Women Garment Workers'

SITUATION REPORT: JANUARY - JUNE 2025

DABINDU COLLECTIVE

CONTENTS

Introduction

Dabindu began this series of Situation Reports to document issues of apparel and garment sector workers, particularly women. This is the first bi-annual report for 2025, documenting the status of women workers from garment factories in Katunayake, Biyagama, Kilinochchi and Vavuniya from January 2025 to June 2025.

This report provides a background of Sri Lanka's economy and the apparel and garment sector's socioeconomic context. Situated within this context, the report delves into worker issues on the themes of wages, work hours, job security, freedom of association, occupational health and safety, and sexual and gender-based violence in the world of work.

As a feminist labour and women's rights organization, Dabindu follows worker issues through the collective spaces that we host. Through structured and unstructured group discussions with over 2,000 workers based in the 4 locations mentioned above, and individual case handling, we document and report the issues present here. On the basis of ethical principles, we do not disclose private details of workers, and omit specificities that can be used to trace workers, in order to protect them against retaliation from manufacturing companies, and to protect the trust that workers place in us.

Background

In the first quarter of 2025, Sri Lanka's economy grew by 4.8%, a decrease in growth compared to 5.1% in 2024 (DCS, 2025). Labour force participation (LFP) was recorded at 47.7% during the 4th quarter of 2024, and while female LFP was 30.3% (DCS, 2024). Between January to June 2025, merchandise exports grew by USD 6.5 billion, compared to USD 6.1 billion in the previous year (CBSL, 2025).

The apparel sector experienced an export boom from USD 357.73 million in January 2024 to USD 437.07 million in January 2025 (JAAF, 2025). By June 2025, the sector had a 5.2% year-on-year increase in exports, reaching USD 439.39 million compared to USD 417.71 million in June 2024 (JAAF, 2025). The sector also experienced growth in exports to EU by 23.1% and UK by 20.4%. According to workers testimonies, Sri Lankan garment factories currently source UK brands such as NEXT, Tesco, Marks and Spencer; EU brands such as Calzedonia, Intimissimi, H&M, Lacoste, Triumph; and U.S. Brands such as Nike, Skims, Calvin Klien, Tommy Hilfiger, GAP, and Polo Ralph Lauren.

Few significant economic policy changes that took place within the period of January to June 2025, include to 4th International Monetary Fund's (IMF) review of its 17th Loan to Sri Lanka. The IMF and Sri Lanka closed a staff-level agreement on economic policies upon conclusion of its 4th Review of Sri Lanka's Reform Programme, on 25th of April 2025 (CBSL, 2025). This was proceeded by a USD 344 million loan from the IMF in July 2025, bringing the total debt extended by IMF to Sri Lanka to about USD 1,722 million. The reforms include the electricity cost-recovery pricing and "automatic electricity price adjustment mechanism," and in June 2025 this increased electricity costs by 15%.

Moreover, the newly elected parliament approve its interim budget in February 2025. The budget has a vision of "Ensure economic rights and wellbeing of the people" and it included reforms such as the Investment Protection Act, Micro Finance and Credit Regulatory Authority Act, and amendment to Paddy Marketing Board Act No 14 of 1971 (Ministry of Finance, 2025)

The more pressing development was U.S. President Donald Trump's announcement of a new tariff policy, thus, imposing a 40% tax on all Sri Lankan imports to the US, in April 2025 (White House, 2025). While it was announced in April itself that there would be a 90-day pause to review and negotiate tariffs of respective countries, by July 2025 the Sri Lankan government announced that the tariff will be reduced to 20%.

Several labour laws related policy changes were announced during this period. In January, the Employer's Federation of Ceylon requested the administrative relaxation to implement a 5-day work week for 325 factories until December 2025 (EFC, 2025). Moreover, the government introduced a new minimum wage of LKR 27,000, starting from April 2025, and they removed the Budgetary Relief Allowance by integrating this allowance into the new minimum wage (Ministry of Labour, 2025).

Wages and Working Hours

In February, workers received new year annual increments to the basic wages. Workers from small scale factories (that employ less than 500 workers) received increments of LKR 2,000 – 2,500, and workers from large scale factories (that employ more than 500 workers) received LKR 3,000 – 3,500 approximately. Overall, with the increments, workers' basic salaries are approximated at LKR 27,000 – 45,000 per month. The determination of basic salaries varies depending on factory scale and worker grading/experience, where those of large-scale factories, and A-Grade workers receive higher increments, that those in contrast.

Take home salaries fluctuated substantially within the reporting period, as overtime work was limited in the majority of factories. During January and March workers sourcing for big brands such as Calvin Klein, Nike, Tommy Hilfiger etc, had overtime hours and pay, thus having a take home salary of LKR 36,000 – 55,000 per month. Due to higher production targets workers were entitled to higher production incentives ranging from LKR 2,500- 3,000 and attendance bonuses of LKR 2,500- 3,000. However, if a worker takes at least one annual leave or is absent, they lose their attendance bonuses and are marked for no-pay leave.

Between March to May, workers sourcing for those same brands had less work, to the extent factory shutdowns for a week or working only two weeks per month in the entirety of April. Workers reported that this was mainly due to material shortages and seasonal reduction in orders which resulted in LKR 27,000-37,000 take home salaries during these months. Workers had to resort to buying essential goods on store credit and savings, and relying on microfinance debt to incur family medical and educational costs. These months were particularly difficult for workers who have taken loans from factories, as monthly loan repayments are made through salary deductions. On average, such loans have an interest rate of 12% for a repayment period of 3 years.

This situation changed, by the end April/early May as orders increased, especially for US brands. Workers had night shifts, overtime, Poya and Saturday work. However, payments for working overtime, Saturdays, etc. has to be considered critically as the Labour Department administratively relaxed the 9-hour working day in January, 2025.

The 5-day work week or the 10-hour work day

In December 2024, the Employer's Federation of Ceylon (EFC) submitted a formal request to the Minister of Labour to "administratively relax" the work week to five days. This request was not new—it had first been approved in 2012 by the Commissioner General of Labour (CGL), and by January 2025, it was extended to more manufacturing factories in the industrial sector. At present, 325 factories are entitled to operate under this administratively relaxed five-day work week.

According to the EFC, this arrangement is intended for "certain factories requiring flexibility in arranging their operations over a five-day week rather than five and a half days." They also claim it will "contribute towards a reduction in the cost of fuel and other expenses related to factory operations, while providing employees with the convenience of an additional day off." However, this policy has two major implications: its impact on workers' wages and working hours, and the legitimacy of altering a nine-hour workday without going through the legislative process.

Under the five-day week, the workday is extended from nine to ten hours, with the hours from the previously 5-hour Saturday redistributed across the week. This shift has direct consequences for workers. Workers lose one hour of overtime pay per day. Thereby, overtime is only paid if a worker works more than ten hours or on Saturdays. Since the policy was introduced largely to reduce factory operating costs during periods of low orders, workers are rarely assigned overtime, night shifts, or Saturday work—restricting their earnings to their basic salary.

The longer daily hours also have serious health consequences. In garment factories, where production targets are already high, workers face reduced water intake and urination breaks, therefore, poor menstrual hygiene, and fatigue from long hours in static or physically strenuous positions.

For women, the extended ten-hour workday also disrupts unpaid care work at home. Early shift start-times mean many cannot send their children to school or daycare. Women heads of households, in particular, report waking as 5 a.m. to prepare meals, clean, and get children ready before commuting. For women from rural areas, the strain is even greater, with some spending up to four hours daily in transit—amounting to 14 hours a day devoted to work and travel. After arriving at home and finishing their household care work, they sleep at 12 p.m. to wake up at 3 a.m. Women have thereby reported difficulties in managing care work at home.

The second impact is the legitimacy of altering a nine-hour workday without going through the legislative process. The shift to a ten-hour workday has been implemented as an administrative relaxation of the law, whereby the CGL grants approval to factories that request the increase. This effectively sidesteps the Factories Ordinance, which legally limits the workday at nine hours (including a one-hour meal break). By bypassing formal legal amendments, the practice opens the door for employers and government officials to exploit administrative loopholes to weaken labour rights.

Moreover, for a factory to qualify for this relaxation, it must obtain the written consent of all its workers. However, the validity of such consent is questionable. Is there space for workers to deny and/or withdraw consent? With only 4% of Sri Lanka's private-sector workforce unionised, and with widespread fear of job loss, workers have little power to refuse or withdraw consent without risking retaliation. True, informed, and voluntary consent is only possible in workplaces where workers can negotiate collectively—conditions that are rare outside unionised factories. Many long-serving workers (with over 10 years of experience) reported signing consent forms because they felt they had no choice.

When a basic labour right can be altered through "administrative relaxation" rather than through transparent legal reform, the burden of protection shifts to collective worker power—something the current labour environment does not adequately provide.

Job Security

Job security during this period was threatened for several reasons. Experienced workers observed that younger, novice, and newly recruited employees tended to remain in factories for no more than one year. This short tenure was attributed to fatigue and work pressure, reduced overtime opportunities, workplace harassment, difficulty in obtaining leave, unbearable production targets, and cuts to worker welfare programs.

At the same time, workers reported an increase in the installation of automation machines in garment factories. These machines can perform the work of four employees, and workers commented that if automation expands further, factories will no longer require line leaders.

Moreover, workers in Kilinochchi noted the employment of about 10 manpower workers tasked with sorting and cleaning used fabrics — a new development in factories in the Northern region.

In Biyagama, Dabindu handled two terminations of employment cases. One involved a worker with 22 years of experience who was terminated without reason. When a termination case was filed, the company warned that pursuing legal action would be time-consuming and costly. Fearing these consequences, the worker withdrew the complaint and accepted LKR

500,000 — an amount less than what they were entitled to under the TEWA compensation package.

The second case involved a worker who had been absent due to medical reasons, an injury sustained due to work. The company initially offered two months' salary as compensation for termination during the Labour Department hearing but later withdrew the offer, proposing reinstatement in the same position and department. Upon rehiring, however, the worker was placed under a new contract and informed of a transfer to a different branch of the same factory. This case remains ongoing. Ultimately, both cases resulted in no compensation for termination.

Two major developments during this period have placed job security at significant risk.

Impact of the U.S. tariff announcement in April 2025.

In April, factories informed workers about the U.S. tariff's impact on production, yet no assurances were given regarding working conditions in U.S. sourcing factories once the 90-day pause ended. In one factory in Katunayake, management asked workers to "be patient until the 90-day pause ends."

During this pause, garment manufacturing companies implemented mitigation strategies to prepare for the tariff's impact, most of which targeted their labour force. Following the announcement, many workers experienced reduced overtime, which directly lowered their incomes. It was more convenient for factories that have approved the 5-day work week to reduce working hours. In Katunayake and Biyagama, some workers sought additional "manpower" work to supplement their earnings. This option was not available for workers in Kilinochchi and Vavuniya, where secure employment is scarce and limited mostly to agriculture or informal work in small businesses and shops.

Downscaling within factories had already begun. Workers in Katunayake reported that large-scale factories were reducing the number of production lines, increasing the number of workers per line, and inevitably increasing production targets. These intensified targets proved unbearable for many, especially novice workers, leading to increased resignations and leave-taking. Factories often use these vacancies by leaving them unfilled and thereby attaining the ultimate goal of reducing workforce without having to terminate employment.

Companies with multiple factory sites employed a strategy of reassigning workers to other locations. Factories in Biyagama showed a higher tendency to shift workers. As workers are internal migrants, relocation posed serious challenges; those who refused to move often resigned, enabling factories to reduce their workforce without formal terminations.

Fear of termination has become widespread. Factories have imposed strict performance monitoring, with workers reporting warning letters for minor damages. After three such letters, inquiries are held, escalating disciplinary measures. Minor mistakes are subject to close scrutiny from supervisors and managers. In a leading mass-scale factory in Katunayake, workers reported one case of termination due to disciplinary action and at least 15 resignations—primarily young and novice women—stemming from harassment and pressure from supervisors. Disciplinary action for underperformance and minor errors is being used more frequently, reinforcing a climate of fear among workers that they could be next.

Illegal factory closure of NEXT Manufacturing, Katunayake.

Thirty years after its establishment, 1,416 employees lost their jobs when UK-based fashion retailer NEXT Manufacturing (Pvt) Ltd., Katunayake, announced the immediate closure of its Katunayake production plant on 19 May 2025. The closures affected Factories 1 and 2 in Katunayake, while 1,400 workers remained employed in NEXT's Sri Lanka operations — including 200 in printing, embroidery, and sampling at the Katunayake site, and 1,200 in the Nawagaththegama (NMA 2) and Andigama (NMA 3) plants. The company cited unsustainable operating costs as the reason for the closure. The factory's trade union was not informed beforehand.

Workers reported that no prior notice was given on the day of the closure. They were asked to work on Sunday, 18 May — highly unusual, as Sunday work had not occurred for years. On 19 May, second-shift workers were instructed to stop work and leave the factory at 5:30 p.m., only 45 minutes into their shift. Later that day, through WhatsApp messages, the company announced its closure and compensation package, stating it would be in accordance with the Termination of Employment of Workmen (Special Provisions) Act (TEWA).

According to the notice, workers were informed to collect their compensation on 24 May 2025. When they arrived, workers discovered that the letters they were required to sign stated they were voluntarily resigning and accepting a Voluntary Retirement Scheme (VRS) — which differs from TEWA entitlements.

At workers' request, Dabindu filed a complaint with the District Labour Department, Negombo, on the same day, urging the Additional Labour Commissioner to intervene. This action halted the compensation disbursement, and management instructed workers to return on 26 May. Over 24–25 May, the company threatened workers against seeking inquiries or assistance from the Labour Commissioner, warning that "additional" payments under the package would be withheld.

Compensation payments resumed on 26 May, with the company continuing to issue VRS resignation letters. By 28 May, 1,400 workers had been terminated under the VRS provision.

Workers in printing and embroidery resumed work, on the 26th of May, one-week after 19th May. While many had received termination and compensation eligibility letters, they were contacted by phone and WhatsApp on 25th May and instructed to return on 26th May. Meanwhile, the company hired manpower workers for a daily wage of LKR 3,000. Following worker complaints to the Labour Department, the company ceased employing manpower workers.

Occupational Health and Safety

Occupational Health and Safety (OSH) issues of working included heat, dust, dehydration, lack of urination and menstrual hygiene, prolonged standing and lack of facilities to rest. Majority of OSH issues are related to production targets. On average, across 4 locations, targets are as follows.

	Product	Target (pieces per Hour)
1	Panties	120- 200
2	T-shirts	70-80
3	Trousers	50-70
4	Jackets	50/60

Source: Dabindu Collective, 2025

- High targets and poor hygiene

Targets have always intervened with workers ability to urinate regularly, and to change sanitary napkins once every six hours. Workers have reported stomach aches, urine Infections and yeast infections from not having to go to the washroom regularly. In extreme cases, those starting work at 4:30 a.m. sometimes urinate only at 5:30 p.m., indicating dangerously limited access to toilets due to production targets and work ethics.

- Production pressure and physical strain

Workers report unreasonably high production targets. While they are able to produce around 50 units comfortably, management demands 100 units, with the maximum output possible being 80. This has led to significant bodily fatigue and stress.

- Heat and dust

Workers reported that excessive heat and dust are a constant hazard in the factory. The Flexim machine emits intense heat, forcing them to place a cotton pad on it to reduce heat transfer to their bodies. Workers claim that machines overheats because it is used far beyond its design capacity — it can only handle 50 products per hour, but management sets targets of 100 or more. Another machine produces so much heat that workers must adopt a “hugging” position to avoid direct exposure, straining their backs and shoulders. Although masks are provided to protect against fumes and dust, the heat makes breathing difficult even without masks.

- Access to drinking water

Workers reported that production targets restrict their ability to drink water. Many avoid water until they reach their targets.

- Injuries due to machine

Dabindu recorded 4 cases of needles and fingers getting caught to machines. These workers were given 3 days of leave, and were asked to report to work in their usual positions after the leave ends. Workers claimed difficulty in resuming work with their fingers hurt.

- Temperature-related health effects

Workers reported experiencing headaches due to air conditioning and heat.

- Prolonged standing and varicose veins

Workers reported that at least three employees have developed varicose veins from standing for long hours. The standing requirement has changed their daily habits — many stand even while eating, experience numbness in their legs and feet, find it hard to sit, and cannot bend easily for simple household tasks. When the standing work method was first introduced, workers requested a shared chair for short rest breaks, but management rejected the request.

- Ergonomic strain

Workers reported that poor ergonomics contribute to injury. For factories that have standing work, one tall worker reported that she cannot adjust her sewing machine and must crouch while tilting her head to see her work. This causes neck pain, visual strain, and occasional errors in sewing when she adjusts her head to see the production.

- Mental health and counselling

Workers reported that while counselling services are available, nobody uses them due to stigma. Those who seek help are labelled as having “head problems,” which discourages others from accessing mental health support.

- Lack of accommodation for health conditions

Workers reported that a storeroom employee with a childhood heart condition was initially provided a chair, but it was taken away to be given to pregnant or nursing women. When she asked for it back, she was told to “go home if you can’t work.”

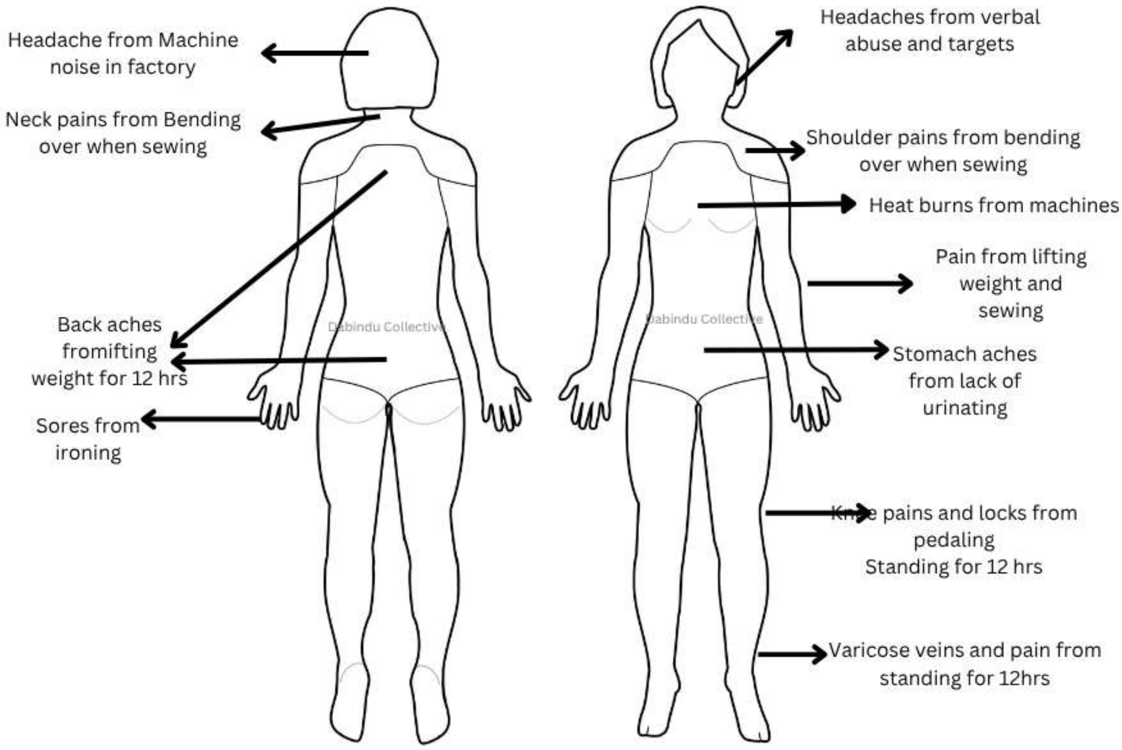
- Ironing hazards

Workers reported that prolonged ironing causes kara geta, foot pain and swelling, making it difficult to stand or walk after work.

- In-house daycare facilities

Permanent workers have access to daycare however, it is only for 3–5-year-old children, and only 30 children per shift allowed. To obtain this service LKR 500 is deducted from monthly salaries.

Body Maps from 4 Districts



Sexual and Gender Based Violence

- Workplace sexual harassment

Reports of supervisors engaging in inappropriate physical contact, including pulling bra straps. Incidents where management monitors workers who are newly divorced, making insinuations that cause discomfort and humiliation.

- Verbal harassment from supervisors

Team leaders verbally abuse and yell at workers when they slow down due to tiredness, contributing to a hostile work environment.

- Divorce and domestic violence cases

Six cases related to domestic violence and divorce were reported: five domestic violence cases and one ongoing divorce case. A land dispute was reported by a single mother forced to leave her marital home due to abuse at her husband's residence.