

Towards Fair and Reasonable Wages for RMG Workers in Bangladesh: An Analysis of Minimum Wage Regulations and Implementation

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Abstract

The apparel manufacturing industry, also known as the Ready-Made Garment Industry (RMG), is a complex global supply chain with a significant presence in many South Asian and Eastern European countries. The RMG industry is characterised as being one of the most labour-intensive industries with a heavy reliance on low wages. This has led to the industry relocating to least-developed countries (LDCs) like Bangladesh, where labour costs are cheaper. Despite being the second largest exporter of garments, workers at the bottom of the supply chain in Bangladesh earn a minimum wage that is insufficient to cover their basic living expenses. This is a significant violation of labour and human rights, as workers have the right to earn a living wage that provides a certain standard of living for themselves and their families. This article will explore the wage scenarios of RMG workers in the last two declarations and discrimination between non-EPZ and EPZ workers. Further evaluating the minimum wage regulations in Bangladesh, specifically analysing the differences and gaps in the minimum wage fixing mechanism in the Bangladesh Labour Act 2006 and the Bangladesh Export Processing Zone Act 2019. It will also highlight the discrepancies between national legislation and international standards for protecting the labour and human rights of RMG workers to earn decent wages.

Keywords: RMG workers, Bangladesh, Minimum wage, Living wage

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1. Introduction.

The global apparel manufacturing industry, also known as the Ready-Made Garment Industry (RMG), is a complex supply chain industry. Garment manufacturing is widespread in many South Asian and Eastern European countries. The RMG industry is one of the most labour-intensive industries. Low wages are the key to production and industry relocation to least-developed countries (LDCs) such as Bangladesh¹. The history of the RMG industry dates back to the early 1970s when the first ready-made garments (RMG) company, Reaz Garments, was established in Dhaka as a small tailoring shop called Reaz Store. For the initial 15 years, the company only operated within the domestic market. However, in 1973, it changed its name to M/s Reaz Garments Ltd. and started exporting to foreign countries².

Later, in partnership with *Daewoo*, a South Korean company, *Desh* Garments established Bangladesh's first joint venture garment factory in 1977 and began production in the early 1980s. During the 1980s, a local enterprise named *Trexim Ltd* partnered with *Youngone Bangladesh* and established the first garment factory in the country. Over the next decade, the 1980s to the 1990s, the RMG industry in Bangladesh experienced significant growth³. When the Bangladesh government authorised the duty-free import of clothing machinery, it boosted the country's garment manufacturing industry and exports. Afterwards, the number of factories increased significantly over time. The number of factories rose from 134 in 1983-84 to 632 in 1984-85; by 1999, it had reached 2900⁴. Bangladesh's RMG industry has been the country's primary export business for 30 years, contributing to 80% of export earnings. In the fiscal year 2022 to 2023, Bangladesh earned \$55.55 billion from exports backed by the export of RMG products. The RMG industry is the highest contributor to total export earnings, \$46.99 billion, or 84.58% of total exports⁵.

Along with being a significant contributor to export earnings, the RMG sector also provided jobs to 4.1 million people in 4,600 plus factories, according to the Bangladesh Garment Manufacturers and Exporters

¹Afroz, N.A.H.I.D.A., Moloy, D.J. and Hossain, Z.A.K.I.R., 2018. Socio-Economic status and influencing factors of wage discrepancy among ready-made garment workers in Bangladesh: Evidence from Dhaka City. *Journal of Science and Technology*, 8(1), pp.22

²Hossen, M.M. and Miazee, M.H., 2016. Industrial Disputes at Ready Made Garments in Bangladesh: An Analysis. *Journal of Business and Economics Research*, 5(6), pp.210-216.

³Rahman, M.H., Muzib, S. and Chaity, R.A., 2018. Ready-made garments of Bangladesh: an overview. *Barishal University Journal*, 1(5), pp.59-122.

⁴Islam, M. (2021) "Bangladesh RMG Industry's Robust Growth and Challenges," Business Inspection BD, 24 November. Available at: <https://businessinspection.com.bd/rmg-industry-of-bangladesh/>. (Accessed: October 19, 2023).

⁵The Financial Express (2023). "Exports from vast sectors save RMG stagnate" 3 June. Available at: <https://thefinancialexpress.com.bd/economy/bangladesh/exports-from-vast-sectors-save-rmg-stagnate>. (Accessed: November 4, 2023).

Association (BGMEA). Women make up 80% of the workforce in this industry, and the United States (US), United Kingdom (UK), and European Union (EU) are the major importers of RMG products. Bangladesh is the second-largest exporter of garments in the world after China. Although it lost its top position to Vietnam in 2020, it regained it by exporting \$35.81 billion, while Vietnam exported \$32.75 billion in 2021¹. Bangladesh's Ready-Made Garments (RMG) industry has a competitive advantage due to its low labour costs and high returns on foreign investment in the Export Processing Zones (EPZ)².

Although the RMG industry employs poor rural women workers and helps them enter the formal sector, it exploits these underprivileged female workers. It violates their labour and human rights through the gender pay gap³. However, earning an adequate wage to satisfy workers' basic needs is a fundamental human and labour right. It is important to note that RMG workers in Bangladesh earn below a living wage, and their minimum wage is the lowest among its competitors. This consistent poor wage in the industry leads to frequent labour unrest and highlights the violation of the labour rights of RMG workers. The inadequate minimum wage (MW) regulations in national labour laws, non-compliance with the International Labour Organization (ILO) Convention, and the Rana Plaza incident put this industry under criticism⁴. However, at the end of 2023, the Bangladesh RMG workers' minimum wage will be revised, and a new pay structure will be declared. I hope the new wage will uphold the living standard of the RMG workers.

The first objective of this article is to analyse the impact of the last two wage declarations on the living conditions and expectations of RMG workers in Bangladesh. The second is identifying the differences and gaps in national labour acts concerning minimum wage fixing for RMG workers inside and outside the Export Processing Zones. Bangladesh has two sets of labour laws; first, the Bangladesh Labour Act (BLA) 2006(amended in 2013 and 2018), supported by Bangladesh Labour Rules 2015(BLR), applies to all sector workers and employees all over Bangladesh. Another law is the Bangladesh Export Processing Zones Labour (EPZ Labour Act) 2019, supported by Bangladesh Export Processing Zone Labour Rules 2022 (EPZ labour rules), which applies only to the workers and employees inside the Export Processing Zones.

Moreover, establishing a minimum wage (MW) is a crucial tool for the global labour market, recognised by the International Labour Organization (ILO). As per the ILO's report for 2020-21, 90% of the 187 member states have established a MW through government statutes, tri-party agreements, or collective bargaining⁵. This incorporation of the MW system highlights the significance of MW in the labour market worldwide. Finally, the article will analyse the compatibility of the Bangladesh National Labour Act minimum wage fixing mechanisms with ILO conventions and recommendations.

2. Exploring the Minimum Wage Scenario in Bangladesh

The minimum wage (MW) for unskilled workers in Bangladesh's Ready-Made Garments (RMG) industry has been subjected to much debate and criticism as the current wage level is not sufficient to cover the basic needs of the workers and their families. The current MW of RMG workers at lower grade is 8,000 Tk, approximately \$74, declared in November 2018 and has not been raised in the past five years. Even at the time of its declaration, the MW was insufficient to provide workers with a decent standard of living. Despite no salary increases, workers struggle financially due to the Covid-19 epidemic and high inflation⁶. As a result, there have been calls for a review of the minimum wage policy to ensure that RMG workers can earn a living wage. On 6 February 2023, IndustriALL's affiliates in Bangladesh called for a raise in the MW for garment workers due to the impact of high inflation on workers' ability to cover their expenses. They suggested increasing wages from 8,000Tk (\$75) to 23,000Tk (\$215)⁷. In response to workers demands, the government has declared a new wage board composed of six members to recommend the MW for RMG workers⁸. In 2023, the Bangladesh RMG workers' MW will be

¹ Textile Today Report (2022). "Bangladesh RMG export exceeds Vietnam again" December 12. Available at: <https://www.textiletoday.com.bd/bangladesh-rmg-export-exceeds-vietnam>. (Accessed: June 4, 2023).

² Ashik-Uz-Zaman, S. and Khan, A.M., 2021. Minimum wage impact on RMG sector of Bangladesh: prospects, opportunities and challenges of new payout structure. *International Journal of Business and Economics Research*. Volume 10, Issue 1, February 2021, pp. 8-20. doi: 10.11648/j.ijber.20211001.12

³ Haque, M.F., Sarker, M., Rahman, A., Rahman, M. and Rakibuddin, M., 2020. Discrimination of women at RMG sector in Bangladesh. *Journal of Social and Political Sciences*, 3(1).

⁴ Syed, R., 2020. Mechanisms implementing minimum wage policies and compliance with the ILO's provisions: the case of Bangladesh's Garment Global Supply Chain. *E-Journal of International and Comparative Labour Studies*.

⁵ International Labour Organisation (ILO) (2020) Global Wage Report 2020-21: Wages and minimum wages in the time of COVID-19. Available at: https://www.ilo.org/global/research/global-reports/global-wage-report/2020/WCMS_762302/lang--en/index.htm. (Accessed: September 4, 2023).

⁶ Clean Clothes Campaign (CCC) (2023) "Clean Clothes Campaign supports Bangladeshi unions in their 23,000Tk minimum wage hike demand," [cleanclothes.org](https://cleanclothes.org/clean-clothes-campaign-supports-bangladeshi-unions-in-their-23000tk-minimum-wage-hike-demand), 17 August. Available at: <https://cleanclothes.org/clean-clothes-campaign-supports-bangladeshi-unions-in-their-23000tk-minimum-wage-hike-demand> (Accessed: October 18, 2023).

⁷ IndustriALL's Global Union (2023) "Bangladeshi unions demand increased minimum wage for garment workers," 3 February. Available at: <https://www.industriall-union.org/bangladeshi-unions-demand-increased-minimum-wage-for-garment-workers> (Accessed: October 18, 2023).

⁸ The Business Standard (2023) "Wage board formed to review RMG workers' pay" 10 April. Available at: <https://www.tbsnews.net/economy/rmg/govt-forms-new-wage-board-rmg-workers-614406> (Accessed: October 18, 2023).

announced at the year's end¹.

Since the beginning of Bangladesh's RMG industry in 1970, there has been no minimum wage for workers. When the industry started booming between 1980 to 1985, the government declared the minimum wage scale as the Minimum Wages Board recommended under section 6(1)(a) of the Minimum Wages Ordinance 1961². The Ministry of Labour and Manpower (now Ministry of Labour and Employment) published Minimum Wage Gazette 1984 notification No SRO 583-L/84/S-X/3(3)/84³ on 26 December 1984. Consequently, on 16 June 1985, Bangladesh's RMG industry's minimum salary rates were determined based on grade⁴.

The government first implemented a minimum wage of 627tk for entry-level workers in RMG in 1985 under the "Minimum Wages Ordinance" 1961. Between 1985 and 2018, the minimum wage increased six times. After implementing BLA 2006, it was revised three times, in 2010, 2013, and 2018, and set MW 3000Tk⁵, 5300Tk⁶ and 8000Tk⁷, respectively.

Table 1 Minimum wage in RMG Bangladesh Entry Level

Years	Minimum wage in (Taka)
1985	627
1994	930
2006	1662
2010	3000
2013	5300
2018	8000
2023	8000

Source: Dhaka Tribune⁸

Despite recent wage increases, living costs have risen dramatically, making it more difficult for workers in this industry to make ends meet. In 2020, workers in this field earn significantly less than workers in other exporting countries such as China (\$217), Vietnam (\$151), and Cambodia (\$176). Furthermore, COVID-19 has had a devastating impact on the world, and the current crisis between Russia and Ukraine has made matters worse. As a result, food prices have increased, making it impossible for everyone, regardless of income level, to afford necessities. Because of the poor wages obtained by workers in this industry, it is difficult for them to provide for their families and satisfy their daily needs.

3. The Issue of Wage Discrimination: Equal Pay for Equal Work inside and outside EPZ

In Bangladesh, considerable wage discrepancy is observed between RMG workers within and outside EPZs because of different calculation methods. The payout structure for workers outside of the EPZs is calculated based on a combination of basic pay, house rent (40% of basic in 2013 and 50% in 2018), medical allowance, transport allowance, and food allowance⁹. Meanwhile, for EPZ workers, the payout structure is based on basic pay, house rent (40% of basic in 2013 and 50% in 2018), and medical allowance. This difference in payout structure between the two groups of workers highlights the need for a more equitable wage system.¹⁰

¹ The Business Standard (2023). "New wage for RMG workers likely by November" 10 August. Available at: <https://www.tbsnews.net/economy/rmg/further-consultation-needed-fixing-wage-garment-workers-owners-wage-board-meeting-680266> (Accessed: August 16, 2023).

² Minimum Wage Ordinance 1961; section 6(1a) [Available at <https://www.ilo.org/dyn/natlex/docs/ELECTRONIC/96234/113670/F-1598347207/PAK96234.pdf>]

³ Minimum Wage Gazette 1984 [Available at https://www.dpp.gov.bd/upload_file/gazettes/268-269-Law-1985.pdf]

⁴ Hasan, M.A., 2019. Minimum Wage in Readymade Garments Industry in Bangladesh. *American Journal of Trade and Policy*, 6(2), pp.57-66.

⁵ Salam, M.A. and McLean, G.N., 2014. Minimum wage in Bangladesh's ready-made garment sector: Impact of imbalanced rates on employee and organization development. HRD: Reflecting upon the Past Shaping the Future. Edinburgh Scotland: UFHRD <http://www.ufhrd.co.uk/wordpress/wp-content/uploads/2014/11/Abdus-Salam.pdf>.

⁶ Minimum Wage Gazette 2013. Available at https://betterwork.org/wp-content/uploads/7.-Minimum-Wages_RMG_-Gazette_2013_English-Version.pdf.

⁷ Minimum Wage Gazette 2018, ammendee in 24 January 2019. [Available at https://www.dpp.gov.bd/upload_file/gazettes/29984_73163.pdf] (Bangla version)

⁸ Dhaka Tribune (2019) "A brief history of the minimum wage in garment sector," www.dhakatribune.com, 11 January. Available at: <https://www.dhakatribune.com/bangladesh/nation/165760/a-brief-history-of-the-minimum-wage-in-garment> (Accessed: March 21, 2023).

⁹ Uz-Zaman, A. and Khan, A.M., 2021. Minimum wage impact on RMG sector of Bangladesh: Prospects, opportunities and challenges of new payout structure. *International Journal of Business and Economics Research*, 10(1), pp.8-20.

¹⁰ Hasan, M.A., 2019. Minimum Wage in Readymade Garments Industry in Bangladesh. *American Journal of Trade and Policy*, 6(2), pp.57-66.

Table 2 Minimum wage for RMG workers outside and inside EPZs in 2013 and 2018.

Non-EPZ 2013 Grade 7	Minimum wage (amount in TAKA)						
	Basic wage	House rent 40% of basic.	Medical allowance	Transport allowance	Food allowance	Increment on basic	Gross monthly wage
	3000	1200	250	200	650	5%	5300
EPZ 2013 Helper	3600	1440	560			10%	5600
Difference	600	240	310				300
Non EPZ 2018 Grade 7	4,100	2,050 50%	600	350	900	5%	8000
EPZ 2018 Helper	4500	2250 50%	1450			10%	8200
Difference	400	200	850				200

Source: Ministry of Labour and Employment (MoLE) gazette 2013¹ and 2018². BEPZA wage circular 2013³ and 2018⁴.

Based on the data in Table 2, there is only a slight difference in the gross monthly wage between non-EPZ workers and EPZ workers. Non-EPZ workers receive a gross amount, which includes transport and food allowances for all grades. On the other hand, EPZ workers receive gross wages without additional transport and food allowances. However, enterprises inside EPZs are already paying transport and food allowances and will continue to do so without any changes due to the minimum wage refixing. Adding these two allowances can increase the gross wage for EPZ workers⁵.

The comparison of the last two MW declarations for non-EPZ and EPZ workers in 2013 and 2018 reveals some interesting facts. In 2018, the house rent for both non-EPZ and EPZ workers increased by 10% compared to 2013, going from 40% to 50%⁶. However, the annual increments of 5% for non-EPZ and 10% for EPZ have remained the same (Table 2).

EPZ workers receive additional benefits such as festival bonuses, earn leave encashment, production and attendance bonuses, and 24/7 medical treatment and medicine at EPZ medical centres or hospitals. They also get subsidised education facilities for their children in BEPZA-run schools and colleges⁷. It is unfair that workers performing the same job with the same skills are subject to wage discrimination due to geographic differences, which is one of the key causes of labour dissatisfaction in the RMG industry.

Furthermore, the grading system introduced by the gazette in 2013 has caused confusion in wage distribution. According to the schedule (kha), grade 7 includes 14 positions, whereas grades 6, 5, 4, 3, 2, and 1 have 10, 14, 10, 13, 2, and 4 positions respectively.

¹ Minimum Wage Gazette 2013. (5 December 2013). Available at https://betterwork.org/wp-content/uploads/7.-Minimum-Wages_RM_Gazette_2013_English-Version.pdf English version.

² Minimum Wage Gazette 2013 (24 January 2018), Available at https://www.dpp.gov.bd/upload_file/gazettes/29984_73163.pdf.

³ BEPZA Wage circular, (3 December 2013), Available at: https://bepza.portal.gov.bd/sites/default/files/files/bepza.portal.gov.bd/page/9ed10969_c352_45ed_a796_08ea29f549ae/Minimum%20Wages-2013.pdf.

⁴ BEPZA Wage circular, (14 November 2018), Available at [https://www.bepza.gov.bd/public/ckfinder/userfiles/files/Wage%20Circular%202018\(1\).pdf](https://www.bepza.gov.bd/public/ckfinder/userfiles/files/Wage%20Circular%202018(1).pdf).

⁵ Ibid

⁶ Uz-Zaman, A. and Khan, A.M., 2021. Minimum wage impact on RMG sector of Bangladesh: Prospects, opportunities and challenges of new payout structure. *International Journal of Business and Economics Research*, 10(1), pp.8-20.

⁷ BEPZA | Bangladesh Export Processing Zones Authority.[Available at: <https://www.bepza.gov.bd/content/faq/>]

Table 3 Grading of RMG worker's positions in 2013

Grade 1	Pattern Master, Chief Quality Controller, Chief Cutting Master/Cutting Chief, and Chief Mechanic
Grade 2	Mechanic/electrician, Cutting master
Grade 3	Sample machinist, Mechanic, Senior Sewing Machine, Senior Winding Machine, Senior knitting machine, Senior knitting machine operator, Senior Cutter, Senior quality inspector, Senior Marker/Senior, Drawing Man/Senior Drawing Woman, Senior Line Liver, Senior Overlock Machine, Senior Button Machine Operator and Senior Kanchai Machine operator.
Grade 4	Sewing Machine, Winding Machine, Knitting Machine, Linking Machine Operator, Marker/Drawing Man/Drawing Woman, Cutter, Melding Operator, Pressing Man/women, Iron Man/women, Folder (finishing section) Packer.
Grade 5	Junior Sewing Machine, Junior Winding Machine, Junior knitting machine, Junior Linking machine Operator, Junior Marker/ Drawing Man/ Woman, Junior Cutter, Junior Melding Operator, Junior Pressing man/women, finishing, iron man, Junior Folder (concluding section), Junior Electrician, Junior Packer, Junior Overlock Machine Operator, Junior Button Machine and Junior Kanchai Machine Operator.
Grade 6	General Sewing Machine, General Winding Machine, General knitting machine, General Linking machine Operator, General Melding Operator, General Fusing Machine, General Color Turning, General Over Lock, General Button Machine and General Kanchai Operator
Grade 7	Assistant Sewing Machine, Assistant Winding Machine, Assistant knitting machine, Assistant Linking machine, Assistant Melding Operator, Assistant cutter, Assistant Marker/Assistant Drawing man/Women Assistant pocket creasing machine operator men/women

Source: MoLE Gazette 2013¹

After a thorough evaluation of the grading system, it has been found that it is not an accurate reflection of the required skills and qualifications for certain positions. For example, jobs like sewing machine assistant and overlock machine helper should be graded separately due to their unique tasks. Similarly, the position of pocket creasing machine operator requires advanced skills and experience and thus should be graded higher. Currently, the grading for this position is inconsistent between 6 and 4, which makes it difficult to distinguish between general operator and operator roles and those that require higher levels of skill and experience. A more effective grading system should include junior operator, operator, and senior operator roles. Additionally, to become a senior quality inspector in grade 3, a combination of education and specific skills is required. According to experts, an electrician's job is routine, while a mechanic's duty is more intricate and challenging. Along with the complex grading positions in 2013², new positions were added to the grades in 2018(MoLE Gazette 2018)³.

The grading system for RMG workers in EPZ factories is relatively simple. The workers are divided into five grades: Helper, Junior Operator, Operator, Senior Operator, and Highly Skilled. According to the 2013 and 2018 wage declarations, all workers will be promoted based on their performance, as outlined in 'Instructions 1 and 2 of 1989' in the BEPZA Gazette. As per BEPZA Instruction 2 Part 4, a Helper becomes a Junior Operator when they are allowed to operate a machine. For other positions, workers will be promoted after two years in the same post, considering their skills⁴.

During the period from 2013 to 2018, it was observed that the increase in MW had a more significant impact on the gross compensation of grade 7 employees compared to other non-EPZ workers. This has disadvantaged employees in higher grades, creating an unfair situation. However, a study conducted by the Centre for Policy Dialogue (CPD), an independent think tank in Bangladesh, revealed that over the years, the percentage of basic wage in the total gross wage for all grades, including grade 7 workers, has decreased. The new wage structure implemented in 2018 continued this trend, with the basic wage for grade 7 workers accounting for only 51.25% of the total gross wage in 2018, as compared to 56.6% in 2013. This percentage was much higher in 2010 at 66.7%. Although the basic wage for grade 7 workers increased by 36.7%⁵, the actual increase was only 1100tk (see Table 3).

¹ Minimum Wage Gazette 2013 (5 December 2013), Available at https://betterwork.org/wp-content/uploads/7.-Minimum-Wages_RMG_-Gazette_2013_English-Version.pdf English version.

² Hasan, M.A., 2019. Minimum Wage in Readymade Garments Industry in Bangladesh. *American Journal of Trade and Policy*, 6(2), pp.62-63

³ Minimum Wage Gazette 2013 (24 January 2018), Available at: https://www.dpp.gov.bd/upload_file/gazettes/29984_73163.pdf

⁴ The Bangladesh Export Processing Zone Authority (BEPZA) Instructions 1 and 2 (14 June and 23 August 1989) https://www.bbalectures.com/ahad/wp-content/uploads/2018/10/BEPZA-Instruction_1_2.pdf

⁵ Moazzam, 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), p8

Table 3: Comparing basic payout in grades (1-7) between 2013 and 2018 for Non EPZ. Workers.

Grades	Basic wage 2013	Basic wage 2018	Difference
Grade 1	8500	10440	1940
Grade 2	7000	8520	1520
Grade 3	4075	5160	1085
Grade 4	3800	4930	1130
Grade 5	3500	4670	1170
Grade 6	3270	4370	1100
Grade 7	3000	4100	1100

Source: MoLE Gazette 2013 and 2018.

In 2018, basic wage increases ranged from 22.8% to 33.6% across different grades. The gross wage increased between grades 1 to 7 by 34.7%, 34.2%, 40.9%, 44.0%, 46.6%, 48.0%, and 50.0%, respectively (Table 5 CPD report)¹

In 2018, there was an error in the MWB's calculation of MW rates. As a result, workers in grades 1, 2 and 3 receiving basic wages with a 5% yearly increment since 2013 were 10848Tk, 8934Tk, and 5201Tk. The announced payout caused a reduction in their basic wage by 408Tk, 414Tk, and 41 Tk, respectively (table 4CPD report). The alterations in gross wages between the amount received in 2018 and the amount announced in 2018 for grades 1, 2, and 3 increased by 7.5%, 7.4%, and 14.4%, respectively, while grade 7 saw a larger increase of 23.8%, according to table 3 of CPD report². Increments in other allowances could not impact higher grades workers as allowances are the same for all grades.

It was observed that the wage hikes implemented did not meet the demands of the worker's representatives. In 2013, the representatives had suggested a minimum pay of 6,000 Tk, which included a basic salary of 4,000 Tk, 1,600 Tk for housing, and 400 Tk for medical benefits. The suggested payment did not include a food allowance³. In 2018, the workers demanded a minimum pay of 12,000 Tk, with a basic salary of 7,050 Tk, 2,820 Tk for housing costs, 1,000 Tk for medical allowance and 650 Tk for food and 500 Tk transport allowance for grade 7 workers⁴.

On the other hand, for the EPZ workers, wage hike in 2013, the basic wage of a helper was 3600 Tk, and the gross monthly wage was 5600 Tk. This means the basic wage represented approximately 64% of the gross monthly wage. In 2018, the basic wage of a helper was 4500 Tk, and the gross monthly wage was 8200 Tk. This means the basic wage represented approximately 54.9% of the gross monthly wage. So, in 2013, the basic wage represented a higher percentage of the gross monthly wage for EPZ workers compared to 2018(table 2)

4. The Global Concept of Minimum Wage and Development:

The concept of "minimum wage" (MW) has been universally recognised by international, regional, and national organisations. This idea acknowledges that workers deserve a fair and reasonable wage. This wage should be enough to cover their basic needs, including food, housing, healthcare, and education. The primary objective of this principle is to prevent worker exploitation and underpayment, ensuring that every worker can afford their necessities without facing financial hardship.

Being part of the Treaty of Versailles, the Labour Charter established the International Labour Organization (ILO) in 1919. The ILO brings together representatives from governments, employers, and workers in its executive bodies. The organisation's constitution prioritises the right to a living wage that guarantees a reasonable standard of living and recognises the principle of equal pay for work of equal value. The ILO's Constitution consists of a Preamble emphasising the significance of labour conditions, stressing that labour should not be treated as a commodity and that industrialised countries should not exploit workers. The ILO recognises the right to a living wage sufficient for a reasonable standard of living and the principle of equal compensation for work of equal value⁵.

As a sufficient wage mandated in the ILO constitution, over a decade ago, in 1928, it approved the first conventions and recommendations, the Minimum Wage-Fixing Machinery Convention (No. 26) and Recommendation (No. 30). Eventually, the role of the minimum wage has progressed from being an instrument of protection for a partial group of workers exposed to exploitation, become an instrument for the economic development of a broader segment of workers. Later, the Minimum Wage-Fixing Machinery Convention (No. 131) and Recommendation (No. 135) for Developing Countries were adopted in 1970. Additionally, the

¹ Ibid. p9.

² Ibid p9

³ Hasan, M.A., 2019. Minimum Wage in Readymade Garments Industry in Bangladesh. *American Journal of Trade and Policy*, 6(2), pp.61

⁴ Uz-Zaman, A. and Khan, A.M., 2021. Minimum wage impact on RMG sector of Bangladesh: Prospects, opportunities and challenges of new payout structure. *International Journal of Business and Economics Research*, 10(1), pp.8-20.

⁵ Marinakis, A., 2009. The role of ILO in the development of minimum wages, ILO Century Project. International Labour Organization, Santiago. https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_180793.pdf

Minimum Wage-Fixing Machinery (Agriculture) Convention (No. 99) was established in 1971. These conventions and recommendations signify the importance of the minimum wage as a fundamental labour right¹.

Furthermore, the MW concept was also recognised and defined by other international bodies such as the United Nations; the Universal Declaration of Human Rights (1948) Article 23 and 25 stated: "Everyone who works has the right to receive fair and favourable compensation, which ensures a life of dignity for themselves and their families"². The International Covenant on Economic, Social, and Cultural Rights, Article 7, acknowledges "the right of individuals to enjoy just and favourable working conditions, adequate wages, and remuneration sufficient to provide a decent standard of living for themselves and their families"³.

Other than this, regional organisations like the European Social Charter 1996 Article 4⁴ also considered "the right of workers to fair wage which will give them and their families a decent standard of living"⁵. Meanwhile, the Council of Europe, the Community Charter of the Fundamental Social Rights of Workers, 1989 Articles 4 and 5 stated, "Every person has the freedom to pursue any career of their choice. However, equitable remuneration is necessary to guarantee a good standard of living for employees and their families, following the applicable agreements in each country"⁶.

Furthermore, the American Declaration of the Rights and Duties of Man 1948, Article XIV states: "Each worker has a right to wages that ensure a decent standard of living for themselves and their family, in proportion to their abilities and skills"⁷. In the African Charter on Human and Peoples' Rights 1986, Article 15 "ensures that every individual has the right to work under equitable and adequate conditions and to be paid equally for equal labour"⁸.

Minimum wage (MW) regulation, dating back to the Hammurabi Code, was initially developed in New Zealand and Australia to reduce industrial conflicts and remove inadequate wage levels. By 1911, all states in Australia had wage boards, and minimum wages were set for various categories of workers. The practice eventually extended to other countries, including the United Kingdom, the United States, Canada, and developing nations. The UK Parliament passed minimum wage legislation in 1909 to eliminate "sweating" and initially covered only four industries. By the end of 1926, minimum wages were in effect for around 40 trades, employing approximately 15 million people. At that time, in European countries, minimum wage regulation was first limited to homeworkers. However, legislation of this type was subsequently implemented for other worker categories in France, Norway, Austria, Czechoslovakia, Germany, Spain, Hungary, and Belgium. The USA enacted its first minimum wage rule in 1912, initially applying to women and children in Massachusetts.

Latin America implemented minimum wage legislation in the mid-1930s and 1950s, closely linked to comprehensive labour codes. Process initiated before the Second World War. Further minimum wage regulation and other protective legislation gained grip in British colonies like Africa between the 1940s and 1950s and in the Caribbean countries. Developing Asian countries, including India and Pakistan, have developed minimum wage rules over time. India enacted the Minimum Wages Act of 1948, which aimed to provide fair remuneration to workers, while Pakistan passed the Minimum Wages Ordinance in 1969 for unskilled workers⁹.

5. Minimum Wage Regulations in Bangladesh:

The minimum wage system is a vital economic instrument that immensely affects worker welfare and the economy's expansion. The minimum wage rate varies across different countries and regions, depending on factors such as the cost of living, economic conditions, and industry standards. Some countries have a statutory minimum wage set by the government, while others have industry-specific minimum wage rates¹⁰.

Bangladesh has statutory minimum wage rates that vary depending on industries. The Minimum Wage

¹ Bangladesh Institute of Labour Studies-BILS (2015). National Minimum Wage for Bangladesh's Workers: Rational Standard and Rationality of National Minimum, <https://bilsbd.org/research-report/>. Available at: https://bilsbd.org/wp-content/uploads/2016/03/NMW_MJF.pdf (Accessed: August 24, 2023).

² Universal Declaration of Human Rights 1948, Article 23. Available at <https://www.un.org/en/about-us/universal-declaration-of-human-rights#:~:text=Article%2023,equal%20pay%20for%20equal%20work>.

³ International Covenant on Economic, Social and Cultural Rights (ICESCR), Article 7, Available at: <https://www.ohchr.org/en/instruments-mechanisms/instruments/international-covenant-economic-social-and-cultural-rights>.

⁴ European Social Charter (1996) Article 4. Available at <https://rm.coe.int/168007cf93>.

⁵ Syed, R., 2020. Mechanisms implementing minimum wage policies and compliance with the ILO's provisions: the case of Bangladesh's Garment Global Supply Chain. E-Journal of International and Comparative Labour Studies. Pp58

⁶ Community Charter of the Fundamental Social Rights of Workers (1989) Article 4 and 5.

<https://op.europa.eu/en/publication-detail/-/publication/51be16f6-e91d-439d-b4d9-6be041c28122>

⁷ American Declaration of the Rights and Duties of Man 1948, Article XIV. [Available at <https://www.oas.org/en/iachr/mandate/Basics/american-declaration-rights-duties-of-man.pdf>]

⁸ African Charter on Human and Peoples' Rights (1986), Article 15. Available at: https://au.int/sites/default/files/treaties/36390-treaty-0011_-_african_charter_on_human_and_peoples_rights_e.pdf.

⁹ Starr, G. Frank. (1980) Minimum wage fixing: an international review of practices and problems. Geneva: ILO. https://www.ilo.org/public/libdoc/ilo/1981/81B09_266_engl.pdf

¹⁰ Saget, C. and Eyraud, F. (2006) The Fundamentals of Minimum Wage Fixing. Geneva: International Labour Office. Available at: https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/publication/wcms_164972.pdf.

Board (MWB) is the primary wage-setting authority in Bangladesh. It was established by the Pakistani government in 1959. The concept of minimum wage was introduced during the 1928 ILO General Conference through Convention No. 26 and Recommendation No. 30. Convention No. 26 agreed to establish or maintain machinery that determines minimum wage rates for workers in trades or industries¹. During that time, Bangladesh was a part of Pakistan; as a member of the ILO, Pakistan incorporated a mechanism for fixing the MW. In Pakistan, the MW was set by two laws: the Minimum Wage Ordinance of 1961² and the West Pakistan Minimum Wages Rules of 1962³. Following the independence of Bangladesh in 1971, the government chose to maintain the existing laws through the Bangladesh Laws Order (President's Order No. 48). Additionally, new rules were introduced in response to the evolving needs of the working class and the country as a whole.

The MWB is a department under the Ministry of Labor and Employment (MoLE)⁴, which fixes the MW for 42 different industries in Bangladesh. MW was set according to the industry's economy and job types; the MW rate also varies per urban or rural area or export zone⁵. Previously, payment of “wage” or “minimum wage” and other matters were regulated by the “Payment of Wages Act” 1936⁶, which covered a wide range of sectors and workers. Later, a new Bangladesh Labour Act (BLA 2006) was introduced, which unified the 1936 act into the BLA 2006 with some changes⁷. Along with Bangladesh Labour Rule 2015 (BLR 2015) to supplement the BLA 2006.

Now, the payment of minimum wages and wage fixing machinery is regulated by the BLA 2006. Chapter 10 of the BLA 2006 describes the “wages” and other related payments to the workers. Section 120 of BLA 2006 considers the definition of “wages” as stated in section 2(45), “Wages” include all remuneration that can be stated in monetary terms. It is paid to a worker if the employment contract terms are met⁸. The term “wages” includes other additional remuneration such as holiday, overtime, retrenchment, discharge, removal, resignation, retirement, and layoff payment⁹. Furthermore, employers are obliged to pay wages to workers as per section 121 and section 122 of BLA 2006, and employers should fix the wage period not exceeding one month. Wages must be paid by employers or a responsible person within seven working days following the last day of the wage period for which they are due, section 123 of BLA 2006¹⁰.

However, Bangladesh's Minimum Wage Board (MWB) is the only MW fixing body. The BLA 2006 chapter 11 describes the formation of MWB. Under section 138, the Bangladesh government is required to establish MWB. The MWB should be composed of four permanent members. One chairman and one independent member were both selected by the government¹¹. One representative of employers and workers is nominated by the employers and workers organisation, and one representative of the employers and workers industry is concerned. If the organisation fails to nominate a member, the government will appoint a representative at its discretion, section 138 (2 and 3) BLA 2006¹². To implement section 138(6) of BLA 2006, the government should follow section 121(1-3) of BLR 2015. The government shall nominate owner and worker representatives from the maximum representative federations of the owners and workers. Without federation, the government shall select from the highest owner associations and trade unions. In both circumstances, the Director of Labour must seek the nomination.¹³

The government, upon request from the employers or workers or both parties of a specific industry, to consider the fixing of minimum rates of wages. Instruct the MWB to recommend new minimum rates of wages after all necessary queries for that particular industry worker or class of workers within six months, section 139(1-2)¹⁴. However, no recommendation shall be discarded only for delay as per section 122(5) of BLR 2015¹⁵.

¹ Minimum Wage Board. <https://mwb.portal.gov.bd/site/page/b40a20c0-8e5e-4183-92f0-017b0baca9b4/%E0%A6%85%E0%A6%AB%E0%A6%BF%E0%A6%B8-%E0%A6%AA%E0%A6%B0%E0%A6%BF%E0%A6%9A%E0%A6%BF%E0%A6%A4%E0%A6%BF>

² Minimum Wage Ordinance 1961; section 6(1a) [Available at <https://www.ilo.org/dyn/natlex/docs/ELECTRONIC/96234/113670/F-1598347207/PAK96234.pdf>]

³ West Pakistan Minimum Wages Rules of 1962. Available at <https://www.ilo.org/dyn/travail/docs/970/West%20Pakistan%20Minimum%20Wages%20Rules%201962.pdf>.

⁴ Hasan, M.A., 2019. Minimum Wage in Readymade Garments Industry in Bangladesh. *American Journal of Trade and Policy*, 6(2), pp.59

⁵ Grimshaw, D. and Muñoz de Bustillo, R., 2016. Global comparative study on wage fixing institutions and their impacts in major garment producing countries. *International Labour Organization (ILO)*.

⁶ Payment of Wages Act 1936. Available at: <https://www.ma.law.org.pk/pdflaw/PAYMENT%20OF%20WAGES%20ACT.pdf>

⁷ Chowdhury, M.S., 2006. Minimum wages in Bangladesh—Issues and challenges. *The Chittagong University Journal of Law*, 11(2006), pp.1-32.

⁸ The Bangladesh Labour Act (BLA 2006), Section 2(45). Available at: <https://compliancebangladesh.com/wp-content/uploads/2022/08/bangladesh-labour-act-2006-english.pdf>

⁹ The Bangladesh Labour Act (BLA 2006), section 120(a-e).

¹⁰ The Bangladesh Labour Act (BLA 2006) section 123.

¹¹ The Bangladesh Labour Act (BLA 2006) section 138.

¹² The Bangladesh Labour Act (BLA 2006) section 138(2-6).

¹³ The Bangladesh Labour Rule (BLR 2015) section 121(1-3)

¹⁴ The Bangladesh Labour Act (BLA 2006) section 139(1-2)

¹⁵ The Bangladesh Labour Rule (BLR 2015) section 122(5)

The MWB can recommend minimum rates of wages for time work or piece work. Also, it can specify minimum time rates for piece work and set time rates on an hourly, daily, weekly and monthly basis, section 139(3 and 4) BLA 2006¹.

Furthermore, the MWB can recommend whether the new minimum wage rates shall apply to the workers in a specific industry uniformly all over the country or differ in regions. MW rates shall be refixed every five years for all workers in any industry, section 139 (5-6) BLA 2006². Under section 141 of BLA 2006, the MWB shall consider the following factors: the socio-economic conditions, cost of living, standard of life, cost of production, productivity, price of goods, inflation, nature of job, risk level, and business ability, the country and the locality concerned and other relevant factors while deciding the MW rates³.

Before forwarding the minimum wage rates to the government, the MWB shall publish the recommendations in the official gazette so that the owners and workers representatives can place their objections and recommendations within 14 days of publishing the notice. Upon receiving objections or recommendations, the MWB can accept or keep the original proposal and forward it to the government, section 128(1-3) BLR 2015⁴. The MWB shall decide with the consent of the majority of members present in the meeting, with an open hand-raising voting system. In case of equal voting, the chairman can vote and take the final decision, section 129 BLR 2015⁵.

After receiving the recommendations from the MWB, the government may declare the minimum wage rates by official gazette notification. If the government thinks the recommendations are unsuitable for workers or employers, they can be referred back to the MWB within forty-five days. Upon receiving recommendations referred from the government, the MWB will reconsider it. If necessary, the MWB will change the minimum rates of wages or may keep it unchanged. Later, after receipt of revised recommendations with modification or without modification, the government will announce the MW in the official gazette notification. In the official gazette, if any date is not specified, the declaration will take effect on the date of its publication. Once the government declares that minimum wage rates are fixed, any individual or authority cannot change the decision in any Court, section 140(1-7) BLA 2006⁶. After the amendment of BLA 2006 in 2013, under section 140a, in exceptional circumstances, the government may declare the minimum wage structure for the industrial sector at any implementation stage, subject to the reconstitution of the Minimum Wages Board and compliance with necessary formalities⁷.

The owners are obliged to pay the minimum wage rate declared by the law to workers or employees. In case of less payment, the authorities must pay the concerned worker or employee an additional 50% of the outstanding debt. Further, the government shall take all the necessary steps to inform the owners and workers about the MW rates, and owners shall hang a notice in the factory in the local language declaring the MW rate, section 133(1-4) BLR 2015⁸.

The Export Processing Zones Authority supervises the RMG factories inside Bangladesh's Export Processing Zones (EPZ) following the Export Processing Zones "Authority" (BEPZA) Act of 1980. The BEPZA Act 1980 includes regulations on minimum wage rates and workers' rights. Later, in 2019, the government passed the Bangladesh Export Processing Zones Labour Act (EPZ Labour Act) 2019, focusing on labour practices, wage-related matters, and industry working conditions. It is important to note that the EPZ Authority, not the government, is directly responsible for setting⁹. Further, to supplement the EPZ Labour Act 2019, the government introduced the Bangladesh EPZ Labour Rule 2022 (EPZ Rule 2022).

Moreover, the MW rates for the RMG workers in the EPZ were last revised in 2018. It was declared under the Bangladesh Export Processing Zones Authority Act 1980 (BEPZA Act 1980) by the PriMinister office on 14 November 2018. Since 2018, the RMG workers in EPZ's minimum wage at apprentice or entry-level is 6250tk (\$76)¹⁰. As the 2019 act came into force, the next MW will be declared under the EPZ Labour Act 2019 provisions. The 2019 Act is a comparable version of the BLA 2006. The formation of MWB and fixing of MW rates in the 2019 Act vary slightly.

As per the EPZ Labour Act 2019 chapter 7, section 65(1), the government shall establish the MWB to fix EPZ workers' minimum wage rates. The MWB shall be composed of a total of 11 members: a Chairman

¹ The Bangladesh Labour Act (BLA 2006) section 139(3-4)

² The Bangladesh Labour Act (BLA 2006) section 139(5-6)

³ The Bangladesh Labour Act (BLA 2006) section 141

⁴ The Bangladesh Labour Rule (BLR 2015) section 128(1-3), Available at: https://decentwork.bilsbd.org/wp-content/uploads/2018/11/bangladesh_labor_rules_2015_english_version_15-09-2015-1.pdf

⁵ The Bangladesh Labour Rule (BLR 2015) section 129.

⁶ The Bangladesh Labour Act (BLA 2006) section 140(1-7).

⁷ The Bangladesh Labour Act (BLA 2006) section 140a (Amended 2013)

⁸ The Bangladesh Labour Rule (BLR 2015) section 133(1-4)

⁹ The Bangladesh Export Processing Zones Labour Act 2019 (EPZ 2019) https://www.bepza.gov.bd/public/storage/upload/content-file/210731064604-32765_6059605792686867415.pdf

¹⁰ Wage Circular BEPZA 2018 [Available at [https://www.bepza.gov.bd/public/ckfinder/userfiles/files/Wage%20Circular%202018\(1\).pdf](https://www.bepza.gov.bd/public/ckfinder/userfiles/files/Wage%20Circular%202018(1).pdf)]

appointed by the government, a member of the “Authority”¹, a representative from the Prime Minister’s Office, Finance and Labour and Employment Ministry, two representatives from the Authority, employers and workers, section 65(1a-h)². The authority will nominate representatives from employers and workers based on nominations from both parties. If both parties fail to give a nomination, the authority will select section 65(2) at its discretion. The authority will prioritise the most representative federations of owners’ and workers’ welfare associations or federations, section 129(1)EPZ Rule 2022³. The MWB can add members to the board upon request of other members, and regardless of other provisions, the government has the power to re-establish the Wages Board, section 65(3,4) EPZ Labour Act 2019⁴. Under section 66(EPZ Labour Act 2019), the government shall direct the MWB to recommend MW rates for workers within a reasonable time⁵. When the government accepts the Wages Board’s recommendation pursuant to section 66, the “Authority” may, by official gazette notification, declare that the minimum rates of wages recommended by the Wages Board for the various categories of workers shall be the minimum rates of wages. Unless otherwise indicated in the notice under subsection (1), the declaration shall take effect on the date of its publication, and the minimum rates of wage announced according to this section will be conclusive. No question or objection shall be raised about the decision in any court or to the Authority, section 67(1-3) EPZ Labour Act 2019⁶. While making the recommendation, the MWB shall consider the wage or salary scale of similar industries outside zones and other factors. In case of any changes in the factors, the government can ask the MWB to reconsider the recommendation or amend the MW rates, sections 68 and 69 of EPZ Labour Act 2019⁷.

Once the MW rates are declared under the act, the employers are obliged to pay minimum wage to workers, and workers have the right to receive wages at a higher rate than minimum rates, provided they are entitled to such facilities under agreements, awards, or customs. This ensures they continue to receive fair wages and benefits. The authority may take appropriate action against an employer or the person responsible for paying wages if they fail to pay the declared minimum wage. Further, for the purpose of this act, the authority has the authority to determine the method of fixing workers’ wages and other benefits, sections (70 -73), EPZ Act 2019⁸. Further, the MWB in EPZs should follow the rules under Export Processing Zones Rule 2022(EPZ Rule 2022), which came into action on 21 September 2022 and contains provisions almost similar to those of BLR 2015. The objection period, decision-making process, employers’ obligation to pay and notification of the MW rates by the government and employers are similar as mentioned above procedures are described under sections 136, 137 and 141 of EPZ Rule 2022⁹.

6. Labour Law Discrepancies: A Comparison with International Standards

The current scenario regarding minimum wage (MW) declarations for non-EPZ and EPZ workers is challenging. The MW declared by the MWB was often criticised due to a lack of definition and calculation methods in the BLA 2006 and Bangladesh EPZ Labour Act 2019. Additionally, complications arise when considering the factors determining the minimum wage, and implementation and enforcement are also problematic. To establish an appropriate minimum wage standard at the national level. The Bangladesh national minimum wage fixing machinery should be compiled with the “Minimum Wage Fixing Convention” 1970 (No.131). It requires meaningful communication among stakeholders and careful consideration of workers' and their families' needs alongside economic conditions. It also entails periodic revisions and effective enforcement mechanisms.

6.1 The Living Wage Concept for Minimum Wages:

Regarding the concept of "minimum wage" at the national level, there is often a lack of clarity and inconsistency in how it is defined. This can make it challenging to determine what exactly counts as a minimum wage since no universal definition applies across the board. The International Labour Organization (ILO) does not offer a specific definition for the term "minimum wage." However, it states that the minimum amount of payment an employer must pay to employees for work done during a specific period cannot be lowered, either by a collective agreement or individually¹⁰.

The International Labour Organization (ILO) has used different phrases to refer to minimum wage despite

¹ Here, “Authority” means the Bangladesh Export Processing Zones Authority established under the Bangladesh Export Processing Zones Authority Act, 1980 (Act No. XXXVI of 1980) section 2(7), (EPZ Labour Act 2019)

² The Bangladesh Export Processing Zones Labour Act 2019(EPZ Labour Act 2019), section 65(1a-h).

³ The Bangladesh EPZ Labour Rule 2022(EPZ Rule 2022), section129(1)

⁴ The Bangladesh EPZ Labour Act 2019, (EPZ 2019) section 65(3,4).

⁵ The Bangladesh EPZ Labour Act 2019 (EPZ 2019) section 66

⁶ The Bangladesh EPZ Labour Act 2019, (EPZ 2019) section 67(1-3)

⁷ The Bangladesh EPZ Labour Act 2019 (EPZ 2019) section 68,69

⁸ The Bangladesh EPZ Labour Act 2019, (EPZ 2019) section70-73

⁹ The Bangladesh EPZ Labour Rule 2022(EPZ Rule 2022) sections 136, 137 141

¹⁰“Minimum Wage Policy Guide”. International Labour Organisation (ILO). Available at: https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/publication/wcms_508566.pdf (Accessed: October 24, 2023).

being the first to introduce minimum wage regulations. However, its conventions and recommendations have used different terminologies to describe minimum wage. For instance, the “Wage-Fixing Machinery Convention” (No.26) in 1928 referred to "minimum rates of wages" in Articles 1, 3, and 4¹. Convention (No.99) used three different phrases: “minimum rates of wages”, “minimum wage,” and “minimum rates”². In recommendations (No. 30³ and No. 89⁴), the ILO used "minimum rates" and "minimum wage rates". In 1970, Convention No.131⁵ and Recommendation No.135⁶ exclusively used the term “minimum wages”. The ILO's underlying principle is that the minimum wage should be adequate to meet the basic needs of workers and their families and provide some discretionary income⁷.

This lack of definition has resulted in confusion among the MWB in recommending MW in 2010. In 2013, the CPD proposed that the MWB may consider the concept of a "living wage" when recommending minimum wage rates without a clear definition. Because the idea of a living wage is closely associated with the several concepts of minimum wage. A "living wage" aims to safeguard that workers and their families can afford a decent standard of living that is deemed acceptable by society based on the current level of economic change. The goal is to enable workers to live above the poverty line and actively participate in social and cultural activities⁸. Moreover, the ILO Constitution of 1919 and the United Nations Universal Declaration of Human Rights in 1948, Section 2, indicated that at least five international declarations on human rights have affirmed that a living wage is a fundamental human right. The national constitutions of Brazil, India, Mexico, and Namibia also recognise the concept of a living wage and its significance in promoting fair wages and social justice⁹.

Further, the ILO Convention 1970 (No. 131) Article 3 supports the concept of a living wage, which emphasises considering the necessity of workers and their families, and economic factors should be taken into account when setting minimum wage rates, either through collective bargaining or by law. Additionally, ILO Recommendation (No. 135) on minimum wage fixing prescribes that minimum wages should be a part of a policy to overcome poverty and meet the needs of all workers and their families¹⁰.

Moreover, RMG workers rights protection organisations like the Fare Wear Foundation (FWF) Code of Labour Practices, the Apparel Industry Labour Rights Movement (ALaRM), the Asia Floor Wage campaign (Decent Income for garment workers in Asia) and the Global Living Wage Coalition (GLWC) defined living wage similar to ILO. The living wage concept emphasises the idea that workers should be able to make enough money to fulfil their basic needs, such as food, housing, clothes, education, healthcare, and other required costs. It also allows for some savings and discretionary expenditure of workers and their families, giving them some additional income. The acceptance of the living wage concept is essential in the context of minimum wage negotiation of RMG workers in Bangladesh because, as per the ILO Committee of Experts declared in 1992, “the ultimate goal of the ILO Minimum Wage Convention ensures workers receive a minimum wage that provides a reasonable standard of living for themselves and their families”¹¹.

6.2 Minimum Wage Calculation Method:

If the MWB considers the concept of a living wage. Then, the determination of the calculation method could become another complicated matter. As the acts do not contain any provision describing the calculation procedure. To address the uncertainty in MW fixing regulation, the BLA 2006 was amended in 2013 and

¹ Minimum Wage-Fixing Machinery Convention, 1928 (No. 26). Available at https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C026

² Minimum Wage-Fixing Machinery (Agriculture) Convention, 1951 (No. 99). Available at https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::12100:P12100_INSTRUMENT_ID:312244:NO.

³ Minimum Wage-Fixing Machinery Recommendation, 1928 (No. 30) https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_INSTRUMENT_ID:312368

⁴ Minimum Wage-Fixing Machinery (Agriculture) Recommendation, 1951 (No. 89) https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:R089

⁵ Minimum Wage-Fixing Convention, 1970 (No. 131). https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C131

⁶ Minimum Wage Fixing Recommendation, 1970 (No. 135). https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_INSTRUMENT_ID:312473

⁷ Bangladesh Institute of Labour Studies-BILS. (2015). National Minimum Wage for Bangladesh's Workers: Rational Standard and Rationality of National Minimum. In <https://bilsbd.org/research-report/>. Retrieved October 24, 2023, from https://bilsbd.org/wp-content/uploads/2016/03/NMW_MJF.pdf

⁸ Moazzem, K.G. and Raz, S., 2014. Minimum wage in the RMG sector of Bangladesh: Definition, determination method and levels (No. 106). *Centre for Policy Dialogue* (CPD).

⁹ Anker, R., 2011. Estimating a living wage: A methodological review. Geneva: ILO.p15 https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/publication/wcms_162117.pdf

¹⁰ *Ibid.* p16.

¹¹ Bangladesh Institute of Labour Studies-BILS. (2015). National Minimum Wage for Bangladesh's Workers: Rational Standard and Rationality of National Minimum. In <https://bilsbd.org/research-report/>. Retrieved October 24, 2023, from https://bilsbd.org/wp-content/uploads/2016/03/NMW_MJF.pdf

incorporated some factors under section 141¹, which the wage fixing body should consider while setting MW. The factors mentioned in the act can be categorised into threefold. Firstly, the MWB should consider workers' and their families' living costs and standards. Calculating the cost of living should include a family's food (caloric intake) and non-food costs (house rent, transport, child's education). In August 2013, CPD conducted research on Focus Group Discussions (FGDs) to estimate the MW in the RMG sector of Bangladesh based on three different methodologies.

- Using the upper poverty line values drawn from national statistical data on family and dependent size.
- Using up-to-date data from workers' focus groups to determine existing expenditures and purchasing power.
- Incorporating nutritional values of dietary intake into a model diet instead of energy values alone.

Finally, CPD advised the MWB to consider Anker's formula to calculate the living wage for RMG workers.

$$\frac{[(\text{Cost of Model Diet per Person} / \text{Food Share of Household Expenditure}) \times \text{Household Size}] / \text{No. of Fulltime Workers per Couple} + 10\% \text{ for Emergencies}}{}$$

Source: CPD report 2013²

One of the main advantages of this method is that it takes into account both the family as the unit of consumption and the number of income earners as the unit of earning. This means that the expenses related to the family's needs are not solely dependent on the income of RMG workers but will also be shared by another earner in the family³. When it comes to calculating a living wage, different organisations have their own approaches. The Global Living Wage Coalition (GLWC) has embraced the methodology developed by Richard and Martha Anker. At the same time, the Asia Floor Wage Alliance (AFWA) uses a method based on purchasing power parity (PPP). Further, the income of the RMG workers should be compared with the household income and expenditure, as they are living below the poverty line. The calculation benchmark should be "upper poverty line"⁴.

Various organisations' calculations for a living wage between 2013 and 2022 have shown significant differences. In 2013, the CPD determined the cost of living for RMG in and around Dhaka city. According to the poverty line method, a married worker needed a monthly income of Tk. 6,919, but the actual expenditure cost was Tk. 8,349. The calculation considered married workers with a household size of 3.25 and 1.61 earners⁵. On the other hand, AFWA in 2013 calculated the living cost of 25687 Tk⁶, but MW declared at that time was 5300 Tk for non-EPZ workers in grade 7, and for EPZ, 5600Tk MW was declared by the BEPZA.

Later, in 2018, CPD conducted a survey that found the living conditions of RMG workers in Dhaka and nearby cities to be suboptimal. The survey analysed workers' household expenses, including food and non-food costs. The total cost of living for RMG workers was calculated at 22,435 Tk (USD 267), with 8,125 Tk allocated for food expenses and 11,142 Tk spent on non-food expenses⁷.

Further, according to the GLWC report 2016, the living wage for RMG workers in Dhaka was estimated at 16450 TK and 13620 Tk in Dhaka satellite cities⁸. The report was later updated in 2022 and 2023, where the living wage for Dhaka city was calculated 23254 TK and 25497 Tk, respectively, and 19255 Tk and 21091 Tk, respectively, for satellite cities⁹.

Based on the AFWA data available, it appears that the estimated living wage increased over the years. In 2017, the living wage was 37661Tk, which rose to 48280Tk in 2020 and is now estimated at 53105Tk in 2022. In 2017 and 2022, food bucket was not counted in the estimation¹⁰. In the context of Bangladesh, the Household Income and Expenditure Survey (HIES) by the Bangladesh Bureau of Statistics (BBS) is an important benchmark to consider. The HIES 2022 report estimates Bangladesh's total monthly household expenditure is

¹ Factors to consider under section 141BLA2006: the cost of living, the standard of living, cost of production, productivity, price of products, inflation, nature of work, risk and standard, business capability, and socio-economic factors.

² Khondaker Golam Moazzem & SaifaRaz, 2014. "Minimum Wage in the RMG Sector of Bangladesh: Definition, Determination Method and Levels," CPD Working Paper106, Centre for Policy Dialogue (CPD).

³ ibid

⁴Islam, Md.M. (2019) BEHIND THE PRICE: A STUDY ON GARMENTS INDUSTRY IN BANGLADESH. Oxfam in Bangladesh and BILS. Available at: <https://bilsbd.org/research-report/> (Accessed: July 5, 2023).

⁵ Khondaker Golam Moazzem & SaifaRaz, 2014. "Minimum Wage in the RMG Sector of Bangladesh: Definition, Determination Method and Levels," CPD Working Paper106, Centre for Policy Dialogue (CPD) p10,11.

⁶Calculating a living wage (2013), Asia Floor Wage Alliance. Available at: <https://asia.floorwage.org/living-wage/calculating-a-living-wage/> (Accessed: 21 August 2023).

⁷ Moazzem, K.G. and Arfanuzzaman, M., 2018. Livelihood Challenges of RMG Workers: Exploring Scopes within the Structure of Minimum Wages and Beyond.p4

⁸ Khan, M.E., Anker, R., Anker, M. and Barge, S., 2016. Living Wage Report for Dhaka, Bangladesh and satellite cities. The Global Living Wage Coalition. Available at: <https://bit.ly/3y5LpIA>.

⁹ Andersen, L.E., Gonzales, A., Medinaceli, A., Anker, R. and Anker, M., 2022. Living Wage Update Report: Dhaka and Satellite Cities, Bangladesh, 2022 (No. 22-04-28). Available at: https://www.globallivingwage.org/wp-content/uploads/2018/06/Updatereport_-Bangladeshand-Satellite-Cities_-2022_30042022.pdf

¹⁰Calculating a living wage (2017,2020 and 2022), Asia Floor Wage Alliance(AFWA). Available at: <https://asia.floorwage.org/living-wage/calculating-a-living-wage/> (Accessed: 21 August 2023).

31,500 Tk nationally. This value is comparatively higher in urban areas at Tk. 41,424, while it is lower in rural areas at Tk. 26,842.

In contrast to these values, the HIES 2016 report estimated a lower total monthly expenditure at Tk. 15,715 on a national level. This value was also lower in rural and urban areas, with Tk. 14,156 and Tk. 19,697, respectively.

Similar to the HIES 2022 report, Bangladesh's average monthly household income stands at 32,422 Tk nationally. However, this value is lower in rural areas at 26,163 Tk and higher in urban areas at 45,757 Tk. Comparing these values to those reported in HIES 2016, we can observe a significant increase in the national income average from 15,988 Tk to 32,422 Tk. This increase is also evident in urban areas, where the income average rose from 22,600 Tk to 45,757 Tk. However, in rural areas, the increase was not as significant, with the income average increasing from 13,998 Tk to 26,163 Tk¹. Although MW declared in 2018 was 8000Tk for non-EPZ grade 7 workers and 8200Tk for EPZ workers by the BEPZA. It is clear from the analysis of living wage amounts of different organisations that there is a significant difference between the minimum wage and living wage in the Bangladesh RMG sector. The minimum wage announced by MWB has consistently been below the calculated living wage, which considers the needs and expenses of the worker's family.

6.3 Factors to consider in minimum wage fixing.

The MWB, after considering the living cost of the workers, should consider the second major factor, which is the economic factor in MW fixing. These include various variants: cost of production, productivity, price of products, nature of work and business capability. Unfortunately, there is no publicly available data to analyse these indicators². For instance, there is no proper standard to evaluate the productivity of labourers. Productivity is not just limited to workers' physical and mental labour. However, it also depends on the administration of an organisation, raw materials, energy (such as electricity and gas), and equipment. Therefore, it is not wise to overlook these aspects when considering productivity³. Productivity is often seen to accumulate capital. However, it is also important to evaluate business capacity, which depends on the size and frequency of orders.

Thirdly, the MWB must consider socio-economic conditions, such as inflation, while determining the MW. Also, the current and probable future prices of essential goods and services should be taken into account. In addition, salaries should be increased to cope with the rising costs of essential commodities in the face of growing inflation⁴. A yearly 5% increment is insufficient to cover the hike in commodity prices. In September 2023, Bangladesh's annual inflation rate was 9.63%, and prices for food and non-alcoholic beverages increased by 12.4%, while the routine maintenance of the house increased by 13.5%, which was a slight increase from the previous month. Evidently, this inflation rate negatively impacts the lives of RMG workers, particularly those in lower positions.⁵

In 2013, the MWB faced a challenge: they lacked the experience and data to determine the factors that should be considered when setting up the MW in Bangladesh. To address this challenge, the MWB decided to go on a study tour to Cambodia and Vietnam. During the tour, they explored the MW setting approach in these countries to gain insights and determine best practices. Upon comparison, it was evident that the wage fixing system in Cambodia and Vietnam was far different from that of Bangladesh, providing the MWB with valuable knowledge to improve their own approach⁶. In Cambodia, MW was fixed by the Labour Advisory Council only for the garments and footwear industry, with wages adjusted annually. In Vietnam, the National Wages Council set MW for all sectors with four different wage rates for four separate regions and revised MW annually.

On the contrary, the Bangladesh MWB set MW for 42 separate sectors and revised the MW rate at five-year intervals⁷. Although the MWB in 2013 added a new allowance (food and transport) to increase the gross wage for workers, in 2018, all allowances were set much higher, fixed for all grades. The factors incorporated in section 141 of BLA 2006 are similar to factors stated in Recommendation (No.135) para 2 except for the social security issues.

On the other hand, the EPZ Labour Act 2019 only requires the MWB to consider the minimum wage or

¹ Bangladesh Bureau of Statistics (2023), "Household Income and Expenditure Survey (HIES) report 2022". (2023) [bbs.portal.gov.bd](https://bbs.portal.gov.bd/sites/default/files/files/bbs.portal.gov.bd/page/57def76a_aa3c_46e3_9f80_53732eb94a83/2023-04-13-09-35-ee41d2a35dccc47a94a595c88328458f4.pdf). Available at: https://bbs.portal.gov.bd/sites/default/files/files/bbs.portal.gov.bd/page/57def76a_aa3c_46e3_9f80_53732eb94a83/2023-04-13-09-35-ee41d2a35dccc47a94a595c88328458f4.pdf

²Khondaker Golam Moazzem & SaifaRaz,2014."Minimum Wage in the RMG Sector of Bangladesh: Definition, Determination Method and Levels,"CPD Working Paper106, *Centre for Policy Dialogue* (CPD), p11

³Chowdhury, M.S. (2009) State of Minimum Wages in Bangladesh –Problems and Perspectives. *Rajshahi University Law Journal, Bangladesh*, Vol-05, pp. 167-194, 2008

⁴bid

⁵ Bangladesh Inflation Rate (2023). [tradingeconomics.com](https://tradingeconomics.com/bangladesh/inflation-cpi). Available at: <https://tradingeconomics.com/bangladesh/inflation-cpi> (Accessed: October 8, 2023).

⁶Bangladesh Minimum Wages Board returns from a study tour to Cambodia and Vietnam (2013) ILO Press release: Available at: https://www.ilo.org/asia/WCMS_223142/lang--en/index.htm (Accessed: 22 September 2023).

⁷Minimum wage chart: Bangladesh, Cambodia & Vietnam (2013) ILO. Available at: https://www.ilo.org/asia/WCMS_223988/lang--en/index.htm (Accessed: 22 September 2023).

salary of workers in similar industries outside the zone, along with other relevant factors. However, as the 2019 act is relatively new, it falls short of providing proper guidelines to the MWB in wage fixing. It is expected that the MW rates for EPZ workers will be fixed in 2023 under this act, and the MWB formed under the 2019 act will depend on the MW declaration outside the EPZ. It can be stated that the absence of clear guidelines on which factors to consider in fixing MW rates in export processing zones under the 2019 act contradicts the objectives of the ILO Convention (No.132). Both the acts mentioned other factors to consider without clarification. Remarkably, the 2019 act gives power to the BEPZ Authority to decide the method of age fixation of workers wages and other benefits.

7. Importance of Effective Implementation and Enforcement of Minimum Wage

Ensuring workers' rights through implementing a minimum wage (MW) is a crucial international system. However, merely setting a MW is not enough. The effectiveness of MW depends on the wage-fixing authority. International regulations mandate a well-balanced formation of the wage board to ensure proper enforcement. Additionally, adequate notification of the MW and regular inspection of factories or establishments is necessary for continual enforcement. Incorporating punishment provisions for non-compliance with the MW into national legislation would be a strong and beneficial approach.

7.1 Minimum Wage Board: Ensuring Fair Wage

The Minimum Wage Board (MWB) is the sole entity in Bangladesh responsible for setting minimum wage rates. It is important to have a well-structured and impartial board composition to ensure fair and just wages for workers in the RMG industry. Moreover, the composition of the MWB differs between the BLA 2006 and the EPZ Labour Act 2019. In the 2006 act, the board was composed of six members; however, under the 2019 Act, it has been expanded to eleven members, including representatives from the government, employers, and workers.

According to the ILO Convention (No.131), Article 4¹ guides each member in establishing or maintaining machinery for setting and adjusting minimum wage for groups of workers under Article 1, considering national conditions and requirements. The machinery should involve consultation with representative employers and workers organisations, ensuring that all stakeholders have a say in the process and that their voices are heard. To ensure the machinery functions effectively and in the country's best interests, a competent individuals may also be appointed after consultation with relevant employers and workers organisations in accordance with national law or practice. Further, ILO Recommendation (No.135) para 8², countries that have established bodies to advise the competent authority on minimum wage matters or to which the government has delegated the responsibility of minimum wage decisions should involve representative organisations of employers and workers in the operation of minimum wage fixing machinery as stated in paragraph 3 of Article 4. In addition, Recommendation (No.135) para 9³, qualified independent individuals, such as public officials in industrial relations, economic and social planning or policy-making, should represent the country's general interests in minimum wage determination.

Representatives for employers, workers, and individual members in the MWB are ensured by both legislation in Bangladesh. However, both acts fail to mention the selection criteria and qualifications for workers and employers' representatives. The workers representative plays a vital role in wage fixing, as one member represents 4 million workers of the RMG industries. Therefore, the workers representative must have proper qualifications to argue and uphold the workers demands during critical bargaining. In some cases, the selection process is disregarded due to differences in opinion among trade unions and federations. As a result, when selection power is transferred to the government or authority, dishonest workers' leaders often become chosen. This is because union leaders sometimes prioritise their relationships with employers to benefit themselves, even if it goes against the interests of the workers who elected them. This can lead to weak bargaining in favour of workers and empowers employers to take unethical and illegal actions that might harm workers' welfare, which is unacceptable⁴. So, the legislation requires the incorporation of new provisions clarifying the workers and employers' selection process.

The 2019 act has improved the composition of the MWB by adding representatives from the Prime Minister's office, Finance, and Labor Ministry, which is an improvement from the MWB formed under the 2006 act. However, whether the ministers' representatives will support the minimum wage recommendations and workers' rights is uncertain. It is important to note that most RMG workers are women, but unfortunately, they often do not receive maternity benefits in other facilities. To guarantee that female workers' rights are protected, having a female representative on the MWB would be helpful. Therefore, both acts should include a provision to

¹Minimum Wage-Fixing Machinery Convention, 1970 (No.131). Article 4.

²Minimum Wage Fixing Recommendation, 1970 (No. 135). Para 8.

³Ibid, para 9

⁴Syed, R., 2020. Mechanisms implementing minimum wage policies and compliance with the ILO's provisions: the case of Bangladesh's Garment Global Supply Chain. *E-Journal of International and Comparative Labour Studies*.

add a female representative to the board¹. However, both acts comply with the representative requirement of the ILO Convention.

7.2 Notification of Minimum Wage:

The notification of Minimum wage (MW) rates to the RMG employers and workers is an important implementation issue. Workers must be aware of their entitled minimum wage before joining the industry. This knowledge can help them make informed decisions and understand their rights. According to ILO Convention (No.131) Article 5 and Recommendation (No.135) para (14a), MW rates should be communicated in a language that workers can understand. Which will help illiterate workers understand the law's provisions and policies initiated by the government².

A major issue in Bangladesh is that there is no consistent publicity policy for the minimum wage rates, resulting in a significant number of workers being unaware of them. These rates are only published in the official gazette by the government, under BLA 2006, which is not easily accessible for many workers, especially those who are illiterate. Further, the BLR 2015 added that the government is required to inform owners and workers about the MW rate. Owners must display the MW rate in Bengali in a visible location in the factory but can also display it in English if necessary. A notice of the determined wage rate and publication date in the gazette must be given to all factories or industry units where the MW rate is applicable and where workers are employed, sections 3-6 BLR 2015³. Similar approaches are also incorporated in the EPZ Labour Act 2019 and Rules in 2022, where the BEPZA declares the MW rate for RMG workers inside the EPZ in the official gazette.

However, in Bangladesh, the government should take more steps to ensure that the information about MW rates reaches the workers at the grassroots level rather than only limiting notification to the official gazette. Employers hanging notices about the MW rate in the factory was insufficient to inform uneducated workers. Without understanding the complex grading system, workers in grades 5 to 7 could be misled. According to a survey, exploited garment workers in Bangladesh are mostly uneducated rural women. These women are often exploited due to their lack of training, technical knowledge, and skills⁴. It is difficult for them to understand the difference between basic and gross wages, which impacts their earnings in terms of increments, overtime, festival bonuses, and maternity payments, as all of these depend on basic wages. For better publicity of the MW rates, factory owners and the government should provide workers with information in simple languages. Especially for those unable to read, other communication methods, such as arranging community meetings and creating TV commercials, would be a better way to convey the message to workers. Further, the government could conduct awareness campaigns to educate workers about their minimum wage rights through training sessions, workshops, and informational materials that are accessible and easy to understand. Additionally, encouraging dialogue between workers, employers, and government officials could help identify potential barriers and effective strategies for communicating minimum wage rates.

7.3 Importance of Inspection:

To ensure MW enforcement in any establishment, the ILO Recommendation (No 135) para 14 requires the Inspectorate to be accountable for enforcing the legal provisions related to wages as well as conditions of work⁵. The BLA 2006 and EPZ Labour 2019 do not have any specific provision for supervising MW implementation in the establishments. Instead, both acts contain provisions where the government can appoint a chief inspector or other inspectors who ascertain the power of inspection under the Acts to conduct investigations or examinations to ensure proper compliance with any provisions of the acts, rules, regulations, or schemes in respect of any establishment or worker employed therein⁶. In the case of establishments inside EPZ, the inspection should be carried out with the permission of the Executive Chairman⁷. In Bangladesh, the Department of Inspection for Factories and Establishments (DIFE) is the primary government agency for ensuring the proper application of labour laws and labour rules. The main role of DIFE is to ensure a safe and congenial work environment between workers and employers, implementation of minimum wage, Working hours, regular inspection of factories and establishments, and awareness-building programs in all sectors of Bangladesh⁸. DIFE is responsible for overseeing over 2 million shops, hotels, construction companies, and commercial health service centres, in

¹Ibid.

²Minimum Wage-Fixing Machinery Convention, 1970 (No.131). Article 5 and Minimum Wage Fixing Recommendation, 1970 (No.135). Para 14a.

³ Bangladesh Labour Rule (BLR) 2015, Section 3-6.

⁴ Kabeer, N. and Mahmud, S., 2004. Globalization, gender and poverty: Bangladeshi women workers in export and local markets. *Journal of International Development*, 16(1), pp.93-109.

⁵Minimum Wage Fixing Recommendation, 1970 (No.135). Para 14.

⁶Bangladesh Labour Act2006(BLA2006) section 318,319.

⁷Bangladesh Export Processing Zone Act 2019 (EPZAct2019) Sections 168 and 169.

⁸ Moazzem, K.G. and Khondker, A. (2021) EU's EBA & Prospect of GSP+ for bangladesh - centre for Policy (CPD). Available at: <https://cpd.org.bd/resources/2021/07/EBA-and-Prospect-of-GSP-for-Bangladesh.pdf> (Accessed: 24 August 2023). p28

addition to 242,000 manufacturing units¹. The department is led by the Inspector General (IG), and in non-compliance with labour laws, they can file a case to the labour court. As per the DIFE report 2021 – 2022, they inspected 3560 RMG factories². The DIFE can notify the factory and establishment if the minimum wage implementation is violated. The EPZ Labour Rules 2022 now incorporate DIFE inspections and a checklist prepared through consultations between DIFE and BEPZA. The DIFE has inspected 36 factories within EPZs as of December 2022³.

With the responsibility of overseeing many workplaces, DIFE has a staff of 993 spread across 23 district offices to carry out its work. However, it is broadly recognised that the department is under equipped to fulfil its duties effectively and adequately. Still, 340 vacant posts need to be fulfilled. Additionally, the exclusive decision-making power of the IG is another working obstacle to this department's ability to perform its responsibilities effectively⁴.

7.4 Punishment.

An effective method for ensuring compliance with MW at the national level is to include provisions for sanctions or penalties in the country's labour laws. ILO Recommends No 135 requires adequate penalties for infringement of the provisions relating to minimum wage and legal requirements or procedures for recovery of their underpaid wage⁵. In Bangladesh, both labour rules obligate employers or authorised persons not to pay less than the legal minimum wage. In case of underpayment, the worker or employee can claim 50% of the arrear money as extra compensation from the authority⁶. RMG workers outside EPZ can file complaints to DIFE. Upon receiving a complaint, they will inquire and notify employers to comply with the MW rates and 50% compensation. If the employer does not respond to the notification, the DIFE can file a case against the employer in the labour court. Moreover, under section 289 of BLA 2006, any employer who fails to comply with this law and pays a worker less than the MW rate may face punishment. The punishment can be imprisonment for up to one year or a fine of up to 5,000 taka or both⁷. RMG workers inside EPZ can complain to the BEPZ Authority and reserve the right to take necessary action against the employer through a written order or direction.

8. Conclusion and Recommendation:

Bangladesh's RMG industry has significantly contributed to the country's economic growth and employment generation. However, the industry's low wages and poor working conditions have been significant concerns for the industry's reputation and sustainability. The protection of the RMG workers from poverty is also a key concern. After analysing the full article, it is clear that the minimum wage (MW) system in Bangladesh's Ready-Made Garment (RMG) industry needs substantial improvement. Although Bangladesh has its own MW regulations and laws to ensure workers are paid fairly, the current minimum wage regulations in national labour laws are inadequate and do not fully comply with international standards. The current MW system is discriminatory, with two different legislations to regulate RMG worker labour rights, and the minimum wage fixing system is completed, with continued gaps between the minimum wage and living costs. Bangladesh has been a member of the ILO since 1972 and has ratified eight fundamental conventions. Still, it did not ratify the Minimum Wage Fixing Convention (No.131) and Minimum Wage Fixing recommendation (No.135).

Moreover, Bangladesh included a minimum wage fixing system in the national acts. Compared with the ILO Convention (No.135), the BLA 2006 and EPZ Labour Act 2019 established a MW fixing body. Both acts ensure the participation and representation of employers and workers in the MWB. The BLA 2006 incorporated similar factors to consider in fixing MW as ILO Recommendation (NO.135), but EPZ Labour Act 2019 does not compile in this matter.

Therefore, the government of Bangladesh should take the following steps to improve the minimum wage system in the RMG industry:

1. Ratify the ILO Minimum Wage Fixing Convention (No. 131) and Minimum Wage Fixing Recommendation (No. 135) and ensure full compliance with international standards.
2. Include the concept of a living wage in the national legislation, which should be sufficient to provide a rational

¹ To create a better everyday life for some people (2020) Worker Rights Consortium. Available at: <https://www.workersrights.org/research-report/to-create-a-better-everyday-life-for-some-people/> (Accessed: 25 August 2023).

² Department of Inspection for Factories & Establishments (2022) Labour Inspection Report 2021-2022. Bangladesh. p28. Available at: <http://www.dife.gov.bd/site/publications/ae252acb-8a05-4d74-bd11-d15f8e01bafa/> (Accessed: October 13, 2023).

³ International Labour Organisation (ILO) (2023), Report by the Government of Bangladesh on progress made on the implementation of the road map taken to address all outstanding issues mentioned in the article 26 complaint concerning alleged non-observance of Conventions 81, 87 and 98. Available at: https://www.ilo.org/gb/GBSessions/GB347/ins/WCMS_869201/lang--en/index.htm (Accessed: October 14, 2023).

⁴ Moazzem, K.G. and Khondker, A. (2021) EU's EBA & Prospect of GSP+ for Bangladesh - centre for policy. Available at: <https://cpd.org.bd/resources/2021/07/EBA-and-Prospect-of-GSP-for-Bangladesh.pdf> (Accessed: 24 August 2023).

⁵ Minimum Wage Fixing Recommendation, 1970 (No.135). para 14c.

⁶ Bangladesh Labour Rule (BLR) 2015 section 133(12), and Bangladesh Export Processing Zone Rule 2022 (EPZ Rule) section 141 (1-2).

⁷ Bangladesh Labour Act (BLA) 2006 Section 289.

quality of life for workers and their families.

3. Incorporate calculation methods like the Anker formula for living cost calculation for RMG workers in the national laws, which might vary depending on the area, number of family members, and food and non-food costs.

4. Guarantee that future minimum wages are at least close to the cost of living in the country to bridge the gap between the minimum wage and living costs.

5. Increase the figures of inspectors and provide more punitive power to the inspectors to monitor and enforce the minimum wage.

6. Impose penalties and sanctions on non-compliant factories and increase fines for the acts. If a factory fails to pay the minimum wage, that factory operation should be ceased, and a long imprisonment sanction would be an effective way.

7. Work to ensure that enterprises can absorb the cost increases related to regular adjustments to the minimum wage by providing tax incentives or other forms of support.

8. Address concerns about competitiveness in the global market by implementing policies that support sustainable and fair-trade practices.