

Bangladesh Labour and Social Trends Report 2010



CENTRE FOR POLICY DIALOGUE (CPD)
B A N G L A D E S H
a civil society think tank



International
Labour
Organization

Bangladesh Labour and Social Trends Report 2010

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*A report prepared by the Centre for Policy Dialogue (CPD)
for the International Labour Organization (ILO)*



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The **Centre for Policy Dialogue (CPD)** was established in 1993 as a civil society initiative to promote an ongoing dialogue between the principal partners in the decision making and implementing process. Over the past 18 years the Centre has emerged as a globally reputed independent think tank with local roots and global outreach. A key area of CPD's activism is to organise dialogues to address developmental policy issues that are critical to national, regional and global interests with a view to seek constructive solutions. The other key area of CPD activities is to undertake research programmes which are both serviced by and are intended to serve as inputs for CPD's dialogue process. Some of the major research areas of CPD include *Macroeconomic Performance Analysis; Poverty, Inequality and Social Justice; Agriculture and Rural Development; Trade, Regional Cooperation and Global Integration; Investment Promotion, Infrastructure and Enterprise Development; Climate Change and Environment; Human Development and Social Protection; and Development Governance, Policies and Institutions*. CPD actively networks with other institutions within and outside Bangladesh which have similar interests, and also regularly participates in various regional and international fora. In recognition of the track record in research, dialogue and policy influencing, CPD was selected as one of the awardees under the Think Tank Initiative (TTI) through a globally competitive selection process. TTI is supported by a number of governments and foundations, and is implemented by the International Development Research Centre (IDRC), Canada.

CPD's current publication list includes more than 370 titles including Books, Monographs, Working Papers (Occasional Papers), Dialogue Reports and Policy Briefs. CPD outputs are available for sale at the Centre and also in selected bookstores in Bangladesh. CPD publications and other relevant information are also regularly posted on CPD's website www.cpd.org.bd

Bangladesh has been an active Member State of the **International Labour Organization (ILO)** since 22 June 1972, and has ratified 33 ILO Conventions including seven fundamental conventions. ILO opened its office in Dhaka, Bangladesh on 25 June 1973, and initially started working on expanding income-earning opportunities through labour-based infrastructure development and maintenance. Recent technical cooperation activities have focused on alleviating poverty and creating employment opportunities through technical vocational education and training reform, combating worst forms of child labour, promoting green jobs, improving occupational safety and health standards, and protecting the rights of migrant workers. Since the opening of the office, ILO together with the Government of Bangladesh, Bangladesh Employers' Federation, and the National Coordination Committee for Workers' Education, has been working towards promoting decent and productive employment opportunities for women and men in Bangladesh. In addition, the ILO cooperates with many other key actors in civil society, academic and research institutions, private sector and media. As part of the UN system in Bangladesh, ILO supports the Government of Bangladesh in implementing its Poverty Reduction Strategy and in achieving the Millennium Development Goals.

The first Decent Work Country Programme (DWCP) for Bangladesh, which outlines the framework of ILO cooperation in the country, was developed and implemented during the period 2006-2009. It focused on the following key outcomes: improved skills training and entrepreneurship for enhanced employability and livelihoods; improving coverage and social protection and rights of workers in selected sectors including those for the migrants; combating child labour with priority focus on the worst forms of child labour; and strengthening social dialogue. A new DWCP for the period 2011-15 is in the process of being finalised in consultation with the tripartite constituents. The Bangladesh DWCP also contributes to the United Nations Development Assistance Framework (UNDAF) 2012-16, especially in the areas of democratic governance and human rights, pro-poor economic growth with equity, social services for human development, climate change response, pro-poor urban development and gender equality.

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Foreword

The past decade of 2000s has been a significant period from the perspective of development experience of Bangladesh. Along with acceleration of the rate of GDP growth, export and remittance earnings, and poverty reduction, Bangladesh also experienced a number of challenges in terms of maintaining and sustaining low inflation, macroeconomic stability and addressing volatility in the international scenario in the backdrop of recession and financial meltdown. The Centre for Policy Dialogue (CPD), in collaboration with the International Labour Organization (ILO), undertook the task to prepare a report to analyse the implications of these developments for the labour market dynamics in Bangladesh.

The report examines some of the core labour market correlates such as generation of employment opportunities and its sectoral distribution, gender dimension of the jobs created, movements in real wages, inter-linkages between trade reforms and employment generation and employment situation, and linkage between overseas job market and the domestic labour market. From this perspective, the *Bangladesh Labour and Social Trends Report 2010* presents valuable analyses and information in its three thematic chapters. It also includes a Statistical Annex with data related to various indicators used for the analyses. ILO hopes that this report could be a very useful advocacy tool for the promotion of decent work and for improving the information base for policy dialogue and policy formulation related to labour and social issues at the country level. More specifically, it is intended as a practical information source for policymakers, researchers, and other individuals and organisations working in the economic and social arena. A team of researchers from the CPD led by *Professor Mustafizur Rahman* prepared this report. Members of the CPD Team included *Dr Khondaker Golam Moazzem*, Senior Research Fellow; *Mr Syed Saifuddin Hossain*, Senior Research Associate; *Mr Md. Ashiq Iqbal*, Senior Research Associate; and *Mr Md. Tariqur Rahman*, Senior Research Associate. We would like to put on record our deep appreciation of the valuable and hard work carried out by the Team in preparing the report.

We would like to sincerely thank *Mr Gyorgy Sziraczki*, Chief of Regional Economic and Social Analysis Unit, ILO Regional Office, Bangkok for initiating the study and making valuable technical comments on the first draft of the report including its overall contents and focus. In addition, *Ms Marion Jones*, Head of the ILO's Global Programme on Trade and Employment provided detailed comments and suggestions on the draft which enriched the final report. We would like to thank *Dr Muhammed Muqtada*, Former Director, Policy Planning, Employment Sector, ILO, Geneva for his valuable thoughts, suggestions and inputs which have contributed to significant improvement of the report. Our sincere appreciation goes to *Mr TIM Nurunnabi Khan*, Senior Programme Officer, ILO Country Office for Bangladesh for his valuable support in coordinating the study. The able research support provided by *Mr Md. Zafar Sadique* and *Ms Afrin Islam*, Research Associates at the CPD, is thankfully acknowledged.

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Acronyms

| | |
|-------|---|
| ADB | Asian Development Bank |
| BAIRA | Bangladesh Association of International Recruiting Agencies |
| BBS | Bangladesh Bureau of Statistics |
| BMET | Bureau of Manpower, Employment and Training |
| CBN | Cost of Basic Needs |
| CGE | Computable General Equilibrium |
| CMI | Census of Manufacturing Industries |
| EDR | Economic Dependency Ratio |
| EPZ | Export Processing Zone |
| FDI | Foreign Direct Investment |
| GATS | General Agreement on Trade in Services |
| GDP | Gross Domestic Product |
| GoB | Government of Bangladesh |
| G2G | Government-to-Government |
| HIES | Household Income and Expenditure Survey |
| HSC | Higher Secondary Certificate |
| ICNET | Net Import Penetration Ratio |
| IOM | International Organization for Migration |
| KSA | Kingdom of Saudi Arabia |
| LFPR | Labour Force Participation Rate |
| LFS | Labour Force Survey |
| MDG | Millennium Development Goal |
| MENA | Middle East and North Africa |
| MES | Monitoring and Employment Survey |
| MEWOE | Ministry of Expatriate Welfare and Overseas Employment |
| MFN | Most Favoured Nation |
| MTMF | Medium Term Macroeconomic Framework |
| MoF | Ministry of Finance |
| NGO | Non-government Organisation |
| OECD | Organisation for Economic Co-operation and Development |
| ODA | Official Development Assistance |
| PKB | Probashi Kalyan Bank |
| REER | Real Effective Exchange Rate |
| RMG | Readymade Garments |
| SFYP | Sixth Five Year Plan |
| SME | Small and Medium Enterprise |
| SMI | Survey of Manufacturing Industries |
| SSC | Secondary School Certificate |
| UAE | United Arab Emirates |
| UK | United Kingdom |
| USA | United States of America |
| USD | United States Dollar |
| WITS | World Integrated Trade Solution |
| WTO | World Trade Organization |

1

Overview

The report titled *Bangladesh Labour and Social Trends (BLST) Report 2010* includes five chapters. A brief overview of the key findings of the study is presented in Chapter 1. Chapter 2 captures the major macroeconomic trends and developments of the past decade, and traces the dynamics of labour market movements from the perspective of economic growth, employment and employment outlook, rural-urban divide, and implication for gender divide in the labour market of Bangladesh. Chapter 3 and Chapter 4 attempt to establish the linkages between trade reforms pursued over the past years in the context of domestic labour market and overseas job market opportunities. Chapter 5, which concludes the report, puts forward a number of forward-looking policy suggestions with regard to employment implications of trade, and also focuses on emerging challenges and opportunities for Bangladeshi workers in view of the ongoing dynamics in the international labour market.

Trends in Labour Market and Social Development in Bangladesh

Bangladesh has demonstrated reasonable growth performance over the recent past; the gross domestic product (GDP) growth, from an average of less than 3.5 per cent during the 1980s, reached the 6.0 per cent mark in 2004. However, global crisis and its spillover effects marked the economy once again with below 6.0 per cent growth rates in FY2008-09 and FY2009-10. The growth that has been achieved over the decade was accompanied by a steady structural shift from agriculture to modern sectors, although agriculture still constitutes a large share in the total GDP of Bangladesh.

Per capita income of Bangladesh has experienced almost two-fold increase between FY1999-00 (USD 381) and FY2009-10 (USD 750). Major concern, however, remains in the fact that the distribution of income has not been even and inequality situation deteriorated over the years. Despite significant progress made, overall poverty situation is still worrisome with a high poverty headcount ratio of 40 per cent.

Bangladesh has a labour force of around 53.7 million (2009), dominated by male. Only 25.2 per cent of the labour force is female. The labour force is still largely uneducated; 40.5 per cent of the labour force has no education at all. However, some improvements in this regard are evident as 58.7 per cent of the labour force lacked education during the period of 1999-00.

Bangladesh has a very low unemployment rate of 5.1 per cent according to the Labour Force Survey (LFS) of the country (BBS 2010b). However, the low rate is a reflection of the definition used. Unemployment rate is much higher within the female labour force compared to male, although this gap is gradually narrowing. More important is that high underemployment prevails in the labour market and has been increasing. Underemployment was measured at 28.7 per cent in 2009, having increased from 16.6 per cent in 1999-00. The underemployment rate is much higher in the rural areas (31.8 per cent) compared to urban areas (19 per cent). At the same time, at the national level, it is higher for female compared to the male workforce.

The agriculture sector, despite a rapid decline in its contribution to GDP, still absorbs 43.6 per cent of the employed labour force. The services sector's share in total employment was 38.6 per cent in 2010, while for the industrial sector it was 17.8 per cent. Quite remarkably, over half of the total growth in female employment during the decade has been in the agriculture sector. Of the total new employment that the economy generated during the decade, highest contribution came from the services sector, followed by industry and agriculture. Importantly, about 70 per cent of the additional services sector jobs were generated in the rural areas, more specifically in the wholesale/retail trade, and in transport and telecom sector. As an employment category, self-employment, although declining, remains the largest.

In terms of wage, significant disparity exists between the male and female workforces. In general, male wages are 42.5 per cent higher than female wages. Large difference also exists between wages in urban and rural areas. Average real wage increased by 23.1 per cent between 1999-00 and 2005-06; highest increase was recorded in the manufacturing wages.

Impact of Trade on Employment

The dynamics of changes in the employment and labour market in Bangladesh during 2000s were influenced by, among others, trade reforms, trade policies and trade openness of the economy. While trade openness has increased by one per cent every year in 2000s (trade-GDP ratio was 40.5 per cent in FY2009-10), its linkages with employment is still confined to a limited number of activities. A large part of agriculture and service-related activities, which together provide about 87 per cent of total employment, are less exposed to trade. Crop cultivation – the major agricultural activity both in terms of production (21.6 per cent) and employment (73.6 per cent), has limited linkage with trade. Trade is found to be important in case of wheat cultivation, cotton production, oilseed production and spice production mainly from the perspective of inputs import; linkage to trade is also important in case of jute and tobacco cultivation, shrimp farming, and to some extent in case of tea and vegetable cultivation where global market plays a key role for exports of finished products. However, their linkages with employment were rather limited.

Trade orientation of the manufacturing sector has seen a significant rise over the past years. A number of export-oriented sectors (e.g. textiles, readymade garments (RMG) and leathers) as well as import-competing ones (e.g. basic metals, fabricated metals) has experienced rise in case of labour absorption. Labour productivity (measured in terms of gross output per unit of labour) was found to be higher mainly in less import-penetrating manufacturing industries, and to some extent in export-oriented ones. This somewhat reflects inverse relationship between size (i.e. presumably less import-oriented industries) and labour productivity of manufacturing enterprises of Bangladesh. This rise of productivity was marginally transferred to the workers in the form of better wages because of low wage elasticity. The rise of employment in the manufacturing sector has created better opportunities for female workers mainly in basic metal, non-metallic products, minerals and paper industries; however, male-female ratio is still at a disquietingly low level.

During 2000s, employment in services sector has increased by 5.8 per cent per year. A part of the rise of employment in these service-related activities are related to trade (e.g. financial services). A number of other trade-oriented service activities have experienced negative growth in employment (e.g. community, social and personal services, and public administration) which is perhaps related to low level of growth of some of these sub-sectors. Female employment is increasingly observed in traditional (e.g. community and social services, wholesale and retail trade, hotel and restaurant) and new activities (e.g. financial sectors, construction, public administration, and health and social works).

Non-wage working conditions have improved in 2000s in certain industries, particularly those exposed to trade (e.g. RMG). However, these improvements were pre-dominantly associated with pressure from international buyers. Bangladesh will need to undertake more proactive initiatives to implement many labour-related rules, regulations and policies that are there to ensure labour rights, provide safe and secured working environment, and reduce gender disparity.

Better performance of domestic market-oriented manufacturing and services industries (along with export-oriented industries) reemphasise the need for designing medium-term strategic trade policy to guide the process of industrialisation towards attaining broad-based industrial development in the country.

International Migration, Remittances and Welfare Outcomes

Bangladesh currently has more than 7 million people working abroad and the total remittance since 1976 stands at about USD 78.7 billion. During the decade of 2001-2010, about 4.2 million people migrated overseas from Bangladesh in search of work in various skill categories. The highest ever growth from Bangladesh in the last two decades took place in 2007 when total number of migrants jumped to 0.83 million from previous year's 0.38 million.

Skill composition of migrant workers from Bangladesh has been largely dominated by unskilled and semi-skilled workers combinedly accounting for about 77.6 per cent of total migrants from Bangladesh during 2010. Traditionally, the Middle Eastern countries have been the major destination for overseas migrants from Bangladesh accommodating about 95 per cent of total Bangladeshi migrants in 1990, and close to 80 per cent in 2010.

The lion's share of remittance continues to flow from the Middle East. However, while a fifth of the remittance comes from developed countries such as USA, UK, Italy and Spain, it is a combination of money sent back home by migrant workers and those by the *diaspora*. This would indicate that while lesser overseas migration may have contributed to decreased remittance inflow, the stock effect have somewhat compensated for this. Growth in remittances over the years has contributed to increase in per worker remittance (from an average of USD 675 in 1995 to about USD 1,020 in 2005).

The limited knock on effects of the global financial crisis was visible on Bangladesh's manpower export and remittance inflow particularly in 2009 and 2010. Besides the crisis, there were a number of other factors for this, including stringent regulatory measures in the host countries, illegal stay of Bangladesh workers abroad, high cost of migration, changing preference of major labour-importing countries, unscrupulous practices by recruiting agencies, and less than effective role of the Bangladesh Missions abroad.

With a view to addressing the welfare of the migrant workers and their families, successive governments in Bangladesh have put in place several policy instruments. Besides, formulation of a comprehensive *National Migration Policy* is currently underway. A number of other measures that need to be adopted in the current context includes dialogue with labour-importing countries, skill development trainings for aspirant migrant workers, rationalisation of cost of migration and ensuring compliance by recruiting agencies, awareness raising programmes for migrant workers, support from Bangladesh Missions in the host countries, contingency plan for emergencies, special measures for returnee migrants, and active engagement in multilateral negotiations.

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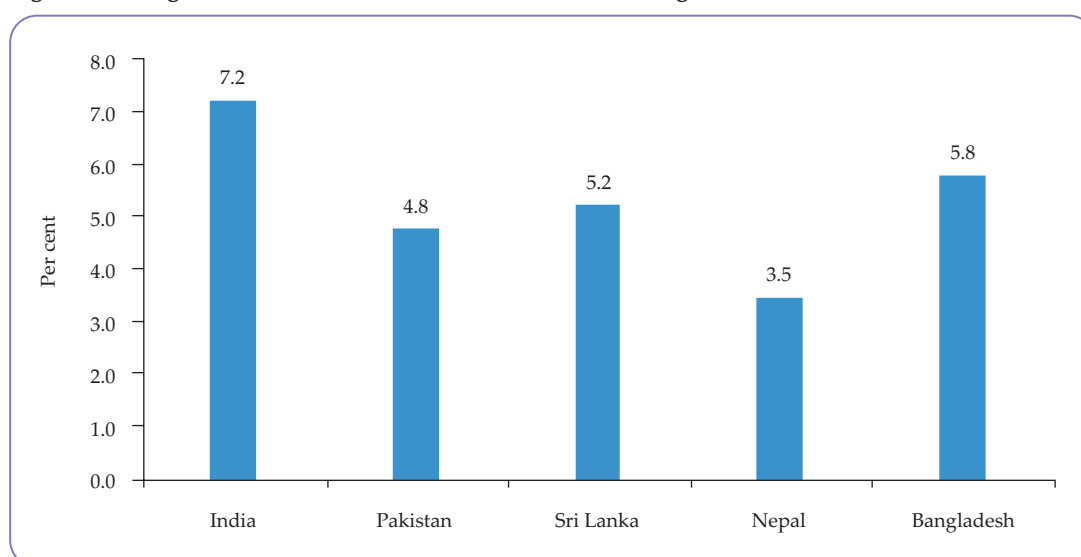
Trends in Labour Market and Social Development in Bangladesh

2.1 Economic Growth and Major Structural Changes in Bangladesh Economy

Economic development in developing countries critically hinges on high growth rates that has the potential to create employment and generate income. However, there is a growing realisation and empirical evidence, that this is not inevitable and guaranteed, and economic growth alone cannot achieve the desired objective of growth with equity (Islam 2004). Consequently, the pattern and changes in the structure of growth have emerged as equally important areas of investigation in the contemporary economic discourse, along with the search for appropriate modalities to attain faster growth. In this context, it may be noted that Bangladesh has performed reasonably well as far as growth is concerned, with the rate of GDP growth increasing from an average of less than 3.5 per cent during the 1980s to 4.8 per cent in the 1990s, and accelerating in the 2000s to eventually cross the 6.0 per cent mark in 2004. The economy once again posted below 6.0 per cent growth rates in FY2008-09 and FY2009-10; and this deviation from recent trends may be attributed primarily to the impact of the global financial crisis. However, compared to other economies in similar state of development, Bangladesh appears to have done rather well in containing the adverse impacts of the global crisis on her economy. Given the steady rate of increase in the growth rate and resilience the economy has demonstrated, attaining 7-8 per cent growth appears feasible for Bangladesh in near future. Indeed, the target set in the Sixth Five Year Plan (SFYP) is to have a GDP growth of 7.2 per cent in FY2011-12 and 8 per cent by FY2013-14.

The growth rate achieved by the Bangladesh economy remains impressive even if plotted against her major South Asian counterparts; on the basis of average growth rates during FY1999-00 to FY2009-10, only India managed to record higher growth rate than Bangladesh (Figure 1). This also holds true for the year FY2008-09, the year marked by the worst consequences of the global crisis.

With regard to the composition of growth that Bangladesh achieved, there has generally been a steady shift of sectoral weights of GDP, away from agriculture to modern sectors over the last decades, as is traditionally observed in early stages of a country's structural transformation. However, one must note that Bangladesh is still a low-income economy. And akin to most other low-income countries, agriculture continues to constitute a large share in the total GDP of Bangladesh. However, over the years, its relative contribution has been declining steadily. In FY1989-90, share of agriculture in the GDP was 28.7 per cent. This went down to 24.6 per cent in FY1999-00, and stood at 19.5 per cent in FY2009-10 (Figure 2).

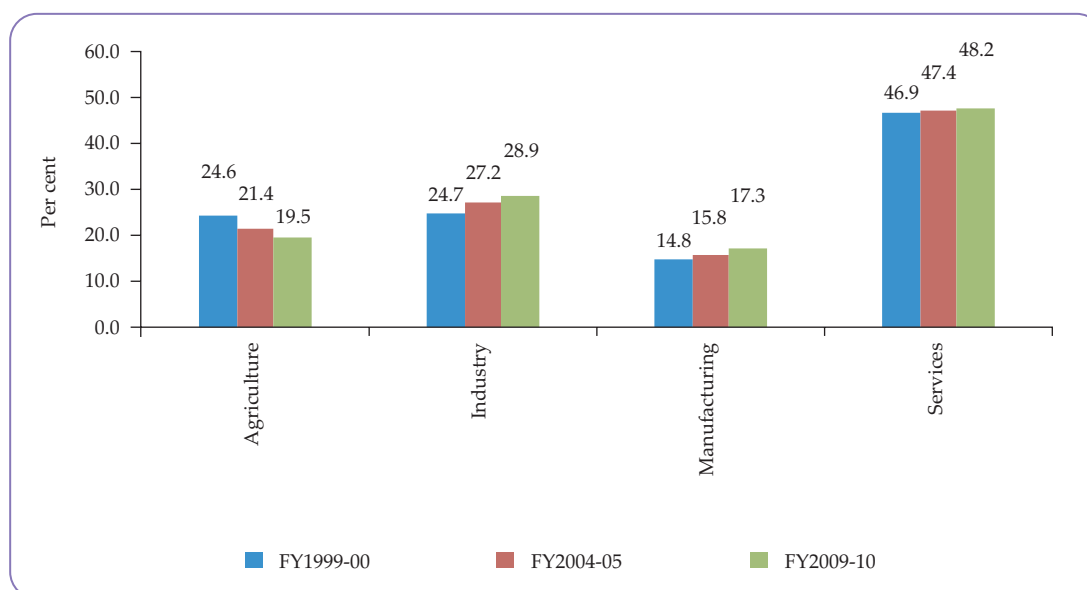
Figure 1: Average GDP Growth of South Asian Economies during FY1999-00 to FY2009-10

Source: Country budget documents and economic surveys.

Note: Nepal's average growth rate for the period between FY2001-02 and FY2009-10.

Services sector continues to remain the single largest contributor to the GDP. At the same time, the relative share of the sector has been steady over the years; 46.9 per cent in FY1999-00 and 48.2 per cent in FY2009-10 (Figure 2). This significant share of the services sector, with relatively less volatility in performance as is seen in case of agriculture, contributed to maintaining a steady GDP growth of Bangladesh.

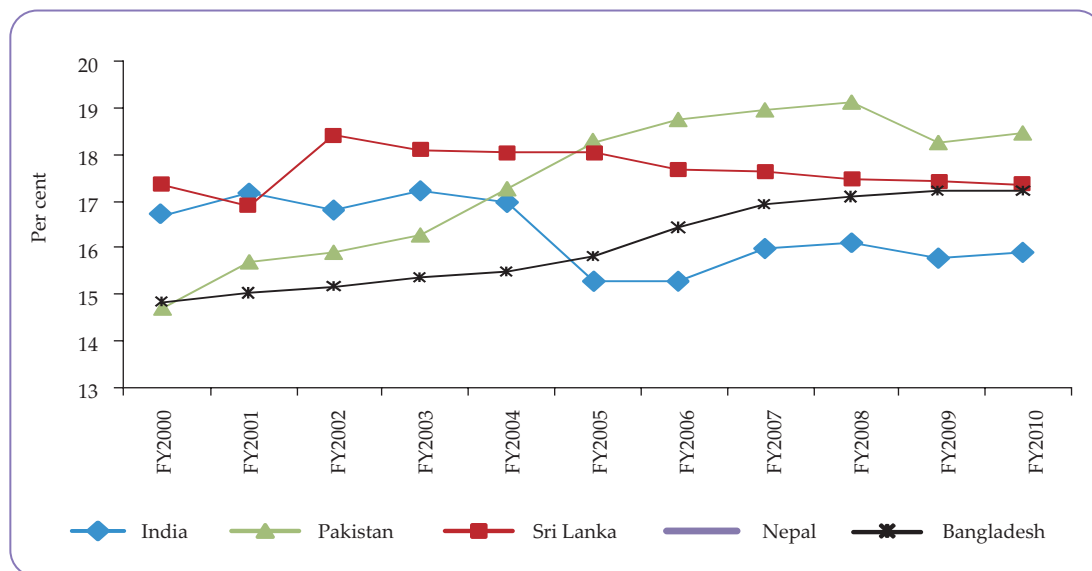
The industrial sector's contribution to the GDP increased from 24.7 per cent in FY1999-00 to 28.9 per cent in FY2009-10. During the same period the share of manufacturing sector sub-component increased from 14.8 per cent to 17.3 per cent. It is to be noted that, manufacturing sector has emerged to be the fastest growing sector in the recent period with annual average growth rate of 7.3 per cent between FY1999-00 and FY2009-10.

Figure 2: Sectoral Share of Bangladesh's GDP

Source: BBS (2010a).

Bangladesh, among her major South Asian counterparts (India, Pakistan and Sri Lanka), now has the highest share of industrial sector in the total GDP (28.9 per cent in FY2009-10). Although the share of manufacturing sector in Bangladesh’s GDP is still lower than that of Sri Lanka and Pakistan (Figure 3), the pace of increase of this share appears to have been relatively faster than the others.

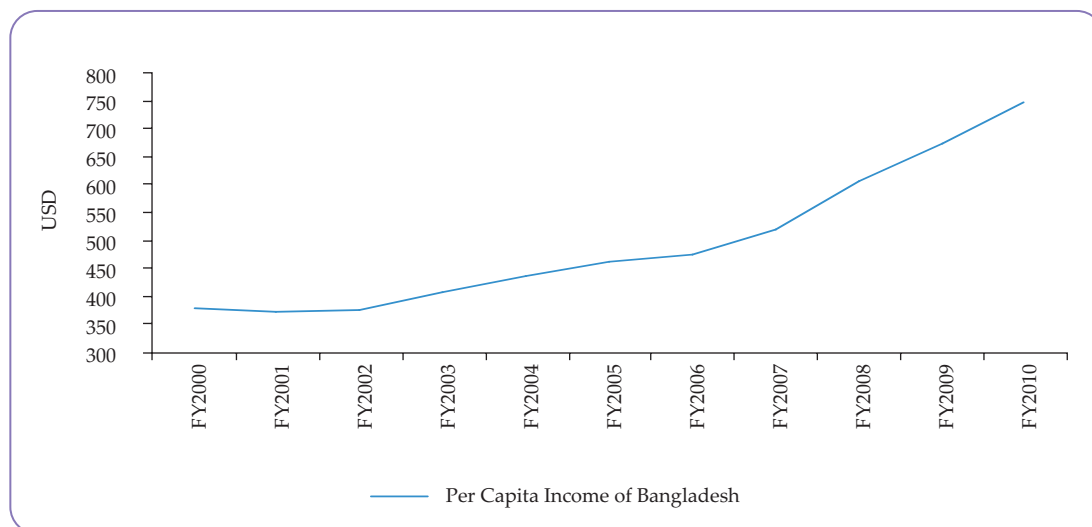
Figure 3: Trends in Share of Manufacturing Sector of Major South Asian Economies



Source: Country budget documents and economic surveys.

As for *income effect* of the growth that Bangladesh has achieved, one observes a fairly rapid rise in the per capita income over the last few years. As Figure 4 shows, Bangladesh has experienced almost a two-fold increase in her per capita income between FY1999-00 (USD 381) and FY2009-10 (USD 750). However, there is a flip-side to this achievement: the *distribution of income* has tended to become more and more uneven and skewed among various strata of the population over the years.

Figure 4: Growth of Per Capita Income over the Last One Decade



Source: BBS (2010a).

Varying rates of sectoral growth have contributed towards a shift in the composition of the GDP of Bangladesh, from traditional sectors to the relatively modern ones. However, the employment

and income effects of such a shift have been relatively less pronounced. Subsequent chapters of this report will deal with the transformation taking place in the employment patterns that have accompanied the aforesaid change, particularly during the last one decade. Before moving on to this discussion, a brief overview of the population and poverty situation of the country is called for, particularly since the shifts in the labour force are not only driven by the changes in sectoral composition of the economy, but also by the demographic dynamics.

2.2 Population, Poverty and Labour Force Dynamics

Within her relatively limited geographical space of about 147,570 sq. km., Bangladesh is inhabited by a population of 146.1 million (BBS 2010a). This makes Bangladesh one of the most densely populated countries in the world. Following the significant increase in population during the 1970s, extensive population control programmes were taken and notable success was achieved in restricting the growth rate. Population growth rate declined from 2.31 per cent in 1981 to 1.41 per cent in 2001. The last census was conducted in 2001¹, but according to the estimates of Bangladesh Bureau of Statistics (BBS), current (2009) growth rate stands at 1.39 per cent. Male to female ratio is 106 (males per 100 females), and vast majority of the population lives in the rural areas. Rural population constitutes 74.5 per cent of the total, while the rest 25.5 per cent lives in the urban areas.

Though such a large population and high density for a small country can be of a major concern, population structure of Bangladesh possesses a unique advantage: majority (about 45 per cent) of the population belongs to the age group of 15-44, i.e. working age category. This is likely to bring dividends for Bangladesh in the medium to long-run. However, if the economy falters in sustaining the current growth momentum, and in generating sustained labour demand for this category, or if the growth in working age population is not accompanied by skill development policies, it may well exacerbate the unemployment and underemployment situation of Bangladesh.

In the current context, however, a major feature of Bangladesh's population is the significantly high share of poor in the total number of people. It needs to be appreciated that Bangladesh has achieved remarkable progress in reducing poverty in the recent past (population below the poverty line had decreased by one percentage point a year during the 1990s, and by about two percentage points between 2000 and 2010), according to the latest Household Income and Expenditure Survey (HIES) of Bangladesh. However, poverty headcount rate (according to the Cost of Basic Needs (CBN) method) remained high at 31.5 per cent of the population in 2010², declining from 52.3 per cent in 2000 (BBS 2011). Despite this progress, it is generally recognised that the recent commodity price hike, particularly of rice, and the impact of the global economic shocks, have had significant adverse impact on the pace of reducing poverty rate. World Bank predicted slower reduction in poverty headcount ratio between 2005 and 2008 (by a significant margin of 6 per cent) due to the various shocks mentioned above (World Bank 2008). The World Bank (2009) also predicted that the global financial crisis was likely to deny about 2.4 million people in Bangladesh from the opportunity of moving out of poverty by the end of 2009-2010. One particular impact of the global crisis on Bangladesh economy was that the number of people who were able to go for overseas jobs was significantly lower in 2010 than the preceding two years. This has also had negative implications for poverty and employment situation in the country.³ Since remittance plays an important role in household income and in terms of reducing poverty, the slowdown in migration rate had detrimental impact on income and poverty levels.

While Bangladesh may be on track to achieve the Millennium Development Goal (MDG) target of halving the poverty rate by 2015, there is a flip-side of this progress. As the income distribution

¹The next census conducted on January 2011 reports the country population to be 140 million in 2010, which however, has been questioned by many, on the ground of its reliability.

²17.6 per cent of the population was below the extreme poverty line (hardcore poor) in 2010.

³It may be noted here that poverty levels in Bangladesh tends to be significantly lower in regions where higher percentage of households reported to have someone who was working abroad.

Table 1: Trends in Poverty Rate and Income Inequality

| Index | 1991-92 | 1995-96 | 2000 | 2005 | 2010 |
|--------------------|---------|---------|------|------|------|
| Poverty Rate (CBN) | 56.6 | 50.1 | 48.9 | 40.0 | 31.5 |
| Gini | 0.39 | 0.43 | 0.45 | 0.47 | 0.46 |

Source: Household Income and Expenditure Survey (HIES) (various issues).

Note: CBN refers to Cost of Basic Needs Method.

has been asymmetrical, overall inequality in terms of Gini coefficient increased from 0.39 in early 1990s to 0.45 in 2000, and went up to 0.47 in 2005 (BBS 2007), indicating yawning gap between the rich and the poor. A marginal improvement has been observed in 2010 as Gini coefficient declined only to 0.46 (Table 1). Moreover, an emerging concern of the recent time has been that regional variation in poverty rates is deteriorating. The western regions (Khulna, Rajshahi and Barisal divisions) seem to be lagging behind compared to the eastern regions (Dhaka, Chittagong and Sylhet divisions); apparently an east-west divide is on the rise. At the same time, rural areas are more poverty stricken than urban areas with poverty rates being 35.2 per cent and 21.3 per cent respectively (in 2010). Recent trend in income inequality is indeed a worrying phenomenon, and constitutes a key challenge to the development process in Bangladesh.

2.2.1 Labour Force Characteristics

According to the Monitoring of Employment Survey 2009 (MES 2009), the total size of the labour force in Bangladesh was approximately 53.7 million in 2009 (BBS 2010b). This was 49.5 million in LFS 2005-06, 46.3 million in LFS 2002-03, and 40.7 million in LFS 1999-00.⁴ Labour force participation rate (LFPR) improved from 54.9 per cent in 1999-00 to 59.3 per cent in 2009 (Annex Table 5), indicating a tendency towards a declining economic dependency ratio (EDR).⁵ National EDR declined from 82.3 per cent in 1999-00 to 68.7 per cent, with faster decline in the rural areas (Annex Table 4). These labour force figures imply that every year, on an average, about 1.4 million people enter into the labour force looking for job. The compound annual growth rate of labour force is estimated to be 3.1 per cent.

Gender disparity in the labour force is telling: 74.8 per cent of the current (2009) labour force are male and only 25.2 per cent are female. According to Rahman (2007), this may not be a realistic estimate, since given the social context, many women often do not prefer to report their status as 'looking for job', which is one criterion used in the estimation of being 'in the labour force.' This may also result in a lower overall unemployment rate than currently observed. However, compared to the composition of the 1999-00 labour force, more females are now looking for job, as the share of female in the 1999-00 labour force was even lower at 21 per cent (Table 2; also see Annex Tables 1 and 2 for details). This may imply either greater access of women to more employment opportunities (e.g. in the garments sector) or an improvement in female education rate that may have played an enabling role for them to look for job. On the other hand, this could also mean that women have been forced, by economic circumstances to join the labour force. In other words, it may have become increasingly difficult for them to remain unemployed. Perhaps a combination of all these factors has brought about this change.

Table 2: Trend in Labour Force Participation Rate by Gender*(in Per cent)*

| LFS | Bangladesh | | | Urban | | | Rural | | |
|-------------|------------|------|--------|-------|------|--------|-------|------|--------|
| | Total | Male | Female | Total | Male | Female | Total | Male | Female |
| LFS 1999-00 | 100.0 | 79.0 | 21.0 | 100.0 | 76.8 | 23.2 | 100.0 | 79.6 | 20.4 |
| LFS 2002-03 | 100.0 | 77.7 | 22.3 | 100.0 | 76.3 | 23.7 | 100.0 | 78.1 | 21.9 |
| LFS 2005-06 | 100.0 | 75.5 | 24.5 | 100.0 | 75.7 | 24.3 | 100.0 | 75.4 | 24.6 |
| MES 2009 | 100.0 | 74.8 | 25.2 | 100.0 | 75.4 | 24.6 | 100.0 | 74.7 | 25.3 |

Source: Labour Force Survey (LFS) (various issues); BBS (2010b).

⁴76.2 per cent of the labour force are in the rural areas, whereas 23.8 per cent in the urban areas (2009).

⁵A caveat is needed here. It is to be noted that MES 2009 was not a full-scale labour force survey, and did not capture seasonal variations in employment/unemployment. Any comparison between these data sets should take this into account.

As was previously mentioned, Bangladesh, in order to gain from her demographic momentum, needs to invest on developing skills of her labour force to facilitate increased productivity of the economy. Although about 40.5 per cent of the labour force is still illiterate (no education at all) according to the latest Labour Force Survey (2005-06)⁶, there appears to have been some improvements. In the 1999-00 LFS, 45.6 per cent of the total labour force lacked literacy, implying a decline of this category by about 1 percentage points per year between 1999-00 and 2005-06 (Table 3, and Annex Tables 8 and 9).

Table 3: Percentage Distribution Trend of Labour Force by Level of Education and Gender

(in Per cent)

| Level of Education | LFS 1999-00 | | | LFS 2002-03 | | | LFS 2005-06 | | |
|--------------------|-------------|-------|--------|-------------|-------|--------|-------------|-------|--------|
| | Total | Male | Female | Total | Male | Female | Total | Male | Female |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| No schooling | 45.6 | 42.1 | 58.7 | 50.1 | 48.0 | 57.6 | 40.5 | 37.1 | 50.9 |
| Class I-V | 24.3 | 25.4 | 20.4 | 16.8 | 17.4 | 14.9 | 23.8 | 24.1 | 22.9 |
| Class VI-VIII | 12.1 | 13.1 | 8.0 | 10.8 | 11.0 | 10.1 | 12.7 | 13.3 | 10.7 |
| Class IX-X | 5.5 | 5.8 | 4.3 | 8.6 | 8.9 | 7.6 | 7.5 | 8.2 | 5.4 |
| SSC-HSC equivalent | 8.5 | 9.0 | 6.5 | 9.0 | 9.7 | 6.8 | 10.6 | 11.8 | 6.9 |
| Degree+ and others | 4.1 | 4.6 | 2.0 | 4.6 | 5.0 | 3.0 | 5.0 | 5.6 | 3.2 |

Source: Labour Force Survey (LFS) (various issues).

Note: SSC: Secondary School Certificate; HSC: Higher Secondary Certificate.

The share of labour force having completed Class I to Class V have in fact declined from 24.3 per cent in 1999-00 to 23.8 per cent in 2005-06 (although female labour force within this category increased from 20.4 per cent to 22.9 per cent). From Table 3, it appears that educational achievements were improving for the higher categories. Despite this, the fact remains that labour force of Bangladesh is still largely unskilled and uneducated, undermining the economy's potentials for achieving higher growth (Annex Tables 6, 7, 14 and 15).

2.3 Employment Trends

2.3.1 Changes in Unemployment and Underemployment Rates

According to the surveys of labour force and employment, Bangladesh enjoys a very low unemployment rate. In fact, the rate appears to be too low to be a realistic estimate given the dynamics of population, growth and income and poverty. Too often the low employment rate has been criticised as a definitional issue (Rahman 2007). According to the MES 2009, unemployment rate of Bangladesh was only 5.1 per cent, although the rate has increased from 4.4 per cent in 1999-00. The labour force surveys of both 2002-03 and 2005-06 recorded decline in unemployment rate, before increasing between 2005-06 and 2009 (see Annex Tables 13, 16 and 17 for details).

Unemployment rate has been much higher within the female labour force cohort compared to the male, although this gap is gradually narrowing. In 2009, female unemployment rate was 7.5 per cent as against 4.3 per cent for male labour force. The rates were 8.2 per cent and 3.4 per cent respectively in 1999-00. While unemployment rate in the urban areas has been gradually declining till 2006 before marginally increasing in 2009, rural unemployment, in contrast, has been consistently increasing throughout the decade: 3.8 per cent in 1999-00 and 5.1 per cent in 2009 (more in Annex Tables 10 and 11).

Considering the high share of self-employment and family workers within the total employment (discussed later in this chapter) and informal nature of the labour market, it is more important to look at the underemployment dynamics rather than the unemployment rate. High underemployment that prevails in the labour market, to a large extent, explains the low unemployment rate of Bangladesh. According to MES 2009, underemployment (less than 35

⁶Monitoring of Employment Survey 2010 does not include comparable labour force statistics with regard to their level of education.

hours worked a week) rate was 28.7 per cent in 2009, having increased from 16.6 per cent in 1999-00 (Annex Tables 12, 21 and 22 provide further details). The underemployment rate is much higher in the rural areas (31.8 per cent) compared to urban areas (19.0 per cent). At the same time, at the national level, it is higher for female (32.5 per cent) compared to the male workforce (27.5 per cent). High underemployment rates are closely associated with widespread work-sharing, which in turn, reflects inadequate availability of productive, remunerative jobs. Furthermore, in the absence of unemployment benefits or similar institutional support, engaging in low productivity with low involvement becomes part of survival strategy.

2.3.2 Growth and Distribution of Employment

During the past decade, GDP growth of close to 6.0 per cent returned an employment growth that was about half of the GDP growth rate. Against the compound annual growth rate in labour force of 3.13 per cent, the rate of employment growth was 3.1 per cent during 1999-00 to 2009. Employment growth being lower than that of the labour force, number of unemployed had gradually increased. In fact, during the last few years (2006-2009), the gap between employment growth and labour force growth has indeed increased. Between 2006 and 2009, each year an additional unemployment of 0.11 million has been added, which was 98,700 between 2000 and 2003 and 12,300 between 2003 and 2006.

Employment distribution between urban and rural areas remained more or less the same during the last decade (2000-2009); 76.1 per cent in the rural areas and 23.9 per cent in the urban areas in 2009. However, in both the urban and rural areas, as was seen for the labour force, more opportunities for women's employment have been created. Female share in total employment increased from 20.2 per cent in 1999-00 to 24.5 per cent in 2009. Much of this shift has taken place in the rural areas. Currently female share in employment is higher in rural areas than in urban areas; the reverse was true in 1999-00 (Table 4).

Table 4: Gender Distribution of Rural and Urban Employment

(in Per cent)

| Indicator | 1999-00 | | 2009 | |
|-----------------|---------|-------|-------|-------|
| | Urban | Rural | Urban | Rural |
| Share of Female | 22.6 | 19.6 | 23.8 | 24.7 |
| Share of Male | 77.4 | 80.4 | 76.2 | 75.3 |

Source: BBS (2002); BBS (2010b).

In terms of sectoral distribution of employment, the agriculture sector, despite a rapid decline in its contribution to GDP, still absorbs a major part of the employed labour force (43.6 per cent in 2009). The services sector's share in total employment was 38.6 per cent, while that of the industrial sector was 17.8 per cent (Table 5 and Figure 5; Annex Tables 18 and 19 provide further details). From the employment dynamics of the last decade, two features are noteworthy. *First*, during 1999-00 and 2009 annual employment growth (compound) in agriculture sector (1.3 per cent) has been significantly lower than in industrial sector (6.6 per cent) and services sector (3.8 per cent). Employment in manufacturing sector, a sub-sector within the industrial sector, recorded highest annual growth of 7.19 per cent during this time period. *Second*, and more interestingly, annual female employment growth has been highest in the agriculture sector (6.9 per cent) against a negative growth (-0.4 per cent) in male employment in the same sector (see Annex Table 20 for details).⁷ This could be a reflection of increased seasonal male migration to urban areas, in search of jobs, increasingly visible in recent times. Remarkably, of the total growth in female employment during the decade has been in agriculture (62.1 per cent). Of the rest, 19.1 per cent of the new female employment went into industrial sector, where RMG sector played a big role, and 18.8 per cent was in the services sector.

⁷ However, while this is true for the decade, if only the recent years are considered (2006-2009), a reversal of the trend is visible. During these three years, annual compound growth of women employment in agriculture sector was negative (-4.79 per cent) against 1.13 per cent growth in male employment in the same sector.

Table 5: Sectoral Distribution of Employment in 2009

(in Per cent)

| Sector | Bangladesh | | | Urban | | | Rural | | |
|---------------|------------|--------|-------|-------|--------|-------|-------|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Agriculture | 40.5 | 53.0 | 43.6 | 7.2 | 22.2 | 10.8 | 51.1 | 62.4 | 53.9 |
| Industry | 17.2 | 19.8 | 17.8 | 27.7 | 32.9 | 28.9 | 13.8 | 15.8 | 14.3 |
| Of which | | | | | | | | | |
| Manufacturing | 12.6 | 17.0 | 13.7 | 22.7 | 30.2 | 24.5 | 9.4 | 12.9 | 10.3 |
| Services | 42.3 | 27.2 | 38.6 | 65.2 | 44.9 | 60.3 | 35.1 | 21.9 | 31.8 |

Source: BBS (2010b).

Figure 5: Sectoral Share of Employment

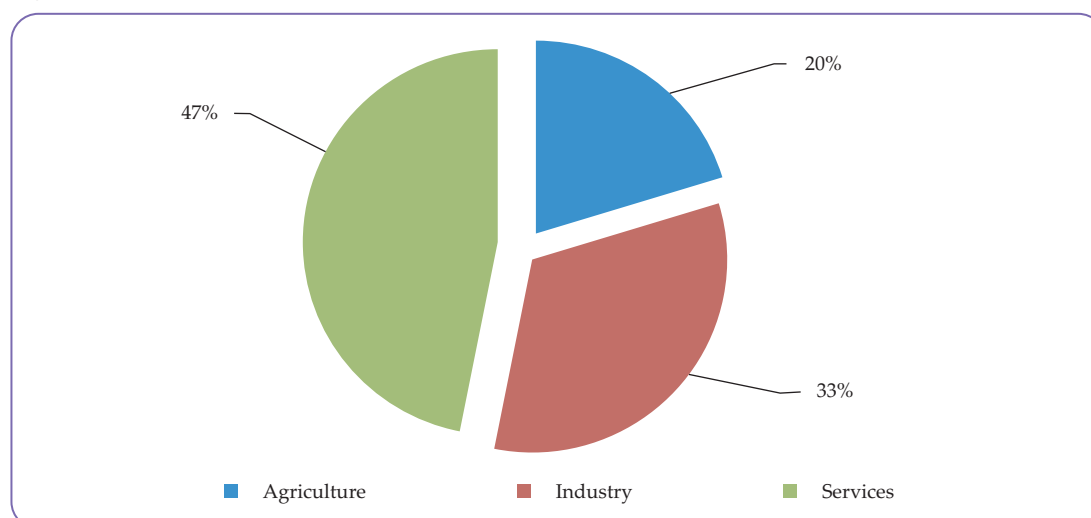


Source: Labour Force Survey (LFS) (various issues); BBS (2010b).

Interestingly, from the growth perspective, rural services sector experienced high employment growth (4.39 per cent annually) during 1999-00 compared to that of urban (2.92 per cent annual growth).

Of the total *new employment* that the economy generated during 1999-00 and 2009, the highest contribution came from the services sector (46.8 per cent), followed by industry (32.8 per cent) and agriculture (20.3 per cent) (Figure 6). Irrespective of how productive these new jobs were,

Figure 6: Incremental Contribution of Sectors between 2000 and 2009



Source: BBS (2002); BBS (2010b).

nearly 70 per cent of the additional services sector jobs were generated in the rural areas, more specifically in the wholesale/retail trade sector, and in transport and telecom sector.

Both in urban and rural areas annual agricultural employment growth was low between 1999-00 and 2009; 2.1 per cent and 1.3 per cent respectively. On the other hand, particularly high annual employment growth was experienced in the rural manufacturing sector (12.6 per cent annually).

From the perspective of *type of employment*, notable change has occurred in the last decade in the share of unpaid family workers. This would perhaps explain the higher underemployment that has been mentioned earlier. Share of unpaid family workers in total employment increased from 12.0 per cent in 1999-00 to 21.2 per cent in 2009. On the other hand, the share of day labourers, which declined since 1999-00 (24.4 per cent) till 2005-06 (18.2 per cent), increased again between 2005-06 and 2009 to 20.2 per cent. Self-employment, although declining throughout the decade, still remains the largest category of the employed labour force with a share of 39.4 per cent (46.6 per cent in 1999-00). With respect to the 'employer' category of employment, some interesting features have emerged. Although, as one would expect, the share of this sector is low (only 0.3 per cent in 2009), the rural share in this type of employment nearly doubled, from 46.4 per cent to 88.3 per cent between 1999-00 and 2009. At the same time, the share of females in this category increased from 8.9 per cent to 29.3 per cent during this decade. In other words, women entrepreneurship is emerging as a significant development, particularly in the rural areas.

In sum, both manufacturing and services sector employment appear to be growing at a fairly fast pace, in particular, in the rural areas. Changes in gender composition of employment is also transforming faster in the rural areas. Overall, while these developments would tend to bode well for the rural economy, clearly the employment growth in these two sectors has been far from adequate to cope with the labour force growth, which is patently reflected in the increasing rural unemployment and underemployment rates.

2.3.3 Wage Characteristics

The average wage per month in Bangladesh is reported to be Tk. 6,300 in 2009, which is equivalent to around USD 90. Wage is substantially lower in the agriculture sector (Tk. 2,900 or about USD 42 a month) and highest in the services sector (particularly in the financial institutions which is Tk. 10,400 or USD 148.1 a month). A prominent feature of the wage structure is the significant disparity that exists between average wages of males and females overall. In general, male wages are 42.5 per cent higher than female wages. Large difference also exists between wages in urban and rural areas – average urban wage was higher by 31.2 per cent compared to average rural wage (see Annex Table 23 for details).

It needs to be emphasised that information on wages are not always straightforward, and caution needs to be exercised in their comparability and interpretation. For instance, wages data published by the labour force surveys and the recent MES of 2009 are found to be inconsistent. As a consequence, intertemporal comparisons based on labour force surveys have been avoided in this report. According to the wage rate index published by the BBS⁸, average real wage increased by 23.1 per cent between 1999-2000 and 2005-2006 (manufacturing wage: 33.6 per cent; agricultural wage: 20.4 per cent).⁹

2.4 Growth and Employment Outlook

As was discussed earlier, Bangladesh did suffer from the 2008 global financial crisis as the pace of growth slowed down in the subsequent years. Consequently, the trend in reduction of poverty rate is perceived to have suffered negatively. However, direct impact of the crisis on formal

⁸BBS suspended publishing wage information in 2006.

⁹Regrettably, more recent comparable data is not available. The high inflation of subsequent years, particularly the rise in prices of wage goods such as rice and wheat is likely to have a dampening effect on the growth of real wages in subsequent years.

sector employment was found to be limited, particularly because there was no large-scale retrenchment from manufacturing industries. Agriculture sector being less integrated with the global economy, the majority of the labour force engaged in this sector escaped the negative consequences of the economic tsunami. Government's stimulus package for the agriculture sector also helped maintain the good performance of the sector during the crisis years, with consequent positive impact on employment. Some industrial workers suffered from reduced access to fringe benefits and reduction in working hours, as export orders were falling and cost-cutting measures were adopted by the industries, particularly in the RMG sector (Rahman *et al.* 2009). As a matter of fact, overseas employment opportunities rose during the crisis years – number of workers going abroad were significantly higher in 2007 and 2008 compared to the trend. The momentum that was observed indeed helped easing the pressure on the domestic labour market. However, over the subsequent two years (2009 and 2010) number of workers going abroad reversed to pre-crisis trend, coming down by about 50 per cent (see Chapter 4 for more on this issue).

Medium-term employment outlook is closely linked with recovery of the global economy from the crisis. This is particularly true for the export-oriented manufacturing sector, dominated by the RMG sector. During the crisis, new buyers were attracted to low-cost Bangladeshi products, owing to the so called 'Wal-Mart' effect (CPD 2008). At present (2011) Bangladesh is experiencing significant RMG-led export growth, indicating that buyers are staying with Bangladeshi producers. Because of cost escalation in China (higher wages, appreciation of Yuan, and shift of production to more interior regions), and a desire on the part of major buyers to reduce dependence on China (the so called *China plus One* policy), buyers are showing more interest in Bangladesh. Growth in terms of both volume and value contributed to the high export growth during the first eight months (July-February) of FY2010-11.¹⁰ This is likely to have positive impact on both production and employment opportunities in the export-oriented sectors.

Bangladesh will need to build on the opportunities emerging from the recovery process and accelerate her growth to absorb the large number of new labour that comes in to the labour market every year. Targeted GDP growth for FY2010-11 is 6.7 per cent, and according to the Medium Term Macroeconomic Framework (MTMF) of Bangladesh as well as the *Vision 2021* Document of the current government for the next decade, the goal is to achieve 8.0 per cent GDP growth by 2015. A projection exercise following the ILO-suggested method (ILO 2002) indicates that if the growth target is achieved by 2015, unemployment rate would indeed decline, but only to 4.5 per cent from the estimated 5.1 per cent for 2009 (Table 6). However, the exercise assumed constant sectoral GDP structure; estimates will be somewhat different if this was not the case. Assuming that sectoral employment elasticity would be higher if greater attention was given to labour-intensive manufacturing and services sectors, which is one of the medium-term strategies articulated in the SFYP (to be implemented from FY2011-12), generation of employment would be higher. *Vision 2021* also targets to improve the sectoral employment share of the manufacturing sector to 25 per cent of the GDP by 2015, which at present (FY2009-10) is about 17.3 per cent.

Table 6: Projection of Labour Force, Employment and Unemployment for 2015

| Indicator | 2005-06 | 2009 | 2014-15 |
|-----------------------|---------|-------|---------|
| Labour Force | 49461 | 53744 | 63837 |
| Employment | 47400 | 51015 | 60957 |
| Unemployment | 2061 | 2729 | 2880 |
| Unemployment rate (%) | 4.2 | 5.1 | 4.5 |

Source: Estimates based on BBS (2008); BBS (2010a); BBS (2010b); Medium Term Macroeconomic Framework (MTMF) (2010).

In addition to creating job opportunities for the observed unemployed, the policy challenge will also be to create productive and remunerative jobs for the underemployed and the working poor. Since this would be beyond a mid-term challenge, the government will need to continue to

¹⁰During the first eight months of FY2010-11, overall export growth was 40.3 per cent.

pursue appropriate interventions to support employment and income entitlements of the vulnerable groups, and various social protection measures. Indeed, in 2008 Bangladesh introduced a nationwide *100-Days Employment Generation Programme (100-DEGP)* as a safety net measure for the rural hardcore poor, which continued as *Employment Generation for the Hardcore Poor (EGHP)*, although in a reduced scale, in the subsequent years. Number of beneficiaries of the ongoing EGHP is around 1.2 million. Currently, from FY2009-10, the government is also running *National Service* programme, targeting labour force with educational qualification equivalent to SSC, covering around 46,000 youth in FY2010-11. These two programmes account for 6.1 per cent of the total safety net budget of Bangladesh in FY2010-11 (Khatun *et al.* 2010).

It must be reckoned that Bangladesh is still a long way from attaining the status of a full-employment economy, as warranted by its commitment to achieving the MDG Target 1(b), i.e. the goal of “full, productive employment and decent work.” However, it is pertinent to recall here that the SFYP of Bangladesh aims to attain not only high growth, but also to enhance the employment content of growth. SFYP aims to achieve this through job creation in labour-intensive sectors including export-oriented sectors, in rural non-farm sectors, and in services sector. Export diversification and skill development will be key strategic interventions to attain this goal. This will require appropriate incentives and adequate allocations towards sectoral priorities and diversification. With regard to accelerating the growth, a major constraint for Bangladesh is the discouraging investment scenario. Bangladesh is an underinvested country with gross national investment being considerably lower than the gross national savings.¹¹ To improve on this front, public investment needs to be geared up significantly. This is also critical to crowd in the private sector investment. This is particularly important in view of the fact that over the years public investment-GDP ratio has gone down. Medium-term growth and employment generation targets will critically hinge on how Bangladesh addresses the investment issue. Among many constraints that inhibit investment in the economy, a significant one that currently exists is the acute power and energy shortage that the country is facing. According to the SFYP, the demand-support gap will be significantly reduced through higher investment in energy generation; large-scale investment in infrastructure development is also planned. If these plans are realised, investment environment is expected to improve, and investment would be stimulated. Absorption of the additional labour market entrants and reducing the backlog of underemployment and unemployment will, to a large extent, depend on how successfully this can be done. This is important in terms of attracting both domestic and foreign investment.

In the above context, it goes without saying that generation of employment opportunities will depend not only on investment, but also on other policies including trade and fiscal policies which have implications for entrepreneurship development, labour market and employment creation. The next chapter will examine the interface between trade reforms pursuing in Bangladesh over the past years and evolution of employment situation in the country.

¹¹National savings and investment rates of Bangladesh in FY2010-11 were 29.7 per cent and 24.3 per cent of the GDP respectively.

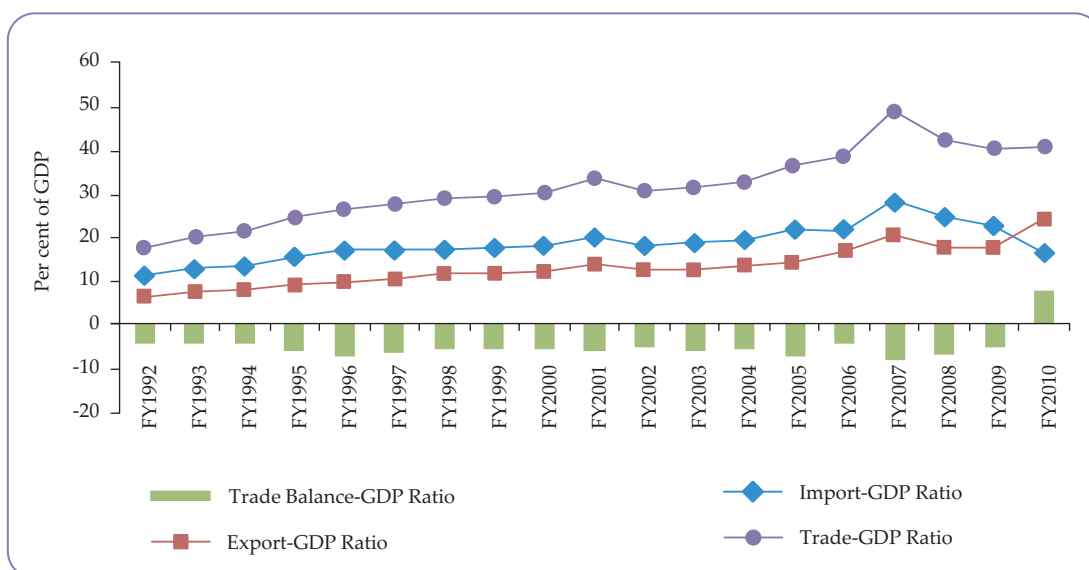
Impact of Trade on Employment

It is expected that trade reforms, trade policies and trade openness have important implications on employment and related correlates (including productivity, wages, working conditions, etc.) in an economy. Exploring the possible consequences of trade policies on employment and labour market is an area of much interest in view of its implications on income generation and poverty reduction (Osmani 2005; Arbache 2001). The discussion in this chapter focuses on the interface between trade policies and reforms and the labour market of Bangladesh, and examines how the labour market has been impacted by the trade policy pursued in Bangladesh over the years. The discussion and analysis has been presented here in three sections: (a) overview of trade openness and factors affecting trade openness; (b) trade orientation of Bangladesh economy and its interlinkages with employment, output, productivity and gender parity; and (c) interlinkages between trade and non-wage working conditions in sectors which tend to be more exposed to trade.

3.1 Overview of Trade Openness of Bangladesh Economy during 2000s

Bangladesh economy is becoming increasingly dependent on trade; the trade-GDP ratio increased to 40.5 per cent during FY2009-10 from 29.9 per cent in FY1999-00 (Figure 7). This indicates the rise of trade orientation of the country by one percentage point every year during

Figure 7: Trade Openness of Bangladesh Economy



Source: Bangladesh Economic Review (various issues).

2000s.¹² This is highlighted through high rates of both import penetration and export orientation in the first part of 2000s. In the second part, pace of import growth slowed down which somewhat reined-in the overall rise in trade openness. Although Bangladesh still lagged behind most of the South Asian countries in terms of trade openness¹³, the pace of growth was one of the highest during 2000-2008.

3.1.1 Trade Liberalisation

Trade liberalisation, particularly reforms in tariff structure, was one of the important factors contributing to Bangladesh's trade openness during 1980s and 1990s, and even 2000s.¹⁴ Under successive import and export policies, various reform measures were initiated in order to bring down the tariff rates and reduce the anti-export bias in the economy.¹⁵ The pace of tariff liberalisation has varied over the past years; the pace was fastest in the 1990s (Table 7). In FY2008-09, unweighted tariff rate was 12.3 per cent compared to 18.6 per cent in FY2000-01, a reduction of 34 per cent; however, reduction of tariff was 78 per cent between 1991-2000. Tariff structure of Bangladesh tends to follow the classical pattern with lower tariff on capital machineries, primary goods and intermediate goods (5.9 per cent, 10.1 per cent and 11.0 per cent respectively in FY2009-10), and higher tariffs on final goods (18.4 per cent in FY2009-10), one of the reasons being to provide protection to domestic industries (Table 8).

Table 7: Bangladesh Tariff Structure

| Year | Number of Tariff Bands | Maximum Rate (%) | Unweighted Tariff Rate (%) | Weighted Average (%) | MFN Unweighted Average (%) |
|-----------|------------------------|------------------|----------------------------|----------------------|----------------------------|
| FY1991-92 | 18.0 | 350.0 | 70.0 | 24.1 | 57.2 |
| FY2000-01 | 5.0 | 37.5 | 18.6 | 12.3 | 21.4 |
| FY2001-02 | 5.0 | 37.5 | 17.1 | 9.7 | 21.0 |
| FY2002-03 | 5.0 | 32.5 | 16.5 | 12.4 | 19.8 |
| FY2003-04 | 5.0 | 30.0 | 15.6 | 9.8 | 18.9 |
| FY2004-05 | 4.0 | 25.0 | 13.5 | 9.6 | 16.5 |
| FY2005-06 | 4.0 | 25.0 | 13.4 | 8.4 | 16.4 |
| FY2006-07 | 4.0 | 25.0 | 12.2 | 6.9 | 14.9 |
| FY2007-08 | 4.0 | 25.0 | 13.4 | 7.6 | 17.3 |
| FY2008-09 | 5.0 | 25.0 | 12.3 | 6.9 | 15.2 |
| FY2009-10 | 5.0 | 25.0 | | | 15.0 |

Source: Bangladesh Economic Review (various issues).

Note: MFN refers to Most Favoured Nations.

Table 8: Weighted Average Tariff during FY1990-91, FY2000-01 and FY2009-10

| Type of Commodity | Weighted Average Tariff | | | Change (%) | |
|--------------------|-------------------------|-----------|-----------|---------------------------|---------------------------|
| | FY1991-92 | FY2000-01 | FY2009-10 | Between FY1992 and FY2001 | Between FY2001 and FY2010 |
| Primary goods | 23.4 | 14.9 | 10.1 | -36.2 | -32.3 |
| Intermediate goods | 24.1 | 15.0 | 11.0 | -37.9 | -26.6 |
| Capital goods | 18.7 | 10.4 | 5.9 | -44.4 | -43.8 |
| Final goods | 47.3 | 20.3 | 18.4 | -57.1 | -9.2 |

Source: Bangladesh Economic Review (various issues).

¹²Yearly rise of trade orientation was higher in 1990s (1.6 per cent per year).

¹³During 2008, trade-GDP ratios of various South Asian countries were as follows: Afghanistan (70 per cent); Bhutan (107 per cent); India (50.7 per cent); Maldives (193.7 per cent); Nepal (44.7 per cent); Pakistan (36.6 per cent); and Sri Lanka (63.2 per cent).

¹⁴According to Rahman *et al.* (2010), tariff reforms have taken place in three phases. These phases were identified on the basis of extent and pace of reduction of tariff and para-tariff barriers. After the pre-reform phase of tariff liberalisation during 1972-1980, tariff reforms took place in three phases: first phase during 1981-1990, second phase during 1991-1995, with the third phase commencing from 1996 till date.

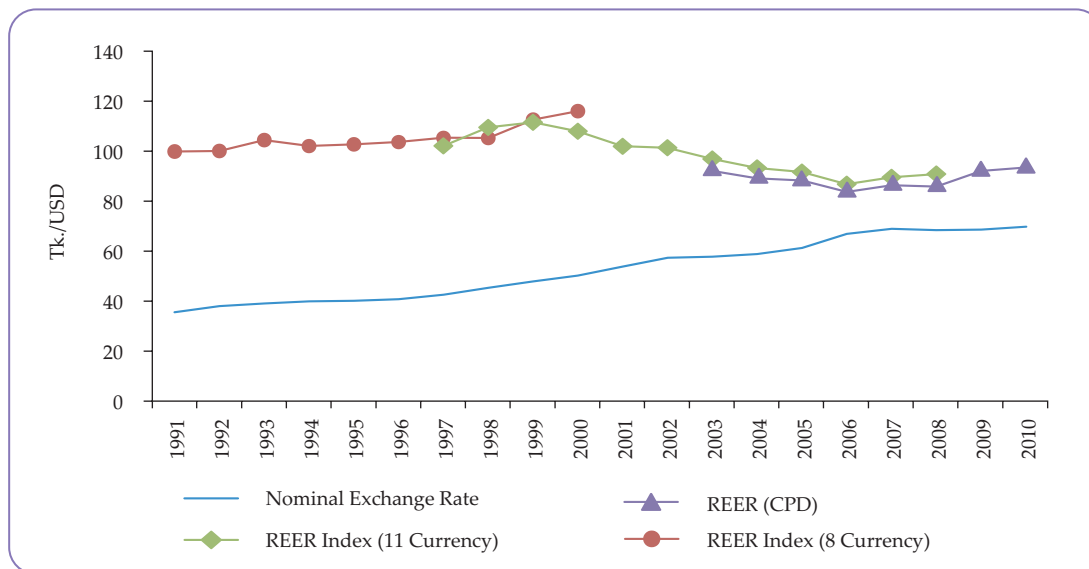
¹⁵Various reform measures undertaken as part of trade policy reforms include provision for duty-free access to imported inputs, reduction in tariff levels and number of tariff rates, streamlining and simplification of import procedures, provision for financial assistance on traditional exports, tax rebates on export earnings and concessionary duties on imported capital, accelerated depreciation allowance and excise fund refund on domestic raw materials and inputs, proportionate income tax rebates of at least 30 per cent on export earnings.

3.1.2 Other Reforms

Trade orientation in Bangladesh was also impacted upon a number of other non-tariff factors. Various reform measures undertaken with respect to industrial policies, investment measures, fiscal and monetary policies, also have contributed to opening up of the economy and putting in place a more market-oriented economy (Hossain and Alauddin 2005; Edwards 1993; Shafaeddin 2005). Major policy reforms were initiated in 1980s and 1990s, with most of these reforms continuing in 2000s under new policy initiatives such as the *Industrial Policy 2005 and 2010*, *SME Policy Strategies 2005*, exchange rate-related policies, and various monetary and fiscal policies pursued in recent times. A major thrust of these policies was to facilitate private sector-oriented, export-led industrialisation particularly through labour-oriented industries. Private investment, particularly in export-oriented industries, was facilitated through various incentives and support measures.¹⁶ At international level, preferential market access in developed and developing countries under unilateral, bilateral, regional and multilateral trade agreements/arrangements have also positively contributed to global integration of Bangladesh economy and higher contribution of trade to GDP during the 2000s (Edwards 1993; Shafaeddin 2005; Lapyere 2004; Figini and Santarelli 2006). Rise of private investment in major manufacturing and services sectors, particularly in trade-oriented industries, have facilitated this process. Private investment has increased from 15.8 per cent of GDP in FY2000-01 to 19.7 per cent in FY2009-10; however, because of deceleration of public investment, overall investment did not show significant change in this decade. Global integration of Bangladesh economy has remained a predominantly private sector-driven phenomenon in Bangladesh.

Trade reforms in Bangladesh was supported by exchange rate reforms in the 2000s which saw a transition from fixed and managed float regimes pursued since 1980s to a floating exchange rate regime. In 2003, Bangladesh introduced a floating exchange rate regime.¹⁷ As a result, the gap between nominal and real exchange rate has narrowed down in 2000s (Figure 8) pursued since 1980s. Overall, this has had a positive impact on both export and remittances.

Figure 8: Trends of Exchange Rate Indices



Source: Rahman *et al.* (2010); Bangladesh Economic Review (various issues).

Note: REER denotes real effective exchange rate.

¹⁶Various incentives and supports provided to export-oriented industries include tax holiday for 10 years, followed by 50 per cent rebate on export sales, duty-free import of construction materials, machinery/spare parts/equipments, provision of duty-free export, relief from double taxation, exemption from dividend tax, protection of investment under the Foreign Private Investment (Promotion and Protection) Act 1980, allowance of 100 per cent foreign ownership, absence of any ceiling on foreign investment, and allowance of full repatriation of capital and dividend.

¹⁷However, it should be noted here that if and when necessary, the Central Bank does interfere in the FOREX market through purchase and sale of US Dollars (USD).

3.2 Trade Orientation of Different Sectors of Bangladesh Economy and their Implications for Employment, Output, Labour Productivity and Gender Issues

Based on the Input-Output (I-O) Table of Bangladesh for 2005-06, an attempt has been made here to establish the relationship between trade and some of the key macroeconomic performance indicators. The I-O Table provides insights to understand the nature and extent of trade integration of various sectors. It is found that about 9 per cent of total domestic production is exported while the rest 91 per cent goes to meet local demand. On the other hand, more than 37 per cent of total production cost is accounted for by imported inputs, whilst less than one per cent of total domestic supply comes from imported finished products. This indicates that import side of trade-related activities is mainly linked to import of inputs used for export-oriented and domestic market-oriented industries. According to Table 9, trade orientation is highest in manufacturing sector by way of export of domestic production, use of imported inputs and also import, albeit insignificant amount, of finished products. Trade orientation of the agriculture sector is rather negligible. The services sector including construction is linked to trade mainly through imported inputs for a number of domestic market-oriented industries.

Table 9: Trade Orientation of Different Sectors

(in Per cent)

| Sector | Share of Domestic Sales in Total Domestic Production | Share of Export in Total Domestic Production | Share of Final Goods Import in Total Supply | Share of Inputs Import in Total Costs |
|-------------|--|--|---|---------------------------------------|
| Agriculture | 97.7 | 2.3 | 0.0 | 6.5 |
| Industry | 80.9 | 19.1 | 0.5 | 54.1 |
| Services | 98.1 | 1.9 | 0.2 | 35.6 |
| Overall | 91.3 | 8.7 | 0.3 | 37.2 |

Source: Authors' estimation based on the I-O Table of 2006, Planning Commission of Bangladesh.

Table 10 shows the distribution of employment in various sectors of the economy. As the Table bears out, employment in major sectors is concentrated in the two sectors with relatively low trade orientation. About 44 per cent of total employment is in agriculture, whose integration with the global market as was pointed out above is rather weak. About 43 per cent of employment is in services where linkages with the global market are also relatively weak (at least from the export point of view). Direct employment linkages of trade in the Bangladesh context are pronounced in the manufacturing sector. However, indirect effects of trade through income and supply effects appear to be important for some of the other sectors, particularly agriculture.

Table 10: Percentage Distribution of Employed Population by Major Sectors and Gender

(in Per cent)

| Sector | Total | Male | Female |
|-------------|-------|------|--------|
| Agriculture | 43.7 | 40.6 | 53.1 |
| Industry | 13.7 | 12.6 | 17.0 |
| Services | 42.6 | 46.7 | 30.2 |

Source: BBS (2010b).

3.2.1 Agriculture Sector

Although the agriculture sector contributes about one-fifth of the total GDP of the country, it remains to be the single largest source of employment in Bangladesh; 43.7 per cent of total employment is in agriculture. Since agriculture in Bangladesh is heavily concentrated in a few activities, trade-employment linkages in this sector will depend on the nature and extent of linkages of these sectors with trade. As mentioned earlier, sector's indirect linkages with trade is perhaps significant, although this is difficult to capture because of paucity of data. Annex Table 24 shows trade orientation of various agricultural activities. Crop cultivation, particularly rice cultivation, accounts for about 27.6 per cent of total agricultural output. It is linked to global trade mainly through import of raw materials, i.e. fertiliser (other than urea).¹⁸ Next important agricultural activities are fishing (16.1 per cent) and forestry (10.1 per cent); however, links to global trade are rather weak for these sub-sectors.

¹⁸Although, I-O of 2006 did not show import of raw materials as a major input for rice cultivation.

Trade is found to be important in the case of wheat cultivation, cotton production, oilseed production and spice production mainly from the perspective of import of inputs. The linkage to trade is also important in the case of jute and tobacco cultivation, shrimp farming, and to some extent in the case of tea and vegetable cultivation where global market plays a key role for exports of finished products (see Annex Table 24). Import of finished agricultural products is, however, of low importance (less than 1-2 per cent of total domestic requirements). Bangladesh has strived to maintain higher tariffs for agricultural finished products in order to protect interest of local agricultural producers.¹⁹ However, to encourage import in view of high domestic prices, Bangladesh has reduced MFN tariffs on a number of agricultural goods.²⁰

During 2000s tariff rates for agricultural products, on simple average term, were maintained at a high level (18.5 per cent in 2008) (Table 11).²¹ The pace of reduction of tariffs was relatively high for intermediate goods. During this period, import of most of the agricultural products has increased although extent of this rise has not always been in tandem with the pace of change in tariff rates (Annex Table 25). Import of agricultural products, mainly foodgrains, is largely driven by the dynamics of domestic demand and the need for maintaining good food stocks. A part of the change in import of agricultural products is, however, linked to other factors such as changes in the demand pattern for raw materials in view of changing pattern of agricultural production.

Table 11: Tariff Rates and Import of Agricultural Products in Bangladesh

| Duty Type | Tariff Type | 1989 | 1994 | 2000 | 2005 | 2008 |
|--------------------|------------------|------|------|-------|-------|-------|
| AHS (rate) | Simple average | 95.0 | 88.9 | 25.5 | 17.7 | 18.5 |
| | Weighted average | 50.8 | 50.2 | 11.3 | 7.4 | 5.6 |
| AHS (% change) | Simple average | | -6.4 | -71.4 | -30.4 | 4.5 |
| | Weighted average | | -1.1 | -77.5 | -34.8 | -24.4 |
| Imports (value) | (billion USD) | 0.8 | 1.1 | 1.8 | 2.5 | 1.5 |
| Imports (% change) | % per year | | 6.5 | 10.9 | 8.8 | -13.6 |

Source: World Integrated Trade Solution (WITS), World Bank.

Employment

Since disaggregated sub-sector level employment data is not available, exploration of the linkages between trade in agriculture sector and employment can at best give indicative results. According to the LFS 2005-06, crop sector accounted for about 73.6 per cent of total agricultural employment; this was equivalent to about 35 per cent of the total employment in the country (Table 12). Since crop sector was relatively less exposed to trade, changes in employment

Table 12: Distribution of Employment in Agriculture Sector of Bangladesh

(in Per cent)

| Labour Force Survey | LFS 2002-03 | LFS 2005-06 |
|---|-------------|-------------|
| Share of agriculture in total employment | | |
| Total | 51.7 | 48.1 |
| Male | 49.8 | 41.8 |
| Female | 58.6 | 68.1 |
| Share of crop sector in total employed person | | |
| Total | 40.8 | 35.4 |
| Male | 42.3 | 38.3 |
| Female | 35.6 | 26.1 |
| Share of crop sector in total agriculture | | |
| Total | 78.8 | 73.6 |
| Male | 84.9 | 91.6 |
| Female | 60.7 | 38.3 |

Source: Labour Force Survey (LFS) (various issues).

¹⁹Tariff rates for agricultural products varied depending on the nature of use of agricultural products in the domestic market. A number of products belong to the highest slab with tariff rate of 25 per cent which includes meat, fish, sugar, cocoa, etc., while some belong to the lowest slab at the rate of zero per cent which currently includes rice, oilseeds, vegetable oil, etc.

²⁰However, it should be noted here that in the World Trade Organization (WTO) Bangladesh has *bound* her MFN tariffs on agricultural items at very high levels indicating importance that policymakers tend to put with regard to providing effective protection to agriculture sector.

²¹Reduction of tariffs was much higher and homogeneous in 1990s compared to that in 2000s.

in the sector was mainly due to other factors such as growth, productivity, cropping intensity and cropping practices.²² During 2000s, share of employment in agriculture sector has experienced a decline (by 12 per cent) although in absolute numbers it had increased by 21 per cent; it would appear that a large part of this change was related to the crop sector. Thus, change in agricultural employment has been accounted for mainly by factors other than global trade.

Gender Dimension

According to BBS (2010b), agriculture sector employed about 7.2 million female workers which accounted for 53 per cent of total female employment and 13.3 per cent of total employment in the country. During 2000s, female employment in agriculture sector has registered substantial rise both in absolute number (94 per cent between 2000 and 2009) and in relative share (13 per cent over the same comparable period) (Table 13). These changes in the composition of labour force have taken place at a time when growth of male workers in terms of absolute number was insignificant and was negative in terms of share of total employment. Since share of agriculture has been coming down in total output, rise of female employment in agriculture has been partly thanks to activities now being performed by women that were earlier carried out by male workers (also see Chapter 2). Rise of off-farm and formal employment opportunities appears to have provided alternative employment opportunities to male workers outside of agriculture. Thus, the change in gender dimension of employment in agriculture sector during 2000s appears to have been driven by both trade and non-trade related factors.

Table 13: Changes in Employment in Agriculture Sector of Bangladesh

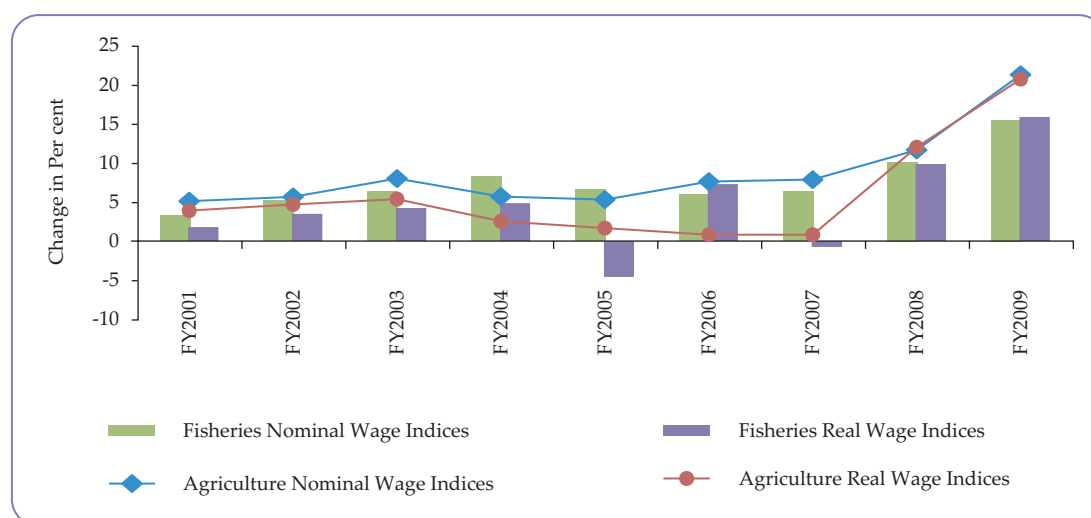
| Time Period | Changes in the Number of Employment (%) | | | Changes in the Share of Employment (%) | | |
|----------------|---|-------|--------|--|-------|--------|
| | Total | Male | Female | Total | Male | Female |
| 2003 over 1999 | 12.9 | 2.9 | 55.7 | -0.7 | -7.3 | 24.8 |
| 2006 over 2003 | -1.0 | -12.2 | 30.4 | -7.3 | -16.1 | 13.8 |
| 2009 over 2006 | 8.0 | 15.0 | -4.5 | -4.8 | 3.2 | -20.3 |
| 2009 over 2000 | 20.8 | 3.9 | 94.0 | -12.4 | -19.7 | 13.2 |

Source: Labour Force Survey (LFS) (various issues).

Dynamics of Real Wage

Nominal wage indices in agriculture sector demonstrated consistent rise during the first half of 2000s although real wage indices registered some deceleration (Figure 9). This trend was

Figure 9: Changes in Workers' Wage Indices in Agriculture Sector



Source: Bangladesh Economic Review (various issues).

²²Within the crop sector, trade orientation is largely found in wheat production which is accounted for only 2.7 per cent of foodgrain production during FY2009-10.

observed in 1990s as well. However, after 2007, both nominal and real wage indices for agriculture sub-sector as well as for fisheries sub-sector have registered a rise. Part of the rise of wages is related to rise in the farm-gate price²³ of agricultural products, a part of which appears to have been transferred to workers in the form of rise in wages. Price of foodgrains in Bangladesh tends to follow global trends which has seen significant rise in recent years. Farmers have benefitted from this since rising market price of rice has also pushed up price of paddy at the farm-gate.

Productivity

Rahman *et al.* (2010) has attempted to analyse the relationship between wages and productivity of agricultural workers for the period of 1983-2005. The authors did not find a significant association between the two variables. According to this study, relative movements of wages and productivity of agricultural workers is rather an indication of inelastic relationship between the two indicators.

Evidence suggests that in the context of Bangladesh the capacity of agriculture sector to generate additional employment is rather limited.²⁴ New employment opportunities are being created, on a limited scale, only in the non-crop, off-farm sector of agriculture (Hossain 2002).

3.2.2 Manufacturing Sector

As was noted above, trade orientation of the manufacturing sector in Bangladesh is high compared to that of agriculture and services sectors. Annex Table 26 shows trade orientation of different industrial activities.²⁵ Both export-oriented and import-competing industries have discernible linkages with trade, particularly in the form of use of imported inputs. However, a majority of manufacturing industries sell a part or full of their products in the domestic market which indicates considerable influence of domestic market-related factors on growth of production and its consequential impact on employment (Muqtada 2003). Most of these industries are, to some extent, dependent on imported inputs; thus, tariff rationalisation of raw materials and intermediate products in view of maintaining competitiveness at the domestic market is no less important. The competitiveness of export-oriented industries on the other hand depends not only on price competitiveness, but also on preferential market access in major markets. Various tariff and non-tariff measures and incentives provided to the export-oriented industries, as discussed in Section 3.1, have significantly contributed to maintaining the competitiveness of export-oriented sectors in the global market.

Besides, rise of private investment has contributed towards the significant growth that has been posted by the manufacturing sector of the country (Annex Table 27). During 2000s, share of private investment in total GDP has increased by four percentage points (from 15.8 per cent of GDP in 2001 to 19.6 per cent in 2009) particularly in manufacturing sector. However, although textiles and apparels sub-sector still remains to be the major manufacturing sector from the perspective of private investment, its share has declined (from 74.3 per cent of total private investment in industrial sector in 2006 to 46.4 per cent in 2009) (Bakht and Ahmed 2010). A number of other manufacturing sub-sectors such as chemical and engineering products have increased their share in total private investment (6.1 per cent in 2006 to 33.9 per cent in 2009).²⁶

²³Rise of farm-gate prices is linked with a number of factors including rise of cost of raw materials/inputs, particularly the labour cost, global rise of price of foodgrains, and rise of domestic demand induced by higher income.

²⁴The BIDS-IRRI sample household survey in 62 villages revealed that the employment in the rural non-farm sector has increased by 4.5 per cent per year, while the number of workers employed in agriculture has declined by nearly 1.2 per cent per year between 1987-88 to 2000-01 (Hossain 2002).

²⁵A number of domestic market-oriented and export-oriented industries have sizable contribution to GDP. This includes export-oriented industries such as woven and knitwear, fish processing, leather and leather products, jute goods and fertiliser, and import-competing industries such as grain milling, oil industry, food processing, cloth milling, petroleum products, basic metal, and machinery and equipments.

²⁶Rise in investment in the chemical sub-sector is likely to contribute to enhancing employments including skilled and professional employments.

However, investment in other industries including both domestic market-oriented and export-oriented industries did not show significant change.²⁷ Growth of the manufacturing sector has been contributed by a number of economic factors which need to be properly addressed in case of analysis of dynamics of employment in the manufacturing sector.

Tariff rates on industrial products have further declined in 2000s; the pace of reduction was, however, lower compared to that in 1990s (Table 14). Weighted average tariff rate for industrial products was 14 per cent in 2008 which was 19.6 per cent in 2000.²⁸ However, this did not result in comparable rise in respective import levels (Annex Table 28). Besides, export-oriented industries enjoy various other incentives and facilities including zero tariff facility for capital machineries and raw materials. This underscores that rise of import in 2000s may have been partly influenced by low rate of tariff, but not fully influenced by it.²⁹ A product-specific disaggregated analysis of tariff structure reveals that a large number of industrial products are being imported at low import duties because of their use as raw materials, capital machineries and intermediate products. Only a few products are seen to have import duties that belong to the highest slab which are mostly finished consumer goods (carpets, special woven fabrics, knitted fabrics, footwear, umbrella, etc.). For a large number of industries, the reduction of tariff during 2000-2008 did not necessarily lead to higher levels of import.³⁰

Table 14: Tariff Rates and Import of Industrial Products in Bangladesh

| Duty Type | Tariff Year | 1989 | 1994 | 2000 | 2005 | 2008 |
|--------------------|------------------|-------|-------|------|-------|-------|
| AHS (rate) | Simple average | 106.2 | 84.6 | 21.9 | 15.3 | 13.6 |
| | Weighted average | 108.5 | 83.7 | 19.6 | 23.7 | 14.0 |
| AHS (% change) | Simple average | | -20.3 | -0.4 | -30.2 | -11.2 |
| | Weighted average | | -22.8 | -2.8 | 20.7 | -40.9 |
| Imports (value) | (billion USD) | 2.2 | 4.4 | 6.4 | 8.6 | 11.6 |
| Imports (% change) | Per cent/year | | 20.7 | 7.9 | 6.7 | 11.5 |

Source: World Integrated Trade Solution (WITS), World Bank.

Analysis of Impact and Implications of Trade on Manufacturing Employment

Methodology Applied for the Analysis

A detailed analysis has been carried out on trade-employment interlinkages in the manufacturing sector based on the secondary data on trade, employment, productivity and wages. The analysis has applied the methodology of OECD (2005) – an approach similar to Kletzer (2001) where changes in employment between high, medium and low competition industries are taken as indicators of jobloss or job-gain due to import competition. Industries are classified as facing high, medium or low competition from imports by calculating net import penetration ratios (ICNET).³¹ The formula applied for net import penetration ratios is³²:

$$\text{ICNET} = \% \Delta [(M_i - X_i)/(P_i + M_i - X_i)] \text{-----}(1)$$

where M is imports, X is exports, and P is domestic production of industry i.

²⁷ This includes agro-based, food and allied, leather, glass and ceramics, etc.

²⁸ Tariff in industrial products is lower compared to that of agricultural products since a number of industries use different kinds of imported raw materials.

²⁹ A major contributing factor is large domestic market as well as international market with preferential market access.

³⁰ In some instances, import of some industrial products increased during 2000-2008 although tariff on those products have increased.

³¹ The value of ICNET is interpreted as follows: *first*, positive and high value of ICNET indicates high net import penetration; *second*, negative and high ICNET value indicates net export orientation; and *third*, ICNET value closer to zero (either positive or negative) indicates high domestic orientation of the industry.

³² Industries in the top quartile are considered as high international competition industries, those in second and third quartiles are considered as medium international competition industries, while those in the low quartile are considered as low international competition industries. If high competition industries face a decline in employment more than the three other groups, then this is an indication of job loss due to imports.

In the following analysis, impact of trade orientation on employment, productivity, output growth and gender parity issues have been dealt within Bangladesh context. In order to appreciate changes over time between 1990s and 2000s, a selected set of years have been used for the period between 1990s and 2000s.³³ The empirical analysis is based on various issues of the Census of Manufacturing Industries (Survey of Manufacturing Industries (SMI) and Census of Manufacturing Industries (CMI) 1991, 1996, 2001-02 and 2005-06) which were carried out by the BBS.³⁴

Net Import Penetration Ratio (ICNET) for Different Manufacturing Industries

Net import penetration of a particular industry is dependent on export, import and domestic production. During 2001-05, manufacturing industries, overall, were based on domestic sources, similar to the generally prevailing pattern of the previous decades (Table 15). In this period, moderate level of import penetration was found in case of chemicals and chemical products, and textiles and wearing apparels. Industry-specific trends are observed over the years in case of import, export and domestic market-orientated industries. For example, food and beverages is increasingly becoming a domestic market-oriented industry from a moderately net import-oriented one. Chemicals and chemical products industries are increasingly becoming a net import-oriented industry. A number of other industries were seen to have significant domestic market orientation including fabricated metal products, paper and paper products, and other manufacturing industries. In some cases, there are instances of sudden changes in the market orientation over the span of a rather short period.

Table 15: Industry-wise Changes in Net Import Penetration Ratio and Employment

| Industry Code | Industry Description | Yearly Average ICNET | | Yearly Average Change of Person Engaged (%) | |
|---------------|--|----------------------|-----------|---|-----------|
| | | 1991-2005 | 2001-2005 | 1991-2005 | 2001-2005 |
| 31 | Manufacture of food, beverages | 6.1 | -2.9 | 2.4 | 0.7 |
| 32 | Textile, wearing apparel and leather | 2.2 | 18.2* | 17.1 | 10.8 |
| 33 | Manufacture of wood and wood production | -2.9 | 8.6 | 13.5 | -1.4 |
| 34 | Manufacture of paper and paper production | 3.6 | -9.7 | 15.7 | 0.5 |
| 35 | Manufacture of chemicals and chemical products | 5.2 | 22.9 | 9.4 | -4.6 |
| 36 | Manufacture of non-metallic mineral | -5.5 | -14.5 | 27.3 | 4.7 |
| 37 | Basic metal industries | -3.5 | -16.6 | 4.9 | 32.6 |
| 38 | Manufacture of fabricated metal production | 4.4 | -0.7 | -4.5 | 13.1 |
| 39 | Other manufacturing industries | -6.6 | -10.9 | 111.6 | 0.9 |
| | All | -0.7 | -4.1 | 13.7 | 7.8 |

Source: Authors' estimation based on the Census of Manufacturing Industries (CMI) and Survey of Manufacturing Industries (SMI) data (various issues).

Note: *ICNET for textile and wearing apparels industry refers to both import and export of related industrial products. Major raw materials for this industry, i.e. cotton, fabric, accessories and other materials are sourced both from domestic and international markets. On the other hand, industry's major output, textiles and clothing are mainly exported. Because of strong linkages with import (along with export), the value of ICNET shows high import orientation of this industry.

Employment

High import penetration was not found to be a contributing factor for growth of employment in all manufacturing sub-sectors. During 2000-05, overall manufacturing employment has experienced positive changes (growth of employment was 7.8 per cent) with low exposition to trade (Table 15). However, the nature and extent of linkages between import penetration and level of employment in different sub-sectors are not the same. On the one hand, industries with high import penetration ratio such as textiles, wearing apparels and leather experienced considerable growth of employment. On the other hand, industries with moderate import penetration ratio such as chemical industry experienced negative growth. While the rise of the shares of textiles, wearing apparels and leather in total industrial output have contributed to a

³³ According to Rahman *et al.* (2010), the pace of tariff liberalisation in Bangladesh was higher during first half of 1990s (1991 to 1995), and the pace has slowed down in the later periods (1996 and afterwards).

³⁴ Regrettably, more recent data is not available. As a matter of fact, report on SMI 2005-06 was published only in 2010.

rise of employment opportunities in these sectors, the shrinkage in the share of chemicals and chemical products in total industrial output, perhaps is indicative of creation of lower levels of employment opportunities in these sectors.

Expansion of industrial output in basic metals sub-sectors, with moderate rise of export, has contributed to a rise of employment in the aforesaid period. Although industries under the category of fabricated metals (which are increasingly domestic market-oriented), have lost their share in manufacturing output between 1996 and 2005, it has experienced significant rise of employment.³⁵

Productivity

Labour productivity is defined here in very simplistic terms: gross output per unit of labour. During 2001-05, overall labour productivity in manufacturing sector has increased across the board (about 15 per cent). The extent of rise in productivity during 2000s was found to be higher in low import-penetrating industries compared to that in 1990s, and to some extent, in domestic market-oriented and export-oriented industries (Table 16).³⁶ This somewhat reflects the inverse relationship between size (i.e. presumably less import-oriented) and labour productivity of manufacturing enterprises of Bangladesh (World Bank 2007).

Table 16: Net Import Penetration Ratio and Productivity

| Industry Code | Yearly Average ICNET | Output per Person (Productivity) ('000 Tk.) | | | | Yearly Average Change in Output per Person (%) | | | |
|---------------|----------------------|---|--------|--------|--------|--|-----------|-----------|-----------|
| | | 2001-2005 | 1991 | 1996 | 2001 | 2005 | 1991-2005 | 1991-1996 | 1996-2001 |
| 31 | -2.9 | 324.0 | 455.0 | 514.7 | 972.7 | 14.3 | 8.1 | 2.6 | 22.2 |
| 32 | 18.2 | 126.3 | 182.5 | 252.5 | 371.4 | 13.9 | 8.9 | 7.7 | 11.8 |
| 33 | 8.6 | 99.6 | 281.3 | 316.6 | 510.2 | 29.5 | 36.5 | 2.5 | 15.3 |
| 34 | -9.7 | 303.1 | 417.9 | 158.4 | 380.4 | 1.8 | 7.6 | -12.4 | 35.0 |
| 35 | 22.9 | 553.1 | 635.7 | 930.1 | 1048.1 | 6.4 | 3.0 | 9.3 | 3.2 |
| 36 | -14.5 | 66.4 | 67.5 | 123.9 | 428.3 | 39.0 | 0.3 | 16.7 | 61.5 |
| 37 | -16.6 | 687.7 | 1085.3 | 1343.2 | 5235.5 | 47.2 | 11.6 | 4.8 | 72.4 |
| 38 | -0.7 | 292.7 | 375.9 | 257.2 | 667.5 | 9.1 | 5.7 | -6.3 | 39.9 |
| 39 | -10.9 | 124.0 | 699.8 | 897.7 | 2548.5 | 139.7 | 92.9 | 5.7 | 46.0 |
| All | -4.1 | 196.3 | 250.4 | 319.7 | 515.9 | 11.6 | 5.5 | 5.5 | 15.3 |

Source: Authors' estimation based on the Census of Manufacturing Industries (CMI) and Survey of Manufacturing Industries (SMI) data (various issues).

The difference between workers' wages and labour productivity tended to be significantly high (Annex Table 29). During 2005, workers received wages at the rate of Tk. 43,700 per year while workers' contribution to production was Tk. 515,900 per year.³⁷ Over the years differences between labour productivity and workers' wages have increased, indicating relatively low response of rise of workers' wages against the rise of productivity. According to Rahman *et al.* (2010) as stated earlier, the low responsiveness of wages to rising productivity reflects low wage elasticity of workers in the manufacturing industries.

Output Growth

During 2001-05, yearly average change in output in manufacturing sector was about 28 per cent (Table 17). The highest level of growth in output during this period was observed in industries with low net import penetration ratio such as basic metals, non-metallic products, fabricated metal products, other manufacturing industries. This can be attributed to low share of these industries in total manufacturing output which is rising, as well as the rise in labour productivity.

³⁵Both labour-intensive and export-oriented industries have experienced the highest employment growth during the period between 1996 and recent times. However, changes in employment are more volatile in labour-intensive industries compared to that in non-labour intensive industries (Rahman *et al.* 2010).

³⁶During this period, labour productivity was found to be the highest in basic metal products followed by other manufacturing products; both of these tend to be low labour-intensive.

³⁷High difference between workers' wages against labour productivity is possibly because of using simplistic type of method for calculation of productivity (i.e. output per unit of labour).

Industries with high import penetration ratio such as textiles, wearing apparels and leather with respective high shares in industrial output have experienced moderate rise in output during 2001-2005.

Table 17: Net Import Penetration Ratio and Output Growth

| Industry Code | Yearly Average ICNET | Yearly Average Change in Gross Output (%) | | | |
|---------------|----------------------|---|-----------|-----------|-----------|
| | 2001-2005 | 1991-2005 | 1991-1996 | 1996-2001 | 2001-2005 |
| 31 | -2.9 | 21.5 | 15.0 | 3.6 | 23.6 |
| 32 | 18.2 | 64.3 | 27.7 | 19.8 | 27.7 |
| 33 | 8.6 | 98.7 | 49.5 | 36.1 | 13.0 |
| 34 | -9.7 | 21.6 | 16.5 | -2.0 | 36.1 |
| 35 | 22.9 | 24.2 | 8.3 | 47.4 | -2.0 |
| 36 | -14.5 | 215.0 | 36.8 | 33.3 | 77.7 |
| 37 | -16.6 | 85.0 | 13.8 | -3.0 | 199.3 |
| 38 | -0.7 | -1.0 | 21.0 | -17.9 | 73.9 |
| 39 | -10.9 | 2434.5 | 171.6 | 222.5 | 48.6 |
| All | -4.1 | 47.5 | 20.6 | 15.7 | 27.9 |

Source: Authors' estimation based on the Census of Manufacturing Industries (CMI) and Survey of Manufacturing Industries (SMI) data (various issues).

Gender Issues

During 2001-2005, manufacturing sector employment for male and female workers has increased, particularly for female workers who experienced a rise of employment opportunities by 13 per cent; this was double to that of male employees (6.5 per cent) (Annex Table 30). Major rise of female employment was observed in industries such as basic metal products, non-metallic minerals and paper products which are industries with relatively lower import-orientation; in some of these industries male employment has also increased. Such a rise in employment is mainly attributed to the growth of industries with rising share in overall manufacturing output. While female employment in all sectors has increased, male employment in some of the sectors has declined including in food beverages, paper and chemicals, indicating a shift of jobs favouring female employees. The picture with regard to gender parity in the manufacturing sector of Bangladesh appears to be mixed in view of tariff liberalisation.

Because of the rise of female employment, gender parity situation in overall manufacturing sector has somewhat improved during 2001-05 (Table 18). Female-male ratio was 61:100 in 2000 which increased to 73:100 in 2005. However, opportunities of employment for female workers, other than in textiles, wearing apparels and leather industries, was found to be rather limited.³⁸

Table 18: Net Import Penetration Ratio and Changes in Employment

| Industry Code | Yearly Average ICNET | | | | Ratio of Female to Male Employee | | | | Wage Ratio of Female to Male Employee | | | |
|---------------|----------------------|---------|---------|---------|----------------------------------|------|------|------|---------------------------------------|-------|------|-------|
| | (91-05) | (91-96) | (96-01) | (01-05) | 1991 | 1996 | 2001 | 2005 | 1991 | 1996 | 2001 | 2005 |
| | 31 | 6.1 | 10.3 | 7.7 | -2.9 | 11.4 | 15.7 | 12.2 | 42.3 | 41.0 | 41.0 | 44.4 |
| 32 | 2.2 | -14.1 | 31.7 | 18.2 | 25.5 | 61.5 | 94.7 | 93.1 | 49.8 | 87.3 | 72.1 | 102.9 |
| 33 | -2.9 | -16.4 | 29.6 | 8.6 | 19.3 | 12.0 | 2.6 | 2.8 | 31.7 | 57.1 | 45.0 | 82.1 |
| 34 | 3.6 | 6.7 | 16.6 | -9.7 | 1.1 | 1.7 | 0.4 | 5.1 | 13.5 | 77.0 | 94.2 | 18.4 |
| 35 | 5.2 | 6.0 | -6.2 | 22.9 | 3.9 | 3.9 | 2.4 | 6.5 | 134.2 | 100.4 | 64.8 | 95.3 |
| 36 | -5.5 | -3.4 | -7.0 | -14.5 | 5.0 | 3.6 | 1.8 | 5.7 | 44.5 | 47.6 | 76.0 | 44.6 |
| 37 | -3.5 | 4.8 | 4.2 | -16.6 | 0.1 | 0.1 | 0.1 | 1.4 | 83.0 | 240.7 | 88.8 | 41.7 |
| 38 | 4.4 | 0.0 | 13.3 | -0.7 | 1.4 | 1.1 | 3.0 | 5.2 | 137.2 | 272.5 | 63.4 | 102.8 |
| 39 | -6.6 | -10.1 | -14.3 | -10.9 | 10.5 | 7.0 | 4.2 | 7.1 | 41.5 | 64.8 | 69.8 | 118.6 |
| All | -0.7 | 5.1 | -2.8 | -4.1 | 18.2 | 38.1 | 61.1 | 73.0 | 37.8 | 84.0 | 61.4 | 84.8 |

Source: Authors' estimation based on the Census of Manufacturing Industries (CMI) and Survey of Manufacturing Industries (SMI) data (various issues).

Wages of both male and female employees have increased; while wage of male workers increased by 10 per cent, that of female workers increased by 23 per cent (Annex Table 30).

³⁸However, female-male ratio in food processing industries has shown impressive growth during 2001-2005.

Changes in wages were relatively high for male workers in food processing, paper and chemicals; while for female workers wages were high in food processing, textiles apparels, fabricated metal products and chemicals. Because of the rise of female workers' wages, overall ratio of wages of female to male employees has improved significantly. In certain sectors female workers received relatively higher wages than male workers such as textiles and apparels, fabricated metals and other manufacturing industries, which is perhaps related with gender composition of workforce, and skill-wise distribution of male and female workers, etc.

3.2.3 Services Sector

Although services sector is the single largest component in Bangladesh's GDP, its interface and linkage with global trade is rather limited. Annex Table 31 shows trade orientation of different service-related activities. Most of the service-oriented industries rely on domestic markets both in terms of sourcing of raw materials and marketing of services. However, a limited level of trade integration is observed for particular sub-sectors such as public administration, bank insurance and real estate, professional services, communication, and information technology and telecom. These services sub-sectors use imported inputs (e.g. professional services, franchise, royalty and fees, etc.) which accounted for about 15 per cent of total service-related outputs. A part of trade linkages is related with sectors which have been opened up as part of WTO commitment such as banking and financial services, telecommunication, travel and tourism. Export of services, on the other hand, accounted for 12 per cent of total export during 2005 (Raihan and Ahmed 2008). Overall, trade in services has registered a rise during 2000s; its share in total trade has increased from 15 per cent in 2000 to 17 per cent in 2005. However, a large part of growth of services during 2000s is not simply related to trade, rather is associated with rise of domestic demand for different kinds of services as well as substantial investment by the private sector (9 per cent of total private investment).³⁹

Employment

Services sector in Bangladesh employed about 23.1 million workers in 2009 which accounted for about 43 per cent of total employed population of the country. Major services industries in terms of employment are wholesale and retail trade (13.8 per cent), transport, storage and communication (8.2 per cent), community, social and personal services (5.8 per cent), and education (3.9 per cent). However, interface with international trade was rather weak except for the communication sector. On the other hand, services industries which have linkages with trade have limited share in total employment such as public administration (1.9 per cent), bank insurance (1.3 per cent), real estate (0.96 per cent), and professional services (5.8 per cent).

Between 2000 and 2009 employment in services sector has increased at a rate of 5.8 per cent every year. A number of services industries have experienced relatively high growth of employment during 2000s. These relate to financial intermediation, real estate, and health and social works

Table 19: Changes in Share of Employment in Services Sector

(in Per cent)

| Major Industry Groups | MES 2009 over LFS 1999-00 | | |
|---|---------------------------|------|--------|
| | Total | Male | Female |
| Electricity, gas and water supply | -4.4 | -3.2 | -9.6 |
| Construction | 3.4 | 2.6 | 14.8 |
| Wholesale and retail trade, repair of motor vehicles, motor | -0.5 | -0.1 | -0.6 |
| Hotel and restaurant | 2.8 | 3.2 | 3.7 |
| Transport, storage and communications | 3.6 | 4.6 | -4.2 |
| Financial intermediation | 12.8 | 9.1 | 52.1 |
| Real estate, renting and business activities | 21.1 | 26.3 | -1.0 |
| Public administration and defense | -0.4 | -0.3 | 1.3 |
| Education | 4.8 | 2.9 | 4.7 |
| Health and social worker | 10.7 | 6.2 | 22.4 |
| Other community, social and personal service activities | -2.3 | 0.0 | -5.0 |

Source: Labour Force Survey (LFS) (various issues).

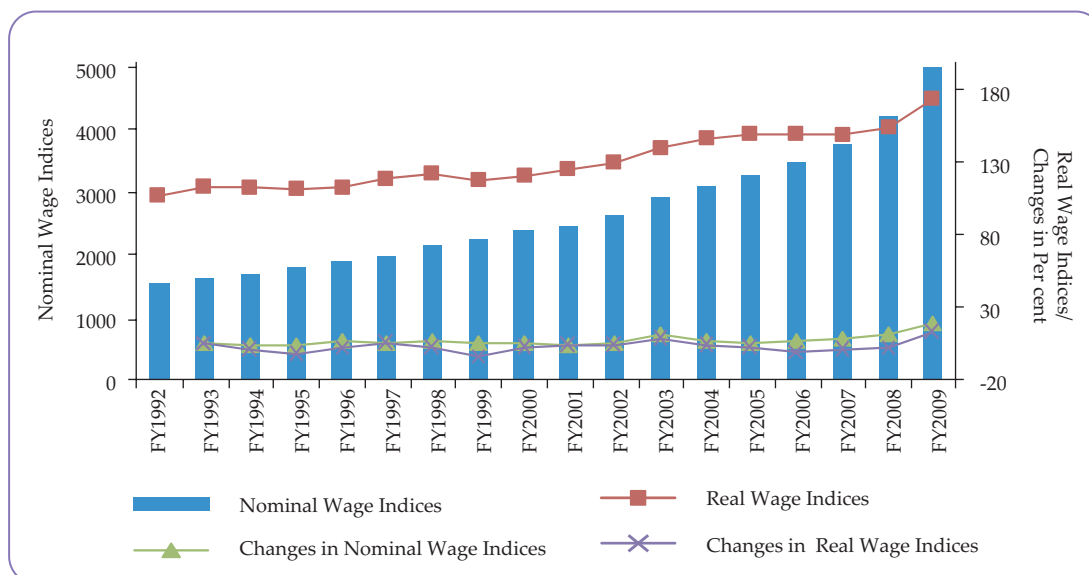
³⁹ Foreign direct investment (FDI) in different service industries, particularly telecommunication, oil and mining has positive contribution to this rise.

(Table 19); a part of these services activities are associated to trade. While other trade-linked industries such as community, social and personal services, and public administration have experienced negative employment growth during this period. Thus, industry's internal dynamics of growth appears to be partly responsible for the aforesaid changes in employment. Between 2000 and 2009, contribution of different sub-sectors to GDP growth was not at the same level – it was unchanged in construction, real estate and housing, but declined in wholesale and retail trade, and increased in transport and communication and public administration, etc. Thus part of the changes in employment is attributed to growth of different services sub-sectors.

Wages

The data on wages of service-related industries is rather scanty. The available data on wages of construction workers both in nominal and real wage index has registered a faster rise during 2007 to 2009 (Figure 10). The recent rise in wages in the construction sector is not necessarily a sectoral phenomenon as wages were going up in other sub-sectors as well. Rise of property prices in recent years as well as rise of cost of living of working population, particularly in the later-half of 2000s, perhaps acted as 'push factors' for rise of wages.

Figure 10: Changing Pattern of Wage Rate Indices in Construction Sub-sector



Source: Bangladesh Economic Review (various issues).

Gender

Out of total employment of 23.1 million in different service-oriented industries, share of female employment was about 17 per cent. During 2000s, no significant change is discernible in this share; rather it has declined over the span of this period (Table 20). Because of decline in the number of female workers between 2003 and 2006, there was a jump in female employment growth between 2006 and 2009. More importantly, female workers have been increasingly employed in different categories of jobs. Major female employment was earlier found in community and social services, wholesale and retail trade, education, hotel and restaurants. Along with these sectors, female workers are now increasingly employed in sectors such as financial sectors, construction, public administration, and health and social works, etc. A number of sectors associated with trade have experienced increasing share of female workers. Between 2000 and 2009, growth of employment was considerably high for financial intermediation (52 per cent), health and social workers (22 per cent), and construction (15 per cent); while in a number of other sectors, female employment has declined such as electricity and gas supply, community and social services, transport, storage and communications, real estate and housing. In a number of sub-sectors, negative growth in female employment is associated with positive overall growth of employment and rise of employment for male workers, which perhaps indicate better opportunities for male workers in those sectors.

Table 20: Gender Composition of Employment in Services Sector of Bangladesh

| Indicator | LFS 1999-00 | | | MES 2009 | | |
|---------------|-------------|-------|--------|----------|-------|--------|
| | Total | Male | Female | Total | Male | Female |
| Number ('000) | 15147 | 12498 | 2649 | 23062 | 18808 | 4050 |
| Ratio | 100 | 82.5 | 17.5 | 100 | 81.6 | 17.4 |
| Changes (%) | | | | 19.4 | 10.5 | 76.9 |

Source: Labour Force Survey (LFS) (various issues).

3.3 Trade Orientation and Non-Wage Working Conditions during 2000s

The relationship between trade and non-wage factors is not straightforward. Research on this issue in the context of Bangladesh is rather scanty. However, based on the findings of available empirical studies, an attempt has been made to examine the status and changes of non-wage factors for selected manufacturing industries which are largely exposed to trade.

Compliance at Workplace

Status of compliance situation, as this relates to workers' safety and security in the workplace in the manufacturing sector, has improved over the years (Rahman *et al.* 2008). The study showed that compliance capabilities and factory management in this sector vary widely depending on the size of the units and location of factories. In RMG sector, better compliance with labour standards was found in case of factories located in the export processing zones (EPZs) and large factories located outside (Rahman *et al.* 2008; McGill 2006).⁴⁰ Working condition in a significant number of non-EPZ factories tended to be of poor quality characterised by over crowdedness and poor ventilation, lack of proper fire exits, fire alarms, or other fire protection measures, an absence of lunch, rest or childcare facility.⁴¹

In case of non-RMG sector, compliance situation related to working conditions did not improve as happened in case of RMG sector. McGill (2006) in his study concluded that working conditions in shrimp hatcheries, farms and processing plants are not well developed. Working conditions in shrimp farming required major improvement, particularly in case of shrimp fry collection.

Health Facility

Paul-Majumder (2004) states that worker-related health facilities are not well developed in most of the RMG factories. Factories located outside EPZs tend to have low levels of compliance with regard to providing adequate health facilities including full maternity leave and benefits.⁴² McGill (2006) in his study for frozen food industry maintained that workers do not receive adequate treatment from the local doctors assigned by factory managers in spite of being subjected to various types of work-related illnesses—including cold, muscle strain, back pain, eye irritation, stomach illnesses, and cuts and bruises. Workers in leather goods manufacturing sector did not enjoy the benefits of proper health and safety measures.⁴³ Accidents are common due to

⁴⁰ According to survey conducted by Bangladesh Center for Workers Solidarity (BCWS) in 2005, it was found that 64 per cent of the sample workers of large factories, 39 per cent of medium and 40 per cent of small factories responded positively about cool and pleasant working environment. The survey showed that, some improvement was visible in 2005 compared to 2004 as far as medium and small units were concerned. About 60-75 per cent sampled workers replied that there were sufficient light and air inside the factory.

⁴¹ On average, there is only one toilet for 61 female workers, compared to one per 31 male workers (McGill 2006).

⁴² About 50 per cent female workers surveyed as part of a study mentioned that they enjoyed only six weeks of paid leave while about 33 per cent take unpaid leave, and the remaining 17 per cent were not able to return to work following their maternity leave. Only 20 per cent of women in non-EPZ factories have access to a medical doctor during working hours, compared to 90 per cent of women in EPZ factories (Paul-Majumder 2004).

⁴³ Study reveals that spending many hours in a tannery is very risky for one's health as workers are in direct contact with harmful chemicals and hazardous waste produced; workers are not expected to live past the age of 50. Common diseases are: asthma, gastric, rheumatic fever, coughing, and liver-lung and stomach problems (BILS 2000). However, most workers do not use gloves, boots or masks except in the case of inspections. In the tannery area (Ward 48 Hazaribagh, Dhaka), there are three health clinics, both established and funded by external donors (Smiling Sun Franchise Program). Costs for consultations and basic treatments are low (Tk. 20 per person), and extremely poor people are cared for free-of-charge through the use of the green card.

the absence of safety measures and lack of knowhow and knowledge about technology and chemicals. Low budget tanneries are the most insecure, since they do not invest in good technology, maintenance or protection.⁴⁴ Many independent tanners do not have the professional knowledge about chemicals and machinery use (Ensing 2009).

Again, for the jute industries a large section of male (90 per cent) and female workers (99 per cent) mentioned that they did not receive headphones or masks while working in noisy and dusty environment. Lack of sufficient number of toilets is another problem in public and some private jute mills. About 30 per cent of the female respondents replied in the negative regarding separate toilet facility.⁴⁵ About half of the workers surveyed replied that they were suffering from various diseases. There was a dearth of appropriate numbers of doctors, nurses and sickbeds in the jute mills.

Non-Monetary Benefits

Paul-Majumder (2005), in her study on the RMG sector found that outside the EPZs, only 3 per cent of the female RMG workers had access to provident funds, compared with 18 per cent of the male workers. In contrast, EPZ factories are required to maintain a provident fund for their workers. It was found that female workers either received lower housing allowances, or did not receive allowances at all.

Working Hours and Holidays

Factories were often found to be non-compliant with regard to working hours. In non-EPZ factories, workers on average work 12 hours-a-day, compared to about 10 hours in EPZ factories. During the peak processing season, workers working in the frozen shrimp are employed 24 hours-a-day in three shifts (McGill 2006). In leather and footwear working hours usually last up to 14 hours and sometimes seven days-a-week (Ensing 2009).

Factory Management

Workers are increasingly getting the benefits of some of the stipulated rights for working in a factory. While in early 2000, the record of providing appointment letters and other basic required documents was rather poor (Paul-Majumder and Begum 2000), over time the situation has somewhat improved.⁴⁶

Labour Union or Rights

According to some reports, in the mid-1990s, Bangladesh had the weakest union rights in Asia. However, according to time series data based on US State Department Reports, over the 1981-2006 period, worker rights in Bangladesh changed from being 'fully protected'⁴⁷ during part of

⁴⁴These tanneries work with old machines and in many instances management as well as workers lack professional background required for the work.

⁴⁵Because of lack of adequate facilities and safety measures, a large section of workers both male and female claimed that they were suffering for different kinds of diseases.

⁴⁶According to Paul-Majumder and Begum (2000) about 74 per cent of knitwear, 68 per cent of woven wear and 81 per cent of sweater enterprises surveyed did not provide any appointment letter at the time of recruitment. About 69 per cent of EPZ enterprises compared to only 22 per cent of non-EPZ enterprises provided appointment letters. Another study reveals that, outside of the EPZs, RMG workers rarely receive appointment letters. Only about 19 per cent of female workers are treated as permanent workers, compared with about 33 per cent of male workers (Paul-Majumder 2003).

⁴⁷"This variable indicates the extent to which workers enjoy freedom of association at their workplaces and the right to bargain collectively with their employers and other internationally recognized rights at work, including a prohibition on the use of any form of forced or compulsory labour; a minimum age for the employment of children; and acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health. A score of 0 indicates that workers' rights were severely restricted; a score of 1 indicates that workers' rights were somewhat restricted; and a score of 2 indicates that workers' rights were fully protected during the year in question" (CIRI 2008).

the 1980s, to 'somewhat restricted' during the 1990s (Berik and Rodgers 2008).⁴⁸ In the RMG sector, a mere 2 per cent of workers belong to unions (Rahman *et al.* 2008) and only a very few women are involved in the unions (Dannecker 2002). Outside of the EPZs, only 3 per cent of female RMG workers belonged to trade unions, compared to that of 16 per cent of male workers. Evidence of resistance to formation of trade unions on the part of entrepreneurs is found to exist in most of the factories (Paul-Majumder 2003).

Based on the above discussion it can be concluded that non-wage aspects related to workers and working conditions in some of the industries have experienced positive changes during 2000s. The nature and extent of changes, however, appears to be associated with a number of factors including international buyers' pressure to improve working conditions in the workplace, pressure on firms to be compliant with domestic rules and regulations, pressure from workers associations to maintain labour rights as well as pressure from workers towards improvement of living conditions, etc. International buyers, particularly in RMG and shrimp processing industries, played a major role towards improvement of working conditions and workplace safety and security which is partly driven by pressure from consumer groups to ensure good compliances record in the manufacturing units. However, non-wage working conditions in other sectors have not received the same attention, partly because buyers have not been as demanding as those in the RMG and shrimp sectors. Enforcement of domestic regulations under the labour laws (e.g. the Labour Act 2006), and pressure from workers' associations and workers' rights-based organisations could play an important role in this context. In Bangladesh, in most instances, the problem is not the lack of appropriate laws and regulations safeguarding workers' rights, but the lack of enforcement. Whilst pressure from buyers has played a positive role in this context, it is the domestic stakeholders who will need to play a more proactive role if working environment for workers is to improve significantly.

⁴⁸In the early 1980s, a large part of manufacturing enterprises in Bangladesh were state-owned. Workers' trade unions played strong role demanding workers' statutory benefits and rights were safeguarded. With gradual liberalisation in the manufacturing sector afterwards, private sector became dominant, and the role of the trade unions was on decline.

International Migration, Remittance and Welfare Outcomes

4.1 Introduction

One of the key features of Bangladesh employment is that the overseas job market plays a key role in terms of providing job opportunities to market entrants on a continuing basis. Whilst the flow of overseas migration is important from the perspective of providing gainful employment opportunities for those who join the labour market every year, remittances sent by the stock of migrant workers contribute to the country's foreign exchange reserves and are an important source of income for the families of the migrant workers. Remittances are found to "influence growth and poverty by raising consumption of households and generating large multiplier effects due to the fact that remittances are more likely to be spent on domestically produced goods" (World Bank 2008).

In connection with the above, it may be noted that Bangladesh's experience is not unique. Indeed, trade in services has become a global phenomenon playing an important role in the economic development of both the host and home countries. While the former, mostly the developed countries, avails the services of international migrant workers to meet shortage of skilled manpower due to ageing population and expansion of socio-economic activities (in such sectors as agriculture, construction, health, and tourism and hospitality), the latter (majority being developing and least developed countries) is benefitted by the remittances sent home by the migrants. According to World Bank (2011), total stock of international migrants worldwide in 2010 was around 171.6 million, which was about 3 per cent of the global population. Besides, remittance inflows worldwide in 2010 amounted to USD 325.5 billion. For South Asia, total stock of emigrants in 2010 stood at 26.7 million or 1.6 per cent of the total population of the region. Top five emigration countries included India (42.5 per cent of the total migrant workforce), Bangladesh (20.2 per cent), Pakistan (17.5 per cent), Afghanistan (8.8 per cent), and Sri Lanka (6.9 per cent). According to UN estimates, about 100 million people from the poor countries will leave for the rich nations between 2005 and 2050.

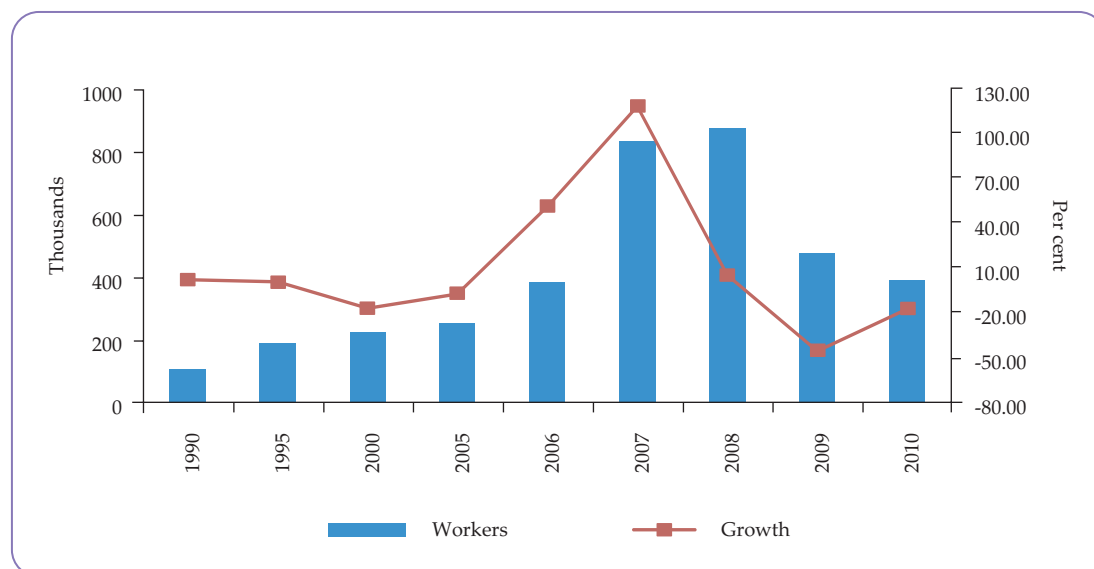
With more than 7 million people currently working abroad, having generated a cumulative USD 78.7 billion as remittances since 1976, the importance of overseas migration and remittances in the economic development of Bangladesh can hardly be overemphasised. It is worth mentioning here that successive governments in Bangladesh have taken a number of measures and initiatives to facilitate export of manpower and inflow of remittances over the years, including those put in place in the context of the recent global economic crisis. Indeed, in the context of Bangladesh, the overseas job market is seen as an important avenue of job opportunity for the large number of entrants to the country's labour force every year.

In view of the above, and the scope of the study, this chapter discusses the trends in labour migration from Bangladesh and remittance inflow to the country over the last decade. In this context, the exercise focuses on, among others, skill composition of migrant workers, effects of the global financial crisis, welfare impact of migration and remittances, and relevant government policy measures.

4.2 International Migration from Bangladesh and Remittance Inflow

During the decade of 2001-2010, about 4.2 million people migrated overseas from Bangladesh in search of work in various skill categories remitting more than USD 55.8 billion back home (Annex Tables 33 and 36). By way of comparison, these figures were respectively 92.5 per cent and 321 per cent higher than overseas migrants outflow and remittance inflow during the previous decade. In terms of overseas migration, the highest ever growth from Bangladesh in the last two decades took place in 2007 when total number of migrants jumped to 0.83 million from previous year's 0.38 million (Figure 11). The trend continued further in 2008 when another 0.88 million migrants went overseas.

Figure 11: Trend of Overseas Migration from Bangladesh in Various Years



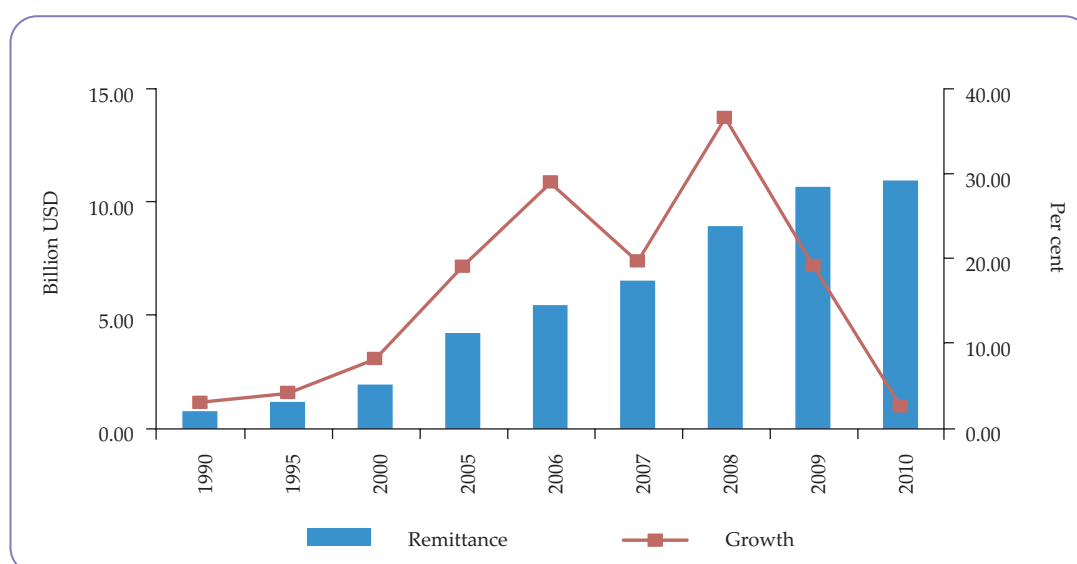
Source: Based on the Bureau of Manpower, Employment and Training (BMET) data.

The exceptional growth in flow of migration in 2007 and 2008 could be attributed to the oil price boom in the Middle East at that time, and signing of contracts with a number of major labour-importing countries including the United Arab Emirates (UAE), Malaysia and South Korea. Besides, it was during this time that Oman opened up her market further creating a favourable environment for Bangladesh in terms of boosting her manpower export. Particular mention may be made here of Malaysia where manpower export from Bangladesh registered a staggering growth of more than 1200 per cent in 2007 over 2006. Though not to the same scale, significant growth was attained in a number of other markets including Kingdom of Saudi Arabia (KSA) (86.4 per cent), UAE (73.9 per cent), Oman (116.3 per cent), Qatar (96.7 per cent), Lebanon (331.3 per cent), Singapore (90.3 per cent), Italy (666.8 per cent) and Brunei (139.1 per cent).

Outflow of migrant workers from Bangladesh registered a negative growth of (-) 45.7 per cent in 2009 compared to the previous year, and recorded further decline in 2010 (declining by another 17.8 per cent), owing particularly to the various contractionary measures adopted by the host countries as a response to the global financial crisis. These included, among others, retrenchment of workers in the construction sector in the Middle East, and embargo on importing Bangladeshi migrant workers by Malaysia which had been a major destination for manpower export.

In terms of remittances, 2008 was an exceptional year during which about USD 9 billion was injected into the Bangladesh economy as remittances (Figure 12 and Annex Table 36). This corroborates the exceptional outflow of workers in 2007 taking up the stock of migrant workers to a record 5.4 million at the end of the year. Similar upward trend in the levels of remittance inflow (in absolute terms) could be witnessed in the following years, though characterised by negative growth rates (while the growth rate for 2008 against 2007 was 36.7 per cent, it was 19.4 per cent for 2009, and 2.7 per cent for 2010 when compared to the previous years).

Figure 12: Trend of Remittance Inflow in Various Years



Source: Based on the Bureau of Manpower, Employment and Training (BMET) data.

It is, therefore, evident that negative growth in manpower export in 2008 and 2009 has had considerable impact on the remittance inflow. Perhaps the most significant of these was a mere 2.7 per cent growth in remittances in 2010 over 2009. This was the lowest ever growth during the last two decades (the corresponding growth figure for 1990 over 1989 was 3.1 per cent, the second lowest in 20 years), due largely to the recent global financial crisis. However, in absolute terms, remittance was higher both in 2009 (USD 10.7 billion) and 2010 (USD 11 billion). It is widely perceived that during these periods, workers abroad sent more remittances back home, cutting on their savings, in apprehension of possible impacts of the crisis on financial institutions in the host countries.

It may also be mentioned here that growth in remittances over the years has contributed to increase in per worker remittance. While a migrant worker from Bangladesh remitted an average of USD 675 in 1995, this increased to about USD 1,020 in 2005 suggesting a growth of more than 50 per cent over the beginning of the decade. Interestingly enough, the corresponding growth figure for 2010 over 2000 was more than 135 per cent, with per worker remittance for those two years being USD 1,550 and USD 656 respectively.

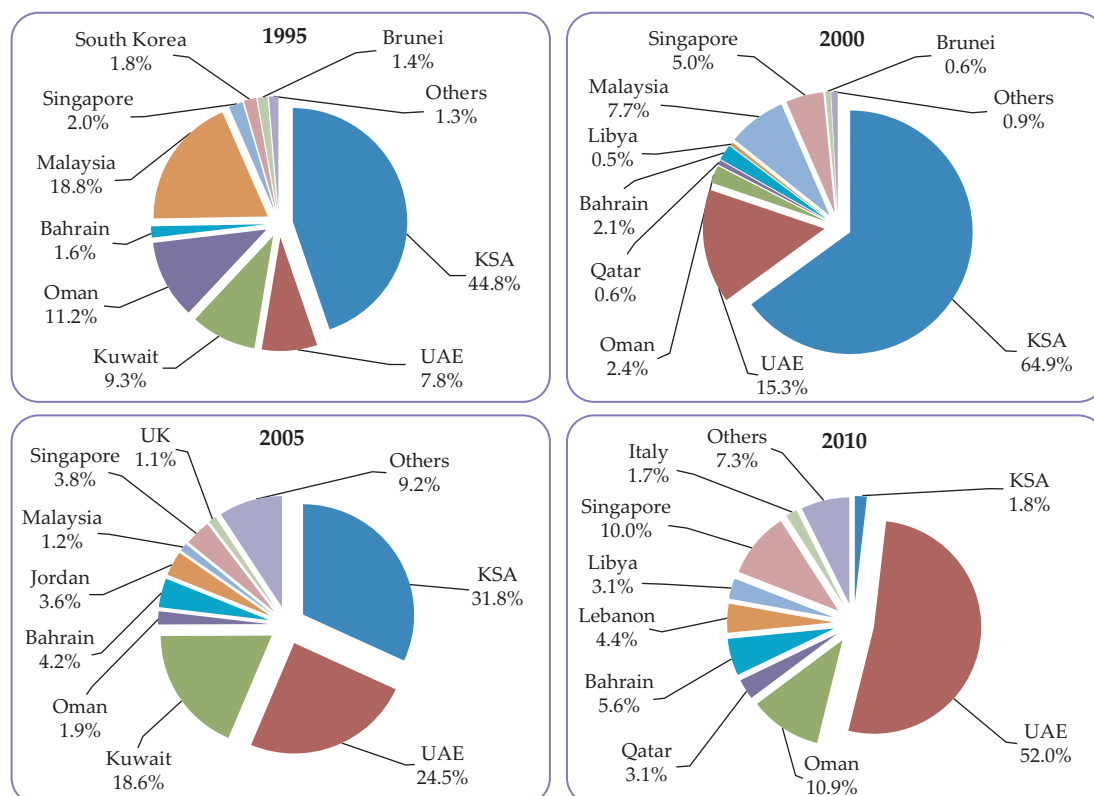
Estimates show that the share of remittances in Bangladesh's official development assistance (ODA) and foreign exchange reserve in FY1999-00 (July 1999 – June 2000) were respectively 362 per cent and 99.1 per cent; during FY2009-10 the corresponding figures were 507.7 per cent and 102.2 per cent (Annex Table 32). Moreover, the fact that remittance accounted for 27.2 per cent (the highest in two decades) of GDP in FY2007-08 corroborates with the record growth in remittance inflow in 2008.

Market Composition for Bangladesh's Manpower Export and Remittance

Traditionally, the Middle Eastern countries have been the major destinations for overseas migrants from Bangladesh (Annex Table 34). Statistics show that the region was home to about

95 per cent of total Bangladeshi migrants in 1990, dominated particularly by Saudi Arabia (Figure 13). The corresponding share in 2010 was 80 per cent. However, a major spark during this period was the decline in this share in 2007 when the rest of the world outperformed the Middle East by accommodating about 41 per cent of overseas workers from Bangladesh. The most dramatic in this context was the surge in migration to Malaysia, rising from 0.02 million in 2006 to 0.27 million in 2007, registering a staggering 1235 per cent growth. Although positive growth at that time also took place in major Middle Eastern countries including Saudi Arabia (from 0.1 million in 2006 to 0.2 million in 2007) and the UAE (from 0.13 million in 2006 to 0.22 million in 2007), this could not match the massive growth rate achieved by Malaysia.

Figure 13: Market Share of Manpower Import from Bangladesh in Various Years



Source: Based on the Bureau of Manpower, Employment and Training (BMET) data.

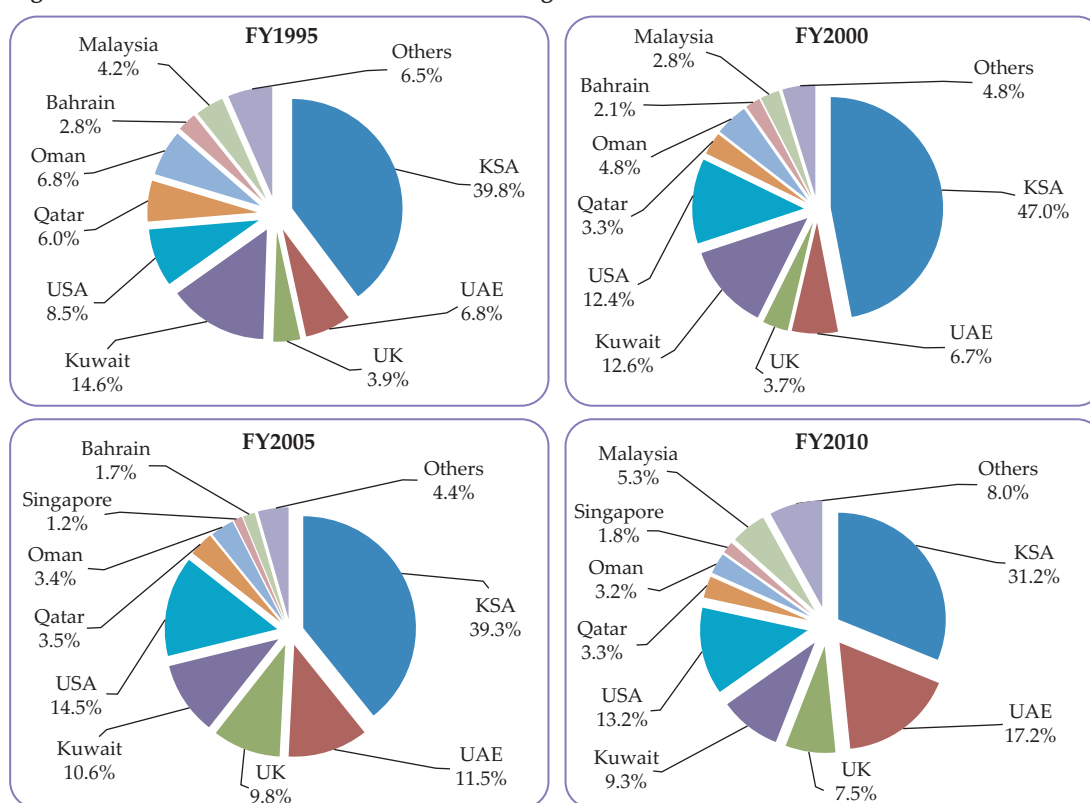
In terms of market diversification, it was in the 1990s when Bangladesh started to utilise the opportunities offered by such countries as Malaysia, Singapore, South Korea and Brunei. Major markets exploited during the next decade (2001-2010) included the United Kingdom (UK), Italy, Egypt and Brunei. Moreover, as Figure 13 illustrates, there had been major shifts in terms of preferences in sending workers abroad from Bangladesh at different points over the last two decades, particularly Saudi Arabia, UAE, Kuwait, Oman, Bahrain, Malaysia and Singapore.

In the backdrop of the post-crisis macroeconomic scenario, particularly the slowdown in economic activities in the construction sectors, traditional manpower destinations of Bangladesh have restricted the number of migrant workers. Although by now recovery has set in motion in most of these countries, the lagged response of the crisis is reflecting on the number of workers demanded in various sectors of their economies. This is corroborated by the fact that overseas migration from Bangladesh to Saudi Arabia declined to 2,579 during the second half of 2010 as against 6,092 during the same period of the previous year, manifesting a fall by (-) 57.7 per cent. The corresponding figures for migration to UAE were 93,109 and 127,224 respectively (a negative growth of 26.8 per cent). Similar trend has been found also for several other markets where Bangladesh has been a major supplier of migrant labour force in the past.

In addition to the global financial crisis, the deceleration in manpower export in the recent past could be attributed to a number of other factors including stringent regulatory measures in the host countries, undocumented stay of Bangladesh workers abroad, high cost of migration, changing preference of major labour-importing countries, unscrupulous practices by recruiting agencies and weak capacity on the part of Bangladesh Missions to respond to the needs of the Bangladeshi migrant workers in some of the key destination countries. Due to the *akama*-related complexities⁴⁹, a large number of Bangladeshi workers have lost their legal status in Saudi Arab. Similar has also been the case in Malaysia. This had two negative impacts: *firstly*, many workers felt reluctant to leave Malaysia and return, since they were apprehensive that once they left Malaysia they would not be able to go back. Recent reports suggest that more than 0.4 million Bangladeshis are now residing illegally in Malaysia. *Secondly*, the emergent situation has induced the Malaysian Government to put embargo on recruitment of workers from Bangladesh.

Cost of overseas migration has traditionally been higher in Bangladesh compared to her neighbouring countries.⁵⁰ Besides charging abnormally high processing fees, a number of recruiting agents in Bangladesh are reported to provide false information to aspiring migrant workers regarding job contract, wages, tenure, fringe benefits, etc. This undermines the interests of workers, and in many instances, results in illegal stay of workers in the host countries as they tend to leave the initially contracted job and get engaged in jobs offered by other companies, a practice which is considered to be illegal by the host countries.

Figure 14: Market Share of Remittances Sent to Bangladesh in Various Years



Source: Based on the Bangladesh Bank data.

⁴⁹Bangladesh's problems have been compounded by the moratorium on issuing of new work permits (*akama*) and their renewal by the Saudi Government. Although they had earlier indicated that they would allow transfer of *akama* for Bangladeshi workers, which would enable them to switch to new employers after expiry of the earlier job contract, till now no progress has been made on this front.

⁵⁰Average cost of migration from Bangladesh to most countries is in the range of USD 2,500 and USD 4,500. Cost of migration in Bangladesh is significantly higher than those incurred by workers going overseas from other South Asian countries. In general, this is double the average cost in other countries.

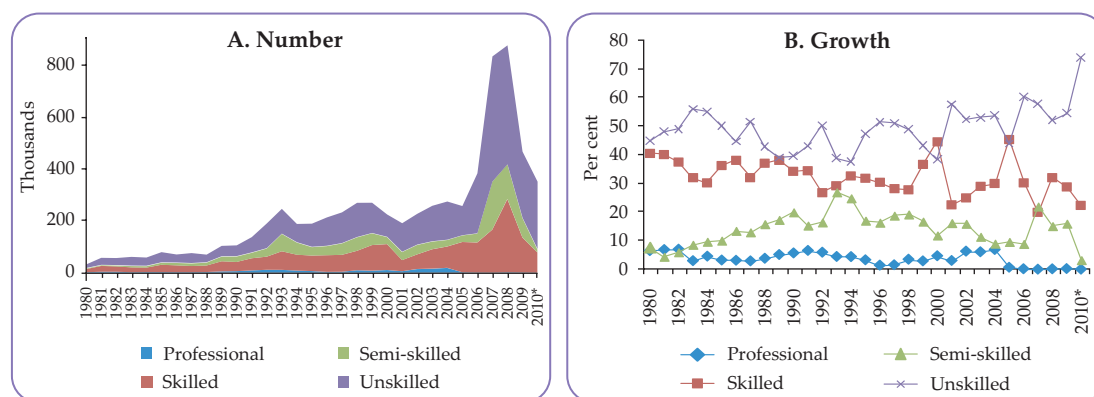
As for remittances, the lion's share continues to flow from the Middle East (Figure 14 and Annex Table 37). However, USA and UK have also been contributing significantly to the remittance portfolio. Needless to mention that while a-fifth of the remittance comes from developed countries such as USA, UK, Italy and Spain, it is a combination of money sent back home by migrant workers and those by the *diaspora*.

However, one needs to be cautious in interpreting the impact of compositional changes in manpower export markets on remittance inflow to Bangladesh. As Figures 13 and 14 show, despite some significant changes in the share of different countries as manpower importers from Bangladesh at different points over the last two decades, their share in terms of sources of remittances has remained rather less differentiated in the recent past. This would indicate that while lower overseas migration may have contributed to decreased remittance inflow (Figures 11 and 12), the stock effect have somewhat compensated for this.

Skill Mix of Overseas Migrants from Bangladesh

Bangladesh has traditionally been an exporter of workers in the semi-skilled and unskilled categories. The scenario has barely changed over the last two decades (Annex Table 35). The proportion of skilled workers in 2010 was 22.4 per cent while unskilled and semi-skilled workers constituted the majority of migrant workers from Bangladesh (77.6 per cent) (Figure 15). This is also reflected in the average per capita amount of remittance sent by Bangladeshi workers in 2010 which was about USD 1,550; to compare, for the Philippines the figure was about USD 2,200.

Figure 15: Skill Composition of Bangladeshi Migrant Workers since 1980



Source: Bureau of Manpower, Employment and Training (BMET).

Note: *2010 data till October.

As can be seen in Figure 15A, unskilled workers have overwhelmingly dominated the overall skill composition for the last three decades. The share of unskilled workers rose sharply in the recent past, while the share of skilled and semi-skilled migrants fell (Figure 15B). Such a trend points to the contention that there has been less demand for skilled workers from Bangladesh due to the slowdown in the construction sectors in the traditional markets, particularly in the Middle East. Growth in the unskilled category is partially explained by the growing demand for workers in the agriculture sector both in the Middle East and non-Middle Eastern countries (including Lebanon, Jordan, Sudan, Libya, Egypt and Brunei).

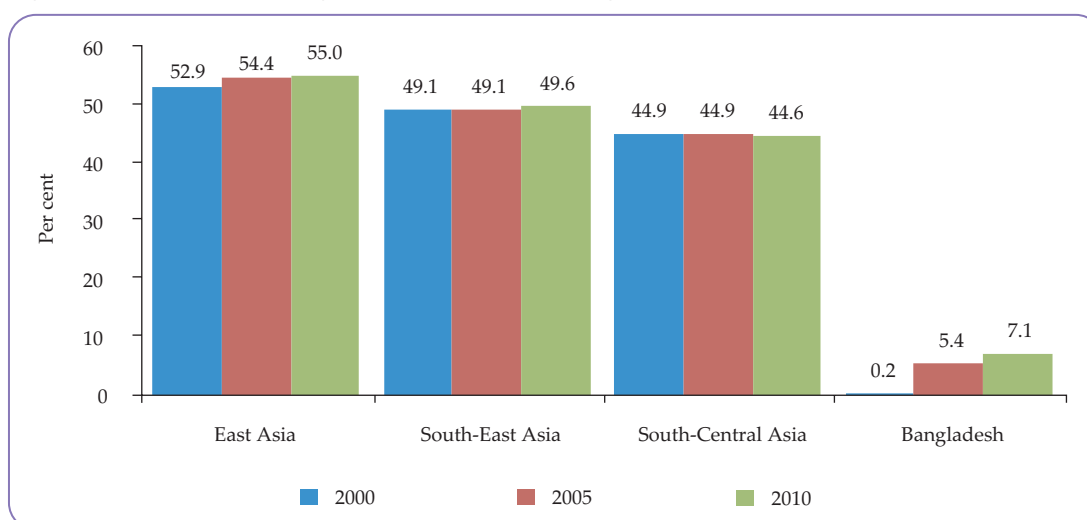
It needs to be noted, however, that the demand for professional and skilled workers are generally on the rise, and further opportunities are anticipated, particularly in the Organisation for Economic Co-operation and Development (OECD) countries. It is estimated that in the longer term, without mass immigration, nearly all European countries will experience a decline by 10 and 50 per cent in their working age populations (aged between 15 and 65) (Raihan and Mahmood 2004). Demand will be particularly expected in caring services, nursing, medical technicians, etc. Besides, countries such as Qatar and the UAE are likely to demand more workers in the professional and highly-skilled categories for the service and knowledge-based economy that they are trying to build (IOM 2010). The awarding of Qatar to host the Football World Cup 2022 is also likely to create hundreds of thousands of jobs in the construction sector, both in the skilled and semi-skilled categories.

Gender Composition of Overseas Migration from Bangladesh

In terms of gender composition of migrant workers from Bangladesh, share of women have consistently remained dismally low compared to their male counterparts. However, some upturn is discernible in recent times.

Available data suggests that about 152,000 female workers went abroad during 1991 to 2010 period, accounting for a paltry 2.4 per cent of the total overseas migration during the last two decades. In 2000, share of female migrants in total overseas migration from Bangladesh was only 0.2 per cent which increased to 5.4 per cent and 7.1 per cent respectively in 2005 and 2010 (Figure 16). To compare, these figures for East Asia were 52.9 per cent, 54.4 per cent and 55.0 per cent respectively. As for the first ten months of FY2010-11, about 10,900 female workers went abroad which was roughly 8 per cent of the male migrants, and about 7 per cent of the total (male and female combined). UAE, Jordan, Lebanon and Mauritius have been the most important hosts of female workers from Bangladesh in recent years.⁵¹

Figure 16: Share of Female Migrants in Total Overseas Migration



Source: Adapted from IOM (2010).

4.3 Socio-Economic Impact of Migration and Remittances

Remittances affect poverty most directly by increasing the income of households which have one or more members working abroad. This is more so due to the fact that remittances generate significant multiplier effects, as locally produced goods constitute a major proportion of consumption basket of the remittance receiving households. A further potential benefit at the household level is that remittances provide financial protection against natural disasters or economic downturns. Savings rate of remittance-receiving households is also generally significantly higher than that of non-receiving households.

The role of remittances in reducing poverty in Bangladesh has been recently explored in a study (Raihan *et al.* 2009) by using a computable general equilibrium (CGE) model numerically specified for the Bangladesh economy for the year 2005. The study observed that growth in remittances accounted for 1.7 per cent out of a 9 per cent decline in headcount poverty during 2000-2005. The study also found that the probability of a household becoming poor decreases by 5.9 per cent if it receives remittances. Notwithstanding the fact that remittances are mostly used for consumption purposes, a certain proportion is also invested in education, housing and

⁵¹Rate of female workers' migration to Saudi Arab fell drastically since 2009 when only 389 female workers went to the country from Bangladesh compared to more than 4,000 in 2008.

income generating assets such as livestock and land. A survey by the International Organization for Migration (IOM) in 2002, covering two periods, found that relatively significant proportion of remittances (36 per cent) was used for consumption, including spending on food, education, and health care; 20 per cent was invested in land or other property; and 14 per cent was used for housing improvements, including the upgrading of existing property.

Formation of human capital is also spurred by remittances, given the fact that a relatively significant proportion of remittances is invested in education and health. In fact, remittances have been found to have a positive impact on promoting school education in Bangladesh (Afsar *et al.* 2002). Despite the dearth of analysis regarding the impact of remittances on child health, few studies show a positive impact of remittances on infant mortality.

However, remittances can have a disincentive effect on employment of the remaining members of the migrant worker's family. Raihan and Mahmood (2004) observed that receiving remittances reduced income from different sources of employment (e.g. income from agricultural wages declined by 53.7 per cent, while that from non-agricultural wages and business earnings reduced by 69.7 per cent and 24.9 per cent respectively).

As is well known, most of the Bangladeshi migrant workers belong to relatively poor families who either sell or mortgage their scarce resources or take loans on high interest rates to migrate overseas. Thus, in case they are unable to recover the cost incurred for going overseas, the whole family may fall into further debt and deeper poverty. A recently concluded study showed that such events had taken place during the global financial crisis when workers returned home after being retrenched from job in the host countries (Rahman *et al.* 2009).

Recent Crisis in the Middle East and North Africa (MENA): Concerns for Bangladesh

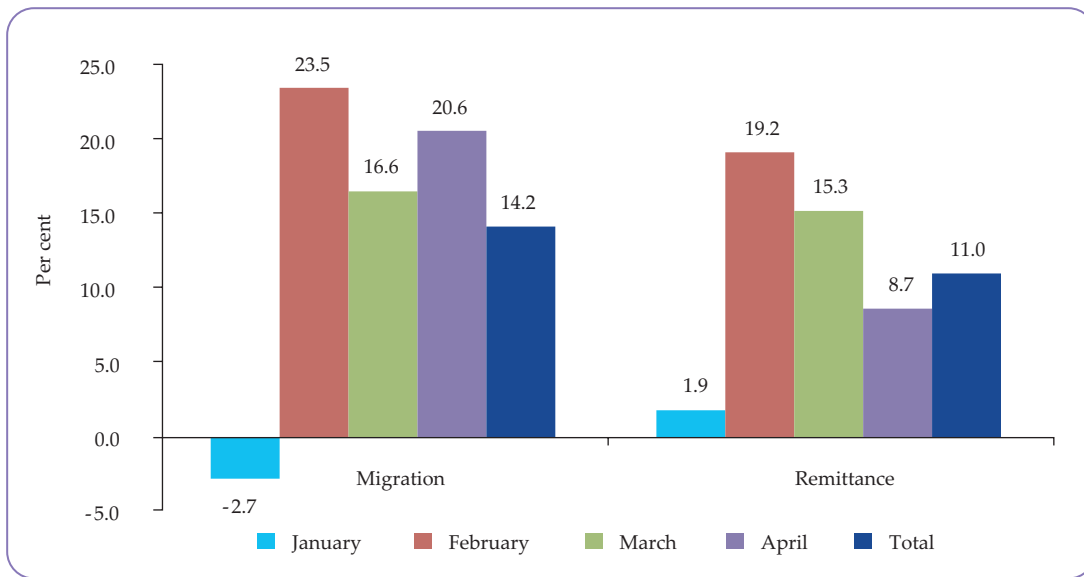
There are serious concerns regarding possible negative impacts on both manpower export and remittance earnings if there is widespread dislocation and disturbances in major host countries in the MENA region. It is a matter of some relief for Bangladesh that the available data suggests that thus far the impact has not been significant.

As Figure 17 depicts, both overseas migration and remittance inflow have been able to maintain reasonable growth during the January-April period of 2011 vis-à-vis the comparable period of 2010, a period which coincided with the unrest in the MENA countries. This was because number of workers and remittance flow from MENA countries which experienced turmoil, was low compared to the total for the corresponding cohorts. During the February-April 2011 period, when the crisis was at its peak, Bangladesh earned nearly USD 3.1 billion in remittances. This was about 14.2 per cent higher than the comparable period of 2010. The share of Libya in total remittance inflow has traditionally been very low and the scenario has barely changed in recent months (Figure 18).⁵² It may be noted here that remittance earnings from Libya in April 2011 was USD 2.9 million, the highest ever remittance from the country to Bangladesh in a single month. This appears to be due to one-time transfer of savings by Bangladeshi migrant workers in anticipation of uncertainty over job security and earnings in future. With more than half of the stock of Bangladeshi workers returning home from Libya, remittance from the country in the coming months is expected to be much lower.

However, one has to concede that if there is a contagion effect, or if in future such crises engulf countries such as Saudi Arab, UAE, Qatar, Oman, Kuwait and Bahrain, the likely adverse impact is expected to be quite serious.

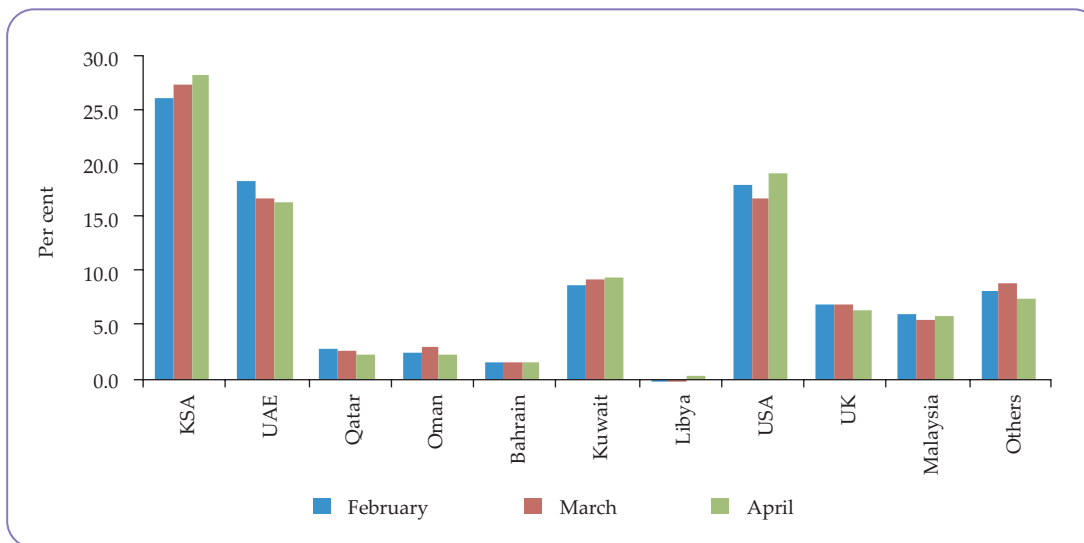
⁵²Libya's share in total remittance inflow to Bangladesh for the months of January, February and March of 2011 was respectively 0.0 per cent, 0.1 per cent and 0.3 per cent.

Figure 17: Month-on-Month Growth in Migration and Remittance in FY2010-11 over FY2009-10 (January-April)



Source: Based on the Bureau of Manpower, Employment and Training (BMET) and Bangladesh Bank data.

Figure 18: Market Share of Remittance Inflow into Bangladesh during 2011 (February-April)



Source: Calculation based on the Bangladesh Bank data.

Possible Impact of Saudisation⁵³

The recently proposed move by Saudi Arab to put a six-year cap on the residency of foreign nationals has raised serious concerns for labour-exporting countries such as Bangladesh. Implementation of this decision could result in significant fall in the total stock of Bangladeshis in

⁵³The ‘Saudisation’ policy was approved by Saudi policymakers in 2006 to tackle the growing unemployment among Saudi nationals (currently, unemployment rate in Saudi Arab is 10.5 per cent). The decision to discontinue renewal of work permits of foreign workers spending six years in that country is part of a 10-point programme to intensify *Saudisation* of jobs in the private sector to reduce unemployment. The policy requires private sector companies operating in Saudi to allocate 10 per cent of their total workforce for Saudi nationals. Those having less than that, will not be issued new work permits (*akama*). The Saudi government has given a five months grace period to the country’s private companies to comply with the requirement.

Saudi Arab and also on remittance earnings from the country.⁵⁴ It may be noted here that the country currently accounts for about 28 per cent of the total remittance flow into Bangladesh. Considering the current total stock of Bangladeshi migrants in the country to be 2.5 million (more than 34 per cent of the global stock of migrant workers from Bangladesh), there are only about 0.5 million Bangladeshis in Saudi Arab with less than six years of residency. Hence, about 2.0 million Bangladeshi nationals may have to leave the country if the proposed measure is implemented.⁵⁵ This will have significant adverse negative impact not only on remittance inflow, but also in the form of additional pressure on the Bangladesh labour market originating from *Saudisation*-induced return migration. Besides, the Egyptian government is also concerned about the future of more than 70 per cent of its 2.5 million migrant workers in Saudi Arab as they have crossed the six years residency threshold.⁵⁶

4.4 Policy Instruments Related to Overseas Migration and Remittance

International migration from Bangladesh is conducted under the framework of *Emigration Ordinance 1982*. As per this Ordinance, the primary responsibility of implementation of Overseas Employment Policy lies with the Ministry of Expatriate Welfare and Overseas Employment (MEWOE). Under overall control of the Ministry, the Bureau of Manpower, Employment and Training (BMET) is mandated with the responsibility of implementation. Box 1 presents the list of existing policy instruments and their objectives in the context of overseas migration from Bangladesh.

Box 1: Manpower Export from Bangladesh: Existing Policy Instruments

Policy instruments covering various aspects of manpower export from Bangladesh include the *Emigration Ordinance 1982*, *Emigration Rules 2002*, *Recruiting Agency Rules 2002*, *Wage Earners' Welfare Fund Rules 2002*, *Overseas Employment Policy 2006*, *Special Privilege Rules 2008*, *Policy of Health Check-up 2008*, and *Citizen's Charter 2009*.

The *Overseas Employment Policy*, launched by the MEWOE in October 2006, is the major policy instrument in this context. The key objectives of the policy are to promote transparency and instill dynamism in manpower export; facilitate qualitative change in manpower trade; reduce fraudulent practices and migration cost, and ensure better wages; create an environment for accessibility of aspirant migrants to migration process from all areas of the country; and ensure economic and social integration of returnee migrants.

The Government of Bangladesh (GoB) is currently planning to formulate a comprehensive *National Migration Policy* to safeguard the interest of migrant workers, and is also in the process of enacting an *Anti-Human Trafficking Act 2011* in order to prevent labour trafficking, besides checking on trafficking of women and children. In this context, the *Emigration Ordinance of 1982* and the *Overseas Employment Policy* of 2006 are currently being revisited. One would expect that the final outcome document, whether in the form of a Comprehensive Migration Policy or as an Overseas Employment Act, will adequately address the issue of streamlining cost of migration.

As the main regulating body, the government, in collaboration with recruiting agencies and other stakeholders, is also making efforts to minimise the cost of migration and ensure compliance of laws by the migrant workers. GoB is also trying to fix the migration cost in the next few months on the basis of recommendations in consultation with the Bangladesh Association of International Recruiting Agencies (BAIRA).⁵⁷ The government is also reviewing its policy on

⁵⁴ <http://gulfnnews.com/news/gulf/saudi-arabia/saudi-arabia-plans-six-year-cap-on-expat-visas-1.814794>.

⁵⁵ The estimated number of Filipino workers expected to be affected by the decision is 0.35 million.

⁵⁶ <https://www.arcamax.com/politics/politicalnews/s-894783>.

⁵⁷ In most cases, a worker from Bangladesh has to incur more than twice or thrice the cost borne by a worker from India, Pakistan or Nepal to go overseas. For instance, although the Bangladesh government has fixed the payment for workers going to Malaysia at a maximum of USD 1,225 (Tk. 84,000)/worker, as of 2009, outgoing workers spend on average about USD 2,900 (Tk. 2 lakh).

labour migration to Malaysia in order to establish a safe and transparent mechanism for facilitating the recruiting agencies to send workers to the country. In a welcome development, some negotiations have recently been initiated by the two governments to facilitate labour migration from Bangladesh through government-to-government (G2G) arrangements.⁵⁸ However, the process is still in its early stage and any tangible outcome is yet to be seen.

Besides, the government has recently set up the *Probashi Kalyan Bank* (Expatriate Welfare Bank) to provide loan to the migration-seeking workers (see Box 2 for details). Workers expecting to migrate overseas would receive financial assistance from Expatriate Welfare Bank with relatively lower interest rates.

Box 2: Probashi Kalyan Bank (PKB): A Commendable Initiative

Bangladesh government has established the state-run Probashi Kalyan Bank (PKB) to fund workers going abroad for employment, facilitate sending remittances and reduce migration cost. The PKB was inaugurated on 20 April 2011, on the eve of the 4th ministerial level conference of the *Colombo Process*. The initiative goes back to May 2010, when the Cabinet gave nod to introduce an 'Expatriate Welfare Bank' to serve the needs of the expatriate workers. In July 2010, the draft Expatriate Welfare Bank got approval from the Cabinet and the Jatiya Sangsad (National Parliament) passed the Act in October 2010. The paid up capital of the PKB is USD 14.3 million (Tk.100 crore) of which USD 13.6 million (Tk. 95 crore) came from the Wage Earners' Welfare Fund and the rest from the government exchequer. The authorised capital for the bank has been proposed at USD 71.4 million (Tk. 500 crore).

The bank will be providing soft loans to aspirant overseas migrant workers to meet travel/processing cost at 9 per cent interest rate which is lower than that of any other commercial bank. Currently the bank is providing loans to jobseekers in UAE, Bahrain, Lebanon, South Korea, Oman and Mauritius. It has been reported that up to 70 per cent of their total cost is provided as loan. There is difference in the amount of PKB loans for male and female expatriates. According to BMET, cost of migration for male workers is higher than the female workers as in most cases the cost of visa fees/air fares for female migrant workers are paid by the employers from destination countries.

Another important objective of this bank is to finance returnees to start new business after returning home. The PKB will collaborate with Bangladesh Post Office in order to reach the poor people in rural areas enabling them to collect their remittance from post offices. The new bank also envisages to collaborate with different money/remittance transferring agencies (e.g. Western Union, Moneygram, etc.) in order to reduce the cost of sending remittances.

The *Wage Earners' Welfare Fund* was created in 1990 with a view to ensuring welfare of overseas migrant workers and their families. In recent times, with a view to taking advantage of the global recovery and likely increase in demand for migrant workers, the National Budget for FY2009-10 allocated USD 10.1 million (Tk. 70 crore) to form a *Skill Development Fund*. Later, the budget for the following fiscal year (i.e. FY2011-12) proposed to allocate about USD 20.2 million (Tk. 140 crore) for an *Immigration and Skill Development Fund*.⁵⁹ Like the earlier proposed one, this Fund is expected to be used for the expansion of labour markets abroad, conduct research for exploring new labour markets, provide training for prospective workers, and re-training for returned migrants.

⁵⁸Under the G2G arrangement, Malaysia will import manpower from Bangladesh through the BMET. The initiative also envisages sending workers to Malaysia at a migration cost not exceeding Tk. 84,000. GoB is currently in the process of finalising the necessary modalities with registered recruiting agencies (though they initially disagreed with the proposed migration cost) so that the offer by the Malaysian government can be meaningfully utilised.

⁵⁹Details on the proposed Fund have not been provided yet. It is expected that the goals and objectives of this Fund is likely to be in line with those of the earlier one. However, it is still not clear as to whether the FY2011-12 Budget's proposed Fund is a continuation of the earlier one, or a new one.

A remittance investment project is likely to be launched shortly by the Asian Development Bank (ADB), with assistance from the government of Japan to provide safe, affordable remittance services to Bangladeshi migrant workers and their families. The ADB Board of Directors approved a USD 2.0 million grant from the *Japan Fund for Poverty Reduction* for the project, which will be utilised to fund enhancement of technology linking microfinance institutions and banks.

4.5 Way Forward

While announcing the national budget for FY2010-11, GoB had set a target of sending 577,000 workers abroad in the current fiscal. In view of the record so far (second half of 2010), to achieve this target, an average of more than 60,000 workers will need to go abroad for work each month over the next six months. However, given the current trend, attainment of this target appears to be highly unlikely. In order to sustain sizable overseas migration and healthy remittance inflow, the government will need to undertake carefully articulated pragmatic measures including the following. It is also important that such issues are adequately addressed in the formulation of the comprehensive *National Migration Policy*.

Dialogue with Labour-Importing Countries: Government should continue the dialogue with major labour-importing countries, particularly in the Middle East, to allow change of jobs by Bangladeshi migrant workers (without transfer fee). In recent times, people from Bangladesh have started to go to a number of African countries including Angola, Algeria, Nigeria, Botswana and South Africa. In view of the ongoing deceleration in manpower export to the traditional markets, policy emphasis should be put to facilitate increased migration to these new and emerging markets.

Skill Development Trainings for Aspirant Migrant Workers: Efforts should now be strengthened so that Bangladesh is able to cater to the emerging needs in new markets for skilled migrant workers in the developed world. A time-bound plan should be put in place so that workers willing to travel abroad have the opportunity to undergo skill upgradation training. The proposed *Immigration and Skill Development Fund* is expected to contribute to this end.

Reducing Cost of Migration and Ensuring Compliance by Recruiting Agencies: Strict monitoring and implementation of visa processing fees which is fixed by the government is urgently required. Reducing of cost of migration and ensuring compliance of the same by the recruiting agents must be given high priority on the government's agenda. Work of the recruiting agencies should be monitored on a regular basis. If agencies are found to be involved in malpractice such as failure to provide appropriate and truthful information to aspirant workers, it should be strictly dealt with and those responsible should be legally obliged to pay the due compensation to the migrant workers. Besides, the government should play proactive role to carry out negotiations with major labour-importing countries to expedite the process of setting up branches of the PKB in those countries.

Awareness Raising Programmes for Migrant Workers: Indeed, migrants will be in a stronger position to protect themselves from exploitation and abuses if they are aware of their rights and responsibilities. Government should, therefore, be proactive in organising pre-migration seminars to provide necessary information to persons aspiring to go abroad for work. If required, such seminars could be organised in collaboration with non-government organisations (NGOs) having expertise in addressing migration-related issues.

Support from Bangladesh Missions in the Host Countries: Aspirant workers should be given appropriate information with regard to emigration procedure, laws, language and culture of the destination countries. Besides, the role of the Bangladesh Missions in the manpower-importing countries will need to be significantly strengthened not only to expand the market for manpower export, but also to cater to the needs of the workers migrating to those countries. In this context, Bangladesh Missions overseas may distribute information leaflets to migrant workers on arrival at the airports of the destination countries. These leaflets may contain a summary of labour-related laws and regulations in the host country, information on the

Mission's coordinates, contacts of officials responsible to deal with various issues related to the interest of the migrant workers, etc. Encouragingly enough, the national budget for FY2011-12 has announced to establish labour wings in seven countries where the concentration of Bangladeshi workers are high.

Contingency Plan for Emergencies: In view of the recent development in the Middle East and the exodus of Bangladeshi migrant workers from Libya to neighbouring countries, there is a need to develop a contingency plan to address the issue of Bangladeshi migrants in times of emergency and disturbances in the host countries. Such an emergency plan could include: (a) proactive role of the Bangladesh Missions; (b) support to be extended by the Missions in the neighbouring countries; (c) opening of channels of discussion and collaboration with other involved countries and humanitarian agencies; (d) emergency evacuation plans; (e) setting up a contingency fund to address such emergencies; and (f) to have trained professionals to deal with such situation.

Special Measures for Returnee Migrants: Adopting appropriate measures to streamline returnee migrants in the domestic labour market should receive special attention from the government. Those returning with significant funds should be encouraged to engage in various self-employed activities including starting their own medium-to-large scale businesses. For those with more limited resources, government may provide soft loans and offer skill development training to help them establish small businesses.

Active Engagement in Multilateral Negotiations: Bangladesh must play a proactive role in the WTO-GATS (General Agreement on Trade in Services) negotiations with a view to ensuring a least developed country (LDC)-friendly outcome to augment services export to the global market, particularly in GATS Mode-4. In this context, the already agreed LDC modalities should be rigorously pursued.

Conclusion

The preceding chapters have attempted to capture some of the major dynamics of changes experienced by Bangladesh's labour market in the decade of the 2000s. As the discussion evince, Bangladesh's labour market has responded, in varying degrees and levels of dynamics, to the changes in growth pattern and global integration experienced by the economy in recent decades. The acceleration in GDP growth rate in the 2000s, to on average about 6 per cent per annum, has helped Bangladesh create a significant number of job opportunities outside of crop sector, in off-farm activities in the agriculture sector, and also in services and industrial sectors. Indeed, employment rose by 3 per cent per annum in this period. The change in the structure of the GDP composition, with increasingly less dependence on agriculture sector and shift towards the relatively modern manufacturing and services sector, has resulted in discernible changes in labour market dynamics particularly with respect to sectoral distribution, gender dimension, and real wages. Although agriculture sector remains to be the largest job provider in the economy, its relative share is on the decline, with services sector now contributing about two-fifth of the total employment in the country. At the same time, industrial sector, manufacturing sub-sector in particular, has emerged as the fastest growing opportunity for employment.

However, although unemployment rate tends to be low in Bangladesh, underemployment remains to be significantly high. Together these evidences suggest that unemployment has seen some rise in recent years as the pace of employment generation fell behind the rate of increase in labour force in the economy. Besides, the overwhelming share of unpaid family workers and self-employment in total employment begs a caveat with respect to the quality of job creation. Moreover, significant discrepancy between male and female wage rates also remains a major concern.

The study has undertaken a close examination of the trade orientation of various sectors and sub-sectors of the Bangladesh economy to capture their impact and implications for the country's job market. It was found that trade-employment interface and linkage was rather limited in both agriculture and services sectors, whilst trade orientation of the manufacturing sector has seen a significant rise over the past years. A number of export-oriented sectors as well as import-competing ones has experienced rise in the pace of labour absorption. The rise of employment in the manufacturing sector has created better opportunities for female workers mainly in basic metal, non-metallic products, minerals and paper industries; however, male-female ratio is still at a disquietingly low level.

Apart from the manufacturing sector, employment in services sector has also increased during the 2000s. This occurred mainly in financial sector, real estate, and health and social works. Along with the participation in traditional service activities (e.g. community and social services, wholesale and retail trade, hospitality and tourism), female employment has also increased in such areas as financial sectors, construction, public administration, etc.

As evidence suggests and it is encouraging to note, non-wage working conditions have improved in certain 2000s in industries, particularly those exposed to trade (e.g. RMG).

However, these improvements were predominantly associated with pressure from international buyers. Bangladesh will need to undertake more proactive initiatives to implement the many labour-related rules, regulations and policies that are there to ensure labour rights, provide safe and secured working environment, and reduce gender disparity.

Better performance of domestic market-oriented manufacturing and services industries (along with export-oriented industries) in terms of employment generation, ensuring the modest rise in productivity level and creating more opportunities for female workers indicate positive achievements. At the same time, this reemphasises the need for designing medium-term strategic trade policy to guide the process of industrialisation towards attaining broad-based industrial development in the country. The SFYP, which is being designed at present, provides a good opportunity in this regard.

Whilst trade orientation has played a critical role in creating employment opportunities in the domestic labour market in the 2000s, particularly in the export-oriented sectors, the role of overseas job market in reducing the pressure on the domestic job market has been of no less importance. This becomes quite obvious if one needs to take into account the fact that in recent years the number of people leaving as migrant workers has, on average, been equivalent to about a-third of the number of new job entrants each year. Besides, the positive impact of remittances in raising the lives and livelihoods of the migrant workers' families is also well established. However, the deceleration in pace of migration and the adverse impact of the recent turmoil in the Arab world have drawn attention to the need for initiatives towards market diversification, reintegration of returnees and mere proactive policies to take advantage of the newly emerging opportunities in global job market.

Adequate financial and technical support will need to be provided to the returnee migrants to facilitate their meaningful integration into the domestic labour market. This is particularly important because most returnees tend to have employable skills, having worked for a considerable time overseas in various professions. Credit and institutional support could play an important role in developing self-employment and small and medium enterprise (SME) entrepreneurship among this category of workers.⁶⁰ Evidence suggests that there will be increasing demand for service providers in developed countries in view of demographic dynamics in those countries. Bangladesh should be adequately prepared to access these opportunities. There is thus a need for designing a *Comprehensive Migration Policy* with due urgency.

⁶⁰The newly established Expatriate Welfare Bank and the Workers Welfare Fund could be brought into play to provide this support.

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Statistical Annex

Annex Table 1: Distribution Trend of Labour Force by Gender

(in '000)

| Survey | Bangladesh | | | Urban | | | Rural | | |
|-------------|------------|-------|--------|-------|------|--------|-------|-------|--------|
| | Total | Male | Female | Total | Male | Female | Total | Male | Female |
| LFS 1999-00 | 40728 | 32171 | 8557 | 9228 | 7085 | 2143 | 31500 | 25086 | 6414 |
| LFS 2002-03 | 46324 | 35978 | 10346 | 11285 | 8614 | 2671 | 35039 | 27364 | 7675 |
| LFS 2005-06 | 49461 | 37330 | 12131 | 11730 | 8884 | 2846 | 37731 | 28447 | 9285 |
| MES 2009 | 53744 | 40221 | 13523 | 12847 | 9688 | 3158 | 40898 | 30533 | 10365 |

Source: Labour Force Survey (LFS) (various issues).

Annex Table 2: Growth Trend of Labour Force by Gender (Compound Annual Average)

(in Per cent)

| Survey | Bangladesh | | | Urban | | | Rural | | |
|-----------------------|------------|------|--------|-------|------|--------|-------|------|--------|
| | Total | Male | Female | Total | Male | Female | Total | Male | Female |
| LFS 2002-03 | 4.4 | 3.8 | 6.5 | 6.9 | 6.7 | 7.6 | 3.6 | 2.9 | 6.2 |
| LFS 2005-06 | 2.2 | 1.2 | 5.4 | 1.3 | 1.0 | 2.1 | 2.5 | 1.3 | 6.6 |
| MES 2009 | 2.8 | 2.5 | 3.7 | 3.1 | 2.9 | 3.5 | 2.7 | 2.4 | 3.7 |
| 2009 growth over 2000 | 3.1 | 2.5 | 5.2 | 3.7 | 3.5 | 4.4 | 2.9 | 2.2 | 5.5 |

Source: Labour Force Survey (LFS) (various issues).

Annex Table 3: Decomposition of Economic Activity of 15 Years and Over Population by Location

(in Per cent)

| Survey | 15 Years and Over Population | | | Labour Force | | | Economically Inactive | | |
|-------------|------------------------------|-------|-------|--------------|-------|-------|-----------------------|-------|-------|
| | Total | Urban | Rural | Total | Urban | Rural | Total | Urban | Rural |
| LFS 1999-00 | 74.2 | 16.5 | 57.7 | 40.7 | 9.2 | 31.5 | 33.5 | 7.3 | 26.2 |
| LFS 2002-03 | 80.8 | 19.9 | 60.9 | 46.3 | 11.3 | 35.0 | 34.5 | 8.6 | 25.9 |
| LFS 2005-06 | 84.6 | 21.0 | 63.6 | 49.5 | 11.7 | 37.8 | 35.1 | 9.3 | 25.8 |
| MES 2009 | 90.6 | 21.5 | 69.1 | 53.7 | 12.8 | 40.9 | 36.9 | 8.7 | 28.2 |

Source: Labour Force Survey (LFS) (various issues).

Annex Table 4: Trend of Economic Dependency Ratio (EDR)

(in Per cent)

| Survey | Bangladesh | | |
|-------------|------------|-------|-------|
| | Total | Urban | Rural |
| LFS 1999-00 | 82.3 | 79.3 | 83.2 |
| LFS 2002-03 | 74.5 | 76.1 | 74.0 |
| LFS 2005-06 | 70.9 | 79.5 | 68.3 |
| MES 2009 | 68.7 | 68.0 | 68.9 |

Source: Labour Force Survey (LFS) (various issues).

Annex Table 5: Labour Force Participation Rates in Bangladesh by Gender (Age 15 Years and Over)*(in Per cent)*

| Survey | Bangladesh | | | Urban | | | Rural | | |
|-------------|------------|------|--------|-------|------|--------|-------|------|--------|
| | Total | Male | Female | Total | Male | Female | Total | Male | Female |
| LFS 1995-96 | 52.0 | 87.0 | 15.8 | 51.7 | 82.0 | 20.0 | 52.1 | 88.6 | 14.5 |
| LFS 1999-00 | 54.9 | 84.0 | 23.9 | 55.8 | 83.7 | 26.5 | 54.6 | 84.0 | 23.1 |
| LFS 2002-03 | 57.3 | 87.4 | 26.1 | 56.8 | 85.1 | 27.4 | 57.5 | 88.1 | 25.6 |
| LFS 2005-06 | 58.5 | 86.8 | 29.2 | 55.7 | 83.2 | 27.4 | 59.4 | 88.0 | 29.8 |
| MES 2009 | 59.3 | 87.5 | 30.3 | 59.5 | 86.4 | 30.5 | 59.2 | 87.9 | 30.2 |

Source: Labour Force Survey (LFS) (various issues).

Annex Table 6: Percentage Distribution of Labour Force by Level of Education and Gender in 2009*(in Per cent)*

| Level of Education | Bangladesh | | | Urban | | | Rural | | |
|--------------------|------------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Total | Male | Female | Total | Male | Female | Total | Male | Female |
| Total | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| Class I-V | 27.04 | 24.69 | 30.09 | 20.22 | 17.59 | 23.66 | 30.03 | 27.81 | 32.90 |
| Class VI-IX | 41.08 | 39.85 | 42.68 | 36.36 | 34.81 | 38.39 | 43.15 | 42.06 | 44.55 |
| SSC | 13.16 | 13.74 | 12.42 | 15.26 | 15.28 | 15.24 | 12.24 | 13.06 | 11.19 |
| HSC | 9.13 | 10.90 | 6.84 | 13.87 | 15.71 | 11.46 | 7.06 | 8.78 | 4.82 |
| Degree | 5.60 | 6.34 | 4.63 | 8.79 | 9.97 | 7.24 | 4.20 | 4.74 | 3.49 |
| Post Graduate | 2.00 | 2.47 | 1.39 | 4.02 | 4.90 | 2.87 | 1.12 | 1.41 | 0.75 |
| Others | 1.99 | 2.02 | 1.95 | 1.48 | 1.73 | 1.14 | 2.21 | 2.14 | 2.30 |

Source: BBS (2010b).

Annex Table 7: Extent of Literacy among Male and Female Labour Force by Location*(in Per cent)*

| Survey | Bangladesh | | | Urban | | | Rural | | |
|-------------|------------|------|--------|-------|------|--------|-------|------|--------|
| | Total | Male | Female | Total | Male | Female | Total | Male | Female |
| LFS 1995-96 | 53.4 | 55.5 | 41.0 | 70.3 | 74.0 | 54.6 | 48.3 | 50.3 | 35.4 |
| LFS 1999-00 | 50.6 | 53.9 | 38.5 | 65.1 | 69.6 | 50.2 | 46.4 | 49.4 | 34.6 |
| LFS 2002-03 | 50.4 | 52.5 | 43.0 | 64.4 | 67.1 | 53.8 | 45.9 | 47.9 | 38.5 |
| LFS 2005-06 | 49.8 | 53.7 | 37.4 | 64.2 | 67.8 | 52.3 | 45.3 | 49.2 | 32.8 |

Source: Labour Force Survey (LFS) (various issues).

Annex Table 8: Labour Force Distribution Trend by Level of Education and Gender*(in '000)*

| Level of Education | LFS 2005-06 | | | LFS 2002-03 | | | LFS 1999-00 | | |
|--------------------|-------------|-------|--------|-------------|-------|--------|-------------|-------|--------|
| | Total | Male | Female | Total | Male | Female | Total | Male | Female |
| Total | 49461 | 37330 | 12131 | 46324 | 35978 | 10346 | 40728 | 32171 | 8558 |
| No schooling | 20010 | 13840 | 6170 | 23221 | 17265 | 5956 | 18563 | 13539 | 5024 |
| Class I-V | 11779 | 9004 | 2775 | 7802 | 6261 | 1542 | 9912 | 8163 | 1749 |
| Class VI-VIII | 6261 | 4961 | 1300 | 4998 | 3949 | 1050 | 4912 | 4229 | 683 |
| Class IX-X | 3719 | 3058 | 661 | 4000 | 3218 | 782 | 2227 | 1859 | 368 |
| SSC-HSC equivalent | 5235 | 4394 | 842 | 4175 | 3472 | 704 | 3453 | 2893 | 560 |
| Degree+ and others | 2457 | 2074 | 383 | 2127 | 1813 | 314 | 1662 | 1487 | 174 |

Source: Labour Force Survey (LFS) (various issues).

Annex Table 9: Percentage Distribution Trend of Labour Force by Level of Education and Gender*(in Per cent)*

| Level of Education | LFS 2005-06 | | | LFS 2002-03 | | | LFS 1999-00 | | |
|--------------------|-------------|-------|--------|-------------|-------|--------|-------------|-------|--------|
| | Total | Male | Female | Total | Male | Female | Total | Male | Female |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| No schooling | 40.5 | 37.1 | 50.9 | 50.1 | 48.0 | 57.6 | 45.6 | 42.1 | 58.7 |
| Class I-V | 23.8 | 24.1 | 22.9 | 16.8 | 17.4 | 14.9 | 24.3 | 25.4 | 20.4 |
| Class VI-VIII | 12.7 | 13.3 | 10.7 | 10.8 | 11.0 | 10.1 | 12.1 | 13.1 | 8.0 |
| Class IX-X | 7.5 | 8.2 | 5.4 | 8.6 | 8.9 | 7.6 | 5.5 | 5.8 | 4.3 |
| SSC-HSC equivalent | 10.6 | 11.8 | 6.9 | 9.0 | 9.7 | 6.8 | 8.5 | 9.0 | 6.5 |
| Degree+ and others | 5.0 | 5.6 | 3.2 | 4.6 | 5.0 | 3.0 | 4.1 | 4.6 | 2.0 |

Source: Labour Force Survey (LFS) (various issues).

Annex Table 10: Distribution Trend of Employment by Gender*(in '000)*

| Survey | Bangladesh | | | Urban | | | Rural | | |
|-------------|------------|-------|--------|-------|------|--------|-------|-------|--------|
| | Total | Male | Female | Total | Male | Female | Total | Male | Female |
| LFS 1999-00 | 39000 | 31100 | 7900 | 8700 | 6700 | 2000 | 30300 | 24400 | 5900 |
| LFS 2002-03 | 44300 | 34500 | 9800 | 10700 | 8200 | 2500 | 33600 | 26300 | 7300 |
| LFS 2005-06 | 47400 | 36100 | 11300 | 11300 | 8600 | 2700 | 36100 | 27500 | 8600 |
| MES 2009 | 51015 | 38509 | 12506 | 12208 | 9298 | 2910 | 38807 | 29211 | 9596 |

Source: Labour Force Survey (LFS) (various issues).

Annex Table 11: Growth Trend of Employment by Gender (Compound Annual Growth)*(in Per cent)*

| Survey | Bangladesh | | | Urban | | | Rural | | |
|-----------------------|------------|------|--------|-------|------|--------|-------|------|--------|
| | Total | Male | Female | Total | Male | Female | Total | Male | Female |
| LFS 2002-03 | 4.3 | 3.5 | 7.5 | 7.1 | 7.0 | 7.7 | 3.5 | 2.5 | 7.4 |
| LFS 2005-06 | 2.3 | 1.5 | 4.9 | 1.8 | 1.6 | 2.6 | 2.4 | 1.5 | 5.6 |
| MES 2009 | 2.5 | 2.2 | 3.4 | 2.6 | 2.6 | 2.5 | 2.4 | 2.0 | 3.7 |
| 2009 growth over 2000 | 3.0 | 2.4 | 5.2 | 3.8 | 3.7 | 4.3 | 2.8 | 2.0 | 5.6 |

Source: Labour Force Survey (LFS) (various issues).

Annex Table 12: Underemployment Rates by Gender (Works <35 Hours a Week)*(in Per cent)*

| Survey | Bangladesh | | | Urban | | | Rural | | |
|-------------|------------|------|--------|-------|------|--------|-------|------|--------|
| | Total | Male | Female | Total | Male | Female | Total | Male | Female |
| LFS 1999-00 | 16.6 | 7.4 | 52.8 | na | na | na | na | na | na |
| LFS 2002-03 | 37.6 | na | na | na | na | na | na | na | na |
| LFS 2005-06 | 24.5 | 10.9 | 68.3 | na | na | na | na | na | na |
| MES 2009 | 28.7 | 27.5 | 32.5 | 19.0 | 17.1 | 25.0 | 31.8 | 30.8 | 34.7 |

Source: Labour Force Survey (LFS) (various issues).

Annex Table 13: Rate of Unemployment in Labour Force*(in Per cent)*

| Survey | Bangladesh | | | Urban | | | Rural | | |
|-------------|------------|------|--------|-------|------|--------|-------|------|--------|
| | Total | Male | Female | Total | Male | Female | Total | Male | Female |
| LFS 1999-00 | 4.4 | 3.4 | 8.2 | 6.5 | 5.6 | 9.3 | 3.8 | 2.8 | 7.8 |
| LFS 2002-03 | 4.3 | 4.2 | 4.8 | 5.3 | 4.6 | 7.5 | 4.0 | 4.0 | 3.9 |
| LFS 2005-06 | 4.2 | 3.2 | 7.4 | 4.3 | 3.4 | 7.0 | 4.2 | 3.2 | 7.5 |
| MES 2009 | 5.1 | 4.3 | 7.5 | 5.0 | 4.0 | 7.9 | 5.1 | 4.3 | 7.4 |

Source: Labour Force Survey (LFS) (various issues).

Annex Table 14: Trend of Employed Persons of 15 Years and Over by Level of Education and Gender*(in '000)*

| Level of Education | LFS 2005-06 | | | LFS 2002-03 | | | LFS 1999-00 | | |
|--------------------|-------------|-------|--------|-------------|-------|--------|-------------|-------|--------|
| | Total | Male | Female | Total | Male | Female | Total | Male | Female |
| Total | 47357 | 36080 | 11277 | 44322 | 34478 | 9844 | 38979 | 31087 | 7891 |
| No schooling | 19451 | 13589 | 5862 | 22428 | 16685 | 5743 | 18308 | 13412 | 4897 |
| Class I-V | 11404 | 8795 | 2608 | 7541 | 6067 | 1476 | 9499 | 7910 | 1589 |
| Class VI-VIII | 5945 | 4772 | 1174 | 4802 | 3798 | 1005 | 4655 | 4075 | 580 |
| Class IX-X | 3468 | 2896 | 573 | 3777 | 3035 | 742 | 1936 | 1661 | 275 |
| SSC-HSC equivalent | 4787 | 4068 | 721 | 3848 | 3228 | 621 | 3055 | 2645 | 410 |
| Degree+ and others | 2302 | 1961 | 340 | 1925 | 1665 | 260 | 1525 | 1384 | 141 |

Source: Labour Force Survey (LFS) (various issues).

Annex Table 15: Distribution Trend of Employed Persons of 15 Years and Over by Level of Education and Gender*(in Per cent)*

| Level of Education | LFS 2005-06 | | | LFS 2002-03 | | | LFS 1999-00 | | |
|--------------------|-------------|-------|--------|-------------|-------|--------|-------------|-------|--------|
| | Total | Male | Female | Total | Male | Female | Total | Male | Female |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| No schooling | 41.1 | 37.7 | 52.0 | 50.6 | 48.4 | 58.3 | 49.2 | 42.5 | 60.5 |
| Class I-V | 24.1 | 24.4 | 23.1 | 17.0 | 17.6 | 15.0 | 25.1 | 25.8 | 23.8 |
| Class VI-VIII | 12.6 | 13.2 | 10.4 | 10.8 | 11.0 | 10.2 | 11.3 | 13.3 | 7.9 |
| Class IX-X | 7.3 | 8.0 | 5.1 | 8.5 | 8.8 | 7.5 | 4.8 | 5.6 | 3.4 |
| SSC-HSC equivalent | 10.1 | 11.3 | 6.4 | 8.7 | 9.4 | 6.3 | 6.6 | 8.5 | 3.4 |
| Degree+ and others | 4.9 | 5.4 | 3.0 | 4.3 | 4.8 | 2.6 | 3.0 | 4.3 | 0.9 |

Source: Labour Force Survey (LFS) (various issues).

Annex Table 16: Trend of Unemployed Persons of 15 Years and Over by Level of Education and Gender*(in '000)*

| Level of Education | LFS 2005-06 | | | LFS 2002-03 | | | LFS 1999-00 | | |
|--------------------|-------------|------|--------|-------------|------|--------|-------------|------|--------|
| | Total | Male | Female | Total | Male | Female | Total | Male | Female |
| Total | 2104 | 1250 | 854 | 2002 | 1500 | 502 | 1750 | 1083 | 666 |
| No schooling | 559 | 251 | 308 | 793 | 580 | 213 | 255 | 128 | 127 |
| Class I-V | 375 | 209 | 167 | 261 | 194 | 66 | 413 | 253 | 160 |
| Class VI-VIII | 316 | 189 | 126 | 196 | 151 | 45 | 257 | 154 | 103 |
| Class IX-X | 251 | 162 | 88 | 223 | 183 | 40 | 291 | 198 | 93 |
| SSC-HSC equivalent | 448 | 326 | 121 | 327 | 244 | 83 | 397 | 248 | 149 |
| Degree+ and others | 155 | 113 | 43 | 202 | 148 | 54 | 137 | 103 | 34 |

Source: Labour Force Survey (LFS) (various issues).

Annex Table 17: Distribution Trend of Unemployed Persons of 15 Years and Over by Level of Education and Gender*(in Per cent)*

| Level of Education | LFS 2005-06 | | | LFS 2002-03 | | | LFS 1999-00 | | |
|--------------------|-------------|-------|--------|-------------|-------|--------|-------------|-------|--------|
| | Total | Male | Female | Total | Male | Female | Total | Male | Female |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| No schooling | 26.6 | 20.1 | 36.1 | 39.6 | 38.7 | 42.4 | 14.5 | 11.6 | 19.1 |
| Class I-V | 17.8 | 16.7 | 19.6 | 13.0 | 12.9 | 13.1 | 23.0 | 22.8 | 23.4 |
| Class VI-VIII | 15.0 | 15.1 | 14.8 | 9.8 | 10.1 | 9.0 | 14.7 | 14.2 | 15.5 |
| Class IX-X | 11.9 | 13.0 | 10.3 | 11.1 | 12.2 | 8.0 | 16.6 | 18.3 | 14.0 |
| SSC-HSC equivalent | 21.3 | 26.1 | 14.2 | 16.3 | 16.3 | 16.5 | 22.7 | 22.9 | 22.4 |
| Degree+ and others | 7.4 | 9.0 | 5.0 | 10.1 | 9.9 | 10.8 | 8.4 | 10.2 | 5.7 |

Source: Labour Force Survey (LFS) (various issues).

Annex Table 18: Distribution of Employment by Major Industry and Gender in 2009

(in '000)

| Sector | Bangladesh | | | Urban | | | Rural | | |
|---|------------|--------|-------|-------|--------|-------|-------|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| <i>Agriculture Sector</i> | 15600 | 6631 | 22227 | 668 | 646 | 1315 | 14930 | 5984 | 20913 |
| 1. Agriculture and forestry | 15600 | 6631 | 22227 | 668 | 646 | 1315 | 14930 | 5984 | 20913 |
| <i>Industrial Sector</i> | 6608 | 2470 | 9076 | 2572 | 958 | 3529 | 4037 | 1511 | 5549 |
| 2. Mining and quarrying | 54 | 9 | 61 | 8 | 5 | 13 | 47 | 3 | 50 |
| 3. Manufacturing | 4848 | 2121 | 6969 | 2110 | 879 | 2988 | 2737 | 1242 | 3978 |
| 4. Electric, gas and water supply | 104 | 4 | 107 | 34 | 1 | 35 | 70 | 3 | 74 |
| 5. Construction | 1602 | 336 | 1939 | 419 | 72 | 492 | 1183 | 264 | 1448 |
| <i>Services Sector</i> | 16301 | 3406 | 19707 | 6057 | 1306 | 7364 | 10241 | 2100 | 12341 |
| 6. Wholesale and retail trade | 6369 | 679 | 7050 | 2372 | 257 | 2628 | 3999 | 422 | 4420 |
| 7. Hotel and restaurants | 755 | 89 | 842 | 277 | 48 | 326 | 476 | 41 | 516 |
| 8. Transport and communication | 4136 | 50 | 4183 | 1473 | 29 | 1502 | 2661 | 20 | 2682 |
| 9. Financial intermediaries | 470 | 171 | 643 | 276 | 63 | 339 | 193 | 108 | 303 |
| 10. Real estate and housing | 458 | 28 | 490 | 175 | 14 | 189 | 283 | 13 | 299 |
| 11. Public administration and defence | 839 | 128 | 964 | 354 | 59 | 414 | 485 | 67 | 551 |
| 12. Education | 1236 | 588 | 1826 | 382 | 260 | 642 | 856 | 328 | 1184 |
| 13. Health and social works | 447 | 325 | 770 | 148 | 132 | 280 | 298 | 194 | 493 |
| 14. Community, social and personal services | 1590 | 1348 | 2938 | 601 | 444 | 1044 | 990 | 905 | 1894 |
| Total | 38509 | 12507 | 51015 | 9298 | 2910 | 12208 | 29211 | 9596 | 38808 |

Source: BBS (2010b).

Annex Table 19: Percentage Distribution of Employment by Major Industry and Gender in 2009

(in Per cent)

| Sector | Bangladesh | | | Urban | | | Rural | | |
|---|------------|--------|-------|-------|--------|-------|-------|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| <i>Agriculture Sector</i> | 40.5 | 53.0 | 43.6 | 7.2 | 22.2 | 10.8 | 51.1 | 62.4 | 53.9 |
| 1. Agriculture and forestry | 40.5 | 53.0 | 43.6 | 7.2 | 22.2 | 10.8 | 51.1 | 62.4 | 53.9 |
| <i>Industrial Sector</i> | 17.2 | 19.8 | 17.8 | 27.7 | 32.9 | 28.9 | 13.8 | 15.8 | 14.3 |
| 2. Mining and quarrying | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.1 | 0.2 | 0.0 | 0.1 |
| 3. Manufacturing | 12.6 | 17.0 | 13.7 | 22.7 | 30.2 | 24.5 | 9.4 | 12.9 | 10.3 |
| 4. Electric, gas and water supply | 0.3 | 0.0 | 0.2 | 0.4 | 0.0 | 0.3 | 0.2 | 0.0 | 0.2 |
| 5. Construction | 4.2 | 2.7 | 3.8 | 4.5 | 2.5 | 4.0 | 4.1 | 2.8 | 3.7 |
| <i>Services Sector</i> | 42.3 | 27.2 | 38.6 | 65.2 | 44.9 | 60.3 | 35.1 | 21.9 | 31.8 |
| 6. Wholesale and retail trade | 16.5 | 5.4 | 13.8 | 25.5 | 8.8 | 21.5 | 13.7 | 4.4 | 11.4 |
| 7. Hotel and restaurants | 2.0 | 0.7 | 1.7 | 3.0 | 1.7 | 2.7 | 1.6 | 0.4 | 1.3 |
| 8. Transport and communication | 10.7 | 0.4 | 8.2 | 15.8 | 1.0 | 12.3 | 9.1 | 0.2 | 6.9 |
| 9. Financial intermediaries | 1.2 | 1.4 | 1.3 | 3.0 | 2.2 | 2.8 | 0.7 | 1.1 | 0.8 |
| 10. Real estate and housing | 1.2 | 0.2 | 1.0 | 1.9 | 0.5 | 1.6 | 1.0 | 0.1 | 0.8 |
| 11. Public administration and defence | 2.2 | 1.0 | 1.9 | 3.8 | 2.0 | 3.4 | 1.7 | 0.7 | 1.4 |
| 12. Education | 3.2 | 4.7 | 3.6 | 4.1 | 8.9 | 5.3 | 2.9 | 3.4 | 3.1 |
| 13. Health and social works | 1.2 | 2.6 | 1.5 | 1.6 | 4.5 | 2.3 | 1.0 | 2.0 | 1.3 |
| 14. Community, social and personal services | 4.1 | 10.8 | 5.8 | 6.5 | 15.2 | 8.6 | 3.4 | 9.4 | 4.9 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Source: BBS (2010b).

Annex Table 20: Growth of Employment by Major Industry and Gender in 2009 over 1999-00 Period (Annual Compound Growth)

(in Per cent)

| Sector | Bangladesh | | | Urban | | | Rural | | |
|---|------------|--------|-------|-------|--------|-------|-------|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| <i>Agriculture Sector</i> | -0.4 | 6.9 | 1.3 | -1.9 | 9.0 | 2.1 | -0.3 | 6.7 | 1.3 |
| 1. Agriculture and forestry | 0.0 | 7.1 | 1.6 | -1.0 | 9.3 | 2.9 | 0.0 | 6.9 | 1.6 |
| <i>Industrial Sector</i> | 7.2 | 5.1 | 6.6 | 7.3 | 6.2 | 7.0 | 7.1 | 4.4 | 6.3 |
| 2. Mining and quarrying | -6.1 | -21.7 | -11.0 | -10.2 | -6.9 | -8.9 | -4.8 | -29.7 | -10.9 |
| 3. Manufacturing | 8.5 | 4.8 | 7.2 | 9.4 | 6.2 | 8.4 | 7.8 | 3.9 | 6.4 |
| 4. Electric, gas and water supply | -1.2 | -16.0 | -2.5 | -5.1 | -27.1 | -6.5 | 1.6 | -10.7 | 0.7 |
| 5. Construction | 5.4 | 15.0 | 6.6 | 2.2 | 12.1 | 3.2 | 6.8 | 16.1 | 8.0 |
| <i>Services Sector</i> | 4.0 | 2.8 | 3.8 | 3.2 | 1.8 | 2.9 | 4.6 | 3.4 | 4.4 |
| 6. Wholesale and retail trade | 2.3 | 4.5 | 2.5 | 2.9 | 8.1 | 3.3 | 2.0 | 2.7 | 2.0 |
| 7. Hotel and restaurants | 5.4 | 8.7 | 5.7 | 4.8 | 9.1 | 5.4 | 5.7 | 8.4 | 5.8 |
| 8. Transport and communication | 6.1 | 0.9 | 6.0 | 4.0 | 3.2 | 4.0 | 7.5 | -1.9 | 7.4 |
| 9. Financial intermediaries | 9.2 | 25.0 | 11.8 | 8.6 | 21.4 | 10.2 | 10.0 | 27.7 | 13.9 |
| 10. Real estate and housing | 13.7 | 2.0 | 12.7 | 7.0 | 2.9 | 6.7 | 21.5 | 1.3 | 19.3 |
| 11. Public administration and defence | 1.8 | 6.2 | 2.3 | -1.8 | -1.2 | -1.7 | 5.6 | 25.0 | 6.8 |
| 12. Education | 5.1 | 9.9 | 6.4 | 8.9 | 7.7 | 8.4 | 3.8 | 12.0 | 5.5 |
| 13. Health and social works | 7.2 | 21.6 | 11.3 | 3.7 | 17.4 | 8.2 | 9.6 | 25.6 | 13.7 |
| 14. Community, social and personal services | 2.9 | -2.5 | 0.1 | 0.1 | -4.8 | -2.3 | 5.0 | -1.1 | 1.7 |
| Total | 2.4 | 5.2 | 3.0 | 3.7 | 4.4 | 3.8 | 2.0 | 5.5 | 2.8 |

Source: BBS (2002); BBS (2010b).

Annex Table 21: Distribution of Employed Persons by Weekly Hours Worked in 2009

(in '000)

| Working Hour | Bangladesh | | | Urban | | | Rural | | |
|--------------|------------|-------|--------|-------|------|--------|-------|-------|--------|
| | Total | Male | Female | Total | Male | Female | Total | Male | Female |
| <15 | 816 | 655 | 175 | 195 | 130 | 58 | 660 | 526 | 115 |
| 15-19 | 612 | 424 | 150 | 85 | 56 | 26 | 504 | 380 | 125 |
| 20-29 | 4438 | 3158 | 1288 | 659 | 428 | 227 | 3803 | 2746 | 1056 |
| 30-39 | 10662 | 7625 | 3077 | 1941 | 1385 | 550 | 8732 | 6222 | 2524 |
| 40-49 | 15866 | 11322 | 4577 | 4261 | 2985 | 1283 | 11603 | 8325 | 3292 |
| 50-59 | 10254 | 8048 | 2176 | 2344 | 1887 | 454 | 7878 | 6164 | 1718 |
| 60+ | 8367 | 7278 | 1088 | 2735 | 2417 | 311 | 5627 | 4849 | 768 |
| Total | 51015 | 38509 | 12507 | 12208 | 9298 | 2910 | 38808 | 29211 | 9596 |

Source: BBS (2010b).

Note: Calculated from ratios (see Annex Table 22). Some discrepancies exist.

Annex Table 22: Percentage Distribution of Employed Persons by Weekly Hours Worked

(in Per cent)

| Working Hour | Bangladesh | | | Urban | | | Rural | | |
|--------------|------------|-------|--------|-------|-------|--------|-------|-------|--------|
| | Total | Male | Female | Total | Male | Female | Total | Male | Female |
| <15 | 1.6 | 1.7 | 1.4 | 1.6 | 1.4 | 2.0 | 1.7 | 1.8 | 1.2 |
| 15-19 | 1.2 | 1.1 | 1.2 | 0.7 | 0.6 | 0.9 | 1.3 | 1.3 | 1.3 |
| 20-29 | 8.7 | 8.2 | 10.3 | 5.4 | 4.6 | 7.8 | 9.8 | 9.4 | 11.0 |
| 30-39 | 20.9 | 19.8 | 24.6 | 15.9 | 14.9 | 18.9 | 22.5 | 21.3 | 26.3 |
| 40-49 | 31.1 | 29.4 | 36.6 | 34.9 | 32.1 | 44.1 | 29.9 | 28.5 | 34.3 |
| 50-59 | 20.1 | 20.9 | 17.4 | 19.2 | 20.3 | 15.6 | 20.3 | 21.1 | 17.9 |
| 60+ | 16.4 | 18.9 | 8.7 | 22.4 | 26.0 | 10.7 | 14.5 | 16.6 | 8.0 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Source: BBS (2010b).

Annex Table 23: Average Monthly Income of Employed Persons by Industry and Gender in 2009

(in Taka)

| Sector | Bangladesh | | | Urban | | | Rural | | |
|---|------------|--------|-------|-------|--------|-------|-------|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| <i>Agriculture Sector</i> | | | | | | | | | |
| 1. Agriculture and forestry | 3048 | 2296 | 2949 | 3912 | 2272 | 3576 | 2784 | 2312 | 2734 |
| <i>Industrial Sector</i> | | | | | | | | | |
| 2. Mining and quarrying | 4465 | 2000 | 3233 | 3725 | 2000 | 2510 | 5000 | na | 5000 |
| 3. Manufacturing | 5727 | 3763 | 5162 | 6664 | 3755 | 5622 | 4359 | 3803 | 4273 |
| 4. Electric, gas and water supply | 7902 | 3827 | 7728 | 10034 | 7000 | 9961 | 6633 | 3000 | 6439 |
| 5. Construction | 6171 | 1100 | 6146 | 6099 | 1100 | 5962 | 6187 | na | 6187 |
| <i>Services Sector</i> | | | | | | | | | |
| 6. Wholesale and retail trade | 5042 | 4672 | 5026 | 5708 | 4672 | 5569 | 4779 | na | 4779 |
| 7. Hotel and restaurants | 4666 | 3016 | 4302 | 4154 | 2488 | 3730 | 5078 | 3630 | 4802 |
| 8. Transport and communication | 6436 | 4373 | 6368 | 6756 | 3228 | 6621 | 6033 | 6563 | 6046 |
| 9. Financial intermediaries | 10981 | 8727 | 10366 | 13066 | 10107 | 12506 | 7989 | 7927 | 7966 |
| 10. Real estate and housing | 9072 | 3590 | 8726 | 11283 | 4804 | 11117 | 5122 | 3185 | 4884 |
| 11. Public administration and defence | 8286 | 6786 | 8112 | 9996 | 7388 | 9624 | 7019 | 6074 | 6930 |
| 12. Education | 8969 | 7581 | 8460 | 12255 | 9674 | 11528 | 6173 | 6633 | 6368 |
| 13. Health and social works | 7881 | 6550 | 7248 | 9434 | 6825 | 8133 | 6798 | 6325 | 6581 |
| 14. Community, social and personal services | 4322 | 2870 | 3459 | 4279 | 2437 | 3507 | 4401 | 3074 | 3419 |
| Total | 6922 | 4857 | 6325 | 8021 | 4901 | 7174 | 5756 | 4818 | 5468 |

Source: BBS (2010b).

Annex Table 24: Trade Orientation of Different Agricultural Activities

| Activity | Raw Materials | Final Goods | | | Total Agricultural Output (%) |
|--------------------------|--|-------------------------------|---|---|-------------------------------|
| | Share of Imported Inputs in Gross Output (%) | Local Production Exported (%) | Local Production Used for Local Consumption (%) | Share of Final Goods Import in Total Output (%) | |
| Paddy cultivation | 0.0* | 0.0 | 99.2 | 0.8 | 27.6 |
| Wheat cultivation | 62.7 | 0.0 | 98.7 | 1.3 | 2.2 |
| Other grains cultivation | 10.5 | 0.0 | 99.9 | 0.1 | 1.2 |
| Jute cultivation | 0.0 | 34.9 | 64.2 | 1.0 | 1.3 |
| Sugarcane cultivation | 0.0 | 0.0 | 98.7 | 1.3 | 0.9 |
| Potato cultivation | 0.5 | 0.0 | 99.9 | 0.1 | 2.9 |
| Vegetable cultivation | 18.4 | 5.5 | 96.2 | -1.7 | 4.2 |
| Pulses cultivation | 0.0 | 0.0 | 104.6 | -4.6 | 2.7 |
| Oilseed cultivation | 26.4 | 0.0 | 98.4 | 1.6 | 1.3 |
| Fruit cultivation | 5.8 | 0.6 | 110.7 | -11.3 | 2.5 |
| Cotton cultivation | 97.3 | 0.0 | 97.5 | 2.5 | 3.2 |
| Tobacco cultivation | 29.1 | 30.2 | 67.0 | 2.9 | 0.2 |
| Tea cultivation | 0.0 | 6.5 | 92.7 | 0.8 | 0.3 |
| Spice cultivation | 11.5 | 0.0 | 100.0 | 0.0 | 1.0 |
| Other crops cultivation | 5.7 | 2.3 | 97.1 | 0.6 | 1.5 |
| Livestock rearing | 2.7 | 0.0 | 99.6 | 0.4 | 8.8 |
| Poultry rearing | 0.4 | 0.0 | 99.9 | 0.1 | 6.2 |
| Shrimp farming | 0.0 | 25.7 | 74.2 | 0.1 | 5.8 |
| Fishing | 0.0 | 0.0 | 100.0 | 0.0 | 16.1 |
| Forestry | 0.0 | 0.0 | 99.8 | 0.2 | 10.1 |

Source: Authors' calculation based on the I-O Table of 2006, Planning Commission of Bangladesh.

Note: *Inputs such as fertiliser is largely imported (e.g. non-urea fertiliser).

Annex Table 25: Changes in Tariff Rates of Agricultural Products and Import Share of Bangladesh

| Product Description (at 2-digit HS Level) | Weighted Average Tariff | | | Changes in Import Share between 2000 and 2008 (%) |
|---|-------------------------|------|-----------------------------------|---|
| | 2000 | 2008 | Changes between 2000 and 2008 (%) | |
| Live animals | 0.0 | 12.3 | | 2.7 |
| Meat and edible meat offal | 25.0 | 25.0 | 0.0 | -92.4 |
| Fish & crustacean, mollusc & other aquatic invert | 25.0 | 24.5 | -1.7 | -90.6 |
| Dairy prod; birds' eggs; natural honey; edible pr | 37.4 | 19.0 | -49.3 | 40.4 |
| Products of animal origin, nes or included | 23.1 | 12.5 | -45.8 | 84.1 |
| Live tree and other plant, bulb, root, cut flowers | 2.3 | 9.8 | 320.1 | 98.6 |
| Edible vegetables and certain roots and tubers | 8.1 | 1.4 | -83.2 | 40.9 |
| Edible fruit and nuts; peel of citrus fruit or me | 33.7 | 25.0 | -26.0 | 286.1 |
| Coffee, tea, mafi and spices | 35.4 | 19.8 | -43.9 | 68.7 |
| Cereals | 3.2 | 1.6 | -50.2 | 32.9 |
| Prod. mill, indust, malt, starches, inulin, wheat g | 20.6 | 11.0 | -46.6 | 44.5 |
| Oilseed, oleagi fruits, miscell grain, seed | 5.5 | 0.1 | -98.4 | 127.3 |
| Lac, gums, resins and other vegetable saps and extrac | 10.4 | 10.2 | -1.7 | 128.5 |
| Animal/veg fats and oils and their cleavage products | 15.4 | 1.1 | -92.7 | -65.0 |
| Prep of meat, fish or crustaceans, molluscs, etc. | 26.5 | 25.0 | -5.8 | 279.5 |
| Sugars and sugar confectionery | 26.6 | 25.0 | -6.0 | 311.1 |
| Cocoa and cocoa preparations | 36.9 | 24.0 | -34.9 | 13.1 |
| Prep of cereal, flour, starch/milk, pastry cooks | 34.3 | 23.7 | -30.9 | 5.6 |
| Prep of vegetable, fruit, nuts or other parts of | 35.6 | 25.0 | -29.8 | 8.3 |
| Miscellaneous edible preparations | 11.2 | 19.1 | 70.0 | 34.2 |
| Beverages, spirits and vinegar | 37.5 | 25.0 | -33.3 | 23.9 |
| Residues and waste from the food industry, prepr ani | 0.0 | 3.3 | | -44.6 |
| Tobacco and manufactured tobacco substitutes | 20.5 | 25.0 | 22.2 | -63.5 |
| Other vegetable textile fibres, paper yarn and wove | 26.3 | 24.8 | -5.8 | 12.3 |

Source: World Integrated Trade Solution (WITS), World Bank.

Annex Table 26: Trade Orientation of Different Industrial Activities

| Activity | Raw Materials | Final Goods | | | Total Industrial Output (%) |
|-----------------------|---|-------------------------------|---|---------------------------|-----------------------------|
| | Share of Imported Input in Gross Output (%) | Local Production Exported (%) | Local Production Used for Local Consumption (%) | Import of Final Goods (%) | |
| Grain milling | 0.9 | 0.0 | 99.5 | 0.5 | 3.0 |
| Fish process | 2.2 | 41.1 | 56.2 | 2.7 | 0.4 |
| Oil industry | 50.3 | 0.0 | 99.7 | 0.3 | 4.3 |
| Sweetener industry | 46.4 | 0.0 | 100.0 | 0.0 | 1.8 |
| Tea products | 0.2 | 0.0 | 99.2 | 0.8 | 0.2 |
| Salt refining | 7.6 | 0.0 | 99.2 | 0.8 | 0.2 |
| Food process | 4.7 | 0.0 | 99.9 | 0.1 | 6.7 |
| Tanning and finishing | 0.0 | 0.0 | 98.3 | 1.7 | 0.7 |
| Leather industry | 1.0 | 54.8 | 45.1 | 0.1 | 1.2 |
| Baling | 0.0 | 0.0 | 86.9 | 13.3 | 0.0 |
| Jute fabrication | 0.7 | 98.0 | 0.8 | 1.1 | 0.8 |
| Yarn industry | 80.1 | 0.0 | 99.9 | 0.1 | 1.6 |
| Cloth milling | 24.9 | 0.0 | 99.2 | 0.8 | 4.0 |
| Handloom cloth | 0.0 | 0.0 | 99.7 | 0.3 | 3.8 |
| Dyeing and bleaching | 0.0 | 0.0 | 99.8 | 0.2 | 0.7 |

(Annex Table 26 contd.)

(Annex Table 26 contd.)

| Activity | Raw Materials | Final Goods | | | Total Industrial Output (%) |
|--------------------------|---|-------------------------------|---|---------------------------|-----------------------------|
| | Share of Imported Input in Gross Output (%) | Local Production Exported (%) | Local Production Used for Local Consumption (%) | Import of Final Goods (%) | |
| Woven wear | 3.0 | 86.8 | 12.0 | 1.2 | 10.6 |
| Knitwear | 0.5 | 89.0 | 10.7 | 0.3 | 10.1 |
| Toiletries | 51.4 | 2.0 | 97.6 | 0.4 | 0.3 |
| Cigarette industry | 0.1 | 0.2 | 99.7 | 0.1 | 2.1 |
| Bidi industry | 0.0 | 0.0 | 99.7 | 0.3 | 0.5 |
| Saw and plane | 38.4 | 0.0 | 99.6 | 0.3 | 0.6 |
| Furniture industry | 2.1 | 0.0 | 99.5 | 0.5 | 0.7 |
| Paper industry | 62.3 | 3.0 | 96.9 | 0.1 | 0.8 |
| Printing and publishing | 63.1 | 0.0 | 99.2 | 0.9 | 0.1 |
| Pharmaceuticals | 11.5 | 2.6 | 97.4 | 0.0 | 2.1 |
| Fertiliser industry | 76.0 | 20.6 | 78.9 | 0.4 | 0.8 |
| Basic chemical | 83.2 | 0.0 | 96.8 | 2.0 | 2.4 |
| Petroleum | 50.0 | 2.0 | 97.9 | 0.1 | 8.4 |
| Earthenware industry | 1.2 | 12.5 | 87.5 | 0.0 | 0.5 |
| Chemical industry | 21.2 | 0.0 | 93.5 | 6.5 | 0.8 |
| Glass industry | 17.1 | 0.0 | 99.9 | 0.1 | 0.3 |
| Clay industry | 8.7 | 0.0 | 99.7 | 0.3 | 0.4 |
| Cement | 18.3 | 0.0 | 99.1 | 0.9 | 2.8 |
| Basic metal | 30.6 | 0.0 | 98.9 | 1.1 | 5.5 |
| Metal | 18.3 | 0.0 | 98.7 | 0.7 | 2.6 |
| Machinery and equipments | 61.1 | 0.0 | 100.0 | -2.9 | 7.6 |
| Transport equipments | 46.0 | 0.0 | 93.1 | 6.9 | 3.9 |
| Miscellaneous industry | 61.1 | 38.1 | 61.7 | 0.1 | 6.8 |

Source: Authors' calculation based on the I-O Table of 2006, Planning Commission of Bangladesh.

Annex Table 27: Sectoral Share in Local Investment

(in Per cent)

| Sector | FY2006-07 | FY2007-08 | FY2008-09 |
|----------------------|-----------|-----------|-----------|
| Textile | 74.3 | 56.3 | 46.4 |
| Food and allied | 2.3 | 2.2 | 2.4 |
| Agro-based | 4.5 | 4.9 | 4.1 |
| Engineering products | 5.3 | 9.5 | 16.1 |
| Glass and ceramics | 0.5 | 0.9 | 2.4 |
| Chemical | 0.8 | 11.4 | 17.9 |
| Leather | 0.4 | 0.1 | 0.2 |
| Printing | 3.2 | 1.9 | 1.1 |
| Miscellaneous | 0.4 | 0.73 | 0.3 |
| Services | 8.4 | 12.1 | 8.6 |
| Total | 100.0 | 100.0 | 100.0 |

Source: Bakht and Ahmed (2010); Bangladesh Economic Review (various issues).

Annex Table 28: Tariff Structure for Industrial Items of Bangladesh

| Product | Weighted Average Tariff Rate | | | Changes in Import Share between 2000 and 2008 (%) |
|--|------------------------------|------|-----------------------------------|---|
| | 2000 | 2008 | Changes between 2000 and 2008 (%) | |
| Salt, sulphur, earth and ston, plastering mat, lime | 14.3 | 6.0 | -58.2 | -48.2 |
| Ores, slag and ash | 0.3 | 9.0 | | 214.9 |
| Mineral fuels, oils and product of their dist | 33.7 | 16.9 | -49.8 | -43.0 |
| Inorgn chem, compds of prec mtl, radio act element | 15.9 | 11.2 | -29.4 | 6.2 |
| Organic chemicals | 8.0 | 6.2 | -23.4 | -36.1 |
| Pharmaceutical products | 7.1 | 3.1 | -55.9 | -35.2 |
| Fertilisers | 0.0 | 4.7 | | 158.3 |
| Tanning/dyeing extract, tannins and derivs, pigm, etc. | 8.6 | 9.6 | 11.6 | 27.2 |
| Essential oils and resinoids, perf, cosmetic/toilet | 13.1 | 24.1 | 84.8 | -12.5 |
| Soap, organic surface-active agents, washing prep | 21.6 | 17.8 | -17.6 | 68.4 |
| Albuminoidal subs, modified starches, glues, enzy | 19.2 | 18.0 | -6.3 | 107.6 |
| Explosives, pyrotechnic prod, matches, pyrop allo | 37.1 | 23.8 | -35.7 | -36.6 |
| Photographic or cinematographic goods | 16.0 | 15.9 | -1.2 | -15.6 |
| Miscellaneous chemical products | 19.5 | 11.1 | -42.9 | 30.9 |
| Plastics and articles thereof | 20.2 | 10.6 | -47.3 | 4.2 |
| Rubber and articles thereof | 23.5 | 12.9 | -45.2 | -35.5 |
| Raw hides and skins (other than furskins) and leather | 0.1 | 7.0 | | 370.4 |
| Articles of leather, saddlery/harness | 33.5 | 18.2 | -45.7 | 59.8 |
| Furskins and artificial fur, manufactures thereof | 37.5 | 20.1 | -46.4 | -15.8 |
| Wood and articles of wood, wood charcoal | 3.0 | 18.4 | 511.7 | -88.5 |
| Cork and articles of cork | 19.3 | 12.0 | -37.8 | -56.5 |
| Manufactures of straw, esparto/other plaiting mat | 29.7 | 12.0 | -59.5 | -74.8 |
| Pulp of wood/of other fibrous cellulosic mat, was | 0.0 | 0.0 | | 14.8 |
| Paper and paperboard, art of paper pulp, paper/pape | 24.4 | 21.5 | -11.9 | -12.4 |
| Printed books, newspapers, pictures and other products | 12.0 | 19.0 | 58.7 | -3.6 |
| Silk | 14.9 | 13.6 | -8.5 | -29.8 |
| Wool, fine/coarse animal hair, horsehair yarn | 15.6 | 10.2 | -34.7 | 314.6 |
| Cotton | 17.4 | 20.2 | 16.3 | -0.6 |
| Man-made filaments | 31.0 | 22.1 | -28.9 | -24.4 |
| Man-made staple fibres | 27.2 | 16.9 | -38.0 | -27.3 |
| Wadding, felt and non-woven, yarns, twine, cordage | 25.2 | 22.5 | -10.8 | 147.9 |
| Carpets and other textile floor coverings | 37.5 | 25.0 | -33.3 | -63.2 |
| Special woven fab, tufted tex fab, lace | 37.5 | 25.0 | -33.3 | 302.4 |
| Impregnated, coated, cover/laminated textile fabrics | 32.8 | 22.9 | -30.3 | 89.6 |
| Knitted or crocheted fabrics | 37.5 | 25.0 | -33.3 | 284.4 |
| Art of apparel and clothing access, knitted or croc | 37.4 | 23.8 | -36.5 | -80.4 |
| Art of apparel and clothing access, not knitted/cro | 37.5 | 24.8 | -33.8 | -86.4 |
| Other made up textile articles, sets, worn clothing | 37.5 | 25.0 | -33.3 | -83.0 |
| Footwear, gaiters and the like, parts of such art | 29.4 | 25.0 | -14.9 | 29.4 |
| Headgear and parts thereof | 37.5 | 25.0 | -33.3 | -89.4 |
| Umbrellas, walking-sticks, seat-sticks, whips | 37.5 | 25.0 | -33.3 | 441.1 |
| Prepr feathers and down, arti flower | 37.5 | 25.0 | -33.3 | 29.1 |
| Art of stone, plaster, cement, asbestos | 23.1 | 21.6 | -6.5 | -3.3 |
| Ceramic products | 34.6 | 21.4 | -38.3 | 18.3 |
| Glass and glassware | 27.6 | 20.2 | -26.7 | -39.8 |
| Natural/cultured pearls, precious stones and metals | 35.7 | 24.7 | -30.7 | 1161.6 |
| Iron and steel | 6.8 | 11.0 | 62.0 | 4.6 |
| Articles of iron or steel | 29.9 | 17.8 | -40.4 | -13.9 |
| Copper and articles thereof | 15.8 | 8.9 | -43.9 | 204.6 |
| Nickel and articles thereof | 17.0 | 8.6 | -49.3 | 57.7 |
| Aluminum and articles thereof | 12.2 | 12.0 | -1.7 | -34.3 |

(Annex Table 28 contd.)

(Annex Table 28 contd.)

| Product | Weighted Average Tariff Rate | | | Changes in |
|---|------------------------------|------|-----------------------------------|--|
| | 2000 | 2008 | Changes between 2000 and 2008 (%) | Import Share between 2000 and 2008 (%) |
| Lead and articles thereof | 5.2 | 7.2 | 38.5 | 43.0 |
| Zinc and articles thereof | 15.0 | 9.9 | -34.0 | -48.3 |
| Tin and articles thereof | 15.9 | 7.2 | -55.1 | -2.9 |
| Other base metals, cermet, articles thereof | 15.1 | 11.9 | -21.4 | -56.8 |
| Tool, implement, cutlery, spoon and fork, of base | 22.1 | 11.8 | -46.8 | 3.9 |
| Miscellaneous articles of base metal | 33.4 | 24.6 | -26.5 | 35.3 |
| Nuclear reactors, boilers, mchy and mech appliance | 7.6 | 5.9 | -22.8 | 18.0 |
| Electrical mchy equip parts thereof, sound record | 15.3 | 12.3 | -20.0 | 128.1 |
| Railw/tramw locom, rolling-stock and parts thereof | 22.4 | 12.0 | -46.7 | -11.2 |
| Vehicles o/t railw/tramw roll-stock, pts and access | 17.9 | 19.5 | 8.8 | -10.5 |
| Aircraft, spacecraft, and parts thereof | 5.1 | 0.5 | -90.5 | -52.5 |
| Ships, boats and floating structures | 5.2 | 10.3 | 97.7 | -91.6 |
| Optical, photo, cine, meas, checking, precision | 13.7 | 4.1 | -69.9 | 22.1 |
| Clocks and watches and parts thereof | 19.0 | 10.8 | -42.9 | 23.6 |
| Musical instruments, parts and access of such art | 37.4 | 25.0 | -33.2 | 163.2 |
| Arms and ammunition, parts and accessories | 24.5 | 23.0 | -6.2 | -98.5 |
| Furniture, bedding, mattress, matt support | 24.6 | 20.9 | -15.0 | -49.1 |
| Toys, games and sports requisites, parts | 22.5 | 16.1 | -28.4 | -37.3 |
| Miscellaneous manufactured articles | 33.9 | 13.6 | -59.9 | 40.2 |
| Works of art, collectors' pieces and antiques | 37.5 | 25.0 | -33.4 | -23.5 |

Source: World Integrated Trade Solution (WITS), World Bank.

Annex Table 29: Differences between Wages and Productivity

| Industry Code | Yearly Average ICNET | Output per Worker ('000 Tk.) | | | | Wages ('000 Tk.) | | | |
|---------------|----------------------|------------------------------|--------|--------|--------|------------------|------|------|-------|
| | | 1991 | 1996 | 2001 | 2005 | 1991 | 1996 | 2001 | 2005 |
| 31 | -2.9 | 324.0 | 455.0 | 514.7 | 972.7 | 15.7 | 24.1 | 21.4 | 22.1 |
| 32 | 18.2 | 126.3 | 182.5 | 252.5 | 371.4 | 19.6 | 25.6 | 26.5 | 43.8 |
| 33 | 8.6 | 99.6 | 281.3 | 316.6 | 510.2 | 15.4 | 24.8 | 31.2 | 35.1 |
| 34 | -9.7 | 303.1 | 417.9 | 158.4 | 380.4 | 262.9 | 41.5 | 29.1 | 51.8 |
| 35 | 22.9 | 553.1 | 635.7 | 930.1 | 1048.1 | 40.3 | 44.9 | 70.6 | 138.9 |
| 36 | -14.5 | 66.4 | 67.5 | 123.9 | 428.3 | 8.7 | 11.7 | 9.7 | 15.9 |
| 37 | -16.6 | 687.7 | 1085.3 | 1343.2 | 5235.5 | 37.3 | 40.1 | 32.3 | 38.2 |
| 38 | -0.7 | 292.7 | 375.9 | 257.2 | 667.5 | 26.1 | 32.6 | 25.0 | 29.0 |
| 39 | -10.9 | 124.0 | 699.8 | 897.7 | 2548.5 | 13.4 | 23.9 | 42.0 | 36.6 |
| All | -4.1 | 196.3 | 250.4 | 319.7 | 515.9 | 26.1 | 25.8 | 27.7 | 43.7 |

Source: Authors' estimation based on the Census of Manufacturing Industries (CMI) and Survey of Manufacturing Industries (SMI) data.

Annex Table 30: Net Import Penetration Ratio and Change in Wages

| Industry Code | Yearly Average ICNET | Yearly Average Change of Number of Employees (%) | | Yearly Average Change in Wage (%) | |
|---------------|----------------------|--|--------|-----------------------------------|--------|
| | | Male | Female | Male | Female |
| | | 31 | -2.9 | -12.3 | 19.1 |
| 32 | 18.2 | 12.8 | 12.2 | 8.7 | 23.0 |
| 33 | 8.6 | 1.5 | 4.0 | -0.3 | 20.1 |
| 34 | -9.7 | -1.1 | 287.3 | 22.2 | -15.8 |
| 35 | 22.9 | -5.9 | 26.8 | 25.2 | 48.8 |
| 36 | -14.5 | 15.9 | 106.3 | 4.4 | -7.7 |
| 37 | -16.6 | 28.6 | 1250.0 | 6.6 | -10.2 |
| 38 | -0.7 | 6.0 | 27.6 | 9.5 | 31.0 |
| 39 | -10.9 | 4.0 | 23.8 | -3.7 | 11.2 |
| All | -4.1 | 6.5 | 12.6 | 9.9 | 23.2 |

Source: Authors' estimation based on the Census of Manufacturing Industries (CMI) and Survey of Manufacturing Industries (SMI) data.

Annex Table 31: Trade Orientation of Different Service-related Activities

| Activity | Raw Materials | Final Goods | | | Total Service Output (%) |
|------------------------------------|---|-------------------------------|---|---------------------------|--------------------------|
| | Share of Imported Input in Gross Output (%) | Local Production Exported (%) | Local Production Used for Local Consumption (%) | Import of Final Goods (%) | |
| Urban building | 0.0 | 0.0 | 100.0 | 0.0 | 4.5 |
| Rural building | 0.0 | 0.0 | 100.0 | 0.0 | 10.4 |
| Power plant building | 0.0 | 0.0 | 100.0 | 0.0 | 1.4 |
| Rural road building | 0.0 | 0.0 | 100.0 | 0.0 | 1.4 |
| Port road railway building | 0.0 | 0.0 | 100.0 | 0.0 | 1.5 |
| Canal dyke other buildings | 0.0 | 0.0 | 100.0 | 0.0 | 0.5 |
| Electricity and water generation | 0.0 | 0.0 | 100.0 | 0.0 | 1.4 |
| Gas extraction and distribution | 0.0 | 0.0 | 100.0 | 0.0 | 0.3 |
| Mining and quarrying | 5.0 | 0.0 | 91.9 | 8.1 | 2.8 |
| Wholesale trade | 0.0 | 0.0 | 100.0 | 0.0 | 6.8 |
| Retail trade | 0.0 | 0.0 | 96.3* | 0.0 | 12.1 |
| Air transport | 0.0 | 37.6 | 62.4 | 0.0 | 0.2 |
| Water transport | 0.0 | 19.8 | 79.7 | 0.0 | 1.3 |
| Land transport | 0.0 | 0.0 | 100.0 | 0.0 | 11.2 |
| Railway transport | 0.0 | 0.0 | 100.0 | 0.0 | 0.2 |
| Other transport | 0.0 | 0.0 | 100.0 | 0.0 | 0.4 |
| Housing service | 0.0 | 0.0 | 100.0 | 0.0 | 9.5 |
| Health service | 0.0 | 0.0 | 100.0 | 0.0 | 3.8 |
| Education service | 0.0 | 0.0 | 100.0 | 0.0 | 3.5 |
| Public administration and defense | 23.9 | 20.2 | 79.8 | 0.0 | 5.9 |
| Bank insurance and real estate | 17.3 | 1.4 | 98.6 | 0.0 | 2.9 |
| Professional service | 83.8 | 13.6 | 86.4 | 0.0 | 1.2 |
| Hotel and restaurant | 0.0 | 0.0 | 100.0 | 0.0 | 2.1 |
| Entertainment | 0.6 | 0.2 | 99.8 | 0.0 | 0.3 |
| Communication | 5.8 | 4.1 | 95.9 | 0.0 | 2.1 |
| Other services | 0.0 | 0.0 | 93.0 | 0.0 | 12.2 |
| Information technology and telecom | 20.5 | 0.0 | 100.0 | 0.0 | 0.1 |

Source: Authors' calculation based on the I-O Table of 2006, Planning Commission of Bangladesh.

Note: *Retail trade operating under the ownership of foreign companies is very limited.

Annex Table 32: Importance of Remittance in Bangladesh Economy

| Year | Remittances (Million USD) | Number of Expatriates ('000) | Cumulative Number of Expatriates ('000) | Remittance as % of Total Export | Remittance as % of Total Import | Remittance as % of ODA | Remittance as % of GDP | Remittance as % of FOREX Reserve |
|--------|---------------------------|------------------------------|---|---------------------------------|---------------------------------|------------------------|------------------------|----------------------------------|
| FY1991 | 764 | 97 | 880 | 44.5 | 21.8 | 44.1 | 2.5 | 86.8 |
| FY1995 | 1217 | 181 | 1876 | 34.5 | 20.5 | 68.9 | 3.2 | 39.0 |
| FY2000 | 1949 | 248 | 2865 | 33.9 | 3.0 | 362.0 | 17.8 | 99.1 |
| FY2005 | 3848 | 250 | 4051 | 45.6 | 1.9 | 565.7 | 21.8 | 50.9 |
| FY2006 | 4802 | 291 | 4342 | 45.7 | 2.0 | 670.7 | 23.8 | 45.0 |
| FY2007 | 5979 | 564 | 4906 | 49.2 | 3.3 | 745.4 | 25.1 | 32.1 |
| FY2008 | 7915 | 981 | 5887 | 56.2 | 4.5 | 683.4 | 27.2 | 33.5 |
| FY2009 | 9689 | 650 | 6537 | 62.2 | 43.0 | 524.5 | 10.8 | 129.7 |
| FY2010 | 10987 | 427 | 6964 | 67.8 | 46.3 | 507.7 | 11.0 | 102.2 |

Source: Bangladesh Bank.

Annex Table 33: Country-wise Overseas Migration from Bangladesh in Various Years

| Year | KSA | UAE | Kuwait | Oman | Qatar | Bahrain | Lebanon | Jordan | Libya | Malaysia | Singapore | S. Korea | Italy | Egypt | Brunei | Mauritius | Others | Total |
|------|--------|--------|--------|-------|-------|---------|---------|--------|-------|----------|-----------|----------|-------|-------|--------|-----------|--------|--------|
| 1990 | 57486 | 8307 | 5957 | 13980 | 7672 | 4563 | 0 | 0 | 471 | 1385 | 776 | 0 | 0 | 0 | 0 | 0 | 3217 | 103814 |
| 1995 | 84009 | 14686 | 17492 | 20949 | 71 | 3004 | 406 | 0 | 1106 | 35174 | 3762 | 3315 | 0 | 0 | 2659 | 229 | 681 | 187543 |
| 2000 | 144618 | 34034 | 594 | 5258 | 1433 | 4637 | 0 | 0 | 1010 | 17237 | 11095 | 990 | 0 | 9 | 1420 | 271 | 80 | 222686 |
| 2005 | 80425 | 61978 | 47029 | 4827 | 2114 | 10716 | 14 | 9101 | 972 | 2911 | 9651 | 223 | 950 | 207 | 191 | 1381 | 20012 | 252702 |
| 2006 | 109513 | 130204 | 35775 | 8082 | 7691 | 16355 | 821 | 2822 | 104 | 20469 | 20139 | 992 | 1428 | 639 | 496 | 2090 | 23896 | 381516 |
| 2007 | 204112 | 226392 | 4212 | 17478 | 15130 | 16433 | 3541 | 494 | 1480 | 273201 | 38324 | 39 | 10950 | 1068 | 1186 | 3658 | 14911 | 832609 |
| 2008 | 132124 | 419355 | 319 | 52896 | 25548 | 13182 | 8444 | 682 | 5067 | 131762 | 56581 | 1521 | 6928 | 1891 | 1054 | 3071 | 14630 | 875055 |
| 2009 | 14666 | 258348 | 10 | 41704 | 11672 | 28426 | 13941 | 1691 | 22742 | 12402 | 39581 | 1474 | 5339 | 3018 | 2699 | 1826 | 15739 | 475278 |
| 2010 | 7069 | 203308 | 48 | 42641 | 12085 | 21824 | 17268 | 2235 | 12132 | 919 | 39053 | 2699 | 6726 | 2730 | 2191 | 3705 | 14069 | 390702 |

Source: Bureau of Manpower, Employment and Training (BMET).

Annex Table 34: Market Share of Migrant Workers from Bangladesh

| Year | KSA | UAE | Kuwait | Oman | Qatar | Bahrain | Lebanon | Libya | Malaysia | Singapore | UK | Italy | Others | Total |
|------|------|------|--------|------|-------|---------|---------|-------|----------|-----------|-----|-------|--------|-------------------|
| 1990 | 55.4 | 8.0 | 5.7 | 13.5 | 7.4 | 4.4 | 0.0 | 0.5 | 1.3 | 0.7 | 0.0 | 0.0 | 3.1 | 100.0 (103814) |
| 1995 | 44.8 | 7.8 | 9.3 | 11.2 | 0.0 | 1.6 | 0.2 | 0.6 | 18.8 | 2.0 | 0.0 | 0.0 | 3.7 | 100.0 (187543) |
| 2000 | 64.9 | 15.3 | 0.3 | 2.4 | 0.6 | 2.1 | 0.0 | 0.5 | 7.7 | 5.0 | 0.0 | 0.0 | 1.2 | 100.0 (222686) |
| 2005 | 31.8 | 24.5 | 18.6 | 1.9 | 0.8 | 4.2 | 0.0 | 0.4 | 1.2 | 3.8 | 1.1 | 0.4 | 11.2 | 100.0 (252702) |
| 2006 | 28.7 | 34.1 | 9.4 | 2.1 | 2.0 | 4.3 | 0.2 | 0.0 | 5.4 | 5.3 | 0.4 | 0.4 | 7.7 | 100.0 (381516) |
| 2007 | 24.5 | 27.2 | 0.5 | 2.1 | 1.8 | 2.0 | 0.4 | 0.2 | 32.8 | 4.6 | 0.1 | 1.3 | 2.4 | 100.0 (832609) |
| 2008 | 15.1 | 47.9 | 0.0 | 6.0 | 2.9 | 1.5 | 1.0 | 0.6 | 15.1 | 6.5 | 0.1 | 0.8 | 2.5 | 100.0 (875055) |
| 2009 | 3.1 | 54.4 | 0.0 | 8.8 | 2.5 | 6.0 | 2.9 | 4.8 | 2.6 | 8.3 | 0.3 | 1.1 | 5.3 | 100.0 (475278) |
| 2010 | 1.8 | 52.0 | 0.0 | 10.9 | 3.1 | 5.6 | 4.4 | 3.1 | 0.2 | 10.0 | 0.0 | 1.7 | 7.0 | 100.0 (390702) |

Source: Bureau of Manpower, Employment and Training (BMET).

Note: Figures in parentheses are total number of migrant workers in a year.

Annex Table 35: Distribution of Bangladeshi Migrant Workers by Skill Category

| Year | Worker's Category | | | | Total |
|-------|-------------------|---------|--------------|-----------|--------|
| | Professional | Skilled | Semi-skilled | Unskilled | |
| 1976 | 568 | 1775 | 543 | 3201 | 6087 |
| 1977 | 1766 | 6447 | 490 | 7022 | 15725 |
| 1978 | 3455 | 8190 | 1050 | 10114 | 22809 |
| 1979 | 3494 | 7005 | 1685 | 12311 | 24495 |
| 1980 | 1983 | 12209 | 2343 | 13538 | 30073 |
| 1981 | 3892 | 22432 | 2449 | 27014 | 55787 |
| 1982 | 3898 | 20611 | 3272 | 27014 | 54795 |
| 1983 | 1822 | 18939 | 5098 | 33361 | 59220 |
| 1984 | 2642 | 17183 | 5484 | 31405 | 56714 |
| 1985 | 2568 | 28225 | 7823 | 39078 | 77694 |
| 1986 | 2210 | 26294 | 9265 | 30889 | 68658 |
| 1987 | 2223 | 23839 | 9619 | 38336 | 74017 |
| 1988 | 2670 | 25286 | 10809 | 29356 | 68121 |
| 1989 | 5325 | 38820 | 17659 | 39920 | 101724 |
| 1990 | 6004 | 35613 | 20792 | 41405 | 103814 |
| 1991 | 9024 | 46887 | 20792 | 58615 | 135318 |
| 1992 | 11375 | 50689 | 30977 | 95083 | 188124 |
| 1993 | 11112 | 71662 | 66168 | 95566 | 244508 |
| 1994 | 8390 | 61040 | 46519 | 70377 | 186326 |
| 1995 | 6352 | 59907 | 32055 | 89229 | 187543 |
| 1996 | 3188 | 64301 | 34689 | 109536 | 211714 |
| 1997 | 3797 | 65211 | 43558 | 118511 | 231077 |
| 1998 | 9574 | 74718 | 51590 | 131785 | 267667 |
| 1999 | 8045 | 98449 | 44947 | 116741 | 268182 |
| 2000 | 10669 | 99606 | 26461 | 85950 | 222686 |
| 2001 | 5940 | 42742 | 30702 | 109581 | 188965 |
| 2002 | 14450 | 56265 | 36025 | 118516 | 225256 |
| 2003 | 15862 | 74530 | 29236 | 136562 | 256190 |
| 2004 | 19107 | 81887 | 24566 | 147398 | 272958 |
| 2005 | 1945 | 116393 | 24546 | 112556 | 255440 |
| 2006 | 925 | 115468 | 33965 | 231158 | 381516 |
| 2007 | 676 | 165338 | 183673 | 482922 | 832609 |
| 2008 | 1864 | 281450 | 132825 | 458916 | 875055 |
| 2009 | 1426 | 134265 | 74604 | 255070 | 465365 |
| 2010* | 339 | 77825 | 11175 | 259859 | 349198 |

Source: Bureau of Manpower, Employment and Training (BMET).

Note: *2010 data till October.

Annex Table 36: Remittance Inflow to Bangladesh from Overseas: FY1994-95 to FY2009-10

(Million USD)

| Period | KSA | UAE | UK | Kuwait | USA | Libya | Qatar | Oman | Singapore | Germany | Bahrain | Iran | Japan | Malaysia | Others | Total |
|--------|---------|---------|--------|---------|---------|-------|--------|--------|-----------|---------|---------|------|-------|----------|--------|----------|
| FY1995 | 476.87 | 81.34 | 47.02 | 174.72 | 102.22 | 1.02 | 72.18 | 81.27 | 3.03 | 8.05 | 33.71 | 0.31 | 31.42 | 50.00 | 34.47 | 1197.63 |
| FY1996 | 498.20 | 83.70 | 41.28 | 174.27 | 115.36 | 0.17 | 53.28 | 81.71 | 3.99 | 4.93 | 30.08 | 0.06 | 22.99 | 74.34 | 32.59 | 1216.95 |
| FY1997 | 587.83 | 89.56 | 56.19 | 211.55 | 157.64 | 0.45 | 53.10 | 94.43 | 6.66 | 3.08 | 31.51 | 0.45 | 25.59 | 94.74 | 62.64 | 1475.42 |
| FY1998 | 588.34 | 106.94 | 65.64 | 213.17 | 202.90 | 0.53 | 57.76 | 88.18 | 7.73 | 2.50 | 32.38 | 0.91 | 20.04 | 77.72 | 60.69 | 1525.43 |
| FY1999 | 685.49 | 125.34 | 54.04 | 230.22 | 239.41 | 0.14 | 63.94 | 91.93 | 13.07 | 5.14 | 38.94 | 0.19 | 39.63 | 67.52 | 50.74 | 1705.74 |
| FY2000 | 916.01 | 129.86 | 71.79 | 244.99 | 241.30 | 0.04 | 63.73 | 93.01 | 11.63 | 4.70 | 41.80 | 0.00 | 34.56 | 54.04 | 41.86 | 1949.32 |
| FY2001 | 921.55 | 144.44 | 55.78 | 247.66 | 225.75 | 0.10 | 63.46 | 83.70 | 7.82 | 3.85 | 44.10 | 0.00 | 10.88 | 30.52 | 45.12 | 1884.73 |
| FY2002 | 1149.00 | 228.39 | 103.61 | 285.97 | 356.65 | 0.00 | 90.65 | 103.34 | 14.29 | 6.11 | 54.14 | 0.00 | 14.14 | 46.92 | 50.20 | 2503.40 |
| FY2003 | 1254.31 | 327.40 | 220.22 | 338.59 | 458.05 | 0.17 | 113.55 | 114.06 | 31.06 | 9.57 | 63.72 | 0.22 | 18.24 | 41.41 | 71.41 | 3061.97 |
| FY2004 | 1386.03 | 373.46 | 297.54 | 361.24 | 467.81 | 0.13 | 113.64 | 118.53 | 32.37 | 12.12 | 61.11 | 0.38 | 18.73 | 37.06 | 91.04 | 3371.19 |
| FY2005 | 1513.48 | 443.38 | 376.54 | 407.12 | 558.77 | 0.27 | 136.43 | 131.40 | 48.02 | 10.13 | 67.21 | 0.52 | 15.87 | 25.49 | 117.27 | 3851.93 |
| FY2006 | 1697.26 | 562.95 | 559.47 | 495.88 | 761.16 | 0.18 | 175.80 | 165.47 | 65.04 | 11.92 | 67.29 | 1.78 | 9.46 | 20.91 | 216.80 | 4811.36 |
| FY2007 | 1735.32 | 805.53 | 888.44 | 681.08 | 930.49 | 2.61 | 233.30 | 196.65 | 80.35 | 14.92 | 79.98 | 2.36 | 10.18 | 11.85 | 309.64 | 5982.69 |
| FY2008 | 2324.15 | 1135.10 | 896.23 | 863.75 | 1380.04 | 0.36 | 289.80 | 220.67 | 130.10 | 26.87 | 138.20 | 3.24 | 16.29 | 92.40 | 397.54 | 7914.75 |
| FY2009 | 2859.47 | 1755.87 | 789.73 | 970.70 | 1575.24 | 1.25 | 343.39 | 290.12 | 165.22 | 19.32 | 157.37 | 3.28 | 14.11 | 282.56 | 463.72 | 9691.35 |
| FY2010 | 3427.05 | 1890.31 | 827.51 | 1019.18 | 1451.89 | 1.46 | 360.91 | 349.08 | 193.46 | 16.50 | 170.14 | 4.49 | 14.74 | 587.09 | 673.59 | 10987.40 |

Source: Bangladesh Bank.

Annex Table 37: Market Share of Remittances to Bangladesh from Overseas: FY1994-95 to FY2009-10

(in Per cent)

| Period | KSA | UAE | UK | Kuwait | USA | Qatar | Oman | Singapore | Bahrain | Japan | Malaysia | Others | Total |
|--------|------|------|------|--------|------|-------|------|-----------|---------|-------|----------|--------|------------------|
| FY1995 | 39.8 | 6.8 | 3.9 | 14.6 | 8.5 | 6.0 | 6.8 | 0.3 | 2.8 | 2.6 | 4.2 | 3.7 | 100.0 (1198) |
| FY1996 | 40.9 | 6.9 | 3.4 | 14.3 | 9.5 | 4.4 | 6.7 | 0.3 | 2.5 | 1.9 | 6.1 | 3.1 | 100.0 (1217) |
| FY1997 | 39.8 | 6.1 | 3.8 | 14.3 | 10.7 | 3.6 | 6.4 | 0.5 | 2.1 | 1.7 | 6.4 | 4.5 | 100.0 (1475) |
| FY1998 | 38.6 | 7.0 | 4.3 | 14.0 | 13.3 | 3.8 | 5.8 | 0.5 | 2.1 | 1.3 | 5.1 | 4.2 | 100.0 (1525) |
| FY1999 | 40.2 | 7.3 | 3.2 | 13.5 | 14.0 | 3.7 | 5.4 | 0.8 | 2.3 | 2.3 | 4.0 | 3.3 | 100.0 (1706) |
| FY2000 | 47.0 | 6.7 | 3.7 | 12.6 | 12.4 | 3.3 | 4.8 | 0.6 | 2.1 | 1.8 | 2.8 | 2.4 | 100.0 (1949) |
| FY2001 | 48.9 | 7.7 | 3.0 | 13.1 | 12.0 | 3.4 | 4.4 | 0.4 | 2.3 | 0.6 | 1.6 | 2.6 | 100.0 (1885) |
| FY2002 | 45.9 | 9.1 | 4.1 | 11.4 | 14.2 | 3.6 | 4.1 | 0.6 | 2.2 | 0.6 | 1.9 | 2.2 | 100.0 (2503) |
| FY2003 | 41.0 | 10.7 | 7.2 | 11.1 | 15.0 | 3.7 | 3.7 | 1.0 | 2.1 | 0.6 | 1.4 | 2.7 | 100.0 (3062) |
| FY2004 | 41.1 | 11.1 | 8.8 | 10.7 | 13.9 | 3.4 | 3.5 | 1.0 | 1.8 | 0.6 | 1.1 | 3.1 | 100.0 (3371) |
| FY2005 | 39.3 | 11.5 | 9.8 | 10.6 | 14.5 | 3.5 | 3.4 | 1.2 | 1.7 | 0.4 | 0.7 | 3.3 | 100.0 (3852) |
| FY2006 | 35.3 | 11.7 | 11.6 | 10.3 | 15.8 | 3.7 | 3.4 | 1.4 | 1.4 | 0.2 | 0.4 | 4.8 | 100.0 (4811) |
| FY2007 | 29.0 | 13.5 | 14.9 | 11.4 | 15.6 | 3.9 | 3.3 | 1.3 | 1.3 | 0.2 | 0.2 | 5.5 | 100.0 (5983) |
| FY2008 | 29.4 | 14.3 | 11.3 | 10.9 | 17.4 | 3.7 | 2.8 | 1.6 | 1.7 | 0.2 | 1.2 | 5.4 | 100.0 (7915) |
| FY2009 | 29.5 | 18.1 | 8.1 | 10.0 | 16.3 | 3.5 | 3.0 | 1.7 | 1.6 | 0.1 | 2.9 | 5.0 | 100.0 (9691) |
| FY2010 | 31.2 | 17.2 | 7.5 | 9.3 | 13.2 | 3.3 | 3.2 | 1.8 | 1.5 | 0.1 | 5.3 | 6.3 | 100.0 (10987) |

Source: Bangladesh Bank.

Note: Figures in parentheses are in million USD.



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