

# Bangladesh's Ready-Made Garment Industry: Unrest Analysis after the Political Changes on August 05, 2024

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DOI: <https://doi.org/10.5281/zenodo.17680133>

Published Date: 22-November-2025

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**Abstract:** This article analyzes the Ready-Made Garment (RMG) industry in Bangladesh, focusing on the labor unrest that erupted after the political changes of August 5, 2024. Using a qualitative methodology and secondary data, it identifies the primary drivers of the turmoil, including a post-regime political vacuum and a complex mix of new and old labor demands. It argues that while workers' dissatisfaction over wages and benefits was a key factor, the unrest was significantly exacerbated by a breakdown in law and order, and alleged interference from local and foreign interests. The study highlights the profound impact of this instability on the RMG sector, leading to factory closures, canceled orders, and significant financial losses, while also revealing the industry's surprising resilience and export growth.

The research further explores the geopolitical context, suggesting that neighboring countries are exploiting Bangladesh's instability to gain a larger share of the global garment market. It concludes with key recommendations for ensuring the long-term stability and competitiveness of the sector, emphasizing the need for improved employer-worker relationships, increased security, and fair purchasing practices from international buyers. Ultimately, this article provides a comprehensive analysis of how a political upheaval triggered cascading effects that exposed the vulnerabilities of a critical national industry.

**Keywords:** RMG sector, Bangladesh's Ready-Made Garment (RMG) industry, political changes, labor unrest, political stability.

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## 1. INTRODUCTION

Bangladesh's ready-made garment industry started its journey in the 1960s. However, in the late 1970s, this industry began to develop as an export-oriented sector. Currently, it is the largest export-oriented industry in Bangladesh. In the fiscal year 2021-22, the export volume from the ready-made garment industry alone was \$42.613 billion, which is 81.81 percent of Bangladesh's total exports. Currently, Bangladesh is the second largest country in the world in ready-made garment exports, while China is at the top.

The unrest in Bangladesh's garment industry during 2024 has been primarily driven by political upheaval and labor disputes. Following the ousting of former Prime Minister Sheikh Hasina on August 5, 2024, a series of protests erupted, significantly impacting the garments sector, which is crucial to the country's economy.

### **Background of the unrest in the 'Ready-Made Garment Industry':**

Due to nationwide student protests and labor unrest over the past few months, Bangladesh's garment industry received nearly 10 percent fewer apparel work orders from international retailers and brands for the autumn and winter seasons of 2025 than in the past due to unrest in major industrial belts.

Unfortunately, at such a time, the law and order situation in the country has deteriorated to an unprecedented extent. In mid-July, the then Awami League government led by Sheikh Hasina imposed a curfew and shut down the internet to suppress the student movement demanding quota reform, severely affecting the garment industry. Finally, the Awami League government fell through a mass uprising. Sheikh Hasina fled to India on August 5.

After the formation of the new government led by Nobel laureate Professor Dr. Muhammad Yunus, various demands began to be raised by workers in several sectors. In such a situation, factories remained closed for about 15 days as the workers protested to realize their demands.

Several thousand workers took to the streets in the industrial areas of Ashulia, Jirani, Savar, Tongi and Gazipur. Some are accused of involvement in vandalism and arson. After that, the owners closed factories to avoid unrest and protect their property.

The protests spread further as the law and order situation deteriorated after the change of power. The industrial police stopped patrolling the industrial areas due to attacks on the police.

In addition, the police administration was undergoing a reshuffle after the change of government at that time. Almost all the police stations had become ineffective. As a result, the owners did not dare to run the factories. Due to worker dissatisfaction, many owners did not open the factories. Since there was no magisterial power, that time, factories could not be run even with the help of the army. Therefore, most of the factories in Ashulia, Savar, Jirani and Jirabo were closed. Workers vandalized many factories. The owners finally closed the factories under Section 13 (1) of the Bangladesh Labor Act. This law is related to the 'no work, no pay' clause.

In August, workers in the ready-made garment and pharmaceutical industries protested, demanding demands. Pharmaceutical entrepreneurs accepted some demands, normalizing the situation. However, complications increased in the garment industry, disrupting production in Gazipur and Ashulia daily and causing worker deaths. The situation remained tense, with many factories experiencing daily disruptions.

Later, on September 24, the owners agreed to accept 18 points, including increasing the attendance bonus and tiffin bill of the workers, and stopping the retrenchment of workers. As part of this, after more than a month of discussions between the owners and the workers, it was decided to increase the increment by an additional 4 percent. In this time of high inflation, the workers expected the annual wage increase or increment to be 10 percent or more. Although it was finalized at 9 percent in formal bargaining.

### **Research Objective:**

To identify the reasons behind the unrest in Bangladesh's ready-made garment industry after political regime changes.

### **Research Questions:**

The research questions are

- 1) What were the primary socio-political and economic drivers of labor unrest in Bangladesh's RMG sector immediately following the August 05, 2024, political changes?
- 2) What significant impacts did this unrest have on the RMG industry's performance and international standing, and how did the industry begin to demonstrate resilience?
- 3) To what extent were external geopolitical factors and alleged foreign market capture strategies intertwined with the post-change unrest in Bangladesh's RMG industry?
- 4) How did national leaders (political and industry) respond to the unrest, and what policy and industry-level recommendations are essential for ensuring the long-term stability and competitiveness of Bangladesh's RMG sector?

## **2. METHODOLOGY**

The study used a qualitative research methodology to analyze and examine the impact on countries. It utilizes secondary data sources.

### **Reason behind the unrest:**

The unrest in the nation, despite the implementation of a new wage structure for garment workers, can be attributed to various underlying factors. While the wage increase was intended to improve conditions, general workers, union leaders, labor experts, and factory owners suggest that additional issues are fueling the labor movement,

**Political Instability:**

- The protests were sparked by the removal of former Prime Minister Hasina, leading to a power vacuum and subsequent unrest.
- Local influential people associated with politics influenced the workers to exploit the lack of law and order.
- After the government fell on August 5, the local power vacuum and the control of 'False' (ঝুট/Fabric Scrap Trade) businesses began. The new people want to take over the business from those who were there before.
- On the other hand, after the Awami League people lost control at the local level, there are allegations that people with other parties identities are trying to take control of large zones of garment factories.
- The ready-made garments sector is experiencing instability due to the involvement of the fallen government and its supporting country.

**Labor Demands:**

- Despite the salary increase due to continuous inflation, the living standards of the workers have not improved significantly.
- After the 2023 wage increase, many factories laid off workers, most of whom were experienced workers. Most of these workers did not find jobs anywhere else. After the change of government, they gathered in the factories to get their jobs back
- Again, in some factories, the salaries for July-August have not been paid yet. As a result, new unrest arose among the garment workers of that area, and protests took place in the industrial areas throughout September, October, November and early December.
- Another worker demand is that men and women be employed in equal proportions to eliminate 'discrimination.'
- During the latest unrest, workers initially demanded that tiffin and attendance allowances be standardized, as they are provided in other industries.

**Garment Factory Closures:**

- In response to the unrest, many garment factories were forced to shut down indefinitely to prevent vandalism and protect assets.
- Worker dissatisfaction led to factory closures in Ashulia, Savar, Jirani, and Jirabo. Unrest forced many garment factories to shut down indefinitely to prevent vandalism and protect assets.
- The ineffective police administration led to factory owners refusing to operate. The decision occurred during a critical production period, causing financial losses for factory owners.
- Factory closures were imposed under Section 13 (1) of the Bangladesh Labor Act, related to the 'no work, no pay' clause.
- As of late October 2024, stability has returned with factory reopening and production resuming.
- The Bangladesh Garment Manufacturers and Exporters Association reported losses totaling approximately \$400 million.

**External Factors Impact:**

- The owners have alleged an external motive or conspiracy behind the unrest, indicating a strong suspicion of someone working behind it.
- Some labor leaders also incited the workers.
- Outsiders' instigation. External factors and influences have led to the emergence of unrest.
- There are some international pressure. Those who wanted this industry to move from Bangladesh to other country.

- The recent unrest has intensified challenges for international retailers due to concerns over supply chain disruptions and communication issues with local suppliers.
- Industry leaders emphasize the need for ongoing security measures to maintain order.
- Labor leaders warn of potential further unrest without significant changes in management practices and worker rights policies.

#### **Brief of unrest incidents by garment workers after August 05, 2024:**

The students' anti-discrimination movement began in July. During this time, the owners were forced to close garment factories in several areas. Many factory workers also participated in the movement. The Awami League government fell on August 5, 2024 in the face of intense student and public protests. The then Prime Minister, Sheikh Hasina, was forced to flee from the country. An interim government was formed. Since then, there has been continuous unrest in the garment industry.

- On August 23, workers of a garment factory blocked the Dhaka-Tangail highway in the Chandra area of Kaliakoir upazila of Gazipur to demand wage arrears.
- Later, on September 2, the workers protested in Ashulia, Savar, and Dhaka with 11 points of demand. On that day, the authorities declared a holiday in at least 35 factories in different areas of Ashulia. The government has ordered a joint operation by the army, police, and industrial police in Savar, Ashulia, and Gazipur to stop the unrest.
- On September 4, garment workers staged a protest in several places demanding various demands, including the reinstatement of jobs. Workers protested in areas such as Chandana Chowrasta, Signboard, Jirani Bazar, Konabari, Basan, and Bagher Bazar in Gazipur. After the 2023 wage increase, many factories laid off workers. After the change of government, they gathered in the factories to get their jobs back.
- On September 9, the factory authorities declared a holiday and closure of most factories in Jamgarh, Narsinghpur and its surroundings in Ashulia, Savar. At least 79 factories were closed and declared a holiday on that day.
- After this, garment workers also protested in different areas on September 10. On September 11, about 114 factories were closed in different areas.
- According to the information provided by the industrial police, there was dissatisfaction in factories in a total of six districts from September 1 to 10. Most incidents of discontent occurred in 234 factories located in the Gazipur district. And 168 factories in the Dhaka district were affected by discontent. In addition, there were incidents of discontent in 39 factories in Narayanganj, 21 in Mymensingh, 19 in Chittagong, 2 in Pabna and 1 in Narsingdi.
- Since then, protests by garment workers have been seen almost every day. On September 17, a female worker was killed in a three-way clash between workers and law enforcement in the Jirabo area of Ashulia, Savar. Since then, protests have been held in garment factories in various regions throughout September.
- The garment factories remained restless in October as well. There were more protests in Gazipur, Savar and Ashulia. From October 21 to 23, workers protested by blocking the Chandra Highway from Nabinagar in Savar for three consecutive days. Mainly, September, October and November are the three months when protests are most frequent in garment factories.
- On December 9, the Labor Ministry's committee meeting on minimum wage revaluation and annual wage increase fixed the yearly wage increase or increment of 9 % percent for workers in the ready-made garment industry. The matter was finalized after long negotiations between the owners and the workers. It was announced that until the minimum wage is re-determined, garment workers will receive an additional 4 percent; that is, 9 percent increment. This is expected to be effective from this December. However, the workers have been demanding an annual 15 percent increment.
- Workers declared a holiday in at least 25 factories in Ashulia on December 11, demanding a 15 percent annual increment. Protests have been taking place in several areas over the past few days on this issue.

**Impact on garments industry due to recent labor unrest:**

- Officials are concerned about the number of orders canceled from the country's factories and about ensuring that the goods are shipped on time.
- As a result, the country's garment exporters will have to make up for the lost time or send goods by air, which is expensive.
- In some cases, orders may be canceled due to failure to ship goods on time.
- In most cases, exporters will be forced to send goods by air at a higher cost to meet the deadlines of foreign buyers and maintain normal relations with them.
- They know that sending goods by air will result in a much lower profit margin.
- It costs more than four dollars per kilogram of cloth to send it by air from Dhaka to any country in Europe.
- It costs less than 10 cents to send the same shipment to Europe through the Chittagong seaport.
- The biggest problem at present is the price of ready-made garments. Except for one or two brands, all buyer organizations are offering lower prices than before.
- On the one hand, production costs are increasing, while on the other hand, prices are decreasing. As a result, it seems that if the number of purchase orders increases, export income will not increase at that rate.
- Regarding labor unrest, foreign buyers are worried and annoyed by one movement after another.

**Conspiracies in Bangladesh's Garment Industry:**

Bangladesh's position is likely to strengthen due to China's limited export potential. However, some neighboring countries are believed to be conspiring to hinder this potential. In particular, Vietnam and India are competing against Bangladesh to increase their export capacity and capture the market.

**Conspiracy of neighboring countries: Market capture strategy**

Bangladesh currently controls a large part of the global garment market, which is a thorn in the side of many neighboring countries. Neighboring countries such as India and Vietnam are continuously trying to gain a share of the Bangladesh market. They are trying to exploit the instability of the Bangladeshi garment sector through various processes.

Several content creators and influential people on social media are already speaking out on this issue, presenting a negative picture based on the ongoing labor unrest, political unrest, and law and order situation in Bangladesh. In particular, some social media platforms in India are showing how labor unrest and political instability in Bangladesh are being considered opportunities for India. They are openly saying that labor unrest and a slowdown in buyer orders in Bangladesh can be advantageous for the Indian garment industry.

**Vietnam's strategy: Free trade agreements and attempts to grab markets**

Vietnam has already signed a free trade agreement (FTA) with the European Union, as a result of which there will be no tariffs on their products after 2027. This is a big advantage for Vietnam in the European market. And if Bangladesh transitions from LDC in 2026, the duty-free benefits in the European market will continue until 2029, after which a 10 percent tariff will be imposed. Taking advantage of this situation, Vietnam is working to attract a large part of the European market.

A clear aspect of the conspiracy can be seen here, where Vietnam wants to strategically keep Bangladesh away from the European market. They are also trying to use this influence at the international diplomatic level. In order to get the GSP Plus benefits of the European Union, it is necessary to fulfill the conditions of 27 international conventions. In this case, the challenge for Bangladesh is not mainly these conventions, but rather the main challenge is to use Vietnam's influence to keep Bangladesh out.

**Market share battle with China and Indian**

In 2011, China's market share in the European Union market was 30 percent, which has now decreased to 20 percent. Bangladesh has been able to capture a large part of this lost market from China. However, recently, China's share in the US

market has decreased from 40 percent to below 30 percent. In this situation, the battle for market share with China and India is becoming more difficult.

Some Indian media outlets and social media outlets are promoting the opportunity to capture this market for Bangladesh through various videos and posts. On the one hand, international buyers may get a negative impression of the Bangladeshi garment sector, and on the other hand, the Indian garment industry may benefit.

#### **Conspiracy taking advantage of recent political unrest and labor unrest**

Due to labor unrest and deteriorating law and order situation across the country, neighboring countries are trying to achieve their interests by exploiting this dissatisfaction. It is believed that these problems may be affected by neighboring countries.

**Proclamation from RMG manufacturers Industry leaders:** RMG manufacturers argue that the current turmoil in the ready-made garments industry is part of a sinister scheme by foreign interests to undermine the sector. Industry leaders, stress the importance of recognizing and neutralizing these outside influences. The BGMEA members have called for intervention and efficient handling of the unrest, focusing on law and order issues rather than labor-related issues. The turmoil has led to a call to action to protect the apparel industry from perceived threats.

#### **Bangladesh must be vigilant in confronting the conspiracies of neighboring countries:**

Bangladesh's garment industry is very important not only for the country's economy but also for the employment of millions of people. The government and the concerned authorities should adopt a long-term plan to deal with the country's political instability, labor dissatisfaction, and hostile situation in the international market. We need to remain united in confronting the conspiracies of neighboring countries and their strategies.

In the current situation, Bangladesh needs to take more cautious and firm steps to maintain its competitive position in the international market and confront the conspiracies.

#### **Present situation: export raises till the end of December 2024:**

In December, Bangladesh's garment exports reached a value of \$24.53 billion, a 13.28% growth from the first six months of the 2024-25 fiscal year. The country's ready-made garment sector has maintained its growth trend in exports, with garment exports worth \$19.88 billion in the first half of the fiscal year (July- December). This increase is attributed to the intensification of anti-discrimination movements in July and the ongoing unrest and discontent in industrial areas since the fall of the Sheikh Hasina government in August.

Despite these challenges, garment industry entrepreneurs and workers have continued production and export activities for the past six months. Industry stakeholders fear that the pace of Bangladeshi ready-made garment exports will slow down due to political turmoil and labor dissatisfaction. However, the fear of potential hostility between China and the United States is a major reason why exports have not stopped. After US President-elect Donald Trump, many US buyers are shifting their garment purchase orders from China to Bangladesh, causing Bangladeshi garment exporters to struggle to capture these additional purchase orders.

The top products exported from Bangladesh in the first six months of the current fiscal year (July- December), were garments, leather and leather products, agricultural products, home textiles, and jute and jute products, accounting for 89.21 percent of the country's total exports. Apparel was the largest contributor to total exports, accounting for 81%.

Compared to the first six months of the previous fiscal year, garment exports increased by 13.28 percent in the same period of the current fiscal year. Exports of leather and leather products increased by 10.44 percent, agricultural product exports increased by 9.31 percent, jute and jute products decreased by 8.11 percent, and home textile products increased by 7.85 percent.

### **3. RECOMMENDATIONS**

In what manner are the demands of garment workers for improved wages being addressed? Garment workers in Bangladesh are advocating for enhanced wages and improved working conditions, with numerous initiatives being implemented to meet their demands. This situation illustrates a complex interplay between laborers, manufacturers, and global brands.

- **Diminish Dissatisfaction:** The main message of the activities of the industrial police, RAB, BGB, and the employers, workers, and trade unions to keep the workers calm in the garment factories is that the workers' dissatisfaction should not grow or spread.
- **Employer-Worker Relationship:** It is important to quickly resolve this unrest by implementing the wage structure and improving the employer-worker relationship.
- **Awareness Building:** In the current situation, there is a need to make workers aware.
- **Inclusiveness:** Inclusive dialogue, interactions and discussion between garments & factory owners, workers and labor unions.
- **Increased Minimum Wage Discussions:** Bangladeshi unions are advocating for an increase in the minimum wage for garment workers, as the current wage falls short of their living standards, causing ongoing negotiations.
- **Implementation of Service Benefits:** Factory agreements have obligated them to offer workers service benefits and provident funds, ensuring financial security and support during times of need.
- **Pressure on Global Brands:** Factory owners argue wage increases are linked to higher prices from Western brands, highlighting the need for international buyers to ensure fair pricing practices for better worker wages.
- **Corporate Sustainability Directives:** The EU's Corporate Sustainability Due Diligence Directive, a directive promoting fair wages, aims to protect human rights and ensure fair working conditions, thereby enhancing the company's legal obligations to ensure sustainable practices.
- **Ad-hoc Solutions:** Despite some measures being implemented, solutions often emerge ad hoc in response to labor unrest, as workers continue to protest, indicating unaddressed systemic issues.
- **Fair Purchasing Practices:** Advocacy groups urge global brands to adopt fair purchasing practices that support living wages, ensuring factories can pay workers adequately without compromising operational viability.
- **Initiatives to Empower Workers:** Efforts are being made to empower workers through training and education on their rights, enabling them to negotiate better pay and conditions more effectively.

#### 4. CONCLUSION

Garment export orders rise, however concerns regarding law and order persist. The garment industry in Bangladesh is recovering after overcoming war and high inflation, with orders from China transferring to the country's ready-made garment industries. Despite the positive growth in export orders for the spring and summer seasons, concerns about law and order persist. Factory closures and orders from China have affected Bangladeshi factories, with some predicting good growth for the autumn and winter seasons.

After the political change, garment workers in Ashulia of Gazipur and Savar protested for various demands throughout September. Later, the situation gradually normalized after an 18-point agreement was reached between the owners and the workers. Since October, labor protests have been taking place again in various areas, including Gazipur, demanding arrears of wages and allowances. In November, Beximco workers blocked roads demanding arrears of wages. They also set fire to a factory. This month, labor unrest is taking place in Ashulia over several demands, including a 15 percent annual wage increase or increment and a minimum wage of Tk 25,000. This is disrupting production in several factories there day after day.

There has been positive growth in ready-made garment exports so far in the current fiscal year. According to data from the Export Promotion Bureau (EPB), garments worth \$16.12 billion have been exported in the five months from July to November of the current fiscal year 2024-25. Ready-made garments worth \$14.34 billion were exported in the same period of the last fiscal year. That means that ready-made garment exports have increased by 12 percent in the current fiscal year.

Despite the resolution of worker demands through a constructive process, a group attempting to disrupt the industry remains. The government must be strict about law and order to maintain confidence in the industry and prevent foreign buyers from seeking alternative sources. The situation is not calming down, and the government must continue to enforce regulations to protect the garment industry and ensure the safety of its workers.

**Appendix 1****Eighteen points demand of “Garments Workers”:**

The garment workers have been protesting with 18 points of demand. Finally, the government and the factory owner authorities are accepting all their demands. The demands are-

- 1) The minimum wage of the workers should be re-determined by reconstituting the wage board.
- 2) The minimum wage announced by the government in 2023 must be implemented quickly in the factories where it has not yet been implemented.
- 3) The labor law should be amended.
- 4) If a worker is dismissed/dismissed from his job after completing five years of service, he should be paid an amount equal to a basic salary. Section 27 of the labor law, including other conflicting sections, should be amended.
- 5) All types of arrears of wages should be paid immediately.
- 6) Attendance bonus (Tk 225), tiffin bill (Tk 50), and night bill (Tk 100) should be increased at the same rate in all factories.
- 7) A Provident fund system should be introduced in all factories.
- 8) The annual increment against salary should be at least 10 percent.
- 9) A rationing system should be introduced for workers.
- 10) Biometric blacklisting controlled by BGMEA should not be done. Biometric lists should be kept under the control of the government. (Biometric is the right to enter the factory through fingerprints. If fingerprints are not taken, workers cannot enter the factory.)
- 11) All types of harassing and political cases should be withdrawn.
- 12) Measures should be taken to stop the dominance of fake businesses.
- 13) Non-discriminatory employment should be provided in factories (equal rates for men and women).
- 14) Compensation and medical care should be ensured for the 'martyrs' and injured workers in the July Revolution.
- 15) After investigating the welfare of the victims of the Rana Plaza and Tazreen Fashion accidents, appropriate measures should be taken.
- 16) Day-care centers should be established in all factories as per the labor law.
- 17) Unfair dismissal of workers should be stopped.
- 18) The maternity leave period for female workers should be fixed at 120 days or four months

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