

Dhaka's overgrowth costs up to 10pc GDP

Reveals study presented at BIDS event

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Nearly eight percent of jobs in the country are concentrated in Dhaka city, and 40 percent are condensed in the greater Dhaka region, which includes Gazipur and Narayanganj city.

Such extreme concentration of population and economic activity in the capital are having negative impacts on the national economy.

A study in this regard was presented yesterday by Ahmad Ahsan, former lead economist of the World Bank and director of

Policy Research Institute of Bangladesh, at the "Annual BIDS Conference on Development 2021". The event was organised by Bangladesh Institute of Development Studies (BIDS) at a city hotel.

According to the study, some 31.9 percent of Bangladesh's urban population live in Dhaka, whereas the country's major cities that have over a million inhabitants contain only 3.5 percent of the urban population.

In the last 10 years, Dhaka's population has increased by more than 50 percent.

In 2017, per capita income and GDP was 11 percent lower than its potential, due to



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- Dhaka's population increased by over 50pc in last 10 yrs

excessive concentration of resources and economic activities in Dhaka. In 2019, GDP loss amounted to USD 35 billion.

At present, Bangladesh is losing six to 10 percent of its GDP, because Dhaka's growth has crossed the optimum rate.

Ahmad further revealed that Dhaka's economic overgrowth has slowed down the reduction of urban poverty in the country significantly.

According to his study, from 2010 to 2016, extreme poverty rate in rural areas has declined from 21.1 to

14.9 percent, whereas there was virtually no change in urban poverty rate. In 2010, the urban poverty rate was 7.7, and in 2016, it was 7.6.

Traffic congestion in Dhaka causes losses amounting to 2.9 percent of Bangladesh's GDP, he said, citing a 2011 estimate.

There are also environmental and health costs resulting from environmental degradation. These should also be taken into consideration, he said.

Ahmad added that when compared to cities of developing countries, Dhaka's

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Dhaka's

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share of the national GDP is among the highest in the developing world. He suggested policies for decentralisation, de-concentration and devolution to mitigate the crisis.

It is impossible for the 35 development-related ministries headquartered in Dhaka to ensure well-coordinated urban planning and management for the country's 340 city and municipal corporations, he said.

"Empower city governments and implement laws on decentralisation," he said.

Rising inequality bane to our progress

The problem is political, experts say

EXPERTS at a development conference on December 1, 2021 lamented that Bangladesh's remarkable economic growth since independence had also led to an inequitable society, and we cannot help but share in their disappointment. For a country that was founded on the basis of equality, it is hugely disappointing that as Bangladesh celebrates its 50th anniversary of independence, the country has experienced rapid increase in inequality, especially in recent times.

According to a report published by this daily in May 2019, the Bangladesh Bureau of Statistics (BBS) found in its Household Income and Expenditure Survey (HIES) that the country's Gini coefficient, which is the economic measure of equality, stood at 0.482 in 2016, up from 0.458 in 2010. That, reportedly, meant inequality in the country was at an all-time high. At the latest development conference, experts, while lauding the entrepreneurial spirit of Bangladeshis that propelled the country's outstanding economic growth, also criticised the large-scale corruption that has been taking place, leading to growing inequality.

While the country has made huge progress on social indicators, the benefits of health measures and education have not been equally distributed between the rich and the poor—as well as across gender and other social divides. And this, experts opined, is mostly a political problem. The lack of accountability of various government organisations has not only become a major barrier to our progress and to social and economic equality, but is also challenging the very credibility of the state. That is extremely concerning.

Apart from economic inequality, we have seen in recent times that various types of social inequalities are also on the rise. The space to criticise those close to power has shrunk. Questioning the decisions of policymakers is now often seen through an adversarial lens. But without such open discussions, addressing the issues that are leading to greater economic inequality will become increasingly more difficult. The recent tendency of government officials to refuse to look at data provided by independent non-government agencies is another cause for worry. Without taking such data into consideration—and in the absence of unbiased data collected by the government—how can the authorities address these difficult challenges?

Bangladesh's overall human development score, evaluated by the Human Development Index (HDI), was 0.632 in 2019, but declined to 0.478 when discounted for inequality, implying a loss of 24.4 percent in human development due to inequality. This is just one example of how rising inequality is holding back our development. Therefore, while policymakers congratulate themselves for the country's development, the reality is that most of it is down to the hard work and ingenuity of its citizens—while some of the policies that are being pursued are actually negatively impacting this development. If we are to reach our development dreams, then it is the policies that must change.

Hence, the authorities must work towards bringing greater accountability and transparency in governance. And, most importantly, take every necessary step to reduce corruption, as well as make policies that aim to address inequality.