Sri Lanka: More than 2,000 jobs threatened in Norwood Fashion liquidation

M. Thevarajah, K. Kandeepan
11 November 2026

More than 2,000 workers could lose their jobs following a decision to liquidate Norwood Fashion (Private) Limited in Sri Lanka. The company's management concealed from workers until late October a court ruling issued by the Colombo Commercial High Court earlier this year ordering the liquidation of the company due to its failure to repay bank loans.

Established in 2014, Norwood Fashion manufactured garments primarily for export to the United States, Britain and European Union countries. It operated two factories, in Hatton in the central hill plantation area and in Polgahawela in Kurunegala.

The Hatton factory closed on October 2, eliminating more than 200 jobs. About 300 workers had once worked there, but around 100 left because of intolerable conditions.

Workers have not been paid their annual bonus, which was due in April, or their wages and overtime payments for August and September. Workers told the *World Socialist Web Site* (WSWS) that although deductions had been made from their wages for the Employees' Provident Fund (EPF) and the Employees' Trust Fund (ETF), contributions for approximately two-and-a-half years had not been deposited into the relevant accounts at the Central Bank.

On October 21, workers staged a protest in front of the Hatton factory, demanding that it be reopened, that their jobs be reinstated, that outstanding wages be paid and that contributions be deposited into their retirement fund accounts.

Management told workers that the factory had been closed due to a decline in orders. However, a letter dated February 13, 2026, signed by the company's managing director, Gerald Perera, stated that the Commercial Bank had filed a case in the Commercial High Court seeking the liquidation of Norwood Fashion due to its failure to repay its debts. Accordingly, the court had appointed a liquidator for the company.

The managing director's letter said that the factories and offices would close and production would stop until the liquidation was completed. It said that wages, EPF/ETF contributions and other dues would be paid under the liquidator's supervision once assets were sold.

After the factory's closure on October 2, workers lodged a complaint at the Hatton Labour Office and held four discussions with the Assistant Labour Commissioner. However, workers said that on each occasion the commissioner merely assured them that he would "resolve the problem."

Workers who had lost their jobs gathered near the factory on November 1 to sign a letter calling for intervention to resolve their employment and outstanding wage issues. The letter was to be submitted to the Kandy District Labour Office, the Sri Lankan Human Rights Commission and the plantation trade unions. Management had summoned the police to prevent workers from entering the factory premises and staging a protest.

Police also tried to stop WSWS reporters from speaking to workers but backed down when the reporters insisted on their right to do so.

Subsequently, M. Thevarajah, a Central Committee member of the Socialist Equality Party (SEP), addressed the workers and stated:

"If the Assistant Labour Commissioner is not interested in resolving your problem, it makes clear that the Janatha Vimukthi Peramuna/National People's Power (JVP/NPP) government is also not interested in resolving your problem. Instead, they have brought the police to the factory to stop your struggle. This government not only supports the closure of garment factories but has also decided to close 34 state

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institutions."

"Workers from all sections of the working class must unite to defeat these attacks. Your demands should not be limited to the wage issue alone. You must fight to reopen the factory. To achieve this, you must win the support of workers in other garment factories, plantation companies and all other workplaces," Thevarajah stated.

Thevarajah explained that the attacks at Norwood demonstrate how the burden of the capitalist crisis is being placed on workers and that they cannot find solutions within the profit system. The JVP/NPP government is imposing the International Monetary Fund's (IMF) austerity measures on working people.

Thevarajah called on Norwood Fashion workers to take the initiative to establish an action committee, elected by workers themselves, to organise the struggle against these attacks. Several women workers expressed their agreement with his call and decided to establish an action committee.

Most of the workers are young women from plantation families suffering from extreme poverty and unemployment. Workers said that their basic monthly wage was 30,700 rupees (US$91) and they were paid 200 rupees per hour for overtime work. However, overtime payments had not been made since April, and only around half of their wages had been paid in August.

"Compared with other garment factories, the facilities here are extremely poor," a worker said. "We are given only one cup of tea a day. Even if we suffer from a serious illness, we have to come to the workplace to obtain leave. We live on the income from this job. If we lose our jobs, we will go hungry. Therefore, our problem is not limited to the issue of outstanding wages. We need jobs."

Factory workers are subjected to a chain of exploitation involving manufacturers, banks and international retailers. To supply garments at low prices and enable retail corporations in the US and Europe to extract enormous profits, companies in Sri Lanka must keep wages low. A portion of the profit extracted through the workers' labour is also paid to the banks in the form of interest and loan repayments.

Intensifying competition in the world market has plunged Sri Lanka's garment export industry into crisis. The war launched by the United States against Iran in the Middle East has disrupted maritime transportation and driven up costs for exporters. Amid this crisis, job cuts, factory closures and transfers of production to other companies have become widespread.

MAS Holdings, one of the largest companies in South Asia, plans to reduce its workforce by 26,000. It halted garment production at its Thulhiriya factory on February 19, resulting in the loss of 2,200 jobs. Workers at Mila Fashion in Weli Oya, Hela Clothing in Thihariya, Gampaha, and Elfeet in Ekala, Ja-Ela, have also faced job destruction.

As the trade unions and capitalist parties have abandoned them, garment workers are desperately seeking assistance from human rights organisations, the government's Labour Office and the plantation trade unions—all of which are hostile to any workers' struggle that seriously challenges employers' profits or the government. Appealing to these organisations is useless.

As an initial step in the fight against factory closures, workers should occupy the factories and call for the active support of other sections of the working class to defend their struggle. Garment workers must build their own action committees in every factory and exclude from these committees all capitalist parties and trade union officials who collaborate with the companies and the government.

These action committees must fight to unite workers in all industries in a common struggle to defend jobs, wages and working conditions.

The fight against austerity and mass unemployment must be part of the struggle for socialism: to put an end to the capitalist system, place the giant corporations and banks under public ownership, and reorganise society to serve the needs of humanity rather than the profit interests of the rich.



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