

Apparel makers playing GRACEFUL GROCERS

Factories provide essentials at subsidised prices to win worker loyalty and orders

The economic model of "Fair Price Shops" across apparel and leather units in the country's various industrial zones is simple yet effective: by cutting profit margins and covering operational costs, factories offer goods up to 10 percent cheaper than local market rates

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Imagine a world where the simple act of buying rice rewrites the iron laws of the marketplace.

In that world, garment worker Jasmine Akter steps out of a supermarket on her factory's premises with a 25-kilogramme sack of rice. No cash changes hands, no wallet opens – she simply presents a small numbered token issued by her office.

The cashier nods, keys in the numbers, and lets her pass. By month's end, the debt will settle invisibly, deducted from her wages – but not at the inflated rates charged outside.

At Urmil Garments in Gazipur, essentials like rice, oil, sugar, lentils, and even coffee follow such a different arithmetic.

The factory cushions price shocks by subsidising the store's utility bills and partially covering essential goods, reducing Akter's monthly grocery bill by Tk 1,000. This small but vital reprieve comes in an economy where inflation has remained above 9 percent for over two years.

For Akter, a senior quality inspector, it means more than just spending less on essentials. It means time saved from crowded markets, energy preserved for the production line, and the quiet certainty that her kitchen will never run empty.

But what does the factory gain? Why would a profit-driven business play

grocer?

The answer comes from changes following tragedies in the local apparel business. First appearing in 2008, workers now call these outlets "Fair Price Shops." Today, 250 such shops – far more than the handful that existed five years ago – run across apparel and leather units in various industrial zones.

By helping workers save on food costs, these stores earn factories international praise. They convert worker welfare into global goodwill,

together claimed more than 1,000 workers' lives, forced manufacturers to completely rethink their approach to workplace safety.

These tragedies not only brought global attention to labour welfare issues but also dealt a severe blow to the country's ready-made garment exports, prompting urgent reforms.

In response, factory owners implemented sweeping compliance measures that went beyond basic safety requirements. Among these innovations, fair price shops emerged

impacts. The system now supports significant employment opportunities, facilitates the movement of millions of taka worth of goods, and has even begun influencing agricultural supply chains.

Most significantly, these worker-focused innovations have contributed to the rise in the global garment trade, where Bangladesh now ranks as the world's second-largest exporter with nearly 8 percent of total market share.

THE SUBSIDY METRICS

To understand the real impact of these shops, consider the example of Jasmine Akter's rice purchase.

The 25 kg sack of rice that cost her Tk 1,850 at her factory's fair price shop would have set her back Tk 1,950 in local markets – a saving that makes a tangible difference.

"I save between 5-10 percent on nearly all my essentials," Akter said, elaborating on how these discounts help her manage household budgets amid stubbornly high inflation.

The financial mechanics behind these savings reveal careful planning.

Urmil Garments, where Akter works, operates its shop with a dedicated management team. "We sell at the cost price while absorbing 1 percent as our subsidy contribution," said managing director Asif Ashraf.

His factory's outlet serves nearly 15,000 workers, stocking over 500 items at below-market rates while ensuring strict quality control.

The model's success has attracted specialised vendors who now replicate it across multiple factories.

Tanvir Sifat, managing director of Amar Dokan, a leading fair price shop retail chain, said, "Our research shows workers who previously relied on credit for groceries paid interest rates up to 28 percent annually. Through our shops, they not only save 8-10 percent on purchases but avoid such borrowing entirely."

Sifat's operation currently serves a customer base of 80,000 workers across 12 garment and footwear factories through consignment arrangements with management.

These shops have recently evolved beyond basic necessities.

"We have expanded our offerings to include pricier products like extra virgin olive oil and coffee," said Ashraf of Urmil Garments. "This caters to our white-collar staff while maintaining the core mission of supporting all workers."

THE PSYCHOLOGY OF A FULL KITCHEN

The fair price shop phenomenon

has grown far beyond its original scope, with big conglomerates now participating.

At KSI Garments, a YoungOne Group unit at the Korean Export Processing unit in Chattogram, nearly 30,000 employees benefit from a shop run by PRAN-RFL Group.

"Our partnership creates unique value," said Mohammad Shamsur Rahman, KSI's head of administration. "PRAN-RFL provides the goods at a discount while we cover utilities. Together we ensure quality food reaches workers affordably."

The psychological impact may even outweigh the financial benefits.

A senior officer at Utah Group, which runs shops for 12,000 workers in Gazipur, said, "There is undeniable satisfaction when workers feel their management genuinely cares."

This sentiment echoes across factories implementing the model, with participation growing exponentially from just a few pilot locations five years ago to about 250 current outlets spanning garment and leather industries.

Sharif Zahir, managing director of Ananta Group, runs discounted shops across three factories, while Abdullah Hil Rakib of Team Group said his 23,000 workers each save around Tk 1,000 monthly.

"Apart from savings, we are teaching our workers financial management," Rakib commented. "Workers learn to budget with monthly repayment cycles, though we cap purchases to prevent overextension."

PRIVATE SOLUTIONS PAVE WAY FOR GOVT ACTION

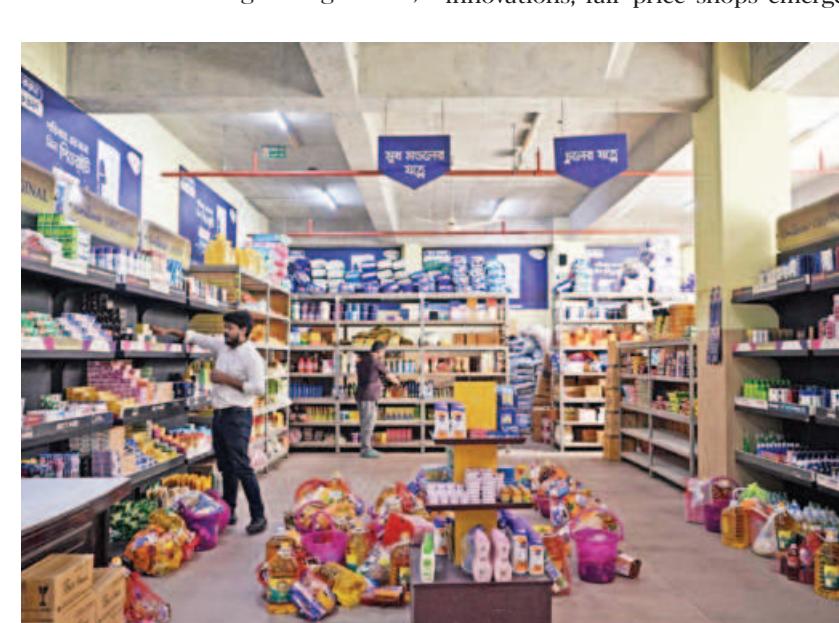
Although the private sector shows success in their fair price shops, worker advocates continue pushing for formalised support systems.

Md Towhidur Rahman, president of IndustriALL Bangladesh Council, said, "While fair price shops provide relief, we still need government ration cards to guarantee food security for workers."

AHM Shafiquzzaman, secretary to the Ministry of Labour and Employment, said his office has already sent a proposal to the finance ministry for introducing rations.

"We have submitted ration card proposals to the finance ministry, though implementation requires huge funding," he said.

Shafiquzzaman added that the factory-run shops represent an innovative private sector solution to systemic challenges. "The collaboration between manufacturers and retailers demonstrates what is possible."



transforming subsidised essentials into something far more valuable: the loyalty of Western buyers.

TRAGEDY RESHAPED WORKER WELFARE

Fair price shops have been running across industrial belts for roughly 17 years.

The concept first took root in 2008 when DBL Group, one of the leading apparel exporters of Bangladesh, set up its discounted essential store.

"We recognised early that worker welfare directly impacts productivity," said Mohammed Zahidullah, chief sustainability officer of DBL Group.

Today, what began as a single experimental outlet has grown into a network of nine shops serving thousands of workers within their factories.

The initiative gained momentum following two industrial disasters that shook the local garment sector to its core.

The horrific Tazreen Fashions factory fire in 2012 and the deadly Rana Plaza collapse the following year, which

as both practical solutions and powerful symbols of change.

Their value became particularly evident during the Covid lockdowns, when regular markets became inaccessible.

"When production lines ground to a halt and movement restrictions made shopping impossible, our fair price shops became literal lifelines for workers," Zahidullah recalled.

Though not mandated by compliance standards, these discount stores have gained unexpected recognition from international clients.

"Major brands now view these initiatives as markers of ethical operations," said Zahidullah.

The economic model of these shops is simple yet effective: by cutting profit margins and covering operational costs, factories offer goods up to 10 percent cheaper than local market rates.

What began as discrete welfare projects in 2008 has gradually transformed into a sophisticated retail network with far-reaching economic

