

# **A STUDY ON RMG SECTOR: WHY BANGLADESH IS LAGGING BEHIND THE COMPETITION**

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A thesis submitted to the Brac Business School in partial fulfillment of the  
requirements for the degree of Master of business Administration

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Brac University  
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## **Declaration**

It is hereby declared that

1. The thesis which is submitted is my own original work in order to complete degree at Brac University.
2. The thesis does not contain any material previously published or written by a third party except where this is appropriately cited through full and accurate referencing.
3. The thesis does not contain any material which has been accepted, or submitted, for any other degree at a university or any other institution.
4. I have acknowledged all the main sources of help.

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## Approval

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## **Letter of Transmittal**

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### **Subject: Submission of Dissertation**

Dear Sir,

This is my great pleasure to submit my dissertation on “A Study on RMG Sector: Why Bangladesh is Lagging Behind the Competition” which I was appointed by your instruction.

It was my sincere efforts to present the report for your kind consideration. I have attempted my supreme to finish the thesis with the essential data and recommended proposition in a significant way. I believe that you will find this study informative.

Sincerely yours,

---

Mohammad Tanvir Anam

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## **Executive Summary**

Bangladesh is one of the fastest growing economy in the world. Now Bangladesh is in the second position in exporting RMG products after China across the world. The RMG sector contributes 83% total export earning of the country. This sector also contributes almost 16% GDP for Bangladesh. Four million people are currently working in this sector. Among of them 90% are women. RMG sector has brought a lot of changes in the society. It reduces poverty and enhance women empowerment in our country. Although a lot more contribution has achieved from the sector, it is facing a number of challenges nowadays. Bangladesh is lagging behind the competition gradually. This study helps to find out the reasons behind the falling from the competition and give some solutions to overcome the challenges.

**Key Words:** RMG, GDP, Empowerment, Export, Challenge, Women.

## **Acknowledgement**

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## **List of Acronyms**

RMG = Ready Made Garments

BGMEA = Bangladesh Garments and Manufacturers and Exporters Association

BKMEA = Bangladesh Knitwear Manufacturers and Exporters Association

GDP = Gross Domestic Product

USA = United States of America

EU = European Union

EPZ = Export Processing Zone

EPB = Export Promotion Bureau

# CHAPTER 1

## INTRODUCTION

### 1.1 Introduction

Readymade garments industry is one of the most important segments of economy in Bangladesh. This sector has become the largest exporting industry in Bangladesh. Readymade garments industry is the main source of income from foreign exporting to the abroad. Readymade garments industry contributes to the Bangladesh economy vastly. After China Bangladesh is the second largest RMG exporting country in the world. Our main market is the EU and USA. In Bangladesh production cost is very low because of cheap labor cost. It's easy to produce apparel products in Bangladesh comparing to other countries. This is our main competitive advantage. Buyers are taking this low-cost advantage. In this sector China, India, Turkey and Vietnam is our main competitor. But the fact is comparing to China, Vietnam, Turkey and India, the productivity of the RMG workforce isn't well developed. The RMG sector has been facing many obstacles. Though a lot of acquirement is achieving from this sector in every year, but we are seeing a lot of tension is moving around the sector. It is reducing our productivity strength and keeping us backward from the others. Our factories are shutting down. We are losing our market to countries like India, Turkey, Vietnam gradually. This study helps to show the present situation of RMG sector of Bangladesh, identify the main challenges faced by this industry. The reason behind the lagging of Bangladesh from the competition is tried to find out. What are the main obstructs of us, Why our factories are suffering now, the reason behind the falling of our industries are searched out in this study. At the last portion of the study, some momentous solutions are given to overcome these challenges. It's not an easy job to bring revolutionary change in the garments sector overnight as

we have number hindering in this sector. But we have to work for achieving better circumstances. We need to move forward our this most valuable sector.

## **1.2 Objective of the study**

1. To present the current scenario of RMG sector in Bangladesh
2. To express how this sector influence on the economic progress of the country
3. To give a brief idea about the obstructs of this sector
4. To give some recommendations how to overcome the challenges in the possible way

## **1.3 Scope of the study**

This study focuses on the challenges and impacts of Ready-made garments industry. This study addresses how our economy is benefitted with the contribution of RMG sector. This study finds out some challenges in the RMG sector. A possible outcome which will help to resolve the challenges is search out.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 Review of Literature

Literature review is very important for any kind of research work. Main purpose of literature review is to know the research related knowledge in deeply. What previous authors have worked before, what was their concept about the study is known by literature review. Literature review helps to increase the thinking and working ability about the relevant study. Literature review should be contemporaries that will help to get idea about relevant current scenario.

**Habibur and Sayeed** (2015) analysis the contribution and prospects of RMG sector in Bangladesh. They have showed that Bangladesh has a great opportunity to earn foreign currency with the development of ready-made garments industry. They have expressed that contribution of female workers in RMG sector is really incredible in national economy. They have focused for status and treatment of the female workers in the society.

**Shahjada and Masrufa** (2019) says that RMG sector will become the main operator of economy over the next couple of years. They have emphasized on giving special focus in the RMG sector.

**Mazedul, Adnan and Monirul** (2013) stated that global recession, unfavorable policies, high cost of production, different safety issues are the main reason behind the challenges of textile industry. They find out that production capability is very low in Bangladesh because of the shortage of machinery and technology. They have stated that the effort of manufacturers, buyers, suppliers, government and other stockholders accomplish the potential development of RMG sector of Bangladesh.

**Rakib and Adnan** (2015) have shown that our garments factory has labor scarcity, lack of skill of the workers, infrastructure problem etc. They have suggested that collaboration owners and major can result ultimate result to reach in the top position in the market.

**Sahid Hossain** (2019) tries to determine the contribution and expectation of the Ready made garments sector in the economy of Bangladesh. He expressed an opinion that Bangladesh will become largest garment exporter in the world in recent years. He emphasized on finding new market, reduction of political instability and closing workers procession against their garments. He concluded that the RMG sector is growing rapidly instead of having some hindrances.

**Saba Khan** (2020) suggested that RMG sector can overcome the challenges by focusing on inclusive growth ensured by a strong wage policy and timely adjustment to wage.

**Saiful, Rakib and Adnan** (2016) identifies some challenge which is obstacle for the future development of the RMG sector like lack of skill of the labor, high tax rate, bank loan etc. They have suggested that if Bangladesh handles the challenges through collective efforts, then our economic get its development and approach towards middle income country.



## **CHAPTER 3**

### **METHODOLOGY**

#### **3.1 Methods of Collecting Data**

I have collected both primary and secondary information in order to make the research work.

##### **Primary Data**

I have interviewed ten people to understand the current condition of the industry. In my sample size there are factory worker, supervisor, merchandiser, quality manager, manager and so on. I have asked them some questions about their job. They have given me many information about their experiences, their perceptions, their expectations which helps me to write this thesis paper appropriately.

##### **Secondary Data**

The secondary data are collected from various publications like

- Journals
- Conference paper
- Research articles
- Online portals
- BGMEA website
- BKMEA website
- Wikipedia

### **3.2 Limitation of study**

Every research work requires high degree of involvement regarding data collection, data analysis and literature reviews. In this study I have tried my best to collect, organize, analysis and interpret data. There are some limitations which have faced during this research period.

#### **Lack of Time:**

The time period of this study is very deficient. I have to complete the research work within four weeks which is not enough to prepare a normative research task. So, I could not do the study in deeply because of lacking of time. And the persons whom I interviewed couldn't give me much time to talk because of their engagement in the job.

#### **Lack of Information:**

I did not collect sufficient information due to lack of related and contemporaneous publications about this study.

## **CHAPTER 4**

### **HISTORY OF THE RMG SECTOR**

#### **4.1 Background of Ready-made Garments Industry in Bangladesh**

In 1947 we got our independence from British Government. We became the part of Pakistan. We were named East Pakistan. In 1960 local Bengali entrepreneurs had setup their own little textile. Products were made with personal venture. Local tailors made cloths according to the demand of the people. From 1947 to 1971 the textile industry of East Pakistan was fully dominated by West Pakistanis. They dominated on us each and every sector and made a lot of discrimination with us. In 1971 we achieved our independence from Pakistan after a sanguinary battle against Pakistan. After our independence the newly formed country Bangladesh. It was really crucial time to rebuild the war-ravaged country to be the biggest challenge. At that period Bangladesh was one of the poorest countries in the world. Bangladesh was called “Bottomless basket” by US foreign Minster Henry Kissinger. But that bottomless basket started its moving journey with the help of RMG sector. New major industries were developed in Bangladesh. In 1976, Riaz garments and Jewel garments join in the industry. Riaz garments exported to France. But Nurul Kader was the pathfinder of establishing ready-made garments industry in Bangladesh. He had a prospect how to transform the country in a progressive way. 130 trainers were sent to South Korea to get knowledge about production of apparel products. After returning from Korea they started producing apparel goods in the country. After that the foreign investors started to invest in Bangladesh. The Readymade garments of Bangladesh has been increasing rapidly from the last twenty years.

## 4.2 Increase of the RMG Factories

After the establishment of RMG sector in Bangladesh, the number of factories increases randomly. Once upon a time there were only a few RMG garments in Bangladesh. But now the number is really immeasurable. Here is a table which shows that the increase of factories in our country from the beginning.

**Table 4. 1 Increase of the RMG Factories in Bangladesh**

<b>Year</b>	<b>Number of Factories</b>
1984-89	685
1990-95	2182
1996-01	3480
2002-07	4490
2008-13	5876
2014-19	4621

**Source: BGMEA Website**

Number of factories are increasing in Bangladesh. In 1984-89, there were only 685 factories in Bangladesh. But last five years the number of factories is 4621 factories in Bangladesh. It's clearly indicates that number of factories have increased a lot. So, this increment is continuing. Over the last 3 decades, RMG industry has increased epidemically in our country.

### 4.3 Incasement of the Manpower

The number of labors in RMG sectors have outstretched from the commencement period to now. RMG has created extensive working opportunities for the people of our country. So that people are entering this sector enormously.

**Table 4. 2 Increasement of the Manpower in RMG Factories in Bangladesh**

<b>Year</b>	<b>Number of Manpower (In Million USD)</b>
1984-89	0.31
1990-95	0.83
1996-01	1.5
2002-07	2.0
2008-13	3.5
2014-15	3.6
2016-19	4.0

**Source: BGMEA Website**

From the table we come to know that in the year 1984-85 the number of workers in RMG sector were only 31 thousand. But in the year 2016-19, total four million labors are working in this sector which clearly indicates that the enhancement of the workers.

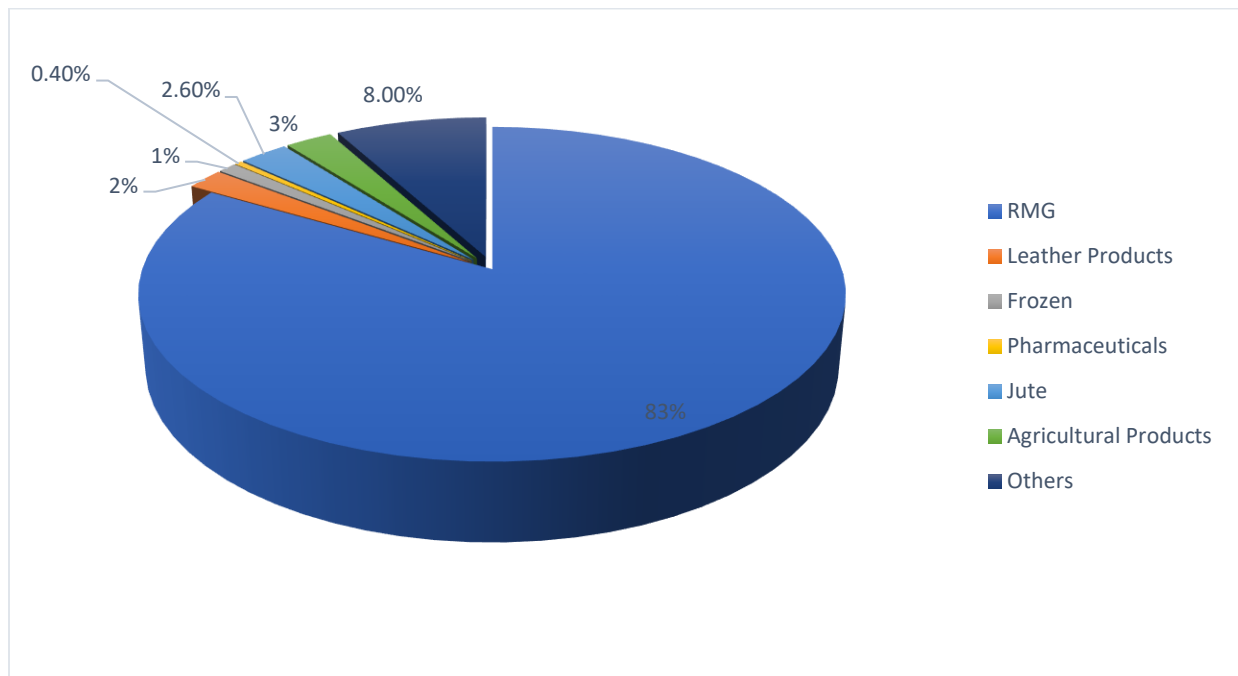
## CHAPTER 5

### CONTRIBUTION OF RMG SECTOR

#### 5.1 Contribution of RMG

Bangladesh earns 83% exporting income from RMG sector. The garments manufacturing industry is a big business in our country. In present situation, China take control in the first position and Bangladesh is in the second position in the global market. Total value of export earnings is 34 billion US dollar from this sector in the 2018-19 financial year. Apparel industry provides the single source of growth in Bangladesh economy.

**Figure 5. 1 Contribution of RMG and Other Sectors in the Economy of Bangladesh**



**Source: Export Promotion Bureau**

From the Pie chart, we come to know that RMG sector contributes highest number of percentage (83%) in the export earnings. r sectors like Agricultural products (3%), Jute (2.6%), Frozen foods (1%), Leather products (1%), Pharmaceuticals (0.4%) and others (8%). It clearly indicates that RMG sector earns highest number of foreign export income.

## 5.2 Destination of the RMG Products:

Our two-leading market for exporting RMG products are the European Union and the United States. Most of the RMG products from Bangladesh goes to European Union countries like UK, France, Germany, Italy, Spain and so on.

**Figure 5. 2 Destinations of RMG Products in the Global Market**



**Source: BGMEA website**

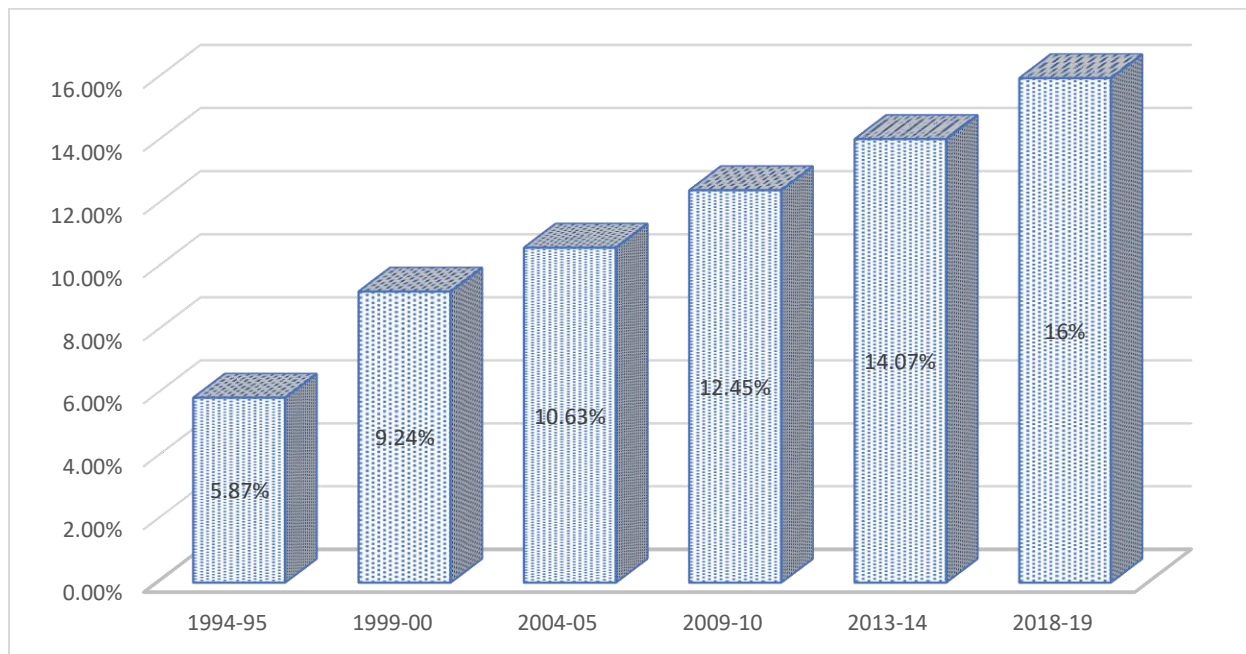
From the pie chart we come to know that 60% RMG business is done with European buyers, 30% with USA buyers and rest 10% with others.



### 5.3 Influence of RMG in GDP:

RMG sector has influenced in our economy comprehensively. Bangladesh earns highest number of foreign currencies from the RMG sector. This sector has contributed to increase our GDP in every year.

**Figure 5. 3 Contribution of RMG in our GDP**



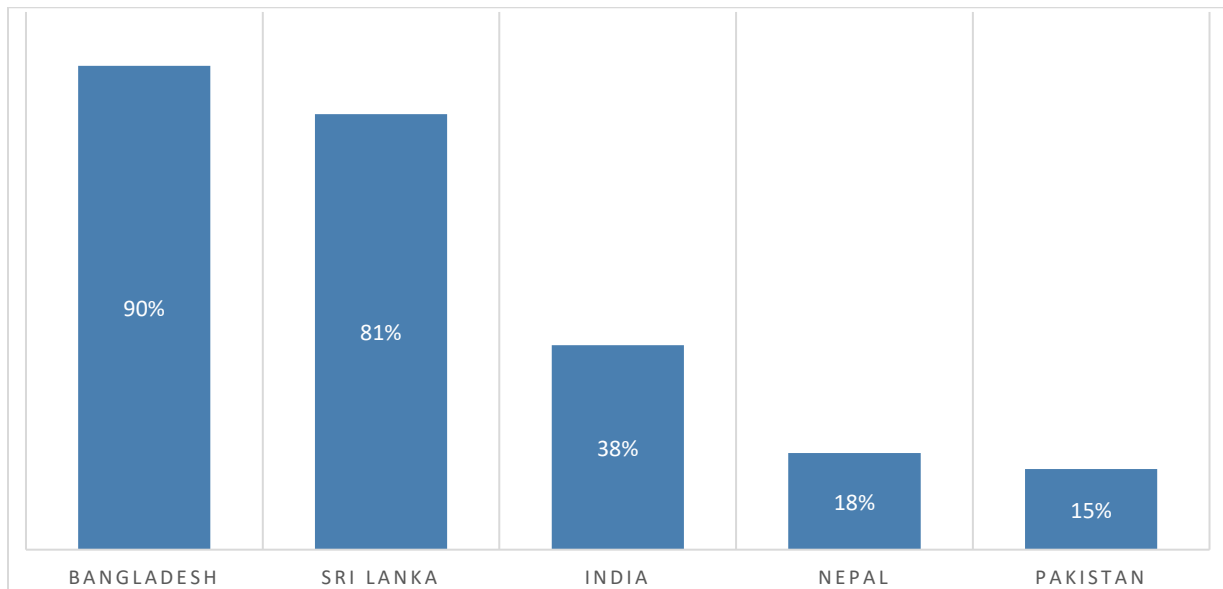
**Source: BGMEA Website**

From the table we come to know that contribution of RMG sector in Bangladesh. In the fiscal year 1994-95, RMG sector contributes only 5.87% in our GDP which is less than 6%. But in the fiscal year 2018-19, this sector contributes 16% in total GDP which indicates the incasement of contribution of RMG sector in Bangladesh economy.

## 5.4 Women Empowerment

Once Upon a time woman were involved only household works in the houses. Girls from the poor families come to the urban areas and take work in the different houses as a maidservant. But situation has been changed now. RMG sector has created vast working opportunities for the women of our country. Bangladesh has the highest number of women workers percentage comparing to other south Asian countries.

**Figure 5. 4 Contribution of Women Workers in RMG Sectors in South Asian Countries**



**Source: BGMEA website**

From the diagram we come to know that India has highest number of workers. Bangladesh is second in number of workers. But when we calculate woman workers percentage, Bangladesh has highest number of women worker percentage. Bangladesh has 90% female workers in the RMG sectors which is highest in the South Asia. All other countries except Sri Lanka (81%) are far behind then us.

## **CHAPTER 6**

### **FINDINGS AND ANALYSIS**

#### **6.1 Imported Raw Material**

Bangladesh produce two types of products. One is knit and another one is oven products. We are importing raw material like fabric, thread from different countries like India-China. 80% fabrics come from China. Another raw material like button, zipper, level and other accessories come from China. Polestar-based raw materials are coming from China. Fancy fabrics are also bringing from China. We are almost dependent on China for raw materials. On the other hand, quality of raw material also creates problem. If the quality of imported raw material are not good then our products will not fulfill buyer's demand. Our main competitor India and Vietnam are giving importance to produce thread and fabric products locally that will help them to increase their productivity.

#### **6.2 Unskilled Labor**

For the development of an industry it is essential to have sufficient skilled labor. Labor force are the main driver of the industry. Our labor cost is very cheap comparing to our competitor countries. We are selling our labor at a cheap price. It's our competitive advantage. That's why foreign buyers are interested to give order in Bangladesh. They are making products from Bangladesh. Now 40 lakh labor are working in our garments industry. We are doing easy garment products where profit margin is very low. We are producing normal shirts-pants. That's why our CM is not so high. Our profit margin is declining day by day. In terms of skills, efficiency and productivity we are far behind than our competitors.

### **6.3 Lack of Modernist Equipment**

We have lack of modernist equipment in our RMG industry. Comparing to our competitors like China, India, Vietnam we are far behind in modernizing equipment. China and India are technologically very advanced. They use developed machineries in dyeing, cutting, sewing, washing, embroidery in their garment factories. And they use recent software for taking order, production, marking. They use this software to analysis the recent condition in the market and forecast about the future. But we have shortage of this kind of machinery and software.

### **6.4 Lack of Workmanship Education**

Almost 40 lakh labor are working in our garments sector. And they have lacking of workmanship efficiency. They came from rural place to the urban area in order to join in the garment factories. Sometimes they don't have the basic knowledge of garments products and methods of the work before entering in the job. Some workers enter their job without proper document or fraudulent papers. Their documents aren't checking properly by the management.

### **6.5 Extravagance of Fuel**

In general, the production capacity of the boiler which are used in the factories should be 90%. But in our countries its 60-65%. It enhances the extravagance of the fuel.

## **6.6 Environmental Pollution**

Our garments factories are responsible for the environmental pollution. Most of the factories are constructed beside the riverside. That's why they are throwing their wastages materials in the River. It's a big problem for our environment. By this way garment factories are destroying our soil, water and land area. Garment factories use water for washing their fabric and thread. After using this water, they throw the garbage water to the River. For this reason, the number of fishes is decreasing in the river, decreasing available cultivated land. This effect keeps negative influence in the environment.

## **6.7 Work Environment**

Working environment are not up to mark in most of the garment factories. The environment is very poor and unhealthy. Management are forcing the labors to work in unhealthy, unhygienic, and unsafe. Their workplace is overcrowded. These poor labors have less bargaining power, improper sanitization facility and Insufficient ventilation system, the authority is not concerned about labor's health condition. If any labor died, they do not care about it. We have seen the example Rana Plaza Tragedy in 2013 which is the biggest apparel accident in Apparel industry all over the world and conflagration in Tazreen Fashion in 2012.

## **6.8 Location of the Garments**

Most of the garments are situated in different parts of Dhaka city (Savar, Ashulia), Gazipur (Tongi) and Chittagong EPZ. RMG factories are basically situated in Dhaka, Chittagong and Gazipur area. Because of that reason people from rural places are coming to these three cities extensively. These cities are becoming overcrowded day by day because of over garments employment seekers.

## **6.9 Improper Training Facility**

We have lacking of training programs in our garment factories. Our production system is really hampered due to lack of training programs. We have scarcity of professional trainers. That's why our training programs are not up to mark. The workers take very short time training when they start their job. Sometimes the training program is one week or two weeks which is really insufficient. They don't take proper knowledge before starting their job in the garment's factories. Because of this obstacle, Bangladesh goes behind in competition with our competitor.

## **6.10 Similar Type of Products**

Bangladesh RMG exports are mainly making normal products like shirt, T-shirt, sweater, jeans etc. We are not producing differentiated garment products like our competitors.

## **6.11 Lack of Managerial Knowledge**

Managerial knowledge of our employees isn't appropriate. There are many graduates-post graduates in our country. But skilled management aren't developing because of proper academic institutions. We do not have enough skilled person. And we have lack of professionalism. We are dependent on foreign management personnel from India, Pakistan, Sri Lanka. Many factories are appointing foreign persons in their managerial level because of their educational and professional background and their working ability and skills. They take high amount of salary from the garment's factors.

## **6.12 Insecurity of the Women Labors**

Among the 40-lakh labor, 80% are women. Many of them are married and having babies in their houses. They have to keep their babies in their houses. So, they can't give proper concentration in their work. So, their work is hampered. And production of the garments is also hampered.

## **6.13 Gender Diversification of Labor**

Our society is completely male dominated. Gender diversification are also seen in the garment's factories. In swing section all are woman but in cutting, ironing and finishing section all are men. The number of girls in some sections is very low. In China there are about 80% woman in the top level and mid-level management.

### **6.14 Scarcity of Electricity**

Our garments factories are suffering from intensive shortage of electricity. Most of the factories are suffering from load shedding. They have to use powerful generators for getting along their activity. Most of the generators are very old. So, production cost becomes high in the factories.

### **6.15 Political Inconstancy**

RMG sector of Bangladesh has been suffering from political inconvenience from a long time ago. Political movement hampers the garments factories. Political programs such as strike, blockade hampers the production in the factories. Factories need to be obstructed because of this kind of political program.

### **6.16 Labor Movement**

In Bangladesh, garment workers often protest against their unfair wage policy and safety issues. They make protests in order to achieve their demands. Sometimes they protest against their management, sometimes the owners of the factory. They lay up their work, block the roads, attack their factory buildings. This kind of unavoidable circumstances also hampered the growth of the RMG sector.



## **6.17 Weak Road and Railway Network**

The road and rail network of our country isn't well developed. Most of the roads are narrow in our country. Poor conditions of roads hampers transportation of the goods. The roads are narrow because of the improper construction and maintenance. The Dhaka Chittagong highway are the main route to reach the product in Chittagong port. So poor condition of the roads increases the lead time and transportation cost. On the other hand, Dhaka-Chittagong rail connection have limited capacity for the wagon. It takes ten to twelve hours to transport the product from Dhaka to Chittagong by train because the speed of our wagons is very slow and the rail track is old. So, the transportation time becomes longer.

## **6.18 Impotent Sea Port**

Efficiency of Chittagong port is not competitive with other Asian ports like Mumbai, Chennai, Colombo, Karachi. Almost 85% export of the country are conducted by this port. Chittagong port has scarcity of sufficient labor. Management of the port is not well developed. And the port has neoteric equipment problem. The Chittagong port is situated beside the Karnafully river. Mother and big vessel are not able to enter the main port from the deep sea. They have to stop a long distance from the port area. Then the little cargo ship takes the containers from the mother vessel. It takes more time to discharge the products in the port. So, the lead time becomes higher. Freight cost is also increase.

## **CHAPTER 7**

### **RECOMMENDATIONS AND CONCLUSION**

#### **7.1 Domestic Production of Raw Materials**

Raw materials like fabric, thread which are used in our RMG sectors should be made locally in our country. If we make these raw materials in our country, then the production cost of this sector will be decreased. We have to decrease our dependency on importing the raw materials from India and China. The owners of the garments need to focus on using locally produced raw materials.

#### **7.2 Creating Skilled Manpower**

We have to turn our unskilled Labor to skilled labor. We have to increase efficiency and production power of the garments labor. We need to increase their craftsman's efficiency. Comparing to their competitors our labors are not so skilled. We have to train them. We have to increase their technological efficiency in Bangladesh. if our labors will be more skilled then our production will be double comparing to now.

#### **7.3 Giving Workmanship Education**

An educated Labor can influence in the production of the garments with their working efficiency. We can take educated labor (At least higher secondary completed) We can also take those labor who has workmanship skill before. We can arrange educational programs in the garments factory to increase workers handicraftsman skill.

## **7.4 Arrangement of Modernist Equipment**

We have to use Management and requirement planning, documentary credit management, procurement management, store management fixed asset management and human resource management software. We need to look for digital monitoring and online marketing for the increase meant of production. We have to use automated machine for production. We need to updated swing machine. We can use computer software to make different size of pattern. Computer aided software can easily made different types of pattern. We need to use updated swing machine. For embroidery we can use electric machine and computer software. We need to use automatic cutting machine

## **7.5 Reducing Energy Crisis**

As we know that energy crisis is influencing in the production of RMG sector, we need to take necessary steps to reduce the energy. We need to establish modern machinery which will reduce the energy. Monitoring team should be formed to control the energy of the factory. Most of the factories use old generators in their factory. This old generator should be changed. If we increase efficiency, we can reduce consumption of gases in the factories. We need to use efficient and technologically improved parts that will reduce fuel oil in the factories.

## **7.6 Safeguard of Environment**

We have to reduce wastage material from the factory. We need concern the factory owners that they will not throw their wastage materials to the river. In Bangladesh 83 factory have achieved green certificate. They have sustainable factories. More than 100 factories are waiting to achieve this green certificate. We have to control wastage management in the garment's factory.

## **7.7 Reducing Political Instability**

We should keep away our garment sector from political crisis. We have to keep safe our garments from the strike and blockade. Garment factories should open during the blockade and strike. This will help to keep the naturalism of the garment's factory.

## **7.8 Providing Woman Security**

We have to work for the safety of the women worker in the garment factories. 30% women feel insecurity when they work in the garment's factory. Management should work for reducing sexual harassment, physical and mental torture of the woman workers. We can arrange day care center for the children of the woman workers that they can feel comfortable in their workplace and give their concentration in the work.

## **7.9 Arrangement of Gender Equality**

We should work for the gender equality for the women worker. In garment factories woman workers faces a lot of discrimination. They are treated as cheap labor. Female worker gets less salary comparing to their male colleague. Management can employ woman supervisor for the welfare of the women workers. We have to reduce salary discrimination in the RMG sector.

## **7.10 Arranging Training Program**

The authority should arrange different types of training program for the workers. How they increase their efficiency of work. Private organizations can take part in the training program for the labors. They can train them about the work, about their safety etc. Management should arrange separate training center for the training of the workers. This will help to enhance the productivity of the workers of the garments.

## **7.11 Diversification of the Market**

Bangladesh RMG products are mainly exporting to European Union countries and USA. Bangladesh should search for new markets. Australia, Japan, South Korea, Brazil, Canada, Hong Kong, Russia could be our new export markets. We should build good relation with them and make our new market.

## **7.12 Diversification of the Product**

Product diversification is also very important now. Our garment factories should look for product diversification. RMG sector need to diversify its products. We are producing old products. Bangladesh RMG industries is still young in product development and still are not able to gain maturity in product diversification. New concept generation, evaluation and commercialization of new products could be the biggest strength for the development of this sector. We should change from ordinary low value product to high value products.

## **7.13 Welfare for The Workers**

Safety and welfare of the workers is the most important thing should manage our government. Workplace safety is needed for our workers. The safety system of the factories is not up to mark in our garments sector comparing to our competitor countries. Management should implement an effective labor inspection system; regular safety follows up for workers. Fire alarming and fire fighting machine should be kept in each and every floor of the factories. Proper ventilation system should be managed that the workers can feel comfortable in the workplace. Primary medical treatment facilities should be ensured for any time use. Management need to arrange sufficient washroom for the workers.

## **7.14 Reduction of Electricity**

Garment factories needed to work for the reduction of electricity as well as fuel. Factories need to arrange uninterrupted electricity during the working hour.

### **7.15 Incasement of Boiler Capacity**

Boiler capacity should be increased in our factories so that fuel usages will be reduced and fuel will be saved in the factories.

### **7.16 Decentralize of the Factories**

Our garment industries should divergence from the main cities like Dhaka and Chittagong. In order to reduce the pressure of overcrowded labor from these two big cites, its essential decentralize the garment factories in the other cities like Sylhet, Barisal, Khulna, Rangpur, Raj Shahi etc.

### **7.17 Reducing Tax Rate**

Bangladeshi RMG sector should enjoy the tax benefit as it is singularly holding 81% of the export earnings. Government should continue the tax benefit of charging fixed 10% rather than 35% tax on apparel export income at least for the next five years.

### **7.18 Development of Road and Rail Network**

Our government should take necessary steps in creating better development in the road network as well as railway network. Rail network between Dhaka and Chittagong need to be improved. This rail network needed to be double lined that the wagons can transport goods from Dhaka city to Chittagong port within short time. The roads of our countries should be well constructed for the transportation of the RMG production.

## 7.19 CONCLUSION

Bangladesh need to undertake massive plans to develop skilled manpower in order to achieve more investment in RMG sector. We have ambition to export 50 billion dollars from this sector in 2021. We have to work a lot for changing the scenario of our garment's factories to keep pace with others in the market. We need to shorten the dependency of importing raw materials from outside of the country. Our main market EU and USA are more focusing on price, lead time and fashion. Fashion is changing randomly. We have to forsake from making simple products like shirts-pants, jeans. Our communication system should be updated. We have to take the advantage of US-China trade war. American retailers are increased to place more orders in Bangladesh instead of China. Trade dispute between world two biggest economy helps to Bangladesh to achieve more orders from USA. We have to enhance on producing more fashionable products to compete with our competitors. We have to ensure supreme usage of technology to stable in the competition. Efficient surveillance and evaluation are needed. Instantaneous exploration of the managers should form fir the managers. Technological development should increase in the sector. We have to increase our productivity quantitative standard of the product. The entrepreneurs of our RMG sectors need to take initiative for arranging training programs in order to make skilled labor. Improving communication system will help the export flow. Government should take necessary step to develop new policies in order to invite more foreign investment. They should create a good reflection across the world. We have to build an environment friendly industry to compete with the competitors. Bangladesh should find out how to export product in USA and EU within short time. We must reduce our lead time for better production. The companies of this industry need to apply new business strategy that will help to increase their growth.



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