



# Promoting Sustainable Practices and Worker Protection in Bangladesh's Jhut Sector:

*Policy Pathways for a Circular Textile Economy*

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**Coverage:** 12 clusters across (10 districts) in Bangladesh

**Prepared for:** National policymakers in Bangladesh and International Development Partners.

**Lead implementing partners:** Labour at Informal Economy Society (LIEs)

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# List of acronyms

**BBS** – Bangladesh Bureau of Statistics

**CBO** – Community-Based Organisation

**CB** – Collective Bargaining

**CE** – Circular Economy

**CSO** – Civil Society Organisation

**DIFE** – Department of Inspection for Factories and Establishments

**FoA** – Freedom of Association

**ILO** – International Labour Organisation

**IR** – Industrial Relations

**KII** – Key Informant Interview

**LGD** – Local Government Division

**LIEs** – Labour at Informal Economy Society

**MoC** – Ministry of Commerce

**MoE** – Ministry of Education

**MoEFCC** – Ministry of Environment, Forest and Climate Change

**MoF** – Ministry of Finance

**MoHFW** – Ministry of Health and Family Welfare

**MoLE** – Ministry of Labour and Employment

**MoPME** – Ministry of Primary and Mass Education

**MoSW** – Ministry of Social Welfare

**MoWCA** – Ministry of Women and Children Affairs

**NBR** – National Board of Revenue

**NGO** – Non-Governmental Organisation

**OSH** – Occupational Safety and Health

**PPE** – Personal Protective Equipment

**RMG** – Ready-Made Garments

**RBC** – Responsible Business Conduct

**SDG** – Sustainable Development Goals

**SME** – Small and Medium Enterprise

**SSNP** – Social Safety Net Programme (Bangladesh)

**TCB** – Trading Corporation of Bangladesh

**ToR** – Terms of Reference

**VGD** – Vulnerable Group Development

**VGf** – Vulnerable Group Feeding

ILO Instruments Referenced

**ILO C102** – ILO Convention No. 102 (Social Security Minimum Standards)

**ILO C111** – ILO Convention No. 111 (Discrimination in Employment and Occupation)

**ILO R204** – ILO Recommendation No. 204 (Transition from the Informal to the Formal Economy)

**ILO C155** – ILO Convention No. 155 (Occupational Safety and Health)

# Executive summary

Bangladesh's **Jhut sector**, which collects, sorts, processes, and transforms textile waste from the ready-made garment (RMG) sector, supports a large workforce and a network of small businesses. It includes home-based work, small workshops, godowns, transportation, and various forms of value addition such as sorting, packaging, yarn reeling, and the production of garments, ropes, mats, and household items. The Jhut sector is now receiving increased attention due to international policies on sustainable products, namely from the EU, and corresponding brand requirements for recycled inputs. Yet, policies for this sector must reflect its diversity, avoiding calls for a one-size-fits-all approach to formalising this largely informal market. Policies that reflect and respond to the realities of the sector and the priorities of its stakeholders, including the informal workforce, are essential for shaping effective and inclusive approaches to the Jhut sector.

In this brief, 'formalisation' refers to aligning the Jhut sector with the standards of the *Bangladesh Labour Act, 2006* and its 2026 amendments, rather than merely registering businesses. It involves ensuring workers' rights awareness, formal contracts and documentation, access to minimum wages and benefits, mandatory enterprise registration, enforcement of labour standards, recognition of collective bargaining rights, and extension of labour inspection systems. Overall, formalisation means integrating the Jhut sector into the national legal and regulatory framework to ensure both worker protection and business legitimacy, as without this, workers remain excluded from the rights available to the formal RMG sector.

This policy brief aims to help both Bangladesh's national policymakers and international development partners to better understand (a) how the Jhut sector works, (b) the size and variety of the workforce in 12 clusters across 10 districts, and (c) what steps are needed to ensure that new policies for increasing circularity at an industrial scale do not increase costs and risks for workers and small enterprises in the informal economy. It challenges the idea that **workers in the informal economy** should be treated as a problem or that formalisation is a straightforward process or welcomed by all actors. Instead, it presents the sector through a '**do no harm**' approach, emphasising recognition, protection, representation, and gradual improvement.

The evidence presented in the brief shows that workers face serious issues: low and unstable wages, limited access to social protection and healthcare, occupational safety risks (like dust and poor ventilation), high levels of debt, and weak bargaining power. Many small- and medium-sized enterprise (SME) owners in the sector also face challenges, such as unstable markets, a lack of affordable financing, and difficulty in upgrading technology. These challenges mean that improvements in the Jhut sector require a shared, incentive-based approach rather than just enforcement.

## This brief proposes a policy path focusing on:

1. Official recognition and visibility for Jhut workers in labour and textiles policy and laws, including those working from home, and the enforcement of minimum standards for wages, working hours, and occupational safety, starting with small enterprises (5–50+ workers) and high-risk jobs.
2. Easier access to existing social protection schemes with clear and fair inclusion.
3. Building more effective representation structures for workers in the informal Jhut sector and establishing social dialogue mechanisms, including local platforms and a tripartite-plus working group to guide the transition.
4. Transparent traceability mechanisms for Jhut (from factory to recycled unit and secondary finished goods), market governance, and financing tools to support circularity and create real social and economic benefits, rather than deepening vulnerability in informal work.

## The key stakeholders include:

- **Government ministries and agencies:** Ministry of Labour and Employment (MoLE), Department of Inspection for Factories and Establishments (DIFE), Ministry of Social Welfare (MoSW), Ministry of Health and Family Welfare (MoHFW), Ministry of Primary and Mass Education (MoPME), Ministry of Education (MoE), and Local Government Division (LGD).
- **Local government bodies and administrations:** district and municipal authorities.
- **Worker groups and community-based organisations (CBOs):** unions, platforms, and grassroots organisations representing Jhut workers.
- **Employers and SME owners** in the Jhut sector.
- **International development partners and buyers or brands** engaged in circular textile and RMG value chains.
- **Civil society organisations (CSOs) and NGOs** supporting labour rights, education, and social protection.

# 1

## Purpose, audience, and approach

### 1.1 Why this brief? Why now?

The Jhut sector is a key part of Bangladesh's circular textile economy, yet it is often overlooked or seen only as a waste-management issue. As the demand for circularity increases, as a result of policies being implemented by key trading partners, such as the EU, and corresponding changes in brand and buyers' practices, there's a risk that new policies could improve the flow of recycled feedstocks into the RMG export industry but harm workers by shifting compliance costs and risks onto workers in the informal economy and small enterprises. This brief addresses this risk, using data gathered in 12 clusters in 2025 and validated in January 2026 in a multi-stakeholder consultation workshop, to propose a rights-based approach that ensures the benefits of circularity reach workers across Bangladesh without increasing their vulnerability.

The government may further consider properly clarifying the legal coverage of core labour rights for Jhut workers in the labour rules, which is likely to be amended in line with the recent amendment to the *Bangladesh Labour Act, 2006* (published on 10 April 2026). Under this amendment, workers in the informal sector, including those in micro and small enterprises, are formally recognised as 'workers', with a commitment to ensuring their legal coverage and fundamental rights in the workplace.



## 1.2 Audience

This brief is aimed at four main groups of policymakers:

- **Bangladesh Policymakers:** Those responsible for labour governance, inspections, social protection, and creating a supportive environment for small businesses and responsible production (particularly MoLE/DIFE and relevant agencies).
- **International Development Partners:** Those influencing value chain standards and circularity practices that impact Bangladesh's textile exports and recovery systems, including departments of international development leading international partnerships.
- **RMG Brands & Buyers:** Key players in the RMG sector, including brands and buyers who set purchasing standards, influence production practices, and drive market demand for sustainable and ethical production.
- **CSOs & Other Relevant Stakeholders:** Civil society organisations and other stakeholders who advocate for workers' rights, environmental sustainability, and social justice within the textile and garment sectors.

The goal is not to apply a single policy model from one region to another, but to align existing circular economy practices with international standards for decent work, ensuring that increasing circularity in the RMG sector creates both social and economic benefits, rather than increasing hidden labour issues within formal and informal parts of Bangladesh's economy.

## 1.3 Evidence base and consultation process

This brief is based on:

- **Evidence from 2025 research:** Data gathered across 12 clusters in ten districts, with a mix of hotspot mapping and field insights.
- **Consultation Workshop in January 2026:** Feedback from Jhut workers, Jhut business owners (SME owners), government representatives, and representatives from the International Labour Organization (ILO), CSOs, and trade unions, who helped to refine these findings.

- **The research used a mixed-methods approach,** with data collection techniques including key informant interviews, focus group discussions, and field observation. The results of the data analysis were reviewed and validated through consultations with stakeholders, ensuring that both quantitative data on workforce size and qualitative insights into working conditions were grounded in real experiences of key stakeholders.

## 1.4 How to read this brief

This brief:

- Clearly recognises informal work in the Jhut sector as real work, requiring proper protection and recognition.
- Advocates for a progressive approach to formalisation through step-by-step improvements rather than sudden changes.
- Emphasises the need for collaboration among policymakers, workers, Jhut business owners (SME owners), and other stakeholders to ensure the circular economy is socially sustainable.

# 2

## Overview of the jhut sector

### 2.1 What is the jhut economy and how does it work?

The Jhut sector refers to the activities involved in handling, transforming, and reusing textile waste from the RMG industry. It operates as a decentralised system in which waste is collected, sorted, processed, and repurposed across clusters in multiple districts. These stages include sorting, cutting, shredding, stitching, finishing, and packaging, with materials moving through diverse workplace settings.

Far from being mere waste, Jhut is a valuable input for small industries that supply both domestic and, to a lesser extent, international markets. Products range from garments (such as T-shirts and children's wear) and winter items (sweaters, shawls, blankets, socks, mufflers) to household goods, ropes, and mats. This demonstrates the sector's contribution to Bangladesh's circular textile economy, even though it remains largely informal.



Three defining characteristics shape the Jhut sector:

1. **Diversity of Work and Workplaces:** Activities span home-based work, small workshops, godowns (storage spaces and workplaces for sorting workers), small factories, and transport hubs, reflecting the sector's wide reach and complexity.
2. **Volatility and Informality:** Prices and quantities fluctuate, and most arrangements between owners and workers are informal, based on piece-rate pay without written contracts. This volatility reinforces the vulnerabilities highlighted in the executive summary.
3. **Value Creation with Risks:** While the sector generates significant economic value, workers face serious occupational health and safety risks, including exposure to dust, long hours, and inadequate protection. These conditions contribute to income instability and insecurity, underscoring the need for recognition, protection, and gradual improvement.

Taken together, these features show that the Jhut sector is both an engine of value creation and a site of vulnerability. Its diversity and informality demand policies that recognise workers' contributions, protect their rights, and ensure that circular economy strategies do not deepen risks for those already marginalised.

## 2.2 Key actors, activities and flows

Bangladesh's RMG sector generates an estimated 400,000–577,000 tonnes of 'Jhut' (post-industrial textile waste) annually as a by-product of primary textile production. The majority of this material is exported, predominantly to India (*secondary items made from RMG wastage or 'Jhut'*). The share of Jhut that circulates through the networks examined in this brief represents an unknown proportion of total volumes, reflecting broader gaps in available data on national Jhut flows and distribution.

Increasingly, Jhut is being reconsidered as a potential resource by a range of new stakeholders. It is a highly viable feedstock for recycled content due to its relatively low risk of contamination compared with post-consumer textiles. As a result, interest in Jhut has grown among textile recyclers and, increasingly, among global brands seeking to develop circular production ecosystems. As new markets for recycled textiles and their inputs (including Jhut) expand, emerging economic interests and evolving forms of material valuation are likely to reshape existing Jhut flows, with potential implications for access, pricing, and control across the supply chain. The impacts of these emerging economic interests on existing Jhut flows and the workers involved in them remain insufficiently understood. The extent to which informal Jhut networks will become integrated into more industrialised textile recycling and production systems, and the potential implications of this integration for workers, both positive and negative, are still uncertain. This research provides an initial foundation for understanding these emerging dynamics.

## 2.3 Geography of the sector: 12 clusters across ten districts

The Jhut sector's mapping shows that employment is spread across different regions, with each area specialising in specific functions. The Jhut economy operates in 12 clusters across ten districts. These clusters are divided into two types:

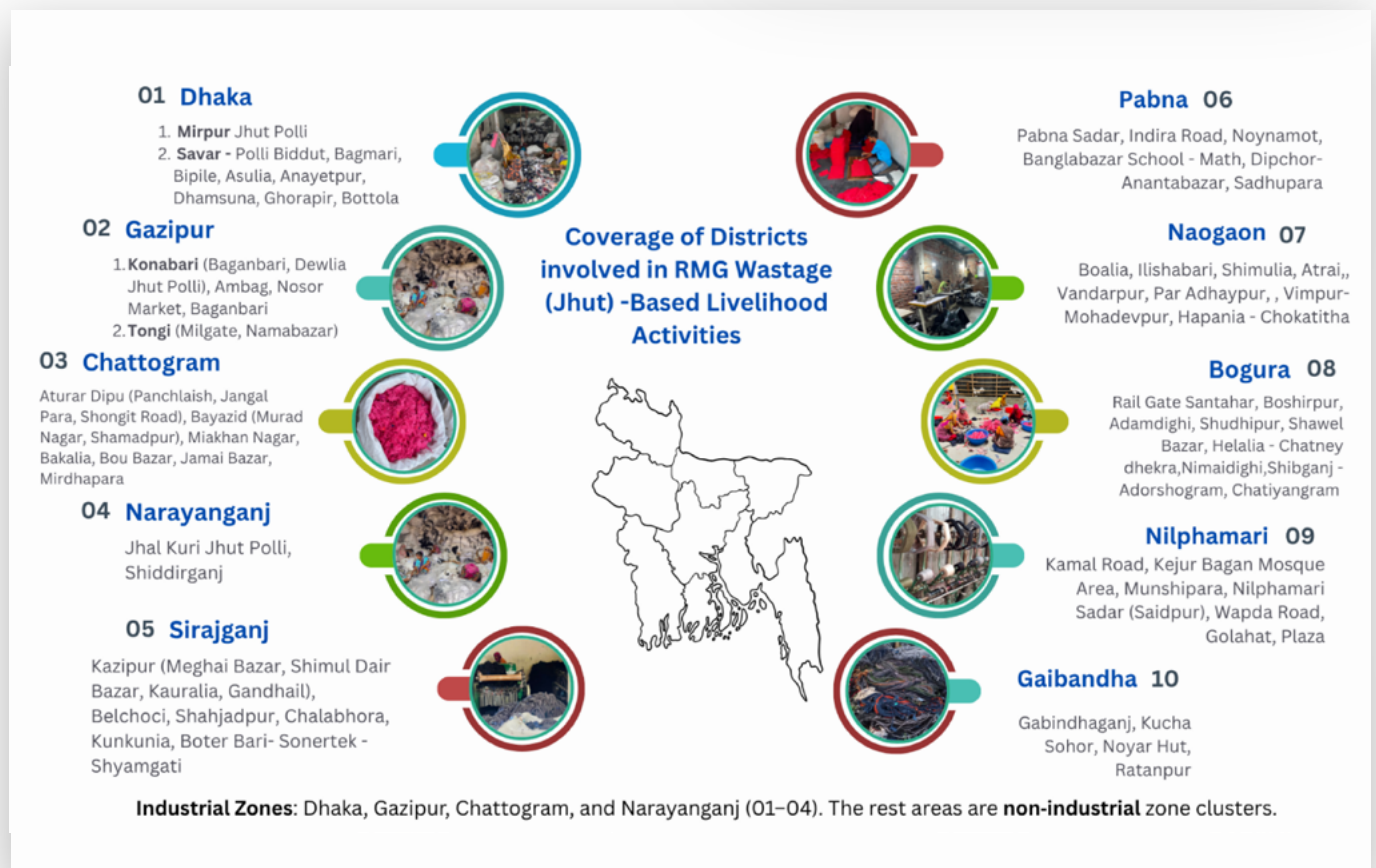
- 1. Industrial-adjacent clusters:** Areas close to the main industries where Jhut waste is generated and moves through various stages of the production process.
- 2. Production-oriented clusters:** Areas where Jhut is processed and transformed into final market products, such as garments, winter items, and other household goods.

These clusters are vital to understanding the geographic distribution and specialisation of activities within the Jhut sector.

## 2.4 Workforce estimation

This figure estimates the total number of workers involved in the Jhut sector across all 12 clusters where evidence was collected. The minimum estimated number of workers is 176,400; the maximum estimated is 213,900. These estimates align with findings from Circle Economy's study [Making the Invisible Visible: Towards a Just Circular Transition for Bangladesh's Jhut Workers](#), which highlights the scale of employment and the urgent need to safeguard rights in this largely informal sector.

Total Workers Estimated			
Category	Minimum estimated	Maximum estimated	Average estimated
Total workers involved	176,400	213,900	195,150



## 2.5 Deep-dive snapshots: district diversity and working arrangements

The Jhut sector in Bangladesh varies significantly across regions, with each district showcasing distinct production methods, types of work, and challenges faced by workers. This section explores the diversity in the Jhut economy by examining four key districts: Bogura, Gaibandha, Pabna, and Gazipur. Each of these areas reflects different levels of mechanisation, integration with the industrial RMG supply chain, gendered labour division, and exposure to various risks.

### 2.5.1 Bogura District

The Bogura district has a long history of Jhut-based livelihoods, lasting over 50 years. The district combines traditional home-based production with small godowns and manual and mechanised looms, which are often locally made, including bamboo structures. Like other types of RMG waste, off-cuts of winter or woollen fabrics are collected directly from garment factories. These fabric remnants are then manually sorted according to colour, fibre type, and quality. From the sorted cloth, workers carefully separate the usable yarn or thread. The extracted yarn is first manually rolled on a traditional charkha (spinning wheel), and then re-rolled with electric winding or coning machines. This recycled yarn is subsequently reused as raw material in the production of blankets and shawls, manufactured either on handlooms or power looms.

Component	Details
<b>Core activities</b>	Production of winter items (shawls, blankets, towels, winter gloves) using manual weaving and automatic/power loom weaving; ironing and packaging of finished products; thread & yarn segregation from RMG waste; reeling and coning of thread & yarn.
<b>Work arrangements</b>	The majority of work is home-based, with some workers relying on seasonal agricultural income; Small factories and godowns operate on piece-rate or daily-wage systems ( <i>some enterprises hold trade licenses, but their work arrangements remain fully informal</i> ).
<b>Workforce profile</b>	Most women (mainly older) primarily handle yarn segregation from the Jhut cloth and other lighter tasks, while young women operate the power looms. Men focus on manual and power loom operations, along with more physically demanding tasks like loading and unloading. Younger workers are involved in machine-based weaving. Migrant workers are very limited in the Bogura cluster.
<b>Key challenges</b>	<ul style="list-style-type: none"> <li>Workers in the Jhut sector face income instability due to fluctuating piece rates and seasonal demand, relying on high-interest loans from local NGOs (microcredit) or supplementary income from seasonal agricultural work, which adds financial strain.</li> <li>They are exposed to OSH risks (dust, poor ventilation, unsafe handling of textile waste), leading to respiratory issues, fatigue, and injuries.</li> <li>Limited healthcare access, weak social protection, and barriers to SME licensing further strain workers and businesses.</li> <li>Many families struggle to meet basic needs like food, healthcare, and education.</li> <li>Women workers face challenges balancing household duties with long hours and earning lower wages than men.</li> <li>Lacking labour rights awareness and formal recognition.</li> <li>The absence of collective bargaining structures, including unions, limits workers' ability to advocate for better conditions.</li> </ul>
<i>Bogura District Summary Table</i>	

Most of the production is home-based, especially for women who mainly handle yarn sorting and other lighter tasks. Small factories and godowns also operate, with workers paid daily or on a piece-rate basis. Income instability is common, and many workers depend on informal loans to cover basic needs, thereby putting them at financial risk.

## 2.5.2 Gaibandha District

The Gaibandha district is known for producing winter items such as sweaters, masks, mufflers, socks, and rope. The district combines home-based work with small factories, where each household typically has one or more stitching machines, and some households operate between two and ten automatic sweater-knitting machines. This setup transforms homes into seasonal workstations, with skilled male workers focusing mainly on knitting winter garments and rope production at the factory or semi-factory level.

Although winter items are produced year-round, production intensifies ahead of the winter season, when producers shift to full-time work with the aim

of selling during that period. Buyers from all other districts of Bangladesh and neighbouring countries, such as India, come to purchase winter items during the season. Noyar Hut in Gobindaganj (Gaibandha District) serves as the central wholesale hub for the district. Most home-based self-employed workers lack sufficient capital to purchase raw materials and sustain production throughout the year, or to store goods until winter. As a result, they often take loans before the season to finance production and enable immediate sales.

Workers are generally paid on a piece-rate or daily basis, with some factories offering weekly wages. The district also faces challenges from climate change, including flooding and heavy rainfall, which disrupt production. Women workers face additional difficulties, such as a lack of childcare support. Balancing income-generating work with household responsibilities is especially difficult for widows and older women. Some workers also take on other occupations when there is no work in the Jhut sector.

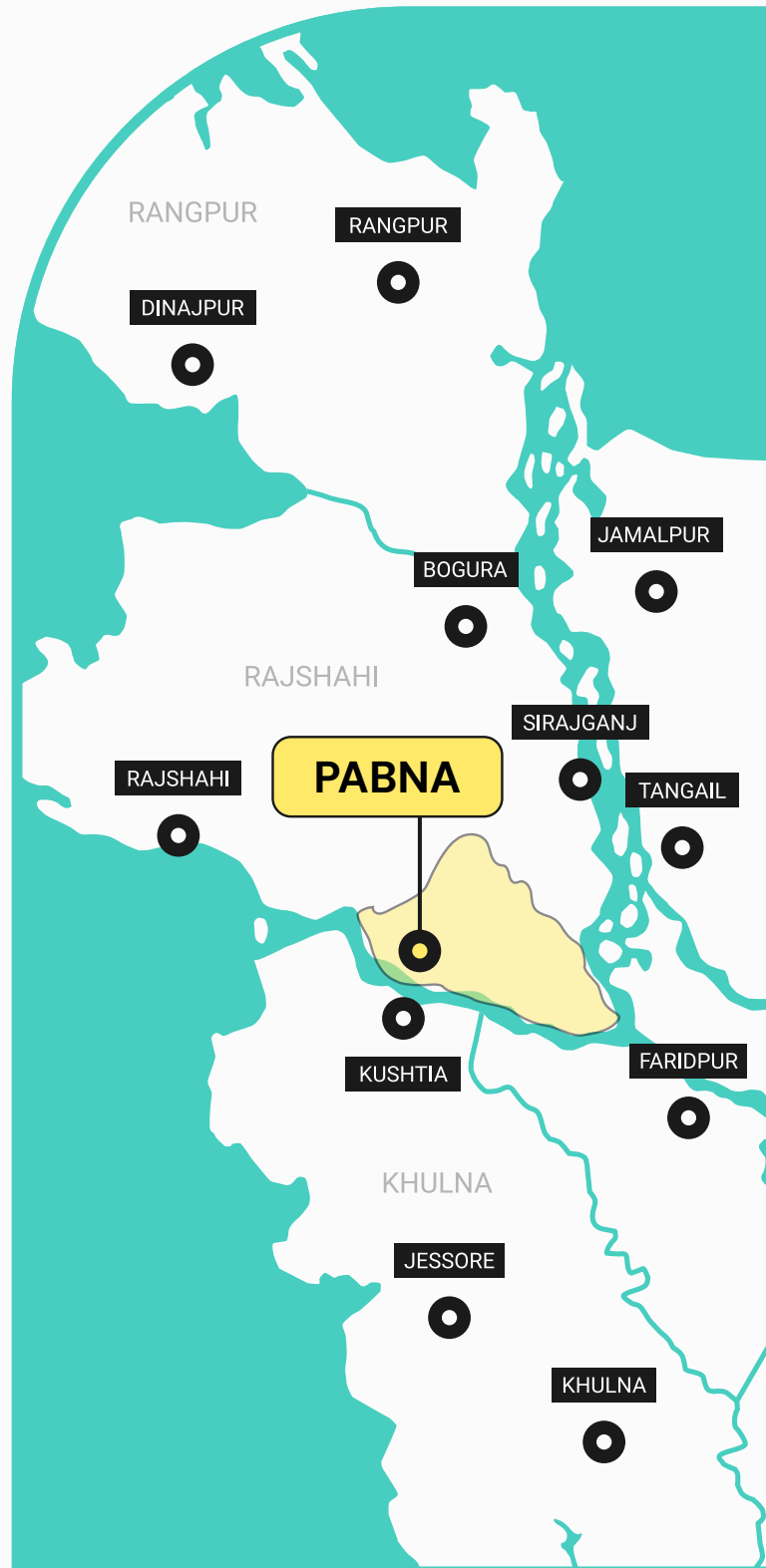
Component	Details
<b>Core Activities</b>	Yarn segregation; reeling and coning; knitting winter garments using automatic Sweater Knitting Machines; stitching sweaters, mufflers, socks, masks; rope production; ironing and packaging; seasonal storage.
<b>Work activities</b>	Automatic knitting machine operation; stitching; thread processing; loading/unloading; finishing and selling seasonally.
<b>Work arrangements</b>	Extensive home-based production (every household has one or more stitching machines, and some households have two to ten automatic Sweater Knitting Machines); small factories; piece-rate, daily, and weekly wage systems; agriculture is also another source of income for some home-based self-employed workers. In Gaibandha, the migrant workers are very limited.
<b>Workforce profile</b>	Family labour dominant; women in stitching and yarn segregation; men in machine-heavy tasks like automatic knitting machine operation, ironing, loading/unloading, and warehouse management; elderly workers in lighter tasks like thread reeling.
<b>Key challenges</b>	<ul style="list-style-type: none"> <li>Workers in Gaibandha face common challenges such as income instability, loan dependency, OSH risks, limited healthcare access, weak social protection, barriers to SME licensing and credit, and household financial challenges, with women workers experiencing additional difficulties like lower wages, long working hours, and a lack of labour rights awareness.</li> <li>Gaibandha also faces unique challenges, including vulnerability to climate change, such as flooding and heavy rainfall, which disrupt production.</li> <li>The lack of childcare support makes it especially hard for women workers, particularly widows and older women, to balance work and family responsibilities.</li> </ul>
<i>Gaibandha District Summary Table</i>	

### 2.5.3 Pabna District

Pabna district represents a semi-industrial model within the Jhut sector, where sorting, cutting, and stitching of T-shirts and other clothing, along with design printing, are key activities. Production takes place in semi-factory and factory settings, supported by home-based workers operating on a piece rate system. Workers are primarily engaged in T-shirt stitching, garment finishing, thread trimming, iron work (Iron Master), and Jhut cutting to prepare materials for T-shirts and trousers. Most production occurs in home-adjacent units, small factories, and workshops, with piece-rate payment being the dominant wage system. Although they are experienced, these workers continue to work informally, and their presence has given the semi-factory units a somewhat organised structure. T-shirts are the main products manufactured in Pabna.

Large and medium off-cut fabrics are first purchased from Dhaka, Gazipur, Savar, or Narayanganj. Cutting masters then process these fabrics by cutting, stitching, and finishing them into final products. As a result, Pabna hosts factories where all stages of production take place in one location, closely resembling the structure of formal RMG factories. Products made from off-cut fabrics, particularly T-shirts, are sold to local buyers and also move informally across borders. The main destinations are India, Nepal, and Bhutan, with occasional mentions of Malaysia. These flows are facilitated by local buyers and traders who connect small-scale producers to regional markets, creating an informal but significant trade network.

Despite their higher level of organisation and skill, these factories still lack full compliance with occupational safety and health (OSH) and fire safety standards, the *Bangladesh Labour Act (2006)*, and the scale of formal industries.



Component	Details
<b>Core Activities</b>	Jhut sorting (large cloth), cutting and stitching of T-shirts and other clothing; thread trimming; designing and design printing for T-shirts; ironing and packaging.
<b>Work activities</b>	Electric stitching, cutting, printing, finishing; small-batch garment production.
<b>Work arrangements</b>	Small factories; supported by Home-based work, piece-rate and daily wages.
<b>Workforce profile</b>	Women primarily in stitching and finishing; men in cutting, designing, printing, and iron work; family labour is common; elderly workers in lighter tasks like thread trimming. Migrant workers are very limited in Pabna.
<b>Key challenges</b>	<ul style="list-style-type: none"> <li>Workers in Pabna face common challenges similar to those in other districts, including income instability, loan dependency, OSH risks due to poor working conditions, limited healthcare access, and weak social protection.</li> <li>Pabna also faces unique challenges, namely shipment delays and payment issues due to border-related disruptions.</li> <li>Additionally, the lack of a fixed <b>wholesale selling centre</b> for both national and international buyers makes it difficult for small businesses to establish consistent market connections. (A <i>fixed wholesale selling centre, or trade centre, would serve as a permanent marketplace dedicated to Jhut products, where sellers are gathered in one location, and buyers can easily access them. This would simplify transactions, reduce reliance on scattered informal networks, and create opportunities for buyers to compare and negotiate directly. By improving visibility and accessibility, such a centre could strengthen both domestic and cross-border trade flows.</i>)</li> <li>Workers also refuse to work on Fridays and Saturdays, which disrupts production schedules and adds extra pressure to the already fragile system. (Most of the workers in these factories are local rather than migrant labourers, and many previously worked in the formal RMG sector where leave opportunities were limited. Now that they live with their families, they prefer to balance factory work with their personal responsibilities. Experienced workers often choose to work five days a week instead of six, allowing them to spend more time with their families and manage seasonal agricultural activities. In addition, since they typically work at least 12 hours a day for five days, they prefer to take Saturdays off to recover, and long working hours often lead to sickness. In this way, local employment provides both income and flexibility, making it more compatible with their social and economic needs.)</li> </ul>
<i>Pabna District Summary Table</i>	

## 2.5.4 Gazipur District

Gazipur is one of the largest and most industrially integrated Jhut clusters in Bangladesh. The district has a high concentration of factories and godowns, making it a central hub for large-scale Jhut sorting, processing, packaging, and bulk trading. Segregated Jhut is mainly sorted and sold in this area, along with downstream stitching activities, primarily focused on children’s wear. Production mainly takes place in small and micro factory setups, with the majority of workers engaged in sorting, and only a few involved in cutting, stitching, and packaging the finished goods. Piece-rate and daily-wage systems dominate the payment structure.

Gazipur’s role extends beyond local production. Sorted Jhut from this cluster is directly sold and transported to other Jhut clusters across the country, including those mentioned elsewhere in the report. Every day, tonnes of Jhut are loaded and shipped from Gazipur, making it the central point in Bangladesh’s Jhut trade network. This distribution function highlights Gazipur

not only as a production hub but also as the backbone of supply for other districts. However, Gazipur faces significant social challenges. Most workers in this cluster are migrants from other districts **seeking job opportunities**, with a large proportion being young women. **Many are also vulnerable to climate change impacts in their home districts, which contributes to their migration.** Many are vulnerable due to family circumstances such as abandonment, divorce after childbirth, or being left to raise children at a young age, which increases their susceptibility to harassment and exploitation, including sexual harassment. Children are also observed working alongside adults, and there is little awareness among workers about gender based violence (GBV) or harassment. The male-dominated environment, where supervisors are mostly men, further heightens these risks.

Component	Details
<b>Core Activities</b>	Sorting of RMG wastage (Jhut cloth, polythene, paper cartons); Jhut bag filling (packaging); Jhut cloth cutting and stitching children’s wear; selling RMG wastage accessories and large pieces of sorted Jhut cloth.
<b>Work arrangements</b>	Predominantly godown-based; daily and piece-rate systems.
<b>Workforce profile</b>	Sorting is primarily done by women; loading/unloading and packaging are handled by men; stitching and other tasks are mostly done by men. Generally, workers migrate from rural areas to urban centres like Gazipur from all over the country in search of jobs to survive.
<b>Key challenges</b>	<ul style="list-style-type: none"> <li>Like other districts, income instability, loan dependency, and OSH risks (dust exposure, repetitive tasks) are common.</li> <li><b>Unique challenges in Gazipur</b>, compared to non-industrial clusters mentioned in this report, include: <b>high living costs</b> due to the industrial zone; <b>high costs of education, food, and medical care</b>; migrant workers’ difficulty in accessing NGO loans; <b>excess industrial pollution</b>; <b>high risk of gender-based violence (GBV)</b>; <b>unsafe use of social media (Facebook, TikTok, Imo, Messenger)</b>; exclusion from government social protection; <b>high transportation and rental costs</b>; lack of hygienic toilets, clean drinking water, and childcare facilities in workplaces; and absence of formal complaint mechanisms.</li> </ul>
<i>Gazipur District Summary Table</i>	<ul style="list-style-type: none"> <li>For business owners, political instability, unrest, tax issues, and bureaucratic obstacles are significant challenges.</li> </ul>

Living arrangements add another layer of vulnerability. Workers often rent low-cost rooms in slum areas or overcrowded housing, where five to ten families may share a single toilet, washroom, and kitchen. Workers often live in shared housing, which can further expose them to safety and privacy risks. In emergencies, they are forced to take loans from others, creating dependency and potential exploitation. Unsafe use of social media is another factor contributing to vulnerability, exposing workers to risks such as harassment, exploitation, and privacy breaches. Together, these factors, migration, gender imbalance, lack of awareness, unsafe housing, economic insecurity, and unsafe social media use, make Gazipur's Jhut cluster particularly high risk for GBV and harassment.

### 2.5.5 Categories of jhut workers, owners, and other actors

Based on field research conducted in 2025 and validated through the consultation workshop in January 2026, distinct categories of workers, owners, and other actors were identified across the 12 clusters in Bangladesh. These categories vary by workplace (home-based, small factory, godown), primary activities

(sorting, yarn regeneration, stitching, trading), and role in the value chain. Recognising these differentiated roles is essential for aligning policy and intervention efforts, designing effective pathways for gradual formalisation in line with ILO Recommendation No. 204 on the transition from the informal to the formal economy, and improving working conditions across the sector. Additionally, actors such as NGOs, lenders\*, and market intermediaries play vital roles in the sector's functioning, shaping the dynamics of both supply and demand in the Jhut economy.

*\*According to research findings from LIE and Circle Economy (2025), the largest loan providers include Grameen Bank (21.74%), Asha Foundation (19.13%), BRAC (15.65%), and OSACA (12.17%). Other contributors, such as TMSS, SKS Foundation, BURO Bangladesh, SEBA, Agrani Bank, Jagorani Chakra Foundation, Manabik Shahajya Sangstha, PDBF, BEES, DSK, GUK, Jubo Unnoyon, Sajeda Foundation, Shakti Foundation, SHARP, and CCL, also play smaller but significant roles. Together, these institutions provide the financial backbone that enables workers and entrepreneurs to access capital, manage risks, and continue operating in an otherwise fragile and informal system.*



## 2.5.6 Bangladesh RMG wastage (jhut) sector: worker types & tasks

SI	Worker Type / Category	Key Tasks / Work Description
1	Godown Sorting Worker (Fabric Jhut Sorting & Preparation)	Sorting by colour, size, quality, fabric-type; removing non-fabric items (elastic, buttons, zipper); small cutting/pre-processing; grading support; bag filling; packing; floor/work-area cleaning
2	Plastic Sorting Worker (Polythene/Plastic Segregation)	Separating plastic/polythene from mixed waste; removing contamination; cutting into small pieces (if needed); grading; packing and bagging
3	Paper/Carton Sorting Worker	Sorting carton/paper by type & quality; removing contamination; bundling/packing for recycling
4	Thread Segregation Worker	Sorting thread by colour, quality, thickness/type; removing mixed materials; packing for processing
5	Thread & Yarn Processing Worker (Reeling & Coning)	Reel making; cone making; basic quality control; packaging for weaving/knitting
6	Cutting Master / Fabric Cutting Operator	Cutting sorted fabric into patterns/sizes for production (T-shirt, trousers, jacket, winter items, household items); supply support to the stitching line
7	Baling/Bundle Worker (Pressing & Bundling)	Compressing Jhut into bales/bundles, tying, binding and stacking for storage and transport
8	Textile Waste Loading/ Unloading Worker	Carrying sacks/bales; stacking; internal shifting inside godown; truck loading/unloading
9	Godown Manager / Supervisor (incl. Quality Grading)	Supervising workers & workflow; attendance management; wage/payment processing; recruitment/replacement; stock & store management; quality checking/grading and price-class setting; safety & security oversight
10	Godown Night Guard / Security Guard	Night security; monitoring goods/premises; controlling entry/exit
11	Cotton Shredding Worker (Textile Waste Shredding Unit)	Feeding waste into the shredding process; manual handling; maintaining production flow; cleaning/support tasks
12	Cotton Factory Machine Operator / Assistant	Operating & Supporting shredding/opening machines; monitoring machine performance & output quality
13	Manual Weaver (Recycled Yarn-Based Production)	Producing woven goods using recycled thread or yarn (blanket, shawl/scarf, towel) through a manual loom/weaving
14	Automatic/Power Loom Weaver	Machine/loom weaving using recycled thread or yarn (blanket, shawl/scarf, towel)
15	Stitching Worker (Recycled Fabric-Based Product Manufacturing)	Stitching products: T-shirt, trousers, baby wear, jacket, mask, blanket, household items (apron, wiper, mop, cushion cover), floor mat, raincoat, agriculture windbreak/rain-protection items
16	Winter Item Machine Operator (Socks/Sweater)	Operating specialised machine for socks/sweaters/winter items; quality monitoring; output handling
17	Apparel Print & Graphic Designer (T-shirt/Fashion Print Designer)	Creating placement prints, typography, fabric/pattern prints; deciding print style & effects (puff, rubber, discharge); preparing print-ready artwork files for production

SI	Worker Type / Category	Key Tasks / Work Description
18	Ironing/Press Worker	Ironing/pressing finished goods for market-ready finishing
19	Packaging Worker (Finished Goods Packaging)	Sorting and final packing; bundling; labeling; bagging/cartooning; dispatch readiness
20	Quilt & Mattress Maker	Quilt/mattress production; stuffing work (cushions); sewing and finishing
21	Reusable Bag / Shopping Bag Maker	Making reusable shopping/carry bags from recycled fabric
22	Freelance Machine Mechanic	Repair and maintenance of sewing, weaving, shredding and other machines
23	Freelance Technician (Electrical/Mechanical Support)	Wiring, motor servicing, troubleshooting technical faults and machine setup support
24	Sales Worker	Sales Worker of RMG Wastage (Jhut) related items

## 2.5.7 Owners & other related business stakeholders in the RMG wastage circular economy

SI	Actor Type / Category	Role in the Circular Economy	Key Functions / Influence
1	Politically Influential Individuals / Local Power Brokers	Access controllers & rent-seekers	Purchase RMG wastage at nominal prices using influence; control entry of traders; shape informal market rules; provide protection or impose barriers
2	Primary Jhut Traders (Direct Buyers)	First commercial buyers	Purchase wastage directly from factories or gatekeepers; arrange transport; aggregate materials; set initial market prices
3	Middlemen	Market intermediaries	Link factories, traders, godowns, and transporters; negotiate prices; control information flow; extract commissions
4	Wholesale Jhut Merchants	Large-scale aggregators	Accumulate high volumes of Jhut; manage bulk transactions; supply recyclers or secondary manufacturers
5	Godown Owners	Storage and price stabilisers	Provide storage facilities; enable stockpiling; influence supply timing and price fluctuations
6	Yard Owners / Sorting-Space Providers	Processing-space providers	Rent yards/sheds for sorting, cutting, grading, and bundling of wastage
7	Transportation Service Owners	Logistics controllers	Own trucks, vans, pickups, rickshaw-vans; determine transport cost, access, and routes
8	Transport Contractors	Operational logistics managers	Schedule vehicles; manage drivers and helpers; ensure delivery to godowns, bazaars, and recycling units

SI	Actor Type / Category	Role in the Circular Economy	Key Functions / Influence
9	Recycling Unit Owners	Material converters	Operate shredding or recycling units; convert Jhut into fibre, yarn, stuffing, or other by-products
10	Small & Micro Factory Owners	Downstream value creators	Produce low-cost garments, mats, stuffing, cleaning cloths, insulation, or household items from recycled materials
11	Finished Goods Shop Owners	Market-level sellers	Sell recycled or reused textile products in local and regional markets; connect production with consumers
12	Marketing & Sales Personnel	Demand creators & price negotiators	Market recycled products; negotiate prices with buyers; identify new markets and customers
13	Export Traders	Cross-border sellers	Export sorted Jhut or recycled materials/products to foreign markets; handle customs and compliance
14	Jhut Bazar (Market) Committee	Local market governance body	Regulate bazar operations; allocate space; resolve disputes; influence entry and pricing norms
15	Jhut Owners' Association	Collective power holder	Represent traders/godown owners; negotiate with authorities; influence policy and enforcement outcomes
16	Loan Providers / Microcredit NGOs	Financial enablers	Provide working capital loans to traders, recyclers, and small businesses; influence scale and continuity of operations
17	Local Government Representatives	Regulatory influencers (indirect)	Influence land use, licensing tolerance, and enforcement environment
18	Law Enforcement & Inspection Authorities	Enforcement gatekeepers	Affect operations through inspections, raids, informal permissions, or restrictions
19	Informal Credit Providers / Moneylenders	High-risk financial supporters	Provide quick capital at high interest, increase the debt vulnerability of traders and operators

## Note

In most cases, the first party to take Jhut directly from factories is a politically influential individual or a local power broker. These actors act as informal employers by controlling access to the raw material. From there, the Jhut typically passes through middlemen or primary Jhut traders. After these initial steps, the material is transferred to godown owners, who sort and process it for the next stages of trade and distribution. This chain of control demonstrates how employment arrangements in the Jhut sector are shaped more by political influence and business stakeholders than by formal contracts. Jhut business owners act as employers and exercise full freedom to hire and dismiss workers informally

# 3

## Perceptions and priority issues for jhut workers and enterprises

### 3.1 Why perceptions matter in the jhut sector

The Jhut sector is often discussed as a ‘waste management’ or ‘informal sector’ issue. However, the evidence shared in this brief confirms that stakeholders view Jhut as a livelihood system within a value-adding production network, not merely as a waste material to be disposed of. This perception gap matters: if policy treats workers as a problem to be controlled, and enterprises as low-value informal units, interventions will likely push risks down the value chain, reducing livelihoods, worsening debt, or increasing labour issues and thereby deepening the marginalisation of those engaged in it.

A realistic policy pathway that promotes socio-economic development and industry in Bangladesh must take into account how different categories of workers and SME employers (Jhut business owners) experience the sector: their needs, priorities, constraints, and where their interests overlap or diverge.



## 3.2 Shared challenges across the sector (workers and jhut business owners)

The study finds that the Jhut sector in Bangladesh is characterised by widespread informality and structural vulnerabilities affecting both workers and SMEs, where workers endure low and unstable incomes, excessive working hours, health and safety risks, and limited legal protection despite inclusion under the *Bangladesh Labour Act (Amendment)*, 2026, while business owners face high financing costs, weak market systems, and regulatory gaps that collectively constrain sectoral growth and formalisation.



### Challenges faced by *workers*

#### 1. Poverty wages and economic insecurity:

Many workers earn below the poverty line, with their incomes fluctuating with the season, market demand, and Jhut availability. Wages are often unstable (no-work, no-pay system), and workers struggle to meet basic household needs like food, healthcare, and education. With prices for essential goods like food and medicine constantly rising, many workers' families face increased financial strain. Workers are often forced to rely on loans, which only deepen their financial vulnerability due to high interest rates. *According to research findings from LIEs and Circle Economy (2025) the loan amounts typically range from 10,000 BDT to 100,000 BDT, with weekly instalment payments of 300 to 3,000 BDT or monthly instalment payments of 1,500 to 5,000 BDT. Interest rates are relatively high, usually between 12% and 18%. **Data further indicates that more than half of the workers (52.20%) take out loans when they face financial difficulties or struggle to cover household expenses. The loan provider's micro credit NGO name is listed in Section 2.5.5.***

#### 2. No work-life balance:

Workers in the Jhut sector often work long hours under demanding schedules, with limited opportunities to balance work and family responsibilities. According to LIEs and Circle Economy research findings (2025), 48.78% of workers report working **six days** per week, a schedule typically followed by Jhut sorting workers, godown workers, and semi-factory workers. These workers generally put in extended hours across six days, often in labour-intensive roles. Another 18.05% **work 6.5 days** per week, meaning they only get half a day off on Friday—a pattern that leaves little room for rest and contributes to physical exhaustion and mental stress, particularly for women.

In addition, 30.73% of workers report working **seven days** a week, which is most common among home-based workers. While their daily hours are shorter (around 3 to 3.5 hours), they work every day, often operating from their own homes and, in some cases, storing Jhut materials there. A smaller portion of workers (1.95%) work **five days** per week, including students and tailors who balance other commitments, while only 0.49% work four days per week, such as Iron Masters in semi-factory settings.

This distribution highlights how most workers in the Jhut sector face relentless schedules, with six to seven working days being the norm. The combination of long hours, minimal rest, and home-based work arrangements makes it nearly impossible for many workers, especially women, to balance employment with family responsibilities, reinforcing cycles of fatigue, stress, and vulnerability (*attached case studies in Annex*).

### 3. Lack of career growth:

There are no opportunities for promotion or skill development within the sector. Many workers have been performing the same tasks for years without advancement or pay increases, leading to frustration and a sense of stagnation. Once a worker enters this field, they often remain in the same position, with no chance for career progression. This issue is particularly for women.

### 4. Health and safety risks:

Workers are exposed to various health risks, including breathing problems, chemical infections, blurry vision, skin issues (scabies), and back pain due to unsafe working conditions. Many workers face prolonged exposure to harmful materials like dust, chemicals, and fibres without protective gear. This long-term exposure can lead to chronic health problems, as there is no formal safety training or protective equipment provided.

### 5. Limited legal protection:

Workers are informally employed, with no formal contracts, ID cards, or documentation. This leaves them excluded from legally recognised employment relationships and without access to basic labour rights such as paid leave, bonuses, or social security benefits. They operate under a **'no-work, no-pay'** system, meaning any absence directly results in loss of income. The absence of **clear recognition** also limits the accountability of employers and restricts workers' ability to seek legal remedies or protection under labour

laws. **However, as per the *Bangladesh Labour Act (Amendment), 2026* (gazetted on 10 April 2026), such categories of workers are now brought within the formal definition of 'worker', making them legally eligible to be covered under the *Bangladesh Labour Act, 2006*, but in practice still lack access to rights due to informality and weak enforcement.**

#### References in the *Bangladesh Labour Act (Amendment), 2026* (Published on April 10, 2026)

- **Clause (65): Definition of 'Worker'**

'Clause (65) shall be substituted by the following clause (65), namely: (65) "Worker" means any person, including an apprentice, whether the terms of his employment are expressed or implied, who is employed in any establishment or industry, directly or through a contractor by whatever name called in return for wages or remuneration, to perform any skilled, unskilled, manual, technical, business-developmental, or clerical work. However, except for persons employed under sub-clause (b) of clause (49) of section 2, all persons shall be included within this definition.'

- **Clause (49)(b): Substitution**

'Clause (49), sub-clause (b) shall be substituted by the following sub-clause (b), namely: (b) Any person who is in writing entrusted with responsibility for the management, chief executive, managerial, administrative, or supervisory functions of the said establishment.'

### **References in the *Bangladesh Labour Act (Amendment), 2026* (Published on April 10, 2026)**

- **175. *Special definition of worker and right to organise***

'(1) Unless anything repugnant to the subject or context and notwithstanding anything contained in sub-section (4) of section 1 and clause (65) of section 2, in this Chapter "worker" means, in addition to the "worker" defined in clause (65) of section 2, a self-employed worker, a worker employed on a daily or temporary basis, or a person engaged through any digital labour platform; and, for the purpose of any proceeding relating to an industrial dispute under this Chapter, any worker who has been laid-off, retrenched, discharged, dismissed, or otherwise removed from employment as a consequence of, or in connection with, such dispute, or any worker whose lay-off, retrenchment, discharge, dismissal, or removal has given rise to such dispute, shall be included herein. However, members of any establishment's watch and security staff, fire-fighting staff, and confidential assistants shall not be included.'

## **6. Vulnerability to climate change:**

Workers in certain areas, such as Gaibandha and Chittagong, are vulnerable to climate change, including flooding, heavy rainfall, and stagnant water. These weather events can prevent them from working, especially in regions where informal workspaces lack proper infrastructure to withstand such conditions.

## **7. Lack of worker representation:**

There are no formal trade unions or organised platforms to represent Jhut workers' interests. As a result, workers are not able to exercise their right to freedom of association and lack bargaining power, leaving them vulnerable to exploitation. The lack of collective voice and representation prevents them from advocating for better wages, benefits, or working conditions.

## **8. Child labour**

Children under 18 are observed working in several locations within the Jhut sector. Child labour deprives children of education and exposes them to unsafe working conditions, reinforcing cycles of poverty and vulnerability.

## **9. Adult worker exploitation**

Many adult workers come from marginalised backgrounds, with limited knowledge of their rights. This lack of awareness makes them susceptible to exploitation, including unfair wages, unsafe conditions, and dependence on informal employers or intermediaries.

## **10. Limited access to public services:**

Many workers lack access to basic public services such as healthcare, social security, and legal assistance. Even where services exist, access is limited, and workers often don't know how to apply for these services or are excluded due to a lack of official documentation.



## Challenges faced by *jhut* business owners (SMEs)

### 1. Loan issues—high interest rates:

Like workers, business owners often rely on loans to operate their businesses, but high interest rates make it difficult for them to invest in growth or improve working conditions. The burden of loan repayments limits their ability to expand and invest in safety equipment or training.

### 2. No Formal market for finished goods:

There is no structured market for selling finished Jhut products. Business owners often struggle to find consistent buyers, which makes it hard to plan production and ensure profitability.

### 3. Price control by influential community leaders:

The prices of raw materials (Jhut) are set by local community leaders or middlemen, creating a lack of transparency in pricing and reducing the bargaining power of business owners. These leaders manipulate the supply chain, making it difficult for business owners to obtain fair prices for raw materials.

### 4. Limited access to finance:

Access to formal financial support for business growth is limited. Business owners face challenges in securing low-interest loans or any type of financial assistance that would allow

them to scale or modernise their operations. This lack of access to capital affects the sustainability of their businesses.

### 5. Export and shipment barriers:

Business owners face significant shipment barriers, including political instability and frequent border closures, which delay exports and increase costs. The absence of a streamlined export system adds another layer of financial stress to SMEs in the sector.

### 6. Regulatory and compliance gaps

There are currently no proper national guidelines or national regulations for the handling of Jhut. This absence reflects a regulatory gap, as laws or formal frameworks specific to the Jhut sector are absent. Without **clear policy and regulations**, business owners lack direction on how to manage Jhut safely, sustainably, and legally. *(The main purpose of obtaining a trade license in Bangladesh is to legalise business operations, ensuring compliance with local government regulations (City Corporation or Municipality). It acts as an official permit required to open bank accounts, obtain TIN/VAT registration, secure tenders, and avoid penalties or forced closure.)*

Technically, under the revised definition of 'worker' in the *Bangladesh Labour Act* (Amendment), 2026, Jhut sector workers now fall within the scope of the *Bangladesh Labour Act*, 2006. However, historically, these workers have not been officially recognised, and the sector has not followed formal labour standards. This creates a deeper implementation gap. As a result, workers remain vulnerable to unsafe conditions and exploitation, while businesses also lack clear compliance guidelines directly tailored to this sector or its downstream linkages with the RMG industry.

Clear recognition of the Jhut sector under the existing labour law and labour inspection system, combined with the establishment of compliance guidelines, is essential. Only through such measures can workers' basic rights be protected and minimum standards of social compliance ensured.

### **7. Insufficient government incentives:**

Business owners often lack access to tax benefits or other government incentives, which could help them grow their businesses and improve working conditions. Government support for SMEs is limited, and business owners report that existing incentives are not sufficient to encourage formalisation.

### **8. Lack of employer representation:**

There are no strong platforms for business owners to represent their interests. This makes it harder for them to advocate for policies that could improve the sector or provide better working conditions for employees. A stronger collective voice for SMEs could help push for better market conditions and government support.



### 3.3 Worker–employer perception differences: where viewpoints diverge

While both groups want stability and growth, they often interpret solutions differently:

#### Formalisation

- Workers often see formalisation as a path to wages, benefits, and safety if it protects livelihoods.
- SMEs often fear formalisation as a cost shock unless it comes with incentives, finance, and stepwise compliance.

#### Note on Formalisation:

Formalisation in the context of the Jhut sector does not simply mean registering a business or obtaining a trade license. While registration legalises operations, it does not automatically guarantee labour rights or social protections. Here, formalisation refers to aligning the Jhut sector with the standards applied in the formal RMG sector under the *Bangladesh Labour Act, 2006* and its recent amendments (10 April 2026). In practice, this would mean:

- **Raising awareness** of workers' rights as per the *Bangladesh Labour Act* and its 2026 amendment.
- **Ensuring** workers receive formal contracts and proper documentation, alongside awareness among owners.
- **Ensuring access** to minimum wages, weekly holidays, maternity benefits, paid leave, and other entitlements.
- **Mandatory registration** of enterprises at the Department of Inspection for Factories and Establishments in Bangladesh (DIFE) so they fall under the national labour law.
- **Enforcing labour standards** to protect workers from unsafe conditions and exploitation.
- **Ensuring the right** to organise and collective bargaining for workers.
- **Extending labour inspection systems and capacity** to the Jhut recycling sector.

Without this broader recognition and compliance framework, Jhut workers remain excluded from the rights and benefits guaranteed to formal RMG workers. Thus, formalisation here means **bringing the Jhut sector under the same legal and regulatory framework as the RMG industry**, officially recognising that the Jhut work segment is part of the RMG supply chain, ensuring both business legitimacy and worker protection.

#### Compliance and investment

- Workers prioritise immediate protections (OSH, wages, leave) and health insurance benefits, including more affordable or free health treatment.
- SMEs prioritise the enabling conditions that make those protections affordable (pricing, credit, market access).

#### The role of buyers and circularity expectations

- Workers in the informal economy (Jhut sector) want circularity to translate into better jobs, not just more production.
- SMEs want circularity requirements to be introduced with predictable business support and shared responsibility. They stress that compliance should not be imposed as a sudden cost shock but must be accompanied by incentives, access to finance, and stepwise compliance pathways. Shared responsibility is expected from key institutions and stakeholders, including NBR, Customs, Department of Labour, government authorities, local political leaders, public representatives, National Trade Union and owners' associations, whose coordinated involvement is essential to make compliance achievable.

These differences between workers seeking protection and SMEs fearing costs are not a deadlock. Instead, they define a realistic compromise: a staged pathway where basic protections and entitlements that guarantee workers' rights are introduced first, followed quickly by enabling investments and institutional support. This approach ensures that SMEs can sustain compliance without pushing costs back onto workers, while also embedding circularity into the sector in a fair and sustainable way.

## 3.4 What this means for Bangladesh and international development partners

The consultation and research presented in this brief highlight a core policy message:

- A compliance-only approach will fail in the informal sector and may cause harm.
- Rights-based ambitions will be more difficult to achieve in isolation and require strategic collaboration and a parallel focus on enabling finance, transparency and pricing fairness.

Circular economy policies and brand practices can deliver real gains only if they are designed as a **'do no harm' transition**. In a context where workers already face significant social exclusion, this principle is critical to ensure that future changes, whether shifts

in government policy affecting the RMG sector, new EU trade rules, or guidelines for the Jhut sector, do not result in job losses or further marginalisation. A 'do no harm' approach must therefore include:

- **Minimum protections**, such as wages, working time, and occupational safety and health, are needed to safeguard livelihoods.
- **Access to social protection** to reduce vulnerability during transitions.
- **Sensitisation and voice-building** for Jhut workers, including workplace-based organising and representation through district-level platforms and worker organisations.
- **Traceability and support systems** that make decent work affordable and achievable for SMEs.

By embedding these safeguards, circular economy policies can support both workers and SMEs, ensuring that sustainability goals are met without sacrificing basic rights or livelihoods.

Area	Workers Prioritise	SMEs (Business Owners) Prioritise	Common Ground
<b>Wages &amp; payment</b>	Fair wages and annual wage increases	Ability to pay via stable margins	Payment transparency and predictable cycles
<b>OSH</b>	Awareness building, training, government inspections and monitoring, government OSH guidelines, OSH protocols for the Jhut sector, chemical safety and waste management, PPE, ventilation and sanitation, protection from heat stress, dust and noise pollution, and regular health check-up facilities	Affordable upgrades and guidance with financial and technical support to achieve	OSH is achievable if supported
<b>Formalisation</b>	Benefits, rights, inclusion	Fear of sudden cost shock, stable selling price and purchase of raw materials with low and stable price	A gradual, incentive-based pathway
<b>Social protection</b>	Fair access to existing government social protection schemes, creation of a central government database for Jhut workers, and special social protection schemes for Jhut workers	Stability in the workforce	Transparent targeting and registry systems
<b>Circularity pressures</b>	Protection in transactions and the closure of the business	Support for compliance readiness	Shared responsibility and staged implementation

# 4

## Policy recommendations

### 4.1 How to use these recommendations

These recommendations are intended for national policymakers in Bangladesh and international development partners, with MoLE/DIFE as the primary national labour governance lead. They aim to ensure that circularity and new policy expectations do not shift risks and costs onto informal workers and microenterprises, and that these workers and employers can be better integrated into the development of the RMG sector.

### 4.2 Top priority package (must-do first)

Six priority actions should be initiated immediately as foundational steps for establishing a rights-based transition to a circular textile industry:

- 1. Clear recognition and visibility:** Ensuring that workers and businesses in the informal sector are formally and clearly recognised, enabling access to protection and support, alongside awareness programmes to inform owners and workers about their rights and responsibilities under the *Bangladesh Labour Act (Amendment), 2026*.



2. **Wage protection and income security:** In the Jhut sector, all workers operate under a strict 'no-work, no-pay' system, with payments typically made weekly, some bi-weekly, and a few preferring monthly arrangements. Ensuring fair wages for those earning below BDT 10,000 is critical, but protection must also extend to non-waged and piece-rate workers who remain outside formal safeguards. In this context, the Sramik Karmachari Oikya Parishad (SKOP), a coalition of 16 labour rights bodies, has demanded a national minimum wage of BDT 30,000 per month as part of a nine-point demand to address rising living costs significantly higher than the revised minimum wage of BDT 12,500 (2023) for the garment sector. The demand proposes coverage for all workers across the formal and informal sectors, the establishment of a permanent wage commission, and broader reforms, including free trade unionism, the end of outsourced employment practices, and the regularisation of wage structures. SKOP and other worker federations argue that current wages remain insufficient to meet basic needs, often characterising them as survival-level wages, thereby reinforcing the urgency of transitioning toward a living wage framework.
3. **Working time and leave:** Establishing fair working hours and providing necessary leave (such as sick leave and maternity leave) to ensure workers' well-being and work-life balance.
4. **Access to existing social protection schemes:** Ensuring that workers can access current social protection schemes such as family cards, health cards, farmer cards, TCB support programmes, Vulnerable Group Development, and other government safety net programmes to provide a safety net for those in the informal sector.
5. **OSH and basic health coverage:** Prioritising Occupational Safety and Health (OSH) measures and ensuring that workers have access to basic healthcare to safeguard their physical and mental health.
6. **Trade unions and collective bargaining:** Guaranteeing trade union rights and the ability for workers to engage in collective bargaining. This is essential for ensuring workers can advocate for fair working conditions and wages.

## 4.3 Policy recommendations



### 1. Legal recognition, governance and formalisation

SN	Policy area	
1	Clear legal recognition and visibility	
	Recommendation	Practical actions
	Clear 'Recognise Jhut Workers' as part of the RMG/ circular textile value chain (including home-based self-employed and small factory/godown workers). <b>Enlist Jhut work as a recognised occupation in the Bangladesh Standard Classification of Occupations (BSCO) 2020.</b>	Official definition and 'Jhut worker' category; district-wise listing; issue IDs via local government or registered platforms; include home-based and unit-based workers (5–50+ workers).
	<b>Lead &amp; key stakeholders</b>	
	MoLE/DIFE, LGD/local government, worker platforms/CBOs; brands/buyers and international development partners dialogue support	

SN	Policy area	
2	Tripartite-plus governance	
	Recommendation	Practical actions
	Create a Tripartite-Plus Working Group on Jhut and circular textiles.	Formal ToR; regular meetings; oversee pilots, incentives, traceability, grievance/dispute mechanisms.
	<b>Lead &amp; key stakeholders</b>	
	MoLE/DIFE (convener); relevant ministries; employers; workers; CSOs; buyers/brands; international development partners stakeholders	

SN	Policy area	
3	Employment documentation & basic protections	
	Recommendation	Practical actions
	Minimum documentation even in informal settings.	IDs, registers, wage slips; grievance channel; 'no-work, no-pay' shock mitigation pathways.
	Lead & key stakeholders	
	MoLE/DIFE; local govt; CSOs; employers	

SN	Policy area	
4	Data, research & visibility	
	Recommendation	Practical actions
	Expand evidence so workers aren't invisible in negotiations and policy design.	Annual cluster-based mapping, including home-based work, gender/age disaggregation, integration into BBS surveys, and publication of dashboards.
	Lead & key stakeholders	
	BBS, MoLE/DIFE, and research partners	

SN	Policy area	
5	Transition safeguards ('do no harm')	
	Recommendation	Practical actions
	Advisory-first enforcement and milestones linked to support—avoid livelihood shocks.	MoLE/DIFE circular advisory inspections; milestone-based compliance; no closure without mitigation plan.
	Lead & key stakeholders	
	MoLE/DIFE	

SN	Policy area	
6	Flexible representation models	
	Recommendation	Practical actions
	Allow co-ops, associations, and CBOs suited to home-based and informal workers, wherever applicable.	Simplify registration of workers' organisations; model bylaws; anti-retaliation protections; recognise district platforms as consultative bodies.
	Lead & key stakeholders	
	MoLE, local government unions and CSOs	

SN	Policy area	
7	Inspection capacity for informal stakeholders	
	Recommendation	Practical actions
	Develop a work plan and enhance the capacity of DIFE to cover Jhut cluster inspections, ensuring legal compliance, including awareness-building training, guidance, and capacity-building support.	Module and checklist; inspector training; joint visits with local governments and CSOs.
	Lead & key stakeholders	
	DIFE and MoLE	



## 2. Wages, employment conditions and labour rights

SN	Policy area
8	Minimum wage & income floor
Recommendation	Practical actions
Protect workers earning below BDT 10,000 and enforce minimum standards per the <i>Bangladesh Labour Law</i> ; also, reflect worker demand for a higher wage floor and minimum wages.	Wage floor guidance for Jhut activities (piece-rate conversion and written rate lists); prevent delayed or partial payments; align with minimum labour standards; district complaint channel.
Lead & key stakeholders	
MoLE/DIFE; wage governance bodies; employer groups; unions/CBOs	

SN	Policy area
9	Working time, leave, overtime
Recommendation	Practical actions
Basic decent working hours across clusters, in accordance with the <i>Bangladesh Labour Law</i> .	Move toward standard hours (workers' preference: 9-5, lunch and snack breaks), one weekly day off; paid leave and overtime principles; display rules in godowns/mini-factories; pilot first in priority hotspots.
Lead & key stakeholders	
MoLE/DIFE; local government; employer groups; responsible practices	

SN	Policy area	
10	Freedom of association & collective voice	
	Recommendation	Practical actions
	Facilitate active organising, freedom of association and collective bargaining through district platforms (one platform per district, inclusive of worker types).	Support the formation of workers' organisations, enhance negotiation capacity, and create joint dialogue forums for workers and owners/owners' associations. Protect workers' organisers from unfair labour practices by owners/owners' associations.
	Lead & key stakeholders	
	MoLE/DIFE; unions; CSOs; local government	

SN	Policy area	
11	Market fairness & pricing	
	Recommendation	Practical actions
	Fix the 'market price doesn't reflect social welfare' problem.	Fair purchasing; price transparency; social costs included in circular sourcing; incentives tied to improved conditions.
	Lead & key stakeholders	
	MoC, industry actors and MoLE; buyers/brands; international development partners dialogue	



### 3. Occupational safety & health (OSH)

SN	Policy area
12	OSH and basic health coverage
Recommendation	Practical actions
Minimum OSH package and affordable treatment across 12 clusters in ten districts, including awareness building, training, government inspections and monitoring, government OSH guidelines, OSH protocols for the Jhut sector, chemical safety and waste management, PPE, ventilation and sanitation, protection from heat stress, dust and noise pollution, and regular health check-up facilities.	PPE/ventilation/dust control; OSH training; periodic check-ups; link to nearby clinics; introduce worker health card and low-cost treatment agreements.
Lead & key stakeholders	
MoLE/DIFE, MoHFW, local health, employers, CSOs, RMG buyers/brands and international development partners support	

SN	Policy area
13	Jhut management & processing guidelines
Recommendation	Practical actions
Develop practical national guidelines for safe Jhut handling and processing.	Sorting, shredding, yarn segregation, storage guidance; hazard handling; minimum facility standards; simple compliance checklist.
Lead & key stakeholders	
MoLE/DIFE and MoEFCC; city corporations; owner groups	

SN	Policy area
14	Hygiene & workplace conditions
Recommendation	Practical actions
Basic WASH programme and hygiene improvements in godowns/mini factories.	Toilets/handwashing, drinking water, dust management; facility standards for 5–50+ worker units.
Lead & key stakeholders	
Local govt and MoLE/DIFE; owners; CSOs	

SN	Policy area
15	Occupational health surveillance
Recommendation	Practical actions
Track occupational diseases, such as respiratory, skin, and musculoskeletal illnesses, in hotspots and connect the findings to OSH actions.	Periodic health screening logs via clinics/mobile outreach, annual hotspot health reports, and targeted interventions based on risk.
Lead & key stakeholders	
MoHFW, DIFE and CSO's	

SN	Policy area
16	Optional OSH international anchor
Recommendation	Practical actions
Optionally cite <i>ILO Convention 155, 187</i> to strengthen OSH legitimacy.	Reference in narrative; align the OSH package with safe work principles.
Lead & key stakeholders	
MoLE/DIFE	



## 4. Social protection & welfare

SN	Policy area
17	Social protection access (existing schemes)
Recommendation	Practical actions
Ensure Jhut workers can access the country's existing social safety nets fairly and transparently.	Transparent beneficiary listing + grievance; digitised lists; stop bribes and favouritism; prioritise vulnerable groups (elderly/widows).
Lead & key stakeholders	
MoSW, LGD/local admin, MoLE coordination; CSOs; international development partners' support for governance	

SN	Policy area
18	Health care access (service delivery)
Recommendation	Practical actions
Bring health services closer: local/mobile clinics + diagnostics.	Mobile clinics, referral agreements, subsidised diagnostics and worker medical cards.
Lead & key stakeholders	
MoHFW + local health; MoLE coordination	

SN	Policy area	
19	Anti-corruption & access to services	
	Recommendation	Practical actions
	Stop informal payments for entitlements and public services.	Hotline and grievance; citizen charter; monitoring of card distribution; penalties for bribery.
	Lead & key stakeholders	
	LGD/local admin; oversight bodies; CSOs	

SN	Policy area	
20	Minimum social protection floor pathway	
	Recommendation	Practical actions
	Policy commitment and financial allocation for a stepwise social protection floor for Jhut workers, including basic healthcare and income security.	Hotspot pilots: health card/referral and targeted SSNP inclusion; scale using worker registries.
	Lead & key stakeholders	
	MoSW, MoHFW and MoLE coordination	

SN	Policy area	
21	Migrant/seasonal inclusion	
	Recommendation	Practical actions
	Include seasonal and internal migrant workers in listings, safety nets, OSH outreach and grievance systems.	Mobile registration, portable IDs; service referral regardless of origin district.
	Lead & key stakeholders	
	MoLE/DIFE and LGD	



## 5. Gender, inclusion & child Protection

SN	Policy area
22	Elimination of child labour and the establishment of a support system for education and vocational training
Recommendation	Practical actions
Develop an action plan and programmes for phasing out child labour in the Jhut sector, supporting school retention, and rehabilitation.	Stipends for school supplies; education referrals; conditional support; community monitoring; alternative livelihood support for families.
Lead & key stakeholders	
MoPME/MoE, MoSW, local government	

SN	Policy area
23	Elimination of gender-based violence (GBV) and non-discrimination in access
Recommendation	Practical actions
Ensure that women, migrants, minorities, persons with disabilities, and home-based workers are not excluded from protections or services, and develop an action programme for the elimination of GBV in the Jhut sector.	Equity checks in selection; discrimination complaint channel; equal access rules for training/credit/benefits.
Lead & key stakeholders	
MoLE/DIFE + MoSW/LGD + MoWCA; CSOs	

SN	Policy area	
24	Maternity and care protections	
	Recommendation	Practical actions
	Strengthen maternity/care provisions and practical supports for women workers.	Link to maternity allowances, childcare pilots and flexible training schedules.
<b>Lead &amp; key stakeholders</b>		
MoWCA + MoSW + MoLE		

SN	Policy area	
25	Equality in skills and credit	
	Recommendation	Practical actions
	Ensure women and home-based workers aren't excluded by collateral/time barriers.	Alternative collateral/guarantees; local training venues; childcare support; inclusion targets.
<b>Lead &amp; key stakeholders</b>		
SME Foundation + banks + MoLE		

SN	Policy area	
26	Child care facility for workers	
	Recommendation	Practical actions
	Add support for child care facilities for workers in this sector.	Establish workplace/community childcare; pilot daycare in clusters; link with government programmes.
<b>Lead &amp; key stakeholders</b>		
MoWCA, MoSW, local govt, employers, CSOs		



## 6. Economic support, finance & market systems

SN	Policy area
27	Access to finance (workers & SMEs)
Recommendation	Practical actions
Low-interest or interest-free credit alternatives to reduce debt traps and enable investment.	Government bank windows; guarantee schemes; safer worker credit; machinery/working capital; financial literacy.
Lead & key stakeholders	
Bangladesh Bank, MoF; SME bodies; CSOs; buyers/brands	

SN	Policy area
28	Owner capacity & compliance incentives
Recommendation	Practical actions
Make compliance achievable for SMEs via incentives and coaching.	Step-by-step registration; training on wage/OSH basics; incentives (finance, market access); advisory inspections.
Lead & key stakeholders	
MoLE/DIFE; SME Foundation; banks; buyers/brands	

SN	Policy area
29	Export/logistics enablement
Recommendation	Practical actions
Reduce export and shipment barriers for compliant Jhut enterprises.	Streamline licensing/export processes; guidance and support desks; reduce unofficial costs.
Lead & key stakeholders	
Bangladesh Bank, MoF; SME bodies; CSOs; buyers/brands	

SN	Policy area
30	Traceability & transparency at Jhut Sector
Recommendation	Practical actions
Introduce a traceability mechanism for Jhut flows to support responsible circularity and reduce rent-seeking.	Pilot digital logbook/QR; standard paperwork; registration for key stakeholders; transparency to reduce coercive fees and extortion.
Lead & key stakeholders	
MoLE/DIFE and MoC/NBR; associations	



## 7. Programmatic interventions & pilots

SN	Policy area	
31	Piloting a Decent Work Programme at Jhut clusters	
Recommendation		Practical actions
Develop and pilot a decent work action programme and assess its impact for future planning and step-by-step formalisation.		Upgrade working conditions, labour standards, OSH, social protection, and just transition (meaning protection of Jhut workers' jobs, social protections, skill upgrades, OHS, and social dialogue from any upcoming transition).
Lead & key stakeholders		
CSO, ILO and government		



# Conclusions

Bangladesh's Jhut sector is not a marginal or temporary activity. It is a large, decentralised circular economy system that supports the livelihoods of **176,400 to 213,900 workers across 12 clusters in ten districts**. It enables material recovery and value addition within the broader textile economy and plays an important role in the sustainable development of the textile industry. The evidence shared in this briefing confirms and adds data-informed detail that the sector includes multiple worker categories and enterprise types, ranging from home-based self-employed production to small workshops, godowns, and small factories (commonly 5–50+ workers), and multiple value-adding activities (sorting and packaging, cotton regeneration, yarn segregation and reeling, stitching and finishing, printing, ironing and packaging, rope/mat and winter item production).

However, this diverse ecosystem operates amid persistent structural decent work deficits. Workers commonly experience low and unstable incomes, limited access to social protection and healthcare, OSH risks, debt pressure, and weak bargaining power. Many SME owners similarly describe constrained operating conditions, including price volatility, limited access to affordable finance, and weak enabling support. This reduces their ability to invest in safety and stable employment conditions.

For policymakers in Bangladesh and international development partners, the implication is straightforward: circularity cannot be treated only as a materials-focused environmental agenda. Without a rights-based and staged approach to both circularity and formalisation transitions, policy shifts may unintentionally push risks and costs downward onto informal workers and micro-enterprises. Policy must therefore avoid calling for a one-size-fits-all approach to formalisation, which imagines 'formalising' as an automatic social upgrade or a straightforward add-on to industry sustainability ambitions. Instead, progressive improvements defined by diverse groups of Jhut workers and employers should be pursued to enable greater protection and recognition.



## This brief proposes a practical transition pathway built around:

1. **Clear recognition** and visibility of Jhut workers and ensure their rights.
2. **Minimum standards** where work happens, starting with high-risk clusters and small units (5–50+ workers): wage protection (including workers earning below BDT 10,000), working time and leave, OSH and basic health access.
3. **Better access** to existing social protection schemes through transparent and accountable inclusion. In Bangladesh, several government safety-net programmes provide support to vulnerable groups, including the TCB card (subsidised commodities), VGD/VGF cards (food assistance for poor and disaster-affected families), the old-age allowance, the widow/deserted women allowance, the newly introduced family card, the farmers card, et cetera. Together, these schemes aim to reduce poverty and provide a minimum level of social security to marginalised communities.
4. **Freedom of association**, district platforms, and tripartite-plus governance to enable negotiation, build trust, and coordinate implementation.
5. **Traceability**, fair market conditions, and affordable financing so SMEs can comply without passing costs onto workers.
6. **Climate resilience measures** integrated into circular economy policy, ensuring that workers and SMEs are protected against climate-related risks such as flooding, heat stress, and supply chain disruptions.

Taken together, these steps can support Bangladesh to build a responsible circular textile system that generates real social and economic benefits—while enabling policymakers and value-chain actors to anticipate and mitigate the potential adverse effects of market and demand shifts, as well as other anticipated risks, including climate change.

# Annex

## Case Study: 1 (Worker)

**Name:** Moriom

**Area:** Narayanganj, Jhutpotti, Jhalkuri, Poshchimpara

**Occupation:** Godown Worker

**Type of Work:** Jhut Segregation

**Workplace:** Jhut Godown

Moriom, a 35-year-old married woman from Narayanganj (Jhutpotti, Jhalkuri, Poshchimpara), works as a godown worker in the Jhut sector, mainly engaged in Jhut segregation. She has been working in this field for about seven years and currently works around 54 hours per week, earning 300 BDT per day, which amounts to approximately 14,000 BDT per month.

Despite contributing significantly to her household income, along with her husband's monthly earnings of around 5,000 BDT, she reports that their combined income is not sufficient to cover basic expenses such as food, rent, healthcare, education, transportation, and housing.

Moriom has also taken a loan of 50,000 BDT from BRAC, which adds financial pressure to her already limited resources. Her working conditions are difficult, with long hours, unequal pay compared to men, lack of protective gear, no childcare support, and absence of basic facilities such as rest areas and toilets.

She also lacks job security, paid leave, and health insurance. Access to healthcare remains a major challenge, as treatment and medicine are expensive, and she often avoids seeking care due to fear of losing her daily wage and the absence of sick leave.

Although she receives some support from family members, she mostly manages her health and workload on her own.

This reflects the lack of accountability mechanisms and the vulnerability of women workers both at home and in their working environments. Moriom further expressed that women often have low confidence to protest due to fear of retaliation and the absence of effective support systems.



*Moriom: Narayanganj, Jhutpotti, Jhalkuri, Poshchimpara*

Regarding gender-based violence, Moriom shared her experience in her own words:

***‘One of my colleagues faced harassment from her house owner’s son. When her family informed the owner, no action was taken. Instead, they were told to leave the house. There is no proper place to complain, and we feel scared to speak up’.***

She emphasised the need for better income stability, job security, timely wages, safer working conditions, and recognition as a worker. Her priority needs include paid leave, affordable healthcare, financial assistance during illness, childcare facilities, housing support, and access to social protection schemes. Moriom’s case highlights the broader challenges faced by informal women workers, where economic hardship, unsafe working conditions, and gender-based discrimination continue to affect their lives and livelihoods.

## Case Study: 2 (Worker)

**Name:** Md Farhan

**Area:** Ramchandrapur, Hemayetpur, Pabna

**Occupation:** Factory Worker

Md Farhan, a 25-year-old Jhut-cutting worker from Ramchandrapur in Hemayetpur, Pabna, has been working at Asan Hosiery for the past 4 years, preparing materials for T-shirts and trousers. His wages are paid on a piece-rate basis, where one dozen pieces earn only BDT 21.

Describing his situation, he said,

***‘We get paid as a dozen; one dozen is twenty-one takas. We are very deprived’.***

Despite working 10–12 hours a day, he does not receive overtime pay, bonuses, or any wage increases. He explained that the same rate has continued for years, stating, ***‘Our minimum wage remains the same year after year. The salary does not increase. Furthermore, we do not receive any bonuses’.***

Farhan said his income is insufficient to cover basic family expenses, including food, healthcare, education and transportation. Although he receives limited assistance from the government and has a TCB card (Govt Social Safety Net Schemes) for essential items at low cost, he is benefiting. However, it would be great if this assistance were distributed equally to low-income workers like him.

He also raised serious concerns about workplace safety and health risks. Working with Jhut and waste materials frequently makes him sick, yet there is no proper medical support.

He pointed out the absence of basic fire safety measures, saying,

***‘There is no one to put out the fire if there is a fire. There is no fire extinguisher, and we do not know how to use it’***



*Md Farhan: Ramchandrapur, Hemayetpur, Pabna*

He emphasised the need for safety and skill training, as well as better healthcare access, adding, ***‘It would be perfect if some facilities were arranged for the workers at the Sadar Hospital’.*** Farhan further noted that most benefits in the sector go to owners, while workers remain excluded from protections and recognition. He stressed the need for worker ID cards, safer working conditions, paid leave, health or accident insurance, and fair wages. Expressing hope for change, he said access to financial support could help workers cope with emergencies, stating, ***‘It would be good if there were an opportunity to take a loan without interest or at low interest’.***

He believes that formalisation, along with government and institutional support, could bring income stability, dignity, and basic protection for workers like him.

# Acknowledgements

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