

Regional Course on Statistics on Informality: Informal Economy, Work and Employment

State Policies on the Informal Economy in Bhutan

Presented by:

Ministry of Labour and Human Resources
BHUTAN



BHUTAN at a Glance

INDICATORS	2014
Area (Sq. kms)	38,394
Population	745,153
Life Expectancy	67.89 (2012)
General Literacy Rate	63% (2012)
GDP Per Capita (USD)	2,440 (2013)
Population Poverty Rate	12% (2012)
HDI Rank	136/187 (2014)



Key Indicators of Labour Market

Indicator	2010	2011	2012	2013	2014
Estimated population	696,500	713,200	734,850	745,939	755,710
Working age population	484,100	495,500	522,367	529,178	557,047
Labor force	331,900	334,200	336,391	345,786	348,742
Persons Employed	320,900	323,700	329,487	335,870	339,569
Labor force participation rate	68.6%	67.4%	64.4%	65.4 %	62.6 %
Male labor force participation rate	73.6%	72.3%	65.7%	72.1 %	71.0 %
Female labor force participation rate	63.9%	67.4%	63.2%	58.9 %	54.8 %
Overall unemployment rate (%)	3.3%	3.1%	2.1%	2.9%	2.6%
Youth unemployment rate (%)	9.2%	9.2%	7.3%	9.6%	9.4%

Sources: MoLHR, LFS 2010, 2011, 2012, 2013 & 2014

Distribution of employment by nature of employment (%)

Nature of employment/year	2014	Percentage (2014)	
		Male	Female
Family workers	38.9	37.3	62.7
Regular paid employee	24.3	74.7	25.3
Own-account workers	32	57.8	42.2
Casual paid employee	2.4	84.0	16.0
Contract/piece worker	2.3	69.2	30.8

Source: MoLHR, LFS 2014

Informality

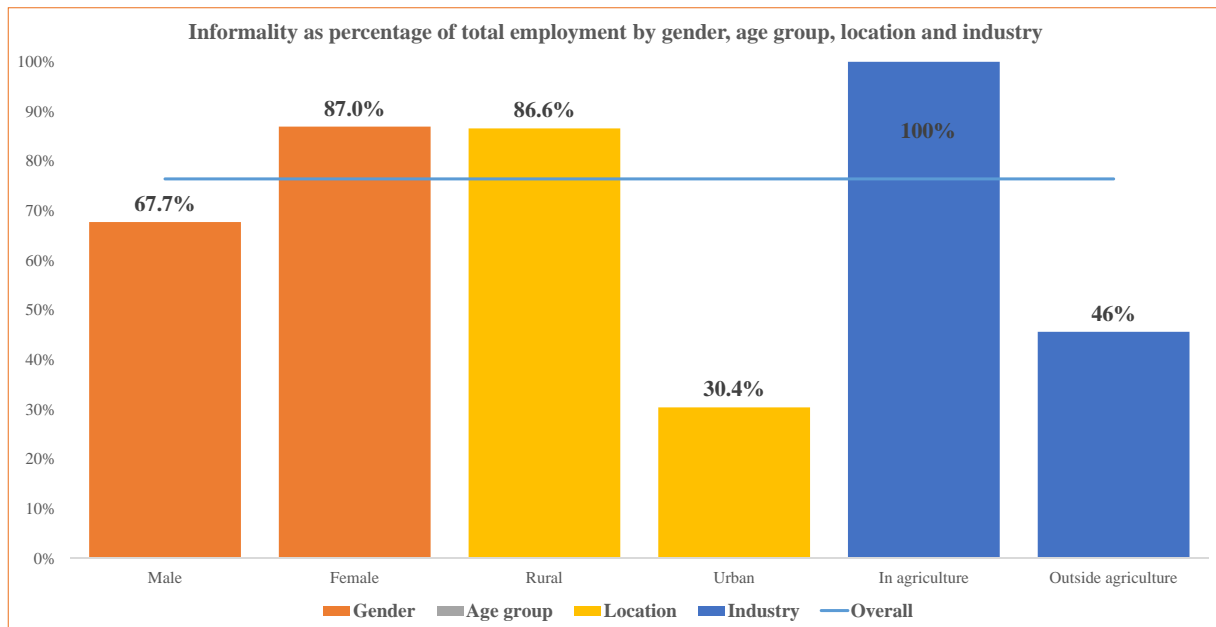
Percentage of labour force with a job but not in regular wage or salaried work or high-end self-employment (self-employment as managers, professionals, technicians, and clerks) or in regular wage or salaried work but without contract and/or any kind of benefits.

Proportion of informal employment among total employment is **76.4%** (Agriculture farming and private business) as per the labour force survey 2014.

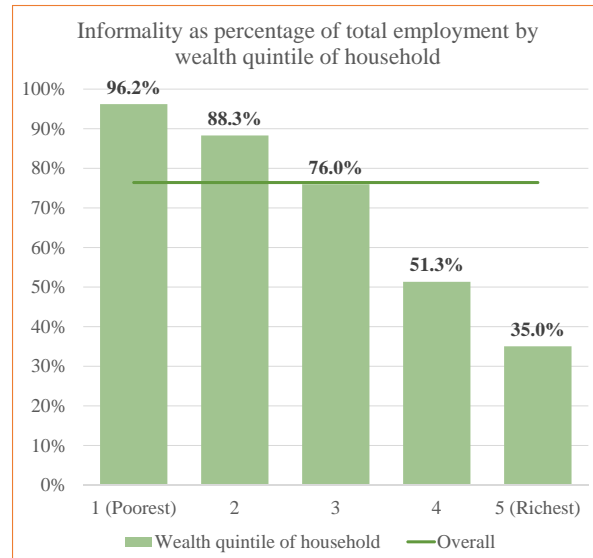
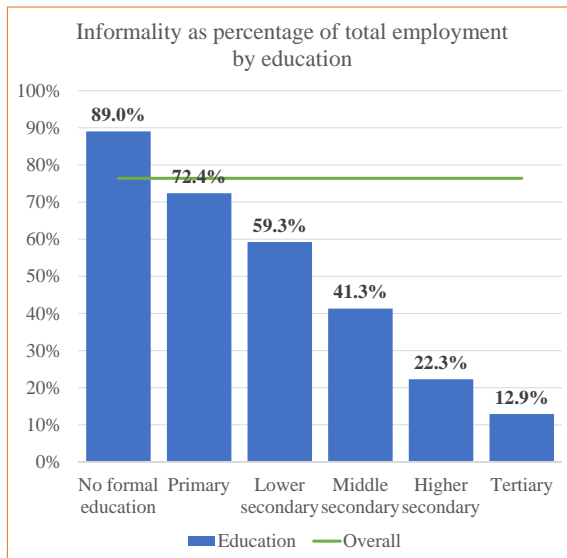


Photo courtesy: www.google.bt

Informality prevalent among women and rural population and in agriculture sector



Percentage share of employed persons in informal sectors by level of education and wealth



Informality - State policies

Constitutional provisionsWelfare state

Article 2, Sec 16 of the Institution of Monarchy

.....in exercise of His Royal Prerogatives, may grant land kidu and other kidus...

Article 9, Sec 3, 12, 14, 16, 19, 21 & 22 of the Principles of State Policy

The State shall:

- Endeavour to create a civil society free of oppression, discrimination
- Endeavour to ensure the right to work, vocational guidance and training
- Endeavour to ensure the right to fair and reasonable remuneration for one's work.
- Endeavour to promote those conditions that are conducive to co-operation in community life and the integrity of the extended family structure.
- Provide free education to all children of school going age up to tenth standard
- Provide free access to basic public health services in both modern and traditional medicines.
- Endeavour to provide security in the event of sickness and disability or lack of adequate means of livelihood for reasons beyond one's control.

Policy statements

- Labour and Employment Act 2007 promotes creation of employment opportunities including self-employment.
- National Minimum Wage Policy ensures national minimum wage for all the workers in the country.
- Cottage, Small and Medium Industry Policy 2012 provides enabling and conducive environment for the growth of CSMI in the country.
- National Employment Policy 2013 helps to achieve full, Productive, meaningful, gainful and decent employment by focusing on five dimensions namely employment creation, employability of labour force, aligning the employment market, improving working conditions and equal employment opportunities. towards
- Cooperative Act supports formation of cooperatives and farmer's groups.
- Credit Guarantee Scheme to facilitate employment in the informal sector.
- Business Opportunity and Info Centre: Revolving fund for non formal commercial activities – Max financial support of Nu. 100,000 @ 4% for 10 years
- Bhutan Association of Women Entrepreneurs - bring all Bhutanese businesswomen onto a common platform to nurture, facilitate, empower and promote women's knowledge and skills for business



Thank you