

# Country loses 6-10pc of GDP for capital Dhaka's overgrowth

*New research says*

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Bangladesh is losing six to 10 per cent of its Gross domestic product (GDP) due to Dhaka's overgrowth that has crossed the optimum rate, said a research.

A study in this regard was presented by Ahmad Ahsan, former lead economist of the World Bank and director of Policy Research Institute of Bangladesh, at the 'Annual Bangladesh Institute of Development

Studies (BIDS) Conference on Development (ABCD) 2021'. The three-day event which ended yesterday was held at a city hotel in the capital.

According to the research, nearly eight per cent of jobs in the country are concentrated in Dhaka city, and 40 per cent are condensed in the greater Dhaka region, which includes Gazipur and Narayanganj city.

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

Some 31.9 percent of Bangladesh's urban population lives in Dhaka, whereas the country's major cities 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 excessive concentration of resources and economic activities in Dhaka. In 2019, GDP loss amounted to USD 35 billion.

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

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.

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 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.