

Internship Report
On
Compliance of zyta apparel

Submitted to:

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Program: MBA



Date of submission: 02/06/2016

Letter of Transmittal

Dr. Suman Paul Chowdhury
Assistant Professor
BRAC Business School
BRAC University

Subject: Internship report on Compliance of Zyta Apparel

Dear Sir,

With great pleasure, here I submit my internship report on “Compliance of zyta apparel” that you have approved & assigned as a compulsory requirement of MBA Program. I have tried my level best to bring out the original scenario of Zyta Apparel with full of effectiveness & efficiency. I have learned a lot and have gained valuable experience and knowledge while collecting information for the report. It was certainly a great opportunity for me to work on this real life project to actualize my theoretical knowledge of this course in the practical arena and some more which is out of this course. I hope that this Internship report has been to your expectation, if you come across any question or quarries regarding these cases, it will be my pleasure to clarify your questions.

Sincerely,

Humaira Hashmat Ullah

ID-14164042

ACKNOWLEDGEMENT

A warm felicitation goes for me to acknowledge the people, who hold the desirability for encouraging, praising, assisting as well as believing me on the tasks of compliance activities what I have worked through my internship period. First of all I would like to take the opportunity to thank Dr. Suman Paul Chowdhury, Assistant Professor, BRAC Business School, BRAC University & my internship supervisor S. M Mamunul Haque (**General Manager**) for providing me guidelines, help in assisting my report. He was constantly supporting me with his inspiring personality. I will always be always thankful for his extraordinary reinforcement.

I would like to take the opportunity to thank MD Abdul Kader (**Manager Administration**), for being my on-site supervisor & providing me time to time information, suggestion as well as procedures to work with my topic. I also want to thank Mr Biplab Hazra compliance head for being so cooperative in my work. I also show my gratitude to MD Abdul Kalam accounts officer for creating a friendly environment & assist me with the information of my project.

Finally I will show my gratitude to all the Management & Non-Management Staffs who have helped me during the internship period and the entire persons who somehow have impact on me in completing my whole report.

Executive Summary

Zyta apparel is one of the largest branches of Armana Group in Bangladesh and contributing to the GDP OF Bangladesh. Here, this is a great chance for me to do my internship in one of its concern organization Zyta Aparrel. This is a large factory with all the facilities to composite yarn. Here the production process runs from making yarn to fabric and from fabric to finished garment. In this age, Bangladesh is flourished with RMG sector where this division has its immense contribution. As a large jeans manufacturing company it has large numbers of employees and the profits are increasing day by day.

In the whole procedure of exporting jeans clothes to the retailer of abroad and to communicate with them, employees have a great influence and responsibilities. When the order is taken from buyer the duty comes to the workers and before going production they do almost everything to make the business smooth. So, the work starts with the order taking and making business relationship. Then sample making, planning, booking of every single material for samples and getting approval are all the key responsibilities of the employees. In case of production, sample goes in bulk so, the responsibilities become huge and it comes to the relation with operation also.

More over Bangladesh is full with new styles and different designs which push merchandisers to face huge stress and deal with lots of challenges. Here, these all procedures are tried to be written as the team tried their best to help in preparing this report.

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Chapter 1

Introduction

1.0 Introduction: The garment industry has played a pioneering role in the development of industrial sector of Bangladesh. Though it took a rather late start i.e., in 1976 but it soon established its reputation in the world market within a short span of time. Resultantly garment is now one of the main export items of the country. Besides, enriching the country's economy it has played a very important role in alleviating unemployment. At present there are more than two thousand one hundred garment factories in the country employing more than 12 lack labors

For Bangladesh, the readymade garment export industry has been the proverbial goose that lays the golden eggs for over fifteen years now. The sector now dominates the modern economy in export earnings, secondary impact and employment generated. The events in 1998 serve to highlight the vulnerability of this industry to both internal and external shocks on the demand and supply side. Given the dominance of the sector in the overall modern economy of Bangladesh, this vulnerability should be a matter of some concern to the policymakers in Bangladesh. Although in gross terms the sector's contributions to the country's export earnings is around 74 percent, in net terms the share would be much less partially because the backward linkages in textile have been slow to develop. The dependence on a single sector, no matter how resilient or sturdy that sector is, is a matter of policy concern. We believe the policymakers in Bangladesh should work to reduce this dependence by moving quickly to develop the other export industries using the lessons learned from the success of apparel exports. Support for the apparel sector should not be reduced. In fact, another way to reduce the vulnerability is to diversify the product and the market mix. It is heartening to observe that the knit products are rapidly gaining share in overall garment exports as these products are sold in quota-free markets and reflect the strength of Bangladeshi producers in the fully competitive global apparel markets.

Preliminary data and informal evidence indicate that this sector seems to have weathered the devastating floods relatively well. The industry is one hundred percent export-oriented and therefore insulated from domestic demand shocks; however, it remains vulnerable to domestic supply shocks and the smooth functioning of the banking, transportation and other forward and backward linkage sectors of the economy. The Dhaka-Chittagong road remains the main transportation link connecting the production units, mostly situated in and around Dhaka and the port in Chittagong, where the raw material and the finished products are shipped in and out. Despite increased dependence on air transportation, trucks remain the main vehicles for transporting raw materials and finished products for Bangladesh garment exports. The floods disrupted the normal flow of traffic on this road.

Eventually, this road link was completely severed for several days when large sections of the road went under water for a few weeks during the latter phase of the floods. This delinking of the road connection between Dhaka and the port in Chittagong was as serious a threat as one can imagine for the garment exporters. The industry responded by calling upon the Bangladesh navy to help with trawlers and renting a plane from Thai Air that was used to directly fly garment consignments from the Dhaka airport to the Chittagong airport several times a day.

RMG business started in the late 70s as a negligible non-traditional sector with a narrow export base and by the year 1983 it emerged as a promising export earning sector; presently it contributes around 75 percent of the total export earnings. Over the past one and half decade, RMG export earnings have increased by more than 8 times with an exceptional growth rate of 16.5 percent per annum. In FY06, earnings reached about 8 billion USD, which was only less than a billion USD in FY91. Excepting FY02, the industry registered significant positive growth throughout this period

In terms of GDP, RMG's contribution is highly remarkable; it reaches 13 percent of GDP which was only about 3 percent in FY91. This is a clear indication of the industry's contribution to the overall economy. It also plays a pivotal role to promote the development of other key sectors of the economy like banking, insurance, shipping, hotel, tourism, road transportation, railway container services, etc. A 1999 study found the industry supporting approximately USD 2.0 billion worth of economic activities (Bhattacharya and Rahman), when the value of exports stood at a little over USD 4.0 billion. One of the key advantages of the RMG industry is its cheap labor force, which provides a competitive edge over its competitors. The sector has created jobs for about two million people of which 70 percent are women who mostly come from rural areas. The sector opened up employment opportunities for many more individuals through direct and indirect economic activities, which eventually helps the country's social development, woman empowerment and poverty alleviation

History In 1888, New York state factory inspectors provided the following description of sweat-shops: "In New York city, in the tenement house districts where clothing is manufactured, there exists a system of labor which is nearly akin to slavery as it is possible to get. The work is done under the eyes of task-masters, who rent a small room or two in the rear part of an upper floor of a high building, put in a few sewing machines, a stove suitable for heating irons, and then hire a number of men and women to work for them." Explicit in the inspectors' definition of a sweatshop is the exploitation of garment workers by contractors, who forced their workers to labor for long hours only to be paid insufficient wages. In

addition to physically sweating as a result of their toil, workers were also “sweated” in the same manner an animal would be milked or bled.

By the 1880s, for the most part, seamstresses no longer negotiated work on an individual basis but were subsumed into a system of contracting. Contractors received components of garments that they in turn assembled according to designs. These finished products were returned to the manufacturers and marketed under the company’s label. As a result, manufacturers distanced themselves from the hiring and equipping of a labor force, which became the responsibility of the contractor. Manufacturers paid a set price for each finished garment they received from the contractor, which was considerably lower than they would then charge retail. Consequently, contractors, in order to make any profit, forced longer hours and lower wages on their workers.

Contractors, more often than not, exploited fellow immigrants from Eastern and Southern Europe by using social networks and common dialects to hire their labor force. In many instances, a sweatshop would be staffed by workers who all came to America from the same hometown in Europe. The exploitation of the contractor, in his own mind, was justified by the fact that he himself felt exploited by the manufacturers. Furthermore, many new immigrants were willing to take any job offered to them at all, particularly during the economic hardships of the 1890s (See Depression of 1893). The line that contractors straddled between being helpful employers and ruthless exploiter to their fellow countrymen was indeed thin, and varied from shop to shop.

Because the equipment necessary for making garments was not cumbersome, most contractors based their sweatshops out of the tenement apartments in which they lived with their family. Within the Lower East Side, there was no pattern as to where one would find a garment sweatshop. Research shows that in one year shops were in existence in tenements along Delancey, Sheriff, Division, Hester, Essex, Ridge, Cherry, Ludlow, Monroe, Mulberry, Mott, Baxter, Pitt, Rivington, Suffolk, Norfolk, Canal, Henry, Cannon, Stanton, East Houston, Attorney, Allen, Eldridge, Bayard, Chrystie, Orchard (No. 180, in addition to 97), Willett, Jefferson, Columbia, Clinton and Madison streets. The shop was run as a family affair. The wife of the contractor would help out by cooking meals (for which the workers had to pay) and attending to other tasks. Everything in the shop served both a domestic and business purpose. Stoves used to heat irons were also used to cook meals. The average sweatshop employed anywhere from four to 30 employees.

In 1904, the opening of the New York City subway system and other transportation networks allowed the garment industry to move uptown, and to consolidate workers in more factories.

Although sweatshops in tenements remained, factories, such as the infamous Triangle Shirtwaist Factory (see Triangle Shirtwaist Factory Fire) provided more consistent employment.

The Evolution of a Garment How the Sweatshop System Worked, although certain retailers employed “inside” shops, which eliminated contractors and paid sewing machine operators and other workers at a piece-rate to work directly for them, most retailers relied on the system of using “outside” shops organized by contractors.

Typically, a designer, either independent or working for a retailer, would design a garment based on the latest fashions (particularly within the women’s clothing industry). Cotton, harvested by underpaid sharecroppers (usually freed African-American slaves and poor Southern whites, who lived in a type of veritable slavery where wages and rent were always manipulated to keep them in debt) was shipped to the giant textile mills of New England and the mid-Atlantic. Textile workers, often poor, underpaid immigrants working their own long hours, converted the fiber into fabric.

Retailers purchased the fabric from the mills, and redistributed the material to a cutting contractor, who would be paid a piece-rate to cut the material into the garment design. Upon receiving the cut designs, the retailer would re-contract the material, this time to a sewing contractor (i.e. Harris Levine). Often the system of contracting was highly diversified with each sweatshop performing a specialized task. A single clothing firm might employ as many as 75 different contractors to work on their clothing line.

Roles within the Tenement Sweatshop

- Sewing Machine Operator – Might have experience working as a tailor in Europe, almost always a man. Often the operator was the contractor himself, who employed the workers in the sweatshop.
- Buster – Prepared the garments for the operator by fitting the pieces together.
- Finisher – Responsible for adding the finishing touches to the garment by hand; mostly women in teens and early 20s. Because the finisher was often the only woman in the sweatshop, she might suffer sexual harassment from her male co-workers. As a result, many preferred to work with predominantly women workforces in factories or to get married and leave the shop.
- Presser – Always a male as he had to lift the heavy irons, which weighed up to 20 pounds. Usually an elderly male. First person accounts from workers in the sweatshops cite that many of the pressers were Orthodox Jews. (Most shops would also employ workers at an apprentice status who would perform miscellaneous tasks such as hauling coal, sweeping the shop, and carrying finished goods to the manufacturer).

1.1 objectives

1. To know detailed about garment sectors of Bangladesh
2. To know the compliance of zyta apparel
3. To know the Company's overall aspects inside and outside.
4. To know the Requirements to build a garments factory.
5. To know the overall view of Bangladesh Labor law.
6. To know the judgmental criterion of foreign buyers.
7. To analyze the financial condition of the company.

1.2 Methodology

I have collected information from various possible sources-

- Company's annual book.
- Company's file.
- Audit records.
- Interviewing workers.
- Factory visit.
- Bangladesh and international labor law.

1.3 Limitations

1. Some confidential reports were not available.
2. Some risky labor departments were not allowed to take information.
3. Some financial aspects were not understandable.
4. Time constraints were a great barrier to cover all sources confidently.

1.4 Seasonality in the Garment Industry: Generally the garment industry responded to the seasonality of the fashion industry, in which there was a “high” and a “slack” season. (Researchers for the sourcebook were unable to determine whether the seasons of the garment industry adhered to the actual calendar months, or followed only the trends of supply and demand.) During the high season contractors forced workers to labor for even longer hours than usual, in order to meet the demand that had been created by the issue of the latest fashion. During the slack season, sweatshop workers would find themselves jobless or sitting around idle, unable to earn wages because a lack of pieces that they could complete.

1.5 Contemporary Sweatshops

There is a popular misconception that sweatshops no longer operate in the United States, and exist only as a problem in “developing” nations that lack unions and other fair practice labor laws. This is in fact false. In 2000, it was estimated that there were 93,000 workers in the New York City garment industry. Of the shops that employed these workers, approximately 60% (7,000-7,500 shops) could be deemed sweatshops in the sense that their operators abused and disregarded laws designed to ensure that workers were treated decently.

Even as the 21st century begins, the Lower East Side and adjoining Chinatown remain intricately tied to the garment industry. Along with the Sunset Park area of Brooklyn, many garment shops in Chinatown still work on the system of contracting. Presently, Chinese workers constitute the largest portion of immigrants working in both legal and illegal garment shops, although they are joined by other recent immigrants from the Dominican Republic, Puerto Rico, Vietnam and myriad other nations.

Many of the same issues persist. Contractors continue to be recent immigrants themselves and seem to “aid” fellow immigrants by providing a job where they need not speak English, can bring their children to the factory (often to work in violation of child labor laws), and receive payments in cash so as to avoid taxation and possible detection by the Immigration and Naturalization Service (INS). Like their historical counterparts, the contractors still sweat their workers as well. The continued use of the piece-rate system, where workers are paid for each garment produced rather than at a standard hourly rate, ensures that garment workers in sweatshops earn well under the federally mandated minimum wage rate. Chinese sewing machine operators working in Chinatown and Sunset Park often work anywhere from 60 to 100 (!) hours a week, despite earning only \$150 to \$400 per week. Furthermore, workers’ wages are often withheld for weeks at a time or altogether, if the contractor decides to abandon his shop and move elsewhere.

The influx of numerous illegal immigrants along with immigrants, who came to the United States through legal means, further complicates the situation. Illegal immigrants, who are often coerced into paying for their journey on credit, work long hours for clandestine operations. They are worked even more harshly as bosses realize they are unlikely to form unions or level any type of complaints, since many possess deeply rooted fears of attracting the attention of the INS. Consequently, legal immigrants are forced to compete and match the output of illegal immigrants in order to stay employed.

1.6 History: The history of the Readymade Garments Sector in Bangladesh is a fairly recent one. Nonetheless it is a rich and varied tale. The recent struggle to realize Workers' Rights adds an important episode to the story. Below, we present a detailed narration of the evolution of the RMG sector from its humble origins to the present day.

The shift from a rural, agrarian economy to an urban, industrial economy is integral to the process of economic development (Kaldor, 1966, 1967). Although policymakers in the least developed countries (LDCs) have, at various times, attempted to make agriculture the primary engine of economic growth and employment generation, this approach has not worked, not least because of the contributions of the Green Revolution, which has had the dual effect of increasing agricultural productivity in the LDCs and displacing the rural labour force at the same time. Led by the example of the East Asian economies, most LDCs now accept the need for greater industrialization as the fastest path to economic growth. In particular, countries such as Japan, Taiwan and South Korea have demonstrated that an *export-oriented* industrial strategy can not only raise per capita income and living standards in a relatively short time; it can also play a vital role in modernizing the economy and integrating it with the global economicsystem.

Bangladesh, one of the archetypal LDCs, has also been following the same route for the last 25 years. Once derided as a "basket-case" by Henry Kissinger (*The Economist*, 1996), the country stumbled across an economic opportunity in the late 1970s. New rules had come to govern the international trade in textiles and apparel, allowing low-cost suppliers to gain a foothold in American and European markets. Assisted by foreign partners, and largely unaided by the government, entrepreneurs seized the opportunity and exploited it to the fullest. Over a period of 25 years, the garments export sector has grown into a \$6 billion industry that employs over a million people. In the process, it has boosted the overall economic growth of the country and raised the viability of other export-oriented sectors.

This essay analyzes the processes by which global trading rules came to help out a poor country like Bangladesh. It demonstrates the impact of the rule changes on the garments sector, and the response of the sector to multiple challenges and obstacles. It also discusses what steps Bangladesh should take in order to deal with the full liberalization of the international garments trade, which occurred in January 2005 and which could potentially threaten the country's growth prospects. Finally, it details some of the recent developments that have occurred since liberalization took effect.

1.7 overview of Bangladesh Economy: Bangladesh is a tropical country in South Asia that is situated in the delta of two major rivers that flow down from the Himalayas (the Ganges and the Jamuna). The country's land surface is therefore largely composed of alluvial silt, rendering the soil highly fertile. Historically, this has made Bangladesh an agricultural nation; although agriculture contributes only about a fifth of the national GDP, it employs three-fifths of the labor force (ADB, 2005). Bangladesh has an estimated population of 140 million (*circa* 2005), living in an area of about 55,000 square miles. It thus has the unwanted distinction of being the world's most densely populated country, and this overpopulation is at the root of many of Bangladesh's socioeconomic problems. However, the population is largely homogeneous in terms of ethnicity, language, and religion, and this provides a valuable element of national cohesion. In spite of numerous constraints, the economy has been on a steady growth path for the last 15 years, mainly due to private sector dynamism. The constraints include pervasive political instability and violence, endemic corruption and disregard for the law, frequent natural disasters, inefficient state-owned enterprises that are hotbeds of trade unionism, lack of political will to carry through necessary economic reform, inadequate infrastructure at all levels (power generation, roads and highways, port facilities), etc. Nevertheless, the economy has proved to be resilient. Since 1990, it has grown at an average rate of 5% per year. The Asian Development Bank projects that real GDP growth will increase to 6% in 2006 and 2007 (ADB, 2005). Bangladesh's total GDP stood at \$275 billion in 2004, and per capita GDP was \$2,000 (adjusted for purchasing power). Sectorally, services constitute the largest portion of GDP with 51.7%. Industry accounts for 27.1% and agriculture 21.2%. However, the distribution of the labor force is reversed, with most people still working in agriculture (61%), followed by services (27%) and finally industry (12%). This imbalance between output and employment is indicative of a large amount of "disguised" unemployment and underemployment. Unemployment is estimated to be about 40%. The poverty rate, as of 2004, is about 45%. As shown by the above table, merchandise exports have been growing

strongly in recent years and this trend is set to continue. While imports also exhibit strong growth, it should be noted that the bulk of imports consists of inputs into the production process, e.g. machinery and equipment, fuel and petroleum products, chemicals, iron and steel, cement, fabric and accessories (for garments production), etc. The breakdown of various exports by sector is given in the table overleaf (Bangladesh Bank, 2005). The figures are for the 2003-2004 fiscal year. As can be seen from Table 2, garments and textile items are the dominant export product, accounting for 77% of the country's total export receipts. This is a relatively new phenomenon. For centuries, the chief export of the Bengal economy was jute, a natural fiber which is used in making carpets, sacks and hessian, but whose economic value went into precipitous decline after the advent of plastic bags and synthetic packaging material in the 1960s and 1970s. How the garments sector claimed the position of top export earner in the years since is discussed in

Chapter 2

Zyta Apparels at a glance

2.1 Company Overview at a glance

Basic information of facilities:

Corporate Office Name : **ARMANA GROUP**
Address : House # 26, Road # 71
: Gulshan-2
: Dhaka- 1212
Telephone : 88-02-9898456 Fax : 88-02-9899669
Web : www.armanagroup.com
Year of Establishment : 1999
Year of Operation : 2003

Corporate office contact person (s)

Name : Pavan Kumar Soni
Designation : Chairman
Tel/ Cell No. : 88-02-8825468, 8829646
E-Mail : pavan@armanagroup.com

Name : Zakaria Taher Shuman
Designation : Managing Director
Tel/ Cell No. : 88-02-8825468, 8829646
E-Mail : shuman@armanagroup.com

Name : Chetan Chopra
Designation : Director
Tel/ Cell No. : 88-01711-567099
E-Mail : chetan@armanagroup.com

Name : Syed Asad Ali
Designation : Director
Tel/ Cell No. : 88-01711-567098
E-Mail : asad@armanagroup.com

Name : Biplob Kumar Hazra
Designation : Group Compliance Manager
Tel/ Cell No. : 88-01713-384272
E-Mail : compliance@armanagroup.com

Factory information:

Factory Name : **ZYTA APPARELS LIMITED**
Address : Industrial Plot # 04, Section- 07, Mirpur
Dhaka-1216.
Telephone : 88-02-9014491, 9015232.

Factory contact person (s):

Name : **Rezaul Haque**
Designation : Production Director
Tel/ Cell No. : 88-01713278950
E-Mail : reza@zyta.com

Name : **S. M. Mamunul Haque Jewel**
Designation : General Manager
Tel/ Cell No. : 88-01713-384274
E-Mail : jewel@zyta.com

Name : **Shanaka Muditha Wansa**
Designation : Quality Manager
Tel/ Cell No. : 88-01713-140136
E-Mail : shanaka@zyta.com

Name : **M. A. Kader**
Designation : Manager (Admin-HR &
Compliance)
Tel/ Cell No. : 88-01716-523032
E-Mail : admin@zyta.com

2.2 Factory's Employee Info:

Total Employee	:	1900	Male	:	875	Female	:	1025
Management Employee	:	40	Male	:	37	Female	:	03
General Manager	:	01	Male	:	01	Female	:	-
Production Director	:	01	Male	:	01	Female	:	-
Admin/ Compliance/HR.	:	10	Male	:	08	Female	:	02
Quality Manager	:	01	Male	:	01	Female	:	-
Production General Manager	:	01	Male	:	01	Female	:	-
Accounts	:	02	Male	:	02	Female	:	-
IT Officer	:	02	Male	:	02	Female	:	-
Nurse	:	01	Male	:	-	Female	:	01
Merchandiser	:	01	Male	:	01	Female	:	-
Store Officer/ASST	:	15	Male	:	15	Female	:	-
Production Employee	:	1750	Male	:	750	Female	:	1000
Total Worker	:	1630	Male	:	640	Female	:	990
Total Machine Operator	:	780	Male	:	180	Female	:	600
Total Assistant Cutter man	:	60	Male	:	50	Female	:	10
Total Helper	:	330	Male	:	100	Female	:	230
Total Loader	:	20	Male	:	20	Female	:	-
Total Folder Man	:	35	Male	:	-	Female	:	30
Total Iron Man	:	100	Male	:	100	Female	:	-
Total Packer Man	:	35	Male	:	35	Female	:	-
Total Poly Man	:	10	Male	:	-	Female	:	10
Total Quality Inspector	:	230	Male	:	110	Female	:	120
Inline Q. Inspector	:	180	Male	:	80	Female	:	100
End line Q. Inspector	:	38	Male	:	18	Female	:	20
Final Q. Inspector	:	12	Male	:	8	Female	:	4
Total Production Staff	:	140	Male	:	125	Female	:	25
Total Supervisors	:	60	Male	:	60	Female	:	05
Staff of Sample Section	:	28	Male	:	25	Female	:	05
In-charge	:	30	Male	:	35	Female	:	-
Line Chief	:	12	Male	:	11	Female	:	01
Total Quality Controller	:	45	Male	:	35	Female	:	10
Total A.P.M	:	03	Male	:	03	Female	:	-
Total P.M	:	01	Male	:	01	Female	:	-
Quality Manager (Finishing)	:	01	Male	:	01	Female	:	-
Total P.G.M	:	01	Male	:	01	Female	:	-
Asst. Q. Manager	:	01	Male	:	01	Female	:	-
Total Cutter & Marker Man	:	15	Male	:	20	Female	:	-

Electrician	:	08	Male	:	08	Female	:	-		
Maintenance Mechanic	:	1	Male	:	12	Female	:	-		
Generator Operator	:	01	Male	:	01	Female	:	-		
Boiler Operator	:	01	Male	:	01	Female	:	-		
Compressor Operator	:	01	Male	:	01	Female	:	-		
Non Production Staff										
	:	60	Own	:	60	Contract	:			
			Male	:	20	Female	:	40		
Security Guard	:	20	Own	:	4	Contract	:	16		
			Male	:	16	Female	:	4		
Cleaner	:	30	Own	:	30	Contract	:	0		
			Male	:	0	Female	:	38		
Sweeper	:	5	Own	:	5	Contract	:	0		
			Male	:	0	Female	:	5		
Pion	:	3	Own	:	3	Contract	:	0		
			Male	:	3	Female	:	0		
Driver	:	2	Own	:	2	Contract	:	0		
			Male	:	2	Female	:	0		
Total Production Line										
	:	12								
Total Sewing Line	:	12								
No of operator in 1 line	:	58								
No of machines in 1 line	:	55								
Products	:	Woven (Bottoms)								
Items	:	Kids, Men's, Women's, Girls Denim & Non Denim Pants.								
Production Capacity	:	Daily	:	15,000 Pcs						
		Mont hly	:	3,80,000 Pcs						
		Yearly	:	45, 00, 000 Pcs						
Major Customer/Buyer	:	GAP Inc., NEXT, Li & Fung.								
% of Production Capacity	:	Men(25 %),Women(25%), Boys(25%),Girls(20%),Infants(0%),& Others(5%).								
% of factory capacity for different Buyers	:	GAP (65%), NEXT (30%), Others (05%)								
Yearly Turnover		US \$:	19.5 M	Europe (\$)	:	9 M	Asia (\$)	:	1.5 M
% of Business in USA Market	:	65%								
% of Business in Europe Market	:	30%								

% of Business in Asia Market	:	Nil	
% of Business in other part of World	:	05%	
Machine List	:	1116	
L/C Lead Time & L/C Terms	:	60 – 90 Days.	
Working Schedule-1 st Shift	:	Starting Time	: 08.15 AM
		Break/Lunch Time:	: 01 Hour
		1 st Shift	: 12:45 PM – 01:45 PM
		2 nd Shift	: 1:00 PM – 2:00 PM
		Finishing Time	: 5.00 PM
		Overtime Hours	: 02:00 Hour (Per Day-If Necessary)
In-Out Record Keeping System	:	Automatic Card punching System.	

Description	Departments/Sections
Basement Floor	Electric Substation, Generator & Compressor, Spray Section.
1st Floor	Reception, Conference Rooms, Server Room & IT Section, Office area, GM Rooms, Accounts Section, Medical & Daycare Centre. Handsand.
2nd Floor	Fabric Store, Fabric Inspection Area & Idle Machine Room.
3rd Floor	Accessories Store, Office Room, Bar tack Section, Leftover Goods Room and Wash Garments Checking area.
4th Floor	Finishing Section, Spot Removing Room, Boiler, Finished Goods Store and Inspection Room.
5th Floor	Finishing Section, Admin Room, Spot Removing Room, Boiler, Finished Goods Store and Inspection Room.

6th Floor	Sewing-4 Lines, Needle Issue Zone, P.D Room, Office Room & Maintenance Room.
7th Floor	Sewing-4 Lines, Needle Issue Zone, QM Room, Office Room & Maintenance Room.
8th Floor	Sewing-4 Lines, Needle Issue Zone, Admin Room, PM Room & Maintenance Room.
9th Floor	Cutting Section, Fusing Section, Sample Section and Wastage Godown.
Roof Top	Dining Hall, Canteen & Prayer Room.

2.3 Company's overall aspects inside and outside:

Rules for recruiting Labors: Zyta apparel limited follows the rule of ILO and Bangladesh government to recruit labors and they don't believe in any discrimination-

- They do not hire child labor
- They advertise vacancy in front of the factory main gate, in news paper and also use their internal link to hire labor.
- During the time of first interview, if they pass a medical board is constituted to examine their age and ability to work. If a female is pregnant she gets full priority.
- If the associate division head is satisfied by seeing his/ her work efficiency in that case wage is determined by a discussion and after that the labor is permitted to work in relative floor
- In the next day the labor is asked to get their national ID card, birth certificate, education certificate (If), passport size photo.
- After recruitment ID card, service book etc is provided to the labor on behalf of the company.
- They do not force any labor to work.
- After few days of joining the company gives them following training-
 - The rules and regulation of the company
 - Health rules and security
 - Their right, labor law, leaves system, wage and overtime calculation, self defense procedure.
 - Training is given for the fire extinguishing system and emergency situation.
- According to the amendment of **Labor Law Act 2013** Labor minimum wage should be at least 5300/- and Zyta apparel provides 5500/-

Workers are classified into six categories:

- Apprentice: A worker who is employed in an establishment as a trainee and during the period of training he is paid an allowance is called an apprentice.
- Badli: A worker who is employed in an establishment for the period of temporary absence of a permanent or probationer worker.
- Casual: A worker employed on a casual basis.
- Temporary: A temporary worker in an establishment for work that is basically temporary in nature and is likely to be finished within a limited period.

- Probationer: A worker provisionally employed in any establishment to fill up a post of permanent vacancy and his probationer period has not to be completed.
 - Permanent: A worker employed with a view to fill up a permanent post or if he completes satisfactorily his probation period in the establishment.
- ✓ Appointment letters, ID cards and service books are made mandatory. The law specifies what information should be included in the appointment letter and in the service book, and requires the latter to be signed by both the employer and the worker.
 - ✓ The law defines who is responsible for payment of wages: employer/owner; chief executive officer (CEO); manager/person assigned responsible by the company; and the contractor, in case of worker appointed by the contractor. In case of the failure of the contractor to pay the wages to the worker, the principal owner shall pay the same and subsequently it can be adjusted with the accounts of the contractor.

Rules for Overtime (OT):

- Labors are not bound to do overtime and it depends on them.
- They can reject overtime anytime.
- Along with overtime daily working hour is 10 hours and weekly 60 hours
- Those who are willing to do over time they need to sign a overtime paper
- Overtime amount will be paid at a twice rate than main salary.

The formula of measuring overtime: $\text{salary}/208*2$

26 days excluding 4 weekly holiday*8 hours = $26*8= 208$
 Working hour= 8 hour overtime=2 hour

Advice and objection Procedure: Welfare officer and administrative officer: There is a lady officer who deals with any kind of objection or advice provides by the workers. If there is any written or oral objection she places it to the head of the administration.

Labor committee: A group of labor selects a head along with them by the acceptance of head of administration department. If in the complaint or suggestion box any paper is found it go for the enquiry for 3-5 working days and within 7 days management gives their answer in the notice board. Guilty will get punishment and if the person who made the compliant is found wrong or his/her statement is wrong then according to the company policy he/ she will be punished.

Hotline: Sometimes such problem in working place arises that the worker(s) want to inform it directly to the higher management. In that case company has established a hotline for the worker(s). If any worker feel hesitate to talk personally in that case they use telephone which is available in every floor.

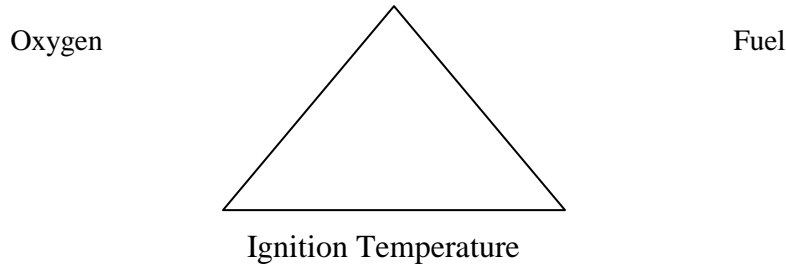
Entrance and exist during shift change (Main gate, enquiry room, checking room and CCTV camera): Zyta apparel has maintained its entrances and exits by strong inspection. It has checking guards for male and female. The entire factory is surrounded by CCTV camera handled by respective security in charge (G4S). Vehicles, bags and baggage under it, visitors go through extensive checking and there are some important guidelines or precautions are written on the board in front of main gate. There is a security guard room beside the main gate in the Factory.

Emergency competency: Now a day's government and foreign buyers are worried about the safety of workers and building itself. Many facilities of the importers country are based on certain code of conducts of the garments. They frequently check those important criteria of a garment.

- Employee know their action during emergency
- They have been given training on emergency situation and management also tests them giving false emergency situation.
- Alarm systems are tested properly and have strong back up
- There is a map of emergency exit doors in every floor
- There are some useful mobile phone/ TNT numbers in order to communicate with appropriate emergency control room.

Emergency Exist: Emergency exit door is one of the important safety issues. An emergency exit in a structure is a special exit for emergencies such as a fire: the combined use of regular and special exits allows for faster evacuation, while it also provides an alternative if the route to the regular exit is blocked by fire, etc.

Fire protection system: Fire Triangle - The starting of a fire involves three elements - fuel, oxygen, and ignition temperatures. These elements may be compared to the three legs of a triangle, for fire cannot occur until all three are brought together.



The following is a common cause of fires in terms of the fire triangle. A cigarette is carelessly discarded and comes to rest on a scrap of paper. The heat of the glowing cigarette is sufficient to cause the fuel - in this case, the paper (with a low ignition temperature) - to give off vapor. Oxygen is present, and when the vapors are given off in sufficient quantity the mixture ignites, the cigarette being hot enough to supply the ignition temperature. Because of the relatively large surface area, the fire spreads rapidly and grows in intensity, building up higher temperatures, causing more and more vapors to be given off. The heat of the flame causes the hot air to rise, drawing in additional oxygen to combine with the vapors and feed the flames.

Classification of Fires

Class A: Ordinary combustible materials such as wood, cloth, paper, and some rubber and plastic materials.	Extinguishers for Class A Fires.- Multipurpose dry chemical Foam extinguishers Loaded stream extinguishers
Class B: Flammable liquids, gases, greases, and some rubber and plastic materials	Extinguishers for Class B Fires.- Multipurpose dry chemical Foam Carbon dioxide (CO2) Dry chemicals
Class C: Live electrical equipment	Extinguishers for Class C Fires.- Multipurpose dry chemical , Carbon dioxide (CO2) Dry chemicals
Class D: Combustible metals such as magnesium, titanium, sodium, potassium, lithium, and zirconium	Extinguishers for Class D Fires.-Extinguishers or extinguishing agents for class D fires shall be types approved for use on the specific combustible metal.

Child care room: There is a child care room as ½ of the women are daily workers in this garment. There are two trained up women who routinely take care of children. During the time of lunch break (1 hour) women bring back their child and after 1 hour they place them in the day care room and time to time check them and feed.

Medical center: Day-care center with required facilities for the working mothers & their children is available in the factory. Their Medical & Healthcare center equipped with 'First Aid' amenities and other equipment to ensure workers' healthcare and hygiene.

Boiler Room: Boiler is an important utility in factories. It is used to generate steam. The generated steam is distributed through pipes to feed various equipments in the factory. Poorly maintained boilers can be a potential source of serious accidents.

Measures for boiler safety compliance:

- Obtain Boiler license, manual and log
- Obtain a boiler license if the local law requires it.
- Keep manufacturers' safety manual for all equipment accessible and handy.
- Keep and maintain a service log for each boiler.
- Boilers should be serviced by licensed companies/individuals.

Housekeeping

- Ensure good housekeeping of the boiler room.
- Do not allow dumping of waste or unnecessary articles in the boiler room.
- Keep floor drains clean, clear and unclogged.

Safe operation

- Do not leave the boiler operation to a person who is not trained or qualified. The operator should ideally have a formal qualification and training to run a boiler of given capacity.
- Clear direction should be provided for start-up, running and shutdown procedures, and blow down, high and low water conditions, and emergency procedures.
- If a boiler plant is started remotely and/or automatically without warning, workers must be alert to avoid that equipment which can be started remotely.
- The water for the boiler should be treated for hardness before using.
- Each boiler should have a temperature gauge.
- Ensure easy access to ladders, runways and controls.
- Ensure sound boiler piping support, foundation and settings for all equipment.
- Piping systems including flow direction should be properly marked. Post piping diagram at the location.

- A fire boiler utilizes flammable and potentially explosive fuel. Fuel-piping connection should be of high quality using the correct gasket, bolts, thread lubricants and tightening torque to prevent leaks.

Maintenance and risk prevention

- Implement an extensive preventive maintenance program.
- Gauge, control equipment pressure relief valves, pumps and valves, water quality and treatment methods, burner and fuel systems must be checked periodically to prevent hazards.
- All pipes and fitting should be well-maintained and in good condition.
- The boiler area has many heated surfaces causing risks of burns and other thermal hazards. Wherever possible, refractory and insulation should be used to reduce surface temperature.
- Protect the water supply to the boiler by installing an approved back-flow stopper.
- Promptly repair leaking steam, water, fuel and other boiler connections.
- Periodically clean and inspect exhaust venting, breeching and chimney to remove combustion gases.
- Conduct periodic boiler water analysis and chemical treatment to prevent corrosion, pitting and scale.
- Safety or relief valves should be tested by lifting the test lever at least once a year.
- High voltages exist in control panels and control components. Power must be shut off before these components are serviced.
- The boiler plant should have a documented lockout and tag-out procedure that is strictly enforced.

Workers training and PPE

- Workers must be trained in safe operation of the boiler equipment. The training should be a continuous process to emphasize the importance of safety.
- Wearing loose clothing and jewellery should be avoided in the boiler plant. Appropriate Personal Protective Equipment (PPE), such as respirators, ear plugs, guides, shields, or covers should be fitted in rotating equipment, mechanically automated devices, or electrically and pneumatically operated control components to prevent accidents.

Fire Safety and First aid

- Ensure safe exits in the boiler room.

- Place an adequate number of suitable fire extinguishers in and outside the boiler room.
- Link the boiler room with the fire alarm system of the factory by installing a fire alarm switch/box.
- Place sand buckets near the boiler room to manage any spills.
- Place “No Smoking” signs in the boiler room in the workers’ language as well as in English.
- Place First aid kit just outside the boiler room.

ETP plant: The effluent treatment plant is designed to treat the effluent i.e. Waste water recycling coming from different areas of the plant.

Industrial Waste: Water is one of the most important components used in all type of industry. It is used in many processes of Industry. It may be used for washing, cooling, Heat Exchanging, condensing the steam etc. But Water used in industry is not totally consumed. Hence, almost all industries generate waste water from industries that needs serious action. So, improper discharge of waste water can pollute local Environment. In many manufacturing Industries, by-product can be treated as waste water called “Effluent” should be treated before it release into the environment. Effluent is an outflow of water or gas from a natural body of water, or from a human made structure. Effluent, in engineering, is the stream exiting a chemical reactor. Effluent is defined as Treated or Untreated Waste water that flows out of a treatment plant, sewage, or industrial outlet. So this treatment of waste water i.e. untreated effluent is turned into Treated Effluent with the help of Effluent Treatment Plant (ETP) sometimes it is also called as Sewage treatment Plant (STP). Clean water then is safely discharge into Environment.

2.4 Requirements to build a garments factory:

List of Minimum Requirement to Built a New Garments factory:

- Ø Trade License
- Ø Bank Account
- Ø Company registration by Joint Stock Company
- Ø Company profile
- Ø Project and working capital loan sanction from bank
- Ø Project profile
- Ø TIN & VAT certificate
- Ø Project permission letter from board of investment govt. of Bangladesh
- Ø Factory floor installation
- Ø EPB registration certificate from EPB
- Ø IRC & ERC certificate from CCI
- Ø Fire insurance
- Ø Bond license
- Ø Factory layout plan
- Ø Environment certificate

- Ø Fire certificate
- Ø BGMEA membership certificate
- Ø Labor certificate
- Ø Pass book for EPZ and Chittagong customs
- Ø Chamber of Commerce certificate
- Ø Electricity, gas WASA, boiler connection in the factory building
- Ø Telephone, FAX and computer with internet connection in the factory
- Ø Compliance
- Ø Appointments of worker, staff and executives as per company policy

2.5 Formality to be a member of BGMEA:

First, collect the registration form from BGMEA after depositing Tk.200 to BGMEA account related bank. Then submit to the following documents with completed registration form.

Required documents are as follows:

Trade license

Ø Board of Investment certificate “BOI” (Registration Copy)

Ø Machineries Invoice

Ø Bill of lading (B/L) entry

Ø Import L/C (ILC) copy

Ø Photo draft of all directors

Ø Article of Memorandum

Ø Bank solvency Certificate

Ø Fire Insurance

Ø Factory Layout

Chapter 03
Bangladesh and International Labor law for
Garment Factories

3.1 Labor Right in Bangladesh

According to the latest labor act 'The Labor Act 2006' some important points Bangladesh labor law are described as follows-

- A permanent employee at a company must give his employer 14 days notice if he wishes to quit or one month notice if the employee is paid on a monthly basis. Termination is considered a "discharge" in the case that an employee is fired for reasons of mental or physical incapacity, illness or other reasons not related to misconduct by the employee. An employer must pay compensation when a termination is unrelated to discharge or dismissal, and must give justification when they do terminate on grounds of discharge or dismissal.
- Section 100 makes a provision of 8 working hours a day for an adult worker, but an adult worker may work 10 hours a day provided all the conditions of section 108 have been fulfilled. According to that section the employer is required to pay the worker, overtime, double the rate of his/her usual wages. I.e. basic & dearness allowance, if any. The employer is also required to maintain an overtime registrar as per the law. The new law makes a provision of total 48 (forty eight) working hours for a worker, but it can be extended up to sixty hours, subject to the payment of overtime allowances as per section 108 of the law.
- No child who has not completed fourteen years of age shall be required or allowed to work in any factory. An adolescent who has completed fourteen years of age shall allow working in a factory if s/he is trainee or s/he has certificate of fitness and government permission.
- Employees are allowed to make unions to establish and ensure their rights but the government does not permit any unionization in the EPZ.
- According to the labor Act 2006, every worker must enjoy paid sick leave, casual leave, and festive holyday. Female worker will get paid maternity leave also to a certain limit. This act tells about employee safety, health and resolving any kind of disputes and unfairness also.

Even though these acts are passed by the government but these are not enforced properly in Bangladesh because for whom these laws are created, they are ignorant about it and government also failed to interpret them among the people.

3.2 Overview of Bangladesh Labor Law

Labor law system is more than a century old in Bangladesh. The first labor law was enacted in the Indian sub-continent during the British period, in 1881. Subsequently, the British Government introduced several laws concerning different labor issues, e.g., working hour, employment of children, maternity benefit, trade union activities, wage, etc. The Factories Act (1881), Workmen's Compensation Act (1923), Trade Unions Act (1926), Trade Disputes Act (1929), Payment of Wages Act (1936), Maternity Benefit Act (1939), and the Employment of Children Act (1938) were remarkable labor laws enacted during the British period. After the separation of the Indian sub-continent in 1947, almost all the laws during the pre-Partition period were kept in force with some modifications and amendments, in the form of administrative rules, by the Pakistan Government. After the independence in 1971, the Bangladesh government retained the previous laws through the Bangladesh Laws Order (President's Order No. 48). It also enacted additional laws in response to the changing circumstances and needs of the working class and the country. In 2006, the country adopted the revised Bangladesh Labor Law of 2006 or BLL. The BLL is fairly comprehensive and progressive. The law is a consolidation and updating of the 25 separate acts. The comprehensive nature of the law can immediately be gleaned from its coverage — conditions of service and employment, youth employment, maternity benefit, health and hygiene, safety, welfare, working hours and leave, wages and payment, workers' compensation for injury, trade unions and industrial relations, disputes, labor court, workers' participation in companies profits, regulation of employment and safety of dock workers, provident funds, apprenticeship, penalty and procedure, administration, inspection, etc. The BLL is also considered an advance because it removes certain ambiguities in the old and diverse labor acts and aligns the labor law system with the ILO core conventions. On the removal of ambiguities, the definition of a "worker" is now very specific. Another example: the exclusion under the term "wages" of the following items — expense for housing facilities like

lighting and water supply, employers' contribution to the provident fund, traveling allowances and other sums paid to worker that are needed to cover work-related expenses. The BLL is also an advance because of its wider coverage, for example, workers and staff of hospitals, nursing homes and even non-governmental organizations are now covered by the law. Also, certain welfare and social benefits have been improved or instituted, e.g., death benefit (financial support to family of deceased worker), application of provident fund benefit to all workers in the private sector, expansion of maternity benefit from 12 to 16 weeks, adoption of group insurance for establishments with 200 or more workers, and increased employee compensation for work-related injury, disability and death. On the ILO core conventions, Bangladesh has ratified the following International Labor Conventions (ILCs):

- ILC 29 (Forced Labor),

- ILC 87 (Freedom of Association and Protection of the Right to Organize)

- ILC 98 (Right to Organize and Collective Bargaining)

- ILC 100 (Equal Remuneration)

- ILC 105 (Abolition of Forced Labor)

- ILC 111 (Discrimination in Employment and Occupation), and

- ILC 182 (Elimination of the Worst Forms of Child Labor).

The only core convention not ratified by Bangladesh is ILC 138 (Minimum Age Convention). However, the BLA provides that the minimum age to work is 14 (although a special clause states that children between the ages of 12 and 14 may be employed to do “light work” that does not endanger their health, development and education)

3.3 Salient feature of Bangladesh Labor Law (BLL)

- ✓ Workers are classified into six categories:
 - Apprentice: A worker who is employed in an establishment as a trainee and during the period of training he is paid an allowance is called an apprentice.
 - Badli: A worker who is employed in an establishment for the period of temporary absence of a permanent or probationer worker.
 - Casual: A worker employed on a casual basis.
 - Temporary: A temporary worker in an establishment for work that is basically temporary in nature and is likely to be finished within a limited period.
 - Probationer: A worker provisionally employed in any establishment to fill up a post of permanent vacancy and his probationer period has not to be completed.
 - Permanent: A worker employed with a view to fill up a permanent post or if he completes satisfactorily his probation period in the establishment.
- ✓ Appointment letters, ID cards and service books are made mandatory. The law specifies what information should be included in the appointment letter and in the service book, and requires the latter to be signed by both the employer and the worker.
- ✓ The law defines who is responsible for payment of wages: employer/owner; chief executive officer (CEO); manager/person assigned responsible by the company; and the contractor, in case of worker appointed by the contractor. In case of the failure of the contractor to pay the

wages to the worker, the principal owner shall pay the same and subsequently it can be adjusted with the accounts of the contractor.

- ✓ On job terminations, the employer is required in the case of
- Retrenchment: to give one month's notice and the equivalent 30-day wages or gratuity for every year of service if the worker is employed on continuous service for not less than one year; and
- Discharge: to give financial benefit equivalent to 30-day wages for every completed year of service by an employee found to have physical or mental incapacity.

However, the employer is allowed

- ✓ Termination simplicitor: to terminate services of worker without explaining any reason by giving a written notice of 120 days for permanent workers employed in a monthly basis and 60 days to other workers.
- ✓ Misconduct: to dismiss workers without serving prior notice due to worker's conviction for any criminal offence, or if the worker is proved guilty of misconduct, which may be any of the following: willful insubordination (alone or in combination with others) to any lawful or reasonable order, theft or fraud or dishonesty, taking or giving bribes, habitual absence without leave for more than 10 days, habitual late attendance, habitual breach of any rule or law applicable to the establishment, riotous or disorderly behavior, habitual negligence or neglect of work, frequent repetition of work on which fine can be imposed, resorting to illegal strike or to go slow or instigating others to do so, and falsifying, tampering the official document of the employer.
- ✓ Retirement age for workers employed in any establishment is 57.
- ✓ Work hours are set at eight hours a day, 48 hours a week, with a weekly rest day.

- ✓ Overtime (OT) work is highest of two hours a day. OT pay is twice the hourly remuneration.
- ✓ Workers are entitled to rest and meal in a day as follows: (i) one hour interval for over six hours work a day; (ii) half an hour interval for more than five hour work; and (iii) one hour interval once or half an hour interval twice for more than eight hours work a day.
- ✓ Workers are entitled to holidays, casual leave, festival leave, annual leave and sick leave.
- ✓ Every worker has the right to participate in company's profits/benefits.⁸
- ✓ No young worker is permitted to work in any establishment between the hours of 7 p.m. and 7 am.
- ✓ No children (under 14 years of age) are allowed to work in any occupation or establishment. However, a child who has completed 12 years of age is permitted to do light work not harmful to his health, development and education.
- ✓ A minimum Wage Board' is established to determine the minimum rates of wages in different private sectors, taking into consideration varied criteria: cost of living, standard of living, cost of production, productivity, price of products, business capability, and economic and social conditions of the country.
- ✓ Employers are mandated to observe equal wages for male and female workers for work of equal nature or value.
- ✓ Forced labor is prohibited.

Occupational safety and health

- ✓ Establishments are required to put up for every 150 workers one first aid box and one trained person per first aid box, and an equipped dispensary with a patient-room, doctor and nursing staff.
- ✓ Employers are required to take appropriate measures to protect workers from danger and damage due to fire.

- ✓ Every establishment is required to be kept clean and free from effluvia arising out of any drain, privy or other nuisance.
- ✓ The work room should not be overcrowded and injurious to the health of the workers.
- ✓ Every establishment should provide pure drinking water, sufficient light and air, and separate toilets for its male and female workers.

Welfare and social protection

- ✓ Gratuity is defined under the law as separation payment, at least 30 days, for workers discharged from work and yet have worked not less than 6 months.
- ✓ Factories are required to have an in-house canteen for every 100 workers.
- ✓ Every establishment/employer is required to form a Provident Fund if three-fourths of its workers demand it by written application, and a Workers' Participation Fund and a Workers' Welfare Fund for its workers.
- ✓ Establishments with 200 or more workers should institute a group insurance.
- ✓ Every employer should provide compensation to its workers for work-related injury, disability and death.
- ✓ Various women's issues are also covered: maternity leave of 16 weeks (8 weeks before and 8 weeks after child birth), no gender-segregated wage structure, prohibition of any form of discrimination against women, prohibition of women working between 10:00 p.m. and 6:00 a.m. without consent, prohibition for women handling running or dangerous machines (unless they are sufficiently trained to operate such machinery), prohibition for women working under water or underground.

Labor relations and social dialogue

- ✓ Every worker employed in any establishment has the right to form and join a trade union of their own choice. Trade unions have the right to draw up their own constitution and rules and to elect their representatives. Also, trade unions have the right to form and join in a federation and such unions and federations have the right to affiliate with any international organization and confederation of trade unions.
- ✓ The trade union is allowed to serve as a collective bargaining agent in any establishment.
- ✓ In case of industrial disputes, the two sides can seek resolution through negotiation, followed by conciliation and eventually arbitration if negotiation fails.
- ✓ The collective bargaining agent is entitled to file a notice of strike (or lockout in the case of the employer) with a 15-day cooling-off period.
- ✓ Employers cannot recruit new workers during the period of a strike.
- ✓ Employers are also prohibited in terminating workers in the course of trade union organizing in the work place.

Enforcement

- ✓ Government shall appoint the Director of Labor and “such number” of Additional Director of Labor, Joint Directors of Labor, Deputy Directors of Labor and Assistant Directors of Labor as necessary for monitoring workplace activities.
- ✓ The Government shall appoint a Chief Inspectors and requisite number of Deputy Chief Inspectors, Assistant Chief Inspectors or Inspectors. These officers have the power to enter, inspect and examine any workplace premises and ascertain the observance of labor laws.

- ✓ The Government has the power to establish as many Labor Courts as it considers necessary.

A Labor Court shall consist of a chairman and two members (one representing employers and the other, the workers).

3.4A report on new labor law 2013

Bangladesh government approved the new labor law with considerable amendments to boost worker rights, including the freedom to form trade unions, and improving occupational health and safety condition at the industries. After a factory building collapse in April garment workers protested that sparked debate over labor safety and rights. A long cherished international demand for improved law has been responded by the government and so they apse the new law. The legislation puts in place provisions including a central fund to improve living standards of workers, a requirement for 5 percent of annual profits to be deposited in employee welfare funds and an assurance that union members will not be transferred to another factory of the same owner after labor unrest. Approval of the new law doesn't stop the debate, yet it puts new questions to be solved. As everything it has its **both** heads and tails though all concerned of the industry want it to see it so significant as if it can contribute hard to ease the labor related issues of the country and make the sector a stable one to grow to its potentialities.

The bill was passed keeping the provisions of allowing trade unionism in factories, ensuring safety measures for workers at their workplace, introducing compulsory group insurance and stopping children to be involved in hazardous works. To make the law time-befitting, a total of 87 sections of the 2006 labor law, first of its kind in the country, have been amended.

The parliament on July 15 passed the Bangladesh Labor (Amendment) Bill, 2013 to make the existing law time befitting for workers' welfare. Labor and Employment Minister Raziuddin Ahmed Razu moved the bill which was later passed in voice vote. The bill was passed keeping the provisions of allowing trade unionism in factories, ensuring safety measures for workers at their workplace, introducing compulsory group insurance and stopping children to be involved in hazardous works. To make the law time-befitting, a total of 87 sections of the 2006 labor law, first of its kind in the country, have been amended.

3.5 Labor (as amended) Bill 2013

According to the amendments, employees would no longer need approval from factory owners to form trade unions. With the passage of the bill, workers would just need to apply to the labor directorate for authorization. The amendment also allows trade unions to be formed in the different administrative wings of a factory, something not permitted under the existing law. It also has the provision of paying compensation for the workers in case of their death, termination from services and accidental deaths during duty hours. Government is hoping that it will help in the implementation of better work programmes in the country initiated by the International Labor Organization (ILO) for facilitating better market access for Bangladeshi products and improvement of labor standards. In 2009, the government initiated a process to amend the Bangladesh Labor Act, 2006 following the demands mainly from the labor unions to make it consistent in the line with the ILO Conventions which were ratified by Bangladesh. The 2013 amendment is the continuation of that action.

Chapter -04

Compliance and financial performance

4.1 What makes zyta apparel distinctive than other competitors in compliance

There are some simple but important aspects of a garment company which are crucial and advantageous. To ensure safety and also rules and responsibilities the following things are important. These things make a company punctual in front of a foreign buyer and they also demand so.

<ul style="list-style-type: none">• Whether security guards are showing ID card or not?
<ul style="list-style-type: none">• Whether the security guard is in its position or not?
<ul style="list-style-type: none">• Is there any barrier in the walking path or stair?
<ul style="list-style-type: none">• Is there any clear sign the exit door?
<ul style="list-style-type: none">• Is there any barrier in fire extinguisher role
<ul style="list-style-type: none">• Whether the recharge date of fire extinguisher is ok or not?
<ul style="list-style-type: none">• Whether the fire hose noel is ok or not?
<ul style="list-style-type: none">• Is there any barricade using fire machineries?

<ul style="list-style-type: none"> • Whether the evacuation plant working perfectly or not?
<ul style="list-style-type: none"> • Is there any malfunction in fire alarm switch?
<ul style="list-style-type: none"> • Is enough first aid kit is available for emergency?
<ul style="list-style-type: none"> • Is circuit breaker in electric panel and switch is easily identifiable?
<ul style="list-style-type: none"> • Is the board of electric panel is free of dust?
<ul style="list-style-type: none"> • Electrician who use hand for maintenance for them is Earth continuity conductor (ECC) available?
<ul style="list-style-type: none"> • Is the factory is a free smoking zone?
<ul style="list-style-type: none"> • Is there toilet is hygienic and water is available in the wash room?
<ul style="list-style-type: none"> • Is there enough pure drinkable water?
<ul style="list-style-type: none"> • Whether trained fire fighter is wearing badge or not?
<ul style="list-style-type: none"> • Whether trained medical officer is wearing badge or not?
<ul style="list-style-type: none"> • Whether the higher authority misbehaving with their subordinate

or not?
<ul style="list-style-type: none">• Is there any child involving with the factory?
<ul style="list-style-type: none">• Is there any complaint box near the toilet space?
<ul style="list-style-type: none">• Smoke detector working perfectly or not?
<ul style="list-style-type: none">• Is the cutter man using musk, hand gloves?
<ul style="list-style-type: none">• Is someone working on or under cutting table?
<ul style="list-style-type: none">• Is there any problem in the floor?
<ul style="list-style-type: none">• Is peddle mat attach with sewing machine?
<ul style="list-style-type: none">• Is needle guard available?
<ul style="list-style-type: none">• Is eye guard attaching with button stitch machine?
<ul style="list-style-type: none">• Is eye guard has eyelet whole machine?
<ul style="list-style-type: none">• Is there a rubber mat under the table of ironman?

<ul style="list-style-type: none">• Is floor and surrounding environment is neat and clean?
<ul style="list-style-type: none">• Is spot removing operator using musk, gloves, goggles?
<ul style="list-style-type: none">• Is there any whole in steam pipe?
<ul style="list-style-type: none">• Is generator and broiler operator using ear plug?
<ul style="list-style-type: none">• Is there any risky electricity connection?
<ul style="list-style-type: none">• Are generator, broiler and compressor checking regularly?
<ul style="list-style-type: none">• Is there sufficient security guards?
<ul style="list-style-type: none">• Is there sufficient emergency bulbs?
<ul style="list-style-type: none">• Is smoke detector working properly
<ul style="list-style-type: none">• Is the canteen out of dust and has good quality food?
<ul style="list-style-type: none">• Is there is 25% free space in the roof top?

4.2 Financial statement Analysis

Balance Sheet of zyta apparel

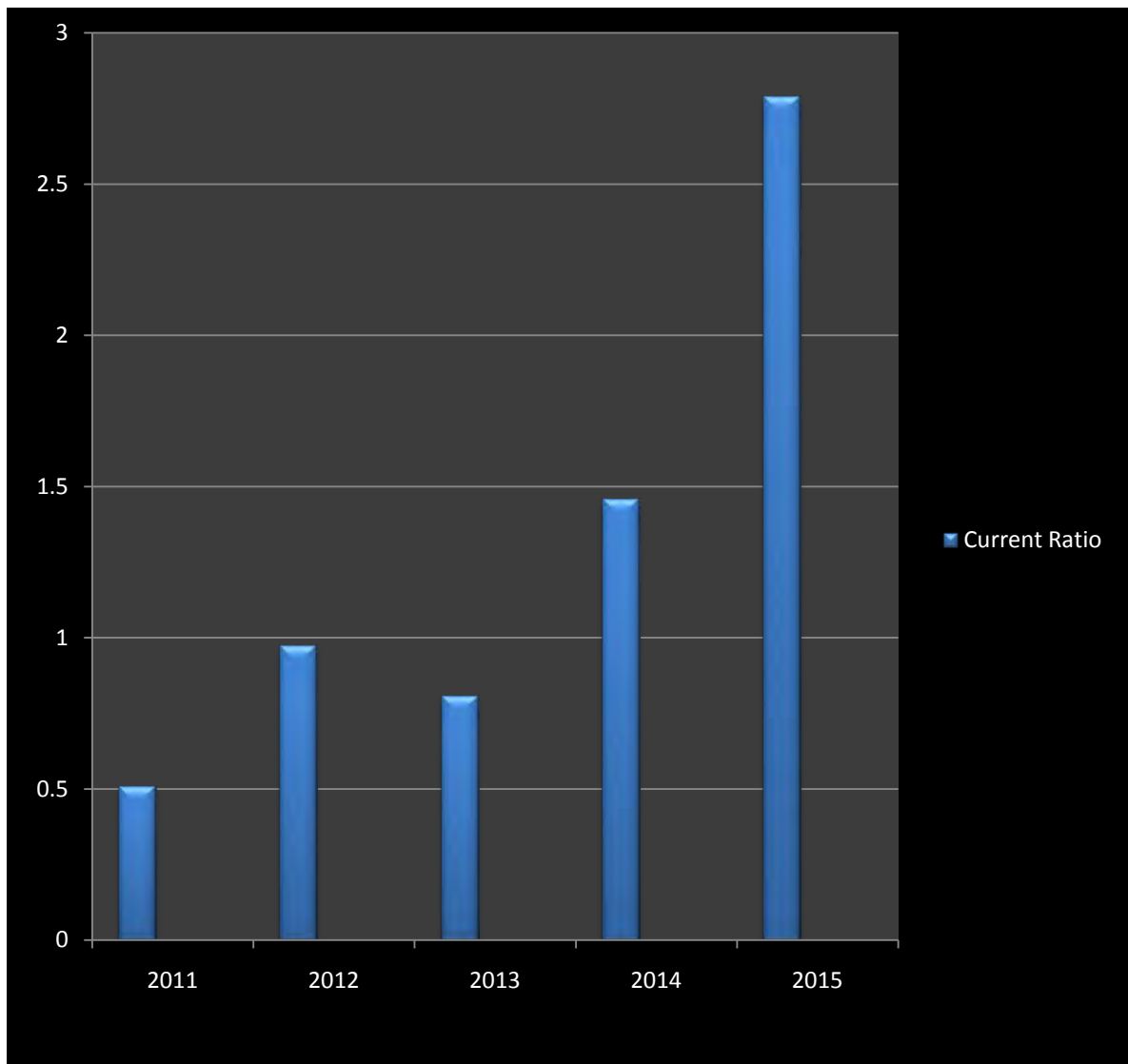
----- in Rs. Cr. -----

	Mar '15	Mar '14	Mar '13	Mar '12	Mar '11
	12mths	12 mths	12 mths	12 mths	12 mths
Sources Of Funds					
Total Share Capital	4.75	4.75	4.75	4.75	4.75
Equity Share Capital	4.75	4.75	4.75	4.75	4.75
Reserves	259.13	169.42	117.61	92.68	68.87
Net worth	263.88	174.17	122.36	97.43	73.62
Secured Loans	140.75	119.43	91.79	88.37	87.96
Total Debt	140.75	119.43	91.79	88.37	87.96
Total Liabilities	404.63	293.60	214.15	185.80	161.58
	Mar '15	Mar '14	Mar '13	Mar '12	Mar '11
	12 months	12 months	12 months	12 months	12 months
Application Of Funds					
Gross Block	259.52	234.57	161.28	159.31	152.40
Less: Accum. Depreciation	71.29	53.36	44.03	36.52	30.08
Net Block	188.23	181.21	117.25	122.79	122.32
Capital Work in Progress	0.29	0.67	2.28	0.35	0.94
Inventories	11.20	10.80	45.86	51.96	56.59
Sundry Debtors	62.66	53.06	50.63	31.83	39.29
Cash and Bank Balance	203.26	103.61	41.18	36.52	6.39
Total Current Assets	277.12	167.47	137.67	120.31	102.27
Loans and Advances	69.64	54.40	37.76	24.00	24.38
Total CA, Loans & Advances	346.76	221.87	175.43	144.31	126.65
Current Liabilities	77.41	76.48	58.79	64.26	75.47
Provisions	53.25	33.67	22.04	17.42	12.87
Total CL & Provisions	130.66	110.15	80.83	81.68	88.34
Net Current Assets	216.10	111.72	94.60	62.63	38.31
Total Assets	404.62	293.60	214.13	185.77	161.57
Contingent Liabilities	18.54	42.67	244.11	28.95	40.23
Book Value (Rs)	55.55	36.67	25.76	20.51	15.50

Ratio Analysis

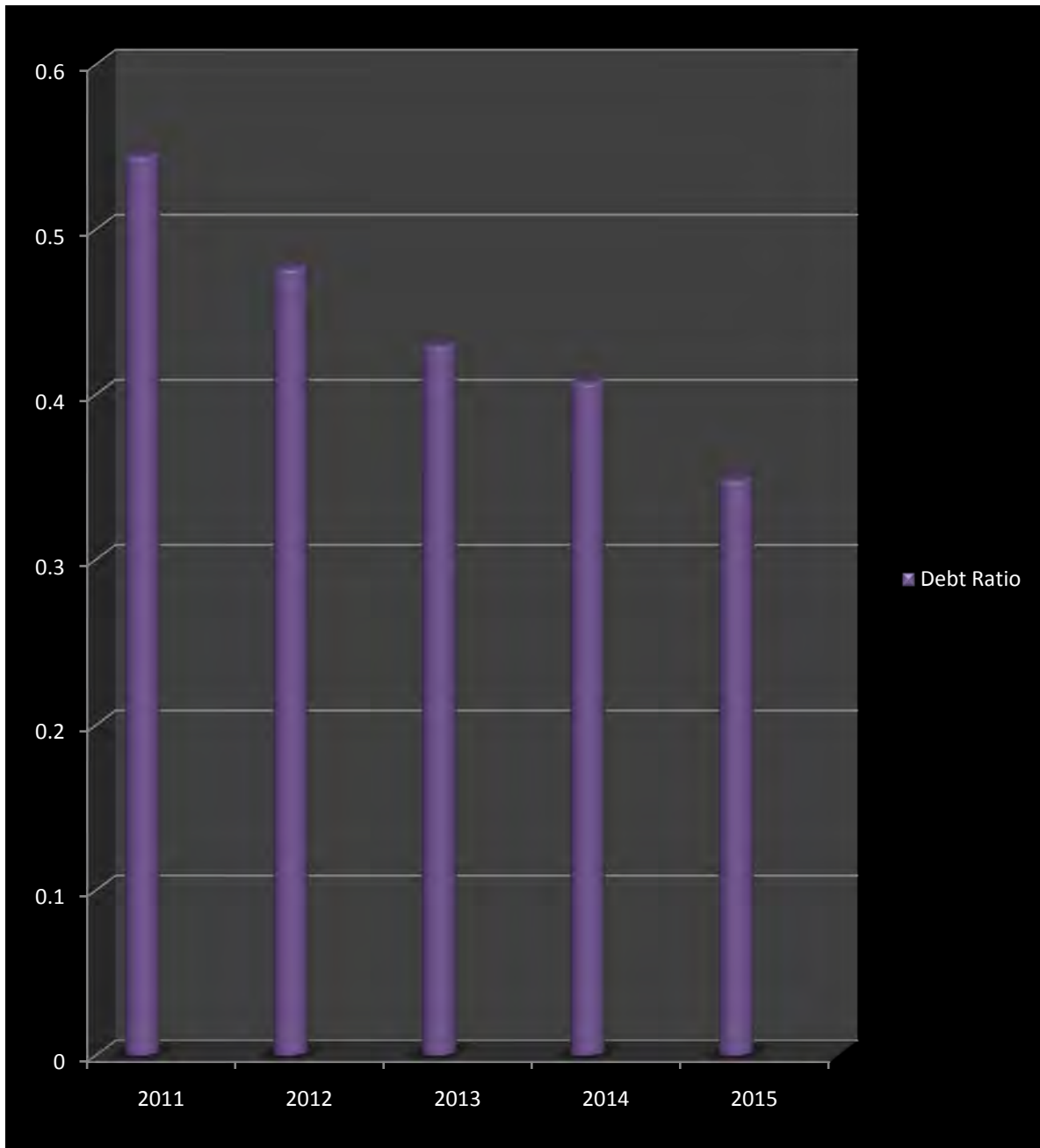
Current ratio = current assets / current liabilities

Year	2011	2012	2013	2014	2015
Current Ratio	.508	0.975	0.807	1.46	2.79



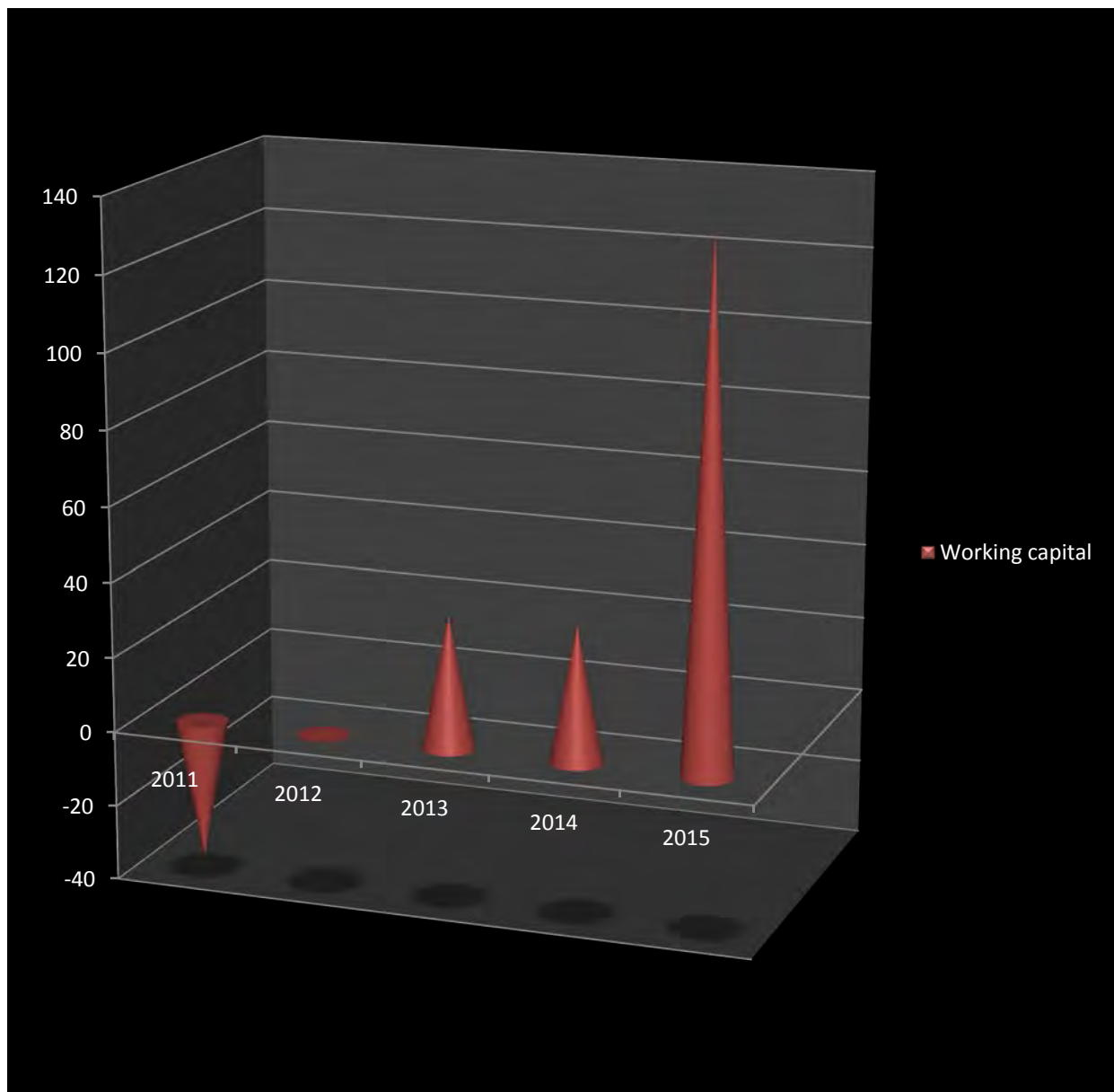
Debt Ratio = Total debt/ Total assets

Year	2011	2012	2013	2014	2011
Debt Ratio	0.544	0.476	0.429	0.407	0.348



Working capital = Current asset-current Liabilities

Year	2011	2012	2013	2014	2015
Working Capital	-37.16	-1.63	35.81	36.24	138.69



There is a strong relationship between compliance and financial performance. The readymade garment (RMG) industry of Bangladesh commenced its journey in the late 1970s and within a short period of time emerged as an important player in the economy in terms of export earnings, employment generation, and poverty alleviation and empowering of women. Bangladesh exports its RMG products mainly to the United States of America (USA) and the European Union (EU). Garments exports from Bangladesh have been growing at an impressive rate in recent years. In 2007-08 alone, the garment export earned a record level of US\$10.7 billion in 2007-08. Moreover, it accounts for over 75 percent of the country's total export earnings, provides employment almost 5 million people, accounts for over 10 percent of the country's GDP, and contributes around 40% of its manufacturing output. The prospects of RMG sector, however, in Bangladesh not only depend on availability of cheap labor and government's liberal policy but also depend on compliance with codes of conduct.

Chapter 5

Recommendation and Conclusion

5.1 Recommendations

1. The company should provide chair with backrest. Fatigue will surely arise during work in a place; to remove such type of tiredness garment factories should make available place with suitable chair which can ensure backrest of the workforce in the right time.
2. To be competitive, they should more comply with international standard code, such as ISO or imported countries standard code.
3. Workers should be properly seated for waist and foot rest and the company should increase their break time more than 1 hour.
4. The company should tape up unused machine and keep it away from the manufacturing plant safely.
5. The company Create constructive pressure to improve workplace environment by complying national and international laws. Not to over or under valued the capabilities of the workers.
6. Illiterate workers should eliminate from the company to ensure the product quality.
7. Men dominate the administrative and management level jobs. Women are discriminated against in terms of access to higher-paid white collar and management positions. So women participation is highly required.
8. Insufficiency of loan in time, uncertainly of electricity, delay in getting materials, lack of communication, problem in taxes etc is visible. If these can be mitigated then progress will be assured.
9. The company should improve its average lead time (60-90) to compete in the international market. In china it is 40-60 days and in India, it is 50-70 days.

5.2 Conclusion

Compliance is all about the quality of products from the factory which must meet the audits and inspections and to give a proper environment for working. The demand for compliance is growing rapidly in today's business scenario as the buyers from the global markets are insisting on ethically manufactured products. As the export of garment products from India has increased, the demand for social compliance has also risen in the Indian garment Industry.

Social compliance

Social compliance refers to how a business treats its employees, the environment and their perspective on social responsibility. It refers to a minimal code of conduct that directs how employees are treated with regards to wages, working hours and work conditions. To ensure that the company meets standards of various environmental laws, it may be necessary to conduct a compliance audit.

Compliance Audit

Audits and assessments provide vital management control for Process Safety Management, Process Security Management, and Risk Management Programs. Audits focus on the policies and procedures to verify compliance with regulatory requirements and industry standards. They help to ensure programs are properly designed and implemented. Further, audits also identify program deficiencies so that recommendations can be developed for corrective action.

Compliance audit in Bangladesh includes an examination of rules, regulations, orders and instructions for their legality, adequacy, transparency and prudence. Auditors gather information through visual observation at the site, document reviews and interviews of staff. This data is then compared to the applicable permits and regulations to evaluate how well the operation is conforming to the applicable legal requirements.

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