



Unemployment Outlook: A challenging time for the youth of Bangladesh

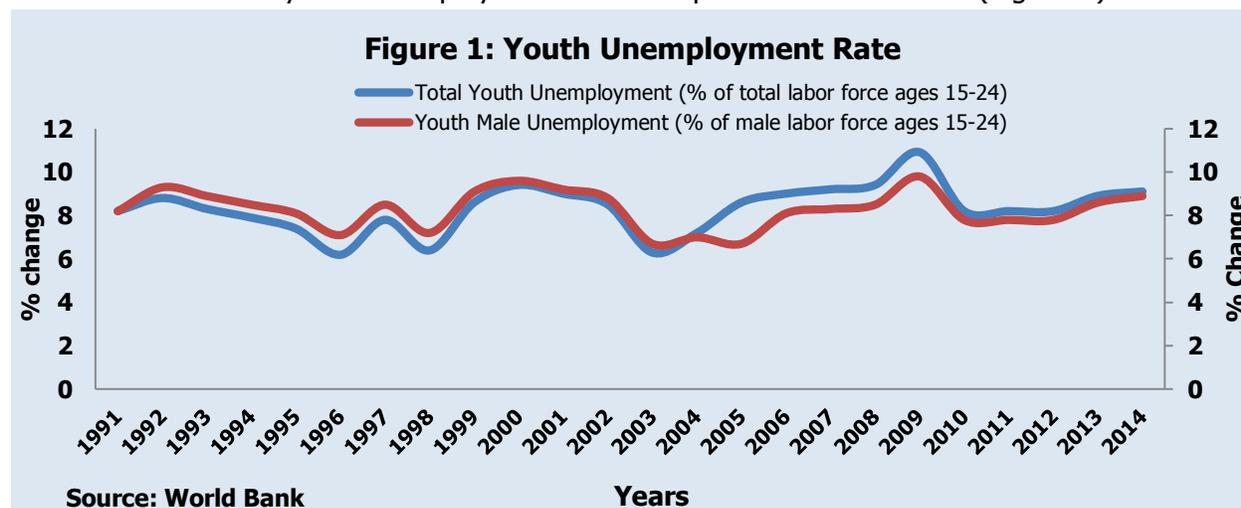


Unemployment Outlook: A challenging time for the youth of Bangladesh

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Youth unemployment issue is crucial for sustainable development of Bangladesh. The youth unemployment has increased significantly over the years whereas the overall unemployment remained stable (CPD, 2016). The annual rise in population is increasing the share of the working-age population, as a mass of new employees are joining the workforce of the country. The BBS reported that, in 2016, the youth population (age 15-29) in Bangladesh has been about 52 million which is more than 33 percent of the total population. Over the next 10 years, the working-age population structure has been expected to grow more than 2.2 million annually. As the employment is falling with a simultaneous slow response on job creation, it would be an issue for the Bangladeshi policy makers. Similarly, global youth unemployment is in the more critical situation than the overall unemployment. ILO reported that one-third of the young people, 1.8 billion, were not involved in employment, education or training (NEET). It is expected that around one billion youth would enter the job market and only 40 percent of them would be able to get jobs in the next decade (ILO, 2015).

The World Bank data showed that in 2014, the total youth unemployment rate to be 9.1 percent and youth male unemployment (percentage of male labor force of age 15-24) to be 8.9 percent for Bangladesh. Apparently, in 2014 Bangladesh ranked 163rd in the world youth unemployment ranking and 156th in the youth male unemployment ranking.³ However, in 1991 the data showed the youth unemployment to be 8.2 percent in both cases (Figure-1).⁴



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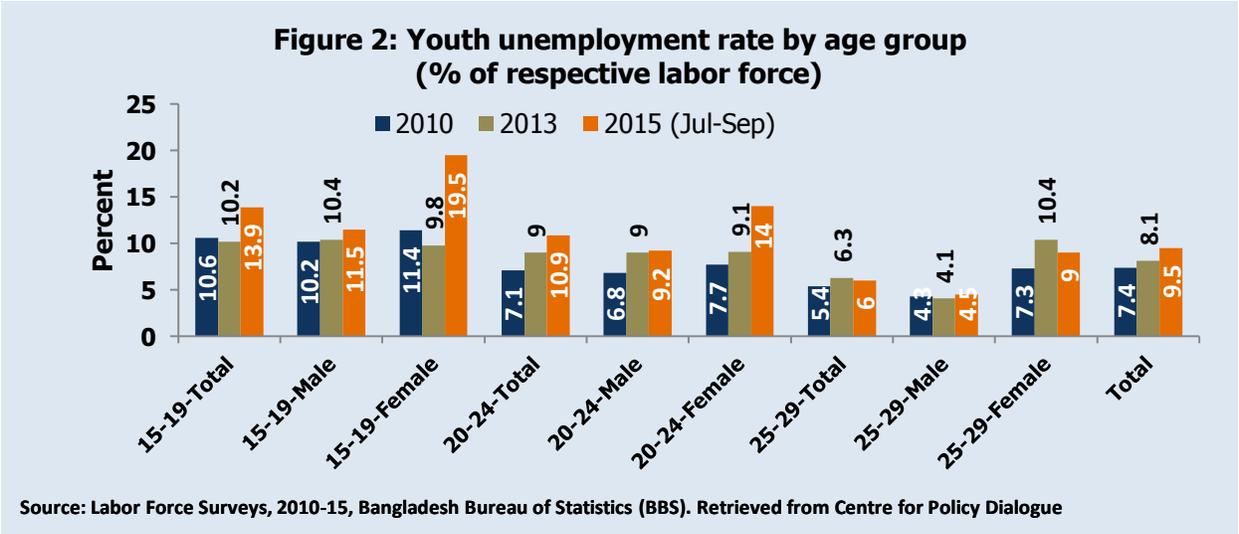
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³ The ranking was done by ECRL Research Department by taking youth unemployment data from the World Bank. The ranking was formulated on the basis of youth unemployment rate.

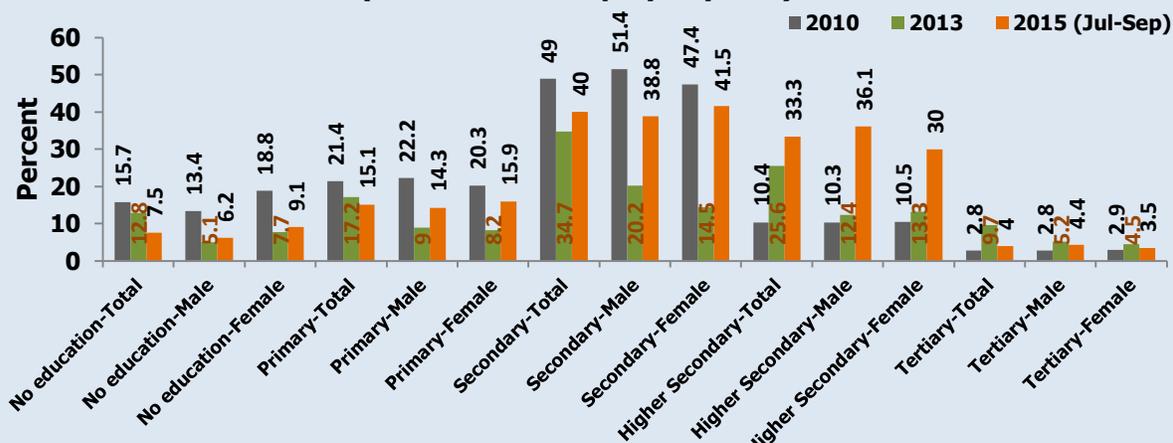
⁴ Data retrieved from the following websites <<http://data.worldbank.org/indicator/SL.UEM.1524.ZS?locations=BD>>; <<http://data.worldbank.org/indicator/SL.UEM.1524.MA.ZS?locations=BD>>

The youth unemployment in Bangladesh has been discussed in the report by ILO (2015). The report stated that in 2013, the youth unemployment has been 10.3 percent. The report also mentioned that more than 95 percent of youth work in the informal sector, 31.7 percent of them work as self-employed or involved in unpaid family work (11.1 percent) in Bangladesh. The labor not in employment, education or training (NEET) included of about 41 percent of Bangladeshi youth and the unemployed labors constituted 78 percent of the NEETs. Moreover, female unemployment rate comprises the majority of unemployed young NEETs in Bangladesh. Two-thirds (64.4 percent) of young women falls in not in employment, education or training (NEET) segment, and two-third of the school dropouts has been women. Furthermore, there could be many reasons which impede women to join labor force which basically includes early marriage, security, proper day-care facilities and proper transportation facilities (ILO, 2015).

A recent study of CPD showed that in 2015 the youth unemployment has been 9.5 percent but in 2013 it was 8.1 percent (lower than the percentage calculated by ILO). The youth unemployment rate has increased considerably between 2010 and 2015 (Figure-2). The rate of increase has been higher for female compared to male during this period. Interestingly, as of September 2015, nearly one in every ten youth labor force participants remained unemployed, which is more than twice the national overall unemployment rate. However, this study also classified youth unemployment by education level (Figure-3). The share of youth unemployment in secondary and higher-secondary educated labor force participants has been almost three-times higher than that of youth labor force participants with only primary-level education. In every stage of education (primary, secondary and higher secondary) female youth unemployment has increased sharply (CPD, 2016).



**Figure 3: Distribution of youth unemployment by education level
(% of total unemployed youth)**



Source: Labor Force Surveys, 2010-15, Bangladesh Bureau of Statistics (BBS). Retrieved from Centre for Policy Dialogue

So the overall scenario implies that the youth unemployment has increased over the years. Similarly, the population has also grown. Though the population growth is fairly stable, on average 1.5 percent per year from 2000-2013 (ADB, 2016), but additional population might create a pressure on the job sector.⁵ Mainly, the youth population is affected by the unemployment or underemployment due to the lack of experience, underdeveloped skills, quality education or limited education, and limited job prospects. It is a matter of concern as long-term unemployment situation might increase the rate of crime, frustration and drug addiction (Ajaegbu, 2012). This problem needs to be addressed properly as prolonged youth unemployment also has negative impacts on economic growth and productivity.

In the world of constant technological change it requires the youth population to be provided with advanced training and corresponding to their skills, incentives should be given to the private sectors in order to create more jobs (CPD, 2016).

The government is also concerned about the youth population of the economy. The government has already issued National Youth Policy in 2003 for the development of the young population. It has been under review for quite some time. Recently, a draft of a new policy for youths (2017) has been approved with a specific vision and target-based activities for youth welfare under a national action plan (Bangladesh Awami League, 2017). It consists of all the guidance for the development of the youth which the previous policy did not have. The policy suggested framing of specific action plans for the welfare of unemployed youths, young entrepreneurs, expatriate youths, rural youths, school dropout youths, illiterate youths, unskilled youths, youths with special needs (disabled), drug addict youths, transgender youths, homeless youths, and youths suffering from epidemics.

⁵ In 2016, the youth population growth rate has been estimated to be 1.19 percent. In 2020, the population growth rate is expected to be 1.15 percent (Worldometers, 2017).

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Emerging Credit Rating Limited (hereinafter referred to as ECRL) began its journey in the year 2009 with the motive to deliver credible superior & quality credit rating opinion in various industry segments around Bangladesh. ECRL obtained credit rating license from Bangladesh Securities and Exchange Commission (BSEC) in June 2010 as per Credit Rating Companies Rules 1996 and also received Bangladesh Bank Recognition as an External Credit Rating Institution (ECAI) in October 2010.

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