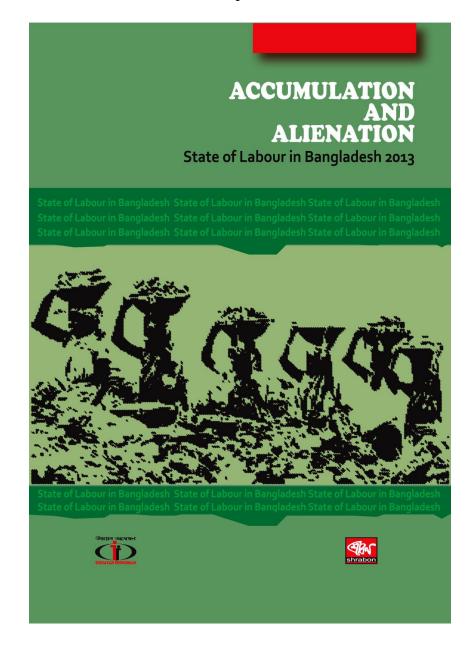
INFORMAL LABOUR FORCE

Md. Ayub Ali





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INFORMAL LABOUR FORCE Md. Ayub Ali

1 INTRODUCTION

Informal sector is a vital surmise in the development area, especially in developing countries like Bangladesh. When growing population is not provided with enough job opportunities by the formal sector, they engage themselves in small scale, micro level production and distribution of goods and services in the informal sector. Transformation of the economic policy in the surroundings flourishes this informalisation in the labour market. Moreover, target of more benefit from the firms by manufacturer undermine the working condition of employee in the organisation. However, lack of job opportunities that push people to work in the informal economy conceal the bargaining power of labour, downward their wages and undermine their social protections. This work deficit condition not only exists in Bangladesh but also in worldwide (ILO, 2012).

The activities of employees in informal sector are usually conducted without proper recognition from the authorities, escaping the attention of the administrative personnel responsible for enforcing laws and regulations. The terminology "informal sector" describes the activities that are not recognized, recorded, protected or regulated by the public authorities (ILO, 1972). The informal sector consists of small-scale, self-employed activities (with or without hired workers), typically at a low level of organisation and technology, with the primary objective of generating employment and incomes that are usually conducted without proper recognition from the authorities, and escape the attention of the administrative machinery responsible for enforcing laws and regulations (ILO, 2002). Under the new definition of International Labour Organization (ILO), the informal economy is comprised of all forms of 'informal employment'-that is, employment without labour or social protection—both inside and outside informal enterprises, including both self-employment in small unregistered enterprises and wage employment in unprotected jobs (Chen, 2007). In brief, the new definition of the 'informal economy' focuses on the nature of employment in addition to the characteristics of enterprises that includes informal employment both within and outside agriculture.

The concept of informal sector, captures in this chapter, from the policy analysis unit of Bangladesh Bank is the forms of employment that lack regulatory, legal, and/or social protections. Employment in the informal sector comprises all employment that takes place in informal enterprises including self employed/own account workers, unpaid family helpers, day labourers, paid employees in informal enterprises, informal employers, and similar other categories. In addition, outside the unregistered and/or small enterprises sector, employment may be considered as informal if it lacks core legal or social protections (e.g. domestic workers). Moreover, actual informal employment may also exist within the formal sector such as for different categories of casual workers (Mujeri, 2008).

Labours of informal sector are autonomous and self-realised human being with economic entity. They are, however, alienated from their rights by the bourgeoisie¹ in order to extract from the maximal amount of surplus value. They are directed to goals and diverted to activities that are

who own the means of production

dictated in the course of business competition among industrialists as well as capitalists. On the other hand, the proletariats work in order to live and obtain the very means of life; which they can only achieve by selling this labour to a capitalist by wage. Over the years, the global economy is plundering and robbing the rights of labours. In some instances, it is taking the rights of the people away to dispose the own resources of capitalists. Consequently, they are making a new store or shopping mall. On the other hand, the involvement of labour in informal sector is increasing. Moreover, major weakness of the development strategy in Bangladesh is moving back in transforming the labour market from informal sector to formal (Sixth Five Year Plan, 2011). In addition, the crisis of organised jobs is increasing along with failing to acquire the expected GDP of the country. Therefore, this chapter makes an attempt to explore the situation of the labour in informal sector of Bangladesh in order to find a clear image in formulating new policies and programmes regarding this phenomenon.

2 TREND OF EMPLOYED POPULATION IN INFORMAL SECTOR OF BANGLADESH

Participation of employee in informal sector in Bangladesh is increasing over the last two decades. The number of employed labour (15+ years) in informal sector has increased from 29.3 million in 1999-2000 to 47.3 million in 2010 with an annual rate of 6.14 percent (Figure 1). This rate of increse in the recent years has occured at an accelerated pace than that of the before. Additionally, the rate of increase in female employee per annum is three times higher than their male counterparts. The annual rate of increase in informal sector, for male, was 4.27 percent from 22.7 million in 1999-2000 to 32.4 million in 2010, whereas female employee has grown from 6.6 million in 1999-2000 to 14.9 million in 2010 with a rate of 12.58 percent per annum. The higher rate of increase in the participation of women than their male counterparts might be the result of some indicators like female are naturally thought as calm, less educated, less powerful and skilled than their male counterparts, having low voices in the society. Moreover, lack of access to information, markets, finance, training and technology boosting the informal labour up in the country.

Result of globalisation and privatisation of some state owned enterprises, by the pressure and prescription of the World Bank (WB), Asian Development Bank (ADB) and International Monetary Fund (IMF), are increasing the informal sector and consequently, reducing the rights of the labour in the workplace. Moreover, lack of skill, inadequacy of proper or higher education, shortage of employment in formal sectors, political instability, requisite for involvement in governmental politics and alienation of labour are escalating and boosting the labour up in the informal sectors of Bangladesh. In this context, importantly, simply having access to employment is not enough, rather both quantity and quality of the employment should be emphasized for the path of economic growth (ILO, 2012a).

50 Informal Labour (million) 40 Rate of Increase (percent) 30 10 1999-2000 2002-2003 2005-2006 Total Male Total Rate of Inrease - Female Increase Rate

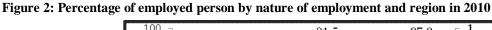
Figure 1: Labour in informal sector

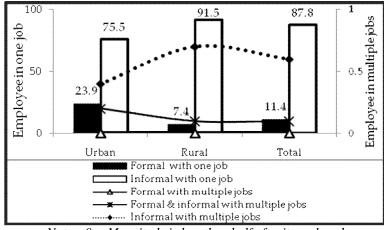
Source: Author's calculation based on Labour Force Survey (1999-2000, 2002-2003, 2005-2006 and 2010). Bangladesh Bureau of Statistics (2002, 2004, 2008 and 2011)

Percentage of Employed Person by Nature of Employment and Region in 2010

Male Increase Rate

The number of people formally employed in multiple jobs is zero² that is the employees who are involved with formal sectors demonstrate less necessity to involve with multiple sectors. However, the employee in informal economy who is engaged in multiple jobs is 0.6 percent (Figure 2). In case of urban rural disparities, the percentage of informally employed in multiple jobs is higher (0.7 percent) in rural area against their urban counterparts (0.4 percent). Moreover, more employed persons holding one informal job (91.5 percent) are found in the rural areas and more employed persons holding one formal job (23.9 percent) are found in the urban areas. In addition, low or irregular incomes, long working hours, insecured and unhealthy working conditions among informal labour bound them to engage in multiple jobs for extra income. On the other hand, labour in formal sector gets their desired opportunity, mostly but not all of them, in their workplace causing less involvement in multiple jobs.





Notes: 0 = Magnitude is less than half of unit employed

Source: Author's calculation based on LFS 2010) of BBS 2011 and informal sector survey 2009-10

magnitude less than half of unit employed

2.1 Labour in Agricultural Sector

The share of agricultural sector in informal economic activity in Bangladesh however, is very high (Sixth Five Year Plan, 2011) the contribution of labour in agricultural sector is decreasing over the years (Figure 3). The rate of labour in agricultural sector increased between 1999-2000 and 2002-2003 with a rate of 0.4 percent but till then it has decreased. This transformation of agricultural labour is found due to productive and well paid job situation mainly in the organised manufacturing and services sector. However, access to information, markets, finance, training and technology are still far behind from them.

The current government made a commitment to reduce the rate of labour in agricultural sector to 30 percent by 2021 according to their election manifesto. Based upon historical track record, the labour in agriculture has decreased to 47.3 percent in 2010 with an annual rate of 0.78 percent from 51.3 percent in 1999-2000. If this trend of decrease continues, the contribution of labour in agriculture might slide down to 39.55 percent by 2021, which is higher by 9.55 percent than that of the target of the present government. The rate is needed to reduce by 1.9 percent from 1999-2000 to achieve the target within the time limit. In this regard, proper policy and lack of monitoring the existing development activities obscure the target of government in Bangladesh.

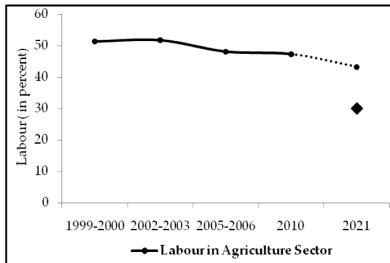


Figure 3: Employed labour in agriculture sector

Source: Author's calculation based on Labour Force Survey (1999-2000, 2002-2003, 2005-2006 and 2010),
Bangladesh Bureau of Statistics (2002, 2004, 2008 and 2011a)

3 LIFE AND LIVELIHOOD STATUS OF INFORMAL LABOUR

A number of characteristics which influence the socio-economic performance of labour force considering the subject matter of analysis and identification of the issue related with informal sector in Bangladesh.

3.1 Socio-Demographic Characteristics of the Respondents

The socio-demographic charactersitics of the respondents are described in this section.

Current Age of the Respondents

Most of the respondents (40.7 percent) are in the age group of 26-35 years followed by the age group \leq 25 years that is 35.6 percent. Moreover, 23.7 percent of the respondents are in the age group of 36-45 years. Only a little portion of the respondents (8.5 percent) are in age of 46 years and over. The average age of the respondents is 31.37 years. The result indicates that the young people are very much interested in engaging themselves in to informal sector due to the lack of job opportunities.

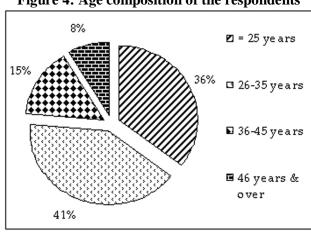


Figure 4: Age composition of the respondents

Source: Unnayan Onneshan Field Survey, 2013

Entry Age in Informal Sector of the Respondents

Unnayan Onneshan Field Survey 2013 explores the average age of the respondents as 21.64 years to admit in an informal job. Considering their age in category, more than half of the respondents (54.2 percent) engaged with informal sector belonging to the age group of 20-25 years followed by the age group \leq 20 years that contains 32.2 percent. Only 13.6 percent of the respondents employed in the age group 26 years and over. It indicates that most of the respondents involved themselves with job activities with a younger age.

□ < 20 years □ 20-25 years ■ 26 years & over

Figure 5: Entry age in the informal sector of the respondents

Source: Unnayan Onneshan Field Survey, 2013

Sex of the Respondents

Among the total respondents, 50.85 percent are female whereas 49.15 percent are male (Figure 6). The survey might be influenced a little as most of the male worked outside their home during

the survey time. At that time, it is difficult to reach them than their female counterparts, stayed in home.

F e m a le 51%

Figure 6: Sex of the respondents

Source: Unnayan Onneshan Field Survey, 2013

Marital Status of the Respondents

Based upon the survey data, more than half of the respondents are married (54.2 percent) followed by unmarried, and divorced/separated that contains 30.5 percent and 11.9 percent respectively. Only 3.4 percent respondents are widow/widower (Figure 7).

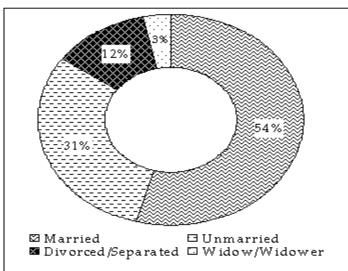


Figure 7: Marital status of the respondents

Source: Unnayan Onneshan Field Survey, 2013

Household Size of the Respondents

Large family size might be an important cause to involve in the informal sector. The average household size of the respondents is 6.19. More specifically, majority of the respondents (54.2 percent) have their household size of 6 members and more whereas, 45.8 percent have their household size of 3-5 members (Figure 8).

56 | 54.2 | 54.2 | 54.2 | 552 | 552 | 550 | 550 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 | 5

Figure 8: Household size of the respondents

Source: Unnayan Onneshan Field Survey, 2013

3.2 Educational Background of the Respondents

Meaningful education enables the individuals to understand as well as to study the real life situation to develop an opportunity for creating confidence within younger generation along with providing a strong value oriented base for rational and nation-building progress. In this section of the chapter, educational status of the respondents is broadly explained (Figure 9). Most of the respondents have (39.0 percent) completed class six-SSC. On the other hand, 32.2 percent of the respondents have completed HSC and higher studies. The lowest number of the respondents (28.8 percent) engaged in the informal sector with education up to primary level. This is an indication that most of the economically insolvent students in the urban area are engaged in informal sectors with their existing education for earning.

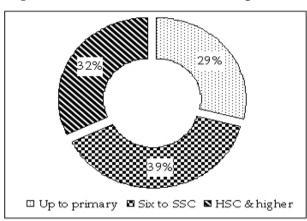


Figure 9: Educational status of the respondents

Source: Unnayan Onneshan Field Survey, 2013

3.3 Economic Characteristics of the Respondents

The economic characteristics are generally related to income, expenditure, savings and occupation of a labour. Considering household income, most of the respondent's monthly household income is BDT 9000-12999 followed by 37.3 percent whose income is BDT \leq 8999. Furthermore, a limited number of household income is BDT 13000 and above. On the other hand, less than half of the respondent's monthly household expenditure (47.5 percent) is BDT 9000-12999 whereas, 42.4 percent and 10.2 percent have their monthly household expenditure of BDT \leq 8999 and BDT 13000 respectively; and above.

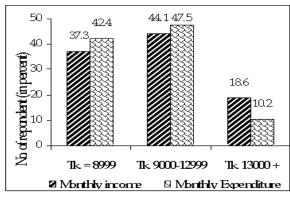


Figure 10: Monthly household income and expenditure

Source: Unnayan Onneshan Field Survey, 2013

The monthly income and expenditure of the respondent's households are almost equal due to the increasing prices of all commodities. Besides, a tendency of saving is there in some households and it is found that 44.1 percent of the respondents have their monthly saving. Majority of the respondents (55.9 percent) have no savings or they are in shortage. Out of total respondents, 27.1 percent of the respondents have a savings of BDT 1-1000 per month. On the other hand, only 16.9 percent of the respondents are able to save BDT 1001 and above. In case of loan, more than 50 percent (50.85 percent) of the respondents received loan during the last one year to maintain their family (Table 1).

No. of Respondents Loan received No. of Respondents Monthly **Savings** (Percentage) from others (Percentage) Shortage or 33 (55.9) Yes 30 (50.85) no savings BDT 1-1000 16 (27.1) No 29 (49.15) BDT 1001+ 10 (16.9) 59 (100.0) Total Total 59 (100.0)

Table 1: Monthly savings and loan

Source: Unnayan Onneshan Field Survey, 2013

Occupation of the Respondents

The informal activities as occupation in Bangladesh are more than the formal activities. According to the study of Unnayan Onneshan, majority of the respondents (27.1 percent) are doing small business whereas 16.9 percent have engaged as bus supervisors. Also, 13.6 percent

of the respondents have engaged in security guard followed by construction labour (11.9 percent), floating business (10.2), maid servant (10.2 percent), hotel business (5.1 percent) and hotel server (5.1 percent).

Small
busines
superviso
Security
Busines
Hotel serve

Labour
Floatines
Maid serva

Figure 11: Occupation of the respondents

Source: Unnayan Onneshan Field Survey, 2013

3.4 Cause of Involvement in Informal Job

According to the survey, multiple reasons are associated with the engagement of labour in informal sector. Most of them (62.7 percent) being exploited from formal sector, engaged themselves in informal sector due to job crisis followed by the reason of survival in their daily lives (44.1 percent) and due to their lack of skill (40.7 percent). Moreover, 33.9 percent of the respondents think that their lack of education is responsible for this involvement and the same percentages are found in case of no relative in superior post to help them.

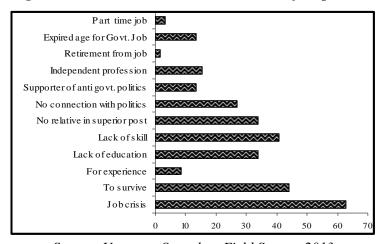


Figure 12: Cause of involvement in informal job (percent)

Source: Unnayan Onneshan Field Survey, 2013

About 27 percent of them, however, claimed that their participation in informal sector is happened due to zero connectivity with the politics of government or opposition party. The same result (13.6 percent) is found in case of the respondents who are the supporters of the opposition party and expired their age for government job (Figure 12).

3.5 Informal Job and Migration

Migrated poor in Dhaka city is involving themselves with informal job forcefully. According to the Unnayan Onneshan survey, among the total labour of informal sector, 62.7 percent have residential migration due to their job (Table 2). Most of the respondents (45.8 percent) came from village to town and only 16.9 percent of them came from another town of Dhaka city.

Table 2: Residential migration due to job

Migr	ated due to job	No. of Respondents	Percentage
Yes	Different district	10	16.9
	Village to town	27	45.8
	No	22	37.3
Total		59	100.0

Source: Unnayan Onneshan Field Survey, 2013

3.6 Awareness of Labour Rights and their Working Hours

Awareness of basic labour rights among the informal labour is very low. Most of the respondents (59.32 percent) have no basic knowledge about labour laws whereas only 35.59 percent of them have knowledge of labour laws. Moreover, 5.08 percent of the respondents have no response on it. According to the survey, only 22.0 percent of the respondents are following the working hour schedule³ of International Labour Organisations (ILO). Most of them (54.2 percent) have to work 9 to 12 hours per day. However, only 23.8 percent of the respondents maintain the time schedule of ILOs who are acknowledged with it.

Table 3: Awareness of labour rights and their working hours

Knows about	Working Hours			Total
labour rights	≤ 8 hours	9-12 hours	13+ hours	Total
No	8 (22.9)	19 (54.3)	8 (22.9)	35 (100)
Yes	5 (23.8)	10 (52.4)	5 (23.8)	21 (100)
No response	0(0.0)	2 (66.7)	1 (33.3)	3(100)
Total	13 (22.0)	29 (54.2)	14 (23.7)	59 (100)

Source: Unnayan Onneshan Field Survey, 2013

According to International Labour Organization, Washington convention has limited the hours of work in industrial undertakings to eight in the day and forty-eight in the week that entry into force on 13 June 1921.

3.7 Factors Associated With the Involvement in Informal Sector Due to Job Crisis

Informal labour force is increasing over the years in Bangladesh (BBS, 2011). According to the Unnayan Onneshan survey, majority of the respondents (62.7 percent) engaged themselves in formal sector due to job crisis (Figure 12). Therefore, an attempt has been made to show the relationship between the cause of involvement in informal sector due to job crisis and other socio-economic variables (Table 4). Sex status, household size and residential migration of the respondent due to job are statistically significant with the involvement in informal sector due to job crisis.

Respondents who engaged at informal sector at age of 20-25 years experienced less job crisis (56.3 percent) than the respondents at age group of 20-25 years; and 26 years and over. In case of age group of 26 years and above, the highest crisis of employment (87.5 percent) is found in the job market. This is because, the respondents who engaged themselves in the informal sector at an earlier age that is before 20 years, are less skilled and taken away from study to involve in such unregistered sector with lower wage. Moreover, age group of 20-25 years is the standard time to achieve graduate and post-graduate degree from the institutions, for which they contain less experience of employment sector in this time. On the other hand, in most of the cases, students find the job, basically in formal sector after the age of 25 years, realising the shortage of job in the country.

Sex status is an important factor associated with the involvement in informal sector as well due to job crisis. In this study, the female labour is less experienced for the job crisis than their male counterparts. Since, female labour in the informal sector is less skilled and schooling therefore; they have less tendency as well as opportunity to gather experience of job crisis in well-known services.

Educational status is another important matter for experiencing in job crisis that influence to involve in the informal sector. Analysis showed that with the increase of their education level, the respondents are facing more job crisis. It is happened as naturally, highly literate persons are able to apply in all the familiar jobs and therefore, justify the job crisis.

In case of monthly expenditure, the cause of involvement in informal sector due to job crisis is more among the respondents whose monthly expenditure is high. Generally, the increased expenditure demands no alternative rather than the employment. In that case, most of the unskilled and less educated persons are involved with the informal sector.

Table 4: Determinants associated with the involvement in informal sector due to job crisis

Comoriotos	Job crisis		TF-4-1
Covariates	No	Yes	Total
Entry Age at Informal			
Sector			
< 20 years	8 (42.1)	11 (57.9)	19 (100)
20-25 years	14 (23.7)	18 (56.3)	32 (100)
26 years and over	1 (12.5)	7 (87.5)	8 (100)
Sex Status*			
Male	6 (20.7)	23 (79.3)	29 (100)
Female	16 (53.3)	14 (46.7)	30 (100)
Educational Qualification			
Up to primary	9 (52.9)	8 (47.1)	17 (100)
Six to SSC	9 (39.1)	14 (60.9)	23 (100)
HSC and higher	4 (21.1)	15 (78.9)	19 (100)
Monthly Expenditure			
Tk. ≤ 8999	11 (44.0)	14 (56.0)	25 (100)
Tk. 9000 & more	11 (32.4)	23 (67.6)	34 (100)
Household size**			
3-5	8 (29.6)	19 (70.4)	27 (100)
6 & more	14 (43.8)	18 (56.2)	32 (100)
Residential migration due			
to job**			
No	12 (54.5)	10 (45.5)	22 (100)
Yes	10 (27.0)	27 (73.0)	37 (100)

Note: () indicates percentage; * ρ <0.01 and *** ρ <0.05 Source: Unnayan Onneshan Field Survey, 2013

Household size is closely related to the involvement in informal sectors. However, in that case, the respondents face the challenge of livelihood. Most of the cases, the family consisted of more than six members need more food, housing, sanitation, cloths etc. which are not always available to them. Therefore, they are termed as a poor family. Poor family members deserve less literacy and poor capacity to engage in a formal job. As a result, they do not have the opportunity to face the challenge of formal job market. On the other hand, household size of 3-5 members in a family faces more job challenge in the formal sector. Consequently, the study showed that 70.04 percent of the respondents consisting of 3-5 family members involved in the informal sector due to job crisis and 56.2 percent of them are for families of 6 members or above.

Residential migration due to job pushes the respondents to involve in informal sector significantly. In this study, 73.0 percent of the respondents who are residentially migrated have been involved in informal sector due to job crisis whereas 45.5 percent of them have not been migrated.

4 KEY DRIVERS OF INFORMAL SECTOR

Although Government of Bangladesh (GoB) has taken several initiatives for employment, there are growing numbers of informal labour in the country. Informal sectors are affected by various driving keys, those are discussed below, have to be practical about these.

Unity of Labour

Labour in both formal and informal sector is not organized in Bangladesh. Consequently their voices are abolished in the workplace, basic needs and demands are over heard by the capitalist and ultimately rights are violated. It is noticeable that most of the manufacturers in the country do not act as industrialist rather they perform as commercial businessmen. Accordingly this way of thinking creates limited and somewhere no trade unions in Bangladesh that finally emerging labour in informal sector.

Job Creation in Formal Sectors

The neo-liberal paradigm decreases the facility of nation to generate employment in formal economic activity through privatisation and deregulation. Scarcity of employment in formal sectors pushes the labour in informal sectors that ultimately drive them into poor condition. Therefore, to generate employment in the formal sector the state should intervene with proper strategies and policies.

Building Skills and Capacity

Building skills and capacity among labour is one of the drivers' key in labour market. Skilled and productive labour have always demand in employment however lack of skill and lower capacity throws the labour out of formal employment. To survive in life the incompetence, incapable and less educated labour move to the informal service. Therefore, skill development training and general as well as vocational education is more important to create productive manpower for elimination of labour from informal sector.

Wage and Working Conditions

The working condition of labour in informal sector is severe and the wage rate is very low then their desired level. Even formal sectors do not adhere to minimum wages, toil them into hazardous working conditions, and react for raising voice or trying to organize associations. There are laws however fails to protect workers.

Political Influence

Power and political ideology is sometimes distributing employment in the formal sector in Bangladesh (Case Study 2). Labour has no choice but to be in informal sector because of their no relationships with politicians from both spectrum – party in power and opposition, makes anxiety in the administration. Moreover, the result of country's political instability makes the vagueness among informal labour and continuous volatility directly affect their living condition and increasing unemployment

5 CONCLUSION

Informalisation in Bangladesh is growing over the years. This chapter explores the degree of labour in informal sectors as well as its patterns. It is evident that job crisis, poverty and lack of skills are the more influential factors responsible for the increased labour in informal sectors. Creating employment to improve the infrastructure and strengthens governance in both urban and rural area promoting good management practices through the choice of technology should be adopted. In addition, increasing employment and improving its quality to widen the opportunities

to share the benefits of growth as well as adopt policies to develop the labour force and improve the functioning of the labor market is required as well.

Results from the livelihood study point out that the labour of informal sector have low awareness about their rights. Moreover, ideology of some of our policy makers is exploited and government has privatised some state owned enterprises limiting the equality, liability and fraternity of the labours. This reduction in the rights of the labour persuades them to work in informal sector. Therefore, workers should be valued not to sell their labour to the capitalists for a wage but for direct and purposeful contribution. In addition, worth of the employee should come from their own work, from their colleagues as well as from their superiors.

Since, informal labour have to work long hours along with low or irregular wages in unsafe and unhealthy working conditions; recognised and protected job creation in the formal economy is essential for the developing country. Moreover, the informal economy should be contracted or discouraged as a convenient low-cost way of creating employment. In order to meet the job crisis challenge in the labor market, Bangladesh needs to create jobs for the educated youth at a rapid rate, which will come mostly through rapid expansion of productive and skill intensive formal and informal sector activities. The goal of respectable work can be met only by ensuring productive jobs along with fundamental principles and rights at work. People have to invest and encourage their entrepreneurial initiative to employment formation. To be effective and to create job opportunities for decent and formal economy, rather than informal, a legal framework, appropriate and supportive institutional structures and good governance are essential. Moreover, access to information, markets and technology among the people is needed, especially to youth and female, to develop human resources. This would also require in labour market reforms and employment-centered strategy for development of the country. Labour oriented production sectors should be identified and pro-actively encouraged by building and operating a large number of training institutes. Enabling the labour force to take up employment in the country, sending the skilled groups for abroad or to engage in rewarding self-employment schemes would be very effective strategy as well in this regard.

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Appendix – A

DATA SOURCES AND METHODS

This chapter is based on a sample size of 59 respondents from different slum areas in different places (West Agargaon, Mirpur and Taltola) of Dhaka city. A stratified sample has been drawn randomly to ensure the inclusion of people of all categories. The data for the present study have been obtained through a survey during January-February, 2013. The main instruments for data collection are well-structured questionnaires administered on respondents by the trained enumerators under the supervision of Unnayan Onneshan. Secondary data have also been collected from different Labour Force Survey of Bangladesh Bureau of Statistics (BBS), related journals and books to explain the scenario of informal labour force in Bangladesh.

Appendix – B

Mathematical Equation

$$P_{l} = P_{b} (1 + ry)$$

$$\Rightarrow r = \frac{1}{y} (\frac{p_{l}}{p_{b}} - 1)$$

Where,

 P_l = Value of the launch year;

 P_b = Value of the base year;

y = Number of years between launch year and base year;

r = Rate of growth

Then, a projection using this method could be computed as:

$$P_t = P_l \left(1 + rz \right)$$

Where,

 P_t = Value of the target year;

 P_l = Value of the launch year;

z = Number of years between target year and launch year;

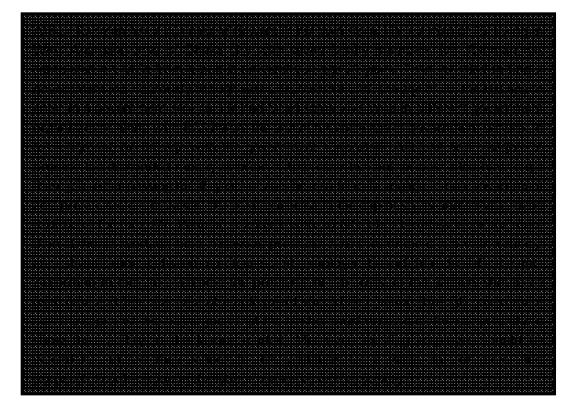
r = Rate of growth

Appendix – C

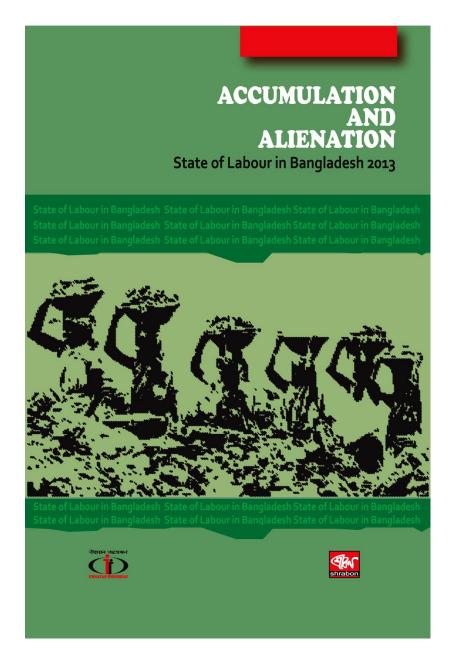
Case Study 1



Case Study 2







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