



Digest 3

Deep Dive on the RMG workers of Bangladesh in Selected Clusters

INN  **VISION**
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A rapid survey on occupational groups

COVID 19 Impact on low income population

Digest 3: Deep Dive on the RMG workers of Bangladesh in Selected Clusters

Background

Innovision Consulting is undertaking primary research on low income occupational groups to assess the impact of COVID 19 on their livelihood. We expect that our analysis will provide useful insights to policy makers and relevant private, NGO, civil society stakeholders to safe guard the livelihood of these people with

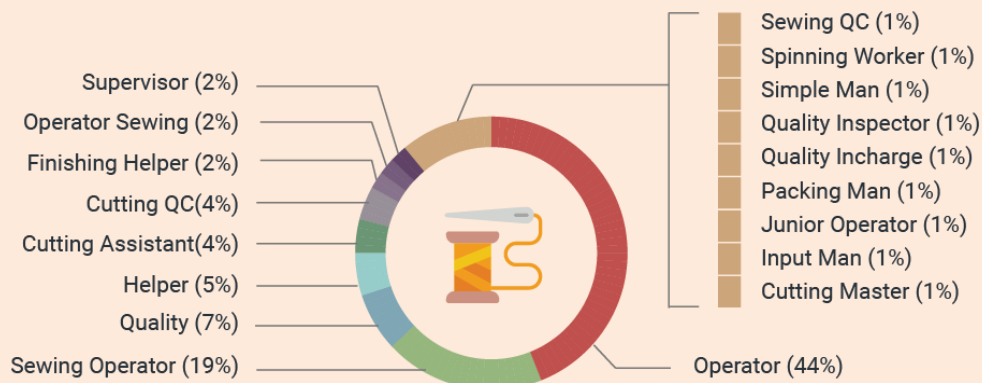
appropriate interventions. These digests provide in-depth insights on how the income and expenditure patterns of low-income population are shifting as a result of shut down, how the households are coping and what measures should be undertaken to support them.

Scope and Methodology

We undertook a simple random sample survey on 84 garment workers from seven (07) garment factories of Gazipur, Narayanganj and Mymensingh districts. The data presents the status of the workers in factories that can be termed as progressive. These factories have been working with development partners on Occupational Health and Safety (OHS), worker's health, empowerment, and rights issues.

We used Computer Assisted Personal Interviewing (CAPI) method for the survey. We used KoBoToolbox to collect the data on tab through phone survey. The data were collected from 7th-9th April, 2020 which coincided with the salary payment date on April 7th. The factories do not have any role in this survey and this survey does not provide any analysis on factory performance or measures. The workers were sampled from Innovision's existing data base and the data were collected with their consent.

Figure 1: Types of respondents



We sampled 12 workers (6 male and 6 female) from each factory which yielded the total sample size of 84. The male and female samples are therefore equally distributed within each factory and in the overall sample of the survey. Since the purpose of this study is not to assess status within a factory, there was no justification for proportional distribution of male and female samples for the sampled factories.

Fifty-nine percent (59%) of the samples have come to Dhaka from the northern districts (Rangpur, Rajshahi and Mymensingh Division). This is followed by southern coastal district (16%) (Barisal and Khulna Division). Only 7% of the samples have come to Dhaka from the districts in south-east region (Chittagong Division) and 17% from the central region (Dhaka Division). The respondents represent 36 districts of the country.

Demographic Overview of the Samples

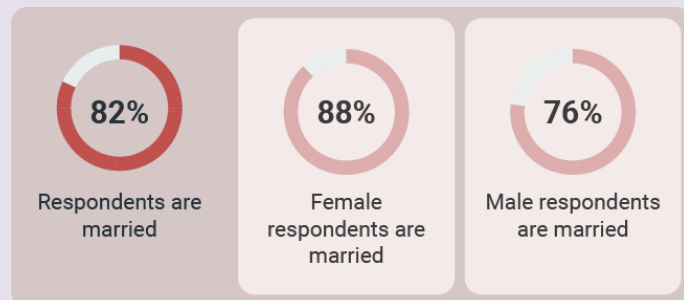
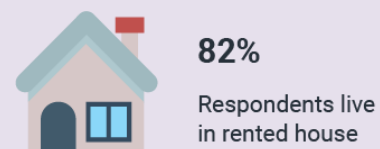
Age: Of the samples, 38% belong to the age group of 21-25 years and 36% belong to the age group of 26-30 years. Fourteen percent (14%) of the samples belong to the age group of below 20 years and the rest (12%) belong to the age group of above 30 years.

Marital Status: Of the sampled respondents, 82% are married. Higher percentage of our female respondents are married (88%) if compared to male respondents (76%).

Family: Of the samples, 86% have their spouse living with them. Seventy four percent (74%) of the respondents have children. Of them, 76% have their children living with them. Of the samples, 45% have other family members living with them. The average family size of the surveyed garment workers is 4.8.

Primary earner of the family: Of the total male respondents, 95% are the primary earning member of their family. Among the female respondents, 64% are the primary earner of their family and 33% reported that their husbands are the primary earning member of their family.

Dwelling: 82% of the respondents live in a rented house, 8% of the respondents reside in their own house nearby the factory and 6% of the respondents reside in a mess. Among the male respondents 70% of them reside in a rented house, 12% resides in a mess and 14% lives in their own home near the factory. Among the female respondents 95% of them reside in a rented house.

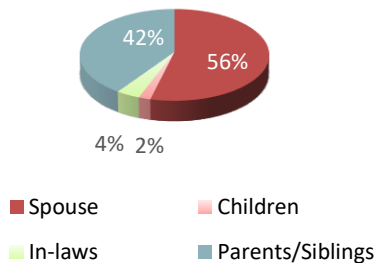


Pre-Shutdown Status of the Worker's Livelihood

Income and Expenditure

- Average monthly income of the surveyed respondents is BDT 11, 632. The income fluctuates with overtime income and festival bonus which are not accounted for in this calculation.
- The average monthly income of the male workers is BDT 12,475 and the average monthly income of the female workers is BDT 11,086.
- 99% of the surveyed garment workers said they do not have other source of income
- 57% of our respondents have other family members contributing to the household income. The average income of the household of the RMG workers who have income from other family members is BDT 22,634.

Other earning members in family



- Contribution of other earning members is less for male workers (BDT 13,583) if compared to female workers (BDT 16,074)
- Previous study of Innovision on 489 samples of RMG workers showed that 45.9% of the married male workers and 42.6% of the married female workers have their spouses working in an RMG factory
- Average monthly expense on food consumption before COVID lock down was BDT 7,155. Per day expense on food consumption was higher for female workers (BDT 295) if compared to male workers (BDT 236).
- The respondents who reside in a rented house have to pay on an average of BDT 3067

per month as their house rent. House rent is about 26% of the average income of the workers.

- The daily expenditure of the surveyed male workers (BDT 431) is 21% higher than the female workers (BDT 355).

Savings and Assets

- The workers in our samples have been working in RMG factory on average for 6 years
- 80% of the sampled garment workers do not have any savings. Among the male respondents 21% have savings and among the female respondents 19% have savings.
- Of those who have savings, 47% have institutional savings (Bank/MFI/NGO), 41% have DPS while the rest save on their own at their home.
- The average savings per month per worker is BDT 1,918.
- Among those who have savings, majority (28%) reported that they are saving for their children's education, 20% reported that they are saving for daughter's marriage, 17% for medical treatment, 17% for building own house, 9% for starting own business, 6% for repaying their loans and 3% reported that they are saving for any future expenditure that they may have to incur. In other words, they do not have specific plans for using their savings.
- The average net savings of the respondents is BDT 37,412. The average net savings is much higher among the samples who earns above BDT12, 000 per month (has average net savings of BDT 43,500) if compared to those who earns up to average BDT 12,000 per month (has average net savings of BDT 28,714).
- The per capita saving is much higher among the female workers (BDT 48,875) than the male workers (BDT 27,222).
- 77% of the workers have some fixed assets. 97% of the respondents have their own in their village. 38% have land, 35% have livestock, 28% have poultry

Loans

- Fifty percent (50%) of the surveyed workers currently have loans.
- They are paying on average TK 5071 as loan payment per month.
- Among those who have loans, 76% have loans from NGOs/MFIs, 12% from informal money lenders, 10% from relatives and 2% from friends. If compared to male workers (67%), higher percentage of female workers (86%) have loans from NGOs/MFIs. Higher percentage of male workers (14%) have loans from relatives if compared to female workers (5%).
- The most common purpose for taking loans is house repair (21%), followed by buying land (14%), leasing land (12%), grocery (12%), medical treatment (10%).

Remittance to family

- 91% of the respondents send money every month to their family living in the village; 94% of the male workers send remittance to their village while 87% of the female workers send remittance to their village
- The average amount of remittance sent is BDT 4,590.;
- Single income earners send on average BDT 4354 per month while multiple income earners send BDT 4791 per month
- Average remittance sent by male workers is BDT 4764; average remittance sent by female workers is BDT 4409

- The remittance sent at village also accounts for some part of the loan amount. We did a deep dive on 29 samples of the 42 samples who have loans to understand the phenomenon. The data shows that for those who have loans, 45% are spent on loan instalment while the rest are spent (55%) on food allowances of the households. Our data suggests that the loans are not exclusively borne by the workers and the average loan payment is shared between different household members. Also, there is overlap in data reported on loan payment and remittance sent to villages.

Access to mobile banking account

- 79% of the surveyed respondents have mobile wallets; 83% of the male workers and 74% of the female workers have mobile wallets
- 54% of the surveyed respondents are currently paid salary in cash, 33% are paid through mobile account and 13% are paid through bank account.



79%

Respondents have mobile wallets



54%

Respondents receive salary in cash

Immediate impact of COVID-19 on the livelihood of the workers

Migration trends after the closure of the factory

- All respondents reported that their factories are currently closed (Data from April 7th-9th, 2020).
- 24% of the respondents already returned to their village home; 76% are still living in the premise from where they attend their work
- Higher percentage of male workers (33%) have returned to village if compared to female workers (14%)

Status of salary payment

- 79% of the surveyed samples said that the factories did not give them partial/full amount of their salary or incentives as of April 7-9, 2020.
- 21% of the surveyed RMG workers reported that they were paid partial amount of their salary before the factory was closed.

Income of other earning members of the family

- 92% of the respondents who had income contribution from other earning members have reported that those household members also do not have income since the start of the shut down
- Of the total samples, only 4.76% currently have income from some source, which includes other earning members

Cash in Hand

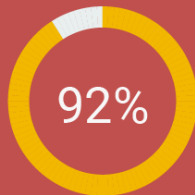
- 85% of the respondents said that they have cash in hand to pay for expenses for some time. These respondents currently have on average BDT 3,686 as cash in hand. This can support their family expenses (food and non-food) for 16 days.

Food Expenditure

- The surveyed respondents have reduced food expenses by 27%. Before closure of their work, the workers used to spend on an average BDT 266 per day on food consumption which has been reduced to BDT 193 on an average per day
- Reduction in per day food expense is higher for the female workers 32.5% if compared to the male workers 20.7%

Regular expenditure (all inclusive)

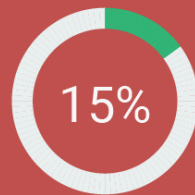
- 96% of the respondents reported that they have reduced their regular expenditure after the closure of their work.
- Average daily household expense has been reduced by 30% (from BDT 318 per day to BDT 229 per day)
- Reduction of daily expenditure is almost similar for male workers (27%) and female workers (29%)



92%
of the respondents who had income contribution from other earning members do not have income since the start of the shut down

4.76%

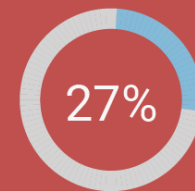
of the respondents currently have income from some source, which includes other earning members



15%
of the respondents said that they do not have cash in hand to pay for expenses.

Respondents who have cash in hand can support their family **for 16 days** (from April 9th).

Respondents reported that they have reduced their food expenditure after the closure of their work by



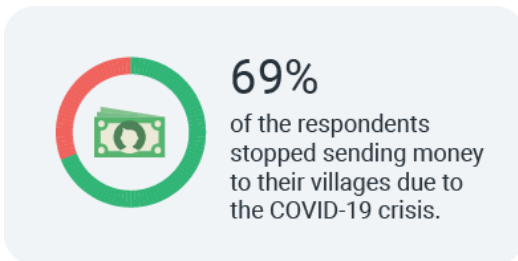
27%
Average food expense has been reduced from BDT 266/day to BDT 193/day

Remittance to Family

- 69% of the respondents who used to send money to family living in the village have already stopped sending money due to the crisis.
- Higher percentage of female workers (76%) have stopped sending money to their villages if compared to male workers (61%).
- 97% of the workers will stop sending money to their villages if they don't get salary of April; the data is similar for male and female workers
- 52% of the respondents reported that the food consumption of the family members in the villages will be affected if the workers continue to refrain from sending money to their villages. This is followed by education (7%), repayment of loan (14%), clothing (11%), entertainment (9%) and savings (4%).

Credit and savings

- So far none of the workers had to sell their assets; 76% of the female workers and 71% of the male workers reported of reducing daily expenses
- 76% of the female workers and 69% of the male workers are spending from their last month's salary
- 57% of the female workers have borrowed money to cope with the crisis; in contrast 40% of the male workers have borrowed
- 19% of the female workers are managing from their savings while 21% of the male workers are managing from their savings
- 33% of the female workers are spending from other household member's earnings while 14% of the male workers are spending from other household member's earnings



Projected Expense Allocation- If the salary for the month of April is not paid

- 27% of the workers will reduce food consumption partially if the salary for the month of April is not paid; however, 20% of the workers reported that they would completely stop buying protein food while 27% reported that will make partial reduction
- Most of the workers would completely stop expenses on transportation (87%) and entertainment (86%)
- Other cost heads that might see complete reduction in expense from the workers includes savings (76%), repayment of loan (76%), remittance to village (75%), house rent (74%), utility bills (73%), tuition/educational expenses (63%)
- 43% of the workers reported that would not buy talk time on their phones if the salary for April is not paid; another 32% will reduce the cost partially
- If compared to male workers (69%), higher percentage of female workers will stop sending money to their village home (81%)
- Also, 90% of female workers will stop repayment of loan; in contrast 62% of female workers will stop repayment of loan
- Other cost heads where we might see differences between % of male and female workers reducing expenditure fully include tuition fees (male-50%, female-76%), mobile talk time (male-38%, female-48%), savings (male-67%, female-86%), house rent (male-64%, female-83%)

Table: Projected reduction in expenses if the salary of April is not paid

Cost Head	Full Reduction			Partial Reduction			No Change			Base
	Overall	Male	Female	Overall	Male	Female	Overall	Male	Female	
Food consumption/buying groceries from the market (rice, vegetables)	0%	0%	0%	27%	33%	21%	73%	67%	79%	84
Buying nutritious food for your children (milk, eggs, different food containing protein)	20%	21%	19%	27%	29%	26%	52%	50%	55%	84
Transport cost	87%	79%	95%	0%	0%	0%	13%	21%	5%	84
Entertainment	86%	86%	86%	0%	0%	0%	14%	14%	14%	84
Remittance to village	75%	69%	81%	12%	10%	14%	13%	21%	5%	84
Repayment of loan	76%	62%	90%	0%	0%	0%	24%	38%	10%	84
Tuition/educational expenses of your children	63%	50%	76%	1%	0%	2%	36%	50%	21%	84
Medicine	23%	26%	19%	29%	19%	38%	49%	55%	43%	84
Pocket money	52%	52%	52%	21%	17%	26%	26%	31%	21%	84
Mobile talk time/expense for mobile bills per month	43%	38%	48%	32%	19%	45%	25%	43%	7%	84
Savings	76%	67%	86%	0%	0%	0%	24%	33%	14%	84
House rent	74%	64%	83%	5%	5%	5%	21%	31%	12%	84
Utility bills (electricity, water, gas etc.)	73%	64%	81%	7%	12%	2%	20%	24%	17%	84
Buying necessary utilities for the household	46%	40%	52%	17%	12%	21%	37%	48%	26%	84

Projected Expense Allocation- If the salary for the months of April and May is not paid

The coping strategy changes if the salary for the months of April and May is not paid. Overall, 4% of the workers might stop expenses on essential food items. These workers would need relief or would have to borrow money at this stage. Also, more than 50% of the workers are expected to partially reduce essential food expenses. The impact is expected to be higher among female workers (60%) if compared to male workers (54%). Most workers at this stage are expected to

reduce expenses on transportation and entertainment. Percentage of workers reducing mobile talk time would increase significantly (68%). Savings (76%), house rent (79%), utility bills (81%) would also see slump. The difference between male workers and female workers would be observed on expenses on nutritious food, repayment of loans, tuition of children, mobile talk time, savings and house rent.

Table: Projected reduction in expenses if the salary of April and May is not paid

Cost Head	Full Reduction			Partial Reduction			No Change			Base
	Overall	Male	Female	Overall	Male	Female	Overall	Male	Female	
Food consumption/buying groceries from the market (rice, vegetables)	4%	5%	2%	54%	48%	60%	43%	48%	38%	84
Buying nutritious food for your children (milk, eggs, different food containing protein)	29%	21%	36%	48%	50%	45%	24%	29%	19%	84
Transport cost	89%	86%	93%	0%	0%	0%	11%	14%	7%	84
Entertainment	86%	86%	86%	0%	0%	0%	14%	14%	14%	84
Remittance to village	88%	79%	98%	2%	5%	0%	10%	17%	2%	84
Repayment of loan	77%	67%	88%	0%	0%	0%	23%	33%	12%	84
Tuition/educational expenses of your children	75%	64%	86%	0%	0%	0%	25%	36%	14%	84
Medicine	38%	36%	40%	30%	19%	40%	32%	45%	19%	84
Pocket money	74%	64%	83%	7%	10%	5%	19%	26%	12%	84
Mobile talk time/expense for mobile bills per month	68%	57%	79%	6%	5%	7%	26%	38%	14%	84
Savings	76%	67%	86%	0%	0%	0%	24%	33%	14%	84
House rent	79%	69%	88%	1%	2%	0%	20%	29%	12%	84
Utility bills (electricity, water, gas etc.)	81%	76%	86%	2%	5%	0%	17%	19%	14%	84
Buying necessary utilities for the household	43%	12%	45%	36%	7%	57%	50%	17%	33%	84



Voices from the Field- The Case of Sultana

Sultana (28) is a female operator working in the garment industry for the last 1 year. She came to Dhaka from Barishal district. She lives in a rented house in Dhaka with her family. In her family, she lives with her husband and children. Sultana and her husband contribute jointly to their household expenses. Her husband runs a grocery business near to the factory premise. Sultana took a loan of BDT 2, 00,000 from an NGO for starting up her husband's grocery business. Sultana earns BDT 12,000 per month from the factory. Her total household income per month is BDT 26,000.

Sultana's monthly household expenditure is as follows:

- House rent per month: BDT 4000
- Remittance to family in village per month: BDT 4000
- Loan installment per month: BDT 5000
- Food expense per month: BDT 8000
- Monthly non-food expense: BDT 1500
- Other expenses (mobile, children's education, entertainment etc.) per month: BDT 3,500

Sultana's factory has been closed since 26th March. Moreover, her husband also had to close down his grocery shop due to the lock down situation. Sultana has reduced her food expenses from BDT 267 per day to BDT 200. She has already stopped sending money to her family in the village. She has cut down the expenses for transportation, private tuition cost of her children, mobile talk time, entertainment, pocket money (referring to daily unscheduled expenses) and cost for loan repayment. She said she would not be able to defer her loan payment if she doesn't get the salary for the upcoming month. Moreover, she doesn't have any savings and any cash with her to survive in this situation.

If the lock down continues for the next 1 month, Sultana will be forced to take a loan or borrow money from her friends/relatives. She thinks she will need to borrow BDT 20,000 if she does not get her salary for the next month. At this moment Sultana is counting on support and assistance from the factory management to overcome the crisis.

Recommendations

- Based on the trend in deduction of food expense by those who have been hardest hit, we speculate that the workers cannot reduce their food expense below 30% of the baseline food expense of BDT 266 per day. Assuming reduction of food expense by 30% from the baseline, we estimate that the workers will need TK 5,586 as food assistance per month for each family. Given the average family size of 4.8, the per capita support requirement is BDT 1,163 per month. For 3.6 million RMG workers¹, this accounts for BDT 418.68 crores per month if only basic food requirement is to be met. If all the household members are to be covered, this would have to be increased to BDT 2009 crores per month. A nationally representative study undertaken by Innovision² showed that 45.9% of the married male workers and 42.6% of the married female workers have their spouses working in an RMG factory. The cash requirement for basic food could be minimized if only one earner is accounted for in cases where both the husband and the wife works in the RMG factory.
- Nutrition of the worker's children may get adversely affected as the workers have reported of reducing the cost on nutritious food and protein. Special food assistance would be required for workers with children aged below 5 years.
- Poor savings and cash in hand means that the workers will not be able to sustain long without borrowing or divesting their assets if they have to maintain food security. At the time of publication of this report (April 18, 2020), 85% of the surveyed workers had cash to support another 7 days of food expenses
- In the long run, more workers should be brought under savings schemes; there should also be provision for disaster funds which can allow to mitigate income depression in the event of a crisis
- If the salaries are not paid for the months of April and May, the workers would tend to borrow money. Our respondents reported borrowing requirement of TK 10,984. Of the respondents, 74% expressed that they would borrow from neighbours, friends and family members. The dependence on informal borrowing would have adverse and long-term impact on the worker's food security and well-being as they will continue to limit food expenses to repay their loans even after they are rehabilitated at work
- The workers are already accumulating credit burden as they have stopped paying their house rents and their instalments for loans. The government should consider bailing out the workers for their house rents and providing grace period for payment of loans from MFIs/ NGOs
- Of the workers who have loans, 46% have loans on unproductive activities (repairing house, sister's marriage, medical treatment and emergency). In the future, loans on productive activities should be promoted to diversify the worker's income sources. Besides, medical insurance could help workers to reduce their loan burden.
- If the government pays the workers through mobile wallets, 67% of the workers may not readily be able to access it as they currently do not receive their salary through mobile wallets. Furthermore, 27% of the workers would have to open a mobile wallet to ensure

¹ Moazzem, K. G. and Radia, M. A. (2018). 'Data Universe' of Bangladesh's RMG Enterprises: Key Features and Limitations. CPD Working Paper 123. Dhaka: Centre for Policy Dialogue (CPD).

² Sarwar, Rubaiyath et. al (2019), 'Needs Assessment for Financial Products, Services and Knowledge for Ready-Made Garment (RMG) Workers and Baseline Study for Sarathi – Progress through Financial Inclusion' – Swisscontact Sarathi Project

eligibility to receive the government's salary stimulus.

- Communication activities that may require the workers to call may not work as the workers are increasingly not purchasing talk time
- The workers have stopped sending money to their family in their village. This has started to

impact food security of the worker's extended family members in their villages.

- Higher percentage of female workers have stayed back in their premises near to the factories till April 9th, 2020. The reason and the consequence of this need to be further assessed

