

Dhaka's overgrowth costing 6% of GDP

Staff Correspondent

The overgrowth of the capital city has been costly in terms of adverse impact on urban development, costing at least 6 per cent of Bangladesh's GDP, according to a research paper unveiled on Thursday.

The paper, titled 'Dhaka's Overgrowth and Its Cost', was unveiled during the three-day Annual BIDS Conference on Development, marking the golden jubilee of independence in Dhaka. The conference began Wednesday.

"This GDP loss combined with direct costs, the costs are significantly higher," Policy Research Institute (PRI) Director Dr Ahmed Ahsan said while presenting the paper.

Traffic congestion eats up 2.5 per cent of the GDP, he said in the paper, adding that the city has overgrown by 50 per cent.

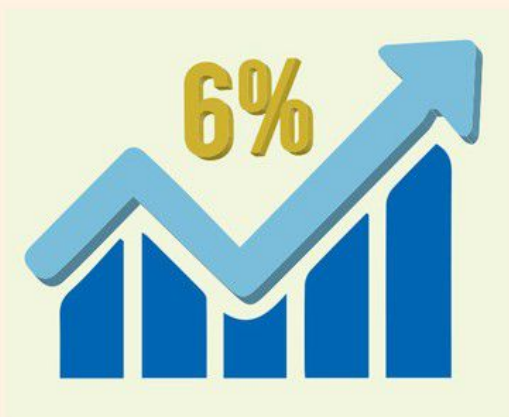
"The paper noted significant lack of urban development measured by electricity use. The country has the capacity of electricity generation of 25,235 megawatts but generates 13,130MW in peak-hour against a demand of 12,592MW. The overcapacity rate is 50 per cent, the study said.

"A one per cent urban development would ensure about 0.8 per cent of the economic growth in Bangladesh. The lack of concentration and financial limits has not allowed the city to grow in the proper way," he added.

The paper also said Dhaka holds 32 per cent of the country's total urban population and 11.2 per cent of the country's total population, the highest in the region.

In comparison, the largest city in China holds only 1.8 per cent of the country population, which is 2 per cent in India, 4 per cent in Indonesia, 8.1 per cent in Vietnam and 8.9 per cent in Pakistan.

"Bangladesh has only five cities where more than 1 million people live. However, our neighbour India has 54 such cities with more than one million population, while China has 102, Indo-



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nesia 14, Pakistan 10, Vietnam seven," he added.

Some other cities in the world hold more share of the urban population than Dhaka. The Egyptian capital Cairo has 46 per cent of the total urban population, Buenos Aires of Argentina 38 per cent, Kinshasa of Democratic Republic of Congo 36 per cent and Tokyo of Japan 32 per cent.

Real urban wage growth fell to 8 per cent in 2017 from 12 per cent in 2010.

The paper recommended developing other cities and regions, improving public service and investment climate, and empowering city governments.

It also recommended implementing the laws on decentralisation and fiscal facilities on it.