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A WORKING REPORT ON PRACTICE OF LABOUR CODE ACTS OF BANGLADESH IN A COMPANY FROM RMG SECTOR, RUPA GROUP.

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INDEPENDENT UNIVERSITY, BANGLADESH

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INTERNSHIP REPORT

Spring 2012

A WORKING REPORT ON PRACTICE OF LABOUR CODE ACTS OF BANGLADESH IN A COMPANY FROM RMG SECTOR, RUPA GROUP.

By

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ID: 0720286

An intern-ship Report Presented in Partial Fulfilment

Of the Requirements for the Degree

Bachelor of Business Administration

Independent University, Bangladesh

20th April, 2012

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LETTER OF TRANSMITTAL

20th April, 2012

Mr.Saquib Shahriar

Lecturer School of Business

Independent University Bangladesh

Subject: Intern-ship Report

Dear Sir,

I would like to present to you the working report on, practice of labour code acts of Bangladesh in RUPA Group that I have prepared as a requirement of my internship program. I am glad to have your guidance and support throughout the course. This report would not have been this very report without your kind co-operation and wise supervision.

I will be very grateful, if you could kindly provide me with your valuable feedback on this study of mine.

Yours Sincerely

Sharmin Nawaz chowdhury

ID: 0720286

Acknowledgement

Firstly, I am very thankful to RUPA group for considering me as an intern.

With heartiest gratefulness, I would like to would like to acknowledge a few individuals for their immense support and guidance in the completion of my report.

I would like to thank Mr. Saquib Shahriar, my university supervisor for guiding me in planning and composing the report. He was always available to provide me with his supervision and guidance during the entire course. Therefore, I express colossal appreciation for his aid.

I would like to express my profound gratitude to Mr. Shahidul Islam, Managing Director of RUPA Group for giving me the honour of doing my intern-ship in his organization of repute and for his valuable time and support during my stay at his organization.

I would also like to thank Mr. Anisuzzaman, Manager, planning &co- ordination RUPA Group for showing me the way to communicate with the personnel within the organization and for giving me the idea of how a readymade garments company runs indeed.

Finally I would like to convey my heartfelt gratitude to all the workers and supervisors I interviewed, in the process of making this report.

EXECUTIVE SUMMARY

The Readymade Garment (RMG) industry of Bangladesh has emerged as a competent garment producer in global garment business in recent times. This industry has successfully transformed Bangladesh into an export-oriented economy. The RMG industry also became the major foreign currency-earning sector with highest rates of absorption of industrial employment. Interestingly, women comprise more than 80 per cent of the total labour force and most of them could be otherwise destitute or empty handed. In a patriarchal society like Bangladesh, the RMG industry effectively challenged the traditional view of conflating domesticity with femininity by allowing women of low-income backgrounds to move from the household to the labour market. Garment trade is regarded as a leading driver of globalisation. Though garment workers gain much by working in the garment industry the informal nature of job and adverse working conditions often threaten the livelihood possibilities of workers. This study focuses on the labour rights implementation in Rupa Group Pvt. Ltd. It is assumed that labour rights safeguarded workers form negative consequences. It is also evident that labour rights increase labour productivity. Theoretically there are opportunities to establish labour rights within this organization but in practice the picture is simply unsatisfactory. The recent labour unrest in Bangladesh is the outcome of longstanding violation of labour rights in the organizations like this. Labour rights can be ensured if Bangladesh Government can formulate and implement a comprehensive and effective labour law that incorporates labour rights in the RMG industry. The existing business model favoured headquartered interests and largely overlooks labourers' interests especially in developing countries. The organizations such as ILO, WTO, which are supposed to protect labourers from insecurity, vulnerability and injustice, are somehow problematic in relation to the implementation of labour rights in Least Developed countries such as Bangladesh which came into this very business by dint of its cheaper labour. The RMG industry is the lifeline of Bangladesh economy and it has the potentialities to reduce poverty to a large extent by gaining increasing share in the world apparel market. Implementation of labour rights can ensure sustainable livelihood of the garment workers, which in turn enhances sustainability of the RMG industry.

METHODOLOGY

Data collection:

The data needed to prepare this report has been collected from both primary and secondary sources.

Primary Data:

The primary data includes the supervisory training and guidance both from my supervisor and the merchandisers of Rupa group. I have also collected relevant data from the surveys which only the internal officials get access to.

The majority of the primary data has been collected through personal interviews and discussions with both the employees and the employers of Rupa Group Pvt. Ltd.

Other than the primary data also includes information from the experience that I have gathered from working in the organization. It involves information from self-learning about tasks that i have been guided and shown to do.

Secondary data:

Secondary data has been collected through relevant books, annual report and different manuals of Rupa Group, and other published papers. It has also been used from the existing information about the company profile which was available in booklets of the company. The company website of Rupa group was greatly at help to gather some important information about the company background.

Company profile:

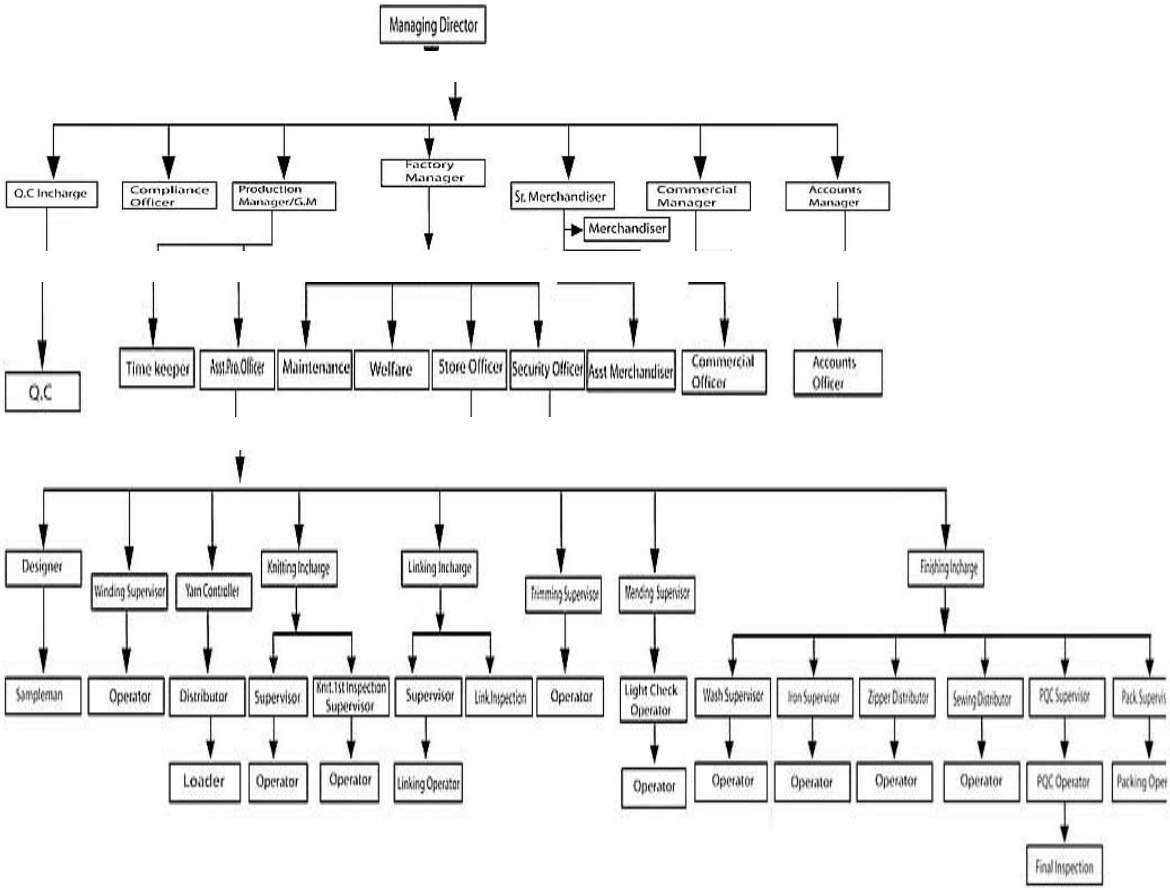
Rupa Group of Companies started their journey in the fashion industry by setting up a milestone Company Rupa Sweater (Pvt.) Limited in September 1992. The main business of Rupa Group is to manufacture sweater of all kinds--pullover, cardigan, vest, jumper and scarf from 2 gauges to 12 gauge and 100% export of the same to international market. The industries of this Group have been designed on integrated system of production process wherein all the required installations / facilities are available within the factories for producing the products up to final stage including installation of power generator for taking the advantage of uninterrupted power supply.

The word Rupa is a Bengali word; its meaning in English is "Perfectly Beautiful". This meaning creates a vital inspiring power in the Rupa Group in respect of maintaining uncompromising quality in the production and the Group always keeps it in the heart of their motto. Keeping their motto in the right way, this Group continued their journey through shine and showers, through pain and pleasure, barrier after barrier were crossed, challenge after challenge were faced and overcome to transform the Company from the small-scale operation that was in 1992 to what it is today -- a conglomerate in their field with a yearly turnover in excess of US Dollar 15.00 million by employing more than 3700 personnel. RUPA Group consists of the following concerns:

1. Rupa sweater (Pvt.) Limited (RSL)
2. Rupa Fashion (Pvt.) Limited (RFL)
3. Rupa Apparels Limited (RAL)
4. Rupa Knitwear (Pvt.) Limited (RKL)
5. Rupa Wool Wear Limited (RWL)
6. Rupa Trade International Limited (RTL)
7. Reliable Express Limited (REL)
8. Dhansiree Development Trust (DDT)

Rupa Group is every vigilant of its responsibilities to the society. Over the years, Ataheruddin Howlader Foundation (AHF) and Dhansiree development Trust (DDT) of Rupa group has actively participated in different philanthropic and social activities that have direct implication on the well-being of the people and the society in general. “Health for All” program, education program for the remote area’s children & woman, poverty alleviation program, contraction & providing low-cost houses for the destitute and shelter less people are the key activities of AHF and DDT. Ataheruddin Howlader Technical & business Management College is an epoch-making creation of AHF.

Organogram of Rupa group:



The company doesn't want to talk about their machine for Sweater making but the people behind the machine who actually make the difference and readily respond to any challenges and changes as well. In their words, their people, their machine is their pride, their assets. It is not the machine alone or technology alone, it is the invaluable mix of labor-machine interface that makes the technology work for quality Production.

Name of machine	**Type of Machine**	**Machine Brand**	**Number of Machine**					**Total**	**No. of Worker**	**No. of Supervisor**
			RSL	RFL	RAL	RKL	RWL			
Hand Driven Flat Knitting Machine	2 GG	Flying Tiger & Tung Fong	30	16	20	-	-	66	66	5
	3 GG	= Do =	175	70	105	50	-	400	400	22
	5 GG	= Do =	80	90	70	60	-	300	300	16
	7 GG	= Do =	90	75	70	100	20	355	355	18
	10 GG	= Do =	60	-	40	200	30	330	330	16
	12 GG	Flying Tiger & Hongqima	-	-	-	650	400	1050	1050	55
Total			435	251	305	1060	450	2501	2501	132
Dial Linking Machine	6 GG	Flying Tiger	22	5	5	-	-	32	32	2
	8 GG	Flying Tiger	189	85	180	98	-	480	480	24
	12 GG	Flying Tiger	20	-	7	90	10	127	127	8
	14 GG	Flying Tiger	-	-	-	288	190	478	478	30
Total			231	90	120	476	200	1117	1117	62
Swing		Juki	10	3	3	36	7	59	59	4

Machine										
Washing Machine		Flying Tiger	5	2	1	8	2	18	18	1
Hydro Extractor		Flying Tiger	2	2	1	5	2	12	12	-
Flat Lock Machine		Flying Tiger & Juki	2	1	1	5	2	11	11	1
Over lock Machine		Juki	3	2	2	5	2	14	14	1
Button Hold M/C		Juki & Flying Tiger	2	1	1	5	2	11	11	-
Steam Iron		Flying Tiger	20	10	8	35	20	93	93	5
Tumbler Dryer		Flying Tiger	2	2	2	4	2	12	12	1
Steam Boiler	-	Fulton	1	1	1	3	2	8	8	1
Generator	-	FG Wilson	1	1	1	2	1	6	6	1
Total			48	25	21	108	42	244	244	15
Grand Total			714	366	446	1644	692	3862	3862	209
Office Staff			31	12	10	41	16	110		
Quality Assurance Team			16	7	6	30	10	69		
Other Factory Staff			26	12	17	37	15	107		
Floor Space in Square Feet			70,000	17,000	15,000	146,360	80,000	382,360		

Rupa Group is commitment to develop sense of belongingness of all members of the team toward the organization and total participation in quality improvement system. The talent, expertise and hard work of the employees drive the achievement of Rupa Group. As a large but closely knit-team, Rupa Group focuses its goals and objectives to the satisfaction of the buyers, customers and other constituents with whom it interacts. Rupa Group ensures all activities of its sweater industries through Documented Quality Management System (QMS) in every phase of manufacturing and quality assurances. As a result, it has been awarded with ISO 9002 certificate. Moreover, in order to getting transparency and swift-flow of information, management Information systems (MIS) of group's corporate office are fully computerizes with Oracle based software under Local Area Network (LAN) system. Rupa Group undertakes appropriate review, evaluation and performance measurement of its operations to ensure compliance with its Quality Policy. Because of stringent measures and of the vigilant-vision for the upkeep of the environment, the sweater Industries of this group are easily meeting the Compliance of the Standards set by as well as evaluated by world famous buyers.

Crops of Industry



STYLE NO. : RG 0011
FABRIC: 100% Cashmere
DESCRIPTION: Cashmere sweater.



STYLE NO. : RG 0013
FABRIC: 100% Wool
DESCRIPTION: V-neck Light-weight jumper.



STYLE NO. : RG 0015
FABRIC: 100% Cashmere
DESCRIPTION: Cashmere sweater.



STYLE NO. : RG 0014
FABRIC : 95% Merinos Wool, 5% Nylon
DESCRIPTION :High neck sweater.



STYLE NO. : RG 0025
FABRIC: 100% Virgin Wool
DESCRIPTION: Cardigan.



STYLE NO. : RG 0017
FABRIC: 100% Acrylic
DESCRIPTION: V-neck sweater.







STYLE NO. : RG 0016
FABRIC : 70% Wool, 30% Acrylic
DESCRIPTION : Cardigan Heavy-weight jumped



STYLE NO. : RG 00344

STYLE NO. : RG 0023
FABRIC : 92% Virgin Wool, 8% Cashmere
DESCRIPTION :Long sleeve sweater, V-neckline

STYLE NO. : RG 0024
FABRIC: 85% Viscose, 15% Spandex
DESCRIPTION: Cardigan.

Some of the samples of RUPA Sweater.



STYLE NO. : RG 0045



STYLE NO. : RG 00342

	RSL	oo RFL							DDT
Year of Establishment	1991	1995	1997	1998	2002	1993	1997	1998	1993
Year of Operation	1992	1996	1997	2000	2002	1993	1997	1998	1995
Business Line	Manufacturer& 100% exporter of 2GG, 3GG 5GG, 7GG & , 10GG sweater	Manufacturer& 100% exporter of 2GG, 3GG 5GG, 7GG sweater	Manufacturer& 100% exporter of 2GG, 3GG 5GG, 7GG & , 10GG sweater	Manufacturer& 100% exporter of 2GG, 3GG 5GG, 7GG & , 10GG sweater	Manufacturer& 100% exporter of 10GG & 12GG sweater	Import & Export And Buying House Business	Freight Forwarding And clearing & forwarding Agent	Trading in Furniture & fittings	Social Welfare Organization
Status of Company	Privet Ltd. Company	Privet Ltd. Company	Privet Ltd. Company	Privet Ltd. Company	Privet Ltd. Company	Privet Ltd. Company	Privet Ltd. Company	Partnership	Regd. With Govt Dept.
Number of Directors	3	4	4	4	6	3	4	3	. 1800 members
Initial yearly Production Capacity	30,000 Dozen	30,000 Dozen	40,000 Dozen	100,000 Dozen	90,000 Dozen	-	-	1200 pcs	-
Present yearly Production Capacit	120,000 Dozen	70,000 Dozen	60,000 Dozen	212,000 Dozen	90,000 Dozen	-	-	1500 pcs	-

y									
Initial investment in US$ (in '000)	465.90	483.95	418.96	1574.34	1302.25	52	168.81	119.12	103.80
Present investment in US$ (in '000)	2125.56	1552.45	1438.18	3664.52	1322.76	96	332.50	316.35	280.75

Gendered division of labor:

In Rupa group, tasks are allocated largely on the basis of gender. This determines many of the working conditions of women workers. All the workers in the sewing section are women, while almost all those in the cutting, ironing, and finishing sections are men. Women workers are absorbed in a variety of occupations from cutting, sewing, inserting buttons, making button holes, checking, cleaning the threads, ironing, folding, packing and training to supervising. Duties and responsibilities vary according to the type of work. Women work mainly as helpers, machinists and, less frequently, as line supervisors and quality controllers. There are no female cutting masters. In 1998, a cutting master was paid Tk3935 per month. Men also dominate the administrative and management level jobs. In other words, women are discriminated against in terms of access to higher-paid white collar and management positions. When asked why they prefer to employ women for sewing, the owners and managers gave several reasons. Most felt that sewing is traditionally done by women and that women are more patient and more controllable than men. Some maintained that women are easier to manage and less likely to be engaged in union activities and production disruptions. The duties assigned to the women and the comments made about their appropriateness to the industry are not atypical of women's experiences elsewhere.

Wages:

The government of Bangladesh sets minimum wages for various categories of workers. According to Minimum Wage Ordinance 1994, apprentices and helpers are to receive Tk500 and Tk930 per month respectively. Apprentices are helpers who have been working in the garment industry for less than three months. After three months, apprentices are appointed as helpers. Often female helpers are discriminated against in terms of wage levels, and these wages are also often fixed far below the minimum wage rate. Almost 73 per cent of female helpers, as opposed to 15 percent of their male counterparts, did not receive even the minimum wage. Rupa Group from its very beginning had been paying the workers what they used to get rightfully.

The gap between wages and minimum urban living cost: The current minimum wage is not in keeping with the minimum living cost in Dhaka. As the pay scale is set by the Government. Rupa group pays accordingly.

Unit labor cost:

Bangladesh has the cheapest unit labor cost in South Asia. It costs only 11 cents to produce a shirt in Bangladesh, whereas it costs 79 cents in Sri Lanka and 26 cents in India. Clearly, Bangladesh's comparative advantage lies in having the cheapest unit labor cost. Being located in Bangladesh, Rupa Group also enjoys the lower labor cost.

Working hours:

Though the wages are low, the working hours are very long. The RMG factories such as Rupa Group claim to operate one eight-hour shift six days a week. The 1965 Factory Act allows women to work overtime up until 8 o'clock at night. To meet delivery deadlines, however sometimes they work until 3 o'clock in the morning and report back to start work again five hours later at 8 o'clock. They are asked to work whole months at a time without a single day off, in contravention of the Factory Act, which stipulates that no employee should work more than ten days consecutively without a break.

Occupational mobility:

Level of education, age, length of service, job position and gender all affect the job position and the occupational mobility of workers in the Rupa Group. Men have more years of schooling, are absent less often and their average age is higher than that of women workers. Thus men hold upper level jobs and women are mostly helper

Maternity Benefit:

Female workers have been deprived of maternity benefit payable under the Maternity Benefit Act of 1950. Due to the absence of a formal appointment letter, however, garment industry workers, particularly women, are largely deprived of these benefits

Interview:

My interviews were dependent on the availability of the workers.
I went to the factory premises during lunchtime, and asked the workers if they were interested in talking about their work and after-work life with me. Interviews included individual and focus group discussions.

I interviewed 10 women workers from each of the two factories of Rupa group. One factory was selected in Rampur a and one in Gajipur. These regions were chosen because of the high concentration of garment factories there. Most workers live as closer as possible to their working place to take the advantage of lower transportation cost.

All the workers I interviewed bore responsibility (in terms of finance) for at least two other members of their family. Workers often sacrifice their own needs and give priority to the needs of the family members.

'I am working because I have responsibilities to look after my grandmother and parents. I also have to save for my dowry. Because I work, I can save. Therefore, I have to keep on working.'

-Lovely, an unmarried operator

'I work so that I can eat. The biggest
Problems are food and clothing. There is no peace in this world if you cannot eat properly.'

-Amreen, a factory helper.

‘Money is the problem. My family or In-law relations do not have *jomidaree* I work and afford the expenses of my four kids. Money is a big problem.’

-Hurmuti, a factory helper.

‘I expect to get my wages by the end of the first week of the following month but I am often disappointed. I am usually paid around the end of the second week or beginning of the third week. I get my overtime payment on the third week and sometimes after three to four months later.’

-Fatima, a factory helper

‘I left my job because I was not getting my overtime payment. I joined another factory.
Then I had no time to go to the previous factory and claim my overtime. Still I went three to four times. Every time I was asked to go and see the supervisor, he would not be available. I would go to see him. He would always be busy. Often I wouldn’t be able to go and see the supervisor the following week because of my current factory job. If I absent myself from this job then my wages are deducted. I can’t afford to do that. So if I would get a holiday on a Friday then I would go on a Friday to the previous factory because that usually is open on Fridays. I would go and wait for hours at the gate and the gate-keeper would not open the gate. After many hours of waiting I would be told to leave as the supervisor would be busy and I would be asked to come again later. They were trying my patience. I felt very bad. I felt deep anger inside me. I thought ‘why do these people employ us, make us work like animals and don’t pay on time. We are not asking for Alms [*bhikkha]* or charity’ I resented working in that factory, for this type of people. This factory [which I am currently working for] is a bit on the better side.’

-Rehana, a factory employee

Finding:

Rupa group has entered into the RMG sector in 1992. Since its inception there hasn't been any unrest amongst the workers due to unsatisfactory payment.

Even though it is not possible for the organization to pay the workers on schedule all the time due to various reasons such as cancellation of shipment due to political strikes or some technical errors, the workers do not want to leave the organization.
Rupa Group has established its loyal workers.

According to the BGMEA, the practice of employing children below the age of 14 has ceased since 1995 when a project was taken up by the BGMEA in collaboration with the ILO and UNICEF to rehabilitate child labor from the garment factories of Bangladesh, As far as my investigation went, there was no child labor in any of the sections in the organization.

Other facilities like drinking water supply, sanitation are good enough to meet the demand of the large number of workers. The company is providing the opportunity to have lunch within the factory with lesser price than the going rate.

Labor law requires that all worker receive an appointment letter, since this protects
labor rights; my studies however have found that about 15 percent of workers in Rupa Group, most of them men, receive this document.

For the massive volume of production within a short time span, sometimes it becomes mandatory to make the workers to overwork.

Survey Questionaries' for RUPA garments workers:

1. Are all the workers provided with the letter of appointment and ID card by the time of their employment in this organization? (for legal claim and mandatory rules)
2. Are they arranging service book/record book for their workers?
3. Are the worker other than any badly or casual workers compensated for the days during which they are being laid off?
4. Are the workers who have been working in this organization over year, given a notice and compensation respectively before they are retrenched?
5. Have you seen any child or adolescent worker in this organization ever?
6. Do you get the maternity benefit properly?
7. In your working area maintained clean and does it have adequate ventilation?
8. Is there any agreement for the supply of sufficient of pure drinking water in a convenient place in this factory?
9. Do they have sufficient number of latrines and urinals for male and female workers?
10. Does the factory maintain a safety record book?
11. How many hours do the workers need to work in a day usually?
12. Do the workers get paid fairly enough for working overtime?
13. As there is no alliance with any registered trade union in BD, how do the employees and employers communicate for settlement in the issues of collective bargaining?

Based on these survey questionnaires, I found positive answers from RUPA garment workers. Although the factory may provide lots of facilities for their worker, the environment of the factory and the motivational facts affects them a lot.

Recomandation

From my experience and investigation in Rupa garments, I would like to recommend the following:

- Incorporate the workers' interest to their social welfare project of AHF and DDT.
- Increase involvement with registered trade unions rather than creating one of their own.
- Ensure every worker receives an appointment letter to help him/her get all the benefits provided.
- Employ sufficient number of Medical personnel to ensure healthcare for the workers.
- Introduce an effective reward policy so that there will be no disgruntling about overtime.

Conclusion

Most Bangladeshi garment manufacturer shave failed to see any causal connection between labor standards and productivity outcomes. As a consequence of their economic priorities, many of them have become virulently anti-trade union, believing that trade unions would upset Bangladesh's low-wage employment structure, which is vital for maintaining Bangladesh's attractiveness to foreign investors. Women workers' limited purchasing power and poor command over commodities define and shape their access to housing, health sanitation and transportation facilities. Lack of job security is compounded by low wages, which in turn cause insecurity of life for women in urban areas. Still, women continue to work, and the reasons for this are explicit in then narratives. However Rupa Group Pvt. Ltd had managed to jump off the page. Despite some violations of the administrative laws in black and white which have less significance in the productivity, Rupa group Pvt. Ltd. does follow the essence of the labor laws of Bangladesh in order to maintain a healthy productivity through worker satisfaction.

Reference

-Md.Shahidulislam

Managing director

[Rupa sweater Pvt. Ltd]

Vice President (finance)

[BGMEA]

-Md. Anisuzzaman

Manager, planning & co- ordination

[RupaSweater Pvt. Ltd]

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