Policy Brief

Bangladesh Institute of Labour Studies - BILS

Md. Habibur Rahman, Israt Jahan Zhumi, Nafisa Islam Tultul

Universal Pension Scheme in Bangladesh: Exploring Scopes to Ensure Women Workers' Participation

(Focused on RMG workers, kindergarten school women teachers, domestic workers, and sales girls)

Bangladesh now has a 119 million working-age population, with 60 million women and 59 million men (Ref: LFS 2022). However, only 73 million are part of the active labor force, and women represent just 35% of this workforce. The majority (85%) of employed individuals work in the informal sector, with 97% of women in precarious, low-wage jobs lacking social security. It is indiscriminately reported that RMG workers and kindergarten school women teachers most often fail to meet their basic necessities of living. The situation is worse for informal sector workers, such as domestic workers and salesgirls. Unlike in some other countries, there is no government redundancy pay-out or a guarantee of long-term social security payments in Bangladesh for workers. The Universal Pension Scheme (UPS), launched in 2023, aims to provide financial security for all individuals above 18, ensuring lifelong pension benefits after 60. However, all existing pension schemes are contributory, making it difficult for low-income women workers to afford participation.

Basic Features from Bangladesh's UPS

Criteria	PROGOTI	SUROKKHA	SAMATA	PROBASH
Eligibility	Private employee	Informal sector workers	Impoverished	Expatriates, stay & working abroad
Age bar	18 – 50 years	18 – 50 years	18 – 50 years	18 – 50 years
Age-bar: special consideration	For50+age10 years uninterrupted deposit	For50+ age10 years uninterrupted deposit	For50+age10 years uninterrupted deposit	For 50+ age 10 years uninterrupted deposit

Income category	All income category	All income category	>60,000 a year	All income category
Registration	Online	Online	Online	Online
Who can assist	Employer	Union Digital Center	Union Digital Center	Union Digital Center
Documents required	NID	NID	NID, No annual income certificate	NID or Passport
Contribution limit a month	Min: BDT 2000 Max: BDT10000	Min: BDT1000 Max: BDT5000	Min: BDT 1000 Max: BDT 1000	Min: BDT 2000 Max: BDT 10000
Contribution options	a) Employee alone b) Employer 50% & Employee 50%	Pensioner alone	Pensioner 500t & Gov 500t	Pensioner alone
Contribution Years	Min: 10 years Max: 42 Years	Min: 10 years Max: 42 Years	Min: 10years Max: 42 years	Min: 10 years Max: 42 Years
Where to deposit	Designated bank of the National Pension Authority. Deposited into the employee's pension account.	Bank card, Online banking, Mobile financial services, Sonali, Agrana, City, & BRAC bank	Bank card, Online banking, Mobile financial services, Sonali, Agrana, City, & BRAC bank	Debit card, credit card, exchange houses, banking channel in foreign currency
Tax exemption	a) tax rebate against contribution b) tax-free pension	a) tax rebate against contribution b) tax-free pension	a) tax rebate against contribution b) tax-free pension	a) tax rebate against contribution b) tax-free pension
Withdrawal/Loan		50% of deposit for treatment, house building & repair & child marriage		
Loan refund		24 installments along with fee		
If dies before pensionable age	Deposition & profit return to nominee	Deposition & profit return to nominee	Deposition & profit return to nominee	Deposition & profit return to nominee
Defined benefit (Monthly)	Min: 3,060t Max: 344,655t	Min: 1,530t Max: 172,327t	Min: 1530t Max: 34465t	Min: 3060t Max: 344655t
Pension receiving means	Automatic to bank account through Electronic Fund Transfer	Automatic to bank account or mobile banking account	Automatic to bank account or mobile banking account	Automatic to bank account or mobile banking account
Years of Pension	1) After 60, lifetime 2) If dies early, nominees shall get	1) After 60, lifetime 2) If dies early, nominees shall get	1) After 60, lifetime 2) If dies early, nominees shall get	1) After 60, lifetime 2) If dies early, nominees shall get

	pension up to pensioner 75 years	pension up to pensioner 75 years	pension up to pensioner 75 years	pension up to pensioner 75 years

(Source: Report of BILS and Mondiaal FNV entitled "Universal Pension Scheme in Bangladesh: Exploration of Potential Scopes for RMG Workers' Greater Inclusion" conducted by Md. Manirul Islam, Deputy Director, BILS)

Universal Pension Scheme: International legal mandates

Legal documents	UPS-related standard-setting
SDG 1.3, SDG 3.8, SDG 5.4, SDG 8.5, and SDG 10.4.	SDG target 1.3 emphasizes the creation of a comprehensive social protection system based on the principle of universality.
Universal Declaration of Human Rights (1948)	Article 22 of the UDHR reads, "Everyone, as a member of society, has the right to social security".
ILO Social Protection Floors Recommendation No. 202	"Basic income security, at least at a nationally defined minimum level, for older persons" is one of four social security guarantees.
ILO Multi-Pillar Pension Model (ILO, 2018)	Eight main principles such as 1) Universality, 2) Social solidarity & collective financing, 3) Adequacy and predictability of benefits, 4) State responsibility, 5) Non-discrimination and responsiveness to special needs, 6) Financial, fiscal, and economic sustainability, 7) Transparent management & administration, & 8) Involvement of social partners & consultations with other stakeholders
World Bank	5 Pillar Pension Model such as 1) a noncontributory zero pillar, 2) a mandatory contributory first pillar, 3) a mandatory savings account with a defined contribution plan, 4) a voluntary savings, employer-sponsored benefit, defined benefit, defined contribution, and 4) nonfinancial support such as health care or housing.

(Source: Report of BILS and Modiaal FNV entitled "Universal Pension Scheme in Bangladesh: Exploration of Potential Scopes for RMG Worker's Greater Inclusion" conducted by Md. Manirul Islam, Deputy Director, BILS)

Women Workers' Inclusion in the UPS: Challenges and Gaps

- A major finding is the prevalence of job insecurity across all sectors, with the highest temporary employment rates observed among kindergarten teachers (90.2%) and domestic workers (83.9%).
- 58% of RMG Workers completed primary education, 2% are graduates; 81% of Kindergarten Teachers are graduates, 18.7% completed higher secondary; 66.3% of Domestic Workers are illiterate, 3.3% completed secondary education; 31% of Sales Girls completed higher secondary, 4% are graduates and 20% are illiterate.

- Financial instability remains a common struggle.
- Salaries are generally low, with a significant portion of kindergarten teachers (61%) earning below 5,000 BDT per month, while 55% of RMG workers and 72% of domestic workers earn between 5,001–10,000 BDT. 4% of RMG workers earn 15,001-20,000 BDT/month. .
- Consequently, savings rates are alarmingly low, with over 60% of workers in all sectors unable to save any money.
- The degree of interest in participating in pension schemes is very high, which is notably high among salesgirls (93.9%), domestic workers (83%), and RMG workers (81.6%).

Categories	Respondents (%)			
	RMG Workers	**Kindergarten School Teachers**	**Domestic Workers**	**Sales Girls**
Age				
Below 18	3.0	0.00	0.00	16.0
18-25	41.0	24.0	11.0	34.0
25-35	37.0	15.0	26.0	28.0
35-45	19.0	37.0	51.0	22.0
45-55	0.00	24.0	12.0	0.00
Total	**100.0**	**100.0**	**100.0**	**100.0**
Education				
Illiterate	9.0	0.00	66.3	20.0
Literate	6.0	0.00	20.7	1.0
Primary Level	58.0	0.00	9.7	22.0
Secondary Level	21.0	0.00	3.3	22.0
Higher Secondary Level	4.0	18.7	0.00	31.0
Graduate	2.0	81.3	0.00	4.0
Total	**100**	**100**	**100**	**100**
Status of Employment				
Temporary	74.0	90.2	83.9	59
Permanent	20.0	5.4	16.1	41
Permanent Piece Rate	3.0	4.3	0.00	0.00
Temporary Piece Rate	3.0	0.00	0.00	0.00
Total	**100.0**	**100.0**	**100.0**	**100.0**
Salary				
0-5000	2.0	61.0	28.0	29.0
5001-10000	55.0	36.0	72.0	42.0
10001-15000	39.0	1.0	0.00	29.0
15001-20000	4.0	2.0	0.00	0.00
Total	**100.0**	**100.0**	**100.0**	**100.0**
Working Experience				
0-5	74.7	69.0	44.6	53.0
5-10	16.8	21.0	16.9	47.0
10-15	7.4	6.0	21.7	0.00
15-20	1.1	4.0	16.9	0.00
Total	**100.0**	**100.0**	**100.0**	**100.0**

- Key barriers to participation in pensions include job insecurity, low-income uncertainty, and fear of financial loss.
- The role of trade unions in addressing these concerns is minimal due to a widespread lack of awareness, with almost all domestic workers and salesgirls having no knowledge of trade unions and a negligible number holding memberships.
- The absence of trade unions and a lack of interest are the primary reasons for non-participation in trade union.

Categories	Respondents (%)			
	RMG Workers	**Kindergarten School Teachers**	**Domestic Workers**	**Sales Girls**
Status of Participation				
Participate	2.0	0.00	0.00	0.00
Didn't participate	98.0	100.0	100.0	100.0
Total	**100.0**	**100.0**	**100.0**	**100.0**
Reasons for non-participation				
Fear	27.3	26.7	0.00	0.00
Economic	54.5	26.7	26.7	80.0
Religious	0.00	13.3	0.00	0.00
Structural	0.00	20.0	0.00	0.00
Social	0.00	13.3	0.00	0.00
Unaware of UPS	18.2	0.00	73.3	20
Total	**100**	**100**	**100**	**100**
Capacity to pay premium				
Yes	41.0	38.0	62.6	4.0
No	59.0	62.0	37.4	96.0
Total	**100.0**	**100.0**	**100.0**	**100.0**
Interested to Participate				
Yes	81.6	82.6	83.0	93.9
No	18.4	17.4	17.0	6.1
Total	**100.0**	**100.0**	**100.0**	**100.0**

- Informal Employment makes pension participation difficult.
- Women workers often lack the financial knowledge to manage pension savings.
- Fixed Contribution Model discourages low-income workers.
- No provision for those above 50 to join the scheme.

The findings underscore the urgent need for systemic labor reforms, particularly in ensuring financial security, strengthening trade union presence, and developing inclusive pension schemes tailored to the economic realities of these workers.

Women Workers' Inclusion into the UPS: Policy Issues

- Legal Protections: Include all workers in the Bangladesh Labour Act, 2006, and ensure trade union rights.
- Pension law Reforms: Amend the Universal Pension Management Act, 2023, through stake holder consultations including trade unions.
- Fair Wages: Increase wages, set a national minimum wage, and ensure timely payments.
- Efficient UPS Management: Develop a tripartite system (Govt, employers, trade unions) and establish UPS offices at industrial and local levels.
- Digital Access: Introduce mobile apps, online platforms in Bengali, a free online helpline, and digital payment options.
- Incentives: Offer special pension discounts during maternity leave and unemployment.
- Awareness & Best Practices: Conduct awareness campaigns and adopt successful models from other countries, such as India, Nepal, Sri Lanka, and Indonesia.
- Employer Responsibility: Ensure employer contributions to worker pensions.
- Pilot Project: Introduce a pilot project and develop a model through a social dialogue initiative.

*Ref: A study titled as **"A Case Study on Universal Pension Scheme: Scope and Challenges for Women to Participate in the Scheme"** conducted by the Bangladesh Institute of Labour Studies – BILS with the support of the International Labour Organization- ILO (2024)*

Support for effective and inclusive Trade Unions in Bangladesh

BANGLADESH INSTITUTE OF LABOUR STUDIES-BILS

Office: Razzak Villa (4th Floor), House # 8/A/KA, Road # 13 (New), Dhanmondi, Dhaka-1209, Tel.: +88 02 41020280, 02 41020281, 02 41020282, 02 41020283

E-mail: bils@citech.net, www.bilsbd.org