Independent Review of IRBD Bangladesh's Development

বাংলাদেশের উন্নয়নের স্বাধীন পর্যালোচনা

Determining the Minimum Wage in the RMG Sector

Dhaka: 18 November 2026

CENTRE FOR POLICY DIALOGUE

www.cpd.org.bd

Acknowledgements

The CPD Research Team would like to register its profound gratitude to **Professor Rehman Sobhan**, Chairman, CPD, for his advice and guidance in preparing this study.

The Team also expresses its sincere thanks to **Dr Debapriya Bhattacharya** and **Professor Mustafizur Rahman**, Distinguished Fellows, CPD, and **Mr Towfiqul Islam Khan**, Head of Research, CPD, for their suggestions and support to the team.

The Team gratefully acknowledges the valuable support provided by the Dialogue and Communication Division, CPD, in preparing this study.

CPD Research Team

Team Leader

Dr Nazneen Ahmed
Executive Director, CPD

Research Team

Mr Atikuzzaman Shazeed
Ms Preetilata Khondaker Huq
Research Associates, CPD

Contents

1. Background
2. How the wage is set- regulations/ aspirations
3. CPD's approach and consultations
4. Ability to pay of the RMG sector
5. Who needs to do what - the promise and the path forward

Independent Review of Bangladesh's Development

Timing of the wage issue: An economy under strain

1 Unstable world	2 Trade tensions	3 High inflation	4 Energy crisis	5 Banking stress
Middle East crisis; slowing global growth	US tariffs; weaker demand	Still above 8%	Gas and power shortages	Record bad loans

6 High interest rates	7 Low investment	8 Weak growth	9 Rising poverty	10 LDC graduation
Costly bank loans	Private investment stalled	Few new jobs	More households falling behind	Time extension requires preparation for smooth transition

Among all these pressures, the minimum wage in the RMG sector is a critical issue that needs to be addressed.

Sources: BBS CPI, October 2026; bdnews24, 2 Nov 2026; Financial Express; Daily Star (World Bank); CPD (Khatun, 2026); Daily Star (US tariff); Daily Star (LDC).

Context: Protest preceded 2026 wage board formation

What has happened

Oct 2026	Workers protest, demanding a Tk 30,000 minimum wage.
1 Nov	Government forms a six-member Minimum Wage Board.
4 Nov	First meeting: New wage to take effect 1 December, paid with January 2027 salaries.
9 Nov	Second meeting: Workers' side proposes Tk 32,000; owners do not submit.
14 Nov	Owners threaten closures under "no work, no pay" if unrest continues.
16 Nov	Third meeting, postponed
23 Nov	Third meeting, rescheduled

Declaring a wage board at least 6 months before December could have avoided the unrest.

Sources: Prothom Alo, 3 Nov 2026; New Age, 5 Nov 2026; TBS, 9 Nov 2026; Textile Today, 9 Nov 2026; TBS, 15 Nov 2026; bdnews24, 15 Nov 2026; Dhaka Tribune, 16 Nov 2026.

Which wage are we talking about? The concepts

Minimum wage according to ILO convention 131

"The minimum amount of remuneration that an employer is required to pay wage earners for the work performed during a given period, which cannot be reduced by collective agreement or an individual contract."

However, **Bangladesh has not ratified ILO Convention 131**. Though, section 141 of the BLA mirrors the Convention's core philosophy of balancing worker living standards with economic realities.

"Living wage"

An outcome-based benchmark ensuring a worker and their family can afford a decent standard of living. Rather than creating a new ratifiable convention, the **ILO has established non-binding frameworks, global consensus agreements, and technical programs to help countries move toward living wages.**

"Just" or "fair" wage

A holistic standard combining adequate pay with equity, dignity, and fair process. In international labour law, a "just" or "fair" wage is an umbrella concept rather than a standalone treaty. Rather it is covered across multiple treaties: Equal Pay (C100), Timely Full Payment (C95), and Collective Bargaining (C98).

Criteria for minimum wage determination in the Labour Act 2006 (Section 141)

1. Cost of living
2. Standard of living
3. Cost of production
4. Productivity
5. Price of products
6. Inflation
7. Nature of work
8. Risk and standard
9. Business capability
10. Socio-economic conditions of the country and the locality
11. Other relevant factors

The Labour Act lists **what** to consider, not **how** to measure it.

Define it. Measure it. Weigh it.

This should have been done before the bargaining started

Under the Bangladesh Labour (Amendment) Act, 2026, s. 139(6), minimum wages must be re-fixed every three years (previously five) on the Government's direction; This does not include any criteria on how to measure the minimum wage.

Source: Bangladesh Labour Act 2006, Section 141

Criteria for ILO “living wage” (2024) non-binding

The wage needed for a **decent standard of living for workers and their families**, given the country’s circumstances, for work in normal hours.

Meaningful **involvement of employers’ and workers’ organisations,** so the process is locally owned; transparent, comprehensive and open to scrutiny.

Robust, representative data; updated regularly for the cost of living and consumption patterns; independent technical review.

Reflects **local socio-economic and cultural realities** and promotes gender equality and non-discrimination.

Source;: ILO (2024), Conclusions of the Meeting of Experts on Wage Policies, including Living Wages (February 2024).

Current practice: A wage bargained, not calculated

How the wage is set now

1. Labour unrest
2. Workers demand a figure
3. Owners make a counter-offer
4. The board settles somewhere in between
5. Dissatisfaction expressed by both labour and owner; the cycle repeats next round

Unrest and instability

Deaths	In every round: 1 (2006), 4 (2010), 2 (2013), 1 (2018–19), 4 (2023), 1 (2026)
Violent protests	Road blockades and clashes with police
Arrests and cases	259 leaders (2010); cases against 5,000+ (2018–19); 114 (2023); about 70 (2026)
Vandalism of factories	300 attacked (2006); 70+ attacked (2023)
Production shutdowns	300+ factories shut (2013); closures under “no work, no pay” (2026)

A quick fix: wage is negotiated, not calculated.

Sources: Daily Star, Jun 2006; Amnesty, Dec 2010; Dawn/AFP, Nov 2013; HRW, Mar 2019; Dawn/AFP, Nov 2023; Prothom Alo, Nov 2026; TBS, 15 Nov 2026

Moving to evidence-based wage determination

The standard process

1. **Evidence: A large survey and official data on workers and the industry**
2. **Calculate a wage from agreed indicators**
3. **Consult workers and owners on the result**
4. **Declare the wage and adjust it regularly**

Large survey on both workers' conditions and business

Estimating workers' needs

- Cost of living: Food and non-food prices (CPI), house rent in industrial areas
- Cost of a basic and a decent-living basket (poverty line, living wage)
- Family size and number of earners
- Wages in comparable sectors; benefits received

Industry capacity

- Labour productivity growth
- Export prices, orders and earnings
- Production costs and profitability (factory-level evidence)
- Competitiveness: exchange rate, competitors' wages
- Employment trends
- Government incentives in various forms

The wage board should opt for a standard practice. Wage determination should not be a matter of pressure-induced bargaining.

Sources: CPD analysis based on consultations with owners (11 Nov 2026) and workers (12 Nov 2026); indicators follow ILO Convention No. 131, Art. 3, and Bangladesh Labour Act 2006, s. 141.

What the wage board has on hand to decide the wage

What it has

Workers' demands
Tk 32,000 entry wage (9 Nov) and lists of demands from many groups

Owners' proposal
still to come: the meeting to submit it was postponed

Protests outside
street pressure, clashes, arrests and closures

Minimum Wage Board

decides on demands, an offer and pressure

What it lacks

✗ **No survey of workers**
living costs, family size and earners not measured

✗ **No assessment of industry capacity**
costs, prices and productivity not measured

✗ **No agreed method**
no indicators or formula to calculate the wage

✗ **No assessment of policy eco-system**

The board decides without independent, recent and extensive evidence. There is no survey of workers and no assessment of the industry in the light of issues to be considered for minimum wage determination.

Independent Review of IRBD Bangladesh's Development

Cambodia compared with Bangladesh

	Cambodia	Bangladesh
How often	✓ Every year, on a fixed calendar	✗ Every three years; rounds come amid protest
Data	✓ One official data set from the ministry	✗ No survey; each side brings its own figures
Criteria	✓ Seven criteria set in law*	✗ Factors listed in law (s. 141), with no method or weights
How decided	✓ Council of 51 votes on the proposals**	✗ Board settles between demand and offer
Productivity	✓ Productivity gain split equally***	✗ Not decided
What is debated	✓ The weight of each indicator	✗ Direct proposals from workers and owners

*Family situation, inflation rate, cost of living, productivity, competitiveness of the country, labor market situation, and sector productivity

**National Council on Minimum Wage has 51 members: 17 each from government, workers and employers, chaired by Minister of Labour.

***Gain means growth in the sector's labour productivity, about 3.5% a year over the past decade. By convention, not by law, half of it (about 1.75 percentage points) is added to the wage rise and half is left to employers.

Sources: Cambodianess, Sep 2026; Cambodia Investment Review, 27 Sep 2026; DFDL, Law on Minimum Wage 2018; KPMG Cambodia, Prakas 226/26; Bangladesh Labour Act 2006, s. 141; CPD analysis.

CPD's approach

From the widest view (the process) to the narrowest (the numbers).

1 Beyond the number

CPD looked at the process through which the wage is set, and the wider ecosystem around it.

2 Both sides heard

CPD discussed with owners' representatives (11 Nov) and workers' representatives (12 Nov) to understand each side's perspectives.

3 Three illustrative estimates

Using available secondary data, CPD looked at the possible new wage in three ways.

A note of caution

These are illustrative estimates from secondary data, which are sensitive to assumptions about family size and earning members and data availability. CPD is giving an indicative range for the discussion.

Independent Review of IRBD Bangladesh's Development

What owners said during CPD discussion

1 **Wages should rise, at a manageable pace**
Inflation hurt workers· Size and speed of rise

2 **Count total pay, not only the minimum wage**
Yearly increments· Overtime. Attendance bonuses and other allowances should be included

3 **A wage ladder linked to skills and productivity**
Skills matrix· Progression

4 **Rising costs limit what factories can absorb**
Gas· Energy· Borrowing· Export prices

5 **Annual, formula-based, tripartite wage setting**
Agreed data· Early board· Enough discussion and analysis

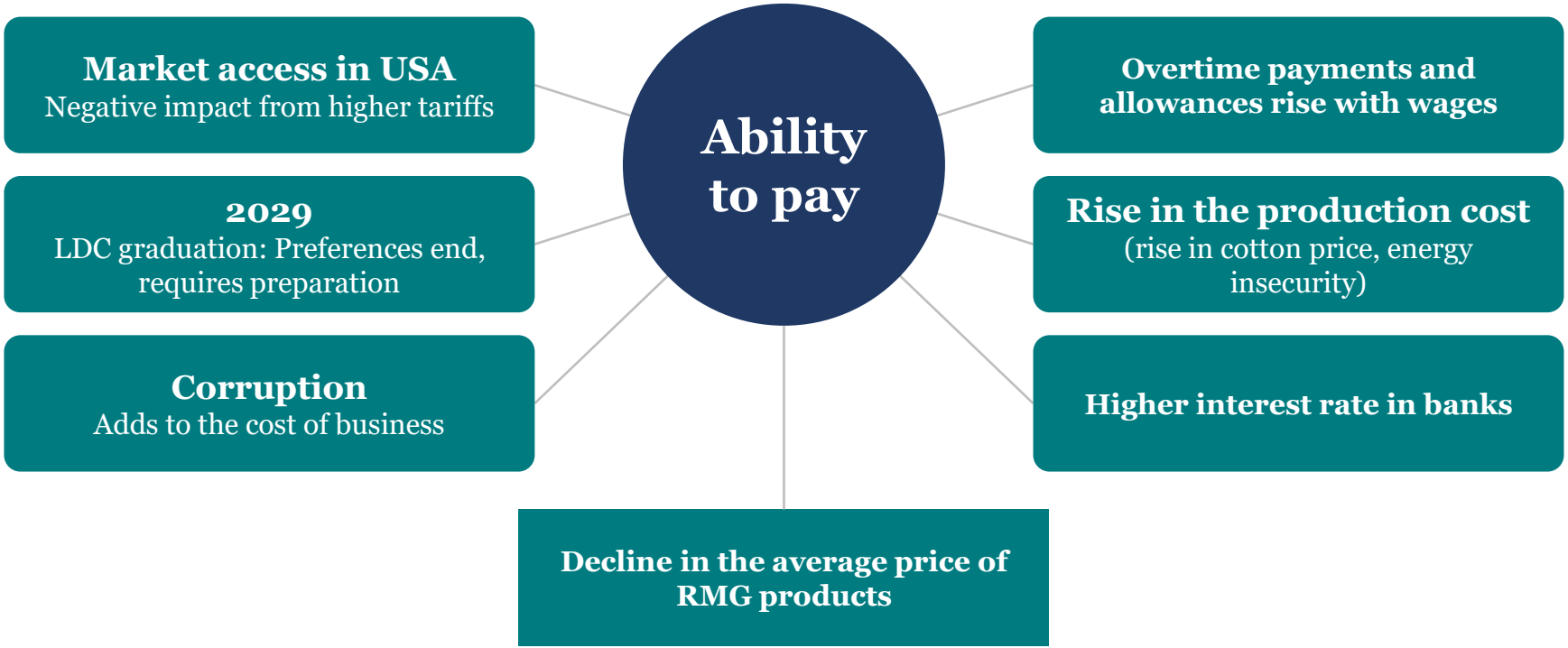
6 **Buyers are not going to share that cost increase**

7 **Targeted help for small factories**
Distressed units· Lawful exit· Dues paid

8 **RMG wage compared to other sectors is higher** *(for workers with similar qualifications)*

Source: CPD consultation with RMG factory owners and industry representatives, Dhaka, 11 November 2026. Points as raised by participants.

Ability to pay of the RMG sector



Independent Review of IRBD Bangladesh's Development

What workers' representatives said

1. **Demanded a wage that covers living costs**
   Food· Housing· Healthcare· Education
2. ***Non-wage benefits should not be included in wage determination***
3. **A clearer pay structure and grades**
   Basic-pay share· Increments· Grade gaps· Apprentices
4. **A yearly adjustment for inflation**
   Annual cost-of-living rise· Start of 3-year cycle
5. **A wage board that calculates, not bargains**
   Agreed indicators· Declared every year
6. **Government should provide affordable housing, rationing and healthcare facilities**
7. **Buyers' prices and productivity gains should be shared fairly**
8. ***They did not trust that the wage board would be formed on time***

Source: CPD consultation with RMG workers and labour representatives, Dhaka, 12 November 2026. Points as raised by participants.

Workers' proposal to the Wage Board on 9 Nov (Tk/month)

Grade	Tk/month
Grade 1	48,000
Grade 2	43,000
Grade 3	38,000
Grade 4 (entry)	**32,000**
New/apprentice	30,000

Workers have put Tk 32,000 on the table; the owners' offer is still pending. The workers did not mention the method of estimating their proposed figures.

CPD's approach to the minimum wage: Three lenses

Lens 1
Wage adjusted to inflation

- What must Tk 12,500 be today to buy what it bought when it was set (Nov 2023)?
- **Data:** BBS urban CPI, Nov 2023 (118.76) and Oct 2026 (155.35)

Lens 2
Poverty-line wage

- The wage that must be earned to keep the household at the poverty line
- **Data:** Upper poverty line, Dhaka urban, Tk 4,922 per person (HIES 2022); BBS urban CPI
- **Family size and earners:** 4 persons, 1.58 earners

Lens 3
Living wage

- The wage for a basic but decent life for the family
- **Data:** Anker et al. (2016) diet, 2,188 kcal; DAM 2025 prices; HIES 2022; rent Tk 10,000
- **Family size and earners:** 4 persons, 1.58 earners

Family size and earning members: A crucial unknown

1 **Sensitive indicators for setting minimum wage**

2 **Absence of credible data**

There is no large, representative survey of RMG workers, so their actual family size and number of earners are not known.

3 **Sources differ***

Studies report family sizes from 3.6 to 4.2 and earners per family from 1.37 to 2.1.

CPD uses the median of the values: a family of 4 and 1.58 earners.

---

* **Family size:** 3.6 (ILO and UN Women, 2020); 3.84 (Syed and Karim, 2024); 4 (Anker et al., 2016); 4.02 (Asian Center for Development, 2020); 4.18 (BBS, HIES 2022).
Earners per family: 1.37 (BBS, HIES 2022); 1.46 (BILS, 2023); 1.58 (Anker et al., 2016); 1.84 (Syed and Karim, 2024); 2.1 (Asian Center for Development, 2020).

Lense 1: Wage adjusted to inflation

Step	Value	Source
A. Minimum wage, entry grade, effective 1 Dec 2023	Tk 12,500	
B. Urban CPI, Nov 2023	118.76	BBS, Nov 2023
C. Urban CPI, Oct 2026	155.35	BBS, Oct 2026
D. Price increase = C ÷ B – 1	30.8%	Calculated
E. Wage needed today = A × C ÷ B	**Tk 16,351**	**Calculated**

Tk 16,351 only brings back the purchasing power of Tk 12,500 in November 2023

Sources: Minimum Wage Board gazette (Nov 2023); BBS, CPI releases, Nov 2023 and Oct 2026, urban (base FY2021-22 = 100).

Lense 2: Wage to keep the household at the upper poverty-line

Parameters

Parameter	Value	Source
A. Upper poverty line, Dhaka urban, per person, 2022	Tk 4,922	HIES 2022
B. Urban CPI, 2022(Jan-Dec average)	104.20	BBS, 2022
C. Urban CPI, Oct 2026	155.35	BBS, Oct 2026
D. Price factor = C ÷ B	1.4909	Calculated
E. Poverty line today = A × D	Tk 7,338	Calculated

Family size and earners

Step	4 persons, 1.58 earners
F. Family cost = E × 4	29,353
G. Per earner = F ÷ 1.58	**18,578**

Keeping a family of four at the poverty line needs Tk 18,578 per earners.

Independent Review of IRBD Bangladesh's Development

Lense 3: Wage required for a basic but decent life

Component	Tk/month, family of 4	Description
Food	14,154	Anker et al. (2016) model diet of 2118 kcal, DAM Dhaka district 2025 prices (Jan-Dec average), CPI-adjusted to Oct 2026
Other essentials *(Clothing, utilities, education, transport, personal care and communication)*	12,267	Food × 0.8667 (non-food to food ratio of urban households around 40th percentile, HIES 2022)
Housing	10,000	
Subtotal	36,421	Food + other essentials + housing
Emergencies and savings	1,821	5% of subtotal (Anker method)
Family cost	**38,243**	Subtotal × 1.05
Living wage per earner	**24,204**	Family cost ÷ 1.58 earners

A basic but decent life for a family of four needs Tk 24,204 per earner.

Independent Review of IRBD Bangladesh's Development

What are there in Labour reform commission's report and BNP's election manifesto?

Independent Review of IRBD Bangladesh's Development

The Labour Reform Commission's wage blueprint

Interim government
Formed the commission in Nov 2024

18 members
Workers, employers, lawyers, researchers, a student

21 Apr 2025
Report submitted to the Chief Adviser

Theme	What the commission recommended
Wage standard	A national minimum wage for all sectors, based on a living wage (মর্যাদাকর জীবনযাপন উপযোগী ন্যায্য মজুরি, "লিভিং ওয়েজ")
Review cycle	Revise national and sector wages every 3 years, on inflation and living standards
Annual increment	Yearly wage increase linked to inflation
Institution	A permanent national minimum wage commission of experts, workers and employers
Transparency	Publish the basis, method and data behind every sector's wage
Crisis cover	Emergency fund for export industries worth two months' wages
Women workers	Six months' paid maternity leave; gender-responsive living wage models

The Women's Affairs Reform Commission agrees: a living-wage policy, annual wage revisions and six months' paid maternity leave.

Sources: BSS (Nov 2024, Apr 2025); Labour and Women's Affairs Reform Commission reports (2025).

Independent Review of IRBD Bangladesh's Development

BNP's 2026 manifesto: What was promised to workers

Specific to RMG workers

Children's health and education
Dedicated support for garment workers' children

Breastfeeding corners
Required in garment factories and industrial units

"Made in Bangladesh" brand
Global market expansion for the RMG sector

Structured wage setting
Garments listed with transport, bidi and salt for wages and welfare

All sectors, including RMG workers

Wage review every 2 years
All sectors, adjusted for inflation; a pledge, not yet approved by Parliament

Equal pay for equal work
Legally mandated; no gender or disability discrimination

Parental leave
6 months' maternity, 1 month paternity; public and private

Fair-price food and OMS
All factory and industrial areas

Unified factory inspection
DIFE, Explosives, Boiler and Fire Service together

Safe transport and housing
For women industrial workers; women-only pink buses

Family Card (Tk 2,000–2,500 a month): starts with 5 million poor rural families, then expands to 4 crore low-income families. Low-income RMG households can qualify once it reaches the urban and peri-urban poor.

Most pledges cover all workers; few are specific to RMG. The wage pledge is an indexed minimum wage, not a "living wage".
The 2-year review is only a pledge, not approved by Parliament; the Labour Act still sets a 3-year cycle.

Source: BNP Election Manifesto 2026.

Some positives

- The government has announced plans to construct six dedicated 100-bed hospitals in key industrial hubs: Tongi, Ashulia, Kaliakair, Narayanganj, Savar, and Chattogram.
- Bangladesh Labour (Amendment) Act, 2026 for better protection of workers.
- Minimum wage proposals (draft) for various sectors including minimum-wage structure for private industrial establishments, leather and footwear etc.
- On 6 August 2026, a revised minimum-wage determination for workers in the petrol-pump sector was gazetted. On 11 August, a revised wage structure was also gazetted for the battery-manufacturing sector.

(For more updates, please visit the reform tracker of Citizen's Platform Based in CPD)

Tk 16,351

Minimum wage adjusted for inflation

Restores what Tk 12,500 bought in Nov 2023. Adds nothing in real terms.

Tk 18,578

Wage that keeps the family at the poverty line

The least needed to keep a family of four at the upper poverty line.

Tk 24,204

“Living wage"

What the household needs for a basic but decent life: food, other essentials, housing and a small reserve.

CPD's main message

Negotiate between

Tk 18,578 to 24,204

while aspiring for the living wage

Independent Review of IRBD Bangladesh's Development

CPD's main message

1. Fixed schedule, set early

Form the board at least six months before each reset (by June 2029 for December 2029); spell out the cycle in law. A permanent wage commission reviews wages yearly in between. An earlier start could have substantially reduced this year's unrest.

2. Evidence, not open-ended bargaining

BBS data by household stratum: household status, spending, and prices in Gazipur, Savar-Ashulia, Narayanganj and Chattogram.
An RMG module in HIES and an RMG wage index.
Basic needs set the floor, capacity to pay the ceiling; bargain within that range.
There should be a manual for at least RMG workers to start the conversation.

3. Define the Labour Act's 11 factors

Set an indicator and data source for each factor in Section 141 of the Bangladesh Labour Act, 2006, e.g. inflation by industrial district, ability to pay by factory size.
Even though the act is 20 years old, the indicators are yet to be defined.
Publish how each is weighed, so the wage can be checked.

4. Bring buyers in

Buyers join wage talks, commit to adjust prices and ring-fence labour costs, and disclose sourcing terms.
Diplomacy with the EU; owners seek a seat where sourcing rules are set.

Independent Review of IRBD Bangladesh's Development

CPD's main message: A path to a living wage

5. Beyond LDC-Graduation

Bangladesh should bear in mind that a “living wage” for RMG workers is becoming a market access and competitiveness issue: from 2029, the largest EU buyers must check for an “adequate living wage” in their supply chains, and after 2032, when EBA ends, continued duty-free access under GSP+ will depend on meeting labour standards.

6. Open the data

Publish anonymised survey data and the methods behind each side's proposal, so stakeholders, including analysts, can test the numbers.

7. Enforce what is set

Regular DIFE wage audits, including the annual increment; a grievance channel for workers; published lists of compliant and non-compliant factories. A wage that is not paid achieves nothing.

Independent Review of IRBD Bangladesh's Development

বাংলাদেশের উন্নয়নের স্বাধীন পর্যালোচনা

Thank You!











CPD (2026): Determining the Minimum Wage in the RMG Sector