Garment workers' minimum wages should be based on data, not just bargaining



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Views expressed in this article are the author's own.

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Amid ongoing protests by garment workers demanding fair wages, factory shutdowns, road blockades and police action, one can recognise a pattern that crystallised in 2006, 2010, 2013, and again in 2023. A minimum wage was fixed on each occasion, only to be gradually eroded by inflation in the years that followed, and eventually triggering another round of worker protests. Under pressure, a wage board was convened and after a few weeks of bargaining between two sides that do not even share a common set of facts, a new figure emerged.

The disagreement itself is not the problem: workers and employers will naturally protect their own respective interests. The problem is that the board has no decisive evidence against which to judge their claims, so the outcome depends on who can bring more workers onto the street or warn more convincingly of factory closures. That's why an evidence-based approach to setting the minimum wage is required, built on independent research papers prepared by economists before the board decides.



PHOTO: STAR

Police fired tear shells to disperse RMG garment workers who blocked a highway in Gazipur on Saturday, November 14, demanding fair wages.

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The entry-level minimum wage in the garment sector was Tk 627 in 1986. It was raised to Tk 930 in 1994, Tk 1,662.50 in 2006, Tk 3,000 in 2010, Tk 5,300 in 2013, Tk 8,000 in 2018, and Tk 12,500 in December 2023. Gaps between revisions ranged from three to 12 years, and each revision raised the nominal wage by between 48 and 80 percent.

Those headline increases look large. Measured in constant prices, though, they look very different. Between one revision and the next, the purchasing power of each wage structure fell by 22 to 46 percent. The 1994 minimum wage lost almost half its value over the 12 years it remained in force. The 2018 wage lost 28 percent of its value over five years.

Using the Bangladesh Bureau of Statistics' 12-month average inflation rates since November 2023, a worker would need about Tk 16,326 today to buy what Tk 12,500 bought in December 2023. The real value of the entry-level minimum wage has fallen by roughly 23 percent. A worker who has stayed in the same job and received the annual increments on basic pay now earns roughly Tk 13,500 to Tk 13,760, still 16 to 18 percent below the inflation-adjusted level.

The 2026 amendment to the Labour Act shortened the interval between revisions under Section 139(6) from five years to three. That limits how real wage erosion can run, but it says nothing about how wages should move in between. Even the annual increment, raised from 5 to 9 percent in December 2024 after the July uprising and resultant unrest, remains disputed.

What the law says and a possible remedy

In setting the wages, Section 141 of the Bangladesh Labour Act, 2006 directs the board to take into account the cost of living, the standard of living, the cost of production, productivity, the price of products, inflation, the nature and risk of work, business capability, and the economic and social conditions of the country and the locality. The 2026 amendments did not change this section, which creates three gaps.

The first is method. The law lists about a dozen factors but gives no weights, no formula, and no specified data source.

The second is an imbalance in the evidence itself. The factors that favour workers are measured monthly by the state. The factors that favour employers are not measured by anyone independent. There are no regular credible sources on costs of production, profit margins, or buyers' pressure.

The third gap is the most consequential: the buyers. The law binds only domestic employers. Yet the free-on-board (FOB) price that determines a factory's revenue is negotiated with international brands, and a handful of large buyers face many competing suppliers, which has, over time, apparently reduced prices per kilogram of exports.

The board should be given a common, published evidence base before negotiations begin, so that both workers and factory owners argue from the same numbers. The National Pay Commission in 2024-2025 for revising the national salary structure for public sector employees also used research-based evidence for its exercise.

Concretely, the board should commission an independent team of economists to prepare a background paper, with its data and methods made public. At a minimum, it should cover six things. First, cost of living by industrial area, covering food, rent, health, education and transport for worker households in Dhaka, Gazipur, Narayanganj, and Chattogram, with explicit assumptions on household size and number of earners, which drive most of the gap between existing living cost estimates.

Second, a price index weighted by workers' spending. The national CPI does not reflect a garment worker's consumption basket. With non-food inflation at a 41-month high of 9.89 percent in October, the difference matters. Third, a factory survey stratified by size and subcontracting status, measuring labour's share of FOB, cost per minute, line efficiency, and net margins. Fourth, buyer prices and purchasing practices, which should include unit-price trends by product, and show whether labour is costed separately in price negotiations, and whether brands commit in writing to adjust prices in line with mandated wage increases.

Fifth, the employment effects of past revisions should be considered. What happened to employment, factory closures, and women's participation after 2013, 2018, and 2023, using Labour Force Surveys and establishment data. And finally, the wage structure: the gaps between grades and the share of basic pay in the total, since overtime, festival bonuses, and end-of-service benefits are all calculated on basic pay.

The research paper should also propose a rule for the years between full reviews. A simple version would raise the minimum wage each year by the previous year's inflation, measured by the worker-weighted index, plus an agreed share of the sector's productivity growth. The share would be fixed on a tripartite basis for three years, after which the board would conduct a full review. The present annual increment does not achieve this, as it applies only to basic pay.

Since the present board must make its decision within weeks, a full background paper cannot be completed in that time. Because of that constraint, the new entry-level wage should not be set below Tk 16,300. That figure is not a real increase; it only restores the purchasing power workers had in December 2023. However, how far the wage should rise above that floor, whether to Tk 20,000 or beyond, cannot responsibly be decided without the evidence described earlier.

As for buyers, their role cannot be ensured by Bangladeshi law. But an independent, published estimate of what a wage increase costs per garment, set against falling unit prices, would give the government, employers, and unions a shared basis on which to ask brands to pay their share. Bangladesh has spent four decades setting garment wages through protest and last-minute bargaining. The three-year cycle created by the 2026 amendment offers an opportunity to establish a wage-setting practice in which all parties agree in advance on the principles, criteria, and evidence that will inform wage revisions.

Information commission has a chance to win back public trust

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On October 23, in an article published by The Daily Star, we welcomed the newly appointed information commissioners following over two years of uncertainty, and shared some thoughts on the tasks and responsibilities facing them. Then, at a seminar on October 29, Prof Nahreen Islam Khan, the chief information commissioner (CIC), delivered an address providing an encouraging basis for continuing that discussion. Speaking to grassroots Right to Information (RTI) practitioners, she described the commission as their "fellow campaigner" and placed citizens' empowerment at the centre of its work.

The setting itself was significant. Prof Nahreen Islam, the first woman to hold that post in the country, chose to begin her tenure among people who use the law in their everyday struggles, and their experience can reveal more about the state of RTI than any formal institutional account.

Several of her comments and commitments merit attention: bringing the commission's services closer to district and upazila residents, acknowledging submissions through mobile messages, increasing public awareness, consulting experienced practitioners, and establishing a research wing. These address difficulties long encountered by RTI users, while also providing a basis for sustained engagement between the commission and citizens.

Perhaps the most valuable part of her address concerned the purpose of RTI. She spoke of enabling people to move from being mere subjects to becoming conscious citizens with a sense of ownership of the state. Those who have worked with grassroots applicants will recognise how important this transformation is. A person who learns to question a public authority begins to understand that public institutions must answer to the people. The commission has an important role to play in bringing about this change. Access to information about a local project, a school's expenditure, or access to public services, for example, enables and encourages public participation in decisions affecting their lives. Each successful application can help establish a relationship of accountability where previously there was only dependence on official goodwill.

The CIC's assurance of impartiality is equally welcome. Asked whether the commission would stand with citizens or the government, she replied that it would be neutral. This deserves careful consideration. Impartial adjudication requires a fair hearing for all parties and decisions free from political influence. It also requires recognition that applicants and public authorities seldom approach a dispute with equal resources or influence. The commission must, therefore, ensure that ordinary citizens can effectively challenge an official refusal. Helping applicants understand procedures, closely examining an authority's justification, and addressing obstruction are essential to fair adjudication. Its fidelity must be to the law and the right it protects, regardless of who exercises governmental power.

The promise to bring services closer to citizens, if fulfilled, can also make a difference. For an RTI applicant, travelling to Dhaka may entail lost wages, additional transport costs, and considerable anxiety. Local hearings, remote participation where feasible, and practical assistance with complaints would reduce these burdens. Such arrangements should retain accessible options for people without smartphones, reliable internet access, or digital skills.

Acknowledgements through mobile phones would also help. Applicants should know that their submissions have been received and how to follow their progress. A receipt, however, is only the beginning. A useful system would show what happens next and help citizens obtain a timely, reasoned response. Technology should make the institution easier to reach and its case handling easier to track.

The CIC also expressed hope that complaints would decline as authorities began routinely supplying information. This is indeed a desirable destination, but complaint numbers require careful interpretation. Fewer complaints may indicate responsive administration; they may also reflect ignorance, discouragement, or fear. If confidence returns under the new commission, an initial increase in complaints could be a welcome sign that citizens believe redress is possible. Success will eventually be assessed through actual access to information, compliance with decisions, and applicants' experiences. The proposed research wing could help develop these indicators, identify recurring obstacles, and examine why certain authorities repeatedly fail to respond. Its findings should inform corrective action and be made available to the public.

That said, there are institutional limitations that need to be considered. According to the CIC, the commission had only 23 staff members, fewer than half its sanctioned strength. She also reported inheriting 917 complaints, with more than 100 added within days. These figures underline the need for adequate staffing and a practical plan for clearing the backlog. The government should, therefore, address genuine resource shortages promptly while respecting the commission's independence. The latter, in turn, should publish a work plan setting out priorities, milestones, and targeted achievements. Citizens would then be able to distinguish constraints requiring government interventions from matters within the commission's own control.

Information fairs, workshops, and consultations can support this effort. Their value will depend on whether participants subsequently use the law and obtain information. The commission should duly follow up after such awareness events, taking into account who applies, what response they receive, and where they need assistance. Listening regularly to unsuccessful applicants may be particularly instructive.

The CIC's concern about privacy and the abuse of women also deserves attention. RTI must be administered with due regard for lawful protections of personal information. At the same time, concerns about misuse must not cast suspicion on legitimate applicants or provide a broad excuse for withholding public-interest information. Each request deserves to be examined on its merits.

As she drew her remarks to a close, Prof Nahreen Islam returned to an earlier speaker's comparison of the information commission to the proverbial "porosh pathor", or touchstone. She offered her own analogy. She said she wanted the commission to be like an ordinary stone that any citizen could reach for and use. That image held wisdom. Public confidence grows through everyday encounters in which citizens find an institution easy to approach and can count on it to respond.

The address, and indeed the long-overdue reconstitution of the commission, have opened a welcome opportunity for dialogue between the commission and RTI practitioners. Practitioners should bring to that dialogue a spirit of cooperation, practical experience, and candid scrutiny. The commission, in turn, should build trust through accessible services, fair and reasoned decisions, and effective follow-up. Can citizens who have kept the law alive through difficult years hope that their persistence will finally be matched by a dependable institutional partner? Only time will tell.

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