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Private Housing Sector Land Development in Dhaka City: Governance Challenges

Executive Summary

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1. Background and Rationale

Article 15(a) of the Constitution of Bangladesh, Article 25(1) of the Universal Declaration of Human Rights (UDHR), and the National Housing Policy 2016 recognize ensuring affordable and adequate housing for citizens as a fundamental responsibility of the state and an integral component of social justice. Although successive governments have implemented various housing projects and rehabilitation programmes since the pre-independence period, the housing crisis remains unresolved due to limited public investment, scarcity of land, rapid urbanization, population growth, and migration towards Dhaka. Against this backdrop, the private housing sector has emerged as an indispensable contributor to addressing the widening gap between the growing demand for housing and the limited supply from the public sector.

The journey of the private housing sector in the country began with the establishment of Eastern Housing Limited in 1965. Currently, alongside housing supply, this sector makes significant contributions to investment, employment generation, and the expansion of construction materials and allied industries. However, due to unplotted urbanization, institutional coordination gaps, weaknesses in implementation, and excessive commercial interests, the urban environment and livability are being compromised. At the same time, allegations of fraud, law violations, political influence, land-related disputes, and abuse of power in private housing projects raise serious concerns regarding the transparency, accountability, and governance of this sector.

Previously, Transparency International Bangladesh (TIB), through its studies on the activities of the Rajdhani Unnayan Kartripakkha (RAJUK) in 2006 and 2020 and the Department of Environment (DoE) in 2022, identified governance deficiencies, irregularities, and violations of laws within these institutions. However, detailed and comprehensive research concerning governance challenges in the private housing sector remains scarce. In this context, the current research identifies governance barriers and structural limitations through the analysis of land use, project approval, regulatory frameworks, transparency, accountability, and the patterns of irregularities and corruption within the private housing sector. Simultaneously, it attempts to provide effective policy and institutional guidelines to establish good governance in this sector. By analyzing the inherent problems and challenges of the private housing sector, this research will help strengthen the foundation of governance in this sector while bridging the gap in comprehensive research regarding its governance.

2. Objectives

The primary objective of this study is to examine the governance challenges in land development within the private housing sector of Dhaka City. The specific objectives are -

1. to review the existing legal and regulatory frameworks governing land development in the private housing sector;
2. to analyze the roles, capabilities, and accountability mechanisms of key stakeholders involved in policy formulation, implementation, regulation, and monitoring within this sector;
3. to identify the nature, extent, and underlying drivers of irregularities and corruption associated with various processes in the private housing sector; and
4. to propose policy recommendations for overcoming the governance challenges in this sector.

3. Scope of the Study

Considering the number of real estate companies and the intensity and geographical extent of their operations, this study is limited to private land development activities and the operations of real estate companies within Dhaka City. It examines company registration and membership acquisition, land

acquisition, project implementation, plot sales, and the associated oversight and coordination processes. However, joint ventures and other initiatives involving government-owned land have been excluded. The study framework primarily focuses on four key stakeholder groups—real estate companies, plot buyers, original landowners, and relevant government agencies—and the interactions among them.

4. Research Methodology

This study adopts a qualitative research methodology and an Interpretive Phenomenological Research Design. Data were collected from primary and secondary sources. Primary data were collected from appropriate individuals, groups, and institutions using in-depth interview (IDI) and Key Informant Interview (KII) methods. To ensure the objectivity and authenticity of the collected primary and secondary data, a 'triangulation' method was applied. Secondary data collection primarily involved desk review or document review.

- **IDIs:** Through IDIs, data were collected from selected representatives of real estate companies, plot buyers, and original landowners or sellers. In selecting respondents, the maximum variation sampling method, which falls under mixed purposive sampling, was used.
- **KIIs:** Interviews were conducted with representatives of real estate companies, government regulatory agencies (RAJUK, Ministry of Housing and Public Works, Department of Environment, National Housing Authority, DTCA), real estate trade associations (REHAB, BLDA), urban local government and public service authorities (Dhaka North and South City Corporations), utility service agencies (WASA, DPDC, DESCO), experts (engineers, urban planners, academics), and media analysts or journalists. In selecting respondents, the expert sampling method, which falls under mixed purposive sampling, was used.

The study was conducted from August 2024 to July 2026. Data collection for the study was carried out between February 2025 and July 2025.

5. Analytical Framework

The analytical framework is based on six governance indicators, along with the core elements integrated into this framework, i.e., rule of law, capacity and effectiveness, transparency, participation and coordination, accountability, and irregularities and corruption (Table 1).

Table 1: Analytical Framework

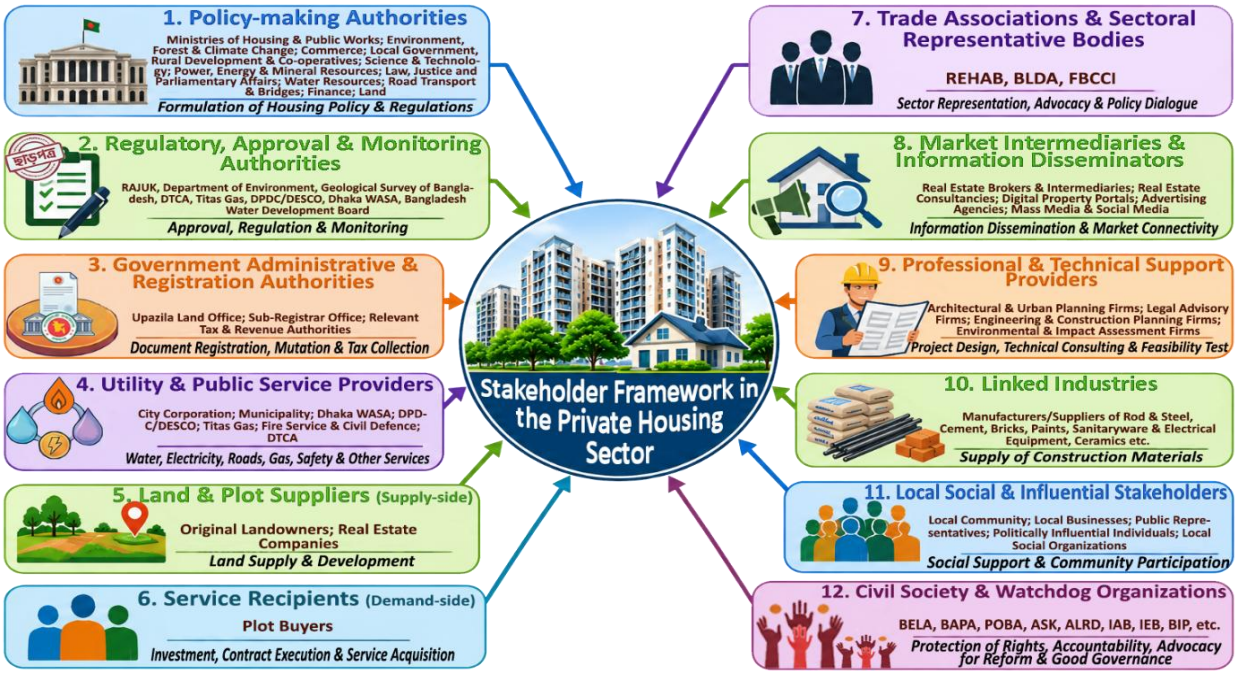
Governance Indicators	Included Topics
Rule of Law	Review of existing policy and legal frameworks; compliance gaps/ limitations/ practical challenges.
Capacity and Effectiveness	Performance processes of relevant stakeholders/institutions; policy implementation; oversight mechanisms; human resources; operational and technical capacity; dispute resolution systems; affordable housing.
Transparency	Policy formulation/determination processes; information disclosure, dissemination, and accessibility; website and updated information management; project approval and implementation; pricing; business operations.
Participation and Coordination	Mutual coordination and participation among stakeholders; land/plot purchase, sales, and price determination; roles in policy formulation, execution, and decision-making.
Accountability	Grievance management/redress mechanisms; responsiveness and complaint resolution processes; oversight and auditing.
Irregularities and Corruption	Nature, causes, and involved parties of irregularities/corruption in policy-making, project approval, execution, land development, and plot transfer; land acquisition and compensation assessment/distribution; irregular financial transactions.

6. Stakeholder Mapping

The private land development sector in Bangladesh operates through the interrelationships and interactions of a multidimensional framework of stakeholders. These stakeholders perform diverse

roles—ranging from policy formulation, regulation, and oversight to land supply, housing development, market management, the provision of civic services, and maintenance of good governance. To understand the sector's institutional structure, the distribution of responsibilities, and the functional relationships among its components, stakeholders can be categorized into 12 distinct groups: policy making authorities; regulatory, approval, and monitoring authorities; government administrative and registration authorities; utility and public service providers; land and plot suppliers; consumers; real estate business associations; market intermediaries and information disseminators; professional and technical support providers; linked industries and suppliers; local social and influential stakeholders; and civil society and watchdog organizations (Figure 1).

Figure 1: Key Stakeholders in Bangladesh's Private Housing Sector[1]



7. Key Findings

7.1 Review of the Legal Framework

The Real Estate Development and Management Act, 2010: According to Section 5(3) of this Act, while membership in REHAB or BLDA is optional for developer registration, it has been made mandatory through a circular of the Ministry of Commerce. On the other hand, since REHAB membership requires the initiation of work on at least one project, administrative and practical confusion arises regarding the sequence of government registration, approval, and membership. The lack of an obligation under Section 5(7) to review a company's past record of offenses, fraud, law violations, and contract breaches during registration renewal allows dishonest institutions to continue their business operations. Section 6(4) merely mentions the "display" of ownership and approval documents, but without the obligation to provide attested copies, ordinary buyers fail to verify the true authenticity and legal risks of the land. Additionally, due to the use of the phrase "prospectus or allotment letter" in Section 8(1), developers can showcase lucrative benefits in advertisements but omit them from the final agreement, creating the risk of buyers being deceived. Finally, under Section 8(3), due to the absence of a clear provision requiring the "written" consent of the buyer when changing an allotted plot or flat, developers get the opportunity to impose unilateral decisions on the buyer.

[1] Full forms of the abbreviations used in the figure: Rajdhani Unnayan Kartripakkha (RAJUK); Dhaka Transport Coordination Authority (DTCA); Real Estate and Housing Association of Bangladesh (REHAB); Bangladesh Land Developers Association (BLDA); Federation of Bangladesh Chambers of Commerce and Industry (FBCCI); Bangladesh Environmental Lawyers Association (BELA); Bangladesh Poribesh Andolon (BAPA); Poribesh Bachao Andolon (POBA); Ain o Salish Kendra (ASK); Association for Land Reform and Development (ALRD); Institute of Architects Bangladesh (IAB); Institution of Engineers, Bangladesh (IEB); and Bangladesh Institute of Planners (BIP).

Private Residential Project Land Development Rules, 2004 (Amended in 2012 and 2015): According to Rule 7(1), although developers are required to own a minimum of 75% of the land (including 70% absolute ownership and contractual land) for the approval of a housing project, the owners of the remaining 25% unsold land face extreme risks and are vulnerable to unfair pressure and the exercise of power by the developer. Furthermore, although Rules 7(2) and 7(3) mention compensation and rehabilitation for affected families, they lack clarity; even if main livelihoods (such as agriculture or small business) are lost due to land loss, there is no legal obligation for compensation for such economic loss, precise criteria for providing rehabilitation plots or paying an additional 50% of the prescribed value are absent, and since the location of the rehabilitation plots is not specified, the affected people are entirely dependent on the developer. In addition, although Rule 9(4) mentions the protection of plot buyers' interests, in the absence of any standardized or universal criteria for terms, developers get the opportunity to incorporate unilateral and unequal terms, thereby undermining buyers' rights. On the other hand, although Rule 10(6)(e) contains provisions for playgrounds and graveyards, there are no guidelines ensuring accessibility for persons and children with disability or civic amenities for excess population. Moreover, Rule 14(1)(z) only mandates the submission of an initial Environmental Impact Assessment (EIA) for project approval, which is by no means sufficient for controlling the long-term environmental impacts of a large-scale residential project.

Bangladesh Environment Conservation Act, 1995 (Amended in 2010): Section 5(1) of this law allows an area to be declared an Ecologically Critical Area (ECA) based on the "government's satisfaction", without prescribing specific mandatory legal procedures for the scientific identification of environmental risks and ecological sensitivity before designation. Consequently, real estate developers may complete land conversion and development before an area receives an ECA status, making subsequent environmental protection and restoration extremely difficult. Section 6(e) permits the filling or reclassification of natural water bodies in the "essential national interest." However, the absence of a clear definition or specific criteria for this term creates a risk of misuse, potentially enabling the filling of water bodies for commercial and private residential projects.

Environment Conservation Rules, 2023: According to Rule 5(1)(c-d) and Schedule-1 of these Rules, project categorization is based solely on area – projects under 25 acres categorized as 'Orange' and those above as 'Red' – without considering ecological sensitivity (such as wetlands, forestlands, or ECA zones), thereby overlooking actual environmental risks. Furthermore, although Rule 16(7)(c) mentions Social Impact Assessment (SIA) "where applicable" in the case of public hearings, in the absence of clear criteria regarding the specific circumstances under which it will be applicable, the decision is left entirely to the discretion of the authority. Moreover, under Rule 27(2)(d), a provision has been made for the advance deposit of 25% of the assessed compensation to appeal against a compensation decision. However, as it remains unclear whether this money is a refundable security deposit, what the refund process will be if successful, or its relationship with the appeal provisions of The Bangladesh Environment Conservation Act, 1995, it creates a major financial and legal barrier to the victim's right to appeal.

7.2 Capacity and Effectiveness

Deficit in Capacity and Effectiveness of Real Estate Companies: Although many real estate companies start business on the basis of nominal registration and primary documentation, they fail to implement quality projects due to a lack of adequate land, infrastructure, and skilled manpower, including architects, engineers, and urban planners. On the other hand, since about 95% of the market is concentrated in the hands of 10–15 large companies, a monopolistic dominance has been created. Due to the high influence and representation of these institutions at the policy-making level, the effective role of professional organizations like REHAB and BLDA against irregularities, design violations, and breaches of promises is not visible. The lack of long-term strategic planning and failure to monitor and control unregistered companies also limit the effectiveness of these organizations. Furthermore, an analysis of over 150 advertising and marketing strategies reveals that companies primarily target high-income buyers, emphasizing luxury living, secure and profitable investment, and

social status. Consequently, the effectiveness of real estate companies in providing affordable housing suitable for the low- and middle-income people remain deficient.

Deficits in Capacity and Effectiveness of Regulatory Institutions: Shortage of human resources, technical skills, technological capacity, and inter-institutional coordination among RAJUK, the National Housing Authority, the Department of Environment, utility service agencies, and other regulatory institutions in the private housing sector creates obstacles to effectively monitoring unauthorized projects, land use, and environmental irregularities. Limitations in inspections at various stages of project and building construction, weaknesses in preserving data on *khas* land and canals, and inadequate monitoring by utility agencies further complicate the situation. Additionally, deficits in the effectiveness of relevant institutions in controlling plot prices and countering anti-competitive behavior, coupled with a shortage of judges, case backlogs, and protracted delays, postpone the resolution of land and housing-related disputes. Consequently, prompt and effective remedies for buyers' complaints and, overall, law enforcement, service delivery, and institutional accountability processes are disrupted.

Deficiencies in Environmental and Traffic Impact Assessments (EIA/TIA): Deficiencies in professional skills, reliable data, and science-based methodologies in conducting the EIA and TIA of private housing projects limit the quality and effectiveness of evaluations. In many cases, under pressure to prepare reports quickly and driven by profit motives, these reports are prepared by less experienced personnel, resulting in the failure to properly identify actual environmental and traffic risks. Especially in the case of TIA, due to the absence of comprehensive guidelines, a reliable national database, and scientific criteria for determining area-wise traffic volume, analyses largely become speculative. Furthermore, due to the lack of modern urban planning software and technological capacity among regulatory bodies, integrated digital monitoring and databases have not been developed, which limits the overall effectiveness of the assessment.

7.3 Transparency

Deficits in Disclosing Project Information: There is a deficit in disclosing complete, accurate, and verifiable project information in this sector. Alongside exaggerated or misleading information in company advertisements and the promotion of unauthorized projects, details regarding project approvals, layouts, locations, amenities, total prices, incidental costs, and the conditions for booking cancellation and refunds are not clearly communicated. There is also a lack of adequate and updated information regarding land ownership and documentation, financial transactions, rights and responsibilities of landowners and developers, legal disputes, project progress, and handover timelines. The lack of regular updates of such information on company websites and promotional media, alongside a deficit of information regarding grievance redressal mechanisms, limits buyers' ability to make informed decisions, assess risks, and secure remedies.

Deficits in Providing Financial Information: There is a deficit in providing buyers with complete information regarding plot pricing, total payable amounts, and related financial liabilities. Since separate accounts for land value, development costs, and service charges are not disclosed, a discrepancy arises between advertised prices and actual costs. Additionally, various additional or hidden costs (hidden charges) such as development fees, utility connections, registration, transfer, and mutation, installment terms, late fees, and deduction and refund rules for booking or allotment cancellations are often not clarified in advance. Consequently, buyers cannot properly evaluate actual costs and financial risks.

Lack of Transparency in Plot Price Determination: There is a lack of a single, standardized, and explicit criterion for plot pricing. Although pricing is said to be based on land acquisition cost, development expenditure, infrastructural facilities, and profit, significant price variations are observed depending on plot location, road width, orientation (facing), positioning (corner or lake-adjacent), and installment duration. However, questions remain as to how transparent and verifiable the pricing methodology based on these components is to buyers. Furthermore, a tendency is observed to sell plots at prices

manifold higher than actual development costs by capitalizing on surrounding urban infrastructure built with public financing. Due to the lack of effective government monitoring, market demand, and pricing depending on the unilateral decisions of companies, the process is becoming opaque and unregulated.

Lack of Transparency in Professional Associations (REHAB and BLDA): Instead of ensuring good governance in the private housing sector, professional associations such as REHAB and BLDA have been observed to exhibit a tendency to overlook or deny irregularities and unethical practices by their member companies. These associations have demonstrated a lack of effective oversight and remedial action in response to serious allegations, including encroachment on *khas* land, filling of water bodies, use of force, intimidation, and coercing landowners into selling their land. In some cases, incidents of land grabbing and land filling have been portrayed as technical or boundary-related complications, while allegations have been dismissed as hearsay without conducting impartial investigations. Consequently, the neutrality, transparency, and accountability of these associations have been called into question, raising concerns that the interests of member companies may be prioritized over the promotion of good governance in the sector.

7.4 Coordination and Participation

Lack of Coordination among Government Agencies: There is a lack of effective coordination among RAJUK, the National Housing Authority, city corporations, the district administration, the Department of Environment, and utility agencies to ensure good governance and sustainable development in the private housing sector. Institutional isolation and tendencies to evade responsibility cause delays in project approval and implementation; in particular, a lack of coordination among ministries, RAJUK, and developers in implementing the Detailed Area Plan (DAP) is evident. Due to a lack of coordination with the district administration and the Ministry of Land, unauthorized projects are proliferating. Furthermore, since utility agencies are not involved at the initial stage, both time and cost increase for obtaining gas, electricity, and water connections, as well as road-cutting permissions. Additionally, in the absence of an integrated database for EIA and TIA, assessing the long-term impacts on the city's environment and infrastructure becomes impossible, making it difficult to ensure effective control, planned development, and accountability in the sector.

Limitations in the Participation of Landowners and Plot Buyers: The opportunities for effective participation of landowners and plot buyers in decision-making regarding the planning, land acquisition, compensation determination, and implementation of private housing projects are limited. Since these decisions are primarily developer-centric, affected owners do not have adequate opportunities for giving opinions and bargaining regarding the form of compensation (cash or rehabilitation), land acquisition conditions, and land valuation. In particular, the lack of institutional bargaining frameworks and local political and administrative influence further weakens the decision-making capacity of small landowners. On the other hand, project layouts, roads, and open spaces are often altered without informing plot buyers or taking their opinions.

Lack of Coordination among Sector-Related Professionals: Differences in professional perspectives and priorities among urban planners, architects, and engineers in the private housing sector hinder integrated planning and decision-making. Urban planners emphasize adherence to the DAP, conservation of water bodies and open spaces, population density, transportation, and environmental balance. On the other hand, architects and engineers give higher priority to the maximum utilization of land, increasing the number of plots, reducing construction costs, and economic profitability. Consequently, differences of opinion arise in project density, land use, and infrastructure planning. Furthermore, the absence of mandatory institutional arrangements for incorporating the opinions of relevant professional organizations during the formulation of master plans, laws, and rules disrupts integrated decision-making.

Lack of Coordination Between RAJUK and Professional Organizations: A severe lack of coordination exists between RAJUK and REHAB-BLDA due to the absence of policy participation, legal ambiguity, and conflicts of interest. RAJUK's failure to incorporate private sector feedback in re-determining the Floor Area Ratio (FAR) and building heights under the DAP has sparked opposition from REHAB and triggered legal complications. RAJUK's initiatives against unauthorized evictions are frequently hindered by court stay orders secured by developers, and RAJUK's involvement in its own commercial projects calls its neutral role into question.

7.5 Corruption and Irregularities

7.5.1 Land Selection, Procurement, and Acquisition

Irregularities in Land Selection and Procurement: Wide-ranging irregularities are observed in land selection for private housing projects, including verbal agreements, misuse of powers of attorney, occupation of *khas* land and water bodies, and forcible encroachment on privately owned land. To secure land, real estate companies employ six major strategies: physical alteration, political influence, document forgery, coercion, economic pressure, and strategic control. Consequently, landowners are compelled to sell land at below-market rates. Marginalized and female landowners especially face heightened vulnerability. Moreover, the destruction of agricultural land and water bodies severely threatens ecological balance, flood management, and the livelihoods of communities dependent on agriculture and fisheries.

Irregularities in Land Price Payment: Numerous allegations of irregularities are there regarding the payment of rightful dues to landowners. In many instances, instead of paying promised market values, land deeds and ownership are transferred through nominal or partial payments extracted via intimidation, inducement, or pressure. Incidents also occur where companies fail to pay within the stipulated time according to agreements, resorting to excuses, political influence, or muscle power to deprive owners of their legitimate rights when payments are claimed. Furthermore, despite the mandatory requirement for banking channel transactions under Section 12(1) of the Real Estate Development and Management Act, 2010, cash transactions remain prevalent to evade oversight and taxes. Consequently, when disputes subsequently arise, landowners face complex hurdles in securing legal remedies and administrative protection due to a lack of adequate documentary evidence.

Irregularities of Real Estate Companies through Intermediaries (Middlemen): At various stages of land acquisition, project implementation, government approvals, and plot sales, real estate companies cultivate a network of irregularities and corruption through intermediaries or brokers. This multidimensional network involves local influential figures, political leaders and activists, public representatives, lawyers, journalists, deed writers, professional brokers, government officials, and law enforcement personnel. Through these intermediaries, malpractices such as land grabbing and distress sales, intimidation, exerting administrative leverage, securing approvals and clearances, and disseminating misleading information during plot sales are perpetrated. To execute irregularities at every phase from inception to completion, real estate companies disburse substantial sums typically channeled as "commissions" or "gratuities." This research reveals that acquisition commissions can reach up to 3% or BDT 2,000–5,000 per decimal, or BDT 10,000–15,000 per *katha*, while sales commissions range from BDT 50,000 to 100,000 per plot. Furthermore, relationships with intermediaries are sustained through gifts, banquets, business partnerships, and other perks. As a result, this pervasive network spanning every stage of the project plays a critical role in perpetuating systemic corruption and malpractices within the housing sector.

7.5.2 Project Planning and Approval

Irregularities in Complying with Legal Requirements: Some real estate companies implement residential projects and sell plots through advertisements without obtaining valid approvals and clearances from regulatory bodies like RAJUK, or by securing approvals retroactively and irregularly. In this regard, allegations persist regarding the display of fake approval letters and layouts fabricated by forging RAJUK seal-pads, along with presenting company registration numbers as project registration numbers. There are also violations involving the unauthorized expansion of project boundaries by

ignoring environmental conditions and approved master plans. Furthermore, developers frequently fail to submit regular progress reports and neglect handing over completed projects to RAJUK in accordance with rules upon completion. Similarly, despite mandatory EIA and TIA requirements, malpractices such as staging artificial consultation meetings, using tokenistic photographs to ignore local public opinions, concealing information by appointing compliant consultants, and reusing the same reports across multiple projects severely undermine environmental safeguards.

7.5.3 Project Implementation and Infrastructure Development

Neglecting Community Facilities: During implementation, real estate companies violate the Real Estate Development and Management Act, 2010, by commercially selling off land designated for playgrounds, parks, schools, and social infrastructure shown in layout plans. Moreover, planning standards regarding roads, educational institutions, and religious establishments proportionate to population size are routinely ignored. To bypass legal obligations, some companies artificially fragment large projects exceeding 5 or 10 acres into smaller components to evade mandatory requirements for provisioning community facilities. Furthermore, under the pretext of maintenance or usage, excessive service charges or fees are forcibly extracted from buyers for amenities that are legally supposed to be provided free of charge.

Irregularities during Construction/Development: Real estate companies flagrantly violate RAJUK-approved designs and environmental conditions by illegally filling land far in excess of stipulated boundaries during the implementation phase. Original designs are altered mid-project to shrink the dimensions of civic amenities such as roads, drainage channels, and open spaces. Additionally, the lack of worker safety gear and training on construction sites elevates accident risks, while haphazard piling, dust pollution, and high noise levels severely disrupt the normal daily lives of surrounding residents.

7.5.4 Plot Sales and Customer Management

Irregularities in Plot Sales and Allotment: The private housing sector is plagued by widespread fraud and irregularities in plot sales and allotments. Some companies sell plots without approvals from RAJUK or other relevant authorities by utilizing fake registration numbers, forged deeds, and misleading information. Furthermore, instances occur where signboards are erected on personal, family, inherited, or third-party land under nominal annual lease agreements of BDT 10,000–20,000, advertising them as project land, and selling plots before actual ownership or acquisition is secured. Additional complaints involve selling the same plot to multiple buyers, compelling buyers to accept inferior plots instead of the premium ones contracted, and arbitrarily canceling or reallocating legitimate allotments of ordinary buyers to appease government officials, politicians, and influential figures. These malpractices expose buyers to financial loss, discrimination, and the risk of protracted legal disputes.

Irregularities in Plot Ownership Transfer and Payment Settlement: Many companies undermine buyers' rights and financial security through various malpractices concerning ownership transfers, resales, and payment settlements after plot purchases. Grievances include unreasonable delays in handing over land or deeds despite full installment payments, restricting freedom of resale by imposing "permission letters," and artificially obstructing installment deposits to brand buyers as defaulters, thereby extorting extra money or canceling allotments. Upon cancellation or contractual default, refunded deposits are subjected to exorbitant deductions, bureaucratic delays, and harassment. Transferring contracts to legal heirs following a buyer's death also invites financial harassment. Moreover, violating the Real Estate Development and Management Act, 2010 by conducting transactions in cash rather than through banking channels, coupled with irregularities in preserving money receipts, facilitates tax evasion and leaves buyers grappling with evidentiary deficits and heightened legal exposure during disputes.

Additional Fees Imposed on Plot Buyers: Once contracts are finalized, companies frequently inflate plot prices, demand additional funds, and threaten to withhold plot handovers upon non-compliance. This research reveals that through various heads such as development fees, service charges, and utility fees, a buyer is forced to bear up to an additional BDT 1.45 million per *katha* beyond the total stipulated price just until plot handover (Table 2). This amount scales up substantially in modern, luxury housing projects. However, these additional expenses do not increase proportionally with the size of the plot; while certain costs are fixed per plot, others vary depending on the plot's dimensions.

Table 2: Estimated Amounts of Additional Expenses Imposed on Customers

Additional Costs Incurred by Buyers from Plot Purchase to Handover of Plot Ownership			
Heads of Additional Expenditure	**Amount of Additional Cost (BDT)**		**Payment Type**
1. Development Fee / Service Charge	Per *katha*	25,000 – 500,000	One-time
2. Power Connection Line Construction & Pole Installation	Per *katha*	4,000 – 10,000	One-time
3. Utility Deposit	Per plot	100,000 – 250,000	One-time
4. Water Line Connection & Processing Fee	Per plot	30,000 – 150,000	One-time
5. Road Cutting & Pipe Fitting Charges	Per plot	5,000 – 20,000	One-time
6. Plot Boundary Wall & Internal Road Infrastructure Construction Charges	Per plot	400,000 – 500,000	One-time
7. Drainage, Culvert Construction and Connection Fee	Per plot	120,000 – 150,000	One-time
8. Physical Possession Handover & Site Transfer Fee	Per plot	20,000 – 50,000	One-time
9. Mutation Processing Fee	Per plot	30,000 – 80,000	One-time
Other Additional Costs Incurred by Plot Buyers after Purchasing a Plot			
Heads of Additional Expenditure	**Amount of Additional Cost (BDT)**		**Payment Type**
10. Infrastructure Construction Clearance / Development Permission Fee • **Through the respective developer**	Per *katha*	200,000 – 1,000,000	One-time
• **By the plot buyer directly**	Per *katha*	50,000 – 150,000	
11. Ownership Transfer Fee / Transfer Fee	Per *katha*	25,000 – 1,000,000	Per transaction
12. Service Charge (for Plot Resale)	Per *katha*	25,000 – 50,000	Per transaction
13. Plot Purchase from Another Real Estate Company / Individual Owner	Per *katha*	500,000 – 1,000,000	Per transaction
14. Monthly Tax for Residing in Project Area • **Residing in self-owned flat**	Per sq. ft.	0.6 – 1	Monthly
• **Renting out flat**	Per sq. ft.	0.8 – 1.50	Monthly

Companies lure customers through flashy advertisements showcasing the base price of plots solely, omitting these auxiliary expenses in contracts while vaguely noting "where applicable," and subsequently burden buyers with these hidden costs. Furthermore, when owners attempt to initiate construction on their own land, direct obstacles are created unless illegal charges are paid to the company. In addition to levying "ownership transfer fees" or "transfer fees," a mandatory "monthly service charge" is exacted from residents within the project area. Failure to pay these irrational fees subjects residents to severe harassment through artificial disruptions in mobility, cargo transport, and daily civic services.

Monopolistic Control Over Goods and Services: In some real estate projects, residents and owners constructing homes are coerced into purchasing the company's branded products (such as LPG, internet, cable TV connections, and essential daily commodities). Even for home construction, bricks, cement, ready-mix concrete, and sanitary and plumbing materials must be procured exclusively from the company-approved vendors at prices 10% to 20% higher than market rates. In many projects, soil testing and architectural design works are mandated to be conducted through the company's designated firms, with costs marked up by 20% to 50% above market rates. Moreover, unjustified additional "registration fees" are extracted from tenants renting homes within project areas.

Escalation of Plot Prices under Various Pretexts: Subsequent to plot allotments and in violation of contractual terms, certain real estate companies demand extra money from buyers under the guise of rising project development costs, registration expenses, litigation management, and administrative overheads. No clear information or expenditure breakdowns regarding these costs are provided to buyers, generating extreme financial opacity. Refusal to pay the demanded extra funds invites artificial complications, obstacles to handover, or threats of allotment cancellation, exerting pressure on buyers and directly violating their contractual rights.

7.5.5 Irregularities and Corruption at the Institutional Level

Irregularities within Real Estate Companies: Real estate companies suffer from a critical deficit of corporate governance and institutional accountability. The absence of specific guidelines for appointing managing directors or chairmen, coupled with family-centric decision-making that bypasses general meeting consensus, creates avenues for nepotism and the abuse of power. Neglecting Section 130 of the Companies Act, 1994, and corporate governance directives regarding the appointment of independent directors severely limits independent oversight and review of financial and administrative decisions. Leadership opacity, familial dominance, and a lack of independent accountability heighten the risks of irregularities and corruption within companies, the negative repercussions of which ultimately fall upon the interests and rights of ordinary buyers.

Irregular Financial Transactions Between Real Estate Companies and Government Agencies: Real estate companies face widespread incidence of illicit financial transactions with various government and regulatory bodies to secure necessary approvals and clearances for land development projects. In industry parlance, these funds are termed “speed money” and are typically incorporated into project budgets under “Miscellaneous Costs.” Additional extractions include “table costs” disbursed to expedite file movement and approval processes through relevant officials, and “meeting costs” charged under the guise of organizing meetings. There are allegations of deliberately delaying the process even after submitting applications in accordance with the rules, forcing applicants to make informal contacts, and demanding additional money for approval in “special cases”, such as complex approval processes, large project areas with the potential for high profit margins, projects that entail significant deviations from the master plan (or the Detailed Area Plan/Structural Plan), strict regulatory controls, policy-related hurdles, legal risks, sensitive or strategic project locations, or situations occurring during anti-corruption drives.

Table 3: Irregular financial transactions with government and regulatory bodies related to the private housing sector

Criteria	Purpose or Stage	Amount of Irregular Transaction (BDT)	Concerned Institution	Irregular Transaction made by	Mode of Payment
A. Project-based	1. Change of Land Classification/Mouza	50,000 – 100,000	Upazila/District Land Office	Company	As required
	2. Mutation	10,000 – 20,000	AC (Land) Office	Company	One-time
	3. Approval of Residential Project/Layout	1,000,000 – 20,000,000	RAJUK	Company	One-time
	4. Avoiding legal action against unregistered projects, and securing leniency in inspections/oversight (paid to inspectors)	3,000,000 – 4,000,000	RAJUK	Company	As required
	5. Land Use Clearance	3,000,000 – 10,000,000	RAJUK	Company	One-time
	6. Transfer of Land Ownership (Company to Plot Buyer)	500,000 – 1,000,000	RAJUK	Company	As required
	7. Registration of Real Estate Company	100,000 – 150,000	RAJUK	Company	One-time
	8. Electricity Connection and Installation of Grid Substation	1,000,000 – 5,000,000	DPDC/DESCO	Individual/ Company	One-time

Criteria	Purpose or Stage	Amount of Irregular Transaction (BDT)	Concerned Institution	Irregular Transaction made by	Mode of Payment
	9. Installation of Internal (Zonal) Water and Sewerage Networks and Other Utility Lines	5,000,000 – 10,000,000	Dhaka WASA	Company	On a periodic basis
	10. Installation of Deep Tube Wells	10,000,000 – 12,000,000	Dhaka WASA	Company	One-time
B. Per Acre	11. Project Location Clearance	100,000 – 150,000	Department of Environment	Company	One-time
	12. Environmental Clearance	300,000 – 600,000	Department of Environment	Company	One-time
	13. Traffic Circulation Clearance/TIA Approval	300,000 – 500,000	DTCA	Company	One-time
Amount of irregular expenditure for the implementation of a 25-acre housing project (A+B)			BDT 41.16 million – 93.52 million		
Amount of irregular expenditure for the implementation of a private housing project (per acre)			BDT 1.65 million – 3.75 million		

It is revealed that at every single stage of a private housing project's approvals, mutations, clearances, and utility connections, substantial illicit funds or "speed money" must be paid to a section of staff of various government and regulatory agencies (such as RAJUK, land offices, the Department of Environment, and WASA). This includes 10 project-based expense categories under the project model, as well as three clearance and approval-related cost categories calculated directly on a per-acre basis (Table 3). Although most transactions are one-time payments, some entail periodic or phased disbursements as necessitated. Overall, in a typical scenario, the average amount of total informal and rule-violating expenditure throughout the entire process of a private housing project ranges from a minimum of BDT 1.65 million to 3.75 million. For instance, in implementing a 25-acre private housing project, such illicit costs amount to an estimated BDT 41.16 million – 93.52 million. Applications submitted in strict compliance with rules are frequently subjected to deliberate bureaucratic delays to coerce applicants into informal channels, accompanied by demands for extra payments to secure approvals under "special circumstances.

Strategic Use of Mass Media: Allegations indicate that certain real estate companies adopt "media capture" strategies, leveraging media ownership and influence to conceal irregularities and corruption while protecting their own business interests. This is demonstrated by the dissemination of positive public images, the suppression of controversial activities, the exertion of indirect pressure on regulatory agencies, and the orchestration of smear campaigns against competitors. Research findings highlight instances of obstructing the publication of adverse news, pressuring journalists to withdraw reports, filing defamation lawsuits, employing intimidation and physical assaults, exerting job termination pressures, and offering unethical inducements through cash or plots. These practices not only undermine investigative journalism and press freedom but also weaken the free flow of information, people's right to information, and effective accountability within the sector.

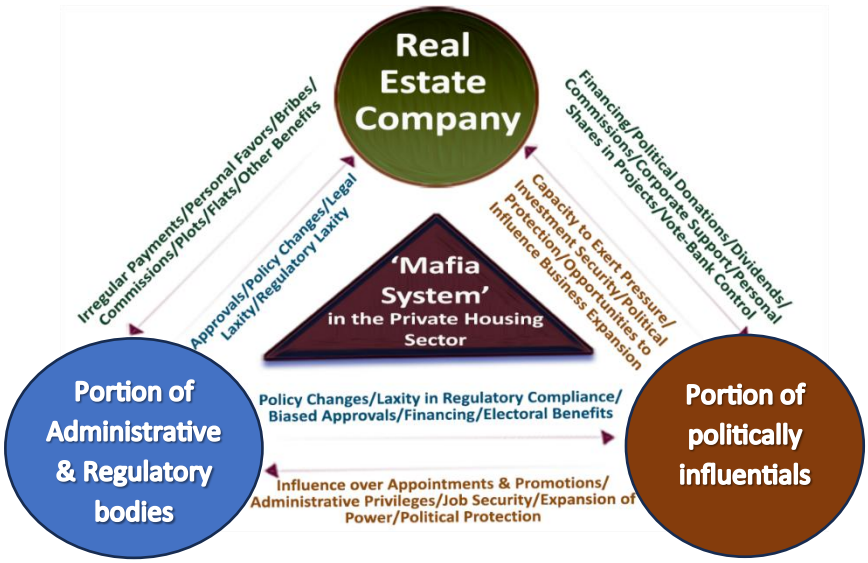
Political Influence, Patronage, and Commercial Interests: Political influence, patronage, and commercial interests play a formidable role in sustaining irregularities, land grabbing, and statutory violations across the sector. Real estate companies secure unethical advantages at the policy-making level through political financing and campaign contributions or logistical support during elections. Agricultural land, water bodies, and *khas* land are illegally occupied without approvals from RAJUK or the Department of Environment, and government lands are co-opted into private projects through the misuse of policy-making authority. Furthermore, administrative protection is secured by placing politicians on corporate boards of directors or by owners assuming political offices, which paralyzes RAJUK's independent oversight and damages urban governance and public interest.

Consumers as the Ultimate Victims: In Bangladesh's private housing sector, the ultimate burden of irregularities and illicit financial transactions involving government agencies, intermediaries, and real estate companies is borne by ordinary customers. In a typical scenario, the average amount of total informal and rule-violating expenditure throughout the entire land development process ranges from a minimum of BDT 1.65 million to BDT 3.75 million. Real estate companies utilize these illicit payments as a 'strategic investment' to secure commercial advantages through malpractices such as obtaining clearances for unauthorized projects, evading regulatory oversight, and encroaching on state-owned land. Rather than absorbing these costs, companies pass them on to consumers under the guise of development fees and utility charges, which amount to approximately BDT 1.45 million or more per *katha*. Consequently, a mutually reliant corrupt ecosystem involving companies, intermediaries, and concerned public authorities persists, undermining the financial security, transparency, and fair rights of consumers. In this context, real estate companies act not merely as beneficiaries of corruption, but as active partners and driving forces sustaining this system.

7.5.6 The "Mafia System" and "State Capture" in the Private Housing Sector

A three-dimensional power structure or institutional "mafia system" has emerged in the private housing sector through the nexus among the government (administration and regulatory bodies), large real estate companies, and political forces (Figure 2).

Figure 2: The 'Mafia System' in the Private Housing Sector



In the **first dimension** of this triangular relationship, companies secure design approvals, environmental clearances, and unmonitored privileges from government agencies in exchange for bribes and illegal favors. In the **second dimension**, in return for political financing, political forces help companies grabbing land, legal maneuvering, and securing administrative protection. In the **third dimension**, political bias in policy formulation and law enforcement is guaranteed through the strategic use of political leverage to dictate administrative appointments and job security. Overall, the synthesized interests, objectives, and multidimensional power structures of these three parties have coalesced to establish a well-organized "mafia-dominated syndicate" within the private housing sector. At the core of this impenetrable control structure are real estate companies, followed by the government or administration and regulatory authorities, and lastly, political forces.

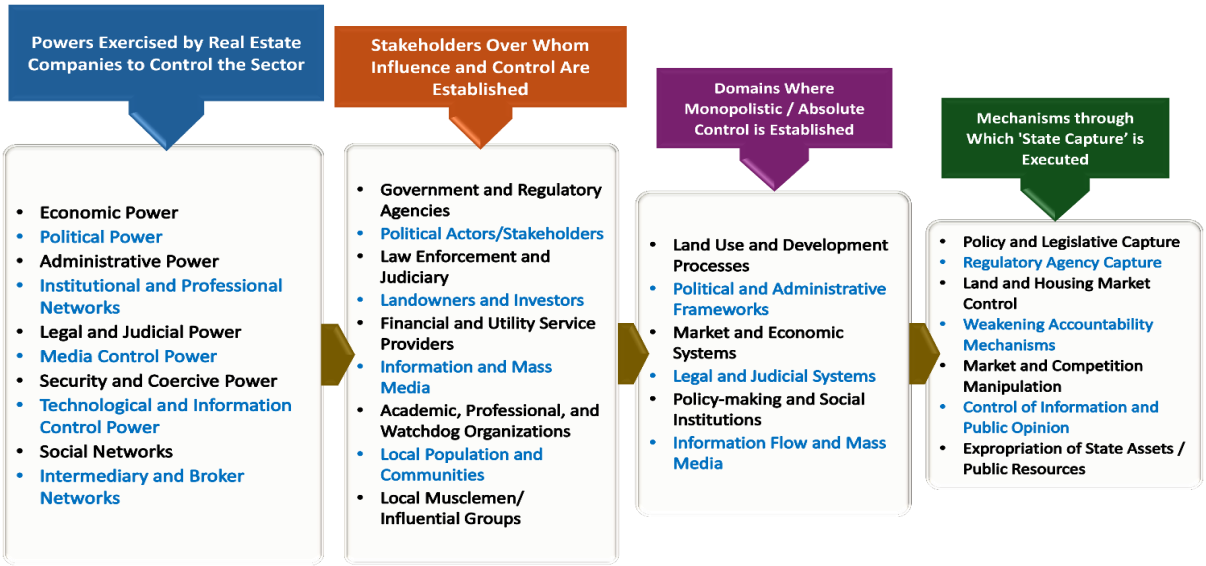
Influence of Real Estate Companies in DAP Amendments: The commercial and political influence of real estate developers is reflected at every stage of the DAP revisions. Between 2010 and 2018, the DAP was amended 158 times to create opportunities for constructing buildings on parks, playgrounds, agricultural land, and water bodies. Within just one year of the publication of the DAP (2022–2035), moves were initiated to amend it at least four times under pressure from developers, resulting in the issuance of two gazettes twice without technical recommendations. Driven by relentless pressure from

REHAB, provisions doubling building heights and density were engineered in October 2025, which RAJUK officials themselves acknowledged in statements as developer-induced influence. According to data from the Bangladesh Institute of Planners (BIP), approximately 70% of participants in DAP review meetings were real estate developers, while representation from ordinary citizens, planners, and environmentalists was negligible. Consequently, expert opinions and public interest were profoundly marginalized to satisfy business interests, casting serious doubt on RAJUK's regulatory independence and transparency in planning formulation.

Influence of Real Estate Sector on Safeguarding Undisclosed Money: Despite contradicting Article 20(2) of the Constitution of Bangladesh (prevention of unearned income), REHAB and real estate companies have continuously exerted institutional pressure and lobbying to secure opportunities for investing undisclosed wealth (black money) in the private housing sector without question. During pre-budget discussions, citing pretexts of keeping the market buoyant, generating employment, and boosting revenue, they persistently demand long-term "unconditional source protection." Under the pressure of this organized lobbying, the government has been compelled in various national budgets (such as 2020–21 and 2024–25) to introduce specific relaxations in income tax laws, stripping investigative bodies like the National Board of Revenue (NBR) of their jurisdiction to inquire and granting "legal source protection." Subsequently, when attempts were made in 2025 and 2026 to repeal these provisions or raise tax rates, policy pressure was sustained through protests under the pretext that the housing market would suffer.

"State Capture" by Real Estate Companies in the Housing Sector: From the exercise of multidimensional power by influential real estate companies in the private housing sector to the ultimate stage of institutional "state capture" — a systematic and structured process unfolds across four sequential stages (Figure 3).

Figure 3: Process of Influence Expansion, Control, and "State Capture" by Real Estate Companies in the Housing Sector



An analysis of the politico-economic process of institutional "state capture" by real estate companies reveals that, first, they establish control over the sector by exercising multidimensional leverage. Second, they co-opt vital state and societal stakeholders to align with their interests. Third, they exert monopolistic influence over land use, markets, the judiciary, policy formulation, and information flows. And fourth, leveraging this control, they finalize the "state capture" process by amending laws and policies, neutralizing regulatory bodies, controlling competition and public opinion, weakening accountability, and grabbing *khas* lands and water bodies. Consequently, the crisis in the housing sector transcends administrative irregularities, evolving into a deep and multi-layered power structure where, alongside the establishment of a business syndicate's monopoly control, ordinary buyers'

financial security and rights are severely compromised. As a result of this structural process, the crisis in the private housing sector is no longer confined to administrative malpractices; it has transformed into a profound multi-tiered power architecture — ruining and exploiting ordinary consumers while establishing the long-term, unbridled, and exclusive monopoly control of a business syndicate over the entire sector parallel to state power.

7.6 Accountability

Deficits in Law Enforcement: A culture of impunity has taken root in the private housing sector due to regulatory agencies' laxity in law enforcement and the absence of effective punitive measures. Appropriate actions are consistently withheld against major developers despite violations such as failing to submit project progress reports, breaching the DAP, executing unauthorized construction, and filling up wetlands. Inaction in implementing court directives, evasion of land-grabbing allegations, delays in investigating buyers' grievances, and a failure to penalize unauthorized projects and misleading advertisements collectively weaken law enforcement and institutional accountability while severely prejudicing consumer interests.

Institutional Bias and Conflict of Interest: Effective oversight and accountability are critically lacking regarding the activities of experts and consultants who prepare EIA and TIA reports in the private housing sector. Although allegations persist regarding the fabrication of biased or flawed reports tailored to developers' interests and the suppression of scientific data, mechanisms to establish liability and enforce punitive measures against culpable parties are virtually non-existent. Even a technical team from a premier engineering university faced allegations of preparing a biased EIA report that concealed wetland data and involved irregularities in consultant fee distribution. Consequently, systemic risks of conflicts of interest and professional malpractices persist unabated, obstructing the impartial oversight and decision-making processes of RAJUK and the Department of Environment.

Deficits in Project Implementation and Oversight Mechanisms: A severe deficiency is observed in periodic and structured monitoring mechanisms required to ensure compliance with stipulated designs, approved layouts, open spaces, roads, and wetland preservation conditions following the approval of private housing projects. Consequently, severe infractions, such as design deviations during implementation or the systematic shrinking of open spaces, remain undetected for prolonged periods until they reach a critical stage where corrective interventions are no longer possible. On the other hand, a tendency among RAJUK and the district administration to shirk responsibilities under the pretexts of administrative apathy, capacity constraints, and manpower shortages in monitoring, enforcing laws against, and controlling unregistered and illegal housing projects further compounds the crisis.

Deficits in Accountability in Dispute Resolution and Victim Protection: Consumers and landowners encounter formidable barriers in securing redress due to the absence of effective and impartial dispute resolution mechanisms within the private housing sector. Most real estate companies lack institutional grievance redressal cells, while bureaucratic bottlenecks and administrative red tape within RAJUK and the National Housing Authority render recourse exceedingly difficult. Furthermore, instead of impartially investigating victims' grievances, organizations like REHAB and BLDA stand accused of shielding member developers. Dismissing serious allegations of malpractice, framing them as "propaganda," and failing to penalize offending members foster a pervasive culture of impunity that severely weakens institutional accountability.

8. Overall Observations

Structural vulnerabilities and implementation gaps permeate nearly every indicator of governance within Bangladesh's private housing sector. Exploiting loopholes in existing laws and rules, lax enforcement, and inter-agency coordination failures, real estate companies systematically flout regulations. Capitalizing on institutional weaknesses stemming from a lack of capacity and political will among regulatory bodies, local administrations, and utility service providers, influential companies

routinely bypass legal obligations. Methodological irregularities and systemic corruption have become institutionalized across every stage, ranging from land selection, procurement, and forcible encroachment to project approvals and final plot handovers. A culture of legal impunity has been cultivated through propaganda, suppression of information flows, curtailment of civic participation, and crippled dispute resolution mechanisms. Moreover, backed by political patronage, middlemen, and informal administrative networks, large developers have forged a powerful "mafia syndicate" that effectively holds policymaking and overall regulatory frameworks hostage. The persistent efforts by real estate companies and their associations to legitimize the investment of "black money" are putting good governance in this sector at risk. Driven by hyper-profit mentalities and rampant corruption, these companies inflict severe financial losses and rights violations upon landowners and ordinary buyers. Ultimately, these systemic crises erect formidable barriers against environmental protection, urban stability, planned urbanization, the realization of "affordable housing for all," and the attainment of Sustainable Development Goals (SDGs) in Dhaka.

9. Recommendations

Legal and Policy Measures

1. Necessary amendments required in the Real Estate Development and Management Act, 2010 include: mandatory evaluation of past performance during company registration renewals; formulation of a single and lawful framework for membership; granting equal legal validity to project prospectuses and allotment letters; criminalizing contract breaches and false advertising; abolishing provisions allowing the alteration of plots or flats without the buyer's written consent; executing deeds following the verification of reasonable causes and hearings; and setting an upper limit on land acquisition by a single company to prevent market monopolization and artificial shortages.
2. Notable amendments required in the Private Residential Project Land Development Rules, 2004 (amended in 2012 and 2015) include: mandating comprehensive rehabilitation considering overall livelihood losses of affected families alongside market prices during land acquisitions; providing owners of the remaining 25% unsold land with options for equity partnership or equivalent plots instead of forced evictions; making consumer protection, inclusive design (accessibility for women, children, the elderly, and persons with disabilities), and integrated utility capacity verification (IUCV) pre-conditions for approval; enforcing the mandatory use of standard, fair contracts (Standard Fair Contract) approved by RAJUK; and incorporating provisions for the automatic cancellation of experimental/provisional project approvals upon exceeding stipulated deadlines.
3. Notable amendments required in other relevant laws and rules include: limiting or revoking provisions that legalize illegal projects merely through fines, while introducing provisions for suspending company licenses, canceling projects, and taking legal action in cases of condition violations; canceling projects, blacklisting responsible developers, and recovering environmental restoration costs in cases of wetland or agricultural land filling; preventing the misuse of irrevocable powers of attorney, and regulating land sales and development activities prior to ownership transfer and final registration; and introducing transparent pricing criteria and regular market price monitoring systems based on plot classification, location, and market value.
4. An inter-agency coordination platform should be formed including RAJUK, City Corporation, Utility Companies, District Administration, Department of Environment, Ministry of Land and relevant stakeholders (urban planners, environmentalists); and an immediate information exchange system should be launched.
5. A comprehensive database for Environmental Impact Assessment (EIA) and guidelines for Traffic Impact Assessment (TIA) must be developed. Alongside making EIA and TIA mandatory for every real estate company, assessments conducted by private entities must be verified through enlisted experts.
6. An integrated institutional framework for monitoring the housing market must be forged under the leadership of the Ministry of Housing and Public Works, in coordination with RAJUK, the Bangladesh Competition Commission, and the National Consumer Rights Protection Directorate.

Transparency and Accountability

7. Under the leadership of the Ministry of Housing and Public Works, a 'Complaint Resolution Board' consisting of representatives of RAJUK and private housing businesses should be formed to resolve customer complaints, and all relevant information should be published regularly.
8. Annual audits and the public disclosure of financial information must be made mandatory for real estate companies, along with stipulating qualifications, experience, and fixed term limits for Managing Directors/Chairmen, while making the inclusion of independent directors and an audit committee on boards compulsory.
9. Advertisements must explicitly mandate the clear disclosure of development fees, utility charges, and refund policies alongside base plot prices. Furthermore, the mandatory and regular publication of all critical project-related information on websites and in promotional media must be enforced.

Prevention of Irregularities and Corruption

10. Based on the global best practices, a specific Code of Ethical Conduct for this sector must be formulated, and its effective implementation must be ensured.
11. Legal action must be taken against developers and media outlets that advertise plots without valid approvals and clearances.
12. Land acquisitions, plot sales, and all related financial transactions must be made mandatory through banking channels and subjected to regular audits.
13. Legal action must be taken against real estate companies involved in any illegal land or waterbody encroachment, project development, and land conversion. Concurrently, government regulatory personnel, politically influential figures, and other intermediaries involved in this process must be identified and prosecuted.

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