

Urban Development and Urban Policy in Bangladesh

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Abstract

This paper seeks a general understanding of urban development and urban policy using different variables to discuss the reality of urbanization over the last couple of decades in Bangladesh. This study looks for the urban development factors that have driven and will promote urban development in the major cities of Bangladesh. A second related question is what is and has been the thrust of urban policy in Bangladesh. In particular, it considers whether economic factors are more associated with urban development in Bangladesh. This study uses data from 64 Bangladeshi cities covering the years 1991, 2001, and 2011 to look at the factors driving urban development in Bangladesh. This study uses GLS regression to evaluate the weight of economic factors with population density as a dependent variable due to the concentrated nature of Bangladeshi cities relative to the surrounding areas considered against other factors (measured per capita) such as literacy rate, number of NGOs, transportation and communication infrastructure, public employees, manufacturing, textiles, and agriculture key to the underdeveloped transitional Bangladeshi case. Secondary data were collected from various Bangladeshi government agencies and other reliable sources, including the Bangladesh Bureau of Statistics (BBS), and major NGOs. The findings reflect a comprehensive look at understanding some of the core details of urban development in Bangladesh. However, the study finds that the main drivers of most Bangladeshi urban economies under industrialization are transportation and communications, public employees, and the textile industry. Moreover, agriculture is also a moving force in Bangladeshi urban development. The paper concludes by providing some strategies that might be helpful to policy makers in formulating development policies for urban development.

Keywords: Urban Development, Urban Policy, Urban Driving Factors, Bangladesh.

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Introduction

Urbanization can be defined as part of development process in the contemporary world. It is also an effective engine of economic growth and social development. The developing world is less than 40% urban and this sector contributes to more than 65% of the GDP according to the Asian Development Bank (ADB). Bangladesh is a country experiencing very rapid urbanization. Its cities are growing more than twice the rate of the rural areas and lead to economic growth in Bangladesh. Just 28% to 30% of the total population living in urban areas contributes approximately 60% to the national GDP (BUF, 2011).

However, urban development is arguably the most fundamental factor in economic development in Bangladesh. It is propelled by a couple of factors in Bangladesh. A rapidly increasing share of the population of Bangladesh migrates to urban centers in search for employment opportunities. Major industrial activities, especially the textile industry and auxiliary business services, are concentrated in the largest cities. Rapid urbanization requires deep thinking about the problems of urban development. In view of this, government bodies have gathered some context or information about what is necessary and can play a more important role for sustainability in Bangladeshi urban development policy. This study also discusses some important points of national urban policy in Bangladesh.

This study uses data from 64 Bangladeshi cities covering the years of 1991, 2001, and 2011 to look at the factors that drive urban development in Bangladesh. This study considers factors such as literacy rate, NGO, transportation and communications, public employees, manufacturing industry, textile industry, and agriculture industry to capture the reality of urban development over the past couple of decades in Bangladesh. In addition, this study uses GLS regression as a research tool to analyze the aforementioned factors in order to make the study more informative, analytical, and useful. In view of this, secondary data were collected from various agencies of government in Bangladesh, including the Bangladesh Bureau of Statistics (BBS), as well as NGOs, and other reliable sources on internet.

II. Literature Review

Social relations in the city are much easier to organize, which makes the inhabitants feel more secure (UN Habitat, 2007). Education levels in Dhaka are far better than in the rest of the country according to the Bangladesh Bureau of Statistics (2003). NGOs and microfinance institutions have been present in urban Bangladesh. It is only recently that the major micro-finance providers have begun to target the urban poor, and the coverage is still low (World Bank, 2007).

Tolley & Thomas stated in 1987 that transportation also influences the rate and pattern of urban development and presents multidimensional issues. Public transportation is a large part of the urban population's dependency, particularly to the poor. Bertolini (2005) pointed that the speed of transportation system affects the economic performance of an urban area. Shifting jobs from agriculture to industry is currently one of the chief forces driving urbanization. Cities have historically been the driving force in economic and social development. As a result, urbanization is associated with higher incomes, improved health, higher literacy, improved quality of life, and other benefits (South Asia, 2001).

Hasan & Lee (2014) put forward the suggestion that urbanization is arguably the most fundamental factor in economic development in Bangladesh and found that agriculture gradually decreases when urbanization increases. Cities offer important opportunities for economic and social development. They are always focal points for economic growth, innovation, and employment. Capital cities, in particular, are where the vast majority of modern productive activities are concentrated in the developing world and where the vast majority of paid employment opportunities are located. Cities are also centers of modern living, where female labor force participation is greatest and where indicators of general health and wellbeing, literacy, women's status, and social mobility are typically the highest (Cohen, 2006). Kawsar (2012) also stated that there is a close relationship between economic development and urbanization. Economic growth and development of any country relates strongly with the pace of urbanization. Therefore, there is a positive correlation between economic development and urbanization in Bangladesh.

In 2002, Salmon pointed the contrast in wages and employment characteristics between the rural and urban areas. In the case of Bangladesh, average wages are significantly higher in Dhaka and other cities and net self-employed incomes are approximately 21% higher than in the villages. For example, Dhaka suggests a significant wage gap between the rural and the urban encourages people to migrate. Moreover, high industrial wages in urban areas are one of the biggest attractions for rural people. People continue to migrate into the cities because they expect urban wages will exceed current rural wages. In addition, employment opportunities, higher incomes, freedom from oppressive lifestyles, and access to better health care and education, are the bright lights for rural people. Perhaps rural areas are very difficult with their income level and it is not possible for many to survive (Gugler 1997, Girardet 1996, Sajor 2001).

According to the report of South Asia (2001), higher income, improved health, better standard of living, and all other better

opportunities lead towards rapid urbanization. In Bangladesh, the main reason people answered when asked why they migrated was to find a job and over a perception of better education, health services, and social amenities in the city (Hossain, 2001). The primary reasons behind the fastest-growing trend of urbanization in Dhaka are largely attributed to its establishment as a capital city, as well as the locations of various government and non-government offices, industrial and commercial organizations, and educational institutions. Chittagong, Khulna and the other highly urbanized regions have seaports, divisional headquarter, industrial and commercial belts in addition to educational institutions that attract people from different parts of the country for better employment, commerce, and educational (Rouf & Jahan, 2001).

Another study found that about 80% of migrants mentioned prior migrants as the principal source of information on job prospects in the city (Bhuyan *et al*, 2001). Rana also pointed in 2011 to rapid urbanization as having common characteristics such as opportunity for better services and a variety of occupations that encourage people to migrate into urban areas. According to the Environment Facts (2012) the largest and fastest growing cities today are in developing countries because of new urban-industrial development. Moreover, urbanization is one of the clearest features of the development of manufacturing and service activity in developing countries (Burgess & Anthony, 2004). From the perspective of economics, urbanization is a cyclical process where all kinds of production factors gather in the city (Krugman, Obstfeld, & Melitz, 2011). For better income opportunities than most parts of Bangladesh, rapid migration is causing Dhaka's population to grow much faster than the rest of the country. Industry accounts for some 20% of employment, of which half are in the garment sector and most are female workers (Zaman, Alam, & Islam, 2010). The ready-made garment industry now comprises a significant income sector for Bangladesh. In addition, each type and size of urban settlement has its own unique function. The distribution of large, medium, and small towns is typically dictated by the distribution of economic activities. The number and distribution of small towns is particularly linked with the level and distribution of agricultural activity. Activities in small towns are related more to the demands of agriculture and rely more on scale economies at the level of the plant (South Asia, 2001).

III. Urban Policy in Bangladesh

Cities in Bangladesh are playing a crucial role in national development and it indicates that the productivity in urban areas is much higher than in rural areas. In spite of such gains in productivity, Bangladesh needs to take appropriate steps to protect from the negative consequences of urbanization. Even though urbanization has become synonymous with

development, unplanned and uncontrolled urban growth poses enormous challenges to the sustainable development of the country (BUF, 2011).

However, there is a national government policy that attempts to resolve the challenges of rapid urbanization in Bangladesh. National urban policy envisions strengthening the beneficial aspects of urbanization and effectively dealing with its negative consequences at the same time. The policy also envisions a decentralized and participatory process of urban development in which the central government, local governments, the private sector, civil society, and the people all have their roles to play. The policy, therefore, should cover spatial, economic, social, cultural, and environmental aspects of urban life directed towards achieving an urban reality to ensure freedom from hunger and poverty, capacity to live a healthy life, access to education, shelter, and basic services, and a secure and livable environment.

The major objectives of national urban policy in Bangladesh to ensure regionally-balanced urbanization through decentralized development and facilitate economic development, employment generation, reduction of inequality and poverty reduction through appropriate regulatory frameworks and infrastructure provisions, ensure social justice, secure tenure and basic affordable services, and assure health, safety and security of all citizens. The policy recognizes the existing spatial or regional imbalances in the pattern of urbanization in the country and also the rapid pace of urban population growth, particularly of Dhaka and other large cities. The national urban policy makes the following recommendations to enable the proper implementation of the vision and objectives for Bangladesh:

Economic Development

Planned development in urban areas is strongly needed and the government has brought up effective institutional development forums for urban planning. However, the economic base of an urban area is an indicator of its economic strength so development of the economy has now emerged as an issue of considerable significance in view of growing poverty, increasing unemployment, and deterioration in the quality of life in cities. The government will create an environment conducive to supporting economic development include activities such as small, medium, and micro enterprises and will receive the maximum support of investment and guidance in this regard.

Health and Education

The growth of urban areas has consistently been faster than the growth of social infrastructure to service the population. As a result, large sections of the urban population have no access to health or education facilities so

government bodies will help to develop strategies and financial support for better health and education facilities.

Urban Governance

International experience indicates that the key ingredient for reaching the goal of sustainable urban development is good governance. The government will try to shape good urban governance that envisages effective leadership of elected representatives of city corporations with the participation of municipal officials, central government agencies at the local level, the private sector, NGOs, civil society, and the people.

Transportation and Communication

Transport interventions in urban areas should aim at improving transportation and traffic infrastructure and their policy priorities. Roads in urban areas are the main system of transportation and policies must be made to make better use of existing road infrastructure and given highest priority to pedestrians and to environmental protection so government will take steps and initiatives for rapid mass transit.

Employment and Resource Mobilization

Improved urban management largely depends on a strong institutional capacity to increase income sources and reduce dependence on traditional systems of funding based on plans and budgetary allocations. Urban bodies will help develop innovative strategies and financial instruments to generate resources.

Infrastructure and Services

Provision of adequate infrastructure and services, such as water supply, sewerage and sanitation, drainage, electricity, energy, waste disposal, and telecommunications in urban centers (as well as their proper maintenance), have made major contributions in advancing the cause of sound and sustainable development so government agencies will take proper consideration of urban services and infrastructure to be included in the urban planning process.

IV. Statistical Analysis

The statistical analysis uses data from 64 Bangladeshi cities covering the years 1991, 2001, and 2011 to analyze the factors that are most closely associated with urban development through GLS regression analysis. There are couples of factors that drive urban development. They can be divided into economic and social factors. In view of the relationship with other factors, the analysis makes Population Density the dependent variable to analyze the factors that drive urban development in Bangladesh.

The selection of the dependent variables was according to the model in the following formula: Urban Development = constant + b1per capita

literacy rate + b2per capita NGO + b3 per capita transportation and communication + b4 per capita public employee + b5per capita manufacturing industry + b6per capita textile industry + b7per capita agricultural industry.

The regression analysis below is for change in population density and shows a significant relationship with the literacy rate. There is also a positive relationship with population density that means education is one of the hopes for rural people to change their life, and this supports urban development in Bangladesh.

According to the Bangladesh Bureau of Statistics (2003), education levels in Dhaka are far better than in the rest of the country.

Moreover, cities are also centers of modern living, where female labor force participation is greatest and where indicators of general health and wellbeing, literacy, women’s status, and social mobility are typically highest (Cohen, 2006). On the other hand, the NGO variable shows a negative relationship with the population density but is statistically significant. As before stated NGOs and microfinance institutions have been at present in urban Bangladesh. It is only recently that the major micro-finance providers have begun to target the urban poor, and the coverage is still low (World Bank, 2007).

Figure: GLS Regression with Population as Dependent Variable

Random-effects GLS regression	Number of obs	=	189
Group variable: ID	Number of groups	=	63
R-sq: within	= 0.3490	obs per group: min	= 3
between	= 0.4644	Avg	= 3.0
overall	= 0.4491	Max	= 3
		wald chi 2 (7)	= 120.55
corr (u_i, x)	= 0 (assumed)	prob > chi 2	= 0.0000

Pop_Den	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]
Lit_Rate_per	1072.88	517.49	2.07	0.038	58.61644 2087.14
NGO_per	-443.67	127.96	-3.47	0.001	-694.4689 -192.876
Trans_Com_per	409.14	145.308	2.82	0.005	124.3414 693.9375
Pub_Emp_per	275.525	52.1518	5.28	0.000	173.3091 377.7403
Manu_Ind_per	-161.43	106.25	-1.52	0.129	-369.6728 46.81873
Tex_Ind_per	636.684	293.595	2.17	0.030	61.24879 1212.12
Agri_Ind_per	45.5114	22.1186	2.06	0.040	2.159701 88.86311
_cons	-202.97	301.872	-0.67	0.501	-794.6296 388.6883
sigma_u	472.842				
sigma_e	302.448				
rho	0.70965 (fraction of variance due to u_i)				

Meanwhile, transportation and communications shows a positive and statistically significant relationship with population density. Tolley &

Thomas (1987) found that transportation influences the rate and pattern of urban development and presents multidimensional issues. In 2005, Bertolini also pointed out that the speed of the transportation system affects the economic performance of urban areas. However, the number of public employees also has a positive and statistically significant relationship with population density. It can be explained that educated people like to work in the city that can offer them more chances and life facilities. According to South Asia (2001), urbanization is associated with higher incomes, improved health, higher literacy, improved quality of life, and other benefits. As noted above, capital cities are where the vast majority of modern productive activities are concentrated in the developing world as well as where most paid employment opportunities are located (Cohen, 2006).

The manufacturing industry shows a negative relationship with population density but is not statistically significant, which may explain that its role is not very important for urban development in Bangladesh. However, the textile industry shows a positive and statistically significant relationship with population density. The textile industry is one of the main economic forces of most Bangladeshi cities and a major element driving urban development. Rapid migration is causing Dhaka's population to grow much faster than the rest of the country with migrants looking for better income opportunities than in most parts of Bangladesh. Industry accounts for some 20% of employment, of which half are in the garments sector and mostly female workers (Zaman, Alam, & Islam, 2010). The ready-made garments industry, which now comprises a significant income sector for Bangladesh.

Agriculture interestingly also shows a positive and statistically significant relationship with population density. Most Bangladeshi cities are still industrial but Bangladesh is still an agrarian country. On the other hand, Hasan & Lee (2014) stated that urbanization is arguably the most fundamental factor in Bangladeshi economic development and agriculture decreases when the urbanization increases but most cities rely on agriculture and agriculture appears to drive urban development in Bangladesh, at least at this stage. In addition, each type and size of urban settlement has its own unique function. The distribution of large, medium, and small towns is typically dictated by the distribution of economic activities. The number and distribution of small towns is particularly linked with the level and distribution of agriculture activity. Activities in small towns are related more to the demands of agriculture and rely more on economies of scale at the local plant level (South Asia, 2001).

V. Conclusion

It can be said through the above analysis that most of the economic variables have a positive and significant relationship with population density. These factors are more associated with urban development in Bangladesh. Social variables also have a positive and significant relationship with population density. Bangladesh has embraced an urbanization process that has accompanied its dramatic economic transformation.

However, urbanization contributes to increasing economic growth by creating job opportunities, facilitating commercial activities, and driving industrial development but the rapid pace of change can place great pressure on a town or city's physical and social infrastructure. Local and national management capacities are often weak with planning processes and resources poorly coordinated in developing countries. City administrations already find difficulties in providing adequate housing, transportation, waste and sanitation, education, health and other essential services to an ever-growing number of residents in Bangladesh. Serious problems of environmental degradation result from unplanned urbanization in Bangladesh. The present pattern of urbanization is leading to various problems like land use alterations, inadequate shelter, water, sanitation, and other facilities in slums and other urban poor areas, degradation of the ambient community environment, little control of industrial waste, and environmental pollution due to inadequate management of waste. There is urgent need for guiding the progress of the country through adopting urban development policies.

These include using public investment in literacy, public infrastructure, and a developed public sector staffed with professional government employees. Economic development efforts should be directed towards light industry, particularly in textiles, while providing balanced support to agriculture. The overdeveloped NGO sector should meanwhile be balanced with competent government services.

Urbanization is both a driver and consequence of national economic growth and can bring significant benefits to the nation if managed well. It has also been globally shown that urbanization is an irreversible dynamic process interlinked with socio-economic change. Therefore, it is very urgent for Bangladesh to harmonize all urban policy efforts with the spatial characteristics of sustainable economic growth.

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