

# Dhaka traffic congestion eats up 2.9% of GDP: Study

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**POLICY - BANGLADESH**

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## **TBS REPORT**

The policy of city centric development for overall economic growth is not only widening the rural-urban gap but also hurting the overall economy of the country, according to new research findings presented at a programme of the Bangladesh Institute of Development Studies (BIDS).

Take for Dhaka with a con-

centration of public services and largely available infrastructures for trade and investment leading to an unplanned urbanisation. The haphazard expansion of the city causes frequent traffic jams that eat up as much as 2.9% of the gross domestic production (GDP).

According to the researchers, another 6%-10% of the country's GDP is lost indirectly to the city's traffic congestion.

"Some 1% urban development would ensure about 0.8% of the

economic growth in Bangladesh. But there are also economic limits to concentration, and cities do not grow in an unlimited way," Dr Ahmed Ahsan, director of the Policy Research Institute (PRI), told a development conference on Thursday where the research findings were presented in different sessions.

The papers highlighted the growing development gap between the superstar cities and the rest of the country thanks to the policy priorities.

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According to the new research findings, Dhaka city is the home to about 11.2% of the total population – the highest in the region. Shanghai, the largest city of China, is the residence of only 1.8% of the country's population while the rate in neighbouring India is 2%, 4% in Indonesia, 8.9% in Pakistan and 8.1% in Vietnam.

“India has 54 cities with more than 10 lakh people.

Indonesia has 14 big cities, 10 in Pakistan.

But Bangladesh has only five such cities,” said the PRI Director. Policy experts said there is no improvement in the districts where more than half are living in poverty.

They said people in the districts east of the River Jamuna could spend Tk244 more than the people in western districts in 2000.

The average income and expenditure gap widened to Tk319 in the last 16 years.

Mohammad Yunus, senior research fellow of the BIDS, presented a paper titled “Convergence in Income, Poverty and Inequality in Bangladesh”.

He said the rate of poverty is converging to some of the selected districts, especially located on the

western part of the river Jamuna. He said the average monthly per capita expenditure in western districts was Tk910 in 2000, and it increased to Tk1,379 in 2016. The average consumption in the eastern districts increased from Tk1,154 to Tk1,698 in the same time.

The value of products and services being consumed in the eastern districts is Tk319 higher than the western districts.

The difference was Tk244 in 2000. The experts said the inequality is not a local phenomenon, rather a growing concern for global development. The first goal of the Sustainable Development Goals (SDGs), reducing poverty to zero percent would not be achieved by even 250 years, if the trend of inequality remains the same.

Citing data of household income and expenditure survey by Bangladesh Bureau of Statistics, Dr Ahmed Ahsan said the rate of poverty reduction is reducing in urban areas. He said the growth of real wage in urban areas reduced to 8% in 2017 from 12% in 2010.

According to the Bangladesh Bureau of Statistics, 10% of the country's population live in and around Dhaka.

Due to increasing demand, the

number of private cars has also been going up. The number of vehicles registered for traffic in the capital has more than tripled in the last 10 years.

Dr Azreen Karim of the BIDS presented a paper titled “Risk, Poverty or Politics?”

The Determinants of Subnational Public Spending Allocation for Adaptive Disaster Risk Reduction in Bangladesh” and said the full allocation to face disaster are never being spent.

Policy analysts Martin Ravallion presented the keynote titled “Left behind? Economic Development, Social Protection and the World's Poorest” at the event. He said poverty is reducing by 1 percentage point in a year globally.

The current pattern of the poverty reduction projects that the world would achieve the SDG goal 1 by 2025, five years prior to the target.

But it would not be possible to achieve by next 250 years due to uneven distribution of income.

He said the rate of poverty alleviation will reduce in the upcoming years. Some countries in Africa, Latin America and Caribbean islands will never achieve the SDG goal 1.