



# CPD

**Working Paper**

**129**

**New Minimum Wage of the RMG Sector**  
*Addressing the Issues of  
Non-Compliance in Implementation*

Khondaker Golam Moazzem



**NEW MINIMUM WAGE OF THE RMG SECTOR**  
***Addressing the Issues of Non-Compliance in Implementation***

*CPD Working Paper 129*

*Khondaker Golam Moazzem*



Publisher

---

**Centre for Policy Dialogue (CPD)**

House - 6/2 (7th & 8th floors), Block - F

Kazi Nazrul Islam Road, Lalmatia Housing Estate

Dhaka - 1207, Bangladesh

Telephone: (+88 02) 58152779, 9141734, 9141703, 9126402, 9133530

E-mail: [info@cpd.org.bd](mailto:info@cpd.org.bd)

Website: [www.cpd.org.bd](http://www.cpd.org.bd)

First Published September 2019

© Centre for Policy Dialogue (CPD)

*Disclaimer:* The views expressed in this paper are those of the author alone and do not necessarily reflect the views of the CPD or the FES Bangladesh Office.

Tk. 75

USD 6

ISSN 2225-8175 (Online)

ISSN 2225-8035 (Print)

**Citation:** Moazzem, K. G. (2019). *New Minimum Wage of the RMG Sector: Addressing the Issues of Non-Compliance in Implementation*. CPD Working Paper 129. Dhaka: Centre for Policy Dialogue (CPD).

Cover design

*Avra Bhattacharjee*

C42019\_6WP129\_IGL

---

---

**Centre for Policy Dialogue (CPD)** was established in 1993 as a civil society initiative to promote an ongoing dialogue between the principle partners in the decision-making and implementing process. Over the past 25 years, the Centre has emerged as a globally reputed independent think tank, with local roots and global reach. A key area of CPD's activism is to organise dialogues to address developmental policy issues that are critical to national, regional and global interests, with a view to seeking constructive solutions from major stakeholders. The other key area of CPD's activities is to undertake research programmes on current and strategic issues.

CPD's dialogues are designed to address important policy issues and to seek constructive solutions to these problems. In doing so, CPD involves all important cross-sections of the society, including public representatives, government officials, business leaders, activists of grassroots organisations, academics, development partners and other relevant interest groups. CPD focuses on frontier issues which are critical to the development process of Bangladesh, South Asia and LDCs in the present context, and those that are expected to shape and influence the country's development prospects from the mid-term perspectives. CPD seeks to provide voice to the interests and concerns of the low-income economies in the global development discourse. With a view to influencing policies, CPD deploys both research and dialogue which draw synergy from one another.

CPD's research programmes are both serviced by and intended to serve, as inputs for particular dialogues organised by the Centre throughout the year. Major research themes are: macroeconomic performance analysis; poverty and inequality; agriculture; trade; regional cooperation and global integration; infrastructure; employment, and enterprise development; climate change and environment; development governance; policies and institutions, and the 2030 Agenda for Sustainable Development.

CPD also conducts periodic public perception surveys on policy issues and issues of developmental concerns. With a view to promoting vision and policy awareness amongst the young people of the country, CPD is also implementing a Youth Leadership Programme. As part of its global networking initiatives, CPD hosts the secretariat of the *LDC IV Monitor*—an independent global partnership for monitoring the outcome of the Fourth UN Conference on the LDCs. CPD was also the initial convener and founding host of the *Southern Voice on Post-MDGs*, a network of 50 think tanks from Africa, Asia and Latin America, which seeks to contribute to the ongoing global discourse on the SDGs. CPD was the Secretariat of Southern Voice during January 2013–June 2019. At present, CPD hosts the office of the Chair of the network. At the national level, CPD hosts the Secretariat of the *Citizen's Platform for SDGs, Bangladesh*—a civil society initiative that include more than 100 Partner organisations, founded with an objective to contribute to the delivery of the SDGs and enhance accountability in its implementation process.

Dissemination of information and knowledge on critical developmental issues continues to remain an important component of CPD's activities. Pursuant to this, CPD maintains an active publication programme, both in Bangla and in English. As part of its dissemination programme, CPD has been bringing out CPD Occasional Paper Series on a regular basis. It may be noted in this connection that since November 2011, the Series has been re-introduced as **CPD Working Paper Series**. Research work in progress, background papers of dialogues, investigative reports and results of perception surveys which relate to issues of high public interest are published under this series.

The present paper titled **New Minimum Wage of the RMG Sector: Addressing the Issues of Non-Compliance in Implementation** is authored by *Dr Khondaker Golam Moazzem*, Research Director, CPD. He can be reached at: [moazzem@cpd.org.bd](mailto:moazzem@cpd.org.bd)

This study was conducted in partnership with the Friedrich-Ebert-Stiftung (FES), Bangladesh Office. The paper was presented at a dialogue on "Recent Wage Debates in the RMG Sector: What is it All about?" organised by CPD, in collaboration with the FES Bangladesh Office, on 26 January 2019, in Dhaka.

**Series Editor:** *Dr Fahmida Khatun*, Executive Director, CPD



The announcement of new minimum wages for the export-oriented readymade garments (RMG) sector of Bangladesh in August 2018 had exposed a number of non-compliances—a) significant mismatch between proposed new minimum wages and workers' demands; b) non-compliance with regard to inter-grade skills-based setting of wages; and c) non-compliance in implementing the new wages. The present study, based on a field survey, reviewed those non-compliances, and suggested some immediate doables. The proposed basic wages for workers of grades I, II and III were found to be anomalous—only one-fifth of sample workers found new wage as per their expectation. Workers' skill was treated as a less-attendant issue in setting the new wages, which was reflected in further narrowing down the wage differences between skilled and unskilled workers. No visible improvement was observed in the weak implementation process—only one-third of the sample workers were informed through formal channel; female workers were less aware about the new structure of their wages; and workers' organisations were non-responsive to workers' demands. Addressing these non-compliances will require, among others, strengthening the Minimum Wage Board in setting minimum wages, awareness-raising activities through better communication tools, strengthening monitoring mechanism of the Department of Inspection for Factories and Establishments (DIFE) in post-implementation period, and strengthening workers' organisations in facilitating the implementation process.



# Contents

---

<i>Abstract</i>	v
<i>Acronyms</i>	ix

1. Background	1
2. Addressing Non-compliance in Implementing Regulatory Order on Minimum Wages: A Review	2
3. Objectives and Methodology of the Study	3
4. Review of the Minimum Wage 2018	5
5. Analysis of Implementation of New Minimum Wages	7
6. Conclusions	19
References	20

## List of Tables, Figures and Diagram

### Tables

Table 1: RMG Wage 2018 (published on 29 November 2018)	5
Table 2: Changes in workers' living costs between 2013 and 2018	6
Table 3: Differences in gross wages between amount received in 2018 and amount announced in 2018	7
Table 4: Differences in basic wages: Received in 2018 (with 5% annual increment since 2013) and proposed in August 2018	8
Table 5: Analysis of 2018 wage structure vis-à-vis those of 2010 and 2013	9
Table 6: Workers' level of knowledge about the revised Wage 2019	14

### Figures

Figure 1: Distribution of sample workers	4
Figure 2: Basic wage as a share of gross wage for grade VII workers	9
Figure 3: Basic wage as a share of gross wage in different industries of Bangladesh	9
Figure 4: Percentage of workers perceived that Wage 2018 was 'appropriate'	11
Figure 5: Gap between the expected wage and the proposed Wage 2018	12
Figure 6: Workers' knowledge about changes in wages	13
Figure 7: Knowledge through different means	13
Figure 8: Workers' perception regarding discrimination in different grades and allowances	14
Figure 9: Percentage of workers got informed about Wage 2018 through office notice	15

Figure 10: Proper enforcement of Wage 2018	15
Figure 11: Role of workers' organisaiton in implementation of minimum wages	16
Figure 12: Sample workers' support for various demands	17

**Diagram**

Diagram 1: Pyramid of severity of regulatory orders	3
---	---

# Acronyms

---

AGWF	Akota Garments Workers Forum
BDT	Bangladeshi Taka
BEF	Bangladesh Employers' Federation
BGMEA	Bangladesh Garment Manufacturers and Exporters Association
BGWTUC	Bangladesh Garments Workers Trade Union Centre
BKMEA	Bangladesh Knitwear Manufacturers & Exporters Association
BRGWF	Bangladesh Revolutionary Garments Workers Forum
CM	Cutting and Making
CPD	Centre for Policy Dialogue
DIFE	Department of Inspection for Factories and Establishments
DoL	Department of Labour
fob	Free-on-Board
IBC	IndustriAll Bangladesh Council
MoLE	Ministry of Labour and Employment
NGWF	National Garments Workers Forum
PPP	Public-Private Partnership
RMG	Readymade Garments
VAT	Value Added Tax
WPC	Workers' Participation Committee
USD	United States Dollar



## 1. BACKGROUND\*

The new minimum wage for Bangladesh's export-oriented readymade garments (RMG) sector was announced in August 2018, and the related Gazette was published in November 2018. The decision became effective in December 2018. However, workers expressed dissatisfaction and disagreement with what was proposed in the new wage (referred as Wage 2018 in this paper) as regards a number of issues. Workers' major concerns were as follows:

- Basic wages for different grades under the Wage 2018 were fixed with marginal upward adjustment, particularly in upper grades;
- New gross wages were disproportionately raised for different grades;
- New gross wages for skilled workers (e.g. grades III, IV and V) were raised only by a low margin;
- A number of enterprises failed to pay wages according to the new structure (Wage 2018) in December 2018; and
- A section of workers did not receive the mandated annual increments as per the Gazette 2013 (5 per cent of basic wage).

During December 2018 to January 2019, workers vented their disagreement with the Wage 2018 through a number of protest movements. There was unrest in industrial belts. In the initial phase, the unrests were mostly of localised nature, but this intensified and scaled up, and spread to other industrial clusters, including Dhaka city, Gazipur, Ashulia, Tongi, Savar, and partly in Narayanganj.<sup>1</sup> Taking the situation into account, a number of institutional measures were undertaken including setting up of a 12-member tripartite committee to put forward suggestions on the revisions required in the new wage structure. Based on the suggestions, the Ministry of Labour and Employment (MoLE) of the Government made the necessary revisions, and announced the Gazette for new minimum wages (to be referred as 'Wage 2019') on 13 January 2019. After the announcement of the revised new minimum wages, workers' unrest was eased; however, harassment to workers in different forms continued as reported in the national dailies.<sup>2</sup>

The episode of workers' unrest related to revision of new minimum wages revealed various issues of non-compliance in the process of administering a new pay-scale in the RMG sector. These included:

- Problems in the structure of Wage 2018;
- Weaknesses in monitoring and enforcement carried out by public organisations in implementing the Wage 2018;
- Enterprise-level non-compliances in the implementation process;
- Weaknesses of workers' organisations in the implementation process; and
- Victimising workers in the course of implementation.

---

\*The author would like to register his regards to *Professor Mustafizur Rahman*, Distinguished Fellow, CPD, *Ms Tina Blohm*, Resident Representative, FES Bangladesh Office and *Mr Shadhan Kumar Das*, Programme Coordinator, FES Bangladesh Office for their insightful comments and feedback on the draft paper.

<sup>1</sup>However, workers' unrest was not observed in Chattogram. According to Moazzem et al. (2017), workers' unrest since 2013 were less in the Chattogram region, compared to other regions in the country.

<sup>2</sup>According to different reports published in *The Daily Star*, 10 workers were injured due to police action against a demonstration (*The Daily Star*, 2019a); trade union leaders were arrested (*The Daily Star*, 2019b); 25 workers were arrested from Ashulia, Savar, alleged with involvement in vandalising factories, torching vehicles and looting goods of factories (*The Daily Star*, 2019c); and 800 workers of different factories were laid-off (*The Daily Star*, 2019d).

In earlier incidences, the accusation of non-compliance in enforcement of new wages had been targetted workers only, for not extending necessary cooperation. However, the role of other stakeholders in case of non-compliance had often been ignored (Rahman, Bhattacharya and Moazzem, 2007). During 2018, non-compliance in implementing new minimum wages occurred owing to lack of responsibility undertaken by most of the key stakeholders, including employers, regulatory authority, workers and buyers.

In case of Wage 2018, related non-compliances could be categorised into three forms:

- Significant mismatch between proposed new minimum wages and workers' demands;
- Non-compliance with regard to inter-grade skills-based setting of workers' wages; and
- Non-compliance between what has been proposed and how those are implemented.

The present study examines the responsibilities of non-compliance of stakeholders in implementing new minimum wages, which include government, entrepreneurs, workers and brands/buyers. Based on the analysis, the study draws lessons and puts forward a set of suggestions for ensuring compliance standards by the key stakeholders in implementing new minimum wages.

## **2. ADDRESSING NON-COMPLIANCE IN IMPLEMENTING REGULATORY ORDER ON MINIMUM WAGES: A REVIEW**

Implementing a regulatory order requires compliance in three forms—persuasion, management and enforcement. These three forms are complementary, and are not mutually exclusive. Based on the empirical evidences, ILO (n.d.) has identified a number of issues related to compliance in implementing minimum wages. These are:

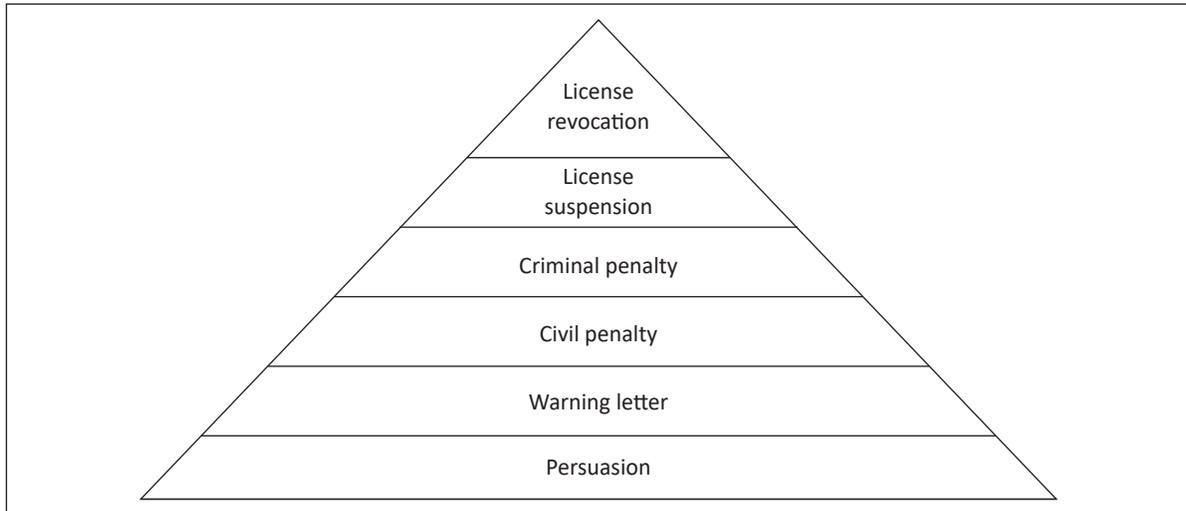
- Compliance in the structure of minimum wages;
- Information and awareness about the new minimum wages;
- Empowerment of workers to claim their rights;
- Targetted labour inspection;
- Recovery of due wages and protection against victimisation;
- Monitoring and responsible purchasing practices with global supply chains;
- Impact on entrepreneurs; and
- Computation and coverage of the minimum wages.

In case of implementing new minimum wages, the RMG sector of Bangladesh had deviated to follow the usual process of compliance with regard to a regulatory order. Literatures indicate that an effective implementation system usually follows a 'pyramid of severity of regulatory orders' (Braithwaite, 1985). These orders include persuasion, sanctioning warning letter, civil penalty, criminal penalty, license suspension and license revocation (Diagram 1). The cooperative strategy, such as persuasion and capacity building are at the base of this pyramid. It is said that, preventing violations through persuasion is cheaper than setting up monitoring and sanctioning mechanisms.<sup>3</sup> Concerned parties usually try to avoid such escalation of regulatory orders.

---

<sup>3</sup>Hence, in case of non-compliance, the escalation to punishment (such as, civil penalty, criminal penalty or others) needs to be certain, in order to be a credible deterrent.

**Diagram 1: Pyramid of severity of regulatory orders**



Source: Excerpts from Ayres and Braithwaite (1992, 35).

In case of the RMG sector, the above-mentioned issues are largely related with non-compliance of the entrepreneurs owing to failure to implement the new wages. In contrast, such practices are followed against workers, alleging their non-compliance. Various types of cooperation strategy which are available, are of little use in the process of solving the problems.

This present study follows this framework for identifying stakeholders’ weaknesses in enforcing regulatory compliances and putting forward suggestions for necessary improvement in addressing the non-compliance.

### **3. OBJECTIVES AND METHODOLOGY OF THE STUDY**

#### **3.1 Objective of the study**

The objective of the study is to review different aspects of the new minimum wages (Wage 2018), and thereby analyse various issues related to non-compliances in implementing the new minimum wages. Based on the analysis, the study has put forward a set of short- and medium-term suggestions for possible the way-out by dealing with these non-compliances.

#### **3.2 Methodology of the study**

The study analysed available secondary information on new minimum wages and collected information through field investigation on stakeholders’ perception about nature of non-compliances in the implementation process of new minimum wages. Secondary data/information was collected from different sources, such as official gazettes, different studies, particularly Moazzem and Arfanuzzaman (2018), and different newspaper reports.

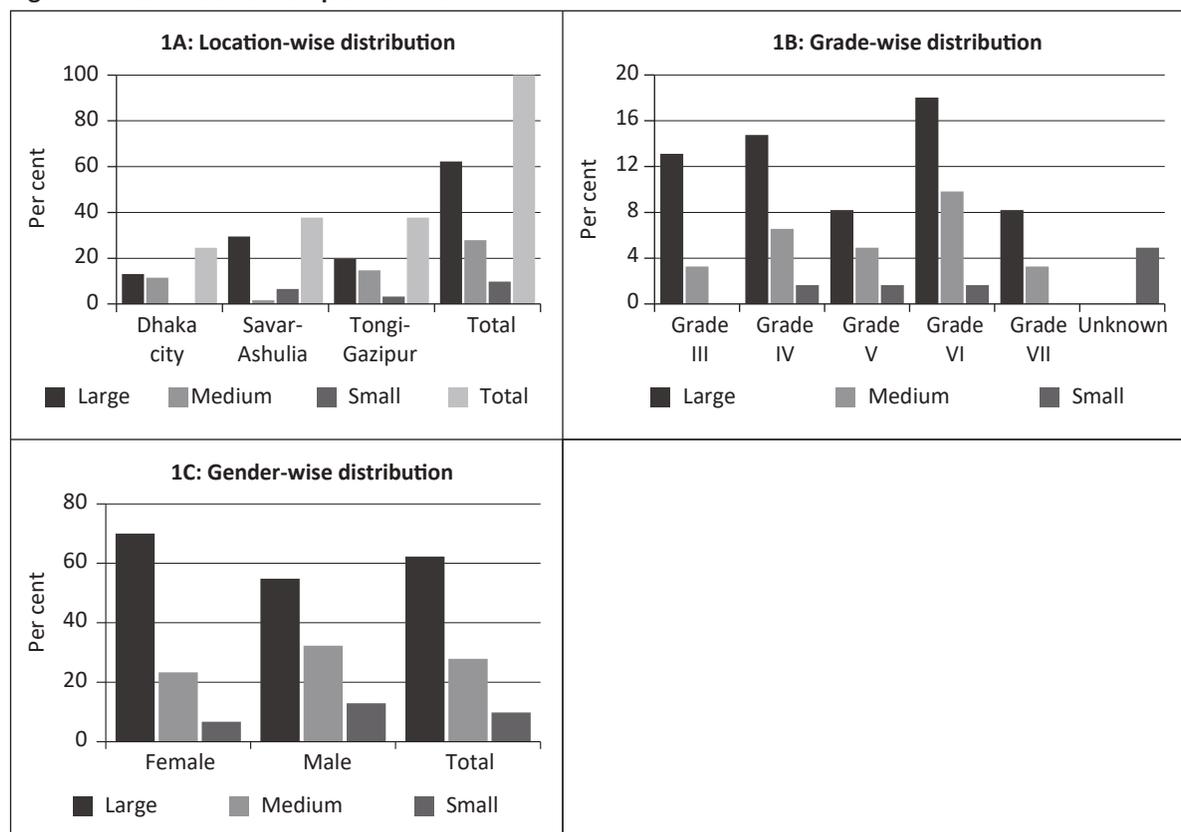
A small-sample survey was carried out as part of this study in January 2019, on 61 workers from three main RMG clusters of the country—Dhaka city, Savar-Ashulia and Tongi-Gazipur. This survey is referred as in the report as “CPD’s 2019 survey on RMG workers’ wage,” throughout this paper. Besides, telephone interviews were conducted with five entrepreneurs and two representatives of brands and buyers.

Apart from that, the study also extensively used data from two other surveys. First, “CPD’s 2018 survey on RMG workers’ livelihood,” which was conducted in March 2018, with a view to estimate the cost of workers’ living following a livelihood need approach. Second, the “CPD-RMG Survey, 2018,” which was conducted in 2018 over 226 enterprises and 2,123 workers. The focus of that study was on economic, social and gender-related issues concerning RMG enterprises and its workers.

**Distribution of sample**

The distribution of sample workers in terms of factory location, their grades and gender is presented in Figure 1 (1A, 1B and 1C, respectively).

**Figure 1: Distribution of sample workers**



Source: CPD’s 2019 survey on RMG workers’ wage.

Among the surveyed workers, 24.6 per cent workers work in factories located in Dhaka city, 37.7 per cent in the Savar-Ashulia region, and another 37.7 per cent in the Tongi-Gazipur region. Workers working in large factories were proportionately high in number (62 per cent), followed by medium (28 per cent), and small factories (10 per cent). In terms of grade-wise distribution of workers, the highest share of workers were from grade VI (30 per cent), followed by grade IV (23 per cent), grade III (16 per cent), and grade V (15 per cent), respectively. Distribution of workers showed that almost half of the workers were male, and the other half female, which partly reflect the distribution of population of RMG workers (53 per cent female and 47 per cent male, according to the CPD-RMG Survey, 2018).

**3.3 Limitations of the study**

Since the study is based on a small survey, the distribution of sample workers do not properly represent national population of the RMG sector. However, the sample workers of different grades

and locations appeared to sufficiently reflect the diverse perception concerning debates on the minimum wages. Hence, the findings of the paper should be considered 'indicative' with regard to the issues and concerns related to non-compliance in enforcing new minimum wage.

#### 4. REVIEW OF THE MINIMUM WAGE 2018

##### 4.1 Trends in minimum wages in the RMG sector

The minimum wages of RMG workers which was announced in August 2018, proposed BDT 8,000 as the minimum wage for an entry-level workers (i.e. grade VII) (Table 1). In nominal term, this amount was about 50.9 per cent higher compared to that announced in 2013 (BDT 5,300 for grade VII workers). However, the incremental rise of wages was much lower. Since the last revision of minimum wages in December 2013, workers received an annual 5 per cent increment on their basic wage.<sup>4</sup> Taking that into consideration, a grade VII worker would receive BDT 6,460 per month at the end of 2018.<sup>5</sup> Therefore, the effective incremental rise in wage under the proposed wage structure was only 23.8 per cent, compared to the gross wage received in 2018. In the same consideration, the rise of gross wages for other grades was at the modest level, such as 21.1 per cent in case of grade VI workers, 19.6 per cent for grade V workers, 17.2 per cent for grade IV workers, 14.4 per cent for grade III workers, 7.8 per cent for grade II workers, and 7.5 per cent for grade I workers.<sup>6</sup> In the same logic, basic wages under the Wage 2018 were increased at the modest level; even in number of grades, proposed basic wages were lower compared to what workers received in 2018.

**Table 1: RMG Wage 2018 (published on 29 November 2018)**

(in BDT)

Grade	Basic wage	House rent (50% of basic)	Medical allowance	Transport allowance	Food allowance	Gross wage
Grade I	10440	5220	600	350	900	17510
Grade II	8520	4260	600	350	900	14630
Grade III	5160	2580	600	350	900	9590
Grade IV	4930	2465	600	350	900	9245
Grade V	4670	2335	600	350	900	8855
Grade VI	4370	2185	600	350	900	8405
Grade VII	4100	2050	600	350	900	8000
Trainee						5975

**Source:** MoLE (2018).

**Note:** Grade I: Pattern Master, Chief Quality Controller; Grade II: Mechanic, Electrician, Cutting Master; Grade III: Sample Machinist, Senior Machine Operator; Grade IV: Sewing Machine Operator, Quality Inspector, Cutter, Packer, Line Leader; Grade V: Junior Machine Operator, Junior Cutter, Junior Marker; Grade VI: Operator of General Sewing/Button Machines; Grade VII: Assistant Sewing Machine Operator, Assistant Dry Washing Man, Line Iron Man.

Different allowances provided to workers experienced diverge level of changes, such as medical allowances increased by 140 per cent, transport allowances by 75 per cent and food allowances by 38.7 per cent. However, proposed rise of allowances was much lower compared to what is required by the workers in order to meet their related livelihood expenses (Moazzem and Arfanuzzaman, 2018).

<sup>4</sup>The increment is provided by the factory management, when workers complete at least full one-year period of work there.

<sup>5</sup>It is very rare that a worker would remain at the entry level (grade VII) for a period of five years, since the last minimum wage was announced in 2013. Hence, the wage estimate for grade VII workers in 2018 as mentioned, may not fully be reflective of the actual scenario.

<sup>6</sup>Besides, the gross wage for trainees has increased from BDT 4,200 in 2013 to BDT 5,975 in 2018—by about 42.2 per cent.

## 4.2 Workers' livelihood expenses

Moazzem and Arfanuzzaman (2018) has extensively analysed the expenses of RMG workers based on a primary survey conducted in 2018. According to Table 2, workers' living cost has considerably increased over the years, and the ratio of food and non-food costs has changed as well. Following the livelihood need approach, the study has identified a number of concerns, which include:

- Rise in non-food costs significantly increases workers' overall living expenses;
- Lack of necessary facilities (e.g. schools/colleges, hospitals, etc.) in major RMG clusters also contribute in rise of workers' living expenses;
- Workers, irrespective of their professional grades, still strive to meet their essential needs;
- Rise in family members put pressure to workers to accommodate additional costs; and
- Variation of non-food costs affect differently to workers located in different clusters.

**Table 2: Changes in workers' living costs between 2013 and 2018**

Cost	2013 (in BDT)	2018 (in BDT)	Yearly % change between 2013 and 2018
Food cost	5180	8125	11.4
Non-food cost	5173	11142	23.1
Total cost	10353	19267	17.2
Non-food cost (with instalment)		14310	
Total cost (with instalment)		22435	
Ratio of food and non-food cost	50:50	42:58	
Ratio of food and non-food cost (with instalment)		36:64	

Source: Adapted from Moazzem and Arfanuzzaman (2018, 4).

The study further revealed that, despite significant rise in workers' wages, about 52.2 per cent workers stay in shared rooms; 86 per cent workers use shared toilets; 85 per cent workers use shared kitchen; 17 per cent workers do not have a bed and sleep on the floor; and 16 per cent do not have a ceiling fan in their home. A high percentage of workers (32.2 per cent) take personal loan, which they need to repay in instalments every month.

It is found that, RMG workers are deprived of some basic facilities in their communities and localities. Most workers prefer to stay near to their workplace; it would be most convenient for them if affordable facilities such as public schools and colleges for children's education and public medical and healthcare services were available in nearby areas. However, in most cases, such establishments are located at distant places. So, they have to use the more expensive private facilities, which is an extra financial burden on their limited earning.

Considering the livelihood need approach, the authors proposed a number of changes in the structure of minimum wages as well as significant rise of minimum wages. Given the rise in skill and technology in the RMG sector, the authors proposed a reduction in the number of grades of workers. Taking this into consideration, grade VII workers could be upgraded and renamed as grade VI workers.<sup>7</sup> With a family size of four members, workers' total food and non-food costs were found to be BDT 22,435 per month.

<sup>7</sup>Likewise, the other grades can be upgraded. Grades I and II could be merged and considered under the top grade as 'grade IA' and 'grade IB', respectively. Upgrading of workers' skill in different grades has been proposed to be linked with promotion of workers. The proportionate rise of gross wages, as proposed for different grades, such as V, IV, III and II could be 7 per cent, 10 per cent, 13 per cent and 15 per cent, respectively.

### 4.3 Balance between skills and wages

The announced existing wages did not pay proper attention to workers' skills while setting workers' wages. This is reflected in case of setting the allowances without any difference for workers of different grades. However, workers' basic wages for different grades proportionately increased, which partly recognise skills in setting wages of different grades. According to Table 1, basic wages for grades VI, V, IV, III, II and I have proportionately increased by 4.9 per cent, 6.9 per cent, 5.6 per cent, 4.7 per cent, 65 per cent and 22.5 per cent, respectively, in Wage 2018. Unlike the proposal of Moazzem and Arfanuzzaman (2018), the Wage 2018 has increased allowances, but did not make any difference for different categories of workers. As Table 3 shows, the allowances on medical, transport and food have increased, but at the same level for all grades.<sup>8</sup>

**Table 3: Differences in gross wages between amount received in 2018 and amount announced in 2018**

(in BDT)

Grade	Basic wage received in 2018 (with 5% increment)	House rent 40%	Medical allowance	Transport allowance	Food allowance	Gross wage received in 2018 (A)	Gross wage announced in 2018 (B)	Difference (B-A)	% change between B and A
Grade I	10848	4339	250	200	650	16288	17510	1222	7.5
Grade II	8934	3574	250	200	650	13608	14630	1022	7.8
Grade III	5201	2080	250	200	650	8381	9590	1209	14.4
Grade IV	4850	1940	250	200	650	7890	9245	1355	17.2
Grade V	4505	1802	250	200	650	7407	8855	1448	19.6
Grade VI	4173	1669	250	200	650	6943	8405	1462	21.1
Grade VII	3829	1532	250	200	650	6460	8000	1540	23.8

Source: Author's calculation.

## 5. ANALYSIS OF IMPLEMENTATION OF NEW MINIMUM WAGES

The issue of non-compliance in implementing new minimum wages is discussed in this section in four different areas:

- Significant mismatch between the proposed Wage 2018 and workers' demands;
- Non-compliance in inter-grade skills-based setting of workers' wages;
- Non-compliance between what has been proposed and how those were implemented;
- Roles and responsibilities of other stakeholders.

### 5.1 Significant mismatch between the proposed Wage 2018 and workers' demands

#### *Anomalies with respect to wages under different grades*

The new minimum wage was supposed to take into cognisance the minimum compliance requirement with regard to prevailing increments/benefits that workers had been enjoying during the time of negotiation. For example, the basic wages proposed in 2018 (Wage 2018) for different grades were not consistent with the required changes at least for few grades. Since workers should not be deprived of getting any of their existing entitled benefits while receiving new wage, it was found that

<sup>8</sup>For example, medical allowance has increased to BDT 250, transport allowance to BDT 200 and food allowance to BDT 650.

**Table 4: Differences in basic wages: Received in 2018 (with 5% annual increment since 2013) and proposed in August 2018***(in BDT)*

Grade	Basic wage proposed in August 2018	Basic wage received in 2018 (with 5% increment)	Difference between proposed and current basic wage
Grade I	10440	10848	-408
Grade II	8520	8934	-414
Grade III	5160	5201	-41
Grade IV	4930	4850	80
Grade V	4670	4505	165
Grade VI	4370	4173	197
Grade VII	4100	3829	271

Source: Author's calculation.

such compliance was violated for top three grades—I, II and III (Table 4). The proposed basic wages for these three grades were lower than the existing receipt of basic wages by BDT 408, BDT 414 and BDT 41, respectively. Such discrepancy in the proposed structure indicates lack of discussion and negotiation between different parties with regard to workers' current level of entitled wages.

Proposed minimum wages had some other weaknesses. Basic wage is considered important, as a number of payments are determined in proportion to this amount. These include—rate of overtime payment, festival bonus and different service benefits. It is found that, basic wage as a share of gross wage has been declining over the years in all grades, and the trend has been continued in the proposed new wage structure. Figure 2 shows the share of basic wage in total gross wage of grade VII workers. Basic wage for grade VII workers was set at 51.25 per cent of total gross wage, which was 56.6 per cent in 2013. There is a gradual deceleration of basic wages over the years, and it was highest in 2006 (67.69 per cent). The same decelerating trend of fixing basic wages is observed in case of other grades (Table 5). However, basic wage as share of gross wage is higher for upper grades, although those have experienced proportionate decline over the years.<sup>9</sup> In fact, a lower basic wage always reduces pressure in operational costs by reducing employees' overtime payment, festival bonus and service benefits.<sup>10</sup>

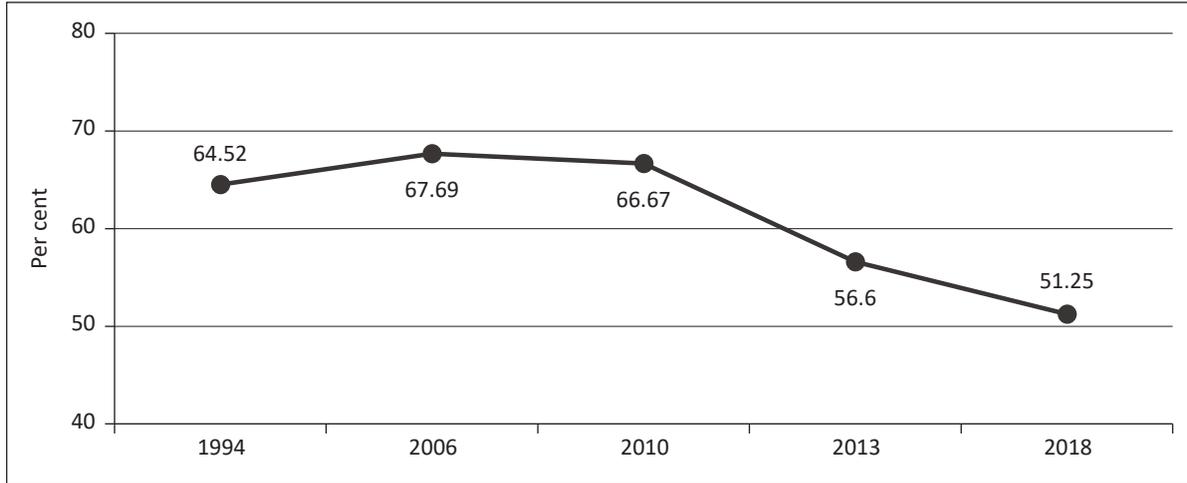
The Minimum Wage Board, which is convened by the MoLE, is the key organisation to discuss, negotiate and prepare proposals on the new minimum wage. As usual, a tripartite Board was formed in February 2018, which comprised representatives of government, employers and workers.<sup>11</sup> The Board was assigned to submit their proposal within six months. A total of six Board meetings were held till the new scale was proposed in August 2018. These meetings were supposed to discuss various wage-related proposals submitted by the parties. According to various newspaper reports, the level of discussions was poor with little focus on key issues and concerns on wages, which were

<sup>9</sup>Rise of basic and gross wages between 2013 and 2018 was lower for upper-grade workers, compared to that of the entry-level workers.

<sup>10</sup>Unless workers' representatives take strong position against this issue of declining share of basic wages during the time of discussion at the Minimum Wage Board meeting, employers tend to put pressure to lower it. As can be seen from Figure 3, the basic wage for entry-level workers of RMG sector is one of the lowest in the manufacturing sector of Bangladesh.

<sup>11</sup>The Board comprised six members, which include—the Chairman of the Board, representative of the employers (i.e. President of Bangladesh Garment Manufacturers and Exporters Association (BGMEA)), representative of the employers' federation (Secretary, Bangladesh Employers' Federation (BEF)), representative of workers (Secretary, Women Affairs, Bangladesh Sramik League), representative of workers' organisations (President, Bangladesh Sramik League), and a neutral member (Treasurer, University of Dhaka).

Figure 2: Basic wage as a share of gross wage for grade VII workers



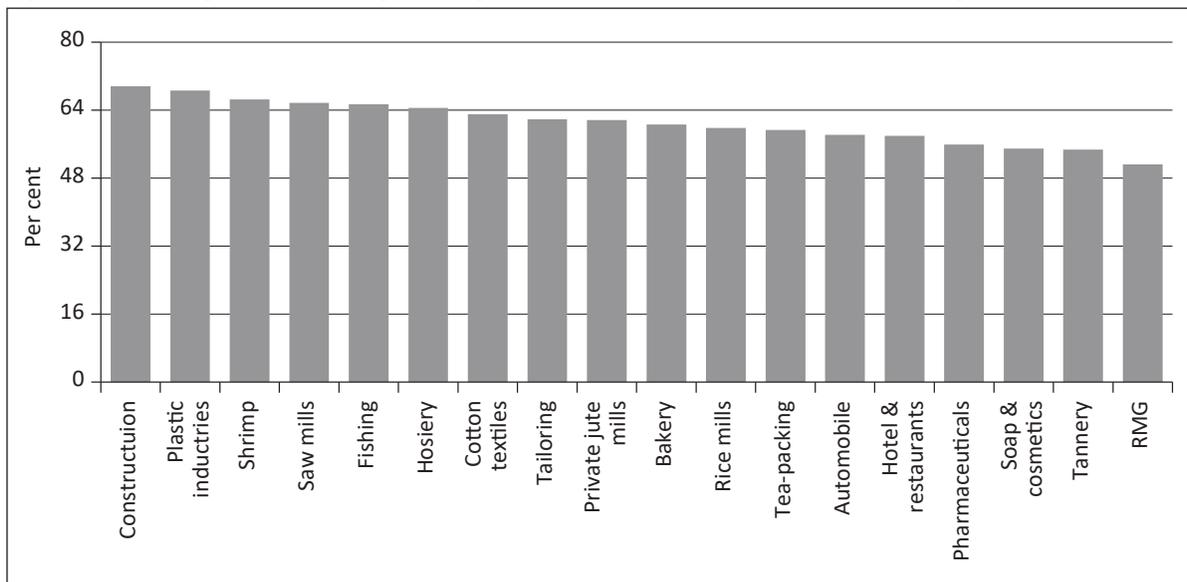
Source: BILS (2018).

Table 5: Analysis of 2018 wage structure vis-à-vis those of 2010 and 2013

Grade	Basic as % of gross wage			Rise of basic wages between 2013 and 2018 (%)	Rise of gross wages between 2013 and 2018 (%)
	2010	2013	2018		
Grade I	69.9	65.4	59.6	22.8	34.7
Grade II	69.4	64.2	58.2	21.7	34.2
Grade III	68.0	59.9	53.8	26.6	40.9
Grade IV	67.7	59.2	53.3	29.7	44.0
Grade V	67.4	58.4	52.7	32.3	46.6
Grade VI	67.1	57.6	52.0	33.6	48.0
Grade VII	66.7	56.6	51.3	36.7	50.9
Trainee		52.6			42.9

Source: Author's estimation.

Figure 3: Basic wage as a share of gross wage (as of 2018) in different industries of Bangladesh



Source: Collected from different sources.

raised particularly by general workers.<sup>12</sup> In fact, the Minimum Wage Board for the RMG sector in 2018 was found to be weaker, compared to those of the earlier Boards, in terms of level of discussion on the proposals, quality of negotiation and level of bargaining between parties, etc. Consequently, the first proposal announced by the Board (Wage 2018) was found with a number of discrepancies. Lack of attention from the Board members while finalising the structure of the new minimum wages, caused such discrepancies.

The Minimum Wage Board could not ensure a number of other compliance requirements in setting the new minimum wages (Wage 2018). This usually happens when there are lack of proper definition and method for calculating minimum wages; limited access to technical knowledge of the Board members about different aspects related to skill, productivity, costs and returns, competition in the global market, price offered by brands/buyers; lack of competency of some members of the Board; unwillingness of parties to negotiate concern issues; and weak negotiating capacity of workers' representatives (Moazzem et al., 2013).

A number of changes are required in order to ensure wage-related compliance requirement:

- Basic wages for all grades (particularly for grades I, II and III) need upward adjustment (both in absolute value and in share of gross wage).
- Workers' skills and experience needed to be taken into consideration, while setting up wages for different grades. This could be done through providing additional increments considering their skills and specialisation.
- The members of the Minimum Wage Board, particularly workers' representative and the independent member, should proactively participate in discussion, debates and negotiation with a view to reflect the proper scenario of demand and supply of workers' wages in the RMG sector.
- The institutional process of forming the Board, including selection of representatives (particularly those of workers), definition and methods for calculation of minimum wages need to be reviewed.

### ***Workers' demand for new minimum wages***

Since the discussion on wage revision began, the general workers through different organisations had been making demand for a minimum wage which was much higher than what was announced. Different workers' organisations (e.g. Bangladesh Garments Workers Trade Union Centre (BGWTUC), RMG Workers Rights Forum, National Garments Workers Forum (NGWF), Bangladesh Revolutionary Garments Workers Forum (BRGWF), Akota Garments Workers Forum (AGWF), and IndustriAll Bangladesh Council (IBC)) had demanded a gross wage of BDT 16,000 for grade VII workers, with a basic wage of BDT 10,000. In fact, workers' demand was not properly reflected in the proposal submitted by workers' representative in the Minimum Wage Board, who actually made a proposal of BDT 12,000 for grade VII workers.

According to Moazzem and Arfanuzzaman (2018), with 2.1 earning members in the family and a 3 per cent savings on basic wage, the minimum wage for the newly-introduced grade VI workers should be BDT 11,004. However, considering the slowdown in profit margin of enterprises as well as possible future business risks (such as, trade war, rise in petroleum and gas prices, etc.), the minimum

---

<sup>12</sup>Please see, New Age (2018).

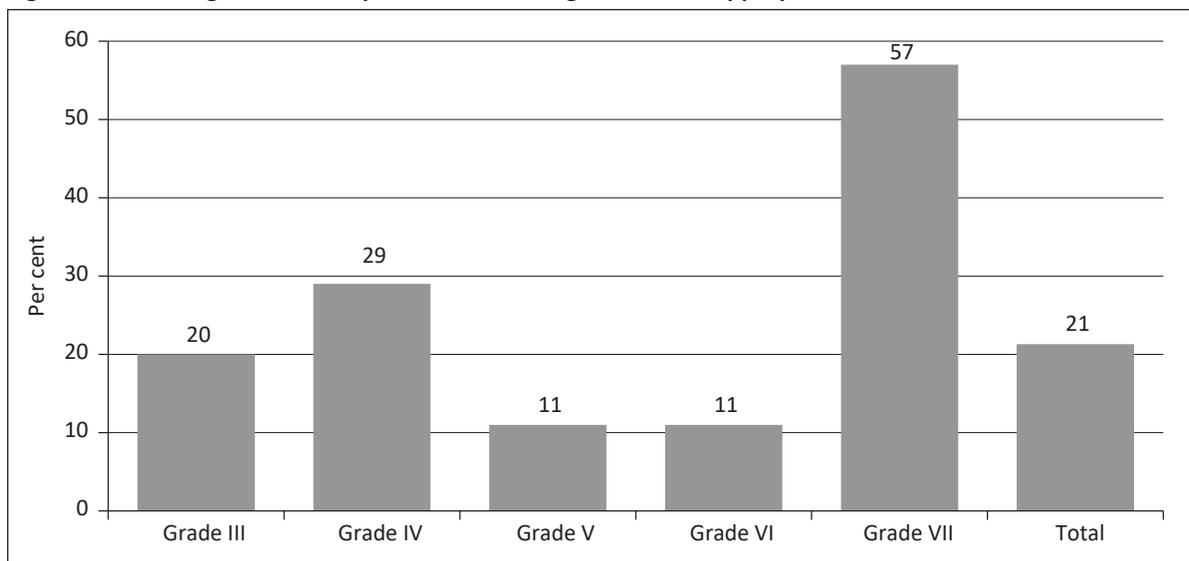
wage for newly-introduced grade VI was proposed to be BDT 10,028 (USD 119). For workers with no children, the wage for grade VI worker could be BDT 9,228 (USD 110). The wages for following grades were ought to be BDT 10,715 for grade V, BDT 11,786 for grade IV, BDT 13,319 for grade III, and BDT 15,317 for grade II.

**Workers’ level of appreciation about the minimum wage**

The study undertook a perception survey among workers to understand their views on different aspects related to Wage 2018, preparation of the enterprises and raising awareness among workers about related issues.

According to the survey, only one-fifth of the sample workers considered the Wage 2018 to be appropriate (Figure 4). Except for grade VII, majority of workers of other grades did not consider that the proposed wages for their respective grades were proper. Workers working in small and medium factories were less positive about the proposed wages. In terms of spatial dimension, workers working in Dhaka city and Tongi-Gazipur regions were less positive about the proposed wages. Among these, dissatisfaction was higher among workers in the Tongi-Gazipur region.

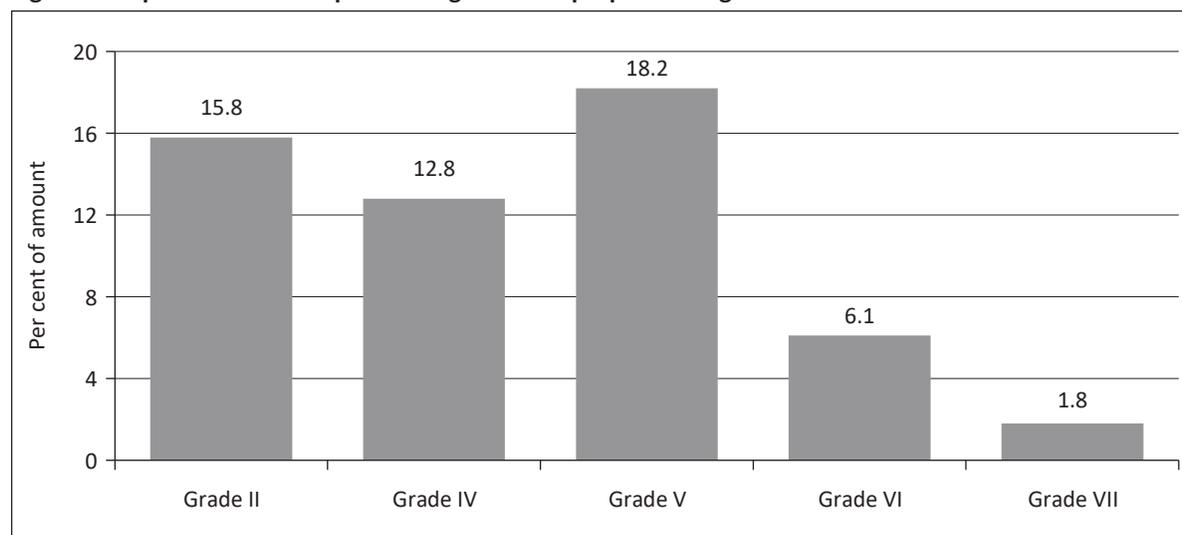
**Figure 4: Percentage of workers perceived that Wage 2018 was ‘appropriate’**



Source: CPD’s 2019 survey on RMG workers’ wage.

The proposed Wage 2018 was much lower compared to that of the demand for garment workers— this was only half of what was demanded by them (i.e. BDT 16,000 for grade VII workers). In fact, the gap between the proposed wage and wage demanded by workers had further widened in 2018, compared to the earlier years.<sup>13</sup> According to the survey, workers working in different grades expressed their demand for new minimum wage (Figure 5). It is found that, wage gaps between proposed and expected levels were higher in cases of grades V, IV and III by about 18 per cent, 13 per cent and 16 per cent, respectively. Gaps between expectation and actual wages were higher for workers working in the Dhaka city and Tongi-Gazipur region, possibly because of higher cost of living in these regions.

<sup>13</sup>Workers’ demand for gross wages for grade VII workers during the time of revision in 2013 was BDT 10,000 per month, and the gap was BDT 7,000.

**Figure 5: Gap between the expected wage and the proposed Wage 2018**

Source: CPD's 2019 survey on RMG workers' wage.

Overwhelming majority of the sample workers have reported about discriminatory rise in basic wage and its consequent impact on overtime payment. Workers did not mention much about discrimination in different proposed allowances (e.g. house rent, transport and food allowances), perhaps because those have been increased considerably in nominal terms—for example, house rent allowance was increased by 70 per cent, medical allowance by 140 per cent, transport allowance by 75 per cent, and food allowance by 38 per cent.<sup>14</sup> Dissatisfaction about the level of rise of allowances was less reported by workers working in Savar-Ashulia region; similarly workers working in large- or medium-scale state-of-the-art factories reported less about the discriminatory rise in basic wages.<sup>15</sup>

Demands from workers of the upper grades need to take due attention considering their increased contribution in the production of growing share of upgraded products. Locational variation in workers' level of appreciation about new wage seems to be related with variation in enterprises' capacity to meet workers' demand, as well as lack of proper communication about changes in wages among the workers. On the other hand, better wage management at the enterprise level is dependent on better cash flow management, industrial relations and better communication between workers and management (Moazzem et al., 2017).

## 5.2 Non-compliance in inter-grade skills-based setting of workers' wages

### *Mismatch between skills and wages*

Differences in wages between different grades is an important indicator of the value recognition of workers' skill in the wage structure. Unfortunately, wage difference between skilled and unskilled workers has been narrowed down over the years.<sup>16</sup> In the proposed Wage 2018, gross wage for entry-level workers (grade VII) to that of wage of grade IV workers (considered as median wage) was as high as 86.5 per cent; however this share was much lower in the earlier years, such as 82.6 per cent

<sup>14</sup>All values are related with grade VII workers.

<sup>15</sup>Revised wage (Wage 2019) seems not to meet the expectation of the workers. Only a small share of workers in Dhaka city and Tongi-Gazipur region were positive about the wages. A major share of workers working in Savar-Ashulia region are found to be positive.

<sup>16</sup>Moazzem and Shimon (2007) discussed about technological upgradation in the RMG sector of Bangladesh over the years.

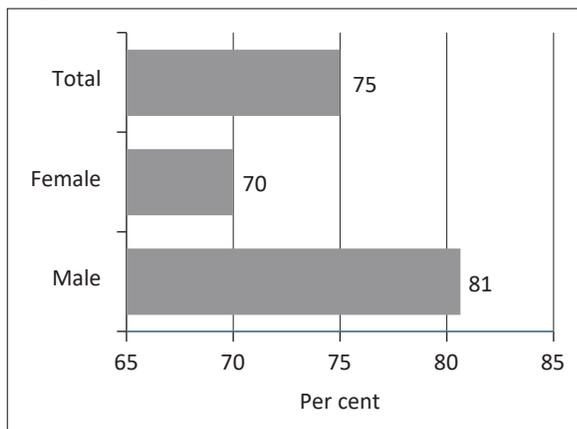
in 2013 and 77.7 per cent in 2010 (Moazzem et al., 2017). In other words, skilled workers in upper grades was compensated poorly over the years, compared to that of workers working in lower grades.

An over-focus on wage of grade VII workers often neglects the demands of other grades—mainly those of skilled workers working in grades III, IV and V. As per the proposed wages, the rise in nominal wage value for different grades was as follows: BDT 2,700 for grade VII workers, BDT 1,477 for grade VI workers, BDT 1,468 for grade V workers, and BDT 1,457 for grade IV workers. In other words, nominal wage value of skilled workers has increased only about half of that of entry-level workers. As part of job retention, employers should be encouraged to pay additional increments to skilled workers.

**Level of awareness among workers about changes in the structure of proposed wages**

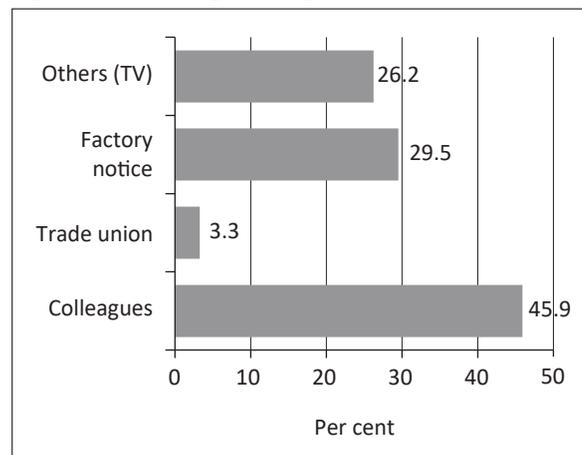
The level of awareness about changes in workers’ wages under the newly announced minimum wage (Wage 2018) is widely varied between workers working in different grades and locations, and of different genders. Among the sample respondents, female workers were less aware compared to that of male workers (Figure 6). Workers of small factories were less aware about changes in wages, compared to that of medium and large factories. Workers in Savar-Ashulia region seem to be better aware about the proposed changes in wages, compared to that of other regions. Only one-third of the sample workers got the news about changes in wages (Wage 2018) through formal channel, i.e. from the factory management (Figure 7). The remaining two-third workers received the information through various other channels. Majority of workers learned from colleagues and a section of workers learned from media (e.g. television). Very few workers learned through workers’ organisations operating in different factories, such as workers’ participation committees (WPCs) and trade unions.

**Figure 6: Workers’ knowledge about changes in wages**



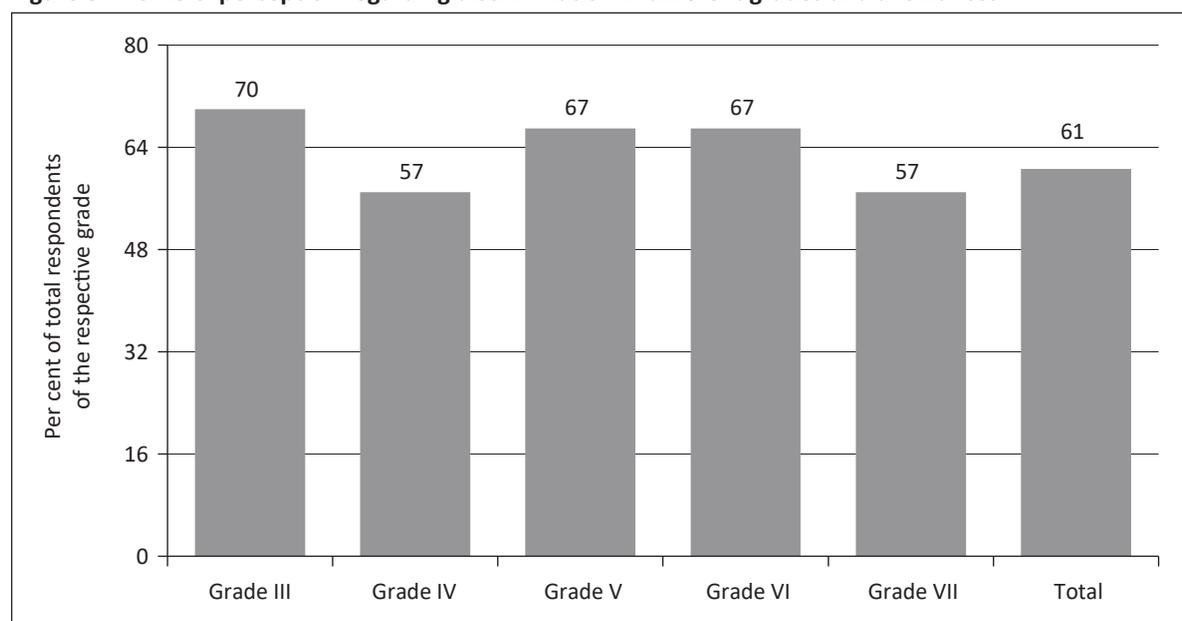
Source: CPD’s 2019 survey on RMG workers’ wage.

**Figure 7: Knowledge through different means**



Source: CPD’s 2019 survey on RMG workers’ wage.

There were discussions among workers about changes in the structure of wages and the prevailing gaps (Figure 8). Upper grade workers, such as grades III and V discussed more about those issues. However, workers of other grades have expressed their dissatisfaction as well. Workers were less encouraged to inform about their legal demands to factory management through official channel (21 per cent). Only 13 per cent workers informed their demands to the management and about 9.8 per cent workers informed to the workers’ organisations. Such efforts were taken less by workers of small enterprises. In other words, formal mechanism to raise concerns about the wages is either weak or absent.

**Figure 8: Workers' perception regarding discrimination in different grades and allowances**

Source: CPD's 2019 survey on RMG workers' wage.

Sample workers were asked about their level of knowledge on revised structure of new minimum wage which was announced in January 2019 (Wage 2019) (Table 6). In fact, workers' knowledge about revision of wages did not increase much even after their widespread procession in different industrial clusters. About half of the workers were not fully aware about the structure of Wage 2019. The level of awareness was lower for female workers, compared to that of male workers. Only 25 per cent workers could properly mention about at least one component of the revised wage structure.

**Table 6: Workers' level of knowledge about the revised Wage 2019**

Grade	Percentage of workers' response matched with the proposed Wage 2019			
	Matched one or both components of wage (basic and gross wage)	Matched within the range of difference of +/- BDT 100	Matched within the range of difference of +/- BDT 500	Unmatched
Grade III	0	0	20	10
Grade IV	7	14	36	7
Grade V	0	0	11	0
Grade VI	6	0	6	11
Grade VII	43	0	0	0
Total (%)	25	10	45	20

Source: CPD's 2019 survey on RMG workers' wage.

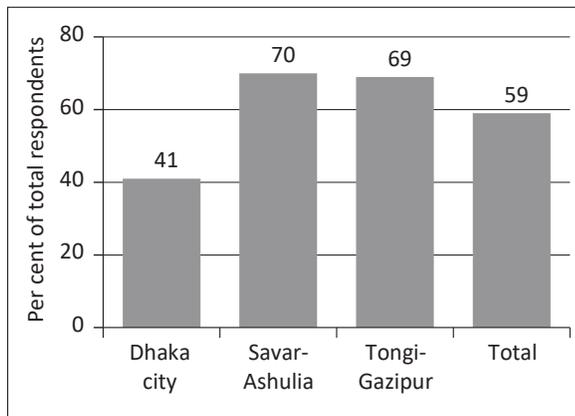
Awareness-raising activities as regards changes in wages, particularly among female workers and factories in Dhaka city and Tongi-Gazipur area need to be expedited. Factories should mandatorily arrange information-sharing sessions for workers about changes in wages. Such meetings can be arranged with the support of workers' organisations. Factories should set up effective communication mechanism with workers to inform them about different changes in wages and other facilities time to time. Workers' knowledge base—on their grades, wages and financial matters—needs to be improved.

### 5.3 Non-compliance between what has been proposed and how those are implemented

#### *Procedures followed for enforcement of new Wage 2018*

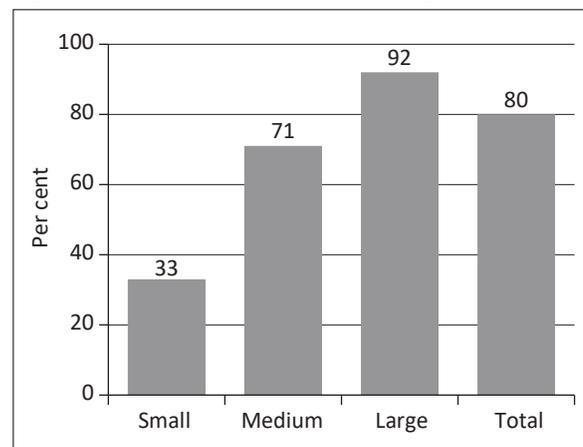
In case of enforcement of new wage scale, workers are supposed to receive prior information and official notice from factory management (Figure 9). However, a large share of workers did not receive prior notice from the factories in case of Wage 2018—more than 40 per cent workers did not receive any notice. The incidence of not getting any notice is relatively high in case of workers working in Dhaka city. According to the sample workers, implementation of new wage was better in large factories, while it was poor in small factories (Figure 10). Majority of factories in different locations implemented the Wage 2018 properly, except those in Tongi-Gazipur region. A large section of workers alleged that factories had raised the production targets after the announcement of new minimum wage. This is particularly evident in factories located in Tongi-Gazipur region. It was found that, there was a section of factories who were not prepared to pay workers as per Wage 2018.

**Figure 9: Percentage of workers got informed about Wage 2018 through office notice**



Source: CPD's 2019 survey on RMG workers' wage.

**Figure 10: Proper enforcement of Wage 2018**



Source: CPD's 2019 survey on RMG workers' wage.

Cash flow management of factories, particularly those of small factories and those in city areas, should be monitored prior to enforce the proposed new wage scale. It is important to put the factories in pressure regarding legal obligation. To this end, the Department of Inspection for Factories and Establishments (DIFE) and the Department of Labour (DoL) of the Government should separately play important role in monitoring the implementation of new minimum wages, using additional indicators in the monitoring check-list, with regard to cash flow management.

#### ***Non-compliance of the factory management***

According to the survey, management of factories tried to assure workers about adjustment of the wages. Factory management of Dhaka city and Tongi-Gazipur regions tried to handle the situation in a better way. This was less evident in case of factories in Savar-Ashulia region. Even the management of a section of factories threatened the workers, while another section of factories threatened to dismiss workers who demonstrated in the factory premises. A section of sample workers were aware of dismissal of workers, particularly those working in the Tongi-Gazipur region.

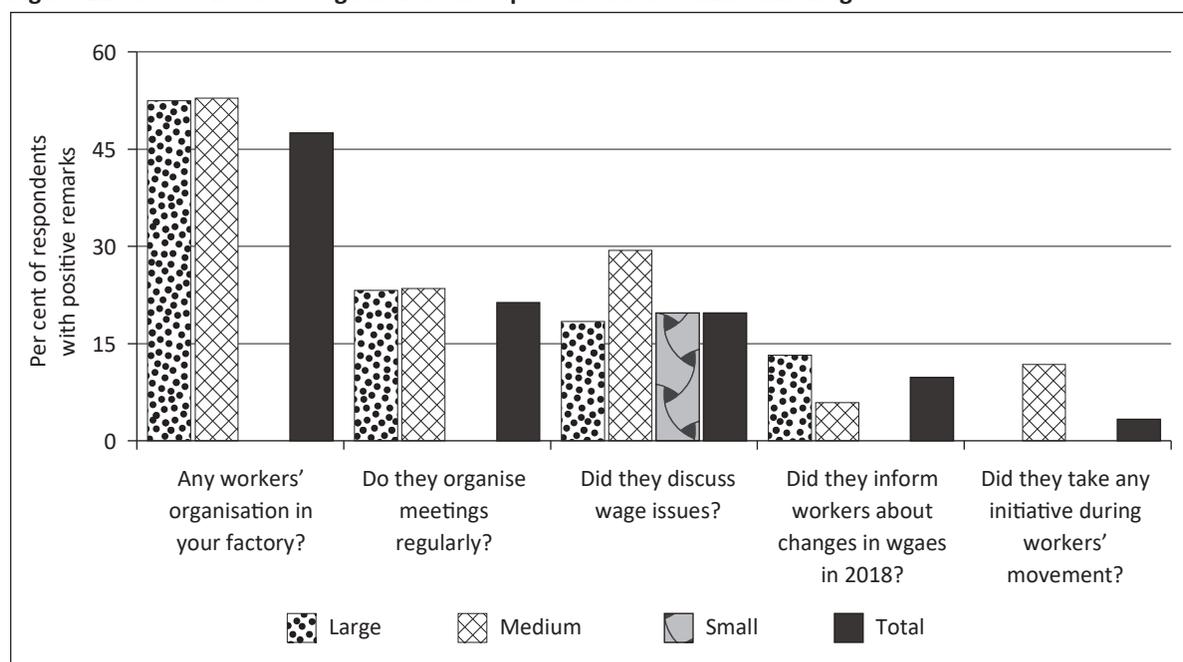
Workers are apprehensive about losing their jobs in case of participating in any workers’ movement. Workers may permanently lose their jobs in the garment sector if they are ‘blacklisted’ for any reason, and is reported accordingly in the newly-created workers’ biometric database, which is managed by the associations (i.e. BGMEA and Bangladesh Knitwear Manufacturers & Exporters Association (BKMEA)). Consequently, workers refrained themselves from taking effort to inform the management about wage-related discrepancies. Both male and female workers were found equally threatened and refrained from reporting to the management.

According to the Bangladesh Labour Act (amended) 2013, punitive measures should be enforced against factories in case they were non-complaint in enforcement of the minimum wages. In contrast, workers have been penalised with the argument of violating properties by creating obstruction in workplace by forming groups for agitation, and creating and damaging factory properties. Owners did not face any regulatory measure for their non-compliance, which indicate avoidance of implementing labour rules properly. Given the risks involved, it is important to ensure that workers’ biometric database should not be managed by the associations alone—there should be a tripartite committee to monitor it. In case of non-compliance, entrepreneurs’ responsibilities should be justified.

**Role of workers’ organisations in implementing new minimum wages**

Despite considerable presence of the WPCs in the sample enterprises, no visible initiatives were undertaken in addressing the concerns raised by workers on their wages (Figure 11). Some of the WPCs in large enterprises took initiatives for discussion with the management. According to the surveyed workers, WPCs did not play any significant role in informing/raising awareness among workers about ensuring compliance in implementing new wages. Almost no initiatives were undertaken by the WPCs during the time of workers’ movement on wage-related issues. The elected WPCs could not show up their roles in handling these situation.

**Figure 11: Role of workers’ organisaiton in implementation of minimum wages**



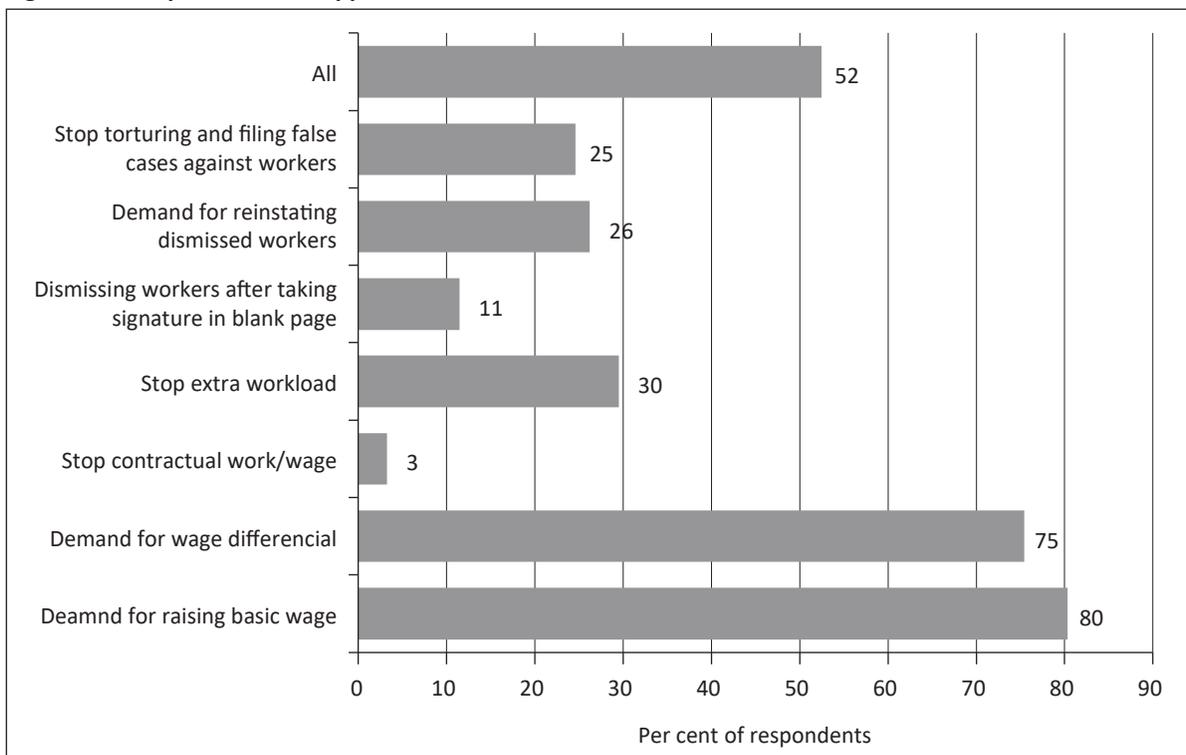
Source: CPD-RMG Survey, 2018.

The WPCs need to widen their activities to inform other workers about their wages, and for discussion with management. Necessary support should be provided to the WPCs to function better (Moazzem and Azim, 2018). Besides, absence of strong role of trade unions at the enterprise levels has been well-recognised. An innovative approach is needed to strengthen social dialogue at the enterprise level in order to make the workers’ organisations effective (Moazzem et al., 2017).

**Creating space for workers’ protests**

Among the surveyed workers, majority were aware about the movement and they expressed their solidarity to the movement. Three-fourth of workers expressed their solidarity through work-break, though only a small section of workers participated in the procession/rally. A major part of workers were silent or did not participate in procession. Only a small section of workers joined road block or similar activities. However, majority of workers have silent support about this. Figure 12 presents sample workers’ demand on related issues. Majority of workers supported various demands raised by workers, which include raising basic wages, maintaining differences in wages between skilled and unskilled workers, reducing workload, and stopping harassment of workers.

**Figure 12: Sample workers’ support for various demands**



Source: CPD’s 2019 survey on RMG workers’ wage.

However, a section of workers got threats to be arrested in case they joined the procession. Few male workers confronted threats of arrest. Absence of proper mechanism for demonstration in the factory premises caused such unwanted incidences. The interference of industrial police beyond law and order situation often caused those unwanted situation. The role of industrial police should not be extended to handle management–workers disputes. They should confine their activities to safety- and security-related issues.

## 5.4 Roles and responsibilities of other stakeholders

### ***Strengthened fiscal support for employers to accommodate additional cost burden owing to new minimum wages***

A revised wage structure usually raises operational costs for the RMG enterprises. According to anecdotal information, enterprises need to accommodate about 20 per cent additional wage costs due to rise in wages. In case of free-on-board (fob) value, about 3–5 per cent of additional costs need to be adjusted by the factories. Since July 2018, government has provided three special fiscal incentives/facilities which would help adjusting a part of their operational costs. These include: a) reduction of corporate tax rate (from 15 per cent to 12 per cent); b) significant reduction of source taxes (from 1 per cent to 0.25 per cent of the fob value); and c) waiver of value added tax (VAT) on the use of selected domestic services (e.g. transport, logistics, etc.).

To accommodate additional cost burden, some of the factories have set higher production targets for workers. These initiatives have often been referred as ‘productivity-enhancing measures’ by the employers. However, without undertaking additional skill-enhancing activities, such activities are difficult to accept as ‘productivity-enhancing’. Besides, a section of enterprises has undertaken productivity-enhancing measures by replacing low-productive machineries with upgraded/advanced machineries. Such measures may displace jobs of a section of workers.

Factories should not raise workers’ production targets alone without undertaking other cost-reducing measures, such as changes in low-productive machineries, advance-level training for improvement of workers’ efficiency, and additional measures for improvement of management efficiency at different levels.

### ***Role of brands and buyers***

The brands and buyers can take part in supporting factories to adjust the new minimum wages. The possible responses of the buyers would be of different types:

- Option A:* Full adjustment through rise in cutting and making (CM) charges;
- Option B:* Partial adjustment through partial rise in CM charges;
- Option C:* Continuing the same CM charges without reducing it (when brands/buyers annually reduced CM charges); and
- Option D:* No adjustment and continuous reduction of CM charges.

According to anecdotal information, majority of brands/buyers will not go for Option A or B. They will perhaps follow either Option C or D. Only a limited number of brands/buyers have made commitment for partial adjustment (Option B).

### ***Addressing non-wage issues***

Rise in workers’ wages has different implications in their household spending. A section of workers made additional spending taking into account the announcement of Wage 2018. About 10 per cent workers had made additional household spending. Most of this additional spending was related to purchasing furniture and new products for the family. A large section of workers (about 55 per cent)

mentioned that house rent would rise after the announcement of wages, particularly in Dhaka and Savar-Ashulia regions.

Moazzem and Arfanuzzaman (2018) has suggested a number of non-wage initiatives in order to address some of workers' livelihood concerns. A community-based approach is necessary in order to improve workers' living in major industrial clusters. The initiatives may include advancing low-interest credit facility for the land-owners for building low-cost housing facility for workers, which can be offered by banks and non-bank financial institutions, setting up specialised clinics under public-private partnership (PPP), and establishment of more government schools, colleges and recreation facilities in the workers' community.

## **6. CONCLUSIONS**

A comprehensive approach is needed in order to address the diverse nature of non-compliances in implementing new minimum wages. Based on the discussion in the preceding sections, it is expected that concerned stakeholders will put emphasis on the following issues:

- Addressing the concerns of the workers with regard to structure and composition of minimum wages;
- Taking measures to address skill–wage mismatch in the wage structure;
- Raising awareness among workers and management about changes in wage structure, and targeted awareness-raising initiatives for female workers concerning their grades, wages and financial issues;
- Devising better communication tools to promote effective engagement of management and workers;
- Paying special attention to cash flow management of factories during the period of implementation of new wage;
- Using additional monitoring tool by DIFE/DoL to check firms' cash flow status;
- Taking necessary measures to stop harassment of workers. In this regards, workers' biometric database should not be managed by the associations alone—there should be a tripartite committee to monitor it;
- Widening scope of work of WPCs and providing necessary technical support for their better function;
- Promoting the rights of trade unions and social dialogues in the factories;
- Strengthening social dialogue mechanism at the enterprise level through innovative approach;
- Taking necessary measures by the factory management not to raise production targets alone, without undertaking additional measures for improving workers' skill and factory-level productivity;
- Announcing an effective mechanism by brands and buyers jointly on how additional wage costs at production level could be adjusted by the enterprises; and
- Reviewing the institutional process of the Minimum Wage Board with a view to ensuring its effective role and function in the future.

## REFERENCES

- Ayres, I. and Braithwaite, J. (1992). *Response regulation: Transcending the deregulation debate*. New York: Oxford University Press.
- BILS. (2018). Roundtable titled “RMG Workers’ Wage Revision: Reality and Way Forward” held. Dhaka: Bangladesh Institute of Labour Studies (BILS). Available at: <http://bilsbd.org/news/roundtable-titled-rmg-workers-wage-revision-reality-and-way-forward-held/> [accessed: 28 January 2019].
- Braithwaite, J. (1985). *To punish or persuade: Enforcement of coal mine safety*. Albany: State University of New York Press.
- ILO. (n.d.) *Minimum Wage Policy Guide: A Summary*. Geneva: Inclusive Labour Markets, Labour Relations and Working Conditions Branch (INWORK), International Labour Organization (ILO). Available at: [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_570376.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_570376.pdf) [accessed: 13 January 2019].
- Moazzem, K. G. and Shimon, S. R. (2007). Technological restructuring in the apparel sector of Bangladesh in view of MFA phase out: Impact and implications. In *Proceedings of INTED2007—1st International Technology, Education and Development Conference (7–9 March 2007, Valencia, Spain)*. Valencia: International Academy of Technology, Education and Development (IATED).
- Moazzem, K. G., Raz, S., Miller, D., Schlangen, C. and Sluijs, I. V. (2013). *Estimating a Living Minimum Wage for the Ready Made Garment Sector in Bangladesh*. Dhaka and Utrecht: Centre for Policy Dialogue (CPD) and Berenschot International.
- Moazzem, K. G., Khandker, A., Radia, M. A. and Ali, S. (2017). *Strengthening the Social Dialogue Process within a Weak Enabling Environment: The Case of Bangladesh’s RMG Industry*. CPD Research Monograph 9. Dhaka: Centre for Policy Dialogue (CPD). Available at: <https://cpd.org.bd/cpd-research-monograph-9-strengthening-the-social-dialogue-process-within-a-weak-enabling-environment-the-case-of-bangladeshs-rmg-industry/> [accessed: 10 January 2019].
- Moazzem, K. G. and Arfanuzzaman, M. (2018). *Livelihood Challenges of RMG Workers: Exploring Scopes within the Structure of Minimum Wages and Beyond*. CPD Working Paper 122. Dhaka: Centre for Policy Dialogue (CPD). Available at: <https://cpd.org.bd/wp-content/uploads/2018/12/CPD-Working-Paper-122-Livelihood-Challenges-of-RMG-Workers.pdf> [accessed: 20 January 2019].
- Moazzem, K. G. and Azim, S. S. (2018). *Workers’ Organisations in RMG Enterprises: How to Address Institutional Challenges?* CPD Policy Brief 2018 (13). Dhaka: Centre for Policy Dialogue (CPD). Available at: <https://cpd.org.bd/wp-content/uploads/2018/09/PB-13-Workers%E2%80%99-Organisations-in-RMG-Enterprises-How-to-Address-Institutional-Challenges.pdf> [accessed: 15 January 2019].
- MoLE. (2018, 29 November). *Bangladesh Gazette (additional issue—SRO 348)*. Dhaka: Ministry of Labour and Employment (MoLE), Government of Bangladesh (GoB). Available at: [https://mole.portal.gov.bd/sites/default/files/files/mole.portal.gov.bd/notification\\_circular/](https://mole.portal.gov.bd/sites/default/files/files/mole.portal.gov.bd/notification_circular/)

ddac3f7f\_744c\_407d\_a7e6\_67af77f3e4a9/RMG\_Minimum\_Wages%20(1).pdf [accessed: 10 January 2019].

New Age. (2018, 1 November). Apparel sector wage board must review objections. Available at: <http://www.newagebd.net/article/54651/apparel-sector-wage-board-must-review-objections> [accessed: 10 January 2019]

Rahman. M., Bhattacharya, D. and Moazzem, K. G. (2007). *Bangladesh's apparel sector in post-MFA era: A benchmarking study on the ongoing restructuring process*. Dhaka: Centre for Policy Dialogue (CPD) and IFC-SEDF, Bangladesh.

The Daily Star. (2019a, 13 January). RMG unrest: 10 hurt in 'cop action' in Ashulia. Available at: <https://www.thedailystar.net/country/garment-workers-protest-in-bangladesh-10-hurt-cop-action-dhaka-ashulia-1686922> [accessed: 20 January 2019].

The Daily Star. (2019b, 15 January). Readymade garment sector: Revised wage sees protests subside. Available at: <https://www.thedailystar.net/business/news/rmg-workers-reject-raise-continue-agitation-1687363> [accessed: 20 January 2019].

The Daily Star. (2019c, 17 January). 25 workers held over RMG unrest. Available at: <https://www.thedailystar.net/frontpage/news/25-workers-held-over-rmg-unrest-1688716> [accessed: 20 January 2019].

The Daily Star. (2019d, 18 January). RMG unrest: No 'innocent' to be sacked. Available at: <https://www.thedailystar.net/business/no-innocent-rmg-worker-in-bangladesh-will-be-terminated-bgmea-1688917> [accessed: 20 January 2019].

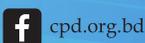
## Recent CPD Working Papers

- Paper 128 Financial Sector in Bangladesh: Recent Trends and Benchmarking for the Government\*
- Paper 127 How Prepared is the Urban Local Government in Bangladesh to Deliver SDGs?
- Paper 126 Potential of Personal Income Tax in Bangladesh: An Examination of Survey Data\*
- Paper 125 Finance for SDGs: Addressing Governance Challenge of Aid Utilisation in Bangladesh
- Paper 124 Women in Bangladesh Labour Market: Determinants of Participation, Gender Wage Gap and Returns to Schooling\*
- Paper 123 'Data Universe' of Bangladesh's RMG Enterprises: Key Features and Limitations
- Paper 122 Livelihood Challenges of RMG Workers: Exploring Scopes within the Structure of Minimum Wages and Beyond
- Paper 121 BREXIT and Bangladesh: An Exploratory Study on Likely Economic Implications
- Paper 120 Fiscal Implications of Rohingya Crisis for Bangladesh
- Paper 119 Exploring the State of Youth in the SDG Context: How is Bangladesh Doing?
- Paper 118 Growth of Employment in the Manufacturing Sector: Impact of Trade and Trade-related Policies\*
- Paper 117 Towards a Social Protection Strategy for Bangladesh\*
- Paper 116 Alternative Approaches to Full Employment in Bangladesh: Role of the Non-farm Sector\*
- Paper 115 Macroeconomic Policy, Price Stability and Inclusive Growth in Bangladesh\*

\*Available on web only



cpd.org.bd



cpd.org.bd



cpdbd



CPDBangladesh



House - 6/2 (7th & 8th floors), Block - F  
Kazi Nazrul Islam Road, Lalmatia Housing Estate  
Dhaka - 1207, Bangladesh  
Telephone: (+88 02) 58152779, 9141734, 9141703, 9126402, 9133530  
Fax: (+88 02) 48110414  
E-mail: info@cpd.org.bd  
Website: www.cpd.org.bd