



THE INFORMAL SECTOR AND INFORMAL EMPLOYMENT IN BANGLADESH



COUNTRY REPORT 2010



THE INFORMAL SECTOR AND INFORMAL EMPLOYMENT IN BANGLADESH

COUNTRY REPORT 2010

© 2012 Asian Development Bank, Bangladesh Bureau of Statistics

All rights reserved. Published in 2012.
Printed in the Philippines.

ISBN 978-92-9092-923-9 (Print), 978-92-9092-924-6 (PDF)
Publication Stock No. RPT125040

Cataloging-In-Publication Data

Asian Development Bank and Bangladesh Bureau of Statistics.
The Informal Sector and Informal Employment in Bangladesh.
Mandaluyong City, Philippines: Asian Development Bank, 2012.

1. Informal Sector. 2. Bangladesh. 3. I. Asian Development Bank.

The views expressed in this publication do not necessarily reflect the views and policies of the Bangladesh Bureau of Statistics (BBS), Asian Development Bank (ADB) or its Board of Governors or the governments they represent.

ADB and BBS do not guarantee the accuracy of the data included in this publication and accepts no responsibility for any consequence of their use.

By making any designation of or reference to a particular territory or geographic area, or by using the term "country" in this document, ADB and BBS do not intend to make any judgments as to the legal or other status of any territory or area.

ADB and BBS encourage printing or copying information exclusively for personal and noncommercial use with proper acknowledgment of ADB and BBS. Users are restricted from reselling, redistributing, or creating derivative works for commercial purposes without the express, written consent of ADB and BBS.

Asian Development Bank
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
Tel +63 2 632 4444
Fax +63 2 636 2444
www.adb.org

CONTENTS

Tables, Figures, Boxes, and Appendixes	v
Preface	viii
Message from the Director General	ix
Foreword	xi
Abbreviations	xiii
Executive Summary	1
Chapter 1: Introduction	5
1.1. Background	5
1.2. Objectives of the Informal Sector Survey	6
1.3. Importance of Informal Sector Indicators in Policy Making and Monitoring	7
1.4. Informal Sector Statistics in the Realm of Official Statistics	7
1.5. Main Sources of Data Used in the Report	7
1.6. Structure of the Report and Technical Details of the Surveys	8
Chapter 2: Employment in Formal and Informal Economy	9
2.1 Labor Force Characteristics	9
2.2 Jobs in the Labor Market	12
Profile of Workers in the Labor Market	13
2.3 Age Composition	13
2.4 Level of Education	14
2.5 Industry of Economic Activity	15
2.6 Employment Status	17
2.7 Occupation	19
Snapshots of Firms That Create Demand in the Labor Market	20
2.8 Type of Production Unit	20
2.9 Size of Establishment	20
2.10 Legal Status of Enterprise	21
Working Conditions in the Labor Market	22
2.11 Number of Hours Worked	22
2.12 Income	22
2.13 Place of Work	23
2.14 Benefits Received by Formal and Informal Workers	24
2.15 Exclusion of Agriculture, Forestry, and Fishing	24
Chapter 3: Contribution of the Informal Sector to GDP	27
3.1 Gross Value Added of the Informal Sector	27
3.2 Agriculture and Non-Agriculture Sectors	29
3.3 Labor Productivity	30

Chapter 4: Characteristics of Informal Sector Enterprises	32
4.1 Household Unincorporated Enterprises with At Least Some Market Production	32
4.2 Financing and Other Financial Support Structures	32
4.3 Problems and Prospects	34
Chapter 5: Institutionalizing Informal Employment and Informal Sector in Official Statistics	36
Chapter 6: Summary and Conclusions	38
6.1 Summary of Main Results	38
6.2 Importance of Measuring Informal Sector and Informal Employment	39
6.3 Other Issues	39
Appendixes	40
References	80

TABLES, FIGURES, BOXES, AND APPENDIXES

Tables

2.1.1	Population and Labor Force Characteristics by Sex and Urban/Rural	10
2.1.2	Employed Persons by Nature of Employment and Urban/Rural	11
2.1.3	Employed Persons by Nature of Employment and Sex	11
2.1.4	Employed Persons by Characteristics of the Main Job (thousand)	12
2.2.1	Geographical Distribution of Employment by Nature of Employment	13
2.3.1	Employment by age Group and Urban/Rural	14
2.3.2	Employment by Age Group and Type of Production Unit	14
2.4.1	Employment by Level of Education and Sex	15
2.4.2	Employment by Level of Education, Nature of Employment, and Sex	15
2.5.1	Employment by Industry, Nature of Employment, Sex, and Urban/Rural	16
2.6.1	Employment by Employment Status and Urban/Rural	18
2.6.2	Employment by Employment Status, Sex, and Nature of Employment	18
2.7.1	Employment by Occupation and Nature of Employment	19
2.7.2	Employment by Occupation, Nature of Employment, and Sex	19
2.8.1	Employment by Employment Status and Type of Production Unit	20
2.9.1	Employment by Employment Size of Establishment and Type of Production Unit (%)	20
2.9.2	Formal Employment by Employment Size and Nature of Employment	21
2.9.3	Informal Employment by Employment Size and Nature of Employment	21
2.10.1	Number of Self-Employed Jobs by Legal Status and Division	21
2.10.2	Informal Employment by Legal Status and Accounting Methods	21
2.11.1	Average Weekly Hours Worked by Employment Status and Nature of Employment	22
2.11.2	Average Weekly Hours Worked by Employment Status and Sex	22
2.12.1	Monthly Income by Type of Worker, Economic Sector, and Nature of Employment (in Tk)	22
2.13.1	Employment by Place of Work and Urban/Rural	23
2.15.1	Employment in the Non-Agriculture Sector by Nature of Employment, Type of Production Unit, and Sex (thousand)	26
3.1.1	GDP Share of Formal and Informal Sectors (Tk billion)	28
3.3.1	Labor Productivity by Type of Economic Activity	30
4.2.1	Proportion of HUEMs' Source of Initial Capital and Financing, If Required	33

Figures

2.1.1	Employment by Nature of Employment, Sex, and Urban/Rural	11
2.1.2	Job-holding among the Employed Population in Bangladesh	11
2.1.3	Proportion of Employed Population by Geographic Division	12
2.2.1	Distribution of Jobs by Economic Activity	12
2.2.2	Employment by Sex and Economic Sector (%)	13
2.2.3	Employment by Nature of Employment and Sex	13
2.2.4	Employment by Nature of Employment and Urban/Rural	13
2.3.1	Employment by Age Group and Nature of Employment	14
2.4.1	Employment by Level of Education and Nature of Employment	16
2.5.1	Distribution of Employment by Industry	17
2.5.2	Employment by Industry and Nature of Employment	17
2.5.3	Employment by Industry and Urban/Rural	17
2.6.1	Distribution of Employment by Employment Status	18
2.6.2	Employment by Employment Status, Sex, and Nature of Employment	18
2.7.1	Distribution of Employment by Occupations	19
2.8.1	Distribution of Employment by Type of Production Unit	20
2.8.2	Employment by Type of Production Unit and Nature of Employment	20
2.12.1	Monthly Income by Type of Worker, Nature of Employment, and Sex (in Tk)	22

2.13.1	Employment by Place of Work and Nature of Employment	23
2.14.1	Proportion of Wage Workers who Received Benefits by Nature of Employment and Type of Benefit	24
2.14.2	Proportion of Wage Workers who Received Benefits by Sex and Type of Benefit	25
2.15.1	Employment in the Non-Agriculture Sector by Type of Production Unit, Employment Status, and Sex	26
3.1.1	Contributions of Formal and Informal Sectors to GDP	28
3.1.2	Share of Formal and Informal Sector to Gross Value Added, by Industry (%)	28
3.2.1	Contributions of Agriculture and Non-Agriculture Sectors to Informal Sector Production	30
3.3.1	Labor Productivity in the Formal** and Informal Sectors (Tk thousand)	31
4.1.1	Reasons for Choosing the Business Activity (%)	32
4.2.1	Proportion of HUEMs that Applied for a Bank Loan for Ongoing Business Activity, by Industry (%)	33
4.2.2	Reason for Not Availing a Bank Loan to Finance Business Activity	34
4.2.3	Impact of Loan on Business Operation	34
4.2.4	Reasons for Loan Rejection (%)	34
4.3.1	Problems Faced by HUEMs (%)	34
4.3.2	Type of Assistance Needed by HUEMs (%)	35
4.3.3	Proportion of HUEMs Helped by Professional Business Organization, by Type of Difficulty (%)	35
Boxes		
2.1	Defining Formal and Informal Wage Employment	25
3.1	A Snapshot on the Shift of the Economy of Bangladesh	29
Appendixes		
Appendix 1. Concepts and Definitions		40
Figure A1.1	17th ICLS Conceptual Framework on Informal Employment	41
Figure A1.2	Segmentation of the Informal Economy	42
Appendix 2 Cost-Effective Sampling Design for the Informal Sector		43
Figure A2.1	Dichotomy of Household Enterprises	43
Figure A2.2	Mixed Survey Approach	43
Table A2.1	PSU Distribution for Phase 1 and Phase 2 of the Informal Sector Survey: Bangladesh	45
Table A2.2	Survey Questionnaires: Informal Sector Survey	45
Table A2.3	HUEM Decision Matrix	46
Appendix 3. Sampling Errors		47
Table A3.1	Informal Employment Rate	47
Table A3.2	Distribution of Jobs by Employment Status	47
Table A3.3	Distribution of Jobs by Industry	47
Appendix 4. Measuring Informal Employment and Informal Enterprises		48
Table A4.1	Combination of Questions from the 2010 Bangladesh ISS Used for the Cross Tabulation Analysis	48
Table A4.2	Decision Matrix for Determining Formal and Informal Employment	48
Table A4.3	Decision Matrix for Classifying Production Units: Own-Account Workers, Employers, and Unpaid Family Workers	49
Appendix 5. Notes on Data Validation and Analysis		50
Appendix 6. Statistical Tables		54
Table A6.1	Population and Labor Force Characteristics by Sex and Urban/Rural	54
Table A6.2	Employed Persons by Nature of Employment and Urban/Rural	54
Table A6.3	Employed Persons by Nature of Employment and Sex	54
Table A6.4	Employed Persons by Characteristics of the Main Job	55
Table A6.5	Geographical Distribution Employment by Nature of Employment	55
Table A6.6	Employment by Age Group and Urban/Rural	55
Table A6.7	Employment by Age Group and Type of Production Unit	55

Table A6.8	Employment by Level of Education and Sex	56
Table A6.9	Employment by Level of Education and Nature of Employment	56
Table A6.10	Employment by Industry, Nature of Employment, Sex, and Urban/Rural (thousand)	56
Table A6.11	Employment by Employment Status and Urban/Rural	57
Table A6.12	Employment by Employment Status, Sex, and Nature of Employment	57
Table A6.13	Employment by Occupation and Nature of Employment	57
Table A6.14	Employment by Occupation, Nature of Employment, and Sex	57
Table A6.15	Employment by Employment Status and Type of Production Unit	58
Table A6.16	Employment by Employment Size of Establishment and Type of Production Unit (%)	58
Table A6.17	Formal Employment by Employment Size of Establishment and Nature of Employment	58
Table A6.18	Informal Employment by Employment Size of Establishment and Nature of Employment	58
Table A6.19	Number of Self-Employed Jobs by Legal Status and Division	59
Table A6.20	Informal Employment by Legal Status and Accounting Methods	59
Table A6.21	Average Weekly Hours Worked by Employment Status and Nature of Employment	59
Table A6.22	Average Weekly Hours Worked by Employment Status and Sex	59
Table A6.23	Monthly Income by Type of Worker, Economic Sector, and Nature of Employment (in Tk)	59
Table A6.24	Employment in the Non-Agriculture Sector by Nature of Employment, Type of Production Unit, and Sex	60
Table A6.25	GDP Share of Formal and Informal Sectors (Tk million)	60
Table A6.26	Formal** and Informal Sector Gross Value Added (Tk million) and Number of Jobs in Bangladesh by Industry	60
Table A6.27	Formal** and Informal Sector Gross Value Added (Tk thousand) and Number of Jobs (in millions) in Bangladesh by Industry	60
Table A6.28	Labor Productivity in the Formal** and Informal Sector (Tk million)	61
Table A6.29	Labor Productivity in the Formal** and Informal Sector (Tk thousand)	61
Table A6.30	Distribution of HUEMs by Main Reason for Choosing Business Activity	61
Table A6.31	Distribution of HUEMs by Source of Initial Capital	61
Table A6.32	Distribution of HUEMs by Source of Financing, If Required	61
Table A6.33	Percentage Distribution of HUEMs that Applied for a Bank Loan for Ongoing Business Activity by Industry	62
Table A6.34	Proportion of HUEMs that Applied for a Bank Loan for Ongoing Business Activity, by Industry (%)	62
Table A6.35	Percentage Distribution of the Main Reasons for HUEMs that Never Applied for Bank Loan for Ongoing Business Activity by Industry	62
Table A6.36	Reason for Not Availing Bank Loan to Finance Business Activity	63
Table A6.37	Impact of Loan on Business Operation	63
Table A6.38	Impact of Loan on Business Operation (%)	63
Table A6.39	Reasons for Rejection of Loan Application	63
Table A6.40	Reasons for Rejection of Loan Application (%)	64
Table A6.41	Types of Problems Faced by HUEMs to Run the Business Activity (%)	64
Table A6.42	Problems Faced by HUEMs (%)	64
Table A6.43	Type of Assistance Needed by HUEMs	64
Table A6.44	Type of Assistance Needed by HUEMs (%)	64
Table A6.45	Proportion of HUEMs Helped by Professional Business Organization, by Type of Difficulty (%)	64
Appendix 7.	Informal Sector Survey, 2009–2010	65
Appendix 8.	The Informal Sector Survey (ISS): Household Unincorporated Enterprises with at least some Market Production	69

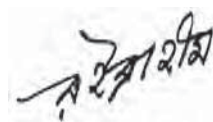
PREFACE

Bangladesh is a densely populated country where the proportion of the people aged 15 years and above constitutes more than 64% of the total population. Among this adult population, 59% is economically active. In the context of Bangladesh, the informal economy plays a significant role in the labor market, contributing a significant share to total employment in the country.

While there have been few previous attempts to measure informal employment using residual-based approach, no survey has been designed in Bangladesh prior to this current initiative of measuring the contribution of the informal sector in our economy and the prevalence of informal employment arrangements directly. Therefore, the Informal Sector Survey is a milestone for future surveys on informal economy and informal employment.

I take this opportunity to thank the Asian Development Bank for the technical and financial support for conducting the Informal Sector Survey in Bangladesh. Special thanks to Ms. Dalisay Maligalig and her team for their constant guidance and technical support in the conduct of the survey, processing of data, and preparation of this report.

I thank the Director General of the Bangladesh Bureau of Statistics and his colleagues for conducting the survey and preparing the report.



Riti Ibrahim
Secretary
Statistics and Informatics Division

MESSAGE FROM THE DIRECTOR GENERAL

Bangladesh is one of the countries in developing Asia with an abundant labor supply. Results from the 2010 Labor Force Survey (LFS) estimate that there are more than 56 million persons in the labor force. It is often argued that under the right conditions, the availability of abundant human resource has the potential to drive economic growth. To reap demographic dividends, this often requires increased labor productivity and improved working conditions in the labor market.

In general, countries with abundant labor supply confront the challenge of creating productive employment opportunities for all. While only about 4%–5% of the labor force was unemployed in 2010, survey results suggest that nine in 10 who had work are informally employed. While participation in the informal economy could also be a voluntary choice for some workers to maximize the advantages of limited regulation, it is still mostly taken by circumstance. Moreover, informal work is often characterized by low productivity, increased vulnerability to poverty, and low social protection coverage.

Available literature suggests that many labor markets share the feature of significant informal economy in terms of the numbers of jobs that it creates and its contribution to total aggregate output of many developing countries. It is estimated that employment in the informal sector is more than 50% of non-agricultural employment and nearly 30% of non-agricultural gross domestic product in Asia. In Bangladesh, this report shows that about 99% of the jobs in the agriculture sector and 82% in the non-agriculture sector have informal arrangements.

Clearly, informal economy has been a prominent feature of Bangladesh's economy over the years. However, informal sector and informal employment statistics have not been regularly collected and have not been included in Bangladesh's official labor force statistics. Government and policy makers need empirical data for efficient development planning and in coming up with optimal ways of improving the conditions of the working poor and extend higher quality employment opportunities to all. Since a significant bulk of the working poor is in the informal economy, it is necessary to measure this segment of the economy and incorporate the data in the set of official labor statistics. Statistics on the informal economy in Bangladesh are very limited because i) information on the types of benefits received by workers are not regularly collected; and ii) informal enterprises are difficult to locate, have high turnover, and their financial accounts and assets cannot be easily separated from the households that own them. Also, surveying informal production units requires more effort and costs than the regular establishment or household surveys. This is perhaps the very reason why, in general, only a handful of statistical systems in Asia have incorporated such activity in their respective data collection systems.

This report is a step toward institutionalizing the measurement of the informal sector and informal employment. It compiles statistical data collected through the Informal Sector Survey (ISS) that the Bangladesh Bureau of Statistics (BBS) conducted in 2010 under the regional technical assistance (RETA) 6430: Measurement of the Informal Sector of the Asian Development Bank (ADB).

Through the close collaboration between BBS and ADB, a cost-effective data collection approach has been adopted in providing reliable statistics on informal employment and estimating the economic output of the informal sector. This project also provides insights on how the ISS could be further improved toward its integration into regular data collection activities of BBS.

The preparation for the ISS, the analysis of the survey results, and the writing of this report were done by the following BBS staff:

Md. Shamsul Alam, Director (in-charge) , Industry and Labor Wing;
Mr. Ghose Subabrata, Joint Director;
Mr. Kabiruddin Ahmed, Deputy Director;
Mr. Jatan Kumar Saha, System Analyst;
Mr. Mahbubur Rahman, Deputy Director;
Ms Sabila Khatoon, Statistical Officer;
Md. Rafiqul Islam, Statistical Officer; and
Mr. Rezaul Karim, Statistical Investigator.

The BBS staff received technical support from the RETA 6430 team composed of Dalisay S. Maligalig, Sining Cuevas, Arturo Martinez, Jr., Josephine Ferre, Laura Prado, and Pamela Lapitan. The RETA 6430 team assisted BBS in the preparation of all survey instruments, including questionnaires, manuals, and training materials; in the data processing and analysis of the survey results; and in the writing of this country report. ADB's Bangladesh Resident Mission staff also provided valuable technical and administrative support to this project.

BBS also appreciates the support of its field operations staff and the cooperation of all the respondents of the LFS and the ISS. The results of these two surveys are very important in providing a clear picture of the social and economic development in the country and in effective planning of Bangladesh's development.



Golam Mostafa Kamal
Director General
(Additional Secretary)

FOREWORD

Employment is the main source of income among the poor, and it is still considered to be the most effective vehicle to take them out of poverty. However, most of the working poor in developing countries are engaged in informal employment. While the informal sector offers a cushion to workers during economic crisis, the benefits of informal employment may not be sufficient to achieve an acceptable standard of living because informal employment rarely comes with adequate wages, good working conditions, and social protection. It is, therefore, necessary that efforts to alleviate poverty must be focused on the needs and constraints faced by the working poor in the informal economy.

Policies and programs that can provide decent work for the working poor can be explored as a mechanism to reduce poverty. More and better employment opportunities must be created, and efforts to influence the informal enterprises to register and extend benefits to their workers must be amplified. For such reorientation of economic policies to be effective, the informal sector and those engaged in informal employment have to be studied. More information on wage differentials, working conditions, social protection, and other issues are needed by policy makers and the development community to make well-informed decisions. At present, however, very few countries in Asia regularly collect data on the informal sector.

Many countries have yet to accept the challenge of collecting statistics on the informal sector and informal employment following international standards. Informal production units are difficult to distinguish from the households to which they belong. Compared to other enterprises, they are very small and with low levels of organization and technology. They are owned by households with unclear distinction between labor and capital or between household and production operations. They lack recognizable features for identification, and the owners are usually reluctant to share information.

Because the births and deaths of these production units are more frequent, they are highly unlikely to be included in the lists of establishments/enterprises that are used as sampling frames for business surveys. Moreover, the numbers of employees of these production units are usually lower than the threshold number for inclusion in the list of establishments. Hence, it is quite likely that these units are not covered by the regular establishment or enterprise surveys. And while these units might be covered by household surveys, the standard questionnaires for these surveys do not usually include questions pertaining to production.

But there are efforts that have already been initiated toward this goal, such as the Delhi Group that provides an international forum for countries to exchange experience and practices on the measurement of the informal sector and the United Nations Interregional Cooperation on the Measurement of the Informal Sector and Informal Employment. Joining countries in other regions, Mongolia, the Philippines, and Sri Lanka have already conducted informal sector surveys following international standards through the assistance of United Nations Economic and Social Commission for Asia and the Pacific.

As a contribution of the Asian Development Bank (ADB) to this global effort, Regional Technical Assistance (RETA) 6430: Measuring the Informal Sector was implemented to contribute to the measurement of the informal sector by helping national statistics offices to find a sound and viable data collection strategy. The Bangladesh Bureau of Statistics (BBS) was one of the three pilot national statistical systems in this project. BBS undertook the Informal Sector Survey as second phase to the Labor Force Survey that it conducted in 2010.

This country report is the fruition of BBS efforts toward the development of cost-effective data collection methodology for measuring informal employment and the informal sector. The leadership of Riti Ibrahim, Secretary, Statistics and Informatics Division of the Ministry of Planning, and the Bangladesh Bureau of Statistics Director General was vital to the completion of this undertaking. We appreciate the cooperation

of the BBS team led by Md. Shamsul Alam with the RETA 6430 team led by Principal Statistician Dalisay S. Maligalig under the guidance of Douglas H. Brooks, Assistant Chief Economist, Development Indicators and Policy Research Division, ADB. We appreciate the guidance provided by Joann Vanek, Co-Director, Statistics Program, Women in Informal Employment: Globalizing and Organizing; and Tite Habiyakare, Regional Labour Statistician of the International Labour Organization. We would also like to thank the Bangladesh Resident Mission for their support in coordinating with the BBS; M. Zahid Hossain, Principal Country Economist and Shamsur Rahman, Senior Economics Officer, for their advice and comments on the project activities, especially the country report. We also acknowledge the efforts of Ma. Theresa Arago for editing and of Rhommell Rico for designing the cover as well as typesetting the report.

It is our hope that this report will contribute to informed policy making for constructing future programs on poverty alleviation and improved social welfare for the informal workers in Bangladesh.



Changyong Rhee
Chief Economist
Economics and Research Department
Asian Development Bank

ABBREVIATIONS

ADB	Asian Development Bank
BBS	Bangladesh Bureau of Statistics
eLFS	Expanded Labor Force Survey
GDP	gross domestic product
GRDP	gross regional domestic product
GVA	gross value added
HUEM	Household unincorporated enterprise with at least some market production
ISIC	International Standard Industrial Classification
ICLS	International Conference of Labour Statisticians
ILO	International Labour Organization
ISS	Informal Sector Survey
LFS	Labor Force Survey
PSU	primary sampling unit
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific

Note: In this report, “\$” refers to US dollars.

EXECUTIVE SUMMARY

BACKGROUND

- In Bangladesh, the Bangladesh Bureau of Statistics (BBS) conducts a labor force survey (LFS) once in every 3–5 years. BBS experimented with different approaches to capture a more exhaustive list of labor force activities through LFS rounds conducted in the 1980s. In the 2002–2003 round, the International Labour Organization (ILO) definition of employment was adopted. According to this definition, a person is considered employed if he/she either works one or more hours for pay and profit, or works without pay in a family farm or enterprise, or found not working but had a job or business from which he/she was temporarily absent during the reference period.
- During the 2005–2006 round of LFS, some modification was done in identifying the formal and informal sector activity. In particular, an employed person can be working in either (i) government, (ii) private formal sector, (iii) private household, (iv) personal establishment, or (v) others (establishment). Those working in private households and personal establishments were classified as part of the informal sector activity in 2005–2006.
- For the 2010 LFS round, BBS worked jointly with the Asian Development Bank to expand the LFS questionnaire so that informal employment can be measured using the 17th International Conference of Labour Statisticians' definition of informal employment and the informal sector. BBS added questions that can help identify workers under informal working arrangements and also, identify the owners of informal production units or what is termed as the household unincorporated enterprise with at least some market production (HUEMs). A second phase survey, the informal sector survey (ISS), was administered on selected HUEM respondents.
- From the ISS, the contribution of the informal sector to gross domestic product (GDP) was estimated. The characteristics and constraints of HUEMs were also analyzed.

EMPLOYMENT IN FORMAL AND INFORMAL ECONOMY

- Based on the 2010 LFS, 95% of the 56.7 million labor force was employed, and the majority of those who are employed are concentrated in three divisions namely, Dhaka, Rajshahi, and Chittagong. About 49% of those who are employed are in the agriculture sector, 17% are in the industry sector, and 34% are in the services sector.
- Unemployment rate in 2010 was at almost 5%. Unemployment was higher among women at 6%, than at 4% for men. Rural areas had an unemployment rate of 4%, while in urban areas, unemployment rate was relatively higher at almost 7%.
- The labor force in Bangladesh is concentrated among the 20–44 year old age group, accounting for 64% of total employment. It is worth noting that from age group 15–19, employment increased as age increased, and after reaching a peak at age group 30–34, employment decreased as age increased. A similar pattern was observed in rural areas except that the peak is at a younger age group, at 25–29 years.
- Informal employment was estimated at about 89% of the total number of jobs in the labor market. It was more prevalent in the rural areas than in urban areas. Women are also more likely to be under informal employment arrangements.
- Majority of the workers in Bangladesh received basic education. Those who had no education or who had primary education were more likely to hold informal jobs, while a substantial number of workers holding formal jobs were those who received at least secondary education. Results of the ISS show that as the level of education of a worker improves, the worker is more likely to hold a formal job.
- Own-account work was the most prevalent type of economic activity in the country's labor market in

2010. There are more workers who are employees in urban areas while unpaid family workers are mostly found in rural areas, reflecting the urban–rural difference in the types of work offered in these areas.

- About 62% of the jobs available in the country’s labor market (laborers, unskilled workers, and agricultural workers) belong to sectors that have low productivity, while 33% consist of semi-skilled jobs such as clerks, service workers, plant and machine operators, and assemblers. Highly skilled jobs, such as executives and government employees, professionals, and associate professionals, account for 5% of total jobs. Majority of the formal jobs are associated with semi- to high-skilled workers, while unskilled work is associated with informal jobs.
- Almost 77% of the jobs available in the country’s labor market in 2010 were undertaken in informal production units composed mainly of unpaid family workers and “daily wage workers” both in the agriculture and non-agriculture sectors.
- More than 88% of those employed in informal enterprises worked in establishments with less than 10 people.
- Single-proprietorship/ individual business/ farm was the most common type of enterprise (94%), followed by partnerships (2%). Regardless of legal status, majority of enterprises did not have written accounts or bookkeeping.
- Casual/irregularly paid workers worked an average of 54 hours a week, while the unpaid family worker worked 35 hours per week. A substantial difference can be observed between genders, with women putting in at least 3–7 hours less than the weekly hours put in by men. Common places of work were in farms, markets, bazaar stalls, and trade fairs.
- Workers with formal employment arrangements earned higher monthly income, except for own-account workers in agriculture. Informally employed own-account workers in agriculture received slightly higher income (Tk1,584 or \$22.75) than those under formal employment arrangements (Tk1,516 or \$ 21.78). Income differences between genders were more pronounced in the formal economy whereby males received at least 20% higher income than females.
- Informal workers received as much benefits as their formal worker counterparts in terms of free/ subsidized food, free/subsidized housing, and

clothing. However, informal workers were less likely to receive pension, social protection, and a notice of termination compared to formal workers.

- Employment analysis in the non-agriculture sector revealed that across all genders and production units, formal employment in formal enterprises was much higher than informal employment, while the reverse was true for informal enterprises and households. The participation rate of females in any type of enterprise and any nature of employment was significantly lower than that of males.

CONTRIBUTION OF INFORMAL SECTOR TO TOTAL ECONOMY

The informal sector accounted for more than 40% of the total gross value added (GVA) of Bangladesh in 2010, with the highest contributions in agriculture, fishery, trade, and industries where capitalization is relatively lower.

Total labor productivity per job, as measured by the ratio of GVA to total employment, was Tk191,831 (\$ 2,756) in 2010. Labor productivity, which examines how productively labor is utilized to generate economic output, is high in the formal sector** particularly in industries with high capitalization such as mining and quarrying; financial intermediation; real estate; and electricity, gas, and water. The contribution of the formal sector** to total GDP was computed as a residual of the contribution of informal enterprises that was directly measured using the ISS. Hence, formal sector** consist of the joint contribution of formal sector enterprises and private households, although the share of the latter is only minimal. Labor productivity in the formal sector** exceeds that of the informal sector six times.

CHARACTERISTICS OF INFORMAL SECTOR ENTERPRISES

Family tradition (39%) or their knowledge of the profession (37%) is the main reason for HUEMs in choosing their business activity. Initial capitalization and subsequent financing needs were financed through own sources/savings (45%), support of family/relatives (25%), and through nongovernment organizations at 12%.

“Formal sector**” actually refers to the joint contribution of formal sector enterprises and private households. Its contribution to total gross domestic product (GDP) is computed as a residual of the contribution of informal enterprises that was directly measured using the informal sector survey.

For ongoing business activities, those who are engaged in financial intermediation, and in the agriculture, forestry, and fishing sectors (both at 23%) were more likely to apply for bank loans. A complicated procedure for loan applications is the main reason for not applying for bank loans.

Eighty-seven percent (87%) of the loans taken out by HUEMs helped in business expansion activities such as increasing production and sales volume, diversifying products, and enhancing competitiveness.

Seventy percent (70%) of the HUEMs cited the assistance in accessing capital and production enhancing

mechanisms (such as technical training and access to modern machines) as the primary types of assistance needed and where government policies may be directed.

FUTURE DIRECTIONS

BBS intends to institutionalize the expanded LFS and, if funding and technical support are available, it also plans to conduct ISS based on the results of the expanded LFS. Short- and long-term training for BBS officials in conducting specialized surveys can further enhance their capacity in data collection, processing, and analysis.

CHAPTER 1

INTRODUCTION

1.1 BACKGROUND

Agriculture has been the main contributor to Bangladesh's economy. Almost half of the country's labor force works in the agriculture sector. But over the years, the non-agriculture sectors are growing at a faster rate than the agriculture sector. Recent data show that the industry and service sectors are emerging as thrust sectors in the country. Among the service sectors, wholesale and retail trade, transport and communication, and financial intermediation activities are growing steadily.

Asia, in general, has witnessed the increasing role of the modern sector, impressive economic growth, and significant poverty reduction and improved living standards over the years. The strong growth performance of Asia for the past decades has been accompanied by a decrease in the share of the population relying on subsistence agriculture. Despite these developments, Asia is still home to 1.6 billion people who are living below \$2 a day (Wan and Sebastian 2011). This may be partly explained by the fact that the region lags far behind other economies in providing workers with higher quality employment, a tool to make economic growth more inclusive. A recent Asian Development Bank (ADB) report emphasized the growing challenge of creating quality employment in Asia wherein many countries have informal employment rates exceeding 40% of their respective working population (ADB 2011).

Like many countries in transition away from a predominantly agriculture-driven economy, the economic activities in Bangladesh are mostly informal and small in nature. This is consistent with one of the classical perspectives that informal work may be perceived as a transitional stage characterized by petty commodity production that would bridge subsistence and modern production.

Indeed, informal employment arrangements have been playing a significant role in the labor markets of many developing countries today. While a typical middle-class worker earned a degree from the university and works at the office, the less skilled are often left out to take on precarious jobs that lack formal employer–employee relationships and with limited access to social protection coverage—the typical characteristics of jobs in the informal economy. Although informal work may sometimes be taken up by choice rather than circumstance, informal jobs are generally associated with

lower productivity and wages, less social protection, and higher vulnerability to poverty. Such situation also occurs in Bangladesh wherein most of the workers take on informal jobs. However, informal sector and informal employment statistics have not yet been regularly collected nor included in Bangladesh's official labor force statistics.

In Bangladesh, a labor force survey (LFS) is conducted once in every 3–5 years. In the past, the Bangladesh Bureau of Statistics (BBS) experimented with different approaches to capture a more exhaustive list of labor force activities through LFS rounds conducted in the 1980s. In 1989, some specific activities, such as plowing, irrigation, planting, weeding, growing vegetables and spices, maintaining livestock, poultry raising, and food processing, were included in the list of economic activities. At that time, anybody who spent at least 1 hour in such activities can be considered part of the labor force. As a result, the labor force increased from 30.9 million in 1984–1985 to 50.1 million in 1989. The addition of these activities in the purview of labor force was termed as the “extended definition,” while the exclusion of these activities was referred to as the “usual definition.” Estimates for the two definitions were provided, and such approach was continued up to the 1999–2000 round of LFS but was discontinued from the 2002–2003 round. In the 2002–2003 round, the International Labour Organization (ILO) definition of employment was adopted. According to this definition, a person is considered employed if he/she either works one or more hours for pay and profit, or works without pay in a family farm or enterprise, or found not working but had a job or business from which he/she was temporarily absent during the reference period. The reference period is defined as the 7 days preceding the interview date.

In the 2002–2003 round of LFS, the activity of an employed person can be undertaken in (i) private informal (sector), (ii) private formal (sector), (iii) government sector/establishment, and (iv) nongovernment formal sector. Due to limited guidelines, it was more difficult to identify if one works in private informal sector or private formal sector than if one works for either government sector or nongovernment formal sector. During the 2005–2006 round of LFS, some modification was done in identifying the formal and informal sector activity. In particular, an employed person can be working in either (i) government, (ii) private formal sector, (iii) private household, (iv) personal establishment, or (v) others

(establishment). Those working in private households and personal establishments were classified as part of the informal sector activity in 2005–2006.

In Bangladesh, there were sporadic attempts to collect data on informal economic activities through the LFS, but most of them tried to capture only one dimension of the informal economy (by distinguishing formal enterprises from nonformal enterprises). Such approach does not provide a complete picture of the informal economy. For instance, it does not distinguish jobs with informal arrangements created by formal enterprises from formal jobs. In addition, such approach can hardly quantify the extent of contribution of the informal economy to the country's output.

There has been a growing interest to develop data collection systems that measure the different indicators of the informal economy. Development institutions advocate for regular compilation of statistics about the informal economy by national statistics offices. As this study shows, such initiative can be implemented by expanding LFSs in many developing countries that do not collect adequate information on the types of benefits received by the employed population to characterize formal and informal jobs. In addition, an unincorporated enterprise survey can be linked with the expanded LFS to closely examine production behavior of informal enterprises.

Conceptually, informal sector enterprises comprise (i) households with at least some market production; and (ii) production units with low levels of organization and technology, and with unclear distinction between labor and capital or between household and production operations. They are very mobile with respect to place of work, and their operations are highly seasonal. They lack recognizable features for identification and are usually reluctant to share information. The turnover of these production units is quite fast, making it highly unlikely for them to be included in the list of establishments/enterprises that is usually used as sampling frames for business surveys. Moreover, the total number of workers of these production units is usually lower than the threshold number for inclusion in the list of establishments. Thus, it is quite likely that these units are not covered by the regular establishment or enterprise surveys. And though these units might be covered by household surveys, the standard questionnaires for these surveys do not usually include questions pertaining to production. In turn, it is arduous to estimate the contribution of informal enterprises to an economy's aggregate output.

The availability of empirical data characterizing the informal economy in the country would also help policy makers in developing more efficient intervention policies. For instance, informal work is often associated with underemployment, precarious work, and low-productivity jobs. It is worth mentioning that the Government of Bangladesh is committed to enhancing the economic activities for employment generation, with the objective of poverty reduction within the shortest possible time. Understanding the dynamics of the informal economy can play a vital role toward that direction. In order to get some reliable estimates of informal sector activity, the employment situation, and other labor market conditions, the Bangladesh Bureau of Statistics (BBS) conducted an expanded Labor Force Survey (eLFS) by adding indicators on the type of benefits received by workers and indicators that would identify household unincorporated enterprises, and the Informal Sector Survey (ISS) in 2010 through the technical and financial support of ADB under its Regional Technical Assistance (RETA) 6430: Measuring the Informal Sector. The technical assistance aimed to contribute to the knowledge about the informal economy by helping national statistics offices find a sound and viable data collection strategy. It covered three countries: Armenia, Bangladesh, and Indonesia. With more accurate data, the prevalence of informal employment and social protection issues can be ascertained, the share of informal sector can be properly reflected in the gross domestic product (GDP), and the relationship between poverty and the informal sector can be thoroughly examined. ADB has learned from the experience of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), which had already done the research on the existing data collection strategies for the informal sector. ADB adopted UNESCAP's approach that uses the mixed survey technique to collect data on informal employment and informal sector using the definitions and concepts established by the 15th and 17th International Conferences of Labour Statisticians (ICLS).

1.2 OBJECTIVES OF THE INFORMAL SECTOR SURVEY

Measuring the informal economy and examining the working conditions within the sector are steps toward promoting for a more inclusive growth through provision of more decent jobs for all. This report presents the results and a descriptive analysis of the informal sector and informal employment using the expanded Labor Force Survey (eLFS) and the Informal Sector Survey (ISS) conducted by the Bangladesh Bureau of Statistics

(BBS) in 2010. The report also documents the processes undertaken in preparing the survey questionnaires, sampling design, and survey operations. Moreover, the report also discusses the process of institutionalizing the production of informal sector and informal employment statistics. By providing reliable statistics about the informal economy, the report aims to stimulate policy discussion.

The main objectives are to

- determine the incidence of informal employment—both inside and outside the informal sector arrangements in the country through the eLFS coupled with the ISS;
- determine the economic activities that usually offer informal employment arrangements;
- identify correlates of informal employment;
- estimate the contribution of the Informal Sector to GDP; and
- suggest ways and means for institutionalization of informal employment and informal sector statistics in the official statistics.

1.3 IMPORTANCE OF INFORMAL SECTOR INDICATORS IN POLICY MAKING AND MONITORING

In developing countries such as Bangladesh, the informal economy plays an important role in the national economy because of its significant role in employment generation and in the distribution of goods and services. With the emergence of market economy and trade liberalization, the economic activities are now concentrated in the private sector. The informal sector activities are mostly small in size and transient in nature. The large-scale establishment survey could not capture these small-scale informal sector activities. The Government of Bangladesh is strengthening its small-scale industries to boost production in the non-agriculture sector and to create opportunity for self-employment and develop an industrial base for the country. In strengthening the small-scale industries, timely, reliable, and disaggregated information on the informal sector is needed in order to properly identify these industries and in doing so, be able to provide appropriate skills development through capacity-building activities and financial assistance, as needed.

In addition, informal employment arrangements also exist within formal establishments. These jobs are associated with less social protection benefits. We envision that the information presented here will help relevant government agencies to take appropriate measures to improve the working conditions within the informal economy.

1.4 INFORMAL SECTOR STATISTICS IN THE REALM OF OFFICIAL STATISTICS

Bangladesh has been undertaking LFSs since 1980, but the ISS was not integrated into the LFS although some information collected in the LFS on economic (agricultural) activities was mostly considered informal in nature. The pilot survey, which was conducted under the assistance of ADB in 2010, is a milestone in the conduct of the ISS in the future. The LFS is conducted on a regular interval, and thus the ISS can be integrated into the LFS in the future. This will provide up-to-date data on informal employment and the contribution of the informal sector to GDP. If a reliable and precise ratio of informal (sector) employment and gross value added (GVA) could be established, then annual updating may be possible and can be used to impute GVA of the informal sector during national accounts estimation.

1.5 MAIN SOURCES OF DATA USED IN THE REPORT

The eLFS and the ISS were the main sources of data for this study. A total of 1,500 primary sampling units (PSUs) were selected from the sampling frame based on the 2001 population census. The census enumeration area or, in some cases, a combination of these areas, served as PSUs. From each PSU, a sample size of 27 households was originally intended to be drawn. Since the sampling frame used was based on the 2001 census, a fresh listing operation was undertaken for all the 1,500 PSUs prior to the survey data collection. To maintain equal probability of selection, the sample size was adjusted proportionally to the percentage increase or decrease in the number of households per PSU from 2001 census to the listing operations.

Once the households were enumerated under the LFS, a separate listing was drawn up to identify the

households with household unincorporated enterprise with at least some market production (HUEM). In order to identify HUEMs, the activity status of the economically active population aged 15 years and over was considered. The employed person (whose economic activity was employer, self-employed [agriculture], or self-employed in non-agriculture) was subjected to a set of criteria to evaluate if his/her activity can be considered as HUEM. (For more details, see Appendix 2.) In turn, a separate questionnaire (ISS Form-2) was given to each of the identified HUEM. The information covered under HUEM were registration status, accounting system, place of operation, employment, expenditure on inputs and management cost, value of output, and capital expenditure of the HUEM. The sources of financing of the HUEM were also covered.

1.6 STRUCTURE OF THE REPORT AND TECHNICAL DETAILS OF THE SURVEYS

The report provides a descriptive summary of the informal economy in Bangladesh. Economic interpretation is also discussed, albeit very briefly. Discussions of policy implications of the results are reserved in future economic working papers.

The report is comprised of six chapters and eight appendixes:

Chapter 2 *Employment in Formal and Informal Economy* discusses labor force characteristics; jobs in the labor market; age composition of workers; level of education of workers; industry of economic activity;

employment status; occupation; type of production units; size of establishments; legal status of enterprises; number of hours worked; income, workplace characteristics; and benefits received.

Chapter 3 *Contribution of the Informal Sector to GDP* highlights the contribution of the informal sector to the country's GDP. The chapter elaborates on the contribution of the informal sector to the agriculture and non-agriculture sectors and to labor productivity.

Chapter 4 *Characteristics of the Informal Sector Enterprises* discusses the characteristics of the informal sector enterprises. The chapter looks at the reasons for choosing respective current business activities, modes of financing, and difficulties encountered as reported by HUEM operators.

Chapter 5 *Institutionalizing Informal Employment and Informal Sector in Official Statistics* discusses the institutionalization of informal employment and informal sector statistics in official statistics. It also enumerates recommendations on improving future studies on informal employment and the informal sector.

Chapter 6 *Summary and Conclusions* provides the main results, importance of measurement in informal employment and informal sector, and other issues.

The report also includes appendixes covering concepts and definitions used in the report, discussion of sample design, presentation of sampling errors for selected indicators, notes on measuring informal employment and estimating the contribution of informal employment to GDP, other statistical tables, and survey forms.

CHAPTER 2

EMPLOYMENT IN FORMAL AND INFORMAL ECONOMY

This chapter describes what characterizes jobs with informal employment arrangements, and how they compare with formal jobs, using the results of the 2010 expanded Labor Force Survey (eLFS). In Bangladesh, labor force surveys (LFSs) are conducted every 3–5 years. Prior to 2010, the last round was conducted in 2005 from which official labor statistics were based. Questions that can identify whether employed persons are under formal or informal job arrangements were added to the 2005 LFS questionnaire that also contains socio-demographic characteristics of workers, making such analysis possible.

Since the definitions of informal economy adopted by countries in the region vary widely, the concept of informal employment, as stated in the 17th International Conference of Labour Statisticians (ICLS) report, is adopted in this report. According to the 17th ICLS report, “[...]since the adoption of the resolution concerning statistics of employment in the informal sector by the 15th ICLS in 1993, and the inclusion in the System of National Accounts, 1993, of the 15th ICLS informal sector definition, it had been recommended by the Expert Group on Informal Sector Statistics (Delhi Group) and others that the definition and measurement of employment in the informal sector should be complemented with a definition and measurement of informal employment.” Thus, clear delineations among (i) employment in the informal economy, (ii) informal employment, (iii) employment in the informal sector, and (iv) informal employment outside the informal sector were established.

To operationalize the definition proposed by the 17th ICLS, the concept of formal jobs, as used in this report, comprises economic activities undertaken by wage workers who had written contracts, and jobs held by employers or own-account workers who maintained detailed bookkeeping records. On the other hand, informal jobs comprise work undertaken by wage workers under verbal agreement or under employment arrangements not subject to contractual agreement. In general, distinguishing formal from informal wage job entails identifying the presence of minimum legal entitlements for an employee. Some studies use work contracts, social protection benefits, or a combination of both to identify formal from informal jobs. Here, we choose the presence of a written contract as an indicator for the legal entitlement as we deemed it more straightforward to implement in Bangladesh’s data. But in succeeding analysis, we also compare the types of social protection benefits received by formal

and informal workers. Here, we also defined informal jobs to include work of employers and own-account workers who only maintained informal financial records for personal use. Jobs of all unpaid and contributing family workers are considered informal. In addition, to facilitate the delineations of the different concepts of employment in formal and informal economy as mentioned earlier, this chapter also distinguishes jobs undertaken in formal enterprises, informal enterprises, and private households. (For more detailed discussions on the conceptual framework of informal economy, refer to Appendix 1.)

Except for Section 2.1, most of the discussions in this chapter employ jobs as the unit of analysis. We believe that for most readers, it might be more intuitive to use persons as the unit of analysis. However, due to data limitations, which are discussed in the Appendix of this report, we decided to use jobs as the unit of analysis. In some labor markets, multiple-job holding can be prevalent among workers. For example, a person could be a formal employee in a government institution, working as a teacher in his or her primary job and, at the same time, may also be a self-employed worker in his or her own farm (as a secondary job). In the case of Bangladesh, only about 0.7% of the employed persons were noted to hold dual jobs. Thus, we believe that the conclusions that can be drawn from using jobs as the unit of analysis will be very similar to the conclusions that would come up had we used persons as the unit of analysis.

The eLFS results provide an opportunity to analyze the current patterns in employment arrangements and acquire a clearer picture of the working conditions transpiring in the labor market of Bangladesh. In general, the results depicted in this chapter provide empirical evidence that informal workers in Bangladesh are vulnerable to poor working conditions and less social protection coverage. Compared to formal workers, most of the workers with informal employment arrangements do not enjoy as much benefits.

2.1 LABOR FORCE CHARACTERISTICS

A quick summary of labor force statistics in Bangladesh is presented in Table 2.1.1. Of the total population of almost 149 million, there is an almost equal proportion

of men (50.7%) and women (49.3%) in Bangladesh, with the majority of the population living in the rural areas (77.1%). The total labor force was comprised of 69.7% men and 30.3% women, of which 76.4% worked in the rural areas and 23.6% in urban areas. For a more comprehensive list of labor force statistics, readers are referred to the Bangladesh Bureau of Statistics website.¹

Results of the 2010 LFS showed that 95.3% of the 56.7 million labor force was employed while the unemployed comprised only of 4.7%. Employment rate was slightly higher among men than among women: for every 100 male labor force participants, 96 were employed, whereas for every 100 female labor force participants, 94 were employed. Conversely, unemployment rate was higher among women than among men, at 5.8% and 4.2%, respectively. Between urban and rural, the latter had a higher employment rate at 95.9% compared to the former's 93.4%. The difference in employment rates between those living in urban and rural areas is related to the higher rate of employment in the agriculture sector since Bangladesh is largely agricultural.

Employment in the agriculture sector accounted for 48.6% of the total labor force, while the industry and the services sectors combined accounted for 51.4%. Men dominated the agriculture sector largely at 59.1%, while women were a minority at 40.9%. The non-agriculture sector is no exception: men comprised 80.2% of the labor force employed in these sectors.

Workers who held primary jobs in formal enterprises were almost equally distributed in urban and rural

areas. The distribution was more dispersed when we compared the number of workers with primary jobs in informal enterprises and in households: 76.0% and 87.7%, respectively, were in the rural areas.

In developing economies, the informal sector plays a dominant role in employment generation, and Bangladesh is no exception. In the country's context, a larger portion of employment is generated by the informal sector, and it has been increasing over the years.

Informal employment was estimated at about 88.5% of the total number of jobs in the labor market. Of the jobs held by men, 86.8% were with informal employment arrangements. In comparison, the incidence of informal employment among female-held jobs was higher at 92.6%. Informal employment was more prevalent in the rural areas at 92.3% compared with 76.0% in urban areas. As we will see later, this may be primarily attributed to informal employment dominating the agriculture sector in which rural economies heavily depend on farm activities. In general, only 11.5% of the jobs available in the labor market of Bangladesh in 2010 had formal employment arrangements (Figure 2.1.1).

Of the 54 million employed persons, about 53.6 million took on only one job, while the other 0.4 million people had multiple jobs. Majority of workers with one job (88.5%) depended on an informal job, while only 11.5% held one formal job. Of those who assumed multiple jobs, 86.1% took on informal jobs, 12.4% combined formal and informal jobs, and 1.5% took on multiple formal jobs (Figure 2.1.2).

Table 2.1.1 Population and Labor Force Characteristics by Sex and Urban/Rural

Population	Total (1,000 persons)				% to Total				
	Men	Women	Urban	Rural	Total	Men	Women	Urban	Rural
Total Population	75,321.1	73,387.8	34,040.2	114,668.7	148,708.8	50.7	49.3	22.9	77.1
Labor Force	39,505.4	17,208.6	13,403.2	43,310.8	56,714.0	69.7	30.3	23.6	76.4
15–24 years	7,416.8	4,575.0	2,899.8	9,092.0	11,991.8	61.8	38.2	24.2	75.8
25–29	4,648.7	2,618.9	1,654.9	5,612.7	7,267.6	64.0	36.0	22.8	77.2
30–64	23,946.7	8,906.6	7,692.4	25,160.8	32,853.2	72.9	27.1	23.4	76.6
65–75	1,856.7	117.0	283.0	1,690.7	1,973.7	94.1	5.9	14.3	85.7
Unemployed	1,655.8	997.0	879.7	1,773.1	2,652.9	62.4	37.6	33.2	66.8
Employed	37,849.6	16,211.6	12,523.5	41,537.7	54,061.2	70.0	30.0	23.2	76.8
Agriculture (in primary job)	15,479.1	10,733.8	3,066.1	23,146.8	26,212.8	59.1	40.9	11.7	88.3
Non-agriculture (in primary job)	22,195.3	5,474.7	9,428.6	18,241.4	27,670.0	80.2	19.8	34.1	65.9
Formal enterprise (in primary job)	2,202.0	451.5	1,314.9	1,338.6	2,653.5	83.0	17.0	49.6	50.4
Informal enterprise (in primary job)	28,967.9	12,681.2	10,003.7	31,645.5	41,649.2	69.6	30.4	24.0	76.0
Household (in primary job)	6,509.4	3,075.7	1,178.6	8,406.4	9,585.1	67.9	32.1	12.3	87.7

Source: Computations using 2010 Labor Force Survey (LFS) and Informal Sector Survey (ISS).

¹ A more complete compilation of labor force statistics computed from the 2010 Labor Force Survey is available at <http://www.bbs.gov.bd/WebTestApplication/userfiles/Image/keyfinding/Labor%20Force%20Survey%202010.pdf>

Table 2.1.2 illustrates the urban–rural disparity among the employed population in Bangladesh whereby more employed persons holding one formal job (23.9%) can be found in the urban areas. On the other hand, more employed persons holding one informal job (91.5%) are found in the rural areas. While the proportion of employed persons holding multiple formal jobs is nearly zero, a small proportion can be observed for those who took on multiple informal jobs and those who combined formal and informal jobs in both urban and rural areas.

Gender differences among the employed population in Bangladesh, where men generally dominated the employed population, are shown in Table 2.1.3. Men dominated holding one formal job (13.2%), while women were inclined to be employed under informal jobs (92.6%).

Table 2.1.4 summarizes the profile of the main job of the employed population in the country. Here, we see

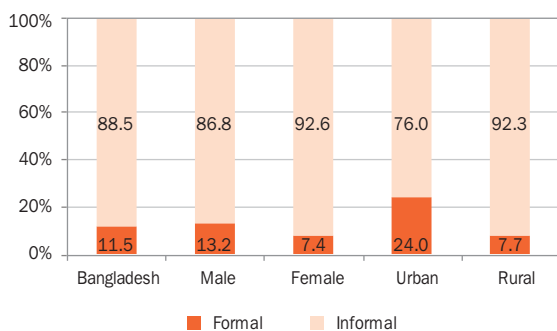
that people working as employee are mostly found in the non-agriculture sector. In addition, a larger portion of them are working in informal enterprises. Contributing family workers, on the contrary, were highly prevalent in the agriculture sector particularly in establishments producing agricultural goods. Working as employers had the least prevalence among different types of job, regardless of the economic sector.

Table 2.1.2 Number of Employed Persons by Nature of Employment and Urban/Rural

Nature of Employment	% to Total Number of Employed		
	Urban	Rural	Total
Formally employed in one job only	23.9	7.7	11.4
Informally employed in one job only	75.5	91.5	87.8
Formally employed in multiple jobs	0.0	0.0	0.0
Formally and informally employed in multiple jobs	0.2	0.1	0.1
Informally employed in multiple jobs	0.4	0.7	0.6
Total employed	100.0	100.0	100.0

0.0 = Magnitude is less than half of unit employed
 Source: Computations using 2010 LFS and ISS.

Figure 2.1.1 Employment by Nature of Employment, Sex, and Urban/Rural



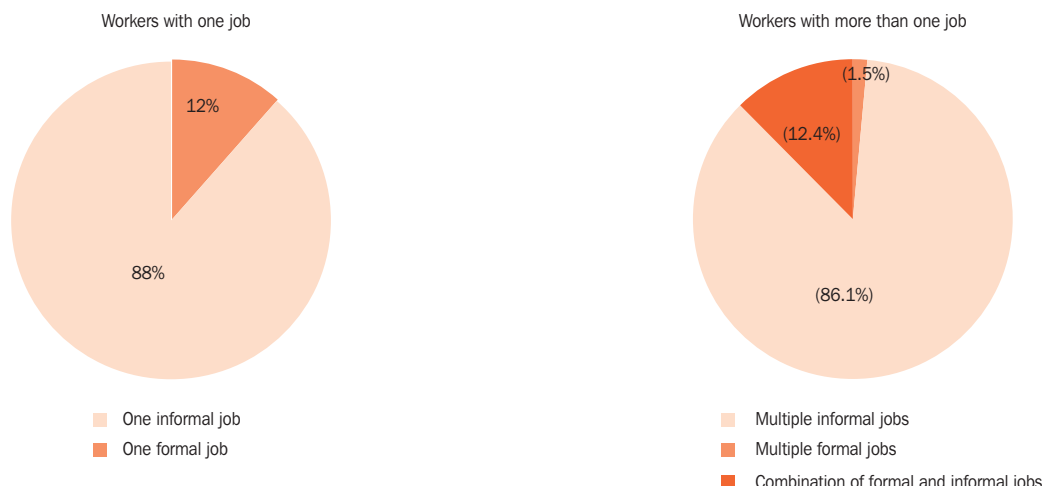
Source: Computations using 2010 LFS and ISS.

Table 2.1.3 Number of Employed Persons by Nature of Employment and Sex

Nature of Employment	% to Total Number of Employed		
	Men	Women	Total
Formally employed in one job only	13.2	7.4	11.4
Informally employed in one job only	85.8	92.6	87.8
Formally employed in multiple jobs	0.0	–	0.0
Formally and informally employed in multiple jobs	0.1	0.0	0.1
Informally employed in multiple jobs	0.9	0.0	0.6
Total employed	100.0	100.0	100.0

0.0 = Magnitude is less than half of unit employed.
 – = Magnitude equals zero.
 Note: Multiple job-holding is approximately 1% among employed men and 0.06% among employed women.
 Source: Computations using 2010 LFS and ISS.

Figure 2.1.2 Job-holding among the Employed Population in Bangladesh



Source: Computations using 2010 LFS and ISS.

Table 2.1.4 Employed persons by Characteristics of the Main Job

Branch of Economic Activity/ Type of Production Unit	Total Employed Persons	Employees			Employers	Own-account workers	Contributing family workers
		Total	Formal Job	Informal Job			
1. Agriculture	25,757.3	7,330.8	470.2	6,860.6	14.9	8,121.0	10,290.5
1.1 Households producing agricultural goods exclusively for own final use	4,329.4	n/a	n/a	n/a	n/a	4,329.4	n/a
1.2 Other units producing agricultural goods	21,427.9	7,330.8	470.2	6,860.6	15.0	3,791.6	10,290.5
2. Non-agriculture	27,633.8	15,730.6	5,447.0	10,283.6	70.7	8,853.3	2,979.2
2.1 Formal sector enterprises	2,533.0	2,380.3	2,335.3	45.0	27.0	125.7	-
2.2 Informal sector enterprises	20,337.8	12,242.6	2,985.3	9,257.3	43.6	5,072.3	2,979.2
2.3 Households producing non agricultural goods exclusively for own final use	3,655.3	n/a	n/a	n/a	n/a	3,655.3	n/a
2.4 Household employing paid domestic workers	1,107.7	1,107.7	126.4	981.3	n/a	n/a	n/a
Total employed	53,391.0	23,061.4	5,917.2	17,144.2	85.7	16,974.2	13,269.7

n/a = not applicable

Note: Numbers may not sum precisely because of rounding and data limitations.

Source: Computations using 2010 LFS and ISS.

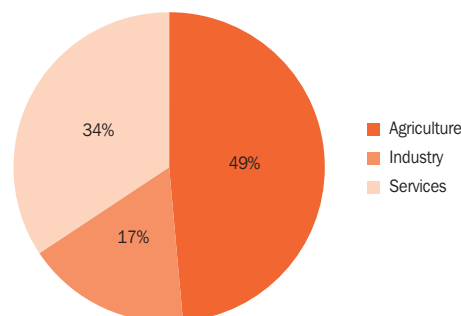
Figure 2.1.3 illustrates the geographical distribution of the employed population. As illustrated below, more than 80% of the workers in all divisions in Bangladesh held informal jobs, while more than 10% of the employed population in Barisal, Chittagong, and Dhaka held formal jobs. The graph shows that a substantially larger proportion of the employed population held informal jobs in every geographic region of Bangladesh.

2.2 JOBS IN THE LABOR MARKET

The distribution of jobs, by type of economic activity, is shown in Figure 2.2.1. The country still heavily depends on the agriculture sector in creating economic opportunities for its population. As mentioned earlier, in 2010, about 49% of all the jobs (including both primary and secondary activities) in the country were associated with the agriculture sector and about 51% were undertaken in the non-agriculture sectors. In 2005, about 50% of the employed population carried out their primary economic activity in the agriculture sector. On the other hand, employment levels in both the industry and the services sectors seemed to have increased between 2005 and

2010. Employment in the industry sector seemed to have increased from 15% in 2005 (Maligalig and Cuevas 2009) to 17% in 2010, while employment in the services sector did not change significantly from 35% in 2005 (Maligalig and Cuevas 2009) to 34% in 2010.²

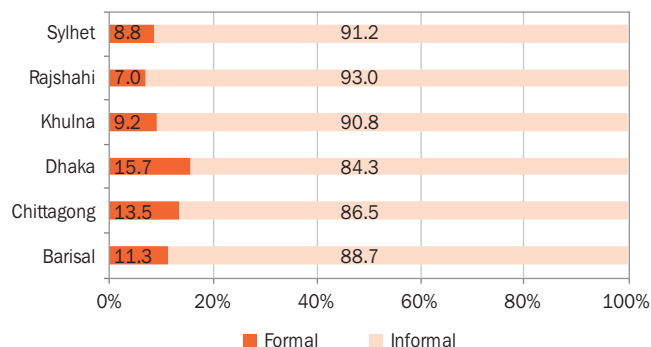
Figure 2.2.1 Distribution of Jobs by Type of Economic Activity



Source: Computations using 2010 LFS and ISS.

Among the jobs held by men, about 41% were undertaken in the agriculture sector and almost 59% in the non-agriculture sector (Figure 2.2.2). On the other hand, for female-held jobs, about 66% were engaged in agriculture and almost 34% in non-agriculture.

Figure 2.1.3 Proportion of Employed Population by Geographic Division



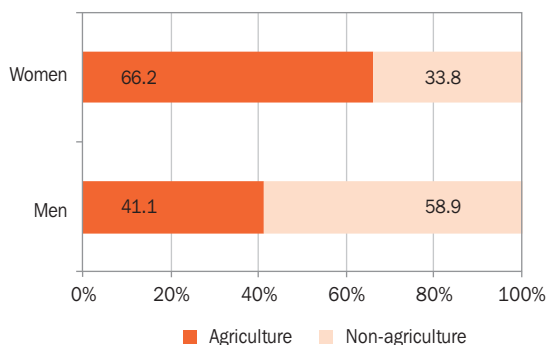
Source: Computations using 2010 LFS and ISS.

As previously discussed, there are significantly more men than women working in the country. Figure 2.2.3 shows that men also dominated both formal and informal jobs. However, there were more women working informally than women who held formal jobs. In the formal economy, about two in 10 jobs were held by women, with the other 80.8% were being undertaken by men. In the informal economy, three in 10 informal jobs were held by women.

² This assumes that the incidence of workers holding multiple jobs is not significant. Estimates for 2005 correspond to primary jobs only, while estimates for 2010 correspond to both primary and secondary jobs.

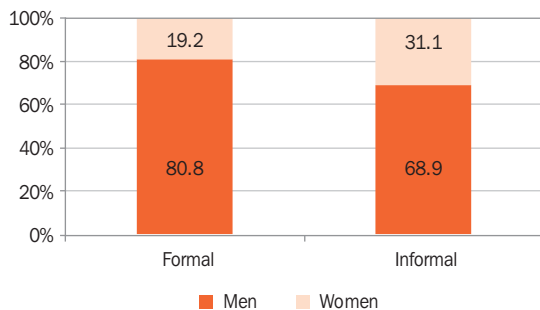
Rural areas offer more employments both formally and informally. About 52% of formal jobs and about 80% of informal jobs were found in the rural areas. However, it is worth noting that formal jobs were more likely to be found in urban (48.5%) than in rural areas (19.9%) (Figure 2.2.4).

Figure 2.2.2 Employment by Sex and Economic Sector



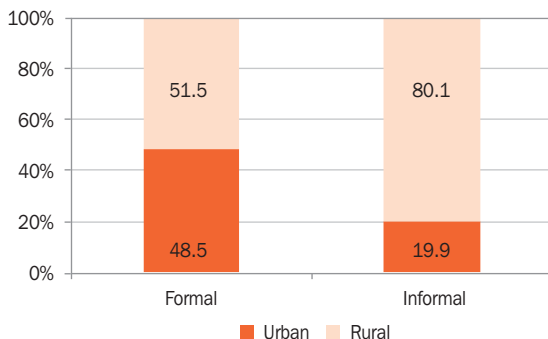
Source: Computations using 2010 LFS and ISS.

Figure 2.2.3 Employment by Nature of Employment and Sex



Source: Computations using 2010 LFS and ISS.

Figure 2.2.4 Employment by Nature of Employment and Urban and Rural



Source: Computations using 2010 LFS and ISS.

Table 2.2.1 presents the distribution of jobs among geographic division. It also tells us where formal and informal jobs are concentrated. Results showed that three geographic divisions already accounted for 76.2% of the total number of jobs in Bangladesh. Dhaka, Bangladesh’s capital city, provided the most number of jobs at 31.8% of the total employment. Rajshahi and Chittagong accounted for 27.9% and 16.6%, respectively. On the other hand, Sylhet accounted for only about 5.8% of the total employment in Bangladesh. Further, whereas Chittagong and Rajshahi had almost the same contribution to the national labor market in terms of the number of formal jobs, there was disparity in the number of informal employment that they created.

Table 2.2.1 Geographical Distribution of Formal and Informal Employment

Geographic Division	Formal	Informal	All
Bangladesh	100.0	100.0	100.0
Barisal	5.8	5.9	5.9
Chittagong	19.5	16.2	16.6
Dhaka	43.6	30.2	31.8
Khulna	9.8	12.5	13.3
Rajshahi	17.0	29.3	27.9
Sylhet	4.4	5.9	5.8

Note: Employment would be higher than the number of persons employed as some persons may be employed in more than one job.

Source: Computations using 2010 LFS and ISS.

From this point until the end of this chapter, it would be useful to examine the two factors that influence the distribution of jobs in the labor market: supply and demand. To understand supply, we will look at the profile of workers in the labor force in detail. Then we will briefly describe firm-level characteristics in order to understand where the demand for formal and informal jobs is coming from. Lastly, we will compare the working conditions between formal and informal workers.

PROFILE OF WORKERS IN THE LABOR MARKET

2.3 AGE COMPOSITION

The labor force in Bangladesh is largely concentrated in the rural areas and highly dominated by men across all age groups. In this section, we will examine closely the distribution of Bangladesh’s labor force, by age groups, to see where the country’s workforce is concentrated.

By age category, age groups belonging to 65 years and above recorded the lowest prevalence, while the age group with highest prevalence was 30–34, accounting for 14.1% of the total employment (Table 2.3.1). Similar

with most developing economies, the labor force in Bangladesh is concentrated among 20–44 years, accounting for 64.3% of the total employment. Also, it worth noting that from age 15–19, employment increased as age increased and, after reaching a peak at age group 30–34, employment decreased as age increased. Similar pattern is observed in rural areas except that the peak is at younger age group (at 25–29 years). For urban areas, age group 30–34 had the highest prevalence at 17.1%.

As the economy of Bangladesh is largely composed of informal employment, the proportion of informal workers across age groups is also larger than that of formal workers. Age group 50–54 years had the largest share of formal workers (14.4%). Starting 55 years onward, the share of informal workers tended to increase as the worker’s age increased, which might indicate that older workers tend to get engaged in informal jobs.

Table 2.3.1 Employment by Age Group and Urban/Rural

Age group	% to Total Employment		
	Urban	Rural	Total
15–19	9.7	9.1	9.3
20–24	13.3	12.6	12.8
25–29	13.2	13.5	13.4
30–34	17.1	13.1	14.1
35–39	10.9	12.6	12.2
40–44	12.2	11.8	11.9
45–49	8.8	9.5	9.4
50–54	7.3	5.9	6.3
55–59	3.1	4.5	4.2
60–64	2.1	3.2	2.9
65–69	1.4	2.1	1.9
70–74	0.5	1.2	1.0
75–79	0.3	0.5	0.5
≥80	0.1	0.3	0.3
Total	100.0	100.0	100.0

Source: Computations using 2010 LFS and ISS.

Younger workers, particularly those belonging to age group 20–39, tended to engage in jobs performed in informal enterprises, while middle-aged workers (belonging to age group 30–49) assumed jobs performed in households. Formal enterprises, in general, were likely to hire workers within the 20–44 age groups.

2.4 LEVEL OF EDUCATION

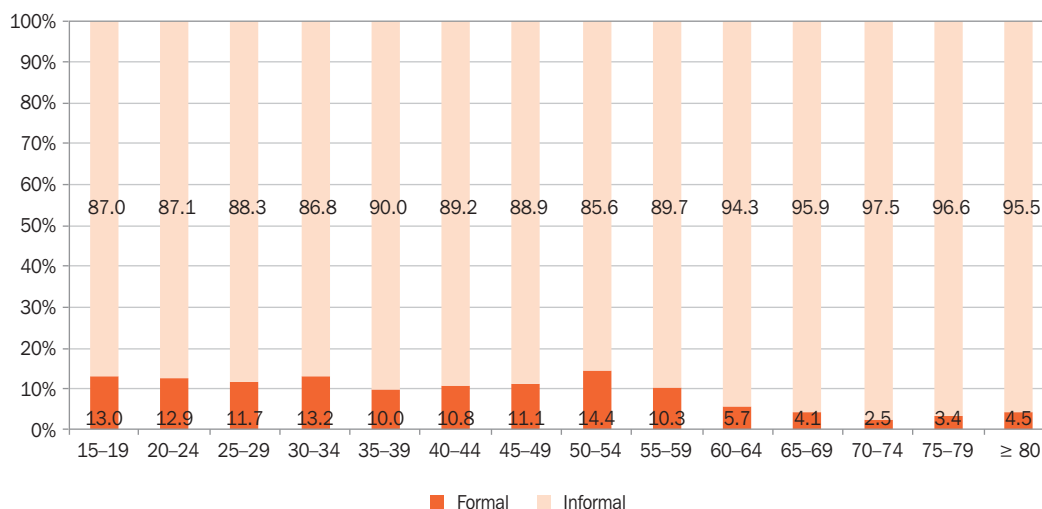
Table 2.4.1 presents the distribution of Bangladesh’s employed population according to their level of education and sex. Majority of the workers had at least received basic education (59.2%), but a considerable number had no education at all (40.8%). Noticeably, the number of workers decreased as the level of education increased. This is also true if we look at the level of education by gender. However, it is worth noting that the share of

Table 2.3.2 Employment by Age Group and Type of Production Unit

Age group	% to Total Employment		
	Formal Enterprise	Informal Enterprise	Household
15–19	5.4	10.7	4.2
20–24	11.2	14.6	5.2
25–29	12.3	14.8	7.5
30–34	16.1	13.8	14.7
35–39	11.8	11.4	15.9
40–44	13.0	11.0	15.4
45–49	11.7	8.2	13.8
50–54	11.1	5.7	7.3
55–59	4.8	3.9	5.5
60–64	1.5	2.6	4.5
65–69	0.7	1.7	3.1
70–74	0.1	0.9	1.6
75–79	0.1	0.4	0.9
≥80	0.1	0.2	0.5
Total	100.0	100.0	100.0

Source: Computations using 2010 LFS and ISS.

Figure 2.3.1 Employment by Age Group and Nature of Employment



Source: Computations using 2010 LFS and ISS.

women who reached secondary education is higher than that of men, while the share of men who reached tertiary or higher education is higher than that of women.

Informal employment is largely associated with lower level of education. As presented in Table 2.4.2, majority of workers holding informal jobs were those who had no education or who had primary education only, while a substantial number of workers holding formal jobs were those who received at least secondary education. Although the share of men with no education of total employment was almost the same as that of women with no education, formally employed women with no education had a bigger share compared to formally employed men with no education.

Table 2.4.1 Employment by Level of Education and Sex

Level of Education	% to Total Employment		
	Men	Women	Total
No Education	40.7	41.0	40.8
Primary (I-V)	23.1	23.0	23.1
Secondary (VI-X)	21.7	25.8	22.9
SSC/Equivalent	6.2	5.5	6.0
HSC/Equivalent	3.7	2.6	3.3
Tertiary *	4.2	2.0	3.5
Medical/ Engineering degree	0.2	0.1	0.2
Technical/ Vocational education	0.2	0.1	0.1
Others	0.1	0.0	0.0
Total	100.0	100.0	100.0

HSC = higher secondary certificate, SSC = secondary school certificate.

* Bachelor and Master's Degree

Source: Computations using 2010 LFS and ISS.

Figure 2.4.1 shows that as the level of education gets higher, the proportion of informal jobholders decreases while the proportion of those with formal jobs increases. Technical/vocational certificate holders were more likely to engage in informal employment (54.7%) rather than in formal employment (45.3%). On the other hand, about 4.0% of jobs held by workers with no education were with formal arrangements, while 96.0% were undertaken with informal arrangements.

Table 2.4.2 Employment by Level of Education, Nature of Employment and Sex

Level of Education	% to Total Employment					
	Formal			Informal		
	Men	Women	Total	Men	Women	Total
No Education	12.3	21.6	14.1	45.0	42.6	44.2
Primary (I-V)	12.6	19.1	13.9	24.7	23.3	24.3
Secondary (VI-X)	31.3	27.7	30.6	20.3	25.6	21.9
SSC/Equivalent	12.7	8.0	11.8	5.2	5.3	5.2
HSC/Equivalent	10.6	8.3	10.2	2.6	2.1	2.4
Tertiary*	18.7	14.4	17.8	2.0	1.0	1.7
Medical/ Engineering degree	1.2	0.6	1.1	0.1	0.0	0.1
Technical/ Vocational education	0.6	0.2	0.5	0.1	0.1	0.1
Others	0.0	0.1	0.0	0.1	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

HSC = higher secondary certificate, SSC = secondary school certificate.

* Bachelor and Master's Degree

Source: Computations using 2010 LFS and ISS.

This validates the reality that as knowledge and formal training improve, the viability for employment also improves. The majority of those who worked in the informal sector were those with lower levels of education or no education at all. In Bangladesh, once a bachelor's degree or its equivalent is earned, the probability of being employed in the formal sector increases and the shift from informal to formal employment is seen.

2.5 INDUSTRY OF ECONOMIC ACTIVITY

Like many developing countries that have not completed the transition from traditional to modern sector, Bangladesh's labor market still heavily relies on its agriculture sector. As previously discussed, about 49% of total employment can be accounted to this traditional sector. Survey results suggest that the country shares similar development pattern with other countries in developing Asia in which the services sector exceeds the role of the industry sector. Figure 2.5.1 presents other industries that have high employment prevalence.

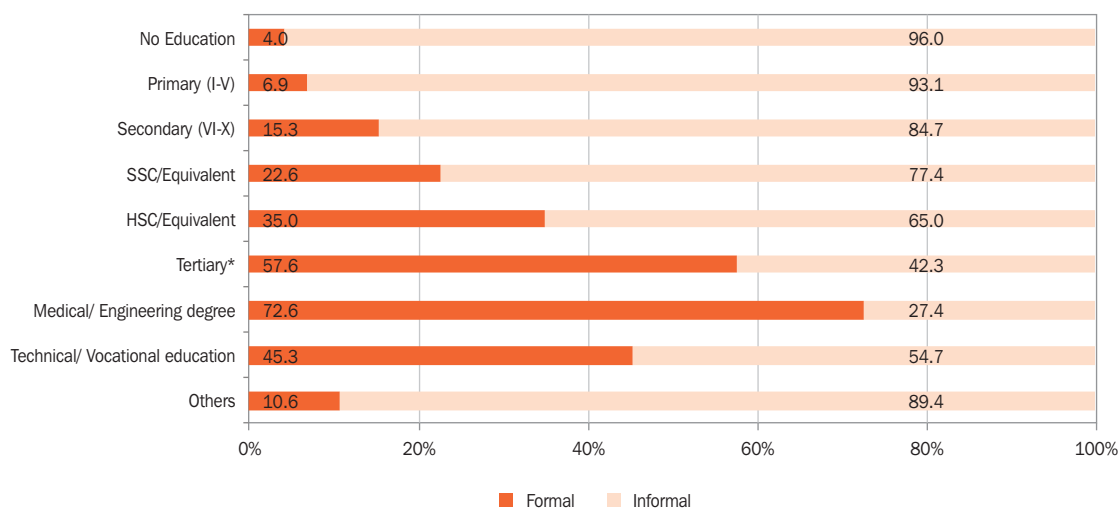
The relationship between economic industry, nature of employment, sex, and area shows a varying degree of disparity. Industries with high employment such as agriculture; manufacturing; construction; trade; transport, storage, and communication; other service activities; and private households show a wide discrepancy between formal and informal employment (Table 2.5.1). These industries are associated with informal employment, perhaps due to the fact that jobs under these industries can be undertaken under employment arrangements without any contractual agreement. Similarly, these industries (except for private households) are mainly associated with male workers and are mostly found in rural areas.

The provision of formal or informal employment arrangements varied, depending on the type of economic activity. As established in the previous sections, informal employment is the most common work arrangement in the country's labor market. More than 90% of the jobs in the following economic activities had informal arrangements: agriculture; mining and quarrying; construction; trade; transport, storage, and communication; hotels and restaurants; and private households (Figure 2.5.2). There are industries where formal employment arrangement appears to be the

norm: examples are in the public administration and defense (81.7%), financial intermediation (77.7%), and education (73.6%).

Majority of the industries have more than 60% of the employment that can be found in rural areas. Industries such as financial intermediation; real estate, renting, and business activities; and extraterritorial organizations and bodies were more likely to be located in urban areas (Figure 2.5.3).

Figure 2.4.1 Employment by Level of Education and Nature of Employment



HSC = higher secondary certificate, SSC = secondary school certificate.

* Bachelor and Master's Degree

Source: Computations using 2010 LFS and ISS.

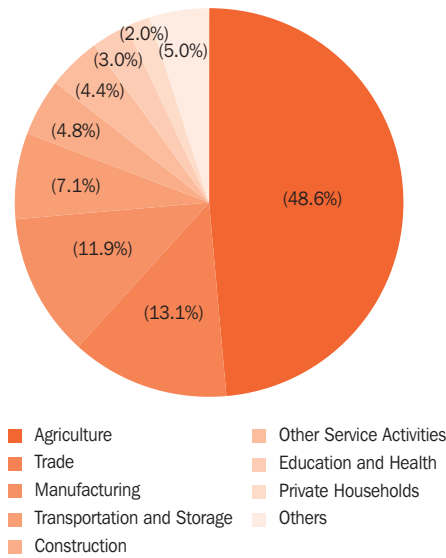
Table 2.5.1 Employment by Industry, Nature of Employment, Sex, and Urban/Rural (thousand)

Sector	Industry	Nature of Employment		Sex		Area		Total Employment
		Formal	Informal	Men	Women	Urban	Rural	
A	Agriculture, hunting and forestry, Fishing	571.0	25,898.2	15,732.1	10,737.0	3,102.2	23,366.9	26,469.1
B	Mining and quarrying	2.4	101.5	90.0	13.9	21.9	82.1	104.0
C	Manufacturing	1,975.2	4,517.8	4,666.3	1,826.6	2,565.9	3,927.0	6,492.9
D	Electricity, gas and water supply	62.1	55.4	111.0	6.5	58.9	58.5	117.4
E	Construction	166.6	2,439.9	2,379.1	227.3	808.4	1,798.1	2,606.4
F	Wholesale and retail trade	516.6	6,643.5	6,269.5	890.6	2,031.9	5,128.2	7,160.1
G	Hotels and restaurants	77.5	727.6	752.5	52.7	250.5	554.7	805.1
H	Transport, storage and communications	266.3	3,679.8	3,747.3	198.8	1,177.6	2,768.5	3,946.1
I	Financial intermediation	285.1	82.0	311.8	55.4	232.4	134.7	367.1
J	Real estate, renting and business activities	386.2	267.7	581.6	72.3	387.2	266.7	653.9
K	Public Administration and defense; compulsory social security	444.4	99.6	508.3	35.7	257.1	286.9	544.0
L	Education	918.7	329.8	938.0	310.5	423.5	824.9	1,248.5
M	Health and Social Work activities	151.6	252.8	261.1	143.2	147.8	256.5	404.4
N	Other community, social and personal service activities	363.6	2,101.2	1,750.5	714.3	715.9	1,749.0	2,464.8
O	Private households	52.4	1,049.1	158.9	942.6	418.7	682.9	1,101.5
P	Extraterritorial organizations and bodies	1.5	1.1	2.7	-	1.5	1.1	2.7
All		6,241.2	48,246.9	38,260.8	16,227.3	12,601.4	41,886.7	54,488.1

- = Magnitude equals zero.

Source: Computations using 2010 LFS and ISS.

Figure 2.5.1 Distribution of Employment by Industry



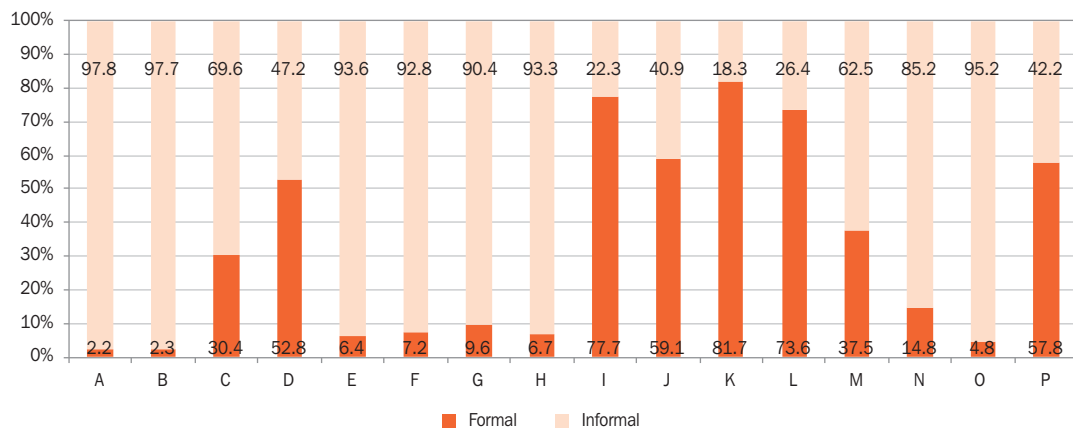
Source: Computations using 2010 LFS and ISS.

2.6 EMPLOYMENT STATUS

Own-account work in both agriculture and non-agriculture sectors was the most prevalent type of economic activity, accounting for 31.1% of the jobs in the country’s labor market in 2010 (Figure 2.6.1). Unpaid family work and day labor (agriculture and non-agriculture) were also quite common, each accounting for almost a quarter of the jobs available in Bangladesh in 2010. This was followed by jobs of employees (13.2%), casual or irregularly paid jobs (3.1%), and paid domestic work (2.9%). Employers accounted for less than 1% of total employment in 2010. Figure 2.6.2, on the other hand, presents the employment status in Bangladesh by area (urban and rural). In this section, we will examine in detail how employment status relates to formal and informal job-holding.

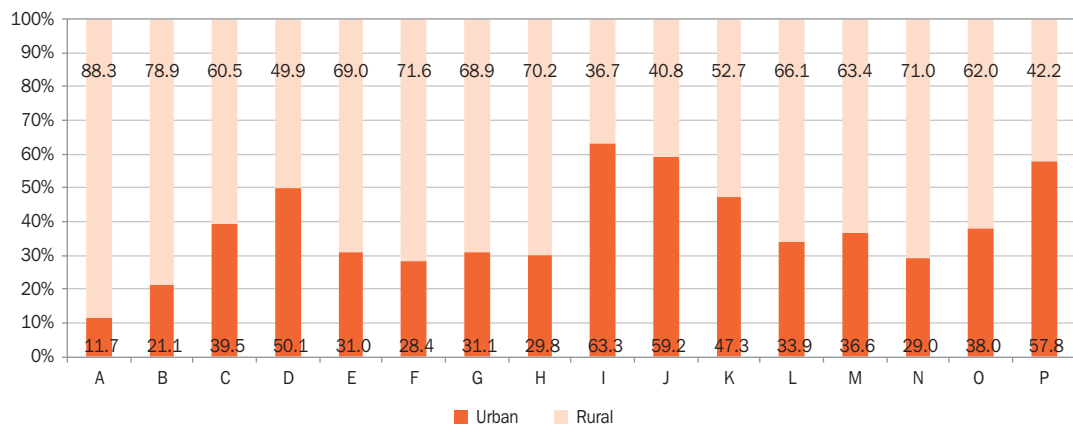
There existed an urban–rural variation with respect to status in employment (Table 2.6.1). Employee-jobs were more prevalent in urban areas (28.5%)—where

Figure 2.5.2 Employment by Industry and Nature of Employment



Note: For the complete name of industries, please refer to Table 2.5.1.
Source: Computations using 2010 LFS and ISS.

Figure 2.5.3 Employment by Industry and Urban/Rural



Note: For the complete name of industries, please refer to Table 2.5.1.
Source: Computations using 2010 LFS and ISS.

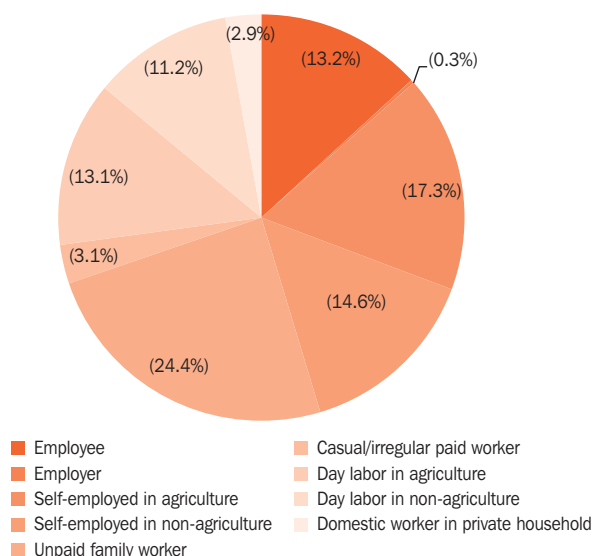
centers of commerce and industries are located— compared to other types of employment. In addition, the proportion of unpaid family worker, self-employed, and day-wage workers in the non-agriculture sectors was also high in urban areas. In the rural areas, unpaid family worker registered the highest percentage of employment status (at 26.0%) followed by the self-employed in agriculture (20.9%) and day-wage workers in agriculture (15.9%). Both the rural and urban areas, however, had low proportions of employers and domestic workers.

The disparity between sexes across the different types of employment status is presented in Table 2.6.2. In general, men dominated both formal and informal work for all categories except in formal employee jobs, casual/irregular paid work, and unpaid family work. Under formal employee job, women registered 83.4%

while men recorded a lower 79.4%. Also, women had significantly higher share in unpaid family work at 65.2% compared to men’s 10.6%.

Figure 2.6.2 shows that formal jobs are typically associated with wage work, while informal jobs are linked to entrepreneurial activities undertaken on own-account or unpaid (family) work, regardless of gender. In particular, working as paid employee (for both sexes) is higher in formal employment.

Figure 2.6.1 Distribution of Employment by Employment Status



Source: Computations using 2010 LFS and ISS.

Table 2.6.1 Employment by Employment Status and Urban/Rural

Employment Status	% to Total Number of Employed	
	Urban	Rural
Employee	28.5	8.6
Employer	0.5	0.2
Self-employed in agriculture	5.2	20.9
Self-employed in non-agriculture	18.6	13.4
Unpaid family worker	19.1	26.0
Casual/irregular paid worker	5.9	2.3
Day labor in agriculture	3.9	15.9
Day labor in non-agriculture	15.2	9.9
Domestic worker in private household	3.1	2.8
Total	100.0	100.0

Source: Computations using 2010 LFS and ISS.

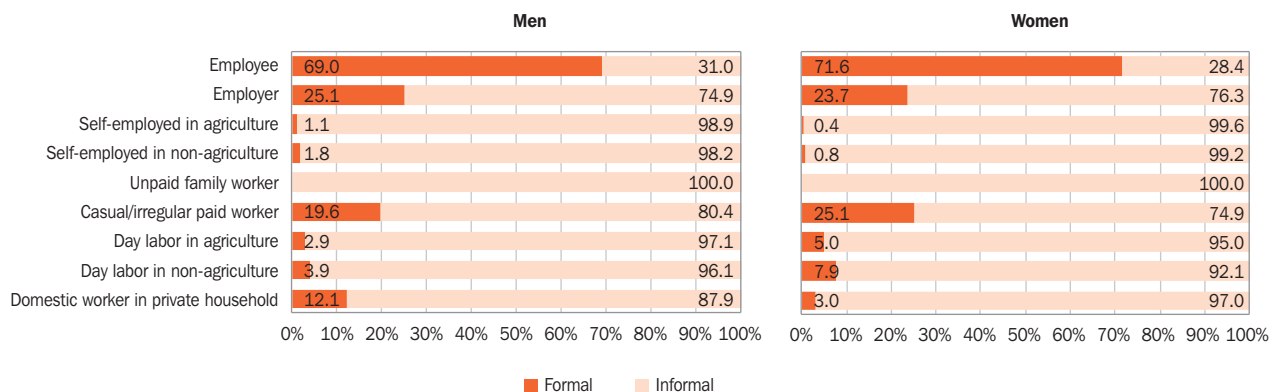
Table 2.6.2 Employment by Employment Status, Sex, and Nature of Employment

Employment Status	% to Total Number of Employed			
	Men		Women	
	Formal	Informal	Formal	Informal
Employee	79.4	5.4	83.4	2.6
Employer	0.6	0.3	0.4	0.1
Self-employed in agriculture	1.7	22.3	0.7	12.7
Self-employed in non-agriculture	2.4	20.1	0.7	7.7
Unpaid family worker	-	10.6	-	65.2
Casual/irregular paid worker	5.2	3.2	7.4	1.8
Day labor in agriculture	3.8	19.4	2.1	3.2
Day labor in non-agriculture	4.3	15.8	4.1	3.8
Domestic worker in private household	2.7	2.9	1.1	2.9
All	100.0	100.0	100.0	100.0

- = Magnitude equals zero

Source: Computations using 2010 LFS and ISS.

Figure 2.6.2 Employment by Employment Status, Nature of Employment, Sex

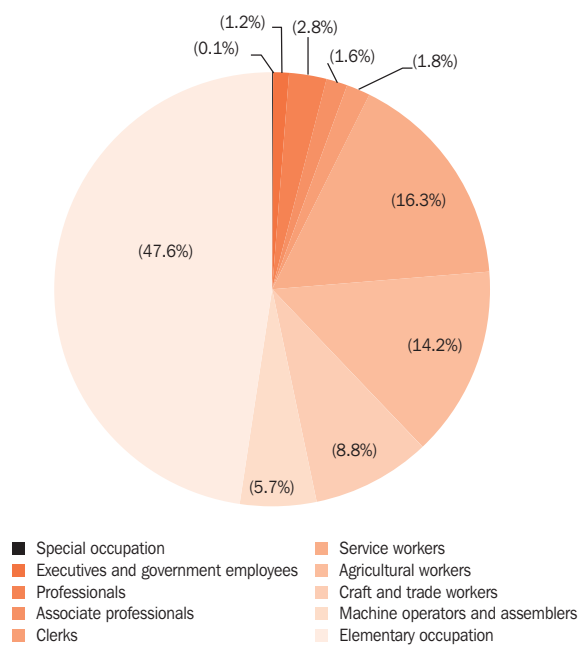


Source: Computations using 2010 LFS and ISS.

2.7 OCCUPATION

About 62% of the jobs available in the country's labor market in 2010 can be associated with lower-productivity jobs in the form of elementary or agricultural jobs (Figure 2.7.1). On the other hand, semi-skilled jobs held by clerks, service workers, craft and related trades workers, and plant and machine operators and assemblers accounted for 32.6% of the total employment in the country, while highly skilled jobs held by professionals, associate professionals, executives, and government employees accounted for 5.5% of the total employment. The rest can be attributed to other special types of occupations.

Figure 2.7.1 Distribution of Employment by Occupation



Note: Special occupations refer to occupations in the armed forces.
Source: Computations using 2010 LFS and ISS.

Occupations, in terms of the number of formal and informal jobs associated with each type, are listed in Table 2.7.1. Intuitively, the table shows that majority of the formal jobs can be associated with semi-skilled and skilled labor, while unskilled work make up the majority of informal jobs. In particular, almost seven in 10 informal jobs were associated with jobs held by laborers, unskilled workers, farmers, forestry workers, and fishers.

Majority of employed women worked as laborers and unskilled workers (72.0%), while employed men, aside from being laborers (37.2%), commonly worked as service workers and market sales workers (19.5%); and farmers, forestry workers, and fishers (19.0%) (Table 2.7.2). Formally employed women are more likely to be working as professionals, plant machine operators and assemblers, and laborers. On the other hand, informally employed women are predominantly laborers and unskilled workers.

Table 2.7.1 Employment by Occupation and Nature of Employment

Occupation	% to		
	Total employment	Formal	Informal
Special occupations	0.1	0.6	0.0
Official of government & special interest organizations, corporate executives, managers, managing proprietors	1.2	2.9	0.9
Professionals	2.8	15.8	1.1
Technicians and associate professionals	1.6	7.0	0.9
Clerks	1.8	8.8	0.9
Service workers and shop and market sales workers	16.3	12.7	16.8
Farmers, forestry workers and fishermen	14.2	1.4	15.8
Craft and related trades workers	8.8	8.5	8.9
Plant and machine operators and assemblers	5.7	21.8	3.6
Elementary occupation: laborers and unskilled workers	47.6	20.4	51.1
All	100.00	100.00	100.00

0.0 = Magnitude is less than half of unit employed.
Source: Computations using 2010 LFS and ISS.

Table 2.7.2 Employment by Occupation, Nature of Employment, and Sex

Occupation	% to Total Employment					
	Formal		Informal		All	
	Men	Women	Men	Women	Men	Women
Special occupations	0.7	0.0	0.0	0.0	0.1	0.0
Official of government & special interest organizations, corporate executives, managers, managing proprietors	3.3	1.5	1.2	0.4	1.5	0.5
Professionals	14.9	19.7	1.3	0.6	3.1	2.0
Technicians and associate professionals	7.0	7.1	1.0	0.5	1.8	1.0
Clerks	9.6	5.2	1.2	0.2	2.3	0.6
Service workers and shop and market sales workers	15.1	2.8	20.2	9.3	19.5	8.8
Farmers, forestry workers and fishermen	1.6	0.8	21.6	3.0	19.0	2.8
Craft and related trades workers	8.7	8.0	9.5	7.5	9.4	7.5
Plant and machine operators and assemblers	18.7	34.5	4.2	2.4	6.1	4.7
Elementary occupation: laborers and unskilled workers	20.4	20.4	39.8	76.1	37.2	72.0
All	100.0	100.0	100.0	100.0	100.0	100.0

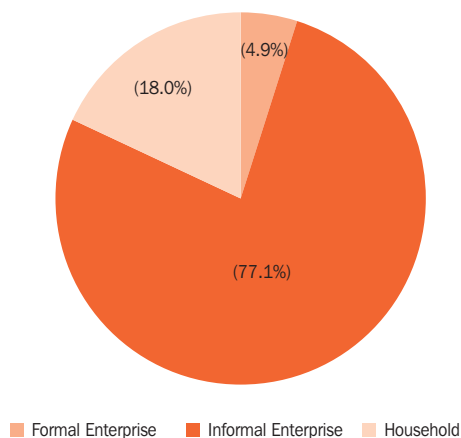
0.0 = Magnitude is less than half of unit employed.
Source: Computations using 2010 LFS and ISS.

SNAPSHOTS OF FIRMS THAT CREATE DEMAND IN THE LABOR MARKET

2.8 TYPE OF PRODUCTION UNIT

Estimates show that most of the jobs were undertaken in informal enterprises, accounting for almost four-fifths (77.1%) of the jobs available in the country's labor market in 2010 (Figure 2.8.1). Jobs undertaken in private households (e.g., paid domestic workers, etc.) accounted for about 18.0% of the total employment. Formal enterprises registered as the least contributor in terms of job creation, where only five in 100 jobs were associated with such type of enterprise.

Figure 2.8.1 Distribution of Employment by Type of Production Unit



Source: Computations using 2010 LFS and ISS.

Formal enterprises were composed mainly of employees (84.4%); informal enterprises, on the other hand, were composed mainly of unpaid family workers and “daily wage workers” both in the agriculture and the non-agriculture sectors, while household enterprises provided about 84% of employment to self-employed workers (Table 2.8.1).

Table 2.8.1 Employment by Employment Status and Type of Production Unit

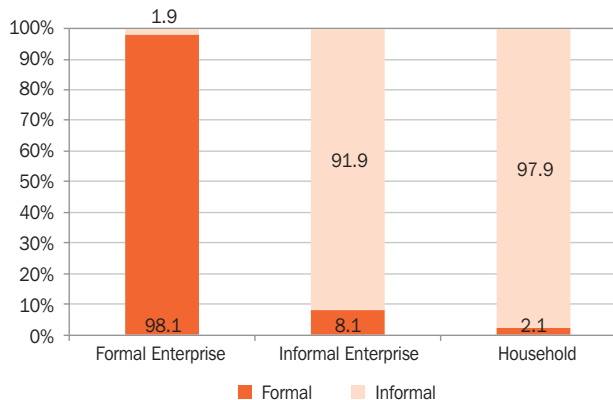
Type of Worker	Formal Enterprise	Informal Enterprise	Household
Employee	84.4	11.8	0.0
Employer	1.1	0.1	0.5
Self-employed in agriculture	2.3	8.9	57.2
Self-employed in non-agriculture	4.0	12.5	26.4
Unpaid family worker	0.0	31.7	0.0
Casual/irregular paid worker	4.5	3.7	0.0
Day labor in agriculture	1.3	17.0	0.0
Day labor in non-agriculture	2.3	14.3	0.0
Domestic worker in private household	0.0	0.0	15.9
All	100.0	100.0	100.0

0.0 = Magnitude is less than half of unit employed.

Source: Computations using 2010 LFS and ISS.

Figure 2.8.2 illustrates that informal employment arrangements were quite prevalent among jobs provided by informal enterprises and private households. In addition, even formal enterprises also provided informal employment arrangements to some of their workers.

Figure 2.8.2 Employment by Type of Production Unit and Nature of Employment



Source: Computations using 2010 LFS and ISS.

2.9 SIZE OF ESTABLISHMENT

More than 88% of those employed in informal enterprises worked in establishments employing fewer than 10 persons, but only 37.1% of those employed in formal enterprises worked in establishments with the same size (Table 2.9.1). Majority of household enterprises had an employment size of less than 10. Workers employed in formal enterprises are more likely to work in establishments with 10 workers or more, while those in informal enterprises are more likely to work in establishments with fewer workers.

In both formal and informal employment arrangements, establishments with fewer than 10 employees had the highest employment prevalence. However, informal employment was dominated by establishments with fewer than 10 workers (Tables 2.9.2 and 2.9.3).

Table 2.9.1 Employment by Employment Size of Establishment and Type of Production Unit (%)

Employment Size	Formal Enterprise	Informal Enterprise	Household
Less than 10 workers	37.1	88.4	95.1
10-49	26.4	5.6	3.7
50-149	12.9	2.8	0.0
150 and more	23.6	3.3	0.0
All	100.0	100.0	100.0

0.0 = Magnitude is less than half of unit employed

Source: Computations using 2010 LFS and ISS.

Table 2.9.2 Formal Employment by Employment Size of Establishment and Nature of Employment

Employment Size	Employee	Employer	Self-employed in agriculture	Self-employed in non-agriculture	Casual/irregular paid worker	Day labor in agriculture	Day labor in non-agriculture	Domestic worker in private household	All
Less than 10 workers	27.8	0.2	1.3	1.6	1.8	1.1	1.9	0.8	36.4
10–49	20.9	0.2	0.0	0.0	0.9	2.0	1.2	1.0	26.5
50–149	8.7	0.1	0.0	0.0	1.7	0.3	0.5	0.0	11.6
150 and more	23.5	0.1	0.0	0.0	0.8	0.1	0.5	0.0	25.5
All	80.9	0.6	1.5	2.1	5.2	3.4	4.1	2.4	100.0

0.0 = Magnitude is less than half of unit employed
Source: Computations using 2010 LFS and ISS.

Table 2.9.3 Informal Employment by Employment Size of Establishment and Nature of Employment

Employment Size	Employee	Employer	Self-employed in agriculture	Self-employed in non-agriculture	Unpaid family worker	Casual/irregular paid worker	Day labor in agriculture	Day labor in non-agriculture	Domestic worker in private household	All
Less than 10 workers	3.2	0.2	18.5	15.5	27.1	1.9	14.1	10.4	2.8	93.6
10–49	0.4	0.0	0.0	0.0	0.4	0.4	0.2	1.0	0.1	3.7
50–149	0.4	0.0	0.0	0.0	0.1	0.5	0.0	0.5	0.0	1.8
150 and more	0.6	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	1.0
All	4.6	0.2	19.3	16.2	27.7	2.8	14.3	12.0	2.9	100.0

0.0 = Magnitude is less than half of unit employed
Source: Computations using 2010 LFS and ISS.

2.10 LEGAL STATUS OF ENTERPRISE

Self-employed workers were most likely in single proprietorship business/farm. Table 2.10.1 shows that more than nine in 10 self-employed jobs can be associated with operation of single proprietorship enterprises, individual business, or farms. This was true across all geographic divisions. Partnership was the second most common type of legal status among self-employed workers. Not surprisingly, we also found self-employed workers who did not know the legal status of their enterprise. Whether this is indicative of

the informality of the self-employment structure is open to further investigation.

Regardless of legal status, majority of self-employed workers did not maintain written records (except for 50% of registered cooperatives who maintained at least simplified accounting methods). Among the self-employed working in corporations, on the other hand, 30.5% maintained complete bookkeeping accounting methods (Table 2.10.2).

Table 2.10.1 Number of Self-Employed Jobs by Legal Status and Division

Legal Status	Barisal	Chittagong	Dhaka	Khulna	Rajshahi	Sylhet	Bangladesh
Single proprietorship / individual business / farm	94.9	91.7	95.7	93.9	94.9	93.1	94.4
Partnership	2.0	2.5	2.0	1.0	2.8	2.7	2.2
Corporation (stock or non-stock; non-profit)	0.5	0.2	0.4	0.2	0.2	0.5	0.3
Registered cooperative	0.5	0.3	0.5	0.1	0.1	0.5	0.3
Other, specify	0.8	0.8	0.7	1.3	1.0	1.2	0.9
Do not know	1.3	4.5	0.8	3.5	0.9	2.1	1.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Computations using 2010 LFS and ISS.

Table 2.10.2 Informal Employment by Legal Status and Accounting Methods

Legal Status	Complete bookkeeping	Simplified accounts	Informal records	No written records	Others	All
Single proprietorship/ individual business/farm	1.6	7.9	12.4	66.4	11.7	100.0
Partnership	6.2	18.0	12.7	48.6	14.5	100.0
Corporation (stock or non-stock; nonprofit)	30.5	7.3	10.7	46.6	4.9	100.0
Registered cooperative	8.1	50.1	3.8	38.0	–	100.0
Others, specify	13.0	13.8	6.3	46.9	20.1	100.0
Do not know	0.5	2.9	7.3	75.8	13.5	100.0

– = Magnitude equals zero.

Source: Computations using 2010 LFS and ISS.

WORKING CONDITIONS IN THE LABOR MARKET

2.11 NUMBER OF HOURS WORKED

Between formal and informal workers in Bangladesh, casual/irregularly paid workers worked the most number of hours (equivalent to an average of 54 hours in a week), while the unpaid family worker only worked 35 hours per week (Table 2.11.1).

Table 2.11.1 Average Weekly Hours Worked by Employment Status and Nature of Employment

Employment Status	All	Formal	Informal
Employee	51.4	50.8	52.9
Employer	48.9	51.3	48.1
Self-employed in agriculture	40.6	43.8	40.6
Self-employed in non-agriculture	49.3	52.7	49.2
Unpaid family worker	35.3	–	35.3
Casual/irregular paid worker	53.9	53.0	54.1
Day labor in agriculture	50.3	51.3	50.3
Day labor in non-agriculture	52.8	52.3	52.9
Domestic worker in private household	48.3	51.4	47.9

– = Magnitude equals zero.

Source: Computations using 2010 LFS and ISS.

Table 2.11.2 shows that between sexes, a substantial difference in the number of hours worked weekly can be observed for those self-employed in non-agriculture, unpaid family workers, and day laborers in non-agriculture, with women putting in at least 3–7 hours less than the weekly hours put in by men.

Table 2.11.2 Average Weekly Hours Worked by Employment Status and Sex

Employment Status	Men	Women
Employee	51.5	51.2
Employer	49.3	47.0
Self-employed in agriculture	40.6	40.6
Self-employed in non-agriculture	50.4	42.6
Unpaid family worker	41.2	33.2
Casual/irregular paid worker	54.4	51.9
Day labor in agriculture	50.4	49.5
Day labor in non-agriculture	53.2	49.7
Domestic worker in private household	47.6	49.9

Source: Computations using 2010 LFS and ISS.

Across all types of workers and sex, the casual/irregularly paid workers put in the most number of weekly hours worked (and this may be the population who took on multiple jobs).

2.12 INCOME

Monthly income by economic sector is presented in Table 2.12.1. In general, workers with formal employment earned significantly higher income, except for own-

account workers in agriculture. Own-account workers who are informally employed received slightly higher income (Tk1,584 or \$22.75) than those with formal employment arrangements (Tk1,516 or \$21.78).

Table 2.12.1 Monthly Income by Type of Worker, Economic Sector, and Nature of Employment (in taka)

Type of Worker	Agriculture		Non-Agriculture	
	Formal	Informal	Formal	Informal
Employee	2,534.8	1,353.6	2,319.5	1,710.0
Employer	3,321.6	1,041.6	5,497.2	3,079.6
Own-account worker	1,516.0	1,583.7	4,339.1	1,862.7

Source: Computations using 2010 LFS and ISS.

A similar trend can also be observed for those in the non-agriculture sector where a typical formally employed worker receives a higher monthly income than those who hold informal jobs. Those in the formal economy received at least 35% higher than those in the informal economy.

Figure 2.12.1 presents the monthly income earned by both sexes; across all types of workers and employment sector, male workers enjoyed higher monthly incomes than female workers. Workers in the formal economy generally received higher incomes than those in the informal economy across all worker types and sex.

On average, monthly income earned by males who have formal jobs (Tk5,964 or \$85.69) was three times higher than the income of their female counterparts (Tk1,542 or \$22.16). The income differences between males and females were more pronounced in the formal economy whereby the income of males was at least 20% higher than that of females. Female and male employees in the informal economy, on the other hand, had almost the same monthly income. To the extent that this may suggest that there is greater gender balance in the informal economy than in the formal economy is subject to further investigation.

Figure 2.12.1 Monthly Income by Type of Worker, Nature of Employment, and Sex (in taka)



Source: Computations using 2010 LFS and ISS.

2.13 PLACE OF WORK

The most common places of work in Bangladesh were in farms or individual agricultural plots (50.5%), followed by market, bazaar stall, and trade fair (18.1%) (Table 2.13.1). Almost 90% of the farms or individual agricultural plots are in the rural areas, while 10% are in urban areas. According to the survey results, the employer's home was the least common place of work of the workers of Bangladesh (mostly comprised of hawkers moving from door to door).

Urban workers mostly worked in markets, bazaar stalls, and trade fairs (33.6%) or worked in farms (19.2%) or at home with a special workplace (12.9%). On the other hand, 62.5% of those in the rural areas worked in farms or agricultural plots, while 12.2% worked in markets, bazaar stalls, and trade fairs. This shows that

Table 2.13.1 Employment by Place of Work and Urban/Rural

Place of Work	% to Total Employment		
	Bangladesh	Urban	Rural
At home with no special workplace	3.5	3.6	3.4
At home with special workplace	11.6	12.9	11.1
Factory, workshop, shop, kiosk, etc.	4.4	9.7	2.4
Farm or individual agricultural plot	50.5	19.2	62.5
Home or workplace of client	1.0	2.2	0.5
Construction site	0.6	1.4	0.3
Market, bazaar stall, trade fair	18.1	33.6	12.2
Street pavement/ highway with fixed post	5.1	9.5	3.4
Office building	0.7	1.9	0.2
Employer's home	0.1	0.2	0.1
Transport vehicle	1.8	1.6	1.8
No fixed location	2.1	3.3	1.7
Others	0.6	0.8	0.5
Total	100.0	100.0	100.0

Source: Computations using 2010 LFS and ISS.

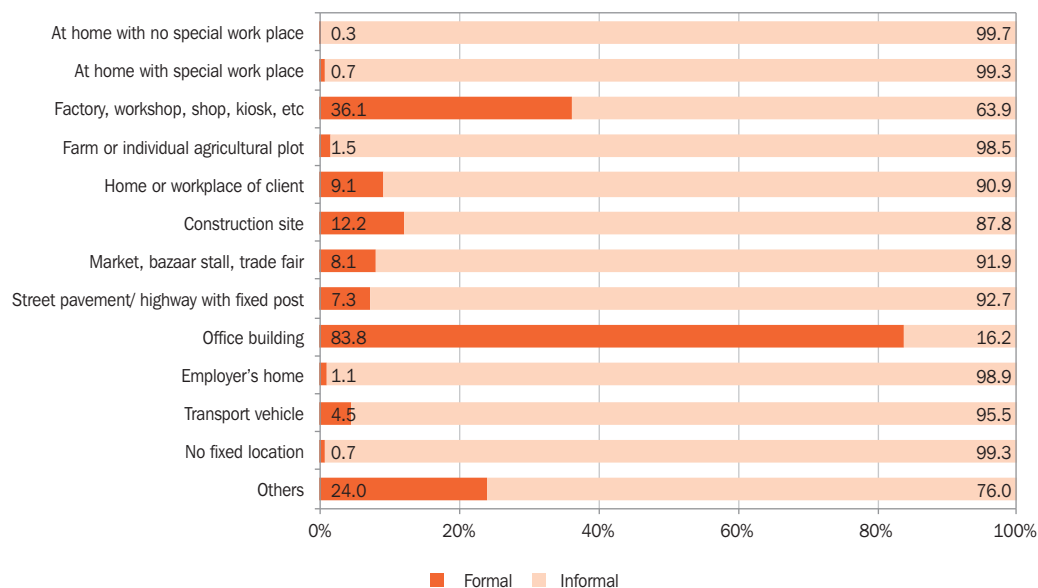
those working in urban areas are largely into selling goods in markets or are in the services sector, while those in the rural areas are largely in the production of goods and are venturing into selling goods in the market. Since the economy of Bangladesh is largely agricultural and in informal employment, it is not surprising that 72.4% of jobs were located in the rural areas and the remaining 27.6% were in urban areas.

Figure 2.13.1 may enable us to infer the nature of employment based on place of work. Although there are uniformly more informal jobs across different places of work, the propensity to have formal jobs is higher when one is working on fixed location (e.g., office building, factory, workshop, shop, kiosk, construction site)—characteristics that are associated with formal entrepreneurial activities. Similarly, those working at home, in farms, markets, streets, employers' homes, and in their vehicles are more likely to engage in informal jobs.

Intuitively, those who reported to be working in farms usually have informal jobs. In Bangladesh, 98.5% of the total number of jobs undertaken in farms or individual agricultural plot is informal and thus, those who are working in farms are generally engaged in informal employment.

Since employment in Bangladesh is largely composed of informal jobs, majority of the places of work are also informal except for those who worked in office buildings (83.5%) and factories (36.1%). This only reaffirms the previous observation that a large proportion of formal work in the country is in the manufacturing, education, and administrative services sectors.

Figure 2.13.1 Employment by Place of Work and Nature of Employment



Source: Computations using 2010 LFS and ISS.

2.14 BENEFITS RECEIVED BY FORMAL AND INFORMAL WORKERS

This section examines the employment conditions of formal and informal workers in terms of the benefits received by the wage workers and thus the level of social protection received. The unit of analysis used in this section is the job of a wage worker (who provided answers to relevant survey questions).

Social protection, in general, is likely to be received by formal wage workers, and as Figure 2.14.1 shows, the formal wage workers in Bangladesh received social protection (in terms of sick leaves, paid vacation leaves, bonus, pension, and the notice of termination) more than their informal sector counterparts. It is interesting to note that almost 20% of those employed informally also received sick leaves and almost 25% received paid vacation leaves.

With regard to the basic necessities of free/subsidized food, free/subsidized housing, and clothing, the formal and informal sectors offered no divergence in that less than 10% of wage workers received these types of benefits. It is alarming to note, however, that 50% of wage workers in the formal sector did not receive their pensions, while almost all of the wage workers in the informal sector did not receive pensions.

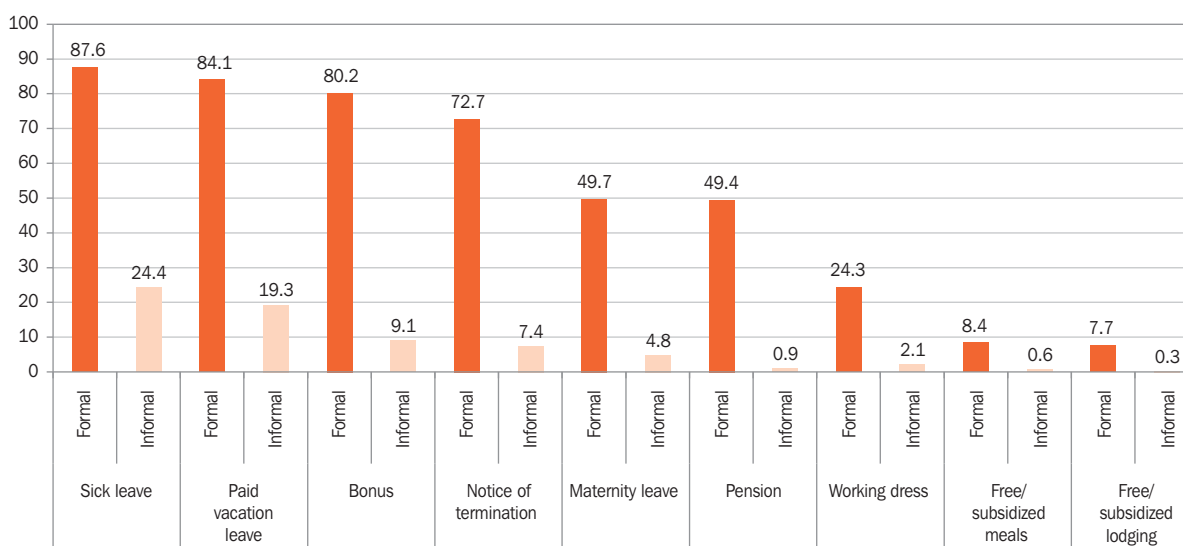
The distribution of receipt of benefits by male and female workers is shown in Figure 2.14.2. Among those who responded in the survey, the proportion of women who received benefits was generally higher than that of men. Ideally, there should be equal distribution of benefits received by workers, regardless of sex. However, the graph could also reflect the female workers' increasing awareness and utilization of benefits accorded to wage workers.

Thus, with these results, it may be concluded that for a wage worker to receive social protection or benefits, he or she needs to be employed in the formal sector. While being a formal wage worker does not guarantee receipt of benefits, it is still a better condition compared to that of the informal wage worker who does not seem to receive benefits. Box 2.1 defines formal and informal wage employment.

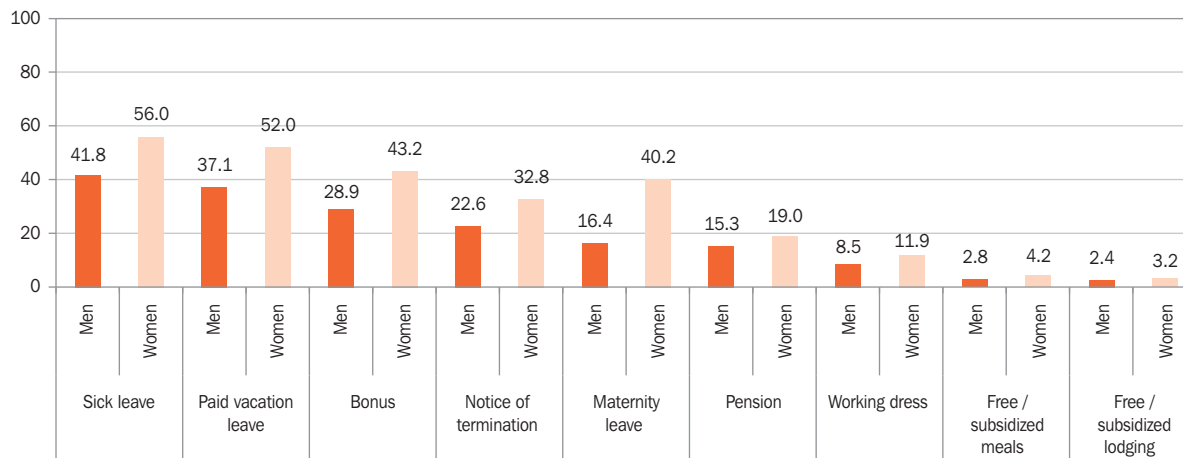
2.15 EXCLUSION OF AGRICULTURE, FORESTRY, AND FISHING

Agricultural employment is often characterized by informal employment arrangements. Thus, a high incidence of total informal employment might simply be a reflection of the prevalence of agricultural employment. In this section, we will focus on the non-agriculture sector.

Figure 2.14.1 Proportion of Wage Workers who Received Benefits by Nature of Employment and Type of Benefit



Source: Computations using 2010 LFS and ISS.

Figure 2.14.2 Proportion of Wage Workers who Received Benefits by Sex and Type of Benefit

Source: Computations using 2010 LFS and ISS.

Box 2.1 Defining Formal and Informal Wage Employment

According to the 17th International Conference of Labour Statisticians (ICLS), “[...] employees are considered to have informal jobs if their employment relationship is, in law or in practice, not subject to labor legislation, income taxation, social protection or entitlement to certain employment benefits (e.g., advance notice of dismissal, severances of pay, paid annual or sick leave, among others).” Depending on data availability, operationalization of this definition may differ from one country to another. In general, a common approach is to treat jobs without social security coverage or written contracts as proxy for informality among wage workers (OECD 2008). Developing countries, such as Brazil, India, and Mexico, have employed these two indicators to distinguish formal from informal wage employment (Husmanns 2004).

Some studies define informal wage employment based on the absence of social protection or insurance (Chen 2007; Chen, Vanek, and Carr 2004; Cling, Razafindrakoto, and Roubaud 2010). Others, however, base the informal employment classification on the lack of written contracts. For instance, Hazans (2011a) focused on the existence of contracts in categorizing formal and informal employees. With this definition, the author tried to explain the prevalence of informal employment in European countries. He then further compared the conditions of informal workers in 30 countries with those in Europe (Hazan 2011b). Other papers, like those of Packard (2007) and the World Bank (2011), also based their analyses of wage informal employment on the existence of contracts.

Likewise, this study also used the existence of written contracts to differentiate formal from informal wage or employee jobs. While the 2010 Informal Sector Survey also collected information about the different types of benefits received by wage workers, specific country conditions in Bangladesh show that the provision of social protection to wage workers will be an ineffective condition in identifying informal employees. First, the provision of social pension to private sector workers appears to be an uncommon practice in Bangladesh (Miyan 2008). In contrast, granting appointment letters and service books, which is a form of employment contract, are mandatory under the Bangladesh Labor Law (Hossain, Ahmed, and Akter 2010).^a Lastly, the contract condition is more straightforward compared to identifying a minimum set of legal entitlements for a wage worker from the list of social benefit indicators collected in the survey. These sets of information are i) whether the employer pays contribution for social security pension; ii) provision of paid leaves; and iii) subsidized meals and lodging.

Among wage jobs with written contracts, less than 50% benefited from pension fund contribution from their employers (see Figure 2.16.1). On the other hand, less than 1% of the jobs, which had verbal contracts or none at all, received employer contributions to the pension fund. Given these information, one could infer that total formal employment will increase by approximately 1% had the definition of informal employment been based on social protection condition instead of existence of contracts.

^a According to Hossain, Ahmed, and Akter (2010), the service book is required to be signed by both employer and worker.

Sources: OECD (2008), Chen (2007), Chen et. al. (2004), Cling et.al. (2010), Hazans (2011), Packard (2007), World Bank (2011), Miyan (2008), and Hossain et.al. (2010).

The analysis of the employment in the non-agriculture sector registered a wide gap between formal and informal employment rates, at 20.2% and 79.8%, respectively (Table 2.15.1). This is a significant change from the overall employment rate of 11% for formal and 89% for informal employment. Employment analysis in the non-agriculture sector revealed that, across all genders and production units, formal employment in formal enterprises was much higher than informal employment, while the reverse was true for informal enterprises and households. The participation rate of females in any type of enterprise and any nature of employment was significantly lower than that of males.

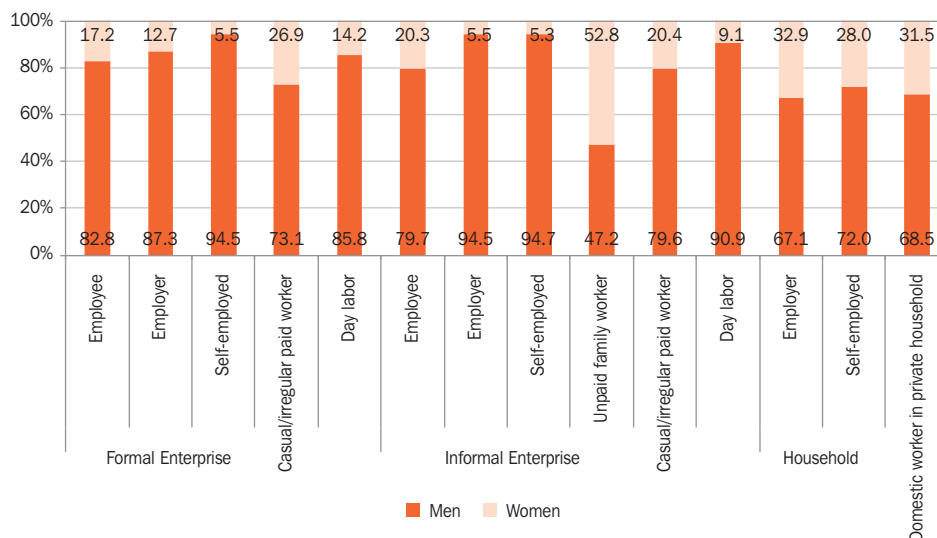
Figure 2.15.1 suggests that males dominated across all three types of enterprises and for each type of worker. It is interesting to note that the rate of female participation as employer in formal enterprises was higher than that in informal enterprises. It can be inferred, based on the figure, that even for the non-agriculture sector, the structure of job provision remained unchanged. This validates the fact that Bangladesh is still highly dependent on its agriculture sector not only in production but also with employment.

Table 2.15.1 Employment in the Non-agriculture Sector by Nature of Employment, Type of Production Unit, and Sex

Nature of Employment	Formal Enterprise		Informal Enterprise		Household		Total	
	Men	Women	Men	Women	Men	Women	Frequency	%
Formal	2,082.8	422.9	2,344.5	658.1	149.4	13.0	5,670.7	20.2
Informal	38.5	9.4	14,559.8	2,981.4	3,358.7	1,405.4	22,353.2	79.8

Source: Computations using 2010 LFS and ISS.

Figure 2.15.1 Employment in the Non-Agriculture Sector by Type of Production Unit, Employment Status, and Sex



Source: Computations using 2010 LFS and ISS.

CHAPTER 3

CONTRIBUTION OF THE INFORMAL SECTOR TO GDP

The informal economy plays a vital role in the economy of developing countries such as Bangladesh³. There are more than 48 million informal jobs in Bangladesh (see Chapter 2). A major component of the informal economy is the informal sector. Whereas, informal economy generally refers to jobs offering informal employment arrangements, regardless of whether they are undertaken in formal or informal enterprises, the informal sector is just the collection of all informal enterprises. Hence, informal jobs offered in formal enterprises are excluded in the concept of informal sector.

The informal sector serves as an important source of employment and is primarily attributed to high labor intensity production that the informal sector is usually associated with. Of the 54 million jobs in the country's labor market in 2010, about 42 million were held in informal enterprises. Overall, these statistics show how important the informal sector is in Bangladesh.

Unfortunately, existing data collection systems do not even provide straightforward answers to common research questions about the informal sector and even about the informal economy in general. At present, very few national statistical systems in Asia regularly collect statistical indicators that can directly measure the informal employment and the informal sector. Rarely do labor force surveys probe beyond the usual indicators such as employment status and earnings (e.g., extent of informal work, consumption patterns of the labor force, what kind of risk management tools are available for the working population), thus, complicating the analysis of the informal economy. Consequently, it is also arduous to measure the extent of contribution of the informal economy to the total output of the country. National accountants usually estimate the gross value added (GVA) of different economic activities indirectly, using administrative data and establishment surveys. However, such data do not adequately capture the output of economic activities in the informal sector. Because there is practically limited official statistics on these important issues, there is also marginal public awareness of them and, more importantly, design and monitoring of policies and programs are not well-informed.

The Informal Sector Survey (ISS) conducted under ADB regional technical assistance provides empirical support to facilitate direct measurement of the contribution of the informal sector in terms of economic output. In particular, the ISS collected detailed production and expenditure data from the identified household unincorporated enterprises (with some market production) identified in the expanded Labor Force Survey. Survey results suggest that in the agriculture and non-agriculture sectors, the informal sector accounts for a significant portion of the economy. In the agriculture sector, about 94% of the agricultural GVA can be accounted to the output of informal agricultural enterprises. The informal sector accounted for 34% of total GVA in the manufacturing and other industry sectors, and 33% in the services sectors. Survey results also provided empirical evidence on the disparity of labor productivity between the informal sector and the rest of the economy.

Since the ISS is the first survey of its type to be conducted by the Bangladesh Bureau of Statistics, a number of problems were encountered during data collection and analysis. Extensive data validation, checking, and imputations were implemented to minimize the effects of problems on data quality; a comprehensive account of data limitations and notes of how the estimates were computed are presented in Appendix 5.

3.1 GROSS VALUE ADDED OF THE INFORMAL SECTOR

The economy of Bangladesh is likely to be shifting gradually from a traditional agriculturally-driven economy to an industry and services-oriented economy. In 2009–2010, GVA of the manufacturing sector amounted to Tk1,201 billion (\$17 billion), whereas GVA of the agriculture sector (excluding fishing) during the same period amounted to Tk1,006 billion (\$14.5 billion). The share of the agriculture sector in the 2010 total GDP of Bangladesh (at current prices) is 18.6%, whereas that of the manufacturing and other industry sectors is 28.5%. Services accounted for 52.9% of total GDP.

The last two columns in Table 3.1.1 depict the contribution of the informal sector for each economic activity to total GDP. The informal sector in the services sector contributed the highest at 18%, agriculture at 15%, and the industry sector at 10%.

3 Under this section, what is referred to as “formal sector**” actually refers to the joint contribution of formal sector enterprises and private households. Its contribution to total gross domestic product (GDP) is computed as a residual of the contribution of informal enterprises that was directly measured using the Informal Sector Survey.

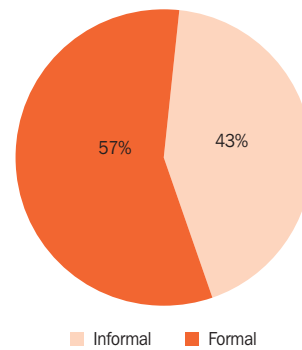
Table 3.1.1 GDP Share of Formal and Informal Sector (Tk billion)

Sector	Industry	GDP at current price in 2009–2010	GVA of formal sector**	GVA of informal sector	Share by sector (%)	Share of formal sector** (%)	Share of informal sector (%)
A	Agriculture	1,005.9	63.9	942.0	15.0	1.0	14.0
B	Fishing	242.2	132.2	110.0	3.6	2.0	1.6
C	Mining and quarrying	81.1	80.8	0.3	1.2	1.2	0.0
D	Manufacturing	1,201.1	743.6	457.5	17.9	11.1	6.8
E	Electricity, gas and water	71.9	70.8	1.2	1.1	1.1	0.0
F	Construction	556.6	373.5	183.1	8.3	5.6	2.7
G	Trade	1,002.9	333.2	669.7	14.9	5.0	10.0
H	Hotel and restaurant	51.5	30.0	21.5	0.8	0.5	0.3
I	Transport, storage, and communication	718.8	536.1	182.7	10.7	8.0	2.7
J	Financial intermediation	123.0	119.1	3.9	1.8	1.8	0.1
K	Real estate and business activities	456.8	341.4	115.4	6.8	5.1	1.7
L	Public administration	187.6	181.7	5.9	2.8	2.7	0.1
M	Education	179.1	161.7	17.4	2.7	2.4	0.3
N	Health	151.4	147.5	3.9	2.3	2.2	0.1
O	Community and other private services	684.7	528.7	156.0	10.2	7.9	2.3
	Total	6,714.7	3,844.1	2,870.5	100.0	57.0	43.0

Source: Computations using 2010 ISS Phase 2 data.

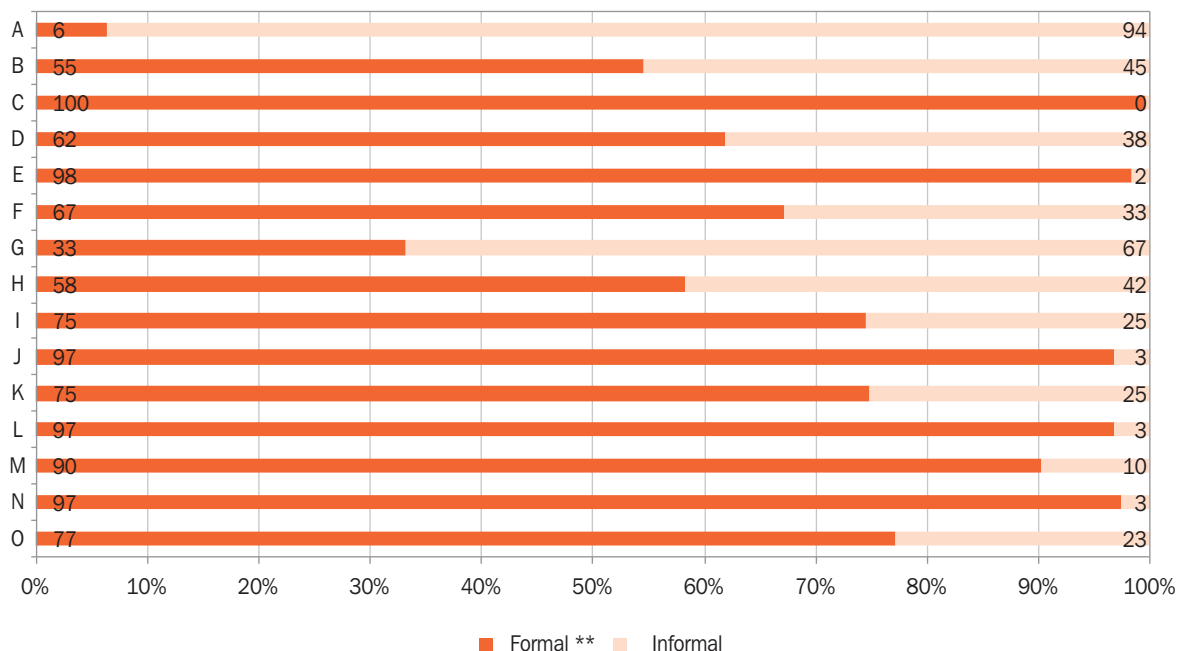
The informal sector accounted for more than two-fifths of the total GVA of Bangladesh in 2010 (Figure 3.1.1). Among the economic activities—where the informal sector is the major player—are agriculture and fishery, trade, hotels and restaurants, manufacturing, real estate, and other business activities. On the other hand, the informal sector does not contribute significantly to economic activities that usually have high capitalization (e.g., construction; mining and quarrying; electricity, gas, and water; and finance). Figure 3.1.2 depicts the contribution of the informal sector by type of economic activity.

Figure 3.1.1 Contributions of Formal and Informal Sectors to GDP



GDP = gross domestic product
Source: Computations using 2010 ISS Phase 2 data.

Figure 3.1.2 Share of Formal and Informal Sectors to Gross Value Added, by Industry (%)



Note: For the complete name of industries, please refer to Table 3.1.1
Source: Computations using 2010 ISS Phase 2 data.

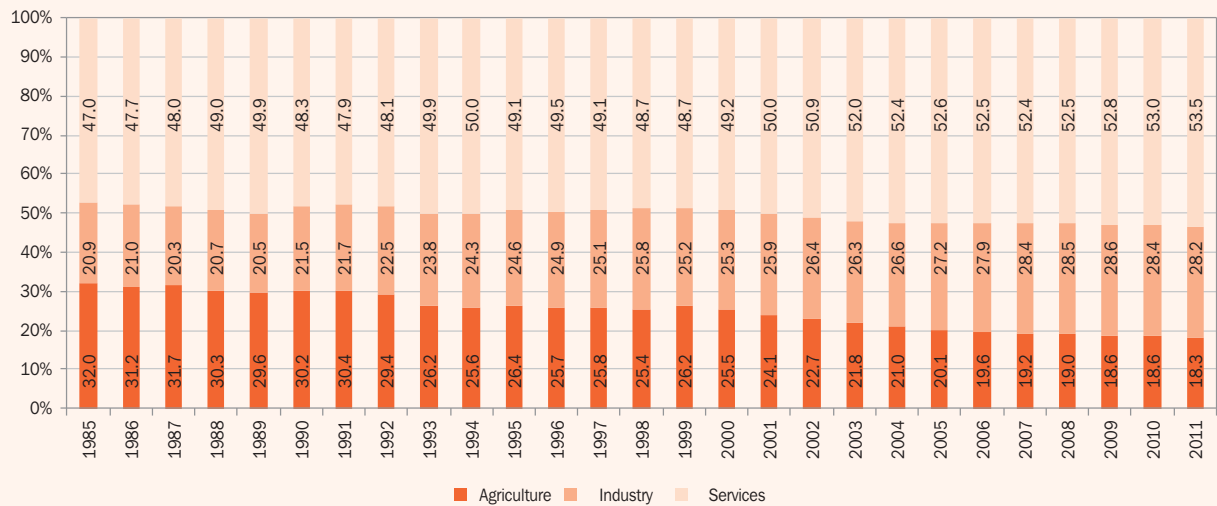
Box 3.1 below illustrates the shift of the economy of Bangladesh from 1985 to 2011.

Box 3.1 A Snapshot on the Shift of the Economy of Bangladesh

Bangladesh, which is highly dependent on its rich agricultural land, with rice and jute being its major crops, is also blessed with a large human resource base and relatively abundant water. Over the last 26 years, sectoral contribution from agriculture has declined by 13.7 percentage points (from 32.0% in 1985 to 18.3% in 2011), while the industry sector has, in turn, increased its contribution to gross domestic product (GDP) by 7.3 percentage points (from 20.9% to 28.2%); the services sector has maintained the largest contribution to GDP at about 50%. The agricultural industry mainly produces rice and jute, while maize and vegetables are slowly gaining importance. Fertile soil and ample water supply allow rice to be grown and harvested three times a year. But due to Bangladesh’s large population, the rice produced is mainly consumed domestically. Jute, or its end product, jute fiber (used to produce sacks, carpets, or cloth) is also one of the largest exports of Bangladesh. In producing jute fiber, women and children are mainly employed in retting and stripping. In 2008, Bangladesh was the second-largest jute-producing country (next to India) and the largest exporter of raw jute in the world.

The textile industry—which includes knitwear and ready-made garments along with specialized textile products—was the nation’s number one export earner, accounting for about Tk54 million in 2010. Other agricultural exports include shrimps, tea, and spices.

The agriculture sector is a major component of the economy such that weather conditions can have an impact on growth. One of the most catastrophic floods in Bangladesh happened in 1998. “The Great Flood,” as it is now known, greatly affected the agriculture sector, with total rice production falling by 2.04 million metric tons. This could have been the reason for the start of the decline of the contribution of agriculture to GDP, and expansions in the textile industry could have taken in the movements from the agriculture industry.



Sources: ADB Statistical Database System.

3.2 AGRICULTURE AND NON-AGRICULTURE SECTORS

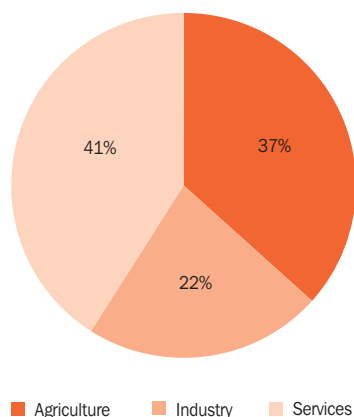
In Bangladesh, the informal sector in agriculture contributed Tk1,052 billion (\$15 billion), or 84% of total agriculture (including fishing) GVA, while the non-agriculture sectors contributed Tk1,819 billion (\$26 billion), or 33% of total non-agriculture GVA. This is similar to the development patterns of most developing countries wherein the agriculture sector is typically perceived to be coming from mostly informal sector

production. Here, the term informal agriculture sector excludes subsistence farming whose production output is exclusive for the households’ own final consumption. Since the computation of GVA of non-informal sectors follows the residual method, GVA of such activities are lumped under the formal** sector.⁴

⁴ The own consumption of identified informal sector enterprises is still included in the computation of informal sector’s gross value added. However, if a household is engaged in subsistence farming (i.e., no market production), its own consumption is not considered part of informal production.

The contribution of the agriculture and non-agriculture sectors in total production of the informal sector is shown in Figure 3.2.1. In Bangladesh, the informal sector engaged in non-agriculture production contributed more (63%) than those engaged in agriculture (37%). As mentioned earlier, the concept of the informal sector has evolved over the decades. Now, the informal sector is no longer dominated by agricultural activities and has, in fact, also flourished in the non-agriculture sectors. This may not be surprising for a developing economy such as Bangladesh's. As it moves from being heavily dependent on the traditional agriculture sector, the non-agriculture informal sector tends to serve as a bridge toward the modern sector production. With the rapid improvement and expansion of different economic activities in Bangladesh over the past years, the informal sector is also likely to be concentrating on non-agriculture activities, particularly on the manufacturing and trade sectors.

Figure 3.2.1 Contributions of Agriculture and Non-Agriculture Sectors to Informal Sector Production



Source: Computations using 2010 ISS Phase 2 data.

3.3 LABOR PRODUCTIVITY

This section examines how productively labor is used to generate economic output among informal enterprises in Bangladesh. In general, concepts, such as the joint influence of changes in capital, intermediate inputs, technical efficiency, and economies of scale and capacity utilization of enterprises, are reflected in productivity measures (*OECD Manual on Measuring Productivity*). There are two common ways of measuring productivity: (i) the gross output-based labor productivity approach, and (ii) the value added-based labor productivity approach. The gross output-based approach measures labor requirements per unit of output, while the value added-based approach can be directly linked with existing income-based measures of living standards. This section uses a labor productivity measure similar to the value added-based approach. In particular, we divide the total GVA of the informal sector computed from survey data by the total number of jobs in the informal sector. To have a point of comparison, we also present labor productivity in the formal sector**. For convenience, we use the term *value added of the formal sector*** to refer to the sum of the GVA of formal enterprises and subsistence / private households.

Survey results suggest that, in Bangladesh, total labor productivity per job, as measured by the ratio of GVA to total employment, stood at Tk191,831 (\$2,756) in 2010. The estimated labor productivity per job for each of the major type of economic activities is presented in Table 3.3.1. Intuitively, we find that labor productivity per job in high-capitalization sectors (such as mining and quarrying; financial intermediation; real estate; and electricity, gas, and water) are high in the formal sector**. On the other hand, real estate, trade, and manufacturing posted the highest labor productivity

Table 3.3.1 Labor Productivity by Type of Economic Activity

Industry	Gross value added (in Tk million)		Number of jobs		Gross value added per job (Tk thousand)		
	Formal sector**	Informal sector	Formal sector**	Informal sector	Total	Formal sector**	Informal sector
Agriculture, Hunting, Forestry and Fishery	196,150	1,051,959	5,016,345	21,452,762	47.2	39.1	49.0
Mining and quarrying	80,812	329	24,734	79,233	780.4	3,267.3	4.1
Manufacturing	743,588	457,493	1,322,879	5,170,042	185.0	562.1	88.5
Electricity, gas, steam and air conditioning supply, water	70,780	1,165	47,266	70,179	612.6	1,497.5	16.6
Construction	373,455	183,126	363,067	2,243,364	213.5	1,028.6	81.6
Wholesale and retail trade; repair of motor vehicles and motorcycles	333,233	669,713	2,225,275	4,934,800	140.1	149.7	135.7
Hotels, accommodation and food service activities	30,011	21,490	178,676	626,444	64.0	168.0	34.3
Transportation, storage and communication	536,073	182,723	904,475	3,041,626	182.2	592.7	60.1
Finance	119,084	3,914	172,749	194,395	335.0	689.3	20.1
Real estate and other business activities	341,448	115,382	305,781	349,104	697.6	1,116.6	330.5
Public administration and defense compulsory social security	181,665	5,904	387,195	156,779	344.8	469.2	37.7
Education	161,679	17,405	695,458	553,025	143.4	232.5	31.5
Human health and social work activities	147,509	3,915	207,759	196,619	374.5	710.0	19.9
Other community and personal services	528,661	155,994	643,403	2,925,657	191.8	821.7	53.3

Source: Computations using 2010 ISS Phase 2 data.

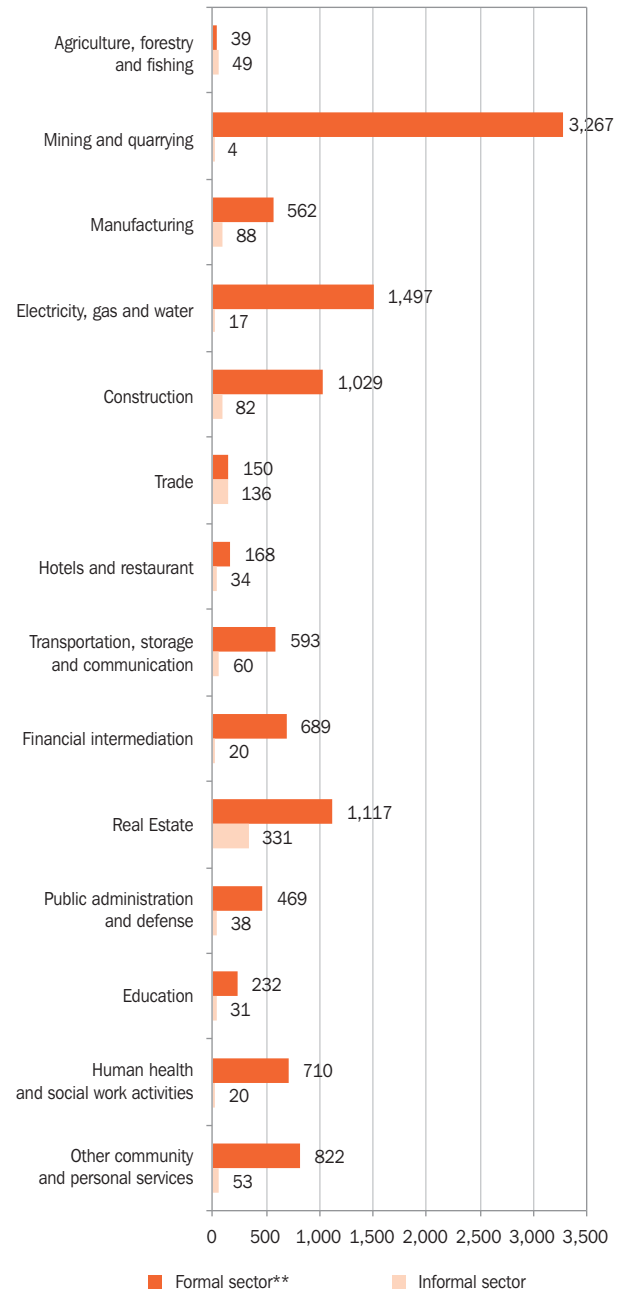
per job in the informal sector. Labor productivity in the formal sector** exceeded that in the informal sector by almost six times. In particular, a typical job in the formal sector** contributed Tk821,664 (\$11,805) in value-added terms, while an average job in the informal sector contributed Tk53,319 (\$766).

Figure 3.3.1 further illustrates the disparity of labor productivity between the informal sector and the rest of the economy.

In the industry sector, labor productivity in the formal sector** was 33 times higher than the labor productivity in the informal sector. Similarly, in the services sector, labor productivity in the formal sector** was seven times higher than the labor productivity in the informal sector. On the other hand, in agriculture, the labor productivity in the informal sector was 25% higher than that in the formal sector**.

Overall, the estimates provided in this chapter support the inference that the informal sector accounts for a significant portion of the economy.

Figure 3.3.1 Labor Productivity in the Formal and Informal Sector (Tk thousand)**



Source: Computations using 2010 ISS Phase 2 data.

CHAPTER 4

CHARACTERISTICS OF INFORMAL SECTOR ENTERPRISES

The estimates shown in the previous chapters suggest that the informal sector accounts for a significant portion of Bangladesh's economy. In Chapter 2, we find that 77% of the employed population worked in informal sector enterprises, while Chapter 3 shows that informal sector activities accounted for 43% of gross domestic product (GDP). A substantial, yet vulnerable, contributor to the economic sector should not be overlooked, especially in formulating appropriate policies that could improve the welfare of those in the sector. Thus, in order to further our understanding of the informal sector enterprises, this chapter describes the characteristics of the informal production units, or what we call the household unincorporated enterprises with at least some market production (HUEMs). In particular, the chapter looks at the reasons for choosing respective current business activities, modes of financing, and difficulties encountered as reported by HUEM operators.

4.1 HOUSEHOLD UNINCORPORATED ENTERPRISES WITH AT LEAST SOME MARKET PRODUCTION

Of the total number of HUEMs or informal sector production units surveyed, majority reported to have been motivated by family tradition (39%) or better knowledge of the profession (37%) in choosing their respective business activity. On the other hand, 18%

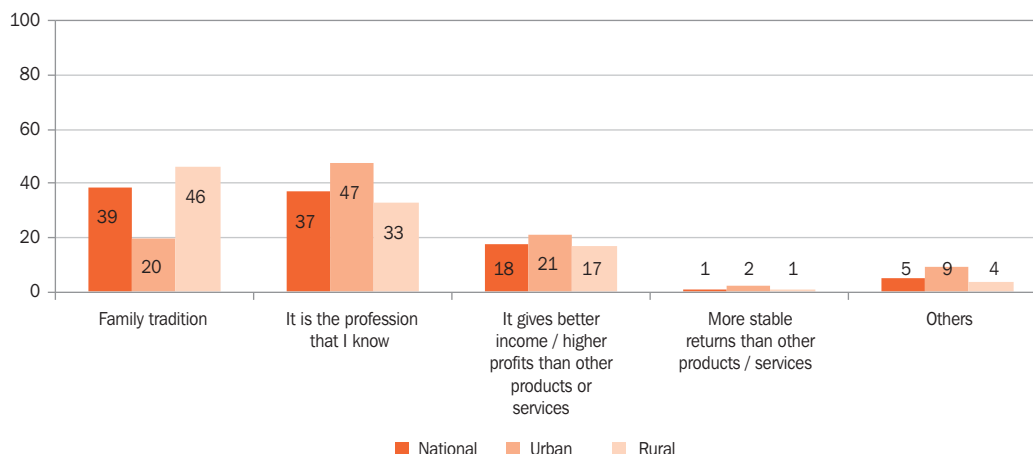
of HUEMs chose their present business activity to gain higher incomes or profit.

In choosing their respective business activity, HUEMs in the urban areas were motivated by their knowledge of the profession, while those in the rural areas were motivated by family tradition. Families in the rural areas are more likely to engage in agricultural production and thus, choosing their business activity because it is a family tradition owes it to the fact that agricultural lands can be passed on to generations of families. Figure 4.1.1 further illustrates that HUEMs choose their business activity based on social norms and on what they know, which further illustrates that businesses that offer less risk, even though profits/incomes may not be higher, are more attractive to HUEMs. This is consistent with the findings of Brooks et al. (2010), such that risk aversion and the vulnerability to income shocks can hinder other kinds of investments with potentially high returns because vulnerability leads to suboptimal decisions.

4.2 FINANCING AND OTHER FINANCIAL SUPPORT STRUCTURES

Based on survey results, majority (70%) of the HUEMs reported own source/saving and the support of family/relatives as their primary sources of initial capitalization, while 12% sourced their initial capital from nongovernment organizations (NGOs). It is interesting to note that about 10% of the HUEMs opt for banks and

Figure 4.1.1 Reasons for Choosing the Business Activity (%)



Source: Computations using 2010 ISS.

micro lending facilities as their sources of initial capital as this signifies the openness of the banking sector to small enterprises.

In addition to the source of initial capitalization, HUEMs were also asked about subsequent financing. Survey results revealed a similar result whereby still a majority of HUEMs sourced their financing from their own savings (29.3%) or from family and relatives (24.4%) and from NGOs (17.0%). The proportion of HUEMs who borrow from banks and micro lending facilities has increased by 6 percentage points, while those who borrow from NGOs has increased by 5 percentage points (Table 4.2.1). This reveals significant information about the attitudes of HUEMs in Bangladesh. The increase in the proportion of HUEMs who borrow from NGOs suggests that (i) HUEMs know that NGOs provide ample support to small enterprises, which encourages them to start and expand their businesses which could, in turn, help the economy; and (ii) they prefer formal transactions than informal arrangements in expanding their businesses. The increase in the proportion of HUEMs who borrow from banks and micro lending facilities, on the other hand, suggests that (i) HUEMs are knowledgeable that banks and micro lending facilities provide loans to small enterprises and that they have access to the available loans; and (ii) they prefer more formal transactions in expanding their businesses.

Table 4.2.1 Proportion on HUEMs Sources of Initial Capital and Financing (%)

Source	Initial Capital	Financing (if required)
Banks	5.8	10.7
Micro lending facility	3.9	5.1
Cooperative	0.5	0.6
Non Government Organization	12.0	17.0
National/Local Government Project	0.3	0.6
Family/Relative	24.9	24.4
Neighbor/Friends	3.5	6.6
Employer/Landlord	0.2	0.2
Private moneylender	2.6	4.6
Own Source /Saving	45.2	29.3
Others	1.2	1.1

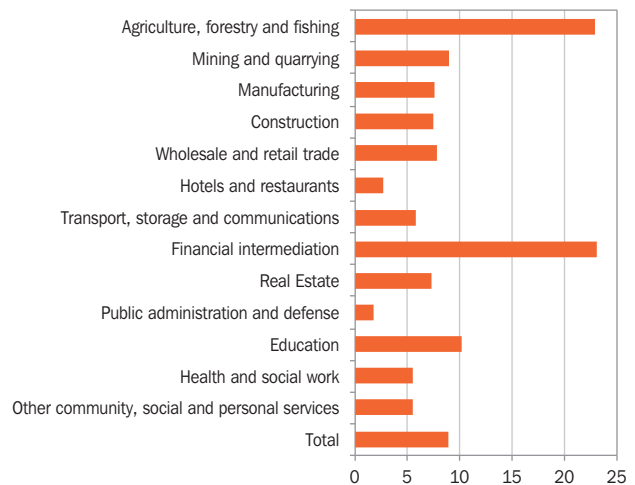
Source: Computations using 2010 ISS.

The interviewed HUEMs were also asked whether they applied for a bank loan to boost their business. Survey results estimate that only 9% of the total respondents said that they applied for a bank loan, with HUEMs in financial intermediation and in the agriculture, forestry, and fishing sectors posting the highest proportions for applying for a bank loan (both at 23%) (Figure 4.2.1).

In relative terms, loan application is more common among informal enterprises with higher fixed assets.

This may be a reflection of the need for collateral when applying for loans and, thus, very small informal enterprises are hindered from applying. In terms of number, almost nine in 10 loan seeking HUEMs are either small informal enterprises with fixed assets not exceeding Tk10,000 (\$144) or relatively large informal enterprises with fixed assets worth Tk41,000 (\$589) or more. In particular, these two groups made up more than 80% of the total number of HUEMs that applied for loan in the country.

Figure 4.2.1 Proportion of HUEMs which Applied for a Bank Loan for Ongoing Business Activity, by Industry (%)



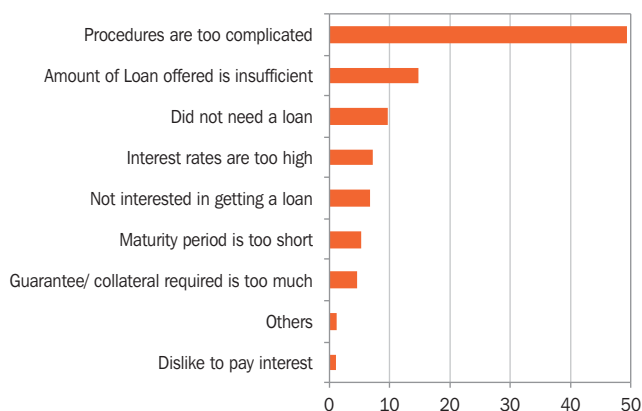
Source: Computations using 2010 ISS.

Bank loan application rate among HUEMs was only about 9%. The fact that very few HUEMs applied for loans could be a manifestation of the difficulty of this process. Thus, the HUEMs that did not apply were also asked for the reasons for the non-availability of loans. The most common reason cited for not applying for a bank loan was complicated procedures of loan applications (Figure 4.2.2). In general, about 81% of the HUEMs that did not apply cited bank-related reasons for the non-availability of bank loans. In particular, 49% of the HUEMs cited that procedures are complicated; 15% said that an insufficient amount of loan is generally offered by the banks; and about 17% said that interest rates are too high, maturity period is too short, and that the guarantee/collateral required is too much.

While HUEMs are aware that there are available loans from banks, more than 90% of the HUEMs still did not avail of the loans since they believed that procedures are too complicated and, if they hurdle the procedures, the amount of loan offered is insufficient. This provides information very useful for policy making in that while HUEMs are aware of the availability of loans, their perception (that the loan procedures are very

cumbersome and the loan amount may be inadequate) affects their decisions in non-availment of the loan. This is perhaps the reason why most HUEMs prefer to finance their businesses using money borrowed from their family/relatives or from NGOs, which does not entail too many requirements.

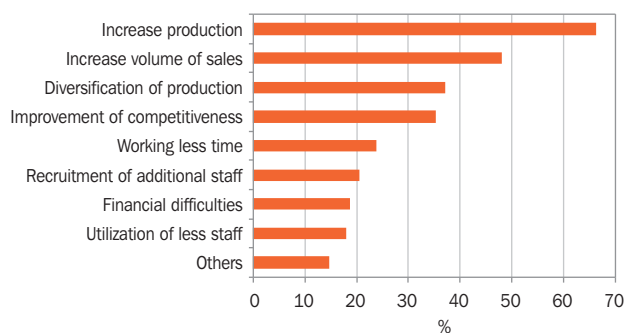
Figure 4.2.2 Reason for Not Availing of Bank Loan to Finance Business Activity (%)



Source: Computations using 2010 ISS.

Among the HUEMs that applied for a bank loan, whether in the urban or rural areas, 64% obtained a bank loan, and 87% reported that the money acquired through loans had a positive impact on their business, particularly on business expansion. The loans helped HUEMs increase their production and sales volume, diversify their products, and enhance their competitiveness (Figure 4.2.3). A very small proportion of businesses took out loans to solve financial difficulties.

Figure 4.2.3 Impact of Loan on Business Operation (%)

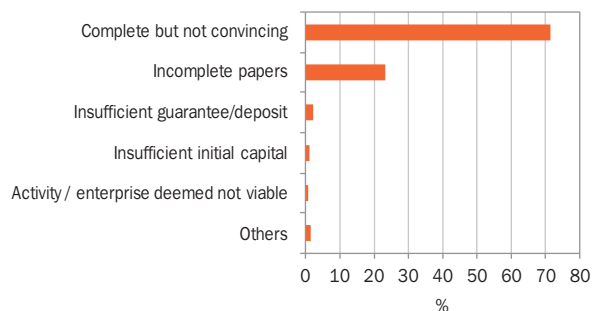


Source: Computations using 2010 ISS.

Among the HUEMs who were unsuccessful in securing bank loans, 71% had submitted complete loan application requirements; however, those documents were found unconvincing. Submission of incomplete documents was another common reason for rejection of

bank loan applications, as cited by 23% of the HUEMs. In addition to these, we also find some peculiarities depending on the HUEM's economic activity. For instance, one in five (22%) of HUEMs engaged in fishing activities (whose bank loan applications were rejected) cited that their economic activity was not deemed viable by lending institutions (Figure 4.2.4). In addition, 45% of HUEMs engaged in construction activities cited insufficiency of capital as the reason why banks rejected their loan applications.

Figure 4.2.4 Reasons for Loan Rejection (%)



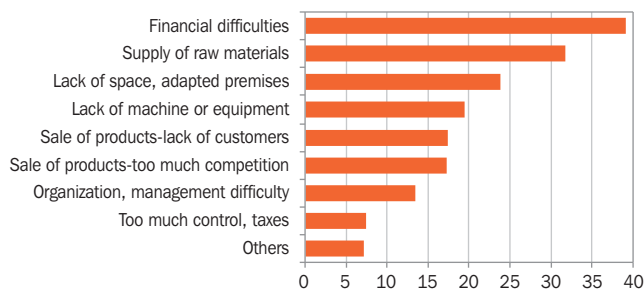
Source: Computations using 2010 ISS.

The reasons for loan rejection are consistent with the perceived notion of HUEMs that applying for bank loans is complicated, starting with the procedures. This is reflected by the low percentage (9%) of HUEMs who actually applied for bank loans.

4.3 PROBLEMS AND PROSPECTS

The difficulties faced by HUEMs in operating their business are shown in Figure 4.3.1. Survey results estimate that about 70% of the total HUEMs faced difficulties related to capital and inputs to production and did not consider marketing and competition to be much of a problem.

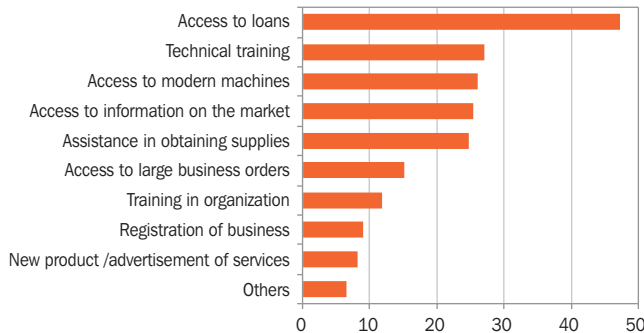
Figure 4.3.1 Problems Faced by HUEMs (%)



HUEMS = household unincorporated enterprises with at least some market production
 Source: Computations using 2010 ISS.

HUEMs were aware that they needed help in order to solve their business problems; HUEMs said that they would highly need assistance in accessing loans, technical training, and modern machines, and in obtaining supplies. The types of assistance identified by the HUEMs (Figure 4.3.2) are consistent with the capital- and production-related problems cited earlier.

Figure 4.3.2 Type of Assistance Needed by HUEMs (%)



Source: Computations using 2010 ISS.

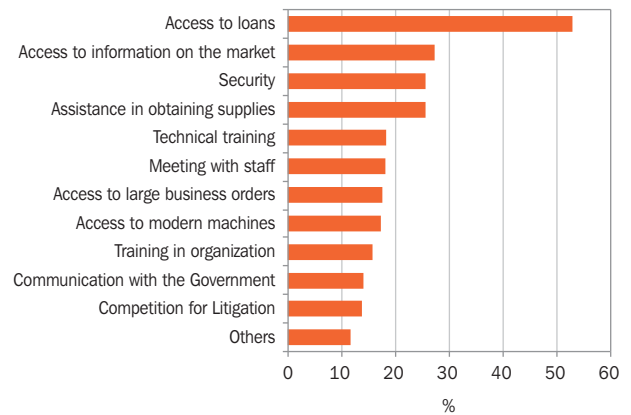
While increased access to loans is the most common type of assistance needed by HUEMs in either urban or rural areas, we may recall that loan approval rates among HUEMs were generally satisfactory at 64%. However, the low percentage of HUEMs who actually applied for bank loans suggests the increasing role of other financial support systems such as NGOs and micro lending facilities that make themselves available to HUEMs.

There are also notable differences on how HUEMs perceived solutions to their business problems. For instance, HUEMs operating in urban areas expressed more need for increased access to market information and access to large business orders. On the other hand, HUEMs in the rural areas saw more need for technical training and access to modern machines. This reflects the difference in the types of businesses operating in urban and rural areas. HUEMs in urban areas are mainly focused on the services sector, while those in the rural areas may be more inclined to focus on the production side.

In general, organizing enterprises in the informal economy is not an easy task and, as the survey results suggest, only one in 10 HUEMs is associated with a business organization. The rate of membership was slightly higher in urban areas (at 13%) than that in the rural areas where only 9% of HUEMs reported affiliation with a business organization.

Interestingly, survey estimates show that 14% of HUEM operators belonged to a business organization. These organizations provided HUEMs assistance in the different aspects of their business. Figure 4.3.3 provides a snapshot on which areas HUEMs received assistance from their respective business organization. It is not surprising to find that most HUEMs also sought the help of their business organization in accessing loans and market information, and assistance in obtaining supplies since they have identified capital and production-related issues as their top problems. Also, 25% of the surveyed HUEMs received assistance in resolving security issues; this is one facet of research that merits further investigation.

Figure 4.3.3 Proportion of HUEMs Helped by Professional Business Organization, by Type of Difficulty (%)



Source: Computations using 2010 ISS.

In general, HUEMs are faced with credit and production-based problems and, as such, government policies that address access to loans and technical trainings, access to modern machines, and the like could be crafted to help small enterprises improve their competitiveness. Policies should look into the proper solutions to the problems, as well as areas where these problems are more prevalent. HUEMs in the urban sector have hinted that most businesses are engaged in the services sector, while those in the rural areas are engaged in the production sector; hence, technical trainings relating to production and modern machinery may be more focused on the rural sector, while market-driven trainings could be focused on urban areas. Policy formulation needs to consider both the assistance to be provided and the target beneficiaries in order for policies to be effective.

CHAPTER 5

INSTITUTIONALIZING INFORMAL EMPLOYMENT AND INFORMAL SECTOR IN OFFICIAL STATISTICS

In recent years, Bangladesh has achieved remarkable progress in reducing the poverty rate from 40.0% in 2005 to 31.5% in 2010. The urban population of Bangladesh is growing rapidly due to rural–urban migration whereby people from the rural areas move to urban areas to find higher-paying jobs. However, the formal sector, generally characterized as a sector that requires higher education and skills, and where the scope of employment is very limited, did not have the absorptive capacity for the migrant workers. Thus, it is believed that most of those who migrated from the rural areas were employed in the informal sector. It is in this thread that the informal sector played a significant role in poverty reduction and job creation in Bangladesh.

Since 2008, the Bangladesh Bureau of Statistics (BBS) collaborated with the Asian Development Bank through regional technical assistance (RETA) 6430: Measuring Informal Employment and the Informal Sector. Through this technical assistance, the 2010 round of the Labor Force Survey (LFS) was expanded to include questions to identify informal employment and informal production units, or what we call household unincorporated enterprises with at least some market production (HUEMs). In turn, an Informal Sector Survey (ISS) was conducted to collect detailed production and expenditure data from the list of identified HUEMs.

The BBS, the only national government agency that is responsible for collecting, compiling, and disseminating statistical data relating to all sectors of the economy in Bangladesh, has been conducting the LFS since 1980 to provide data on civilian labor force, employment, unemployment, underemployment, and other employment-related statistics. The traditional LFS, however, does not provide detailed data on the informal sector and, currently, there is no statistical mechanism to generate disaggregated data of the informal sector, which is essential in formulating appropriate policies and

programs for the improvement of the informal sector. The experience in conducting this survey will help the BBS undertake future surveys of the same nature that would assist policy makers in crafting employment opportunities for the poor and the informal sector.

This chapter enumerates the recommendations for institutionalizing informal employment and the informal sector in official statistics collected by the BBS.

The joint undertaking of the ISS with the LFS, using the mixed survey approach, was observed to be cost effective. However, the pilot ISS and the LFS 2010 coincided with preparations for the population census 2011, lending limited time to train the LFS–ISS enumerators. The lack of training resulted in a number of data inconsistencies that made data integration between the datasets for ISS-1 (Informal Sector Survey Phase 1) and LFS more time consuming. In relation to this, data entry was also done by several programmers at several locations, which complicated the data matching process. For reference, the data cleaning approaches implemented to minimize the observed data inconsistencies are documented in the appendix.

For future undertakings of the same nature, a comprehensive data processing guideline that includes the codes for all data fields and processes for data validation should be drafted and implemented by all the data processors. Supervision of the data processors should also be tightened. An exhaustive pretest and thorough data processing should be done ahead of the actual survey to remove data processing inconsistencies. The software used should also be finalized to facilitate proper data processing.

The following recommendations should likewise be considered for future surveys in order to get more reliable and accurate information on the ISS:

Modification	Justification	Relevance
An Economic Census will be conducted in 2013; the results of the census will be useful in preparing the sampling frame in conducting the ISS.	Using the census information as the sampling frame, identifying households/institutions engaged in informal sector activities can help in the conduct of future ISS.	Economic census contains comprehensive data on the economic activities of Bangladesh, using the sampling frame for the ISS from the census ensures that the economic data are in line with the employment data.
Users of the LFS and ISS need data at a shorter interval than at the current interval of 3–4 years. Therefore, these surveys should be done every other year.	The scenarios of economy and employment are changing rapidly in Bangladesh; thus, data (at a shorter interval) on informal employment and the contribution of the informal sector to GDP is needed.	This is relevant to the mandate of the NSO to provide up-to-date data to planners and policy makers for evidence-based policy making.
Involvement of National Accounts personnel in the ISS and in the estimation of GVA from the informal sector.	Information from the ISS-2 is very relevant and useful for estimating GVA from the informal sector thus, getting the National Accounts personnel involved in the design and processing of information gathered from the ISS-2 can assist them in properly estimating GVA of the informal sector.	The objective of ISS-2 is to determine the contribution of the informal sector to the country's GVA. Therefore, the involvement of National Accounting Wing staff will help in institutionalizing the system.
Integrating the ISS into the LFS (by including questions or modules on informal economy in the LFS) can provide valuable information on the extent of informal employment arrangements and the informal economy.	Inclusion of some questions on ISS in the LFS will not overburden the LFS but will provide valuable information that will be very useful for Bangladesh.	The information on informal employment and the contribution of the informal sector to the country's economy is relevant to Bangladesh.
The enumerator should have a clear concept about the employment status of the population and exhaustive training of enumerators is needed to properly identify HUEM using ISS Form 1 to be copied from the LFS.	The enumerator should understand the objectives of the survey and the reasons for using ISS Form 1 to be reflected from section-4 of the LFS module. The question on employment status (no. 4.9) of the LFS should be the same with the employment status reflected in the ISS Form 1.	HUEM may be identified by using the ISS Form 1 and by asking questions 2.2–2.4.
Short-term and long-term training programs for officials from the Industry and Labor Wing and the National Accounting Wing on the conduct of specialized surveys such as the ISS can enhance the capacity of BBS officials in data collection, processing, and analysis.	<p>The BBS, which encountered difficulties in conducting the pilot study, still lacks the capability to conduct the ISS using the same sampling frame as the LFS.</p> <p>The BBS has very few personnel who can conduct specialized surveys such as the ISS, more so with personnel who have experience in conducting the LFS. Thus, a team of officials from the Industry and Labor Wing and the National Accounting Wing should be trained for future surveys.</p> <p>The concept and definition of the informal sector need to be reflective of the current realities, through consultations with relevant experts, including stakeholders who use ISS data.</p>	<p>A team of experts from the Industry and Labor Wing and the National Accounting Wing trained specifically for the ISS and the LFS will improve the data collection and the survey results.</p> <p>Improving the capabilities of BBS officials also improves the quality of data collected for the informal sector.</p> <p>Proper training prepares statisticians and enumerators in collecting, handling, and processing data.</p>
ISS-2 should be administered together with the LFS.	<p>Administering ISS-2 separately was expensive, and without ISS-1 (to be replicated from LFS module (-4), identification of HUEM was difficult.</p> <p>If administered together, the link between informal employment and the informal sector is defined.</p>	Administering the ISS-2 with the LFS would allow gathering of valuable information on informal sector economy at lesser costs. This valuable information will be useful for improvement of the informal sector.
Data processing guidelines and software should be developed and tested after the questionnaires are finalized prior to the mixed survey. Data processors and supervisors should be given intensive training. Supervision of the data processors should be tightened.	This would reduce data processing errors and shorten data processing period.	Survey results must be published and disseminated in a timely manner to help improve policy formulation and monitoring.

BBS = Bangladesh Bureau of Statistics, GVA = gross value added, HUEM = household unincorporated enterprises with at least some market production, ISS = Informal Sector Survey, ISS-1 = Informal Sector Survey Phase I, ISS-2 = Informal Sector Survey Phase 2, LFS = Labor Force Survey, NSO = national statistics office.

CHAPTER 6

SUMMARY AND CONCLUSIONS

6.1 SUMMARY OF MAIN RESULTS

The Informal Sector Survey (ISS) conducted by the Bangladesh Bureau of Statistics with the Labor Force Survey (LFS) is a first of its kind in Bangladesh. Important information on the informal economy had been gathered, which may be useful as inputs to evidence-based formulation of sector policies.

Survey results indicate that more than 95% of the 56.7 million individuals in the labor force were employed in 2010. This is equivalent to 54 million employed persons, more than 76% of which come from three divisions: Dhaka, Rajshahi, and Chittagong. Of the total number of employed persons, majority took on only one job while a small minority (0.4 million) had multiple jobs. Almost 89% of those with one job depended on an informal job and those with multiple jobs, 86% took on informal jobs, 12% had both informal and formal jobs, and 2% took on multiple formal jobs.

The labor force of Bangladesh is largely dominated by males and is concentrated in the rural areas across age groups. Sixty-four percent (64%) of total employment in Bangladesh are among the 20–44 year-old age group, with the 30–34-year-old age group reporting the largest percentage of working population. It is worth noting that 59% of workers in Bangladesh received at least some basic education.

Informal employment dominated the country's labor market, estimated at about 89% of the total number of jobs, with females reporting a higher incidence at 93% compared to males at 87%. Forty-nine percent (49%) of the jobs in Bangladesh are mainly undertaken in the agriculture sector, 34% are in the services sector, and 17% are in the industry sector. Intuitively, informal employment arrangement is very common in the agriculture sector where 90% of the jobs are under informal arrangements similar to the mining and quarrying, construction, trade, transport and communication; hotels and restaurants; and private households. On the other hand, less than 30% of the workers in the public administration and defense, financial intermediation, and education are under informal employment arrangements. This reflects the dominant role of the informal economy as a source of employment for the labor force in Bangladesh.

When comparisons on the working conditions between formal and informal workers were explored, the data revealed disparities in which informal workers are at a disadvantage. For instance, in terms of income, those in the formal economy earn, on the average, at least 35% more than those in the informal economy do. The same can be said about social protection coverage wherein informal workers receive less than formal workers. In addition, the labor productivity of a typical worker in an informal enterprise is only about one-sixth of the productivity of his or her counterpart in the rest of the economy.

Informal enterprises—a major component of the informal economy and thus a major source of employment—contribute significantly to the total economic output of the country. ISS estimates show that the total gross value added of all informal enterprises accounted for 43% of the country's gross domestic product in 2010.

Among operators of informal enterprises, the most commonly cited reason for engaging in informal activities is either family tradition (39%) or knowledge of the activity (37%). The initial capitalization for most of the informal sector activities was sourced mainly from individuals' own financial resources/savings (45.2%), from family/relatives (24.9%), and from nongovernment organizations (NGOs) (12%). Only a few (10%) of the survey respondents applied for a bank loan, while it may be noted that as high as 49% opined that they did not apply for a bank loan since the procedures are too complicated. Problems of informal enterprises were mainly credit and production-related; thus, these enterprises need more access to loans and technical training and modern machineries. Urban–rural differences in the problems encountered by household unincorporated enterprises with at least some market production (HUEMs) also became evident in the report whereby urban HUEMs needed more credit-related solutions to their problems while those in the rural areas needed more production-related solutions to their problems. To address these problems, policies of the government need to properly target the solutions by also looking at the specific area of the HUEMs rather than presenting a universal solution to problems.

6.2 IMPORTANCE OF MEASURING INFORMAL EMPLOYMENT AND INFORMAL SECTOR

In general, the informal economy plays a significant role in Bangladesh's economy, both in terms of the number of jobs it creates and its contribution to total economic output. However, data gaps are present since there is still no regular data collection activity being done in Bangladesh that will provide empirical support to analyze the dynamics of the informal economy. It is anticipated that this study will help fill in the gap in such a way that the results gathered can be used as valuable inputs to evidence-based policy making which, in turn, would help bolster the economic and social development of Bangladesh. Comprehensive, detailed, and up-to-date information about the informal sector and informal economy are needed to paint a clearer image of the state of the labor market, access to various social protection mechanisms, and the circumstances of the informal enterprises since the informal economy has become a growing concern in Bangladesh.

While there are few instances when workers opt to participate in the informal economy by choice, majority of informal workers in Bangladesh seem to be in the informal economy involuntarily. The survey data provide evidence that workers under informal employment arrangements or those working in informal enterprises have low productivity and thus, have lower income and are more vulnerable to economic and social shocks. Moreover, the results presented in the previous chapters allow us to identify where these workers are found and the kind of economic activity in which they engage. Such data will help economic planners for crafting appropriate policies and for policy targeting.

In general, with globalization leading to less formal and more flexible employment arrangements

in the labor market, the informal economy plays an increasing role in developing countries. Some workers find participation in the informal economy as a bridge toward higher productivity jobs in the informal sector. However, a significant number of the poorest workers are trapped in low productivity jobs in the informal economy. To understand the dynamics and be able to identify more efficient policies, we need empirical data that will accurately reflect what is transpiring on the ground. If this data collection approach may be refined and regularly conducted in Bangladesh, government policies that support the informal sector and informal employment can be prepared and executed to help alleviate the affected sectors.

6.3 OTHER ISSUES

The 2010 ISS is a pilot survey and the first informal survey in Bangladesh. The lesson learned from the ISS will help in designing the larger survey on the informal sector in Bangladesh. The identification of households with some market production from labor force module on employment status is a complicated endeavor that needs rigorous training and caution. Sufficient time is also needed to replicate the ISS-1 from the LFS module. The experience gained from the pilot survey in Bangladesh showed that the employment status reported in the LFS module was not properly duplicated in the ISS module-1, which led to the selection of wrong households in HUEM. Up to some extent, this can be attributed to inaccuracies in the respondent identifiers. The misidentification of the HUEMs occurred during the data collection and data processing stages. The lack of experience of the enumerators' and officials involved in conducting combined surveys caused the setback in the data collection stage, while processing the ISS and LFS data in separate locations was the main reason why data processing became problematic. It was observed that enumerators and supervisors who have had prior experience in conducting institutional survey will be useful in administering the ISS.

APPENDIX 1

CONCEPTS AND DEFINITIONS

Concepts and Definitions for Employment

The concepts presented are mainly based on the definitions and principles recommended by the International Labour Organization (ILO), contextualized to the norms followed in Bangladesh. This also follows the definitions used by Maligalig, Cuevas, and Rosario (2008).

1. Economically active population (labor force) – the employed and unemployed population, aged 15 years and over during the reference period, who forms the labor force.
2. Economically inactive population – people aged 15 years and over who are not considered among the labor force.
3. Economic activity rate (labor force participation rate) – proportion of economically active population to total labor resources.
4. Employment rate – proportion of employed population to total labor force.
5. Unemployment rate – proportion of unemployed population to total economically active population.

Concepts and Definitions for Informal Employment (Discussions were lifted from the ADB Handbook on Using the Mixed Survey in Measuring the Informal Employment and Informal Sector.)

For an internationally comparable definition of informal employment in Bangladesh, classification of the employed population was primarily based on the Fifteenth (15th) and Seventeenth (17th) International Conference of Labour Statisticians (ICLS) guidelines. The 15th ICLS conceptualized the informal sector as

- (1) The informal sector may be broadly characterized as consisting of units engaged in the production of goods or services with the primary objective of generating employment and incomes to the persons concerned. These units typically operate at a low level of organization, with little or no division between labor and capital as factors of production and on a small scale. Labor relations – where they exist – are based mostly on casual employment, kinship or personal and social relations rather than contractual arrangements with formal guarantees.
- (2) Production units of the informal sector have the characteristic features of household enterprises. The fixed and other assets used do not belong to the production units as such but to their owners. The units as such cannot engage in transactions or enter into contracts with other units, nor incur liabilities, on their own behalf. The owners have to raise the necessary finance at their own risk and are personally liable, without limit, for any debts or obligations incurred in the production process. Expenditure for production is often indistinguishable from household expenditure. Similarly, capital goods such as buildings or vehicles may be used indistinguishably for business and household purposes.
- (3) Activities performed by production units of the informal sector are not necessarily performed with the deliberate intention of evading the payment of taxes or social security contributions, or infringing labor or other legislations or administrative provisions. Accordingly, the concept of informal sector activities should be distinguished from the concept of activities of the hidden or underground economy.

According to the 17th ICLS final report, “since the adoption of the resolution concerning statistics of employment in the informal sector by the 15th ICLS in 1993, and the inclusion in the System of National Accounts, 1993, of the 15th ICLS informal sector definition, it had been recommended by the Expert Group on Informal Sector Statistics (Delhi Group) and others that the definition and measurement of employment in the informal sector should be complemented with a definition and measurement of informal employment.” Hence, the conceptual framework on informal employment developed by the ILO linked the enterprise-based concept of employment in the informal sector with a broader, job-based concept of informal employment (Figure A1.1). As a result, clear delineations among i) employment in the informal economy, ii) informal employment, iii) employment in the informal sector, and iv) informal employment outside the informal sector were established.

While the concept of informal sector refers to production units as observation units, the concept of informal employment refers to jobs as observation units. The framework above also applied, for the purpose of statistics on informal employment, the 15th ICLS

Figure A1.1 17th ICLS Conceptual Framework on Informal Employment

Production units by type	Jobs by status in employment								
	Own-account workers		Employers		Contributing (unpaid) family workers	Employees		Members of producers', consumers' cooperatives	
	Informal	Formal	Informal	Formal		Informal	Formal	Informal	Formal
Formal sector enterprises					1	2			
Informal sector Enterprises ^(a)	3		4		5	6	7	8	
Households ^(b)	9					10			

(a) As defined by the Fifteenth International Conference of Labour Statisticians (excluding households employing paid domestic workers).

(b) Households producing goods exclusively for their own final use and households employing paid domestic workers.

Sources: 17th ICLS Final Report and Hussmann, R. 2004a.

resolution that excludes households employing paid domestic workers from informal sector enterprises, and to treat them separately as part of a category named “households”. On the other hand, informal employment comprises the total number of informal jobs, whether carried out in formal sector enterprises, informal sector enterprises, or households, during a given reference period.

Hence, given the conceptual framework, informal employment includes

(i) own-account workers and employers employed in their own informal sector enterprises (cells 3 and 4) – The employment situation of own-account workers and employers can hardly be separated from the type of enterprise, which they own. The informal nature of their jobs thus follows directly from the characteristics of the enterprise.

(ii) contributing family workers, irrespective of whether they work in formal or informal sector

enterprises (cells 1 and 5) – The informal nature of their jobs is due to the fact that contributing family workers usually do not have explicit, written contracts of employment, and that usually their employment is not subject to labor legislation, social security regulations, collective agreements, etc.

(iii) members of informal producers’ cooperatives (cell 8) – The informal nature of their jobs follows directly from the characteristics of the cooperative of which they are members.

(v) employees holding informal jobs in formal sector enterprises, informal sector enterprises, or as paid domestic workers employed by households (cells 2, 6, and 10) – Employees are considered to have informal jobs if their employment relationship is, in law or in practice, not subject to national labor legislation, income taxation, social protection, or entitlement to certain employment benefits

(advance notice of dismissal, severance pay, paid annual or sick leave, etc.) for reasons such as non-declaration of the jobs or the employees; casual jobs or jobs of a limited short duration; jobs with hours of work or wages below a specified threshold (e.g., for social security contributions); employment by unincorporated enterprises or by persons in households; jobs where the employee’s place of work is outside the premises of the employer’s enterprise (e.g., outworkers without employment contract); or jobs for which labor regulations are not applied, not enforced, or not complied with for any other reason.

(vi) own-account workers engaged in the production of goods exclusively for own final use by their household (cell 9).

The framework also presents the important information on informal employment outside the informal sector, which is comprised by the following types of jobs:

(i) employees holding informal jobs (as defined in paragraph 3(5) above) in formal sector enterprises (cell 2) or as paid domestic workers employed by households (cell 10);

(ii) contributing family workers working in formal sector enterprises (cell 1); and

(iii) own-account workers engaged in the production of goods exclusively for own final use by their household (cell 9), if considered employed according to the resolution concerning statistics of the economically active population, employment, unemployment, and underemployment adopted by the 13th ICLS.

One significant idea to consider in analyzing the nature of employment is whether informality pertains to persons or jobs. According to the 15th and 17th ICLS, employment in the informal sector is defined as

comprising all jobs in informal sector enterprises, or all persons who, during a given reference period, were employed in at least one informal sector enterprise, irrespective of their status in employment and whether it was their main or a secondary job ... A person can simultaneously have two or more formal and/or informal jobs. Due to the existence of such multiple jobholding, jobs rather than employed persons were taken as the observation units for employment ... informal employment as comprising the total number of informal jobs, whether carried out in formal sector enterprises, informal sector enterprises, or households, during a given reference period (Hussmann 2004a and 2004b).

Additional concepts have also been introduced by organizations dedicated to endeavors pertaining to the informal economy and informal employment, such as the Women in Informal Employment: Globalizing and Organizing (WIEGO). According to one of the known affiliates of WIEGO, Martha Chen, in her paper titled “Rethinking the Informal Economy: Linkages with the Formal Economy and the Formal Regulatory Environment,” while the informal economy consists of a range of informal enterprises and informal jobs, it can still be segmented into the following:

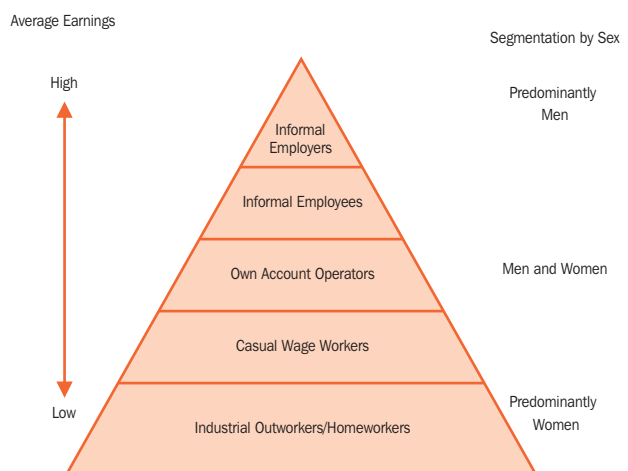
1. *Self-employment in informal enterprises*: workers in small unregistered or unincorporated enterprises, including
 - employers
 - own-account operators: both heads of family enterprises and single-person operators
 - unpaid family workers
2. *Wage employment in informal jobs*: workers without worker benefits or social protection who work for formal or informal firms, for households or with no fixed employer, including
 - employees of informal enterprises
 - other informal wage workers such as
 - ◊ casual or day laborers
 - ◊ domestic workers
 - ◊ unregistered or undeclared workers
 - ◊ some temporary or part-time workers

- industrial outworkers (also called homeworkers)

Research also showed distinct characteristics of the informal economy in terms of income earnings and sex of workers. Chen (2007) depicted this in an “iceberg” segmentation of the informal economy, which illustrates the significant gaps in earnings within the informal economy and general trends in men–women employment ratios (as shown in Figure A1.2). Given that the figure represents increasing earnings toward the top, it shows that employers have the highest earnings, followed by their employees and other more “regular” informal wage workers, own-account operators, “casual” informal wage workers, and industrial outworkers. Meanwhile, it also demonstrates that, in general, men are likely to be overrepresented in the top segment, while women tend to be overrepresented in the bottom segments. However, the shares of men and women in the intermediate segments vary across sectors. These concepts ultimately point to the significant gender disparity in earnings within the informal economy, with men having the advantage over women.

The concepts and ideas presented are the chief considerations applied in the estimation and analysis of informal employment in Indonesia using the 2009 Pilot Informal Sector Survey conducted in the provinces of Yogyakarta and Banten.

Figure A1.2 Segmentation of the Informal Economy



Note: The informal economy may also be segmented by race, ethnicity, or religion.
Source: Chen, Martha A. 2007.

APPENDIX 2

COST-EFFECTIVE SAMPLING DESIGN FOR THE INFORMAL SECTOR

The Mixed Survey: Overview (*Discussions are lifted verbatim from Maligalig, D., 2010.*)

On the basis of the definitions of the informal sector that were agreed at the 15th International Conference of Labour Statisticians (ICLS), there are two types of informal sector production units: informal own-account enterprises and enterprises of informal employers. Both these types are owned by households and since the operations of these enterprises are not easily distinguishable from those of the households that own them, a household survey has an advantage in identifying these production units. How can this be done? Respondent households have to be screened for these enterprises following the dichotomy presented in Figure A2.1. Those household enterprises that are producing at least some goods and services for the market and belonging either in the agricultural or non-agricultural informal sectors will be the target sampling units. These are called household unincorporated enterprises with at least some market production (HUEMs).

Figure A2.1 Dichotomy of Household Enterprises

Household Enterprises					
Producing at least some goods and services for market				Producing goods and services for own final use	
Non-agricultural		Agricultural		Goods	Services
Formal sector	Informal sector	Formal sector	Informal sector	Agriculture, forestry, fishing Other activities	Paid domestic services Owner occupied dwelling services

Household Unincorporated Enterprises with some Market Production (HUEMs)

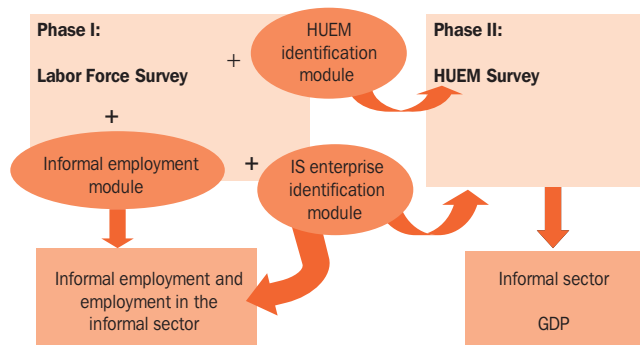
The mixed survey approach utilizes a household survey in the first phase to identify the HUEMs, some of which will be sampled for the second phase survey or the HUEM survey. Since the ultimate sampling units of the labor force survey (LFS) are the adults in sampled households and its questions are mostly on labor and employment, the LFS is the most appropriate household survey to use for the first phase. Also, the LFS is the most frequently conducted household survey and hence, informal employment statistics will be up to date. The LFS is expanded by adding questions to identify HUEMs, informal enterprises, informal employment, benefits received, and working conditions of workers.

The graphical description of the mixed survey approach is shown in Figure A2.2. Phase 1 or expanded

LFS contains additional questions that can be classified into three categories namely, i) informal employment module, ii) informal sector enterprise module, and iii) HUEM identification module. The informal employment module will determine the extent of informal employment by distinguishing the informal from the formal workers. The data to be collected will be used to analyze the characteristics of the informal workers, available social protection mechanisms, and working conditions. This module, when combined with the informal enterprise module, will further enrich the examination by determining informal employment in the informal sector. The informal sector enterprise module will determine if the enterprise/establishment of a respondent worker is informal or not. This is significant since the concept of informal employment also covers the people working in the formal sector who are informally employed. The HUEM identification module determines the existence of a probable HUEM in the household and identifies the respondent in phase 2 of the survey. Meanwhile, phase 2 concentrates on the enterprise and its production, providing relevant information on the informal sector's contribution to the country's economic output or the gross domestic product.

The HUEMs that were identified in the second phase will be used as the sampling frame for the phase 2 survey. Hence, the cost of listing operations, which could be very large because small production units are difficult to identify, will not be incurred, and the second phase—the HUEM survey—will still maintain a probability sample design.

Figure A2.2 Mixed Survey Approach



Modified from Gennari, P., M. Guerrero, and Z. Orhun. 2009.

Sampling Design of Phase 2 in the 1–2 Mixed Survey

The mixed survey is a variant of double phase sampling in which the second phase survey is usually a subset of the first phase sample and hence, both phases have the same ultimate sampling units. In the case of the mixed survey, however, the sampling units differ with households/individuals in the LFS or phase 1 and HUEMs in the second phase. The LFS is usually designed such that all the relevant geographical areas and household social/income classes are well represented. However, no mechanism has been incorporated into the LFS design that ensures that all sectors of national accounts will be well represented in phase 2. Some sectors may be overrepresented and some, with very few HUEMs. Hence, the strategy might result in less-efficient estimates than those from independent informal sector surveys in which the sampling frame of HUEMs is the result of listing operations conducted solely for that purpose. It is, therefore, important that the phase 2 sample be carefully designed to address this issue.

The high turnover of HUEMs is another issue that has to be considered in designing the second phase survey. To control for unit nonresponse (e.g., cannot be located, closed) in the second-phase HUEM survey, the interval between the two phases should be kept short. In fact, survey operations can be designed such that the two phases can be done almost simultaneously. This would not only reduce the ineligible HUEMs and those that cannot be located but would also save some travel costs for the enumerators and supervisors. This, of course, is straightforward if all the HUEMs identified in the LFS will also be enumerated in the HUEM survey. Otherwise, reliable auxiliary information from previous survey is needed. For example, if the sample primary sampling units (PSUs) in the LFS are the same or very similar in previous surveys, the distribution of “own-accounts” and self-employed individuals in the survey can be a good auxiliary variable that can be used as measure of size or stratification variable in subsampling PSUs.

To implement the simultaneous field operations, there are several options in designing the second phase: (i) a subsample of the PSUs of the household sample survey can be taken, in which all the informal sector units will be enumerated; (ii) a subsample of HUEMs that were identified will be interviewed for the second-phase survey; and (iii) all HUEMs that have been identified will be interviewed. Decision on which is the most appropriate variation depends on the following conditions: (i) availability of auxiliary information from previous survey results, (ii) budget limitations, and (iii) skill level of enumerators and field supervisors.

A subsample of PSUs may be drawn prior to the survey if relevant auxiliary information is available. For example, if the distribution of “own-account” or self-employed individuals by sector (of national accounts) is available for each domain, then PSUs can be selected accordingly. Subsampling HUEMs for the second phase would usually require another field operation because to subsample, a list frame is needed and, hence, results of the first phase must first be processed. Furthermore, since HUEMs are likely not distributed evenly across geographical areas, balancing the workload of field operation staff will be more challenging. Subsampling HUEMs in simultaneous phase 1 and phase 2 operations can only be implemented if the enumerators and field supervisors are adept in screening the HUEMs and are able to apply the correct sampling fractions. The third option is the easiest to implement but would require a large budget since the sample size is not controlled at the onset. It could turn out that the sample size will be very large and may require longer enumeration period and more human resources to complete. Also, the number of questionnaires that have to be printed will be quite large. And there is no mechanism for making the workload among enumerators equitable.

In the case of Bangladesh, a new master sample has been developed. Hence, the 2005 round of LFS, which used the Integrated Multi-Purpose Sampling Design, did not provide information on industry classification of PSUs, which can be used as auxiliary variable so that dominant/sparse sector rule can be applied. In turn, the subsampling PSUs may use the strata formed for the new master sample. Under the assumption that PSUs in the rural areas will have mostly agriculture HUEMs and since agriculture HUEMs are quite prevalent in Bangladesh, PSUs in the rural areas would be subsampled substantially (strata #3 and #4). Based on the initial plan, the distribution of sample PSUs across geographic divisions of Bangladesh is shown in Table A2.1.

The survey weight for the phase 2 survey is the product of the survey weights in phase 1 and the inverse of the selection probability of the sampled PSU. The survey weights of respondents in phase 1 are well known since phase 1 is usually the expanded LFS. Had the initial plan of subsampling PSUs been implemented, the phase 2 survey weight of a HUEM in a specific stratum of a geographic division will be equal to the survey weight of the respondent household to which it belongs in the first phase multiplied by the ratio of the number of PSUs in phase 1 to the number of PSUs in phase 2. However, during field operations, all HUEMs identified in ISS 1 were interviewed in ISS 2. Consequently, the survey weight of HUEMs in phase 2 is equal to the survey weight of the respondent household to which it belongs in phase 1.

Table A2.1 PSU Distribution for Phase 1 and Phase 2 of the Informal Sector Survey: Bangladesh

Division	Stratum	ISS 1	ISS 2 (initial plan)
Barisal	1	57	57
	2	49	48
	3	39	13
	4	37	11
Chittagong	1	86	80
	2	74	69
	3	46	15
	4	40	15
Dhaka	1	132	123
	2	117	114
	3	63	21
	4	58	22
Khulna	1	63	62
	2	64	62
	3	41	14
	4	42	14
Rajshahi	1	94	89
	2	88	86
	3	69	23
	4	63	21
Sylhet	1	50	41
	2	51	38
	3	39	11
	4	38	13
TOTAL		1,500	1,062

ISS = Informal Sector Survey; PSU = primary sampling unit.

Informal Sector Survey Forms

Given that the ISS has two phases, the survey questionnaires are also separated into two forms. The following table describes each form:

Table A2.2 Survey Questionnaires: Informal Sector Survey

LFS and ISS Form 1 Questionnaire	<p>These questionnaire(s) gathered information on the Employment Status, Nature of Employment, Terms of Employment, Social Security Contribution, Paid Leave, Maternity/Paternity Leave, Termination of Employment, Place of Work, Industry of Enterprise, Legal Organization, Employment Size, Registration, Bookkeeping and Accounting Practices, and Production.</p> <p>The ISS Form 1 also incorporated a short expenditure module that was used to collect data on household's food and nonfood consumption.</p>
ISS Form 2 (Phase 2) Questionnaire	<p>This questionnaire records information about HUEMs such as Identification and General Information, Organization and Status of Business, Employment and Compensation, Production and Sale, Expenditures on Raw Material and Stocks, Capital Expenditure, and Credit Information. The respondents for this form are either own-account workers who are owners of the HUEM.</p>

HUEM = household unincorporated enterprise with at least some market production, ISS = Informal Sector Survey, LFS = Labor Force Survey.

The objectives of the ISS Form 1 (Phase 1) Questionnaire are to

- (i) identify and construct a sampling frame of household unincorporated enterprises with at least some market production (HUEMs) among the enterprises in which employed persons work;
- (ii) provide data for estimating employment in informal sector enterprises; and
- (iii) provide data for estimating informal employment.

In this document, the questionnaire items relating to each of these objectives are grouped into three modules—a module on informal employment, a module on the registration and employment size criterion for identifying informal sector enterprises, and a module to identify HUEMs.

Meanwhile, research has shown a clear link between poverty and employment in the informal sector; however, due to lack of data the following issues have not yet been determined in many countries: (i) the number of working poor, (ii) the number employed in the informal sector, and (iii) the prevalence of poor in the informal sector compared with the formal sector. To address this need for information, the ISS in Bangladesh included a one-page household expenditure module in the ISS Form 1. This was incorporated into the questionnaire design chiefly to determine poverty status of workers, so that employment poverty analysis can be performed. Using the data that will be collected and the existing poverty lines in Bangladesh, poverty rates, the number of poor, and other poverty indicators will be estimated. With the potential poverty statistics to be generated, it would be possible to determine how many of those working in the informal sector and those engaged in informal employment are poor.

Information in Section III of the ISS Form 1, the Household Expenditure work sheet, are based on the consumption items available in the Household Income and Expenditure Survey (HIES) questionnaire of Bangladesh. They are divided into (i) food and beverages, (ii) fuel and lighting, (iii) clothing and footwear, (iv) transport expenses, (v) housing-related expenses, (vi) miscellaneous expenses, (vii) medical expenses, (viii) health expenses, (ix) expenses on durable equipment, and (x) expenses for festivals and special occasions. The reference period used are the previous week, previous month, and 12 months ago.

On the other hand, the primary purpose of the ISS Form 2 (HUEM) Questionnaire is to generate data that

can be a direct measure of informal production activities. The results of the HUEM Survey will provide the basis for estimating the benchmark gross value added (GVA) for the informal sector and, thus, measure its contribution to the gross domestic product (GDP) of the country. The HUEM Survey is meant to provide the data specifically for the informal sector.

The ISS Form 2 has six (6) sections:

- A. Organization of Business
- B. Employment and Compensation
- C. Expenditure, Production, Inventory and Sale
- D. Capital Expenditures
- E. Banks, Micro-Finance Services, and Other Support Structure
- F. Problems and Prospects

Since the data that will be collected from the ISS Form 2 or from the HUEM Survey will be the benchmark of the informal sector GVA, it is imperative that all items in the questionnaire be filled up completely and carefully. The sections significant for the GVA estimation are Sections B through D. Meanwhile, Sections E and F are added to collect information in aid of policy making.

Screening of HUEM Survey Respondents

For the first phase, the mixed survey approach administered in Bangladesh used ISS Form 1 to screen the respondents for the second phase. The following

questionnaire items from ISS Form 1 were used to identify the HUEMs, whose owners were interviewed in the second phase: 1) employment status, 2) legal status, 3) marketed production, and 4) business records or accounts.

Meanwhile, the following conditions were applied to determine whether the enterprise is a HUEM:

It was necessary that all jobs, whether primary or secondary and regardless if it is the same respondent or not, was screened for the HUEM Survey. For example, an employed person may be a formal employee, working as a regular bus driver in a company as his main job, but may also be working as a tricycle driver in his second job. Thus, he can be considered as an own-account worker in this other job. If he receives payment for the transportation services he provides, and the legal status of his business is single proprietorship with no business records or accounts, then his business is a potential HUEM. These considerations were applied in the HUEM surveys conducted; thus, a person with the described characteristics was a respondent in this phase.

It should be noted that, as a rule, the respondent interviewed for the HUEM Survey should be the owner of the enterprise. This is a strict condition implemented because the respondent must have extensive knowledge of the revenues and expenditures, as well as the production process of the enterprise, to be able to answer the questions in the HUEM.

Table A2.3 HUEM Decision Matrix

Employment Status		Legal Status		Marketed Production		Business Records or Accounts	
Own-account worker	&	Single proprietorship/ individual business or farm	&	Yes	&	No written accounts	
Employer		Others					Informal records for personal use
		Do not know					Simplified accounting format required for tax payment

APPENDIX 3

SAMPLING ERRORS

Table A3.1 Informal Employment Rate

Item	Informal Employment Rate	Linearized Std. Error	95% Confidence Interval	
Bangladesh	11.45	0.38	10.72	12.19
Urban	24.00	1.13	21.79	26.22
Rural	7.68	0.24	7.20	8.16
Male	13.18	0.39	12.42	13.94
Female	7.39	0.49	6.43	8.35

Table A3.2 Distribution of Jobs by Employment Status

Employment Status	Proportion	Linearized Std. Error	95% Confidence Interval	
Employee	13.21	0.43	12.36	14.06
Employer	0.25	0.03	0.19	0.32
Self-employed in agriculture	17.26	0.32	16.64	17.88
Self-employed in non-agriculture	14.59	0.27	14.05	15.12
Unpaid family worker	24.43	0.33	23.79	25.08
Casual/irregular paid worker	3.09	0.20	2.69	3.49
Day labor in agriculture	13.15	0.35	12.47	13.82
Day labor in non-agriculture	11.16	0.31	10.54	11.77
Domestic worker in private household	2.86	0.12	2.62	3.11

Table A3.3 Distribution of Jobs by Industry

Industry	Proportion	Linearized Std. Error	95% Confidence Interval	
Agriculture, hunting, forestry, and fishery	48.58	0.62	47.35	49.80
Mining and quarrying	0.19	0.06	0.07	0.31
Manufacturing	11.92	0.42	11.08	12.75
Electricity, gas, steam, and air-conditioning supply	0.17	0.02	0.13	0.21
Water supply, sewerage, waste management, and remediation activities	0.05	0.01	0.03	0.07
Construction	4.78	0.18	4.43	5.14
Wholesale and retail trade, repair of motor vehicles and motorcycles	13.14	0.29	12.58	13.70
Transportation and storage	7.15	0.19	6.79	7.51
(Hotels, etc.) Accommodation and food service activities	1.48	0.07	1.33	1.62
Information and communication	0.09	0.02	0.05	0.13
Financial and insurance activities	0.67	0.07	0.54	0.80
Real estate activities	0.06	0.01	0.03	0.08
Professional, scientific, and technical activities	0.22	0.03	0.16	0.27
Administrative and support service activities	0.93	0.11	0.72	1.13
Public administration and defense, compulsory social security	1.00	0.08	0.85	1.15
Education	2.29	0.09	2.11	2.48
Human health and social work activities	0.74	0.05	0.65	0.83
Arts, entertainment, and recreation	0.12	0.02	0.09	0.16
Other service activities	4.40	0.14	4.13	4.67
Private households	2.02	0.09	1.85	2.19
Extraterritorial organizations and bodies	0.00	0.00	0.00	0.01

APPENDIX 4

MEASURING INFORMAL EMPLOYMENT AND INFORMAL ENTERPRISES

Informal Employment

Classifying informal employment using the Informal Sector Survey (ISS) data entailed determining the characteristics of the dataset itself and then applying the International Conference of Labour Statisticians (ICLS) concepts and definitions in consideration of these characteristics. The significance of this type of dataset analysis was acquired from Maligalig et al. (2008) results in identifying informal employment in Bangladesh using the 2005–2006 Labor Force Survey (LFS). The methodology developed, that is, cross-tabulating variables to determine the properties of the dataset as well as to identify the relationships among them, is also an appropriate process to apply in the ISS of Bangladesh. Through the series of cross tabulations, the survey questions were examined, the responses validated, and reliable variables to apply in the informal employment decision matrix were identified. The following table shows the combination of questions used for the cross tabulation analysis.

The cross tabulations described the type of dataset and the potential variables to consider for the informal employment decision matrix. The whole process of determining the properties of the dataset has led to the assessment that the reliable variables to use in classifying the informality of employment for own- account and employers are the employment status and bookkeeping practice of the enterprise, with priority on these answer choices: 1) no written accounts, 2) informal records, and 3) simplified accounting practices. On the other hand, for employees, the employment status and type of contract variables are the significant conditions to apply.

Informal Enterprises

One of the variables deemed critical in identifying the households in Bangladesh is the query “Does the enterprise you own sell its goods or services?” since households are defined in the framework as producing exclusively for its own consumption. However, cross

Table A4.1 Combination of Questions from the 2010 Bangladesh ISS Used for the Cross Tabulation Analysis

Question	Description		Question	Description
Q2.1 (ISS1)	Employment status	vs.	Q4.10 (LFS)	Type of enterprise
Q2.1 (ISS1)	Employment status	vs.	Q2.2 (LFS)	Legal status of enterprise
Q2.1 (ISS1)	Employment status	vs.	Q2.4 (ISS1)	Bookkeeping practice
Q2.1 (ISS1)	Employment status	vs.	Q4.23 (LFS)	Type of contract
Q2.1 (ISS1)	Employment status	vs.	Q4.24 (LFS)	Type of pay slip
Q2.1 (ISS1)	Employment status	vs.	Q2.3 (ISS1)	Market enterprise (sell goods or services)
Q4.23 (LFS)	Type of contract	vs.	Q4.24 (LFS)	Type of pay slip
Q4.8 (LFS)	Place of work	vs.	Q4.10 (LFS)	Type of enterprise
Q4.8 (LFS)	Place of work	vs.	Q2.2 (ISS1)	Legal status of enterprise
Q2.4 (ISS1)	Bookkeeping practice	vs.	Q2.2 (ISS1)	Legal status of enterprise
Q2.2 (ISS1)	Legal status of enterprise	vs.	Q4.24 (LFS)	Type of pay slip
Q4.24 (LFS)	Type of pay slip	vs.	Q4.11 (LFS)	Employment size

Table A4.2 Decision Matrix for Determining Formal and Informal Employment

Nature of Employment	Employment Status	Contract	Records of Accounts
Formal Employment	1 regular paid employee 6 irregular paid worker 7 day laborer (agri) 8 day laborer (non-agri) 9 Domestic worker in a private household	1 written contract	
	2 employer 3 self-employed (agri) 4 self-employed (non-agri)		1 complete bookkeeping
Informal Employment	1 regular paid employee 6 irregular paid worker 7 day laborer (agri) 8 day laborer (non-agri) 9 Domestic worker in a private household	2 verbal contract or 3 no contract	
	5 unpaid family worker 2 employer 3 self-employed (agri) 4 self-employed (non-agri)		2 simplified accounts 3 informal records 4 no written records 5 others

tabulations suggested caution in using the variable. The results imply that there may be respondents who did not fully understand the question in relation to their type of work. For example, the respondents who work in corporations and receive detailed pay slips may be employed in a construction company which, in the view of the employee, does not sell any tangible product. Technically, the company “sells” its services to the agency/people/other companies that hire them. But, to an ordinary employee, this concept may not easily be grasped. Hence, when asked if the enterprise sells any of its products or services, the respondent may have answered “No”. The same reasoning is hypothesized to those own-account workers and employers who answered “No” to the query but exhibit qualities of owning market-producing enterprises, such as 1) the self-employed worker posting income during the reference

period, and/or 2) the enterprise engaging paid employees for the production during the reference period. The enterprise may have been providing services, which is typically not associated with “selling” of products.

Thus, given the results of the cross tabulations, the dataset was revalidated to determine the consistency of the answers to “selling” query with the other variables that make up the characteristics of each observation. Individual analysis and evaluation of the observations (which answered NO to the “selling” question) were conducted, and records were revised based on the examination. After each cycle of revisions, the variables are again evaluated. The process is repeated until no inconsistency is observed when the variables are cross-tabulated. With this methodology, the decision matrix for informal enterprises is formulated as

Table A4.3 Decision Matrix for Classifying Production Units: Own-Account Workers, Employers, and Unpaid Family Workers

Production Unit	Employment Status	Payslip	Legal Status of Organization	Bookkeeping	Sell Good or Services
Formal Enterprise	1 regular paid employee 6 irregular paid worker 7 day laborer (agri) 8 day laborer (non-agri)	1 Complete information			
	2 employer 3 self-employed (agri) 4 self-employed (non-agri) 5 unpaid family worker			1 complete bookkeeping	1 On a regular basis or 2 From time to time
Informal Enterprise	1 regular paid employee 6 irregular paid worker 7 day laborer (agri) 8 day laborer (non-agri)	2 Simple payslip or 3 No			
	2 employer 3 self-employed (agri) 4 self-employed (non-agri) 5 unpaid family worker		1 Single proprietorship 2 Partnership 5 Others 6 Do not know	2 simplified legal accounts 3 Informal records 4 no written records 5 others	1 On a regular basis or 2 From time to time
Household	9 Domestic worker in a private hhld				
	3 self-employed (agri) 4 self-employed (non-agri)				3 No or 4 Don't know

APPENDIX 5

NOTES ON DATA VALIDATION AND ANALYSIS

Data Preparation

1. Bangladesh is one of three countries covered by ADB Regional Technical Assistance (RETA) 6430: Measuring the Informal Sector. The cost-effective but reliable methodology employed under this technical assistance made use of the Labor Force Survey (LFS) as the first phase survey, from which the sampling frame of the Informal Sector Survey was drawn.
2. Additional questions that can determine informal employment and identify household unincorporated enterprises with at least some market production (HUEMs) or informal sector production units were introduced in the LFS.
3. Prior to this technical assistance, the last LFS round conducted in Bangladesh was in 2005. The 2005 LFS followed the Integrated Multi-Purpose Sampling Design (IMPS). Maligalig and Barcenas (2008) identified areas of improvement for the said sampling design. In turn, Dr. Maligalig, the technical assistance team leader, supervised the development of a new master sample for Bangladesh (to be used for the new round of LFS) during a review mission in September 2009. (For technical details, readers may refer to Maligalig and Martinez [2009].)
4. The new master sample recommended a base sample size of 10 households to be drawn from each of the 1,500 primary sampling units (PSUs). Since the 2001 census of population was used as basis for allocating the sample, the number of households to be selected should be adjusted according to current PSU size to maintain the same selection probabilities. Uniform selection probabilities within a domain ensure that the contribution of survey weights to the variance of the estimates is small.
5. However, instead of drawing 10 households from each PSU, the Bangladesh Bureau of Statistics (BBS) opted to draw 20 households. Later on, BBS staff decided to draw seven more households per PSU. They attributed this to their need to inflate the sample size for other rider-surveys that were to be conducted together with the LFS (e.g., Survey on Volunteerism).

6. In August 2010, a review mission was carried out to identify areas of improvement in the data processing of the LFS and the Informal Sector Survey (ISS). The mission noted that data processing of the LFS and that of the ISS were done separately. Close coordination to implement a systematic mechanism of consistency checking between the two groups was also lacking. There was also limited data validation checks employed during data entry. These contributed to the inflation of the number of data inconsistencies. Example(s) of data inconsistencies are illustrated below:

Example 1: Issue on merging the data files

The LFS data was encoded by the Computer Wing of BBS using FoxPro software. Using this database program, data for each record are automatically stored in eight separate files (each corresponding to one page in the LFS questionnaire). However, the software did not incorporate logical algorithms during the encoding process. This caused some variables to fall outside the expected range. In addition, some skipping patterns were not followed. During manual editing stage, which was designed to correct the values falling outside the expected range and other mistakes, the edits were independently implemented for each of the eight files. Unfortunately, during this stage, encoding errors of the geographic codes were also committed. This led to some inconsistencies in the geographic codes within the same questionnaires:

For example, in the questionnaire for PSU#44, hhld#88, there is an inconsistency in the variable region.

Between file 1 and file 2:

ct	reg	Dist	upza	un	mza	rmo	psu_no	hhno	lineno	rel	sex	age
2	0.3	6	51	33	185	1	44	88	3	3	1	10
2	0.3	6	51	33	185	1	44	88	1	1	1	43
2	0.3	6	51	33	185	1	44	88	2	2	2	35
1	5	6	51	33	185	1	44	88				

Between file 1 and file 4:

ct	reg	Dist	upza	un	mza	rmo	psu_no	hhno	lineno	s4_1	s4_2	s4_3
4	15	15	9	43	480	2	265	176	3	2	2	5
4	15	15	9	43	480	2	265	176	1	1	0	0
4	15	15	9	43	480	2	265	176	5	1	0	0
4	15	15	9	43	480	2	265	176	6	1	0	0
4	15	15	9	43	480	2	265	176	2	2	2	2
1	15	15	43	9	480	2	265	176				

These factors led to some inconsistencies among the eight data files of the LFS. Consequently, it was not straightforward to merge these files.

Example 2: Encoding error

region	zila	upazila	union	mauza	rural_urban	psu	hhld	sl	occ
10	10	40	54	908	1	1023	2	1	1
10	10	40	54	908	1	1023	7	1	1
10	10	40	54	908	1	1023	13	1	1
10	10	40	54	908	1	1023	24	1	1
10	10	40	54	908	1	1023	30	1	1
10	10	40	54	908	1	1023	47	1	7
10	10	40	54	908	1	1023	53	1	1
10	10	40	54	908	1	1023	64	1	1
10	10	40	54	908	1	1023	70	1	7
10	10	40	54	908	1	1023	81	1	1
10	10	40	54	908	1	1023	87	1	1
10	10	40	54	908	1	1023	92	1	1
10	10	40	54	908	1	1023	104	1	1
10	10	40	54	908	1	1023	109	1	7
10	10	40	54	908	1	1023	115	1	1
10	10	40	54	908	1	1023	126	1	1
10	10	40	54	908	1	1023	132	1	7
10	10	40	54	908	1	1023	143	1	1
10	10	40	54	908	1	1023	149	1	7

The table above is a subset of ISS Form 1 data. The variables provided are the geographic codes, household ID (hhld), household member ID (sl), and job number (occ). The highlighted rows correspond to cases where the job number is 7. Ideally, this would mean that a person under consideration has seven jobs, but it seems that this is not the case in this example because there is only one employed member of the household, each with only one job.

The example above illustrates inconsistent information between Q.2.3 and Q.2.8. If the respondents are indeed not selling goods nor services, they should have been marked as "X" under Column 2.7. In fact, it seems that some of them were even classified as HUEMs based on Column 2.9. Alternatively, the mistake may have been committed in Column 2.3: instead of not selling, it is possible that the response should have been either 1 or 2. We can check this by studying all the other information from both the LFS and ISS. Such steps should have been incorporated in the ISS questionnaire review. The same is true for the following example:

Example 3: Inconsistencies between variables

Inconsistencies in "Q.2.3 Does the enterprise you own / where you work (including work in the farm) sell or barter its goods and/or services?"

region	zila	upazila	union	mauza	rural_urban	psu	hhld	sl	occ	q_2_3	q_2_7	q_2_9
10	10	94	79	767	1	1038	60	1	1	3	0	0
10	10	94	79	767	1	1038	76	1	1	3	0	0
62	61	31	94	363	1	658	80	6	1	3	0	0
65	51	65	47	156	1	393	30	1	1	3	0	X
65	51	65	47	156	1	393	38	1	1	3	0	X
65	51	65	47	156	1	393	88	1	1	3	0	0
84	84	25	76	696	1	424	52	1	1	3	0	0
84	84	25	76	696	1	424	58	1	1	3	0	0
84	84	25	76	696	1	424	81	1	1	3	0	0
84	84	25	76	696	1	424	81	2	1	3	0	0

- Notes: Q.2.3 – Does the enterprise you own / where you work (including work in the farm) sell or barter its goods and/ or services? --> 1. Yes, at least some part of it on a regular basis; 2. Yes, at least some part of it from time-to-time; 3. No; 4. Don't know.
 Q.2.7 – If entry in Column 2.3 is either code 1 or 2, enter "0". Otherwise, enter "X".
 Q.2.9 – Put a check mark (/) if the entries in Columns 2.5 to 2.8 are all "0" and go to Column 2.10.

Inconsistencies in "Q.2.4 How does your enterprise / business maintain its records or accounts?"

region	zila	upazila	union	mauza	rural_urban	psu	hhld	sl	occ	q_2_4	q_2_8	q_2_9
46	46	65	31	459	1	378	10	1	1	1	0	0
62	61	31	94	363	1	658	21	1	1	1	0	X
62	61	31	94	363	1	658	49	1	1	1	0	X
62	61	31	94	363	1	658	62	1	1	1	0	0

- Notes: Q.2.4 – How does your enterprise / business maintain its records or accounts? --> 1. Complete bookkeeping (balance sheet and operating statements); 2. Simplified legal accounts; 3. Only through informal records of orders, sales, purchases; 4. No written records are kept; 5. Others, specify.
 Q.2.8 – If entry in Column 2.4 is either code 2, 3, or 4, enter "0". Otherwise, enter "X".
 Q.2.9 – Put a check mark (/) if the entries in Columns 2.5 to 2.8 are all "0" and go to Column 2.10.

The mission produced a set of guidelines for data cleaning. Still, due to the large volume of data inconsistencies encountered, data cleaning took longer time than expected. Also, not all inconsistencies were addressed successfully. For example, few records shared the same person and job IDs. In most of these cases, it was hard to conclude whether the records corresponded to different persons or the same person with multiple jobs. Also, in a few cases, an employed person did not have a main job; instead, he/she had multiple secondary jobs. Looking at the number of hours worked / rendered for each job did not provide conclusive evidence for us to identify the person's main job. We believe that even if we had kept them or excluded them from the analysis, either way would not have had a significant impact on the analysis especially when working on proportions.

Measuring Informal Employment

7. In the analysis of formal and informal employment, households that were interviewed for the Volunteerism Module were excluded. This is because most of these households did not have the ISS 1 data needed to classify jobs under formal/informal employment, and formal/informal/household production units.
8. Initially, the survey weights for the LFS–ISS1 were calibrated so that the total number of households will be equal to the number of households reported in the preliminary 2010 census report (published in the BBS website). This would also result in an estimated population of 146.3 million. Considering that Bangladesh's population is growing at approximately 1.3% per year over the last 5 years, 146.3 million seemed to be a reasonable estimate. However, BBS suggested the use of the Sample Vital Registration Survey (SVRS) results in computing the calibration factors until the results of the 2010 census have been finalized. This resulted in an estimated population of 148.6 million.
9. The following table provides a quick summary of the estimated magnitude of the population after calibrating the survey weights based on SVRS results. As a point of comparison, the estimates derived from the 2005 LFS are also presented.

The table shows a big difference in the number of women in the labor force between 2005 and 2010. These discrepancies led to further examination of the data. Though not classified as part of the labor force, most of these women (aged 15 years and over) reported that they engaged in household work. Based on the data, they were not classified

as employed because they were neither working nor absent from work. Most of them were also not identified as unemployed because they did not look for paid work. BBS staff opined that some of these observations should have been classified as employed. To address the issue, BBS staff carried out another round of data validation.

	2010 LFS/ISS	2005 LFS
Bangladesh	148,600,000	
Urban	38,100,000	
Rural	110,500,000	
Barisal	8,773,479	
Chittagong	28,806,089	
Dhaka	49,951,042	
Khulna	16,077,125	
Rajshahi	35,412,317	
Sylhet	9,579,948	
Labor Force	46,775,568	49,494,263
Men	41,141,330	36,988,972
Women	5,634,239	12,505,291
Employed	45,264,773	47,356,591
Men	40,327,349	36,079,828
Women	4,937,424	11,276,763
Unemployed	1,510,796	2,137,672
Men	813,981	909,144
Women	696,815	1,228,528

10. Using the corrected data, the interrelationships of different variables were examined. In addition to classifying jobs according to the nature of employment arrangement, each job is to be categorized according to the type of production unit in which it is carried out: whether as a formal enterprise, informal enterprise, or household production unit. Table A4.3 shows the decision matrix used for grouping jobs according to the nature of employment arrangement and type of production unit. However, due to data inconsistencies and missing values, the general decision matrices failed to classify about 1% of the jobs.⁵ For these initially unclassified jobs, additional record-specific criteria were adopted.

Measuring the Contribution of Informal Sector to Gross Domestic Product

11. As mentioned in Table A2.1, the initial plan was to subsample PSUs for phase 2 in order to reduce survey cost. Since the distribution of HUEMs across national accounts sectors was not considered

⁵ Most of these unclassified jobs corresponded to records of unpaid family workers. To determine the type of production units of these unpaid family jobs, we used the information on own-account workers or employers within the same household.

in the design of the phase 1 survey of the LFS, subsampling must be carefully planned so that all industry sectors can be adequately represented in the phase 2 survey. In the absence of good auxiliary variables from previous surveys that can be used to identify potential HUEMs and stratify them to sectors using the dominant/sparse sector rule, BBS intended to use the stratification used in the new master sample. However, the plan of subsampling PSUs for phase 2 did not materialize during field operations. Instead of subsampling, all HUEMs identified in phase 1 were interviewed for phase 2.

12. To ensure the quality of survey data, BBS employed different strategies to identify questionable ISS 2 records (e.g., missing values, data values falling outside the expected range, total is not equal to sum of parts and outliers). Most of these approaches were also employed by two other countries covered by RETA 6430. The list includes eyeballing the data, computation of descriptive statistics, and generation of distributional plots by neighborhood. To correct the identified problematic records, the “neighborhood approach”
- (as described in the handbook on using the mixed survey for measuring informal employment and the informal sector) is adopted. The key assumption behind the use of the neighborhood approach is that within a given neighborhood, there exists a group of records that can provide reliable data sufficient to correct inconsistencies observed from other records within the same neighborhood.
13. Preliminary estimation exercises revealed that it is possible to misclassify a HUEM’s activity under an incorrect industrial classification code. This can be identified by carefully examining the reported industry code and the kind of products sold with and without transformation. Extensive data cleaning was done especially for the agriculture and trade sectors, when upon verification, it was noted that there have been confusion on selling of agricultural products. Some of the output (without transformation) by farmers, who directly sold their products to the market, was erroneously classified under trade. This initially resulted in a contribution of informal trade activities (to total gross value added of the trade sector) exceeding 100%.

APPENDIX 6

STATISTICAL TABLES

Table A6.1 Population and Labor Force Characteristics by Sex and Urban/Rural

Population	Total (1,000 persons)				% to Total				
	Men	Women	Urban	Rural	Total	Men	Women	Urban	Rural
Total Population	75,321.1	73,387.8	34,040.2	114,668.7	148,708.8	50.7	49.3	22.9	77.1
Labor Force	39,505.4	17,208.6	13,403.2	43,310.8	56,714.0	69.7	30.3	23.6	76.4
15–24 years	7,416.8	4,575.0	2,899.8	9,092.0	11,991.8	61.8	38.2	24.2	75.8
25–29	4,648.7	2,618.9	1,654.9	5,612.7	7,267.6	64	36.0	22.8	77.2
30–64	23,946.7	8,906.6	7,692.4	25,160.8	32,853.2	72.9	27.1	23.4	76.6
65–75	1,856.7	117.0	283.0	1,690.7	1,973.7	94.1	5.9	14.3	85.7
Unemployed	1,655.8	997.0	879.7	1,773.1	2,652.9	62.4	37.6	33.2	66.8
Employed	37,849.6	16,211.6	12,523.5	41,537.7	54,061.2	70.0	30.0	23.2	76.8
Agriculture (in primary job)	15,479.1	10,733.8	3,066.1	23,146.8	26,212.8	59.1	40.9	11.7	88.3
Non-agriculture (in primary job)	22,195.3	5,474.7	9,428.6	18,241.4	27,670.0	80.2	19.8	34.1	65.9
Formal enterprise (in primary job)	2,202.0	451.5	1,314.9	1,338.6	2,653.5	83.0	17.0	49.6	50.4
Informal enterprise (in primary job)	28,967.9	12,681.2	10,003.7	31,645.5	41,649.2	69.6	30.4	24.0	76.0
Household (in primary job)	6,509.4	3,075.7	1,178.6	8,406.4	9,585.1	67.9	32.1	12.3	87.7

Table A6.2 Employed Persons by Nature of Employment and Urban/Rural

Nature of Employment	Total Number of Employed (1,000 persons)			% to Total Number of Employed		
	Urban	Rural	Total	Urban	Rural	Total
Formally employed in one job only	2,995.3	3,178.7	6,173.9	23.9	7.7	11.4
Informally employed in one job only	9,455.5	38,027.4	47,482.9	75.5	91.5	87.8
Formally employed in multiple jobs	3.2	2.7	5.9	0.0	0.0	0.0
Formally and informally employed in multiple jobs	18.9	31.4	50.2	0.2	0.1	0.1
Informally employed in multiple jobs	50.6	297.6	348.2	0.4	0.7	0.6
Total employed	12,523.5	41,537.7	54,061.2	100.0	100.0	100.0

0.0 = magnitude is less than half of unit employed, – = magnitude equals zero.

Table A6.3 Employed Persons by Nature of Employment and Sex

Nature of Employment	Total Number of Employed (1,000 persons)			% to Total Number of Employed of the Corresponding Group		
	Men	Women	Total	Men	Women	Total
Formally employed in one job only	4,978.1	1,195.8	6,173.9	13.2	7.4	11.4
Informally employed in one job only	32,477.0	15,005.9	47,482.9	85.8	92.6	87.8
Formally employed in multiple jobs	5.9	–	5.9	0.0	–	0.0
Formally and informally employed in multiple jobs	48.1	2.1	50.2	0.1	0.0	0.1
Informally employed in multiple jobs	340.4	7.8	348.2	0.9	0.0	0.6
Total employed	37,849.6	16,211.6	54,061.2	100.0	100.0	100.0

0.0 = magnitude is less than half of unit employed, – = magnitude equals zero.

Table A6.4 Employed Persons by Characteristics of the Main Job

Branch of Economic Activity/ Type of Production Unit	Total Employed Persons	Employees			Employers	Own-account workers	Contributing family workers
		Total	Formal Job	Informal Job			
1. Agriculture	25,757.3	7,330.8	470.2	6,860.6	14.9	8,121.0	10,290.5
1.1 Households producing agricultural goods exclusively for own final use [a]	4,329.4	n/a	n/a	n/a	n/a	4,329.4	n/a
1.2 Other units producing agricultural goods	21,427.9	7,330.8	470.2	6,860.6	15.0	3,791.6	10,290.5
2. Non-agriculture	27,633.8	15,730.6	5,447.0	10,283.6	70.7	8,853.3	2,979.2
2.1 Formal sector enterprises	2,533.0	2,380.3	2,335.3	45.0	27.0	125.7	-
2.2 Informal sector enterprises	20,337.8	12,242.6	2,985.3	9,257.3	43.6	5,072.3	2,979.2
2.3 Households producing non agricultural goods exclusively for own final use [a]	3,655.3	n/a	n/a	n/a	n/a	3,655.3	n/a
2.4 Household employing paid domestic workers [b]	1,107.7	1,107.7	126.4	981.3	n/a	n/a	n/a
Total employed	53,391.0	23,061.4	5,917.2	17,144.2	85.7	16,974.2	13,269.7

Note: Numbers may not sum precisely because of rounding and data limitations. For example, the number of employed persons in agriculture (in primary job) plus the number of employed persons in the non-agriculture sector is less than the estimated total number of employed persons. This is because there are instances when respondents with multiple jobs classified as "secondary jobs", in such occasions, these were excluded in estimating the numbers presented in the table above. Moreover, there were about 14,547 in the agriculture sector and 36,229 in the non-agriculture sector who reported that they were employers but were classified as working in private households. We suspect that they were own-account workers and not employers. In addition, there were also 441,039 in the agriculture sector who reported that they were paid domestic workers but were identified as working in households producing agricultural goods for own consumption. Again, we suspect that they were own-account workers and not paid domestic employees. This is discussed further in the Appendix 5 of this report.

Table A6.5 Geographical Distribution Employment by Nature of Employment

Geographic Division	Formal	Informal	All
Bangladesh	100.0	100.0	100.0
Barisal	5.8	5.9	5.9
Chittagong	19.5	16.2	16.6
Dhaka	43.6	30.2	31.8
Khulna	9.8	12.5	13.3
Rajshahi	17.0	29.3	27.9
Sylhet	4.4	5.9	5.8

Table A6.6 Employment by Age Group and Urban/Rural

Age group	Employment (1000 jobs)			% to Total Employment		
	Urban	Rural	All	Urban	Rural	Total
15-19	1,228.7	3,826.9	5,055.7	9.7	9.1	9.3
20-24	1,678.6	5,284.1	6,962.8	13.3	12.6	12.8
25-29	1,659.3	5,642.9	7,302.2	13.2	13.5	13.4
30-34	2,154.9	5,506.3	7,661.2	17.1	13.1	14.1
35-39	1,378.9	5,269.0	6,647.9	10.9	12.6	12.2
40-44	1,540.2	4,956.8	6,497.0	12.2	11.8	11.9
45-49	1,109.8	3,992.3	5,102.1	8.8	9.5	9.4
50-54	924.0	2,487.8	3,411.8	7.3	5.9	6.3
55-59	386.6	1,905.3	2,291.9	3.1	4.5	4.2
60-64	260.9	1,328.3	1,589.2	2.1	3.2	2.9
65-69	171.4	871.0	1,042.5	1.4	2.1	1.9
70-74	66.7	483.3	550.0	0.5	1.2	1.0
75-79	36.1	219.3	255.4	0.3	0.5	0.5
≥ 80	14.5	134.1	148.6	0.1	0.3	0.3
Total	12,610.7	41,907.5	54,518.2	100.0	100.0	100.0

Table A6.7 Employment by Age Group and Type of Production Unit

Age group	Production Unit (1000 jobs)			% to Total Employment		
	Formal Enterprise	Informal Enterprise	Household	Formal Enterprise	Informal Enterprise	Household
15-19	144.9	4,496.3	408.8	5.4	10.7	4.2
20-24	300.6	6,151.3	509.7	11.2	14.6	5.2
25-29	327.9	6,229.4	738.8	12.3	14.8	7.5
30-34	431.0	5,784.0	1,444.2	16.1	13.8	14.7
35-39	316.8	4,769.7	1,559.5	11.8	11.4	15.9
40-44	347.2	4,636.8	1,509.8	13.0	11.0	15.4
45-49	311.9	3,436.7	1,352.3	11.7	8.2	13.8
50-54	297.5	2,395.9	718.4	11.1	5.7	7.3
55-59	129.1	1,625.3	536.5	4.8	3.9	5.5
60-64	39.3	1,102.5	445.5	1.5	2.6	4.5
65-69	19.4	720.9	302.1	0.7	1.7	3.1
70-74	3.4	384.3	161.1	0.1	0.9	1.6
75-79	2.9	168.6	84.0	0.1	0.4	0.9
≥ 80	2.8	94.8	51.1	0.1	0.2	0.5
Total	2,674.6	41,996.6	9,821.8	100.0	100.0	100.0

Table A6.8 Employment by Level of Education and Sex

Level of Education	1,000 persons			% to Total Employment		
	Men	Women	Total	Men	Women	Total
No Education	15,568.8	6,654.6	22,223.3	40.7	41.0	40.8
I-V	8,838.6	3,733.0	12,571.7	23.1	23.0	23.1
VI-VIII	5,237.4	2,495.8	7,733.1	13.7	15.4	14.2
IX-X	3,072.0	1,686.6	4,758.7	8.0	10.4	8.7
SSC/Equivalent	2,376.2	893.9	3,270.1	6.2	5.5	6.0
HSC/Equivalent	1,398.7	415.0	1,813.7	3.7	2.6	3.3
Bachelor degree/ Equivalent	975.0	199.4	1,174.3	2.5	1.2	2.2
Master degree of equivalent	637.8	118.9	756.6	1.7	0.7	1.4
Medical/ Engineering degree	81.0	12.3	93.3	0.2	0.1	0.2
Technical/ Vocational education	61.0	10.8	71.8	0.2	0.1	0.1
Others	19.2	7.1	26.3	0.1	0.0	0.0
Total	38,265.7	16,227.3	54,493.0	100.0	100.0	100.0

Table A6.9 Employment by Level of Education and Nature of Employment

Level of Education	Formal	Informal	Total
No Education	4.0	96.1	100.0
I-V	6.9	93.1	100.0
VI-VIII	17.0	83.0	100.0
IX-X	12.5	87.5	100.0
SSC / Equivalent	22.6	77.4	100.0
HSC /Equivalent	35.0	65.0	100.0
Technical/Vocational education	45.3	54.7	100.0
Bachelor's degree/Equivalent	55.2	44.8	100.0
Master's degree /Equivalent	61.5	38.5	100.0
Medical/Engineering degree	72.6	27.5	100.0
Others	10.6	89.4	100.0

Table A6.10 Employment by Industry, Nature of Employment, Sex, and Urban/Rural (thousand)

Sector	Industry	Nature of Employment		Sex		Area	
		Formal	Informal	Men	Women	Urban	Rural
A	Agriculture, hunting and forestry, Fishing	571.0	25,898.2	15,732.1	10,737.0	3,102.2	23,366.9
B	Mining and quarrying	2.4	101.5	90.0	13.9	21.9	82.1
C	Manufacturing	1,975.2	4,517.8	4,666.3	1,826.6	2,565.9	3,927.0
D	Electricity, gas and water supply	62.1	55.4	111.0	6.5	58.9	58.5
E	Construction	166.6	2,439.9	2,379.1	227.3	808.4	1,798.1
F	Wholesale and retail trade	516.6	6,643.5	6,269.5	890.6	2,031.9	5,128.2
G	Hotels and restaurants	77.5	727.6	752.5	52.7	250.5	554.7
H	Transport, storage and communications	266.3	3,679.8	3,747.3	198.8	1,177.6	2,768.5
I	Financial intermediation	285.1	82.0	311.8	55.4	232.4	134.7
J	Real estate, renting and business activities	386.2	267.7	581.6	72.3	387.2	266.7
K	Public Administration and defense; compulsory social security	444.4	99.6	508.3	35.7	257.1	286.9
L	Education	918.7	329.8	938.0	310.5	423.5	824.9
M	Health and Social Work activities	151.6	252.8	261.1	143.2	147.8	256.5
N	Other community, social and personal service activities	363.6	2,101.2	1,750.5	714.3	715.9	1,749.0
O	Private households	52.4	1,049.1	158.9	942.6	418.7	682.9
P	Extraterritorial organizations and bodies	1.5	1.1	2.7	0.0	1.5	1.1
	All	6,241.2	48,246.9	38,260.8	16,227.3	12,601.4	41,886.7

0.0 = magnitude is less than half of unit employed.

Table A6.11 Employment by Employment Status and Urban/Rural

Employment Status	1,000 jobs			% to Total Number of Employed of the Corresponding Group			% to Total Number of Employed	
	Urban	Rural	All	Urban	Rural	All	Urban	Rural
Employee	3,598	3,601	7,199	50.0	50.0	100.0	28.5	8.6
Employer	60	77	137	43.9	56.1	100.0	0.5	0.2
Self-employed in agriculture	658	8,750	9,408	7.0	93.0	100.0	5.2	20.9
Self-employed in non-agriculture	2,339	5,610	7,949	29.4	70.6	100.0	18.6	13.4
Unpaid family worker	2,412	10,903	13,314	18.1	81.9	100.0	19.1	26.0
Casual/irregular paid worker	742	943	1,685	44.0	56.0	100.0	5.9	2.3
Day labor in agriculture	492	6,672	7,165	6.9	93.1	100.0	3.9	15.9
Day labor in non-agriculture	1,915	4,164	6,080	31.5	68.5	100.0	15.2	9.9
Domestic worker in private household	390	1,170	1,560	25.0	75.0	100.0	3.1	2.8
Total	12,606	41,890	54,496	23.1	76.9	100.0	100.0	100.0

Table A6.12 Employment by Employment Status, Sex, and Nature of Employment

Employment Status	% to Total Number of Employed of the Corresponding Group				% to Total Number of Employed			
	Men		Women		Men		Women	
	Formal	Informal	Formal	Informal	Formal	Informal	Formal	Informal
Employee	69.0	31.0	71.6	28.4	79.4	5.4	83.4	2.6
Employer	25.1	74.9	23.7	76.3	0.6	0.3	0.4	0.1
Self-employed in agriculture	1.1	98.9	0.4	99.6	1.7	22.3	0.7	12.7
Self-employed in non-agriculture	1.8	98.2	0.8	99.2	2.4	20.1	0.7	7.7
Unpaid family worker	–	100.0	–	100.0	–	10.6	–	65.2
Casual/irregular paid worker	19.6	80.4	25.1	74.9	5.2	3.2	7.4	1.8
Day labor in agriculture	2.9	97.1	5.0	95.0	3.8	19.4	2.1	3.2
Day labor in non-agriculture	3.9	96.1	7.9	92.1	4.3	15.8	4.1	3.8
Domestic worker in private household	12.1	87.9	3.0	97.0	2.7	2.9	1.1	2.9
All	13.2	86.8	7.4	92.6	100.0	100.0	100.0	100.0

– = magnitude equals zero

Table A6.13 Employment by Occupation and Nature of Employment

Occupation	% to		
	Total employment	Formal	Informal
Special occupations	0.1	0.6	0.0
Official of government & special interest organizations, corporate executives, managers, managing proprietors	1.2	2.9	0.9
Professionals	2.8	15.8	1.1
Technicians and associate professionals	1.6	7.0	0.9
Clerks	1.8	8.8	0.9
Service workers and shop and market sales workers	16.3	12.7	16.8
Farmers, forestry workers and fishermen	14.2	1.4	15.8
Craft and related trades workers	8.8	8.5	8.9
Plant and machine operators and assemblers	5.7	21.8	3.6
Elementary occupation: laborers and unskilled workers	47.6	20.4	51.1
All	100.0	100.0	100.0

0.0 = magnitude is less than half of unit employed.

Table A6.14 Employment by Occupation, Nature of Employment, and Sex

Occupation	% to Total Employment					
	Formal		Informal		All	
	Men	Women	Men	Women	Men	Women
Special occupations	0.7	0.0	0.0	0.0	0.1	0.0
Official of government & special interest organizations, corporate executives, managers, managing proprietors	3.3	1.5	1.2	0.4	1.5	0.5
Professionals	14.9	19.7	1.3	0.6	3.1	2.0
Technicians and associate professionals	7.0	7.1	1.0	0.5	1.8	1.0
Clerks	9.6	5.2	1.2	0.2	2.3	0.6
Service workers and shop and market sales workers	15.1	2.8	20.2	9.3	19.5	8.8
Farmers, forestry workers and fishermen	1.6	0.8	21.6	3.0	19.0	2.8
Craft and related trades workers	8.7	8.0	9.5	7.5	9.4	7.5
Plant and machine operators and assemblers	18.7	34.5	4.2	2.4	6.1	4.7
Elementary occupation: laborers and unskilled workers	20.4	20.4	39.8	76.1	37.2	72.0
All	100.0	100.0	100.0	100.0	100.0	100.0

0.0 = magnitude is less than half of unit employed.

Table A6.15 Employment by Employment Status and Type of Production Unit

Type of Worker	Formal Enterprise	Informal Enterprise	Household
Employee	84.4	11.8	0.0
Employer	1.1	0.1	0.5
Self-employed in agriculture	2.3	8.9	57.2
Self-employed in non-agriculture	4.0	12.5	26.4
Unpaid family worker	0.0	31.7	0.0
Casual/irregular paid worker	4.5	3.7	0.0
Day labor in agriculture	1.3	17.0	0.0
Day labor in non-agriculture	2.3	14.3	0.0
Domestic worker in private household	0.0	0.0	15.9
All	100.0	100.0	100.0

0.0 = magnitude is less than half of unit employed.

Table A6.16 Employment by Employment Size of Establishment and Type of Production Unit (%)

Employment Size	Formal Enterprise	Informal Enterprise	Household
Less than 10 workers	37.1	88.4	95.1
Oct-49	26.4	5.6	3.7
50-149	12.9	2.8	0.0
150 and more	23.6	3.3	0.0
All	100	100	100

Table A6.17 Formal Employment by Employment Size of Establishment and Nature of Employment

Employment Size	Employee	Employer	Self-employed in agriculture	Self-employed in non-agriculture	Casual/irregular paid worker	Day labor in agriculture	Day labor in non-agriculture	Domestic worker in private household	All
Less than 10 workers	27.8	0.2	1.3	1.6	1.8	1.1	1.9	0.8	36.4
10-49	20.9	0.2	0.0	0.0	0.9	2.0	1.2	1.0	26.5
50-149	8.7	0.1	0.0	0.0	1.7	0.3	0.5	0.0	11.6
150 and more	23.5	0.1	0.0	0.0	0.8	0.1	0.5	0.0	25.5
All	80.9	0.6	1.5	2.1	5.2	3.4	4.1	2.4	100.0

Table A6.18 Informal Employment by Employment Size of Establishment and Nature of Employment

Employment Size	Employee	Employer	Self-employed in agriculture	Self-employed in non-agriculture	Unpaid family worker	Casual/irregular paid worker	Day labor in agriculture	Day labor in non-agriculture	Domestic worker in private household	All
Less than 10 workers	3.2	0.2	18.5	15.5	27.1	1.9	14.1	10.4	2.8	93.6
10-49	0.4	0.0	0.0	0.0	0.4	0.4	0.2	1.0	0.1	3.7
50-149	0.4	0.0	0.0	0.0	0.1	0.5	0.0	0.5	0.0	1.8
150 and more	0.6	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	1.0
All	4.6	0.2	19.3	16.2	27.7	2.8	14.3	12.0	2.9	100.0

0.0 = magnitude is less than half of unit employed.

Table A6.19 Number of Self-Employed Jobs by Legal Status and Division

Legal Status	Barisal	Chittagong	Dhaka	Khulna	Rajshahi	Sylhet	Bangladesh
Single proprietorship / individual business / farm	94.9	91.7	95.7	93.9	94.9	93.1	94.4
Partnership	2.0	2.5	2.0	1.0	2.8	2.7	2.2
Corporation (stock or non-stock; non-profit)	0.5	0.2	0.4	0.2	0.2	0.5	0.3
Registered cooperative	0.5	0.3	0.5	0.1	0.1	0.5	0.3
Other, specify	0.8	0.8	0.7	1.3	1.0	1.2	0.9
Do not know	1.3	4.5	0.8	3.5	0.9	2.1	1.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table A6.20 Informal Employment by Legal Status and Accounting Methods

Legal Status	Complete bookkeeping	Simplified accounts	Informal records	No written records	Others	All
Single proprietorship/ individual business/farm	1.6	7.9	12.4	66.4	11.7	100.0
Partnership	6.2	18.0	12.7	48.6	14.5	100.0
Corporation (stock or non-stock; nonprofit)	30.5	7.3	10.7	46.6	4.9	100.0
Registered cooperative	8.1	50.1	3.8	38.0	-	100.0
Others, specify	13.0	13.8	6.3	46.9	20.1	100.0
Do not know	0.5	2.9	7.3	75.8	13.5	100.0

- = magnitude equals zero.

Table A6.21 Average Weekly Hours Worked by Employment Status and Nature of Employment

Employment Status	All	Formal	Informal
Employee	51.4	50.8	52.9
Employer	48.9	51.3	48.1
Self-employed in agriculture	40.6	43.8	40.6
Self-employed in non-agriculture	49.3	52.7	49.2
Unpaid family worker	35.3	-	35.3
Casual/irregular paid worker	53.9	53.0	54.1
Day labor in agriculture	50.3	51.3	50.3
Day labor in non-agriculture	52.8	52.3	52.9
Domestic worker in private household	48.3	51.4	47.9

- = magnitude equals zero.

Table A6.22 Average Weekly Hours Worked by Employment Status and Sex

Employment Status	Men	Women
Employee	51.5	51.2
Employer	49.3	47.0
Self-employed in agriculture	40.6	40.6
Self-employed in non-agriculture	50.4	42.6
Unpaid family worker	41.2	33.2
Casual/irregular paid worker	54.4	51.9
Day labor in agriculture	50.4	49.5
Day labor in non-agriculture	53.2	49.7
Domestic worker in private household	47.6	49.9

Table A6.23 Monthly Income and Earning by Type of Worker, Economic Sector, and Nature of Employment (in taka)

Type of Worker	Agriculture		Non-Agriculture	
	Formal	Informal	Formal	Informal
Employee	2,534.8	1,353.6	2,319.5	1,710.0
Employer	3,321.6	1,041.6	5,497.2	3,079.6
Own-account worker	1,516.0	1,583.7	4,339.1	1,862.7

Table A6.24 Employment in the Non-agriculture Sector by Nature of Employment, Type of Production Unit, and Sex

Nature of Employment	Formal Enterprise		Informal Enterprise		Household		Total	
	Men	Women	Men	Women	Men	Women	Frequency	%
Formal	2,082.8	422.9	2,344.5	658.1	149.4	13.0	5,670.7	20.2
Informal	38.5	9.4	14,559.8	2,981.4	3,358.7	1,405.4	22,353.2	79.8

Table A6.25 GDP share of formal and informal sector (Million Tk.)

Industry	GDP at curr. Price in 09–10	GVA of formal sector**	GVA of informal sector	Share by sector (%)	Share of formal sector** (%)	Share of informal sector (%)
Agriculture	1,005,880	63,904	941,976	15.0	1.0	14.0
Fishing	242,229	132,246	109,983	3.6	2.0	1.6
Mining & Quarrying	81,141	80,812	329	1.2	1.2	0.0
Manufacturing	1,201,081	743,588	457,493	17.9	11.1	6.8
EGW	71,945	70,780	1,165	1.1	1.1	0.0
Construction	556,581	373,455	183,126	8.3	5.6	2.7
Trade	1,002,946	333,233	669,713	14.9	5.0	10.0
Hotel & restaurant	51,501	30,011	21,490	0.8	0.5	0.3
Transport, storage, and communication	718,796	536,073	182,723	10.7	8.0	2.7
Financial intermediation	122,998	119,084	3,914	1.8	1.8	0.1
Real estate and business activities	456,830	341,448	115,382	6.8	5.1	1.7
Public administration	187,569	181,665	5,904	2.8	2.7	0.1
Education	179,084	161,679	17,405	2.7	2.4	0.3
Health	151,424	147,509	3,915	2.3	2.2	0.1
Community and other private services	684,655	528,661	155,994	10.2	7.9	2.3
Total	6,714,660	3,844,147	2,870,513	100.0	57.0	43.0

0.0 = magnitude is less than half of unit employed, GDP = gross domestic product, GVA = gross value added.

Table A6.26 Formal and Informal Sector Gross Value Added (in Million Taka) and Number of Jobs in Bangladesh by Industry**

Industry	Gross value added (in Million Taka)		Number of jobs	
	Formal sector**	Informal sector	Formal sector**	Informal sector
Agriculture, Hunting, Forestry and Fishery	196,150	1,051,959	5,016,345	21,452,762
Mining and quarrying	80,812	329	24,734	79,233
Manufacturing	743,588	457,493	1,322,879	5,170,042
Electricity, gas, steam and air conditioning supply, water	70,780	1,165	47,266	70,179
Construction	373,455	183,126	363,067	2,243,364
Wholesale and retail trade; repair of motor vehicles and motorcycles	333,233	669,713	2,225,275	4,934,800
Hotels, accommodation and food service activities	30,011	21,490	178,676	626,444
Transportation, storage and communication	536,073	182,723	904,475	3,041,626
Finance	119,084	3,914	172,749	194,395
Real estate and other business activities	341,448	115,382	305,781	349,104
Public administration and defense compulsory social security	181,665	5,904	387,195	156,779
Education	161,679	17,405	695,458	553,025
Human health and social work activities	147,509	3,915	207,759	196,619
Other community and personal services	528,661	155,994	643,403	2,925,657

"Formal sector**" actually refers to the joint contribution of formal sector enterprises and private households. Its contribution to total gross domestic product (GDP) is computed as a residual of the contribution of informal enterprises that was directly measured using the informal sector survey.

Table A6.27 Formal and Informal Sector Gross Value Added (in Thousand Taka) and Number of Jobs (in millions) in Bangladesh by Industry**

Industry	Gross value added per job (in Thousand Taka)			Number of jobs (in millions)	
	Total	Formal sector**	Informal sector	Formal sector**	Informal sector
Agriculture, Hunting, Forestry and Fishery	47.2	39.1	49.0	5	21
Mining and quarrying	780.4	3,267.3	4.1	0	0
Manufacturing	185.0	562.1	88.5	1	5
Electricity, gas, steam and air conditioning supply, water	612.6	1,497.5	16.6	0	0
Construction	213.5	1,028.6	81.6	0	2
Wholesale and retail trade; repair of motor vehicles and motorcycles	140.1	149.7	135.7	2	5
Hotels, accommodation and food service activities	64.0	168.0	34.3	0	1
Transportation, storage and communication	182.2	592.7	60.1	1	3
Finance	335.0	689.3	20.1	0	0
Real estate and other business activities	697.6	1,116.6	330.5	0	0
Public administration and defense compulsory social security	344.8	469.2	37.7	0	0
Education	143.4	232.5	31.5	1	1
Human health and social work activities	374.5	710.0	19.9	0	0
Other community and personal services	191.8	821.7	53.3	1	3

"Formal sector**" actually refers to the joint contribution of formal sector enterprises and private households. Its contribution to total gross domestic product (GDP) is computed as a residual of the contribution of informal enterprises that was directly measured using the informal sector survey.

Table A6.28 Labor Productivity in the Formal and Informal Sector (in million Taka)**

Industry	Labor Productivity in million taka	
	Formal sector**	Informal sector
Agriculture, Hunting, Forestry and Fishery	39,102.2	49,036.1
Mining and quarrying	3,267,243.5	4,152.3
Manufacturing	562,098.3	88,489.2
Electricity, gas, steam and air conditioning supply, water	1,497,482.3	16,600.4
Construction	1,028,611.8	81,630.1
Wholesale and retail trade	149,749.1	135,712.3
Hotels, accommodation and food service activities	167,963.2	34,304.7
Transportation, storage and communication	592,689.7	60,074.1
Finance	689,347.0	20,134.3
Real estate and other business activities	1,116,642.3	330,509.0
Public administration and defense	469,182.2	37,658.1
Education	232,478.5	31,472.4
Human health and social work activities	710,000.5	19,911.6
Other community and personal services	821,663.9	53,319.3

"Formal sector**" actually refers to the joint contribution of formal sector enterprises and private households. Its contribution to total gross domestic product (GDP) is computed as a residual of the contribution of informal enterprises that was directly measured using the informal sector survey.

Table A6.29 Labor Productivity in the Formal and Informal Sector (in thousand Taka)**

Industry	Labor Productivity in thousand taka	
	Formal sector**	Informal sector
Agriculture, Hunting, Forestry and Fishery	39.1	49.0
Mining and quarrying	3,267.2	4.2
Manufacturing	562.1	88.5
Electricity, gas, steam and air conditioning supply, water	1,497.5	16.6
Construction	1,028.6	81.6
Wholesale and retail trade	149.8	135.7
Hotels, accommodation and food service activities	168.0	34.3
Transportation, storage and communication	592.7	60.1
Finance	689.4	20.1
Real estate and other business activities	1,116.6	330.5
Public administration and defense	469.2	37.7
Education	232.5	31.5
Human health and social work activities	710.0	19.9
Other community and personal services	821.7	53.3

"Formal sector**" actually refers to the joint contribution of formal sector enterprises and private households. Its contribution to total gross domestic product (GDP) is computed as a residual of the contribution of informal enterprises that was directly measured using the informal sector survey.

Table A6.30 Distribution of HUEMs by Main Reason for Choosing Business Activity

Reason for choosing business activity	National		Urban		Rural	
	No.	Percent	No.	Percent	No.	Percent
Family tradition	3,745,682.0	38.8	553,451.0	20.1	3,192,231.0	46.2
Relative know this activity better	3,574,402.0	37.0	1,305,986.0	47.5	2,268,416.0	32.8
For better income/higher profit than other	1,741,185.0	18.0	587,542.0	21.4	1,153,643.0	16.7
More stable returns/income	109,564.0	1.1	57,044.0	2.1	52,519.0	0.8
Others	496,348.0	5.1	247,950.0	9.0	248,398.0	3.6
Total	9,667,180.0	100.0	2,751,973.0	100.0	6,915,207.0	100.0

Table A6.31 Distribution of HUEMs by Source of Initial Capital

Source of initial capital	National	Urban	Rural
Banks	5.8	6.4	5.5
Micro lending facility	3.9	3.9	3.9
Co-operative	0.5	0.5	0.5
NGO	12.0	9.8	12.9
National/Local Government Project	0.3	0.3	0.3
Family/Relative	24.9	27.9	23.8
Neighbor/Friends	3.5	4.8	3.0
Employer/Landlord	0.2	0.2	0.1
Private money Lender	2.6	2.3	2.7
Own Source /Saving	45.2	42.5	46.2
Others	1.2	1.4	1.1
Total	100.0	100.0	100.0

HUEMs = household unincorporated enterprises with at least some market production.

Table A6.32 Distribution of HUEMs by Source of Financing if Required

Willing to get financing by source	National	Urban	Rural
Banks	10.7	10.5	10.8
Micro lending facility	5.1	7.0	4.4
Co-operative	0.6	0.7	0.5
NGO	17.0	13.6	18.3
National/Local Government Project	0.6	0.3	0.7
Family/Relative	24.4	28.0	22.9
Neighbor/Friends	6.6	7.1	6.3
Employer/Landlord	0.2	0.1	0.2
Private money Lender	4.6	3.1	5.2
Own Source /Saving	29.3	28.3	29.7
Others	1.1	1.2	1.0
Total	100.0	100.0	100.0

HUEMs = household unincorporated enterprises with at least some market production.

Table A6.33 Percentage Distribution of HUEMs which Applied for a Bank Loan for Ongoing Business Activity by Industry

Industry	National		Urban		Rural	
	Applied	Did not apply	Applied	Did not apply	Applied	Did not apply
Agriculture, hunting and forestry	11.1	88.9	10.4	89.6	11.2	88.8
Fishing	11.8	88.2	13.0	87.0	11.4	88.6
Mining and quarrying	9.0	91.0	100.0	0.0	0.0	100.0
Manufacturing	7.6	92.4	10.0	90.0	5.5	94.5
Electricity, gas and water supply	0.0	100.0	0.0	100.0	0.0	100.0
Construction	7.5	92.5	8.9	91.1	5.5	94.5
Wholesale and retail trade	7.8	92.2	8.6	91.4	7.1	92.9
Hotels and restaurants	2.7	97.3	3.1	96.9	2.5	97.5
Transport, storage and communications	5.8	94.2	5.8	94.2	5.9	94.1
Financial intermediation	23.1	76.9	30.6	69.4	0.0	100.0
Real Estate	7.3	92.7	5.9	94.1	9.9	90.1
Public administration and defense	1.8	98.2	4.3	95.7	0.0	100.0
Education	10.2	89.8	6.3	93.7	11.7	88.3
Health and social work	5.5	94.5	3.1	96.9	7.7	92.3
Other community, social and personal services	5.5	94.5	6.0	94.0	5.0	95.0
Total	8.9	91.1	8.4	91.6	9.1	90.9

0.0 = magnitude is less than half of unit employed, HUEMs = household unincorporated enterprises with at least some market production.

Table A6.34 Proportion of HUEMs which Applied for a Bank Loan for Ongoing Business Activity, by Industry (%)

Industry	National	Urban	Rural
Agriculture, forestry and fishing	22.9	24.1	22.5
Mining and quarrying	9.0	100.0	0.0
Manufacturing	7.6	10.0	5.5
Construction	7.5	8.9	5.5
Wholesale and retail trade	7.8	8.6	7.1
Hotels and restaurants	2.7	3.1	2.5
Transport, storage and communications	5.8	5.8	5.9
Financial intermediation	23.1	30.6	0.0
Real Estate	7.3	5.9	9.9
Public administration and defense	1.8	4.3	0.0
Education	10.2	6.3	11.7
Health and social work	5.5	3.1	7.7
Other community, social and personal services	5.5	6.0	5.0
Total	8.9	8.4	9.1

0.0 = magnitude is less than half of unit employed.

HUEMs = household unincorporated enterprises with at least some market production.

Table A6.35 Percentage Distribution of the Main Reasons for HUEMs that never Applied for Bank Loan for Ongoing Business Activity by Industry

Industry	Main reason for having never applied for a bank loan								
	Amount of Loan offered is insufficient	Procedures are too complicated	Interest rates are too high	Guarantee/collateral required is too much	Maturity period is too short	Not interested in getting a loan	Dislike to pay interest	Did not need a loan	Others
Agriculture, hunting and forestry	15.1	48.9	7.0	4.5	4.1	7.4	1.2	11.2	0.5
Fishing	11.8	57.0	7.9	3.2	3.9	5.2	0.0	11.0	0.0
Mining and quarrying	42.2	21.2	0.0	0.0	18.3	18.3	0.0	0.0	0.0
Manufacturing	16.8	48.4	7.8	5.9	7.6	5.3	1.5	6.1	0.6
Electricity, gas and water supply	0.0	44.3	0.0	8.8	25.8	7.4	6.7	6.9	0.0
Construction	12.7	44.5	15.1	6.4	3.6	4.6	1.1	11.4	0.6
Wholesale and retail trade	16.4	48.2	6.6	4.7	6.5	6.3	1.1	8.0	2.2
Hotels and restaurants	11.2	54.6	9.3	3.7	4.8	7.0	0.0	5.8	3.5
Transport, storage and communications	10.5	53.5	5.9	5.4	7.3	4.7	1.3	9.7	1.6
Financial intermediation	0.0	21.4	8.6	34.2	8.7	0.0	0.0	27.1	0.0
Real Estate	18.3	48.0	4.9	2.0	6.0	3.0	0.0	14.5	3.3
Public administration and defense	17.4	46.0	8.4	0.0	8.4	7.5	2.8	9.5	0.0
Education	12.8	51.9	6.6	3.4	2.8	6.9	3.4	11.0	1.3
Health and social work	8.1	53.0	4.2	6.9	3.2	6.6	0.0	18.0	0.0
Other community, social and personal services	12.8	51.3	9.9	2.4	4.7	8.7	0.4	8.7	1.1
Total	14.8	49.4	7.2	4.6	5.3	6.7	1.1	9.7	1.2

0.0 = magnitude is less than half of unit employed, HUEMs = household unincorporated enterprises with at least some market production.

Table A6.36 Reason for Not Availing of Bank Loan to Finance Business Activity

Reason	Proportion (%)
Dislike to pay interest	1.1
Others	1.2
Guarantee/ collateral required is too much	4.6
Maturity period is too short	5.3
Not interested in getting a loan	6.7
Interest rates are too high	7.2
Did not need a loan	9.7
Amount of Loan offered is insufficient	14.8
Procedures are too complicated	49.4

Table A6.37 Impact of Loan on Business Operation

Impact of loan on Business	National		Urban		Rural	
	Has Impact	No Impact	Has Impact	No Impact	Has Impact	No Impact
Increase production	66.2	33.8	56.4	43.6	69.8	30.2
Diversification of production	37.2	62.8	27.0	73.0	41.0	59.0
Increase volume of sales	48.0	52.0	52.7	47.3	46.2	53.8
Improvement of competitiveness	35.2	64.8	44.3	55.7	31.7	68.3
Recruitment of additional staff	20.6	79.4	21.4	78.6	20.2	79.8
Working less time	23.8	76.2	26.8	73.2	22.7	77.3
Utilization of less staff	18.0	82.0	19.0	81.0	17.6	82.4
Financial difficulties	18.7	81.3	25.7	74.3	16.1	83.9
Others	14.7	85.3	16.3	83.7	14.1	85.9
Total	86.5	13.5	85.8	14.2	86.8	13.2

Table A6.38 Impact of Loan on Business Operation (%)

Impact of Loan on Business	Proportion (%)
Increase production	66.2
Increase volume of sales	48.0
Diversification of production	37.2
Improvement of competitiveness	35.2
Working less time	23.8
Recruitment of additional staff	20.6
Financial difficulties	18.7
Utilization of less staff	18.0
Others	14.7

Table A6.39 Reasons for Rejection of Loan Application

Industry	Main reason for rejection of application					
	Incomplete papers	Complete but not convincing	Insufficient guarantee/ deposit	Insufficient initial capital	Activity / enterprise deemed not viable	Others
Agriculture, hunting and forestry	30.4	63.9	1.7	1.6	0.0	2.4
Fishing	7.9	69.9	0.0	0.0	22.1	0.0
Mining and quarrying	0.0	100.0	0.0	0.0	0.0	0.0
Manufacturing	0.0	92.3	7.7	0.0	0.0	0.0
Electricity, gas and water supply	-	-	-	-	-	-
Construction	0.0	55.2	0.0	44.8	0.0	0.0
Wholesale and retail trade	13.8	80.3	4.4	0.0	1.5	0.0
Hotels and restaurants	21.2	78.8	0.0	0.0	0.0	0.0
Transport, storage and communications	20.4	79.6	0.0	0.0	0.0	0.0
Financial intermediation	-	-	-	-	-	-
Real Estate	0.0	100.0	0.0	0.0	0.0	0.0
Public administration and defense	-	-	-	-	-	-
Education	34.0	66.0	0.0	0.0	0.0	0.0
Health and social work	-	-	-	-	-	-
Other community, social and personal services	11.7	88.3	0.0	0.0	0.0	0.0
Total	23.2	71.4	2.2	1.1	0.7	1.4

0.0 = magnitude is less than half of unit employed, - = magnitude equals zero.

Table A6.40 Reasons for Rejection of Loan Application (%)

Reason	Proportion (%)
Complete but not convincing	71.4
Incomplete papers	23.2
Insufficient guarantee/deposit	2.2
Others	1.4
Insufficient initial capital	1.1
Activity / enterprise deemed not viable	0.7

Table A6.41 Types of Problems Faced by HUEMs to Run the Business Activity (%)

Type of problem/difficulties	National		Urban		Rural	
	Problem Faced	Did not face	Problem Faced	Did not face	Problem Faced	Did not face
Supply of raw materials	31.8	68.2	26.9	73.1	33.8	66.2
Sale of products-lack of customers	17.4	82.6	16.0	84.0	17.9	82.1
Sale of product- too much competition	17.3	82.7	18.7	81.3	16.7	83.3
Financial difficulties	39.1	60.9	34.3	65.7	41.0	59.0
Lack of space, adapted premises	23.8	76.2	29.2	70.8	21.6	78.4
Lack of machine or equipment	19.5	80.5	14.8	85.2	21.4	78.6
Organization, management difficulty	13.5	86.5	12.6	87.4	13.9	86.1
Too much control, taxes	7.5	92.5	6.9	93.1	7.7	92.3
Others	7.1	92.9	7.1	92.9	7.2	92.8
Total	70.8	29.2	67.8	32.2	72.1	27.9

Table A6.42 Problems Faced by HUEMs (%)

Problems	Proportion
Financial difficulties	39.1
Supply of raw materials	31.8
Lack of space, adapted premises	23.8
Lack of machine or equipment	19.5
Sale of products-lack of customers	17.4
Sale of product- too much competition	17.3
Organization, management difficulty	13.5
Too much control, taxes	7.5
Others	7.1
Total	70.8

HUEMs = household unincorporated enterprises with at least some market production.

Table A6.43 Type of Assistance Needed by HUEMs

Type of problem/difficulties	National		Urban		Rural	
	Need Help	Did not need help	Need Help	Did not need help	Need Help	Did not need help
Technical training	27.1	72.9	18.8	81.2	30.4	69.6
Training in organization	11.9	88.1	7.6	92.4	13.6	86.4
Assistance in obtaining supplies	24.8	75.2	24.7	75.3	24.9	75.1
Access to modern machines	26.0	74.0	17.1	82.9	29.5	70.5
Access to loans	47.2	52.8	40.7	59.3	49.8	50.2
Access to information on the market	25.4	74.6	28.4	71.6	24.1	75.9
Access to large business orders	15.2	84.8	19.4	80.6	13.5	86.5
Registration of business	9.0	91.0	10.0	90.0	8.5	91.5
New product /advertisement of services	8.1	91.9	7.9	92.1	8.1	91.9
Others	6.5	93.5	5.4	94.6	6.9	93.1
Total	71.7	28.3	67.4	32.6	73.4	26.6

HUEMs = household unincorporated enterprises with at least some market production.

Table A6.44 Type of Assistance Needed by HUEMs (%)

Problems	Proportion
Access to loans	47.2
Technical training	27.1
Access to modern machines	26.0
Access to information on the market	25.4
Assistance in obtaining supplies	24.8
Access to large business orders	15.2
Training in organization	11.9
Registration of business	9.0
New product /advertisement of services	8.1
Others	6.5
Total	71.7

HUEMs = household unincorporated enterprises with at least some market production.

Table A6.45 Proportion of HUEMs Helped by Professional Business Organization, by Type of Difficulty (%)

Type of Difficulty	Proportion
Access to loans	52.9
Access to information on the market	27.2
Security	25.6
Assistance in obtaining supplies	25.5
Technical training	18.2
Meeting with staff	18.1
Access to large business orders	17.5
Access to modern machines	17.3
Training in organization	15.7
Communication with the Government	14.0
Competition for Litigation	13.7
Others	11.6

HUEMs = household unincorporated enterprises with at least some market production.

INFORMAL SECTOR SURVEY, 2009–2010

ISS FORM 1

--	--

Team:

--	--

Quarter:

--	--

Round:

Govt of the People's Republic of Bangladesh
Bangladesh Bureau of Statistics, Industry and Labour Wing
Parisankhyan Bhaban, E-27/A, Agargaon, Dhaka-1207

Confidential

(Personal information will not be disclosed)

--	--	--	--

DPC No.

--	--

Time Started

--	--

Time Ended

(For official use only)

INFORMAL SECTOR SURVEY, 2009-2010

SECTION-1: IDENTIFICATION OF THE SAMPLE AREA

Sample Area Particulars	Name	Code No.
Region		
Zila		
Upzila/Thana		
Union/Ward		
Mouza/Mohalla		
Area (Rural-1, Urban-2)		
PSU No.		
Sample Household No.		
Head of the Household		
Respondent's Name		

DESCRIPTION OF THE VISIT

Visit	Date	Progress of the collected data (encircle the appropriate answer)		
1 st visit		1 - Complete	2 - Incomplete	3 - Refused
2 nd visit		1 - Complete	2 - Incomplete	3 - Refused
INVESTIGATOR & EDITOR/CODER	NAME	Signature	Date	Code
Name of the Interviewer				
Name of the Supervising Officer				
Name of the Editor/Coder				

SECTION-3 : HOUSEHOLD EXPENDITURES			
Item	Previous Week (taka) (a)	Previous Month (taka) (b)	12 Months Ago (taka) (c)
1. Food and beverages			
2. Fuel and lighting (firewood, cow dung, jute stick, kerosene, agriculture products fuel, gas, electricity, pit coal, etc)			
3. Clothing and Footwear (ready-made garments, clothing material and tailoring, footwear, household-use textiles – quilt, bedsheets, curtains, etc)			
4. Transport/Travel and other miscellaneous charges (transport fare, vehicle maintenance, salaries of drivers/guards/ gardeners, communication bills, etc)			
5. Housing related expenses (rent, imputed rent, water, home improvements, maintenance and repair, municipal tax, other related services/expenses)			
6. Miscellaneous expenses			
7. Medical treatment (doctor's/practitioner's fees, medicines and medical items, tests, ayurvedic, hospitalization, dental expenses, health-related travel/incidental expenses)			
8. Educational expenses (fees for registration, examination, school, annual; personal teaching expenses, textbook, notebook, stationery, hostel expenses, etc)			
9. Furniture, Cooking Equipment, Miscellaneous Household Durable (Khat, chai, table, trunks, furniture repair, glass, dishes, refrigerator, stove, kitchenware, radio, two-in-one, television, washing machine, guitar, electric fans, etc)			
10. Total monthly expenditure (sum of column a X 4) + (sum of column b) + (sum of column c / 12)			
11. Festival and special occasion expenses (Annual expenditure)			

APPENDIX 8

THE INFORMAL SECTOR SURVEY (ISS): HOUSEHOLD UNINCORPORATED ENTERPRISES WITH AT LEAST SOME MARKET PRODUCTION

The People's Republic of Bangladesh
 Bangladesh Bureau of Statistics
 Industry & Labour Wing
 Parishankhyan Bhaban
E-27/A, Agargaon, Dhaka-1207.

ISS FORM 2

Time Started

Time Ended

THE INFORMAL SECTOR SURVEY (ISS)
Household Unincorporated Enterprises with at least some Market Production (HUEM)

CONFIDENTIAL

I. IDENTIFICATION OF THE SAMPLE AREA				
Sample Area Particulars	Name	Code No.		
Region		<input type="text"/>	<input type="text"/>	
Zila		<input type="text"/>	<input type="text"/>	
Upzila/Thana		<input type="text"/>	<input type="text"/>	
Union/Ward		<input type="text"/>	<input type="text"/>	
Mouza/Mohalla		<input type="text"/>	<input type="text"/>	<input type="text"/>
Area (Rural-1, Urban-2)		<input type="text"/>		
PSU No.		<input type="text"/>	<input type="text"/>	<input type="text"/>
Sample Household No.		<input type="text"/>	<input type="text"/>	<input type="text"/>
HUEM Owner				
II. DESCRIPTION OF THE VISIT				
Visit	Date	Progress of the collected data (<i>encircle the appropriate code</i>)		
1 st visit		1 - Complete	2 - Incomplete	3 - Refused
2 nd visit		1 - Complete	2 - Incomplete	3 - Refused
III. ENUMERATOR / SUPERVISOR / EDITOR / CODER				
Enumerator / Supervisor / Editor / Coder	Name & Designation	Signature	Date	Code
Enumerator				
Supervising Officer				
Editor / Coder				

SECTION A. ORGANIZATION OF BUSINESS											
OB.1. What is the main activity (NAME) (product made and/or sold/ service provided for pay) of your business? (Copy from LFS Section 4, Question 4.6) _____	ISIC <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/>										
OB.2. In what year was this business established?	<input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/>										
OB.3. Is your business registered? <div style="display: flex; justify-content: space-around;"> 1. Yes 2. No </div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">If NO, Skip to OB.5.</div>											
OB.4. If yes, your business is registered with which of the following? Put a Tick Mark in the appropriate box. <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">OB.4.1. City Corporation</td> <td style="width: 5%; text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>OB.4.2. Union Parishad</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>OB.4.3. Pourashava</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>OB.4.4. NGO/Co-operatives</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>OB.4.5. Others (Specify).....</td> <td></td> </tr> </table>		OB.4.1. City Corporation	<input type="checkbox"/>	OB.4.2. Union Parishad	<input type="checkbox"/>	OB.4.3. Pourashava	<input type="checkbox"/>	OB.4.4. NGO/Co-operatives	<input type="checkbox"/>	OB.4.5. Others (Specify).....	
OB.4.1. City Corporation	<input type="checkbox"/>										
OB.4.2. Union Parishad	<input type="checkbox"/>										
OB.4.3. Pourashava	<input type="checkbox"/>										
OB.4.4. NGO/Co-operatives	<input type="checkbox"/>										
OB.4.5. Others (Specify).....											
OB.5. Do you have a bank account in the name of this business? <div style="display: flex; justify-content: space-around;"> 1.Yes 2.No </div> <div style="text-align: right; margin-top: 10px;"><input style="width: 20px; height: 20px;" type="checkbox"/></div>											
OB.6. What type of bookkeeping and account practices do you keep for this business? (Copy from ISS Form 1, Question 2.4) <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1. Complete bookkeeping (balance sheet and operating statements)</td> <td></td> </tr> <tr> <td>2. Simplified legal accounts</td> <td></td> </tr> <tr> <td>3. Only through informal records of orders, sales, purchases</td> <td></td> </tr> <tr> <td>4. No written records are kept</td> <td></td> </tr> <tr> <td>5. Others, specify</td> <td></td> </tr> </table> <div style="text-align: right; margin-top: 10px;"><input style="width: 20px; height: 20px;" type="checkbox"/></div>		1. Complete bookkeeping (balance sheet and operating statements)		2. Simplified legal accounts		3. Only through informal records of orders, sales, purchases		4. No written records are kept		5. Others, specify	
1. Complete bookkeeping (balance sheet and operating statements)											
2. Simplified legal accounts											
3. Only through informal records of orders, sales, purchases											
4. No written records are kept											
5. Others, specify											
OB.7. In which type of premises do you conduct this business activity? (Copy from ELFS-1 Section 4, Question. 4.8) <u>Fixed premises</u> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 55%;"> 1. At home with no special workplace 2. At my homework space inside/attached to the the home </td> <td style="width: 5%; text-align: center;">}</td> <td style="width: 20%; text-align: center;"> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Proceed to OB.7.1</div> </td> <td style="width: 20%; text-align: center;"> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> </td> </tr> <tr> <td style="vertical-align: top;"> 3. Business premises with fixed location independent from home 4. Farm or individual agriculture/subsidiary plot 5. Home or workplace of the client 6. Construction site 7. Market, bazaar stall, trade fair 8. Street, pavement or highway with fixed post 9. Office building 10. Employer's home </td> <td style="vertical-align: middle; text-align: center;">}</td> <td style="vertical-align: middle; text-align: center;"> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Proceed to OB.8.</div> </td> <td></td> </tr> </table> <u>No fixed premises</u> 11. Transport vehicle 12. No fixed location (e.g. mobile, door-to-door, street w/o fixed post) 13. Others (specify) _____		1. At home with no special workplace 2. At my homework space inside/attached to the the home	}	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Proceed to OB.7.1</div>	<input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/>	3. Business premises with fixed location independent from home 4. Farm or individual agriculture/subsidiary plot 5. Home or workplace of the client 6. Construction site 7. Market, bazaar stall, trade fair 8. Street, pavement or highway with fixed post 9. Office building 10. Employer's home	}	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Proceed to OB.8.</div>			
1. At home with no special workplace 2. At my homework space inside/attached to the the home	}	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Proceed to OB.7.1</div>	<input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/>								
3. Business premises with fixed location independent from home 4. Farm or individual agriculture/subsidiary plot 5. Home or workplace of the client 6. Construction site 7. Market, bazaar stall, trade fair 8. Street, pavement or highway with fixed post 9. Office building 10. Employer's home	}	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Proceed to OB.8.</div>									
OB.7.1. If you were to rent an office space for your business, how much do you think will be your monthly rental cost? <div style="text-align: right;">Taka <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/></div>											

OB.8. Do you have other places of business where you also conduct your main activity?

1.Yes 2.No **If NO, skip to OB.9**

OB.8.1. How many other places?

OB.9. Do you have any other business activity aside from this business activity?

1.Yes 2.No **If NO, skip to Section B**

OB.9.1. Where is the other business activity located?

1.In the same location as main business activity (see **OB.7.**)
 2.In a location different from that of main business

SECTION B. EMPLOYMENT AND COMPENSATION

EC.1. How many persons, including yourself, worked in your business even for just an hour during the last week of operation (For all business activities and for all part-timers & full-timers)?

EC.1.1 Total number of workers?

EC.1.2 How many paid workers?

EC.2. Including yourself, list the characteristics of those who worked regularly in the business you operated. (last 6 months of operation for agriculture; last month of operation for non-agriculture) (below 15 years old are not included)

No.	Name	Sex (Code)	Age (yrs)	Status (Code)	Contract (Code)	Total working hours	Payment (Code)	Wages / salaries (In Taka)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1								
2								
3								
4								
5								
6								
7								
8								
9								

EC.2.1 Total for last 6 months of operation for agriculture; last month of operation for non-agriculture) (Taka)

Codes for Sex	Codes for Status	Codes for Contract	Codes for Payment
1 – Male 2 – Female	1. Employee 2. Employer 3. Self-employed in agriculture 4. Self-employed in non-agriculture 5. Unpaid worker/ family member 6. Casual/Irregular paid worker 7. Day labor in agriculture 8. Day labor in non-agriculture 9. Others (specify)	1 – Operator/Owner 2 – Written contract without fixed duration 3 – Written contract with fixed duration 4 – Verbal agreement 5 – On trial/probation 6 – No contract 7 – Others (specify)	1- Fixed monthly salary 2- Fixed weekly salary 3- Daily or per hour of work 4- Per job/task based 5- In kind payment 6- No payment 7- Others, includes profit income

EC.3. Worker's Benefits (last 6 months of operation for agriculture; last month of operation for non-agriculture)									
EC.3.1. Total social insurance contributed by employer (Taka)					<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>				
EC.3.2. Total of all other allowances/bonuses paid by employer (Taka)					<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>				
EC.3.3. Total of EC.3.1 and EC.3.2 (Taka)					<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>				
SECTION C. EXPENDITURE, PRODUCTION, INVENTORY AND SALE (Last SIX MONTHS of operation for agriculture and last MONTH for non-agriculture)									
EXPENDITURES ON RAW MATERIALS AND STOCK									
Industry Activity (copy from OB.1) _____									
EX.1. How much did you spend on raw materials used for your business over the specified reference period?									
AGRICULTURE					NON-AGRICULTURE				
No.	Kind/Name of raw materials	Qty	Unit	Total value (Taka)	No.	Kind/Name of raw materials	Qty	Unit	Total value (Taka)
1					1				
2					2				
3					3				
4					4				
5					5				
6					6				
7					7				
8					8				
EX.1.1 Total (last 6 months)					EX.1.2 Total (last month)				
EX.2. For products sold without transformation, how much did you spend to buy your stocks?									
AGRICULTURE					NON-AGRICULTURE				
No.	Kind/Name of item	Qty	Unit	Total value (Taka)	No.	Kind/Name of item	Qty	Unit	Total value (Taka)
1					1				
2					2				
3					3				
4					4				
5					5				
6					6				
7					7				
8					8				
EX.2.1 Total (last 6 months)					EX.2.2 Total (last month)				

EX.3. What were your business expenses during the operation?									
Expenses/Cost					Value (In Taka)				
					AGRICULTURE (Last 6 months)		NON- AGRICULTURE (Last month)		
1.	Wages and salaries (from E.C. 2.1)								
2.	Social insurance								
3.	Bonuses & allowances								
4.	Raw materials (from EX.1.1)								
5.	Purchase cost of products sold without transformation (from EX.2.1)								
6.	Fuel, gasoline & lubricants								
7.	Water								
8.	Electricity								
9.	Rental payments (space, machinery, structures)								
10.	Transport services								
11.	Post, communication, internet								
12.	Other non-industrial services (bank charges excluding interest, professional, business and other service fees, representation and entertainment)								
13.	Repair & maintenance of facilities & equipment								
14.	Other industrial services (maintenance and installation work,								
15.	Paid interests								
16.	Taxes (business license, documentary stamps and other fees)								
17.	Insurance								
18.	Other charges (specify)								
TOTAL									
<u>PRODUCTION</u>									
PIS.1 What was the total amount of your gross sale/ revenue for the last 6 months of operation if agriculture; last month of operation if non-agriculture? (Calculate as PIS1 = PIS2+PIS3+PIS4)									
(Taka) <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>									
PIS.2. Products sold after transformation									
AGRICULTURE					NON-AGRICULTURE				
No.	Name of product	Qty	Unit	Total value (Taka)	No.	Name of product	Qty	Unit	Total value (Taka)
1					1				
2					2				
3					3				
4					4				
5					5				
6					6				
7					7				
8					8				
PIS.2.1. Total (last 6 months)					PIS.2.2. Total (last month)				

PIS.3. Products sold without transformation									
AGRICULTURE					NON-AGRICULTURE				
No.	Name of item	Qty	Unit	Total value (Taka)	No.	Name of item	Qty	Unit	Total value (Taka)
1					1				
2					2				
3					3				
4					4				
5					5				
6					6				
7					7				
8					8				
PIS.3.1. Total (last 6 months)					PIS.3.2. Total (last month)				
PIS.4. Services offered									
AGRICULTURE					NON-AGRICULTURE				
No.	Kind of services	Qty		Total value (Taka)	No.	Kind of services	Qty		Total value (Taka)
1					1				
2					2				
3					3				
4					4				
5					5				
6					6				
7					7				
8					8				
PIS.4.1. Total (last 6 months)					PIS.4.2. Total (last month)				
PIS.5. Beginning Inventory of Products with transformation									
AGRICULTURE					NON-AGRICULTURE				
No.	Name of product	Qty	Unit	Total value (Taka)	No.	Name of product	Qty	Unit	Total value (Taka)
1					1				
2					2				
3					3				
4					4				
5					5				
6					6				
7					7				
8					8				
PIS.5.1. Total (last 6 months)					PIS.5.2. Total (last month)				

PIS.6. Ending Inventory of Products with transformation									
AGRICULTURE					NON-AGRICULTURE				
No.	Name of product	Qty	Unit	Total value (Taka)	No.	Name of product	Qty	Unit	Total value (Taka)
1					1				
2					2				
3					3				
4					4				
5					5				
6					6				
7					7				
8					8				
PIS.6.1. Total (last 6 months)					PIS.6.2. Total (last month)				
PIS.7. Beginning Inventory of Products without transformation									
AGRICULTURE					NON-AGRICULTURE				
No.	Name of product	Qty	Unit	Total value (Taka)	No.	Name of product	Qty	Unit	Total value (Taka)
1					1				
2					2				
3					3				
4					4				
5					5				
6					6				
7					7				
8					8				
PIS.7.1. Total (last 6 months)					PIS.7.2. Total (last month)				
PIS.8. Ending Inventory of Products without transformation									
AGRICULTURE					NON-AGRICULTURE				
No.	Name of product	Qty	Unit	Total value (Taka)	No.	Name of product	Qty	Unit	Total value (Taka)
1					1				
2					2				
3					3				
4					4				
5					5				
6					6				
7					7				
8					8				
PIS.8.1. Total (last 6 months)					PIS.8.2. Total (last month)				

PIS.9. Value of Production for Own Consumption												
AGRICULTURE					NON-AGRICULTURE							
No.	Name of product / raw materials	Qty	Unit	Total value (Taka)	No.	Name of product / raw materials	Qty	Unit	Total value (Taka)			
1					1							
2					2							
3					3							
4					4							
6					6							
7					7							
8					8							
PIS.9.1. Total (last 6 months)					PIS.9.2. Total (last month)							
PIS.10. How did your business activity fluctuate within the past 12 months?												
Month	JAN (a)	FEB (b)	MAR (c)	APR (d)	MAY (e)	JUN (f)	JUL (g)	AUG (h)	SEP (i)	OCT (j)	NOV (k)	DEC (l)
<i>Activity code</i>												
Activity codes: 0 – No activity 1 – Minimum 2 – Average 3 – Maximum												
PIS.10.1 Minimum gross sale/revenue (Per Month)									(TAKA)			
									□ □ □ □ □ □ □ □ □			
PIS.10.2 Average gross sale/revenue (Per Month)									(TAKA)			
									□ □ □ □ □ □ □ □ □			
PIS.10. Maximum gross sale/revenue (Per Month)									(TAKA)			
									□ □ □ □ □ □ □ □ □			

SECTION D. CAPITAL EXPENDITURES							
CE.1. What are the Capital/Fixed assets and their present status used for your business activity during the past 12 months?							
Kind of Capital / Fixed Assets	Code	Initial Value (Current Price)	Repair & Preservation	Change / Addition	Transfer / Loss / Sale	Depreciation	Value of Net Assets (3+4+5-6-7) (In Taka)
1	2	3	4	5	6	7	8
Land	1						
Land Development	2						
Building & Other Construction	3						
Machinery Equipment	4						

Computer Hardware & Software	5						
Transport Equipment	6						
Furniture & Office Equipment	7						
Livestock & Poultry	8						
Small Tools	9						
Others (specify)	10						

SECTION E. BANKS, MICRO-FINANCE SERVICES & OTHER SUPPORT STRUCTURES

BMF.1. What is the main reason you chose this business activity?

1. Family tradition
2. It is the profession that I know
3. It gives better income/higher profits than other products or services
4. More stable returns than other products/services
5. Others (specify) _____

BMF.2. What is the source of your business activity's the initial capital?

1. Banks
2. Microlending facility
3. Cooperatives
4. NGO
5. National/Local government project
6. Family/relative
7. Neighbor/friends
8. Employer/landlord
9. Private money lender/pawnshop
10. Ownsource / savings
11. Others, specify

BMF.3. If you need financing for your business activity, what is the source of the financing?

1. Banks
2. Microlending facility
3. Cooperatives
4. NGO
5. National/Local government project
6. Family/relative
7. Neighbor/friends
8. Employer/landlord
9. Private money lender/pawnshop
10. Ownsource / savings
11. Others (specify)

BMF.4. Have you ever applied for a bank loan for your business?

1.Yes 2.No

If YES, skip to BMF.4.2

BMF.4.1 If you never applied for a loan, what is the main reason?

1. Amount of loan offered is insufficient
2. Procedures are too complicated
3. Interest rates are too high
4. Guarantee/collateral required is too much
5. Maturity period is too short
6. I am not interested in getting a loan
7. I do not believe in paying interest
8. Did not need a loan

- 9. Advertising of new products/services
- 10. Others (specify) _____

PP.3. Do you belong to an association in your domain of business activity?

1.Yes 2.No

If NO. END

**PP3.1 IF YES, For which type of difficulties does this organization help you?
Enter "1" if YES, enter "2" if NO. (Multiple answers are allowed)**

- 1. Technical training
- 2. Training in organizational and financial management
- 3. Assistance in obtaining supplies
- 4. Access to modern machines
- 5. Access to loans
- 6. Access to information on the market
- 7. Access to large business orders
- 8. Problems/linkages with government
- 9. Litigation with the competitors
- 10. Security problems
- 11. Interactions with employees
- 12. Others (specify) _____

END

Thank You!!!

REFERENCES

- Asian Development Bank (ADB). 2009. Enterprises in Asia: Fostering Dynamism in SMEs. Special chapter of *Key Indicators for Asia and the Pacific 2009*. Manila.
- _____. 2010. The Rise of Asia's Middle Class. Special chapter of *Key Indicators for Asia and the Pacific 2010*. Manila.
- _____. 2011. Toward Higher Quality Employment in Asia. Special chapter of *Key Indicators for Asia and the Pacific 2011*. Manila.
- Bonfatti, R. and M. Ghatak. 2010. Trade and the Skill Premium Puzzle with Capital Market Imperfections. *CEPR Discussion Paper*. No. 8286.
- Brooks, D., R. Hasan, J.W. Lee, H. Son, and J. Zhuang. 2010. Closing Development Gaps: Challenges and Policy Options. *ADB Economics Working Paper Series*. No. 209.
- Carr, M. and M. Chen. 2001. *Globalization and the Informal Economy: How Global Trade and Investment Impact on the Working Poor*. Women in Informal Employment: Globalizing and Organizing.
- Chen, M. 2007. Rethinking the Informal Economy: Linkages with the Formal Economy and the Formal Regulatory Environment. *DESA Working Paper*. No. 46.
- Chen, M., J. Vanek, and M. Carr. 2004. *Mainstreaming Informal Employment and Gender in Poverty Reduction: A Handbook for Policy Makers and Other Stakeholders*. Canada: International Development Research Centre.
- Chen, M., J. Vanek, F. Lund, J. Heintz, R. Jhabvala, and C. Bonner. 2005. Progress of the World's Women 2005 – Women, Work & Poverty. New York: United Nations Development Fund for Women.
- Cling, J.P., M. Razafindrakoto, and F. Roubaud. 2010. *Informal Economy in Vietnam – A Study for ILO*.
- Depken II, C. 2000. Wage Disparity and Team Productivity: Evidence from Major League Baseball. *Economics Letters*. 67 (2000). pp. 87–92.
- Hazans, M. 2011a. The Role of Labor Institutions, Governance, Immigrants, and Growth. *IZA Discussion Paper*. No. 5872. Institute for the Study of Labor.
- Hazans, M. 2011b. Informal Workers Across Europe: Evidence from 30 European Countries. *Policy Research Working Paper*. 5912. The World Bank.
- Hertz, T., A.P. de la O Campos, A. Zezza, C. Azzarri, P. Winters, E. Quinones, and B. Davis. 2009. Wage Inequality in International Perspective: Effects of Location, Sector, and Gender. Paper presented at the FAO–IFAD–ILO Workshop on Gaps, Trends and Current Research in Gender Dimensions of Agricultural and Rural Employment: Differentiated Pathways Out of Poverty. Rome.
- Hossain, J., M. Ahmed, and A. Akter. 2010. Bangladesh Labor Law: Reform Directions. A Summary BLS Research and Advisory Team Report entitled, “Decent Work and Bangladesh Labor Law: Provisions, Status and Future Directions.”
- Hussmanns, R. 2004. Measuring the Informal Economy: From Employment in the Informal Sector to Informal Employment. *ILO Working Paper*. No. 53.
- Maligalig, D. and A. Martinez. 2011. Determinants of Participation in Formal Employment. Paper presented for the ADB Key Indicators for Asia and the Pacific 2011 Theme Chapter: Creating Quality Employment in Asia. Manila. 18–19 May.
- Miyan, M.A. 2008. Retirement and Pension System in Bangladesh. Available at <http://www.airroc.org.tw/ISLSSL2005/program/doc/III-2.doc>
- Murad, W. 2009. The Trends of Labor Market in Bangladesh and its Determinants. Available at <http://mpa.ub.uni-muenchen.de/32381>
- Organisation for Economic Co-operation and Development. 2008. *Employment Outlook 2008*. France.
- Packard, T. 2007. Do Workers in Chile Choose Informal Employment? A Dynamic Analysis of Sector Choice. *World Bank Policy Research Working Paper*. 4232. The World Bank.
- Wan, G. and I. Sebastian. 2011. Poverty in Asia: An Update. *ADB Economics Working Paper Series*. No. 267. Manila.
- World Bank. 2011. *The Scope and Characteristics of Informal Employment in Ukraine: Technical Note for the Government of Ukraine*.

The Informal Sector and Informal Employment in Bangladesh Country Report 2010

This country report is the result of the analysis on the Informal Sector Survey that was funded by the regional technical assistance of the Asian Development Bank (ADB) on Measuring the Informal Sector. The Bangladesh Bureau of Statistics, one of the three partner statistical agencies of the regional technical assistance, worked closely with ADB in adapting the mixed survey approach to collect informal sector and informal employment data, in analyzing the survey results, and in writing this report.

It presents an in-depth analysis of informal employment, which comprises about 89% of all jobs in Bangladesh. It also discusses the method for estimating the contribution of the informal sector to the gross domestic product, the resulting estimates, labor productivity, and the characteristics of informal sector production units.

About the Asian Development Bank

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to two-thirds of the world's poor: 1.7 billion people who live on less than \$2 a day, with 828 million struggling on less than \$1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

Asian Development Bank
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
www.adb.org/Statistics



Printed on recycled paper

Printed in the Philippines