

**Please note that this country profile was last updated in 2006 and therefore might not reflect the current state of the law on termination of employment. For updated information, you are invited to consult the [EPLex database](#).**

## Termination of employment legislation digest

### Country profile – Bangladesh

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#### Sources of regulation

The Employment of Labour (Standing Orders) Act, 1965 (as amended in 1985) (ELSOA), and the Industrial Relations Ordinance, 1969 (as amended in 1975) (IRO), regulate termination of employment in Bangladesh.

#### Scope of legislation

The ELSOA applies to all shops, commercial and industrial establishments (as defined by the Shops and Establishments Act, 1965), as well as all other industrial establishments where five or more workers are employed.

The ELSOA excludes from its scope shop workers or persons employed in commercial or industrial enterprises owned and directly managed by the State (*sec. 1*, ELSOA). The public servants are covered by the Government Servants' Conduct Rules.

The "worker" is defined largely including apprentices, but excluding workers employed mainly in a managerial or administrative capacity (*sec. 2(v)*, ELSOA).

#### Contracts of employment

Employment contracts are divided into various types of work relationships distinguishing between apprentices, the *badlis* (*badli* is a person employed in the post of a temporary or permanent worker during his or her absence), casual workers, permanent and temporary workers (*sec. 2*, ELSOA).

The period of probation for a worker is six months for work of a clerical nature and three months for other probationers (*sec. 4*, ELSOA).

## Termination of employment

A distinction is made in the ELSOA between different types of termination of employment relationship. Not at the initiative of the employer, the employment relationship can be terminated, in particular, by the expiry of a fixed-term contract, the worker's resignation, or by the completion of the task for which the contract was concluded. (*secs. 2, 19, ELSOA*).

If a permanent worker desires to terminate his/her employment, one month's notice in the case of monthly rates workers, and 14 days' notice in the case of other workers, must be given in writing to the employer (*sec. 19 (2), ELSOA*).

## Dismissal

There are three main types of termination of employment at the initiative of the employer as defined in the ELSOA: discharge for incapacity, dismissal for misconduct and retrenchment for redundancy. These statutory rules are applicable to workers who have been continuously employed by the employer for more than one year.

An employer is required to justify termination of employment where it falls under the categories of "discharge" or "dismissal" as defined under the ELSOA. For termination unrelated to such reasons, that is, mere termination, the employer is only required to give notice and pay compensation, as defined under the statute (*sec. 19, as modified by the 1985 Amendments*).

"Discharge" means the termination of services of a worker for reasons of physical or mental incapacity or continued ill health or similar reasons not amounting to misconduct (*sec. 2(f), ELSOA*).

"Dismissal" is defined as the termination of services of a worker by the employer for misconduct (*sec. 2(g), ELSOA*). The statute outlines several categories of misconduct including wilful insubordination or disobedience, theft, fraud or dishonesty, bribery, habitual late attendance, habitual negligence of work, and falsifying or tampering with the employer's official records (*sec. 17, ELSOA*). Workers may also be dismissed for participating in a "go-slow" or illegal strike provided that permission is obtained from the Labour Court (*secs. 17(j), 18(7), ELSOA*).

Termination of employment on the grounds of trade union membership or activity is unlawful in Bangladesh (*sec. 25, ELSOA*).

"Retrenchment" means the termination by the employer of the services of workers on the ground of redundancy (*sec. 2(q), ELSOA*).

In the event of fire, catastrophe, machinery breakdown, power outage, epidemic, civil commotion or other causes beyond the employer's control, the employer may stop work (lay-off). The employer has to notify the workers affected as soon as practicable (*sec. 6, ELSOA*). If a worker is laid off for more than 45 days during a year, the employer may retrench him or her (*sec. 9, ELSOA*).

## Notice and prior procedural safeguards

For mere termination of employment of a permanent worker, except the cases of discharge, dismissal or retrenchment, the employer is required to give 90 days' notice for monthly paid workers

and 45 days' notice for other permanent workers. Such notice must be in writing, but payment in lieu of notice (*sec. 19, ELSOA*) may be substituted.

No notice provisions are stipulated for discharge from service. A worker may be lawfully discharged from employment for reasons of physical or mental incapacity or continued ill health or other reasons of incapacity unrelated to misconduct, provided compensation is paid by the employer (*sec. 16, ELSOA*).

Workers may also be dismissed without notice or compensation if guilty of misconduct or a criminal offence (*sec. 17(1), ELSOA*). Where a worker is alleged to have committed misconduct, he or she must be given the opportunity to defend himself or herself against the allegations made. First, the allegations must be made in writing and the worker must be given a copy and an opportunity to explain his or her conduct in no less than three days. This includes a right to an oral personal hearing.

He or she may, however, be suspended from employment pending inquiry into the charges. However, such suspension may not exceed a period of 60 days where the matter is pending before a court and the worker must be paid a subsistence allowance equivalent to half of his or her average income (*sec. 18, ELSOA*).

As regards retrenchment for redundancy, all workers who have been in continuous employment for more than one year are entitled to a written one month's notice indicating the reasons for retrenchment or to payment in lieu of such notice. A copy of such notice must also be sent to the chief labour inspector (*sec. 12, ELSOA*). The employer ordinarily dismisses first those who were employed last, unless, for reasons to be recorded in writing, the employer retrenched any other worker (*sec. 13 of the ELSOA*).

## **Severance pay**

For mere termination of employment of a permanent worker, who has been employed in continuous service for more than one year, the employer is required to pay his/her employee compensation at the rate of 14 days' wages for each completed year of service (*sec. 19(1) as amended, ELSOA*).

In case of retrenchment, workers who have been employed in continuous service for more than one year, are entitled to severance pay equivalent to 30 days' wages for every completed year of service or for every part thereof in excess of six months in addition to gratuity, if any (*sec. 12, ELSOA*).

In case of discharge from service for incapacity, workers who have been employed in continuous service for more than one year, are entitled to compensation at the rate of 30 days' wages for every completed year of service (*sec. 12, ELSOA*).

Under the ELSOA as amended in 1985, workers who have been dismissed for misconduct or for a criminal offence, are also entitled to compensation if their service amounts to more than one year, at a rate of 14 days' wages for every completed year of service, or for any part thereof in excess of six months, or gratuity, if any, whichever is higher (*sec. 17*).

Where a worker is entitled to benefits from a Provident Fund, termination of employment for whatever reason may not disentitle him or her from such benefits. In case of dismissal for misconduct, the worker is deprived of the portion of employer's contribution (*sec. 20, ELSOA*).

In case of lay-off, for the first three weeks of stoppage the workers are to receive full wages. After three weeks of stoppage employees may be laid off and receive compensation equal to half of the total of the basic wage and dearness allowance (and equal to one-quarter after 45 days) (sec. 9, ELSOA).

## Avenues for redress

In general, only workers who have been “discharged”, “dismissed” or “retrenched” (i.e. workers who have been dismissed on grounds of incapacity, misconduct or redundancy), as opposed to mere “terminations” by simple notice, can seek redress for grievance related to dismissal in the courts. However, employees who have been merely “terminated” may still claim for breaches of the requisite notice period, or for terminations on the grounds of trade union membership or activity (sec. 25, ELSOA).

The worker must start grievance procedure by submitting his/her complaint to the employer, in writing by registered post within 15 days of the occurrence of the cause of such grievance. The employer has to inquiry into the matter and inform the worker his/her decision in writing within 15 days (sec. 25, ELSOA).

Complaints about dismissals can be brought to a Labour Court within 30 days (sec. 25, ELSOA, and sec. 34, IRO). Labour courts are tripartite courts established by the Government (sec. 35, IRO). Where dismissal is held to be unlawful, the worker is entitled to compensation in the form of damages, which are the most common type of remedy. The Labour Court may also order the reinstatement of the worker.

Any party aggrieved by an award may appeal to a Labour Appellate Tribunal within 30 days of the delivery of the decision (sec. 37, IRO). The decision of the Tribunal in such an appeal, as well as the decisions of the Labour Courts other than those granting an award, are final (sec. 37(4), IRO, and sec. 25(d), ELSOA).

In addition, the conciliation machinery of the Labour Department is used in helping to resolve labour disputes relating to termination of employment.

## Further information

- [Ministry of Labour and Employment](#)
- [Bangladesh Institute of Labour Studies](#)
- [ILO Natlex Bangladesh](#)
- Zinat Ara, Emdadul Huq, Harunur Rashid: “Bangladesh”, in R. Blanpain (ed.): *International encyclopaedia for labour law and industrial relations* (The Hague, Kluwer Law International, 2005).