



# Minimum Wage for the Tannery Industry in 2024 An Empirical Analysis

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## An Empirical Analysis

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Published in July 2024

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The completion of this research project, conducted by Centre for Policy Dialogue (CPD) with the support from European Union, in partnership with Solidar Suisse, OSHE Foundation and coordinational support from the Leather Development Forum (LDF),

Cover Design

Avra Bhattacharjee

Copyediting

HM Al Imran Khan

Page lay-out and typesetting

Md Shaiful Hassan

**Citation:** Ahmed, T., Moazzem, K. G., & Kabir, M.M. F. (2024). *Minimum Wage for the Tannery Industry in 2024: An Empirical Analysis*. Centre for Policy Dialogue (CPD).

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## **Abstract**

The primary objective of this study is to propose a minimum wage for tannery workers in 2024, intended to serve as a benchmark for ensuring a living wage and safeguarding workers' rights in the workplace. The study primarily utilises data from a primary survey conducted across 35 tanneries and 105 tannery workers, supplemented by Key Informant Interviews (KII), Expert Group Meetings (EGM), and field visit observations. The findings indicate that a significant portion of the surveyed tanneries have not implemented the 2018 minimum wage and do not adhere to any grading system. Employing the Anker method, the study estimates that the ideal minimum wage for tannery workers in 2024 should be BDT 22,776. The study strongly recommends robust monitoring mechanisms to ensure the implementation of the newly proposed minimum wage in the future.



## Acknowledgements

The completion of this research project, conducted by the Centre for Policy Dialogue (CPD) in partnership with OSHE Foundation, with coordinational support from the Leather Development Forum (LDF), has been made possible through the contributions and support of various individuals and organisations.

The authors sincerely thank all the participants of the Key Informant Interviews and Expert Group Meeting for their valuable insights, which have greatly enriched the study.

The authors also express their sincere gratitude to the Bangladesh Tanners Association (BTA) and the Tannery Workers Union (TWU) for their unwavering support and collaboration throughout the research process.

The authors duly acknowledge the invaluable support received from *Mr Avra Bhattacharjee*, Joint Director, Dialogue and Outreach, CPD, and *Mr H M Al Imran Khan*, Publication Associate, CPD, for their assistance in finalisation of the manuscript.

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## Acronyms

BDT	Bangladeshi Taka
BLA	Bangladesh Labour Act
BSCIC	Bangladesh Small and Cottage Industries Corporation
BSCI	Business Social Compliance Initiative
BTA	Bangladesh Tanners Association
BFLLEA	Bangladesh Finished Leather, Leather Goods and Footwear Exporters' Association
CBA	Collective Bargaining Agreement
CPD	Centre for Policy Dialogue
DIFE	Department of Inspection for Factories and Establishments
EGM	Expert Group Meeting
EU	European Union
FY	Fiscal Year
HSC	Higher Secondary School Certificate
KIIs	Key Informant Interviews
LWG	Leather Working Group
MFS	Mobile Financial Services
REX	The Registered Exporter system
RMG	Ready-Made Garments
SSC	Secondary School Certificate
USA	United States of America





## 1. INTRODUCTION

The government of Bangladesh formed a new five-member wage board to propose and finalise a new minimum wage for the tannery industry in 2024. The minimum wage in the tannery sector was first declared in 1970 at BDT 110. Later, the wage was revised to BDT 1,440 in 1994 and BDT 8,750 in 2011. The existing minimum wage, BDT 13,500 for urban areas and BDT 12,800 for non-urban areas, was announced in 2018. In that same year, it was also decided for the first time that the workers of the tannery industry would be eligible for a 5 per cent yearly increment on their basic wage.

The minimum wage of the tannery industry for the year 2024 will be fixed in a time of challenging reality. The rocketing inflation has apparently created immense pressure on the livelihood of the workers. On the other hand, the tannery industry has not yet recovered to pre-COVID levels and continues to struggle to achieve its potential export competitiveness, mainly due to environmental non-compliance. As a result, the total export of processed hide/skin was limited to USD 123 million in FY23, a 20 per cent decline from FY22 (EPB, 2024).

Under these circumstances, setting the new minimum wage at a level that contributes to better living standards for workers and thereby enhances the productivity and competitiveness of the industry is of critical importance (Coviello et al., 2021). Additionally, adopting and implementing a living wage is vital for ensuring compliance with regulations of Responsible Business Practices, which are being increasingly adopted globally.

The wage board, comprising representatives of employers and workers, will discuss and negotiate different proposals regarding the minimum wage. In finalising the wage, as per the Bangladesh Labour Act (BLA), indicators such as the cost of living, standard of living, cost of production, productivity, price of products, inflation, nature of work, risk and standard, business capability, socio-economic conditions of the locality, socio-economic conditions of the country, and other relevant factors will be considered. Therefore, an empirical analysis of these indicators using primary data would contribute to the discussion and negotiation in the formal tri-partite dialogue process and influence the decision on workers' minimum wage for the next five years.

On the other hand, setting up a minimum wage also needs to consider the level of implementation of the existing minimum wage to understand the gap in effective enforcement. Without ensuring proper implementation, solely raising the minimum wage level will hardly result in any improvement in the well-being of workers. Furthermore, along with the minimum wage amount, the structure of minimum wage must be reviewed to make the wage more realistic with changing consumption and living expense patterns.

Against these contexts, the study targets the new minimum wage of the tannery industry in 2024. The study aims to analyse the performance of different indicators related to enterprises and workers as per the BLA (2006) and propose a new minimum wage for the tannery industry. It is to be noted that the proposed wage targets the tannery industry only, not the leather and leather goods industry. The leather goods industry has a separate wage board that adopted a minimum wage in 2019.

## 2. OBJECTIVES OF THE STUDY

The study's main objective is to propose a minimum wage for tannery workers for 2024, which could be considered the benchmark for ensuring a living wage for workers and thereby ensuring workers' rights in the workplace. The specific objectives of the study are as follows:

1. To examine to what extent different provisions of the minimum wage 2018 have been implemented in the tannery factories over the last five years;
2. To assess the performance of key indicators set in for reviewing the minimum wage for the workers;
3. To analyse the structure and composition of the minimum wages in the tannery sector in view of the changing livelihood requirements of the workers;
4. To compare the minimum wage structure of Bangladesh with other countries' tannery industries;
5. To put forward a set of recommendations for the Minimum Wage Board of the tannery sector, including a minimum wage for grade 5 workers.

## 3. METHOD OF THE STUDY

The study has been carried out mainly using data from a primary survey. Primary data sources include a survey on tannery factory management and workers, Key Informant Interviews (KIIs), Expert Group Meetings (EGM) and Field Visits. Besides, the study collected and conducted necessary secondary data analysis, particularly concerning the export performance of the Bangladeshi tannery industry. All the data and information have been collected considering the criteria mentioned for setting up minimum wage in the BLA and the objectives of the study.

### 3.1 Estimation of minimum wage

Anker's (2011) method was applied to estimate the minimum wage. According to Anker (2011), the minimum wages of workers should take into consideration several components, including (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:

$$\frac{(\text{Food Cost} + \text{Non Food Cost}) \times \text{Household Size}}{\text{Number of Earners}} + X \% \text{ of Discretionary Savings}$$

Estimating food costs involves considering the ideal food basket Amin (2024) prepared, tailored to age and work level using current market price. On the other hand, data from a primary survey was utilised to estimate the non-food cost, household size, and number of earners. The discretionary savings were determined by taking into account workers' assets and saving status reflected in the survey.

### 3.2 Collection of data

**Primary Survey:** Given that a significant portion of the tanneries in Bangladesh (more than 70 per cent) are located at BSCIC Tannery Estate, Hemayetpur, all the survey respondents were selected

from this area. A total of 35 tanneries and 105 tannery workers were surveyed using two separate questionnaires, pre-developed in consultation with relevant stakeholders. The questions for the workers and employers were kept as similar as possible to determine whether either group provided inflated or deflated information. The comparison revealed identical results from both sides, suggesting that the data was of good quality. In selecting the sample, maximum variation sampling was adopted with the intention of covering all types of tanneries and workers through the survey.

**Key Informant Interviews (KIIs):** In order to complement the survey data, a total of 5 KIIs have been carried out. The respondents of the KIIs include tannery owners, general workers, trade union leaders, academicians, and development professionals. All the interviews were in-person and based on a pre-structured questionnaire.

**Desk review:** Along with primary data, secondary data was collected from different literature, reports, and websites. In particular, information on the minimum wage of other tannery peer countries and export performance-related information on the Bangladeshi tannery industry has been collected from secondary sources.

**Observations from the field visit:** Along with all the collected information, the researchers made several field visits to the BSCIC Tannery Estate, Hemayetpur, intending to gather observations regarding how the industry operates and its wage-setting-related mechanism.

**Expert group meeting (EGM):** An EGM has been conducted at CPD premises to validate the methodology the study intended to use and collect relevant information for the study. The meeting included representatives from employers, trade unions, workers, development professionals, and academicians.

#### 4. A COMPARISON OF MINIMUM WAGES OF BANGLADESH AND OTHER PEER COUNTRIES

**Table 1: Monthly minimum wages in select Asian Countries with major tannery sector presence**

Countries	Minimum wage (in USD)
India (West Bengal) (2023)	117
India (Kerala) (2023)	146
India (Uttar Pradesh) (2023)	123
India (Tamil Nadu) (2023)	138
Pakistan (Punjab) (2023)	115
Bangladesh (Tannery sector only) (2018)	123
Vietnam (Average of minimum wages in different regions) (2024)	171
Indonesia (Average minimum wage of cities with major tannery industries) (2024)	186
Thailand (Average minimum wage of cities with major tannery industries) (2022)	255
Bangladesh (RMG sector only) (2023)	114

**Source:** Collected from different websites.

**Note:** 1 USD = 109.76 BDT.

Similar to Bangladesh, many countries have active tannery industries. However, none of these countries have tannery industry-specific minimum wages. Rather, in most cases, these countries have different minimum wages in their various states and regions.

In terms of the amount of minimum wage, the current minimum wage for the tannery industry in Bangladesh seems to be lower than that of most other comparable countries (Table 1). In India, several states, namely West Bengal, Kerala, Uttar Pradesh, and Tamil Nadu, have clusters of tanneries. Apart from West Bengal, all three other Indian states have higher minimum wages than the Bangladeshi tannery industry. The minimum wages of Kerala, Uttar Pradesh and Tamil Nadu are USD 146, USD 123 and USD 138, respectively, whereas the current minimum wage of Bangladeshi Tannery Industry is USD 123. Although West Bengal's minimum wage (USD 117) is lower than the current minimum wage of the Bangladeshi tannery industry, the state is known for its significantly lower cost of living in India. On the other hand, considering the average of the regions with tannery clusters, the minimum wages of Thailand, Indonesia, and Vietnam stand at USD 255, USD 186, and USD 171, respectively, which are all higher than those of Bangladesh. However, the Punjab state of Pakistan, which has a tannery cluster, has a minimum wage of USD 115, lower than the current level of Bangladesh.

A few observations can be derived from this comparison. The adoption of a minimum wage for the Bangladeshi tannery industry of USD 123 in 2018 deserves a bit of appreciation given that the amount is relatively higher than most other industries in Bangladesh, including RMG (USD 114) – acknowledging the health risks that every tannery worker has to take in their daily work. Although the wage remains lower than in most other countries with a tannery industry, it is worth noting that most of these wages have been adopted in the last two years, while the existing minimum wage of the Bangladeshi tannery industry was adopted in 2018 – six years ago.

Despite these considerations, the existing minimum wage is not entirely realistic in many respects. First, compared to other tannery industries, Bangladeshi tannery workers work in a riskier and more polluted environment, necessitating higher wages. Second, Bangladeshi tannery workers allegedly work six to seven days a week and for long hours, which makes their per-hour income even lower. Third, unlike in many peer countries, social safety net programmes such as employment injury insurance and unemployment benefits are largely missing for Bangladeshi tannery workers. Fourth, while the nominal wage amount is higher for the Bangladeshi tannery industry, the weak performance of monitoring agencies across all industries (including the RMG sector, as found by Moazzem et al., 2023) creates uncertainty about the extent to which this wage has been implemented over the years.

## 5. OVERVIEW OF THE SURVEYED RESPONDENTS

### 5.1 Structural features of the surveyed tanneries

**Table 2: Size wise distribution of the surveyed tanneries**

Category	Share (%)
Large	14.3
Medium	17.1
Small	68.6
<b>Total</b>	<b>100.0</b>

**Source:** CPD tannery survey 2024: on tannery enterprises.

**Size:** Similar to other industries, the survey indicates that the tannery industry appears to have a dominant presence of small enterprises. Among the survey respondents, small tanneries are the most prevalent in terms of size, accounting for 68.6 per cent of the total (Table 2)<sup>1</sup>.

**Type of building:** The survey found that most tanneries (97.1 per cent) operate their self-owned building (Table 3). This implies two points. First, the owners of the tanneries do not have to bear the monthly rent expense, allowing them to have lower operational costs.

**Table 3: Building ownership wise distribution (in %)**

Category	Share (%)
Self-owned building	97.1
Rented building	2.9
<b>Total</b>	<b>100.0</b>

**Source:** CPD tannery survey 2024: on tannery enterprises.

Second, unlike in RMG, where a good section of the factories operates in rented buildings, the tannery owners are better positioned to make any remediation within their building to maintain structural, electrical, and fire safety. However, it is to be noted that there are still disputes over the actual ownership of these tanneries, as a large section of them allegedly did not make their payment to BSCIC for their allotted land.

## 5.2 Operational features of the surveyed tanneries

**Table 4: Operation type- wise distribution of the surveyed tanneries**

Category	Share (%)
Raw hide/skin to tanned	22.9
Raw hide/skin to crust	22.9
Raw hide/skin to finished leather	42.9
Tanned hide/skin to finished leather	5.7
Crust hide/skin to finished leather	5.7
<b>Total</b>	<b>100.0</b>

**Source:** CPD tannery survey 2024: on tannery enterprises.

**Types of operation:** In terms of tannery type, those that process skin from raw to finish are the most prevalent among the surveyed tanneries (42.9 per cent) (Table 4). However, tanneries also do not involve the whole tanning process, such as processing rawhide to crust or tanning only (Table 4).

<sup>1</sup>It is to be noted that as per the practice of the Bangladeshi tannery industry, the size of the tannery has been determined based on its area. Tanneries with less than 30,000 square feet are classified as small, those with an area between 30,000 and 50,000 square feet are categorised as medium, and those with an area exceeding 50,000 square feet are considered large.



**Table 5: Tanning method wise distribution (in %)**

Category	Share (%)
Vegetable tanning	8.6
Chrome tanning	68.6
Both	22.9
<b>Total</b>	<b>100.0</b>

**Source:** CPD tannery survey 2024: on tannery enterprises.

**Process of tanning:** The tanning process can be carried out mainly using two methods. One is vegetable tanning; the other is chrome tanning. Vegetable tanning is relatively environment friendly; however, it is a slower process, while chrome is fast and productive but generates relatively higher emittance. The survey indicates that most surveyed tanneries primarily use chrome tanning (68.6 per cent) in Bangladesh (Table 5). However, 22.9 per cent of tanneries use a combination of chrome and vegetable processes.

**Table 6: Raw skin/hide type-wise tannery distribution (in %)**

Category	Share (%)
Cowhide	91.4
Calfskin	25.7
Goatskin	42.9
Sheepskin	28.6
Buffaloskin	25.7

**Source:** CPD tannery survey 2024: on tannery enterprises.

**Use of skins:** The cattle hold the highest population among livestock in Bangladesh. According to data from the Department of Livestock (2024), the total number of cattle in Bangladesh in FY 2023 was 249 lakhs. The second, third, and fourth livestock include Goats (270 lakhs),

Sheep (38 lakhs), and Buffalo (15 lakhs), respectively. Similar to these statistics, cowskin was found to be the most prevalent rawhide for the surveyed tanneries. About 91.4 per cent of the surveyed tanneries use cowskin as their rawhide, while they also use calfskin, goatskin, sheepskin, and buffalo skin (Table 6).

### 5.3 Ownership features of the surveyed tanneries

**Table 7: Ownership type-wise distribution (in %)**

Category	Share (%)
Sole Proprietorship	71.4
Partnership	28.6
<b>Total</b>	<b>100.0</b>

**Source:** CPD tannery survey 2024: on tannery enterprises.

**Table 8: Ownership nature-wise distribution (in %)**

Category	Share (%)
Full Bangladeshi	100.0
<b>Total</b>	<b>100.0</b>

**Source:** CPD tannery survey 2024: on tannery enterprises.

**Type of ownership:** As expected, none of the surveyed tanneries is owned by foreign entities. All the surveyed tanneries (100 per cent) are found to be Bangladeshi-owned (Table 8). The tannery industry of Bangladesh is historically known as a family business, meaning that over the years, the ownership of the business has been transferred from one generation to the next within a family. The finding that 71.4 per cent of surveyed tanneries hold sole proprietorship somewhat indicates the same (Table 7).

**Table 9: Associations' Membership wise distribution (In %)**

Category	Share (%)
Non-Member	2.9
BTA	82.9
Both BTA and BFLLEA	14.3
<b>Total</b>	<b>100.0</b>

**Source:** CPD tannery survey 2024: on tannery enterprises.

**Association memberships:** The survey indicates that more than 97 per cent of the survey respondents are either members of BTA, BFLLEA, or both (Table 9). This implies that trade associations in the tannery industry have a comparatively higher scope of implementing industry-wide initiatives than in other industries.

**Table 10: List of certificates obtained (% of tanneries)**

Category	Share (%)
None	88.6
BSCI	5.7
Rex	5.7

**Source:** CPD tannery survey 2024: on tannery enterprises.

**Certifications:** The tannery industry of Bangladesh has been falling short of maintaining compliance with the standard required to achieve global accredited certifications. As such, the most prominent certification for the tannery industry, the Leather Working Group (LWG), is largely missing in Bangladesh. As of this date, Bangladesh has seven LWG-certified tanneries in Bangladesh (LWG, 2024). None of these certified tanneries are situated in BSCIC Hemayetpur Tannery Estate. The survey findings reveal a similar scenario. None of the surveyed tanneries are found to be LWG certified. However, only a few (around 5.7 per cent) claimed to have BSCI and REX certification (Table 10).

## 5.4 Workforce features of the surveyed tanneries

**Number of employments:** In terms of employment, the tannery industry is found to be relatively smaller than other Bangladeshi manufacturing industries. According to the surveyed tannery management, on average, each tannery has 20 workers (Table 11). In fact, over the past years (2017 to 2023), no significant change in terms of employment could be observed in the surveyed tanneries. The highest number of workers for one single surveyed tannery is found to be around 80<sup>2</sup>. This lower number of workers in tanneries can be attributed to two probable factors. First, most of the tanning tasks can be done with a machine. Hence, having a machine operator and assistant operator can be sufficient to carry out major activities. Second, the employers do not recognise all the workers as their ‘workers’ as many work seasonally or on a contractual basis.

**Table 11: Mean number of workers working in each tannery**

Category		Male (Mean)			Female (Mean)			Total		
		2017	2022	2024	2017	2022	2024	2017	2022	2024
Overall		21	18	19	1	0	1	21	19	20
Size-wise	Large	48	38	46	5	0	0	53	38	46
	Medium	14	16	16	1	1	2	15	17	18
	Small	16	14	15	0	0	1	16	14	16
Category-wise	Raw hide/skin to tanned	8	8	8	1	1	1	9	9	9
	Raw hide/skin to crust	20	23	26	0	0	0	20	23	26
	Raw hide/skin to finished leather	20	19	21	2	0	1	22	19	22
	Tanned hide/skin to finished leather	18	12	9	2	1	2	20	13	11
	Crust hide/skin to finished leather	73	35	35	0	0	0	53	38	46

**Source:** CPD tannery survey 2024: on tannery enterprises.

**Employment during Eid Season:** The number of workers in the tannery industry increases during the Eid ul Adha festival as the supply of rawhide rises exponentially during this event. However, it is difficult to estimate the extent of this increase, as many informal workers, such as day labourers, rickshaw pullers, and tea stall owners, worked for different tanneries during this period, mainly performing non-technical tasks. Tannery employers do not classify these seasonal workers as their employees, given that their numbers can vary significantly. However, when asked during the survey

<sup>2</sup>One factor needs to be considered here, for being an outlier, Apex tannery limited, which itself employs more than 500 workers have been omitted from the sample so that the true picture of the whole industry reflects in the survey.

about the number of recruitments made during the last Eid ul Adha in 2023, the average number of hires per tannery was 17. In fact, the average number of recruits during the Eid period has increased over the years, according to the survey findings. This could be due to the increase in the number of cattle sacrifices in recent years, which has led to a higher supply of raw hides and, consequently, a higher number of recruitments.

**Employment features:** The conducted survey indicates that the tannery industry is predominantly male-dominated, with an average male-to-female worker ratio of around 20:1. Interviewed stakeholders cited the nature of the job, which involves carrying heavy objects, lack of skills, unsafe working conditions, and the presence of nearby RMG industry clusters as reasons for the lower participation of female workers. There is a common perception that the unsafe conditions in tanneries necessitate recruiting only male workers. However, it is important to ensure that workplaces are safe and conducive to the well-being of all workers, regardless of gender. Many industry-related tasks are related to machine operation and require technical skills rather than physical strength. Moreover, according to industry experts, the share of female workers was higher when the industry operated in Hazaribagh, Dhaka. This suggests that women can work in the industry and will choose again if proper incentives and workplace safety are ensured.

## 5.5 Demographic information of surveyed tannery workers

**Table 12: Gender distribution of workers**

Gender	(% of workers)
Male	96.2
Female	3.8

**Source:** CPD tannery survey 2024: on tannery enterprises.

**Gender:** A total of 105 tannery workers have been surveyed for the study. As found through the survey on the management, the conduction of the survey on the workers largely reveals the male dominance in the industry. As such, 96 per cent of the surveyed respondents are female (Table 12).

**Table 13: Age and work experience of the surveyed workers**

Category	Year
Mean age of workers	36.8
Mean experience of working	16.4

**Source:** CPD tannery survey 2024: on tannery enterprises.

**Age and work experience:** Given that the tannery industry is one of the oldest industries in Bangladesh, most of the workers, like their forefathers, have worked in this industry for many years. On the other hand, some of the work in this industry requires a unique skill set, and it is difficult for a new worker to work in that position straightway. As such, age-wise, workers in the industry are a bit older than those in the RMG industry. As per the survey, the mean of the surveyed workers was found to be 36.8 years, while their mean years of experience is 16.4 years (Table 13).

**Table 14: Educational attainment of workers**

Category	% of workers
Never went to school	3.8
Class 1- 5	47.6
Class 6 - 10	37.2
SSC passed	6.7
HSC passed	2.9
More than HSC	1.9

**Source:** CPD tannery survey 2024: on tannery enterprises.

**Table 15: Surveyed worker's area of residence**

Area	% of workers
Savar	95.2
Jigatola	1.9
Hazaribagh	1.9
Ashrabad	1.0

**Source:** CPD tannery survey 2024: on tannery enterprises.

**Educational qualification:** The survey revealed that 3.8 per cent of the surveyed workers never went to school (Table 14). At the same time, an additional 84 per cent of the surveyed workers did not pass the Secondary School Certificate (SSC). However, a small portion of the surveyed workers passed the Higher Secondary School Certificate (HSC) and even more than that.

**Living area:** During the conducted interviews, a few stakeholders claimed that although the tannery estate is situated in Hemayetpur, a good portion of the workers still working in the industry come from distant Hazaribagh, the old working area for them. However, the survey indicates that the ratio of these kinds of workers is significantly low. More than 95 per cent of the surveyed workers live in the Savar area near the estate (Table 15). The rest, around 4 per cent of the workers, live in either Jigatola, Hazaribagh, or Arshabad.

## 5.5 Job categories of surveyed tannery workers

**Table 16: Job type wise distribution of workers (% of workers)**

Category	% of surveyed workers
Contractual	32.4
Permanent	65.7
Not sure	1.9

**Source:** CPD tannery survey 2024: on tannery enterprises.

**Table 17: Surveyed workers' skill distribution**

Skill	% of workers
Highly Skilled	36.2
Skilled	46.7
Semi-skilled	16.2
Non-skilled	1.0

**Source:** CPD tannery survey 2024: on tannery enterprises.

**Job type:** Due to the fact that the average working years for the surveyed workers were more than 16 years, supposedly, none of these workers were supposed to have remained contractual. However, the survey revealed that 32.4 per cent of the surveyed workers are still working as contractual workers, while 1.9 per cent are unsure about their job status (Table 16).

**Skill category:** In terms of job nature, the survey respondents mainly include highly skilled and skilled workers, 36.2 and 46.7 per cent, respectively. While there is a presence of semi-skilled workers (16.2 per cent), the presence of non-skilled workers was found to be significantly low (Table 17).

## 5.6 Trade union activities by the surveyed tanneries and the workers

**Trade union in tanneries:** One of the distinct features of the tannery industry, historically, it has a good presence of trade unions. The conducted survey indicates the same. 43% of the surveyed tanneries claimed they had trade unions in their factories, meaning that the industry had better trade union coverage than the RMG industry.

**Table 18: Surveyed workers' trade union membership**

Category	% of workers
Non-Member	62.9
Member	21.9
No trade union in the factory	15.3

**Source:** CPD tannery survey 2024: on tannery enterprises.

**Trade membership of workers:** In terms of trade union activities involvement, the survey on the workers echoed the same as found from the survey on the management. According to surveyed workers, 21.9 per cent of them are active trade union members (Table 18). About 62.9 per cent of the surveyed workers have trade unions in their factories; however, they are not members of it.

## 6. IMPLEMENTATION STATUS OF 2018 MINIMUM WAGE

### 6.1 Wage setting mechanism in the tannery industry

While the government sets the minimum wage at specific intervals for the tannery industry, the industry's owners' associations and trade unions sit together to collectively bargain and set an ideal wage above the minimum wage (Figure 1). However, several issues arise from this practice.



**Figure 1: Visual representation of the CBA wage-setting mechanism**



**Source:** Authors' illustration.

First, while the government sets the minimum wage for five grades, the CBA arrangement sets the wage based on four skill categories: highly skilled, skilled, semi-skilled, and non-skilled. This inconsistency between the government grades and the CBA skill categories can lead to contradictions in wage settings. Second, although the nominal wage set through the CBA remains higher than the minimum wage to some extent, other entitled benefits, such as increments, are often set lower than those dictated by the wage board. Third, if the actual wage is considered, the amount set by the CBA arrangement often becomes lower than the minimum wage. For example, if a 5 per cent increment is applied to the minimum wage of BDT 13,500, the wage for 2024 would be BDT 15,881. However, the latest CBA wage agreed upon by tanneries and the trade union is around BDT 14,200. This allows owners to avoid paying the full BDT 15,881 while claiming compliance. According to interviewed trade union respondents, workers often do not receive even the wages stipulated in the CBA.

## 6.2 Minimum wage implementation scenario

In 2018, the minimum wage was established across five grades, with the lowest set at BDT 13,500 for grade 5 workers (Table 19). Each tannery occupation was categorised according to the grade determined by the wage board that year. Additionally, a provision was included mandating a 5 per cent annual increase in the workers' basic wage.

**Table 19: The minimum wage structure for the tannery sector in the year 2018**

Grade	Basic	House rent	Medical allowance	Transport allowance	Gross wage
Grade 1	14000	9800	1000	600	25400
Grade 2	11500	8050	1000	600	21150
Grade 3	9600	6720	1000	600	17920
Grade 4	8300	5810	1000	600	15710
Grade 5	7000	4900	1000	600	13500

**Source:** Minimum Wage Board (2024).

However, the discussion on the amount of minimum wage becomes irrelevant if it is not implemented properly. The survey data shows a lack of proper implementation of the minimum wage adopted for the tannery industry in 2018.

**Deviations in grading practices:** The survey conducted on the tanneries indicates that a large section of tanneries has not implemented the minimum wage. The minimum wage was set for each of the five grades. However, as per the survey data, 69% of surveyed tanneries, to date, do not practice any grading (Table 20). Hence, the actual implementation of minimum wage in these surveyed tanneries remains uncertain. In fact, those practice grading mechanisms have a mismatch of the standards. While some tanneries solely follow the CBA skill-based structure, some tanneries even follow only four grades, whereas the wage boards mention about five.

**Table 20: % of surveyed tanneries practice grading**

Category		CBA	Government	No grading
Overall		14.3	17.1	68.6
Size-wise	Large	40.0	60.0	0.0
	Medium	16.7	16.7	66.7
	Small	8.3	8.3	83.3
Category-wise	Raw hide/skin to tanned	0.0	0.0	100.0
	Raw hide/skin to crust	25.0	25.0	100.0
	Raw hide/skin to finished leather	20.0	26.7	50.0
	Tanned hide/skin to finished leather	0.0	0.0	53.3
	Crust hide/skin to finished leather	0.0	0.0	100.0

**Source:** CPD tannery survey 2024: on tannery enterprises.

**Deviations in minimum wage payment:** The survey finds that the mean minimum wage paid to workers by surveyed tanneries has increased over the years. In 2017, the mean minimum wage paid to the workers was BDT 10,963 (Table 21). However, even though the minimum wage was set to BDT 13,500, the mean minimum wage paid by the tannery employers to their workers remained at BDT 11,877 in 2020 and BDT 12,812 in 2022. Only in the last year, 2023, the mean minimum wage paid by their employee crossed BDT 13,500 – indicating non-compliance with minimum wage payment. In

fact, the survey finds that even in 2024, around 60 per cent of the surveyed employers paid less than BDT 13,500 as their minimum wage.

**Table 21: Minimum wage payment by surveyed tanneries***(In BDT)*

Category	2017	2020	2022	2024
Mean	10963	11877	12812	13547
Median	10900	11500	12500	13000
Range	7000	11000	12000	12200
Minimum	8000	6000	7000	8000
Maximum	15000	17000	19000	20200

**Source:** CPD tannery survey 2024: on tannery enterprises.

**Table 22: Minimum wage payment (with overtime) by surveyed tanneries***(In BDT)*

Category	2017	2020	2022	2024
Mean	13356	14291	15282	16161
Median	13500	14100	14800	15850
Range	7800	8500	9000	11100
Minimum	9200	9500	11500	11500
Maximum	17000	18000	20500	22600

**Source:** CPD tannery survey 2024: on tannery enterprises.

A similar situation can be observed in the case of the survey conducted on workers as well. Although the workers' mean wage was BDT 16,382 in 2024 (Table 23), at least 16 per cent of the surveyed workers working for more than a year received an amount below BDT 13,500. In fact, if the increment is considered, the minimum wage in 2024 becomes BDT 15,881. Yet, 43 per cent of the workers, despite working for more than six years, received less than this amount as their wage. However, it is to be noted that this wage does not include any overtime or bonuses. When overtime and bonuses are considered, the mean minimum amount paid by the employers becomes BDT 16,161 in 2024 (Table 22). On the other hand, the mean earnings of tannery workers, including overtime and bonuses, was BDT 17 320 in 2024, which was BDT 16,800 in the year 2022 (Table 24). The survey data indicates the per-hour overtime payment was BDT 65 in 2024, according to employers. Similarly, the mean per hour overtime mentioned by the workers was BDT 68 in 2024.

**Table 23: Monthly wage of the workers without overtime***(In BDT)*

	2022	2023	2024
Mean	15305	15771	16382
Median	15000	15500	16000
Std. Deviation	3327	3589	3736
Range	18000	18000	18200
Minimum	7000	7000	7000
Maximum	25000	25000	25200

**Source:** CPD tannery survey 2024: on tannery enterprises.

**Table 24: Monthly wage of the workers, including overtime**

(In BDT)

	2022	2023	2024
Mean	16800	17376	17320
Median	16100	17000	17500
Std. Deviation	3925	4208	4144
Range	23000	22500	20417
Minimum	7000	7500	7583
Maximum	30000	30000	28000

**Source:** CPD tannery survey 2024: on tannery enterprises.**Table 25: Mean per hour overtime payment by surveyed tanneries**

(In BDT)

Category	2017	2020	2022	2024
Mean	48	55	62	65
Median	45	52	60	65
Range	22	40	45	42
Minimum	38	40	45	48
Maximum	60	80	90	90

**Source:** CPD tannery survey 2024: on tannery enterprises.

**Practice of third-party hiring:** During the conduction of the interviews, it was alleged that some tanneries hire their contractual workers to a third party. This allows the owners to avoid paying the legally entitled benefits to a worker. The conducted survey found evidence supporting this claim, as 28.6 per cent of the tanneries admitted that they practice third-party recruiting for their tanneries (Table 26).

**Table 26: % of surveyed tanneries hired contractual workers through third-party**

Category		Share (%)
Overall		28.6
Size-wise	Large	10.0
	Medium	10.0
	Small	80.0
Category-wise	Raw hide/skin to tanned	20.0
	Raw hide/skin to crust	20.0
	Raw hide/skin to finished leather	50.0
	Tanned hide/skin to finished leather	0.0
	Crust hide/skin to finished leather	10.0

**Source:** CPD tannery survey 2024: on tannery enterprises.

**Lack of awareness:** The failure of employers to pay minimum wage was supported by a lack of awareness among workers regarding their entitled amount. At least 59 per cent of the surveyed workers revealed they know nothing about grading practices. Additionally, 71 per cent of the surveyed workers know nothing about the latest minimum wage announcement. This higher level of ignorance regarding

grading and minimum wage can be attributable to the survey findings showing that 86 per cent of workers do not get any training on wage-related issues. Awareness among workers regarding their legally entitled wages is the first step to wage compliance, which increases the scope of the owners' accountability. In fact, the survey data also reveals that workers who are members of a trade union or work in a tannery that has a trade union received a higher wage than those other workers (Table 27). While it does not necessarily mean a casual relationship, the assumption is that due to trade union activities, workers are more aware of their wages and, hence, better off compared to other workers.

**Table 27: Tannery membership wise workers' wage and workhour**

Category	Mean workhour	Mean wage (excluding overtime, bonus, etc.)	Mean wage (including overtime, bonus, etc.)
TU Member workers	9	17189	18285
Non-TU member workers	9	16202	17180
TU is not available in tannery	10	15969	16513

**Source:** CPD tannery survey 2024: on tannery enterprises.

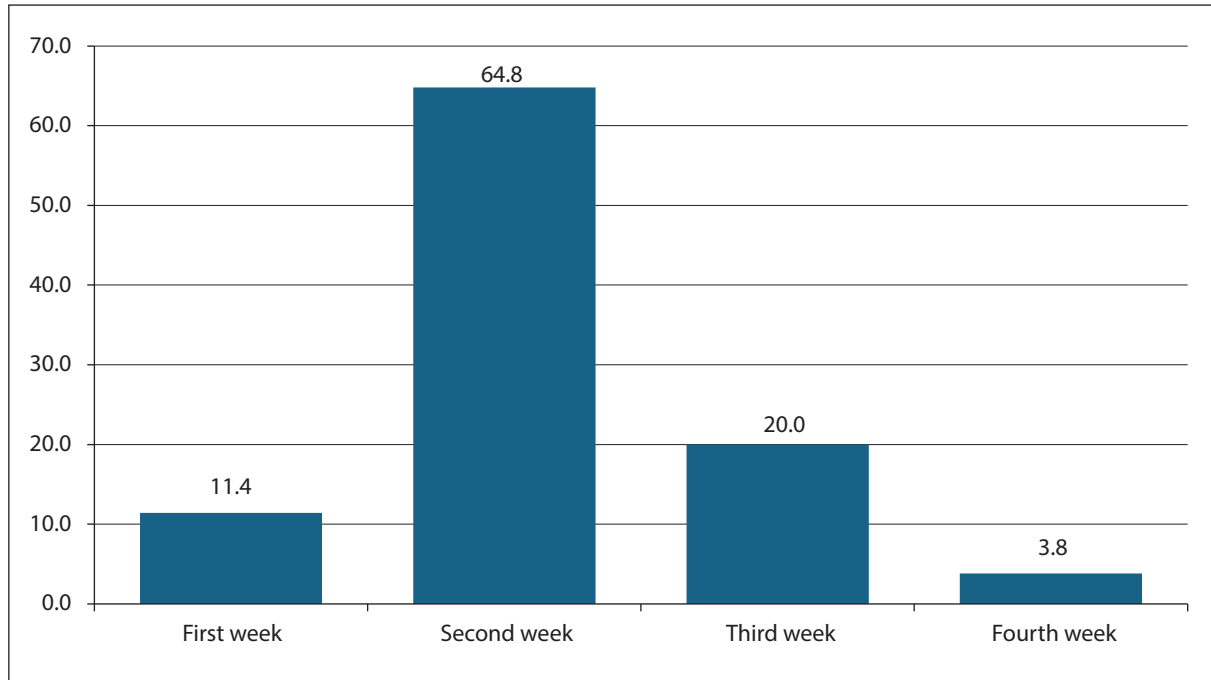
**No scope of promotion:** The existing grading structure of the wage board does not have a scope for the workers to be promoted to upper grade. Unlike the RMG industry, workers in each grade are tasked with different activities. Hence, workers in a certain grade may not be as efficient as those in other grades. This kind of practice does not allow workers to be promoted to the upper grade and have a substantial increase in their wages. Therefore, in order to have a higher wage, they solely depend on yearly increments. If an increment is not offered, the workers' wages will also remain the same.

**Deviations in timely payment:** Over the years, there have been deviations in minimum wage payments and delays in timely payments. The survey conducted on both employers and workers depicts a similar scenario: at present, the majority of workers receive their wages as late as the second and third weeks of the month. Specifically, 65 per cent of the surveyed workers received their wages in the second week of the month (Figure 2). The survey on tanneries reveals a deteriorating situation; in 2018, 25.7 per cent of the tanneries made wage payments within the first week of the month, which decreased to 11.4 per cent in 2024 (Figure 3).

**Long working hours and days:** During the interviews, several respondents alleged that workers receive lower wages and have limited leave and free time while working for the tanneries. The survey conducted supports these claims. It found that 88 per cent of the surveyed contractual workers have to work six days a week (Figure 4). Furthermore, 12 per cent of contractual workers work seven days a week. For permanent workers, the situation is even worse, with 56.5 per cent of them working seven days a week. In terms of daily work hours, the survey reveals a mixed situation. The average daily work hours for the surveyed workers is 9.3. However, it is notable that about 12 per cent of workers reported working an average of 12 hours daily for their tanneries.

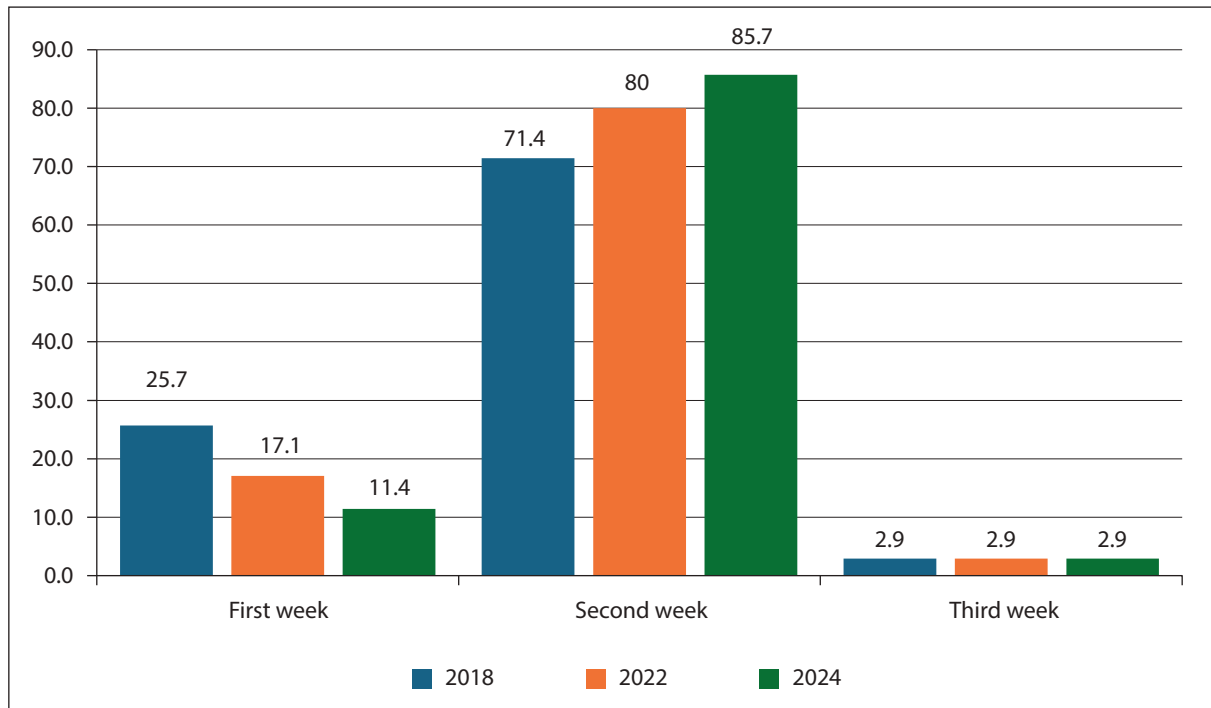
**Weak accountability mechanism:** Along with the lack of awareness among workers, one probable factor contributing to deviations in minimum wage payments is the inadequate monitoring by the Department of Inspection for Factories and Establishments (DIFE). The survey found that DIFE did not conduct a single inspection for around 46 per cent of the surveyed tanneries in the past six years.

**Figure 2: Average week of the month in which workers received their monthly wages (% of workers)**



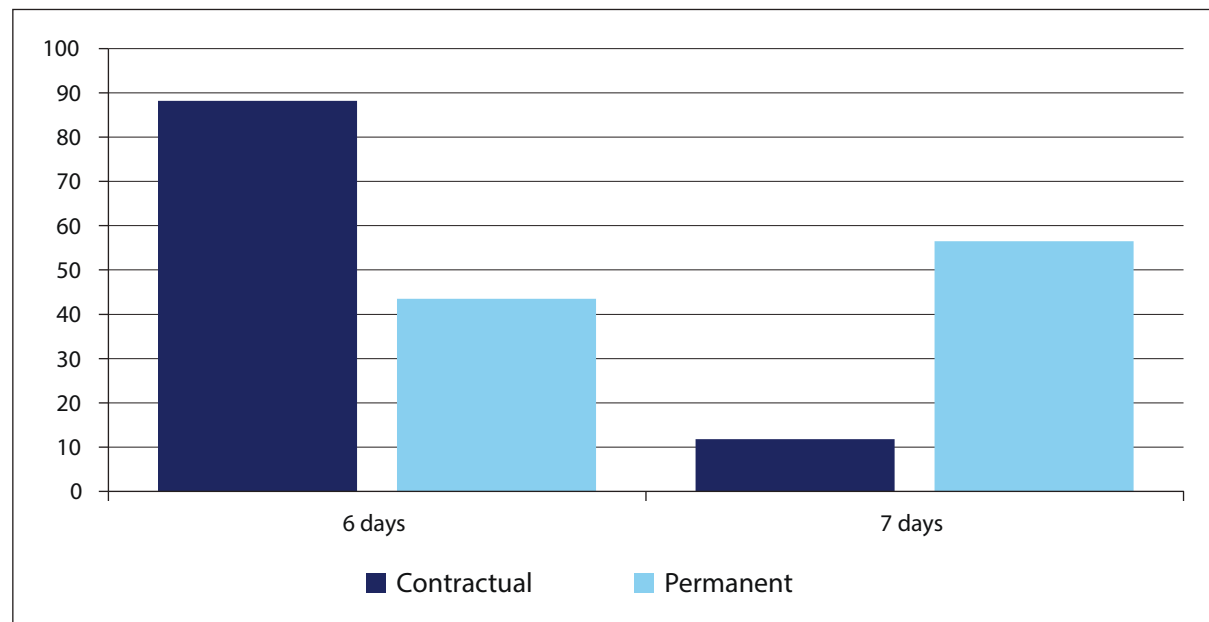
Source: CPD tannery survey 2024: on tannery workers.

**Figure 3: Average week of the month in which factories pay wages to their workers (% of enterprises)**



Source: CPD tannery survey 2024: on tannery enterprises.



**Figure 4: Average workdays in a week (% of the workers)**

**Source:** CPD tannery survey 2024: on tannery workers.

As Bangladeshis become increasingly digitally literate, using Mobile Financial Services (MFS) for wage payments could enable a robust monitoring mechanism. Unfortunately, none of the surveyed tanneries were found to make wage payments through the MFS. During the COVID-19 pandemic, tannery industry workers opened MFS accounts and received their wages through this platform, indicating a significant potential for tanneries to utilise such services. However, implementing MFS for wage payments would require the employers' willingness and initiative.

**Table 28: Workers' entitlement of non-wage benefits**

Type of Benefits	Entitled (% of workers)
Festival bonus (except Boishakh)	95.2
Festival bonus (including Boishakh)	9.5
Attendance bonus	19.1
Performance bonus	4.8
Provident fund	15.3
Gratuity	0.0
Health Insurance	5.7
Housing facilities	16.2
Leave with pay	39.1
Tiffin allowance (during duty)	14.3
Night staying allowance	5.7
Canteen facilities	29.5
Rationing	20.0
Yearly increment (as per CBA)	33.3
Yearly increment (as per BLA)	4.8

(Table 28 contd.)

(Table 28 contd.)

Type of Benefits	Entitled (% of workers)
Dearness allowance	9.5
Worker welfare allowance	12.4
Workplace accidents compensation	48.6
Dedicated uniform	20.0
Appointment letters	12.4

**Source:** CPD tannery survey 2024: on tannery enterprises.

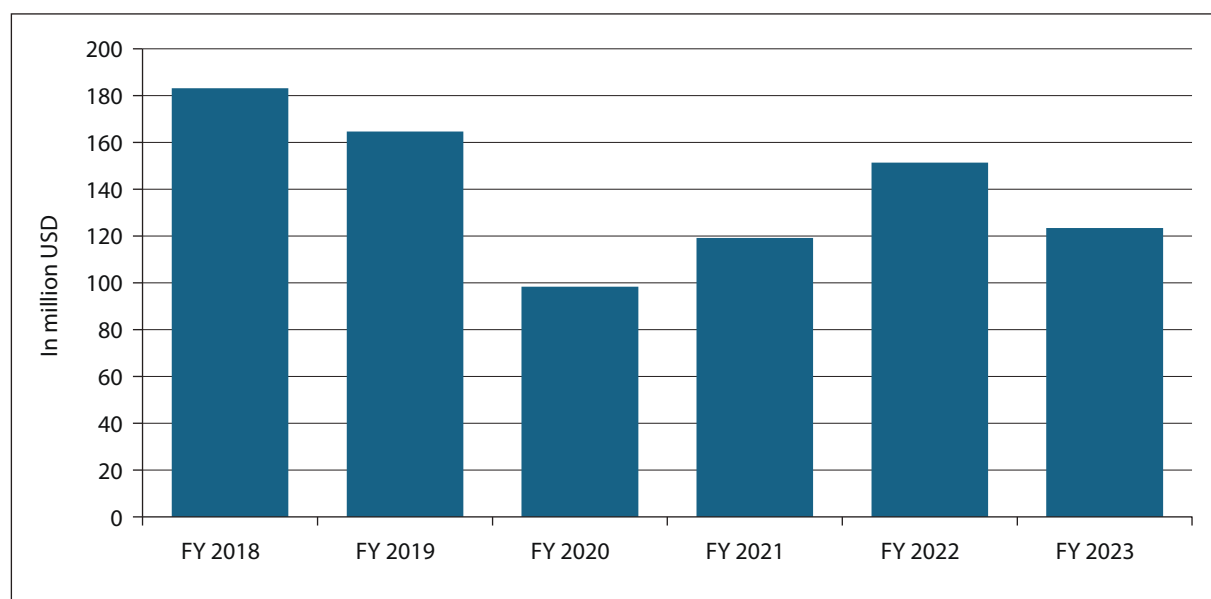
**Dysfunctional non-wage benefits:** Workers are entitled to different non-wage benefits along with wage payments. The survey conducted on the workers indicates most of these benefits are not primarily practised by the surveyed tanneries. The survey finds that 87.6 per cent of the workers received no appointment letter stipulating their wages (Table 28). None of the surveyed workers receive gratuity from their employers. Less than 50 per cent of the workers receive compensation in case of a workplace accident.

## 7. MINIMUM WAGE SETTING INDICATOR, 2024: PERFORMANCE OF TANNERIES (2018-2023)

**Total export:** Understanding the capability of employers is crucial to determining the industry's level of capacity to implement a new minimum wage. The secondary and survey data somewhat indicate the business performance of the tannery sector has not returned to pre-COVID levels. The tannery exports were over 180 million USD in FY2018, and since then ranged between 90 to 165 million USD (Figure 5).

**Mean export by surveyed tanneries:** The survey data portrays a mixed performance of the tannery industry. It is to be noted that unlike the RMG industry, along with exports, the tannery industry

**Figure 5: Export of Tanneries (HS Code 41)**



**Source:** EPB (2024).

holds a higher domestic market share. The survey reveals that on average, each tannery, against its 60 per cent export, makes 40 per cent domestic sales as well. Unlike the national data, the survey data indicates a continuous increase in the export amount for the surveyed tanneries. The average yearly export for individual tanneries was BDT 2014.3 million in 2017, which increased to 228.2 million in 2022 (Table 29). However, the export amount has somewhat decreased for the large tanneries in 2022 compared to 2024.

**Table 29: Average yearly export (In BDT million)**

Category		2017	2020	2022
Overall		214.3	225.8	228.2
Size-wise	Large	384.0	430.8	400.5
	Medium	172.8	207.8	236.6
	Small	111.8	120.0	148.8
Category-wise	Raw hide/skin to tanned	N/A	60.0	72.0
	Raw hide/skin to crust	332.0	334.4	333.6
	Raw hide/skin to finished leather	188.9	201.2	199.0
	Tanned hide/skin to finished leather	N/A	N/A	N/A
	Crust hide/skin to finished leather	90.0	120.0	120.0

**Source:** CPD tannery survey 2024: on tannery enterprises.

**Domestic sales:** A decreasing trend can be observed in the domestic sales of the surveyed tanneries. In 2017, each surveyed tannery's average yearly domestic sales was BDT 91.3 million (Table 30). This amount decreased to BDT 83.5 million in 2020 and further declined to BDT 82.5 million in 2022, indicating a relatively poor business performance in the domestic market.

**Table 30: Average yearly domestic sales**

(In BDT million)

Category		2017	2020	2022
Overall		91.3	83.5	82.5
Size wise	Large	N/A	N/A	N/A
	Medium	10.8	12.6	9.6
	Small	104.7	94.4	93.7
Category wise	Raw hide/skin to tanned	N/A	4.2	4.2
	Raw hide/skin to crust	27.6	39.0	54.2
	Raw hide/skin to finished leather	94.1	97.5	98.7
	Tanned hide/skin to finished leather	78.0	54.0	37.2
	Crust hide/skin to finished leather	250.9	230.4	219.1

**Source:** CPD tannery survey 2024: on tannery enterprises.

**Export sustainability:** While the average export value has increased for the surveyed tanneries, other export performance indicators show a deteriorating trend. In 2017, each surveyed tannery, on average, worked with 8.2 brands or buyers (Table 32), but this number decreased to 6.8 in 2022. The average number of export destinations per tannery was 4.5 in 2017 (Table 31), which declined to 3.4 in 2022. Additionally, the number of products exported by each surveyed tannery dropped from 3.7 in 2017 to 3.4 in 2022 (Table 33). Overall, this suggests that the tanneries are still far from achieving strong export sustainability. One probable reason for this export shortfall is the tanneries' failure to achieve environmental compliance and obtain Leather Working Group (LWG) certification. Consequently, they are unable to access premium export markets like the EU and the USA and are forced to sell their products at much lower prices in markets like China.

**Table 31: Average number of export destinations for surveyed tanneries**

Category		2017	2020	2022
Overall		4.5	3.7	3.4
Size-wise	Large	6.0	4.6	2.8
	Medium	4.3	3.0	3.2
	Small	3.8	3.5	3.7
Category-wise	Raw hide/skin to tanned	3.0	2.7	2.7
	Raw hide/skin to crust	4.6	4.1	3.0
	Raw hide/skin to finished leather	5.3	3.7	4.0
	Tanned hide/skin to finished leather	3.0	2.0	2.0
	Crust hide/skin to finished leather	3.0	4.0	4.0

**Source:** CPD tannery survey 2024: on tannery enterprises.

**Table 32: Average number of brands/buyers work with by each surveyed tannery**

Category		2017	2020	2022
Overall		8.2	7.3	6.8
Size-wise	Large	9.0	6.6	5.3
	Medium	13.8	11.0	9.3
	Small	7.0	6.5	6.4
Category-wise	Raw hide/skin to tanned	9.7	8.4	7.3
	Raw hide/skin to crust	5.6	6.6	5.8
	Raw hide/skin to finished leather	8.4	6.9	6.7
	Tanned hide/skin to finished leather	7.0	5.0	5.5
	Crust hide/skin to finished leather	14.5	11.0	11.0

**Source:** CPD tannery survey 2024: on tannery enterprises.

**Table 33: Average number of products exports by surveyed tanneries**

Category		2017	2020	2022
Overall		3.7	3.4	3.4
Size-wise	Large	3.2	3.2	3.0
	Medium	4.5	4.2	4.0
	Small	3.5	3.2	3.3
Category-wise	Raw hide/skin to tanned	3.0	3.3	3.3
	Raw hide/skin to crust	4.7	3.7	3.7
	Raw hide/skin to finished leather	3.3	3.5	3.6
	Tanned hide/skin to finished leather	3.0	2.0	1.0
	Crust hide/skin to finished leather	2.0	2.0	2.0

**Source:** CPD tannery survey 2024: on tannery enterprises.

**Productivity:** Among the challenging business scenarios, the productivity of the workers appeared to have increased. The survey data indicates the output sales per worker [(total export per month + total domestic sales per month)/number of workers] have increased consistently over the years. In 2021, the value was BDT 1.12 million, whereas it increased to 1.57 million in the year 2024 (Table 34).

**Table 34: Per month output by workers in a million BDT**

2021	2022	2024
1.12	1.41	1.57

**Source:** CPD tannery survey 2024: on tannery enterprises.

**Export profit:** Data on the unit cost and unit price of top exported and domestically sold products were gathered to understand the profit generation scenario. The findings suggest that the average cost per unit (square foot) of producing the top export product of the surveyed tanneries was BDT 74 in 2017, which increased by 27 per cent to BDT 94 in 2024 (Table 35). Meanwhile, the mean export price per unit for the same product increased from BDT 88 in 2017 to BDT 111 in 2024, a 26 per cent increase (Table 36). This indicates that although tannery employers often cite increased costs as a barrier to profit, the survey data suggest that the cost and price have increased at nearly identical rates over the years and, thus, should not significantly affect per-unit profitability.

**Domestic sale profit:** In the domestic market, the per unit (square foot) production cost of the top domestically sold product was BDT 53 in 2017, which increased by 19 per cent to BDT 63 in 2024 (Table 37). Meanwhile, the price of the same product increased from BDT 66 in 2017 to BDT 77 in 2024, a 15 per cent increase (Table 38). Therefore, the profitability scenario remains similar for domestic sales as well. Additionally, tanneries have other sources of income, such as export incentives (recently halted) and revenue from selling tannery by-products and waste.

**Table 35: Average unit cost (per square feet) of top exported product**

(In BDT)

Category		2017	2020	2022	2024
Overall		74	84	89	94
Size-wise	Large	78	81	85	89
	Medium	72	87	98	106
	Small	72	84	87	92
Category-wise	Raw hide/skin to tanned	N/A	95	95	108
	Raw hide/skin to crust	80	86	95	100
	Raw hide/skin to finished leather	69	82	88	94
	Tanned hide/skin to finished leather	N/A	N/A	56	63
	Crust hide/skin to finished leather	70	75	80	80

**Source:** CPD tannery survey 2024: on tannery enterprises.**Table 36: Unit price of top exported product**

(In BDT)

Category		2017	2020	2022	2024
Overall		88	94	102	111
Size-wise	Large	83	81	88	98
	Medium	91	96	104	114
	Small	90	98	105	114
Category-wise	Raw hide/skin to tanned	97	96	104	128
	Raw hide/skin to crust	89	93	103	108
	Raw hide/skin to finished leather	82	91	99	105
	Tanned hide/skin to finished leather	N/A	N/A	N/A	N/A
	Crust hide/skin to finished leather	120	125	125	125

**Source:** CPD tannery survey 2024: on tannery enterprises.**Table 37: Average unit cost (per square feet) of top domestically sold product**

(In BDT)

Category		2017	2020	2022	2024
Overall		53	55	60	63
Size-wise	Large	N/A	N/A	N/A	N/A
	Medium	53	55	63	65
	Small	53	55	59	63
Category-wise	Raw hide/skin to tanned	34	37	40	44

(Table 37 contd.)

(Table 37 contd.)

Category		2017	2020	2022	2024
Overall		53	55	60	63
	Raw hide/skin to crust	47	45	48	50
	Raw hide/skin to finished leather	63	66	70	73
	Tanned hide/skin to finished leather	36	43	51	59
	Crust hide/skin to finished leather	65	74	81	84

**Source:** CPD tannery survey 2024: on tannery enterprises.**Table 38: Average unit price (per square feet) of top domestically sold product**

(In BDT)

Category		2017	2020	2022	2024
Overall		66	70	74	77
Size-wise	Large	N/A	N/A	N/A	N/A
	Medium	60	61	65	74
	Small	67	71	76	78
Category-wise	Rawhide/skin to tanned	41	43	48	51
	Raw hide/skin to crust	55	62	65	65
	Raw hide/skin to finished leather	75	81	86	89
	Tanned hide/skin to finished leather	N/A	N/A	N/A	N/A
	Crust hide/skin to finished leather	93	102	105	108

**Source:** CPD tannery survey 2024: on tannery enterprises.

## 8. MINIMUM WAGE SETTING INDICATOR, 2024: COST OF LIVING OF TANNERY WORKERS

The cost of living for tannery workers in Bangladesh is a critical factor in determining the adequacy of the minimum wage. This section delves into the various components contributing to the overall cost of living for tannery workers, highlighting the economic pressures they face and the discrepancies between their wages and living expenses. This analysis draws on data from a recent survey conducted on tannery workers and enterprises, providing a comprehensive picture of their economic conditions.

### 8.1 Food costs

Various factors, such as age, gender, culture, socio-economic status, religious beliefs, location, and level of physical activity, influence the consumption of food by individual workers. This diversity makes it challenging to establish a universal food basket that accurately represents the dietary habits of a

significant portion of the working population. This challenge is also pertinent for Bangladeshi tannery workers. One potential solution involves surveying these workers to understand their typical daily food consumption and then determining a common set of food items that align with the preferences of the majority. However, a drawback to this approach is that the eating habits of Bangladeshi tannery workers are significantly influenced by their limited income. They tend to overconsume inexpensive but nutritionally inadequate foods while underconsuming pricier items essential for meeting their nutritional requirements. Thus, creating a food basket based solely on their existing consumption patterns may not represent an ideal diet for tannery workers.

To address this issue, this study reviews existing literature that has developed food baskets tailored to meet Bangladeshi tannery workers' nutritional needs. One notable example is the food basket devised by Amin (2024). Their approach stands out for specifying the quantities of each food item required for a balanced nutritional intake. Furthermore, they have created multiple food baskets catering to different categories of individuals, considering factors such as age (children, adults), employment type (involvement in higher, medium, or lower physical activities), and gender (male and female). In this study, the market prices of the food items recommended by Amin (2024) were collected, and the total cost was calculated based on the monthly quantities required. Based on this, it can be estimated that the standard food consumption for an adult male involved in manual labour should cost BDT 5,886 a month, while for an adult female, it should cost BDT 4,900 a month (Table 39).

According to the survey, the average tannery worker's household consists of 4.6 members, including 2.6 adults and 2 children. Therefore, the total household's standard food cost is estimated to be BDT 20,564 per month. Despite this, the actual food expenditure of tannery workers is significantly lower. On average, each household spends only about BDT 10,312 on monthly food, which is approximately half of the required amount. This substantial gap indicates that tannery workers cannot afford an adequate diet, forcing them to compromise their nutritional intake.

**Table 39: Standard Food Basket for an Active Male Worker and Female Worker**

Item Name	(Male) Required Intake in gram (Per Month)	(Male) Total Cost (BDT)	(Female) Required Intake in gram (Per Month)	(Female) Total Cost (BDT)
Flour/flour bread	3600.0	158.4	2700.0	118.80
Chickpeas	1200.0	120.0	750.0	75.00
Potato	1800.0	63.0	1500.0	52.50
Mustard Oil	300.0	66.0	300.0	66.00
Eggs	1800.0	337.5	1800.0	337.50
Chira	1350.0	108.0	900.0	72.00
Rice	9600.0	528.0	4800.0	264.00
Pulses (Thickened)	1350.0	210.0	1350.0	135.00
Chicken	2700.0	594.0	2400.0	528.00
Red Spinach	3000.0	150.0	1500.0	75.00
Lemon	300.0	12.0	300.0	12.00
Green Chillies	60.0	3.6	60.0	3.60
Spices	600.0	307.8	450.0	230.85

(Table 39 contd.)



(Table 39 contd.)

Item Name	(Male) Required Intake in gram (Per Month)	(Male) Total Cost (BDT)	(Female) Required Intake in gram (Per Month)	(Female) Total Cost (BDT)
Oil	600.0	99.0	450.0	74.25
Banana (Ripe)	3000.0	300.0	3000.0	300.00
Parched Rice	1350.0	135.0	1350.0	135.00
Fish (Gangetic Koi)	2700.0	594.0	1800.0	396.00
Spinach	1500.0	150.0	1500.0	75.00
Milk	7500.0	750.0	7500.0	750.00
Mixed Veg	4500.0	1200.0	4500.0	1200.00

**Source:** Based on Amin (2024).

The disaggregated data of workers' food costs from the survey reflects that workers are spending 39 per cent more on rice, which is consistent with the widely accepted evidence that workers spend disproportionately more on rice-related food items (Table 40). They are spending less on essential protein sources and vegetables. For instance, expenditures on milk and meat are 93 per cent and 40 per cent less than the recommended amounts, respectively. Similarly, spending on vegetables is 87 per cent below the ideal level, whereas spending on potatoes and oil is 147 per cent and 20 per cent higher than recommended. This heavy emphasis on cheaper, carbohydrate-rich foods reflects the economic constraints tannery workers face.

**Table 40: Workers' disaggregated food cost**

Item	Mean occurring cost (BDT)	Total Ideal cost (BDT)
Rice	2106	1510.00
Wheat and other cereals	338	528.00
Potato, starchy root, tubers	544	220.00
Pulse	242	658.00
Sugar/Gur	185	N/A
Edible Oil	699	582.00
Vegetables	767	5805.00
Fruits	437	1190.00
Fish	1521	1887.00
Chicken	700	2139.00
Beef	516	N/A
Other meat	60	N/A
Egg	350	1287.00
Milk and milk products	208	2860.00
Spices and condiments	609	1027.00
Other foods	253	857.87
Miscellaneous	777	N/A

**Source:** CPD tannery survey 2024 on tannery workers.

The disparity between the ideal and actual food expenditure highlights a critical issue: tannery workers cannot meet their nutritional needs due to financial limitations. The over-reliance on inexpensive, calorie-dense foods such as rice and potatoes and the under-consumption of protein and vegetables point to a diet that is not only imbalanced but also detrimental to long-term health. Addressing this imbalance is crucial for improving the overall well-being and productivity of tannery workers.

## 8.2 Non-food costs

The non-food cost items were identified based on a study conducted by Anker (2017). These include house rent, medical costs, service charges, children's education costs, mobile and internet, transport, clothing, and toiletries.

Considering these costs, the survey on tannery workers finds that the mean non-food cost of a worker's family was BDT 10,281 in 2022, which increased by 26 per cent in 2023 to BDT 12,914 (Table 41). This increase reflects the broader economic pressures facing tannery worker households amid rising inflation and cost of living. The breakdown of these expenses reveals significant areas of concern and highlights the financial challenges faced by the tannery workers in Bangladesh.

**Table 41: Non-food cost for workers household in BDT**

Non-food items (Mean total monthly family expense)	Monthly cost in 2022 (BDT)	Monthly cost in 2023 (BDT)	Change (%)
Children's education	1987	2689	35
Health	583	751	29
Rent	3480	3934	13
Utility expense	947	1143	21
Mobile recharge, internet, and dish bill	576	738	28
Transportation	844	1061	26
Clothing and personal care	721	907	26
Other/miscellaneous non-food item	1143	1691	48
<b>Total non-food cost</b>	<b>10281</b>	<b>12914</b>	<b>26</b>

**Source:** CPD tannery survey 2024 on tannery workers.

**Housing:** House rent was found to constitute a substantial portion of non-food expenses for tannery worker families. The survey indicates that the average monthly rent increased by 13 per cent from 2022 to 2023, reaching BDT 3,934. This rise in housing costs puts additional strain on workers with already limited financial resources, making it difficult to secure adequate living conditions.

**Utilities:** Utility expenses, which include costs for electricity, water, and gas, also saw a notable increase, rising by 21 per cent in the same period. The average monthly expenditure on utilities reached BDT 1,143 in 2023, further exacerbating the financial burden on tannery workers.

**Health and Medical Costs:** Health expenses are another critical component of non-food costs for tannery workers. The survey reveals a 29 per cent increase in medical expenses from 2022 to 2023, with the average monthly expenditure rising to BDT 751. However, the actual spending required for a tannery worker's health would be even higher. According to the surveyed workers, due to working in the tannery sector, they suffer from diseases like allergies (64.8 per cent), respiratory diseases (41.9 per cent), and skin ailments (27.6 per cent) (Table 42). Moreover, in their day-to-day work, tannery workers have to conduct various risky activities, including handling chemicals, lifting heavy objects, and tolerating high noise levels (Table 43). Yet, given the high healthcare expense relative to their limited income, workers often opt not to seek medical treatment unless it becomes a serious issue.

**Table 42: Prevalence of diseases among surveyed workers (after joining tanneries)**

Diseases	% of workers
Skin disease	27.6
Gastrointestinal disease	4.8
Cardiovascular disease	1.9
Eye disease	32.4
Chronic headache	21.9
Allergies	64.8
Respiratory disease	41.9

**Source:** CPD tannery survey 2024 on tannery workers.

**Table 43: Type of activities surveyed workers involved in their work**

Activities	% of workers
Managing chemical	39.1
Operating machine	53.3
Lifting heavy materials	38.1
Manual handling of materials	6.7
Tolerate high level of noise	79.1
Working in hot and humid conditions	72.4

**Source:** CPD tannery survey 2024 on tannery workers.

**Education:** Children's education costs also form a significant part of the non-food expenses for tannery workers. The survey shows a 35 per cent increase in education-related expenses from 2022 to 2023, with the average monthly cost reaching BDT 2,689. This high expenditure on education reflects the aspirations of tannery workers to provide better opportunities for their children despite their limited incomes. The rising costs of school fees, books, uniforms, and other educational materials add to the financial strain on these families.

**Transportation and Communications:** Transportation costs have also increased, with the average monthly expenditure rising by 26 per cent to BDT 1,061 in 2023. This increase is likely due to higher fuel prices and transportation fares, which impact workers' daily commutes to and from their workplaces. Additionally, the cost of mobile recharge, internet, and dish bills has risen by 28 per cent, reaching an average of BDT 738 per month.

**Clothing and Personal Care:** Expenses on clothing and personal-care items have also increased, with the average monthly expenditure rising by 26 per cent to BDT 907 in 2023. This category includes costs for new clothing, toiletries, and other personal care products necessary for maintaining basic hygiene and appearance.

**Miscellaneous Expenses:** Miscellaneous non-food items, including other essential household expenses, have seen the highest increase among all categories, rising by 48 per cent to an average of BDT 1,691 per month. This category covers a wide range of expenses such as household maintenance, occasional purchases, and other unforeseen costs necessary for a household's day-to-day running.

### 8.3 An overview of the livelihood scenario of tannery workers

As per the survey findings, the ideal cost of a tannery family stands at BDT 20,564 (Food Cost) + BDT 12,914 (Non-Food Cost) = BDT 33,478. However, their mean wage, including overtime, is BDT 17,320 (Table 44). In fact, during the Eid season, the workers earn the highest, still an average amount of BDT 17,933.

**Table 44: Mean monthly wage of workers (in BDT)**

Category		Mean wage (excluding overtime)	Mean wage (including overtime)	Mean wage (including overtime) during peak season
Overall		16382	17320	17933
Skill-wise	Highly skilled	17803	18847	19585
	Skilled	16213	17158	17653
	Semi-skilled	13747	14423	15060
	Non-skilled	15500	16500	17500
Job type-wise	Contractual	16475	17590	18149
	Permanent	16406	17284	17907
	Not sure	14000	14000	15167

**Source:** CPD tannery survey 2024 on tannery workers.

**Table 45: Family income of surveyed workers**

(In BDT)

Category	Mean monthly family income in 2022	Mean monthly family income in 2023
Mean	21205.4	22888.1

**Source:** CPD tannery survey 2024 on tannery workers.

On the other hand, the survey finds the average total family earnings of a tannery worker is BDT 22,888 (Table 45). Hence, from all aspects, the earnings of a worker's family are far lower than their ideal cost level. Expectedly, the workers are now supposed to borrow more than before. The family borrowing of the survey workers family has increased by almost 12 per cent in 2023 compared to the previous year. However, the survey findings also suggest that in 2023, there was a 3 per cent increase in workers with zero savings compared to the previous year and a 5 per cent increase in workers with zero borrowing. Questions arise on how the share of workers with zero borrowing increased

amid the higher gaps between income and required expense. One plausible explanation could be the uncertainty surrounding future income prospects, leading workers to adopt a more conservative approach towards saving and borrowing. Additionally, the lack of significant improvements in income levels may contribute to the reliance on existing savings to cover expenses, exacerbating financial vulnerability among workers.

## 9. PROPOSALS FOR MINIMUM WAGE, 2024

It should be noted that merely considering inflation over the years since 2018, the current minimum wage of BDT 13,500 should have increased to BDT 18,378. However, relying solely on the inflation rate for wage increases is insufficient, as the method used by the Bangladesh government to measure inflation has long been debated and often fails to reflect the actual price hike scenario accurately.

Based on collected data and using the Ankers formula, the following wage can be estimated and proposed for adoption for 2024.

According to the authors' calculations

- Total food cost of a tannery worker's family = BDT 20,564
- Total non-food cost of a tannery worker's family = BDT 12,881

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Total monthly cost = BDT 33,445

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Estimating wage applying Anker formula = BDT 22,776

Where,

Discretionary savings = 3 per cent

Number of earning members = 4.6 (as per the survey findings)

Number of earning members = 1.5 (as per the survey findings)

Maintaining the same formula and consideration of 2018 wage board wage structure, the following wage structure is proposed by this study for adoption in the year 2024 (Table 46).

**Table 46: Family income of surveyed workers (BDT)**

Grade	Gross wage	Basic	House rent (50% of basic)	Medical allowance	Transportation and communication allowance	Children allowance
Grade 1	39270	21645	10822	2000	1800	3003
Grade 2	33641	18292	9146	2000	1800	2403
Grade 3	29184	15634	7817	2000	1800	1933
Grade 4	25980	13726	6863	2000	1800	1591
Grade 5	22776	11810	5905	2000	1800	1261

**Source:** Prepared by authors.

## 10. CONCLUSIONS AND RECOMMENDATIONS

The study's findings reveal a number of scenarios. In practice, minimum and CBA wage payment deviations can be observed over the years. A lack of proper grading practices in many tanneries exacerbates this situation. Furthermore, there are instances of third-party hiring to evade providing benefits, and a prevalent lack of worker awareness about grading and minimum wage regulations further complicates the issue. The enforcement mechanism was also found to be weak. Non-wage benefits are also inadequately provided, with many workers not receiving essential entitlements like appointment letters and gratuities.

While survey data suggests a mixed performance among tanneries, with some experiencing growth in exports, others, particularly large ones, have seen declines. Domestic sales have followed a downward trend. Export sustainability poses challenges, evident in the shrinking numbers of brands, buyers, and export destinations. However, there is a silver lining in increased worker productivity despite environmental compliance issues limiting access to premium markets. Though affected by rising production costs, profitability remains relatively stable due to corresponding price increases.

Due to the ongoing price, workers are found to overconsume inexpensive, calorie-dense foods like rice and potatoes while underconsuming essential proteins and vegetables. Additionally, non-food costs for tannery workers have increased significantly. Among these costs, children's education has become a particularly major area. Major expenses also include housing, utilities, and health.

Along with the minimum wage and wage structure, this study makes recommendations to the wage board, employers' associations and workers unions based on its findings.

- 1) To ensure consistent grading practices in the tannery industry, this study proposes implementing a unified grading system that incorporates all wage board and CBA-based grades into a single framework consisting of five major grades (Grade 1, Grade 2, Grade 3, Grade 4, Grade 5).
- 2) In the current grading structure, a worker in the tannery sector cannot get a promotion to a higher grade once that person starts working in a specified grade.
  - a) Instead, the only way to improve wages is through nationally set minimum wage increases, collective bargaining agreements (CBA), and yearly increments.
  - b) The US Office of Personnel Management has outlined a practice called 'WGI' or within-grade increases, where employees can advance from a lower subgrade to a higher subgrade without changing their overall grade.
  - c) This practice allows for career progression while remaining within the same grade level.
  - d) Only permanent employees under this system can obtain promotions within the grade range by completing the required time period for advancement to the next higher step.
  - e) This study proposes to follow a similar grading system where Grades 1 to 5 can have sub-grading such as A, B, and C, where workers will be subject to promotion after certain years.
- 3) Recognising the growing burden of child education costs on tannery workers' families, the new minimum wage board should explore integrating a child allowance into the current wage structure.
- 4) The housing allowance and other wage components should be determined as a percentage of the basic wage rather than as a fixed amount.

- 5) Efforts should be made to promote the use of MFS for paying wages to tannery workers, which would improve transparency and accountability in wage disbursement.
- 6) The recruitment of contractual workers either directly or through a third-party must be minimised to ensure workers receive the wage that they are entitled to.
- 7) The DIFE must provide distinct attention to the new minimum wage payment in conducting their inspection in the next 4 months; there must be a progress report produced every 4 months, reviewing only the implementing status of the new minimum wage in the tannery industry.
- 8) Workers are substantially unaware of wage and their grades; a large-scale industry-oriented training programme must be implemented in cooperation with workers, owners, and the government.
  - a) The development partners have a crucial role to play in this regard.

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This study proposes a minimum wage of BDT 22,776 for tannery workers in 2024, aiming to set a benchmark for ensuring a living wage and protecting workers' rights. Based on data from 35 tanneries and 105 tannery workers, as well as insights from Key Informant Interviews, Expert Group Meetings, and field observations, the study reveals that many tanneries have not implemented the 2018 minimum wage and lack a grading system. The findings underscore the need for strong and robust monitoring to ensure the effective implementation of the new minimum wage.



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