



Draft



Presentation on the findings of the study

‘Revision of the Minimum Wage of RMG Workers in 2023: A UNGP perspective’

Presented by

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1. Introduction

1. Introduction

- ❑ The government established a **new minimum wage board on 10 April 2023 tasked** with determining the new minimum wage for the RMG industry through discussions at the tripartite level
 - The board has already met several times, and the new minimum wage is likely to be finalised **within the next month**
- ❑ The issue of minimum wage is immensely important, particularly given that it has a substantial impact on the RMG industry's overall **competitiveness and the livelihood of workers**
 - Hence, it is crucial to examine **the current structure of wages and to determine a new wage** in a way that allows workers to have a fair minimum wage
- ❑ Considering **UNGPs**, ensuring responsible business practices of **brands/buyers and employers** and a strong role of government and workers are essential for **adopting and implementing** the new minimum wage and thus ensuring labour rights
- ❑ Against this backdrop, CPD **undertook the study** targeting to analyse the performance of different indicators related to enterprises and workers as set for forming minimum wages in the RMG industry as per the **BLA and propose a minimum wage**

2. Objectives of the study

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- ❑ The main objective of the study was to **propose a minimum wage** for the RMG workers based on the analysis of the performance of key indicators as well as **reviewing the performance of state and enterprises in the process of discussion and negotiation**, which could be considered as the benchmark for ensuring a fair wage for workers and thereby ensure workers' rights in the workplace
- ❑ The specific objectives of the study are as follows
 - a) To examine to what extent **different provisions of the minimum wage 2018 have been implemented** in the RMG factories over the last five years;
 - b) To examine the **performance of key indicators** set in for reviewing the minimum wage for the workers;
 - c) To analyse the **structure and composition of the minimum wages** in the RMG sector in view of changing livelihood requirements of the workers; and
 - d) To put forward a set **of recommendations for the newly formed Minimum Wage Board** and other RMG stakeholders, including a minimum wage for grade 1-7 workers

3. Methodology

3. Methodology

- ❑ The study has been conducted by collecting and analysing both **primary and secondary data**
- ❑ The main source of primary data was a survey conducted on **76 RMG factories** and **228 RMG workers**
- ❑ The survey respondents include RMG factories from **Dhaka, Narayanganj, Gazipur, and Chattogram**; and both male and female RMG workers, the average number of **male workers** working in the surveyed factories is **357 (37%)** and the average number of **female workers** is **603 (62%)**
- ❑ Besides, **6 KIIS with** a range of relevant stakeholders have been conducted
- ❑ A **literature review** has also been carried out to complement analysis of the primary and secondary data

Table : % of surveyed factory distribution

Category		% of Factories Surveyed
Size-wise	Large	7.9
	Medium	39.5
	Small	52.6
	Total	100.0
Location-wise	Dhaka	38.2
	Gazipur	34.2
	Chattogram	10.5
	Narayanganj	17.1
	Total	100.0

Table: mean number of workers

Category	Mean workers
Male	357
Female	603

Table: surveyed workers distribution workers

Category		Male	Female	Overall
% of surveyed respondent		45.6	54	100
Mean age		29	27	27.9
Area	Dhaka	37.5	38.7	38.2
	Narayanganj	35.6	33.1	34.2
	Gazipur	15.4	6.5	10.5
	Chattogram	11.5	21.8	17.1
Educational Qualification	Never gone to school	1.0	4.8	3.1
	Class 1- 5	28.8	37.1	33.3
	Class 6 - 10	48.1	45.2	46.5
	SSC passed	14.4	11.3	12.7
	HSC passed	5.8	1.6	3.5
	More than HSC	1.9	0.0	0.9
Marital status	Never married	22.1	12.9	17.1
	Married	77.9	84.7	81.6
	Widower/Widow	0.0	1.6	.9
	Divorced	0.0	0.8	.4
Type of employment	Contractual	3.8	0.8	2.2
	Permanent	92.3	88.7	90.4
	Others	3.8	10.5	7.5

3. Methodology

- ❑ According to BLA, **twelve indicators** must be considered in setting up the new minimum wage, including competitiveness of the industry, workers' living cost, the standard of living, productivity, cost of production, employers' financial capability, inflation, socio-economic conditions, risk involved with work, etc.
- ❑ In order to estimate the minimum wage, **Anker's (2011)** method has been applied
- ❑ According to Anker (2011), the minimum wages of workers should take into consideration the following: (a) **food and non-food expenses of the family**; (b) **the number of household members**, (c) **the number of earning members**, and (d) **ensuring a certain percentage of discretionary incomes or savings**
- ❑ The formula is illustrated below:

$$\frac{(\mathit{Food\ cost} + \mathit{Non\ Food\ Cost}) \times \mathit{Household\ Size}}{\mathit{Number\ of\ earners}} + X\% \mathit{of\ Discretionary\ savings}$$

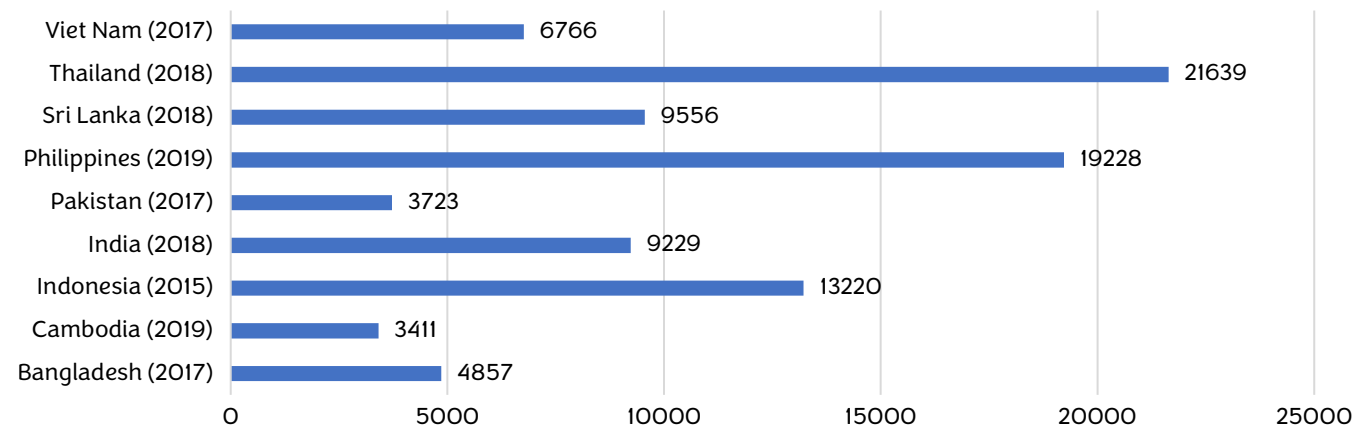
- ❑ The estimation of food costs involves the consideration of the ideal food basket prepared by **Shaheen et al. (2023)**, tailored to age and work level
- ❑ On the other hand, in order to estimate **the non-food cost, household size, and number of earners**, data from the primary survey has been utilised

4. Wage analysis of selected sectors of Bangladesh and other Asian countries

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- ❑ According to ILO (2022), the annual growth of real gross value added per worker in the Bangladeshi RMG sector was more than 5% on average from 2010–2017
- ❑ This was the second highest among peer **South Asian apparel-exporting countries**
- ❑ Yet **the average monthly real wage of the Bangladeshi RMG industry** during this period was the lowest in South Asia and amongst other competitor countries
- ❑ The added **per-worker annual productivity is still low (USD 10,400 in 2020)** in Bangladesh compared to other competing countries (Asian Productivity Organisation, 2022)

Figure: Gross value added per worker of apparel sector (in USD) the



Source: ILO (2022)

4. Wage analysis of selected sectors of Bangladesh and other Asian countries

- ❑ According to the World Bank, the international extreme poverty line is 2.15 USD per day (set in 2022), and the current minimum RMG sector wage per day is calculated to be 2.4 USD, only 10% higher than the extreme poverty line
- ❑ Despite tremendous growth, the minimum wage for RMG workers in Bangladesh is still the lowest (72.42 monthly in USD) in South Asia, as their currency has faced massive devaluation due to the economic crisis
- ❑ The higher percentage of minimum wage in per capita GDP shows that minimum wage workers are earning closer to the national average relative to workers whose earning percentage is lower than that in the other countries

Table : Relationship between minimum wage and per capita GDP in selected apparel exporting countries

Countries	Minimum wage adjusted to current USD rate (Monthly)	Per capita GDP in USD	Percentage of Min wage in Per capita GDP
Bangladesh	72.42	2,470	2.93
Cambodia	200	1,900	10.53
China (mean)	303.59	13,720	2.21
India	171.18	2,600	6.58
Indonesia (overall)	242.94	4,788	5.07
Pakistan*	110.59	1,535	7.20
Vietnam (overall)	170.35	4480	3.80

Source: Different websites of minimum wage boards

4. Wage analysis of selected sectors of Bangladesh and other Asian countries

- ❑ Despite having a less competitive productivity record than Bangladesh, Cambodia has announced **200 USD as the minimum wage** in their apparel sector (effective from January 1, 2023)
- ❑ Not only that **Bangladesh's minimum wage less** than other garment exporting countries, but also the existing **wage structure** of the Bangladeshi RMG industry is comparatively weak;
 - The percentage of basic in the minimum wage composition of the Bangladeshi RMG industry **was 67% in 2010**, and **57%** in 2013, and it declined to **51.25%** in the last 2018 minimum wage
 - In contrast, Cambodia's basic wage **was 65% of the total minimum wage** in 2018 (ILO, 2018)
- ❑ Pakistan, despite having a lower GDP per capita **has a higher percentage of minimum wage** in per capita GDP (7.2%) than of Bangladesh (2.93%)

5. Findings from the survey: Execution status of minimum wage 2018

5. Findings from the survey: Execution status of minimum wage 2018

5.1 Implementation of minimum wage

- ❑ Along with proposing new minimum wages for the RMG industry regularly, it is also crucial to **review to what extent these wages are being implemented**
- ❑ The conducted survey on RMG factories found that **42.1% of factories do not practice any grading system**
 - ❑ Given that minimum wages were proposed against certain grades, it is uncertain to what extent these factories without any grading system, **maintained the minimum wage**
 - ❑ It is to be noted that the non-existence of a grading system is significantly high among the factories that **are not members of BGMEA or BKMEA**
 - ❑ A similar reflection can be observed in case of workers; **28.5% of surveyed workers** work in a factory where there is no grade system; also, **31.1% of workers are not even aware of what grade they work in**

Table : % of surveyed factory practice grading

Category		factories has grading	factories does not have grading
Overall		57.9	42.1
Size-wise	Large	83.3	16.7
	Medium	76.7	23.3
	Small	40.0	60.0
Location-wise	Dhaka	37.9	62.1
	Gazipur	73.1	26.9
	Chattogram	100.0	0.0
	Narayangonj	46.2	53.8
Membership-wise	Non-Member	21.1	78.9
	BGMEA	61.5	38.5
	BKMEA	91.7	8.3
	BGMEA & BKMEA	83.3	16.7

Source: CPD-CA Survey on RMG factories

Table : % of surveyed workers under different grading

Grade	At present (% of workers)	When joined (% of workers)
Grade 1	0.0	0.0
Grade 2	0.0	0.0
Grade 3	0.0	0.0
Grade 4	7.5	0.9
Grade 5	14.5	4.4
Grade 6	11.4	8.3
Grade 7	7.0	22.8
Not sure	31.1	35.5
Don't have any grade in factory	28.5	28.1

Source: CPD-CA Survey on RMG workers

5. Findings from the survey: Execution status of minimum wage 2018

- ❑ The low awareness of the workers regarding their grades and wages is perhaps attributed to the **absence of conduction of training/education sessions** in factories; in the survey, **63.2 % of surveyed factories claimed** to arrange such events
- ❑ In fact, a good portion of surveyed factories are not aware of minimum wage-related rules **either (30.3%)**, also do not have **WPC (28.6%)**; which could be another factor behind lower awareness regarding wages among workers

Table: % of surveyed factories provide training on wage-related issues

Category		Training provided
Overall		63.2
Size-wise	Large	100.0%
	Medium	76.7%
	Small	47.5%
Location-wise	Dhaka	55.2%
	Gazipur	73.1%
	Chattogram	87.5%
	Narayangonj	46.2%
Membership-wise	Non-Member	26.3%
	BGMEA	74.4%
	BKMEA	83.3%
	BGMEA & BKMEA	66.7%

Source: CPD-CA Survey on RMG factories

Table 3: different indicators regarding wage and others (% of surveyed factories)

Category		Has PC Committee	Wage issue is discussed in PC Committee meeting	Aware of minimum wage regulations	Maintain wage related information
Overall		72.4	80.0	69.7	97.4
Size-wise	Large	100.0	83.3	66.7	100.0
	Medium	93.3	85.7	73.3	100.0
	Small	52.5	71.4	67.5	95.0
Location-wise	Dhaka	55.2	100.0	69.0	100.0
	Gazipur	92.3	87.5	61.5	100.0
	Chattogram	87.5	42.9	100.0	100.0
	Narayangonj	61.5	50.0	69.2	84.6
Membership-wise	Non-Member	31.6	100.0	52.6	89.5
	BGMEA	84.6	93.9	66.7	100.0
	BKMEA	83.3	40.0	100.0	100.0
	BGMEA & BKMEA	100.0	50.0	83.3	100.0

Source: CPD-CA Survey on RMG factories

5. Findings from the survey: Execution status of minimum wage 2018

- ❑ The survey data suggests deviations in minimum wage payment by certain factories; **41.7%** of workers (who joined **after 2019 at grade 7 or higher**) joined their workplace with less than the minimum threshold of BDT 8,000
- ❑ Deviations can also be observed in 17.1% of surveyed factories in terms of maintaining the yearly increment of 5%
- ❑ Also, the tendency of late payment has increased a bit in 2023 vis a vis 2022, particularly among **small-sized surveyed factories**

Table : wage payment week (% of surveyed factories) in 2022

Category		First week	Second week	Third week
Overall		86.8	13.2	0.0
Size-wise	Large	100.0	0.0	0.0
	Medium	96.7	3.3	0.0
	Small	77.5	22.5	0.0
Location-wise	Dhaka	79.3	20.7	0.0
	Gazipur	96.2	3.8	0.0
	Chattogram	100.0	0.0	0.0
	Narayangonj	76.9	23.1	0.0
Membership-wise	Non-Member	63.2	36.8	0.0
	BGMEA	92.3	7.7	0.0
	BKMEA	100.0	0.0	0.0
	BGMEA & BKMEA	100.0	0.0	0.0

Source: CPD-CA Survey on RMG factories

Table : % of surveyed factories provide the yearly increment

Category		Less than 5%	5 or More than 5%
Overall		17.1	82.9
Size-wise	Large	0.0	100.0
	Medium	13.3	86.7
	Small	22.5	77.5
Location-wise	Dhaka	24.1	75.9
	Gazipur	7.7	92.3
	Chattogram	12.5	87.5
	Narayangonj	23.1	76.9
Membership-wise	Non-Member	15.8	84.2
	BGMEA	20.5	79.5
	BKMEA	8.3	91.7
	BGMEA & BKMEA	16.7	83.3%

Source: CPD-CA Survey on RMG factories

Table : wage payment week (% of surveyed factories) in 2023

Category		First week	Second week	Third week
Overall		80.3	18.4	1.3
Size-wise	Large	100.0	0.0	0.0
	Medium	96.7	3.3	0.0
	Small	65.0	32.5	2.5
Location-wise	Dhaka	75.9	20.7	3.4
	Gazipur	88.5	11.5	0.0
	Chattogram	100.0	0.0	0.0
	Narayangonj	61.5	38.5	0.0
Membership-wise	Non-Member	57.9	36.8	5.3
	BGMEA	84.6	15.4	0.0
	BKMEA	91.7	8.3	0.0
	BGMEA & BKMEA	100.0	0.0	0.0

Source: CPD-CA Survey on RMG factories

5. Findings from the survey: Execution status of minimum wage 2018

- ❑ There is also uncertainty among workers regarding at which period they will get promoted to the next grade; **only 32.5% of the surveyed workers** are aware of such things
- ❑ The survey data illustrates that as workers advance to higher grades, their promotions **require increasingly more time**
- ❑ The deviations in receiving due wages have been **experienced by 11.4 % of surveyed workers** during this minimum wage period
- ❑ In case of wage deviations, workers are supposed to seek support through a grievance mechanism; however, **only 63.2% of the surveyed workers** are aware of such a process
- ❑ Deviations can also be observed in **17.1% of surveyed factories** in terms of maintaining the yearly increment of 5%
- ❑ Also, the tendency of late payment has increased a bit particularly among **small-sized surveyed factories**
- ❑ The conducted survey also found that around **86% of the factories** claimed to provide wage statements to their workers during their recruitment

Table: Worker's state regarding different wage related indicators

Items	% of workers
Experienced deviations in getting wage payment	11.4
Know when they likely to get next promotion	32.5
Aware of formal grievance mechanism regarding wage-related issues	63.2
Received training on wage related issues	12.7

Source: CPD-CA Survey on RMG factories

Table: Average months for promotion to different grades

Category		Grade 3 to 4	Grade 4 to 5	Grade 5 to 6	Grade 7 to 6
Overall		31	24	18	17
Size-wise	Large	16	13	16	17
	Medium	40	28	20	19
	Small	25	21	14	14
Location-wise	Dhaka	22	21	19	19
	Gazipur	37	23	18	18
	Chattogram	37	27	14	12
	Narayangonj	23	22	16	15
Membership-wise	Non-Member	-	15	10	18
	BGMEA	27	22	19	18
	BKMEA	39	26	16	14
	BGMEA & BKMEA	36	32	20	16

Source: CPD-CA Survey on RMG factories

5. Findings from the survey: Execution status of minimum wage 2018

- ❑ Given that wage payment is one of the most crucial issues for the RMG industry, using **DFS and MFS** for wage payment could substantially **enhance transparency and accountability** in this regard;
- ❑ According to the conducted survey, **39.5%** of the factories are paying their wages using MFS in 2023; a decrease from the year **2022's 50.0%**
- ❑ Almost 80% of the surveyed workers got an MFS account; in fact, **26.3% of them use their MFS account for other purchasing**
- ❑ This implies paying wages of the workers through **MFS at a large scale may be feasible**
- ❑ However, there is a sense of disinterest among a big group of workers in using MFS to receive their wages; **45.6% of surveyed workers prefer cash** as the medium of receiving wages.
- ❑ A thorough investigation is necessary to identify the **existing barriers, such as the high transaction costs**, that discourage workers from choosing MFS

Table: Factories pay wages using MFS

Category	% of factories in 2022	% of factories in 2023
MFS	50.0	39.5

Source: CPD-CA Survey on RMG factories

Table: RMG Workers and their MFS usage

Category	% of workers
Got MFS account	79.4
Got DFS Account	32.9
Use MFS account for other purchase	26.3
Use DFS account for other purchase	0.0

Source: CPD-CA Survey on RMG workers

Table: RMG Workers preferred medium for receiving wage

Category	% of workers
Cash	45.6
MFS	37.7
DFS	16.7

Source: CPD-CA Survey on RMG workers

5. Findings from the survey: Execution status of minimum wage 2018

5.2 Role of stakeholders from UNGP perspective

- ❑ Having a fair Minimum wage is a **crucial labour right** for workers
- ❑ According to UNGP, the **state must protect human rights** (that includes labour rights) while the **corporate should respect it**
- ❑ It is to be noted that, as per UNGPs, businesses bear the responsibility to take action in the event of any human rights violations occurring even within their **business partners or networks**
- ❑ Hence, both the government and the international brands/buyers can not **evade taking responsibility** for failing to propose and implement a **fair minimum wage** for workers
- ❑ According to surveyed factories, in implementing a higher minimum wage, **brands and buyers have the most important role** to play
- ❑ However, the role of brands, at least in terms of price, was **not significantly supportive** when the minimum wage was announced in 2018; brands of **only 12% of surveyed factories increased** their price after the increase in the minimum wage
- ❑ The surveyed factories believe that after this year's increase in the minimum wage, at **best 9% of the brands** they work with, could adjust the price accordingly

Table: Enterprises' perception on playing the lead role in implementing minimum wage

Range (In BDT)	% of suppliers
Brands	55.3
Government	34.2
Factory	10.5

Table: Change in price by brands after the announcement minimum wage in 2018

Category	% of factories brands/buyers adjusted their price
Upward Adjustment in Price	12.0
Downward Adjustment in Price	2.7
No Adjustment in Price	85.3

Table: enterprises' perception on brands in view of new minimum wage

Item	% of brands/buyers will increase their price
Mean	9.08

[all three tables' sources: CPD-CA Survey on RMG factories] 21

5. Findings from the survey: Execution status of minimum wage 2018

- ❑ The importance of MFS for wage payment has already been discussed in the preceding section, yet brands seem to have no focus on implementing that as **only 5.3% of surveyed RMG enterprises mentioned** their brands motivate or pressurise them in making wage payment through MFS
- ❑ **More than 70% of surveyed RMG enterprises** would agree if brands take the responsibility of paying the additional amount of newly set wages directly to workers through MFS
- ❑ On the other hand, although DIFE has been **in charge of inspecting minimum wage implementation** in Bangladesh
- ❑ The conducted survey shows, in case of all the inspections, the **issue of wage is not inspected** by DIFE inspectors
- ❑ However, the positive sign is the checking of wage issues while inspecting has been increasing.
- ❑ The survey data shows in case of inspection in **60%** of surveyed factories wage issue was inquired by DIFE in 2023 which was **42.1%** during 2017

Table: Brands and RMG enterprises role in implementing MFS

Category	Pressure/motivation from brands for paying using DFS	Pressure/motivation from brands for paying using MFS	Would agree if brands directly pay additional wage through DFS	Would agree if brands directly pay additional wage through MFS
% of RMG enterprise	9.2	5.3	68.4	72.4

Source: CPD-CA Survey on RMG factories

Table: % of factories inquired by DIFE regarding wages during inspection

Range (In BDT)	2017	2019	2021	2023
Checked wage issue by DIFE when inspected	42.1	50.0	57.9	60.5

Source: CPD-CA Survey on RMG factories

6. Findings from the survey: performance of RMG industry

6. Findings from the survey: performance of RMG industry

- ❑ The conducted survey shows that each factory on average has a positive export growth compared to the last year
- ❑ However, the export performance of surveyed RMG factories varies significantly in terms of size and their membership status
- ❑ Both the small-sized and non-member and Dhaka-based factories have experienced negative export growth over the last few years
- ❑ On the other hand, somewhat a similar scenario persists in terms of the number of countries surveyed factories exported to; however, large and medium factories are now exporting to more countries in 2023 than in 2017

Table: changes in mean export of factories

Category		% change in 2019	% change in 2021	% change in 2023
Overall		-3.2	-5.6	18.8
Size-wise	Large	3.1	-1.8	45.1
	Medium	-4.6	-2.8	37.5
	Small	-1.2	-10.3	-11.4
Location-wise	Dhaka	-15.5	-22.0	-11.5
	Gazipur	-15.9	-5.5	44.7
	Chattogram	5.1	-16.0	31.5
	Narayangonj	-12.0	1.5	9.9
Membership-wise	Non-Member	-23.5	-16.4	-16.1
	BGMEA	-8.6	-7.9	11.0
	BKMEA	-8.0	-4.2	40.4
	BGMEA & BKMEA	-0.8	7.7	16.7

Source: CPD-CA Survey on RMG factories

Table: mean number of countries each factory exported to

Category		2017	2019	2021	2023
Overall		5.38	5.68	5.44	5.99
Size-wise	Large	10.3	11.7	11.8	13.2
	Medium	5.0	5.4	5.2	6.0
	Small	4.8	4.8	4.4	4.6
Location-wise	Dhaka	5.1	5.1	5.2	5.2
	Gazipur	5.5	5.6	5.1	5.8
	Chattogram	5.1	6.6	6.1	9.0
	Narayangonj	6.1	6.8	6.6	6.3
Membership-wise	Non-Member	3.2	3.7	4.1	4.2
	BGMEA	5.8	6.0	5.6	5.9
	BKMEA	7.0	7.5	7.2	9.2
	BGMEA & BKMEA	4.7	4.7	4.5	4.5

Source: CPD-CA Survey on RMG factories

6. Findings from the survey: performance of RMG industry

- ❑ The conducted survey on enterprises also shows that on average each factory exported **6.30 items** which is the highest than in previous years
- ❑ This trend is more or less similar for all the surveyed factories regardless of their size or membership status
- ❑ On average, each surveyed factory works with 5.11 brands; in the case of large factories the number is 8.5 whereas in the case of middle and small factories, the numbers are 5.7 and 4 respectively
- ❑ No significant change can be observed in terms of number of brands factories work with; however, the number has increased compared to previous year

Table: mean number of products each factory exported to

Category		2017	2019	2021	2023
Overall		6.05	6.36	5.86	6.30
Size-wise	Large	5.3	5.7	5.7	5.8
	Medium	6.1	6.5	5.9	6.6
	Small	6.1	6.4	5.8	6.1
Location-wise	Dhaka	5.9	6.2	5.9	5.7
	Gazipur	6.0	5.9	5.2	5.5
	Chattogram	7.0	8.5	8.3	10.1
	Narayangonj	5.6	6.3	5.5	7.0
Membership-wise	Non-Member	4.2	4.4	4.4	4.7
	BGMEA	6.5	6.8	6.1	6.3
	BKMEA	7.0	7.3	6.9	8.4
	BGMEA & BKMEA	5.7	6.3	5.8	6.0

Source: CPD-CA Survey on RMG factories

Table: mean number of brands factories work with

Category		2017	2019	2021	2023
Overall		5.00	5.17	4.71	5.11
Size-wise	Large	8.2	8.7	8.0	8.5
	Medium	5.6	5.9	5.1	5.7
	Small	3.9	4.0	3.8	4.0
Location-wise	Dhaka	5.5	5.5	5.2	5.2
	Gazipur	5.5	5.5	4.6	5.2
	Chattogram	4.3	5.3	5.1	6.6
	Narayangonj	3.5	3.7	3.8	3.9
Membership-wise	Non-Member	3.2	3.5	3.5	3.7
	BGMEA	5.8	6.0	5.4	5.7
	BKMEA	5.1	5.3	4.6	5.9
	BGMEA & BKMEA	4.5	4.2	3.8	4.0

Source: CPD-CA Survey on RMG factories

6. Findings from the survey: performance of RMG industry

- ❑ The survey data shows a **5% decrease** in case of per workers' export output in 2023 compared to the year 2017 in terms of USD; however, a **20% increase** can be observed for the same indicator in the case of BDT
- ❑ A continuous increase can be observed in the surveyed factories' mean unit cost for top exporting products, from 3 USD in 2017 to 4.1 USD in 2023 (37%)
- ❑ However, during the same period, the unit price of the top exporting product has also increased, from 3.87 to 4.64 (20%)
- ❑ Taking the difference between price and cost shows that, the gap **between the price and cost is under decrease**
- ❑ While the gap has been found to be somewhat similar for large and medium factories, a continuous decline can be observed for small-surveyed factories
- ❑ In 2023, the capacity utilisation of the surveyed factories was found to be **84% which was 85% in 2018**

Table: mean output (export) per worker

Year	Per worker export output in USD	Exchange rate	Per worker export output in BDT
2017	2134	79.12	168842.08
2019	2461	84.5	207954.5
2021	2336	84.81	198116.16
2023	2030	99.46	201903.8

Source: CPD-CA Survey on RMG factories

Table: mean rate of capacity utilisation

Category		2018	2022	2023
Overall		85	82	84
Size-wise	Large	85	87	87
	Medium	85	78	81
	Small	86	84	86
Location-wise	Dhaka	87	82	81
	Gazipur	81	74	79
	Chattogram	93	93	99
	Narayangonj	87	89	89
Membership-wise	Non-Member	86	85	84
	BGMEA	85	80	81
	BKMEA	84	83	91
	BGMEA & BKMEA	88	74	84

Source: CPD-CA Survey on RMG factories

6. Findings from the survey: performance of RMG industry

Table: Mean unit cost for top exported product in USD

Category		2017	2019	2021	2023
Overall		3.0	3.2	3.4	4.1
Size-wise	Large	2.93	3.43	4.00	4.33
	Medium	3.24	3.56	3.84	4.63
	Small	2.84	2.84	3.10	3.61
Location-wise	Dhaka	1.95	2.22	2.47	3.24
	Gazipur	4.10	4.03	4.24	4.95
	Chattogram	2.89	3.49	3.86	4.50
	Narayangonj	2.19	2.19	2.72	3.07
Membership-wise	Non-Member	2.03	1.95	2.07	2.37
	BGMEA	3.83	4.13	4.44	5.27
	BKMEA	2.62	2.75	3.12	3.60
	BGMEA & BKMEA	1.47	1.65	2.03	2.48

Source: CPD-CA Survey on RMG factories

Table: Changes in price and cost of the top exported product in previous year (price is in USD)

Year	% Changes in Cost	% Changes in Price
2019	6.67	-1.55
2021	6.25	7.35
2023	20.59	13.45

Source: CPD-CA Survey on RMG factories

Table: Mean unit price for top exported product in USD

Category		2017	2019	2021	2023
Overall		3.87	3.81	4.09	4.64
Size-wise	Large	3.77	4.43	4.83	5.17
	Medium	3.72	4.03	4.26	5.07
	Small	3.98	3.60	3.89	4.30
Location-wise	Dhaka	2.67	2.83	3.08	4.04
	Gazipur	5.03	4.68	4.88	5.34
	Chattogram	3.57	4.21	4.64	5.43
	Narayangonj	3.12	2.69	3.12	3.28
Membership-wise	Non-Member	3.12	2.45	2.58	2.95
	BGMEA	4.71	4.98	5.31	5.87
	BKMEA	3.24	3.35	3.70	4.33
	BGMEA & BKMEA	1.58	1.62	1.67	2.17

Source: CPD-CA Survey on RMG factories

Table: price-cost of top exported product in USD

Category		2017	2019	2021	2023
Overall		0.87	0.61	0.69	0.54
Size-wise	Large	0.84	1	0.83	0.84
	Medium	0.48	0.47	0.42	0.44
	Small	1.14	0.76	0.79	0.69
Location-wise	Dhaka	0.72	0.61	0.61	0.8
	Gazipur	0.93	0.65	0.64	0.39
	Chattogram	0.68	0.72	0.78	0.93
	Narayangonj	0.93	0.5	0.4	0.21
Membership-wise	Non-Member	1.09	0.5	0.51	0.58
	BGMEA	0.88	0.85	0.87	0.6
	BKMEA	0.62	0.6	0.58	0.73
	BGMEA & BKMEA	0.11	-0.03	-0.36	-0.31

Source: CPD-CA Survey on RMG factories

7. Findings from survey: Costs of RMG workers in 2023

7. Findings from survey: Costs of RMG workers in 2023

7.1 Food cost

- Based on the food basket prepared by Shaheen et al (2023), and collecting the market price against those items, it can be estimated that the standard food cost for an adult (male and female), involved in manual labour, should cost **BDT 5,385** in a month. Using the same standard, with a different food basket, the food cost for a child should be **BDT 1,937**
- The conducted survey found that on average each worker household consists of **3.7 members**, and the average monthly cost for **spice and condiments** is **BDT 695**
- Taking that into consideration, the total household standard food cost stands at **BDT 16,529**

Table: Standard food basket and their cost for a working adult

Food item	Required intake in gram (Per Month)	Total cost (In BDT)
Rice	9990	619.38
Wheat flour	1170	70.2
Millet	2340	304.2
Potato	1500	75
Grass pea	1800	216
Taro	9000	720
Water spinach	7500	300
Banana (Sagar)	3060	162.18
Pool barb	4380	1401.6
Whole milk	9000	765
Soya oil	900	162
Palm oil	420	18.9
Jackfruit Seeds	5820	465.6
Sugar	750	105
Total food cost	5,385	

Source: Based on Shaheen et al (2023) and CPD-CA Survey on workers

Table: Standard food basket and their cost for a child

Food item	Required intake in gram (Per Month)	Total cost (In BDT)
Rice	4890	303.18
Wheat flour	3300	198
Potato	1500	75
Grass pea	900	108
Radish	3000	150
Slender amaranth leaves	990	34.65
Water Spinach	2010	80.4
Melon	3000	180
Egg (Chicken)	3000	642
Whole Milk	900	76.5
Soya oil	30	5.4
Palm oil	450	20.25
Sugar	450	63
Total food cost	1,937	

Source: Based on Shaheen et al (2023) and CPD-CA Survey on workers

7. Findings from survey: Costs of RMG workers in 2023

- ❑ While the standard family food cost should be BDT 16,529, the garment workers are being able to spend BDT 9,198 (56% of the required)
- ❑ In fact, for grade 7 workers, the gap is even higher, as they can only spend BDT 5,344 (32% of the required)
- ❑ As such, many of these workers are refraining from having a number of important food items such as eggs, sugar, fruits, milk, etc.
- ❑ According to the conducted survey, 12% of workers' families do not buy milk at all, 5% of workers' families do not buy sugar at all, 5% of workers' families do not buy any kinds of fruit at the moment
- ❑ Also, surveyed RMG workers' families are being able to spend 85% less than the required amount for milk, 49% less than the required amount of Egg, Meat, and Fish, and 22% less than the required amount of sugar

Table: Occurring food expenses for surveyed RMG family

Category	in 2022	in 2023	% Change
Mean food cost of family in BDT	7899	9198	17%

Source: CPD-CA Survey on RMG workers

Table: Occurring food expenses for surveyed RMG family

Food item	Required cost (BDT)	Occurring cost (BDT)	Cost surplus/deficit(%)
Rice	1975.5	2595.0	31.4
Potato	277.5	430.0	55.0
Whole milk	2142.0	330.0	-84.6
Oil	514.1	760.0	47.8
Egg, Meat and Fish	4424.7	2262.0	-49.0
Sugar	346.5	272.0	-21.5

Source: Based on Shaheen et al and CPD-CA Survey on RMG workers

Table: Grade wise occurring food expenses for surveyed RMG family

Grade	Total food cost
Grade 1	.
Grade 2	.
Grade 3	.
Grade 4	8206
Grade 5	9485
Grade 6	8577
Grade 7	5344
Not sure	9070
Don't have any grade in factory	10646

Source: CPD-CA Survey on RMG workers

7. Findings from survey: Costs of RMG workers in 2023

7.2 Non-food cost

- ❑ The conducted survey on workers shows that the mean non-food **cost of workers' families was BDT 10,313 in 2022 which has increased by 25% in 2023 to BDT 12,882**
- ❑ It can also be observed that unlike in the past, the cost of children's education has **become a component of higher non-food costs for workers' families**
- ❑ On the other hand, the grade-wise distribution of non-food costs shows that the higher the grade, the higher the non-food cost for the workers' family

Table: Non-food cost for workers household

Cost items (per month)	2022 (in BDT)	2023(in BDT)	% Change
Children education cost	1,912	2,653	38.8
Medical cost	1,125	1,378	22.5
House and other service charge	392	508	29.6
Mobile and Internet	532	677	27.3
Transport	880	1,201	36.5
Clothing	888	1,176	32.4
Rent	4,217	4,765	13.0
Toiletries	366	524	43.2
Total	10,313	12,882	
Change % in 2023	25%		

Source: CPD-CA Survey on RMG workers

Table: Grade-wise non-food cost for workers' household

	Children Education cost	Medical cost	House service charge	Mobile and Internet	Transport	Clothing	Rent	Toiletries	Total non-food cost
Grade 1	.	.	.	.	.	.	.	.
Grade 2	.	.	.	.	.	.	.	.
Grade 3	.	.	.	.	.	.	.	.
Grade 4	1050	1271	1044	735	1888	1621	4018	541	12168
Grade 5	1582	1218	933	723	1044	1042	4633	527	11702
Grade 6	1933	1573	744	596	1227	1200	3992	488	11753
Grade 7	2125	694	456	372	825	1225	2388	247	8332
Not sure	3765	1529	481	575	1096	1215	5442	527	14630
Don't have any grade in factory	2630	1412	731	857	1297	1063	5182	596	13768

Source: CPD-CA Survey on RMG workers

7. Findings from survey: Costs of RMG workers in 2023

7.3 An overview of workers livelihood status

- ❑ Survey findings suggest, that workers' mean wage remains a tad low than BDT 10 thousand, while their mean family income stands at BDT 24,584 in 2023
- ❑ The survey findings also suggest that **only 5.7% of the surveyed workers** are involved with additional income generation activities and 11% of the workers have bank deposits

Table: Wage status of surveyed workers

Item	2023	
Mean wage (excluding overtime, bonus) in BDT	Male	10,199
	Female	9,707
	Overall	9,931
Mean wage (including overtime, bonus) in BDT	Male	13,342
	Female	12,358
	Overall	12,807
Mean of total family income in BDT	24,584	
Mean yearly increment in FY 23 (in %)	4.5%	

Table: Property status of surveyed workers

Items	% workers
Involved in any additional income generating activities	5.7
Received wage statements where salary was mentioned	66.2
Ownership of Bank deposits	11.0

Table: Borrowings status of surveyed workers

Category	% of workers family in 2022	% of workers family in 2023
No borrowing	66.7	66.2
Less than BDT 10K	11.0	7.9
More than BDT 10K	22.4	25.9

Table: Savings status of surveyed workers

Category	% of workers family in 2022	% of workers family in 2023
No savings	75.4	77.2
Less than BDT 10K	9.6	6.1
More than BDT 10K	14.9	16.7

7. Findings from survey: Costs of RMG workers in 2023

Table: Grade-wise savings status of surveyed workers

Year	Category	Grade 4	Grade 5	Grade 6	Grade 7	Not sure	Don't have any grade in factory
Year 2022	More than 10k	5.9%	6.1%	3.8%	0.0%	25.4%	18.5%
	Less than 10k	11.8%	0.0%	3.8%	18.8%	7.0%	16.9%
	No savings	82.4%	93.9%	92.3%	81.3%	67.6%	64.6%
Year 2023	More than 10k	11.8%	6.1%	3.8%	6.3%	25.4%	21.5%
	Less than 10k	5.9%	0.0%	7.7%	6.3%	2.8%	12.3%
	No savings	82.4%	93.9%	88.5%	87.5%	71.8%	66.2%

Source: CPD-CA Survey on RMG workers

Table: Grade-wise borrowing status of surveyed workers

Year	Category	Grade 4	Grade 5	Grade 6	Grade 7	Not sure	Don't have any grade in factory
Year 2022	More than 10k	11.8%	9.1%	30.8%	18.8%	28.2%	23.1%
	Less than 10k	11.8%	3.0%	3.8%	0.0%	15.5%	15.4%
	No borrowing	76.5%	87.9%	65.4%	81.3%	56.3%	61.5%
Year 2023	More than 10k	17.6%	15.2%	34.6%	18.8%	25.4%	32.3%
	Less than 10k	0.0%	3.0%	0.0%	6.3%	8.5%	15.4%
	No borrowing	82.4%	81.8%	65.4%	75.0%	66.2%	52.3%

Source: CPD-CA Survey on RMG workers

8. CPD's proposals for the minimum wage board of 2023 and others

8. CPD's proposals for the minimum wage board of 2023 and others

8.1 Proposal regarding amount of minimum wage

- ❑ According to 27.6% of surveyed factory management, the new minimum wage could be around BDT 12,000- more than 21,000
- ❑ On the other hand, the mean expected minimum wage is BDT 18,228
- ❑ Most of the workers' organisation have demanded the minimum wage to be more than BDT 25,000
- ❑ However, CPD has endeavoured to find an estimated wage based on field data and sophisticated methodology

Table: Perception of workers

Item	Output
Satisfied with current minimum wage	1.8% of workers
Expected new minimum wage (in BDT)	18,228

Source: CPD-CA Survey on RMG workers

8. CPD's proposals for the minimum wage board of 2023 and others

□ According to CPD's calculations:

- Total food cost of a garment workers family: **BDT 16,529**
- Total non-food cost of a garment workers family: **BDT 12,881**

Total monthly cost = BDT 29,410

Cost adjusted for inflation as per IMF projection = BDT 31,942

Estimating wage applying Anker formula = **BDT 17,568**

Where,

Discretionary savings = 10%

Number of earning members = 2 (as per the survey findings)

8. CPD's proposals for the minimum wage board of 2023 and others

□ According to CPD's proposal:

Item	Grade 7	Grade 5 & 6	Grade 4	Grade 3	Grade 2	Grade 1
Total wage	17,568	19,310	21,808	23,533	34,603	41,005
Basic (55% of total wage)	9662	10620	11994	12943	19032	22553
House rent (50% of basic)	4831	5310	5997	6472	9516	11276
Food allowance (7% of the total wage)	1230	1352	1527	1647	2422	2870
Medical allowance (5% of the total wage)	879	965	1090	1177	1730	2050
Transport allowance (3.5% of the total wage)	615	676	763	824	1211	1435
Child allowance (2% of the total wage)	351	386	436	471	692	820

8. CPD's proposals for the minimum wage board of 2023 and others

□ How much would it cost for employers to implement CPD's proposed wage? According to CPD's estimates:

Item	Value (in USD)
Per worker wage cost, 2023	101
Per worker wage cost with proposed wage	187
Unit price for large enterprises	6.03
Unit price for medium enterprises	1.04
Unit price for small enterprises	1.01
Wage cost per unit price for large enterprises, 2023	0.131
Wage cost per unit price for medium enterprises, 2023	0.102
Wage cost per unit price for small enterprises, 2023	0.058
Wage cost per unit price for large enterprises (under proposed wages)	0.243
Wage cost per unit price for medium enterprises (under proposed wages)	0.189
Wage cost per unit price for small enterprises (under proposed wages)	0.108
Additional cost to accommodate wage cost for large enterprises (under proposed wages)	0.112
Additional cost to accommodate wage cost for medium enterprises (under proposed wages)	0.087
Additional cost to accommodate wage cost for small enterprises (under proposed wages)	0.049

8. CPD's proposals for the minimum wage board of 2023 and others

8.2 Proposal regarding wage structure of minimum wage 2023

- ❑ The share of basic wage should be reinstated to at least 55% in the new wage structure by **the minimum wage board**
- ❑ Also, instead of specifying a fixed amount, other elements of the wage structure should be established using a percentage-based system by **the minimum wage board**
- ❑ Given that the cost of child education has become a significant cost component for RMG workers' families, **the new minimum wage board** should consider adding child allowance to the existing wage structure;
- ❑ The number of grades in the wage structure should be reduced by **the minimum wage board**; in this connection, grade 6 and grade 5 can be merged into one while keeping grade 7 and others unchanged;
- ❑ Many factories misuse the **trainee category** in paying wages to the workers; hence, this category must be abolished from the wage structure by **the wage board**:
 - Also, the workers are not being promoted to upper grade despite working in the same position for many years; hence, there needs to be a time-bound mandatory rule for factories in grade wise promoting their workers; **Associations, DIFE and MoLE** can work together in this regard
- ❑ The wage structure of the Bangladeshi RMG industry is weak compared to other apparel-exporting countries, **Ministry of Commerce and Ministry of Labour** should take the initiative in this regard

8. CPD's proposals for the minimum wage board of 2023 and others

8.3 Proposal regarding implementation of minimum wage 2023

❑ As found, awareness regarding minimum wage is low both for workers and factories; many factories are not following the grading system and paying workers less than the **minimum wage and not providing required increment**; hence the implementation of a new minimum wage must be given utmost importance

❑ In this connection, **a tripartite committee** should be formed to oversee the implementation of the new minimum wage in the next three months

❑ **The DIFE** must provide a distinct attention to the new minimum wage payment in conducting their inspection in the next six months; there must be a report produced by DIFE in June 2024, only on implementing status of the new minimum wage

❑ The grievance mechanism on wage payment related issues is still not functional, ensuring formation of WPC by **factories** can play a role in this regard particularly given that almost on third of factories do not have WPC Steps should be taken to **expand the use of MFS** in the payment of wages of RMG workers as it would enhance the transparency and accountability in regard to wage payment;

❑ **Bangladesh Bank** can work with in this regard, particularly awareness raising activities should be undertaken by the **government, in partnership with NGOs, CSOs** to promote use of MFS by workers

❑ The **brands** should also play a role in this regard by **motivating/supporting their suppliers** for the transformation;

8. CPD's proposals for the minimum wage board of 2023 and others

- ❑ **Brands/buyers** were not **adequately supportive in implementing** the last minimum wage as they did not take increased workers' wage cost under consideration in setting their price
 - As stipulated in UNGPs, Brands must play a role in this regard; **there should be adequate pressure from sourcing governments** to ensure brands are following responsible business practices (RBP)
 - **Brands/buyers** should express their commitment to the implementation of the new minimum wage by **issuing an official letter**; as estimated by CPD, on average, it may require increasing the price of the product by 7 cents to adjust the cost proposed minimum wage
- ❑ The **Ministry of Commerce**, in coordination with the **Ministry of Foreign Affairs** should seek to work with sourcing **governments in ensuring brands/buyers** are maintaining their due diligence

Thank You
