

BANGLADESH WAGE LADDERS

The data presented in the wage ladders on pages 2 - 19 represent real wages paid to workers in 18 factories in Bangladesh studied by the FLA between 2015 and 2017. Wage benchmarks, explained below, indicate how real wages compare to external indicators, such as the legal minimum wage, World Bank poverty line, and living wage estimates from unions and civil society. The FLA report “Toward Fair Compensation in Bangladesh,” published in April 2018, discusses in aggregate the data organized by factory on these wage ladders.



SELECTION OF WAGE BENCHMARKS IN BANGLADESH

For Bangladesh, the FLA has selected a range of wage benchmarks that reflect the most recent thinking and methodologies. Where necessary, the FLA has made numerical adjustments to wage benchmarks to make each figure consistent and comparable; adjustments include conversion to net monthly equivalents, adjustment for inflation, and extrapolation of basic needs for households.

The National Upper Poverty Line (Tk 4,986.74) is published by the Bangladesh Bureau of Statistics using a Cost of Basic Needs method to calculate a food poverty line, estimating a non-food poverty line by sampling the expenditures of households near the food poverty line (the National Upper Poverty Line is the sum of the food and non-food poverty line).

The Local Legal Minimum Wage (Tk 5,290). The current legal minimum wage was set in 2013 by the Bangladesh Minimum Wage Board, and applies to seven groups of workers categorized by ‘Grade’ or experience. This report focuses on the lowest minimum wage paid to the least experienced workers (Grade 7 workers) as its Local Legal Minimum Wage Benchmark.

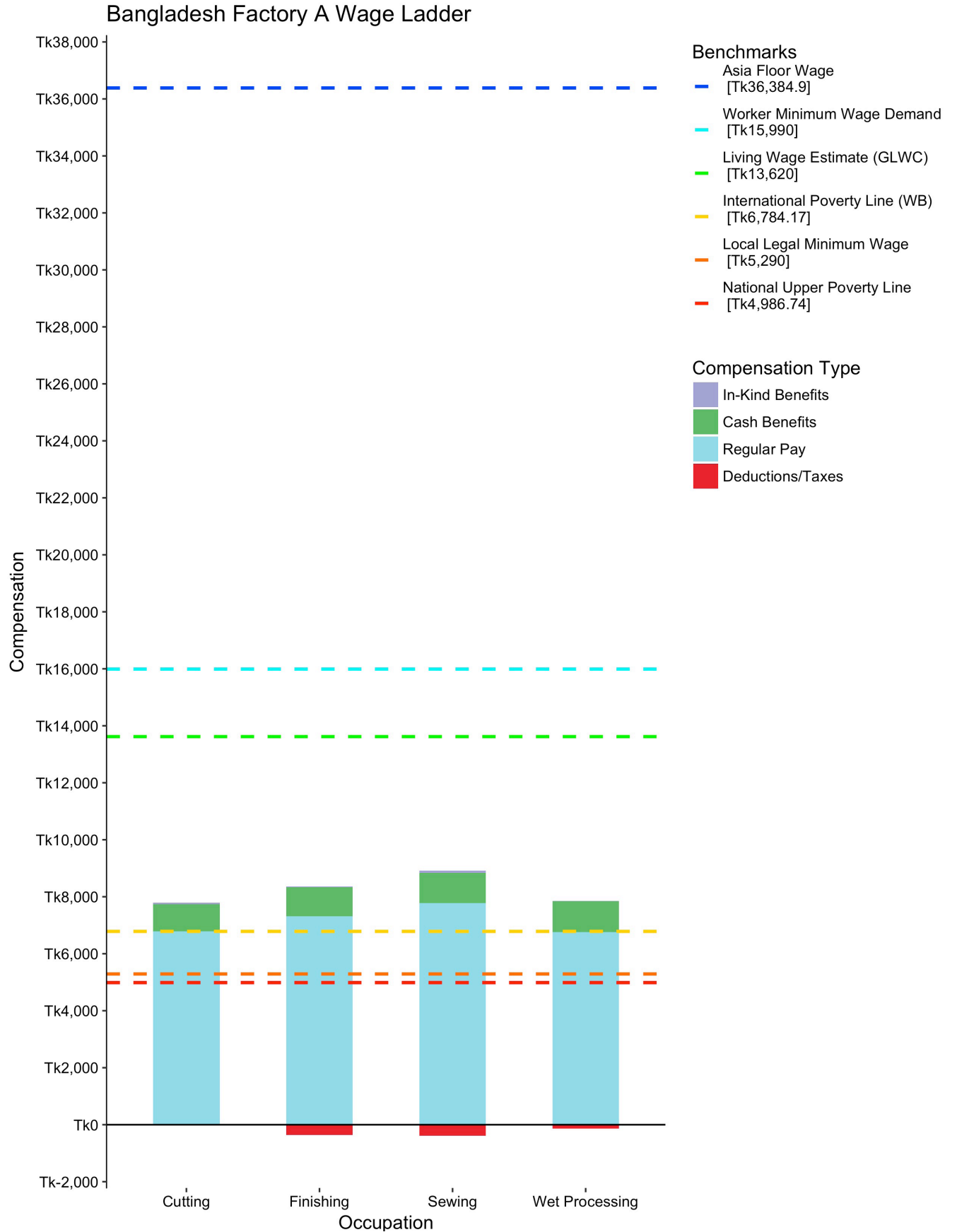
The World Bank International Poverty Line (Tk 6,784.17). The World Bank considers a daily wage of 2011 PPP\$3.10 as an internationally comparable metric for poverty. This figure is not to be confused with the World Bank International Extreme Poverty Line of 2011 PPP\$1.90 a day.

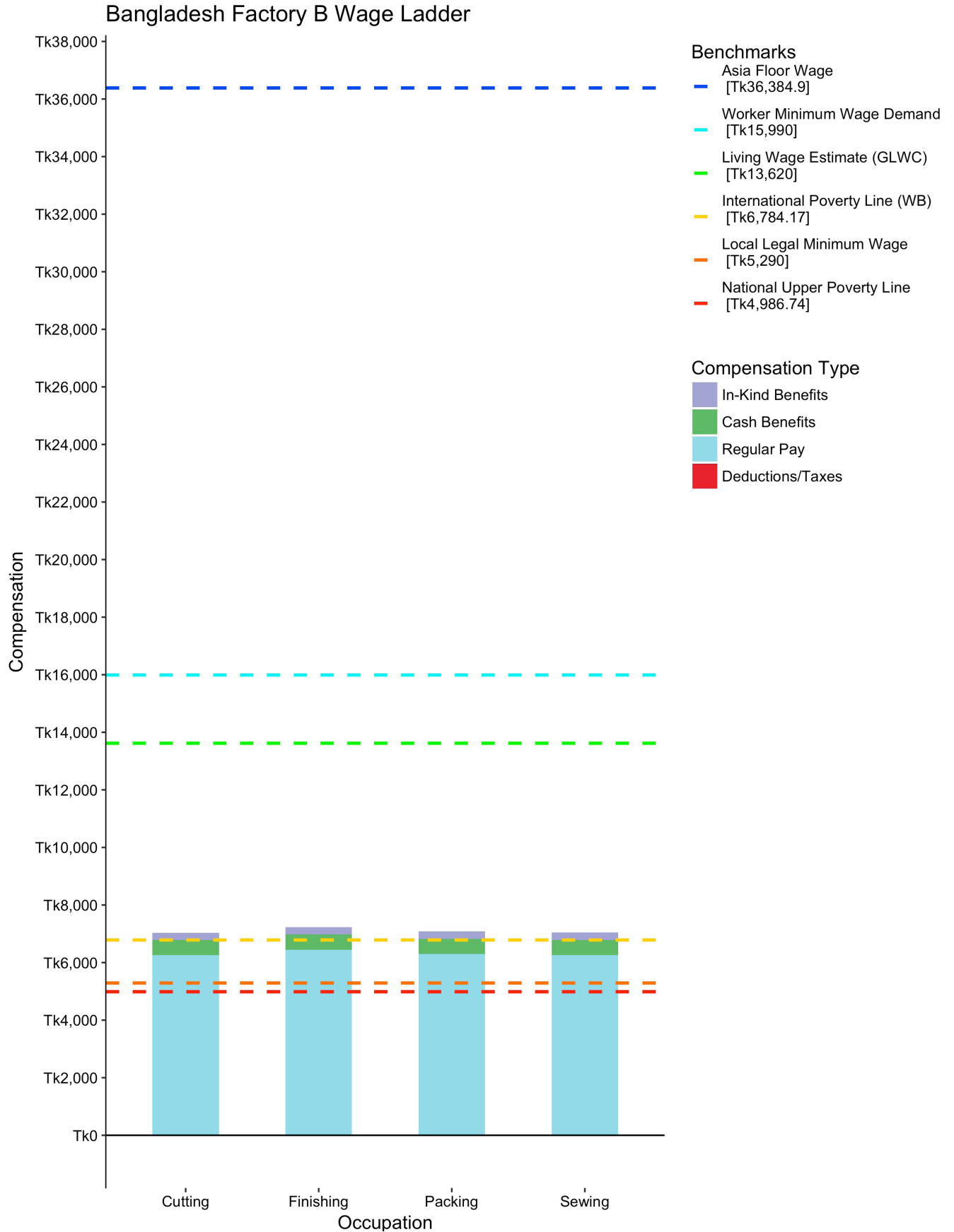
The Global Living Wage Coalition (GLWC) Estimate (Tk 13,620). This living wage estimate is published by the GLWC using the Anker Methodology and is calculated using three expenditure groups (food, housing, and essential needs) with an added small margin for emergency events.

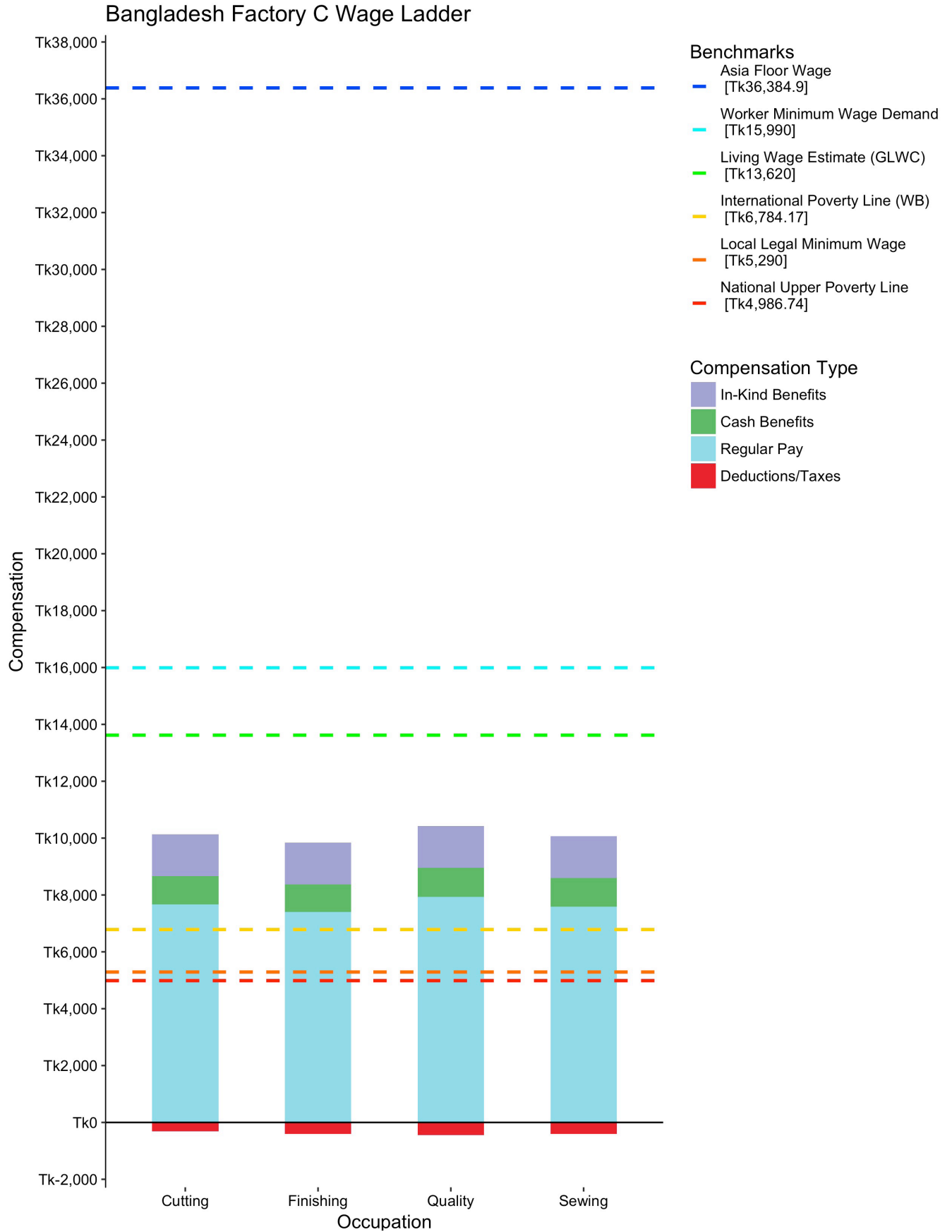
The Worker Minimum Wage Demand (Tk 16,000) was made by 150,000 garment workers during a strike in December of 2016, and is meant for the lowest paid category of workers.

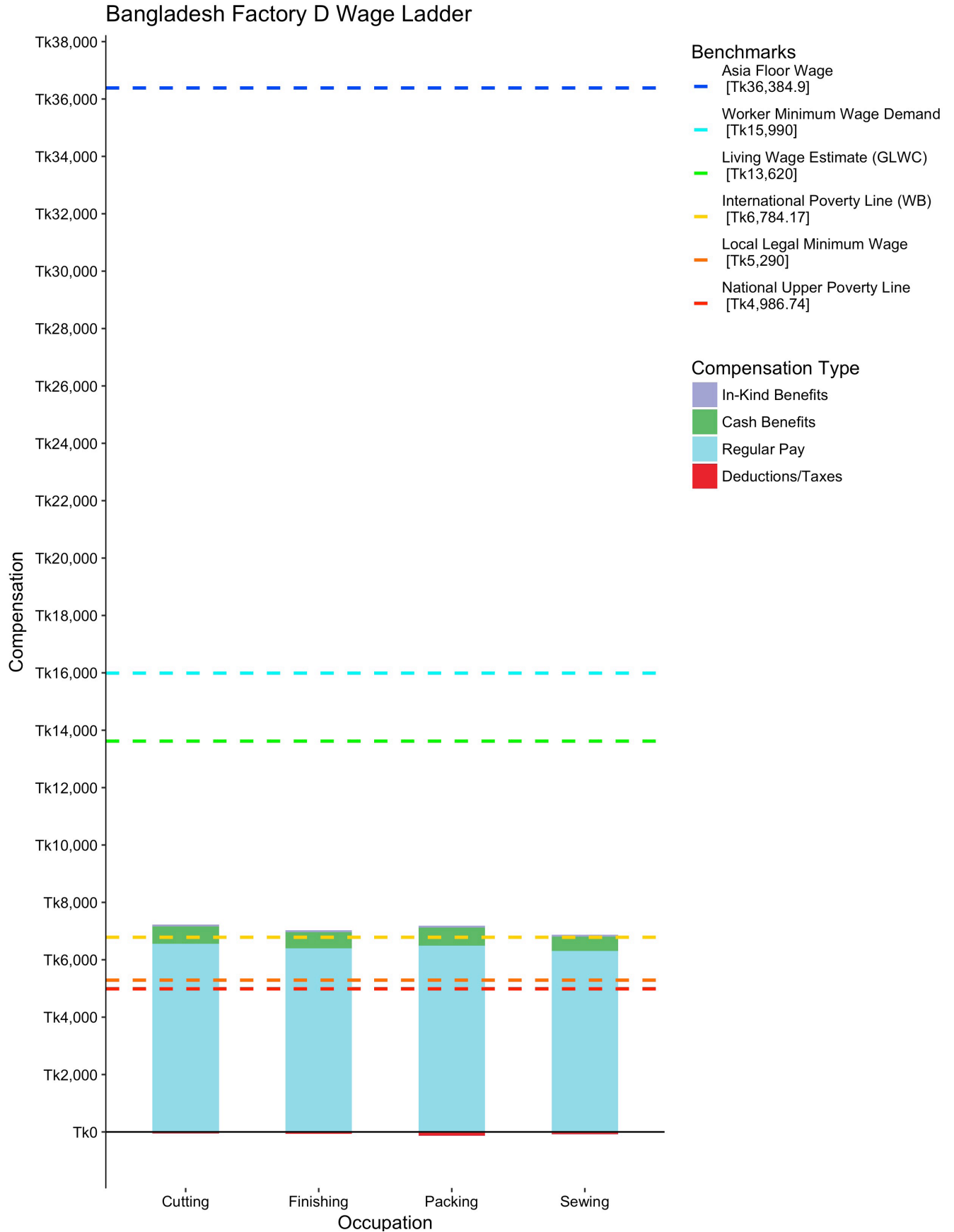
The Asia Floor Wage (Tk 36,384.90) is published by the Asia Floor Wage Alliance and is meant to cover all of Asia. The figure assumes income is spent on food, non-food necessities, and discretionary spending at a proportion of 50, 40, and 10 percent, respectively. Unlike the other wage benchmarks, the Asia Floor Wage is calculated under the assumption that a worker supports herself or himself plus two-adult-equivalent dependents (all other wage benchmarks listed assume only a two-adult-equivalent household).

The FLA has adjusted these wage benchmarks to reflect net values. All wage benchmarks have been adjusted to account for Income Taxes and Bangladeshi Revenue Stamp when applicable. For more information on applicable Income Taxes and the Bangladeshi Revenue Stamp, see page 20. In addition to reflecting net values, all wage benchmarks are adjusted to monthly values, in 2017 Bangladeshi Taka, and converted to USD using 2017 average exchange rates or to PPP international dollars using 2017 average conversion rate. All adjustments for inflation, and Purchasing Power Parity, relied on data from the International Monetary Fund’s World Economic Outlook Database. For more information on the methodology used for adjustments, please see page 20.

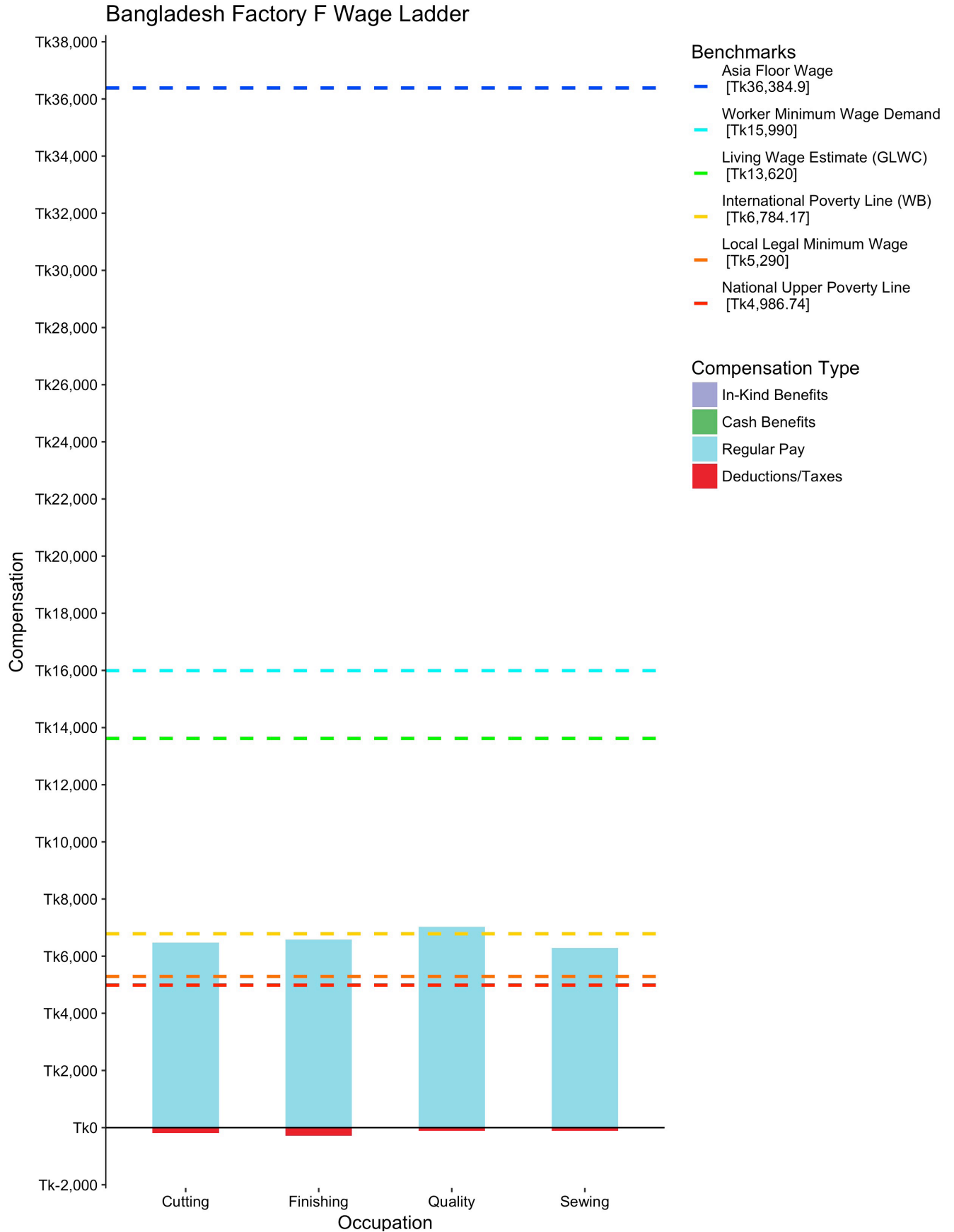


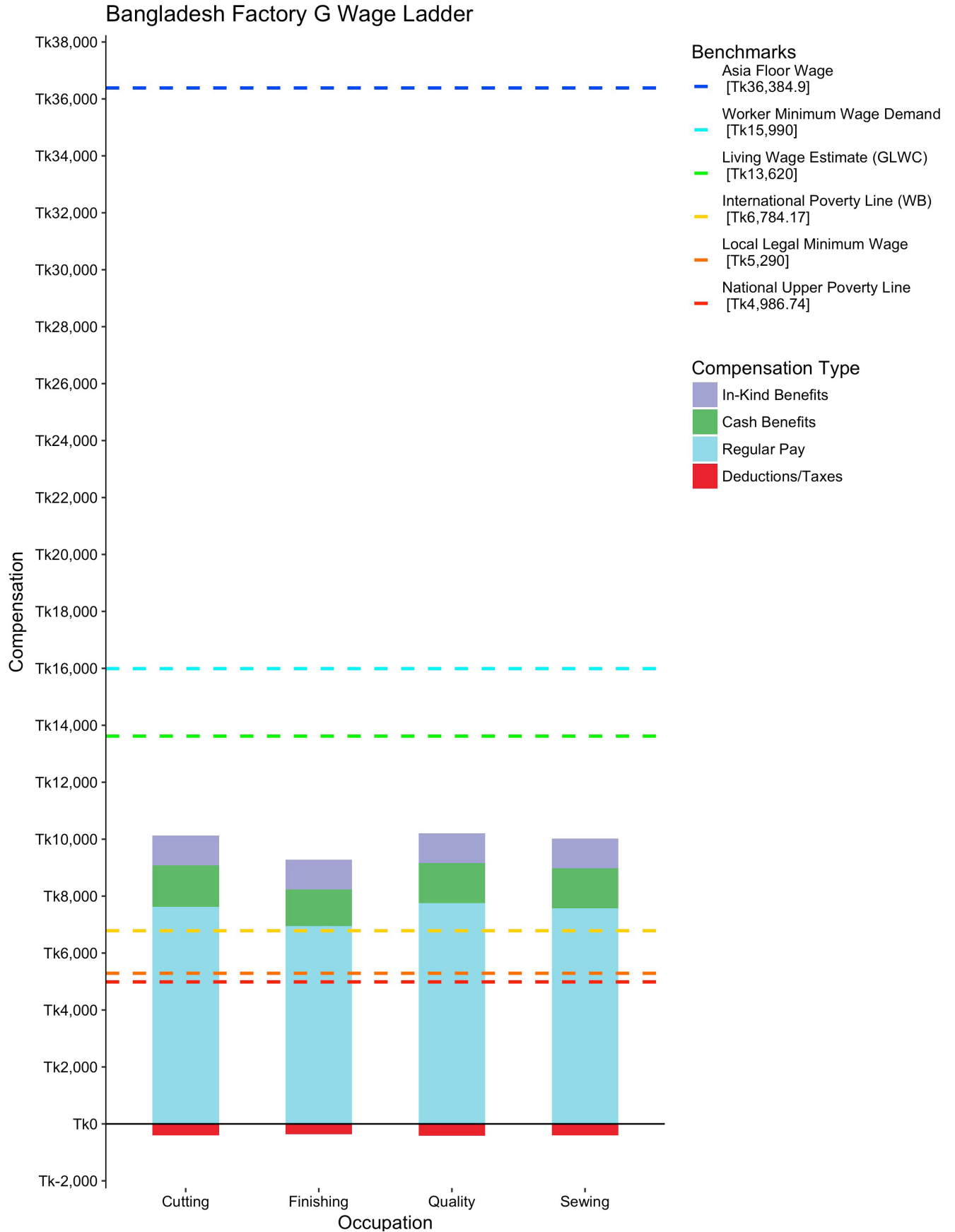


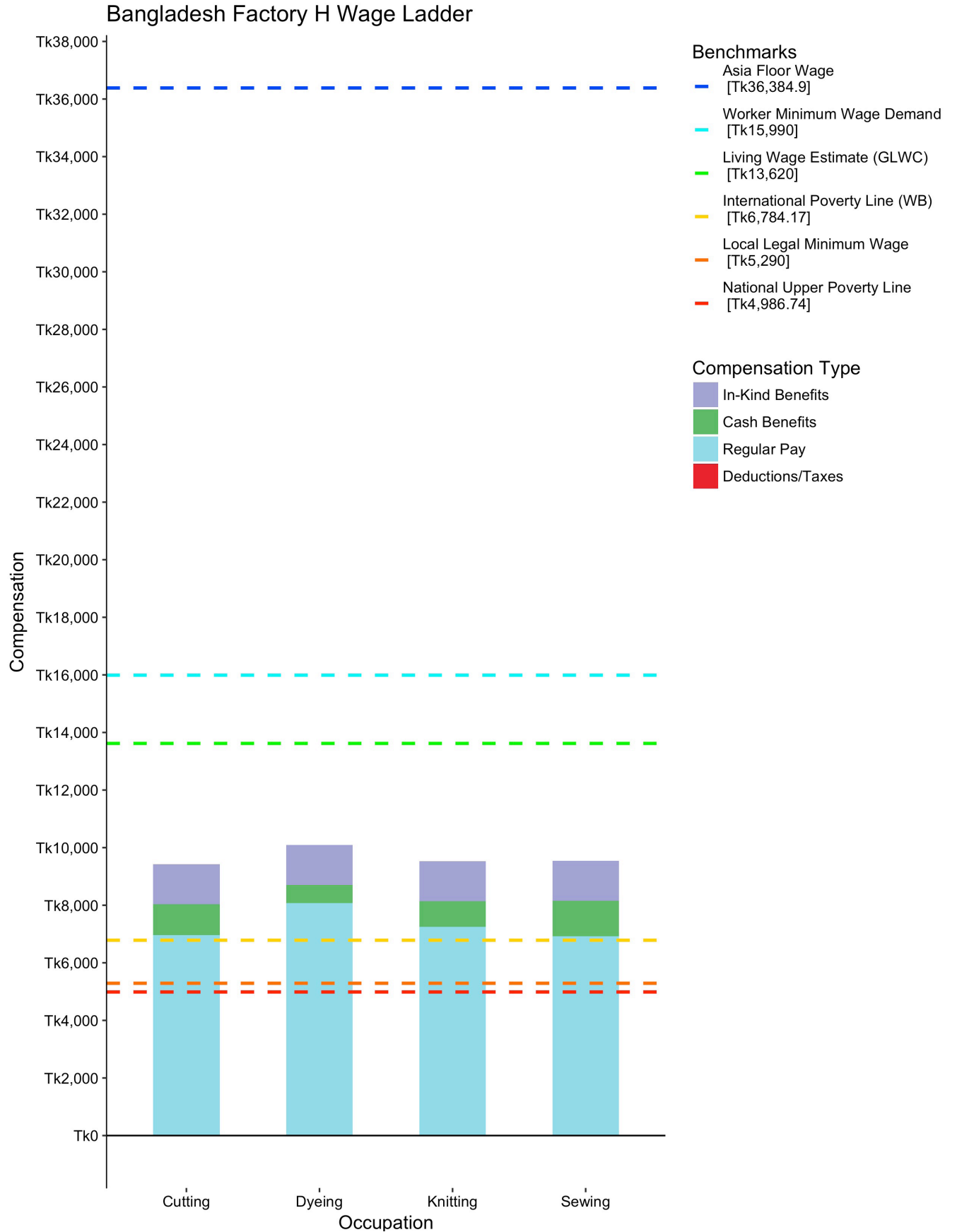


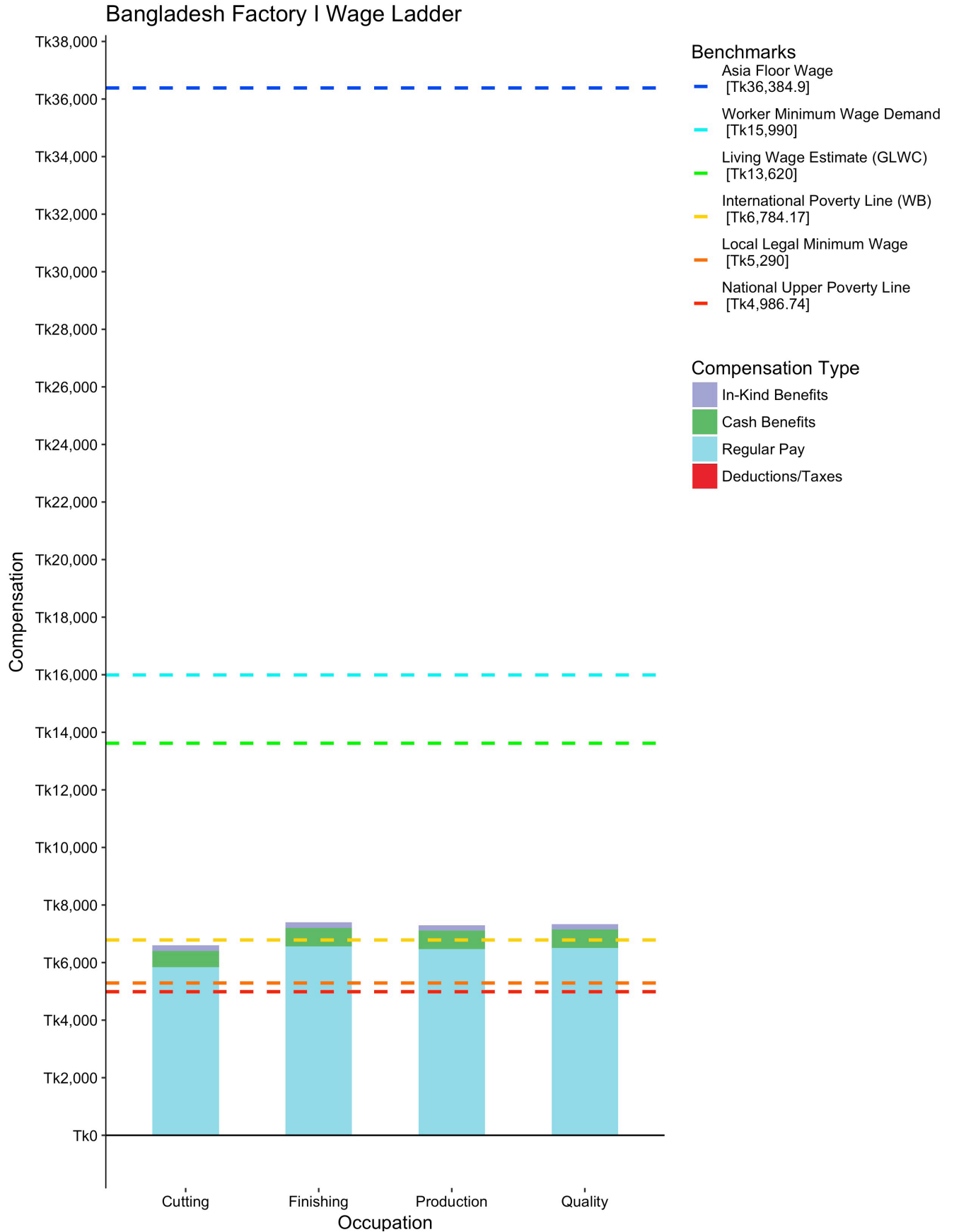


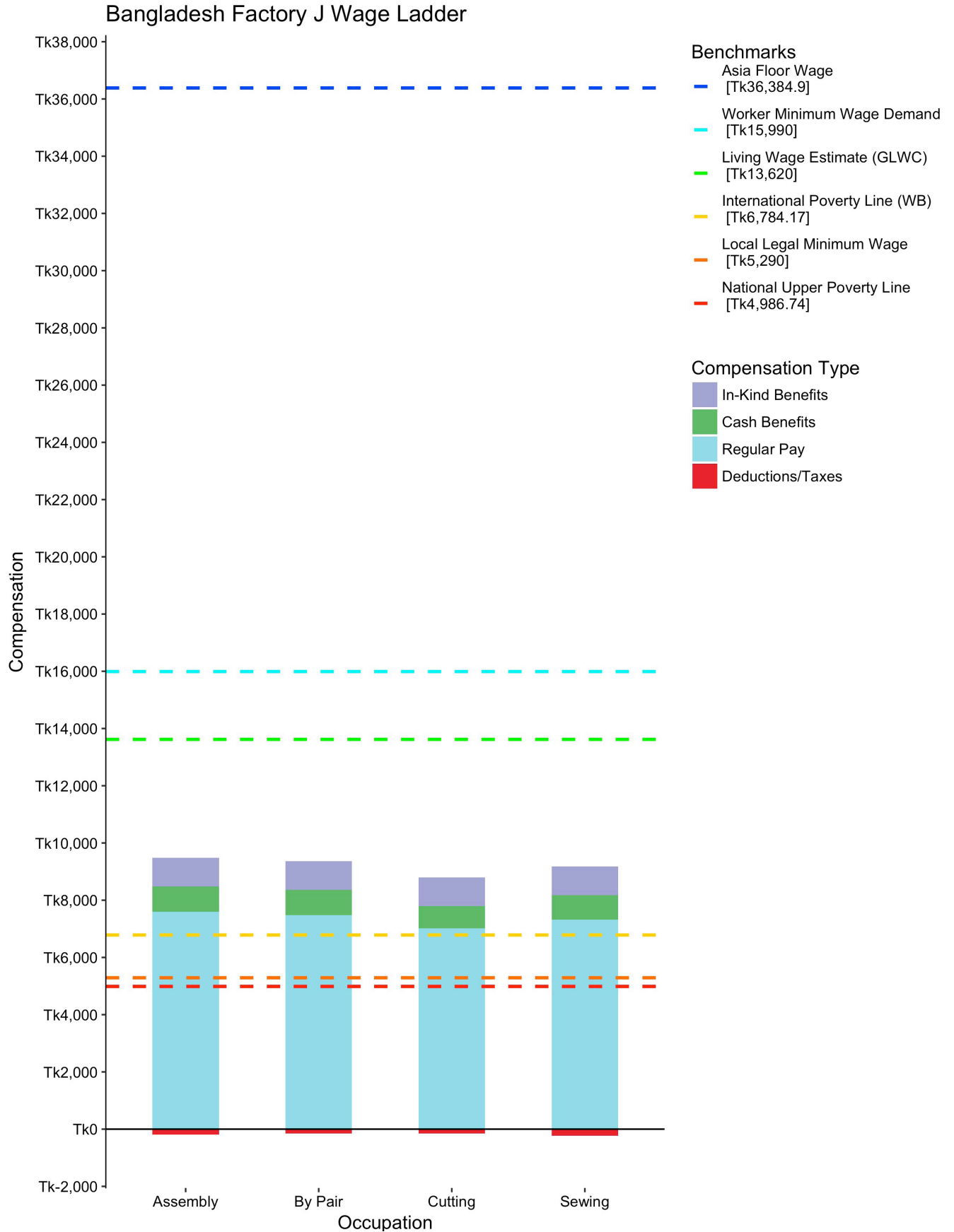


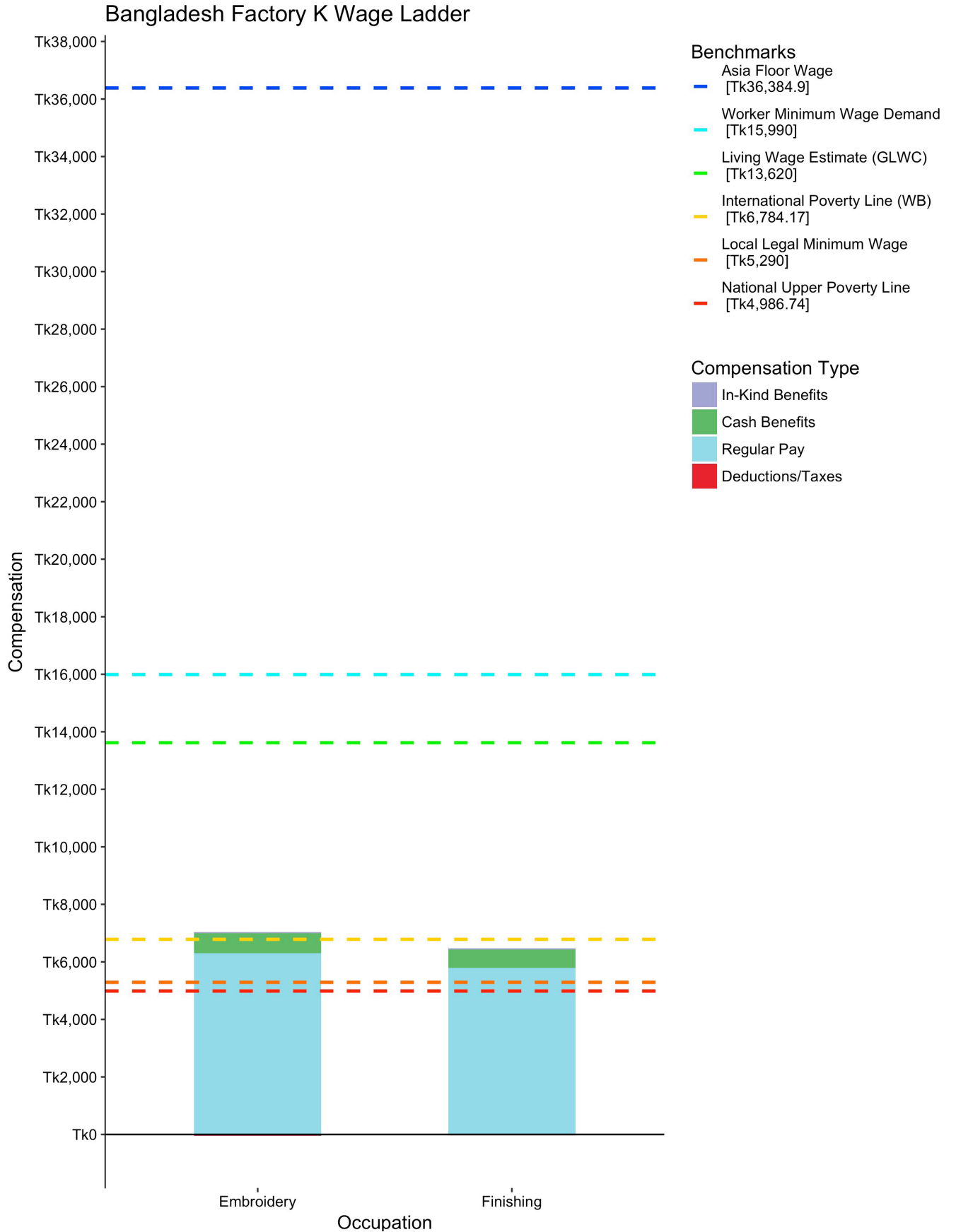


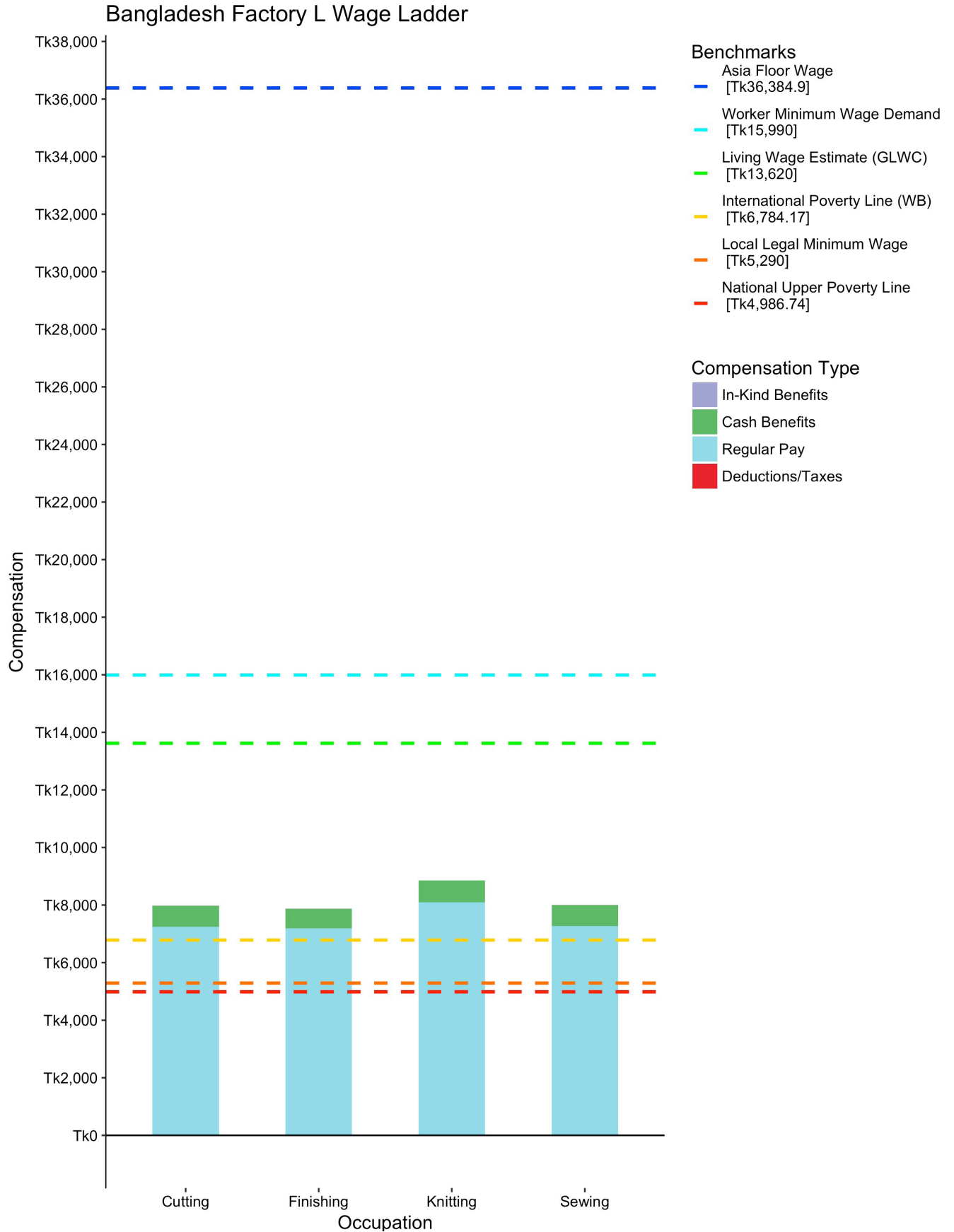


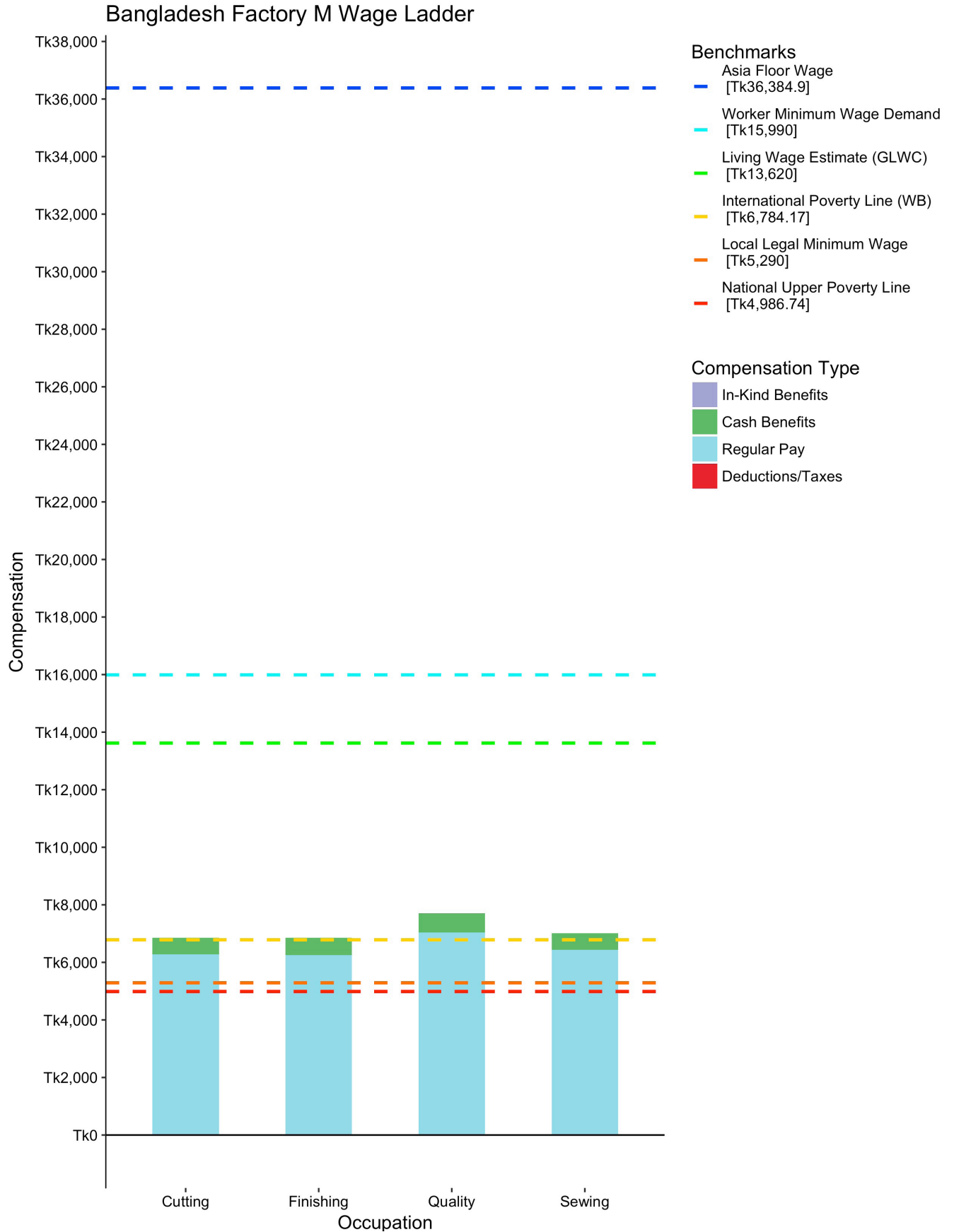


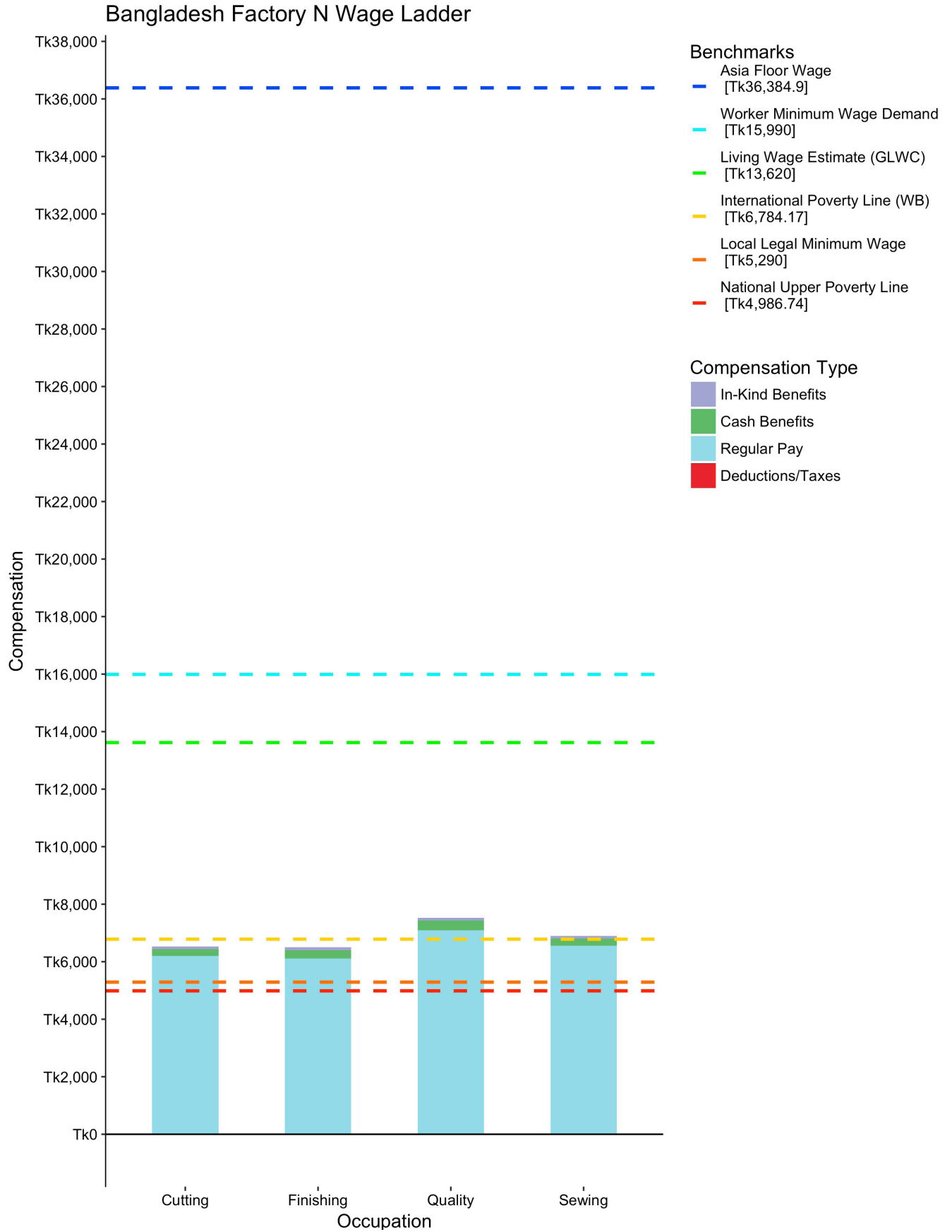


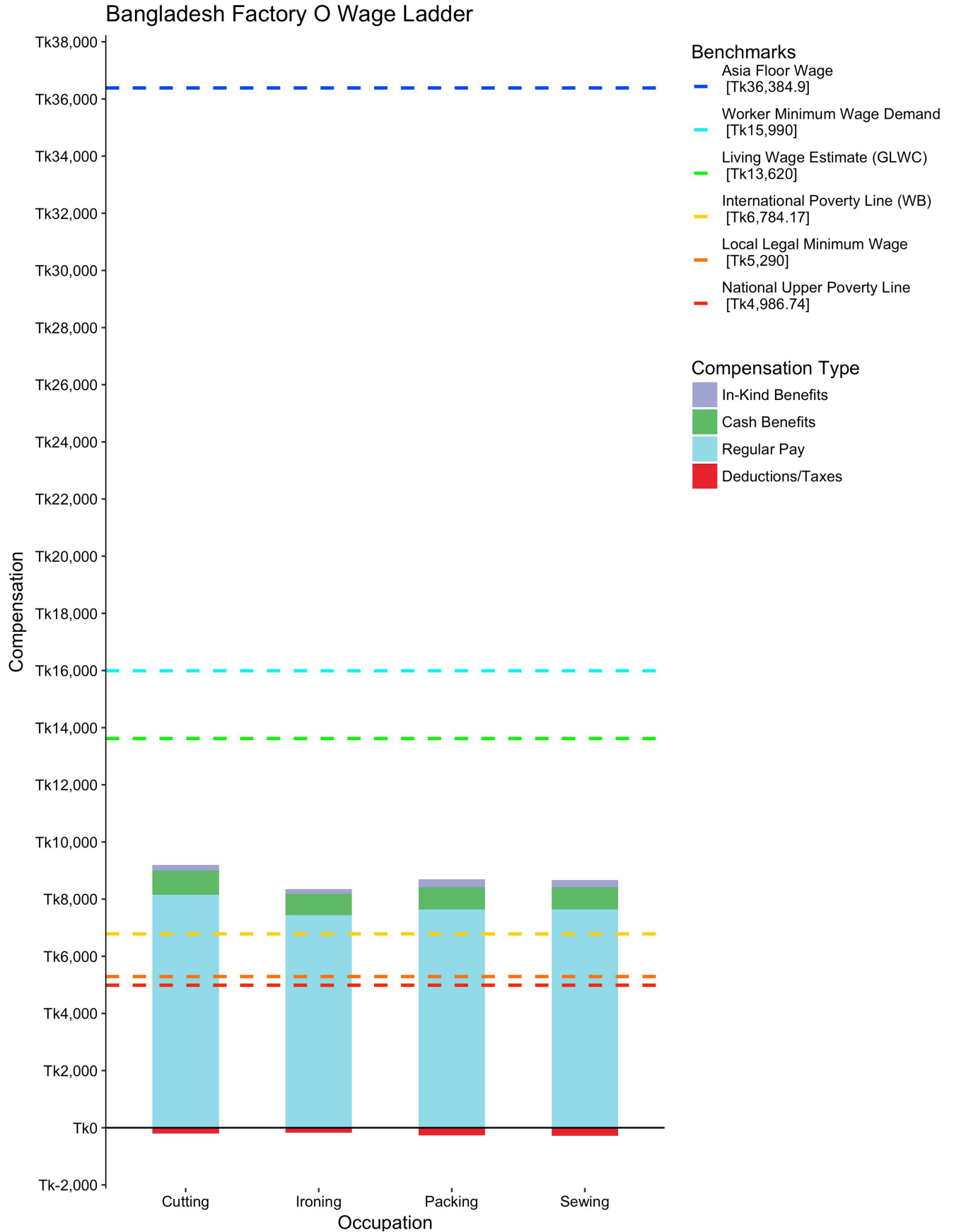


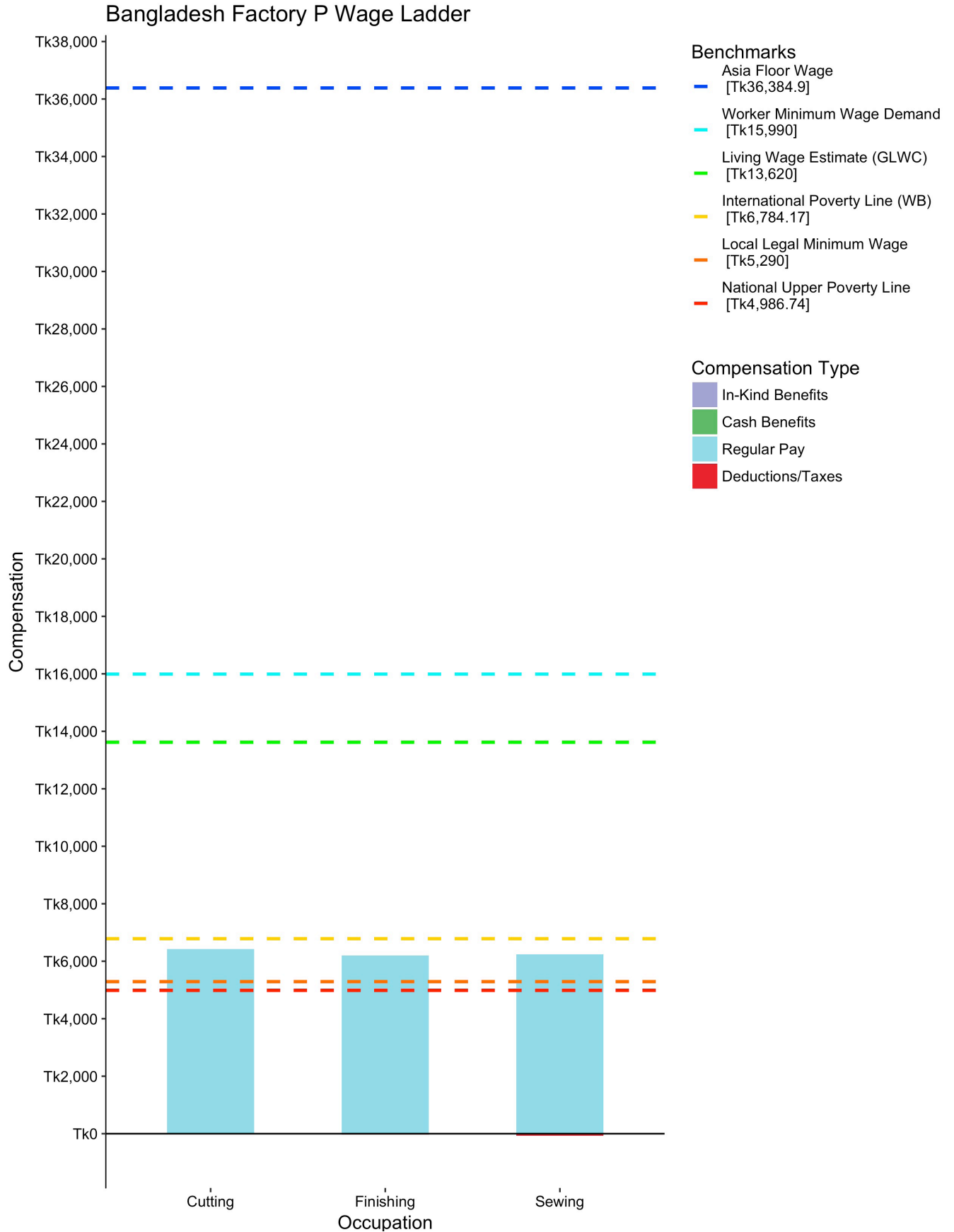




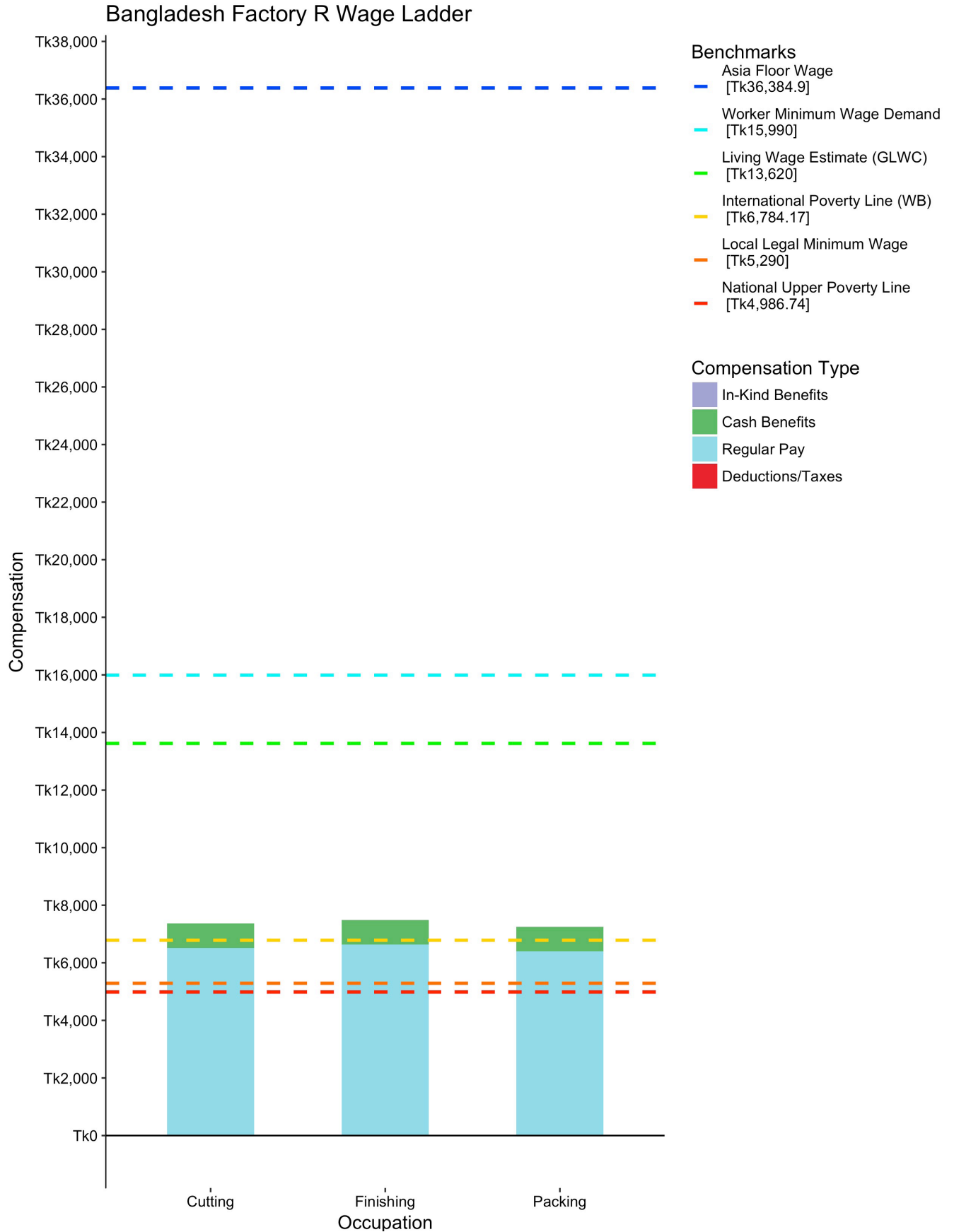












BANGLADSH BENCHMARK TABLE				
BENCHMARK	METHODOLOGY	CALCULATION NOTES	SOURCE	MONTHLY VALUE
National Upper Poverty Line	<ul style="list-style-type: none"> •Food and Non-food component poverty line calculated using Cost of Basic Needs Method (CBN) •Food poverty line based on 2,122 calories per person daily - 2010 values were inflated from original calculation in 2005 •A Non-food poverty line is estimated by the cost of non-food items by households near the food poverty line •The Upper Poverty Line is the sum of the food and nonfood poverty lines •In 2010, the upper poverty line at the national level is 1270.93 (1545.96 in urban areas) 	<ul style="list-style-type: none"> •Assuming an urban household with two adult consumption units and one earner, the national poverty line is Tk3091.92 •According to the IMF's WEO, Bangladeshi 2010 CPI is 145.561 and 2017 CPI is 235.236 •Adjusting for inflation, the National Upper Poverty Line is Tk4,996.74 in 2017 •With a monthly Revenue Stamp of Tk10, the net figure for the National Upper Poverty Line is Tk4,986.74 	Bangladesh Bureau of Statistics	Tk4,986.74
Local Legal Minimum Wage	<ul style="list-style-type: none"> •Legal Minimum Wage is based on a Grade System •Workers are categorized by Grade (1 through 7), where Grade levels are determined by job position and experience •The lowest paid grade (Grade 7) is Tk5,300 	<ul style="list-style-type: none"> •With a monthly Revenue Stamp of Tk10, the net figure for the Local Legal Minimum Wage is Tk5,290 	Bangladesh Minimum Wage Board, 2013 https://betterwork.org/blog/portfolio/minimum-wages-in-bangladesh-2013/	Tk5,290
World Bank International Poverty Line	<ul style="list-style-type: none"> •The World Bank International Poverty Line is International dollar 2011 PPP\$3.10/day •The daily rate is then converted into a monthly basis, assuming two consumption units and one earner •This figure is then adjusted using the World Bank's PPP conversion rate (based on private consumption) and the IMF's World Economic Outlook CPI 	<ul style="list-style-type: none"> •On an average month (365/12), 2011 PPP\$3.10/day is 2011 PPP\$94.29 per month per person •For two adult consumption units (ACU), the poverty line is 2011 PPP\$188.58 per month •According to the World Bank, the 2011 PPP conversion rate (based on private consumption) is 24.85 •Converting from PPP to local currency, the poverty line is Tk4686.14 in 2011 •According to the IMF's WEO, 2011 CPI is 162.249 and 2017 CPI is 235.236 •Adjusting for inflation, the World Bank International Poverty Line is Tk6794.17 in 2017 •With a monthly Revenue Stamp of Tk10, the net figure for the World Bank International Poverty Line is Tk6,784.17 	World Bank 2011 Eyyübiye	Tk6,784.17
Living Wage Estimate (Global Living Wage Coalition)	<ul style="list-style-type: none"> •The Global Living Wage Coalition (hosted by ISEAL Alliance) have calculated a living wage for garment workers in Dhaka and in satellite cities around Dhaka, to take into account significant differences in living costs •The calculation is based on the local cost of acceptable minimum levels of food (based on a model local diet), quality of housing, and other costs including healthcare and education 	<ul style="list-style-type: none"> •The calculation is based on the assumption that the average family has 4 members and 1.58 full-time earners •The living wage for Dhaka is therefore calculated as BDT 16,460 and a slightly lower living wage for satellite cities of 13,630. The lower figure is most representative of garment workers •Our net value is less 10 Taka (Revenue Stamp) 	Global Living Wage Coalition 2016	Tk13,620
Worker Minimum Wage Demand	<ul style="list-style-type: none"> •In January of 2018, Ready Made Garment (RMG) trade unions' federation demanded a Tk16,000 fixed minimum wage •The Tk16,000 figure is broken down by a fixed basic wage (Tk10,643), house rents (Tk4,257), and transportation and medical allowances (Tk1,100) 	<ul style="list-style-type: none"> •A monthly gross income of Tk16,000 is an annual gross income of Tk192,000, which is less than the lowest payable income tax bracket •With a monthly Revenue Stamp of Tk10, the net figure for the Worker Minimum Wage Demand is Tk15,990 	Dhaka Tribune, 2018 http://www.dhakatribune.com/business/2018/01/25/rmg-workers-leaders-want-tk16000-minimum-wage/	Tk15,990
Asia Floor Wage	<ul style="list-style-type: none"> •The Asia Floor Wage Alliance's Asia Floor Wage figure (latest revision found from 2017 - PPP\$1181) is based on a 3000 kcal diet for a three-adult-equivalent household with a single earner, based on East and Southeast Asian countries and applicable to manufacturing industries •The figure assumes that 50% of monthly income is spent on food, 40% is spent on non-food necessities (clothing, housing, travel costs, children's education, and health costs), and 10% is proportioned for discretionary spending •For 2017, food basket research was done in Bangladesh, providing a more accurate conversion factor of 31.9 •In order to obtain a net figure, an Income Tax and Revenue Stamp are deducted from the gross figure 	<ul style="list-style-type: none"> •Using the 2017 figure (PPP\$1181) and the Bangladesh conversion factor (31.9) means the gross figure for 2017 is Tk37,661 •A monthly gross income of Tk37,661 is an annual gross income of Tk451,932 •Assuming a female worker, no income tax is applicable on the first Tk300,000 and a 10% income tax is applicable on the next Tk400,000 •A 10% income tax on the applicable income of Tk151,932 is an annual tax of Tk15,193.20 or a monthly tax of Tk1,266.10 •With an effective monthly income tax of Tk1,266.10 and a monthly Revenue Stamp of Tk10, the net figure for the Asia Floor Wage is Tk36,384.90 	Asia Floor Wage Alliance https://asia.floorwage.org/what	Tk36,384.90