

## CHAPTER 3 PRICES, WAGES AND EMPLOYMENT

*The most important three indicators for an economy are prices, wages and employment. Price level is expressed by the Consumer Price Index (CPI). The CPI inflation rate in FY2017-18 was 5.78 percent at national level, which was 5.44 percent in FY2016-17. To contain inflation, the Government has taken a wide range of measures which include ensuring smooth food supply as well as following prudent fiscal policy and monetary policy. According to the last Quarterly Labour Force Survey (QLFS) 2016-17 conducted by BBS, the number of economically active population (above 15 years) in the country is 6.35 crore (male 4.35 crore and female 2.00 crore), out of which, a labour force of 6.08 crore is engaged in a number of professions. According to the survey, total labour force employed in agriculture stood at 40.60 percent which is 2.10 percentage points less compared to the previous Labour Force Survey (LFS) 2015-16. According to the Wages Rate Index, nominal wage rate has been on the rise from 2011-12 to 2016-17. Overseas employment and the remittances play an important role for the economic development of the country as well as reducing unemployment, poverty reduction and increasing the foreign currency reserve. During FY2017-18 a total of 8.80 lakh Bangladeshi workers went abroad for employment. The remittances of the expatriate workers stood at US\$14,981.69 million in FY2017-18 which is 17.32 percent more than the previous fiscal year. Of the total expatriate workers, more than 70 percent are employed in the Middle East. Skill development has been accelerated through proper training to ensure uninterrupted remittance inflow. In order to ensure smooth inflow of remittances, the Government has taken a number of measures. Such as digitization of the immigration system.*

### **Consumer Price Index and Inflation**

Being the National Statistical Organisation (NSO) Bangladesh Bureau of Statistics (BBS) computes national Consumer Price Index (CPI). CPI is calculated by using food and non-food commodities basket and services consumed by the consumers in their day-to-day life. CPI is published counting 2005-06 as the base year. The commodities and their weights, used for the computation of the index, are determined based on the Household Income and Expenditure Survey

(HIES). All rural and urban price indices are compiled using the lists of consumer goods of rural and urban households based on the survey. And finally, the national price index is calculated by combining the weighted average of consumption expenditures of the two areas. All indices are computed separately in food and non-food groups which are again divided into a number of sub groups. Consumer Price Index and inflation during FY2008-09 to FY2017-18 are shown in Table 3.1 and Figure 3.1.

**Table 3.1: Consumer Price Index and Inflation**  
Base Year 2005-2006

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
General index	132.17	141.18	156.59	170.19	181.73	195.08	207.58	219.86	231.82	245.22
Inflation	(7.60)	(6.82)	(10.91)	(8.69)	(6.78)	(7.35)	(6.41)	(5.92)	(5.44)	(5.78)
Food index	140.61	149.40	170.48	183.65	193.24	209.79	223.80	234.77	248.90	266.64
Inflation	(7.91)	(6.25)	(14.11)	(7.72)	(5.22)	(8.56)	(6.68)	(4.90)	(6.02)	(7.13)
Non-food index	127.36	130.66	138.77	152.94	166.97	176.23	186.79	200.66	209.92	217.76
Inflation	(7.14)	(7.66)	(6.21)	(10.21)	(9.17)	(5.55)	(5.99)	(7.43)	(4.61)	(3.74)

Source: Bangladesh Bureau of Statistics (BBS)

**Figure 3.1: Rate of Inflation at National Level**

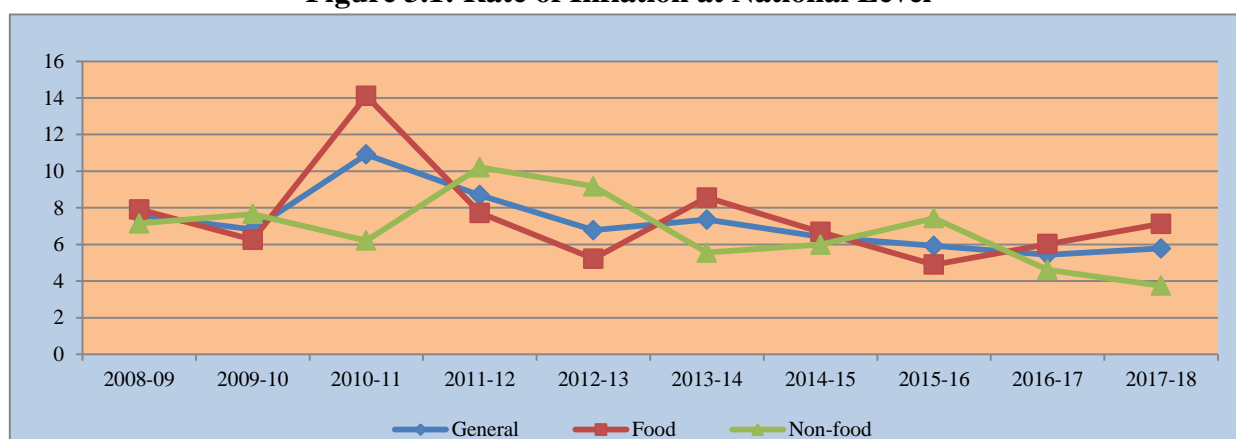


Table 3.1 and Figure 3.1 show that the national level of inflation stood at 7.60 percent in FY2008-09 which came down to 5.78 percent in FY2017-18 with some fluctuations over the entire period of 10 years. In FY2010-11 the annual rate of inflation was highest i.e. 10.91 which was lowest in FY2016-17, i.e. 5.44 percent. During FY2017-18, non-food inflation remained lower than food inflation.

In FY2017-18 the rate of inflation at national level in July 2017 was 5.57 percent on a point-to-point basis. The Government has taken a number of initiatives to lower the price level and to keep the prices of essential

commodities stable. In this regard, the monetary policy for FY2017-18 aimed at attaining inclusive growth as well as containing average inflation below the targeted level of 5.8 percent at the end of the year. Nevertheless, the rate of inflation slightly increased to 6.12 percent in September 2017. During this period, food inflation increased to 7.62 percent in January 2018 from 6.53 percent in January 2017. The monthly rate of inflation during FY2017-18 calculated on a point-to-point basis is presented in Table 3.2.

**Table 3.2: Monthly Rate of inflation Point to Point during FY2017-18**  
(Base Year 2005-06=100)

Type of Inflation		2016-17	2016-17												
			July'17	Aug'17	Sep'17	Oct'17	Nov'17	Dec'17	Jan'18	Feb'18	Mar'18	Apr'18	May'18	June'18	Average (FY2017-18)
National	General	5.44	5.57	5.89	6.12	6.04	5.91	5.83	5.88	5.72	5.68	5.63	5.57	5.54	5.78
	Food	6.02	4.35	4.30	5.10	5.56	5.41	5.38	7.62	7.27	7.09	7.03	6.56	5.98	7.13
	Non-food	4.61	3.53	3.75	3.44	3.61	4.10	3.85	3.23	3.36	3.52	3.49	3.08	4.87	3.74
Rural	General	4.96	5.41	5.88	6.21	6.14	4.10	5.84	5.90	5.64	5.63	5.59	5.07	5.07	5.69
	Food	5.54	6.86	7.39	7.97	7.71	5.93	7.08	7.40	6.94	6.77	6.76	5.62	5.25	6.90
	Non-food	3.91	2.84	3.19	2.98	3.24	3.83	3.54	3.13	3.25	3.52	3.44	4.07	4.76	3.48
Urban	General	6.37	5.91	5.91	5.95	5.86	5.89	5.82	5.86	5.87	5.76	5.70	6.48	6.38	5.95
	Food	7.10	7.15	7.18	7.63	7.40	7.15	7.22	8.13	8.02	7.80	7.63	8.69	7.63	7.63
	Non-food	5.60	4.48	4.15	4.08	4.12	4.47	4.25	3.37	3.50	3.51	3.57	4.08	5.03	4.08

Source: Bangladesh Bureau of Statistics (BBS)

### Wages Rate Index

Previously BBS had been constructing Wage Rate Index (WRI) using FY1969-70 as the base year since 1974. Meanwhile,

constructing WRI using base year FY2010-11 has been initiated. The WRI from FY2011-12 to FY2017-18, calculated with the new base year, is presented in Table 3.3.

**Table 3.3: Wage Rate Index and Growth Rate**  
(Base Year 2010-11=100)

Year	Nominal Wage Rate Index				Growth Rate ( Point to Point)			
	General	Agriculture	Industry	Service	General	Agriculture	Industry	Service
2011-12	106.24	105.96	106.92	106.23	6.24	5.96	6.92	6.23
2012-13	112.62	112.08	113.43	113.63	6.01	5.78	6.08	6.96
2013-14	118.82	118.4	119.07	120.16	5.50	5.68	4.97	5.75
2014-15	124.69	124.51	124.38	126.15	4.94	5.12	4.47	4.98
2015-16	132.81	132.48	132.02	136.03	6.52	6.41	6.16	7.86
2016-17	141.46	141.22	140.27	145.01	6.50	6.59	6.24	6.60
2017-18	150.59	150.27	149.45	154.44	6.46	6.41	6.40	6.51

Source: Bangladesh Bureau of Statistics (BBS)

It is observed from the above Table that Nominal Wage Rate Index (NWRI) has continuously been increasing since FY2011-

2012. It is also observed from the same Table that the index has been increased on an average by 6 percent annually. In FY2017-18,

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NWRI increased by 6.46 percent against 6.50 percent growth in FY2016-17. The sector-wise analysis of growth rate reveals that the indices of all the three sectors namely agriculture, industry and service stood at 6.41, 6.40 and 6.51 percent in FY2017-18 whereas in the previous year these were 6.59, 6.24 and 6.60 percent respectively. Growth rate of industry's indices increased by 0.16 percentage point and that of agriculture and service decreased by 0.18 and 0.09 percentage points FY2017-18 compared to the previous fiscal year.

### Labour Force and Employment

BBS conducts the Labour Force Survey (LFS) to assess the overall situation of employment. Earlier, BBS conducted LFS periodically, but since 2015, BBS conducting Quarterly Labour Force Survey (QLFS). According to the latest survey in FY2016-17, the number of economically active population above 15 years is 6.35 crore. Out of this, male 4.35 crore and female 2.00 crore. As many as

6.08 crore people are engaged in a number of professions. Agriculture employed 40.6 percent of the employed person, followed by service, at 39.00 percent with the smallest proportion in the industry sector, at 20.4 percent.

According to the LFS- 2016-17, the largest share of the employed population 44.3 per cent worked as own-account workers, followed by 39.1 per cent as Employees and contributing family workers (11.5 per cent). Between the sexes by largest share, there were more males in all categories except among contributing family workers, where there were more than three times employed females (5.3 million) than employed males (1.7 million).

The share of employed labour force above 15 years by different sectors of the economy according to the Labour Force Surveys 1995-96, 1999-00, 2002-03, 2005-06, 2010, 2013, 2015-16 and 2016-17 is shown in Table 3.4.

**Table 3.4: Share of Employed Labour Force above 15 Years by Sector**

Sector	LFS 1995-96	LFS 1999-00	LFS 2002-03	LFS 2005-06	LFS 2010	LFS 2013	LFS 2015-16	LFS 2016-17
Agriculture, forestry and fishery	48.85	50.77	51.69	48.10	47.33	45.10	42.70	40.62
Mining & quarrying	-	0.51	0.23	0.21	0.18	0.40	0.20	0.20
Manufacturing	10.06	9.49	9.71	10.97	12.34	16.40	14.40	14.43
Power, gas & water	0.29	0.26	0.23	0.21	0.18	0.20	0.30	0.20
Construction	2.87	2.82	3.39	3.16	4.79	3.70	5.60	5.58
Trade, hotel & restaurant	17.24	15.64	15.34	16.45	15.47	14.50	13.40	14.34
Transport, maintenance & communication	6.32	6.41	6.77	8.44	7.37	6.40	8.00	10.50
Finance, business & services	0.57	1.03	0.68	1.48	1.84	1.30	0.70	1.97
Commodities & personal services	13.79	13.08	5.64	5.49	6.26	6.20	11.30	6.08
Public administration and defense	-	-	6.32	5.49	4.24	5.80	1.70	6.08
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: BBS, Labour Force Survey, 1995-96, 1999-00, 2002-03, 2005-06, 2010, 2013, 2015-16 & 2016-17.

## **Steps Taken to Improve Employment Situation**

The Government is striving hard to build the foundation of a rapidly growing economy to ensure its transition to a middle income economy following the Vision-2021. Against this backdrop, poverty alleviation, maintaining robust growth, elimination of child labour and re-fixation of minimum wage etc. are identified as key challenges to achieve these objectives. In this context the Government is committed to preserve the people's interest along with improving the living standard of working class people of the society. With the growing economic activities, number of workers and their associated problems are on the rise. Under this purview the Government has undertaken some pragmatic steps in order to ensure the welfare of workers which are stated below:

### **a. Preparation/ revision of acts and rules**

- 'Labour Law 2006' has been revised to suit the requirements of time and 'Bangladesh Labour Law (revised), 2013' has been enacted. Through this revision there have been robust changes in these law- facilities for workers increased, trade union registration process become easier, factory and personal safety for workers increased.
- In line with the revised 'Bangladesh Labour Law, 2006', the Government for the first time introduced 'Bangladesh Labour Rules, 2015'. For further consolidation of labour relations, these rules specifically pinpointed the responsibilities of the Government, owners and workers. This has triggered

gradual improvement in industrial relations.

- To welfare the huge number of formal and informal workers and their family, according to the Workers Welfare Foundation Act, 2006, the Workers Welfare Foundation Act (revised), 2013 was approved in 2015 and Bangladesh Workers Welfare Foundation Rules, 2010 was also revised and approved.
  - Following the International Labour Organisation (ILO) Convention, recognizing domestic workers as formal employee, the Ministry of Labour and Employment has prepared the 'Domestic Workers Protection and Welfare Policy 2015' to protect the rights and welfare of domestic workers. Cabinet has approved the policy.
- ### **b. Maintaining Peaceful Environment in the Garment Sector and Ensuring Compliance with the Safety Standard**
- Department of Inspection for Factories and Establishments (DIFE) has been upgraded to the Department to ensure safe working environment and labour welfare in all industrial sectors including Ready Made Garments (RMG) industry. In the FY2017-18, a total number of 42,639 inspections have been accomplished in the factories and establishments. Field level supervision and coordination being carried out by 29 teams in Dhaka and Chattogram areas (17 in Dhaka and 12 in Chattogram). DIFE ensured compliance in 2,035 factories and establishments in

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FY2017-18. These factories are in a process to establish as green factory.

- A Tripartite National Programme of Action on Fire Safety for RMG Industry has been undertaken under the joint initiatives of the ministry, owners and workers with the assistance of the ILO. Under the plan of action, a 'National Tripartite Plan of Action on Fire Safety and Structural Integrity in the Ready-made Garment Sector in Bangladesh' has been adopted. To implement the plan of action, a project titled 'Improving Working Conditions in the Ready-made Garment Sector in Bangladesh' has been taken up with the assistance of ILO. 3,944 garment factories have already been inspected by the Government agency, BUET, ACCORD & ALLIANCE under the project.
  - To ensure long-term sustainability of governments initiatives and efforts of building and fire safety a Remediation Coordination Cell (RCC) headed by DIFE has been established in May 2017 consisting of core body to provide technical guidance and field level monitoring teams. The core bodies include representatives from seven government departments: DIFE, Rajdhani Unnayan Katripokkha (RAJUK), Bangladesh Fire Service and Civil Defense (BFSCD), Public Works Department (PWD), Electrical Adviser and Chief Electrical Inspector, Chattogram Development Authority (CDA). ILO is giving technical support for these activities.
  - About 3,429 garment factories have been inspected in FY2017-18 and 1,722 cases have been filed in labor courts for violation of relevant section of the Bangladesh Labour Act-2006.
  - In FY2017-18, DIFE received 3,492 complaints from workers working for different industrial sectors and disposed 2,154 complaints within fastest time. DIFE arranges the public hearing in regular basis across the country to solve the problems and disputes among workers and owners. The problems related to workers' appointment, wage, overtime, leave etc. are resolved in the public hearings. DIFE serve 1,580 people by disposing of 1,348 complaints in FY2017-18.
  - A total of 32 Labour Welfare Centres under the Directorate of Labour renders basic health, family planning services and recreational facilities to workers and their families. A total of 42,943 workers and their families received free medical services and 17,853 workers and their families were provided family planning services during the FY2017-18. At the same time, recreational services have been provided to 90,795 labourers and their family members.
  - Following the Digital Bangladesh programme, Ministry of Labour and Employment has introduced online registration of trade unions and issuance of licenses as well as renewal of licenses for factories and different establishments.
- c. Skill Development and Training**

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- For socio-economic development of the huge number of population has been taken to make efficient manpower through training 26 Technical Training Centres (TTCs) including 6 centres for women in 26 districts through 4 projects were established. Besides, establishment of another 30 TTCs is completed through a project titled 'Establishment of 30 TTCs in Different Districts (2<sup>nd</sup> Revised)'.
  - For implementing the skills development programmes the Government has adopted necessary steps to develop skills of the workers. To link between educational institutions and industry short and mid term certificate courses, updating curriculum of diploma courses, experimental training, competency based training and assessment, training of trainers and establishing sector based industry skills councils are being implemented through all these programmes.
  - A new National Technical and Vocational Qualifications Framework (NTVQF) with six levels and two pre-vocational levels has been prepared and approved. Decision has been taken to implement NTVQF in technical and vocational training all over the country.
  - Technical education and training are being provided in 10 institutes according to NTVQF and National Skill Development Council (NSDC) Action Plan (Phase-1). Besides, National Strategy for Promotion of Gender Equality in Technical and Vocational Education and Training (TVET) in Bangladesh has been approved in the third meeting of NSDC.
- Moreover, strategy for the inclusion of persons with disability in TVET and NSDC Action Plan (Phase-2) has been approved in the fourth meeting of NSDC. TVET Institution Census, 2015 has been conducted jointly by NSDC Secretariat and BBS. Except this, 13,163 TVET institutions have been built in the country. To establish Skills Data System a server has been installed in NSDC Secretariat and the software has also been developed. To expedite working speed and skill development in the work place, training has been imparted to representatives from workers and employers as well as officers related to labour administration with the help of 4 industrial relations institutes of Dhaka, Khulna, Chattogram and Rajshahi.
- Providing technical training to about 25,000 individuals in 19 trades conducting 826 training courses through the TVET training institutes.
- NSDC consisting 36 members has been formed and NSDC Secretariat has been established to assist NSDC with a view to creating employment opportunities and implementing all kinds of skill development programme. For better coordination among all the stakeholders regarding skill development activities NSDC Secretariat will be transformed into National Skills Development Authority (NSDA). Hence, National Skills Development Authority Act, 2017 is approved.
- Under the project titled 'Skills for Employment Investment Programme (SEIP)' is being implemented under Finance Division of Ministry of Finance.

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Under this project a total of 1,72,370 persons have been enrolled in different courses. Among them certificates have been awarded to 1,32,082 persons while job placement has been secured for 87,060 persons till June 2018.

### c. Eradication of Hazardous Child Labour

The Government has taken a number of initiatives on the eradication of hazardous child labour from both formal and informal industrial sectors. Among them the following endeavours are noteworthy:

- For the sake of effective coordination of the activities mentioned in the National Child Labour Elimination Policy, a Women and child Labour Unit has been established under Ministry of Labour and Employment. The unit is coordinating the activities under the policy.
- Ministry of Labour and Employment implemented a project (1<sup>st</sup>-4<sup>th</sup> phase) for the elimination of child labour. The Government has taken initiatives to eliminate one lakh child labour from hazardous work. In this connection a project is under implementation.
- Introduction of non-formal education, skill development, micro-credit for socio-economic development of the parents of child workers for eradication of worst form of child labour. To this end, a project titled 'Urban Informal Economy' was implemented for elimination of the worst form of child labour from Bangladesh.

### d. Women Development and Training

Ministry of Labour and Employment has taken the following measures for the development of women and their employment:

- 'Northern Areas Reduction of Poverty Initiative Project' over a five year period with the assistance of the World Bank is being implemented. This project will provide training and job placement of 10,800 poor young women of five backward districts (*Rangpur, Nilphamari, Lalmonirhat, Gaibandha and Kurigram*) of the northern region of the country. Already, more than 2,059 girls have received training and 745 are employed under this project.
- To ensure the women friendly workplace and ensure healthy working environment considering the role of women in economy, participation of women in workplace and women empowerment a total of 4,243 number day care centre are established for the children of working women.
- In order to create accommodation facilities for women workers of RMG and other industries, 10-storied hostel buildings are being constructed in *Chasara, Tongi and Tejgaon*. Initiatives are also going on to construct 2,000 beds in each dormitory for RMG women workers in *Chattogram and Narayanganj*.
- To empower women and enhance women's participation in the workplace, MoLE has been playing a vital role. The ministry has been working for ensuring women-friendly workplaces. Child care



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centres are being set up in factories and establishments under the direct supervision of DIFE. In the FY2017-18, DIFE arranged a total of 396 motivational meetings and set up 217 child care centres. As of June 2018, a total of 4,327 child care centres have been established.

### e. Reform Measures for Labour Welfare

The Government has undertaken the following measures for ensuring the welfare of workers:

- Bangladesh Workers' Welfare Foundation Law (revised) 2013' has been enacted by the parliament. A sum of Tk.220.00 crore has been generated and is being spent for workers' welfare. In addition, a five-year group insurance scheme has been undertaken for social safety of workers with the fund. About 2,500 workers have already been brought under the scheme.
- DIFE gave Tk.46.46 lakh to the 525 injured, 27 seriously injured and 102 deceased workers or their families in the FY2017-18. DIFE ensures maternity benefits for female workers in the factories and establishments. In FY2017-18, a total of 8,726 workers got Tk.21,88.77 lakh as maternity benefits.
- To improve labour standards in the ready-made garment industries in Bangladesh, Better Work Program project was implemented. Under this programme technical assistance provided to improve labour standards of the RMG factories. A single approach for inspection of labour standard introduced for the RMG factories participating in this programme which followed by all international buyers purchasing products from those factories. With this about 300 participating RMG factories will be able to get rid of complying different labour standards of different buyers.
- A multipurpose project has been initiated in July 2017 for welfare and skill development of hill tracts workers. A complex including a 10 bed hospital, labour welfare centre and training outfit will be established at Ghagra, Rangamati.
- Promoting Social Dialogue and Harmonious Industrial Relations in Bangladesh Ready-Made Garment Industry project has been taken in collaboration with ILO. Sweden and Denmark government provide technical assistance of Tk.66.07 billion to implement the project from April 2016 to March 2021. Under the project, the RMG Tripartite Consultative Council (TCC) has been established to prevent industrial dispute and make the arbitrator and negotiation program more acceptable, reliable and transparent. Besides, Standard Operating Procedure (SoP) has been formulated for trade union registration. 30 officers of the Department of Labour have been trained as Chief Trainers on the workplace cooperation.
- Government has formed an 18 member 'National Wage and Productivity Commission-2015' after the introduction of the national pay commission-2015.

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- The Government has announced minimum wages for 38 sectors out of the total 42 sectors of the economy to ensure a decent standard of living for workers. Fixing minimum wages for the rest of the sectors is under consideration.
- Occupational diseases hospital construction is ongoing under Public Private Partnership (PPP) programme at *Chashara, Narayanganj*.

### f. Innovation and digital activities

- Issuance and renewal of license of the factories is one of the most cardinal functions of DIFE. Following the ‘Digital Bangladesh’ programme, Ministry of Labour and Employment has introduced online registration of trade unions and licenses as well as renewal of licenses for factories and different establishments. In the FY2017-18, DIFE issued licenses to 14,759 factories and renewed 17,601 others. DIFE works for creating an investment-friendly environment by ensuring the decent workplace in factories and establishments. Besides, the department contributes to the national economy by collecting non tax revenue. In the FY2017-18 fiscal year, DIFE collected a total of Tk.5,50.96 lakh from license issuance and renewal.
- DIFE is giving importance in introducing innovation activities to speed up citizen service delivery increasing efficiency. The main purpose of the innovation programs is to provide services to the citizens reducing cost and time. Meanwhile, DIFE formed an innovation

team consists of five members. In the FY2017-18, DIFE sent 12 innovation ideas to the MoLE.

- To make the services available to the labourers a mobile application named ‘Sramiker Shastho Kotha’ has been launched. Besides of that Hot-Line service has been launched to provide quick resolution of any complain related to labour and labourers and anti-union discrimination.

### Overseas Employment and Remittances

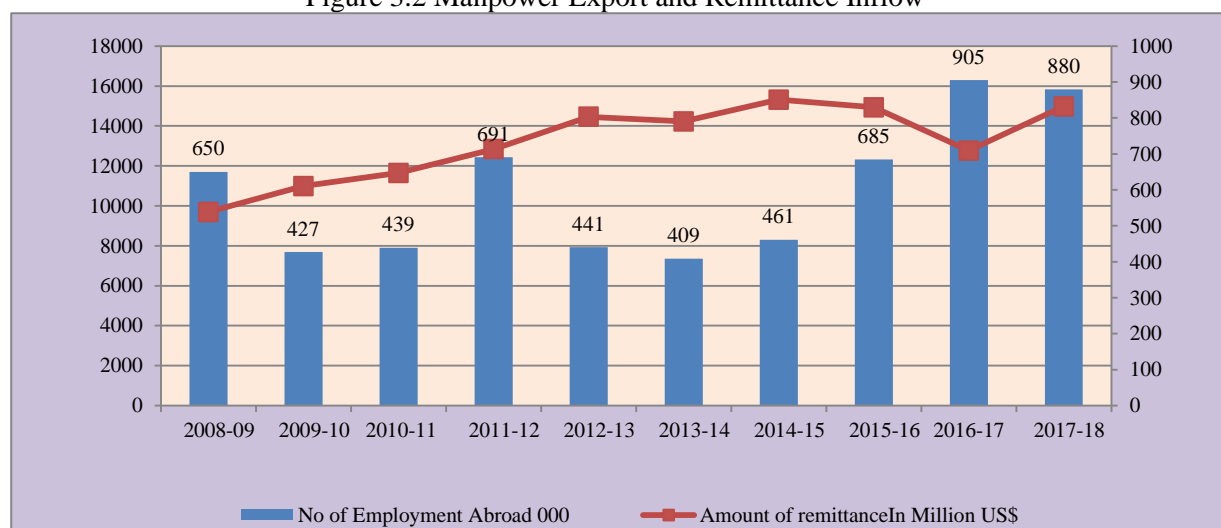
Bangladesh is one of the major manpower exporting country. Foreign employment and remittance sent by the Bangladeshi expatriates have immense contribution to economic development of Bangladesh in many significant ways such as lowering unemployment, poverty alleviation and swelling up of foreign exchange reserve. A sizeable portion of Bangladeshi labour force is employed in the Middle-East and many other countries of the world. The manpower export has witnessed increasing trend in the recent years. About 8.80 lakh workers went abroad in FY2017-18, which was 2.70 percent lower than the previous fiscal year. But Bangladesh earned remittances of US\$14,981.69 million in FY2017-18 which was 17 percent higher than remittance inflows of US\$12,769.45 million in FY2016-17. Year-wise data of inward remittances sent by Bangladeshi expatriates is shown in Table 3.5 and Figure 3.2.

**Table 3.5: Number of Expatriate Employees and Amount of Remittance**

FY	No. of Employment Abroad'000	Amount of remittance			
		In Million US\$	Percentage Change %	Tk. In Crore	Percentage Change %
2008-09	650	9689.16	22.42	66674.87	22.81
2009-10	427	10987.40	13.40	76109.60	14.15
2010-11	439	11650.32	6.03	82992.89	9.04
2011-12	691	12843.40	10.24	101882.78	22.76
2012-13	441	14461.15	12.60	115646.16	13.51
2013-14	409	14228.30	-1.61	110582.37	-4.38
2014-15	461	15316.91	7.65	118993.00	7.60
2015-16	685	14931.14	-2.52	116856.00	-1.79
2016-17*	905	12769.45	-14.48	101099.00	-13.48
2017-18**	880	14981.69	17.32	123156.00	21.82

Source: BMET, Bangladesh Bank.. \*Revised. \*\*Provisional.

**Figure 3.2 Manpower Export and Remittance Inflow**



Despite a declining trend of inward remittances in the recent past, an upward trend in the number of manpower export has been observed, especially in FY2016-17 (Table 3.5 and Figure 3.2). But it changed in last year.

The ratios of remittances to GDP and remittances to export earning show a mixed

trend. The remittance sent by Bangladeshi expatriates was 9.44 percent of GDP and 62.25 percent of total export earnings during FY2008-09. But this ratios had declined and stood at 5.49 percent of GDP and 40.86 percent of total export earnings in FY2017-18 respectively. Remittances as percent of GDP

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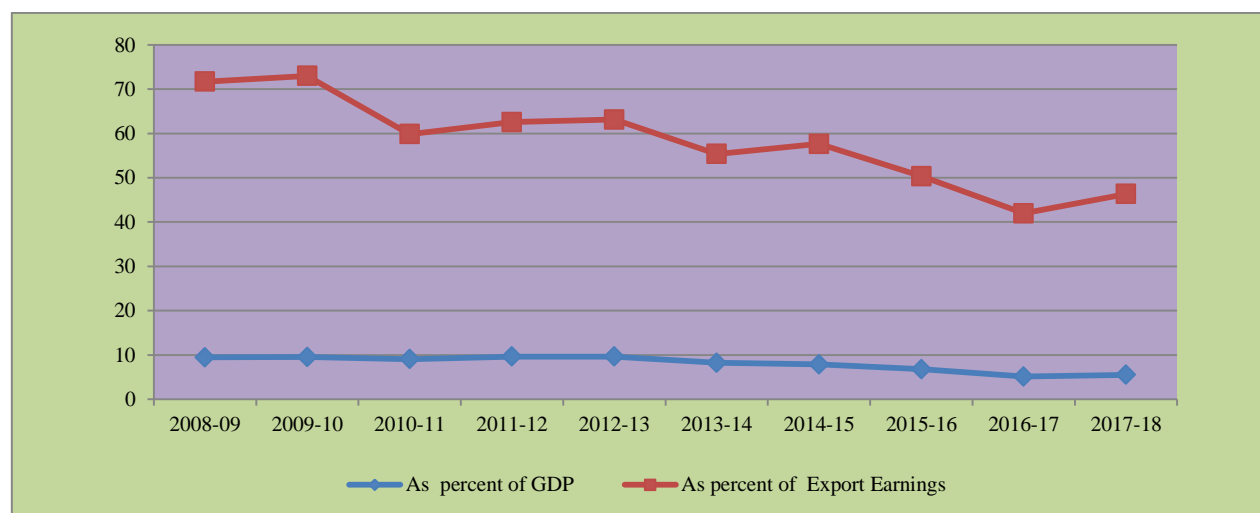
and as percent of total export earnings are shown in Table 3.6 and Figure 3.3.

**Table 3.6: Remittance as Percent of GDP and Export Earnings**

FY	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
As percent of GDP	9.44	9.52	9.05	9.63	9.64	8.23	7.86	6.76	5.11	5.49
As percent of Export Earnings	62.25	63.48	50.82	52.92	53.52	47.15	49.78	43.58	36.85	40.86

Source:\* Bangladesh Bank, BBS and EPB

**Figure 3.3: Remittances as percent of GDP and Export Earnings**



### Expatriates Classified by Skills

Analysing the statistics of the Bangladesh of Manpower Employment and Training (BMET) from 2008 to 2017, it is observed that around 50 percent of overseas workers are less-skilled. The number of expatriates

classified by skills is presented in Table 3.7. From the Table, it is observed that the share of professional workers has increased notably in 2017. However, the shares of skilled and semi-skilled workers are also at significant level.

**Table 3.7: Number of Expatriates Classified by Skill**

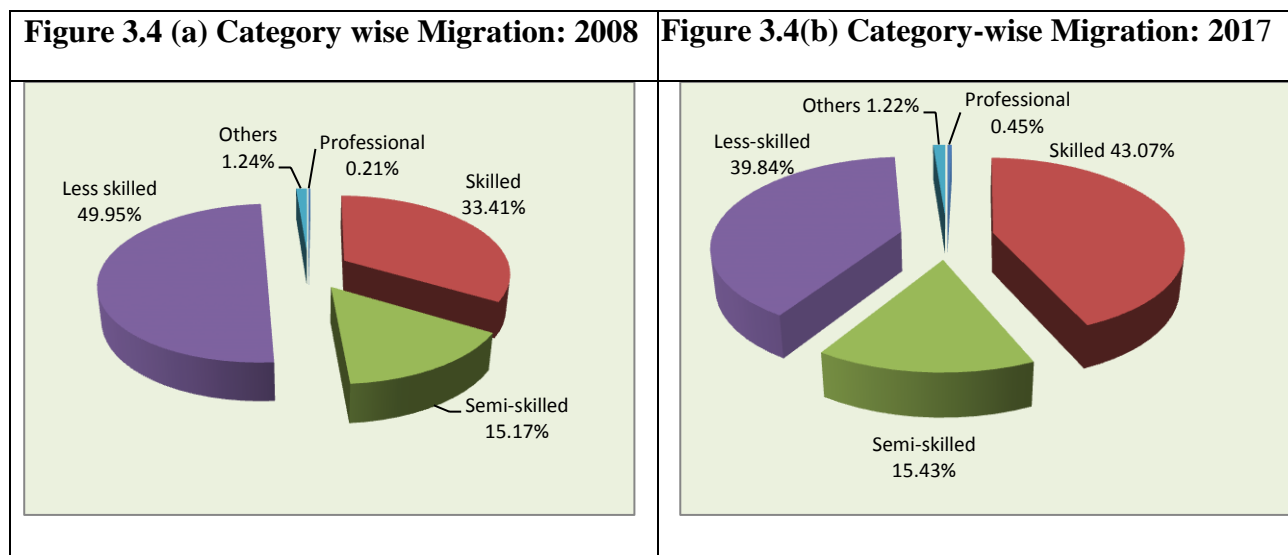
Calendar Year	Professional	Skilled	Semi-skilled	Less-skilled	Others	Total
2008	1864	281450	132825	458916	10914	875055
2009	1426	134265	74604	255070	8485	475278
2010	387	90621	12469	287225	7560	390702
2011	1192	229149	28729	308992	7440	568062
2012	812	209368	20498	377120	9509	607798
2013	689	133754	62528	212282	9224	409253
2014	1730	148766	62528	212282	11690	425684
2015	1828	214328	91099	253323	4697	560578
2016	4638	318851	119946	303706	10590	757731
2017	4507	434344	155569	401796	12302	1008518

Source: Bureau of Manpower, Employment and Training.

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A significant change in the structure of expatriates classified by skill has been observed during the last few years. In 2008, the share of skilled expatriates was 33.41 percent which substantially increased to 43.07 percent in 2017. Likewise, the share of less-

skilled workers decreased to 39.84 percent in 2017 from 49.95 percent in 2008. Comparison of overseas employment by profession between 2008 and 2017 is presented in Figure 3.4(a) and 3.4(b).



The Government is very much concerned to enhance the standards as well as creating opportunities of training to boost overseas employment. At the same time, initiative has been taken to coordinate the activities of training and vocational institutions. In 2017, under the supervision of Bureau of Manpower Employment and Training (BMET) as many as 8.11 lakh trainees in different trades received training through 6 Institutes of Marine Technology and 64 Technical Training Centres. Necessary initiatives have been undertaken to upgrade the standard of technical training to international level under BMET.

## Country wise Manpower Export and Remittances

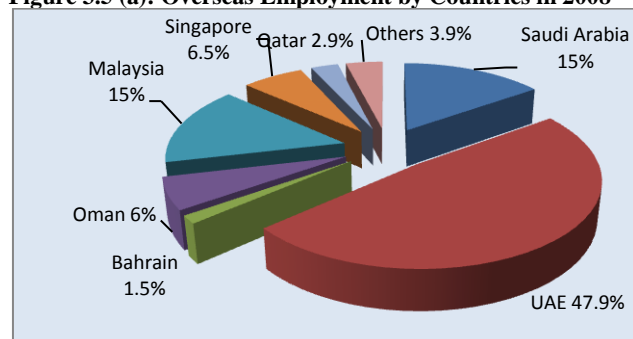
Most of the Bangladeshi expatriates are working in Saudi Arabia, Malaysia, Qatar, Oman, Singapore and Kuwait. Besides, they are working in Bahrain, Jordan, Lebanon, UK, USA, Italy and other countries. Analysing the data of manpower export since 2008 to June 2018 it is observed that more than 70 percent of total expatriates went to different countries of the Middle East. The number of Bangladeshi expatriates by country since 2008 is shown in Table 3.8 and Figure 3.5(a) and 3.5(b).

**Table 3.8 Number of Expatriate Bangladeshi Workers by Country**

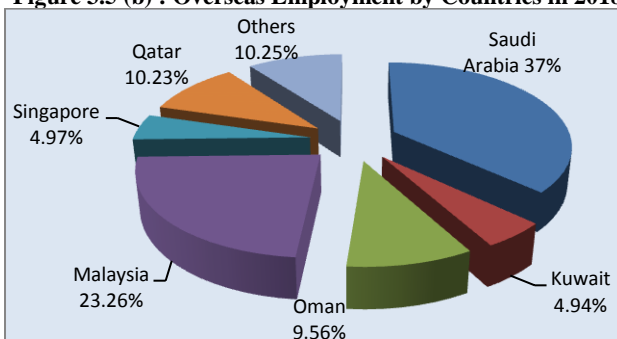
Calendar Year	Saudi Arabia	Kuwait	UAE	Bahrain	Oman	Malaysia	Singapore	Qatar	Lebanon	Jordan	Other	Total
2008	132124	319	419355	13182	52896	131762	56581	25548	8444	682	34162	875055
2009	14666	10	258348	28426	41704	12402	39581	11672	13941	1691	68479	475278
2010	7069	48	203308	21824	42641	919	39053	12085	17208	2235	63803	390702
2011	15039	29	282739	13996	135265	742	48667	13111	19166	4387	58503	568062
2012	21232	2	215452	21777	180326	804	58657	28801	14864	11726	90749	607798
2013	12654	6	14241	25155	134028	3853	60057	57584	15098	21383	101681	409253
2014	10657	3094	24232	23378	105748	5134	54570	87575	16640	20338	114210	425684
2015	58270	17472	25271	20720	129859	30483	55523	123965	19113	22093	111790	555881
2016	143913	39188	8131	72167	188247	40126	54730	120382	15095	23017	130035	757731
2017	551308	49604	4135	19318	89074	99787	40401	82012	8327	20449	10038	1008525
2018*	144568	19416	1522	679	37565	91378	19517	40182	3611	4337	7105	392909

Source: Bureau of Manpower, Employment and Training. \* Up to June 2018

**Figure 3.5 (a): Overseas Employment by Countries in 2008**



**Figure 3.5 (b): Overseas Employment by Countries in 2018**



During FY2017-18, in line with the past trend the highest amount of remittance (17 percent) came from Saudi Arabia followed by UAE (16 percent), Kuwait(8 percent), Malaysia (7 percent), Oman (6 percent) and Qatar (5 percent) and Singapore (2 percent). Among the Western and European countries, the

highest amount of remittances came from the USA with 13 percent followed by the United Kingdom with 7 percent. Country-wise remittances sent by Bangladeshi expatriates from FY2008-09 to FY2017-18 are shown in Table 3.9.

**Table 3.9: Country wise Remittances**

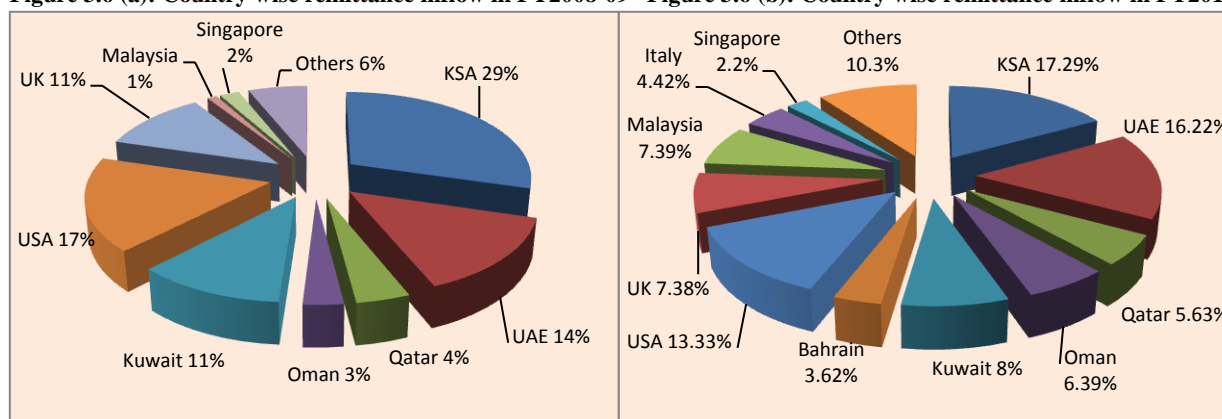
FY	(In million US\$)											
	KSA	UAE	Qatar	Oman	Kuwait	Bahrain	USA	UK	Malaysia	Singapore	Others	Total
2008-09	2859.09	1754.92	343.36	290.06	970.75	157.45	1575.22	789.65	282.2	165.13	501.33	9,689.16
2009-10	3427.05	1890.31	360.11	349.08	1019.18	170.14	1451.89	827.51	587.09	193.46	711.58	10987.4
2010-11	3290	2002.6	319.4	334.3	1075.8	185.93	1848.51	889.6	703.7	202.3	798.16	11650.3
2011-12	3684.37	2404.78	335.25	400.93	1190.13	298.47	1498.45	987.45	847.49	311.47	884.61	12843.4
2012-13	3829.5	2829.4	286.9	610.1	1186.9	361.7	1859.8	991.6	997.4	498.8	1009.1	14461.1

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FY	KSA	UAE	Qatar	Oman	Kuwait	Bahrain	USA	UK	Malaysia	Singapore	Others	Total
2013-14	3118.9	2684.9	257.5	701.1	1106.9	459.4	2323.3	901.3	1064.7	429.1	1181.3	14228.3
2014-15	3345.23	2823.77	310.15	915.26	1077.78	554.3	2380.19	812.34	1381.53	443.4	1263.9	15316.91
2015-16	2955.55	2711.74	435.61	909.65	1039.95	489.99	2424.32	863.28	1337.14	387.24	1376.67	14931.14
2016-17*	2267.22	2093.5	576.02	897.71	1033.3	437.1	1688.9	808.16	1103.62	300.99	1563.1	12769.45
2017-18**	2591.58	2429.96	844.06	958.19	1199.70	541.62	1997.49	1106.01	1107.21	330.16	1875.24	14981.69

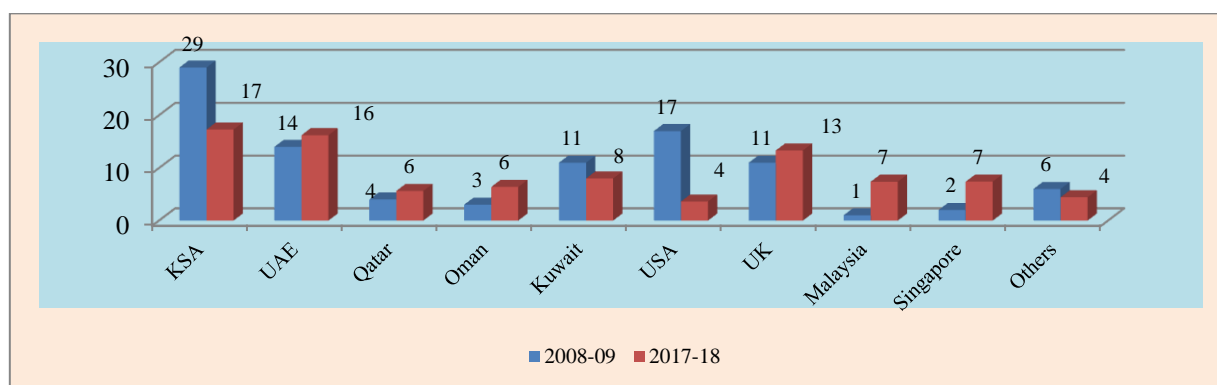
Source: Bangladesh Bank. Note: \*-Revised. \*\*-Provisional.

Figure 3.6 (a): Country wise remittance inflow in FY2008-09 Figure 3.6 (b): Country wise remittance inflow in FY2017-18



Comparative position of country-wise remittances inflow from FY2008-09 to FY2017-18 has been shown in Figure 3.7.

Figure 3.7: Country-wise share (percent) of inward remittances in FY2008-09 and FY2017-18



It is evident from Figure 3.7 that despite significant decline in remittance inflows, the highest amount of remittance is still coming from Saudi Arabia. In FY2008-09, about 29 percent of the total remittances were received from Saudi Arabia which declined to 17 percent in FY2017-18. On the other hand,

during the same period, share of remittance from the UAE increased to 16.22 percent from 14 percent. Remittance inflows from Malaysia, Oman, UAE and Qatar grew significantly over the same period.

## **Steps Taken to Boost up Foreign Employment and Remittances**

The following steps have been undertaken in order to enhance both foreign employment and remittances:

### **a) Expansion of Labour Market**

The Middle-East is one of the principal destinations of manpower export from Bangladesh. Recent political turmoil in this region is posing risks for manpower export from the country. In this context, the Government has been exploring new destinations of manpower export in other regions of the world. Bangladeshi expatriates are employed in 165 countries across the world. As a part of expansion scheme currently Ministry of Expatriates' Welfare & Overseas Employment (MoEWOE) created labour market research cell in ministry. At the same time MoEWOE has taken various steps to ensure immigration and hounarable job. An MOU was signed with Japan to send house workers.

### **b) Control of Immigration Cost**

'Overseas Employment and Migration Act, 2013' has been enacted in order to reduce migration cost and to ensure transparency and accountability of the recruiting agencies. Provisions are there for imprisonment and penalty against unscrupulous recruiting agencies for offences including charging high migration cost. Moreover, 'Overseas Employment Policy-2017' has approved.

### **c) Training and Skill Development**

Demand of skilled labour is higher than unskilled labour in different countries. For this reason, the Government gives emphasis

on the training for the workers who are seeking job in abroad. In 2017, under the supervision of Bureau of Manpower Employment and Training (BMET) as many as 8.11 lakh trainees in different trades received training through 6 Institutes of Marine Technology and 64 Technical Training Centres.

The Government has targeted to establish at least one vocational training centre in every upazilla. Establishment of 40 centres is ongoing. Proposal for more 50 centres is under process. Trainers of the Training centres under BMET are trained in abroad to upgrade the standard of technical training to international level of this centres. Joint training programme for women workers has taken with Saudi Arabia and Hong Kong as they can employ in these countries after training.

### **d) Modernisation of Emigration Process**

To reduce the influence and fraudulence of the recruiting agencies and brokers, a database of migrant workers with digitised fingerprints has been created. Outgoing clearance is being given by using database network. The hassles of the expatriate workers and deception have been reduced in the airports due to workers' information kept in the smart card. Besides this, to make easier service for foreign job seeking workers pre-departure and finger print training programme has been decentralized. Workers selection is going through online registration, safe migration is ensured with this process as well as regional balance is also ensured.



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### e) Encouraging Sending Remittance through Proper Channel

- To speed up remittance inflows and distribution, the approval mechanism of drawing arrangements among Bangladeshi banks and foreign exchange houses abroad has been simplified. Presently, 1,142 drawing arrangements are active and playing important role in sending remittances to Bangladesh.
- To increase the competition among the money transmitters, commercial banks are instructed to make the contracts with Multinational Money Remitters/ Exchange Houses to avoid Pay Cash Exclusivity Clause which can create monopoly in the market.
- The policy for establishment of exchange houses/branch offices abroad by local banks has been commenced. 34 exchange houses/branch offices/representative offices of different local banks are operating their programmes in different countries (UK, USA, Australia, Singapore, Malaysia, Greece, Italy, Canada, Oman and Maldives).
- 26 micro-finance institutions, branches of Bangladesh Post Office and *Singer* Outlets are permitted to operate distribution of remittances. To promote remittance inflows and distribution network these institutions through their branches in remote area in the country are playing important role to speed up the network of remittance distribution.
- 18 banks out of 24 approved banks have already started their services to distribute remittances through the outlets of mobile phone operators.
- To mobilise the remittance flows under the drawing arrangement, the maximum time to distribute remittances to beneficiary level has been re-fixed at 2 working days instead of 72 hours.
- To encourage the workers to remit their earnings through the banking channel CIP facilities and special citizen facilities for Bangladeshi expatriates have been extended.
- Consumer Rights Protection Centre has been established by Bangladesh Bank to receive the complaints regarding remittance from the Bangladeshi expatriates or their domestic beneficiaries directly.
- Three NRB commercial banks have started their operations in Bangladesh to facilitate investment by Non-Resident Bangladeshi.
- In order to enhance housing finance facility, NRBs may avail housing finance facility at a maximum debt equity ratio of 75:25 instead of existing debt equity ratio of 50:50.
- Foreign nationals who are resident in and have income in Bangladesh are permitted to make monthly remittances to the country of their domicile out of their current savings up to 75 percent of their net income to cover their commitments abroad. Besides their country of domicile, such monthly remittances are also allowed to send to other countries where family members of them live in as declared by them in the prescribed application form.
- To facilitate smooth operations of branches of foreign banking companies in

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Bangladesh, Authorized Dealers (ADs) are allowed to remit head office expenses without prior approval from Bangladesh Bank subject to observance of some instructions which is allocated by the head office to their branches in accordance with standard practices.

- For issuing the Letter of Credit Authorization Form (LCAF) for the import of HR coil, Scrap, Pig iron and Sponge iron for manufacturing of flat and long steel for being used in own factories of steel industries under 360 days deferred payment basis shall remain valid

for remittances otherwise for 18 months following the month of issuance.

- In case of remittances for the importation of Spare Parts will remain valid for 30 months following the month of issuance. Authorized Dealers (ADs) are allowed to open LCs on behalf of industrial units to import necessary spare parts of capital machineries for own industrial use up to 360 days usance basis. For such deferred payment imports, the prices must be internationally competitive and all in cost including usance interest must not exceed 6 percent p.a.