



# POLICY BRIEF ON

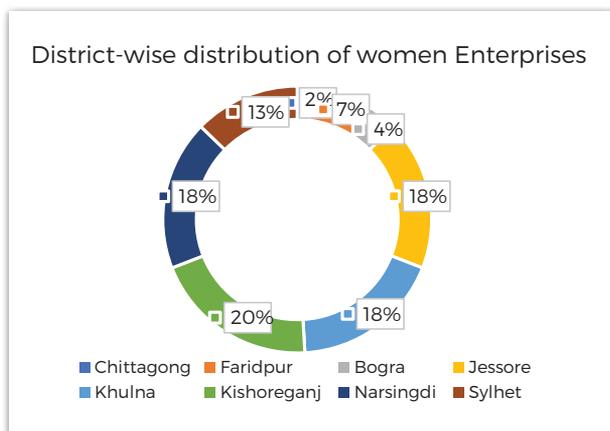
## IMPACT OF COVID 19 ON ENTREPRENEURS AND WORKERS SPECIALLY ON WOMEN OF MICRO, SMALL AND MEDIUM ENTERPRISES IN BANGLADESH

The informal sector in Bangladesh has contributed a lot through its product and services in the GDP in recent years and thereby also creating jobs for the unemployed youth. According to the Labour Force Survey (LFS) by the BBS in 2016-17, out of the total 60.83 million employed labour in the country, 85.1% work in the informal sector. But the informal sector is constrained by the factors, such as lack of policy support, inadequate infrastructure, backdated and conventional technology, fragmented market connectivity, lack of awareness, inadequate access to finance etc.

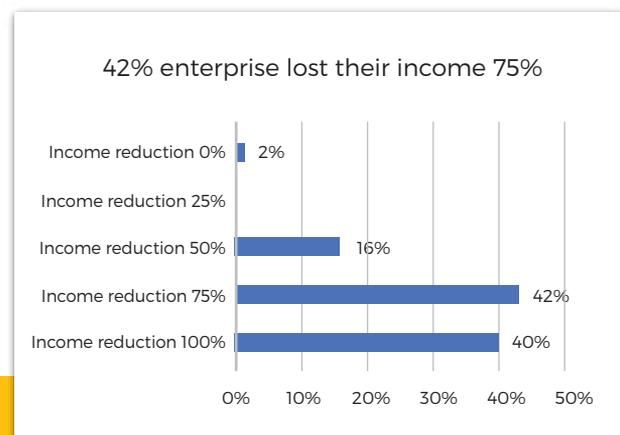
The recent COVID 19 pandemics has created enormous suffering in the lives and livelihood of the global world. Bangladesh is no exception from this pandemic. Initial assessment has shown that Micro, Small, and Medium Enterprises (MSMEs) and informal sector industries is one of the worst victims due the COVID 19. Many such informal industries and organization have lost their business as resulted that workers are out of jobs. It has resulted negative impact on live and livelihood at large and specifically business and economy across the country. A recent study commissioned by the NASCIB with financial and technical support from the ActionAid Bangladesh in selected MSMEs clusters revealed the facts of impact on live and livelihood at large and specifically on business, economy and workers' rights of the informal sector.

### A. Perspective of the Enterprises/Employers

#### Distribution of MSMEs in different districts

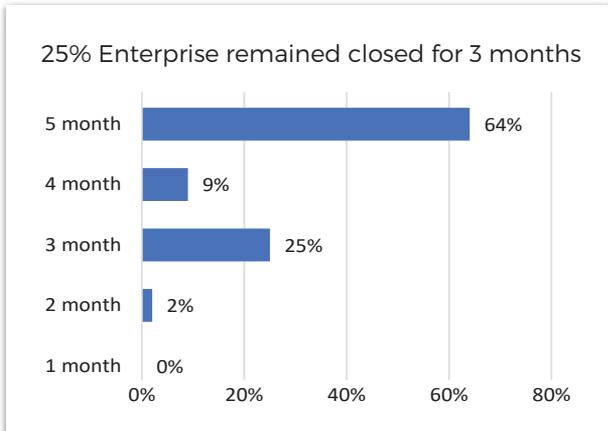


#### Loss of income of the MSMEs due COVID 19

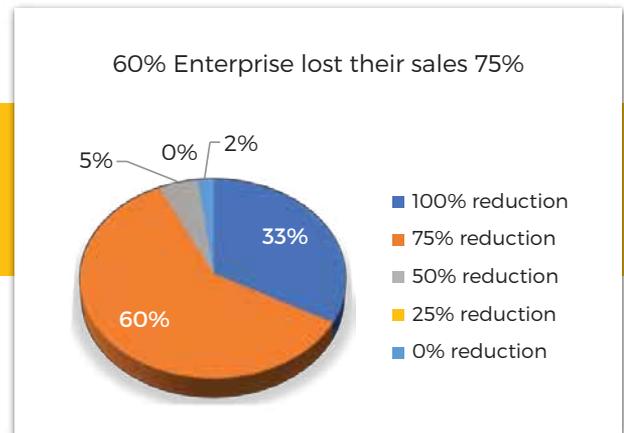


<sup>1</sup> Chattogram, Jashore, Bogura, Faridpur, Khulna, Kishoreganj, Narshingdi and Sylhet

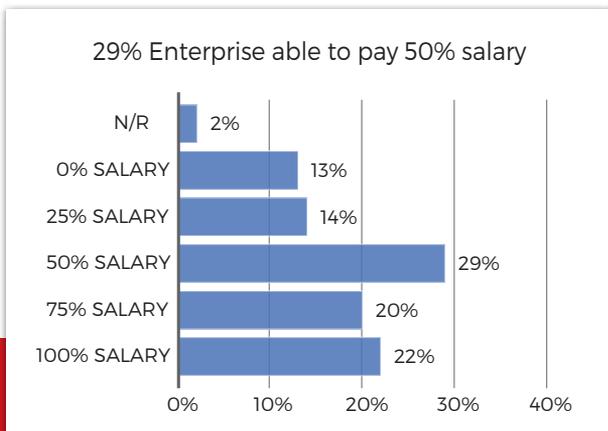
**Business closure of the MSMEs due to COVID 19**



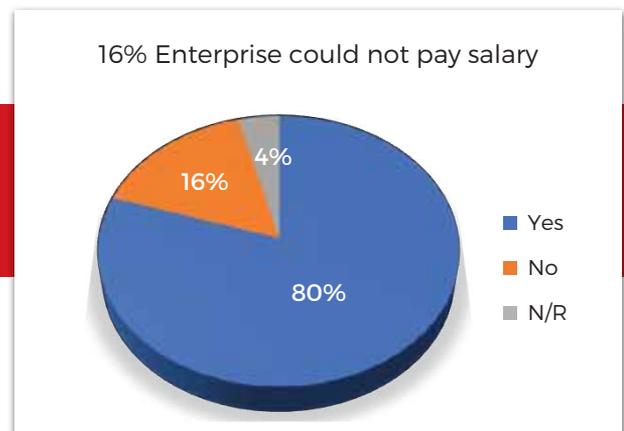
**Business status of the MSMEs**



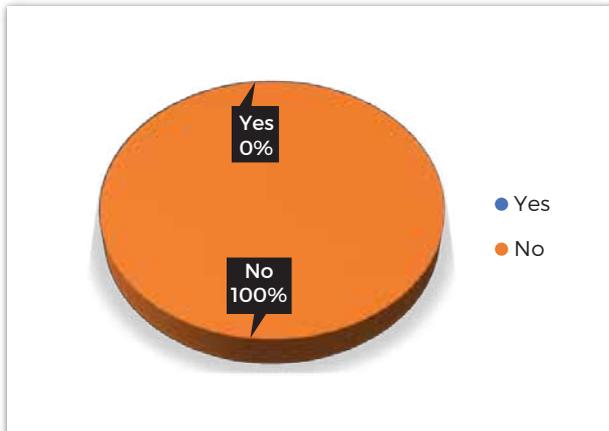
**Salary payment status of the MSMEs**



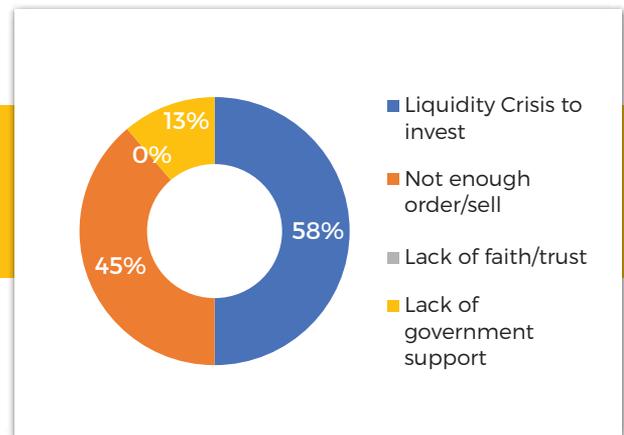
**Enterprises salary paying scenario**



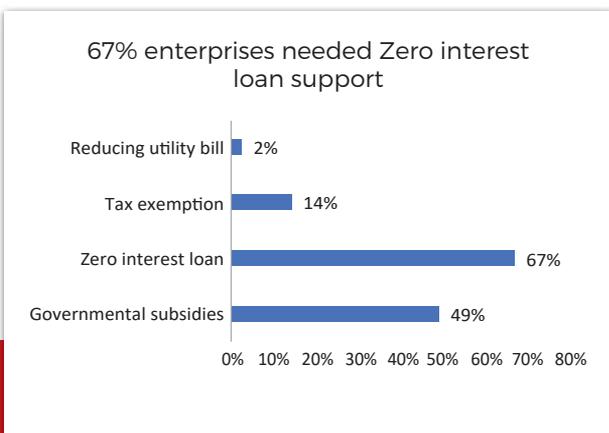
### Government support received by enterprises



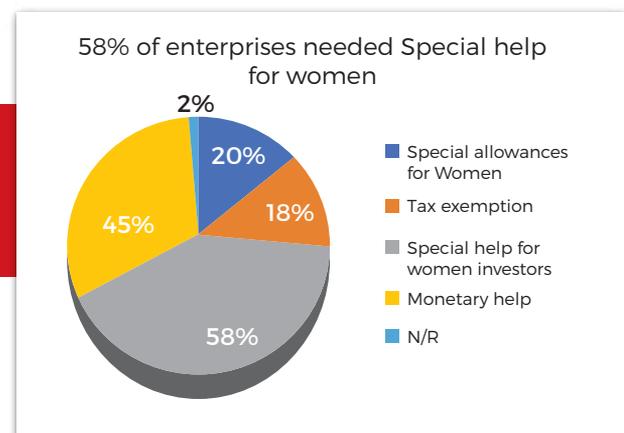
### Major challenges faced by the Enterprises



### Types of government support needed for enterprise

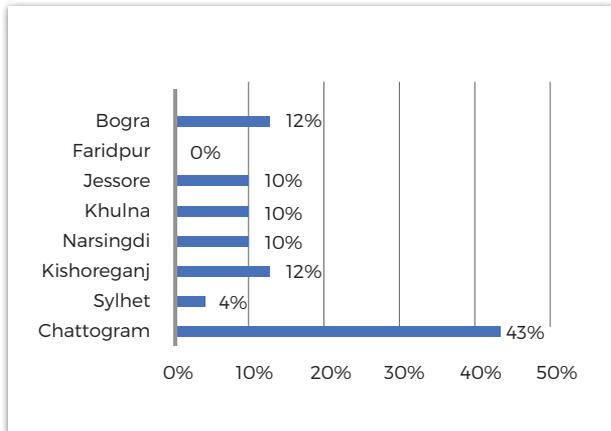


### Policy support needed for the enterprises

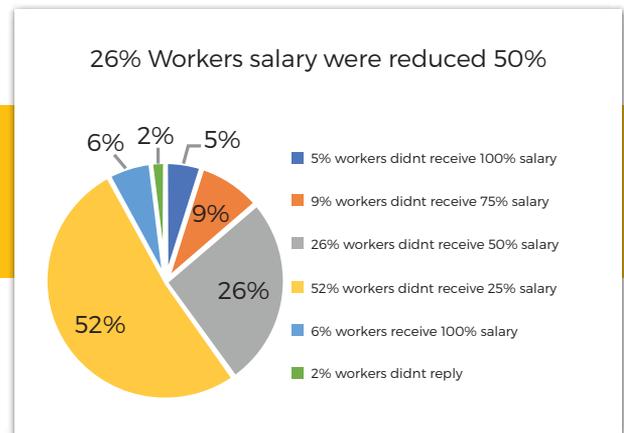


## B. Perspective of the Workers

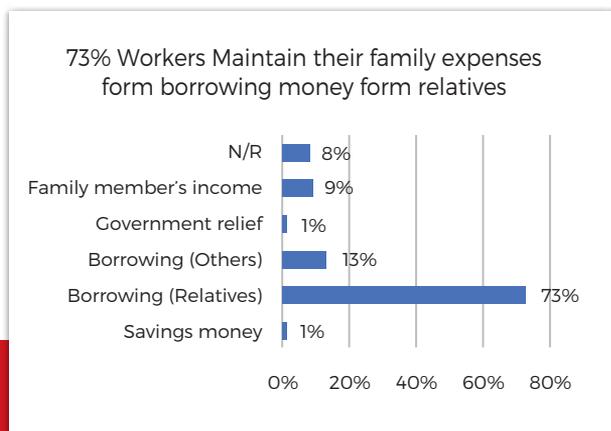
### District-wise distribution of Workers



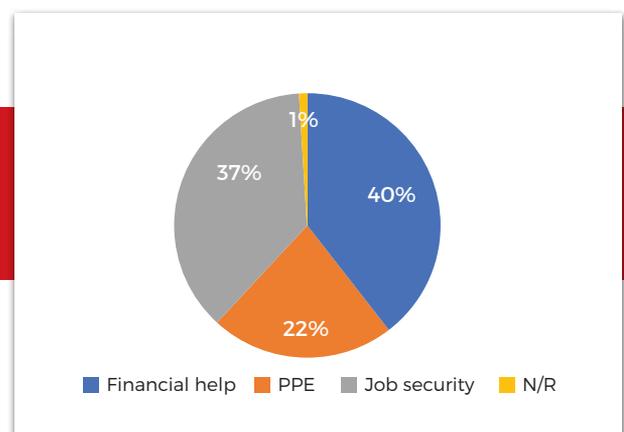
### Salary reduction due to COVID 19



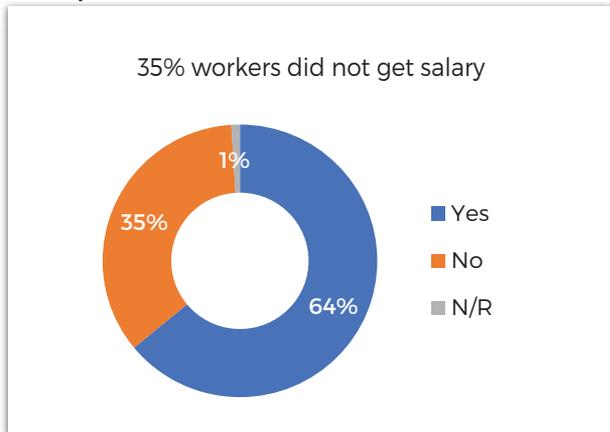
### Family expenses status of the workers



### Support needed for the workers



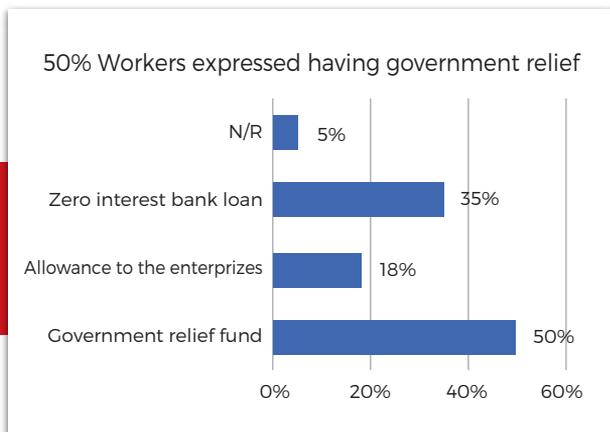
### Salary status of workers during pandemic



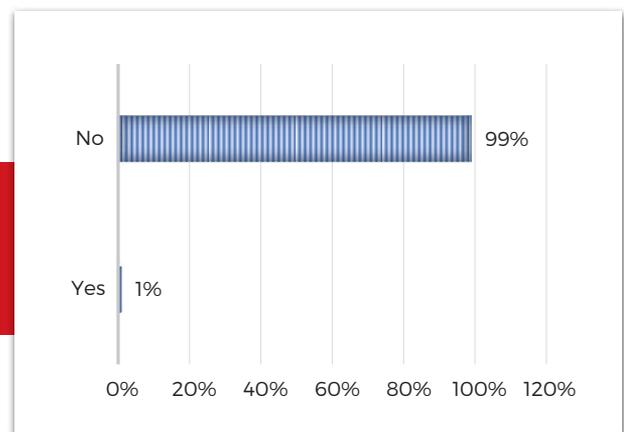
### Closedown of workers' work during pandemic



### Government support needed for workers



### Government support received by workers



### Workers life during pandemic

#### CASE STUDY SHAPLA'S LIFE DURING PANDEMIC!



The New Paragon Apparel, a RMG company having more than 50 workers which is producing 'Headwears' for the international buyers. The company is situated in Shekerteck Bazar, Dhaka. Ms Shapla Khatun is one of the workers among many others working as operator in New Paragon Apparel for more than two years. She was enjoying regular salary and benefits before hitting COVID 19 as a global pandemic. The company's operation was remained close for more than three months due to COVID 19 which had created uncertainty in her life and family as well. Despite closure of the company, the owner had managed to pay their salary and benefits in first month but in later two month she got half salary.

The company's order was slowly declined due to the COVID 19 pandemic and it had posed threat to the workers for loosing job. The four members family of Shapla are now passing time with fear when she might be lost her job. Though she got to manage some essential groceries from the governmental help, but it was insufficient for her family. She has urged government to extend support for the small company like New paragon Apparel, so that Shapla and her co-workers able to maintain livelihood.



## Key Policy Recommendations



### 1. Government Stimulus package:

Many of MSMEs did not even get access to the government declared stimulus packages as such the suffering for liquidity crisis was also severe. Besides, it also creates the situation where workers also suffered a lot due to the financial crisis of the enterprises. The equity and equality of distributing government stimulus package for MSMEs should be well monitored by the Ministry of Industries as well as central bank so that enterprises could reap the benefits of incentives.



### 2. Tax rebate for the MSMEs:

In order to support re-opening business some policy measures should be considered by the government. This includes, tax rebate for a certain period until MSMEs recovered from the loss of business happened due to COVID 19 pandemic. The policy measures should also consider reducing utility bills, and providing allowances to revamp business.



### 3. Government Social Safety Net Programme:

The worker's salary was significantly reduced by the owners as results they suffered a lot for maintaining their livelihoods. Government social Safety net packages should also be covered for workers working in the urban areas. The social safety net and emergency support should be distributed among the workers working in the MSMEs across the country.



### 4. Social Dialogue

□ Social dialogue should be promoted among relevant government agencies (Ministry of Industry, BSCIC, SME Foundation) enterprises

and workers so that labour rights are well protected during pandemic conditions.

- SME Foundation, BSCIC and NASCIB may collaborate for developing a pragmatic programme for ensuring positive environment amongst the enterprises so that workers' rights, safety and security as well as regular payments of salary and benefits are well protected as a compliance of the labour law.



### 5. Awareness Building among workers and entrepreneurs

A significant percentage of the entrepreneurs borrowed money from relatives and friends as informal source. Awareness should be built by the SME Foundation, BSCIS, trade body associations etc. so that owners feel motivated to borrow money from the formal sources like banks.



### 6. Second wave of COVID 19

- A pragmatic programme should be designed and implemented to tackle the second wave of the COVID 19 pandemic through ensuring better coordination among the key stakeholders like, Ministry of Industry, Bangladesh bank, BSCIC, SME Foundation, NASCIB and other related trade body associations.
- Most of the workers were in a vulnerable condition due to lack availability of the PPE. The owners should arrange sufficient PPE for their workers so that health and safety related risks could minimized. Besides, awareness should be built among workers for maintaining safety measures and social distancing as per guideline of the government.

