



Bangladesh Labour Law & Employment Regulations

Overview

Bangladesh

Bangladesh is an emerging economy country with one of the fastest growing economies globally. Bangladesh's economy is placed 41st worldwide in terms of nominal Gross Domestic Product (GDP) and is set to climb higher as the country progresses in their economic journey. The agriculture, services, and industry sector are Bangladesh's largest industries. Agriculture accounts for 13.1% of the country's GDP, while the industry and services sectors contribute 27.8% and 53.5%, respectively, to the country's GDP.



Capital
Dhaka



Population
165 million



Currency
Bangladeshi Taka (ট)



GDP Per Capita
USD 1,968.79
(as of 2020)

1. Bangladesh Labour Law

Bangladesh Labour Law – The Bangladesh Labor Act, 2006 (Amendment in 2013, 2015, 2018)

Bangladesh Labour Rules – Bangladesh Labor Rules, 2015

Otherwise specified elsewhere in the Act, the Act extends to the whole of Bangladesh.

- The application of Chapter II, any shop or industrial or commercial establishment owned and directly operated by the Government where the workers are governed by the conduct rules are applicable to the Government servants.
- Any worker whose recruitment and terms and conditions of service are governed by the Acts or rules made under articles 62, 79, 113 or 133 of the Constitution, but in the case of application of Chapters XII, XIII and XIV, the workers employed in the following establishments shall not be subject to this prohibition.

2. Employment Contract

Giving Letter of Appointment and Identity Card and Maintaining the Confidentiality (Rule 19)

- (1) No owner can appoint a worker without an appointment letter.
- (4) The appointment letter should mention the following information about the worker under Section 5, such as:
 - (a) Name of worker
 - (b) Father's Name
 - (c) Mother's Name
 - (d) Spouse Name (as applicable)
 - (e) Address: Present & Permanent
 - (f) Designation, type of work, date of joining
 - (g) Class of worker
 - (h) Wages or pay scale (wages or salary and the rate of the increase of annual salary, if any)
 - (i) Other payable financial facilities (house rent, medical, education, food, conveyance, festival and attendance allowances and gratuity if any; and
 - (j) It is to be mentioned hereby that all appointment conditions, and existing service rules (if any), will be complied with the existing labour act.
- (5) Each owner will provide an identity card with the photograph to each worker working in the firm at the owner's cost as per Form-6.
- (8) Notwithstanding anything contained in these rules, any worker engaged in the factory or firm or any person with administrative and management responsibility will maintain the confidentiality of the business strategy of the firm in case of performing the duties or changing the job.

3. Minimum Wage

As of 2022, minimum wage in Bangladesh is 8000 BDT monthly.

Power to Declare Minimum Rate of Wages (Section 140)

- (1) Upon receipt of the recommendation of the Wages Board under Section 139, the Government may, by notification in the official Gazette, declare that the minimum rates of wages recommended by the Wages Board for the various workers shall, subject to such exception as may be specified in the notification, be the minimum rates of wages for such workers.

Periodical Review of Minimum Rate of Wages (Section 142)

- (1) If any change in the factors specified in Section 141 and other relevant factors so demand, the Wages Board shall review its recommendations once again and recommend to the Government any amendment or modification of the minimum rates of wages declared under Section 140. Provided that unless any special circumstances of a case so require, no recommendation shall be reviewed earlier than 1 year or later than 3 years from the date on which it was made.

Minimum Wages to be Binding on All Employers (Section 148)

The minimum rates of wage declared under Section 140 or published under Section 145 shall be binding on all employers concerned and every worker shall be entitled to be paid wages at the rate not less than the rates of wages so declared or published.

Prohibition to Pay Wages at a Rate Lower than the Minimum Rates of Wages (Section 149)

(1) No employer shall be entitled to pay any worker wages at a rate lower than the rates declared or published under this Chapter to be the minimum rates of wages.

4. Working Hours

Regular working hours are limited to 8 hours daily (Section 100) and 48 hours weekly (Section 102). However, workers may work more than the stated hours, subject to Section 108.

Section 108

- An adult worker may work in an establishment for up to 10 hours daily.
- An adult worker may work for more than 48 hours weekly, provided that the total working hours of such worker shall not exceed 60 hours weekly and on average, 56 hours per week in a year.

Hours of Rest

	Duration
Daily	<p>(a) Working for more than 6 hours: Entitled to 1 hour of rest</p> <p>(b) Working more than 5 hours: Entitled to 30 minutes of rest</p> <p>(c) Working for more than 8 hours: Entitled to a 1 interval under clause (a), or 2 intervals under clause (b)</p>
Weekly	<p>Shop, Commercial, Industrial Establishment 1 and half a day of rest</p> <p>Factory Establishment 1-day rest</p>

5. Overtime

Extra-allowance for Overtime

(1) Under Section 108, where a worker works more than the hours fixed under this Act in an establishment for overtime work, the worker is entitled to allowance at the rate of twice his ordinary rate of basic wage and dearness allowance and ad-hoc or interim wage, if any.

Method of Calculating the General Rate of Overtime Allowance (Rule 102)

(1) As per Section 108, if there are not different agreements, the general rate of overtime allowance per hour shall be calculated in the following ways:

- (a) 1/8 of daily wage amount in case of the workers employed in terms of daily wage;
- (b) 1/48 of weekly wage amount in case of the workers employed in terms of weekly wage;
- (c) 1/208 of monthly wage amount in case of the workers employed in terms of monthly wage;

NB: 52-12 X 48 hours 208 hours shall be calculated as one month period. The rate of overtime allowance per hour monthly basic wage and allowance and ad hoc or interim wage (if any) X 2 X overtime hours/208 hours.

6. Types of Leave

Types of Leave	Length of Leave
Annual Leave (Section 117)	<ul style="list-style-type: none"> • 1 day of leave for every 18 days of work • Earned leave can be encashed. However, more than half of the earned leave cannot be cashed out at the end of the year. This type of cashing can only be done once a year.
Sick Leave (Section 116)	<ul style="list-style-type: none"> • 14 days in a calendar year • A registered medical practitioner certification is needed to certify that the worker is ill and requires leave for treatment
Casual Leave (Section 115)	<ul style="list-style-type: none"> • 10 days of leave in a calendar year
Festival Holidays (Section 118)	<ul style="list-style-type: none"> • 11 days of festival holidays • Employer shall fix the day and dates in accordance with the rules • A worker who works on a festival holiday is to be compensated 2 days of compensatory holidays with wages and a substitute holiday shall be provided for him in accordance with the provisions of section 103
Maternity Leave (Section 47)	<ul style="list-style-type: none"> • (1) If a pregnant woman is entitled to maternity benefit under this Act, she shall, on any day, give notice either orally or in writing to her employer that she expects to be confined within 8 (eight) weeks • (2) If a woman has not given any such notice, she shall inform her employer about her giving birth to a child by giving such notice within 7 (seven) days of her giving birth to child; • (3) After receipt of a notice under sub-section (1) or (2), the employer shall permit the employee to absent herself from work, <ul style="list-style-type: none"> • (a) in the case of a notice under sub-section (1), from the day following the date of notice; • (b) in the case of a notice under sub-section (2), from the day of delivery until 8 (eight) weeks after the day of delivery.

Public Holidays

There are 22 public holidays in Bangladesh in 2022.

Category	Public Holiday	Date
General/Statutory	Sahid Dibos & International Mother Language Day	21-Feb-22
General/Statutory	Birth Day of Father of the Nation Bangabandhu Sheikh Mujibur Rahman & Jatiyo Shishu Dibos	17-Mar-22
Executive Order	Sab-e-Barat*	19-Mar-22
General/Statutory	Independence & National Day	26-Mar-22
Executive Order	Bengali New Year	14-Apr-22
General/Statutory	Juma'tul Bida	29-Apr-22
Executive Order	Sab-e-Kadr*	29-Apr-22
General/Statutory	May Day	1-May-22
Executive Order	Eid-ul-Fitr*	2-May-22
General/Statutory	Eid-ul-Fitr*	3-May-22
Executive Order	Eid-ul-Fitr*	4-May-22
General/Statutory	Buddah Purnima*	15-May-22
Executive Order	Eid-ul-Adha*	9-Jul-22
General/Statutory	Eid-ul-Adha*	10-Jul-22
Executive Order	Eid-ul-Adha*	11-Jul-22
Executive Order	Ashura*	9-Aug-22
General/Statutory	Jatiyo Shok Dibos	15-Aug-22
General/Statutory	Jonmastomi	18-Aug-22
General/Statutory	Durga Puja (Bijoya Doshomi)	5-Oct-22
General/Statutory	Eid-e-Mulad-un Nabi	9-Oct-22
General/Statutory	Victory Day	16-Dec-22
General/Statutory	Christmas Day	25-Dec-22

**Subject to the appearance of the Moon*

7. Statutory Contributions

Bangladesh has no compulsory social security system in place. However, companies of a certain size are required to pay 5 percent of their profits to a Workers Profit Participation Fund. No contribution from employees is required.

Compulsory Group Insurance (Section 99)

- (1) In an establishment where at least 100 permanent workers are employed, the employer shall introduce group insurance under the existing insurance laws.
- (2) The amount claimed as insurance shall be in addition to the other dues of a worker under this Act: Provided that the recovery of the insurance claim due to death of a worker shall be the responsibility of the employer and he shall make arrangement for payment of the amount so recovered from such insurance claim directly to the dependents: Provided further that notwithstanding anything contrary contained in any other law, where any insurance claim is made under this section, it shall be settled by joint initiatives of the insurance company and the employer within 120 days from the date of raising such claim.

Section 160

- (11) Where in any establishment at least 10 (ten) workers are working, the employer of such establishment may introduce and implement an insurance scheme against accident under group insurance program for the workers, and the benefits or money received from such accident insurance scheme shall be spent for the treatment of the workers

8. Termination and Severance

Type of Termination	Details
Termination by an Employer (Section 26)	<ol style="list-style-type: none">(1) The employment of a permanent worker may be terminated by an employer, by giving him a notice in writing, of<ol style="list-style-type: none">(a) 120 days, if he is a monthly rated worker;(b) 60 days, in the case of other workers.(2) The employment of a temporary worker may be terminated by an employer, and if it is not due to the completion, cessation, abolition or discontinuance of the temporary work for which he was appointed, by giving him a notice in writing, of<ol style="list-style-type: none">(a) 30 days, if he is a monthly rated worker;(b) 14 days, in the case of other workers.(3) Where an employer intends to terminate the employment of a worker without any notice, he may do so by paying the worker wages for the period of notice, in lieu of the notice, under sub-section (1) or (2).(4) Where the employment of a permanent worker is terminated under this section, he shall be paid by the employer compensation at the rate of 30 days wages for his every completed year of service or gratuity, if payable, whichever is higher, and this compensation shall be in addition to any other benefit which is payable to such worker under this Act.

Type of Termination	Details
Resignation by an Employee (Section 27)	<p>(1) A permanent worker may resign his service by giving the employer 60 days' notice in writing.</p> <p>(2) A temporary worker may resign his service by giving the employer notice, in writing, of</p> <ul style="list-style-type: none"> • 30 days, if he is a monthly rated worker; • 14 days, in the case of other workers. <p>(3) Where a worker intends to resign his service without any notice, he may do so by paying the employer an amount equal to the wages for the period of notice, in lieu of notice under sub-section (1) or (2).</p> <p>(4) Where a permanent worker resigns under this section, the employer shall pay compensation,</p> <p style="padding-left: 20px;">(a) at the rate of 14 days' wages for every completed year of service, if they have completed at least 5, but less than 10 years of continuous service under the employer</p> <p style="padding-left: 20px;">(b) at the rate of 30 days' wages for every completed year of service if they have completed 10 or more years of continuous service under the employer;</p> <p>or gratuity, if payable, whichever is higher, and this compensation shall be in addition to any other benefit payable to such worker under this Act.</p>

Compensation for Death (Section 19)

If a worker dies while in service for at least more than 2 years continuously under an employer, the employer shall pay 30 days' wages as compensation. In the case of death while working in the establishment or following an accident while working in the establishment, the employer is to pay 45 days' wages for every completed year of service, or any part thereof exceeding 6 months or gratuity, whichever is higher, to the nominee of the deceased worker. In the absence of the nominee, compensation is to be paid to a dependent. The compensation shall be in addition to the retirement benefit to which the deceased worker would have been entitled had he retired from service.

9. Types of Company

Private Limited Company

Any person who is above 18 is eligible to register a company. Furthermore, the law prescribes a minimum of 2 and a maximum of 50 shareholders and 2 directors. Overseas companies can form a joint venture with a local entity to share the strengths and lessen the risks.

Public Limited Company

A public limited company can invite the public to hold shares and is usually registered on a stock exchange. A public limited company has a minimum of 7 members, and 3 directors, with no maximum number of shareholders. Its shareholders can be any legal person or any individual above the age of 18, qualified by Bangladesh Law.

Branch Office

A branch office is an extension of its parent company and not a separately incorporated entity. In other words, the parent company is responsible for its branch's liabilities.

Representative/Liaison Office

Like a branch office, a liaison, also called a representative office, must have a parent company abroad. Its activities are limited since it only serves as a communication or coordination instrument of the business resources in Bangladesh.

Subsidiary Company

A subsidiary company is an LLC independent of its parent foreign corporate. A corporate foreign investor is eligible to register a subsidiary company in Bangladesh. It shall also be treated as a private limited company.

10. Company Registration

Step 1: Name Clearance

Receive approval for the company's name from The Registrar of Joint Stock Companies and Firms (RJSC).

Step 2: Drafting of Required Documents

Draft the Article of Association (AoA) and Memorandum of Association (MoA) forms along with other forms as requirements for compliance with RSJC.

Step 3: Opening of Bank Account

Open a bank account in the proposed name of the company and make an inward remittance of at least USD 50,000 - if you plan on hiring foreign employees.

Step 4: Submission of Documents to the RSJC

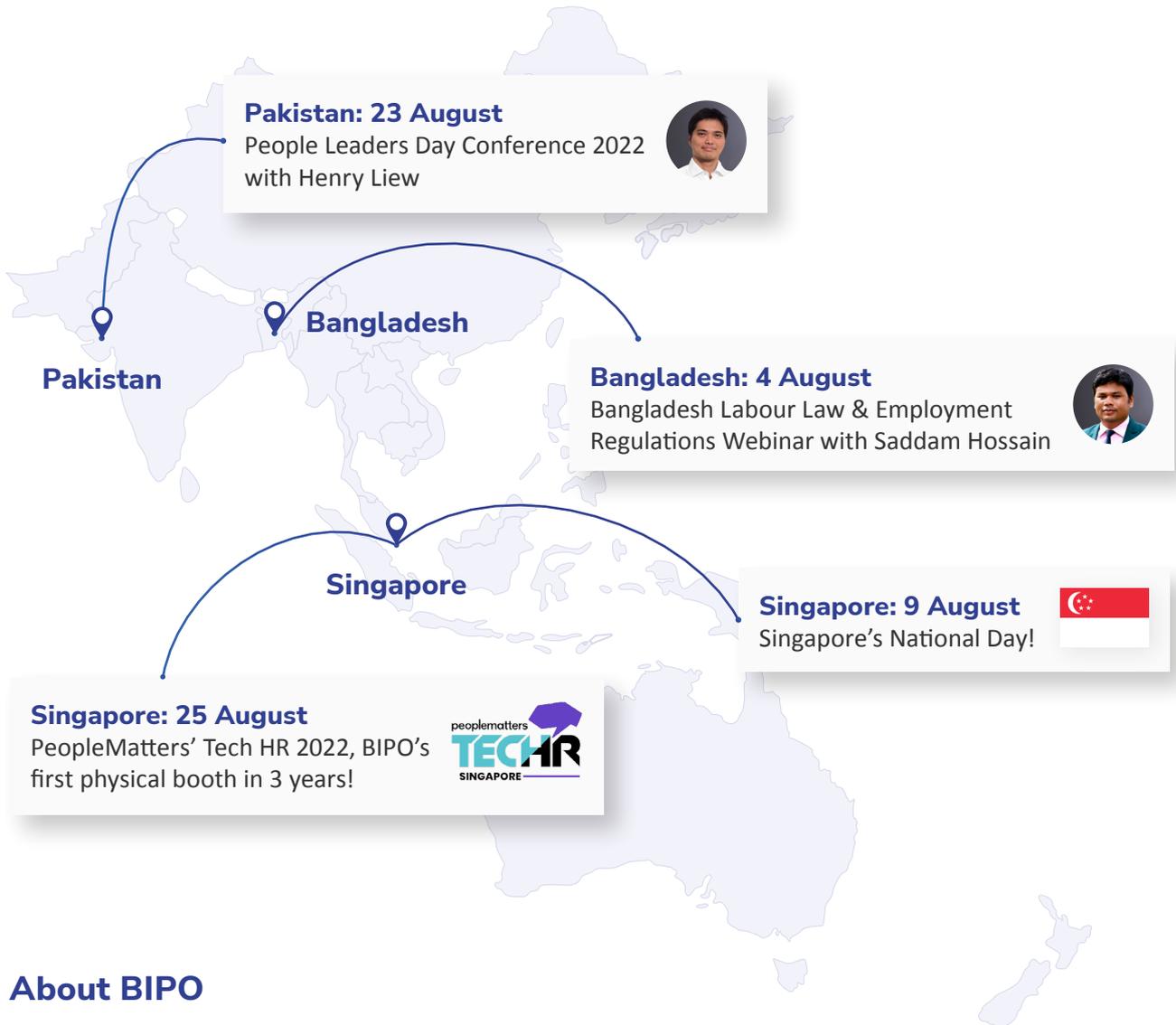
All required documents are to be submitted to the RJSC; registration fees are to be paid as well. Find out more about RSJC for the incorporation certificate during the standard process time.

Step 5: Post-registration Compliance

At this step, you have the certificate of incorporation, Articles of Association (AoA) and Memorandum of Association (MoA), and a newly registered company in Bangladesh.

Article contributed by
Saddam Hossain, Deputy General Manager (Bangladesh)
Email: saddam.hossain@biposervice.com

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