, including BRTC leadership and relevant government authorities.

## 2. Literature Review

A major concern in the literature is the outdated operational model of BRTC. Studies by Ahmed and Rahman (2019)<sup>2</sup> suggest that BRTC's reliance on fixed routes and schedules often decided by administrative directives rather than real-time demand has led to significant resource underutilization and operational losses. Comparatively, international examples such as Seoul and Singapore highlight how demand-driven, data-centric approaches can improve efficiency and service quality<sup>3</sup>. These systems integrate real-time passenger data, dynamic scheduling, and performance-based management, elements largely missing in BRTC's current model.

Furthermore, infrastructure and fleet management remain critical weaknesses. According to Kabir<sup>4</sup>, a large portion of BRTC's fleet is old and poorly maintained, leading to high breakdown rates and fuel inefficiency. Corruption, weak maintenance protocols, and absence of performance tracking have further eroded service quality. Additionally, lack of digital systems for ticketing, scheduling, and route planning places BRTC at a disadvantage compared to private and international counterparts<sup>5</sup>.

However, State-Owned Enterprises (SoEs) have historically been pivotal in shaping economic landscapes across diverse nations. Scholars have extensively documented the

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<sup>2</sup> Ahmed, M., & Rahman, K. (2019). *Public Transport in Bangladesh: Challenges and Opportunities*. Dhaka University Journal of Development Studies.

<sup>3</sup> World Bank. (2021). *Global Practices in Public Transport Governance*. World Bank Transport Notes

<sup>4</sup> Kabir, R. (2017). *Fleet Management and Service Delivery in BRTC: A Case Study*. BRAC University

<sup>5</sup> Islam, N., & Chowdhury, S. (2020). *Digital Transformation in Public Transport: A Missed Opportunity for BRTC?* Journal of ICT in Development

evolution and multifaceted roles of SOEs in the global economy, highlighting their origins, structures, performance, governance, and challenges.

The emergence of SOEs is rooted in historical imperatives of industrialization and infrastructure development. According to *Professor Panicos Demetriades*, during early industrial revolutions, SOEs were established to address market failures, promote strategic industries, and spearhead infrastructural advancements (**Demetriades, 2009**).

The literature underscores the heterogeneous nature of SOEs worldwide. Research by *Professors Bernard Yeung and Randall Morck* illustrates the spectrum of ownership structures, ranging from fully state-owned to hybrid ownership models with varying degrees of autonomy and governance mechanisms (**Yeung & Morck, 2001**).

Debates surrounding SOE performance reveal nuanced findings. Studies by *Professor Saul Estrin* and colleagues suggest that in specific contexts, SOEs may outperform private enterprises due to long-term planning and social mandates but highlight inefficiencies arising from bureaucratic processes and political interventions (**Estrin et al., 2009**).

The literature on SOEs' global development offers diverse insights into their evolution, challenges, and potential. It underscores the importance of adaptive governance models, strategic reforms, and continued research tailored to specific national contexts for enhancing SOE effectiveness and contributions to economic development.

A central role in shaping economic landscapes worldwide is played by State-Owned Enterprises (SOEs), with institutions like the World Bank, IMF, and OECD. The various dimensions of SOEs' impact on the global economy, including their origins, structures, performance, governance, and the challenges they face, are frequently explored in academic discussions, supported by reports from WB, IMF and OECD.

World Bank reports, including "The Role of State-Owned Enterprises in the 21st Century" (World Bank, 2018), highlight SOEs' historical roles in infrastructure development and market intervention. IMF publications like "SOEs: The Good, the Bad, and the Ugly" (IMF, 2019) delve into the evolution of SOEs, acknowledging their early contributions to economic growth while cautioning against inefficiencies and fiscal risks.

OECD studies, such as "Ownership and Governance of State-Owned Enterprises" (OECD, 2015), underscore the spectrum of ownership structures and governance mechanisms prevalent among SOEs globally. These documents elucidate the variations in ownership models, emphasizing the importance of effective governance frameworks for improved performance.

Reports from the World Bank and IMF often provide nuanced insights into SOE performance. The World Bank's "State-Owned Enterprises: Catalysts for public value creation?" (World Bank, 2020) emphasizes the potential for SOEs to contribute to public value but highlights governance challenges impacting their efficiency. IMF assessments analyze SOE performance metrics, acknowledging their varying success and inefficiencies across different sectors and regions.

The OECD's extensive work on SOE governance principles, including their "Guidelines on Corporate Governance of State-Owned Enterprises," outlines best practices for enhancing transparency, accountability, and performance (OECD, 2015). These guidelines advocate for reforms aligning SOE practices with market-oriented principles to improve efficiency and reduce fiscal risks.

An overarching goal of the World Bank's efforts in Bangladesh has been to ensure the sustainability of SOEs while maximizing their economic impact. Reports and assessments produced by the World Bank often emphasize the need for balanced strategies that align SOEs' social objectives with economic viability (World Bank, various reports).

It's important to note that the World Bank's initiatives are often part of broader national strategies aimed at improving the overall business environment, governance structures, and economic development in Bangladesh.

These efforts reflect the World Bank's commitment to supporting Bangladesh in overcoming challenges faced by its SOEs, ultimately contributing to the country's sustainable economic growth and development.

### 3. Current operational Activities of BRTC:

The BRTC's current operational activities involve a mix of bus and truck services, including the operation of existing routes, expansion into new routes, and efforts to improve fleet efficiency and maintenance. The corporation is also focusing on improving its financial performance and addressing operational challenges. As of May 2025, the Bangladesh Road Transport Corporation (BRTC) is actively engaged in several initiatives to enhance public transportation and operational efficiency across the country. Here's an overview of their current activities:

- Providing passenger and cargo transportation services;
- Providing international and regional passenger and cargo transportation services;
- Establish and operate training institutes and centers as needed;
- Establish and operate vehicle repair factories as needed;
- To procure the required number of buses and trucks to provide passenger and goods services at home and abroad;
- To acquire, develop, expand, possess, use or transfer any immovable or movable property, with the prior approval of the Government;
- To create terminals, depots, passenger shelters or any other facilities for the purpose of providing transportation services;
- Establishing offices or terminals, depots, passenger shelters or any other facilities abroad for the purpose of providing international and regional passenger and cargo services;
- Leasing buses or trucks that are not commercially profitable to operate through repairs and maintenance for a long period of time based on specific policies;
- Operating passenger buses or freight trucks on temporary lease, if necessary, based on specific policies;
- Providing training to employees to enhance their skills and capabilities;
- Conducting research to improve service quality;
- Providing special road transport services in special situations such as hartal, transport strike, state of emergency, natural disaster, national emergency, Biswa Ijtema, Muktijoddha rallies and any similar situations.

- To manufacture, purchase, maintain and repair the Corporation's vehicles, machinery, plant, equipment and other necessary materials;
- To execute contracts necessary for the performance of the functions of the corporation;
- To stock any kind of goods necessary for the performance of the functions of the Corporation; and
- To perform any other function assigned by the government.

In addition to the above BRTC's core activities are as follows:

- Fleet Expansion & Local Bus Manufacturing
- Workshop Revitalization & Cost Efficiency
- Service Enhancements & Special Operations
- Infrastructure & Technological Initiatives
- Route Operations & Connectivity
- Training & Human Resource Development

#### **4. SWOT Analysis**

A SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis of Bangladesh Road Transport Corporation (BRTC) provides an overview of its internal and external environment. Here's a detailed breakdown:

##### **Strengths:**

- BRTC is a state-owned enterprise, providing it with consistent government support and subsidies.
- Access to government resources for infrastructure, fuel, and fleet management.
- Operates with a public welfare focus, ensuring affordable and accessible transportation for all socioeconomic groups.
- A diverse fleet of buses and trucks enables widespread service coverage, including urban, rural, and international routes.
- Benefits from government policies prioritizing public transport to reduce urban congestion and pollution.
- A long-standing institution with trained personnel experienced in managing transport logistics.

**Weaknesses:**

- Many vehicles in the fleet are outdated, resulting in high maintenance costs and reduced efficiency.
- Persistent financial losses due to operational inefficiencies and lack of competitive pricing strategies.
- Traditional procedure and lack of professional management hinder operational efficiency.
- Insufficient depots, maintenance facilities, and passenger amenities affect service quality.
- Lack of digital systems for ticketing, fleet management, and route optimization.
- A reputation for poor service, delays, and lack of comfort affects customer trust and loyalty.

**Opportunities:**

- Potential to benefit from ongoing transport infrastructure projects, including new highways and urban transit systems.
- Adoption of modern technologies like GPS, online ticketing, and electric or hybrid buses.
- Increasing demand for public transport due to urban population growth.
- Opportunities for public-private partnerships to improve service quality and expand operations.
- Access to international funding and support for adopting green and sustainable transport solutions.
- Scope for expanding into underserved routes and international transport markets (e.g., regional connectivity with India and Myanmar).

**Threats:**

- Private bus companies often offer more flexible, affordable, and reliable services, leading to a declining market share.
- Increasing operational costs due to fluctuating global oil prices.



- Changes in government policies or reduced subsidies could adversely affect operations.
- Poor road conditions, traffic congestion, and lack of dedicated bus lanes hamper efficiency.
- Economic downturns or inflation could reduce passenger affordability and government funding.
- Increasing focus on emissions reduction might require expensive overhauls of the existing fleet.

The dynamic nature of business environments means that factors can change over time. Regular reviews and updates to the SWOT analysis are recommended.

However, we have conducted a thorough due diligence to identify the root causes of poor performance of the Bangladesh Road and Transport Corporation (BRTC). It involves evaluating various aspects of its structure, processes, and department wise performance to identify inefficiencies, redundancies, and areas for improvement which are as follows:

## **5. Organizational Structure:**

### **5.1 Assessment:**

We have conducted an organizational assessment of the Bangladesh Road and Transport Corporation (BRTC) involves evaluating various aspects of its structure, processes, and performance to identify inefficiencies, redundancies, and areas for improvement. Here's a thorough assessment framework:

#### **5.1.2 Organizational Structure:**

The current organizational structure has highlighted a significant concern, the appointment of the Chairman, Director (Administration and Operation) and Director (Technical) are appointed by the government may potentially lacking the requisite experience for effective management of day-to-day operations. The Chairman is serving as the ex-officio of the Board of Directors, alongside the two directors who designated as director (Admin & Operation) and (Technical) causing a confluence of roles that may lead

to conflicts of interest. This setup could undermine accountability for inefficiencies and poor performance within the management, particularly when reporting to the Board.

The inherent conflict emerges from the dual roles of the executive management as both decision-makers and board members responsible for policymaking and strategic direction. This fusion of roles risks impeding the Board's ability to effectively steer the organization towards financial stability, operational efficiency, and robust governance practices. Moreover, the lack of a genuine sense of belonging among government-appointed Chairmen and directors, often serving on deputation, creates a perception of disengagement from the organization's objectives.

*This state of affairs could have adverse consequences, particularly for feeding employees who may find themselves overlooked for promotion to directorial positions despite possessing extensive experience and institutional knowledge.* Consequently, such a scenario may erode morale and hinder the professional development of deserving staffs. These would ultimately compromising the organization's overall performance and long-term sustainability. Please find the organizational structure in **Annexure A**. The chart lacks the clarity of roles, responsibilities and the reporting lines. It has also been noticed that the Board has not been re-constituted as per the standard and good governance guideline of OECD (**Bangladesh Road and Transport Corporation Act, 2020**)<sup>6</sup> and the Board has no sub-committees specially Audit, Remuneration and Nomination Committees (**Annexure B**).

### 5.3 BRTC Act 2020

The Road Transport Corporation was established in 1961. After the independence of Bangladesh, the government enacted the Bangladesh Road Transport Corporation Ordinance No. 7 in 1972, renaming the organization as the Bangladesh Road Transport Corporation (BRTC). Recently, the 1972 ordinance has repealed and replaced by the

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[https://brtc.gov.bd/sites/default/files/files/brtc.portal.gov.bd/page/f823bd2d\\_5780\\_4928\\_bba3\\_a7ebe5212948/2020-03-12-16-05-637addcba712f75c265cba0739bb0ee9.pdf](https://brtc.gov.bd/sites/default/files/files/brtc.portal.gov.bd/page/f823bd2d_5780_4928_bba3_a7ebe5212948/2020-03-12-16-05-637addcba712f75c265cba0739bb0ee9.pdf)

**Bangladesh Road Transport Corporation Act, 2020.** The corporation's prime objective is to develop a safe and modern road transport system in the country. BRTC currently operates inter-district and city services through its fleet of buses and trucks along with couple of international service with Kolkata and Agartala of India. It plays a significant role in ensuring a fast, comfortable, modern, and safe road transport system and control fare of vehicles in the country. The Road and Highway Division under the Ministry of Road Transport and Bridges holds oversight responsibility for BRTC.

#### **5.4 Board of Directors**

As per the BRTC act 2020, The Board shall consist of 25 Directors (**Annexure A**) including Chairman to be appointed by the Government. **There shall be a Board of Directors of the Corporation which shall consist of the following Directors, namely: -**

- (a) Chairman, Bangladesh Road Transport Corporation, who is also its President Shall be;
- (b) at least one Deputy Secretary of the Cabinet Division nominated by that Division;
- (c) At least one Deputy Secretary of the Finance Department nominated by the said Department;
- (d) At least one person from the Local Government Department nominated by the said Department.
- (e) A person from the Road Transport and Highways Department nominated by the said Department. at least Deputy Secretary;
- (f) At least one Deputy Secretary of the Public Safety Department nominated by the said Department;
- (g) At least one person from the Ministry of Shipping nominated by the said Ministry deputy Secretary;
- (h) The person nominated by the Executive Director of Dhaka Transport Coordination Authority a director of the Authority;
- (i) A Superintending Engineer of the Department of Roads and Highways nominated by the Chief Engineer of the said Department; 29/09/2020 Bangladesh Road Transport Corporation Act, 2020

- (j) Nominated by the Chairman of Bangladesh Road Transport Authority a director of the Authority;
- (k) the Director (Finance and Accounts) of the Corporation;
- (l) the Director (Technical) of the Corporation;
- (m) One non-governmental member nominated by the government from **each administrative division of the country**, including at least 3 (three) female members;
- (n) Directors elected on behalf of the shareholders under sub-section (3).  
or directors; and
- (o) the Director (Administration and Operations) of the Corporation, who is the Member-Secretary

(3) If the shares of the Corporation are sold to the public, the directors shall be elected in proportion to the paid-up capital and the shareholders may elect directors in such manner as may be prescribed by regulations, subject to the following conditions, namely:

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The number of public shares in the total paid-up capital is-

- (a) from above 20% to 34%, 1 (one) director; and
- (b) From above 34% to 49%, 2 (two) directors.

As per the Act, there shall be a Chairman and such number of Directors of the Corporation, as the Government may determine. The Chairman shall be the Chief Executive of the Corporation. The Chairman and the Directors shall be appointed by the Government for such period and on such terms and conditions as maybe determined. *The Chairman and the Directors of the corporation shall be whole-time officers and shall exercise functions and discharge such duties as may be prescribed.*

The Board in discharging its functions shall act on commercial considerations and shall be guided on questions of policy involving the national interest by such directions as the Government, which shall be the sole judge whether the national interest is involved, may give it from time to time. To constitute a quorum at a meeting of the Board, the President

of the Board of Directors, Director Administration and Finance along with at least seven Directors shall be present.

The drawbacks of this board structure are significant. Executives are not held accountable for their roles and responsibilities and are reluctant to make strategic decisions. This is because top executives serving as directors on the board are temporarily posted and often view their position as a punishment, seeking better assignments elsewhere. Additionally, there is no specific committee within the board, such as an audit committee, or risk committee to handle financial matters, appoint external auditors, oversee the internal audit department, review their reports, and ensure the CEO implements the internal audit findings and recommendations.

**Recommendation:**

- Board of Directors shall be down sized to 7-9, if required some committee can be formed with the stakeholders who should report to the Board.
- Management may be separated from the Board and the Board should have at least an audit committee headed by a non-executive director preferably professionally qualified CA, ACCA, CPA
- BRTC Act 2020 should be updated to ensure good governance guidelines of BSEC and OECD.

## **6. Operational Processes:**

We were unable to locate any approved operational flowchart encompassing project management, procurement, budgeting, and resource allocation. Consequently, it is challenging to pinpoint bottlenecks or delays in decision-making, implementation, and service delivery. Additionally, there is a lack of documented roles and responsibilities for the employees of all the departments and cells. It has come to our attention that employees assigned to the accounts and finance department at the head office as well as the unit offices lacks the required skills and knowledge. Furthermore, there is a noticeable absence of professionally qualified accountants in the accounts and finance department, and none of the staff members have received training on modern accounting

systems such as IAS and IFRS. It remains unclear whether they utilize any software for managing accounting and budgeting information. They do not maintain any fixed assets register and Fixed Asset Movement notes. There is internal Audit unit headed by a deputy general manager (DGM) reporting to the chairman. So, the employees are unaware about the ultimate objective of Internal Audit of an organization and their reporting lines.

These deficiencies may be contributing to their inability to produce financial statements promptly, leading to missed deadlines for financial statement audits and their subsequent upload to the website, safe guarding the assets and ensure the efficient and effective use of resources, as required by the Finance Division.

The Operations Department is the backbone of BRTC, playing a critical role in ensuring the organization's performance and revenue generation. As the core unit responsible for managing bus routes, schedules, and fleet deployment, any disruption to its functions significantly impacts the corporation's financial health. Natural calamities such as floods or cyclones, as well as political unrest like strikes or blockades, often hinder bus operations, leading to severe drops in daily earnings. In such situations, the inability to run buses not only affects passenger services but also causes a sharp decline in revenue, highlighting the vulnerability of BRTC's income to external shocks. Therefore, strengthening the resilience and contingency planning capacity of the Operations Department is essential for maintaining service continuity and financial stability.

**Recommendation:**

- BRTC should have a standard operational flowchart/ Standard Operational Process (SOP) with desk wise roles and responsibilities in addition to the approved organogram.
- BRTC should have a strong operation department resourced with competent employees.

## 7. Accounts and Finance Department:

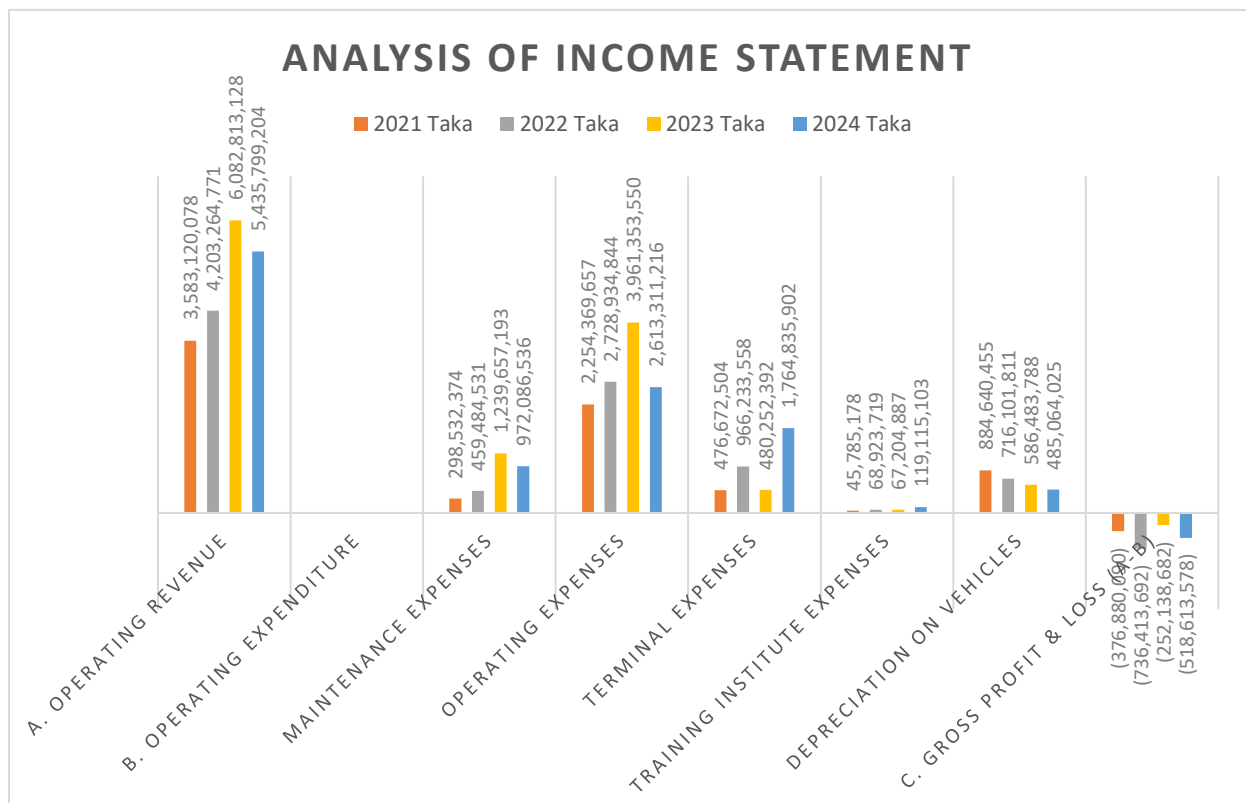
We identified that BRTC has over 36 cost centers and lacks any software or digital platform for book keeping and account preparation. They do not practice budgetary control, such as monitoring whether their revenue income and expenditure align with projections. The team in the accounts and finance department lacks the relevant skills, experience, and academic background. Additionally, they are under-resourced according to their approved organogram. Employees posted to the accounts department are often deputed to other cost centers as accounts in charge, despite having little or no knowledge of IFRS/IAS and disclosure requirements. We also found no chart of accounts, fixed asset register, or similar documentation.

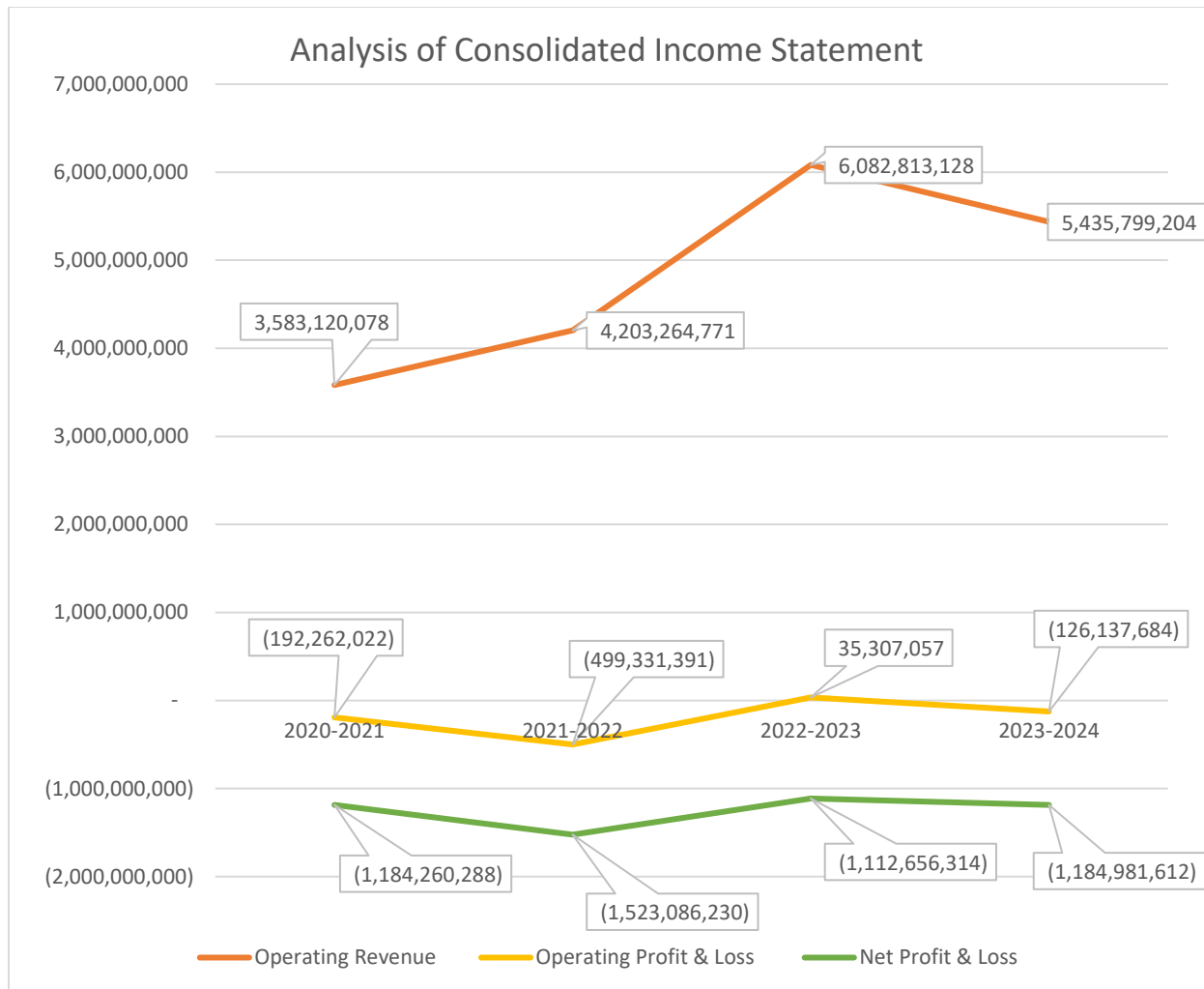
### 7.1 Financial Statements Analysis

BANGLADESH ROAD AND TRANSPORT CORPORATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year 2021 – 2024





It has been identified BRTC is carrying forward the items since 2020-21 in their Balance sheet

It has been identified BRTC did not prepare their Financial Statements as per IAS/IFRS. As per IAS the Financial Statements shall be laid out as follows:

- assets
- liabilities
- equity
- income and expenses, including gains and losses
- contributions by and distributions to owners (in their capacity as owners)
- cash flows.



## **7.2. Financial Audit:**

A thorough financial audit is imperative to pinpoint areas of financial leakage and mismanagement within the organization. This involves scrutinizing financial records, transactions, and processes to identify any discrepancies or irregularities. Additionally, assessing budget allocation and utilization is essential to ensure resources are being allocated efficiently and effectively. By analyzing budgetary data and expenditure patterns, potential areas for optimization and cost-saving measures are being identified. However, it is concerning that financial statements for the fiscal year, 2021, 2022, 2023 and 2024 have been prepared and audited without complying the Accounting Standard. The deadline of this statutory Audit should be done within 31 December, in every following year otherwise it would be gross noncompliance as per PEFA guideline and the Companies Act 1994. It has also been noticed the Board has no Audit Committee, who should have the sole responsibility of endorsing the financial statement for the statutory audit. This delay raises red flags regarding the organization's financial reporting practices and compliance with regulatory requirements. Addressing this issue promptly is crucial to maintain transparency and accountability in financial matters and to uphold the organization's credibility and integrity.

### **Recommendations:**

- Financial Statements should be prepared in accordance with the IAS/IFRS and endorsed by the Chairman Audit Committee, who is preferably independent Director.
- Prepare cashflow statements on quarterly basis to check liquidity position of the Corporation.
- Carry out variance analysis on quarterly basis to check the deviations of budgeted income and expenditure with the actual.
- Should appoint/promote professionally qualified departmental head to ensure career progression and incentivize feeder employees.

## **8. Fleet Management**

The Bangladesh Road Transport Corporation (BRTC) plays a vital role in providing public and freight transport services across the country, but its fleet management faces significant challenges. BRTC currently operates a fleet of over 1,200 buses and around 200 cargo trucks, serving both urban and inter-district routes. Despite having regional workshops and a central maintenance facility, the corporation struggles with an aging fleet, inadequate preventive maintenance, and a shortage of skilled technical staff. Fleet tracking and digital management systems are still in their infancy, limiting operational efficiency. Procurement delays, funding constraints, and poor maintenance culture further hinder performance. Recent initiatives, such as the introduction of modern buses under foreign aid programs, pilot digitalization efforts, and proposals for electric buses, mark progress—but comprehensive reforms are needed. These include implementing a modern fleet management system, increasing investment in preventive maintenance and staff training, phasing out old vehicles, and expanding digital solutions for tracking and scheduling to improve service quality and sustainability.

### **8.1 Route Optimization**

Route optimization of the Bangladesh Road Transport Corporation (BRTC) is essential to enhance efficiency, reduce operational costs, and improve service delivery. Traditionally, BRTC operated on fixed routes, many of which no longer align with current passenger demand patterns. By adopting a data-driven approach to route planning—considering population density, commuter demand, traffic flow, and fuel efficiency—BRTC can streamline its services and increase profitability. For example, reallocating buses from underutilized inter-district routes to high-demand urban corridors like Dhaka-Gazipur or Chattogram-CUET can ensure higher occupancy rates and better resource utilization. Successful models from neighboring countries, such as India's state transport route reforms, demonstrate how technology-enabled scheduling and real-time demand tracking can transform public bus services into financially viable and customer-centric operations.

## 8.2 Demand-Driven Road Operation

The Bangladesh Road Transport Corporation (BRTC) has long operation under a traditional fixed-route model, where bus routes and schedules are determined in advance, often based on historical usage patterns or administrative decisions rather than *actual, current demand*. This approach has led to significant inefficiencies, including underutilized buses on low-demand routes, overcrowding on others, and a general mismatch between service provision and passenger needs. As a result, BRTC has experienced recurring operational losses due to high fuel consumption, maintenance costs, and labor inefficiencies relative to revenue earned. In contrast, a demand-driven road operation model which uses real-time data and passenger demand analytics to determine routes, schedules, and fleet deployment could significantly improve efficiency and cost-effectiveness. This model allows dynamic allocation of buses based on peak and off-peak demand, seasonal variations, and urban-rural mobility trends, thus reducing empty runs and improving passenger satisfaction. Implementing such a system would require investment in digital ticketing, GPS tracking, data analytics, and route optimization software, but the long-term benefits in terms of reduced operational loss, improved resource utilization, and increased public trust in BRTC services make it a viable and necessary reform.

### Recommendations:

- Develop a Comprehensive Fleet Management System (FMS) and Implement Preventive Maintenance Programs.
- BRTC should invest in digital ticketing, GPS tracking, data analytics, and route optimization software to enable a demand-driven road operation model
- Should have independence on selecting new routes and **stop renting out the Buses.**

## 9. Internal Audit Department:

We did find an Internal Audit unit in BRTC reporting to the Chairman. Internal audits are essential for identifying and mitigating risks, ensuring compliance, enhancing operational efficiency, and promoting accountability. These functions collectively contribute to the

organization's overall performance and long-term success. It has been identified the department reports to the Chairman of the Board who is also an executive instead of Chairman Audit Committee. This is against the standard practice of Internal Audit department.

**Recommendations:**

- BRTC should establish a standardized Internal Audit Department staffed with appropriately skilled and experienced employees and a clear reporting structure.

## **10. MIS department, Innovation and Integration:**

The Bangladesh Road and Transport Corporation (BRTC) currently faces significant limitations in terms of digitization. It has been observed that BRTC keeps their books and records predominantly manual across finance, accounts, HR, and industrial estates departments. Moreover, there is a notable shortage of IT-literate personnel within the organization. To address these challenges, it is crucial to evaluate the existing technological infrastructure comprehensively, identifying gaps that hinder operational efficiency. Furthermore, assessing the potential for adopting modern technologies such as automation, data analytics, and digital platforms is essential. By embracing digital transformation initiatives, BRTC can streamline processes, enhance data accuracy, and improve decision-making capabilities, thereby fostering greater efficiency and competitiveness in the evolving business landscape.

**Recommendations:**

- BRTC should obtain reports from their ERP software is being installed for quick decision making.

## **11. Human Resources Management Department:**

We have evaluated the adequacy of staffing levels and the competency of employees to fulfill their roles. A thorough review has been carried out on recruitment, training, and performance evaluation processes to ensure alignment with organizational goals and

identify the issues related to morale, motivation, or employee satisfaction that could affect productivity.

In 2001, by the recommendation of the Enam committee of 1984, a restructuring of human resources has been done. The current number of approved manpower is 5,893 which includes 124 officers and 5,769 staffs. Out of 4,137 BRTC officers and employees, 84 posts are allocated for grade (1-9) and the rest are below grade 9. It has also revealed that BRTC very much under resourced as one third of the approved officer and staffs remain vacant. (*RRTC, Annual Report, 2023-24*).

BRTC is headed by a chairman appointed by the government at the rank of Joint secretary. According to approved organogram there are three directors who led divisions such as Operation and Admin, Accounts and Finance, and Technical.

It has been observed that the recruitment, training, and performance evaluation processes are not up to date as contemporary corporate world, so that it lacks the skilled and experienced employees triggering poor performance and derailing the organizational goals.

The detailed requirements for capacity building of Human Resources in an organization encompass several key aspects. Firstly, there is a need to assess the existing skill sets and competencies of the workforce to identify areas for improvement and development. This involves conducting thorough training needs assessments and performance evaluations to pinpoint specific areas of weakness or gaps in knowledge. Additionally, establishing comprehensive training programs tailored to address these identified needs is crucial. These programs should cover a range of topics including technical skills, soft skills, leadership development, and industry-specific knowledge. Moreover, fostering a culture of continuous learning and professional development is essential to ensure ongoing growth and adaptability within the workforce. This entails providing opportunities for employees to acquire new skills, pursue further education or certifications, and participate in workshops or seminars relevant to their roles. Lastly, effective monitoring

and evaluation mechanisms should be implemented to assess the impact of capacity-building initiatives and make necessary adjustments to ensure their effectiveness in enhancing organizational performance and employee satisfaction.

**Recommendations:**

- HRD should be headed by a professionally qualified person who is capable of robust monitoring to track the impact of initiatives and ensure effectiveness, ultimately enhancing employee performance and organizational success.
- Conduct thorough assessments to identify skill gaps, then implement targeted training programs covering technical and soft skills.
- Foster a culture of continuous learning, offering opportunities for further education and professional development.

## **12. Performance Monitoring and Evaluation**

Performance Monitoring and Evaluation (M&E) of the Bangladesh Road Transport Corporation (BRTC) would play a critical role in enhancing service delivery. It would ensure operational efficiency, and maintaining transparency in the use of public resources. BRTC must use modern M&E tools to track key indicators such as vehicle availability, route efficiency, fare collection, fuel usage, and customer satisfaction. For instance, after implementing a performance review system in 2022, BRTC identified underperforming routes and reallocated buses to more profitable or high-demand corridors, resulting in a 12% increase in revenue within a year<sup>7</sup>. A similar success story can be seen in India with the Karnataka State Road Transport Corporation (KSRTC), which introduced a digital performance monitoring dashboard<sup>8</sup>. This allowed real-time tracking of fleet operations, reduced fuel wastage, and significantly improved on-time performance, becoming a model for other countries. BRTC should also explore digital M&E platforms to improve transparency and responsiveness. Aligning with national

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<sup>7</sup> Ministry of Road Transport and Bridges (MoRTB). (2023). *Annual Performance Report 2022–23*. Government of Bangladesh

<sup>8</sup> World Bank. (2020). *Case Study: Karnataka State Road Transport Corporation's Use of IT to Improve Bus Services*.

plans<sup>9</sup> . BRTC should strengthening its M&E system as a key step toward delivering inclusive, sustainable public transport services in line with regional good practices.

**Recommendations:**

- Should carry out regular review and adjust key performance indicators (KPIs) based on organizational needs.
- Conducting periodic performance assessments for the identification of areas for improvement and the recognition of achievements.

### **13. Training Institute**

The Training Institute of Bangladesh Road Transport Corporation (BRTC), located in Joydevpur, Gazipur, serves as the primary center for developing skilled manpower in the road transport sector. It provides professional training for drivers, mechanics, supervisors, and other transport personnel to ensure safety, efficiency, and service quality in BRTC operations. The institute offers a range of certified courses including heavy vehicle driving, vehicle maintenance, traffic rules, and road safety awareness, with both theoretical and practical components. It plays a crucial role in addressing the shortage of trained drivers and technicians in the country, contributing to safer and more reliable transport services. However, the institute faces challenges such as limited capacity, outdated training equipment, and the need for curriculum modernization to keep pace with evolving vehicle technologies. Enhancing the institute's infrastructure, expanding its training programs, and forming partnerships with private and international institutions could significantly strengthen BRTC's overall human resource capacity.

**Recommendations:**

- Upgrade curriculum and equipment, expand capacity, build industry partnerships, and enhance training quality monitoring.

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<sup>9</sup> Planning Commission (2020). *Perspective Plan of Bangladesh 2021–2041*. Government of Bangladesh

## **14. Summary of recommendations**

### **Organizational Structure**

- Board of Directors shall be down sized to 7-9, if required some committee can be formed with the stakeholders who should report to the Board.
- Management should be separated from the Board and Board should have at least an AUDIT COMMITTEE headed by a non-executive director preferably professionally qualified CA, ACCA, CPA
- BRTC Act 2020 should be updated to ensure good governance guidelines of BSEC and OECD.

### **Operational Processes**

- BRTC should have a standard operational flowchart/ Standard Operational Process (SOP) with desk wise roles and responsibilities in addition to the approved organogram.

### **Accounts and Finance Department:**

- Financial Statements should be prepared in accordance with the IAS/IFRS and endorsed by the Chairman Audit Committee, who is preferably independent Director.
- Prepare cashflow statements on quarterly basis to check liquidity position of the Corporation.
- Carry out variance analysis on quarterly basis to check the deviations of budgeted income and expenditure with the actual.
- Should appoint/promote professionally qualified departmental head to ensure career progression and incentivize feeder employees.

### **Internal Audit Department**

- BRTC should establish a standardized Internal Audit Department staffed with appropriately skilled and experienced employees and a clear reporting structure.



### **MIS department, Innovation and Integration**

- BRTC should obtain reports from their ERP software is being installed for quick decision making.

### **Human Resources Management Department**

- HRD should be headed by a professionally qualified person who is capable of robust monitoring to track the impact of initiatives and ensure effectiveness, ultimately enhancing employee performance and organizational success.
- Conduct thorough assessments to identify skill gaps, then implement targeted training programs covering technical and soft skills.
- Foster a culture of continuous learning, offering opportunities for further education and professional development.

### **Performance Monitoring and Evaluation**

- Should carry out regular review and adjust key performance indicators (KPIs) based on organizational needs.
- Conducting periodic performance assessments for the identification of areas for improvement and the recognition of achievements.

### **Training Institute**

- Upgrade curriculum and equipment, expand capacity, build industry partnerships, and enhance training quality monitoring.

## **15. BRTC Performance Improvement Strategy and Action Plan**

Serial	Recommendations
Short Term	
Within 1 Year	
1	Financial Statements should be prepared in in accordance with the IAS/IFRS and endorsed by the Chairman Audit Committee, who is preferably independent Director.
2	Prepare cashflow statements on quarterly basis to check liquidity position of the Corporation.
3	Carry out variance analysis on quarterly basis to check the deviations of budgeted income and expenditure with the actual.
4	Upgrade curriculum and equipment, expand capacity, build industry partnerships, and enhance training quality monitoring.

Serial	Recommendations
Mid Term	
Within 1-2 year	
1	Board of Directors shall be down sized to 7-9, if required some committee can be formed with the stakeholders who should report to the Board.
2	Management should be separated from the Board and Board should have at least an AUDIT COMMITTEE headed by a non-executive director preferably professionally qualified CA, ACCA, CPA
3	BRTC should have a standard operational flowchart/ Standard Operational Process (SOP) with desk wise roles and responsibilities in addition to the approved organogram.
4	Should appoint/promote professionally qualified departmental head to ensure career progression and incentivize feeder employees.
5	Should carry out regular review and adjust key performance indicators (KPIs) based on organizational needs.
Long Term	
Within 3 Years	
1	BRTC Act 2020 should be updated to ensure good governance guidelines of BSEC and OECD.
2	HRD should be headed by a professionally qualified person who is capable of robust monitoring to track the impact of initiatives and ensure effectiveness, ultimately enhancing employee performance and organizational success.

## 16. Conclusion:

The success of the performance improvement strategy for BRTC relies on the commitment of its leadership, effective implementation of recommendations, and continuous monitoring and adaptation to changing circumstances. By addressing organizational, financial, technological, and stakeholder-related challenges, BRTC can position itself for sustainable growth and impact in the small and cottage industries sector in Bangladesh.

## 17. Disclaimer

This report strives to accurately present recommendations and their potential; however, implementation of these suggestions, techniques, and ideas may not guarantee organizational performance improvement. The content is not a pledge of BRTC's success; actual success and performance enhancements depend on the company's use of recommendations, ideas, and techniques. These recommendations are not universally applicable, given varying factors including our cultural and political reality. Forward-looking recommendations express our opinion of BRTC's potential, but we make no assurances of achieving similar outcomes, nor any specific results from the strategies outlined in the report.

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2. Annual Report of BRTC
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5. World Bank. (2018). The Role of State-Owned Enterprises in the 21st Century.
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