



সেন্টার ফর পলিসি ডায়ালগ (সিপিডি)
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Setting up a Factory in Bangladesh

*Institutional, Operational and Legal Requirements in RMG,
Pharmaceutical, Leather and Food Processing Sector*



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**READYMADE GARMENTS
FACTORY**



**PHARMACEUTICAL
FACTORY**



**FOOD PROCESSING
FACTORY**



**LEATHER PROCESSING
FACTORY**



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Contents

1. Introduction
2. Institutional requirements for setting up a factory in the targeted sectors
3. Specific license, registration and certification prioritized to set up factory
 - 3.1 RMG sector
 - 3.2 Pharmaceutical sector
 - 3.3 Food Processing sector
 - 3.4 Leather and footwear sector
4. Audits/standards followed in factories: case of RMG sector
5. Public institution's plan to address informal factories: case of RMG factories
6. Limitations and challenges: Legal and Institutional
7. Recommendation for easing the process of setting up factories
8. Introducing new website on Setting up Factories



1. Introduction



1. Introduction

- In Bangladesh, the entire factory set-up procedure is tedious
 - It requires a long list documents including permits, licenses, certifications, registration, and other paperwork
- There is acute scarcity of information on institutional, operational and legal requirements as regards building and environmental safety
 - Entrepreneurs and investors find it challenging to locate secretariats or offices to submit the necessary documents
- This study aims to identify and share the document-related conditions and requirements
 - On registration, licensing and certification from various public agencies for setting up factories in RMG, food processing, pharmaceuticals, leather and footwear sectors.
- The study has been conducted from the perspective of various compliance issues
 - These include building safety; labour and environmental safety; and fire safety
 - It does not cover the entire process from a commercial point of view
- The study has two parts: (a) preparing a study report and (b) preparing a website



**2. Institutional requirements for setting up a factory
in the targeted sectors**

2.1 Mandatory licensing, registration and certification requirements for setting up a factory

- Opening up a factory in any of the targeted sectors requires quite a long list of commercial documents in addition to the environmental and social registration, licensing and certification.
 - ✓ Export Registration Certificate (ERC)
 - ✓ Import Registration Certificate (IRC)
 - ✓ Registrar of the Joint Stock of Companies (RJSC)
 - ✓ Value Added Tax (VAT) registration certificate
 - ✓ Trade license (for manufacturing)
 - ✓ Tax Identification Number (TIN)
 - ✓ Export Promotion Bureau (EPB) enrolment certificate
 - ✓ Bank Solvency Certificate
 - ✓ Article of Memorandum
 - ✓ Certificate of Incorporation
 - ✓ BOND license and general BOND
 - ✓ Bangladesh Investment Development Authority (BIDA) registration (local and foreign investment projects)
 - ✓ Ad-hoc IRC/BIDA recommendation/BIDA *suparishnama*
 - ✓ Bonded warehouse license
 - ✓ Construction certificate
 - ✓ Registration certificate of patent trademarks registration
 - ✓ Copyright registration
 - ✓ Work permit for foreign nationals

2.2 Sector specific license, registration and certification prioritized to set up factory

- In order to meet the structural/building safety standards every factory in all the targeted sectors need the building permit from RAJUK/city corporation/development authorities according to the factory location.
 - The business or factory owners have to submit a number of documents such as Drawing AutoCAD (DWG), City Survey Porcha, Copy of Allotment Letter, Copy of Duplicate Carbon Receipt (DCR), Environment clearance, Key Point Installation Defense Committee (KPIDC) clearance copy, and an exhaustive list of other relevant documents.
- In order to get fire safety license and fire safety plan, entrepreneurs need to submit the filled-in prescribed form with the necessary documents such as trade license, land deed, approved building design, and NOC (no objection certificate) safety plan, among others.
 - To fulfil environmental safety compliances, factories need to collect the Environmental Clearance Certificate from the Department of Environment (DoE).



2.2 Sector specific license, registration and certification prioritized to set up factory

- As for the procedure to obtain license from the Department of Inspection for Factories and Establishments (DIFE), an entrepreneur needs to submit a long list of documents to DIFE for the license alongside with the filled-in forms.
 - These include trade license copy rent agreements/copy of land rejection, soil test report, fire license, structural design/drawing prepared by a renowned engineer or engineering consulting firm, load bearing capacity certificate provided by a renowned engineer or engineering consulting firm, and so on.
- In addition to all these licenses/certificates/registrations, there are a few special licenses which are required
 - Drug license from the Directorate General of Drug Administration (DGDA)
 - Standard certificate from Bangladesh Standards and Testing Institution (BSTI)
 - Export Processing Zone (EPZ) factory licenses from BEPZA

3. Specific license, registration and certification prioritized to set up factory

3.1 Specific license, registration and certification prioritized to set up factory in RMG sector

List of documents required from social and environmental point of view

Building Permit



- Rajdhani Unnayan Karttripakkha
- Dhaka City Corporation
- Narayanganj City Corporation
- Chattogram Development Authority
- Khulna Development Authority

Fire safety from FSCD



- Fire License
- Fire Safety Plan



License from Department of Environment (environmental safety)



Factory or establishment License from DIFE



EPZ Factory or establishment License from BEPZA

3.1.1 Building Permits: RAJUK

- The entrepreneurs who want to open up a factory in the capital city need to collect building permit from RAJUK by submitting the following documents.

Requirements for building permit from RAJUK

Mandatory Documents	Other Documents	Clearance	Certificate
<ul style="list-style-type: none"> Indemnity Bond Drawing AutoCAD (DWG) 	<ul style="list-style-type: none"> Action taken according to Gadget City Survey Porcha Copy of Allotment Letter Copy of Duplicate Carbon Receipt (DCR) Copy of Power of Attorney Dhaka Transport Co-ordination Authority FAR Calculation Document Instrument documents Letter of Gov. allotted Land/Plot Mutation copy NID copy 	<ul style="list-style-type: none"> Civil Aviation clearance copy Clearance Certificate NOC from different authorities Clearance from the Department of Housing and Public Works Environment clearance Key Point Installation Defence Committee (KPIDC) clearance copy Special Security Force (SSF) clearance copy Titas Clearance Certificate 	<ul style="list-style-type: none"> City Corporation Certificate DC Traffic Certificate Developer's RAJUK Enlistment Certificate Electricity Certificate Enlistment Certificate of Civil Engineer Fire Service Certificate Land Use Clearance Certificate Special Project Permission Certificate WASA Certificate

3.1.1 Building Permits: RAJUK

Requirements for building permit from RAJUK (Cont.)

Drawing and Map	DEED (Whichever required)	Tax and Signature	Others
<ul style="list-style-type: none"> • Ammonia Sheet (JPG) • Auto Cad (DWG) • Old Drawing (for 3RC) • Draft survey map • Gazette wise map and deeds description • Mouza map • Plot joining map 	<ul style="list-style-type: none"> • Heba Deed • Lease Deed • Ownership Deed • Purchase deed 	<ul style="list-style-type: none"> • Land tax copy • Holding tax receipt • Engineer signature copy 	<ul style="list-style-type: none"> • Architect Signature Copy • If any other queries related to construction permit • Plot joining paper • Revisional Settlement (RS) Porcha • Soil test Report (if any) • Undertaken papers • Owner's photo

Source: RAJUK website

3.1.1 Building Permits: City Corporations

- City corporations also have the authority to issue building permits for factories. In this report only Dhaka City Corporation (DCC) and Narayonganj City Corporation (NCC) are covered as these are the most factory dense industrial areas

Required Documents for construction permit from Dhaka City Corporation (DCC)

License name	Required document
Construction permit from DCC	<ol style="list-style-type: none"> 1. Filled up No objection Certificate (NOC) for multistoried building application (For the areas under Dhaka North City Corporation) 2. Tk 250 has to be submitted as the application fee through challan 3. If the land owner is not applying by himself and nominating someone on his behalf then the attested copy power of attorney 4. Land ownership document 5. Attested copy of holding tax 6. The drawing and design of the building 7. As per the format of the agreement mentioned in the form on a non-judicial stamp equivalent to tk 300

Source: Authors' compilation from the DCC website

3.1.1 Building Permits: City Corporations

Required Documents for construction permit from Narayanganj City Corporation (NCC)

License name	Required document
Construction permit from NCC (building safety)	<p>A written application needs to be submitted to the mayor with the following documents</p> <ol style="list-style-type: none"> 1. Copy of the chalan of application fee 2. One copy of receipt of the submitted form (including number and amount of money) 3. Copy of NID or passport 4. Copy of TIN certificate 5. Land ownership document 6. The drawing and design of the building

Source: Authors' compilation from the NCC website

3.1.1 Building Permits from Development Authorities

- Similar to the city corporations, development authorities also have the right to issue the permits for building
 - As Chattogram and Khulna is where many factories are located outside Dhaka, this study only covers Chattogram Development Authority and Khulna Development Authority.

Required Documents for building permit from Khulna Development Authority (KDA)

Permit name	Requirements
Building Permit from KDA (building safety)	<ol style="list-style-type: none"> 1. The RS mouza map needs to be submitted to the KDA office for the permission of factory setup in the desired place 2. The forms can be collected from the KDA and the entrepreneur can apply physically

Source: Authors' compilation from the KDA website and other sources

3.1.1 Building Permits from Development Authorities

Required Documents for building permit from Chattogram Development Authority (CDA)

License name	Required document
Building Permit from CDA (building safety)	<p>The documents mentioned below needs to be submitted in PDF format.</p> <ol style="list-style-type: none"> 1. Copy of the chalan of application fee 2. One copy of receipt of the submitted form (including number and amount of money) 3. Copy of NID or passport 4. Copy of TIN certificate 5. If the land is inherited <ol style="list-style-type: none"> a. Scanned copy of RS and BS <i>Khatian</i> b. Scanned copy of inheritance certificate 6. In case of property owned at the time of purchase <ol style="list-style-type: none"> a. Scanned copy of BS <i>Namjari</i>/Original <i>Namjari Khatian</i> b. Scanned copy of the original corresponding donor and recipient name and details related pages 7. Approved planned area (residential/commercial/industrial etc.) <ol style="list-style-type: none"> a. Scanned copy of BS <i>Namjari Khatian</i> b. Scanned copy of original possession certificate c. Scanned copy of the pages containing the name of the donor collection, the description of the original allotment deed/lease deed and the terms and conditions of the lease deed 8. Scanned copy of original attorney deed (where applicable) 9. Attested scan copy of original lease agreement (if applicable) 10. Mouza map & Location map (A3/A4 size)

3.1.2 Authorities Responsible for Licensing for Fire Safety

- Fire safety in Bangladesh is definitely the most questionable element of industrial safety as majority of the industrial accidents are actually fire incidents
 - From June 2021 to March 2022 157 industrial accidents happened involving fire
 - Factories from all the sectors need to collect fire license and fire safety plan from Fire Service and Civil Defense (FSCD).

Required Documents for Fire license from Fire Service and Civil Defense (FSCD)

Permit name	Requirements
Fire License with FSCD	<ol style="list-style-type: none"> 1. Assessment form 2. Filled-in prescribed application form/online application 3. Land deed 4. Certification to the effect that there is no case 5. Trade license 6. No Objection Certificate (NOC) safety plan (7 floors and above) 7. Building design by an engineering firm 8. Memorandum of Association in case of limited companies 9. Deed of agreements 10. Cover letter from BEPZA (in case of EPZ factories)

3.1.2 Authorities Responsible for Licensing for Fire Safety

- The factories that are multi-storied buildings (above six stories) need to collect this permit from FSCD

Required Documents for Fire safety plan from FSCD

Permit name	Requirements
Fire Safety Plan for multistoried building with FSCD	<ol style="list-style-type: none"> 1. Assessment form 2. Filled-in prescribed application form/online application form 3. Land Deed 4. Certification to the effect that there is no case 5. Trade license 6. No Objection Certificate (NOC) safety plan (7 floors and above) 7. Building design by an engineering firm 8. Memorandum of Association in case of limited companies 9. Deed of agreements 10. Covering letter from BEPZA (in case of EPZ factories) 11. Submission of the engineering drawing or design (the design has to be made and finalised by an engineering consulting firm) 12. Filled in prescribed application form

Source: Authors' compilation from the FSCD website and other sources

3.1.3 Authorities Responsible for Environmental clearance certificate

- Maintaining environmental safety specially in the chemical intensive sectors or industries is crucial. In order to fulfil environmental safety compliances, the factories need to collect the Environmental Clearance Certificate from the Department of Environment (DoE)

Required Documents for Environmental clearance certificate from the DoE

Certificate name	Requirement
Environmental Clearance Certificate	<ol style="list-style-type: none"> 1. No Objection Certificate (NOC) from local authority (City Corporation) 2. Project profile containing project details 3. Layout plan 4. Cadastral/ cadaster map with Daag and <i>Khatian</i> 5. Board of Investment (BOI) registration 6. Rent agreement or document of land ownership in case it is not a rented place 7. Treasury challan for the payment of fee

Source: Authors' compilation from the DoE website and other sources

3.1.4 Authorities Responsible for Factory & Establishment License

- If anyone starts to set up a factory he/she needs to submit the documents to Department of Inspection for Factories & Establishments (DIFE) for the license

Required Documents for Factory license from DIFE

Required forms and challan	Required documents with form no. 76	Required documents with form no. 77
<ul style="list-style-type: none"> • For approving the factory lay-out plan filled form no.76 • Full filled form no. 77 • License fee through treasury challan 	<ul style="list-style-type: none"> • Trade license copy • Rent agreements/ copy of land rejection • Copy of NID of owner/MD/CEO/director • Soil test report • Structural design/drawing prepared by a renowned engineer or engineering consulting firm • Load bearing capacity certificate provided by a renowned engineer or engineering consulting firm • Building construction certificate provided by a renowned engineer or engineering consulting firm • Building design certificate approved by local authority (city corporation) 	<ul style="list-style-type: none"> • Trade license copy • Rent agreements/ copy of land rejection • Copy of NID of owner/MD/CEO/director • Electricity demand note • Memorandum of article • Copy of approved factory layout plan • Local authority (City Corporation) approved building design copy of the factory and letter of approval and layout plan • Main copy of treasury challan • List of employees/workers of the factory • Fire license copy

3.1.4 Authorities Responsible for Factory & Establishment License

- Similarly, if anyone starts an establishment, the following documents need to be submitted to DIFE

Required Documents for Establishment license from DIFE

License name	Requirement
Factory or establishment License from DIFE	<ol style="list-style-type: none"> 1. Full filled form no. 77 2. License fee through treasury challan 3. Required documents to be submitted with form no. 77 <ul style="list-style-type: none"> • Trade license copy • Rent agreements/ copy of land rejection • Copy of NID of owner/MD/CEO/director • Power demand note • Memorandum of article • Copy of approved factory layout plan • Local authority (City Corporation) approved building design copy of the factory and letter of approval and layout plan • Main copy of treasury challan • List of employees/workers of the factory • Fire license copy

Source: Authors' compilation from the DIFE website and other sources

3.1.5 Authorities Responsible for Factory & Establishment License in EPZ

- BEPZA is a government body in charge of the employment creation, development, operation, and management of industrial zone like Export Processing Zone and promoting investment in Bangladesh
 - BEPZA has been established by Act no. 36 of 1980 to boost industrialisation, export, employment generation, and technology transfer within the land
- Three types of investors set up their factories in EPZs. These are:
 - Type - A: 100 per cent foreign-owned, including Bangladesh nationals ordinarily resident abroad.
 - Type - B: Joint venture between foreign and Bangladesh entrepreneurs resident in Bangladesh.
 - Type - C: 100 per cent Bangladesh entrepreneurs resident in Bangladesh.

3.1.5 Authorities Responsible for Factory & Establishment License in EPZ

- Based on the three different types factory set up in EPZ requires the following documents
 - ✓ TIN Certificate
 - ✓ VAT Certificate
 - ✓ Trade License
 - ✓ BTMA certificate
 - ✓ Permit from EPB
 - ✓ Fire License
 - ✓ Boiler permission
 - ✓ Environment certificate
 - ✓ Bangladesh Energy Regulatory Commission (BERC) Certificate
 - ✓ Fire policy from insurance company
 - ✓ Custom Bond registration
 - ✓ General Bond from custom

3.2 Specific license, registration and certification prioritized to set up factory in the Pharmaceutical sector

List of documents required from social and environmental point of view

Building Permit

- Rajdhani Unnayan Karttripakkha
- Dhaka City Corporation
- Narayanganj City Corporation
- Chattogram Development Authority
- Khulna Development Authority

Fire safety from FSCD

- Fire License
- Fire Safety Plan



License from Department of Environment (environmental safety)

Factory or establishment License from DIFE

Drug License from Drug Administration's General Directorate (DGDA)

3.2 Specific license, registration and certification prioritized to set up factory in the Pharmaceutical sector

3.2.1 Building Permits: RAJUK, City Corporation & Development Authorities

- As discussed in slides no. 13-18

3.2.2 Authorities Responsible for Licensing for Fire Safety and Fire Safety Plan

- As discussed in slides no. 19 & 20

3.2.3 Authorities Responsible for Environmental clearance certificate

- As discussed in slide no. 21

3.2.4 Authorities Responsible for Factory & Establishment License

- As discussed in slides no. 22-23

3.2.5 Authorities Responsible for Drug License

3.2.5 Authorities Responsible for Drug License

- Additional to collect building permit, fire license, environmental clearance, license from DIFE , he/she will also have to collect drug license from Drug Administration's General Directorate (DGDA)
 - Following documents are required if an entrepreneur wants to open a pharmaceutical factory

Required Documents for Drug License from DGDA

License name	Requirement
Drug License from Drug Administration's General Directorate (DGDA)	<ul style="list-style-type: none"> • Filled in Form 7 from Drug Administration's General Directorate (DGDA) • Bank statement of license fee payment • Treasury challan with filled in form no. 7 • Receiving the store deposit or photocopying the rent agreement. • The ownership deed

Source: Authors' compilation from DGDA website

3.3 Specific license, registration and certification prioritized to set up factory in Food processing sector

List of documents required from social and environmental point of view

Fire safety from FSCD

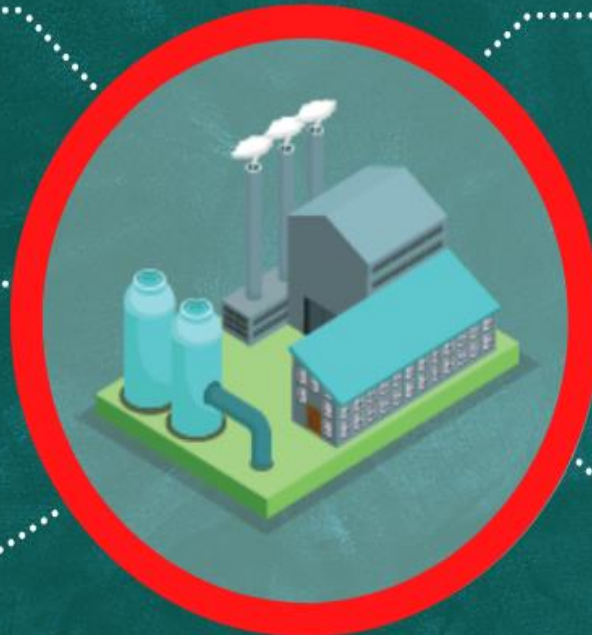
- Fire License
- Fire Safety Plan



License from Department of Environment (environmental safety)



Factory or establishment License from DIFE



Building Permit

- Rajdhani Unnayan Karttripakkha
- Dhaka City Corporation
- Narayanganj City Corporation
- Chattogram Development Authority
- Khulna Development Authority



Standard certificate from BSTI (Products Brought Under Mandatory Certification Marks Wing)

3.3 Specific license, registration and certification prioritized to set up factory in Food processing sector

3.3.1 Building Permits: RAJUK, City Corporation & Development Authorities

- As discussed in slides no. 13-18

3.3.2 Authorities Responsible for Licensing for Fire Safety and Fire Safety Plan

- As discussed in slides no. 19 & 20

3.3.3 Authorities Responsible for Environmental clearance certificate

- As discussed in slide no. 21

3.3.4 Authorities Responsible for Factory & Establishment License

- As discussed in slides no. 22-23

3.3.5 Authorities Responsible for Standard certificate for food processing

3.3.5 Authorities Responsible for Standard certificate for food processing

- Additional to all the previously mentioned licenses, certificate and registrations he/she will also have to collect Bangladesh Standards and Testing Institution (BSTI) registration is only applicable to the processed foods that are under the products list brought under Mandatory Certification Marks Wing

Required Documents for Bangladesh Standards and Testing Institution (BSTI) Certificate

Safety compliances	Requirements
Standard certificate from BSTI	<ol style="list-style-type: none"> 1. Filled in BSTI Certificate Mark (CM) 2. Trade License 3. Permit from BOI/BSCIC 4. Trademark Registration/Copy of Application 5. Label/Marking/Logo

Source: Authors' compilation from the BSTI website

3.4 Specific license, registration and certification prioritized to set up factory in the Leather sector

List of documents required from social and environmental point of view

Fire License with FSCD (fire-safety)



Fire Safety Plan for multistoried building with FSCD (fire-safety)



License from Department of Environment (environmental safety)



Factory or establishment License from DIFE



3.4 Specific license, registration and certification prioritized to set up factory in the Leather sector

3.4.1 Authorities Responsible for Licensing for Fire Safety and Fire Safety Plan

- As discussed in slides no. 19 & 20

3.4.2 Authorities Responsible for Environmental clearance certificate

- As discussed in slide no. 21

3.4.3 Authorities Responsible for Factory & Establishment License

- As discussed in slides no. 22-23

4. Audits/standards followed in factories: case of RMG sector

4. Audits/standards in the export-oriented RMG sector

- After the Rana Plaza incident, a new public and private audit administration was introduced as the third phase of the factory inspection system in Bangladesh
 - As part of this, the Accord and Alliance on Fire and Building Protection programme was formed
 - The national safety standards are the minimum, and the audits go beyond that
- In the RMG sector, RMG Sustainability Council (RSC), Amfori, Okotex, ISO 100 are the most familiar names that conduct audits.
- The BGMEA has partnered with the BKMEA to develop a unified code of conduct for the RMG industry as multiple audits usually create confusions
- This unified audit will be carried out a thorough assessment of the feasibility of a common code of conduct for social audits
 - These include national laws, rules, policies, international conventions such as the United Nations Guiding Principles (UNGPs), and buyers code of conduct and third-party audit protocols

4. Audits/standards in the export-oriented RMG sector

- RSC is a private national tripartite initiative to continue the significant accomplishments in workplace safety further in Bangladesh.
 - It conducts structural, electrical, fire and life safety and boiler safety inspections, along with operating an independent occupational safety and health complaints mechanism available to workers in covered RMG factories
- Under the Technical Remediation Guidance of RSC, they have Electrical Single Line Diagram Guidance, Fire Rating Requirement of Steel Construction, Fire Safety Testing and Commissioning Verification Inspection Guidance, Glossary Of Terms, Information Sheet on Third-party Certificates for Fire Safety Systems
 - RSC Fire Safety Manual for RMG Buildings
 - RSC Guidance on Product Certification and Certification Marks
 - RSC requirements: Extension of Factory Buildings
 - RSC Boiler Safety Programme: Summary of findings of External Visual Inspection, Technical Guidance on Verifying Passive Fire Protection Measures (Intumescent Paint or Cementitious Coating) on Steel Building and many more

4. Audits/standards in the export-oriented RMG sector

Required documents for Audits

Audit Name	Requirements
Amfori	<ul style="list-style-type: none"> • Performance area 1: Social Management System and Cascade Effect • Performance area 2: Workers Involvement and Protection • Performance area 3: The rights of Freedom of Association and Collective Bargaining • Performance area 4: No Discrimination • Performance area 5: Fair Remuneration • Performance area 6: Decent Working Hours • Performance area 7: Occupational Health and Safety • Performance area 8: No Child Labour • Performance area 9: Special protection for young workers • Performance area 10: No Precarious Employment • Performance area 11: No Bonded Labour • Performance area 12: Protection of the Environment • Performance area 13: Ethical Business Behaviour

4. Audits/standards in the export-oriented RMG sector

Audit Name	Original Certificate/ License/ Permission	Building Approval and Layout	Test Report	Policy and Procedures
TUV Rheinland Bangladesh Pvt. Ltd. Document Checklist (BSCI Audit)	<ul style="list-style-type: none"> • Incorporation Certificate • Factory License • Trade License • Fire License • EPZ Permission (Only for EPZ Area) • Boiler License • Generator Waiver/ License • Environment Clearance Certificate • Acid Using License (Only for Textile and Washing Plant) • Group Insurance Certificate/ Updated Evidence of Biometric System/ Group Insurance Premium Copy • Bond License, Export Promotion Bureau (EPB) Certificate, TIN Certificate • Export and Import Registration Certificate (ERC/IRC) • BGMEA/ BKMEA/ LFMEAB Membership Certificate • Fire Insurance Copy (If any) 	<ul style="list-style-type: none"> • Building Approval Plan • Floor/ Machine Layout Approval • Accord/Alliance Report or any other assessment report related to building 	<ul style="list-style-type: none"> • Drinking Water, Waste Water, Stack Air Emission, Air Quality, Noise Level, Temperature and Humidity Level, etc. • Environmental Impact Assessment (EIA), Energy Survey/ Assessment (Water Consumption, Gas and Electricity Consumption etc.) 	<ul style="list-style-type: none"> • Child Labour and Child Labour Remediation • Young Labour • Recruitment • Prohibition of Forced Labour • Harassment or Abuse, Compensation and Benefits • Leave • Maternity Benefit • Working Hour • Working Hour Approval • Prohibition of Discrimination • Disciplinary Action Procedure • Health and Safety • Emergency Preparedness Procedures • Freedom of Association and Collective Bargaining • Environment, Wastage Management Procedure • Anti-Corruption or Anti-Bribery Policy

4. Audits/standards in the export-oriented RMG sector

Audit Name	Documents – PA1 to PA4	Documents—PA5 to PA6	Documents – PA7 and Others
TUV Rheinland Bangladesh Pvt. Ltd. Document Checklist (BSCI Audit)	<ul style="list-style-type: none"> • Company Organogram and Job Responsibilities according to Organogram, Authorization Letter of BSCI MR • Supply Chain Mapping, Stake Holder Mapping • Contract Agreement with Service Provider (Security, Cleaning, Food, Transport, etc.) • Sub-Contractor/ Sub supplier Policy and Procedure and Monitoring Record • Capacity Planning, Contingency Plan • Company's Mission and Vision, Long Term Goal • Trade Union/ PC/ WWA/ WWC Formation Record, Meeting Minutes • Grievance Procedure, Grievance Record, Survey Record on Grievance Procedure 	<ul style="list-style-type: none"> • Attendance Summary, Wage Sheet, Time Card, Pay Slip • Fair Remuneration or Living Wage Template • Resign or Terminate Workers List and Files • Maternity Register and Files • Annual Leave Encashment Record • Festival Bonus Record • Increment Record • Provident Fund Record (If any) • Production Record and Piece Rate Calculation for Piece Rate Workers • Leave Register 	<ul style="list-style-type: none"> • Risk Assessment and Internal Audit Report, Workers Health Checkup Record • Safety Committee Record and Meeting Minutes • Training Record: First Aid, PPE, H&S, Chemical Safety, Fire Fighting (Internal and External), Fire Drill (Internal and External) • Firefighting Equipment List, Fire Team Allocation, First Aider List, Machine List, Chemical List, Toilet List • Accident Register and Investigation Records, Hospital Agreement • Maintenance Schedule and Record: Fire Fighting Equipment, Electrical Equipment and Machineries, Compressor, Boiler and Generator Maintenance, House Keeping Record, Wastage Agreement and Disposal Record, PPE Issue Register • Others Training: Orientation, BSCI CoC, Mid-Level Management, Local Law, Grievance Procedure, Disciplinary Action Procedure, Risk Assessment Awareness, Injury Analysis Awareness, Environmental Awareness, Anti-Corruption or Anti-Bribery Mapping and Training • Personal File: Fire Safety Officer, Welfare Officer, Doctor, Nurse, Boiler Operator, Generator Operator, Electricians, Security Guard, Workers

Source: Authors' compilation from different sources

5. Public institution's plan to address informal factories: case of RMG factories

5. Public institution's plan to address informal RMG factories

- One special type of subcontracting factory set up by RMG officials or new entrepreneurs who buy a few machines and hire workers to start production are usually called the seasonal factories. These factories are usually in operation seasonally when the orders are at peak
- Informal factories don't have any registration to do any business.
 - The workers or employees are usually temporary or contractual.
 - Most of these factories do not maintain compliance. They are not even eligible to become any association member
 - These types of factories are more appropriate to say informal factories
- Bangladesh government has actually no institutional control over these types of factories yet since these are not registered by the law and are not even affiliated with any association
- Unfortunately, the government don't seem to have any plan to address the problem of informal factories; however a new Subcontracting Guideline has been drafted recently for the RMG factories

5. Public institution's plan to address informal RMG factories

- The government adopted the National Tripertrite Plan and drafted a subcontracting guidelines titled “*RMG Subcontracting Guidelines 2019*”
 - As per this freshly introduced guidelines, subcontracting factories have to be members of the associations concerned and renew their licenses regularly
 - The subcontracting factories will also have to comply with the related law and rules and the government-approved checklist
- According to the guidelines, only the factories that are fully complaint will be eligible for doing the job of subcontractors and there must be an agreement, the copy of which must be given to the affiliated trade body



6. Limitations and Challenges: *Legal and Institutional*

6.1 Limitations and Challenges in the legal aspect of the requirements

- There are plenty of legal documents that set the minimum requirement for factory or industry set up
 - These documents or specific laws, rules and acts are not perfect and have quite a few faults of their own
- One limitation or gap that is often said to exist in the legal procedure of the factory setup is the lengthy and time-consuming procedure
 - As the factories require quite a long list of permits issued or provided by several different public agencies or entities, the timeline is extended
- The legal requirements are not cohered among themselves
 - Expert engineers from FSCD stated that the amended BNBC has become weaker than the previous one
- The amended BNBC lowers the building safety standard substantially.
 - As per Fire Law 2003, buildings above six stories are classified as high-rise buildings. As per NFPA, IFC, IBC, it is above 23m; as per Indian code it is above 15m. The discrepancy between the building safety standards is a key concern

6.1 Limitations and Challenges in the legal aspect of the requirements

- The punitive measures of the domestic laws are not very impactful. The punishment measure for violating the legal requirements that need to be fulfilled are found to be low in terms of monetary value in most cases.
 - These insignificant measures don't really motivate the business to follow the minimum requirements as the benefit of not doing so is much more profitable
- These national standards often deviate from international standards like those of the International Labour Organization (ILO)
 - The national laws, rules and acts are mostly applicable in the process of setting up
 - The deviation causes problems, especially for the brand buyers as the brands are abided by international standards whereas the factories are set based on national laws

6.2 Limitations and Challenges in the institutional aspect of the requirements

- Even though there are online applications and automated system options, the entrepreneurs still prefer to get the license physically through all the necessary paperwork.
 - Most public authorities such as DIFE, FSCD, RAJUK and other public entities, now, have the automated licensing system
- Besides, there are also other limitations and challenges of the institutional procedures that both the regulatory authority and employers face
- The lack of magistracy power of these entities leads to non-abidance of laws, rules and acts by the owners or entrepreneurs
 - The public institutions and agencies are usually entitled to magistracy power. Some public agencies or authorities don't have the magistracy power to fine or penalise the defaulters

6.2 Limitations and Challenges in the institutional aspect of the requirements

- All the public entities and agencies have a separate set of responsibility that they have to fulfil
 - The duties of the responsible agencies may not be clear which usually causes confusion among the ministries
 - But whenever an accident happens, it is difficult to identify whose duty was to oversee the situation
- Sometimes there are conflicts between the roles of public institutions
 - The responsibilities of public institutes often conflict as they are not clear to themselves and others
 - After experiencing an accident in any of the industries, the questions start to arise on the issue that who had the responsibility to look after and prevent this accident

6.2 Limitations and Challenges in the institutional aspect of the requirements

- There is no one-stop service. The setting-up process is lengthy and needs several visits to different licensed regulatory bodies
 - This is problematic and often usually discourages entrepreneurs. In addition, these long visits are troublesome and often a barrier to communication
- The regulatory authorities slack in inspection system. Different public entities inspect the factories yearly to make sure that the factories are keeping up with the social, environmental and labour compliances
 - But complaints against these authorities are often noticed stating that they don't do their duty right and slack in the inspection
 - There is no protocol for license cancellation in the existing framework. Once the license has been provided there is no risk of cancellation, so violate the laws, rules and acts

6.2 Limitations and Challenges in the institutional aspect of the requirements

- The institutional structure is mostly remediation-oriented, not prevention-oriented. Currently, institutional safety measures in Bangladesh are driven by remedial measures
 - Prevention should be prioritised while setting up any factories. Making industrial accident prevention a priority is key to ensuring that the entrepreneurs are abiding by the necessary safety measures
 - Remediating an existing factory or industry is much costlier and less effective than initially constructing an industrially safe building before establishing a factory or industry there.
- The employers set up the factories, so the employers must do the best they can to ensure compliance
 - But often there are complains that the employers are not cooperative enough whenever there is a factory visit or inspection

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7. Recommendation for easing the process of setting up factories

7. Recommendation for easing the process of setting up factories

- In Bangladesh, the selected four sectors are making significant contribution to the national economy and are expanding over time
 - Hence these sectors have potentials to attract businessmen and investors
 - Setting up a factory in any of the four targeted sectors can be difficult since all relevant information are not available or found at one single place, and due to many other limitations
- This is why it is important to ease the process and ensure that doing business is not difficult in Bangladesh
- ***Introduction of a one-stop service (OSS):*** Each regulatory authority that provides any of the permits should have a one-stop service
 - There should be one single place from where the entrepreneurs can avail all the necessary information that are needed
 - Many government entities have the facility to apply online, but not all of them have it
 - Automated licensing, and registration facilities should be included in case of each authority

7. Recommendation for easing the process of setting up factories

- **Capacity development of government agencies to implement responsibilities:** Identify clear responsibilities and develop SoPs for implementation of activities related to the mandate
 - Each related Ministry should provide an assessment of current resources and capabilities and compare that to the capacities needed to effectively implement their roles
- **Entrepreneurs should be more aware of their roles:** The factory is set up by the entrepreneurs or owners, so it is their duty and role to do it properly, abiding by the laws
 - A safe and healthy workplace will have more production, and hence, greater revenue than an unsafe one
 - Employers or owners need to first understand the importance of workplace safety and social and environmental safety
 - Then, they need to cooperate with the regulatory authority and help them carry out their responsibility

7. Recommendation for easing the process of setting up factories

- ***Proper inspections need to be ensured:*** It is very important to ensure that the authority bodies pay attention to the factory's safety issues and inspect the factory even before giving it the permit to start production and operation
 - Ensuring a safe workplace starts with setting up the building for the factory
 - Regular inspections also need to be done with equal importance as the renewal of the licenses is provided through that

8. Introducing new website on *Setting up Factories*

8. Introducing new website on *Setting up Factories*

- With the aim to make the entire factory set up process a little easier for the entrepreneurs and investors, the Centre for Policy Dialogue (CPD) in collaboration with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) has formed a website on the registration, certification and licensing issues of the new factories titled “*Setup a New Factory*”

Overview of the Website

Name	Setup a New Factory
Launching date	2 October 2022
Sectors covered	4 (RMG, Pharmaceutical, Food processing, Leather & footwear)
Scopes	Social, environmental, building, and labour safety compliance
Website Development Team	Dr Khondaker Golam Moazzem, Research Director, CPD Mr Avra Bhattacharjee, Joint Director (Dialogue), CPD Mr Sarwar Jahan, Senior Dialogue Associate (Web), CPD Ms Helen Mashiyat Preoty, Research Associate, CPD
URL	http://factorysetupbd.com/

Thank You