Officials from Bangladesh and Denmark, alongside ILO representatives and labour and trade leaders, attend a seminar on social sustainability in the industrial sector at The Daily Star Centre in Dhaka yesterday.
PHOTO: STAR

Institutionalised social dialogue a must to resolve labour-owner disputes

Say govt officials, factory owners, labour leaders, and foreign envoys

STAR BUSINESS REPORT

Social dialogue, a widely practised method for resolving industrial disputes, must be institutionalised across all industries so that negotiations can effectively bridge differences such as those surrounding the recently amended labour law, said labour leaders, industry owners and experts yesterday.

A formalised platform for dialogue would allow all parties to discuss and settle disagreements before they escalate, they said at a discussion titled "Social Sustainability in the Industrial Sector: Current Issues and the Way Forward", jointly organised by the Centre for Policy Dialogue (CPD), the Embassy of Denmark and The Daily Star at the newspaper's office in Dhaka.

"The dialogues, however, need to be more transparent, congenial, and coordinated," said Md Abdus Samad Al Azad, joint labour secretary.

Azad noted that Bangladesh has already signed the occupational safety and health-related conventions of the International Labour Organisation (ILO). "Now is the time to create a roadmap for implementing those conventions in the industrial units."

Syed Sultan Uddin Ahmmed, executive director of the Bangladesh Institute of Labour Studies, noted that although the amended labour law acknowledges social dialogue, it must be institutionalised to serve its purpose.

For instance, he said job losses triggered by automation could be openly discussed through such platforms to help workers upskill.

The interim government has amended the labour law, gazetted on November 17, revising several provisions, like lowering trade union-registration requirement, expanding definitions and categories, and introducing new safety, hygiene and maternity-related obligations for employers.

One provision that allows a minimum 20-worker trade union, along with redefined labour and workplace categories and employer obligations, has been a point of contention between the labour leaders and factory owners.

While workers welcomed the amendment, factory owners opposed the threshold provision, fearing such a lower number of workers' representation might "affect the stability of factories and allow outsider interference".

Several trade bodies expressed dissatisfaction stating that the decisions of the Tripartite Consultative Council (TCC), the highest platform for labour law amendment, were not incorporated in the amendment.

Meanwhile, speaking from the industry's side, Vidiya Amrit Khan, vice-president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said the garment sector urgently needs a unified code of conduct.

Separate buyers currently demand separate codes, she said, while continuing to offer lower sourcing prices despite the higher compliance costs manufacturers must bear.

Echoing her, Asif Ibrahim, vice-chairman of Newage Group of Industries, said Bangladesh does not need to follow separate codes of conduct for every buyer. "Since Bangladesh is a signatory of the ILO and ratified almost all the required conventions, the country does not need to follow codes of conduct separately."

Neeran Ramjuthan, programme manager at the ILO, called for strengthening alternative dispute resolution mechanisms, especially given the absence of a unified code of conduct.

Workers' representatives highlighted the gaps in the current framework. Shakil Akhter Chowdhury, general secretary of the Bangladesh Labour Federation, emphasised that labour law provisions still fail to adequately address the informal sector, which employs 85 percent of the country's workforce.

"The amended labour law has room for further improvement," he said.

Mentioning Denmark's good practice of social dialogue, Anders Karlsen, deputy head of mission of the Embassy of Denmark in Bangladesh, called for transparency, the right to strike, avoiding political interference and recruiting more labour inspectors.

> **Syed Sultan Uddin Ahmmed, executive director of the Bangladesh Institute of Labour Studies, noted that although the amended labour law acknowledges social dialogue, it must be institutionalised to serve its purpose**

In his keynote, Ole Rosenborg Justesen, sector adviser at the Embassy of Denmark, stressed that strengthening social dialogue is essential for avoiding a repeat of the Rana Plaza collapse, navigating the graduation from the least developed country category, and meeting emerging global environmental, social and governance expectations.

It also contributes to stability, productivity and the country's reputation, he said.

Voicing concerns from the ground, labour organiser Kalpona Akter, president of the Bangladesh Garment and Industrial Workers Federation, said workers' voices "should also be heard".

She noted that sweater factory workers are losing jobs due to automation and jacquard machines. "Brands and retailers also have responsibilities."

Taslima Akter Lima, president of the Bangladesh Garments Sramik Sanghati, argued that training alone is not sufficient for workers, particularly women. "They also need social protection."

Md Abdul Awal, assistant inspector general (safety) at the Department of Inspection for Factories and Establishments, said officials identified around 140,000 electrical, fire and structural flaws in factories and recommended remediation to strengthen workplace safety.

Industrial accidents beyond the garment sector were also highlighted. Abul Kalam Azad, president of the Tannery Workers Union, pointed to the Hashem Foods fire and recent chemical factory fires, calling the leather and ship-breaking industries among the most hazardous.

Tamim Ahmed, senior research associate at the CPD, said the absence of another Rana Plaza-type disaster in the garment sector can be considered a major success, but workplace safety in transportation, construction and agriculture still lags behind.

"Most of the workers in these areas are suffering from workplace hazards," he said.

Shah Abdul Tarik, additional director of the Department of Labour, said automation is taking place rapidly as multinational companies are investing heavily – billions of dollars – in automated production systems, making worker upskilling essential.

The discussion was also addressed by Avra Bhattacharjee, additional director at the CPD, and moderated by Tanjim Ferdous, in charge of NGOs and Foreign Missions at The Daily Star.

Why the economy lost its way

SALEKEEN IBRAHIM

Bangladesh has been suffering from a mix of micro and macroeconomic pressures since August 2024. The banking sector, already weakened over many years, is now in trouble, marked by a capital shortfall, soaring non-performing loans (NPLs), and corruption. The current administration did inherit a surge in irregular lending and failures in bank governance, including allegations of large-scale fund diversion. Yet recent economic indicators show cracks so deep that the system risks pulling the wider economy down. Many experts even warn of possible food shortages, rising unemployment, and greater social disparity.

Banking should support economic growth, but in Bangladesh, it has become a brake on momentum. According to the World Bank, the country will face sustained high inflation along with persistent vulnerabilities in the financial sector. The gross NPL ratio remains alarming. In the third quarter of 2025, classified loans rose to 27.09 percent of total outstanding loans. Many banks are struggling with capital shortfalls, and some require unconditional government support for mergers and policy assistance. As credit tightens and fragility grows, the investment pipeline and broader economic activity continue to suffer. For example, SME loan disbursement reported up to September was the lowest in four years.

Growth projections from global institutions and foreign investors paint a bleak picture. The Asian Development Bank estimates 3.9 percent growth for FY25, while the World Bank forecasts only 3.3 percent. The gap between government expectations and reality is wide. With the investment engine stalled, the interim administration has been unable to rebuild investor confidence, unlock private financing, or attract the capital inflows needed to lift national growth.

Agriculture grew by only 1.79 percent in FY 2024-25, down from 3.30 percent the previous year. For a country like Bangladesh, this was a major setback for the poor, especially farmers. The service sector also lost pace, growing at 4.51 percent compared with higher figures earlier. Both segments employ vast numbers of people. Yet the administration has not managed to raise productivity, reform land use, strengthen rural credit, or adapt to climate shocks. The slowdown in services reflects weak structural transformation, low value addition, and poor links with the investment ecosystem.

A stable business environment depends on the rule of law. Business owners report weak enforcement, unpredictable labour unrest, and corruption-driven approval processes as major barriers. In addition, many firms face gas and power shortages, forcing factories to rely on costly diesel generators and driving production costs higher. These conditions increase risk premiums, discourage investment, raise operating costs, and, in many cases, push businesses to shut down rather than absorb losses.

The ready-made garment sector, the backbone of export earnings, has endured significant hardship over the past year. The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) reports that about 258 export-oriented factories have closed, leaving more than 100,000 workers jobless. In September 2025, the association said that around 400 factories were forced to suspend production due to banking-related problems and called for policy support to help them reopen.

To reverse this damaging trajectory, the interim government must act immediately with several interlinked strategies.

First, the banking sector needs swift restructuring and a comprehensive bailout so that distressed assets are addressed proactively and credit flows can resume. Second, private investment, especially in agriculture, manufacturing, and services, must be encouraged. Investment in climate-resilient farming, rural credit systems, digital services, skills, and logistics can raise productivity in sectors that employ most citizens.

At the same time, monetary and fiscal policy must turn more counter-cyclical. Targeted fiscal expansion, efficient public investment, and effective monetary tools that support credit can help stabilise the economy. Finally, there is no alternative to good governance. Combating corruption, strengthening institutions, and enforcing the rule of law are essential for a durable recovery.

The writer is a senior banker

New IPO rules may discourage investors

Will also deter entrepreneurs, say stakeholders

STAR BUSINESS REPORT

The new draft rules on initial public offerings (IPOs) are complex and discouraging for investors and entrepreneurs, according to stakeholders.

They voiced their concerns yesterday at a consultation programme on the draft rules for public offerings and equity securities, organised by the Dhaka Stock Exchange (DSE) and the DSE Brokers Association of Bangladesh (DBA) at the DSE auditorium.

"The rules are very complex for foreign investors. To develop the country's capital market, stakeholders are recommending that the rules be made similar to those in other Asian countries," said DBA President Saiful Islam.

"Fifteen years ago, Vietnam was at a similar stage as us. Yet, they have moved far ahead, while we have not been able to progress. Instead, we have fallen behind," he added.

Saiful Islam also urged the Bangladesh Securities and Exchange Commission (BSEC) to discuss stakeholders' concerns before finalising the rules. "If there are issues where changes cannot be made despite stakeholders' recommendations, the reasons should be made clear. We want a law that ultimately motivates good companies to come to the capital market," he said.

Richard D'Rozario, a director of the DSE, highlighted barriers for new investors. "Many students and service holders—people who had no idea about the stock market—first learned about it through the IPO process. Later, many of them entered the secondary market as long-term investors," he said.

Rozario criticised the rule requiring a minimum Tk 50,000 investment in the secondary market to apply for an IPO. "If we block entry at this initial level, where will we get new investors? Requiring a minimum investment in shares to apply for an IPO as a general investor is completely unfair," he said.

He also called for simpler rules, noting, "The more complex the law is, the more opportunities there are for mistakes and waivers. If the BSEC gives a company 20-30 waivers, what is the point of having the law? Half of the problems will be solved if the BSEC, DSE, and auditors function properly," Rozario said.

BUSINESS REALITIES NOT REFLECTED

Md Kyser Hamid, a representative from the Bangladesh Association of Publicly Listed Companies, said, "The draft rules assume that issuing companies are always profit-making entities, whereas in reality, every business faces both profit and loss. Shareholders' long-term interests are not reflected in the rules."

He added that rules cannot dictate bank loan repayment, as funding needs vary based on market conditions and business requirements.

Md Moniruzzaman, managing director and CEO of Prime Bank Securities, raised concerns about restrictions on using IPO funds for loan repayment. "Entrepreneurs often take bank loans to run projects while awaiting IPO approval. If they are not

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Why is bitcoin plunging?

AFP, *London*

The value of bitcoin has fallen sharply since reaching record heights last month, briefly falling below $90,000 on Tuesday compared with above $126,000 at the start of October.

Below AFP explains why investors are turning away from the volatile asset.

WHAT HAS CAUSED THE LATEST PRICE DROP?

Prior to the recent slump, bitcoin broke a series of record highs in the wake of Donald Trump's return to the White House. The US president came out strongly in favour of cryptocurrencies before his re-election and has continued to do so.

Bitcoin first surpassed $100,000 in May before reaching its latest record of around $126,251 last month.

Support came also from expectations of an interest-rate cut from the Federal Reserve following weak US jobs data, which weighed on the dollar.

However, after Trump reignited fears of a trade war with China last month, investors sought safer assets over volatile cryptocurrencies.

Those who had bet on bitcoin continuing to rise lost heavy amounts.

According to Rachael Lucas, a crypto analyst at BTC Market, $20 billion of bitcoin trades were liquidated.

WHY IS BITCOIN'S PRICE FALLING?

Bitcoin lost one quarter of its value between striking the early October record and falling under $90,000 on Tuesday.

Other cryptocurrencies declined Tuesday, including Dogecoin, the speculative digital token promoted by Elon Musk.

All assets perceived as less safe, such as stocks, are taking a hit on financial markets after the longest US government shutdown on record prevented the release of key economic data.

Such figures are deemed key to understanding by how much further the Fed could cut interest rates in the coming months to boost the economy.

At the same time, some Fed officials have indicated that a cut may not occur at the US central bank's next monetary policy meeting in December.

This has boosted the dollar, while hitting stock markets and bitcoin.

"Renewed expectations from the market for a rate cut in December on the back of some favourable economic data

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