



**SITUATIONAL STUDY ON
SOCIO-ECONOMIC STATUS AND POSSIBLE IMPACT DUE TO COVID-19
IN RMG SECTOR IN BANGLADESH
18 April 2020**



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ABSTRACT

This study intends to identify the present socio-economic challenges which are faced by the RMG workers and management staffs due to COVID-19 and the immediate possible socio-economic impact on them.

In the present world economic direction, it doesn't take much time for a country to sense the impact of a massive disaster. If the calamity is global, scores of nations are seen struggling to cope with the socio-economic fallouts. The developing countries feel the bite the most. Due to COVID-19, the various armed challenges, which have flared up in recent days around the world, bear witness to this. Readymade Garments (RMG) is one of the major important industrial sectors in Bangladesh which is travelling a crucial journey at this point of time. Many factories announced layoffs at their units according to the provisions of 12 and 16 under labour law. This time of crisis is generating stress throughout the millions of workers and management staffs who are the main artisans of this sector.

The study is to understand the present socio-economic challenges confronted by the RMG employees/workers and what could be the immediate socio-economic impact on them.

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2. EXECUTIVE SUMMARY

The objective of the study is to understand the present socio-economic status and possible immediate impact on RMG employees/workers due to the current outbreak of coronavirus disease (COVID-19).

Bangladesh is undergoing a very tough time especially in export sectors. The coronavirus pandemic had broken out in more than 70 percent of its total export destinations, including the United States, the United Kingdom and Canada and the European Union countries and its key export sector RMG has met massive loss. According to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), orders for nearly 650 million garments, worth a total of US\$2.04 billion have been cancelled, which has direct impact on 738 factories and around 1.42 million workers. The numbers are increasing day by day and leading the industry to an uncertain future.

There are several initiatives have been taken and supported by the government, RMG owners, Brands for RMG employees/workers. RMG TIMES initiated a Facebook group named, “COVID-19 RMG Employment Impact”. This group has an aim to support the HR/Compliance/ Admin midlevel management who are going through a critical situation. The group has total of 700 members with a target to reach 1000 and includes all levels from junior to senior RMG professionals to understand the present status of the professionals.

The study will support to plan the helping mechanism and to aid the RMG professionals during this crisis.

SR Asia Bangladesh with the support of RMG TIMES, has conducted online survey among management professionals of RMG sector. Nine volunteers from RMG sector supported by collecting information from the workers.

The study has two layer findings to understand the overall socio-economic status. One is of management professionals and another is of workers. The study found that 53% **RMG management professionals** mentioned seven (7) major different social challenges which may lead to 35% but increase to 11 major crises within 2-3 months. 43% respondents are facing financial challenges under 11 major different crises which may goes up to 64% under specific major 5 crises within 2-3 months.

On the other hand, 40% **RMG workers** mentioned nine (9) major different social challenges which may lead to 45% but very specific and composed three (3) major crises under social aspect within 2-3 months. 60% respondents are facing financial challenges under seven (7) major different social crises which may comprise under specific major six (6) crises within 2-3 months.

3. PURPOSE OF THE STUDY

The main purpose of this study is to know the financial condition, family responsibility, present lifestyle of the RMG management professionals and workers in Bangladesh and to know their assumption of future impact on their social and economic status.

4. SECONDARY LITERATURE REVIEW

Topic	Description
General Information	<ul style="list-style-type: none"> - Garment workers of at least 11 factories in Savar took to the streets on 12 April demanding their wages from the previous month, as some of them had not been paid last month's wages, which is supposed to be paid by 10th day of each month. - On 10 April, BKMEA and BKMEA announced in a joint statement that the RMG factories would remain closed until 25 April. The statement added, 'If any factory office remains open to disburse wages and other payments during the period, the factory authorities will have to inform the respective trade bodies and industrial police about this.' - A Research Brief from the Center for Global Workers' Rights of Pennstate University, in Association with the Worker Rights Consortium, drawing from responses from an online survey of Bangladesh employers, reported that more than half of Bangladesh suppliers have had the bulk of their in-process, or already completed, production cancelled. - Many factories announced layoffs at their units according to the provisions of 12 and 16 under labour law. Workers will get half of their basic payment and house rent during the layoff period, according to the law
Government policies to support RMGs	<p>Government announced a stimulus package of Tk 5,000 crore (equivalent of EUR 5.3 billion) for export-oriented industries to mitigate the impact of the coronavirus on the country's economy. The premier indicated that the money from the package could only be disbursed in the form of salaries and wages for employees and workers of those industries.</p>
	<p>- The finance ministry unveiled the guidelines for disbursement of the Tk 5,000 crore stimulus package. Businesses can avail of funds from the package at 2% interest to pay their workers' salaries for up to three months. The salaries must be paid to either a bank or mobile financial service account. Management of export-oriented companies or factories have to provide salary sheets, workers' lists and their mobile banking accounts to banks so that salaries for April can be directly disbursed. The banks, afterwards, will forward the same documents to Bangladesh Bank for reimbursement. The borrowers will get a six month grace period, meaning that they will start paying back the borrowed money in instalments to the government from the seventh month of receiving the money.</p>
Appeal of the IndustriALL	<p>- All the factories including the ready-made garments have to be closed down with due payments to the workers until the situation improves.</p>

Topic	Description
Bangladesh Council (IBC) to the Government of Bangladesh	<ul style="list-style-type: none"> - No workers can be terminated or retrenched under this disastrous situation. - Special measures and treatment have to be ensured if any workers fall ill or are attacked by the virus, including taking necessary steps to ensure good health and security for all workers. Rationing for the workers has to be ensured in this difficult time. - No factories can be closed/laid off without paying the worker's dues. - In any emergency situation the government has to ensure cash money assistance to the workers. - A tripartite (government, BGMEA employers' group and IBC) monitoring taskforce has to be established under the leadership of the Labour Ministry. - Brands and buyers are urged not to cancel their work orders.
The Centre for Policy Dialogue (CPD) in Bangladesh advocacy	<ul style="list-style-type: none"> - Suppliers should discuss with their brands/retailers about possible cooperation in order to share revenue losses incurred for cancellation/deferment/withdrawal of orders - Scope to share the losses of business enterprises (partially/fully) with buyers/brands/retailers - Minimum support to maintain day-to-day expenses; support for retaining the staffs and workers and rationing support facilities for contractual workers - Export-oriented sectors, such as the RMG sector, needs cash flow support to retain workers, deferment of LC payment, deferment of import LC receipt, interest payment support to banks, low cost credit support from development partners. - Reschedule loans on case by case basis for exporters: Bangladesh Bank can provide guidelines to commercial banks in view of this to address loan repayment difficulties.

*Source: Accumulated Secondary Information from Fair Ware Foundation

5. METHODOLOGY

For this study, a qualitative-quantitative research, an online focus group discussion (FGD) were conducted. The primary respondents for this study are the RMG management professional and workers.

Focus Group Discussion was held at ZOOM (an online platform) among 10 RMG professionals.

15 Telephonic Interviews and 35 face-to-face interviews were held among workers.

An online survey was conducted among RMG management professionals.

Section of Survey	Survey Method	Number of Respondents	Location Covered
Management Professionals	Online Questionnaire FGD (Online)	113	Gazipur, Savar, Narayangonj, Chattogram, Mirpur, Mymansingh
Workers	Telephonic Interview Face-to-face interview	50	Gazipur, Savar, Chattogram

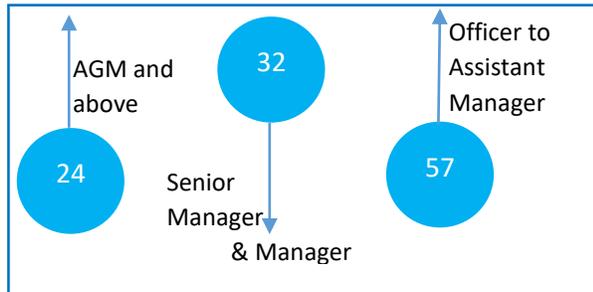


SURVEY FINDINGS OF RMG MANAGEMENT PROFESSIONALS



6. SURVEY FINDINGS OF RMG MANAGEMENT PROFESSIONALS

6.1 Demographic Information



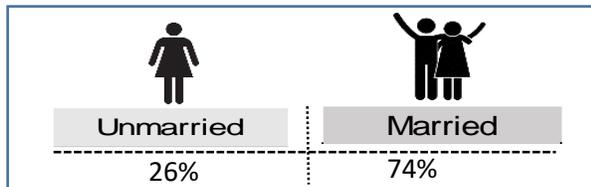
Respondents Category

Among all, there are 24 senior management employees, 32 Mid-Management employees and 57 Junior Management employees participated the survey.

Location	# of Companies
Gazipur	55
Savar	26
Narayangonj	8
Mirpur	10
Chattogram	7
Mymensingh	1

The survey was participated by 88 male and 25 female participants.

16% participants' age range from 46-55, 30% of participants from 36-45, 49% from 26-35 and only 5% is from 18-25.



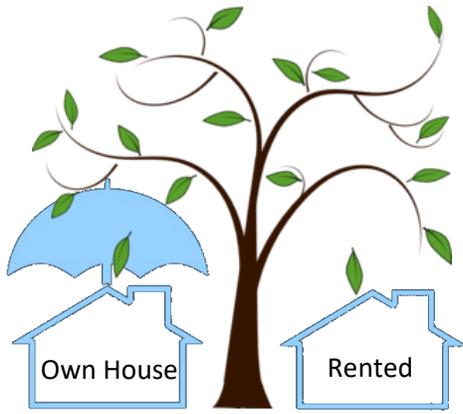
74% of respondents are married and 26% are unmarried.

Age Group	# of Respondents
18-25	5
26-35	55
36-45	34
46-55	18

Total average family member of the respondents is six (6) where we found the average ratio of male and female members is 3:3.

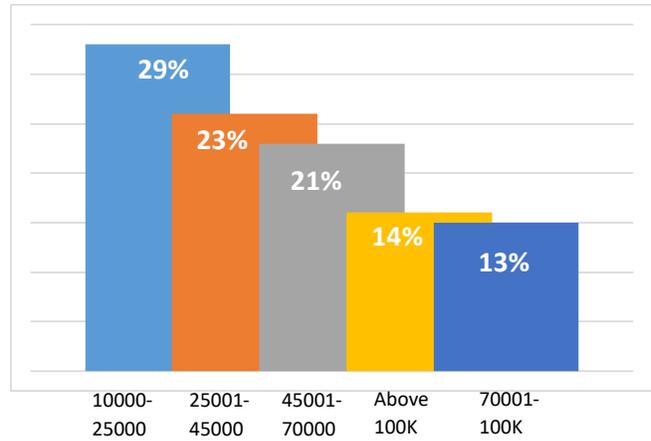
Earning Person in Family	# of Family	Average Total Earning Person in Family
Family of Single Earning Person	67	2
Family of Multiple Earning Person	46	

67 respondents said that they are only the single member who are responsible to take care the family financially, 46 respondents have supporting members who also contribute financially to the family. The total average earning members in a family is two (2).



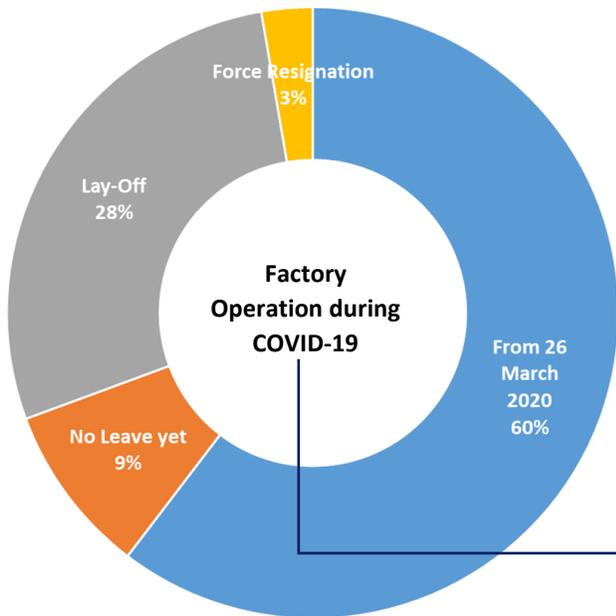
Housing Status

81% respondents live in rented house and only **19%** lives in their own house. The employees who stay at rented house have shifted from their home town to near to workplace.



Monthly Income Range

The majority of respondents' (**29%**) monthly salary range is BDT.10000-25000 but it is observed the balanced participation from each level. **23%** respondents receive BDT.25001-45000, **21%** receive BDT.45001-70000, **13%** receive BDT.70001-100000 and **14%** receive above 100K as salary/month.



Salary Received	# of Company
March - April	3
Only March	76
On Process	31

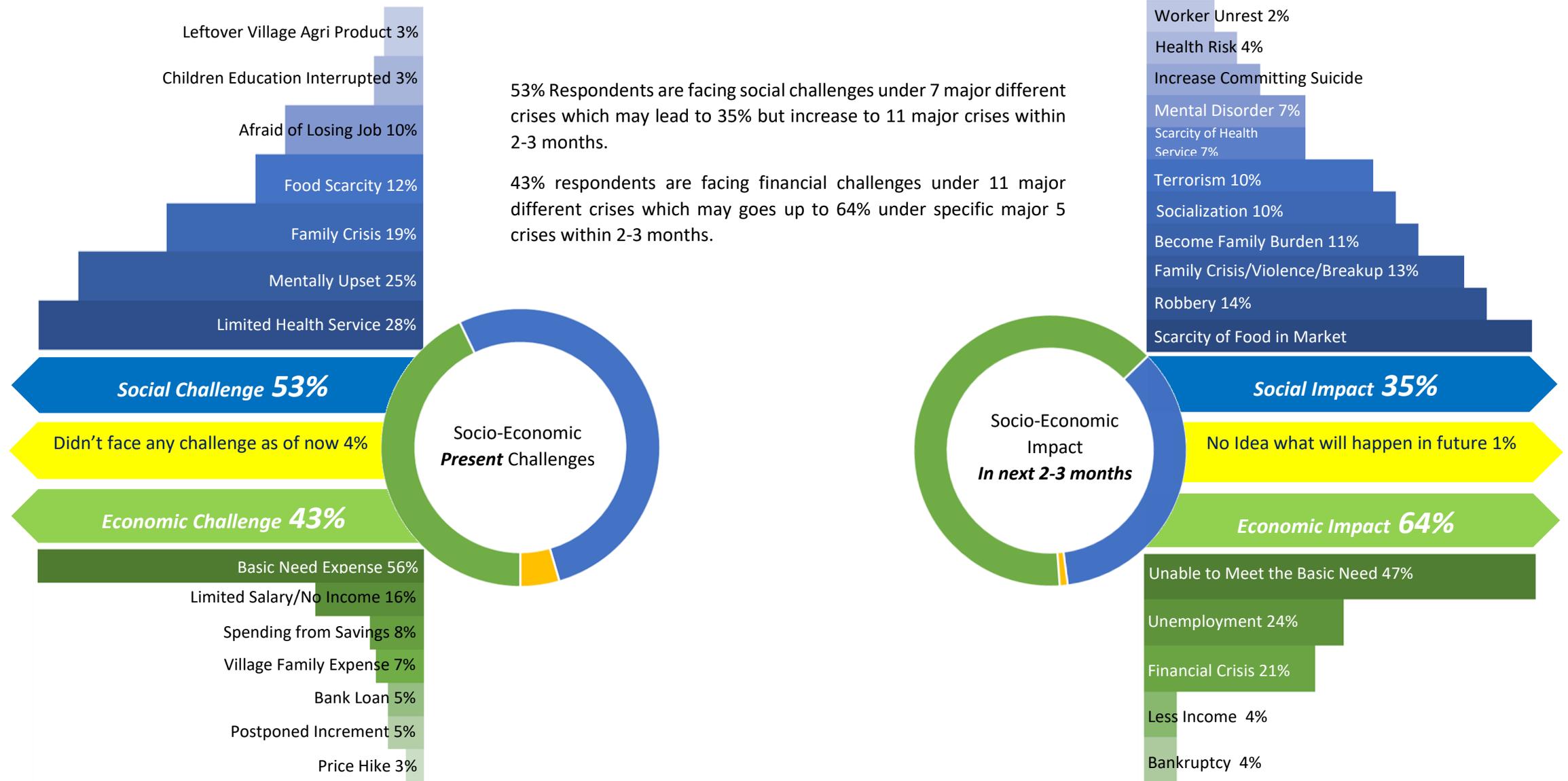
It is recorded that 3 companies provided March-April 2020 salary to the employees, 76 companies provided only March 2020 salary to the employees and 31 companies are on process/on decision to provide salary. **Average monthly expense of their family is BDT 98257.**

28% companies declared lay-off, **3% made forced resignation** by some employees, **9%** didn't declare leave as of now and **60%** provided leave from 25 March 2020.

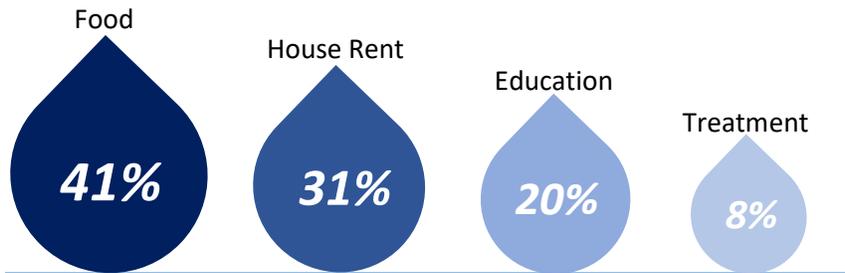
Respondents were asked what kind of facilities the companies provided to the employees. 9 responded that they are provided PPE, 93 said that there was no facility provided by companies, 1 company provides food to all employees and 6 said there are some other facilities which companies have provided to them.

Facility provided by companies due to COVID 19	
PPE	9
Food	1
No Benefit	93
Others	6

6.2 Socio-Economic present status Vs Possible impact due to COVID-19



6.3 Challenge to meet the basic need Vs Impact of COVID-19 to meet the basic needs



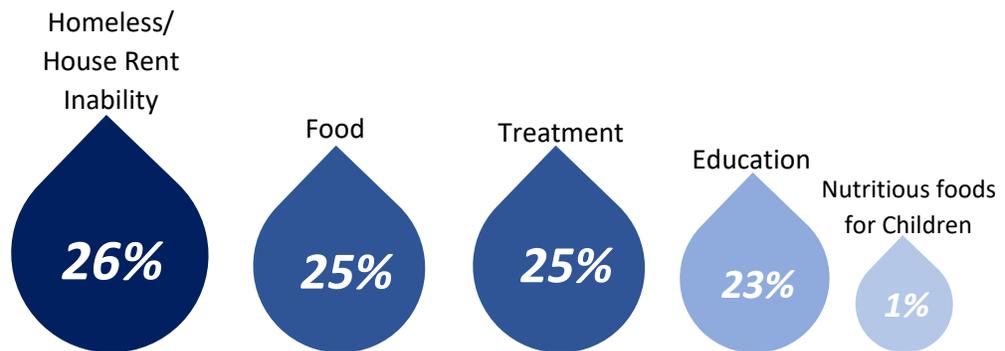
PRESENT CHALLENGES of BASIC NEEDS

41% respondents are facing challenges to get food due to several reasons. The reasons are focused on increasing food price, unable to go to the market to buy food, financial crisis to buy enough food.

31% are in trouble to manage their house rent.

20% respondents are tensed about their children/siblings education fees, and also the education is hampered

8% respondents said about the unavailability of health service as well as difficulties to manage treatment cost.



FUTURE CHALLENGES of BASIC NEEDS

26% respondents are afraid to become homeless or leave the present home because of not able to pay the house rent in future.

25% thinks that they may not be able to manage food cost and unable to feed the family members three times a day.

25% are tensed about future treatment cost.

23% respondents said that they may have to stop their children/siblings education

1% said that they may not afford nutritious foods for their children.



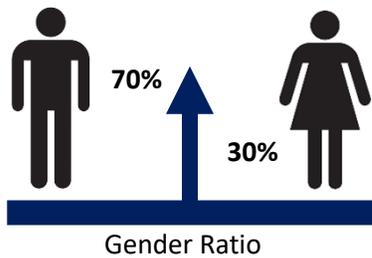
SURVEY FINDINGS OF RMG WORKERS

7. SURVEY FINDINGS OF RMG WORKERS

7.1 Demographic Information

Location	# of Respondents
Gazipur	31
Chattogram	9
Savar	10

There were total **47** respondents from **9** companies participated in this survey. **31** respondents are from Gazipur, **8** from Chattogram and 10 from Savar region. The respondents are mainly workers who are responsible as operator, QA, delivery man, pion and supervisors.

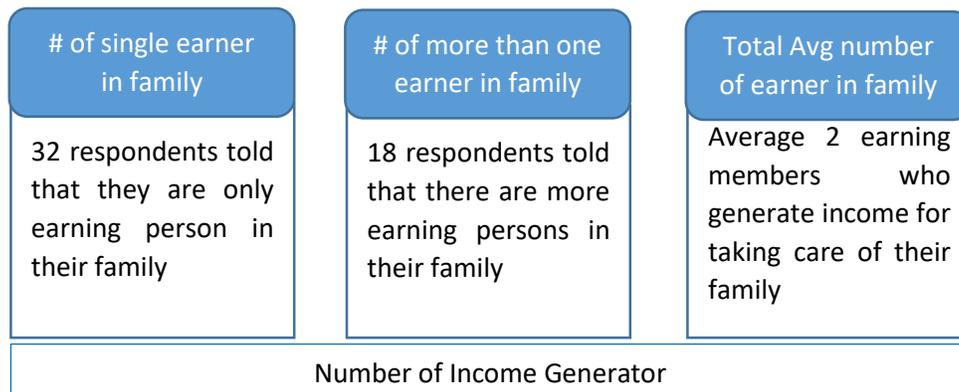
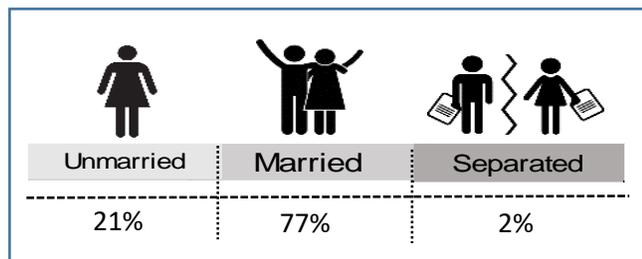


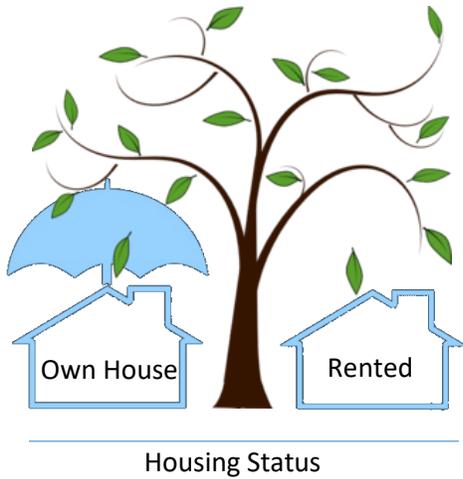
Age Group	# of Respondents
18-25	19
26-35	23
36-45	7
46-55	1

70% male and 30% female workers responded to this survey where 19 are ranging age from 18-25, 23 respondents are 26-35 years old, 7 are 36-45 years old and 1 respondent is 46-55 years old.

77% respondents are married, 21% are unmarried and 2% are separated.

Average total family member of the respondents are five (5).

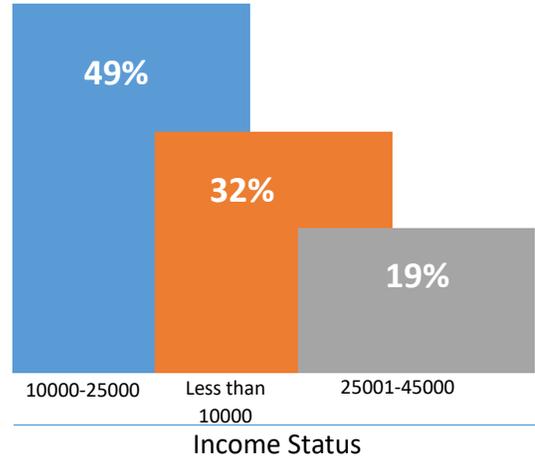




85% respondents live in rented house and only **15%** lives in their own house.

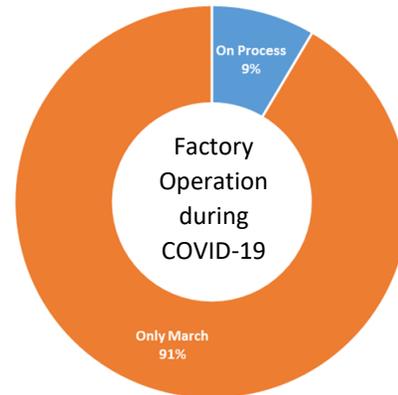
Facility provided by companies due to COVID 19	
Food	5
PPE	19
No Facility	26

Respondents were asked what kind of facilities the companies provided to the workers. 19 responded that they are provided PPE, 26 said that there was no facility provided by companies, 5 told that the company provided food during this crisis



49% respondents get BDT. 10000-25000, 32% are getting less than BDT. 10000 and 19% respondents get BDT. 25001-45000 salary/month.

Average expense of their family is **BDT. 20115/month.**



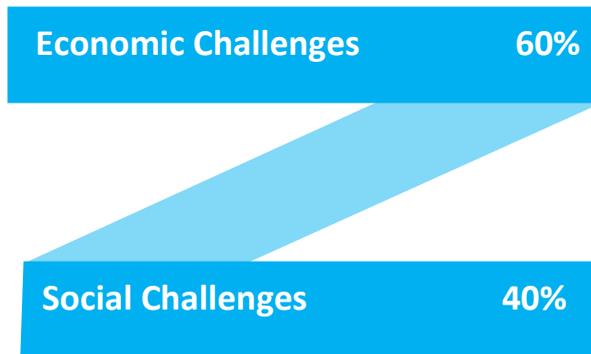
It is recorded that 43% respondents received the salary of only March 2020 and 9% respondents didn't get payment as of now.

85% respondents' companies provided leave from 25 March 2020 and **15%** respondents' companies declared lay-off.

7.2 Socio-Economic present status due to COVID-19

SOCIAL CHALLENGES

Afraid to Lose Job	26% are afraid to lose job
Social Distance	14% are not enjoying social distance and being away from relatives
Mentally Upset	14% become low and tensed worrying about future
Transportation	12% are in trouble to reach workplace
Addiction in gazette	10% become addicted in gazette
No Work-Factory Closed/Lay Off	10% Due to lay off, there is no work
Child Education Hampered	7% are tensed as the education of children is hampered
Price Hike	5% are in trouble to buy commodities due to price hike
Controlling children at home	2% complained that it is difficult to control children to keep children at home

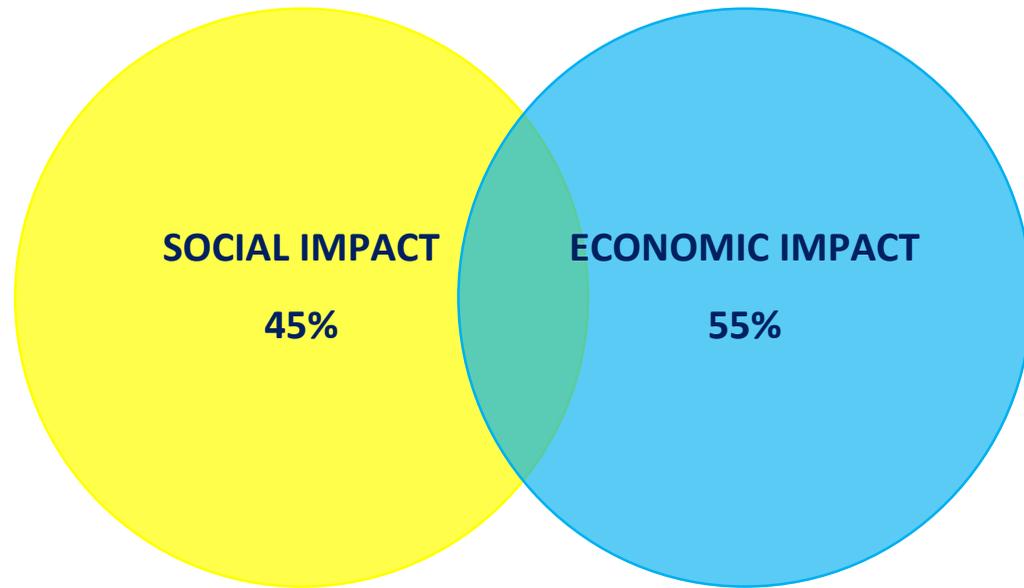


ECONOMIC CHALLENGES

Financial Crisis	26% are suffering from financial crisis
Food Cost	14% are in trouble to manage food cost
Treatment Cost	14% are suffering to get treatment due to financial crisis.
No Salary	12% didn't get salary on time
House Rent	10% are in trouble to manage house rent
No Savings	10% don't have any savings
Loan	7% cant pay the loan

7.3 Possible Socio-Economic Impact due to COVID-19

**Possible Socio-Economic Impact due to COVID-19
Respondents' Feedback**



Possible Economic Impact	
Food Cost	37% assume they will not have money to buy food
Financial Crisis	30% will fall in financial crisis
Treatment Cost	17% will not able to manage cost for treatment
House Rent	8% will not be able to pay house rent and may become homeless
Child Education Cost	6% can't continue child education
Unable to pay Loan	2% can pay loan

Possible Social Impact	
Unemployment	67% are afraid to be unemployed
Family Crisis	21% assume that there will be family crisis (eg: gender violence, break up, increase family burden etc)
Famine	12% said that the global crisis may lead to famine

8. FINDINGS OF FOCUS GROUP DISCUSSION

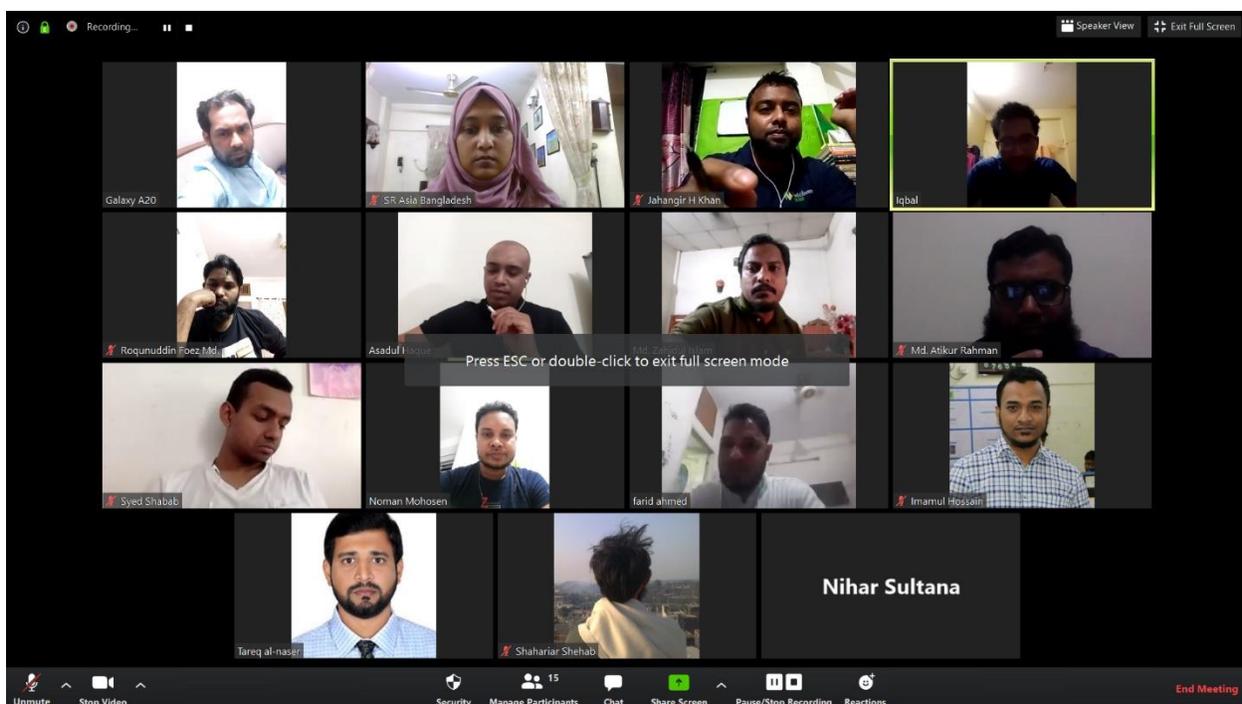
Location: ZOOM Online Platform

Date: April 12, 2020

FGD Topic: Socio-Economic Impact of RMG Employees during COVID-19

Meeting Duration: 2 Hours, 21 Minutes

Objective: To provide a report to senior leadership in Bangladesh and government about the larger socio-economic impact of COVID-19 within the RMG Employees and to perform a study of what socio-economic impacts will look like amidst the COVID-19 Pandemic. Through this study, we plan to identify what the large impact will not only look like but would like to hear from local employees about how they are affected by this pandemic.



Discussion Point	Findings
Psychological Effect	Psychological Trauma that has not started within the country. This is only the beginning stage of COVID -19.
Family Violence	<p>Violence within households are continuously increasing due to Quarantine and staying at home.</p> <p>Sometimes, in many cases, the wife in the relationship is the bread winner. She brings the money home. The Husband is dependent and the wife gives money to different family members. Since they are laid off, they get into physical abuse and mental pressures in the family</p>
Unemployment	Unemployment rate will be increased after laying-off the factories, factories may be shut down after certain period.
Financial Impact	<ul style="list-style-type: none"> • This will have a large financial effect on all households in Bangladesh. It will then have a social effect on the employees who lose their jobs and pay. • Employees will begin to use their savings and utilize their savings. • Citizens/Employees will no longer spend money on lavish/accessories such as going out to restaurants to eat, spending money on clothes, spending money on weddings, friends and family. These will be taken away. • Many employees will not say that they need money or food because they are embarrassed to ask: This is a very common part of the Bangladeshi culture. • Since big Brands in the United States and Internationally are no longer supporting/working, this will directly affect the garment workers in Bangladesh. • RMG specific skills such as Production, QA, HR, Compliance cannot be replaced. So there is a larger impact on RMG employees, if RMG workers lose their jobs. People within the sector will have a difficult time finding a job. • Many factories are preparing to pay their employees until the end of April, but this is certain for 1 – 3 months. • Rent is still due within many buildings and many security guards are not allowing tenants to leave their homes. • Big Concern: Illegal Firing, Illegal treatment of employees. • Local market demand will continue to develop, however, panic purchasing of basic necessities will increase. Which will also result in the price increase. • Everyone is generally uncertain about how the next three months (Financially) will look for them.
Future Plan	<ul style="list-style-type: none"> • Everyone should be considering an alternative source of income, and plans on how they will manage with their current budget. • RMG employees can be engaged in Boutique Business, Readymade Garments Business, Shoe Business • Generate the demand of local market and start business of jackets and coats during the winter season.

9. CONCLUSION

The report only projected the present socio-economic situation of the RMG professionals. While talking about RMG sector, mostly we focus on the workers but there is a large number of management professionals who also suffer from social and economic challenges. The objective of the study is also to bring the management professionals' present crucial situation on board as well as the workers' condition.

If we summarize the entire findings, we can understand that it is time to look forward and create a proper mechanism to combat the socio-economic challenges hands on hands. This not only the responsibility of the factory owners or the government but also the employees/workers have some role to support the factory owners for their existence. The entire value chain will be broken down if we split and don't care each other.

The projection can be summarized as bellow:

- Psychological disorder may take place due to financial stress which lead to change of lifestyle, inability to contribute to family as well as close relatives.
- Violence within households are continuously increasing due to Quarantine and staying at home.
- Unemployment rate may increase at large which may lead to famine, social violence, frustration etc.
- A challenge to ensure the availability if there is scarcity of the basic needs (food, cloths, health, housing, education).
- Many are availing house loan, insurance or some other kind of bank loans. It may difficult for the people to pay the bank loan with interest.
- Parents are anxious about their children future and education. It is not expected a large dropout rate in school, college and university.

10. RECOMMENDATION

- Stay home, stay safe
- Follow the advice of Doctor to protect self and others
- Focus on the demand of local market after recovering this global crisis.
- Develop an immediate proper plan for distributing the aids.
- Create a nationwide volunteer pool to support the RMG employees/workers to meet the basic needs.
- Motivational soft contents development and disseminate online through mobile, internet, social media etc.

11. WAY FORWARD

SR Asia Bangladesh and RMG TIMES will conduct an impact assessment report in July 2020

NO PANIC BUT PATIENCE

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