

# Investment in the south is underwhelming even after Padma Bridge

**Banks finance big industrial sectors in Dhaka, but do not want to take risks by financing industries in Barishal. There was a huge opportunity to invest in various sectors in the south, including shipbuilding.**

**JAGARAN CHAKMA, SUSANTA GHOSH AND DIPANKAR ROY**

Two years have passed since the inauguration of Padma Bridge, but the southern region has still not managed to tap the potential brought about by the mega-project due to a lack of physical infrastructure and utilities.

It was estimated that the Padma Bridge would increase Bangladesh's GDP by over 1 percent and benefit about three crore people across 21 southwestern districts. Unfortunately, although it has eased transportation over the Padma River, the region's contribution to the national economy has not picked up as expected.

According to the Bangladesh Investment Development Authority (BIDA), only 18 investment proposals have been registered in Khulna and Barishal over the past year. Around 13 proposals, involving Tk 1,248



development of necessary infrastructure, including proper connecting roads, gas pipelines and other utility services, to facilitate investment.

Raihan, who has been engaged with a study on the economic impact of the bridge since the beginning of the project, said Barishal and Khulna needed more connectivity to encourage investors.

Although the Dhaka-Bhanga Expressway leading up to the bridge from Dhaka offers large multi-lane roads, once the bridge is crossed, the roads begin to narrow, before ultimately turning into largely two-lane roads.

He added that the government was yet to complete the work for land acquisition in order to start the development of the proposed economic zones in these regions.

Mohammad Nizam Uddin, president of the Barishal Metropolitan Chamber of Commerce and Industry, said not a single company has invested in the greater Barishal region in the past two years as banks are not interested in financing projects.

"Banks finance big industrial sectors in Dhaka, but do not want to take risks by financing industries in Barishal," he alleged, adding that there was a huge opportunity to invest in different sectors in the region, including shipbuilding.

According to Nizam Uddin, the only noticeable industries in Barishal consist of a pharmaceutical factory, a biscuit maker, and a shoe factory. Banks do not even want to lend to small and medium enterprises in the region, he claimed.

Jakaria Jalal, head of strategy (planning) at Bashundhara LP Gas, said the main barrier to setting up heavy industries in Khulna and Barishal was a lack of gas connections. "There is huge potential to develop industry in these regions if gas connections can be ensured for industries."

Although liquefied petroleum gas (LPG) is available, it is not viable for industries since it is two and half times more expensive than natural gas, he said, adding in the absence of gas connections, only power-based industries were feasible in these regions.

Abu Sayed Mahmud, assistant director of the BIDA's Barishal divisional office, said five companies have registered investment proposals in the region in the past year.

The proposals have come from Opsonin Bulk Drugs Ltd, Chemist Agro Biotic, Afia & Fatima Auto Rice Mill, Asfia Auto Rice Mill & Flour Mill, and Payra Recycling Plant.

These companies have registered with the BIDA for investment after the inauguration of the Padma Bridge, but they have yet to start operations.

He added that he was not aware of anybody seeking to secure permission to set up a large company in Barishal. "So, although it was expected, the industrialisation of Barishal failed to gather steam after the construction of the Padma Bridge."

In the division, 52 industrial establishments have so far received registration from the BIDA with combined investment plans of Tk 1,027 crore.

Saidur Rahman Rintu, president of the Barishal Chamber of Commerce and Industry, said industrialisation would not accelerate if gas is unavailable.

He demanded reducing the interest rate of bank loans and tax concessions. "We have already invested crores of taka in the shipping sector and have faced losses."

Right now, those who have invested in the waterways are facing huge financial losses as road connectivity has enhanced thanks to the opening of the bridge.

Businessmen said that they were not interested in investing in the region due to a lack of gas connections and connectivity.

Pronab Kumar Roy, director of the BIDA for the Khulna division, said although the Padma Bridge has been opened, industrialisation is yet to get momentum. Only some small and medium industries were being established, but not heavy industries.

Sharif Atiar Rahman, senior vice president of the Khulna Chamber of Commerce & Industry, said investors would not be encouraged to invest heavily until gas is made available for industries.

However, he said people in the Khulna region were benefiting as they can now take a round trip to Dhaka in just a single day, which was unimaginable before the Padma Bridge was constructed.

"People can now transport agricultural products and fish to Dhaka within three and a half hours."



crore, were registered in the Khulna region while five projects, involving Tk 92.7 crore, were registered in the Barishal region.

According to businesses and experts, the number of proposals and investments are below expectations.

"There was a potential to grow the GDP by more than 1 percent after the operationalisation of the Padma bridge. But fulfilling that potential requires a 'Padma plus' infrastructure development model," said Selim Raihan, executive director of the South Asian Network on Economic Modeling.

"There is no scope to think that investment will come on its own. Rather, the environment for investment must be created."

The 'Padma Plus' model includes the



## Plans to set up economic zones in southwest yet to gather pace

**JAGARAN CHAKMA**

The Bangladesh Economic Zones Authority (Beza) has taken the initiative to set up 17 economic zones in the southwestern part of the country, but their implementation is yet to gain momentum because of lengthy procedures linked to land acquisition and feasibility studies.

The state-run agency is optimistic that the road connectivity established between Dhaka and the region, following the inauguration of the Padma Bridge, will attract more investment in the industrial sector and create job opportunities.

Earlier, it said the 6.15km bridge will also connect Bangladesh with the Asian Highway, paving the way for an industrial revolution to take place in the country, particularly in 21 southwestern districts.

The Beza has selected five sites for establishing economic zones in Bagerhat, two each in Khulna, Gopalganj, and Barishal, and one each in Faridpur, Madaripur, Bhola, Shariatpur, Satkhira and Kushtia. The zones are part of the government's goal to set up 100 economic zones across the country, aiming to create one crore jobs and export \$40 billion worth of goods and services from the enclaves by 2040.

According to a BEZA official, the Mongla Economic Zone (MEZ) is being developed on 205 acres of land near the Mongla Port. It has already constructed the administrative building, boundary walls, connecting bridge and roads, power sub-stations, and water connections. Powerpack Economic Zone Ltd is developing the MEZ under the public-private partnership (PPP) model.

The land-lease deal has been prepared to set up three industrial units there. BEZA sources said there was a slight development regarding the Indian Special Economic Zone (SEZ) in Mongla. The process to form a joint venture has already begun and is currently awaiting implementation.

The Beza has acquired 100 acres of land for the Indian SEZ, with ARTELIA Consulting set to work on implementing the project.

"All negotiations have been completed. We are just waiting for the prime minister's approval to form the joint venture," said a Beza official, requesting anonymity.

The agency plans to set up an ecotourism park on 1,546 acres of land near the Sundarbans in Bagerhat. Furthermore, it has approved the proposal of building two economic zones in Shariatpur: one on 525 acres of land in Jajira upazila and the other on 686 acres of land in Goshairhat upazila.

The Beza has also agreed in principle to build an economic zone on 1,125 acres of land in the Rajoir upazila of Madaripur.

The government has decided to establish an economic zone on 888 acres of land in the Faridpur sadar upazila. Moreover, a feasibility study has already been carried out for another zone on 200 acres of land in Gopalganj's Kotalipara. A detailed project plan has been prepared.

The governing body of the Beza has chosen Terokhada upazila to set up an economic zone. The task to conduct the feasibility study for an economic zone in Magura's Sreepur upazila and another in Satkhira sadar upazila has been initiated.

The feasibility study for the economic zone on about 430 acres of land in Kushtia's Bheramara upazila has been conducted. One zone in the Batiaghata upazila of Khulna is in the pipeline, with the Satkhira district administration providing 262 acres of land. A project has been undertaken to conduct the feasibility study.

The feasibility study for setting up an economic zone in Barishal's Agailjhara has been completed. The Beza has also approved the proposal to develop an economic zone in Hizla.

The Bangladesh Export Processing Zones Authority (Bepza) said it is establishing an export processing zone in Aliapur union under Patuakhali sadar upazila on 411 acres of land, around 40km from the Payra port and 80km from the Mongla port. The estimated cost is Tk 1,443 crore.

Sources said they have already appointed a developer to build the zone, and they are hoping to make it suitable for investment by 2026.

Referring to the master plan of the zone, a Bepza official said they would be able to accommodate 306 industries in the zone, which could potentially attract \$1.5 billion in investment and create 100,000 jobs. At least \$1.8 billion worth of products will be exported from the zone once it is operational, said the official.

A small glimpse into the potential of the Padma Bridge is offered by the Patuakhali Industrial Estate. After the completion of the bridge, 15 new industrial establishments have been set up there. As it lies along the Patuakhali-Dhaka highway, local entrepreneurs are eager to set up industrial establishments.

Md Al Amin, an official of the Patuakhali BSCIC Industrial City, said that after the opening of Padma Bridge, a direct road network has been established between Patuakhali and Dhaka.

"As a result, industrial products can easily be sent to different parts of the country at lower costs. Due to this, many companies have been established in the zone."

