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Reviving and Reconnecting Economic Growth and Employment in Bangladesh

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Abstract

Bangladesh is currently navigating a complex economic transition marked by high inflation, declining foreign exchange reserves, vulnerabilities in the financial sector and the impending graduation from Least Developed Country status in 2026. The labour market also faces persistent and deep-seated challenges of underemployment and informality, reflected in a reversal of structural transformation. This is evident in the growing share of employment in agriculture, a surge in self-employment, declining paid employment and falling real wages. These challenges are particularly pronounced for the youth and women.

Restoring macroeconomic stability to revive growth and private investment is widely recognised as a policy priority. It is also believed that faster economic growth will translate into lower unemployment and expanded opportunities for productive employment. However, analysis in this paper, drawing on the most recent Labour Force Surveys (2016–17, 2022, 2023 and 2024) and situating labour market outcomes within the broader macroeconomic context, shows that the relationship between economic growth and employment has been weak in Bangladesh, particularly between 2016–17 and 2022. This underscores the fact that employment growth cannot be treated simply as a by-product or residual outcome of the growth process. The challenge for Bangladesh, therefore is not just one of reviving economic growth but also reconnecting growth and employment and ensuring growth is job-rich. To this end, the paper also explores a set of policy options that could stimulate growth and job creation in the short and medium term. More fundamentally, however, employment considerations need to be fully integrated into the broader macroeconomic and structural reform agenda and addressed through a comprehensive and coordinated framework that aligns macroeconomic, sectoral and labour market policies.

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▶ Introduction

Bangladesh once again stands at an important juncture in its development journey. After years of steady growth and significant progress in poverty reduction, the economy is now navigating an uncertain transition, shaped not only by high inflation, declining foreign exchange reserves, and financial sector vulnerabilities, but also by its impending graduation from the Least Developed Country (LDC) status in 2026. Growth has weakened and private investment has stalled. Estimates from the Bangladesh Bureau of Statistics (BBS) indicate that Bangladesh's Gross Domestic Product (GDP) grew by 3.69 per cent in fiscal year 2024–25 — the lowest rate since the COVID-19 pandemic[1]. This marks a further deceleration from the previous year, when the economy grew by 4.22 per cent in fiscal year 2023–24. Inflation has remained stubbornly high for more than two years, with the consumer price index reaching an all-time-high in 12 years at 11.66 per cent in July 2024. Although headline inflation eased to 9.4 per cent (year-on-year) in March 2025, it remained well above Bangladesh Bank's target range of 5–6 per cent, eroding real incomes and weakening purchasing power.

The need to revive growth and restore macroeconomic stability at this pivotal juncture is well recognized in the policy discourse. The interim government has introduced a range of measures to stabilize the banking sector and strengthen macroeconomic management. Yet, what receives relatively less attention is the state of the labour market, which continues to face persistent and deep-seated challenges of underemployment, informality, deterioration in quality of employment and decline in real wages, indicating that the economy continues to exhibit signs of the existence of surplus labour. These pressures are particularly acute for the youth and women, who continue to encounter limited access to decent and productive employment opportunities. Such underlying labour market challenges are likely to have contributed to the socio-political tensions witnessed in 2024.

For the economy to achieve a sustainable recovery, it is imperative to address labour market challenges in tandem with efforts to restore macroeconomic stability and growth. Employment growth cannot afford to be viewed simply as a by-product or residual outcome of the growth process with the assumption that faster economic growth is a necessary condition for reducing unemployment and creating jobs [2]. Employment considerations must therefore be integrated into the broader macroeconomic and structural reform agenda and understood in the context of a comprehensive and coordinated framework that integrates macroeconomic, sectoral and labour market policies.

In this backdrop, this study examines the state of the labour market in Bangladesh using data from the most recent Labour Force Surveys (2016-17, 2022, 2023 and 2024). It seeks to situate Bangladesh's labour market challenges within the broader macroeconomic context and analyse them in relation to other prevailing economic trends.

The discussion in this paper begins by providing an overview of the trends in the labour market since 2016-17 in terms of unemployment, underemployment, wages and sectoral composition

[1] According to data from the Bangladesh Bureau of Statistics (BBS), GDP growth was 3.45 per cent in 2019-20 fiscal year.

[2] Empirical evidence suggests that this has not been the case in South Asia. Despite being one of the fastest growing Emerging Market and Developing Economies (EMDE) regions in the world, employment growth (at 1.7 per cent a year) has fallen short of working age population (1.9 per cent a year) during the period 2000-23 (World Bank, 2024). The pace of job creation in the non-agricultural sector has also been slower compared to other EMDEs constraining the ability of the region to realize its demographic dividend. . Bangladesh has been no exception to this phenomenon.

(Section II). The period between 2016–17 and 2022 is particularly noteworthy, as GDP growth exceeded 6.5 per cent in all years except during the pandemic. However, employment performance during this time remained weak and uneven, indicating a decoupling of labour market outcomes from overall economic growth (Section II). Three key trends are noteworthy. One, a sharp increase in the share of own account workers and a decline in share of paid employees in total employment, particularly in the period between 2017 and 2022. Of the total increase in employment of 9.6 million in this period, 8.5 million was explained by an increase in own-account workers. Two, a reversal of structural transformation marked by a rising share of agricultural sector employment coupled with a declining share of employment in high productivity and fast-growing sectors such as industry and services. The share of employment in agriculture increased from 40.6 per cent in 2016-17 to 41.3 per cent in 2022 and further to 44 per cent by 2024, while that of the manufacturing sector declined from 14.4 per cent (2016-17) to 11.2 per cent (2022) and remained at around 11.5 per cent thereafter. Significantly, even in absolute terms, employment in agriculture increased by 4.39 million while that in the manufacturing sector decreased by 833,000 even as the sectoral composition of GDP moved in the opposite direction during the high growth period of 2016-17 and 2022. The divergence of sectoral trends in employment and output led to widening of productivity differentials across different sectors of the economy. Average labour productivity in the industrial sector relative to the agricultural sector increased from 4.5 to 8 times between 2017 and 2022. And three, a decline in real wages despite an increase in labour productivity in the industrial sector indicating that workers did not benefit from the economic gains resulting from improved productivity.

Section III presents a disaggregated analysis of labour market trends vis-à-vis youth and women which suggests that labour market challenges were particularly severe for them. The proportion of youth employed in non-agricultural sectors sharply decreased from 72.3 per cent to 58.3 per cent between 2017 and 2022 and further to 48 per cent in 2024. Furthermore, between 2017 and 2022, the share of youth engaged in self-employment, specifically as own-account workers, surged from 25.1 per cent to 49.4 per cent, rising further to 52 per cent in 2024. For young rural women, the increase in share of own account workers was particularly stark between 2016-17 and 2022 from 34.4 per cent to 86.5 per cent. The strong preference for government jobs among Bangladesh's youth is unsurprising, given not only the limited availability of non-agricultural employment opportunities but also the scarcity of "good jobs" that provide job security, stable earnings, access to social protection and opportunities for career advancement. Less than 2 per cent of young workers were classified as "paid employees with formal jobs"—often considered the most desirable form of employment in South Asia.

While the discussion in Section II and III points to a broken link between growth and employment in the period between 2016-17 and 2022, of which the youth and women were main victims, a recent 'White Paper on the State of the Bangladesh Economy' (December, 2024) has raised questions around whether Bangladesh's high GDP growth is a myth. The paper concludes that contrary to popular belief, growth may well have started slowing down before the pandemic and the high reported growth rates may have been a 'statistical artifact'. Section IV provides a brief overview of the discussion in the above-mentioned White Paper and notes that, if growth has indeed been overestimated since 2010, this finding—combined with the significant slowdown in fiscal year 2024–25—suggests that the economy faces a dual challenge. One of reviving genuine economic growth and second, reconnecting employment and economic growth to ensure growth is job-rich. These twin challenges need to be addressed in tandem and in a co-ordinated manner as productive employment cannot be assumed to be a residual outcome of the growth process.

Looking ahead, Section V explores a series of policy options which can spur growth and job-creation in the near and medium term and enable pro-employment structural transformation in

Bangladesh. A disaggregated analysis of the GDP data (expenditure and production statistics) suggests that till the time private investment and consumption recover, government expenditure will need to do the heavy lifting to spur growth and job creation through a series of carefully designed public investment interventions including employment intensive infrastructure projects, introduction of comprehensive public works programme targeted towards youth and women and combined training and subsidised employment programme in the private sector. Such interventions will not only create jobs for youth and women, enhance the productive capacity of the economy and generate multiplier effects eventually crowding-in private investment but importantly support domestic demand in the economy at a time when external demand (exports) is likely to face headwinds due to adverse shifts in trade policy. In the medium term, there is a need for effective implementation of a diversified sectoral strategy that not only moves beyond the Ready-Made Garment (RMG) sector but also supports enterprises of different sizes to build a strong and dynamic Small and Medium Enterprise (SME) sector.

While Section V outlines a set of policy interventions to drive growth and productive employment in Bangladesh, advancing this policy agenda will necessitate creating sufficient fiscal space. In this context, Section VI concludes by calling for a pro-employment macroeconomic framework which aims to integrate employment and sectoral objectives into both fiscal and monetary policy, ensuring that stabilization and growth efforts reinforce, rather than constrain, labour market outcomes. Such a framework calls for macroeconomic policy to move beyond its conventional stabilizing role and adopt a more transformative orientation—one that explicitly prioritizes the promotion of decent and productive employment. A pro-employment macroeconomic framework must be complemented by two additional requisites – the availability of accurate and timely data and inclusive social dialogue, with the youth.

▶ 1 The State of the Labour Market [3]

This section presents evidence on the disconnect between the measured GDP growth data and the state of the labour market indicated by several key labour market indicators based on analysis from the Bangladesh Labour Forcey Survey and the Bangladesh Economic Review for the period between 2016-17 and 2024.

Employed and Unemployed

Between 2017 and 2022, Bangladesh experienced a period of impressive economic growth with GDP growth rates consistently above 6.5 per cent, peaking at 8 per cent in 2018-19. The COVID-19 pandemic in 2020 significantly disrupted the economy, leading to a sharp decline in GDP growth which fell to around 3.5 per cent. By 2021, GDP growth had rebounded to 6.9 per cent and subsequently reached 7.1 per cent in 2022 as global trade and production resumed (World Development Indicators, World Bank). However economic growth did not translate into improvements in the labour market as the absolute number of unemployed increased from 2.78 million in 2017 to 3.39 million in 2022[4]. The disaggregated analysis in Table 1 shows that both unemployment rates and absolute number of unemployed increased across all subgroups in this period except for the case of rural females (Table 1).

During the period from 2016-17 to 2022, high economic growth coincided with increasing unemployment, underscoring the weak link between growth and employment. Paradoxically, in the subsequent phase, growth decelerated while unemployment rates declined. In 2023, the growth rate declined to 5.8 per cent, but absolute number of unemployed fell to 2.46 million (from 3.39 million in 2022) and the disaggregated unemployment rates registered a modest decline between 2022 and 2023. In 2024, however, growth rate declined further to 4.2 per cent amid socio-political unrest.[5] Unemployment, both in absolute terms and rates, also increased.

[3] To ensure comparability, estimates for all years are calculated using microdata from the Bangladesh Labor Force Surveys (BLFS) for 2016-17,2022, 2023 and 2024 following the guidelines of the 13th International Conference of Labour Statisticians (ICLS).

[4] Employment elasticity of 0.36 during the period between 2016 and 2022 suggests that economic growth did not lead to proportional improvements in the labour market. The elasticity of employment with respect to output may be estimated by using different methods. In the absence of time series data on employment, employment elasticity has been estimated as the ratio between employment growth and output growth. The possibility of the estimates being influenced heavily by situations of the selected years should be recognised.

[5] https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=BD

▶ **Table 1 a: Unemployment Rate (in per cent, 15+)**

	Rural Male	Rural Female	Urban Male	Urban Female	Male	Female	Total
2017	3.24	5.91	3.50	8.97	3.31	6.68	4.37
2022	4.41	3.79	4.46	10.32	4.43	4.89	4.59
2023	3.39	2.51	3.46	6.51	3.41	3.24	3.35
2024	3.78	2.72	3.61	6.78	3.73	3.44	3.63

Source: Calculations from BLFS Micro Data (2016-17, 2022, 2023 and 2024)

▶ **Table 1 b: Unemployed (in millions, 15+)**

	Rural Male	Rural Female	Urban Male	Urban Female	Male	Female	Total
2017	1.00	0.88	0.45	0.45	1.45	1.33	2.78
2022	1.48	0.82	0.64	0.46	2.11	1.28	3.39
2023	1.14	0.52	0.50	0.30	1.64	0.82	2.46
2024	1.27	0.53	0.52	0.29	1.79	0.82	2.61

Source: Calculations from BLFS Micro Data (2016-17, 2022, 2023 and 2024)

While open unemployment is a key labour market indicator, it is by itself an inadequate measure for understanding the evolving employment landscape in labour-surplus developing economies (Ghose, 2016). To have a comprehensive picture of the state of employment in Bangladesh, particularly the extent of labour underutilisation, it is crucial to complement the statistics on the absolute numbers of unemployed with indicators which provide a conceptual understanding of the conditions of employment and how these have evolved over time. Since many individuals who cannot afford to be out of work for long are compelled to resort to low paying and low productivity work in the informal sector, underemployment tends to be more widespread than outright unemployment[6].

One of the most striking features of the labour market during the period between 2017 and 2022 was the sharp rise in the share of self-employment, particularly own account workers and a decline in the proportion of paid employees (Table 3). The number of employed increased from 60.83 million to 70.46 million (Table 2), and this increase was driven by an increase of 8.5 million of own-account workers[7]. Consequently, the share of own account workers in total employment rose from 44 per cent to 50.2 per cent. In the subsequent years, total employment remained broadly stable, reaching 70.9 million in 2023 before declining to 69 million in 2024. The proportion of own-account workers remained relatively constant, fluctuating between 50 and 51 per cent (Table 3).

It is important to note that the sharp increase in share of own account workers between 2017 and 2022 was driven entirely by females, in particular rural women. The share of rural employed women engaged in own-account work surged from 43 per cent to 75.3 per cent. Conversely, the

[6] Self-employment and casual wage employment emerge as dominant forms of employment as they enable work-sharing arrangements.

[7] In absolute terms, the number of own account workers increased from 26.76 to 35.34 million between 2017 and 2022. For females, the increase was from 7.19 to 16.74 million, while for males it in fact declined from 19.57 million to 18.60 million

share of women categorized as 'paid employees' nearly halved, dropping from 31 per cent to 17.8 per cent. This trend, too, was principally driven by rural women (Table 2). These shares remained relatively stable in the following periods, with rural females continuing to record a high incidence of own-account work (75–76 per cent), whereas the share of those classified as 'paid employees' persisted at a low 9–10 per cent in 2023 and 2024.

▶ **Table 2: Employment (in millions)**

	Rural Male	Rural Female	Urban Male	Urban Female	Male	Female	Total
				2017			
15-24	4.80	1.97	1.84	1.07	6.64	3.04	9.69
15+	29.81	14.08	12.37	4.57	42.18	18.65	60.83
				2022			
15-24	4.83	6.20	1.87	0.81	6.69	7.01	13.70
15+	32.00	20.87	13.61	3.98	45.61	24.85	70.46
				2023			
15-24	4.97	6.16	1.94	0.77	6.91	6.93	13.84
15+	32.57	20.19	13.90	4.31	46.47	24.50	70.98
				2024			
15-24	4.19	5.71	1.73	0.67	5.92	6.37	12.29
15+	32.23	18.93	13.98	3.93	46.21	22.86	69.07

Source: Calculations from BLFS Micro Data (2017, 2022, 2023 and 2024)

▶ **Table 3: Distribution of Employment (in per cent, 15+)**

	Rural Male	Rural Female	Urban Male	Urban Female	Male	Female	Total
				2017			
(1) Paid Employees	39.29	20.70	50.50	63.52	42.57	31.20	39.09
Employers	*6.02*	*0.61*	*6.39*	*0.75*	*6.13*	*0.64*	*4.45*
Own-account workers	*49.26*	*43.02*	*39.53*	*24.86*	*46.40*	*38.57*	*44.00*
Contributing family workers	*4.72*	*35.21*	*2.81*	*10.38*	*4.16*	*29.13*	*11.81*
(2) Self Employed	60.00	78.84	48.72	35.99	56.69	68.34	60.26
(3) Workers not classifiable by status	0.72	0.46	0.78	0.49	0.74	0.46	0.65
Total (1+2+3)	100.00	100.00	100.00	100.00	100.00	100.00	100.00
				2022			
(1) Paid Employees	46.00	9.56	56.24	61.46	49.06	17.87	38.06
Employers	*4.59*	*0.39*	*7.53*	*2.02*	*5.47*	*0.65*	*3.77*
Own-account workers	*44.61*	*75.32*	*31.81*	*25.53*	*40.79*	*67.35*	*50.16*
Contributing family workers	*4.02*	*14.33*	*3.34*	*8.96*	*3.82*	*13.47*	*7.22*
(2) Self Employed	53.22	90.04	42.67	36.50	50.07	81.46	61.14
(3) Workers not classifiable by status	0.78	0.40	1.09	2.04	0.87	0.66	0.80
Total (1+2+3)	100.00	100.00	100.00	100.00	100.00	100.00	100.00
				2023			
(1) Paid Employees	44.37	10.01	56.40	60.10	47.97	18.82	37.90
Employers	*4.44*	*0.34*	*7.34*	*1.66*	*5.31*	*0.57*	*3.68*
Own-account workers	*46.82*	*76.22*	*32.56*	*31.32*	*42.55*	*68.32*	*51.45*
Contributing family workers	*3.62*	*13.18*	*3.11*	*6.01*	*3.47*	*11.92*	*6.39*
(2) Self Employed	54.88	89.74	43.01	39.00	51.33	80.82	61.51
(3) Workers not classifiable by status	0.75	0.24	0.60	0.91	0.70	0.36	0.58
Total (1+2+3)	100	100	100	100	100	100	100
				2024			
(1) Paid Employees	43.33	8.97	56.16	62.86	47.21	18.24	37.62
Employers	*4.84*	*0.33*	*7.61*	*1.16*	*5.68*	*0.47*	*3.96*
Own-account workers	*48.29*	*76.22*	*33.23*	*28.51*	*43.73*	*68.01*	*51.77*
Contributing family workers	*3.14*	*14.42*	*2.71*	*7.13*	*3.01*	*13.16*	*6.37*
(2) Self Employed	56.28	90.96	43.54	36.80	52.42	81.64	62.09
(3) Workers not classifiable by status	0.39	0.08	0.29	0.33	0.36	0.12	0.28
Total (1+2+3)	100	100	100	100	100	100	100

Source: Calculations from BLFS Micro Data (2017, 2022, 2023 and 2024)

Note: Self employed category refers to persons whose remuneration depends directly on the (expectation of) profits derived from the goods and services produced. It includes employers, own-account workers and contributing family workers.

Beyond the shift towards self-employment—particularly own-account work—which reflects a deterioration in the quality of employment, another notable development is the reversal of structural transformation, as reflected in the sectoral composition of employment discussed in the following section.

Sectoral Composition of Growth and Employment

Total employment in Bangladesh increased by 9.6 million between 2017 and 2022 (Table 2). Nearly half of this increase was due to the expansion of employment in the agricultural sector, which rose by 4.4 million (from 24.69 million to 29.08 million). The share of employment in agriculture rose from 40.6 per cent in 2017 to 41.3 per cent in 2022. It is indeed the case that many developing countries witnessed a rise in agricultural employment during the Covid-19 pandemic resulting in the emergence of agriculture as the 'employer of last resort' or a 'reservoir of surplus labour'. However, even beyond this period, the share of employment in agriculture continued to rise, reaching 44 per cent of total employment in 2024, indicating a reversal of the earlier process of structural transformation[8]. Importantly, employment trends diverged notably from the pattern of economic growth (Table 4). Even as the agricultural sector witnessed an increase in both the share and absolute number of workers, it observed a decline in its sectoral share of GDP from 13.6 per cent in 2016-17 to less than 10.95 per cent by 2024 (Table 4)[9].

One the other hand, the industrial sector, which encompasses a wide range of economic activities including manufacturing, construction and utilities like electricity and water supply witnessed robust GVA growth of over 8 per cent per annum for the entire period (Figure 1, barring the year of the pandemic when its growth collapsed to 3.6 per cent). Its share in GDP increased from 32.9 per cent in 2016-17 to over 37 per cent in 2024. In terms of employment, however, the sector witnessed a decline in the share of employment from 20.4 per cent in 2017 to 17.36 per cent in 2024. Significantly, in absolute terms, industrial employment decreased by about 440,000 during this period indicating significant job losses (Table 5)[10].

▶ **Table 4: Sectoral Breakdown of Employment and GDP (in per cent)**

	Share in GVA				Share in Employment			
	2016-17	2022	2023	2024	2016-17	2022	2023	2024
A. Agriculture	13.62	11.31	11.14	10.95	40.59	41.28	44.42	44.67
Agriculture, forestry and fishing	13.62	11.31	11.14	10.95	40.59	41.28	44.42	44.67
B. Industry	32.98	37.34	37.54	37.73	20.42	16.99	17.26	17.36
Mining and quarrying	1.83	1.80	1.70	1.83	0.16	0.08	0.09	0.06
Manufacturing	21.36	24.66	24.78	24.92	14.41	11.26	11.56	11.76
Electricity, gas and water supply	1.34	1.32	1.23	1.26	0.20	0.21	0.20	0.20
Construction	8.44	9.56	9.83	9.73	5.64	5.44	5.42	5.35
C. Services	53.40	51.34	51.33	51.32	38.98	36.26	36.24	36.33
Wholesale and retail trade; repair of motor vehicles and motorcycles	14.75	15.25	15.52	15.54	14.23	12.89	12.69	12.77

[8] Employment in agriculture continued to grow thereafter, increasing by another 2.44 million between 2022 and 2023, thereby contributing to the rise in total employment during that period. However, between 2023 and 2024, agricultural employment declined slightly—from 31.5 million to 30.8 million—mirroring the overall fall in total employment. Thus in the period between 2017 and 2024, employment in agriculture increased from 24.69 million to 30.8 million, whilst the shares increased from 40.6 per cent to 44 percent.

[9] As seen in Figure 2, GVA in agriculture grew slower than any other sector.

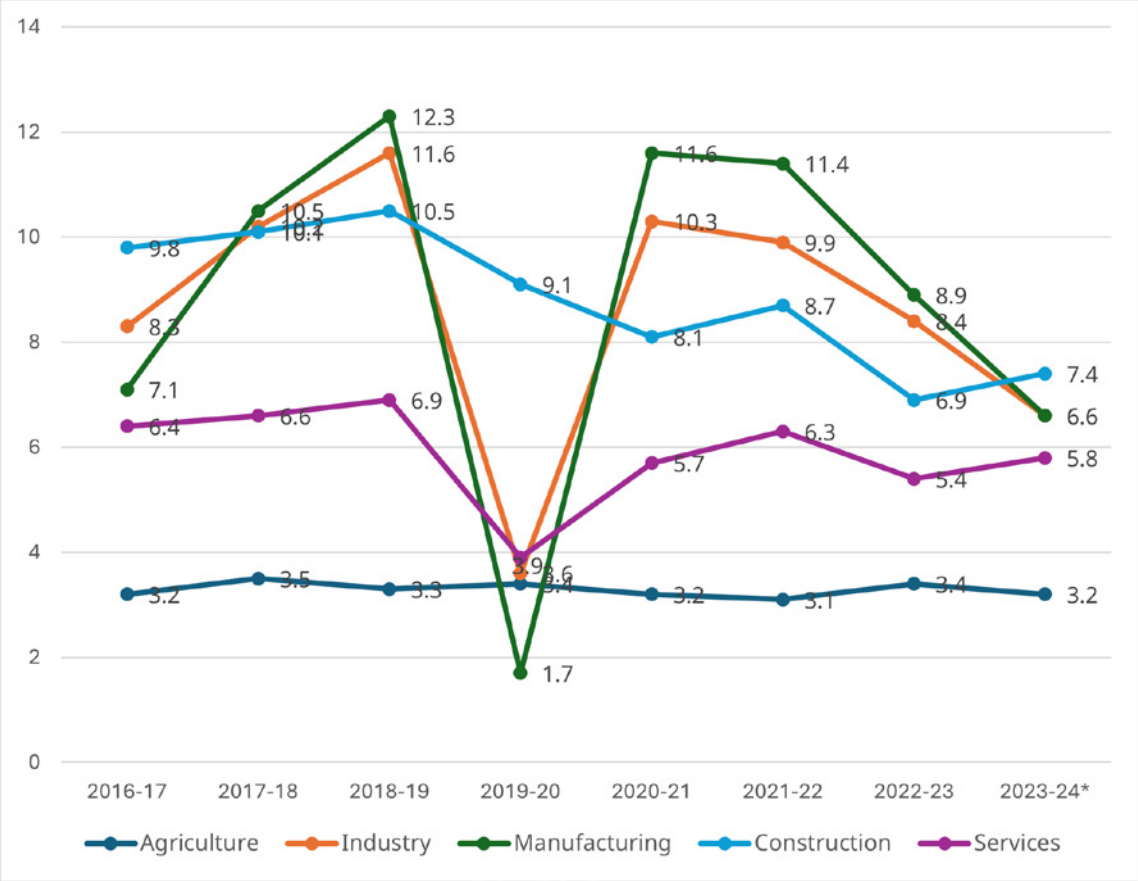
[10] In the period thereafter, the share of industrial employment increased marginally by less than a percentage point to 17% (in absolute terms it increased by 282,784 and then declined by 257,345)

	Share in GVA				Share in Employment			
	2016-17	2022	2023	2024	2016-17	2022	2023	2024
Transportation, Accommodation and Food Service, information and communication	10.38	9.69	9.66	9.60	10.79	10.79	11.18	12.19
Financial and insurance activities	3.24	3.12	3.00	2.90	0.69	0.78	0.75	0.71
Real estate, professional and administrative and support service activities	10.30	8.95	8.79	8.77	1.21	1.51	1.32	1.25
Public administration, health and education	9.08	9.59	9.77	9.91	6.01	4.75	4.59	4.44
Art, recreation and other service activities	5.66	4.73	4.59	4.59	6.05	5.55	5.71	4.98
Total GVA	100	100	100	100	100	100	100	100

Note: Given that the LFS (2017) was conducted for the financial year 2016-17, while the LFS 2022, 2023 and 2024 were conducted for the calendar years , annual GVA estimates for the time periods corresponding to the period of the LFS are constructed using quarterly data from the National Accounts Statistics.

Source: Author calculations from Bangladesh Economic Review and Labour Force Survey (2016-17 and 2022) Workers who are 'Not classifiable by economic activity' are not included.

▶ **Figure 1: Sectoral Growth Rate of Gross Value Added**



Source: Bangladesh Economic Review (several years)

The manufacturing sector witnessed impressive GVA growth touching 12.3 per cent in 2018-19 (Figure 1). Although growth in this sector slowed down to 1.68 per cent in 2019-20, it rebound soon thereafter growing at over 11 per cent in 2020-21 and 2021-22. Consequently, the share of manufacturing sector in GDP increased from 21.3 per cent in 2016-17 to approximately 25 per cent in 2024. The reversal of structural transformation in the economy is also evident in employment trends in the manufacturing sector. Between 2017 and 2022, manufacturing employment declined both in absolute terms—from 8.76 million to 7.93 million (a fall of 833,610)—and in

relative terms, with its share in total employment dropping from 14.4 per cent to 11.26 per cent. Although manufacturing employment rose marginally to 8.2 million in 2023, it declined again to 8.12 million in 2024. In terms of shares in employment, the share in 2024 stood at around 11.5 per cent, well below the 2016-17 level. While concerns about 'jobless growth' have been raised in the context of the manufacturing sector in Bangladesh, largely due to the adoption of labour-displacing technologies, the above data suggests that the manufacturing sector not only failed to generate new employment, but in fact experienced job losses. This trend can be more accurately described as 'job-loss growth'.

▶ **Table 5: Employment by Sector (in millions, 15+)**

	Rural Male	Rural Female	Urban Male	Urban Female	Total
			2017		
Agriculture	12.48	10.22	1.09	0.91	24.69
Manufacturing	3.57	1.41	2.33	1.46	8.77
Construction	2.12	0.20	1.06	0.06	3.43
Mining and quarrying; Electricity, gas and water supply	0.14	0.01	0.06	0.01	0.22
Trade; Transportation; Accommodation and food; and Business and administrative services	9.12	0.66	6.08	0.51	16.37
Public administration; Community, social and other services and activities	2.38	1.58	1.76	1.63	7.34
Not classifiable by economic activity	0.00	0.00	0.00	0.00	0.00
Total	29.81	14.08	12.37	4.57	60.83
			2022		
Agriculture	12.59	14.87	0.96	0.67	29.09
Manufacturing	3.37	0.92	2.51	1.13	7.93
Construction	2.65	0.07	1.09	0.03	3.83
Mining and quarrying; Electricity, gas and water supply	0.12	0.00	0.08	0.00	0.20
Trade; Transportation; Accommodation and food; and Business and administrative services	10.39	0.43	7.01	0.47	18.30
Public administration; Community, social and other services and activities	2.54	1.36	1.75	1.61	7.26
Not classifiable by economic activity	0.35	3.22	0.21	0.07	3.86
Total	32.00	20.87	13.61	3.98	70.46
			2023		
Agriculture	12.43	17.29	0.93	0.89	31.53
Manufacturing	3.47	0.83	2.66	1.24	8.20
Construction	2.64	0.05	1.12	0.03	3.85
Mining and quarrying; Electricity, gas and water supply	0.12	0.01	0.07	0.01	0.20

	Rural Male	Rural Female	Urban Male	Urban Female	Total
Trade; Transportation; Accommodation and food; and Business and administrative services	10.64	0.30	7.04	0.43	18.41
Public administration; Community, social and other services and activities	2.55	1.50	1.68	1.59	7.31
Not classifiable by economic activity	0.73	0.22	0.40	0.13	1.47
Total	32.57	20.19	13.90	4.31	70.98
			2024		
Agriculture	12.67	16.45	0.94	0.80	30.86
Manufacturing	3.40	0.77	2.78	1.18	8.12
Construction	2.54	0.04	1.08	0.02	3.69
Mining and quarrying; Electricity, gas and water supply	0.11	0.00	0.05	0.01	0.18
Trade; Transportation; Accommodation and food; and Business and administrative services	10.71	0.31	7.18	0.39	18.59
Public administration; Community, social and other services and activities	2.22	1.18	1.68	1.43	6.51
Not classifiable by economic activity	0.58	0.17	0.27	0.11	1.13
Total	32.23	18.93	13.98	3.93	69.07

Source: Calculations from BLFS Micro Data (2016-17, 2022, 2023 and 2024)

The particularly steep decline in manufacturing employment between 2016–17 and 2022, despite the sector's impressive GVA growth, merits a more disaggregated analysis. As Table 6 below shows the overall decline in manufacturing employment in this period is almost entirely attributable to a decline in female employment. Total female employment in manufacturing declined by 812,000. Three sectors accounted for over 75% of the decline- (i) manufacture of textiles (ii) manufacture of wearing apparel and (iii) manufacture of wood and of products of wood and cork, except furniture; manufacture of articles.

The apparel sector, which has been the mainstay of the economy and a key driver of job creation, particularly for women, witnessed a notable development. Although overall employment in the sector increased by roughly 144,000 workers between 2017 and 2022, this masked a marked gender divergence. As Figure 2 shows, employment for women declined by 180,000 while employment for men increased by over 320,000, indicating a substitution of female workers by male workers in the sector. This trend reflects a process of defeminisation in the wearing apparel industry, with the female share of employment falling from 46.2 per cent in 2016-17 to 39 per cent by 2022. Significantly, the phenomenon of defeminisation of the apparel sector has continued over the subsequent time and by 2024, the share of females in apparel sector had declined to 35.2 per cent[11].

While the reasons for this phenomenon are not immediately apparent, one possible explanation is the adoption of labour-saving technology and automation in Bangladesh's RMG sector

[11] In absolute terms, female employment in agriculture declined from 1.53 million in 2016-17 to 1.3 million in 2024.

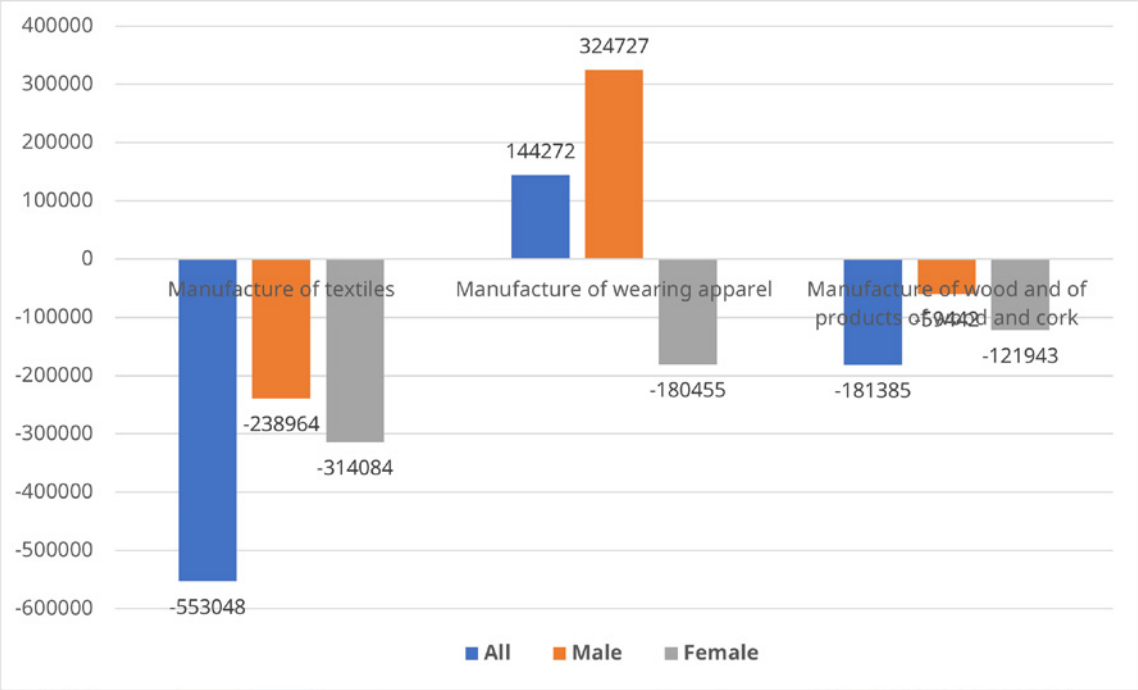
which appear to have had disproportionate impacts on women [12]. Das (2025) notes that women remain concentrated in low-skilled roles, with limited representation in managerial or decision-making positions making them vulnerable to technological change. The spread of automation has intensified these challenges: tasks once performed by four or five operators can now be handled by a single worker overseeing multiple machines. While automation boosts productivity, it also displaces a significant share of low-skilled workers[13]. The gendered implications of this technological shift warrant closer attention. Emerging evidence indicates that automation and the introduction of surveillance technologies in garment factories has disproportionately affected female workers, many of whom struggle to keep pace with higher production targets and increased workplace stress[14].

▶ **Table 6: Employment in wearing apparel sector**

	Rural Males	Rural Females	Urban Male	Urban Female	Total
2016-17	895100	497942	889082	1033078	3315202
2022	989771	484119	1119138	866446	3459474
2023	997895	444358	1113498	944806	3500557
2024	1146612	414742	1253172	890391	3704917

Source: Calculations from BLFS Micro Data (2016-17, 2022, 2023 and 2024)

▶ **Figure 2: Change in Employment in Select Manufacturing Industries (2016-17 to 2022)**



Source: Calculations from BLFS Micro Data (2016-17, 2022)

[12] https://www.thedailystar.net/business/economy/news/automation-gaining-ground-garment-2994681
Several regulation-compliant garment factories, especially the 157 with Leadership in Energy and Environmental Design certification automated major sections of their factories.
[13] Thinking Aloud_V12_N6
[14] https://scroll.in/article/1080135/

Finally, the services sector grew relatively slower than the industrial sector. GVA in services grew at over 5 per cent for the entire period (barring the year of the pandemic when it GVA grew at 3.9 per cent). Despite this growth, the share of services in GDP in fact declined from 53.4 per cent in 2016-17 to 51.3 per cent in 2024 (Table 4). It did provide some buffer to the job losses in the industrial sector with employment in the former increasing by 1.84 million. However, the share of services in total employment declined from 38.9 per cent to 36.2 per cent between 2016-17 and 2022-23.

Two sub-sectors that merit specific attention are: (i) Market Services (comprising Trade, Transportation, Accommodation and Food, and Business and Administrative Services) where employment increased from 16.3 million in 2017 to 18.58 million in 2024. The sector's share in total employment has remained relatively stable, hovering around 26 per cent; and (ii) the Construction sector, which recorded an absolute increase in employment from 3.43 million to 3.83 million, likely reflecting the impetus from infrastructure investments between 2017 and 2022. However, by 2024, employment in construction had declined to 3.69 million suggesting a decline in infrastructure-led labour demand. Overall, the sector's share in total employment has remained broadly unchanged at around 5.5 per cent.

An apparent data anomaly is observed in the category of workers referred to as *"not classifiable by economic activity."* This group registered a substantial increase of 3.85 million between 2017 and 2022, followed by a sharp decline of 2.38 million in 2023 and a further reduction of approximately 350,000 in 2024. These movements are difficult to interpret and may reflect measurement issues rather than underlying labour market dynamics.

Widening Productivity Differentials across sectors

An important implication of the disconnect between output and employment growth, as highlighted above, is the widening gap in labour productivity across sectors. This is reflected in Table 7, where labour productivity (proxied by GVA per worker) is calculated across different sectors by combining GVA data from the National Accounts Statistics and employment data from the Labour Force Surveys. For analytical convenience, the labour productivity of each sector is measured relative to the productivity of the agricultural sector.

Average labour productivity in the industrial and manufacturing sectors rose sharply from 4.5 times that of the agriculture sector in 2016-17 to over 8 times that of the agriculture sector by 2024. This sharp rise is unsurprising, as growth in GVA in both sectors was strong, far outpacing the employment growth, which was in fact, negative, with the absolute number of employed persons declining. In additon, average annual labour productivity in the industrial sector grew at 10.8 per cent for the period between 2016-17 and 2024, while in the manufacturing sector it grew at 12.3 per cent.

The construction sector, too, saw an increase in average labour productivity relative to agricultural sector from 4.5 to 7.4 times in the period between 2016-17 and 2024. Average labour productivity grew at 8. 6 per cent annually over this period, even as share of employment in construction remained stable. Average labour productivity in the services sector increased from 4.0 to 5.7 times that of the agricultural sector, driven by an annual productivity growth rate of 5.4 per cent in services. In sharp contrast, average annual labour productivity growth in the agricultural sector was a mere 0.19 per cent, significantly slower than in any other sector, even as the absolute number of employed persons increased.

The above statistics indicate that not only do significant productivity differentials exist between sectors such as industry and services, on the one hand, and agriculture, on the other but that these productivity differentials have also increased over time as labour has moved from high to low productivity sectors, contrary to the typical pattern observed during the process of structural transformation, where labour moves from sectors characterised by low productivity (agriculture) to sectors/activities with higher levels of productivity (industry), with a rise in the incomes of workers. The experience of many East and South East Asian countries that have been successful in combining economic growth with the absorption of surplus labour shows that the process was characterised by a transfer of labour from agriculture to industry and the attainment of the "Lewis turning point," i.e. the stage where surplus labour was fully absorbed and expansion of employment beyond that point involved rise in real wage rates. However, in the case of Bangladesh the opposite is observed between 2016-17 and 2024.

While the analysis in this paper focuses on the period from 2016–17 to 2024 and points to a reversal of structural transformation, evidence from the period preceding it suggests that Bangladesh had not, in fact, reached the Lewisian turning point even before 2016. Islam (2014, 2017) examines various indicators of labour market tightening—such as real wages of unskilled workers, underemployment, employment in agriculture, and employment in the informal economy—to assess whether the economy had attained or was close to attaining the Lewisian turning point prior to 2016-17. He finds that stagnant real wages for unskilled workers, high levels of underemployment, the continued concentration of labour in agriculture and the informal economy, and the slow pace of manufacturing absorption all point to the continued existence of surplus labour. Islam (2017) concludes that Bangladesh remained far from the Lewisian turning point and, given the prevailing rate and pattern of growth, might require another 15 years or so to fully absorb its surplus labour. The findings from the post-2016 period presented in this paper, showing a reversal of structural transformation, suggest that the challenge of productively absorbing surplus labour has, in fact, only intensified.

▶ **Table 7: Sectoral Labour Productivity**

	Ratio of GVA per worker relative to agri-cultural sector				Average annual growth rate of labour productivity		
	2016-17	2022	2023	2024	2016-17 to 2022	2022-23	2023-2024
A. Agriculture	**1.00**	**1.00**	**1.00**	**1.00**	**0.24**	**-4.22**	**4.46**
Agriculture, forestry and fishing	1.00	1.00	1.00	1.00	0.24	-4.22	4.46
B. Industry	**4.81**	**8.02**	**8.68**	**8.87**	**11.52**	**3.57**	**6.75**
Mining and quarrying	34.08	82.82	78.26	117.74	24.42	-9.49	57.16
Manufacturing	4.42	7.99	8.55	8.65	13.93	2.51	5.60
Electricity, gas and water supply	19.96	23.28	24.81	26.25	3.05	2.08	10.55
Construction	4.46	6.41	7.24	7.42	7.66	8.04	7.15
C. Services	**4.08**	**5.17**	**5.65**	**5.76**	**4.73**	**4.76**	**6.52**
Wholesale and retail trade; repair of motor vehicles and motorcycles	3.09	4.32	4.88	4.97	6.98	8.18	6.38
Transportation, Accommodation and Food Service, information and communication	2.87	3.28	3.45	3.21	2.66	0.74	-2.65
Financial and insurance activities	14.04	14.60	15.99	16.69	0.91	4.93	9.05
Real estate, professional and administrative and support service activities	25.42	21.67	26.59	28.64	-2.25	17.53	12.52
Public administration, health and education	4.50	7.37	8.49	9.11	11.05	10.35	11.99
Art, recreation and other service activities	2.79	3.11	3.21	3.76	2.20	-1.28	22.65
Total (A+B+C)	**2.98**	**3.65**	**3.99**	**4.08**	**4.04**	**4.72**	**6.83**

Source: Calculations from BLFS Micro Data (2016-17, 2022, 2023 and 2024) and National Accounts Statistics Note: Given that the LFS (2017) was conducted for the financial year 2016-17, while the LFS 2022, 2023 and 2024 were conducted for the calendar years, annual GVA estimates for the time periods corresponding to the period of the LFS are constructed using quarterly data from the National Accounts Statistics.

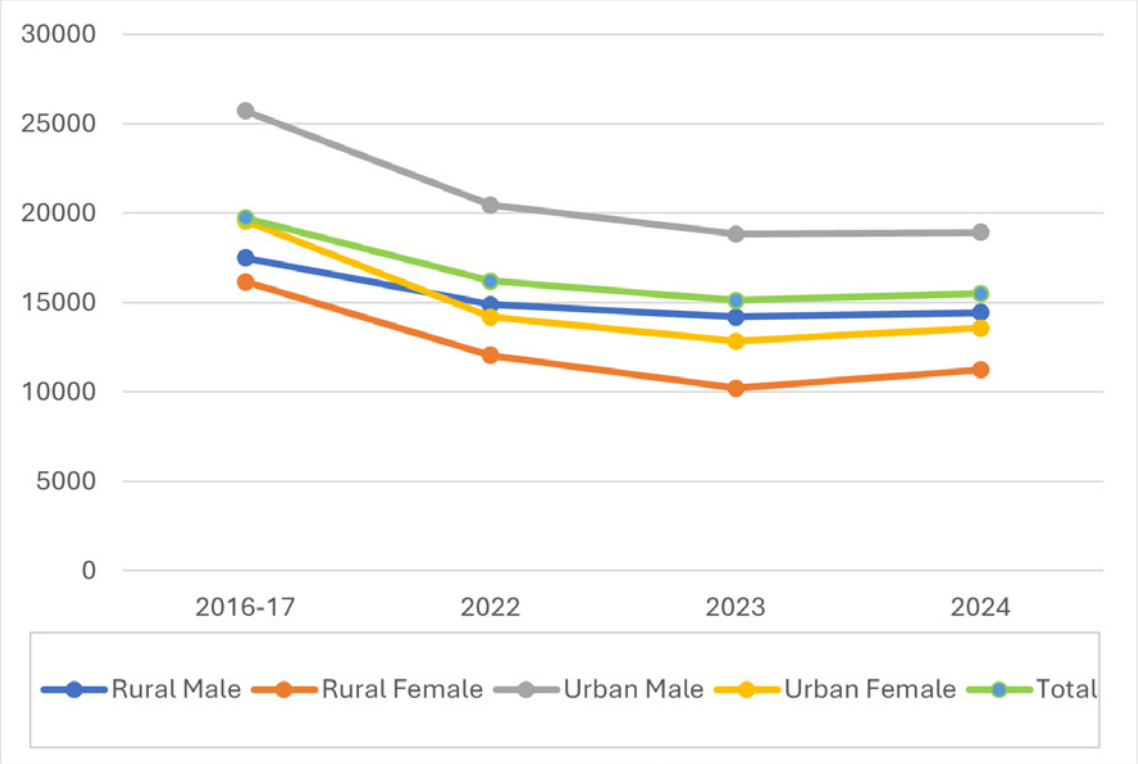
Wages

Finally, it is important to examine wage trends together with labour productivity trends to understand if workers are benefiting from the economic gains of higher productivity. If wages grow in line with productivity, it ensures that workers' real income will improve, leading to better living standards. Figure 3 reports real mean monthly earnings for paid employees (at 2024 prices) calculated from the BLFS. A decline is evident across all age groups, affecting both men and women in rural and urban areas. Rising inflation due to supply chain disruptions, global commodity price shocks (especially in energy and food) particularly after the Covid-19 pandemic, and local market inefficiencies eroded the purchasing power of workers and real wages declined. According to data from the Bangladesh Bureau of Statistics, the consumer price index (inflation) in July 2024 reached an all-time-high in 12 years at 11.66 per cent (Bangladesh Bank. 2024). Even though real wages witnessed a slight uptick between 2023 and 2024, they remained well below 2016-17

levels. Falling real wages undermine economic security and livelihood adequacy of workers and amongst other factors are reflective of a deterioration in the quality of employment.

Examining labour productivity in relation to wages only for paid employees provides an incomplete picture, given that a large share of the workforce is in self-employment, as noted earlier. However, the available statistics do show that even as labour productivity increased, real wages for paid employees declined. This is indicative of the fact that gains from productivity were not being fully shared by factors of production and that the share of labour in value added is likely to have declined. This could have been a result of multiple factors including labour market slack (high underemployment), weak bargaining power of workers, technological change and automation and weak minimum wage policies[15].

▶ **Figure 3: Mean monthly earnings of paid employees (2024 prices, in taka)**



Source: Calculations from BLFS Micro Data (2016-17, 2022, 2023 and 2024)

Informal Employment

Job quality as measured by formality of employment is a challenge across all sectors (Table 8). While employment in the agriculture sector is entirely informal, even in the industrial and services sector, an overwhelming share of employment is informal in nature. This is because a large proportion of employment even within the formal sector enterprises is informal in nature i.e. characterised by absence of protections and benefits of various types such as pension or retirement fund, maternity leave, insurance and paid sick leave. Services such as public administration

[15] Monopsony shifts in employment to capital intensive sectors, skills mismatch and policies incentives favoring capital could be the other factors responsible for this.

activities have the lowest share of informality as this category encompasses government jobs which are covered by social protection of various types. While informality remains a significant challenge, it is noteworthy that between 2017 and 2022, the share of informal employment fell from 94.7 per cent to 84.9 per cent and remained at this lower level till 2024. Much of this decline is attributable to decline in informal employment in the sectors of Trade; Transportation; Accommodation and food; and Business and administrative services. The manufacturing sector, too, witnessed a decline in share of informal employment from 95.2 per cent to 89. 4 per cent and further to 86 per cent thereafter. While the reasons for this decrease are not immediately clear, it is important to note that the decline in the share of informal employment is driven entirely by males. Among females, the share of informal employment has remained persistently high, around 96 per cent, throughout the entire period.

▶ **Table 8: Share of informal employment by sector**

	Male	Female	Total
		2017	
Agriculture	99.62	99.76	99.68
Manufacturing	93.83	98.15	95.24
Construction	98.78	99.99	98.87
Mining and quarrying; Electricity, gas and water supply	78.89	84.55	79.39
Trade; Transportation; Accommodation and food; and Business and administrative services	95.87	95.90	95.87
Public administration; Community, social and other services and activities	64.77	84.15	73.22
Not classifiable by economic activities	75.65	100.00	82.97
Total	93.88	96.57	94.70
		2022	
Agriculture	93.20	99.44	96.53
Manufacturing	87.09	96.03	89.41
Construction	94.00	97.12	94.08
Mining and quarrying; Electricity, gas and water supply	70.53	69.38	70.49
Trade; Transportation; Accommodation and food; and Business and administrative services	65.62	83.41	66.49
Public administration; Community, social and other services and activities	59.21	83.45	69.11
Not classifiable by economic activities	79.74	99.65	96.75
Total	78.49	96.68	84.91
		2023	
Agriculture	93.78	99.39	97.01
Manufacturing	85.05	92.32	86.89
Construction	93.68	94.49	93.70
Mining and quarrying; Electricity, gas and water supply	68.27	72.42	68.58
Trade; Transportation; Accommodation and food; and Business and administrative services	65.73	77.73	66.21
Public administration; Community, social and other services and activities	56.48	81.64	67.08

	Male	Female	Total
Not classifiable by economic activities	78.19	91.58	81.36
Total	78.08	95.77	84.18
		2024	
Agriculture	93.55	99.50	96.88
Manufacturing	85.13	92.33	86.85
Construction	93.31	98.46	93.41
Mining and quarrying; Electricity, gas and water supply	71.06	77.68	71.50
Trade; Transportation; Accommodation and food; and Business and administrative services	65.96	82.13	66.57
Public administration; Community, social and other services and activities	55.73	79.72	65.33
Not classifiable by economic activities	77.69	92.40	81.39
Total	78.16	96.00	84.07

Source: Calculations from BLFS Micro Data (2017, 2022, 2023 and 2024)

▶ 2 Persistent Labour Market Challenges for Women and Youth

While the preceding section provides evidence of a decoupling between economic growth and employment, the current section highlights a more pronounced jobs deficit among the youth, particularly among young women. Youth (defined as those in the 15-24 age group) experienced higher unemployment rates compared to older individuals. Indeed, this is not a phenomenon unique to Bangladesh. Global evidence suggests that youth unemployment continues to be significantly higher than the adult unemployment rate, in some countries three to four times as high (World Employment and Social Outlook Trends, ILO 2025)[16]. In 2022, the youth unemployment rate stood at 11.5 per cent in 2022, compared to 4.4 per cent for adults. Although the youth unemployment rate declined from a rate of 12.8 per cent in 2017, the drop was linked to a remarkable upsurge in employment of young women in rural areas. Notably, the unemployment rate for young rural women fell from 16.4 per cent to 6.1 per cent over this period. For all other sub-groups, unemployment rates increased. For young women in urban areas, it increased from 17.5 per cent to 19.5 per cent while for young men it rose from 10.8 per cent to 14.9 per cent, with both rural and urban males experiencing an increase of over 3 percentage points (Table 9). In the period thereafter between 2022 and 2023, unemployment rates declined for all sub-groups. Thereafter, unemployment rates for the youth increased again by 1.5 percentage points from 8.2 per cent in 2023 to 9.6 per cent in 2024.

▶ **Table 9: Unemployment Rate (15-24)**

	Rural Male	Rural Female	Urban Male	Urban Female	Total
2017	10.64	16.44	11.15	17.44	12.76
2022	15.27	6.14	14.02	19.48	11.47
2023	11.75	3.59	10.90	12.85	8.24
2024	14.60	3.78	12.96	14.47	9.63

Source: Calculations from BLFS Micro Data (2017, 2022, 2023 and 2024)

A further disaggregation of youth unemployment by educational qualification is revealing (Table 10). While the unemployment rate increased across all education cohorts between 2023 and 2024, the rise was particularly pronounced among those with higher educational qualifications. For rural males with advanced education, unemployment rates increased by 14 percentage points to 41.1 per cent. For rural females, it increased from 24.6 per cent to 29.6 per cent. While in urban areas for those with advanced education levels, unemployment rates stood at 30 per cent (for males) and 48.9 per cent (for females). The persistence of higher unemployment rates among the educated, a pattern commonly observed in developing countries, reflects a growing crisis of educated unemployment in these economies. Many educated youth struggle to find jobs that match their qualifications and aspirations, while those with lower levels of education often cannot afford to remain unemployed and therefore engage in any available work, typically of lower quality or in the informal sector.

[16] This gap is particularly pronounced in emerging-market and developing economies, where large cohorts of young people face weaker labour-market entry, higher joblessness and informal employment.

▶ **Table 10: Unemployment Rates by Educational Qualifications (15-24)**

	Less than basic	Basic	Intermediate	Advanced	Level not stated	Total
			Rural Male			
2017	5.84	6.78	18.87	33.99		10.64
2022	7.49	12.60	21.26	38.50	19.32	15.27
2023	5.05	9.90	16.25	27.10	8.39	11.75
2024	7.09	12.14	19.07	41.11	14.66	14.60
			Rural Female			
2017	12.20	12.01	21.73	43.16		16.44
2022	3.21	5.09	7.08	25.90	5.03	6.14
2023	1.22	3.09	3.65	24.67	1.23	3.59
2024	2.99	3.04	3.81	29.68	1.64	3.78
			Urban Male			
2017	5.37	6.35	19.54	33.08		11.15
2022	8.16	11.35	18.75	29.43	18.43	14.02
2023	6.53	8.51	14.29	30.00	9.53	10.90
2024	5.41	10.11	17.92	30.05	13.78	12.96
			Urban Female			
2017	6.79	10.11	29.07	35.85		17.44
2022	6.57	14.35	26.85	35.43	4.16	19.48
2023	8.99	7.91	16.57	45.17	25.85	12.85
2024	10.84	7.78	21.16	48.98	14.24	14.47

Source: Calculations from BLFS Micro Data (2017, 2022, 2023 and 2024)

Scarcity of Quality Jobs for Youth

The shift towards self-employment outlined in the preceding section was particularly strong among youth, with 60.5 per cent of employed youth in 2022 categorized as self-employed, up from 43.8 per cent in 2017 (Table 11). This increased further to 61.2 per cent in 2024. Significantly, within the category of self-employment, own account workers drove much of the increase. Between 2017 and 2022, the share of own account workers amongst youth doubled from 25.1 per cent to 49.8 per cent. This increased further to 52 per cent by 2024. Correspondingly, the share of youth categorized as 'paid employees' saw a corresponding decline of about 17 percentage points, dropping to 38.1 per cent (2022) from 55.3 per cent (2017). It remained at this level thereafter till 2024.

▶ **Table 11: Distribution of Employment Amongst Youth (15-24)**

	Rural Male	Rural Female	Urban Male	Urban Female	Total
			2017		
Paid Employees	55.98	30.40	68.07	76.40	55.32
Employers	1.52	0.40	1.03	0.30	1.06
Own-account workers	25.24	34.41	20.17	15.72	25.09
Contributing family workers	16.15	34.22	9.79	6.94	17.61
Self Employed	42.91	69.03	30.99	22.95	43.76
Workers not classifiable by status	1.12	0.57	0.95	0.65	0.92
Total	100.00	100.00	100.00	100.00	100.00
			2022		
Paid Employees	61.25	6.31	70.37	70.62	38.17
Employers	2.53	0.31	1.93	1.26	1.37
Own-account workers	21.59	86.54	14.78	18.41	49.88
Contributing family workers	13.05	6.36	11.05	6.04	9.34
Self Employed	37.18	93.21	27.76	25.71	60.59
Workers not classifiable by status	1.57	0.49	1.87	3.67	1.25
Total	100.00	100.00	100.00	100.00	100.00
			2023		
Paid Employees	62.05	6.27	72.24	72.76	39.26
Employers	1.80	0.18	1.49	0.47	0.96
Own-account workers	23.39	87.96	14.94	21.05	50.80
Contributing family workers	11.76	5.40	10.89	4.51	8.41
Self Employed	36.96	93.55	27.32	26.03	60.17
Workers not classifiable by status	0.99	0.19	0.43	1.20	0.57
Total	100	100	100	100	100
			2024		
Paid Employees	63.93	5.36	72.93	74.10	38.56
Employers	1.85	0.13	1.70	0.58	0.96
Own-account workers	22.39	89.01	14.45	19.35	52.03
Contributing family workers	11.46	5.44	10.60	5.28	8.21
Self Employed	35.70	94.58	26.75	25.21	61.20
Workers not classifiable by status	0.37	0.06	0.32	0.68	0.23
Total	100	100	100	100	100

Source: Calculations from BLFS Micro Data (2017, 2022, 2023 and 2024)

The youth not only experienced a decline in the proportion of 'paid employees', but the quality of employment within this group also deteriorated. It is important to note that the 'paid employee' category is diverse, encompassing workers with varying contract types, social security benefits

and access to leave. In 2017, around 3.5 per cent of youth in the 'paid employee' category held formal jobs but by 2022, this figure had dropped to 2.3 per cent. Formal paid employment is typically considered the most desirable form of employment in South Asia as it is characterized by job security, stability and benefits. When considered as a proportion of total youth employment, the share of young people in these 'good jobs' fell to just 0.88 per cent in 2022, down from an already low 1.95 per cent in 2017 (Table 12). While the proportion of youth engaged in 'good jobs' has increased marginally since, they account for just a little over 1 per cent of youth employment. Limited access to quality employment helps explain the strong demand for government jobs among youth, which are perceived to offer greater security and stability. This is also likely to have been one of the underlying drivers of the recent tensions observed in Bangladesh in 2024.

▶ **Table 12: Proportion of 'good jobs' in total youth employment**

	Rural Male	Rural Female	Urban Male	Urban Female	Total
2017	2.06	1.7	2.01	1.85	1.95
2022	1.44	0.16	1.38	1.94	0.89
2023	1.89	0.49	2.15	3.19	1.38
2024	1.80	0.32	2.06	3.11	1.22

Note: Good jobs are defined as formal jobs in the category of 'paid employees' in the LFS

Source: Calculations from BLFS Micro Data (2017, 2022, 2023 and 2024)

A gender-disaggregated analysis of the employment distribution indicates that the increase in the share of own-account workers and the decline in the share of paid employees amongst youth is primarily driven by rural females (Table 11). The share of rural women engaged as own account workers increased sharply from 34.4 per cent in 2017 to 86.5 per cent in 2022 and continued increasing thereafter to 89 per cent in 2024. On the other hand, the share of young rural women employed as 'paid employees' declined significantly from 30.4 per cent to 6.3 per cent. To explore possible explanations for the above trends, the sectoral composition of youth employment is examined next.

Uneven Structural Challenges

The evolution of the sectoral composition of youth employment reflects that the challenges of structural transformation are particularly pronounced for the youth and women (Table 13 below). The share of young workers employed in agriculture increased from 27.7 per cent in 2017 to 41.7 per cent in 2022. It continued to rise thereafter to 49.9 per cent in 2023 and further to 51.9 per cent in 2024. The fact that over 50 per cent of youth are engaged in agriculture is telling. Coupled with the high unemployment rate among the most educated youth, it paints a worrying picture of the state of the labour market for young people.

The share of youth employment in manufacturing declined by 10 percentage points, from 25.5 per cent in 2017 to 14.5 per cent in 2022. Therefater, it remained at around 14 per cent till 2024. The manufacture of wearing apparel, in particular, which accounted for 12.5 per cent of youth employment in 2017, declined to 7.6 per cent in 2022 and has remained around that level since, signalling that the sector may have reached its limit in terms of generating employment for youth.

Further, the share of youth employment in construction, which accounted for 8.9 per cent of jobs in 2017, declined by two percentage points by 2022 and stood at about 7 per cent in 2024. Youth employment in the services sector also fell sharply, from 37.6 per cent in 2017 to 26.7 per cent

in 2022, and further to 24.7 per cent by 2024. Within services, subsectors such as trade, transportation, accommodation and food, and business and administrative services—which together employed 24.2 per cent of youth in 2017—saw their combined share fall to 18.3 per cent in 2022 and further to 17.7 per cent in 2024. These statistics suggest that the high unemployment rate among the youth and the rise in agricultural employment within this cohort are essentially a result of the inability of the non-agricultural sector, particularly the industrial sector, to generate sufficient productive employment opportunities for the young which further constrains the economy's ability to capitalize on its demographic dividend.

▶ **Table 13: Distribution of Employment by Sector (15-24)**

	Rural Male	Rural Female	Urban Male	Urban Female	Total
			2017		
Agriculture	28.34	56.78	5.68	8.77	27.67
Manufacturing	20.71	18.46	30.31	52.16	25.55
Construction	12.77	1.98	10.57	0.99	8.85
Mining and quarrying; Electricity, gas and water supply	0.54	0.06	0.18	0.09	0.33
Trade; Transportation; Accommodation and food; and Business and administrative services	28.42	5.45	42.91	7.84	24.22
Public administration; Community, social and other services and activities	9.21	17.25	10.35	30.13	13.38
Not classifiable by economic activity	0.01	0.00	0.00	0.02	0.01
Total	100	100	100	100	100
			2022		
Agriculture	25.65	69.66	4.50	7.94	41.65
Manufacturing	17.12	4.38	26.86	49.26	14.57
Construction	15.18	0.11	10.60	0.48	6.87
Mining and quarrying; Electricity, gas and water supply	0.36	0.01	0.40	0.11	0.19
Trade; Transportation; Accommodation and food; and Business and administrative services	31.62	0.85	46.81	7.02	18.31
Public administration; Community, social and other services and activities	8.50	4.73	9.60	33.88	8.43
Not classifiable by economic activity	1.57	20.26	1.24	1.31	9.97
Total	100	100	100	100	100
			2023		
Agriculture	24.42	89.94	4.37	9.32	49.91
Manufacturing	16.81	3.51	26.80	52.55	14.29
Construction	15.35	0.08	10.52	0.27	7.04

	Rural Male	Rural Female	Urban Male	Urban Female	Total
Mining and quarrying; Electricity, gas and water supply	0.33	0.01	0.29	0.01	0.16
Trade; Transportation; Accommodation and food; and Business and administrative services	31.51	0.59	45.67	5.66	18.29
Public administration; Community, social and other services and activities	8.94	5.41	10.19	30.23	8.74
Not classifiable by economic activity	2.64	0.47	2.16	1.95	1.57
Total	100	100	100	100	100
			2024		
Agriculture	24.10	91.79	4.61	9.47	51.99
Manufacturing	17.63	3.61	29.44	54.30	14.78
Construction	16.55	0.07	9.61	0.72	7.06
Mining and quarrying; Electricity, gas and water supply	0.59	0.00	0.31	0.32	0.26
Trade; Transportation; Accommodation and food; and Business and administrative services	31.60	0.50	45.49	6.79	17.77
Public administration; Community, social and other services and activities	7.39	3.66	8.97	26.69	6.93
Not classifiable by economic activity	2.13	0.37	1.58	1.71	1.21
Total	100	100	100	100	100

Source: Calculations from BLFS Micro Data (2017, 2022, 2023 and 2024)

In terms of gender differences, as shown in the preceding section, the share of young women engaged in agriculture has been substantially higher than that of men. The share of agricultural employment among young rural women rose sharply by 13 percentage points—from 56.7 per cent in 2017 to 69.6 per cent in 2022. In fact, the overall increase in female employment in the agricultural sector, amounting to 4.39 million, was largely driven by young women in rural areas, who alone accounted for an increase of 3.2 million. The share of rural female employment in agriculture rose further to 89.9 per cent in 2023 and 91.7 per cent in 2024. Simultaneously, their employment in the manufacturing sector decreased from 18.5 per cent (2017) to 4.4 per cent (2022) and finally settled at 3.6 per cent in 2024, signalling that many rural women may have been forced to return to agriculture due to job losses in manufacturing.

The Rise and Fall of Bangladesh's Labour Force

Before concluding the discussion on employment and unemployment, it is important to draw attention to a puzzling trend in Bangladesh's Labour Force Participation Rate (LFPR) in the period between 2017 and 2024 (Table 14). First, in the period between 2017 and 2022, Bangladesh's labour force increased from 63.6 million to 73.8 million driven by the entry of rural females. The total increase amounted to 10.2 million, of which 6.73 million were rural women (4.24 million were in the 15–24 age group, while 2.49 million were in the 25+ cohort). These statistics are also reflected in a sharp increase in Female Labour Force Participation Rate (FLFPR) from 38.5 per cent

to 51.5 per cent in rural areas (Table 10)[17]. For young rural women (i.e. those in 15-24 age cohort) the increase was particularly pronounced from 25 per cent to 63.5per cent [18].

▶ **Table 14a: Labour Force (in millions)**

	Rural Male	Rural Female	Urban Male	Urban Female	Male	Female	Total
				2017			
15-24	5.37	2.36	2.07	1.29	7.45	3.66	11.10
15+	30.81	14.96	12.82	5.02	43.63	19.98	63.61
				2022			
15-24	5.70	6.61	2.17	1.00	7.87	7.61	15.48
15+	33.48	21.70	14.24	4.44	47.72	26.13	73.85
				2023			
15-24	5.63	6.39	2.17	0.89	7.81	7.27	15.08
15+	33.72	20.71	14.40	4.61	48.11	25.32	73.44
				2024			
15-24	4.91	5.93	1.99	0.78	6.89	6.71	13.60
15+	33.49	19.46	14.51	4.22	48.00	23.68	71.68

Source: Calculations from BLFS Micro Data (2017, 2022, 2023 and 2024)

▶ **Table 14b: Labour Force Participation Rate**

	Rural Male	Rural Female	Urban Male	Urban Female	Male	Female	Total
				15-24			
2017	55.13	25.04	54.39	29.11	54.92	26.35	40.46
2022	56.94	63.47	52.03	20.72	55.50	49.92	52.61
2023	55.87	62.80	51.52	18.35	54.58	48.47	51.46
2024	50.93	61.06	48.63	16.32	50.24	46.29	48.21
				15+			
2017	80.45	38.56	81.22	31.03	80.67	36.35	58.33
2022	81.00	51.46	80.21	24.49	80.77	43.35	61.87
2023	80.73	48.62	80.51	25.11	80.66	41.54	60.89
2024	79.92	45.35	80.07	22.52	79.96	38.41	58.91

Source: Calculations from BLFS Micro Data (2017, 2022, 2023 and 2024)

The sharp increase in the FLFPR, particularly among young rural women, coupled with (i) a rise in share of self-employment and agricultural employment and (ii) a decline in share of paid employment pointing to a deterioration in the quality of employment for women, warrants closer

[17] At an aggregate level, LFPR for females increased sharply from 36.4% to 43.3% while for males it remained steady at 80%

[18] As LFPR increased and unemployment rates declined for young rural women, the Not in Education, Employment or Training (NEET) rate for this sub-group shows a sharp decline from 46.5 per cent to 8.4 per cent between 2017 and 2022. Consequently, aggregate NEET for the 15-24 age group also shows a decline from 27.4 to 14.9 (based on 13th ICLS definitions).

examination. One possible explanation for the rising participation of women in agriculture as own-account workers, observed in other developing countries as well, is that during the COVID-19 pandemic, many women, particularly from low-income households, entered the labour force out of economic distress to supplement household incomes[19]. While definitive conclusions cannot be drawn, evidence suggests that Bangladesh may have also witnessed the above phenomenon. Between 2017 and 2022, the share of women in total agricultural employment rose from 45.3 per cent to 76.8 per cent suggesting a crowding-in of women in agricultural sector as own-account workers to sustain family incomes as real monthly earnings of paid employees declined (Figure 3). Many rural women were reported to be engaged in small-scale agricultural activities such as vegetable cultivation and livestock and poultry rearing during this period, possibly as a coping or income-supplementing strategy[20].

Concomitantly, many young women dropped out of education during the pandemic. This is reflected in the increase in the secondary school dropout rate for girls from 34.86 per cent in 2020 to over 40 per cent in 2021 (Bangladesh Education Statistics)[21]. A large proportion of these young women may have joined the workforce to provide additional financial support for their families.

Another key factor that may have facilitated the broader entry of women into agriculture is the adoption of technological innovations that reduced its labour-intensive nature. In rural Bangladesh, several women-friendly agricultural technologies and tools such as fodder chopper machines help women save time and effort by simplifying cattle feed preparation[22]. Regardless of the underlying drivers, the period between 2017 and 2024 reflects a significant feminisation of the agriculture sector, with the share of females in total agricultural employment rising from 45.1 per cent in 2017 to 55.9 per cent in 2024.

Meanwhile, men may have moved into non-agricultural sectors to supplement their family incomes as reflected in an increase in male employment in the services sector of 2.35 million (of this 929,715 were in urban areas and 1.42 million in rural areas). Bangladesh Bank's 'Refinance scheme of BDT 5 billion to create employment and to eliminate poverty for the people who have returned home due to Covid 19 pandemic and other reasons,' announced in 2022, aimed to stimulate employment in rural non-agricultural sectors by providing low-interest loans and this is also likely to have opened up income-generating opportunities for men outside the agricultural sector[23].

While the above seeks to offer a potential explanation for the observed increase in rural FLFPR and agricultural employment, more detailed and robust empirical analysis is required to conclusively explain drivers of these trends. Additionally, the possibility of data-related anomalies needs to be explored[24]. Nevertheless, the sharp increase in the FLFPR between 2017 and 2022, which appears to be a positive trend at face value, needs to be interpreted with caution, as it may well

[19] High inflation during this period further eroded real household incomes, diminishing purchasing power.

[20] Other agricultural statistics from the Bangladesh Bureau of Statistics also indicate an increase in agricultural and food production during this time, which supports the observed rise in rural female labour force participation.

[21] https://banbeis.portal.gov.bd/sites/default/files/files/banbeis.portal.gov.bd/npfblock/Bangladesh%20Education%20Statistics%202023%20(1).pdf

[22] https://gender.cgiar.org/news/fodder-technology-chops-backbreaking-labor-half-bangladeshi-women

[23] Eligible sectors included local small businesses, light engineering, fisheries and livestock, IT service centres, vegetable and fruit cultivation, agricultural equipment purchase, and construction and repair work. Loans were available without collateral, with amounts ranging from BDT 1 lakh to BDT 5 lakh, and interest rates set at 6%, with repayment periods varying from 18 months to 36 months, depending on the loan amount.

[24] The LFS 2022 questionnaire was not a full replica of the LFS 2017 version. In 2022, the questionnaire was modified to align more accurately with the 19th ICLS framework. A separate set of questions was introduced to distinguish between own-use and market activities. This likely helped capture own-use production of goods more precisely in LFS 2022. In contrast, the LFS 2017 questionnaire lacked specific questions on market activity and mainly asked about the intention to work, which does not fully correspond to the 2022 approach.

have been a distress-driven response to economic hardship rather than a natural progression toward gender equality in the workforce.

In the period after 2022, these trends reversed, with both the absolute female labour force and the FLFPR declining. Between 2022 and 2023, the total labour force fell marginally from 73.85 million to 73.44 million, and by 2024 it had declined further to 71.68 million. This overall decline of 1.76 million was almost entirely accounted for by women. Between 2023 and 2024, the female labour force decreased by 1.65 million. The sharp rise and subsequent decline in the labour force—mirroring movements in the female labour force participation rate—is puzzling. Furthermore, not only did rural FLFPR decline for both the 15+ and 15–24 age groups after 2022, but female employment in agriculture in rural areas also continued to increase for both age groups.

That women are increasingly exiting the labour force, and those who remain are predominantly engaged in agriculture appears to suggest a dual setback for women. This could be a result of a confluence of factors. First, the economy is still not creating the kinds of jobs that women, particularly the relatively more educated women, aspire for. Many women who seek employment in non-agricultural sectors but are unable to find suitable job opportunities may become disillusioned or discouraged and exit the labour force altogether. The defeminisation of the apparel sector, which has long been the mainstay of women's employment, illustrates shrinking non-agricultural employment opportunities for women. Even when jobs are available, the absence of supportive infrastructure in particular affordable childcare, reliable public transport and safe workplaces could also be pushing women out of the labour market.

Second, for those at the lower end of the education and income ladder who cannot afford to exit the labour force despite shrinking non-agricultural job opportunities, there is a tendency to crowd into the agriculture sector as self-employed workers. This could result in a scenario of a declining FLFPR alongside a rising share of female employment in agriculture.

While the decline in LFPR in the period post 2022 is indeed worrying, it is worth reiterating that the increase witnessed in the period prior may also not be indicative of greater economic empowerment, but a distress induced phenomenon. Also, the sharp increase till 2022 and subsequent decline in FLFPR is principally driven by rural trends, urban LFPR has been witnessing a decline since 2016-17. This may have been a consequence of multiple factors such as the changing demand for female labour in apparel industry, insufficient infrastructure like childcare facilities and social norms that discourage participation.

Earlier Trends Signalled Current Challenges

Finally, it is important to mention that while the analysis in this paper principally focuses on trends in the labour market comparing data from the two most recent Labour Force Surveys i.e. 2016-17 and 2022, the economy was facing significant challenges even before the onset of the pandemic and that the sectoral and labour markets shifts witnessed during the period between 2017 and 2022 did not happen abruptly, but were in fact taking place incrementally over the long-run. World Bank's Bangladesh Jobs Diagnostics (2017) conducted for the period between 2000 and 2016 shows that employment growth had slowed to an average of 1.8 per cent annually between 2010 and 2016, compared to 3.1 per cent during 2003 and 2010. Notably, job creation in key sectors like the RMG and textiles industries declined sharply, from generating over 300,000 jobs annually in 2003-2010 to just 60,000 per year between 2010-2016. The modest job creation during this period lagged Bangladesh's overall economic growth. Youth unemployment remained higher than that of older workers suggesting youth were disproportionately impacted

by the slowdown in job creation. The transition from education to employment proved challenging as well-educated young individuals, often with higher wage expectations, encountered a labour market that offered few quality job opportunities. Worker productivity in Bangladesh remained very low compared to global standards. A large proportion of workers were engaged in informal, unpaid, or subsistence-level agricultural work. Informality, even within wage employment, was widespread. While structural changes and increasing urbanization reduced agriculture's share of total employment, it still accounted for 42 per cent of all jobs in 2016.

Further, substantial gender gaps existed in the Bangladesh labour market. In 2003, the FLFPR was 27.5 per cent compared to 90 per cent percent for males. FLFPR increased to around 37 per cent in 2010 but levelled off thereafter. In 2016, FLFPR was still substantially lower than that for males at 85 per cent in 2016. Women also had less access to better quality jobs than men and a larger proportion of working females were employed in agriculture compared to men. Therefore, the challenges pertaining to the slow pace of productive job creation for the youth and gender gaps in the labour market were prevalent even prior to Covid-19. The pandemic, though, further exacerbated these challenges.

▶ 3 Was growth real or over-hyped?

An examination of the data in the preceding section suggests a disconnect between the measured GDP growth data and the state of the labour market, which is marked by informality, under-employment and deterioration of job quality. The recent 'White Paper on the State of Bangladesh Economy: Dissection of a Development Narrative' (2024) raises significant concerns regarding the accuracy of growth statistics, particularly the high growth witnessed in the decade of 2010. These concerns stem from discrepancies between official GDP growth rates and other key growth indicators such as trade, credit, investment and nightlight intensity.

The World Bank's (2022) analysis of GDP data for 149 countries, using nightlight intensity as an alternative measure of economic activity from 1970 to 2019, highlights that GDP growth in Bangladesh from FY 2013-19 was an 'outlier'. The White Paper report also points out that the acceleration in growth during 2010-19 stemmed from an "unidentified source." It notes that the unexplained portion of growth, beyond what could be attributed to the accumulation of physical capital per worker, increased unexpectedly during the decade before the pandemic, while the contribution of labour declined. Additionally, the impact of past reforms on per capita GDP growth diminished significantly, dropping from 3.5 percentage points in 2005–2009 to 1.5 percentage points in 2015–2019. Growth in human capital was also modest, averaging only 0.5–0.7 per cent per year. Therefore, no substantial factors were identified to explain the observed acceleration in growth during this period.

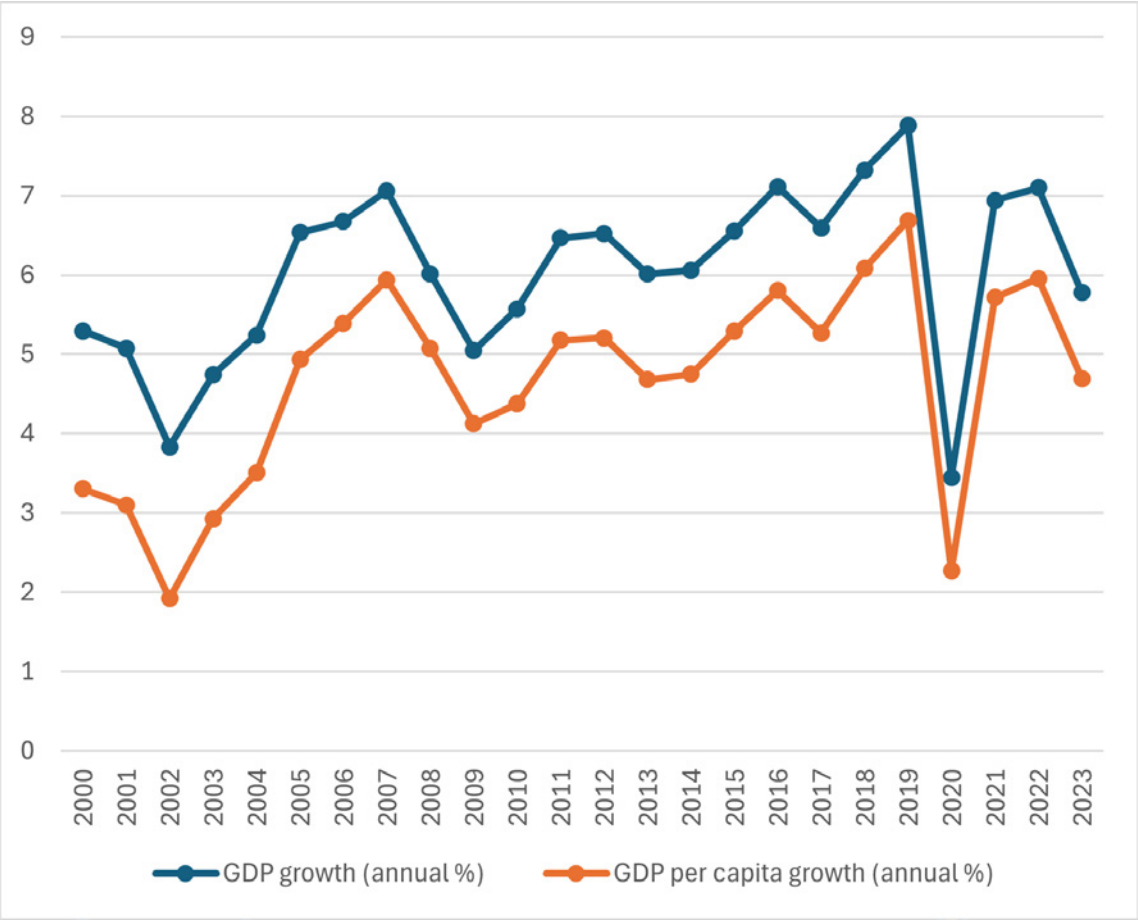
The report also raises questions about the methodology used to calculate GDP, the reliability of input data from sectors such as agriculture and small industry and the lack of independent oversight in verifying macroeconomic statistics. There are also concerns about the revisions in the National Accounts Series twice in the last decade and a half (in 2013, BBS published a new GDP series with 2005-06 as base year and in 2021, it published another new series using 2015-16 as base year). The report also notes that each revision caused nominal GDP to spike by an average of 13-15 per cent compared to the previous series, and such significant increases in successive revisions raise concerns. Based on its analysis, the report concludes that contrary to popular belief, growth may well have started slowing down four to five years before the pandemic and the high reported growth rates may have been a 'statistical artifact'.

The debate around the accuracy of the growth statistics merits careful examination. It raises several questions about the role of alternative measurement techniques like nightlight intensity in economies such as Bangladesh where agricultural activity is significant and where nightlights capture secondary and tertiary activities though not unlit agriculture. Evidence suggests that the association between nightlights and GDP is substantially stronger in countries where agriculture is less important[25]. This raises questions about the specific magnitude of overestimation and also about how an accurate revision of the GDP series can be undertaken by triangulating the statistics with not just nightlights intensity but also other indicators such as electricity consumption, rail freight volume, bank lending, energy use, trade and VAT/e-invoices.

[25] https://blogs.worldbank.org/en/developmenttalk/night-lights-and-pursuit-subnational-gdp-application-kenya-rwanda#:~:text=Second%2C%20night%20lights%20tend%20to,as%20rainfall%20or%20vegetation%20indices.

From an analytical perspective, the findings pertaining to the accuracy of growth estimates help clarify the macroeconomic backdrop against which labour market trends are being assessed. This issue is fundamental to the focus of the present paper as the overestimation of growth data upends the conclusion regarding the growth-employment disconnect. For if it is indeed the case that economic growth was a 'statistical artifact', Bangladesh faces a significant dual challenge: not only reconnecting employment with economic growth, as highlighted in Section 1, but also of reviving genuine economic growth and ensuring it is job-rich.

▶ **Figure 4: Growth rate of GDP and GDP per capita (annual %)**



Source: World Development Indicators (several years)

Apart from the issue of inflated growth data between 2010 and 2019, it also needs to be noted that growth in this period was in fact very volatile, unlike the period between 2002 and 2007 when growth was sharp and linear (Figure 1). Currently, too, the economy is grappling with the significant challenge of slowing economic growth. Estimates from IMF indicate that Bangladesh's GDP growth in FY25 decelerated to 3.7 per cent from 4.2 per cent in 2024 caused by production delays during the uprising, a tighter policy mix and heightened uncertainty[26].

In conclusion, the debate around the reliability of the growth statistics remains unresolved. In the absence of alternative estimates, this analysis proceeds on the basis of the official GDP figures.

[26] https://www.imf.org/en/news/articles/2025/11/13/pr-25369-bangladesh-statement-end-imf-mission-2025-aiv-consult-and-5th-rev-under-ecf-eff-and-rsf

▶ 4 Comprehensive and integrated policies for addressing the twin challenge of growth and job creation

Presently, Bangladesh faces a two-fold challenge. One of reviving genuine economic growth and second, ensuring that growth translates into more and better jobs. Policymaking has often treated employment as a residual outcome of the growth process rather than a central policy objective. This could result in a scenario where growth may remain concentrated in a few capital-intensive sectors, with limited spillovers to job creation and productivity. Placing employment at the core of policy formulation is therefore essential to transform economic recovery into a pathway for decent work. This section examines a series of policy options which can spur growth and job-creation and facilitate pro-employment structural transformation in Bangladesh. Thereafter, it outlines the necessary supporting conditions for implementing these policies. To take both a near-term and longer-term view of the drivers of growth and job creation, it is useful to examine GDP data from both the expenditure and production approaches [27].

The Catalytic Role of Government Expenditure: Lessons from Expenditure-Side GDP

The analysis begins with an examination of GDP on expenditure side. The different components of GDP on the expenditure side include consumption, investment, government spending and net exports. The question that arises is which of these components have the potential to spur growth in the near term and which are likely to remain dormant in the foreseeable future. While exercising caution in interpreting GDP data in light of the critique presented in the White Paper on the State of the Economy, a few observations can still be made based on long-term trends prior to the COVID-19 shock:

(i) In Bangladesh, consumption has been the largest component of GDP accounting for approximately 65 per cent of GDP. However, household consumption is unlikely to drive growth given the state of the labour market, specifically the decline in real wages described in Section II. Households are likely to remain cautious as persistently high inflation and increases in costs of essential goods fuel concerns about the future, particularly as shrinking incomes undermine their financial security.

(ii) Private investment has remained sluggish in Bangladesh over the past 15 years, accounting for approximately 23 per cent of GDP. Importantly, both domestic and foreign private investment have underperformed and estimates from Bangladesh Bank suggest that FDI as a share of GDP has remained below 1 per cent (White Paper on State of the Bangladesh Economy, 2024). Sluggish private investment and the subsequent absence of productive employment generation have been attributed to Bangladesh's challenging business environment characterised by lengthy bureaucratic procedures, weak enforcement of contracts, lack of transparent mechanisms for resolving disputes and institutional weaknesses within agencies involved in promoting investments (White Paper, 2024 & Farole at al, 2021). Additionally, the misallocation of credit

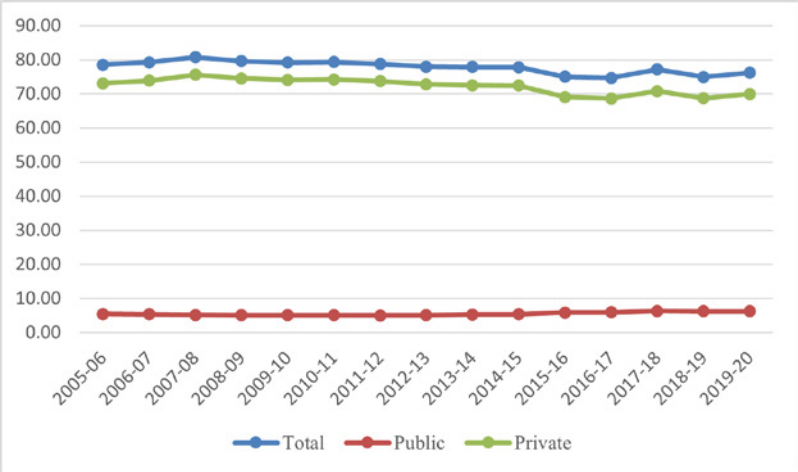
[27] The analysis utilizes the GDP time series based on the 2005–06 base year. Data is available for the period from 2005-06 to 2019-20.

in financial markets, inadequate infrastructure, high energy and transportation costs, a shortage of skilled labour, difficulties in adopting new technologies and a lack of entrepreneurial and managerial expertise have all hindered the acceleration of private investment. In addition to the above-mentioned factors, a new binding constraint to private investment is likely to emerge in the economy, namely that of lack of demand. A broader private investment cycle is unlikely to pick-up unless consumption in the economy goes up. Worryingly consumption and investment are intricately interlinked. A consumption/demand recovery is contingent on the creation of well-paying jobs i.e. a jobs and income recovery. The latter is, however, contingent on an investment recovery. And the key to an investment recovery is likely to be a demand recovery, creating a worrying circularity. Breaking this vicious cycle will require not only addressing the structural bottlenecks mentioned above, but also adopting a pro-employment macroeconomic framework, which is discussed in the following section. Neither of these can be achieved proximately. Therefore, the revival of a broad-based investment cycle that can stimulate growth is unlikely in the immediate term.

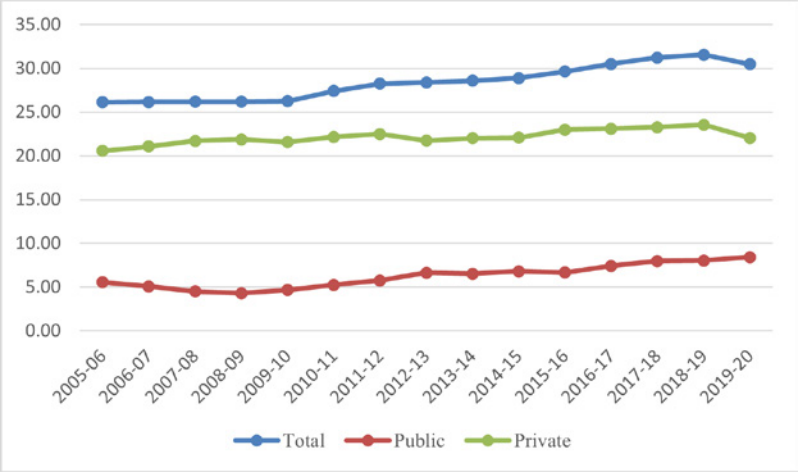
(iii) Exports have been an important driver of growth and job creation in Bangladesh with the readymade garment sector serving as the primary engine of export performance. In 2023, the share of readymade garments in total exports stood at 86 per cent , highlighting the excessive reliance of the economy on this sector. However, the sector has faced significant challenges on account of the Covid-19 pandemic, geopolitical disruptions affecting trade, the shift towards nearshoring or friend-shoring (i.e. sourcing from countries closer to their home markets) and increased competition from Vietnam which has struck many favourable trade agreements. In FY24, Bangladesh's exports fell by 4.34 per cent , totalling US$ 44.47 billion compared to US$ 46.49 billion in FY23, according to the Bangladesh Bank[28]. The current adverse shifts in trade policy coupled with Bangladesh's impending graduation from the Least Developed Country (LDC) status in 2026, which will end preferential trade benefits and raise export costs suggests that exports are unlikely to be an important tailwind of growth.

[28] https://textileinsights.in/bangladesh-exports-drop-4-34-in-fy24-due-rmg-decline/

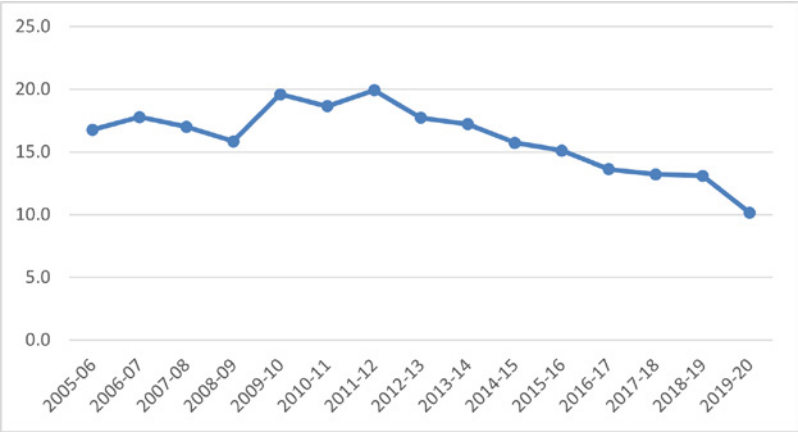
▶ **Figure 5a: Consumption/GDP**



▶ **Figure 5b: Investment/GDP**



▶ **Figure 5c: Exports/GDP**



Source: Bangladesh Economic Review (various years)

(iv) Given that consumption, investment and exports are unlikely to push growth and employment in the near term, the only default option will be government expenditure. Government expenditure will need to do the heavy lifting till private investment and consumption recover through a series of carefully designed public investment interventions (and policies/strategies) which support near term demand, create jobs particularly for youth and women, enhance the productive capacity of the economy and generate multiplier effects eventually crowding-in private investment. Three strategies which could be explored in this context are outlined below. However, before dwelling into these, it is important to highlight that supporting macroeconomic reforms (discussed in Section VI) will have to create the fiscal space to finance government spending, albeit in the short term, to spur growth and job creation. Furthermore, it needs to be noted that the country is operating under an IMF loan programme that emphasises fiscal consolidation and tighter macroeconomic management. The IMF Executive Board approved a 42-month loan package of $4.7 billion under the Extended Credit Facility (ECF), Extended Fund Facility (EFF), and Resilience and Sustainability Facility (RSF) in January 2023. [29] In 2024, it approved an augmentation of fiscal assistance of approximately $760 million to help address rising external financing needs and support macroeconomic stability.[30] Against this backdrop, the key challenge is how the country can create fiscal space to prioritise targeted, employment-intensive and growth-enhancing investments.

a. Employment Intensive Infrastructure projects

Public investment has played an important role in boosting GDP particularly since 2010. The share of total (public and private) investment in GDP peaked at above 32 per cent in FY19 after stagnating at less than 29 per cent for more than a decade. While, private investment was flat at around 23 per cent of GDP since FY15, investment recovery since 2010 primarily came from public investment, which surpassed 7 per cent of GDP in the decade of 2010s (a rate considered appropriate for high and sustained growth)[31] . The boost in public investment was principally driven by investments made by the government in large scale public infrastructure projects, also referred to as 'megaprojects'[32].

While the White Paper on the State of the Economy has raised several concerns regarding the viability, costing, financing, returns and implementation of these projects, the focus on infrastructure remains pertinent to the country's future in both the near and long term. Corrective measures are needed to ensure that investments sunk in infrastructure projects generate returns, particularly since expenditure on many of these projects is underwritten by borrowed (domestic or external) money. The policy imperative now is not to halt infrastructure spending but reassess ongoing and planned projects carefully, prioritising those that are fiscally sustainable and yield high economic and social returns. Carefully selected employment-intensive infrastructure projects—which rely on local labour and domestic resources and have strong backward and forward

[29] https://www.imf.org/en/news/articles/2023/01/30/pr2325-bangladesh-imf-executive-board-approves-usd-ecf-eff-and-usd-under-rsf
[30] https://www.imf.org/en/news/articles/2024/12/18/pr24483-imf-reaches-staff-level-agreement-on-third-review-with-bangladesh
[31] The contribution of public investment to GDP growth increased from 0.2 percentage points per annum during FY01-10 to 0.7 percentage points per annum during FY11-22. The share of public investment in total investment increased (Figure 2.6).
[32] Notable examples of such megaprojects include the Padma Bridge, Dhaka metro-rail system, elevated expressways and highways, the third terminal at Dhaka's international airport, Matarbari deep-sea port, and Karnaphuli tunnel.

linkages with other sectors—can generate much-needed employment and income in the immediate term, while also reducing costs, saving foreign currency and supporting local industry[33].

b. Introduction of a Targeted Employment Programme for youth and women

As illustrated in Section III, there is a pressing need to create employment opportunities for youth and women in the immediate term. In this context, it is worth examining the possibility of introducing a large-scale employment programme specifically aimed at creating jobs for women and young people in sectors such as education, health and the care economy. In the education sector, the employment opportunities could be created for early childhood education assistants, community learning facilitators, and digital literacy trainers. In the health sector, there is potential to generate jobs as community health workers, health promoters, maternal health assistants, and staff supporting nutrition and immunization programmes. Employment opportunities for childcare providers, elderly and disability caregivers could also be explored. In addition to generating short- to medium-term public employment opportunities in schools, clinics and community centres through government funding, such a programme could also include a component focused on skills training and certification.

A large-scale initiative in the care sector would be particularly valuable for several reasons. First, it would generate employment opportunities for women, especially since jobs in the care economy are among the least vulnerable to automation and AI-driven technological change. Urban women, particularly those seeking work in the services sector and facing low FLFPR and high unemployment (especially among the educated), could find meaningful avenues of employment through such an initiative. Second, the expansion of a comprehensive care infrastructure reduces the burden of care work that disproportionately falls on women and provides the essential support women need to participate more fully in economic activity[34].

It is important to recognise that large scale public employment programmes may offer only short-term employment or function primarily as a safety net. However, if they are designed to include structured skilling components and pathways into emerging sectors of employment such as the care economy, they can equip young people, especially women who may have been displaced by automation in manufacturing, with the competencies required for work in sectors where they increasingly aspire to be.

c. Combined training and subsidised employment programmes in the private sector

Bangladesh has placed strong emphasis on strengthening its Technical and Vocational Education and Training (TVET) and skills ecosystem—through the introduction of the Bangladesh National

[33] ILO's "Employment-Intensive Investment Programme (EIIP) Toolkit" provides a useful framework to identify and promote employment-intensive investments. Amongst other elements, this toolkit encompasses policy and planning frameworks which guide how employment objectives can be integrated into national development plans, public investment strategies, and infrastructure projects; cost-benefit analysis tools which outline methods to compare labour-intensive approaches with conventional methods in terms of job creation, economic impact, and cost-effectiveness; technical guidelines on designing and implementing labour-intensive projects in sectors like roads, water management, and rural development and impact assessment tools to evaluate the social, economic, and environmental outcomes of investments.

[34] Two notable examples include (i) Uruguay's National Integrated Care System (Sistema Nacional Integrado de Cuidados) that created jobs in childcare, eldercare, and disability care while expanding publicly funded care services and reducing women's unpaid care burden and (ii) India's Community-Based Childcare Workforce (Anganwadi under the ICDS programme where large numbers of women are employed as childcare and nutrition workers, simultaneously generating employment and easing the care responsibilities of low-income households.

Qualifications Framework to harmonise qualifications, the establishment of high-quality model TVET institutes and deeper collaboration between private sector employers and training providers to deliver demand-driven courses. While these skilling efforts are important, their impact would be significantly greater if they were integrated with hiring programmes in private firms, ensuring that training translates into employment opportunities for young people.

In many low- and middle-income countries, stand-alone wage subsidies for youth remain relatively rare. In contexts where foundational skills are weak, training programmes often outperform giving only subsidies. The most effective approaches tend to be combined ones—linking training with job matching, apprenticeships, or subsidised employment in private firms. On-the-job training performs better than off-the-job skilling because it involves direct engagement with employers (ILO, 2017). Overall, global evidence shows that Active Labour Market Programmes (ALMP) yield higher and more cost-effective impacts when they integrate multiple interventions—skills development, soft-skills training, certification and direct employment support. Such multi-component programmes, especially those running for several months, can deliver stronger employment and earnings outcomes in low- and middle-income countries by helping youth overcome the multiple barriers that characterise informal and segmented labour markets. For Bangladesh, this suggests a clear way forward: moving beyond skilling alone and more systematically connecting training to employment—especially in private firms—will be key to achieving stronger youth labour market outcomes.

Stimulating Growth and Jobs through Sectoral Diversification: Insights from Production-Side GDP

A disaggregated analysis of GDP on the production side for the period 2005-06 to 2019-20 shows that the manufacturing sector has consistently accounted for the highest share, at over 15 per cent of GDP (Figure A1 in Annexure). The agriculture sector's share of GDP fell to less than 10 per cent in 2018–19, down from 15 per cent in 2005–06 and the wholesale & retail trade sector accounted for over approximately 12-13 per cent of GDP. As is well documented in the case of Bangladesh, the RMG sector has been the cornerstone of the country's manufacturing industry—driving employment generation, boosting exports and serving as a key engine of economic growth (ADB & ILO, 2016)[35]. Since the early 2010s, the share of RMG in total exports has grown from 77 per cent in 2010 to 86 per cent by 2023 (White Paper Report, 2024).

Given its relatively small domestic market, Bangladesh's dependence on exports as a key driver of economic growth is understandable and, indeed, necessary for sustaining high and inclusive growth. However, the overwhelming dependence on a single sector i.e. RMG makes the economy very vulnerable. Despite long-standing recognition of the risks of this excessive reliance, Bangladesh has not been able to leverage its considerable expertise in mass garment manufacturing toward other labour-intensive sectors and has made little progress in diversifying its export basket.

As Kathuria (2021) observes, garment manufacturing and exports have historically served as a stepping stone to more sophisticated manufacturing in many Asian economies, including Japan, South Korea and China. Garment manufacturing provides a foundation for developing a range of capabilities—production skills, organizational practices such as supplier coordination

[35] ADB and ILO. (2016). Bangladesh: Looking beyond garments. Mandaluyong City, Philippines: Asian Development Bank and International Labour Organization, 2016

and inventory management, and logistics competencies. These, in turn, typically catalyze investment in related sectors like footwear, light engineering and eventually more capital-intensive industries such as iron and steel.

In Bangladesh, however, this progression has not materialized. One major reason lies in the policy regime, which remains heavily biased in favour of apparel, in particular the trade policy structure. A relatively favourable policy environment for garment manufacturing has concentrated entrepreneurial energies in this sector. A specific example in this context is of the special bonded warehouse regime introduced in the mid-1980s, which provided duty-free inputs (such as yarn, fabrics, and accessories) for the garment sector. While this policy contributed to the apparel industry's initial growth, its persistence has entrenched sectoral advantages. In practice, the bond regime is far more favourable for garments than for other sectors: apparel firms face longer audit cycles, enjoy multiple premises under one bond license, and operate without full-time customs staff (Kathuria, 2021)[36]. Although each industry faces its own constraints, establishing a neutral policy environment—combined with improvements in infrastructure and logistics—could help realize the potential of other labour-intensive sectors. To enable diversification, the policy bias must be corrected by ensuring that all potential export industries can access inputs at world prices—especially in a context where most manufactured exports and domestic production depend heavily on imported materials (ibid).

The urgency of export diversification has intensified as the risks of overreliance on the RMG industry have become increasingly evident in the wake of external shocks, including the COVID-19 pandemic and recent geopolitical disruptions to global trade. Global lockdowns during the pandemic triggered order reductions, cancellations, payment delays and renegotiation of terms Berg et al (2021). As a result, the value of Bangladesh's RMG exports dropped by 17 per cent in the first year of the pandemic, leading to revenue losses of up to $5.6 billion. Additionally, the sector has faced increasing competition from Vietnam in recent years. Import data from Europe and the U.S. suggest that Vietnam likely surpassed Bangladesh in 2020, pushing Bangladesh out of its position as the world's second-largest garment exporter after China. The preferential trade agreement between the European Union (EU) and Vietnam, launched in August 2020, played a key role in Vietnam's apparel exports outpacing those from Bangladesh. Consequently, there has been growing recognition of the need to diversify beyond the RMG sector[37].

In this backdrop, to ensure sustained growth and job creation, Bangladesh must adopt a comprehensive and coherent industrial policy that emphasizes export diversification, foreign investment and the development of sectors beyond the readymade garments industry. Such a policy must be backed by a conducive business environment, transparency and consistent well-communicated regulations (White Paper Report, 2024). Various studies and the National Industrial Policy documents have identified priority sectors with significant potential for growth, exports and employment[38]. These include leather and leather goods, agricultural products, pharmaceuticals,

[36] Expansion of the existing bonded warehouse facility for export-oriented industries has been under discussion for quite some time. Given its pivotal role in ensuring uninterrupted availability of raw materials for manufacturing export goods, the importance of bonded warehouse cannot be overstated. timeline remains unclear.
https://thefinancialexpress.com.bd/views/columns/bonded-warehouse-needs-automation-for-expansion-and-efficiency

[37] Importantly, the RMG sector itself has suffered from limited diversification. At the six-digit HS code level, just 10 RMG products account for 70% of the total RMG exports from Bangladesh (Raihan, 2024). As the RMG industry becomes increasingly saturated with cotton-based apparel production, it is crucial for manufacturers to diversify into non-cotton-based apparel, particularly man-made fibre (MMF), to retain Bangladesh's position as the second-largest RMG exporter in the global market.

[38] In September 2022, the Bangladesh government gave approval to the draft of national industrial policy-2022. It is stated that the objective of industrial policy is to create a framework for manufacturing of international standard competitive industrial products by exploiting the advantage of the fourth industrial revolution.

electronics, jute and jute-based diversified products, information technology (IT), and tourism (World Bank, 2017; ADB & ILO, 2016).

It is important to emphasize that broad-based and diversified industrial growth entails diversification not only across sectors but also across enterprises of varying sizes. A robust and dynamic small and medium enterprise (SME) sector is critical to achieving meaningful industrial diversification. However, SMEs are disproportionately affected by bottlenecks such as infrastructural deficiencies, high logistics costs, limited access to finance, regulatory hurdles, a shortage of skilled labour and slow technology adoption. These challenges stand in stark contrast to the advantages enjoyed by larger conglomerates, particularly those in telecommunications, RMG, banking, real estate and energy which possess the financial resources and networks to navigate regulatory and operational barriers. For instance while a large RMG factory might be able to address its energy challenges by installing its own power generator, a small factory may find it too difficult and costly to implement. Similarly, while the tax regime for SMEs and new entrants is complex, opaque and onerous, large conglomerates receive tax holidays and exemptions and other forms of selective enforcement of tax laws. Similar disparities arise in other areas, such as access to finance, land, skilled labour, market information and navigating bureaucratic procedures. This uneven impact contributes to the phenomenon of the "missing middle" in Bangladesh (Farole et al, 2021). The country has a disproportionately large number of microenterprises and a few dominant large firms, especially in sectors like RMG. Overcoming the unique and often more severe challenges that SMEs face compared to larger enterprises is crucial to unlocking the full potential of SMEs and promoting broad-based industrial growth.

▶ Conclusion

Bangladesh is currently navigating a phase of economic and political transition. The country continues to grapple with macroeconomic challenges such as high inflation, declining foreign reserves and weaknesses in the financial sector. According to estimates from the BBS, Bangladesh's GDP grew by just 3.69 percent in fiscal year 2024–25, the lowest rate since the COVID-19 pandemic[39]. In comparison, the economy grew by 4.22 percent in fiscal year 2023–24. Beyond macroeconomic challenges and the pressures of slowing growth, Bangladesh also faces new uncertainties associated with its impending graduation from LDC status. The loss of access to international support measures, including preferential trade deals and special treatment under WTO rules, is especially important for Bangladesh because duty-free access to many developed and some developing country markets has been a key driver of its export growth, mainly through the RMG sector. The withdrawal of these benefits could intensify the already substantial challenges of restoring economic growth and generating employment if the transition is not managed effectively.[40]

The interim government has introduced a range of measures aimed at stabilizing the economy, in particular the banking sector. It has also formed several commissions, committees and task forces to recommend reforms across key domains including the economy, judiciary, constitution, electoral system, public administration, law enforcement, and anti-corruption frameworks. Most of these bodies have already submitted their reports, such as the above-mentioned White Paper Committee, which analysed the economic weaknesses of the past decade, and the Task Force on Strategizing the Economy, which outlined policy recommendations for all major sectors.

Even as the proposed reforms await implementation, achieving macroeconomic stabilization, particularly the reduction of inflation, remains a top priority. According to data from the BBS, the consumer price index (inflation) in July 2024 reached an all-time-high in 12 years at 11.66 per cent. Although headline inflation eased to 9.4 per cent (y-o-y) in March 2025 it remains well above Bangladesh Bank's target range of 5–6 percent. High inflation strains economic welfare, particularly for low-income households who spend a larger share of their income on essential goods. Tight monetary policy and fiscal consolidation efforts will anchor inflation expectations over the medium-term. However, it is important for policymakers to remain mindful of the potential implications of these measures on the labour market. As the discussion in this paper highlights, significant labour market challenges persist. Given the close linkages between macroeconomic conditions and labour market outcomes, it is important that measures to address inflation, external sector vulnerabilities and the fiscal deficit do not inadvertently exacerbate existing labour market challenges or constrain the private sector's growth potential. For instance, it has been noted that higher interest rates in response to inflation have led to decline in private sector borrowing. According to recent data from the Bangladesh Bank, private sector credit growth fell to 6.29 percent in September 2025, hitting its lowest in at least four years[41]. The reluctance of businesses to invest given the higher interest rates is likely to reduce hiring and erode employment opportunities. Without a vibrant investment climate, Bangladesh risks a prolonged period of stagnation, unable to create the jobs needed for a young and growing workforce. Similarly, efforts

[39] According to data from the Bangladesh Bureau of Statistics (BBS), GDP growth was 3.45 percent in 2019-20 fiscal year.
[40] https://www.theigc.org/sites/default/files/2025-04/Razzaque-et-al-Policy-Brief-March-2025_LDC-graduation.pdf
[41] Apart from high interest rates on bank loans, cautious lending by banks and political uncertainty are also likely to have been responsible for this decline (Monthyly Update, Generat Economics Division, August 2025) https://thefinancialexpress.com.bd/economy/high-interest-rates-political-turmoil-drive-bangladeshs-private-sector-borrowing-down-to-3-year-low; https://www.thedailystar.net/business/news/private-sector-credit-appetite-wanes-further-4025711

towards fiscal consolidation may entail scaling back infrastructure development, social protection initiatives or public sector employment, measures which could undermine a short-term jobs recovery and risk deepening the economy's stagnation. Recently, the government attempted to streamline the Annual Development Program (ADP), a central instrument for economic stimulus. While it is critical to eliminate non-essential projects and curb wasteful spending to ease long-term debt pressures, it is also important to accelerate implementation of priority projects that can stimulate job creation in the short-term and expand and diversify the economy's productive capacity in the long-term[42]. In this backdrop, Bangladesh's new Annual Development Programme for the fiscal year 2025-26, unlike previous 'mega-project' heavy budgets, is more streamlined and seeks to set out comprehensive roadmap for public investment focused on infrastructure, human capital, and sustainability.[43]

The above is not to suggest that the macroeconomic reform agenda should be diluted. On the contrary, it needs to be strengthened. The macroeconomic policy framework needs to move beyond its conventional stabilizing role and adopt a more transformative orientation that explicitly prioritizes the creation of decent and productive employment. Macroeconomic imbalances have constrained both growth and job creation. A pro-employment macroeconomic approach would integrate employment and sectoral objectives into fiscal and monetary policy, ensuring that efforts toward stabilization and growth actively support, rather than hinder, labour market outcomes[44].

While further analysis is required to identify the elements of a pro-employment macroeconomic framework for Bangladesh, two important dimensions emerge from the above discussion. First, revenue mobilization to provide fiscally sustainable support to finance public works programmes, employment-intensive public investment in infrastructure, ALMPs and an industrial policy that facilitates economic diversification. Bangladesh's persistently low tax-to-GDP ratio, which continues to limit fiscal capacity and restrict essential public investments in key sectors such as energy, transport, municipal infrastructure, human capital development, and social services. According to the Report of the White Paper Committee (2024), Bangladesh's revenue as a share of GDP is among the lowest in the world. At approximately 7.5 per cent, the tax-to-GDP ratio remains well below the Asia–Pacific average of 30–40 per cent over the period 2007–2022. To enable productive investments that drive long-term growth and employment, strengthening domestic revenue mobilization will be crucial[45].

A second important dimension of a pro-employment macroeconomic framework in the context of Bangladesh relates to the use of transparent and consistent criteria to facilitate allocation of credit to priority sectors and industries to bolster job creation (in particular for women and youth) and drive structural transformation. Bangladesh's financial sector has been constrained by weak corporate governance, regulatory capture and political interference leading to lax supervision and a rise in related-party and politically connected lending (World Bank, 2025). As a result, credit was often allocated inefficiently, contributing to persistently high and rising non-performing

[42] https://www.thedailystar.net/business/economy/news/govt-speed-development-spending-revive-economy-3761771 https://www.tbsnews.net/economy/politically-motivated-projects-wont-continue-wahiduddin-tells-planning-commission-officials

[43] https://thefinancialexpress.com.bd/editorial/import-of-rice-alone-cant-stabilise-market

[44] https://www.ilo.org/resource/article/pro-employment-macroeconomic-policies; https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40ed_emp/%40ifp_skills/documents/publication/wcms_851847.pdf

[45] In this context, the White Paper Report has highlighted a series of measures which include reviewing and rationalising tax exemptions which currently undermine the fairness and transparency of tax system and reduce the tax to GDP ratio. Other measures include modernisation of the tax system through digitalisation, automation and building digital data sharing capabilities across government agencies to improve compliance tracking and identify tax evaders. While strengthening domestic revenue remains essential, external financing will continue to play a critical role for developing countries. It will be important to explore avenues for accessing external resources and ensuring their effective integration with domestic financing to maximize development impact.

loans and thereby limiting the capacity of well-governed, productive firms to access finance[46]. With the recent policy push toward strengthening governance, increasing transparency, and enforcing prudential regulations, there is now an opportunity to correct these distortions. Going forward, greater transparency in credit allocation—alongside stronger regulatory oversight—will be essential to ensure that financing flows toward sectors and industries with strong potential for job creation. Such a reorientation of credit can play a critical role in supporting economic recovery and expanding productive employment.

Although a pro-employment macroeconomic framework is critical to reviving and reconnecting growth and employment in Bangladesh, two additional factors deserve attention. First, a robust public data and information system which is fundamental to effective policymaking. The Report of the White Paper Committee (2024) has raised concerns over the credibility of the data ecosystem over the last fifteen years. It has questioned the accuracy of official statistics in reflecting the country's economic and developmental realities, undermining the capacity of the government and stakeholders to respond effectively to pressing challenges. Reliable high-quality data will be crucial across all phases of the policy process, from formulation and execution to monitoring and adjustment.

Second, promoting meaningful engagement of young women and men in social dialogue and decision-making processes is essential for developing effective and inclusive youth employment policies. Ensuring the participation of youth, either directly or through representative structures within employers' and workers' organizations, will help to strengthen the legitimacy, ownership, and effectiveness of policy responses. Such engagement will not only enhance accountability and implementation outcomes but also ensure that employment and labour market strategies are responsive to the specific needs, aspirations and challenges faced by young people.

It is important to reiterate that, in times of crisis, reform agendas often concentrate on restoring growth and ensuring macroeconomic stability, with employment generation treated as a byproduct of growth. However, as this paper argues, there is a pressing need to re-establish the link between growth and employment. This calls for greater attention to how macroeconomic, sectoral and labour market policies can be designed to work in tandem, rather than sequentially, to support productive employment creation.

[46] Bangladesh's non-performing loans (NPLs) ratio which rose to 20.2 percent in December 2024 alongside system-wide capital shortages. Bangladesh Bank's monetary policy statement in January 2025 indicates that actual NPL ratio could exceed 30 percent under the new NPL definition of 90-days-past-due rule, which became effective in April 2025.

Annex

▶ **Table A1: Economic activity (Aggregate) - main job for 15+**

	Rural Male	Rural Female	Urban Male	Urban Female	Male	Female	Total
				2017			
Agriculture	41.86	72.61	8.78	19.86	32.16	59.68	40.59
Manufacturing	11.98	10.00	18.82	31.99	13.98	15.39	14.41
Construction	7.11	1.40	8.55	1.27	7.53	1.37	5.64
Mining and quarrying; Electricity, gas and water supply	0.46	0.06	0.50	0.23	0.47	0.10	0.36
Market Services (Trade; Transportation; Accommodation and food; and Business and administrative services)	30.60	4.72	49.14	11.07	36.04	6.28	26.91
Non-market services (Public administration; Community, social and other services and activities)	7.99	11.21	14.19	35.56	9.81	17.18	12.07
Not classifiable by economic activity	0.00	0.00	0.02	0.03	0.01	0.01	0.01
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00
				2022			
Agriculture	39.35	71.24	7.03	16.72	29.71	62.51	41.28
Manufacturing	10.52	4.43	18.45	28.46	12.89	8.28	11.26
Construction	8.27	0.32	7.98	0.80	8.19	0.40	5.44
Mining and quarrying; Electricity, gas and water supply	0.37	0.01	0.56	0.12	0.43	0.03	0.29
Market Services (Trade; Transportation; Accommodation and food; and Business and administrative services)	32.46	2.06	51.52	11.70	38.15	3.61	25.97
Non-market services (Public administration; Community, social and other services and activities)	7.93	6.49	12.89	40.42	9.41	11.92	10.30
Not classifiable by economic activity	1.09	15.44	1.57	1.78	1.23	13.25	5.47
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

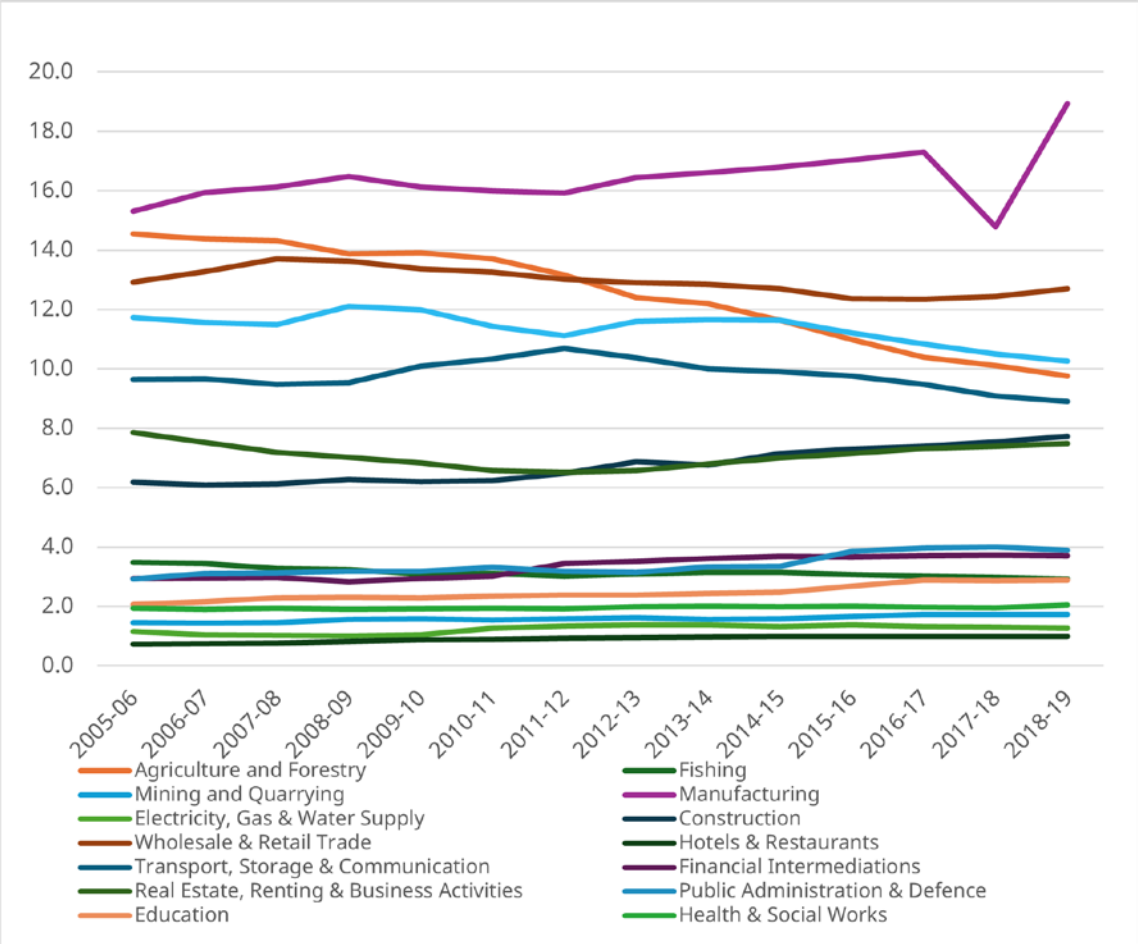
Source: Calculations from BLFS Micro Data (2017 and 2022)

▶ **Table A2: Economic activity (Aggregate) - main job for youth (15-24)**

	Rural Male	Rural Female	Urban Male	Urban Female	Male	Female	Total
				2017			
Agriculture	28.3	56.8	5.7	8.8	22.1	39.9	27.7
Manufacturing	20.7	18.5	30.3	52.2	23.4	30.3	25.5
Construction	12.8	2.0	10.6	1.0	12.2	1.6	8.9
Mining and quarrying; Electricity, gas and water supply	0.5	0.1	0.2	0.1	0.4	0.1	0.3
Market Services (Trade; Transportation; Accommodation and food; and Business and administrative services)	28.4	5.5	42.9	7.8	32.4	6.3	24.2
Non-market services (Public administration; Community, social and other services and activities)	9.2	17.3	10.4	30.1	9.5	21.8	13.4
Not classifiable by economic activity	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
				2022			
Agriculture	25.6	69.7	4.5	7.9	19.8	62.6	41.7
Manufacturing	17.1	4.4	26.9	49.3	19.8	9.5	14.6
Construction	15.2	0.1	10.6	0.5	13.9	0.2	6.9
Mining and quarrying; Electricity, gas and water supply	0.4	0.0	0.4	0.1	0.4	0.0	0.2
Market Services (Trade; Transportation; Accommodation and food; and Business and administrative services)	31.6	0.9	46.8	7.0	35.9	1.6	18.3
Non-market services (Public administration; Community, social and other services and activities)	8.5	4.7	9.6	33.9	8.8	8.1	8.4
Not classifiable by economic activity	1.6	20.3	1.2	1.3	1.5	18.1	10.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Calculations from BLFS Micro Data (2017 and 2022)

▶ **Figure A1: Distribution of GDP by Sectors**



Source: Bangladesh Economic Review (various years)

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