concentration of manufacturing appears to be associated with a concentration of infrastructural endowments -- districts with poorer infrastructure have lower levels of industrial activity. The five districts where manufacturing accounts for more than 25% of GDP have an infrastructure endowment (defined in terms of GDP originating in infrastructure) more than three times that of the districts where the manufacture/GDP ratio is below 5% (Table 2). Similarly, the degree of urbanization in the most industrialized districts is four times that in the least industrialized parts of Bangladesh.

Market access is another important factor. Regions with good access to markets, especially large markets, have more industry and more productive industry. This is not surprising. With a large market, firms may have greater incentive to invest in productivity enhancing measures. Accessibility indices have been constructed for each thana in Bangladesh that takes into account the ease of accessing the large market centers (essentially urban centers above a certain size) in the vicinity, weighted by the size of the centers (i.e., population).

As expected, the index has the highest value (signifying greatest accessibility) for Dhaka and a number of its adjacent districts. Accessibility then decreases as one moves away from Dhaka, especially towards the north-east, west and south. Large parts of Bangladesh are handicapped by poor access to large market centres. It can be shown through charts and statistical analysis that districts with better access to large markets tend to have a higher manufacturing GDP per capita than those with poorer access.



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So what is the agenda for going forward? As argued at the outset, there is a case for reducing the regional imbalance in industrialization because of the strong links between industrialization and income levels. Moreover, other factors, such as maintaining ecological balance may also require a more spatially diversified pattern of industrialization.

Experience in most countries, including Bangladesh, suggest that attempts to promote geographically balanced industrialization artificially, without regard to comparative advantages, is likely to fail. This is exemplified by the Bangladeshi attempt to promote regionally balanced industrialization through widely dispersed industrial estates. There is a wide variation in the performance of the 65 industrial estates of the country.

Industrial parks located in districts with poorer access to large markets tend to perform worse than those located in districts with better access to markets (performance being defined in terms of the degree to which the parks are occupied, and the proportion of sanctioned industrial units that are in operation). In other words, efforts to promote industrialization in remote locations through tools such as industrial parks have not met with much success.

Here are some preliminary ideas about how the challenge of more regionally balanced industrialization can be addressed in Bangladesh, keeping in mind the above considerations. I suggest that the first phase of regional diversification of industry may focus on five regions outside the current concentrations in Dhaka and Chittagong. Of these, three are in north-west Bangladesh, one in south-west Bangladesh, and one in eastern Bangladesh. These regions, with possible focus areas of activity, are listed in Table 3. These suggestions, which may be treated as

Table 2: Better infrastructure is associated with greater industrialization

Share of manufacturing in GDP	Percentage of population that is urban	Per capita manufacturing GDP (Tk)	Per capita infrastructural and utility GDP (Tk)
Above 25%	48	9,402	3,267
10% to 25%	18	2,239	1,515
5% to 10%	12	893	1,093
Below 5%	14	430	954
All	16	1,517	1,253