

# RESEARCH REPORT

188

## WORKPLACE SAFETY AND INDUSTRIAL RELATIONS IN THE READYMADE GARMENTS (RMG) INDUSTRY IN BANGLADESH

Zaid Bakht  
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BANGLADESH INSTITUTE OF DEVELOPMENT STUDIES  
Dhaka, Bangladesh

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DEVELOPMENT STUDIES**

Research Report No. 188

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## Abbreviations and Acronyms

BGMEA	Bangladesh Garment Manufacturers and Exporters Association
BIDS	Bangladesh Institute of Development Studies
BKMEA	Bangladesh Knitwear Manufacturers and Exporters Association
BLL	Bangladesh Labour Law
BNBC	Bangladesh National Building Code
C	Compliant
CEO	Chief Executive Officer
CNI	Compliant but Needs Improvement
EPZ	Export Processing Zone
EU	European Union
FGD	Focus Group Discussion
GSP	Generalized System of Preferences
ID	Identification
ILC	International Labour Convention
ILO	International Labour Organization
MFA	Multi-Fiber Arrangement
MOL&E	Ministry of Labour and Employment
MoU	Memorandum of Understanding
N	Sample Size
NC	Non-Compliant
NI	Needs Improvement
NR	Non-Response
OSHE	Occupational Safety, Health and Environment Foundation
OT	Over-Time
PVH	Philips-Van Heusen
RMG	Readymade Garment
SBW	Special Bonded Warehouse
UD	Utilisation Declaration
UN	United Nations
USA	United States of America

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## Abstract

The readymade garment sector (RMG) in Bangladesh has become the backbone of the Bangladesh economy, producing more than 80 per cent of the country's exports. The industry provides direct employment to more than 4 million workers, majority of who are female migrants from rural areas coming mainly from the poorest rural households. The broad objective of the present study, commissioned by the Ministry of Labour and Employment (MOL&E) to Bangladesh Institute of Development Studies (BIDS), is to make a comprehensive assessment of the current status of the RMG industry in Bangladesh with respect to industrial relations, workplace safety and compliance issues.

As part of the survey methodology, a two-page mailed questionnaire was first administered to all member factories through BGMEA and BKMEA. Based on the information collected through the mailed questionnaire, a representative sample of 100 factories was drawn following a stratified random sampling procedure for detailed survey. The sample size was determined in a way so as to ensure less than 10 per cent error margin with 95 per cent of the time. The sample survey was limited to Dhaka, Gazipur and Narayanganj districts that account for 80 per cent of the BGMEA member factories and nearly 94 per cent of the BKMEA member factories. Due to time and resource constraints, Chittagong district was left out of the sample survey. A structured questionnaire was administered to the management of the sample factories. A separate structured questionnaire was administered to five randomly selected workers of each sample factory to get their perception on the pertinent issues. In addition to the survey data, one Focus Group Discussion (FGD) with managers and workers was done separately in order to understand their knowledge gap towards compliance issues.

Smaller factories, particularly those with less than 500 workers and factories located in Dhaka district have been found to be, in general, less complaint, and so greater attention with regard to monitoring and follow-up should be directed towards these factories. Factories located on old shared buildings are prone to safety threats as it is difficult to maintain compliance in a shared building. These factories should be asked to relocate their units in "single factory buildings" within certain period of time, say 3-5 years.

Lack of easy and unrestricted access to the staircase was observed in the case of a significant number of surveyed factories. This safety needs to be addressed urgently. Follow-up measures should be taken to remove warehouse located in the ground floor of the factory building and power sub-station located within the factory building. Factories located in rented premise without 20 feet access road should be asked to relocate their factories within a given time. Measures should be taken to ensure more broad-based training of workers in firefighting. Inadequate canteen and health facility are concerns that need to be attended urgently.

Training on safety/compliance standards should be organised by BGMEA/BKMEA and/or MOL&E for managers of factories on a regular basis. The manpower and institutional capacity of the MOL&E need to be enhanced significantly to ensure effective monitoring and follow up of the diverse compliance issues. There is also the need for effective coordination amongst MOL&E, BGMEA, BKMEA, the foreign buyers and ILO with respect to monitoring and follow-up actions.

# ***CHAPTER 1***

## ***INTRODUCTION***

---

### **1.1 Background**

The export-oriented readymade garment (RMG) industry of Bangladesh experienced phenomenal growth over the past three decades. Starting from a paltry \$3 million in 1980-81, which accounted for 0.4 per cent of Bangladesh's export, RMG exports from Bangladesh rose sharply to \$21 billion in 2012-13, accounting for nearly 79 per cent of the country's total exports. The annual compound growth in RMG exports from Bangladesh during this period, thus, works out at a stunning 32 per cent.

The industry provides direct employment to nearly 4 million workers, majority of whom are female migrants from rural areas coming mainly from the poorest rural households (Afsar 2001). Lack of alternative employment options combined with widespread poverty means that RMG provides critical employment and income opportunities for these workers.

In recent years, violent labour unrest and the large scale death of workers caused by fires and other accidents have put the export-oriented RMG industry of Bangladesh under the spotlight. While labour unrest took place centering on the workers' wage and non-wage demands, large scale death of workers was caused by accidents linked to inadequate safety and security measures at the workplace.

This has put the issue of industrial relations, labour standards and workplace safety in the RMG industry in Bangladesh under fresh scrutiny of the stakeholders. The trade bodies such as the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) claim that the government needs to strengthen measures towards maintaining law and order in the industrial area and also enforce workplace safety laws. They maintain that a significant number of factories, which are not their members, may have deficient safety and security arrangements.

Serious concerns have also been expressed by foreign buyers and labour bodies in the buying-countries regarding compliance in respect to labour standards and workplace safety in the RMG industry, which has put the issue of preferential access of Bangladesh's exports to these countries at stake. The compliance issue has been compounded by the fact that different buyers have different compliance criteria and they use their own audit procedures to assess the level of compliance.

The government is also aware of the importance of the issues and intends to draw up appropriate action plans in consultation with the stakeholders. However, the major constraint faced by the government in this respect is the absence of adequate and up-to-date information on the industry. There is a dearth of knowledge regarding

the exact number of RMG units currently in production and the exact size of employment in these enterprises. The government has also very little information on the safety and security situation and industrial relations prevailing in these enterprises. The information gap is wider in the case of the units that only carry out sub-contracting works for other exporting enterprises.

## **1.2 Objectives and Scope of the Study**

The broad objective of the present study, commissioned by the Ministry of Labour and Employment (MOL&E) to Bangladesh Institute of Development Studies (BIDS), is to make a comprehensive assessment of the current status of the RMG industries in Bangladesh with respect to industrial relations and workplace safety. In that pursuit, the scope of the study entails the following:

- To estimate the number of RMG factories currently under production and the size of the employment in these units.
- To assess the locational characteristics of the sector and identify factories which operate purely on a sub-contracting basis.
- To assess the level of compliance and the state of industrial relations.
- To determine the factors affecting labour standards and the state of workplace safety and security.
- To examine the pertinent provisions of the Factory and Labour Act, ILO conventions and compliance criteria used by the major buyers.
- To recommend measures to address the challenges involving the issues of industrial relations and workplace safety in the RMG sector in Bangladesh.

## **1.3 Methodology**

### ***1.3.1 Census of RMG Factories***

An attempt was made to carry out a brief census of RMG factories during June-July 2013 that are members of BGMEA and BKMEA. In that pursuit, a two-page mailed questionnaire was administered to all member factories through BGMEA and BKMEA to collect information on (i) the size of employment by sex, (ii) product type, (iii) export volume and destination, (iv) major buyers, (v) particulars of factories used for sub-contracting works, (vi) compliance audit and certification by the buyer and (vii) implementation status of the “Check List of Compliance” 2006.<sup>1</sup>

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<sup>1</sup> The Government of Bangladesh adopted a “unified code of conduct” in 2006, pertaining to workers’ rights and safe working conditions. This code was developed by a Social Compliance Forum, consisting of representatives from different ministries, manufacturers, workers, civil society, buyers and development partners. The unified code of conduct related to: 1. Payments should be made in accordance with minimum wage legislations; 2. Issuance

The good offices of BGMEA and BKMEA were used to pursue the enterprises to mail back their responses.

### ***1.3.2 Sample Survey of RMG Factories***

Based on the results of this attempted census, a sample survey was designed to elicit detailed information on workplace safety and labour conditions from a representative sample of factories. For this detailed survey, a representative sample of 100 RMG factories was drawn using a stratified random sampling procedure. The sampling method considered for determining the required minimum sample sizes from industrial locations of enterprises is as follows:

$$n = \left[ \frac{1}{N} + \frac{(N-1)}{N} \times \frac{1}{PQ} \times \left( \frac{K}{Z_{1-\alpha/2}} \right)^2 \right]^{-1}$$

where N = population,

P = Proportion of firms that are compliant

Q = 1 – P

K = Level of desired precision

Z = Standard Normal Variate at 95 per cent confidence interval.

The evidence from the census showed that nearly 56 per cent of the responding BGMEA member factories in Dhaka, Gazipur and Narayanganj districts were compliant according to at least one external audit. However, in the case of responding BKMEA member factories, proportion of compliant factories was somewhat less, about 30 per cent. Based on this evidence, we set the planning value of the population proportion p= 0.50 and determined the desired sample size of 100 factories that would grant us less than a 10 per cent error margin with 95 per cent of the time. In drawing the stratified random sample, product type [knit/woven], employment size, location and compliance levels were used as the relevant stratification criteria.

Given that nearly 80 per cent of the BGMEA member factories and nearly 94 per cent of the BKMEA member factories are concentrated in the three districts of Dhaka, Gazipur and Narayanganj, the sample survey in the present study was limited

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of an appointment letter is required; 3. Issuance of an identity card is required; 4. Timely salary payments should be given; 5. Timely overtime payment should be made; 6. Weekly holidays should be given; 7. Annual leaves should be granted; 8. Sick leaves should be granted; 9. Festival leaves should be granted; 10. Maternity leaves should be granted; 11. A participation committee should be formed; 12. A welfare committee should be formed; 13. There should be an absence of child workers; 14. Emergency exits should exist; 15. Service log books should be maintained; 16. Firefighting equipment should be installed; 17. Children rooms or day care facilities should be made available; 18. First aid facilities should be made available; and 19. Segregated toilet facilities for male and female workers should be made available (World Bank 2012).

to three districts only. Time and resource constraints did not permit conducting of the survey in other places, including Chittagong district that accounts for about 18 per cent of the BGMEA member factories and 4 per cent of BKMEA member factories.

A structured questionnaire was administered to the management of the sample factories. A separate structured questionnaire was administered to five randomly selected workers of each sample factory to get their perception on the pertinent issues. The worker's interview was conducted outside the factory. Thus, a total of 100 factory managers and 500 workers were interviewed. In addition to the survey data, one Focus Group Discussion (FGD) with managers and workers was done separately in order to understand their knowledge gap towards compliance issues.

The census was initiated in the first week of June 2013 and continued up to the end of July 2013.

During August 1, 2013 to August 15, 2013 the census data was processed, samples were drawn and mobilisation work for the field survey was done. Field survey was carried out from August 15, 2013 to September 10, 2013. A presentation based on the initial analysis of field data was made in an inter-ministerial meeting held on September 29, 2013 in the MOL&E, which was also attended by the presidents and other important members of BGMEA and BKMEA. Based on the full analysis of the data and the feedback received, the report has now been finalised.

#### **1.4 Organisation of the Report**

The present report is organised as follows. After the introductory statements in Chapter 1, Chapter 2 presents the findings from the attempted census. This is followed by a review of Bangladesh's labour laws in relation to workplace safety and labour standards in Chapter 3. The survey results showing the current status and determinants of workplace safety standards have been presented in Chapter 4. Evidence relating to industry relations and labour standards has been presented in Chapter 5. Finally, Chapter 6 provides summary, conclusions and policy recommendations.

## **CHAPTER 2**

### **EVIDENCE FROM THE ATTEMPTED CENSUS**

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#### **2.1 Response to the Census**

Despite repeated reminders from the BGMEA and BKMEA authorities, response to the census was low. Only 499 out of the 4,400 BGMEA members (11.3 per cent) responded to the census questionnaire. The picture was somewhat better in the case of BKMEA. Nearly 257 out of 1,904 of the BKMEA members (13.5 per cent) responded to the census questionnaire.

#### **2.2 Size of the Industry**

The 4,400 garment factories that are currently on the BGMEA list of members include 2,024 of the utilisation declaration (UD) active members. In the case of the 1,904 BKMEA members, 780 of them belong to the category of the UD active members.

According to Bangladesh's Customs Rules of Special Bonded Warehouse Facility (CSBWF), all exporters using the SBWF for imported raw materials must submit a UD issued by the BGMEA/BKMEA. A UD is also required to portray eligibility for obtaining the GSP facility based on the "Rules of Origin" criterion in EU and elsewhere. Hence, the number of UD active members can be taken as a proxy indicator for factories participating in direct exports, as the possibility of a factory exporting only to a non-GSP country without the use of the SBW is likely to be low.

Of the remaining 2,376 members of the BGMEA (4,400-2,024) and 1,124 members of the BKMEA (1,904-780), some are engaged in sub-contracting activities and the others are currently out of production. However, the exact numbers of these two categories of factories are not known.

Of the 499 BGMEA member factories which responded to the census questionnaire, 452 have been identified as active UD members, participating directly in exports; while the rest of the 47 factories carry out production on a sub-contracting basis. Similarly, 242 of the 257 responding BKMEA members participated directly in exports, while the rest of the 15 factories were engaged in sub-contracting operations.

On applying the ratio of sub-contracting factories and directly exporting factories (observed in the case of responding units) to the total number of UD active BGMEA and BKMEA members, the number of BGMEA and BKMEA members engaged solely in sub-contracting activities is estimated to be 210 and 48 respectively (Table 2.1). The total number of BGMEA and BKMEA member factories currently in production is, thus, estimated to be about 3,062.

The above estimate is based on the assumption that the proportion of factories that did not respond to the census questionnaire is identical for directly exporting and sub-contracting factories. But if we assume the incident of non-responsiveness to be higher (in the case of sub-contracting factories), which is likely to be true, the number of sub-contracting member factories will be higher. Accordingly, based on the information collected from industry insiders, we adjusted the ratio of sub-contracting factories to directly exporting factories by a factor of 2.4, which put the estimate of BGMEA and BKMEA members engaged solely in sub-contracting activities at 506 and 116 respectively (Table 2.1). The adjusted estimate of the total number of BGMEA and BKMEA member factories currently in production stands at 3,426. This was about 2 per cent lesser than the number of RMG factories (3,497) currently listed with the inspector of factories.

Apart from the member factories which are participating in sub-contracting activities, there are also non-member factories that undertake sub-contracting activities. One of the objectives of the census that was conducted was to collect information on the non-member sub-contracting factories. But, unfortunately, the census respondents systematically ducked this question. Apart from a few of the respondents, almost all of the BGMEA and BKMEA respondents denied having sub-contracted out any of their production activities.

**Table 2.1: Estimated Number of BGMEA and BKMEA Members Engaged Solely in Sub-Contracting**

Association	Factories responding to census questionnaire		Sub-contracting factories (adjusted) as % of UD active factories (c)X2.4/(b)	Total number of UD active members	Estimated total number of sub-contracting members	Total number of member factories currently in production (e) + (f)
	Direct exporter	Sub-contracting factory				
(a)	(b)	(c)	(d)	(e)	(f)	(g)
BGMEA	452	47	25.0	2,024	506	2,530
BKMEA	242	15	14.9	780	116	896
Total	694	62	21.4	2,804	622	3,426

**Source:** Census data collected through mailed questionnaire, June-July, 2013.

### 2.3 Employment Size

The average size of employment in the BGMEA UD active members, which responded to the census questionnaire, was estimated to be 1,432, while the average employment size in the responding BGMEA members, which undertook sub-contracting, was estimated to be 794. The corresponding employment sizes for the responding BKMEA members were estimated to be 704 and 631 respectively.

Using these average employment sizes observed in the case of responding enterprises, total employment in BGMEA member factories is estimated to be 3.30

million, while the corresponding number for BKMEA member factories is 0.62 million; the sum total being 3.92 million (Table 2.2). If the employment figures obtained from the BGMEA and BKMEA non-member factories that conduct sub-contracting activities were added, the total employment in the export-oriented RMG industries in Bangladesh would likely be close to 4.3 million.

**Table 2.2: Estimated Size of Employment in the Export-oriented RMG Industry in Bangladesh**

Association	Average employment in responding factories		Total number of UD active members	Estimated total number of member factories engaged solely in sub-contracting	Estimated total employment in member factories (million)		
	Directly exporting	Sub-contracting			Directly exporting (b) X (d)	Sub-contracting (c) X (e)	Total (f)+ (g)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
BGMEA	1,432	794	2,024	506	2.90	0.40	3.30
BKMEA	704	631	780	116	0.55	0.07	0.62
All	1,230	756	2,804	622	3.45	0.47	3.92

**Source:** Census data collected through questionnaire, June-July, 2013.

## 2.4 Size Distribution

Table 2.3 presents evidence on the distribution of the responding factories in terms of employment sizes. As is evident, BKMEA members (i.e. the knitwear industry) are dominated by small enterprises having up to 500 workers. This size group accounts for nearly 59 per cent of all the responding factories under BKMEA.

Contrastingly, the dominant size group in the case of BGMEA, which consists mainly of woven garments factories,<sup>2</sup> is medium enterprise having 1,000-3,000 workers. This size group accounted for nearly one third of all responding factories under BGMEA.

The share of large factories (having more than 3,000 workers) is also significantly higher in the case of BGMEA members (7.8 per cent) in comparison to BKMEA members (4.3 per cent). Thus, the evidence suggests that the woven garments industry in Bangladesh is dominated by medium and large sized enterprises, while small sized enterprises dominate the knitwear industry.

<sup>2</sup>A significant number of knitwear factories were also found to be members of BGMEA.



**Table 2.3: Size Distribution of Responding Factories**

No. of workers	% of responding BGMEA factories	% of responding BKMEA factories
Up to 500	28.0	59.1
501 – 1,000	30.5	19.5
1001 – 3,000	33.7	17.1
3,001 and above	7.8	4.3
Total	100.0	100.0

**Source:** Census data collected through mailed questionnaire, June-July, 2013.

## 2.5 Locational Distribution

Table 2.4 and Table 2.5 show district-wise locational distribution of all the BGMEA and BKMEA members respectively. Along with the distribution of the members, the tables also show the district-wise locational distribution of the UD active members.

The evidence suggests that there is a high locational concentration of both woven and knitwear RMG industries in Bangladesh. In the case of woven RMG industry, nearly 49 per cent of the factories are located in Dhaka district, followed by 24 per cent in Gazipur. In the case of knitwear RMG, nearly 55 per cent of the factories are located in Narayanganj district, followed by 24 per cent in Dhaka district.

Taking a closer look at the locational distribution of the UD active members, we find that a smaller proportion of the woven RMG factories in Dhaka are UD active members (48.6 per cent) compared to the proportion observed in Gazipur district (62.4 per cent). Similarly, in the case of knitwear RMG, 36.6 per cent of the factories in Dhaka district are UD active members as opposed to 37.2 per cent located in Narayanganj.

Given that the directly exporting factories, i.e. those which are UD active members, are subjected to a greater buyer's compliance scrutiny, the risk of non-compliance appears to be more in factories located in Dhaka district compared to those located in Gazipur or Narayanganj. Incidentally, all the major accidents that have happened in the RMG industry during the recent times, such as Tung Hai, Rana Plaza, Tazreen Fashions, Eurotex, Ha-Meem, Spectrum, etc, involved factories that are located in Dhaka district.

**Table 2.4: Locational Distribution of the BGMEA Member Factories**

District	BGMEA Member factories	BGMEA UD active members	UD active members as % of all members
Dhaka	2,166 (49.2)	1,052 (52.0)	48.6
Gazipur	1,041 (23.7)	650 (32.1)	62.4
Chittagong	788 (17.9)	88 (5.4)	11.2
Narayanganj	314 (7.1)	100 (4.3)	31.8
Others	91 (2.1)	125 (6.2)	137.4 <sup>a</sup>
All	4,400 (100.0)	2,024 (100.0)	46.0

**Source:** BGMEA/BKMEA.

**Note:** Figures in parentheses show column percentage.

<sup>a</sup> Exceeds 100% because some UD active members were found to be not included in the general member list.

**Table 2.5: Locational Distribution of BKMEA Member Factories**

District	BKMEA Member factories	BKMEA UD active members	UD active members as % of all members
Narayanganj	1,039 (54.6)	386 (49.4)	37.2
Dhaka	456 (23.9)	167 (21.4)	36.6
Gazipur	285 (15.0)	158 (20.2)	55.4
Chittagong	81 (4.2)	39 (5.0)	48.1
Others	43 (2.3)	30 (4.0)	70.0
All	1,904 (100.0)	780 (100.0)	41.0

**Source:** BGMEA/BKMEA.

**Note:** Figures in parentheses show column percentage.

In Dhaka district, the RMG factories are also concentrated in certain locations. As shown in Table 2.6, two areas, namely Mirpur and Ashulia, account for nearly 53 per cent of all the BGMEA member factories.

**Table 2.6: Locational Distribution of BGMEA Member Factories within Dhaka District**

Location	BGMEA Member factories
1. Mirpur, Kafrul, Kochukhet, Shewrapara, Senpara Parbata	586 (27.1)
2. Ashulia, DEPZ, Hemayatpur, Savar	567 (26.2)
3. Malibagh, Khilgaon, Rampura, Moghbazar, Shantinagar	202 (9.3)
4. Kuril, Khikhet, Uttara, Turag	195 (9.0)
5. Dhanmondi, Mohammadpur, Shyamoli	158 (7.3)
Top five areas	1,708 (78.9)

**Source:** BGMEA/BKMEA.

**Note:** Figures in parentheses show column percentage.

## 2.6 Compliance Audit and Certification by Buyers

On the basis of the response provided to the query of recent compliance audit and buyer certification, the factories were ranked under the following four categories:

1. **Compliant (C):** Those who have been certified by one or more external auditor as compliant.
2. **Compliant but Needs Improvement (CNI):** Factories that have been certified by some external auditors as compliant but have been placed under the “Needs Improvement” category by others.
3. **Needs Improvement (NI):** Factories that have been put under the “Needs Improvement” category by one or more external auditor.
4. **Non-compliant/Non-responsive (NC/NR):** Factories that have been ranked by one or more external auditor as non-compliant, or factories that either did not respond to this question or did not indicate a rank achieved under an external auditor.

Table 2.7 presents evidence on the percentage distribution of the responding factories by their compliance ranking and employment size. As it is evident from the table, there is a clear positive relationship between the employment size and compliance level. It can be seen that with the increasing factory size, the incidence of the factories under the categories of Compliant (C) and Compliant but Needs Improvement (CNI) steadily rises as well. On the other hand, the proportion of factories categorised, under the Needs Improvement (NI), Non-compliant (NC) and Non-responsive (NR) categories, steadily declines with the size of the factories.

In the case of the larger factories (with more than 3,000 workers), nearly 81 per cent of the responding factories fell under either C or CNI categories, meaning that they have been ranked as Compliant by one or more external auditors. In contrast, only 42 per cent of the small sized factories (with 500 or fewer workers) were ranked as compliant by one or more auditors.

**Table 2.7: Percentage Distribution of Responding Factories by Compliance Ranking and Employment Size**

External audit compliance ranking	% of factories with employment size			
	Up to 500 workers	501–1,000 workers	1,001–3,000 workers	More than 3,000 workers
C	24.1	28.9	34.6	46.9
CNI	17.8	26.7	27.7	34.4
NI	33.3	31.0	25.1	12.5
NC/NR	24.8	13.4	12.6	6.2
All	100.0	100.0	100.0	100.0

**Source:** Census data collected through mailed questionnaire, June-July, 2013.

Table 2.8 shows the percentage distribution of BGMEA member factories in Dhaka and Gazipur districts according to their compliance ranking. From the table it can be seen that Gazipur has a higher incidence of factories that fall under the C and CNI categories. This corroborates our earlier observation that Gazipur, with a higher incidence of active UD members, runs lower risks of non-compliance.

**Table 2.8: Percentage Distribution of Responding BGMEA Factories in Dhaka and Gazipur Districts by Compliance Ranking**

External audit compliance ranking	% of responding BGMEA factories in Dhaka District	% of responding BGMEA factories in Gazipur District
C	30.5	34.6
CNI	19.0	54.1
NI	32.7	10.4
NC/NR	17.8	20.9
All	100.0	100.0

**Source:** Census data collected through mailed questionnaire, June-July, 2013.

## 2.7 Implementation of the Check List of Compliance 2006

As mentioned earlier, the Government of Bangladesh adopted a “Check List of Compliance” in 2006, pertaining to workers’ rights and safe working conditions. This code was developed by a Social Compliance Forum, consisting of representatives from different ministries, manufacturers, workers, civil society,

buyers and development partners. The unified code related to the following conducts are:

1. Payment according to minimum wage legislation;
2. Issuance of an appointment letter;
3. Issuance of an identity card;
4. Timely payment of salary;
5. Timely overtime payment;
6. Practice of weekly holidays;
7. Practice of annual leave;
8. Practice of sick leave;
9. Practice of festival leave;
10. Practice of maternity leave;
11. Formation of a participation committee;
12. Formation of a welfare committee;
13. Absence of child workers;
14. Existence of an emergency exit;
15. Maintenance of the service log books;
16. Installation of firefighting equipment;
17. Availability of a children's room or daycare facility;
18. Availability of the first aid facility; and
19. Availability of separate toilet facilities for male and female workers.

The census questionnaire sought responses with regard to the implementation status of the unified code of conduct. Nearly two-thirds or 67.5 per cent of the BGMEA responding factories (337 out of 499) claimed that they had fully implemented all aspects of the unified code of conduct. In contrast, only 37.7 per cent of the BKMEA responding factories claimed full implementation. Given that the average size of employment in BKMEA factories is much smaller than the average size of employment in the BGMEA factories, this evidence seems consistent with the earlier findings on the compliance level being lesser in smaller factories.

**Table 2.9: Unified Code of Conduct 2006: Major Areas of Implementation Failure**

Code of Conduct	Factories reporting non-implementation	
	BGMEA factories	BKMEA factories
Formation of a welfare committee	119 (23.8)	119 (46.3)
Formation of a participation committee	43 (8.61)	60 (23.3)
Provision of a child room or daycare center	41 (8.2)	81 (31.5)
Maintenance of the service log books	33 (6.6)	66 (25.7)

**Source:** Census data collected through mailed questionnaire, June-July, 2013.

Table 2.9 presents information on aspects of the unified code of conduct that experienced the least implementation. As can be seen from the table, the most common failure has been with regard to the non-formation of a welfare committee in both BGMEA and BKMEA member factories. Other aspects of failure include non-formation of a participation committee, the lack of provision of a children's room or daycare centre and the lack of maintenance of the service log books.

## **CHAPTER 3**

# **WORKPLACE SAFETY AND LABOUR STANDARDS: A REVIEW OF BANGLADESH'S LABOUR LAWS**

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### **3.1 Introduction**

This chapter reviews Bangladesh's labour laws to understand various labour and employment standards. The employment standards set in the Labour law were used as the basis for devising some compliance indicators for the RMG industry, which were then assessed through a sample survey of compliance standards in garment factories. Moreover, this section highlights anomalies and weaknesses of the labour laws with regard to international standards.

After the independence in 1971, the Bangladesh government retained the previous Labour laws through the "Bangladesh Laws Order" (President's Order No. 48). The Bangladesh Government takes into account the previous relevant laws, such as The Factories Act (1881), "Workmen's Compensation Act" (1923), "Trade Unions Act" (1926), "Trade Disputes Act" (1929), "Payment of Wages Act" (1936), "Maternity Benefit Act" (1939), and the "Employment of Children Act" (1938), that were kept in force in Pakistan with some modifications and amendments. In response to the changing circumstances and requirements of the working class and the economy, the country adopted the "Bangladesh Labour Law" (BLL) in 2006. A detailed discussion on BLL 2006 has been made in Hossain et al. (2010). In 2013, the Labour Law has been amended to make it consistent with international standards.

This chapter particularly highlights the workplace safety and labour standard related indicators in the light of the two Labour Laws and indicates the changes that have to be tracked.

### **3.2 The Bangladesh Labour Law, 2013**

An amended Labour law, 2013 got passed in the Parliament in the face of criticisms of inadequacy of the BLL 2006 to ensure workers' rights and freedom to form trade unions. The amendment was also done as a measure to reinstate GSP facilities to the US market, which was halted in June 2013. The law puts in place provisions including a central fund to improve the living standards of workers and a requirement for 5 per cent of the annual profits of a company to be deposited into the employee welfare funds. Although the context of the new amended law is to appease the Obama administration as well as to regain the duty benefits suspended by the United States in June 2013 on grounds of poor labour rights and unsafe working conditions in Bangladeshi factories, it will also ensure better working conditions for the employees. The changes in the law were made to ensure the freedom to associate one of the sticking issues for the western countries and the advocacy groups.

### ***3.2.1 Formation of trade unions***

Employees now would no longer need approval from factory owners to form trade unions, which was mandatory in the BLL of 2006. *They will only need to apply to the labour directorate to collect registration of trade unions.* An owner can sack a worker if he/she remains absent in the workplace for 10 consecutive days without prior notice, according to the amendments.

### ***3.2.2 Insurance scheme***

The owners will have to introduce an insurance scheme if a factory employs at least 10 workers. If a worker is injured in an accident, he/she will get assistance for treatment from the insurance scheme. There should be a woman union leader in the factory if 20 per cent of the total workforce are women. No member of a trade union's executive committee can be transferred to another factory of the same owner after any labour unrest. Moreover, up to five trade unions can now be formed in one factory instead of just two that was permitted in the previous law. The amendments also allow trade unions to be formed in the different administrative wings of a factory, which was restricted in the previous law.

### ***3.2.3 Central fund for workers' benefit***

To improve the living standards of workers, the government, buyers and owners will have to form a "central fund" for the beneficiaries of 100 per cent export-oriented industries and wholly foreign-owned companies. The law also requires a company to deposit 5 per cent of its annual profit in provident and welfare funds.

### ***3.2.4 Compensation for accidents***

If a worker dies after two years in service, the management of the factory will pay a compensation equivalent to his/her one month's salary. And, if a worker dies in an accident during service, his relatives will get a compensation equivalent to a 45 days' worth of his salary.

If an owner sacks a worker who has served the company for more than a year, he/she will get a 15 days' worth salary for every year of service. But if the worker is sacked for misconduct, he/she will not be entitled to any compensation. Theft, embezzlement, vandalism, arson and disruptive behaviour will be regarded as misconduct under the amended law.

### ***3.2.5 Building code***

No changes can be made in the factory layout plan without an approval from factory inspectors according to the amended law.

### ***3.2.6 Key features of BLL, 2013***

- One needs to apply to the labour directorate to collect registration for trade unions



- An owner can sack a worker if he/she remains absent in the workplace for 10 consecutive days without prior notice.
- The owners will have to introduce an insurance scheme if a factory employs at least 10 workers. If a worker is injured in an accident, he/she will get assistance for treatment from the insurance scheme.
- No member of a trade union's executive committee can be transferred to another factory of the same owner after a labour unrest.
- A central fund to improve the living standards of workers and a requirement for 5 per cent of the annual profits of a company to be deposited in employee welfare funds.
- If a worker dies after two years in service, the management will pay a compensation equivalent to his/her one month's salary and if they die in an accident during service, the compensation will be equivalent to a 45 days' worth of his/her salary.
- If a worker has been sacked after serving more than a year, he will be given a 15 days' worth salary for every year of service and if sacked for misconduct, no compensation will be provided.

### ***3.2.7 Weaknesses of the BLL, 2013***

All trade union organisations of the country, the European Union, USA and many foreign countries that buy RMG products from Bangladesh have been very active for establishing trade unions in all the factories and industries and also in the export processing zone (EPZ). However, some flaws still remain in the new law. Section 12, S.13, S.23 (3) and S.4 of the new law do not clarify the definition of the term "closure of institution" and "misconduct of worker." Due to this flaw alone of this section, any employer or owner can abuse the law by accusing any procession or strike as "workers' misconduct." By taking advantage of this section of the law an employer or owner can dismiss his workers.

The new law has kept the previous provision of the 30 per cent membership for forming new unions, which practically negates the idea of free trade unionism. Section 180 (b) of the new law limits the eligibility of the membership of trade unions only to the enlisted workers of a particular factory, so the fear of dismissal and harassment from the employer's side discourages workers from forming trade unions in their institutions.

The new law has not kept any provision to reduce or control arbitrary power of the Labour Director or the Registrar of Trade Unions, so in the long run it will be very difficult for the workers to get registration for the formation of new trade unions.

Section 2(45) of the new law excludes house rent benefits from workers’ wages. Section 10 (5) of the law does not clarify provisions for sick leave or temporary leave for the workers.

During the GSP debate, western countries and many rights organisations urged the Bangladesh government and the BGMEA to make some provisions so that workers could share the profit of the company. Since there has been such a provision in the law from 1968, by not implementing it to provide workers a 5 per cent share of profit of the company, the owners have deprived the workers of a lot of money. By amending Section: 232(3) and Section: 233 of the previous law (BLL 2006), the government has permanently abolished the right of workers to get a share of the profit.

Section 309 of the new law does not provide adequate punishment for the gross negligence of owners and their actions that could have dangerous consequences. Lack of provision for adequate punishment might make owners relaxed in maintaining adequate compliance standards.

Bangladesh has ratified 7 ILO conventions out of 8, of which Convention 87 and 98 are relevant to the right of “Freedom of Association” and “Freedom of Choosing Leadership.” Therefore, it is an obligation for the government to make national laws compatible with ILO conventions. Table 3.1 depicts a summary of the changes, which were discussed earlier, between BLL 2006 and BLL 2013.

**Table 3.1: A Comparison between BLL 2006 and BLL 2013**

<b>Labour Law 2013</b>	<b>Labour Law 2006</b>
Allows up to five trade unions in each factory	Allows only two trade unions in each factory
<ul style="list-style-type: none"> <li>• Owners can’t interfere in how trade unions will be formed</li> <li>• Allows trade unions in the different administrative wings of a factory</li> </ul>	Owners used to decide who would be the trade union leaders
If 20 per cent of the workers are women, there should be a woman union leader in the factory	It was optional
Owners cannot change the factory layout plan without the permission of factory inspectors	The layout plan was approved automatically two months after application
No exits can be locked	The rule was not specific about it

### ***3.2.8 Enforcement in BLL***

Punishment for labour law violations is not spelled out under the BLL. In some cases, the law is simply silent such as the case of forced labour prohibition. In other cases, the penalty is insufficient or meager, for example Tk. 5,000 will be fined for the violation of provisions on maternity leave, employment of child and adolescent

workers and minimum wage. Still in other cases, the application of penalty defies logic, for example, for imprisonment of up to one year for the violation of the minimum wage provision but not in the violation of the laws on maternity and employment of child and adolescent workers.

In addition, there is a recent amendment relaxing the penalties for employers – payment of only Tk. 5,000 as a fine whereas the previous punishment for the same occurrence was “imprisonment for up to three months or a fine up to Tk. 1,000 or both.”

There are also problems related to the system of labour inspection. As to access the judiciary, the Labour Law has a general provision guaranteeing workers’ access to the judiciary for a redress of grievances but it is not clear on how such access can be realised, step by step, at minimum or affordable cost to the workers and their unions.

### **3.3 International Labour Standards Ratified by Bangladesh**

On the ILO core conventions, Bangladesh has ratified the following International Labour Conventions (ILCs):

- ILC 29 (Forced Labour),
- ILC 87 (Freedom of Association and Protection of the Right to Organise),
- ILC 98 (Right to Organize and Collective Bargaining),
- ILC 100 (Equal Remuneration),
- ILC 105 (Abolition of Forced Labour),
- ILC 111 (Discrimination in Employment and Occupation), and
- ILC 182 (Elimination of the Worst Forms of Child Labour).

All workers have the right to work in an environment which is safe and not detrimental to their health. The ILO Constitution sets forth the principle that workers should be protected from sickness, disease and injury arising from their employment and has established a number of conventions to promote this principle. ILO Convention 155 on “Occupational Safety and Health” outlines actions to be taken by governments and within enterprises to promote occupational safety and health as well as to improve working conditions. This convention has not been ratified by the Bangladesh government.

The UN Guiding Principles on Business and Human Rights, which were signed unanimously by all member states in March 2011, provides a framework for defining the roles and responsibilities of both governments and businesses in regard to human rights. It is based on a framework of three separate pillars: Protect, Respect and Remedy. This framework can be applied in situations where any human right impacts could occur, including breaches of labour rights in the workplace. As the right to safe work is a recognised labour right, the UN Framework can be a guiding principle in framing and amending labour laws.

### 3.4 Key Indicators to be Tracked

In the light of the Bangladesh Labour Law, the key indicators of workplace safety and compliance standards are summarised in Table 3.2, which will act as a guiding principle for assessing the level of standards in the factories.

**Table 3.2: Key Indicators to be Tracked on Workplace Safety**

<b>Key issues</b>	<b>Broad indicators</b>
Working hours policy	<ul style="list-style-type: none"> <li>• 60 hours with overtime per week</li> <li>• One day rest policy</li> <li>• Lunch hour</li> <li>• Women should not be forced to work in between 10 pm and 6 am</li> </ul>
Health and Safety	<ul style="list-style-type: none"> <li>• 2 exits; door width-32" and height-78"</li> <li>• Staircase 45" wide with handrail, staircase per 150 feet of factory</li> <li>• 1 fire extinguisher per 1000 feet, height of 42" -48"</li> <li>• 1 hook, beater, 2 stretchers, 2 blankets, gas masks, dust masks, lock masks, lock cutter, and fire pails every 1,000 feet</li> <li>• Water tank with a volume of 2,000 gallon is required to support hose</li> </ul>
Electrical Safety	<ul style="list-style-type: none"> <li>• A monthly check for the generator room</li> </ul>
Machine Safety	<ul style="list-style-type: none"> <li>• Sewing machine with pulley covers, belt covers, needle guards and eye guards</li> <li>• Grinding machines must be covered</li> <li>• Boilers must be securely placed</li> <li>• License is required if the boiler capacity exceeds 60 kilograms</li> </ul>
First Aid Policy	<ul style="list-style-type: none"> <li>• 1 first aid box per 150 workers</li> <li>• 1 primary medical team with 2 members</li> </ul>
Welfare Policy	<ul style="list-style-type: none"> <li>• Maintaining a safety record book</li> <li>• Ensuring access to clean drinking water</li> <li>• Canteen facility</li> <li>• Child care facility</li> <li>• Group insurance</li> </ul>
Environment policy	<ul style="list-style-type: none"> <li>• 3 cleaners for every floor</li> </ul>
Discrimination	<ul style="list-style-type: none"> <li>• All workers shall be treated equally</li> </ul>

Key issues	Broad indicators
Forced labour	<ul style="list-style-type: none"> <li>• Working hours should not exceed 8 hours per day</li> <li>• Overtime should not exceed 2 hours a day</li> <li>• No gates shall be locked</li> <li>• Without a document, workers may not be seized</li> <li>• Workers must be 18 years above</li> <li>• Workers joining as trainees should not be subjected to more than 3 months</li> <li>• Young aged workers (14-18 years) can be employed for only 5 hours a day (maximum 30 hours a week)</li> </ul>
Wages	<ul style="list-style-type: none"> <li>• Wage period cannot exceed 30 days</li> <li>• Maximum overtime hours per month = 208 hours</li> <li>• Workers aged less than 15 years of age shall not be fined</li> <li>• Deduction to be effective within 60 days</li> </ul>
Leave policy	<ul style="list-style-type: none"> <li>• Leave application addressed within 2 working days</li> <li>• 1 day leave for every 18 days of work</li> <li>• Leave can be transferred to the next year but accumulation beyond 40 days is not permitted</li> <li>• Causal leave</li> <li>• Sick leave</li> <li>• Maternity leave</li> <li>• Leave encashment</li> <li>• Total awards</li> <li>• Company must have at least one day rest</li> <li>• Festival leave</li> </ul>
Right of Association	<ul style="list-style-type: none"> <li>• Five or more number of trade unions can function in a factory</li> </ul>
Harassment and abuse	<ul style="list-style-type: none"> <li>• Temporary suspension cannot exceed more than 60 days</li> </ul>
Security	<ul style="list-style-type: none"> <li>• Factory walls should be 6ft in height</li> <li>• All gates must be locked apart from the packing, shipping and receiving areas</li> <li>• All doors and windows must have functional locks</li> <li>• Metal detector checks for visitors</li> </ul>

## **CHAPTER 4**

### **CURRENT STATUS AND DETERMINANTS OF THE WORKPLACE SAFETY STANDARDS IN RMG FACTORIES: SURVEY RESULTS**

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This chapter discusses the results of the survey for the 100 RMG firms located in various places of Dhaka, Narayanganj and Gazipur districts. A total of 100 factory managers were interviewed, and to verify the information given by the managers, 500 workers (randomly selecting 5 workers from each factory) were interviewed during August-September 2013. The information given by managers in most cases was verified by the enumerators through a physical observation and document verification. Final results were obtained through a triangulation approach.

Two issues are pertinent for workplace safety:

- i. Whether the safety of the factory buildings are ensured, and
- ii. Whether safety measures are adequate in order to avert any fire initiation.

Therefore, in the factory survey, information was collected on safety issues related to factory buildings and fire initiation. After the collapse of the Rana Plaza in 2013, the issue of safety of the building in which RMG factories are located has come to the forefront in the discussion on workplace safety among the stakeholders. In particular, the concerns are: whether the building was constructed according to BNBC, 2006; whether the structural design of the building has the approval from Rajuk and other competent authorities; whether the factory layout has been approved by the Factory Inspection authority, etc. The placement of an electric generator, factory godown boiler in the building is also concern as the safety of the building hinges on the appropriate placement of this heavy equipment.

RMG factories are highly susceptible to fire as the factory handles combustible material. It is very important for factories to have a properly concealed electrical connection, regular physical examination of the electrical lines, maintenance of the generator, boiler, compressor, regular training on fire-fighting for workers and other employees, emergency fire exits, effective fire extinguishers, sufficiently wider and accessible roads to the factory so that fire brigade vehicles can reach the factory easily, etc.

#### **4.1 Status of the Factory Buildings**

The survey results showed that about 7 per cent of the RMG factories were located in old buildings which were constructed before 1990, and all of them were rented (Table 4.1). It appears that the factory owners chose these buildings perhaps for their low rent despite entailing high risks in terms of safety. These factories are concentrated in Dhaka (57 per cent) and Narayanganj (43 per cent).

**Table 4. 1: Profile of the Factory Buildings**

Construction Period	Bldg. Constructed (%)	Buildings constructed by regions (%)			Avg. No. of stories in building	Building used for factory		Rental status of factories		Average no. of floors	Floor space (average sq. ft.)
		Dhaka	Gazipur	N. ganj		Full (%)	Partial (%)	Rented (%)	Owned (%)		
Before 1990	7.1	57.14	0.0	42.9	6	28.6	71.4	100.0	0.0	3	32,768
1990-2000	37.4	64.8	18.9	16.2	8	21.6	78.4	37.8	62.2	4	55,537
2000-2005	25.3	32.0	40.0	28.0	5	56.0	44.0	32.0	68.0	3	52,425
2006-2013	30.3	30.0	36.7	33.3	6	36.7	63.3	43.3	56.7	4	64,587
<b>Overall</b>		45.5	28.3	26.3	6	35.3	64.7	42.4	57.6	4	55,467
<b>N</b>						<b>100</b>					

Source: BIDS Sample Survey 2013.

About 37 per cent of the factory buildings were constructed during 1990-2000, 25.3 per cent were constructed during 2000-2005 and 30.3 per cent during 2006-2013. In the case of the buildings that were constructed after 1990, majority of the factories are located in owned buildings with the proportion varying between 56.7 per cent and 68 per cent.

On average, factory buildings are six-storied. About 50 per cent of the buildings share their premises with similar types of factories and about 15 per cent of the factory buildings are shared with other offices and businesses. The rest of the 35.3 per cent of the buildings are used fully for a single factory. It is to be noted that the shared factory buildings carry safety risks, as it would be difficult for them to maintain various compliance standards, such as the proper placement of generators, boilers, compressors or emergency exits, etc.

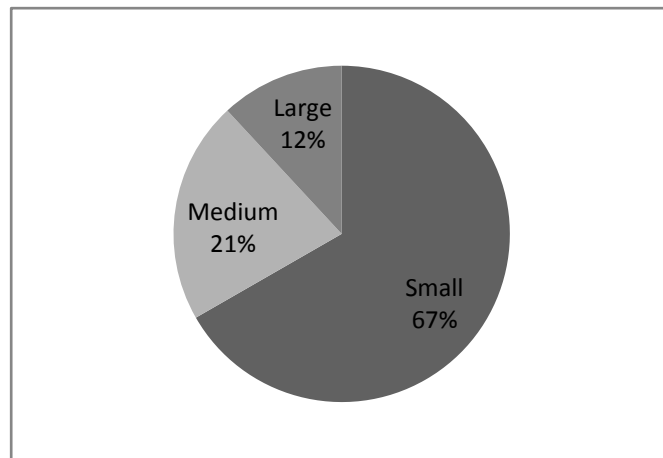
Table 4.2 shows that about 50 per cent of the sampled firms are of a smaller size, having employees that are less than or equal to 500. Nearly 10 per cent of the smaller firms and 9 per cent of the medium firms are located in the old buildings. About 43 per cent of the smaller firms are located in relatively older buildings constructed during 1990-2000. Figure 4.1 shows that smaller firms constitute 67 per cent of the factories located in the rented but old buildings that involve possible safety threats. Therefore, it is important to bring small firms under the strict scanner.

**Table 4.2: Percentage Distribution of Factories in terms of Employment Size and Year of Building Construction**

Employment size	Factory building constructed					Overall
	Before 1990	1990-2000	2001-2005	2006-2013	Row total	
Less than 500 (Small)	10.2	42.9	18.4	28.6	100.0	49.5
501-1,000 (Medium)	8.7	26.1	26.1	39.1	100.0	23.2
1,001-3,000 (Large)	0.0	36.0	36.0	28.0	100.0	25.3
3,000+ (Big)	0.0	50.0	50.0	0.0	100.0	2.0

Source: BIDS Sample Survey 2013.

**Figure 4.1: Size Distribution of the Old Rented Factory Buildings**



Source: BIDS Sample Survey 2013.

#### 4.2 Structural Design and Factory Lay-out

About 25 per cent of the factory buildings, which were constructed before 2000, do not have an approved structural design. About 85 per cent of the factory buildings, constructed after 2000, have approved structural designs. It has been observed that 100 per cent of the factory buildings constructed after 2000 were constructed solely for factory purposes, whereas the proportion is 92 per cent and 71 per cent for the period 1990-2000 and before 1990, respectively (Table 4.3).

In general, a few of the factory buildings carried out expansions. The incidence of expansion is higher (29 per cent) in the case of buildings constructed before 1990 and lower (13.3 per cent - 16.2 per cent) in the case of post-1990 construction groups. However, in the case of pre-1990 buildings, only about 50 per cent of the expansion cases had a proper approval of expansion, while the proportion was 40 per cent in the case of buildings constructed between 1990 and 2000. A relatively higher proportion (75 per cent - 87.5 per cent) of factory buildings constructed after 2000 carried out expansion with proper approval.



**Table 4.3: Approval of Structural Design and Factory Layout Plan**

Description	Factory building constructed				Overall
	Before 1990	1990-2000	2001-2005	2006-2013	
% of buildings that have approved structural design (Yes)	71.4	75.7	84.0	86.7	80.8
Was the building constructed for factory purposes? (Yes)%	71.4	91.9	100.0	100.0	94.9
% of factories that have approved factory lay out (Yes)	100.0	70.2	96.0	93.3	85.9
Any expansion made in the building? (Yes) %	28.6	16.2	16.0	13.3	16.2
% of factories that have permission on factory expansion lay out (Yes)	50.0	40.0	75.0	87.5	

Source: BIDS Sample Survey, 2013.

### 4.3 Workplace Safety Measures in Buildings: Existence of Proper Doors, Emergency Exits and Staircases

Table 4.4 shows that about 46 per cent of the firms have 2 staircases, 37.4 per cent have 3 staircases, 13.1 per cent have 4 staircases and 4 per cent have five or more staircases. The distribution of stairs according to floor size shows that about 68.9 per cent of the factories with two stairs have more than 5,000 sq. ft. of floor space in each floor. The number of staircases in this case is insufficient according to the Bangladesh Labour Law 2006 and 2013, as the Law requires that staircases should have an access from 150 feet. Thus, the firms that consist of more than 5,000 sq. ft. in each floor should be instructed to build a separate emergency exit for the sake of safety.

**Table 4.4: Percentage Distribution of Factories by the Number of Stairs and Floor Space**

No. of stairs\Floor space (sq. ft.)	<=2000	2001-5000	5001-10000	10001-20000	20001+	All
2	15.6	15.6	44.4	15.6	8.9	45.5
3	0.0	5.4	8.1	43.2	43.2	37.4
4	0.0	15.4	15.4	30.8	38.5	13.1
>=5	0.0	0.0	0.0	0.0	100.0	4.0
Total	7.1	11.1	25.3	27.3	29.2	100.0

Source: BIDS Sample Survey, 2013.

Table 4.5 provides information on the status of key workplace safety indicators based on the response of the management officials. As can be seen from the table, on average, factories have 3 doors and all the doors are kept open during working hours. The average number of staircases is 3.

Only about 19 per cent of the sample factories have a separate emergency exit. Others maintain that they have more than one staircase and some of these built-in stairs perform as emergency exits. However, this may not be a tenable position because in the case of a fire in the lower floors of the building, it will be difficult for workers to come out without a separate emergency staircase.

In about 13 per cent of the factories, it is not possible to access these exits/stairs directly from the floor. About 27 per cent of the respondents mentioned that it is not possible to access the emergency staircases from the roof. In 13.4 per cent of the factories, the door/collapsible gate in front of the emergency exits/stairs does not remain open during working hours.

**Table 4.5: Workplace Safety Indicators**

Indicator	Based on response from the management
Average number of doors	3
No. of doors remain open during working hours (average)	3
Average number of stairs	3
% of factories that have constructed the emergency stairs separately	18.8
% of factories where the exits are directed by a sign with an arrow	98.8
% of factories where it is possible to access emergency stairs from each floor	86.7
% of factories where it is possible to go outside directly through the emergency exit/stairs	100.0
% of factories where the collapsible gate in front of the emergency exit remains open during working hours	86.6
% of factories where emergency exits are safe	93.3
% of factories where emergency exit stairs are 45 inches or more wide	93.3
% of factories where one can access the roof easily	97.4
% of factories where 25% space was left vacant on the roof	97.3
% of factories where it is possible to access emergency stairs easily from the roof	73.3

**Source:** BIDS Sample Survey, 2013.

Table 4.6 shows the percentage distribution of factories by employment size and the number of separately built emergency exits. As can be seen from the table, the proportion of factories without a separate emergency exit is 66.7 per cent for big

factories (with more than 3,000 workers) while the ratio varies between 74 per cent and 84 per cent for the other size groups.

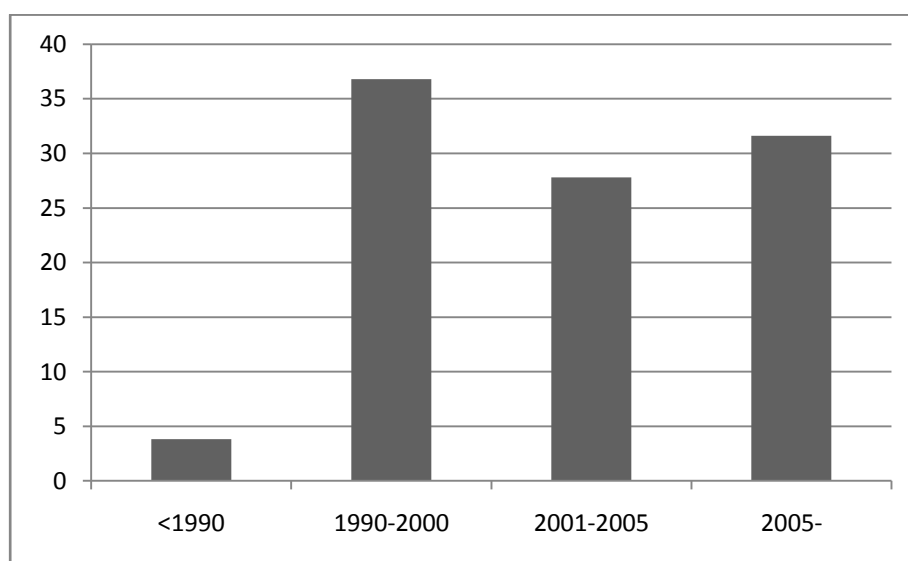
**Table 4.6: Percentage Distribution of Factories by Employment Size and the Number of Separate Emergency Exits/Staircases**

Factory size	No. of emergency stairs			
	0	1	2	4
Small	79.6	16.3	4.1	0.0
Medium	73.9	21.7	0.0	4.4
Large	84.0	12.0	4.0	0.0
Big	66.7	33.3	0.0	0.0
Total	81.2	15.8	2.0	1.0

Source: BIDS Sample Survey, 2013.

A large number of factories that are located in buildings constructed prior to 1990 had a few relatively built-in stairs and hence, they set up separate emergency exits to fulfill the safety requirements. In contrast, factories located in buildings constructed in the post-2000 period have several built-in staircases. As a result, these factories have been found to be reluctant to set-up separate emergency exits and instead they use one of the built-in stairs for that purpose. As Figure 4.2 shows, the absence of a separate emergency exit is alarmingly high in these later groups of factory buildings, which remains an important concern regarding the safety standards of factories.

**Figure 4.2: Percentage Distribution of Factory Buildings that do not have Emergency Exits/Stairs by Year of Building Construction**



Source: BIDS Sample Survey, 2013.

#### 4.4 Fire Safety Issues: Location and Maintenance of Godown, Boiler and Electric Sub-station

The location and maintenance of storehouses, boiler and electric sub-stations are critical to the initiation of a fire outbreak. In the case of 81 per cent of the responding factories, the factory godown has been found to be located inside the factory (Table 4.7). Godowns are situated mostly in the ground floor or the first floor, which is risky regarding workplace safety. Moreover, although it is mandatory for factories to have any electrical connections inside the godown in order to avert the initiation of a fire, 45 per cent of the small factories and more than 20 per cent of the other sized factories were found to have electrical connections inside the godown. About 41 per cent of the factories do have an electric sub-station inside the factory, which is also prone to fire out breaks. About 18 per cent of the factories do not have proper access roads that are more than 20 feet wide. This is necessary to facilitate the movement of fire-brigade vehicles. The ownership patterns of these buildings show that 55 per cent of these factories are located in owned buildings. This means that unlike the rented factories, the possibility of relocating these factories would be low.

**Table 4.7: Workplace Safety Indicators**

Size	Small	Medium	Large	Big	Total
% of factories where factory godown was located inside the factory	77.6	95.7	80.0	33.3	81.0
% of factories having electrical connection inside the godown	44.9	21.7	20.0	33.3	33.0
% of factories where the boiler was surrounded by a safe wall	89.6	100.0	100.0	100.0	94.9
% of factories that perform maintenance checks of the boilers regularly	95.7	91.3	100.0	100.0	95.9
% of factories having electricity sub-station inside the factory	43.5	50.0	28.0	33.3	40.6
% of factories having electric sub-station surrounded by a safe wall	91.3	95.5	96.0	100.0	93.8
% of factories having access roads for the movement of fire service vehicles					
Less than 20 feet	14.3	26.1	16.0	33.3	18.0
20-30 feet	51.0	34.8	60.0	33.3	49.0
30 feet	34.7	39.1	24.0	33.3	33.3

Source: BIDS Sample Survey, 2013.

#### 4.5 Fire Safety Related Issues

During this survey it has been observed that 92 per cent of the factories have updated their fire safety licenses (Table 4.8). Except for small firms, all of the other

firms conduct fire drill training (demonstration) on a regular basis (monthly). While 69.4 per cent of the small firms conduct training 12 times a year, more than 90 per cent of other firms conduct training 12 times a year. Almost all the factories have a valid fire extinguisher and they maintain records of their fire-fighting demonstrations. Seventy-five per cent of the firms claim that they have underground water reservoirs which are connected with the main fire pump; however, it has not been possible for the enumerators to verify this claim. It has been revealed that only 15.6 per cent of the total workers have received proper fire-fighting training from the Fire Service and Civil Defense authorities. Overall, it has been observed that smaller firms are lagging behind the relatively bigger firms in maintaining fire safety standards, and, thus, they are more prone to the risk of fire initiation.

**Table 4.8: Workplace Safety Indicators (Fire safety related)**

Indicators	Small	Medium	Large	Big	Total
% of factories having updated fire licenses	93.9	87.0	92.0	100.0	92.0
% of factories where firefighting training is done regularly (monthly)	91.8	100.0	100.0	100.0	96.0
If yes, % of factories that do it in a year					
<12 times	30.6	13.0	8.0	0.0	20.0
12 times	69.4	87.0	92.0	100.0	80.0
% of factories where firefighting training related records are maintained	87.5	95.7	100.0	100.0	92.9
% of factories where valid fire extinguishers are available	100.0	100.0	100.0	100.0	100.0
% of total workers trained on fire protection	17.6	13.9	14.9	5.2	15.6
% of factories having water reservoirs in the roof to fight with fire (Yes)	85.7	100.0	83.3	66.7	87.9
% of factories where the underground water reservoir is connected with the main fire pump	67.4	87.0	76.0	100.0	75.0
% of factories having a necessary number of hose reels for fire fighting	91.8	100.0	88.0	100.0	93.0
% of factories having alarm systems for fires or other disasters	98.0	100.0	100.0	100.0	99.0

**Source:** BIDS Sample Survey, 2013.

## 4.6 Safety Issues relating to Electricity

Faulty electric lines often cause fire. Moreover, the location of electric generators, main switch board, cutout systems, etc. is also important for avoiding fires from mishaps that can arise from faulty electric lines and generators. It has been observed that 45 per cent of the factories have electric generators located in the ground floor, within the factory premises. The proportion is 53.3 per cent in the case of small factories (Table 4.9). For the rest, the generator is located outside the factory. The performance of smaller factories in maintaining the electric line examination, boiler examination, lift and hoist maintenance records is poor relative to other factories. Some sort of obstacles in front of the electric main switch board has been observed for about 20 per cent of the large factories, which is a threat to electric safety.

**Table 4.9: Safety Standards relating to Electricity**

Indicators	Small	Medium	Large	Big	Total
% of firms that have electric generators inside the building	53.3	24.4	20.0	2.2	45.0
% of firms where the generator is surrounded by a safe wall	91.8	91.3	84.0	66.7	89.0
% of firms where the hoist and lift are regularly examined by competent persons	52.2	75.0	66.7	100.0	64.2
% of firms that maintain a lift and hoist maintenance record	63.6	93.3	92.3	100.0	80.8
% of firms where electric lines are concealed safely	98.0	100.0	100.0	100.0	99.0
% of firms where electric lines are examined regularly	95.9	100.0	100.0	100.0	98.0
% of firms where the electric line examination record is maintained	73.5	95.7	100.0	100.0	86.0
% of firms where main electric switch board is located					
Outside the factory	71.4	73.9	84.0	66.7	75.0
Inside the factory	28.6	26.1	16.0	33.3	25.0
% of the firms where there is any hindrance before the main-switch	14.3	34.8	20.0	0.0	20.0
% of firms that have an electric cutout system in each floor	98.0	100.0	100.0	100.0	99.0

**Source:** BIDS Sample Survey, 2013.

## 4.7 Workplace Safety Standards: Workers' Perspective

Workers' response also suggests that a good proportion of the smaller firms are relatively less compliant compared to the other groups of firms (Table 4.10). It is observed that nearly 29 per cent of the larger firms do not have a sufficiently wide accessible road. It has also been observed that only 30.4 per cent of the workers are trained in firefighting drills. Although the storehouse is supposed to be located outside the building, in cases of almost all of the firms, storehouses are located inside the factory in the ground floor.

**Table 4.10: Doors, Stairs and Emergency Exit: Response from Factory Workers**

Safety indicators	Small	Medium	Large	Big	Total
% of factories where the doors remain open during working hours	100.0	100.0	100.0	100.0	100.0
% of factories where the exits are directed by a sign with an arrow	95.8	95.6	96.8	100.0	96.1
% of factories where the collapsible gate in front of the exit remains open during working hours	92.6	86.9	100.0	100.0	92.9
% of factories where the staircases are 45 inches or wider	86.7	99.1	91.9	100.0	91.4
% of factories where one can access the roof easily	93.2	89.9	97.3	100.0	93.6
% of factories where the access road is sufficiently wide for fire brigade vehicle movement	95.4	98.3	88.7	71.4	93.7
% of factories where the factory godown was located inside the factory	75.3	94.2	79.6	31.0	80.2
<b>Fire Safety</b>					
% of factories where the fire drill training is done regularly (monthly)	96.7	99.1	98.4	100.0	97.8
Frequency of fire drill training in a year	11	12	13	15	11
% of factories where the fire alarm is available	97.1	99.1	100.0	100.0	98.4
% of workers trained on fire protection	26.1	41.2	29.8	21.4	30.4
<b>Electric Safety</b>					
% of factories where the IPS/charger light is available in exits in the time of a disaster	91.7	96.5	99.2	100.0	94.9
% of factories where there is an available cutout system in each floor	95.9	98.3	97.6	78.6	96.4
<b>N (Sample size)</b>	<b>500</b>				

Source: BIDS Sample Survey, 2013.

## CHAPTER 5

### INDUSTRY RELATIONS AND LABOUR STANDARDS

#### 5.1 Appointment Letter, ID Card and Service Book

The findings from the sample survey reveal that the requirements of the Labour Law with regard to the issuance of appointment letters and identity cards and maintenance of personal files and service books are not being fully complied with (Table 5.1). According to the factory management, about 99 per cent of the workers have been provided with appointment letters and 97.2 per cent of the workers have received identity cards. Similarly, 97.4 per cent of the factories maintain a personal file of the workers but only about 84 per cent of the factories maintain service books. The response of the workers shows the level of compliance to be somewhat lower. With respect to the maintenance of service books, the workers indicate that only 66.5 per cent of the factories are compliant.

**Table 5.1: Service Compliance for Workers**

Indicators	Response from the management					Workers' response
	Small	Medium	Large	Big	Total	Total
% of workers who have received appointments/ contract letters	97.9	100.0	100.0	100.0	98.9	94.9
% of workers who have received identity cards	94.8	99.9	99.8	100.0	97.2	94.7
% of factories that maintain a personal file of workers	95.0	99.8	99.6	99.3	97.4	87.0
% of factories that maintain service book for workers	79.7	94.8	84.0	66.6	83.9	66.5
Working hours (except overtime)	8	8	8	8	8	8
Leisure/lunch time (hours)	1	1	1	1	1	1
% of factories where signature is taken in the time-card/punch-card	83.7	91.3	92.0	100.0	88.0	82.0

**Source:** BIDS Sample Survey, 2013.



## 5.2 Wages and Benefits

Information collected from both the management and the workers suggested that wage and overtime payments are duly cleared by most factories (Table 5.2). According to the factory management, about 76 per cent of the factories pay workers' wages by the 7<sup>th</sup> day of the month, while the workers put that proportion at about 67 per cent. Only 3 per cent of the factories according to the management and 4.7 per cent of the factories according to the workers pay wages after the 10<sup>th</sup> day of the month. The situation is somewhat worse with respect to overtime payments. Seven per cent of the factories according to the management and nearly 11 per cent of the factories according to the workers make overtime payments after the 10<sup>th</sup> day of the month.

**Table 5.2: Wages, Overtime and Bonus**

Indicators	Response from the management					Workers' response
	Small	Medium	Large	Big	Total	Total
% of factories making salary payments after indicated days of the month						
<7 days	2.0	21.7	12.0	33.3	10.0	15.0
7 days	67.4	65.2	64.0	66.7	66.0	51.6
8-10 days	26.5	13.0	20.0	0.0	21.0	28.7
>10 days	4.1	0.0	4.0	0.0	3.0	4.7
% of factories having the indicated monthly maximum overtime hours						
<48 hours	10.2	4.4	12.0	0.00	9.0	24.6
48 hours	20.4	26.1	20.0	33.3	22.0	58.9
>48 hours	69.4	69.6	68.0	66.7	69.0	16.5
Overtime payment (% of basic salary)	200	200	200	200	200	200
% of factories making overtime payments after indicated days of the month						
<7 days	2.0	21.7	12.0	33.3	10.0	14.9
7 days	67.4	65.2	64.0	66.7	66.0	52.7
8-10 days	20.4	8.7	20.0	0.0	17.0	21.7
>10 days	10.2	4.4	4.0	0.0	7.0	10.7
% of factories paying the following bonuses						
Attendance bonus	89.8	100.0	100.0	100.0	95	89.3
Production bonus	4.14	34.8	52.0	33.36	24.0	17.4
Lunch bill	6.1	21.7	32.0	6.7	17.0	14.8
Conveyance	100.0	21.7	32.0	33.3	16.0	9.7
Festival bonus		100.0	100.0	100.0	100.0	97.8
% of factories where participation fund was created	18.4	47.8	36.0	0.0	29.0	15.6
% of firms where welfare fund was created	24.5	60.9	60.0	66.7	43.0	36.9

In the case of small factories, 100 per cent of the respondents reported paying a festival bonus, while about 90 per cent paid attendance bonuses. The incidence of paying production bonuses, lunch bills and conveyance is negligible in small factories. In larger size groups, 100 per cent of the factories pay attendance and festival bonuses and the payment of production bonuses, lunch bills and conveyance by the factories varies from a low proportion of 22 per cent to a high proportion of 67 per cent amongst the different sized groups. As in the case of census results, the formation of welfare and participation committee/fund has come out in the sample survey as the major area of non-compliance.

In general, the compliance levels indicated by the workers are somewhat less than that reported by the management. Also, small factories are observed to have lagged behind in complying with most of the indicators.

### 5.3 Health Issues

Table 5.3 shows that the number of first aid boxes per 150 workers is 3, which is well above the required standard of 1 box per 150 workers. For each floor, the number of first aid boxes is 4 on an average, which is 2 for small firms, 4 for medium, 6 for large and 13 for big firms. However, only 5.2 per cent of the workers had received first aid training. About 78 per cent of the small factories reported having a stretcher, while in the case of larger factories, 96 per cent - 100 per cent of the factories had a stretcher.

**Table 5.3: Healthcare and Hazard Management**

Indicators	Response from the management					Workers' response
	Small	Medium	Large	Big	Total	
Number of first aid boxes in each floor (average)	2	4	6	13	4	5
Number of first aid boxes per 150 workers	4	2	2	3	3	-
Percentage of workers who received training on first aid box	6.3	4.2	3.8	7.6	5.2	-
% of factories having stretchers	77.6	100.0	96.0	100.0	88.0	82.0
% of factories having doctor	63.3	100.0	96.0	100.0	81.0	83.2
Full-time (%)	31.6	47.8	40.0	0.0	34.0	--
Part-time (%)	31.6	52.2	56.0	100.0	47.0	--
Average number of doctors per factory	1	1	1	1	1	--
% of factories that bear full treatment cost in case of professional accidents	98.0	100.0	92.0	66.7	96.0	70.8
% of factories where proper safeguards are taken for machinery to avoid accidents	95.9	100.0	100.0	100.0	98.0	87.2

**Source:** BIDS Sample Survey, 2013.

All factories reported having a maximum of one doctor for all their workers. In 47 per cent of the factories, the doctor attends the factory on a part-time basis, while fulltime doctors were found in 34 per cent of the factories. In case of any professional accidents, about 96 per cent of the firms bear the full treatment cost. However, workers reported this proportion to be about 71 per cent. In general, the health and safety issues seem to be inadequately addressed in the RMG factories and, clearly, there is room for improvement in all these aspects.

## 5.4 Leave Policy

Ninety-seven per cent of the responding factories have already adopted a leave encashment policy (1 day for 18 days of work) for the workers (Table 5.4). Ninety-eight per cent of the factories allow maternity leave. All of the factories reportedly allow weekly holidays, festival holidays, casual leaves and medical leaves. However, about 5 per cent of the factories do not allow any leave on other government holidays. The workers' response indicates a somewhat higher incidence of non-compliance.

**Table 5.4: Leave Policy**

Indicators	Response from the management					Workers' response
	Small	Medium	Large	Big	Total	
% of factories where leave encashment policy was adopted (1day leave for 18 days work)	95.9	100.0	95.8	100.0	97.0	78.1
% of factories that allow maternity leave	98.0	100.0	96.0	100.0	98.0	90.5
% of factories that allow the following types of leave for workers						
Weekly holiday	100.0	100.0	100.0	100.0	100.0	100.0
Casual leave	100.0	100.0	100.0	100.0	100.0	84.0
Govt. holiday	93.8	95.7	96.0	100.0	95.0	94.9
Festival holidays	100.0	100.0	100.0	100.0	100.0	98.8
Medical leave	100.0	100.0	100.0	100.0	100.0	92.1

**Source:** BIDS Sample Survey, 2013.

## 5.5 Canteen and Toilet Facility

Only 39 per cent of the responding RMG factories have canteen facilities (Table 5.5). Canteen facilities are not available in majority of the small and large factories. Ninety-seven per cent of the firms reportedly provide safe drinking water to its workers. It is observed that within each floor of the factories, there are, on average, 8 ladies toilets and 7 gents' toilets. Seventy-eight per cent of firms have a daycare centre, although the service quality of the centre is questionable in most cases. A good number of small and large firms lack this facility. Response from the workers shows a fairly similar picture.

**Table 5.5: Canteen, Drinking Water and Toilet Facilities**

Indicators	Response from the management					Workers' response
	Small	Medium	Large	Large+	Total	
% of factories having canteen facilities	22.5	65.2	44.0	66.7	39.0	37.1
% of factories providing safe drinking water for workers	93.9	100.0	100.0	100.0	97.0	96.4
Ladies toilet (average number/floor)	5	10	11	9	8	9
Gents toilet (average number/floor)	6	7	9	10	7	7
% of factories having daycare centre	61.2	100.0	88.0	100.0	78.0	69.0

**Source:** BIDS Sample Survey, 2013.

## 5.6 Human Resource Issues

While about 71 per cent of the small and 87 per cent of the medium firms have a separate human resource department, almost all large and big firms have this department (Table 5.6). Only 12 per cent of the firms have some sort of labour organisation as of August 2013; however, no labour organisation is found in big firms. Almost all of the sample firms reported that they do not employ any child labour.

**Table 5.6: Human Resource Issues**

Indicators	Response from the management					Workers' response
	Small	Medium	Large	Big	Total	
% of firms having separate human resource department	71.4	87.0	100.0	100.0	83.0	70.7
% of firms having any labour organisation	12.2	17.4	8.0	0.0	12.0	7.9
% of factories with indicated number of child workers						
0	95.9	95.7	100.0	100.0	97.0	95.9
1-10	2.0	4.4	0.0	0.0	2.0	2.8
10+	2.0	0.0	0.0	0.0	1.0	1.3
Number of cleaners per firm	11	18	32	118	21	25
Number of own electrician	1	1	1	1	1	--

**Source:** BIDS Sample Survey, 2013.

## 5.7 Awareness regarding Workplace Safety and Compliance Issues

As mentioned earlier, a Focus Group Discussion (FGD) was held with a few managers and workers to understand their knowledge gap towards compliance issues. While the compliance managers were found to be generally knowledgeable about the pertinent issues, a general lack of awareness was observed among the managers and workers regarding workers' rights and relevant labour standards and compliance issues. However, both sides agreed that suitable training on rules and regulations regarding workplace safety and labour standard would benefit them in pursuing the matters more effectively.

## **CHAPTER 6**

### **CONCLUSIONS AND POLICY RECOMMENDATIONS**

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#### **6.1 Implementation Failure and the Need for Monitoring and Follow-up**

The review in Chapter 3 of the 2013 amendment of the Bangladesh Labour Law 2006 has shown that the amendment has been directed towards attending some of the inadequacies of BLL 2006. As indicated in that Chapter, the 2013 amendment also has certain limitations in addressing workplace safety and Labour standard issues in the current context of the Bangladesh economy.

However, what the findings of the present survey based study has revealed is that the main problem of workplace safety and labour standards in the export-oriented RMG industries in Bangladesh is not so much with respect to the inadequacies of the Labour Laws as it is with the implementation of whatever law that exists currently.

The census questionnaire administered in this study was sent through mail. But even the response to the mailed questionnaire has indicated striking instances of non-compliance.

The Unified Code of Conduct 2006 was adopted with the agreement of all stakeholders and BGMEA and BKMEA conduct their own audit to monitor the implementation of this code. However, the response to the census questionnaire shows that the extent of non-compliance (i.e. absence of full implementation) is 33 per cent in the case of BGMEA factories and 63 per cent in the case of BKMEA factories.

The response to the census questionnaire also shows that the proportion of factories that were ranked as compliant by at least one external auditor is only 42 per cent in the case of factories with up to 500 workers and 81 per cent in the case of factories with more than 3,000 workers.

In the sample survey that followed the mailed census questionnaire, field enumerators collected relevant information by interviewing the management and selected workers of the sample factories. One notable feature of the findings of the sample survey is that according to both management and workers, a significant proportion of the factories do abide by the requirements of workplace safety and labour standards, although the level of compliance indicated by the workers is somewhat less than that claimed by the management.

However, as elaborated in this report, there are some critical areas of failure which renders the industry vulnerable to the type of accidents that has been witnessed in the past. The fact that in about 13 per cent of the factories, the door/collapsible gate in front of the emergency exits/stairs does not remain open during working hours and the fact that in 81 per cent of the factories, the factory godown has been found to be located in the ground floor within the factory makes a

mockery of the claim that nearly 92 per cent of the factories have updated fire licenses.

Thus, it is integral to develop an effective monitoring and follow-up mechanism to ensure quick and full implementation of all aspects of workplace safety and labour standard starting with the areas of concern indicated in this report.

The foreign buyers through an external audit have played a critical role in bringing about significant improvements in the workplace and labour standards in recent years. But they alone cannot be expected to ensure full implementation of the relevant laws and regulations.

The audit carried out by BGMEA and BKMEA has not proved to be very effective. Moreover, there are many small RMG factories which carry out sub-contracting activities but are not members of either BGMEA or BKMEA.

Thus, a combined and concerted effort on the part of all stakeholders is critically important for putting in place an effective monitoring and follow-up mechanism.

It needs to be acknowledged, however, that solutions to some of the problems mentioned in this report are of a medium to a long-term nature. Thus, for example, the high incidence of buildings with unapproved structural designs, or lack of 20 feet or wider access roads in a significant proportion of owned factory buildings requires a relocation of these factories into suitable buildings that cannot be realised in the short run.

Therefore, along with the drive towards developing an effective monitoring and follow-up mechanism, medium and long run strategies need to be worked out for bringing about improvements in the areas involving infrastructure, housing, transportation and related needs.

## **6.2 Policy Recommendations**

Based on the findings of the present study, the following recommendations are being made for designing appropriate monitoring and follow-up actions in respect to the workplace safety and compliance issues in the export-oriented RMG industries in Bangladesh.

- Smaller factories, particularly those with less than 500 workers, and factories located in Dhaka district have been found to be, in general, less compliant and so greater attention with regard to monitoring and follow-up should be directed towards these factories.
- Factories located on old shared buildings are prone to safety threats, as it is difficult to maintain compliance in a shared building. These factories should be asked to relocate their units into “single factory buildings” within a certain period of time, say 3-5 years.

- Lack of easy and unrestricted access to the staircase was observed in the case of a significant number of surveyed factories. This safety needs to be addressed urgently.
- Follow-up measures should be taken to remove warehouses located in the ground floor of the factory building and power sub-station located within the factory building.
- Factories located in rented premises without a 20 feet access road should be asked to relocate their factories within a given time.
- Measures should be taken to ensure a more broad-based training of workers in firefighting.
- Inadequate canteen and health facilities are concerns that need to be attended urgently.
- Training on safety/compliance standards should be organised by BGMEA/BKMEA and/or MOL&E for managers of factories on a regular basis.
- The manpower and institutional capacity of the MOL&E need to be enhanced significantly to ensure effective monitoring and follow-up of the diverse compliance issues. There is also the need for effective coordination amongst MOL&E, BGMEA, BKMEA, the foreign buyers and ILO with respect to monitoring and follow-up actions.

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# Appendix

## I. Workplace Hazards: A Review

Workplace safety issues have come into the forefront in recent times with the onset of some workplace hazards. The rapid expansion of the RMG industry has led to increased industrial accidents in recent years. Casualties have increased significantly during 2010-13, mainly due to two big incidents—Fire at Tazreen Fashion and the Rana Plaza collapse. With the increase of exports over time, casualties also increased due to the lack of proper workplace safety.

Such casualties occurred for many reasons. The rapid expansion of the industry has led to the conversion of many buildings which were built for other purposes, into factories, often without the required permits. Others have had extra floors added or have increased the workforce and machinery to levels beyond the safe capacity of the building. Many factories are run throughout the day and night in order to meet production targets. The establishment of factories, or the conversions of other buildings into garment factories, has often been done as quickly and as cheaply as possible, resulting in widespread safety problems, including faulty electrical circuits, unstable buildings, inadequate escape routes and unsafe equipment.

In April 2005, 64 garment workers were killed and 80 were injured when the Spectrum factory, producing clothing for Inditex and Karstadt Quelle, among others, collapsed. The incidence was a reflection of the poor safety standard of the industry that employs workers often in buildings that are not fit for purpose. The Spectrum tragedy brought worldwide attention to the safety problems in the garment industry.

According to the Bangladesh Institute of Labour Studies (BILS), 431 workers died in 14 major fire incidents between 1990 and 2012. However, according to the Bangladesh Fire Department, 414 garment workers were killed in 213 factory fires between 2006 and 2009. It seems that there are discrepancies in statistics on hazardous events that occurred in the RMG industry.



**Table A 1: Year Wise Record of Accidents in Textile and Clothing Sectors of Bangladesh**

Year	Accident	Name of the Industries	Causalities	
			Killed	Injured
1990	Fire	Sareka Garments	32	
1996	Fire	Lusaka Garments	2	
1997	Fire	Rahman & Rahman Apparels	22	
	Fire	Tamanna Garments	27	
	Fire	Nouvelle Garment, Florence Fabric & Modern Garment	5	50
2000	Fire	Chowdury Knitwear	53	150
2001	Fire	Maico Sweater	24	
2002	Fire	Globe Knitting	12	
2004	Fire	Misco Supermarket building	9	
2005	Building collapse	Spectrum factory	64	64
	Fire	Shan Knitting	23	
2006	Fire	KTS Fabrics	63	150
	Fire	Jamuna Spinning Mill	6	
	Fire	Phoenix Fabrics	21	50
2010	Light bulb burst	Sayem Fashion	6	50
	Fire	Garib & Garib Sweater	21	10
	Fire	Hameem group	26	100
2011	Fire	Eurotex	2	62
2012	Fire	Tazreen	117	300
2013	Fire	Smart Fashion	10	35
	Building Collapse	Rana Plaza, a house of 5 clothing units	1,135	2,500
	Fire	Tung Hai Sweater Factory	8	

**Source:** Newspaper; “Clothing Sector gets another death toll,” *Textile Today*, May 2013.

## **II. Actions Taken so far to Improve Institutional Safety in Bangladesh**

Following the Spectrum tragedy, demands were made to buyers, the industry owners and the Bangladesh government to take steps to improve the safety of garment factories. This included developing a programme of inspections to check the building safety of garment factories and the establishment of a multi-stakeholder oversight committee, which would include representatives of employers, government, trade unions and fire and safety experts, to investigate and monitor building safety issues.

Some other measures were taken, including the stepping up of buyer requested audits focused on building safety; the setting up of a government task force to look into safety, which included a point of contact where workers and others could raise their concerns; and the involvement of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) in unannounced inspections to check on the access to fire exits.

Various stakeholders raised concerns that this response was not systematic enough, that there was limited capacity for doing any more than ad hoc visits and a lack of effective follow-up. In fact, the government task force remained largely limited to the compiling of long lists of improvements needed, most of which were already established in Bangladesh law, and did little in the way of implementation or enforcement. Given that, these actions were limited to larger factories owned by BGMEA/BKMEA members. There were also concerns that factory owners would simply sub-contract orders to smaller factories that were outside the remit of the task force and BGMEA inspections, thereby avoiding inspections or costly remedial actions. These concerns were soon proved to be well founded. In 2006, after these measures were introduced, a dozen more workers were killed in a number of safety incidents, including 63 at KTS Textile Industries, 22 at Phoenix and 3 at Sayem Fashions, proving, beyond doubt, that the actions taken so far were insufficient.

During 2006, the Multi Fibre Arrangement Forum Bangladesh (MFA Forum), which brought together representatives of the government, industry, buyers and trade unions, held meetings to thrash out a more structural response to the problems of building safety, but ultimately failed to reach an agreement or carry out any practical work in this area. Following the tragedy at Garib and Garib in February 2010, various parties once again tried to pull together a multi-stakeholder approach to dealing with fire safety. In May 2010, a proposal was made to organise a meeting, bringing together government, buyers, industry and trade unions. This meeting finally took place in December 2010. It was attended by the representatives of the buyers, the garment industry, trade unions and labour rights groups. The meeting focused on sharing progress on an individual programme being carried out by the buyers, the BGMEA and trade unions, which were largely limited to an increased focus on electrical inspections. The meeting resulted in a few, if any, concrete proposals for action, apart from an agreement to meet again in the near future. Less than two weeks after the meeting, the fire at “That’s It Sportswear” (Hameem Group) took the lives of 29 workers.

A third multi-stakeholder meeting was held in Dhaka in April 2011 bringing together representatives of the BGMEA, trade unions and buyers. The government was represented by officials from the Fire Safety Department and the Building and Factories Departments. Participants discussed the signing of a Memorandum of Understanding (MoU) that would establish a programme of work aimed to prevent future tragedies, the implementation of which would be overseen by a multi-stakeholder task force. It was agreed that more negotiations would be necessary to address various aspects of the MoU and no action was agreed upon during the meeting. It was foreseen that negotiations would continue until the summer, with the hope that a final MoU would be signed within months.

The hope for the MoU failed to materialise during 2011, but negotiations continued behind the scenes. On the 15<sup>th</sup> of March 2012, a MoU was signed between PVH Corp., a US company owning several brands, including Tommy Hilfiger and

Calvin Klein, and Bangladeshi and international labour rights groups and trade unions, including both the Clean Clothes Campaign and the International Textile Garment and Leather Workers Federation. The MoU outlines a programme of work which allows for independent building inspections, worker rights training, public disclosure and a long-overdue review of safety standards. It is transparent as well as practical, and unique in being supported by all key labour stakeholders in Bangladesh and internationally. On the 14<sup>th</sup> of September 2012, Tchibo was the second retailer to sign the MoU.

### **III. BGMEA Insurance Scheme**

BGMEA and BKMEA have made it mandatory for their members to pay into a group insurance which provides compensation to the families of workers in the case of death. RMG companies have to deposit the yearly due insurance premium amount to BGMEA/BKMEA, which thereafter pay the amount to the insurance company on behalf of the said member. If any claim arises due to the death of a worker, the insurance company will pay the claimed money to BGMEA/BKMEA. BGMEA/BKMEA, thereafter, they will pay the said money (100,000 Taka) to the deceased worker's nominee(s) directly. Unless the workers are covered with insurance, BGMEA/BKMEA would not grant export permission to that company.

### **IV. The Role and Responsibilities of Different Stakeholders to Prevent Future Tragedies**

Within the UN Guiding Principles it is the role of the national governments to “Protect” their citizens from human rights impacts of business operations. This should include actions to prevent and investigate abuses as well as measures to punish and redress. Where abuses are taking place as a result of business practices, governments carry a responsibility if they fail to take appropriate steps to prevent abuses occurring.

Although Bangladesh does have regulations in regard to building safety, they are not sufficient to provide real protection to workers. Furthermore, the government's ability to enforce even these limited regulations is woeful. According to a report by the Bangladesh Occupational Safety, Health and Environment Foundation (OSHE), in 2008, there were only 80 personnel involved in inspection activities for the entire country divided among four major cities with jurisdiction over 24,299 registered factories, roughly three million shops and establishments, and two major ports. Of these personnel, only 20 were solely responsible for occupational health and safety issues.

According to a report to the ILO in 2011, regarding the number of inspectors’, they had increased to 93, as well as the number of new workplaces had also dramatically increased during this period. Bangladesh's failure to implement a robust and credible Labour inspectorate has regularly been criticised by the ILO Committee of Experts. In the 2011 Report of the Committee of Experts to the ILO

Congress, it criticised the failure of the Bangladesh government to increase investment in its labour inspectorate, to recruit more labour inspectors or to properly train those already working. It also raised concerns in regard to the practice of providing a significant advance notice of inspections and the authority and credibility of the inspectorate.

