

THE IMPLICATIONS OF DEMOGRAPHIC TRANSITION FOR PRODUCTIVE ABSORPTION OF THE LABOUR FORCE: THE CASE OF BANGLADESH

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Abstract

This paper reviews the dynamics of changes in the population age structure during demographic transition and its relevance with respect to participation in the labour force and their productive absorption in the economy taking Bangladesh as a case. Drawing from a rich, yet fragmented array of literature, the paper attempts to propose a comprehensive framework that integrates the relations amongst changes in population age structure during demographic transition and economic development in the contexts of developing countries. Using the framework, this paper finds that Bangladesh is passing through the intermediate stage of its demographic transition which offers a productive or 'dividend' phase and could accelerate economic growth principally through changes in the composition of labour force and its absorption into productive employment. The article argues that despite the proportion of the working age population, which is currently increasing more than the growth of total population and thereby expanding the size of labour force, Bangladesh could not fully capitalize on the advantageous condition of having a population with large concentration at productive ages. The paper also stresses that the country is facing a number of challenges in terms of harnessing economic growth to be more job-intensive in high productivity sectors, enhancing quality of labour and skill development, and expanding the productive capacity of the economy to absorb the growing labour force, which must be addressed to achieve sustained economic development.

Keywords: Demographic Dividend, Demographic Transition, Economic Development, Labour Absorption, Population Age Structure.
