

# Strategies to address Covid-19 induced labour market challenges



**C**OVID-19 deeply affected the labour market in Bangladesh. It intensified some of the existing challenges and brought about a new set of problems. A large number of people either lost employment or income and many are also experiencing intense job insecurity and uncertainty.

The labour market was facing several challenges even before Covid-19. Though the Bangladesh economy has undergone significant structural changes over the last few decades, agriculture still holds the largest share of total employment. Despite high economic growth, there has been slow growth in job creation in recent years. With the changing nature of manufacturing and services sectors—leaning towards automation—job creation in these sectors remains a big challenge. Furthermore, the share of informal employment in total employment in Bangladesh remains well above 85 percent, which is an immense challenge to making significant headway in ensuring decent jobs.

It is noteworthy that, over the past decade, the labour force participation (LFP) rate of females has remained stagnant at around 35 percent. Also, though the country is passing through the phase of the demographic dividend, the share of youth “not in education, economic activities and training (NEET)” is high, and the youth unemployment rate is excessive. There is a vicious cycle of low-wage, low-skill and low productivity in the labour market. While

the enhancement of labour productivity critically depends on both quality health and education services, Bangladesh lags significantly in ensuring quality health and education for all. The public expenditures on health and education as percentages of GDP in Bangladesh are very low, which deter enhancing labour productivity.

Other salient employment challenges include persistence of poor working condition, a high degree of rural-urban migration with an enormous concentration of migrated labour in the urban informal services sectors, skill mismatch in the labour market, and the outward migration of a high concentration of low-skilled labour.

There is no denying that the labour market and employment challenges are closely linked to the acceleration and sustenance of economic growth, enhancing the quality of economic growth and economic diversification. Though the country experienced robust economic growth over the last decade, there has not been substantial economic diversification. However, economic diversification is one of the most critical factors for job creation and provision of quality employment. The failure of a necessary and productive economic diversification has persisted in several labour market challenges in Bangladesh. Even though the private sector plays the most pivotal role in job creation, the private sector’s investment-to-GDP ratio has remained stagnant over the last decade. Energising private sector investment thus remains a precondition for addressing many labour market challenges, as discussed above.

The levels and magnitudes of uncertainty brought by Covid-19 in the labour market are enormous. Covid-19 has also led to high adjustment costs both at the household and firm levels. In pre-pandemic time, with



Many workers who lost their jobs have been languishing in poverty as the pandemic-induced shocks have curbed alternative employment opportunities. PHOTO: STAR

the mobility of labour, job losses in one sector were compensated by job gains in other sectors; for example, either through the movements from agriculture to industry and services or through movements within the sub-sectors of agriculture, industry and services. But, during the pandemic, options for such adjustments and relocation of labour are limited and uncertain.

There are grave future implications of the current labour market challenges. The recovery in the labour market is dependent on the recovery of the overall economy. However, the economic recovery process has remained slow and disrupted. The economic recovery is also happening at the cost of inter-generational trade-off with high adjustment

costs. The pandemic forced many people, with uncertain prospects of jobs and earnings, to stress on their current survival rather than on their human capital development for the future. Also, when schools and educational facilities have remained closed for months, there is a high risk that students from distressed families will be forced out of the education system permanently. Moreover, while the micro, small and medium enterprises (MSMEs) are the prime victims of the pandemic, their recoveries have remained highly uncertain. Many self-employed in the MSMEs perhaps permanently lost their capital. Also, wage employment is suffering as economic activities are yet to recover.

All this may increase the existing high

levels of youth unemployment and youth NEET. As shreds of evidence are unfolding, females are more likely to be affected than their male counterparts.

So, what should be done?

First, acknowledging and understanding the labour market challenges is a precondition to taking any counter-measures. The Eighth Five Year Plan and the government’s other policy documents barely address the existing and Covid-19 induced labour market challenges in Bangladesh. However, there is a need to undertake a comprehensive approach linking policies and programmes for economic and social recoveries. Critical emphasis should be on the recovery of the MSMEs. Action plans need to be developed and implemented through the relevant ministries.

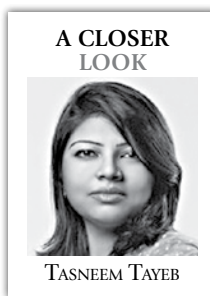
Second, acknowledging that the government’s existing policies and programmes are inadequate to address the Covid-19 induced labour market challenges. The government’s actions related to the current labour market challenges have remained slow and insufficient. In particular, the new-poor, experiencing highly disrupted engagements in the labour market, are not covered in the existing social safety net programmes. Therefore, the government should introduce new social safety net programmes targeting the labour market. In this context, the government can undertake the programmes of employment guarantee schemes for the vulnerable population.

Third, the government should form a Labour and Employment Commission to assess the current unprecedented situation and suggest necessary measures.

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# Bangladesh’s Covid lockdown conundrum

Challenging times demand decisive measures



**A**S Bangladesh started a new phase of lockdown on April 14, 2021—apparently a more stringent one—the country was faced with a grim milestone. On the first day of the Bengali New Year, the country recorded 96 deaths, the highest till then, since the pandemic hit the country.

It was also the first day of the holy month of Ramadan and social media was flooded with pictures of happy people gathering together in the alleys of Old Dhaka in the evening to buy the Iftar delicacies that the place is well-known for, and cars being lined up on one of the main roads of Dhanmondi—a buzzing neighbourhood, where people were out to the buy their favourite *jilapi* from a popular sweet store.

The social media was also abuzz with reports of hundreds of thousands of people applying for the “movement pass”, which would enable them to commute from one place to another during the hard lockdown, in case of emergencies. By 7pm the police had already issued 250,000 movement passes, as reported by the media.

Two days later, on April 16, 2021, the country’s Covid daily death toll reached a triple figure number: 101. The previous day, the total number of deaths had crossed the 10,000 mark.

While the rapid spread of the virus is an overwhelming concern in itself, the mismanagement in enforcing the new lockdown measures has also raised eyebrows.

On the first day of the hard lockdown, healthcare professionals, including doctors and nurses, were stopped by the police, and one of them was even fined Tk 3,000 for not carrying a movement pass. As frontline fighters, they were supposed to have been exempt from the movement restrictions, and their ID cards were supposed to have been enough to commute to their workplaces. The fine was later waived.

While talking to a news portal about this situation, joint secretary general of Foundation for Doctors’ Safety, Rights and Responsibilities (FDSR), Rahat Anwar Chowdhury said, “We don’t go outdoors for entertainment. We are jobholders. We will lose our jobs if we don’t go to hospitals.”

Inconsistencies in the lockdown seem inherent in the country. Take the fiasco over the operational capacity of the banks for instance. On April 12 the authorities decided to keep the banks and the stock market closed

during the week-long lockdown. In this regard Bangladesh Bank had also ordered the banks to keep the ATM booths and internet banking facilities active during the lockdown.

People and businesses alike spent a tough day scrambling to sort out their banking operations on April 13, only to hear later in the day that banks will remain open in limited-capacity during the lockdown.

And while workers employed in various factories are exempt from the restriction on movement during the hard lockdown, others

who were working in the informal sector have been left out of consideration it seems.

With no work and no social safety support to feed themselves and their families, people belonging to the lowest rungs of the social ladder—rickshaw pullers, construction workers, domestic help, small business employees, day labourers, among others—had been left to worry about the bleakness of a future plagued with hunger and uncertainties.

It was only on April 15, nearly 10 days

into the lockdown, that a government spokesperson suggested that they were considering distributing cash aid among the vulnerable communities.

A joint secretary of the finance division, Shirajun Noor Chowdhury, as reported by the media, said, “A couple of meetings have recently been held in this regard. The final decision on distribution will be taken after the completion of preparations ... If the nationwide lockdown continues for two more weeks, then it will likely be disbursed.”

On April 8, 2021, the finance division had sent a proposal to the prime minister to disburse a one-off Tk 2,500 cash assistance to almost 3.5 million poor families before Eid through the mobile financial services. The disbursement will be made, upon approval.

And how would these vulnerable communities fend for themselves till the cash aid is disbursed, if disbursed at all? And why is this concern surfacing now, nearly two weeks after the lockdown began?

According to a report by *Prothom Alo* titled, “Tk 20b cash aid for poor lies idle”, the government “still has Tk 19.34 billion (1,935 crore) in its hands from these two funds [from last year’s cash assistance programme]... In addition to this, Bangladesh Bank, in a letter on February 25, informed the finance division that cash assistance didn’t reach to 402,168 families even after releasing the money. Hence, Tk 1.01 billion (101.15 crore) of the state exchequer remains in the hands of four mobile financial services (MFS) providers—bKash, Nagad, Rocket and SureCash. And this money must be taken back.”

One might be pardoned for asking, why were these idle funds not tapped into to support the vulnerable communities at the beginning of the first lockdown?

Thanks to a lack of food, these people, often deprived of required nutrition, will have weakened immune system, making them more prone to the all-pervasive virus.

And this pandemic is not an equaliser, the poor will become poorer, the weak will grow weaker, and the virus will find them easy prey.

What is surprising is that the government is not utilising its takeaways from the success of last year’s “general holidays” in flattening the curve. Despite falling short of acknowledging the lockdown-like situation last year as a lockdown, and despite the many instances of irregularities, the government in 2020 had still made significant success in curbing the spread of the disease.

Within a few months the curve had been

flattened and the situation had stabilised. Going by that logic, this year, combating the disease should have been easier, since the government has already been through the drill. This time they could have executed it with better efficiency, better effectiveness. Unfortunately, none of this has happened.

During the first phase of the lockdown from April 5, many of the directives issued by the government had been reversed. The result: spiralling cases of Covid. Soon it was announced that a tougher lockdown will be implemented. The hard lockdown came amidst rising cases, but the hiccups from the very beginning seems to have marred its seriousness. Over the last two weeks, the people have taken to the social media to express their frustrations over the mismanaged and sometimes even self-contradictory lockdown directives. And the inconveniences they are having to face due to these half measures.

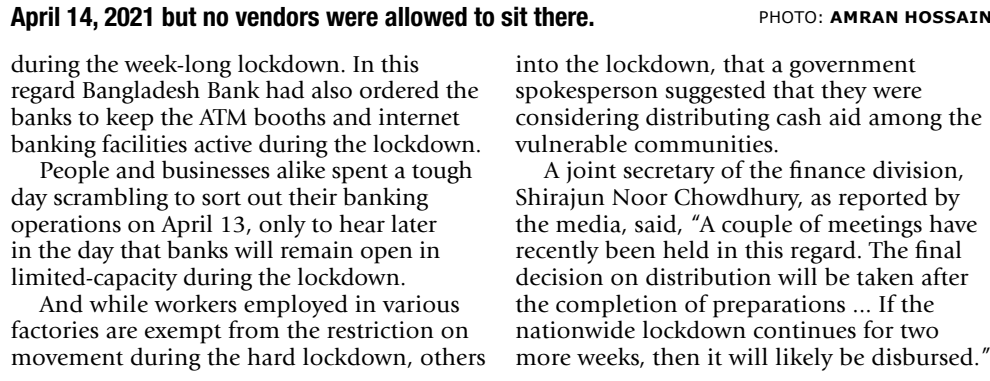
But this is no time to complain. This is time to act, to take serious measures to combat the spread of this disease. The healthcare system is being overwhelmed. As reported multiple times by the media, there is a growing shortage of medical facilities for Covid patients and many are succumbing to the virus due to lack of treatment.

The government of course has many logistical challenges to overcome to impose and enforce a strict lockdown including arranging and disbursing aid. But we should have had the benefit of experience.

If the government keeps announcing half-hearted lockdowns and allows people to violate the directives, or reverse them from time to time, the healthcare system will crumble under mounting pressure. And that is one scenario no one wants. There is no way out of this situation right now, other than strictly enforcing a hard lockdown, while bringing the vulnerable under a broader social safety net programme.

This is a generational challenge we are fighting, and times like these demand decisive measures.

Tasneem Tayeb is a columnist for The Daily Star. Her Twitter handle is: @TayebTasneem



People rush to buy iftar items at Chawkbazar in Old Dhaka on the first day of Ramadan on April 14, 2021 but no vendors were allowed to sit there. PHOTO: AMRAN HOSSAIN

**QUOTABLE Quote**

**RUMI**  
Persian poet (1207—1273)

*Let yourself be silently drawn by the strange pull of what you really love. It will not lead you astray.*

**CROSSWORD BY THOMAS JOSEPH**

**ACROSS**

- 1 Fight part
- 5 Gives over
- 10 Caruso, for one
- 12 Decree
- 13 Make blank
- 14 Specialized marked
- 15 Lob path
- 16 Go every direction
- 18 Be important
- 20 Frothy brew
- 21 Methods
- 23 In addition
- 24 Italy’s shape
- 26 Grace finish
- 28 Ab’s neighbor
- 29 Ump’s call
- 31 Pamplona cry
- 32 Potential pancakes
- 36 Old-time record
- 39 Freud topic
- 40 Mideast peninsula
- 41 Lead-in
- 43 Merge
- 44 Massage targets
- 45 Print units
- 46 Power unit

**DOWN**

- 1 Iron output
- 2 Latin land
- 3 Make into law
- 4 Not neg.
- 5 Pro wrestler/actor John
- 6 Fix a story
- 7 Give orders
- 8 Flying formation
- 9 Sound system
- 11 Does ushering work
- 17 Weep
- 19 Binary base
- 22 Game quests
- 24 Peachy cocktail
- 25 Maritime
- 27 Got together
- 28 Appears unexpectedly
- 30 Tad Lincoln’s dad
- 33 Colorful fish
- 34 Snowy wader
- 35 Perch
- 37 “Toodleo!”
- 38 Draws
- 42 Right away

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**SUNDAY’S ANSWERS**

DUBILIN SIZE  
OPIATE PREY  
GANDER LINE  
EMOJIS  
ITIS OTHER  
NOR BANSHEE  
ALILEWEARS  
NESTLES RIO  
ETHEL SPEW  
STATIC  
CATO ADORES  
OXEN NEWARK  
PEWS GALWAY

**BEETLE BAILEY** BY MORT WALKER

BEETLE FELL ASLEEP IN MY OFFICE. DON'T BE TOO HARD ON HIM, SIR... YOU'VE TAKEN A FEW NAPS IN THAT CHAIR YOURSELF.

**BABY BLUES** BY KIRKMAN & SCOTT

IS IT HARD TO WALK IN THIS BOOT, DAD? IT'S PRETTY AWKWARD. CAN YOU RUN? HAPPILY. CAN YOU JUMP? NO WAY. WANT TO PLAY A LITTLE ONE-ON-ONE?