

Article Identifier: <https://identifier.visnav.in/1.0002/ijabs-211-20015/>

Informal Sector and Economic Growth in Bangladesh

Hossain Mohammad Yeasin *

BRAC University, Bangladesh

* For correspondence: hossain.mohammad.yeasin@g.bracu.ac.bd

ABSTRACT

In terms of GDP and employment, Bangladesh's informal sectors are the most important economic activities. According to studies, about 35% to 88% of Bangladesh's workforce is employed in the informal economy, and the informal economy contributes around 49% to 64% of the country's GDP. The agricultural sector is Bangladesh's largest informal sector. In addition, the informal sector includes a considerable number of small & medium companies (SMEs) & micro firms. The key motives behind the great informal area are official dom and corruption, excellence of the allowed framework and the bigger size of excise and social influence burden. Though this sector might support the economic progress in the short run, but in conclusion, it hinders the route of development owed to less output. This sector would be curbed dejected by improving info transmission, reducing extreme tax, macroeconomic steadiness, improving regulatory agenda etc. for healthier economic development. In developing countries like Bangladesh, this urban population growth is particularly common, leading to a job boom in the informal sector. Another major concern of informal employment is the lack of skills compared to formal employment. All government initiatives, economic development and a better regulatory framework will help improve this industry.

Keywords: Informal Sector, Economic Growth, Development, Employment, GDP

1. INTRODUCTION

The growth of the informal segment impedes economic growing in developed countries, as in developing countries as the informal sector, can create barriers for production and financial growth. The informal economy is a solution to economic development. In Bangladesh, it is a significant part of the budget and acting an

important part in job formation, production, and salary enhancement. The unceremonious sector also includes a wide variety of economic actions that lead to the manufacture of goods and facilities, which contribute meaningfully to GDP. 48% of the labor force is engaged in the farming sector, and if whole informal sector events were taken collected, employment in the relaxed sector for almost 80% [1]. Therefore,

Table 1. Types of illegal activities in informal economy

	Monetary Transaction	Nonmonetary Transaction
Illegal Activities	Stolen goods trade, drug trafficking and production, prostitution, gambling, smuggling, and fraud are all examples of illegal activities.	Drugs, stolen commodities, smuggling, and other forms of bartering Producing or growing pharmaceuticals for personal consumption. Theft for personal gain.

Table 2. Types of legal activities in informal economy

	Tax Evasion	Tax Avoidance	Tax Evasion	Tax Avoidance
Legal Activities	Unreported earnings, self-employment activities, wages, salaries, and assets derived from unreported legal services and goods.	Employee discounts, Fringe benefits.	Barter of legal services and goods	It's all do-it-yourself and neighborly assistance.

the informal budget sector is identical important to the economy of Bangladesh, as its numerous channels have a countless impact on mutually the formal economy and the nation's general economy. The next table displays the types of action in the unseen economy.

The informal economy denotes to income and actions that are completely or partially unfettered, other than taxes and compliance [2]. Being out of directive and compliance corresponds to secreted economy. Though, the informal economy is not necessarily representative of the entire informal economy but largely part of the informal economy, in an overall of 7.82 million companies in this country. The unceremonious economy includes employees, self-employed, unpaid family workers, part-timers, and other wage earners.

2. DEVELOPING ECONOMY AND THE INFORMAL SECTOR

Dependent on the landscape of employment and the structure of the professional, there are primarily two categories of informal sector

activities in Bangladesh. Casual employment, transitory work, unpaid jobs, and subsistence agriculture are the most common types of jobs, yet this category might also contain numerous job holdings. The nature of professional activity mainly guides illegal business, such as toll evasion, labour rules and other administration or official regulations, lack of business recording and underground events, such as corruption, dishonesty, or corruption, not recorded by statistical agencies.

Major characteristics of Bangladesh's informal sector are -

- i. Small-scale activities are not recorded.
- ii. Low productivity
- iii. Generate low income
- iv. Low access to institutional praise
- v. Service based primarily on kinship, private/social and casual employ, but above all not happening a contractual base; and
- vi. Overall lack access to formal credit

Table 3. An estimation of the size of informal sector of GDP (%)

Serial	ISIC Sector	Total Share to GDP (%)	Share to GDP (%)	
			Formal	Informal
1	Agriculture	16.65	0.94	15.71
2	Fishing	4.71	0.66	4.05
3	Quarrying and Mining	1.2	0.75	0.45
4	Manufacturing	17.65	11.88	5.77
5	Supply of Electricity, Gas and Water	1.6	1.51	0.1
6	Construction	9.23	2.64	6.59
7	Trade in wholesale and Retail	14.24	1.32	12.92
8	Hotels and Restaurants	0.7	0.47	0.23
9	Communication, storage, and transportation	9.93	6.98	2.95
10	Financial Intermediation	1.71	1.6	0.1
11	Business activities, Renting and Real estate	7.62	0.47	7.15
12	Defense and Public administration	2.81	2.64	0.17
13	Education	2.51	1.98	0.53
14	Social works and Health	2.31	1.89	0.42
15	Personal services, Social and Community	7.12	0.66	6.46
	Total	100	36.4	63.6

The Asian Development Bank (ADB) (2009) gave some estimation of the informal sector's contribution to Bangladesh's GDP [3](Table 3).

In the economy, more than 78% of the total workforce appears to be working in the informal area. In cultivation, almost 92% of service is informal. Employment patterns are also largely informal in the spinning, construction, hotel & catering, transportation & communications, and health & social services sectors.

3. INFORMAL SECTOR EMPLOYMENT SCENARIO OF BANGLADESH

Informal work accounts for more than 92% of female and rural workers. It depicts gender work in both informal and formal settings. Because of the vast scale of informal agriculture, employment in rural areas is primarily informal. It's unexpected to see a rise in formal

employment in rural areas. This could be because many formal operations in the countryside cater to rural needs.

Unlike their GDP numbers in the graph to evaluate average returns to labor, both sectors are formal and informal work. The comparison reveals several interesting features. The informal segment, booked for 43% of GDP, employments over 88% of all workers. However, the formal sector employs only approximately 12% of the overall labor force, although accounting for 57% of total GDP. Productivity, excellent jobs, and economic growth are all harmed by this overall imbalance. Striking a balance between income generation and absorption between these two sectors is one of the most difficult issues.

3.1. Informal Sector Dynamics of Bangladesh

Table 4. Proportions of women and men employed at the rural, urban, and national levels [6]

Category	Sector	Male	Female	Total	Number
Rural	Formal	91.20%	8.80%	100%	4.6
	Informal	66.30%	33.70%	100%	38.4
Urban	Formal	88.50%	11.50%	100%	3.6
	Informal	68.90%	31.10%	100%	12.9
National	Formal	90%	10%	100%	8.2
	Informal	67%	33%	100%	51.3

Informal employment, in terms of the labour market, is a job-based notion that includes jobs that often lack straightforward social benefits. In 2017, there were 51.7 million unregistered people; 31.0% are between the ages of 15 and 29, 64.9% are between the ages of 30 and 64, and 4.1% are 65 or older. More education has a definite negative correlation with informal work likely to hold formal occupations than unemployed ones. Approximately half of all informal workers receive no training, and just a small percentage (less than 0.5%) obtains professional/technical development training. Furthermore, legislation governing worker protection and labour unions do not apply to informal work. The informal sector contributes almost 40% of total value added, with the highest contributions in agriculture, fishing, trade, and industry, all of which have low capitalization. The industry's overall value added is approximately 40%.

Table 5. A breakdown of total informal employment by industry (%) [6]

Year	2010	2013	2015-16
Agriculture	52.5	50.6	48.5
Industry	15.4	21.7	21.3
Services	32.1	27.7	30.2
Total	100	100	100

The level of informality has remained relatively constant in recent years. In 2000, 75.2% of all jobs were informal, but by 2017 that number had risen to 85.1%. However, the growing proportion of informal employment is attributable to the rapid increase of informal work relative to formal work, not to a reduction in informal work.

3.2. Bangladesh's Formal Informal Employment Trends

As mentioned earlier, the change in definition makes it difficult to properly compare the relative trends in formal and informal employment over six points in time.

As shown in Table 3, 51.3 million non-compliant workers, 67% and 33% are male and female, respectively. The urban population based on the same amount of labor is 38.4 million (66.3% for men and 33.7% for women), while it is 12.9 million (68.9% for men and 31.1% for men) in urban areas. In general, the gender ratio of males to females is 9:1 for public affairs and 2:1 for informal professions. Table 4 shows the circulation of informal service related to different segments.

Depending on the economic sector, formal labors earn between 28.1% and 62.9% further

Table 6. Bangladeshi labor market formal–informal employment structure by sector and gender [6]

Sector	Formal Employment			Informal Employment		
	Male	Female	Total	Male	Female	Total
Agriculture	88.8	11.2	100	55.2	44.8	100
Industry	90.8	9.2	100	74.9	25.1	100
Services	90	10	100	80.3	19.7	100

Table 7. Average earnings by industry, as well as the formal–informal split [6]

Sector	Informal Sector (Tk)	Formal Sector (Tk)	Formal above Informal (%)
Agriculture	9,097	11,657	28.1
Industry	11,975	18,641	55.7
Service	13,278	21,635	62.9

than informal workers, as seen in the table. When a worker in informal sector shifts from agriculture to industry and services, their salaries improve by 32% and 11%. As a result, the informal sector's industry-specific adjustments translate into large compensation.

Bangladesh's average salary was advanced than that of regular employees in the casual wage labor market, as expected. The average salary of self-employed individuals was much lower than that of non-regular employees.

3.3. Informality at the Firm Level

Global trends demonstrate that informality consumes a large measurement. Most micro, small & medium enterprises, still operates informally. In the common of micro, small & medium initiatives in Bangladesh, savings and labor persist within defined restrictions. Bangladesh is shy in size. Private enterprises will select to operate at their own expenditure in both sectors, slightly than go against making asset and production choices. The extent to which companies comply through government instructions can be based on their personal

calculations regarding the dissimilar costs & benefits of formal and informal activities. The shape of the supervisory environment, the degree of restrictions, and the different chances associated with the shadow economy are approximately of the key variable's businesses can consider.

3.4. Bangladesh's Urban Informal Sector

For more than 40 years, Bangladesh has been one of the world's most urbanized countries. In 2011, urban regions housed about 28% of the country's overall population, with Dhaka and Chittagong accounting for more than 57% of the country's urban population [4]. Many just remained in the transitional zone between the modern urban and traditional rural sectors [5]. More jobs can be created in the informal urban economy than in the formal urban sector. This sector is expanding because of these barriers and a lack of government support. In 2013, the informal economy employed 75.2% of the urban population [6]. Many rural people migrate to Dhaka, and many of these migrants work informally. Dhaka was home to over 32% of the

country's total urban population in 2014 [7]. This urban population increase is particularly frequent in emerging nations like Bangladesh.

4. BANGLADESH'S TRANSITION TO THE INFORMAL SECTOR ISSUES

Bangladesh has certain employment crises that are not difficult to address at the national level. Benefits such as unemployment, normalization and free taxation are available in the regular sector, but 85% of total employment is informal given that it is inconsistent with the increase in the workforce and normalization of employment. In Bangladesh, a significant amount of informal work results from small businesses, family work, private schools and more. It can range from securing livelihoods to the production of complex craftsmen in rural areas. It is also dispersed across various demographics across the country and includes all genders. Females engage in informal work more than 82.1% (91.8%) of men. Females and young people (1529 years old) are more informally employed in both rural and urban environments [8].

Except for the benefits of the tax exemption, the barriers to entry for such jobs are minimal. In general, such employment calls for a low stage of understanding and/or training. As a result, there may be a bad correlation among the extent of training performed and the tendency toward casual employment. About 1/2 of casual people are untrained, however some (much less than 0.5%) are vocational/technical/qualified. The foremost hassle due to the excessive tendency for casual employment is the shortage of tax revenue. Bangladesh's GDP tax charge is already

very low at 9.3%, the National Revenue Service (NBR) claims. For growing countries, that is nicely beneath the common of 15%. The loss of profits from casual paintings stays true, even though it can be because of different problems consisting of insufficient tax approaches and inefficient series systems. Lack of skills compared to regular employment is another important issue in non-regular employment. Informal workers may find it difficult to acquire new skills for a long time when moving to a regular job. Combined with the relative lack of employment, security in informal work, industrial, corporate, and personal disasters.

4.1. Informal Budget Determinants

Conventionalism comes at some cost to the business, including taxes and compliance charges. But being informal is not free. The informal sector has large expenditures such as bribes, risks of detention, and fines. This cost-benefit cooperation between the official and informal departments, some other reasons do not cover costs, such as absence of information & inadequate access to registering must remain informal.

4.2. Bureaucratism and Exploitation

Friedman *et al.*, (2000) have shown that businesses prefer informal rather than taxing debt to avoid bureaucracy [8]. Corruption is an important factor in not improving management efficiency and providing exit opportunities. According to Porta and Shleifer (2008), there was an adverse correlation among the near of dishonesty and the scope of the underground economy [9]. However, much research has been done on the positive relationship between

bureaucratic theory and corruption. Consequently, both contribute intuitively to the underground economy. The organization identified corruption & bureaucracy as the five biggest problem issues in Bangladesh. These two variable quantities are well extant and can reasonably explain the presence of a large informal segment.

4.3. The quality of legal framework

Inadequate rule of law is a key factor that favors the informal economy. Companies value the rule of law more than other elements that influence formal and informal decisions [10].

4.4. Heavy tax and social influence burden

In many countries with high tax and social contribution burden, there is also a significant amount of informal economies. In general, the emerging market tax rates are high, and the resulting profits will eventually rise informally. The entire corporate tax amount in Bangladesh is 32.5% and the revenue tax is 10-25 % at the income level (NBR, Bangladesh) [11].

4.5. Informal Economic Containment Policy

Because of systematic economic transition, shadow economic development is often unavoidable [12]. However, the informal economy's continuous existence impedes long-term progress and global keenness [13]. It is likewise obvious from the argument in the previous unit that regulate the informal sector to maximize its growth potential. It has been difficult to deconstruct the informal economy from its inception, especially in the emerging nations where the informal sector is mostly the result of political blunders. It's not out of the

question. The next paragraph summarizes some key policy changes aimed at reining in the informal economy.

4.6. Large and Medium Business Policy

Tax rate changes appear to dramatically reduce the informal economy [14]. High tax rates, tedious procedures for tax obligations, and inadequate rule of law usually ensure that Bangladeshi SMEs operate informally. As a result, tax evasion can be countered by tax cuts and stronger regulatory systems. In addition, reducing currency distribution and macroeconomic volatility will also reduce the informal sector by limiting its profits. More importantly, these policies affect both the informal sector and the formal economy.

4.7. Micro, Small, and Farm Policy

Bangladesh's small, and farm operations are totally involved due to the small size and ineffectiveness of the rules described in the previous paragraph. Tax reform and the strengthening of the rule of law could only alienate economic operators. Therefore, it is formal to formalize them to sharply focus on the productivity of this sector by expanding access to finance, electrification, training, etc. The next step is to bring these small agents into the formal economy after production has increased.

4.8. Another View of Informal Labor Market

It's still up for debate whether informal work is a result of marketplace competition or a fragmentation of the labor bazaar. In the informal sector, a heterogeneous structure has recently been proposed. For others, the informal

sector represents an exciting work option, yet it is a final choice for the unemployed.

However, because to unsecured worker transfers to the labor market, the emergence and importance of informal work has long been acknowledged as the only realistic solution to unemployment. It is based on a wide range of cost-cutting actions. As a result, not only does this sector lack social security and employee benefits, but it also contradicts the concept of labor market integration. This is especially true for women & young people in Bangladesh, where most young people work in informal settings. As a result, the informal sector's fundamental disadvantage is its lack of financial security. It's another familiarity before non-principal employers engage with the informal sector. Furthermore, the rise of this business has the potential to exacerbate slums, traffic congestion, and health issues that currently plague major cities around the country. In addition, Bangladesh's informal economy significantly limits tax collections, which are dependent on a steady tax base.

4.9. Technology as a driving force for economic integration

The primary issue in the labor market is not a lack of jobs. It's due to a lack of ability. A country's growth rate is directly proportional to the amount and quality of its workforce's abilities. The broader the scope of professional qualifications and the higher the quality of such qualifications, the faster society will expand and prosper. Recruiting talent is one of the key factors in making it easier for new employees to find a job. The level of qualifications is so low

that it is becoming more and more difficult to find a job. It lowers the market value of job seekers and increases the cost of employers that new employees must train from the beginning [15].

There are certainly many innovations, and they take many forms in the informal sector. For Bangladeshi metalworkers, reverse engineering items sold by legitimate companies are typically used to find ways to create low-cost alternatives from existing products. But there's also great high-end imaginative work out there. Informal producers are new in marketing, not only through innovative products, but also through beautiful and unusual wrapping and other kinds of branding.

Certain sectors tend to focus on activities so that innovation clusters can be identified (eg Bogra lighting technology). In fact, legitimate companies and informal companies or workers often overlap within a bunch.

There are typically mechanisms that regulate the transfer of knowledge and IP. This may be the first person to create or take advantage of a competitive advantage for some time. Maybe he/she will probably share it with them sooner or later. The same principle underlying patent systems and other IP structures is fundamentally this sort of quasi-monopoly time followed by compulsory information allocation. Therefore, informal workers are usually likely to have their own informal IP regulations [16].

In addition, workers in the region usually receive a fair salary because their employer has no tax obligations. Complementary positive effects of the informal economy are also reduced

crime rates, reduced depopulation of urban immigrants, reduced poverty, and the creation of appropriate training bases. However, many informal companies do not have access to banks or collateral to secure bank loans.

4.10. *Informal Sector Development Outlook*

In the informal sector, qualification development is an important concern given Bangladesh's overwhelming dominance. Almost all economic sectors are pretentious. For these new people & other players in the manufacturing to be more efficient and productive, they need to develop technical and professional skills. Informal training programs are currently externally efficient, but the cost about one-third the cost of formal training.

In the informal sector, skill development means focusing on MSME needs and capacity building. There is the daunting task of creating skills to improve them in the informal economy. Bangladesh has more than 6 million extracurricular children who have graduated from school or have never attended. Most of these children work informally, including skilled work, dangerous/safe work, and paid/unpaid work. These children not only can take extracurricular elementary school courses, especially from the big slums of big cities, but also need to learn something about their lives. However, informal skill development is outside the scope of government programs. Many large and small non-governmental organizations have implemented numerous training initiatives, especially in disadvantaged sectors left behind by society.

In Bangladesh, the Department of Technology Education (DTE) and the Bangladesh Board of Technology Education (BTEB) have pursued different approaches to alternative qualifications for disadvantaged people, especially working children. It is hoped that the state vocational training centers will institutionalize these concepts [17]. The concept of informal supervised apprenticeship training was created to enable existential training for graduates with low educational qualifications (depending on profession). This unique intervention enables urban youth over the age of 14.

In connection with globalization & scientific advances, Bangladesh's formal working environment is also changing rapidly, consisting of rural and non-agricultural activities, and most non-regular workers working in family-owned micro enterprises. Formalize the labor market by changing the concept of employability risk, which excludes unqualified people from work. Furthermore, the informal sector's rapid growth is a consequence of the formal segment's inability to supply enough jobs. Though there are numerous forward and backward ties among the informal & contemporary economic segments in Bangladesh, the organized sector does not employ a substantial number of people. Regular employment has expanded moderately throughout the years, according to labor force surveys. The informal sector has absorbed most of the additional labor. As a result, transforming the concept of employability in the informal sector necessitates an innovative approach to education, training, and skills development. The generation of new workers, most of whom are

underemployed, is one of Bangladesh's primary development problems.

5. THE IMPACT OF COVID-19 ON THE INFORMAL SECTOR IN BANGLADESH

According to the World Bank's biannual regional review, South Asia will undoubtedly enter its worst recession, with COVID19 wreaking havoc on the region's economies and disproportionately affecting informal workers [18]. South Asia's current economic situation predicts a larger-than-anticipated regional economic contraction in 2020, with the region expected to lose 7.7% after growing at more than 6% yearly for the previous five years.

"The global economic crisis will have an impact on Bangladesh's economy." Government's initiatives to alleviate the repercussions, they state "For a strong recovery, governments must continue to defend their budgetary and debt positions, strengthen the financial sector's health, protect the poor and vulnerable, and create an enabling environment for growth." The facts of COVID 19 contribute to the global workplace, in almost every sector in different countries, unemployment has risen, and household income has fallen. In Bangladesh, there is no distinction.

Based on studies in Dhaka and Chittagong, the World Bank estimates that the outbreak cost Dhaka and Chittagong roughly 68 percent of their jobs. As a result, there has been a considerable shift of the workforce from the city to the rural. According to the survey, salaries for workers in the informal sector have decreased by 50% [19].

There is a lack of real wage growth. H. In Bangladesh, inflation-adjusted salaries constitute a severe labor market challenge. This means that, despite rising nominal salaries, living standards rarely rise much. This is true for all types of jobs. Only the fact that overall consumption remained at a steady rate of inflation aggravated the problem, the nominal revenue of many homes declined [20].

6. POLITICAL APPROACH TO THE INFORMAL SECTOR

In theory, the administration has many strategies for dealing with the informal economy. You can choose to do nothing about it by deregulating the formal economy or by supporting formalization. Indeed, the negative effects of neglect require action to fight the informal workplace. Deregulation includes tax cuts and domestic regulations that may hinder formalization by increasing labor costs and reducing flexibility. Though, there is little evidence that tax scratches and official deregulation will shrink the informal budget.

Given the encounters posed by the informal economy, policies to eradicate the informal economy are intimidating. In Bangladesh, where more than 85% of the workforce works informally, this is simply unrealistic, mainly for living and for the lack of other jobs. The purpose of eliminating informal is not to eradicate itself, but to lure informal workers and businesses into the formal territory. Indeed, its purpose is to strengthen the formal economy of the government, good work, more work, and higher tax revenues. Therefore, by taxing and taxing informal workers not only on formal jobs but

also on formal businesses, by providing assistances such as legal & social defense and access to support facilities (egg businesses). Efforts must be made to allow informal workers to participate in collective bargaining and trainings).

A strong method to obedience and a mellow method to establishing an ethos of involvement in legal act can be used to facilitate formalization, including through efforts to achieve broader development goals. Decisions used to forbid companies and workers from inflowing the informal budget and to formalize companies and workers already in the informal economy through the promotion of rigorous compliance strategies. The purpose is to change the terms of trade-in costs/profits for those who want to work or participate informally.

Deterrence strategies increase the perceived or real possibility of detection, as well as the punishments and consequences for hostages. Implementing the requirement to enrol all new employees prior to their first day of work, strengthening or establishing new supervisors, and increasing fines for Social Security Administration offenders are all possible policy options. As a result, utilizing disciplinary measures to influence the behaviour of individuals who do not obey is a "negative empowerment" method.

Current policies focus on increasing the cost of trade, making it more informative and easier to formalize. First, develop measures to simplify legal compliance, introduce new legitimate employment categories, business support & advice, direct & indirect tax inducements, and

facilitate the transition to formal self-employment. Precautionary measures against violations caused by doing. Second, measures can be taken to enable formalization of those who are already informally employed. These "correction" activities include business advice and support facilities for companies wishing to sanctify their hard work and battered direct or subsidiary activities that inspire the usage of declared activities rather than tacit activities [21]. The difficult method fundamentally assumes that casual agents are rational managers and that the value of the money they are facing simply changes. The soft method aims to shape a culture of legality so that "whipped and incentives" are no longer needed. The political emphasis is shifting after direct control to unintended control. Exact actions comprise raising awareness of procedures, not bypassing labor laws, conducting campaigns to raise awareness of procedures, and providing procedural fairness and justice between tax and social security authorities and the Labor Department.

Informal economic activity is clearly very different and there is no single policy to promote formal business development. Not only do governments need to recognize the hidden potential of industry, but they also need to ensure that they use it to actually change the standard of living of the Bangladesh people [22]. Bangladeshi people are in many ways natural innovators. We must recognize it and help.

7. ADDRESSING THE CHALLENGES OF INFORMAL EMPLOYMENT

With so many informal workers, it is important for governments to find ways to mitigate their suffering and stay within certain safety nets and regulations. One political strategy may be to implement strict negative empowerment and punishment methods for informal workers and require them to register their jobs through new regulations. There is no solid historical data to suggest that informal work reductions are effective. In addition, this can lead to unemployment that can last for a long time due to poor qualifications and education. Two major government policies should be implemented –

- Formal job creation: This includes private sector investment facility policies that were inadequate in Bangladesh. Measures should also be taken to provide more workers through vocational and / or technical training for the formal industry. According to a survey by the South Asian Economic Modeling Network (SANEM), 22% of the non-poor people who do their main jobs may be below the lack line owing to the design of decline in income for such jobs, crafts. Goods and related professions can be up to 23%.
- Formalization of employment: It is difficult to do on a big program base, but it may be helpful to familiarize a basic method for this determination. Encouraging informal employment over tax cuts, access to practical assistance, and calmer access to credit may be beneficial.

Irrespective of the strategy, the social safety network program would be extended to ease the broad informal foundation of employees. These programs allow people in need to be self-

sufficient rather than paying for a specific organization. Household needs can be assessed against previous criteria before receiving assistance. As such programs improve, technological advances and the use of geographic information will also be possible.

8. CONCLUSION

In emerging countries all everywhere the world, high levels of informal economies are a typical occurrence. Bangladesh is no different. The informal segment has been significantly enhanced by government, corruption, inadequate tax law, and the instruction of law. While this industry can help to boost economic growth in the near term, it will eventually stifle progress due to lower productivity. Furthermore, there are considerable political issues and prejudices in the massive informal economy. Excessive tax cuts, macroeconomic stabilization, and strengthened regulatory frameworks were used to rectify the problem. However, structural informality should be carefully considered, as some members of the informal department may be unable to function or may be unworkable. The influence of the informal budget to economic progress and its relationship to the formal economy are hotly debated topics. While the informal sector's growth may stifle economic growth in the formal sector, the counterargument points the potential for quicker economic growth and formal sector expansion as the informal sector grows.

9. ACKNOWLEDGEMENT

I would like to express my gratitude to my beloved parents whose interminable love,

backing and favors have constantly given me the inspiration to do the best. I am grateful to all the researcher and the writers whose comprehensive research papers helped me to accumulate all the relevant information and valuable data while preparing the research.

10. CONFLICT OF INTEREST

The authors have declared that there is no conflict of interest.

11. SOURCE/S OF FUNDING

NA

12. REFERENCES

1. Raihan, S. (2010). Informal Sector in Bangladesh: Implications for Growth and Poverty, *Indian Journal of Labour Economics*, **53(2)**, 251-265.
2. World Bank. (2017). World development indicators. Retrieved from <http://data.worldbank.org/indicator>
3. ADB (2009), "Informal Employment in Bangladesh", ADB Economics Working Paper Series, **155**, Manila.
4. Bangladesh Bureau of Statistics. (2014). Bangladesh population and housing census 2011. National report: Urban area report (Vol. 3). Dhaka, Bangladesh: Bangladesh Bureau of Statistics.
5. Emmerij, L. (2005). The informal sector revisited. *The Brown Journal of World Affairs*, **11(2)**: 91-99.
6. Bangladesh Bureau of Statistics, & International Labour Organization. (2015). Labour force survey Bangladesh 2013. Dhaka, Bangladesh: Bangladesh Bureau of Statistics.
7. United Nations Department of Economic and Social Affairs. (2014). World urbanization prospects: The 2014 revision (CD-ROM Edition). New York, NY: United Nations, Department of Economic and Social Affairs, Population Division.
8. Friedman, E., Johnson, S., Kaufmann, D. & Zoido-Lobaton, P. (2000). Dodging the grabbing hand: the determinants of unofficial activity in 69 countries. *Journal of public economics*, **76 (3)**: 459-493.
9. Porta, R. L. & Shleifer, A. (2008). The unofficial economy and economic development. National Bureau of Economic Research.
10. Dabla-Norris, E., Gradstein, M. & Inchauste, G. (2008). What causes firms to hide output? The determinants of informality. *Journal of Development Economics*, **85 (1-2)**: 1-27.
11. Schwab, K. & Sala-i-Martin, X. (2015). World Economic Forum's Global Competitiveness Report, 2015-2016. In: Schwab, K. (ed.). Geneva: World Economic Forum.
12. Kornai, J. (1994). Transformational recession: the main causes. *Journal of comparative economics*, **19 (1)**: 39-63.
13. Eilat, Y. & Zinnes, C. (2002). The Shadow Economy in Transition Countries: Friend or Foe? A Policy Perspective. *World Development*, **30 (7)**: 1233-1254.
14. Ihrig, J. & Moe, K. S. (2004). Lurking in the shadows: the informal sector and government policy. *Journal of Development Economics*, **73 (2)**: 541-557.

15. Barmon, B. K. (2011). Expenditure patterns of some informal sectors in Bangladesh: An empirical evidence of Dhaka city. *Bangladesh Journal of Agricultural Economics*, **34(12)** :103-118.
16. ADB (2010). *The Informal Sector and Informal Employment in Bangladesh*. Mandaluyong City, Philippines: Asian Development Bank; Bangladesh Bureau of Statistics.
17. Hassan, Hashibul. (2016). Determinants and Effects of the Informal Economy: Bangladesh Perspective. *Development Economics: Macroeconomic Issues in Developing Economies eJournal*. **5**.
18. Official Website of World Bank. (2020). Informal Workers Hit Hardest in Bangladesh. Retrieved on August 8, 2021. From <https://www.worldbank.org/en/news/pressrelease/2020/10/08/informal-workers-hit-hardest-in-bangladesh>
19. Bangladesh Bureau of Statistics. (2011). *Bangladesh population & housing census 2011: Preliminary results*. Dhaka, Bangladesh: Bangladesh Bureau of Statistics.
20. International Labour Organization. (2013). *Decent work indicators: Guidelines for producers and users of statistical and legal framework indicators*. Geneva, Switzerland: International Labour Organization.
21. Mujeri, j. (2020). Informal Economy and Economic Inclusion. *The Daily Star*. Retrieved on August 2, 2021.
22. Mondal, M. S. H. (2017). Urban informal economy in Bangladesh: A case study on a mobile vegetable vendor in Dhaka City. *The Qualitative Report*, 22(11), 2893-2903.