

Technical note

Bangladesh: Labour Market Dynamics and Protection Measures against Unemployment in the Formal Sector

This paper conducted by Mohammad A. Razzaque, Ph D. is an economist, who is Chairman, Research and Policy Integration for Development (RAPID) and a director at Policy Research Institute of Bangladesh (PRI). This paper has benefitted from the comments received from Mariko Ouchi and Farjana Reza.

This technical note has been prepared for the International Labour Organization (ILO) Social Protection and Public Finance Management (SP&PFM) project, funded by the European Union. Any limitations and/or views expressed in this paper are those of the author's own and should not be attributable to the ILO and the European Union.

February 2022

Table of Contents

I.	Introduction	2
II.	Broad Characteristics of Bangladesh Labour Market and Emerging Challenges	3
	2.1 Demographic features and the labour market	3
	Demographic characteristics.....	3
	Labour force by gender and area.....	5
	Labour force participation	6
	Educational level of the labour force.....	5
	2.2 Labour market dynamics: sectoral issues	7
	Structural transformation and the challenge of job creation.....	7
	Employment types and quality	9
	Informal employment	12
	International labour migration	14
	2.3 Unemployment in Bangladesh.....	15
	Definition	15
	Youth unemployment	17
	Unemployment among persons with disabilities (PWD)	18
III.	Legal Provisions for Unemployment Protection	19
	Benefit level under the severance and separation payment provisions	20
	Other qualifying conditions or factors that may affect the calculation of benefit package.....	21
	Enforcement mechanism	22
	Major enforcement challenges.....	22
IV.	Schemes to protect and prevent from unemployment.....	23
	Workfare Programmes under social protection floors.....	23
	Other initiatives to address the labour market challenges	24
	COVID-19 stimulus packages to support workers.....	27
V.	Concluding remarks	27
VI.	References	29
	Annex	Error! Bookmark not defined.

Bangladesh Labour Market Dynamics and Protection Measures against Unemployment in the Formal Sector

I. Introduction

Despite Bangladesh's remarkable socio-economic progress over the past decades, the country's labour market developments pose some critical challenges. It has been estimated that against an overarching target of creating 2.2 million jobs annually to accommodate new entrants to the labour market, the country could generate on average some 1.2 million jobs every year during 2016-2020 (General Economics Division, 2020). Low participation of women in the labour market, overwhelming dependence on the informal sector for employment, very high and persistent unemployment among the youth, widespread underemployment, skills gap and mismatch, minimal unemployment protection measures, virtually non-existent unemployment insurance, among others, are considered as some of the significant constraints suppressing the country's socio-economic transformations and prospects for human capital development and enhanced productivity.

The onslaught of COVID-19 has exacerbated labour market challenges. From an already challenging situation, the pandemic further wreaked havoc as millions of people reportedly lost jobs due to economic disruptions caused by virus containment measures both within the country and across the world.¹ However, the Bangladesh economy remained resilient and has bounced back quite strongly, resulting in the likely recovery in the labour market as well.

Nevertheless, COVID-19 has exposed the fault lines rooted in the lack of a well-developed social protection system for workers in Bangladesh. One serious shortcoming of the existing system is that unemployment is not considered a defining feature of eligibility for social protection support. Furthermore, there is no mechanism to provide any support against unemployment and illness for the more than four-fifths of the workers employed in the informal sector. In response to the COVID-19 crisis, the government of Bangladesh rolled out various stimulus packages. However, only a few formal sector enterprises and their workers benefitted from the support measures provided. For a vast majority of workers, there were no social protection support and/or unemployment protection measures.

Against this backdrop, this paper primarily aims at providing a brief analysis of the labour market dynamics in Bangladesh and the available interventions and practices of unemployment protection for the formal sector. The paper is organised as follows: after this introduction, Section 2 highlights the major features of Bangladesh labour market, unemployment situation, and emerging challenges; Section 3 outlines the legal scope of the severance and separation payments accorded by the Bangladesh Labour Act; Section 4

¹ It was estimated that 11-20 million jobs were lost—at least temporarily—in Bangladesh during 2020 while many others had seen their income reduced significantly (Aspire to Innovate, 2020; Islam, 2020). It was feared that the country's youth unemployment rate could rise by two folds due to COVID-19 induced disruptions (ILO and ADB, 2020).

gives an overview of the available interventions per cent and protect from unemployment; finally, Section 5 concludes.

II. Broad Characteristics of Bangladesh Labour Market and Emerging Challenges

2.1 Demographic features and the labour market

Demographic characteristics

With more than 160 million inhabitants, Bangladesh is the eighth-most populated country globally, comprising almost 2 per cent of the global population. The country's total working-age population (15–64 years) stood at about 109 million in 2016-17 (67.6 per cent of the total population), according to the official statistics provided by the Bangladesh Bureau of Statistics (BBS). Gender and age disaggregated data reveal a slightly greater number of women than their male counterparts in the national working-age population belonging to the age cohorts of 15–29 years and 30–64 years (Table 1). A rural-urban decomposition of the population indicates that urban areas comprise the largest working-age population (69.8 per cent).

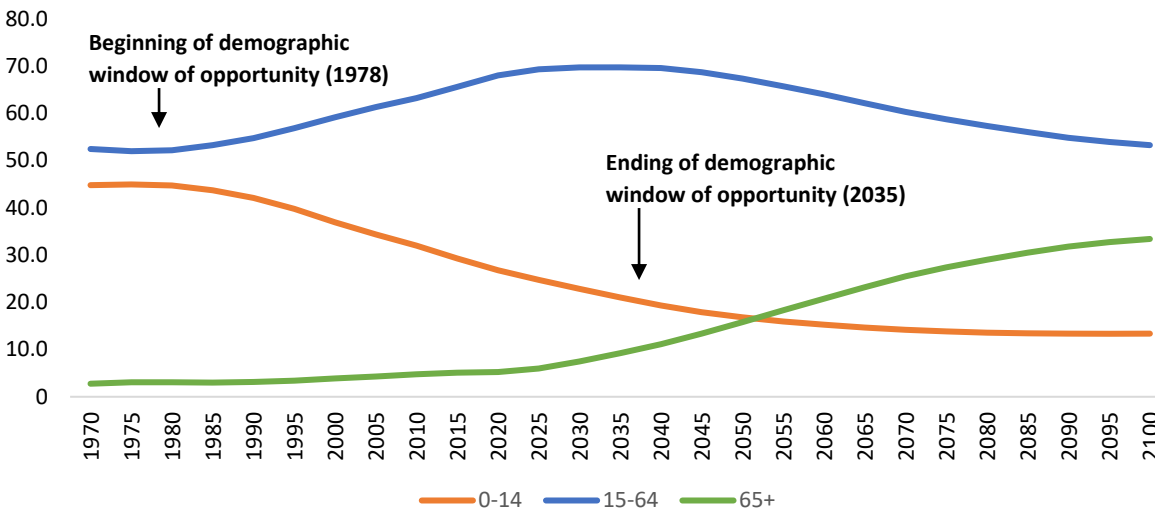
Table 1: Working age population (15 years and above), by age group, gender, and area, 2016-17

(in million)									
Age group	Rural			Urban			National		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
15-29	13.9	14.7	28.5	5.8	7.0	12.7	19.6	21.6	41.3
30-64	20.9	21.5	42.4	9.0	8.5	17.5	29.9	30.0	59.9
65+	3.6	2.6	6.2	1.0	0.7	1.7	4.6	3.3	7.9
Total	38.3	38.8	77.1	15.8	16.2	32.0	54.1	55.0	109.1
Total population	58.2	57.4	115.5	22.8	23.0	45.8	81.0	80.3	161.3
% of total population									
Age group	Rural			Urban			National		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
15-29	23.8	25.5	24.7	25.3	30.3	27.8	24.2	26.9	25.6
30-64	35.9	37.5	36.7	39.4	37.0	38.2	36.9	37.4	37.1
65+	6.1	4.5	5.3	4.4	3.1	3.8	5.7	4.1	4.9
Total	65.8	67.6	66.7	69.1	70.5	69.8	66.8	68.4	67.6

Source: BBS LFS data.

Since the late 1970s, Bangladesh's labour force population started to increase, marking the beginning of the country's demographic window of opportunity—the period when the proportion of a country's working-age population is more prominent than its dependent population (14 years and younger, and 65 years and older) (Figure 1). This demographic window of opportunity is projected to last until the early-2030s. If it is not possible to create adequate productive employment, the demographic dividend cannot be fully utilised.

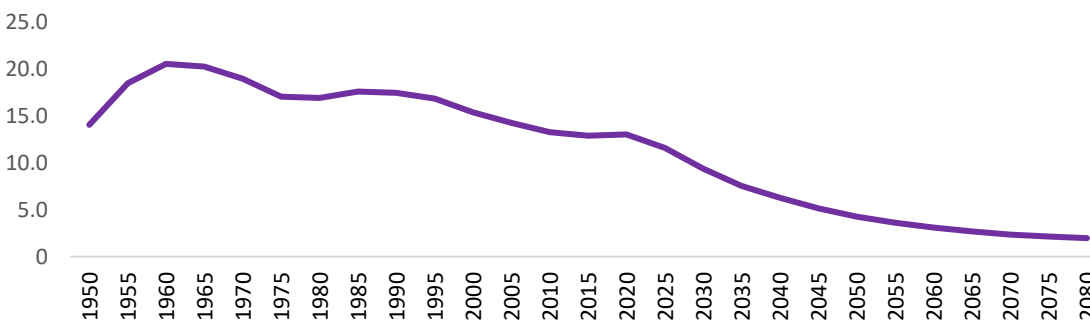
Figure 1: Population composition by broad age groups (% of the total population)



Source: Author’s calculations using UNDESA data.

According to the available estimates, Bangladesh will become an ageing society in 2029 and an aged society in 2047.² With such a transition from “ageing” to “aged” within 18 years, Bangladesh is likely to experience one of the fastest episodes of ageing. An important implication of the ageing trend is that the potential support ratio—the number of working-age people (aged 15 to 64) per elderly person (65 years and older)—has declined and is projected to decline even faster (Figure 2). In 1960, the potential support ratio was 20, which has dropped to 13 and is set to fall to just around 6 by 2040. (Figure 2). This implies that the burden placed on the working population would be much higher and would require the productivity of today’s children to be 2-4 times higher than today’s adults by the time they become adults themselves. This rapidly evolving population-age structure will have important implications for devising long-term strategies concerning labour market developments.

Figure 2: Bangladesh's potential support ratio (1950-2080)



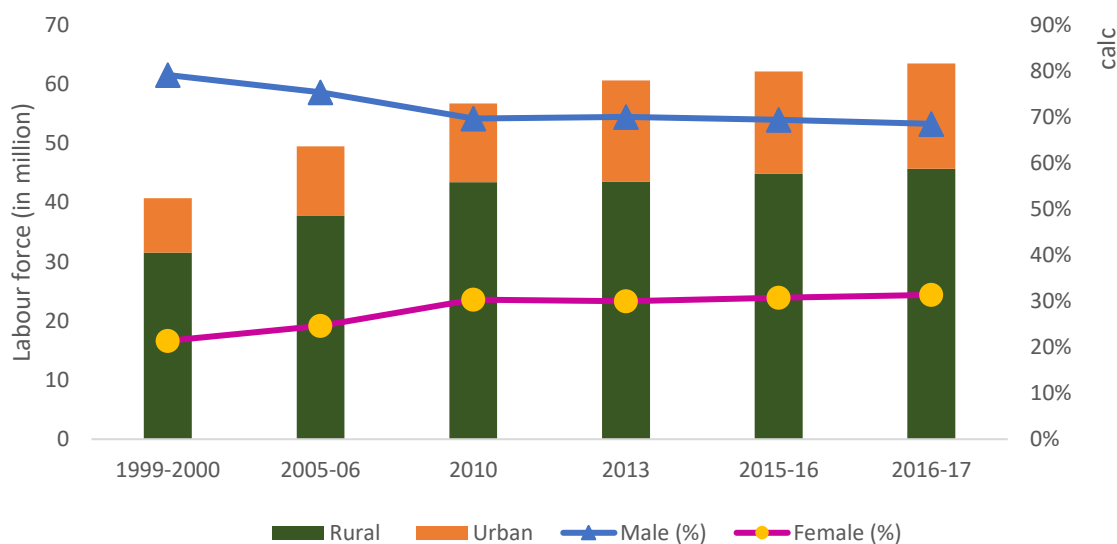
Source: Author’s presentation using UNDESA data.

² A society is considered as “ageing” if 7 per cent of the total population is 65 and above. A society is regarded “aged” when the share of 65 and older population is 14 per cent.

Labour force by gender and area

The BBS Labour Force Survey (LFS) uses a broad definition of the labour force. It includes the people in the working-age population who are economically active, are employed for at least one hour during the past week or have a job attachment but are temporarily absent from work or are available to work if any work could be found. An analysis of LFS data indicates that the labour force increased from 40.8 million in 1999–2000 to 63.5 million in 2016–17 (Figure 3). It is projected to rise further to 76.1 million by 2025 (Ministry of Labour and Employment, 2019).

Figure 3: Labour force composition by area and gender (millions) and as % of the labour force



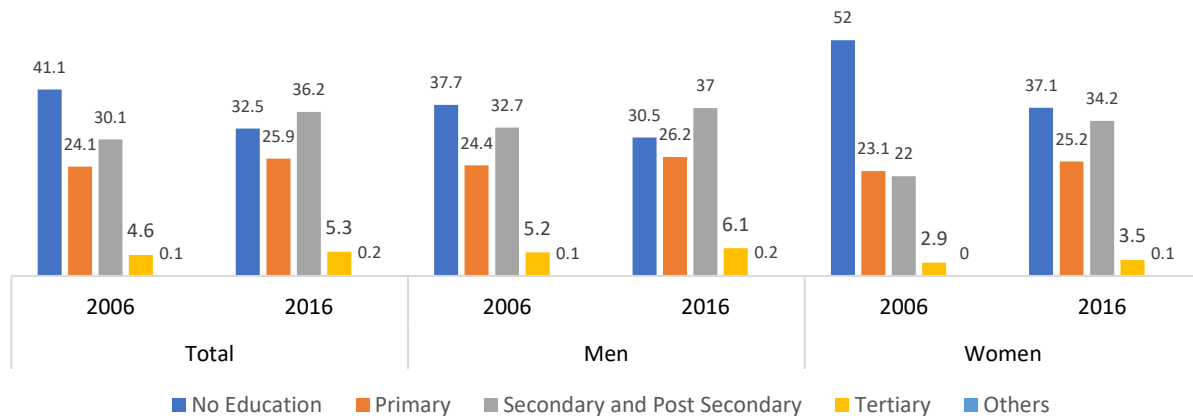
Source: Author’s presentation using BBS LFS data.

A gender-disaggregated analysis of the LFS data (2016-17) shows that the total men labour force (43.5 million or 69 per cent of the national labour force) was more than double the women (20.0 million or 31 per cent of the country’s labour force). This pattern of men-women labour force composition holds across both urban and rural areas (Figure 3). Rural regions comprise the majority of the labour force: 45.7 million against 17.8 million for rural areas.

Educational attainment

Bangladesh’s workforce is characterised by generally low educational attainment (Figure 4). As high as 37 per cent of women employees and 31 per cent of men employees in 2016 did not have any formal education. The share of the employed with tertiary education is still quite low for both men and women.

Figure 4: Education level of the employed population aged 15+ (%)



Source: BBS LFS data.

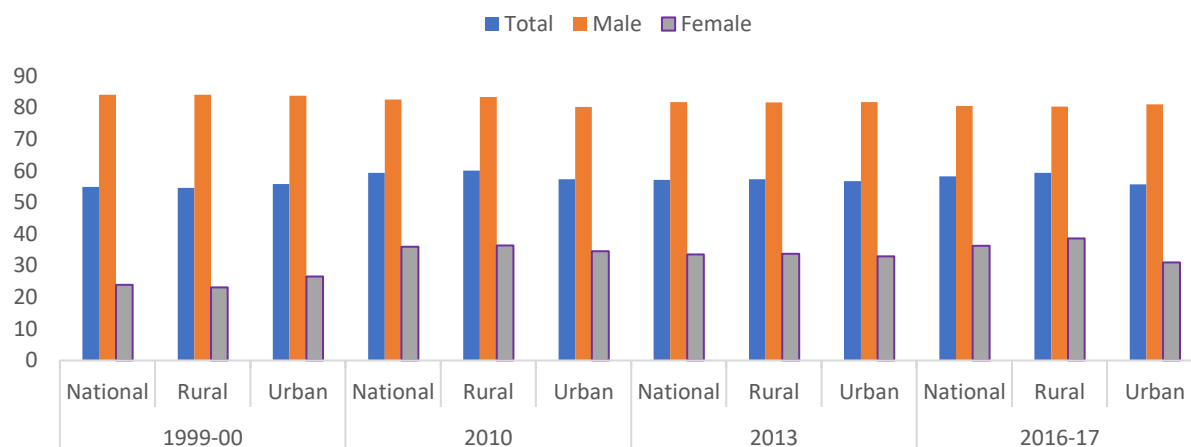
Labour force participation

A low labour force participation rate (LFPR) is a salient feature of the Bangladesh labour market. As many as 44 million people (nearly 42% of the working-age population) remain outside the labour force, implying that they are not actively looking for employment.³ The men participation rate has declined by almost 6 percentage points from 86.2 per cent in the 1990s to 80.5 per cent in 2016 (Figure 5). This decline in the male LFPR can generally be attributed to the growth in higher education enrolment of the youth population. Furthermore, increased income due to remittances has also been a significant cause of reduced participation (Raihan et al., 2016).

On the other hand, women's labour force participation has more than doubled since the 1990s, but has stagnated at a low level of 36 per cent. It is higher than such South Asian countries as India (22%), Pakistan (22%) and Sri Lanka (35%), but much lower than Southeast Asian countries, such as Cambodia (76%), Indonesia (53%), the Philippines (43%), Thailand (59%), and Vietnam (63%). Prevalence of early marriage, lack of education and training, and various socio-economic and cultural norms manifested under a patriarchal society are among the factors behind the women's limited labour market participation (Mahmud & Bidisha, 2016; Rahman & Islam, 2013). In the aftermath of the COVID-19 crisis, any further impact on women's labour market opportunities and participation behaviour will require closer investigations.

³ Labour Force Participation Rate (LFPR) is the proportion of economically active population (aged 15-64) who are either employed or actively looking for work.

Figure 5: Labour force participation rate (%)



Source: Author's presentation using BBS LFS data.

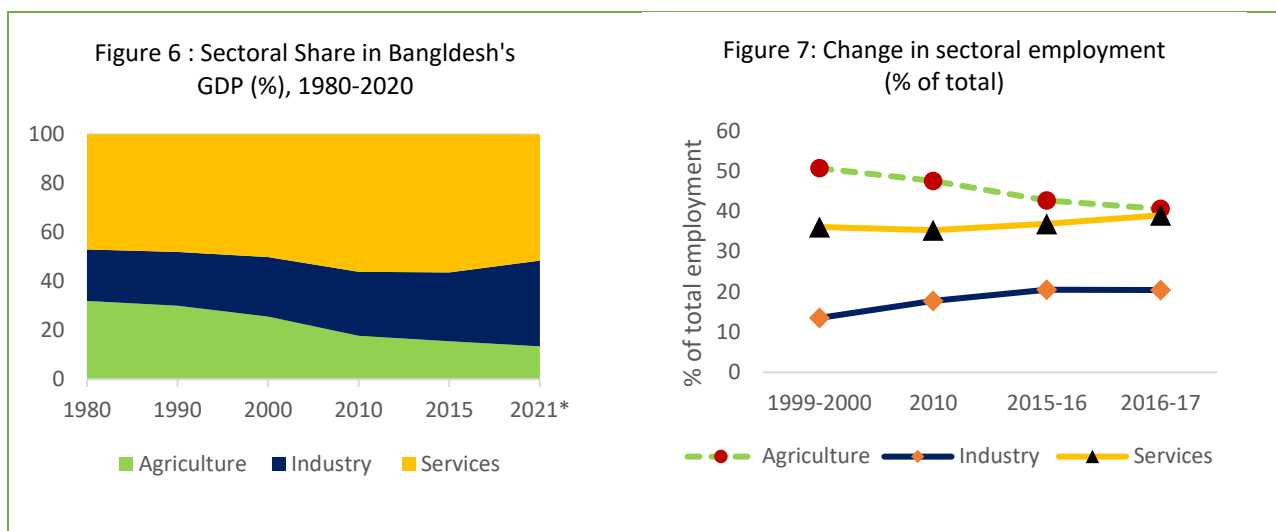
2.2 Labour market dynamics: sectoral issues

Structural transformation and the challenge of job creation

Bangladesh has sustained remarkable economic growth over the past decades, with the GDP growth exceeding 8 per cent in 2018-19⁴ Even amid the Covid-19 global pandemic, it remained resilient, posting positive economic growth (in 2019-2020) while most global economies contracted. A mere \$35-billion economy of the mid-1990s has grown to a sizeable one of about \$350 billion. The per capita national income registered an almost seven-fold rise from just \$300 to over \$2,200. At the same time, the economy has undergone significant structural changes. While the services sector since the 2000s has contributed more than half of the GDP, the corresponding share of agriculture has declined sharply (Figure 6). However, the structural transformation and economic growth have not been able to translate into notable employment growth. Official policy statements during the implementation of the 7th Five Year Plan (2016-2020) often referred to the need to generate as many as two million jobs every year. However, this estimated requirement did not consider the need for absorbing the underemployed ones.

In agriculture, as high as 40 per cent of people is employed (Figure 7), with its current contribution being less than 13 per cent, implying the low productivity of a large part of the labour force. Comprising about 39 per cent of the total employment, the services sector is dominated by informal activities, plagued with the problems of low productivity and underemployment.

⁴ See Annex A for trends in GDP growth and sectoral growth rate of GDP.



Note: The data on sectoral GDP shares for 2021 are provisional estimates provided by the BBS.

Source: Bangladesh Economic Review, Ministry of Finance and BBS LFS data.

Table 2: Total and sectoral employment elasticities of growth

Sector	2000-2010 (%)	2010-2017 (%)
Growth of agricultural output	3.5	3.4
Growth of agricultural employment	2.65	(-0.57)
Agricultural employment elasticity	0.76	Negative
Growth of manufacturing output	7.5	10.3
Growth of manufacturing employment	6.2	4
Manufacturing employment elasticity	0.83	0.39
Growth of construction, mining, electricity, and water	7.5	11.1
Growth of construction, mining, electricity, and water employment	9.1	4.5
Construction, mining, electricity and water employment elasticity	1.21	0.41
Growth of services	6.3	6
Growth of services employment	2.9	3.3
Services employment elasticity	0.46	0.55
Growth of GDP	5.8	6.8
Growth of employment	3.3	1.7
GDP employment elasticity	0.57	0.25

Source: Eighth Five Year Plan (General Economics Division, 2020).

Employment generation in manufacturing has been disappointing. Although the sector registered an annual average growth of 10.4 per cent between 2010 and 2017, employment hardly grew. As a result, the employment elasticity of the manufacturing sector plunged to 0.39 during 2010-17 from an already weak 0.83 of 2000-10 (Table 2). The slowdown in manufacturing employment has been attributed to the use of more capital-intensive technologies and automation, leading to labour-saving production processes. In support of this, it has been pointed out that while readymade garment exports—the country’s largest manufacturing activity—more than doubled from \$12.5 billion to \$28 billion within a short span of six years (2010–2016), employment in the sector remained virtually stagnant around 4

million (Razzaque and Dristy, 2018). The deepening of capital intensive technologies is also occurring in most other manufacturing sectors.⁵ Given the subdued manufacturing employment, Bangladesh appears to have been caught in a premature deindustrialisation process, i.e., it is becoming services-oriented without having a proper experience of industrialisation (Razzaque et. al, 2018). Bangladesh’s Eighth five-year plan (2020-2025) also acknowledges this concern (General Economics Division, 2020).

In terms of sectoral composition of the workforce by gender—as shown Table 3—of the all women employed, almost 60 percent are in agriculture, 17 per cent in industry, and 23 per cent in services. For men, 32 per cent are in agriculture, 22 per cent in industry and 46 per cent in services. Over time, men’s participation in agriculture has fallen, contrasted by women’s rising significance in the same sector. In industry and services as well, women’s falling significance is noticeable.

Table 3: Sectoral composition of employment (% of total) by gender

	1999-00	2005-06	2010	2013	2015-16	2016-17
Agriculture	51.3	48.0	47.5	45.1	42.7	40.6
Male	52.2	41.8	40.1	41.7	34.0	32.2
Female	47.6	68.1	64.8	53.5	63.1	59.7
Industry	13.1	14.5	17.7	20.8	20.5	20.4
Male	11.3	15.1	19.6	19.6	22.3	22.0
Female	20.0	12.5	13.3	23.7	16.1	16.8
Manufacturing	9.5	11.0	12.4	16.4	14.4	14.4
Male	7.4	10.8	12.7	13.9	14.2	14.0
Female	17.9	11.5	11.7	22.5	14.9	15.4
Services	35.6	37.4	35.3	34.1	36.9	39.0
Male	36.4	43	41.1	38.7	43.7	45.8
Female	32.2	19.3	21.8	22.8	20.8	23.5

Note: Manufacturing is a part of the overall industrial sector. However, given its significance, the

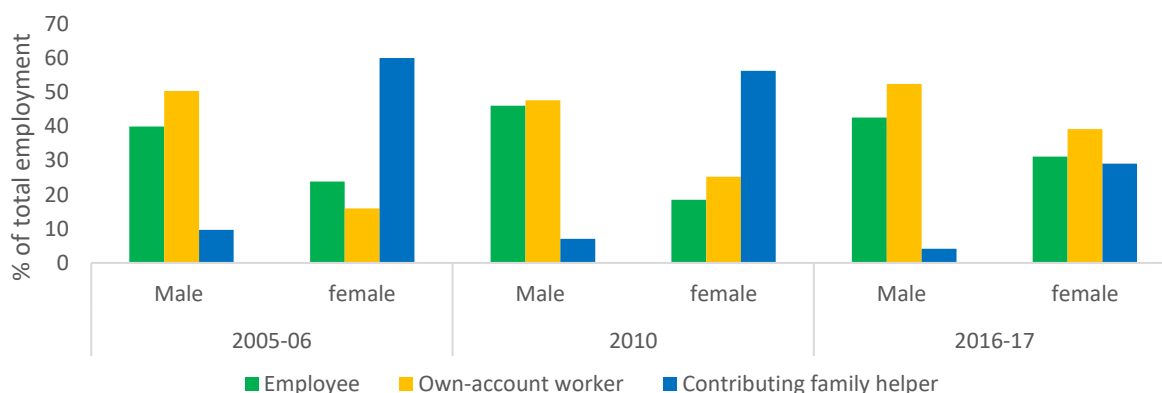
Source: BBS LFS data.

Employment types

The structural transformation of the economy has also seen a rising share of own-account workers (Figure 8). According to LFS 2016-17 data, the largest share of the employed population (44.3 per cent) was own-account workers, followed by employees (39.1 per cent), and contributing family workers (11.5 per cent).

⁵ Women are arguably more vulnerable to automation-induced downward pressure on employment as they are mostly involved in repetitive tasks, which are at a greater risk of automation (Razzaque & Dristy, 2018).

Figure 8: Types of employment (% distribution of employment categories)



Source: BBS LFS data.

With the declining significance of agricultural employment, the share of contributing men family helper has dropped significantly from about 10 per cent in 2005-2006 to 4 per cent in 2016-17. At the same time, the corresponding figure for women has almost halved from over 60 per cent to about 29 per cent. The LFS data (2016-17) suggest that these contributing family helpers are mainly involved in agricultural activities, where the household head, in most cases, is self-employed. The predominant involvement of women in agricultural activities and their concentration in unpaid work as contributing family helpers suggests the lack of dynamism in female employment in terms of quality of work. As per the LFS data, an estimated 55.8 per cent of all employed population in 2016-17 were own-account or contributing family workers. This includes more than half of the employed males (50.6 per cent) and about seven out of every ten employed females (67.7 per cent). The composition of men and women employment by broad occupation classifications is given in Table 4.

Table 4: Occupational segregation (%) of the employed persons aged 15 years or older, 2016-17

Occupations	Male	Female
Managers	2.10	0.60
Professionals	4.50	5.50
Technicians and associate professionals	2.30	0.90
Clerical support workers	1.80	0.80
Service and sales workers	21.60	4.90
Agriculture, forestry and fisheries	23.80	51.70
Craft and related trades	16.90	17.50
Plant and machine operators, and assemblers	8.80	2.20
Elementary occupations	17.90	15.80
Other occupations	0.30	0.04
Total	100.00	100.00

Source: BBS (2017).

Earnings from wage employment: During 2013-2016, workers' average nominal monthly earnings registered an average increase of 3.9 per cent per annum (Table 5). However, inflation during this period,

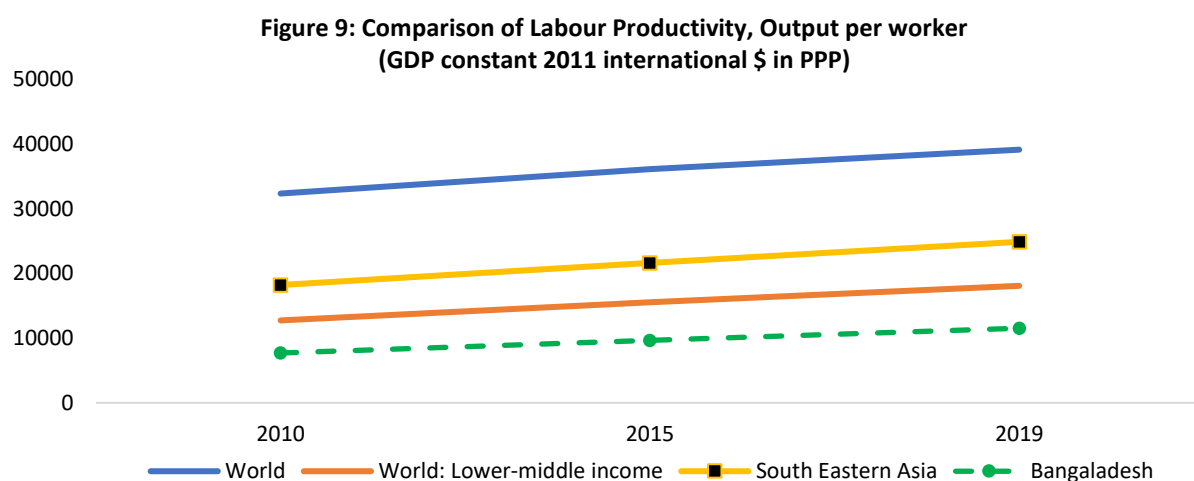
on average 6.2 per cent per annum, dwarfs the nominal wage rise. During 2016-2017, the nominal income growth was even lower at 2.8 per cent against an inflation rate of 5.6 per cent. The income growth for women workers has been lower than their male counterparts, and the decline in earnings in real terms, is even higher.

Table 5: Monthly earnings from wage/salary (Taka)

Gender	Earnings 2013 (TK/month)	Earnings 2016 (TK/month)	Annual average % change 2013-2016	Earnings 2017	% change 2016-2017
Male	11,621	13,127	4.10%	13,583	3.50%
Female	11,136	12,072	2.70%	12,254	1.50%
All	11,493	12,897	3.90%	13258	2.80%

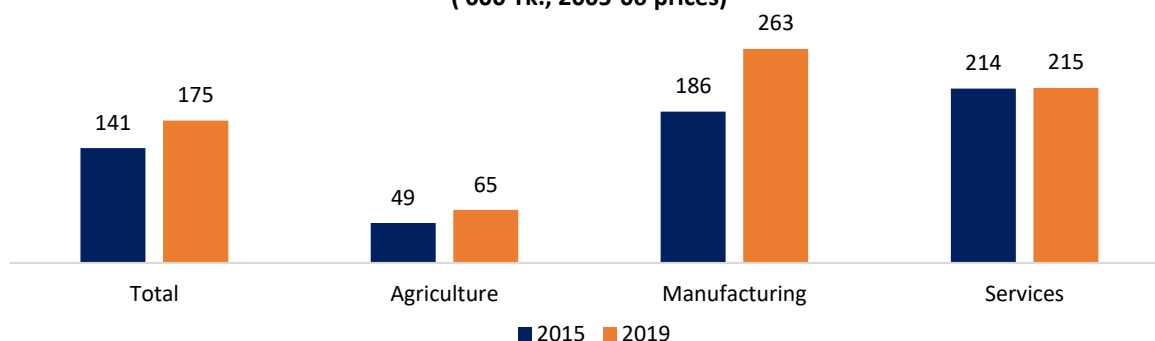
Source: Ministry of Labour and Employment (2019).

Labour productivity: Labour productivity in Bangladesh, measured as output per worker, has been historically low and below the world, lower-middle-income, and South-Eastern Asian averages (Figure 9). Disaggregated data on Bangladesh by sectors suggest that the average labour productivity in agriculture is just a quarter of that of manufacturing (Figure 10). The same for the services sector has remained stagnant in recent years.



Source: Author's presentation based on ILO modelled estimates. Note: Labour productivity is defined as output per worker (GDP constant 2011 international \$ in Purchasing Power Parity (PPP)).

Figure 10: Sectoral labour productivity during 2015-2019
('000 Tk., 2005-06 prices)



Source: Eighth Five Year Plan 2020-25 of Bangladesh (General Economics Division, 2020).

Informal employment

A staggering 85 per cent of the workforce (about 52 million) is employed in the informal sector (Table 6). Gender-disaggregated data indicate that more than 90 per cent of women workers are employed in the informal sector while the corresponding figure for men is 82 per cent. (Table 7).⁶ Informal employment is generally characterised with low productivity and wages, unfavourable working conditions, and many other drawbacks. Existing vulnerabilities became more evident during the COVID-19 crisis. According to one estimate (Aspire to Innovate, 2020), some 10 million workers in micro, small and medium enterprises, mainly in the informal sector, became unemployed at the early stage of the pandemic (Table 8).

Table 6: Employed population (%) aged 15 and above, by formal/informal sectors, economic sectors, and areas, 2016-17

Sectors of employment	Rural			Urban			National		
	Formal	Informal	Total	Formal	Informal	Total	Formal	Informal	Total
Agriculture	4.5	95.5	100	6.5	93.5	100	4.6	95.4	100
Industry	9.4	90.6	100	11.1	88.9	100	10.1	89.9	100
Service	25.7	74.3	100	31.8	68.2	100	28.2	71.8	100
All sectors	11.9	88.1	100	22.7	77.3	100	14.9	85.1	100

Source: BBS LFS data.

⁶ See Annex B for disaggregated data on informal employment by gender and sectors.

Table 7: Employed population aged 15 or older, by formal/informal sector and gender

	2010			2013			2015-16			2016-17		
	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
Million workers												
Formal	6.8	5.5	1.2	7.3	5.7	1.6	8.2	7.4	0.8	9.1	7.6	1.5
Informal	47.4	32.4	15.0	50.8	35.6	15.2	51.3	34.4	16.9	51.7	34.6	17.1
Total	54.1	37.9	16.2	58.1	41.2	16.8	59.5	41.8	17.8	60.8	42.2	18.6
Percent												
Formal	12.55	14.63	7.68	12.57	13.74	9.71	13.78	17.67	4.61	14.95	17.94	8.18
Informal	87.55	85.50	92.33	87.43	86.26	90.29	86.22	82.33	95.39	85.05	82.06	91.82
Total	100	100	100	100	100	100	100	100	100	100	100	100

Source: BBS LFS data.

Table 8: Job loss across different sectors at various phases of the Covid-19 pandemic (millions)

Sector	March-May 2020	June-August 2020	End of 2020	End of 2021
SME and Informal sector	10.0	2.0	1.5	0.8
Transport	7.0	0.1	0.01	0.009
Construction	1.0	0.05	0.1	0.03
Furniture	0.6	0.1	0.3	0.1
RMG and Textile	0.5	0.1	0.1	0.07
Leather goods and footwear	0.41	0.05	0.04	0.02
Tourism and Hospitality	0.32	0.25	0.5	0.9
Light engineering	0.3	0.05	0.02	0.01
Migration sector	0.3	0.06	0.14	0.3
Real estate and housing	0.015	0.01	0.03	0.02
Ceramic sector	0.004	0.006	0.003	0.003
Total	20.449	2.776	2.743	2.532

Source: Aspire to Innovate (2020).

Employment by contract types provide further insights into the workers' vulnerability. According to the Bangladesh Bureau of Statistics, "Workers in precarious employment can either be: (a) workers whose contract of employment leads to the classification of the incumbent as belonging to the groups of "casual workers", "short-term workers" or "seasonal workers"; or (b) workers whose contracts of employment will allow the employing enterprises or persons to terminate the contract at short notices and/or at will, with the specific circumstances to be determined by national legislation and custom.⁷ BBS data show that more than two-thirds of all paid employees (16.8 million or 69.4 per cent) worked with only a verbal employment agreement (Table 9). The absence of a written contract makes it difficult to secure any legal protection.

⁷ As per the definition of BBS, workers under category (a) refer to the following: i) Casual workers – contracts are not expected to continue for more than a very short period; ii) Seasonal workers – contract duration is influenced by seasonal factors, such as climate, public holidays and agriculture season; and iii) Short-term workers – contracts are expected to last for a short period but longer than that of casual workers.

Table 9: Proportion of paid employees, by contract type, gender, and area, 2016-17

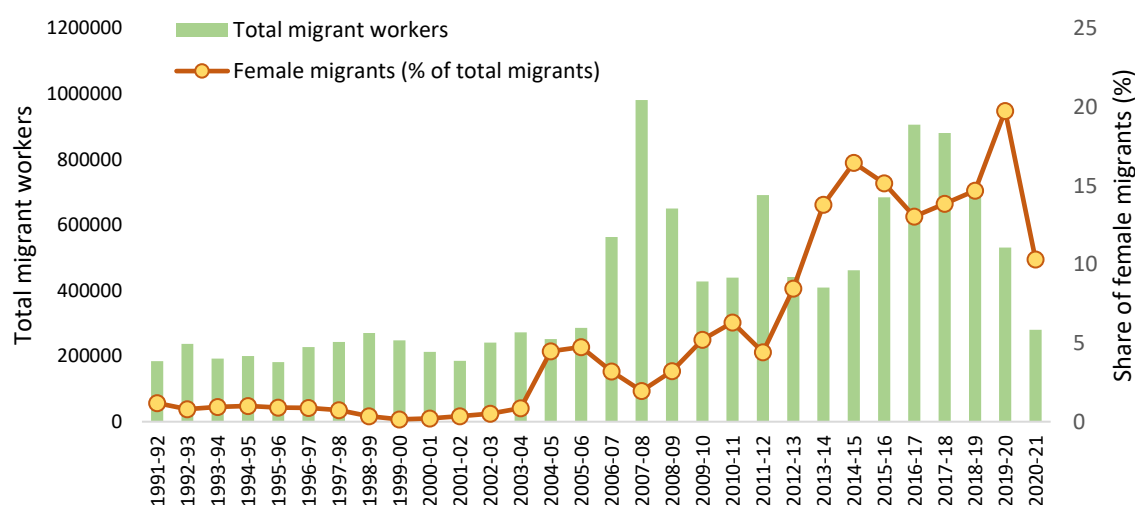
Per cent (%)									
Type of contract	Rural			Urban			National		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Written contract (with unlimited time)	19.8	29.5	21.8	35.6	30.7	34.1	25.3	30.1	26.5
Written contract (with limited time)	3.3	4.2	3.5	5.1	5.4	5.2	3.9	4.8	4.1
Verbal contract	76.9	66.3	74.8	59.3	63.9	60.8	70.8	65.1	69.4
Total	100	100	100	100	100	100	100	100	100

Source: BBS LFS data.

International labour migration

International labour migration has dramatically aided the job creation efforts amid the slowdown in domestic employment generation. Over the past 10 years, more than 6 million people have reportedly migrated abroad with employment.⁸ It is quite striking that the share of women in total migrant workers has risen from less than 2 per cent in 2007-08 to more than 19 per cent in 2019-20.⁹ (Figure 11). Covid-19 caused a rapid fall in labour migration due to reduced demand in destination countries and travel restrictions.

Figure 11: International migration from Bangladesh and share of female migrants (%)



Source: Author's presentation using BMET data.

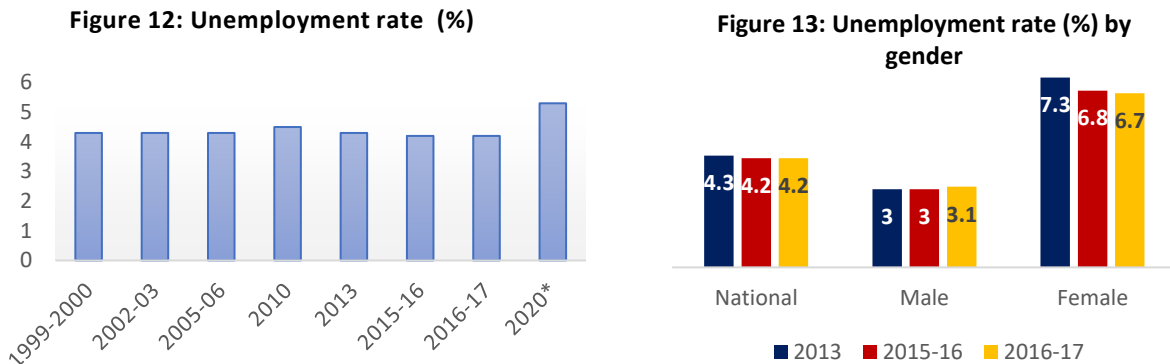
⁸ It needs to be pointed out this estimate is likely to be subject of double/multiple counting. The current database mainly captures the people who are going abroad with employment including those who are returning from leave or on new contracts.

⁹ International labour migration is often fraught with various challenges including informal and unsafe migration. There have been numerous newspaper reports and anecdotes of women migrant workers from Bangladesh facing increased exposure to violence and sexual harassment at their workplaces abroad (Dhaka Tribune, 2020). Women's heightened vulnerability in accepting riskier jobs at home and overseas labour markets is a concern in the backdrop of a weak job growth scenario within the domestic economy.

2.3 Unemployment in Bangladesh

Definition

Due to the standard definition and methods used to gauge unemployment, it is not uncommon to find meager open unemployment rates in developing countries. According to the BBS, the "unemployed" comprises all persons older than a specified age who during the reference period were: (a) without work – not in paid employment nor self-employed, (b) currently available for work, and (c) seeking work either paid employment or self-employment. Since the 1990s, the unemployment rate in the country has hovered around 4 per cent (Figure 12). The gender-disaggregated data show that the unemployment rate for women is more than double their male counterparts (Figure 13).



Source: BBS LFS data. The 2020 data are based on ILO modelled estimates.

There are no official statistics on the impact of COVID-19 on employment. Various studies estimated that 11-20 million jobs could be lost in 2020 (after the first wave of the pandemic). However, the economic activities seem to have bounced back with a perceived positive impact on employment since then.

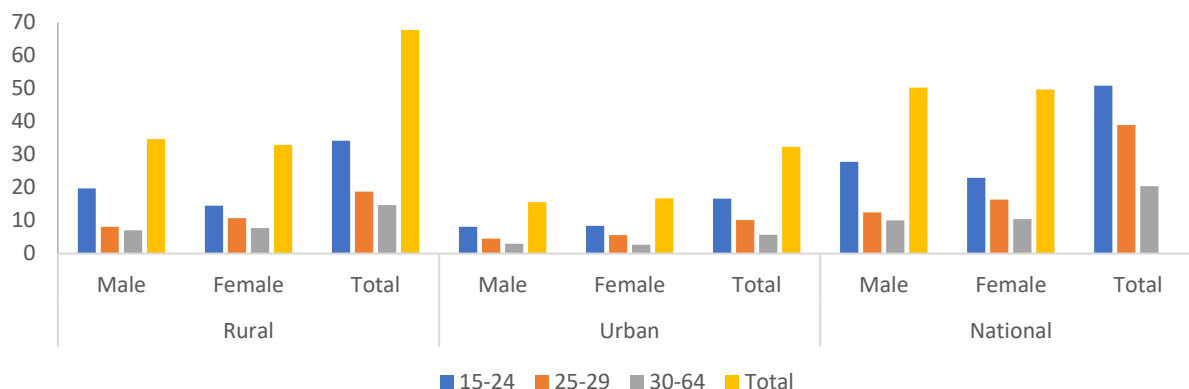
While unemployment statistics could be misleading to appreciate the pressure on the labour market, underemployment should be a far more useful indicator. Measuring underemployment—underutilisation of the available labour time of an individual and willingness of a worker to work more hours—is notoriously tricky. According to one estimate, as high as 20 per cent of the labour force is underemployed (Figure 14), and underemployment among women is considerably higher than that of their male counterparts.



Source: Ministry of Labour and Employment (2019).

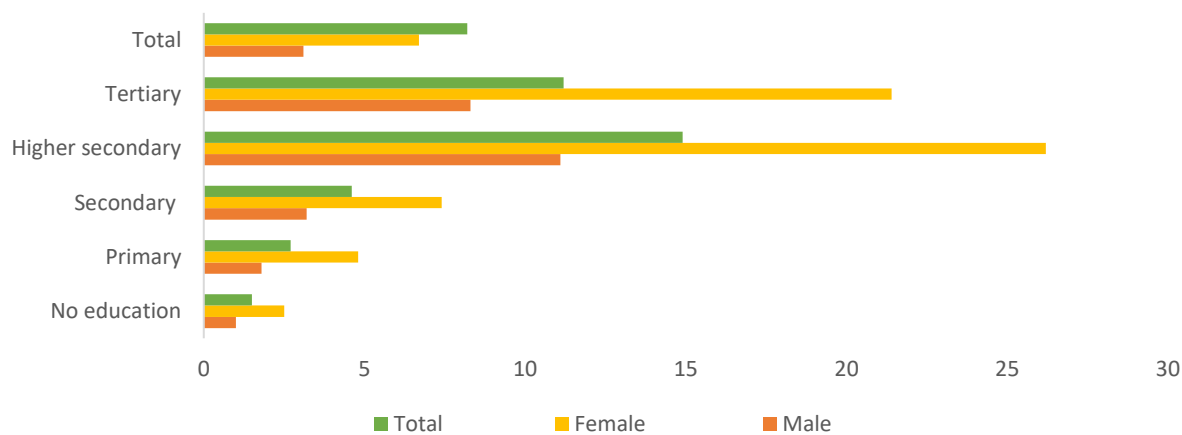
As per the LFS data, out of a total of 2.68 million unemployed persons aged 15 or older, more than 50 per cent (1.36 million) belong to the youth cohort (aged 15–24 years) (Figure 15). Rural regions comprise far more unemployed persons (close to 68 per cent or 1.81 million) than urban areas (32 per cent or 0.87 million).

Figure 15: Unemployed population aged 15 or older, by age group, sex and area (% of total unemployed)



Source: BBS LFS data.

Figure 16: Unemployment rate (%) by level of education and gender



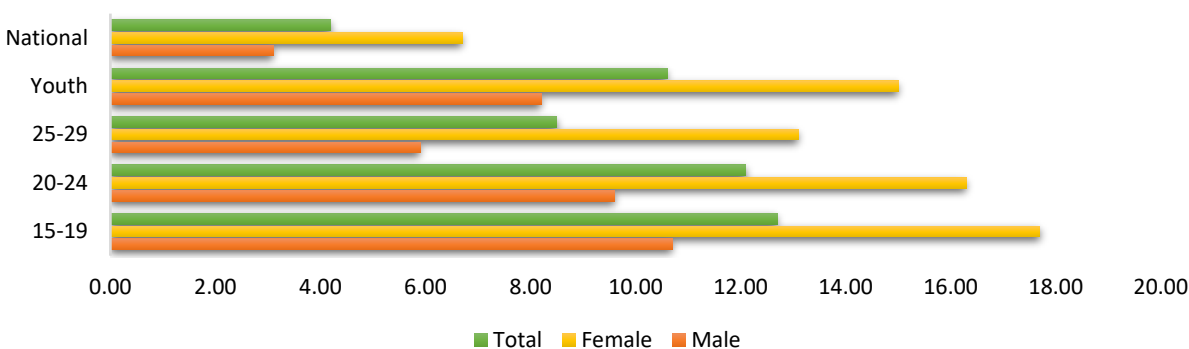
Source: BBS LFS data.

In terms of educational attainment, unemployment was highest among the persons with higher secondary education (14.9 per cent), followed by tertiary education (11.2 per cent) (Figure 16). Women with higher secondary education have the highest unemployment rate of 26.2 per cent, which is more than double their male counterparts (11.1 per cent). Women with tertiary education also have a very high rate of unemployment. Along with the lack of adequate jobs, many other factors constraining women’s employment prospects have been identified. These include employers’ bias against women in white-collar occupations, women’s much demanding role in traditional domestic chores, generally unfavourable working environment for women, etc.

Youth unemployment

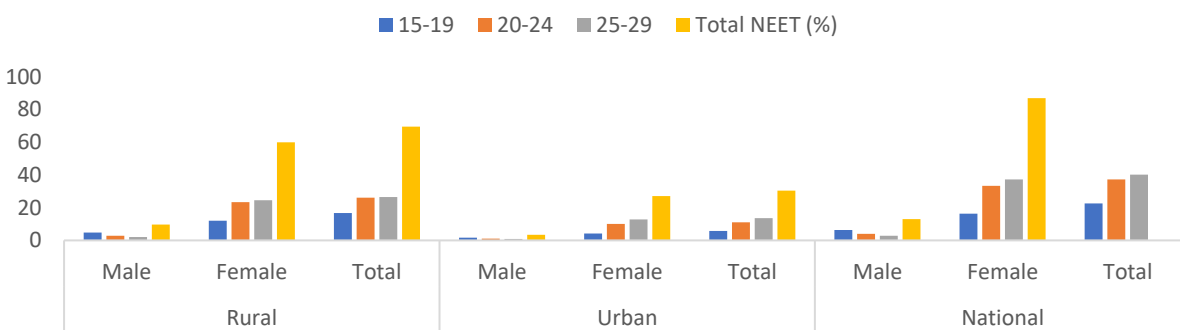
The youth unemployment rate in Bangladesh was 11.4 per cent in 2016 compared to the 4 per cent reported for the national average (Figure 17).¹⁰ The comparable rate for women is a staggering 14 per cent. Along with this, young people not in employment, education or training (NEET) is about 30 per cent of the 15-29 population group. The largest share of the NEET youth is from the age cohort 25-29 (4.9 million or 40.1 per cent), followed by those in the 20-24 age group (4.6 million or 37.3 per cent) and then 15-19 age group (2.8 million or 22.6 per cent) (Figure 18). Of all NEET youths, 69.5 per cent are from rural areas.

Figure 17: Youth unemployment rate (%) by age and gender



Source: BBS LFS data.

Figure 18: Percent distribution of total NEET by gender and area



Source: BBS LFS data.

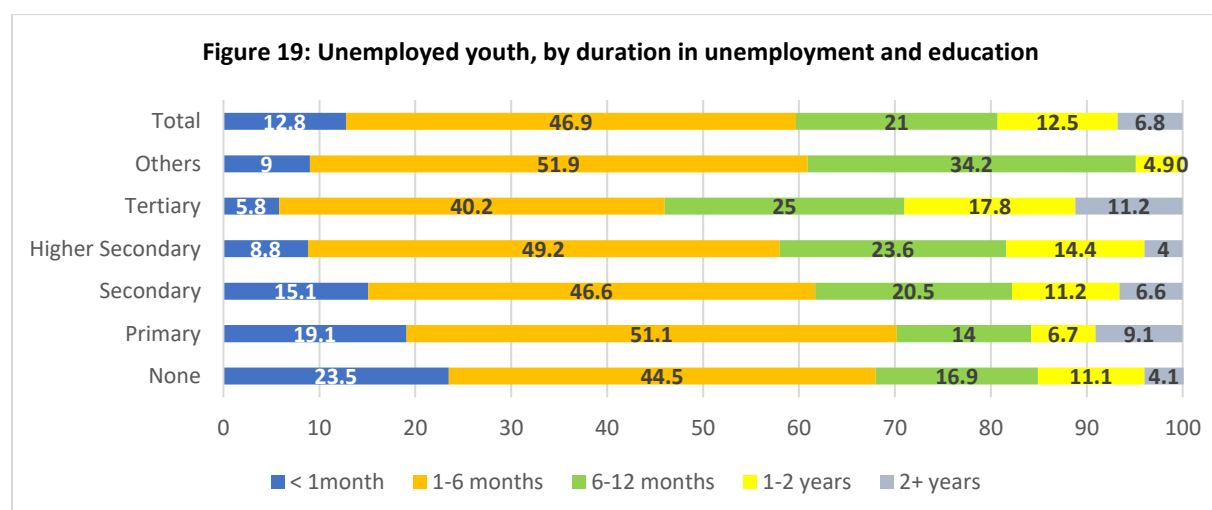
The LFS data show almost 7 per cent of the youth remained unemployed for more than two years. Almost a quarter of women and 15 per cent of men are without work for at least one year. Disaggregated data show that a large proportion of the long-term unemployed youth (i.e., 1-2 years or 2 years or more) have attained tertiary and higher secondary level educational qualifications. (Figure 19).

¹⁰ The youth unemployment rate is defined as the proportion of the youth labour force that is unemployed. According to BBS, the age of youth is defined as 15–24 and 15–29 years; it is also disaggregated by five-year age groups, those aged 15–19, 20–24 and 25–29.

Table 10: Unemployed youth aged 15–29 (%), by the duration of unemployment, gender, and area, 2016-17

Duration of unemployment	Rural			Urban			National		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than one month	15.3	11.5	13.5	11.1	11.5	11.3	14.0	11.5	12.8
1-6 months	49.6	41.7	45.8	51.6	46.4	48.9	50.3	43.4	46.9
6-12 months	20.9	23.0	21.9	21.1	17.8	19.3	20.9	21.1	21.0
1-2 years	12.4	14.3	13.3	9.5	12.2	10.9	11.5	13.6	12.5
2 years and above	1.8	9.5	5.5	6.7	12.1	9.5	3.4	10.4	6.8
Total	100	100	100	100	100	100	100	100	100

Source: BBS LFS data.

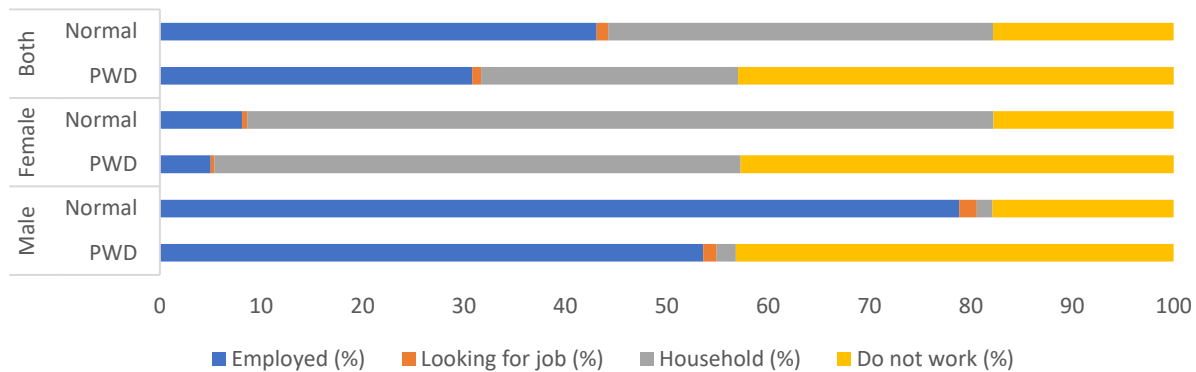


Source: BBS LFS data.

Unemployment among persons with disabilities (PWD)

Labour force surveys do not provide information on the employment status of PWD. The information available from other sources suggests that the percentage of PWD who do not work is almost 25 percentage points higher than those without disabilities and are unemployed (Figure 20). The proportion of persons with disabilities who are either employed or involved in household work is nearly 24 percentage points less than others. Lack of opportunities, therefore, seriously limits the achieving potential of PWDs. Gender differences within the categories ‘employed’, ‘looking for a job’ and involved in ‘household work’ can be observed. More than half of the men with disabilities are employed, and just about 2 per cent are engaged in household work. For women with disabilities, the picture is quite the opposite, with only 5 per cent being employed and more than half involved in household work.

Figure 20: Access to income-generating activities among the PWD and normal individuals, aged 14+ years



Source: BBS 2015.

III. Legal Provisions for Unemployment Protection

The Bangladesh Labour Act 2006 (BLA 2006) is the legislation that governs matters such as employment and termination of workers, relations between workers and employers, minimum wage requirements, compensations, working hours, trade unions, etc. The Labour Act requires employers to preserve the workers' rights in the event of lay-off, retirement, retrenchment, dismissal, termination, death, or any other reasons.¹¹

Chapter II of the Labour Act 2006 mentions several cases and reasons employers can terminate contracts. These include work stoppage, business closure, retrenchment, workers' disability and sickness, involuntary termination, voluntary resignation, etc. The Act stipulates guidelines for workers' compensation under each of these issues. There are also specific provisions for issuing advance notices for terminating employment contracts with the notice period depending on the types of employment and contract (Table 11).

The methods of calculating workers' compensation due to contract termination is provided in Article 14 of the Act. It states that a worker, who during the past 12 (twelve) calendar months has worked in an establishment for not less than 240 (two hundred and forty) days or 120 (one hundred and twenty) days, shall be considered to have completed "1 (one) year" or "6 (six) months" respectively of continuous service in that establishment. To calculate the number of days a worker actually worked in an establishment, the following days shall also be counted: (a) the days of lay off; (b) the days of leave with or without wages due to sickness or accident; (c) the days of out of work due to legal strike or illegal lock-out; (d) in the case of female workers, maternity leave not exceeding 16 (sixteen) weeks.

¹¹ However, Article 15 of the BLA 2006 stipulates that provisions on work stoppage (Article 12) and lay off (Articles 16,17,18) shall not apply to any establishment where at least 5 (five) workers are not employed or were not employed during the preceding 12 (twelve) months.

Article 14 stipulates that compensation calculations in the event of death, retrenchment, disciplinary actions for misconducts and convictions, involuntary termination and voluntary resignation, “wages” shall mean the average of the basic wages and dearness allowance and ad-hoc or interim wages, if any, paid to a worker during the period of 12 (twelve) months immediately before the date of retrenchment, dismissal, removal, discharge, retirement or termination of employment, as the case may be.

Table 11: Advance notice periods for termination of employment contracts

Type of worker	Notice period for involuntary termination	Notice period for voluntary resignation
Permanent worker	(a) 120 (one hundred and twenty) days, if s/he is a monthly salaried worker (b) 60 (sixty) days, in case of other workers.	60 days
Temporary worker	(a) 30 (thirty) days, if s/he is a monthly salaried worker (b) 14 (fourteen) days, in the case of other workers	(a) 30 (thirty) days, if s/he is a monthly salaried worker; (b) 14 (fourteen) days, in the case of other workers.
Retrenched worker	If any worker has been in continuous service under an employer for not less than 1 (one) year, the employer, in the case of retrenchment of such worker, shall give him/her 1 (one) month’s notice in writing mentioning the reasons for his/her retrenchment or, in lieu of such notice, pay him/her wages for the period of notice	Not applicable

Source: Bangladesh Labour Act 2006 (2018).

Benefit level under the severance and separation payment provisions

It follows from the above discussion that the benefit level under the severance and separation payment depends on the type of worker (e.g., permanent, temporary, etc.) and type of termination. According to Article 30 of the Act, when the employment of a worker ends due to retirement, discharge, retrenchment, dismissal, termination, or any other reason, all amounts outstanding shall be paid by the employer within a maximum period of 30 (thirty) working days following the date of cessation of employment. These dues may include wages, provident fund payments, gratuity, festival bonus, etc. Female workers are also entitled to enjoy maternity benefits while in service.

Article 16 mentions the rights of laid-off workers for compensation. It states that if a worker, other than a substitute or casual worker, whose name is on the muster-rolls¹² and who has completed at least 1 (one) year of service, is laid-off, then compensations will be paid for all the days during laid-off, excluding weekly holidays. The amount of such compensation should be equal to half of the total of the basic wages, dearness allowances and ad-hoc or interim wages (if applicable) and equal to the full amount of housing allowance that would have been payable to the employee if s/he had not been laid-off.

In the event of lay-off, unless there is an agreement between the worker and the employer, no worker shall be entitled to compensation for more than 45 days during any calendar year. Beyond the specified

¹² The BLA 2006 does not provide any definition of muster-roll. In practice, organizations maintain muster-rolls as record-keeping register to enlist temporary workers. Such workers may receive wages either on a daily or monthly basis.

duration, whether continuously or intermittently, the laid-off period can be extended for ‘further 15 days or more’, for which the worker will be paid compensation for every subsequent period of lay-off for 15 (fifteen) days or more. Under these circumstances, the amount of compensation shall be equal to one-fourth of the total of the basic wages, dearness allowances, and ad-hoc or interim wages (if any) and equal to the full amount of housing allowances (if applicable).

If a worker is to be laid-off after the first 45 days for any continuous period of 15 days or more, the employer may, instead of laying off such a worker, retrench him/her in accordance with the provisions stipulated under Article 20 of the Act. It is important to note that, although the Labour Act requires that a notice of retrenchment be served to the retrenched worker, no notice shall be necessary in this particular case. Instead, the worker so retrenched shall be paid a further 15 days’ wages in addition to the compensation of 30 days’ wages for every year of service or gratuity, if any, whichever is higher. Table 12 summarises the compensation provisions of the Labour Act.

Table 12: Provisions for compensation payments to workers due to involuntary termination and voluntary resignation

Termination by	Compensation to worker	Formula
Employer	At the rate of 30 (thirty) days wages for his/her every completed year of service or gratuity, if payable, whichever is higher, and this compensation shall be in addition to any other benefit which is payable to such worker under this Act.	$C_E = M * Y$ Where, C_E = total compensation, M = 30 (thirty) days wages, Y = completed years of service
Workers	(a) At the rate of 14 (fourteen) days’ wages for his/her every completed year of service, if he completes 5 (five) years of continuous service or more but less than 10 (ten) years under the employer; (b) At the rate of 30 (thirty) days’ wages for every completed year of service if he/she completes 10 (ten) years of continuous service or more under the employer; or gratuity, if payable, whichever is higher, and this compensation shall be in addition to any other benefit payable to such worker under this Act.	(a) $C_W = M_H * Y$ Where, C_W = total compensation, M_H = 14 (fourteen) days’ wages, Y = completed years of service (b) $C_W = M * Y$ Where, C_W = total compensation M = 30 (thirty) days wages, Y = completed years of service

Source: Bangladesh Labour (Amendment) Act 2013.

Other qualifying conditions or factors that may affect the calculation of benefit package

Upon the termination of employment, an employee is entitled to payment of wages for untaken leave. According to the Article 11 of the Labour Act, if the service of a worker terminates, due to retrenchment, discharge, removal, dismissal, retirement, resignation or any other reason and any annual leave is due to

him/her, the employer shall pay him/her wages instead of the untaken leave at the rate s/he is entitled to the payment of wages during the period of leave. As per Article 29 of the Labour Act, in the event of retrenchment, discharge, dismissal, retirement, removal or termination of service of an employee, the employer pays the provident fund payment to the worker, given that the worker is a member of any provident fund and is entitled to any such benefit including the employer's contribution.

Enforcement mechanism

Inspection mechanism: If any government authority audits a business entity, then at the time of audit, there is a scope to ensure employers' compliance with severance and other benefit payments concerning the termination of employment contracts. The Department of Inspection for Factories and Establishments (DIFE) under the Ministry of Labour and Employment is responsible for such inspection. Generally, the DIFE publishes an inspection plan for a fiscal year and conducts inspections of selected business entities accordingly. Besides, Article 213 of the Bangladesh Labour Act allows any CBA or any employer or worker to apply to the Labour Court to enforce any right guaranteed or given by or under the Act.

Penalty for non-compliance with severance pay: Article 33 of the Labour Act permits any worker, including those who have been laid off, retrenched, discharged, dismissed, removed, or otherwise terminated from employment, to lodge their complaints in writing to their employers by a registered post within 30 days of being informed of the cause of such complaint. If the employer fails to give any decision upon receiving the complaint, or if the concerned worker is dissatisfied with the decision provided, s/he may submit a complaint in writing to the Labour Court within 30 days from the date of expiry of the period mentioned in sub-section (2) of Article 33 or, within 30 (thirty) days from the date of the decision of the employer. If any person refuses or fails to comply with an order passed by the Labour Court under Article 33, s/he shall be punished with simple imprisonment for a term that may extend to 3 (three) months or a fine of up to Tk. 5,000, or with both.

Major enforcement challenges

Judicial backlog is one of the main enforcement challenges. It has been reported that at least 19,000 cases are pending with seven Labour Courts across the country (The Business Standard, dated 1 May 2020). Many of these cases have been stuck for years, although the law stipulates that such cases should be disposed of within 60 days. There are reportedly more than 900 cases awaiting settlement for more than five years.¹³ The longstanding shortage of judges and the lengthy procedures in resolving the cases affect enforcement mechanisms. This also makes the potential complainants reluctant to lodge their complaints. These challenges tend to hinder the enforcement of the Labour Act.

¹³ Most of the cases are lodged from the apparel sector and relate to disputes regarding layoffs, dismissals, retrenchments, non-payment and delayed payment of wages and other benefits, compensation for workplace accidents and violation of trade union rights (The Dhaka Tribune, 1 May 2019).

The existing penalties and other punitive actions for breach of the Labour Act are rather lenient. For example, an employer can get away with Tk 5,000 (less than \$60) for non-compliance with court orders. Thus, introducing timely and appropriate reforms to the existing system is critical for protecting workers' rights.

In many instances, affording a lawyer becomes a challenge for low-income workers. For example, workers receiving around Tk 8,000-10,000 monthly wages often find it quite hard to hire a lawyer that usually costs at least four to six times their monthly earnings. As a result, a low-income worker, who does not belong to any influential collective bargaining agent group, usually accepts unjust practices and let go of severance payments and other due benefits.

IV. Schemes to protect and prevent unemployment

At the outset, it is worth pointing out that the social protection measures in Bangladesh usually do not have any provision for unemployment benefits and/or schemes to offer prevention measures against unemployment for the workers employed. Also, unemployment is not considered as a criterion for targeting social protection support, for which long-term poverty, vulnerability, and deprivation of the potential beneficiaries are considered. Bangladesh does not have any state unemployment insurance scheme (i.e., no one can claim unemployment benefits). The National Social Security Strategy recommended establishing a national social insurance scheme (NSIS) to introduce unemployment benefits. However, not much progress has been achieved in this respect. Besides, the country is yet to have structured active labour market policies (ALMP), which are essential for a well-functioning unemployment insurance scheme.

Notwithstanding, certain initiatives aim to address labour market challenges, including various workfare programmes under social security interventions, training programmes for job market preparation, credit support to the youth for promoting employment, etc.

Workfare Programmes under social protection floors

Although the workers facing job losses may not find a support scheme, certain traditional public interventions, such as workfare programmes (Table 13), consider the challenges triggered by seasonal unemployment for the population groups with long-term poverty and deprivation. The workfare schemes are mostly low-wage employment targeting the unskilled people in poor and vulnerable households in labour-intensive projects such as construction and reconstruction of rural roads, pond excavations, repair or maintenance of rural infrastructures, waste disposal, etc. These programmes operate during the lean seasons when agricultural activities are low, and there is a lack of demand for manual labour. Food for Work, Work for Money, Test Relief, and Employment Generation Programme for the Poorest are the most prominent workfare schemes operated under SSPs. In 2020–21, an estimated 2.63 million poor people

benefited from those four programmes. However, along with the limited duration, the average benefit of these safety net programmes is low (Table 14). For example, the Test Relief and the Employment Generation Program for the Poorest (EGPP) offer 29–42 per cent of Bangladesh's average per capita gross national income (GNI). These programmes are available only for a few months.

Bangladesh is known for its numerous NGO-driven socio-economic schemes. Many of these interventions are based on the distribution of small loans (microcredit) amongst its beneficiaries. Many NGOs also offer educational and training programmes and help with self-employment opportunities. These interventions target the poor and vulnerable households and individuals in most cases.

Table 13: Major public workfare programmes in Bangladesh

Name of Programme	Unit of beneficiary participation	Beneficiary (million)			Budgetary allocation (million taka)		
		2021-22	2020-21	2019-20	2021-22	2020-21	2019-20
Food for Work (FFW)	person-month	0.2	-	1	8093	-	11057.1
Work for Money (WFM)	person-month	0.35	0.35	1.25	15000	22765.2	13805.6
Test Relief (TR) Cash	person-month	0.369	0.369	2.04	14500	23245.9	15300
EGPP	person-month	1.918	1.918	2.65	16500	16500	16500

Source: Authors presentation based on Ministry of Finance data. Note: Beneficiaries for 2021-22 indicate the targeted beneficiaries against the allocated budget.

Table 14: Benefits of major workfare programmes in Bangladesh

Programme	Programme benefit	Duration of the programme	Allowance as % of corresponding average per capita GNI
Test Relief (TR) Cash, Food for Work (FFW), Work for Money (WFM)	8 kg of rice or wheat or cash equivalent per day	Short period (of a few months) following a natural disaster	42
Employment Generation Programme for the Poor (EGPP)	TK 200 for 7 hours work per day (for 80 days in a year)	Short period (lean periods)	30
National Services Programmes	TK 100 as training allowance per month (for three months), and TK 200 as service allowance at the time of employment	2 years and 3 months, monthly	15–30

Note: 1) Test Relief (TR) Cash, Food for Work (FFW), Work for Money (WFM), and Employment Generation Programme for the Poor (EGPP) are programmes that are run for a short period of time (mostly during the lean season or after a natural disaster has taken place). The National Services programme is a skill development programme targeting the youth. It offers a three-month training to unemployed youths aged 24-35 years with a minimum educational attainment of the Higher Secondary Certificate (HSC) level. The trainees are then provided with temporary jobs (with small allowances) for two years at various local government departments and institutions.

Source: Based on Razzaque (2020).

Other initiatives to address the labour market challenges

Although not adequate given the size of the Bangladesh labour market, several initiatives are in operation helping people with skill development and technical and vocational training. The Ministry of Youth and Sports the Bureau of Manpower, Employment and Training (BMET); the Ministry of Women and Children

Affairs; the Ministry of Education; and the Aspire to Innovate (a2i) programme of the Information and Communication Technology (ICT) are some of the principal training providers.

Public technical and vocational education and training (TVET): The major public providers of TVET are the Department of Technical Education under the Ministry of Education; the Bureau of Manpower, Education and Training (BMET) under the Ministry of Expatriate Welfare and Overseas Employment; and the Ministry of Youth and Sports. Around 24 ministries and 20 agencies provide a range of skills training and non-formal education programmes. Besides, other public and private training institutes and several NGOs are either directly or indirectly involved in the TVET sector. Nearly 500,000 students are enrolled in formal TVET programmes. Private providers account for almost 95 per cent of all TVET institutions and around 75 per cent of all enrolments. The government provides subsidies called monthly payment orders (MPOs) to about 1,600 accredited private training institutions.¹⁴

Temporary career opportunity creation by providing training to the educated unemployed youth under the National Service Programme: Currently, the Department of Youth Development (DYD) imparts training to educated unemployed youth under the National Services programme. Upazilla (sub-district) youth offices manage these trainings. Interested candidates can apply through his/her own upazila youth Office. Applicants are required to pass a written examination and interview. Upon selection, applicants undergo a three-month-long training on ten modules. Then applicants are attached to various public and private workplaces temporarily.¹⁵ As per the Ministry of Youth and Sports data, more than 230,000 youths received training under this initiative (Ministry of Youth and Sports, 2020).

Training courses for the youth: There are numerous training courses offered by district offices and upazila youth training centres.¹⁶ The candidates can apply to enroll in training courses such as domestic animal and poultry rearing, fish cultivation, modern office management, basic computer and ICT, graphics design, electronics, refrigeration and air conditioning, electrical and house wiring, freelancing, tourist guide, mobile service and repair, front desk management, beautification, etc. Some trainings at upazilla level does not require any application or course fee. These courses are offered for 7–21 days in such areas as cattle-rearing, fish-farming, agricultural production, small and cottage industry, dressmaking and boutique, etc.

Credit services: The Department of Youth Development (DYD) has rolled out two credit service schemes for the youth population, namely, i) self-employment programme (individual loan) ii) family-based employment programme (group loan) (Ministry of Youth and Sports, 2020). Table 15 provides a summary of these schemes. Under the self-employment programme (individual loan), youths (18-35 years) who

¹⁴ The ILO Bangladesh is currently implementing a project called Skills for Employment and Productivity (B-SEP) with support from the Directorate of Technical Education (DTE), under the Technical and Madrasah Education Division (TMED). This project has initiated PPPs in five TVET institutes: The Graphic Arts Institute in Dhaka as well as four Technical Schools and Colleges in Barishal, Narayanganj, Panchagarh, and Rangpur districts. These PPP initiatives provide free meals, and transport and training allowances to the participants (DTE & ILO, 2019)

¹⁵ A trainee receives a daily allowance of Tk 100 (US\$ 1.17) while every engaged trainee in temporary career after their training gets Tk 200 (US\$ 2.34) as working allowances.

¹⁶ A list of trainings provided can be found here: <http://www.dyd.gov.bd/site/page/cf3ac2af-12cc-431f-9c12-a1ee3b75d294/->.

receive training from the Department of Youth Development can take loans from Tk 40,000 to Tk 1,00,000 (\$470 to \$1,176) to set up their self-employment projects. The loans can be repaid through monthly installments over 2-3 years on easy terms. The applicant receives training in any trade from the DYD. This programme is now being conducted at every district of Bangladesh. In the fiscal year 2020-2021, some 13,000 individuals benefitted from this programme.

Table 15: Credit service schemes offered by The Department of Youth Development

	Self-employment programme	Family-based employment programme
Type of loan provided	Individual loan	Group loan
Eligibility of applicants	Youths (18-35 years) who receive training from the Department of Youth Development	Unemployed population groups (aged 18-45 years) Groups should: <ul style="list-style-type: none"> • own less than Tk 2,00,000 (\$2,352) in asset, • have an annual income of less than Tk 50,000 (\$588) and • own an arable land of less than one acre
Amount of loan provided	40,000–1,00,000 taka (\$470– \$1,176)	Each member of the group receives Tk 12,000 (approximately \$141) loan in first step. Based on their success, they can avail two more loans of Tk 16,000 (\$188) and Tk 20,000 (\$235), respectively.
Repayment period	Monthly instalments across a span of 2-3 years in easy terms.	50 weekly instalments
Beneficiaries in 2020-21	13,040	17,760

Source: Authors presentation based on Ministry of Youth and Sports data.

The family-based employment programme (group loan) aims at supporting the unemployed population groups (aged 18-45 years). This programme focuses on the grass-roots level of people by involving them in traditional occupations or small business ventures. At first, a five-member group is formed comprising family members/close relatives/neighbours. Then, such 7-10 groups are clustered together as one centre to provide the loans. To qualify for these group loan facilities, families of such groups should own less than Tk 2,00,000 (\$2,352) in assets, have an annual income of less than Tk 50,000 (\$588), and own an arable land of less than one acre. Concerned upazila officers assess the eligibility of such groups and then facilitate the credit support. The group members work as guarantors for one another. Groups are required to sign a bond using non-judicial stamp papers worth Tk 300 (\$3.5). Each group member receives Tk 12,000 (approximately \$141) loan in the first step upon approval. Based on their success, they can avail two more loans of Tk 16,000 (\$188) and Tk 20,000 (\$235), respectively. The loans thus obtained are repaid in 50 weekly installments. This programme is now being operated at 310 upazilas across the country. In fiscal year 2020-2021, some 17,700 individuals benefitted from this programme.

Initiatives for decent jobs and digital skills: The Aspire to Innovate (a2i) programme of the ICT division is offering several services to prepare the youth for job market under two initiatives titled ‘Skills for Decent Employment (SDE)’ and ‘Digital Skills for Decent Jobs for Youth’ (Aspire to Innovate, 2021). Under the Skills for decent employment programme, youths are now being trained with meaningful skills most demanded by the market. This initiative is promoting skill development through apprenticeship, stipend and

employment programmes, and training of imams (religious teachers) and qawmi madrasah (privately run Islamic schools) youth.¹⁷ This initiative has helped more than 38,500 migrant workers, 3,000 woman entrepreneurs, 27,000 apprentices and an estimated 30,000 qawmi madrasah youths.

Digital Skills for Decent Jobs for the Youth initiative aims to equip 250,000 youth with advanced digital skills. This will be done through trainings organised by 2,500 government-owned Sheikh Russel Digital Labs. In addition, some schemes provide allowances to youth organisations and organise career fairs for youth groups (Ministry of Youth and Sports, 2020).

COVID-19 stimulus packages to support workers

Salary support for workers in export-oriented industries: To cushion the economic fallout of COVID-19, the government of Bangladesh allocated a Tk 50 billion interest-free fund for the export oriented-sectors with a service charge of 2 per cent. This fund was exclusively directed to pay the wages and salaries of workers in the export-oriented sectors. More than 1900 export-oriented businesses have borrowed from commercial banks in April and May 2020 to pay salaries of their employees. In the face of increased demand from the export sector, allocation for such fund has been increased twice to pay salaries for the month of June and July 2020 as well. Total support provided under this scheme now stands at Tk 105 billion. Although the stimulus package was initially announced for the country's flagship export industry – the Readymade Garment sector, some other export-oriented industries could also avail the support later on.

Various cash assistance programmes: With the support from the European Union, a €113 million fund was allocated to provide cash assistance for 1 million unemployed and impoverished workers in export-oriented garment, leather goods, and footwear industry. Under this scheme, the unemployed workers of these industries are provided Tk 3,000 (\$35.3) per month as cash assistance for three months. As at May 2021, some 6000 beneficiaries were enrolled under this scheme and received the transfer. The government also rolled out a cash assistance programme to support low-income people. Under this scheme, Tk 2,500 (\$29.4) per person was provided to 3.6 million beneficiaries.

Credit support for employment creation: The government of Bangladesh also formed a Tk 20 billion stimulus package to assist migrant workers, unemployed youth, and poor rural households. Under this scheme, subsidized loans are disbursed through state-owned specialised banks. It needs pointing out that the abovementioned support is not part of the permanent social protection schemes and was initiated on an ad hoc basis.

V. Concluding remarks

For Bangladesh, amid phenomenal socio-economic achievements, labour market challenges loom large. These include job creation, unemployment protection measures, protecting workers' rights, improving

¹⁷ Details on the Skills for Decent Employment initiative can be viewed from: <https://a2i.gov.bd/skills/>.

women's labour market participation, etc. The COVID-19 pandemic has exerted further pressure to the country's labour market situation.

In less than two decades, the country's demographic window of opportunity will end, and the share of the aging population will increase substantially. Without adequate and productive employment opportunities, reaping the benefits of the ongoing demographic transition will be far from reality. Therefore, capitalizing the gains from the higher share of the working-age population would require creating sufficient productive employment and accommodating the country's growing labour force.

While the unemployment rate for the overall economy is reported to be low, there is a serious concern about youth unemployment, which is likely to have aggravated further by the disruptions caused by COVID-19. The problem of young people not in employment, education, or training (NEET) is a widely discussed issue. Women's labour force participation rate is very low, and persistent underemployment results in low labour productivity, particularly in agriculture and services.

Tackling labour market challenges is a daunting task for Bangladesh, which has about 85 per cent of the employed workforce (52 million workers) in the informal sector. Public employment services are limited given the size of the Bangladesh labour market.

Under the existing social protection interventions, beneficiary targeting is based on long-term poverty and other forms of vulnerabilities. Unemployment is not a determinant of selecting beneficiaries for the available social protection schemes. Some workfare programmes offer employment support to poor and vulnerable households affected due to seasonal hardships and natural disasters. These schemes are mainly available for rural communities and do not provide any unemployment support for the formal sector employees and those working in the urban areas.

While the Labour Act provides coverage to all employees, an overwhelming majority of workers employed in the informal sector are usually left out of legal protection. Although the Act does not explicitly distinguish between formal and informal sector employer-employee relations, unemployment protection measures generally cannot be enforced for informal sector enterprises. Enforcement of legal provisions is found to be challenging even in the formal sector.

There is no denying that the profound challenges plaguing the labour market situation of Bangladesh require urgent policy attention. In this context, creating adequate employment opportunities and ensuring decent work for all should be at the forefront of policy objectives backed by effective unemployment protection measures. In this respect, public employment promotional measures and social protection schemes, including provisions for the working-age population group as emphasised in the National Social Security Strategy, should go hand in hand.

References

- Aspire to Innovate. (2021). *Skills for Decent Employment*. Retrieved from a2i: <https://a2i.gov.bd/skills/>.
- Aspire to Innovate. (2020). Post COVID-19 Jobs and Skills in Bangladesh. Retrieved from <https://a2i.gov.bd/wp-content/uploads/2020/09/Final-Version-of-Post-Covid-Publication...pdf>
- Bangladesh Bureau of Statistics (BBS). (2015). *Disability in Bangladesh: Prevalence and Pattern. Population Monograph of Bangladesh*.
- Bangladesh Bureau of Statistics (BBS). *Labour Force Survey, various years*.
- Bangladesh Labour Act*. (2006).
- Bangladesh Labour (Amendment), Act 2018.
- BIGD. (2020). *COVID 19 Crisis Impact on RMG wages and employment and Role of Trade Unions – Media Tracking Report*.
- Clean Clothes Campaign. (2020). *Un(der)paid in the pandemic: An estimate of what the garment industry owes its workers*.
- Dhaka Tribune. (2021, April 21). Study: Half of migrant workers still unemployed. Dhaka Tribune. Retrieved from: https://www.dhakatribune.com/bangladesh/2021/04/30/brac-half-of-migrant-workers-still-unemployed?_cf_chl_managed_tk__=pmd_jLt42pwZnI5JsTiWmgLGSeqKD4wyeLn1UxdvvnJvCZ4-1631582228-0-gqNtZGzNAXCicnBszQnl
- Dhaka Tribune. (2020, November 9). *Never-ending woes of female migrant workers*. Retrieved from Dhaka Tribune: https://www.dhakatribune.com/bangladesh/migration/2020/11/09/never-ending-woes-of-female-migrant-workers?_cf_chl_managed_tk__=pmd_jnRdTalGGbdxY9vbkexKCbkkRGFJdGbd4LwV0MeCrE-1631354199-0-gqNtZGzNAXCicnBszQnl
- DTE & ILO. (2019). *Guidebook: Implementation of Public-Private Partnerships in TVET*.
- General Economics Division. (2020). *Eighth Five Year Plan (July 2020-June 2025)*.
- International Labour Organization. (2020). *ILOSTAT database*. Retrieved from <https://ilostat.ilo.org/data/>.
- ILO and ADB. (2020). *Tackling the COVID-19 youth employment crisis in Asia*. Retrieved from https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_753369.pdf
- Islam, R. (2020). *Bangladesh Institute of Labour Studies-BILS*. Retrieved from *The Impact of COVID-19 on Employment in Bangladesh: Pathway to an Inclusive and Sustainable Recovery*: <http://bilsbd.org/wp-content/uploads/2021/02/Impact-of-COVID-19-on-Employment-in-Bangladesh-September-2020-final.pdf>
- Mahmud, S. and S. H. Bidisha. (2016). *Female Labor Market Participation in Bangladesh: Structural Changes and Determinants of Labor Supply*. In *Structural Change and Dynamics of Labor Markets in Bangladesh Studies on Labor and Employment* (S. Raihan). SANEM Publications, Dhaka, pp. 33–40
- Ministry of Labour and Employment. (2019). *A National Jobs Strategy for Bangladesh*. Dhaka.

Ministry of Youth and Sports. (2020). *Annual Report (2018-19)*.

Rahman, R.I. and R. Islam. (2013). Female labour force participation in Bangladesh: trends, drivers and barriers. International Labour Organization, ILO DWT for South Asia and Country Oce for India. - New Delhi: ILO.

Rahman, T. and Sharma, U. (2021). A Simulation of COVID-19 School Closure Impact on Student Learning in Bangladesh. World Bank, Washington, DC. <https://openknowledge.worldbank.org/handle/10986/35043>

Razzaque, A. (2020). "Rethinking Social Protection Responses to the Covid-19 Crisis: Issues and Policy Priorities for Bangladesh", paper prepared for the General Economics Division, Planning Commission, Government of Bangladesh.

Razzaque, M. A., Khondker, B. H., Uddin, M. & Rahman, J. (2018). Towards an effective and integrated labour market information system in Bangladesh. International Organization for Migration.

SANEM. (2021). *Summary: Webinar on COVID-19 Impact on Employment and Migration: Findings from SANEM's Survey*. Retrieved from SANEM: <https://sanemnet.org/summary-webinar-on-employment-and-migration/>

The Business Standard. (2020). *10,000 Gazipur RMG Workers Lose jobs in Six months*. Retrieved from The Business Standard: <https://tbsnews.net/economy/rmg/10000-gazipur-rmg-workers-lose-jobs-six-months-111970>

The Business Standard. (2020, May 01). *Labour court fails to ensure labourers' rights*. Retrieved from The Business Standard: <https://tbsnews.net/bangladesh/labour-court-fails-ensure-labourers-rights-75853>

The Daily Star. (2021). *Informal Sector Workers: Hardly cared for in hard times*. Retrieved from The Daily Star: <https://www.thedailystar.net/frontpage/news/informal-sector-workers-hardly-cared-hard-times-2088297>

The Financial Express. (2021). *Reintegration scheme for returnee migrant workers* . Retrieved from <https://thefinancialexpress.com.bd/editorial/reintegration-scheme-for-returnee-migrant-workers-1610641635>

The Dhaka Tribune. (2019, May 01). *Labour court: Over 17,000 cases pending in seven tribunals*. Retrieved from The Dhaka Tribune: <https://www.dhakatribune.com/bangladesh/court/2019/05/01/labour-court-over-17-000-cases-pending-in-seven-tribunals>

The New Age. (2020, April 30). *Workers cry for justice as labour courts flout time frame*. Retrieved from The New Age: <https://www.newagebd.net/article/105490/workers-cry-for-justice-as-labour-courts-flout-time-frame>