

Sanem: Covid-19 takes away 6m jobs in Bangladesh

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Stimulus for CMSME sector should be implemented immediately

Around six million people became jobless in various sectors due to low production and supply chain disruption due to the Covid-19 pandemic, while experts fear the figure might increase if the current situation continued.

South Asian Network on Economic Modelling (Sanem) mentioned this yesterday at a webinar on the country's labour market.

Sanem Research Director Sayema Haque Bidisha presented research findings on the topic in a paper titled "Covid-19 and the Challenges of Labour Market in Bangladesh."

She also mentioned that out of the six million job losses, 50% were in the cottage industries, 25% in small industries, 20% in medium and large industries, and 5% from other sectors.

The losses included full time workers, part time workers, workers on wages, industrial workers, and workers in the service sector.

The six million employment losses in various sectors includes full time workers, part time workers, non-wage workers, wage workers, industry workers, service workers, Sayema also remarked during her presentation.

She also mentioned several challenges persisted in the local labour market before the Covid-19 outbreak, such as unemployment, skill demand and supply mismatch, lack of quality education, low participation rate of women in jobs, etc.

These problems were intensified after the outbreak turned into a pandemic, which were supplemented by little to no production during the initial days of the pandemic and supply chain disruption across the nation, she added.

Other challenges, she mentioned, were loss of confidence among consumers, fall in global demand, influx of labour supply due to returning migrants, and slow private investment, the research paper stated.

Ahsan H Mansur, executive director of Policy Research Institute and a panel speaker, said that data was a major challenge to research on the country's labour market.

Mansur also expressed his concern about investment and said that the private sector was not going to invest unless the situation got better.

While there should be investment in the public sector, there is the issue of resources. In that regard, he discussed the problems in revenue collection.

Stimulus for entrepreneurs

He also said while stimulus packages for big business were being disbursed quickly, there has been a delay in disbursing the packages for SMEs, which needs to be addressed as soon as possible.

Sanem Executive Director Prof Selim Raihan said employment generation has been a problem for the past decade while employment elasticity of growth has been declining and remained low.

The major challenge is the lack of information and lack of updated data on the labour market. The existing social safety net programs are unable to address these growing challenges.

He recommended that under the current crisis, the government should go for an enlarged deficit budget to spend high on social safety net programs in general, and labour market-related programs in particular.

The program was chaired by Bangladesh Planning Commission member (senior secretary) Shamsul Alam.

He said that many things are depending on the overall situation of the spread of the novel virus.

Shamsul also said that the prices of some products produced by MSMEs are relatively high and while the micro, small, and medium enterprises (MSMEs) bear 4.5% of their interest rate, the other 5.5% is provided by the government.

Therefore, it raises the question of why interest rates should be reduced further, he added.

ILO Country Director Tuomo Poutiainen emphasized on public employment programs.

He also said that stimulus should not only be for business and liquidity, but also should have a focus on employment generation.

There is a need to invest in MSMEs, especially in relation to the rural economy, said the ILO country director. He further discussed the necessity for decentralization and assisting the local supply chain.

Brac Institute of Governance and Development (BIGD) Executive Director Imran Matin highlighted the movement of labour in the ICT market and said that collection of data on labour market should also consider this.

The webinar was hosted by Sanem Research Economist Mahtab Uddin.