

## Economic Impact of Rana Plaza Collapse

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**Abstract :** The collapse of the infamous Rana Plaza, a multi-storeyed commercial building in Savar, near Dhaka, Bangladesh has brought with it a plethora of positive and negative consequences. Bangladesh being a key player in the export of clothing, found itself amidst a wave of economic upheaval following this tragic incident that resulted in numerous Bangladeshis, most of whom were factory workers. This paper compares the consequences that the country's Ready Made Garments (RMG) sector is facing now, two years into the incident. The paper presents a comparison of statistical data from study reports and brings forward perspectives from all dimensions of Labour, Employment and Industrial Relations in Bangladesh following the event. The paper brings across the viewpoint of donor organizations and donor countries, the impacts of several initiatives taken by foreign organizations like the International Labour Organization, and local entities like the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) in order to reinforce compliance and stabilize the shaky foundation that the RMG sector had found itself following the collapse. Focus of the paper remains on the stance taken by the suppliers in Bangladesh, with inputs from buying houses and factories, and also on the reaction of foreign brands. The paper also focuses on the horrific physical, mental and financial implications sustained by the victims and their families, and the consequent uproar from workers in general regarding compliance with work safety and workers' welfare conditions. The purpose is to get across both sides of the scenario: the economic impact that suppliers / factories/ sellers/ buying houses/exporters have faced in Bangladesh as a result of complete loss of reliability on them regarding working standards; and also to cover the aftershock felt on the other end of the spectrum by the importers/ buyers, particularly the foreign entities, in terms of the sudden accountability of being affiliated with non-compliant factories. The collapse of Rana Plaza has received vast international attention and strong criticism. Nevertheless, the almost immediate strengthening of labourrights and the wholesale reform undertaken on all sides of the supply chain, evidence a move of all local and foreign stakeholders towards greater compliance and taking of precautionary steps for prevention of further disasters. The tragedy that Rana Plaza embodies served as a much-needed epiphany for the soaring RMG Sector of Bangladesh. Prompt co-operation on the part of all stakeholders and regulatory bodies now show a move towards sustainable development, which further ensures safeguarding against any future irregularities and pave the way for steady economic growth.

**Keywords :** economy, employment standards, Rana Plaza, RMG

**Conference Title :** ICSRD 2020 : International Conference on Scientific Research and Development

**Conference Location :** Chicago, United States

**Conference Dates :** December 12-13, 2020