

# Industrial Dispute Settlement in the RMG and Inland Water Transport (IWT) Sectors of Bangladesh: Present Situation and Recommendations for Comprehensive Approach

## Context

Bangladesh Labour Act 2006 defines “industrial dispute” as any dispute or difference of opinion between employers and employers, between employers and workers or between workers and workers in respect of appointment or conditions of service or conditions of work or environment of work of any person. Industrial dispute is a part of industrial relation. Since Bangladesh is becoming industrial in a gradual manner the study of industrial dispute has become important.

A number of sectors at present comprise the broad industrial sector but the ready-made garment (RMG) sector dominates both in terms of number of people it employs and the contribution it makes to the national export earnings. There are other sectors such as construction, leather, pharmaceutical or inland water transport (IWT) employing sizable number of labor with important contribution to the national economy.

With regard to industrial disputes it is important to understand how much harmonious or close the interests of the employers and workers are. If the profit motive of the employers diverges significantly from the critical interest of the workers (e.g., ensuring wage to access adequate subsistence), the possibility for dispute increases. Similarly, if the interest of the worker is ignored in the name of national economic interest the dispute may also arise. Furthermore, the factors that determine the conflict of industrial relation and the responses of the employers may go beyond the confine of industries. It may be connected with the international market, for example reduction in sale may lead to reduction in production forcing the factories to reduce the number of workers and go for retrenchment. Again the increase of house rent may affect the expenditure level of the workers living in the rented houses forcing them to demand for wage increase.

## About this Study

- Sectors: RMG & IWT
- Information Sources: Trade Union, Workers Federation, National Union, Employers Association, DIFE, DOL, ILO
- Respondents: Workers, Leaders, Employers, Government Officials, Non-governmental officials
- Technique: Interview, Case Study, FGD
- Area: Dhaka, Savar, Gazipur, Narayanganj

## Facts on RMG

- Export oriented industry
- Employing 4 million workers
- Most workers are female
- Indoor labor process
- Individual worker attached to a machine
- Not directly affected by natural factors, exposed to industrial health hazards
- Trade Union history is recent
- Workers strike does not create impact immediately
- Significant in terms of export economy
- Receive global attention

## Policy Brief on

# Industrial Dispute Settlement in the RMG and Inland Water Transport (IWT) Sectors of Bangladesh: Present Situation and Recommendations for Comprehensive Approach

This policy brief pays attention to industrial disputes of two sectors, namely, the RMG and IWT. At present there are about 5000 garment factories in the country. The garment factories in Bangladesh are mainly export oriented. They are distributed in different parts of the country. Since it is export oriented the issue of compliance has turned out to be important. On the other hand, IWT Sector is a major sector in terms of its importance for navigation and employment. Since Bangladesh is a riverine country there are different types of water vessels to ferry people and goods. There are passenger launch and different types of cargo vessels. It is estimated as many as 200,000 workers are engaged in this sector.

## Facts on IWT

- Serving the internal needs
- Employing 0.2 million workers
- All workers are male
- Outdoor labor process
- A team of crews with a hierarchy operate a vessel
- Directly affected by natural factor, exposed to natural hazard
- Trade Union history is old
- Workers strike create impact immediately
- Significant in terms of internal transport
- No such global attention

## Disputes in RMG Sector

### Individual Grievances and Disputes

- Individual disputes/grievances take place in different ways and for different reasons.
- The workers usually do not make formal complaint because—
  - absence of immediate authority with whom they can lodge their complaints; and
  - want to avoid a bitter relationship with the management with the fear of losing job.
- Some workers are found to lodge complaint with the federation.

Most Common

- Termination without notice
- Non-payment or partial payment of termination benefits
- Fear of termination
- Ineffective participation committee
- Registration of Trade union activities
- Increasing Workload unilaterally

Moderately Common

- Threats and Intimidation
- Taking signature in whitepage/voucher
- Refusal to allow maternity leave
- Seizing of ID card
- Non-payment of notice pay
- Non-payment of service pay
- Non-payment of earn leave allowance
- Non-payment of reporting allowance

### Collective Disputes

**2** types of collective disputes have been observed—periodic and occasional.

Periodic Dispute

- Minimum Wage

Occasional Dispute

- Shutting down of factory and unemployment of workers

### Case 1: Dispute in RMG

My name is Rahela. I used to work at 'P' Fashion. The problem started a few days ago at the time when the factory organized annual picnic. It would remain closed two days on account of annual picnic. To compensate for two holidays there was night shift to ensure the timely shipment. However, night duty became almost regular in our factory; we needed to work till midnight or even up to 1 AM. On that particular night before picnic holiday a few of us could not go to duty. The next morning, we reported to factory as usual but were said that we won't be given any work for that day. We were kept waiting at the office of the line section. After lunch again we asked for our job, the in-charge replied that we had lost our job. Afterwards we were taken to the administrative office, kept on waiting there and around 5 pm we were asked to resign from job. We contacted our federation office for suggestion and we were suggested not to submit resignation letter and instead leave the office.

Next day again we went to factory and were kept on waiting till mid-day. After sometime, we were asked to come back after lunch to find out if there was any scope to allow us to join duty. We were twelve workers in this group facing the threat of resignation, between 2 pm to 3 pm on that day, ten of us signed resignation letter and again joined the work. But two of us did not sign the resignation letters and were not given the opportunity to join duty again. We contacted the members of the participation committee but they frightened us further. Two of us were kept confined in a room to sign the resignation letter but we did not sign. Later on police interfered and negotiated our exit from the factory. The member of the participation committee first seized our mobile phones so that we could not contact anyone from outside. There was a muscle man called AB who also threatened us. We lodged a complaint in the police station. Now we are unemployed. We were not paid our dues. We are poor people. For the last six months we are unemployed. We want a solution to this problem.

### Dispute Settlement Procedures (RMG)

#### MOST COMMON

- Settlement with the help of workers federation
- Serving notice to factories through federation by the aggrieved worker
- Contacting factory management by federation following worker's formal complaint

#### MODERATELY COMMON

- Bipartite settlement and forwarding complaint to DIFE and with or without DIFE intervention
- Settlement through BGMEA arbitration committee
- Settlement through labour court

#### LEAST COMMON

- Settlement by the trade union at the factory
- Settlement through department of Labour

## Disputes in IWT Sector

### Individual Grievances and Disputes

#### Most Common

- Termination without notice
- Fear of termination of the junior staff
- Refusal to allow leave

#### Moderately Common

- Non-payment of termination benefits
- Not complying with minimum wage agreement
- Non-payment of service benefit
- Fear of termination of the senior staff
- Delayed salary
- Threats intimidation by owner
- Conflict between junior and senior staff
- No appointment letter service book, ID card
- Bad behaviour or use of abusive language

### Case 2: Termination without Benefit in IWT

My name is Babul Mia. Currently I have no job. I had been working as a loskor for a long period. My salary was poor. I cannot afford family. My nephew told me to change my employer and he was negotiating with an employer for my new job and higher salary. My master came to know about it and told me to leave the job. I left it. I have asked for service benefit, because I had been working for a long period. Master said loskor does not get any service benefit. Then I contacted workers federation to get service benefit. Master has said that he will talk to employer. It is one month still I have not got any service benefit. My previous master was erratic, he used to remove the staff from job often. Loskor is not given any leave. Salary is also not paid timely. Master does not allow loskor to go on leave. I am waiting that federation will help in this regard.

### Collective Disputes

#### Periodic

- Minimum Wage revision

#### Occasional

- Violence and extortion

#### Regular

- Appointment letter and ID card not issued
- Service book not issued
- Welfare fund not introduced
- Group Insurance not introduced
- Contributory provident fund not introduced

### Dispute Settlement Procedures (IWT)

MOST COMMON	LEAST COMMON
<ul style="list-style-type: none"> <li>● Settlement by trade union</li> <li>● Federations supporting trade union in settlement</li> <li>● Notifying transport owners for bipartite settlement often over telephone, later documentation if necessary</li> </ul>	<ul style="list-style-type: none"> <li>● Conciliation and arbitration by Department of Labour</li> <li>● Arbitration by the labour court</li> </ul>

### Gaps, Challenges and the Emerging Issues in the RMG and IWT Sectors

State of trade union movement/activities: RMG sector is discouraging; IWT is relatively better	Slow registration of TU in RMG	State of CBA: In both sectors it is absent
Minimum wage: disputed in both sectors	Non-convergence of views between employers and workers	Predominance of federation in RMG not TU in settling dispute
DIFE, DOL, Labour Court not seen favourably by the workers and leaders	National Union Emphasizes trade union movement to establish workers' rights	Workers and leaders' frustration quite significant
Special importance of BGMEA Conciliation-cum-Arbitration Committee (CAC) in RMG sector	The role of buyer to expedite dispute settlement in RMG sector	Propaganda on TU's role in production
Unity of workers versus unity of employers	Hierarchy among the workers and its implications	



## **Towards a Comprehensive Framework**

The comprehensive framework needs to take a position on the spirit and implementation of the dispute settlement in terms of trade union and CBA. Specifically, in the proposed framework following priorities need to be addressed:

- Identifying actors who will conduct national dialogue on industrial dispute settlement.
- The government will take the lead to initiate and carryout such dialogue.
- A team may be constituted assigned with the task of identifying current challenges in dispute settlement to propose a way forward.
- Inclusive industrial relations may be designed with specific roles of trade union, CBA, DIFE, DOL and employers' association meeting global standards.

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