

## **Ready Made Garments Sector of Bangladesh:Export and Growth**

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**ABSTRACT:** *The Ready Made Garments (RMG) industry contributes to the economy of Bangladesh in a distinctive manner. RMG'S contribution in terms of GDP is highly remarkable which has reached 13% of GDP, which was only about 3% in 1991. Today Tannery industry, Medicine industry, Ship breaking industry, Ceramic industry, Cement industry and some small industrial sector play a big role to earn foreign currency but only garments sector earn 80% of them. Nearly four million workers are directly involved in this sector about 80% of which are women, this sector has also played a significant role in the socio-economic development of the country. The objective of this study is to know the garments sector's growth and contributions to economy in Bangladesh. This study focuses on the major exporting market and products of garments sector, amount of foreign exchange earnings, comparative statement of RMG export with total export and contribution to employment generation.*

**KEYWORDS:** *Garments Sector, Garments Product, Export Earnings, Growth.*

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### **I. INTRODUCTION**

The readymade garments industry acts as a catalyst for the development of Bangladesh. After independence Bangladeshi economic sector depended on the agriculture and export depend on only jute related manufacturing products. But the government and some private entrepreneurs tried to establish some industrial zone. At the same time, garments sector increases the export and after 30 years garments sector is the main manufacturing sector in Bangladesh for the different reason. The ready-made garment (RMG) industry of Bangladesh started in the late 1970s and became a prominent player in the economy within a short period. The industry has contributed to export earnings, foreign exchange earnings, employment creation, poverty alleviation and the empowerment of women. The export quota system and the availability of cheap labor are the two most important reasons behind the success of the industry. In the 1980s, the RMG industry of Bangladesh was concentrated mainly in manufacturing and exporting woven products. Since the early 1990s, the knit section of the industry has started to expand. Shirts, T-shirts, trousers, sweaters, and jackets are the main products manufactured and exported by the industry.

In 1950 was the beginning of R.M.G in the Western World. In order to control the level of imported RMG products from developing countries into developed countries, the Multi-Fiber Agreement (MFA) was made in 1974. The MFA agreement imposed an export rate 6 percent increase every year from a developing country to a developed country. In the early 1980s, Bangladesh started receiving investment in the RMG sector. Late Nurool Kader Khan was the pioneer of the readymade garments industry in Bangladesh. He had a vision how to transform the country, in 1978 he sent 130 trainees to South Korea; Bangladeshi received free training from the Korean Company Daewoo. After these workers had come back to Bangladesh, many of them broke ties with the factory they were working for and started their factory. But most of the RMG entrepreneurs are the genuine patriot and started from grass root level who contributing in boosting of the country economy.

### **II. OBJECTIVES**

The main purpose of this article is to search the knowledge of Bangladeshi garments sector and it's export and growth to the economy.

### **III. DATA COLLECTION METHOD**

This article is a descriptive research on both qualitative and quantitative data. Researcher has collected secondary data from secondary sources.

### Major Export Products, Market And Growth Of Rmg Industry

The RMG industry of Bangladesh fully depends on export. The major importer of RMG products are EU Countries, USA , Canada and others non-traditional countries. EU Countries have 61.65%, USA has 18.10%, Canada has 3.29% and non-traditional market 16.95% contribution of the total RMG export in 2018-2019(July-Dec.). Major RMG products are exported in different countries; export earnings and growth are given the below table:

**Bangladesh's RMG Export to World  
(July-December FY 2017-18 & FY 2018-19)  
Value in Million US\$**

	Woven			Knit			Total		
	July-Dec 2017-18	July-Dec 2018-19	Growth %	July-Dec 2017-18	July-Dec 2018-19	Growth %	July-Dec 2017-18	July-Dec 2018-19	Growth %
<b>EU Countries</b>									
Austria	3.50	4.37	24.75	10.90	13.53	24.17	14.40	17.90	24.31
Belgium	162.20	164.31	1.30	191.45	215.48	12.56	353.65	379.79	7.39
Bulgaria	0.17	0.37	115.15	0.85	1.62	89.01	1.03	1.99	93.40
Denmark	102.86	102.15	-0.68	226.95	258.37	13.84	329.81	360.52	9.31
Finland	3.55	5.11	43.81	11.33	12.89	13.73	14.89	18.00	20.91
France	346.27	379.85	9.70	532.08	610.64	14.76	878.35	990.49	12.77
Germany	1,033.06	1,219.04	18.00	1,632.05	1,737.67	6.47	2665.11	2956.71	10.94
Greece	16.46	4.16	-74.73	12.32	15.50	25.73	28.78	19.65	-31.71
Italy	250.40	274.40	9.58	493.49	512.99	3.95	743.88	787.39	5.85
Ireland	36.87	32.75	-11.17	46.52	52.14	12.08	83.39	84.89	1.80
Netherlands	204.29	226.77	11.00	261.75	290.83	11.11	466.04	517.59	11.06
Portugal	13.83	15.62	12.97	20.91	34.42	64.61	34.73	50.04	44.05
Romania	2.55	2.61	2.40	7.34	7.51	2.37	9.88	10.12	2.38
Spain	517.24	519.67	0.47	616.31	712.66	15.63	1133.55	1232.33	8.71
Sweden	84.01	103.77	23.52	167.14	211.45	26.51	251.15	315.22	25.51
U.K.	868.21	826.69	-4.78	981.97	1,047.58	6.68	1850.18	1874.26	1.30
Cyprus	0.05	0.06	17.62	0.49	0.88	79.87	0.54	0.94	73.85
Czech Republic	201.48	268.53	33.28	45.75	52.33	14.39	247.23	320.86	29.78
Estonia	0.00	0.00	0.00	0.52	0.58	11.63	0.52	0.58	12.40
Hungary	0.13	0.51	283.17	1.32	2.39	81.29	1.45	2.90	99.65
Latvia	0.00	0.01	350.47	0.16	0.47	191.65	0.16	0.48	194.05
Lithuania	0.14	0.67	0.00	0.98	2.30	134.06	1.13	2.97	163.75
Malta	1.46	0.88	-40	3.00	5.17	72.72	4.46	6.05	36
Poland	141.15	187.52	32.85	245.95	315.07	28.10	387.10	502.58	29.83
Slovakia	16.68	16.57	-0.70	22.23	25.04	12.68	38.91	41.61	6.94
Slovenia	7.65	7.10	-7.18	23.49	21.28	-9.37	31.13	28.38	-8.83
Croatia	2.27	2.79	22.99	4.20	6.32	50.40	6.47	9.11	40.79
<b>Sub-Total (EU)</b>	<b>4,016.50</b>	<b>4,366.25</b>	<b>8.71</b>	<b>5,561.43</b>	<b>6,167.11</b>	<b>10.89</b>	<b>9,577.93</b>	<b>10,533.36</b>	<b>9.98</b>
<b>EU % of World</b>	55.96	51.78		73.22	71.27		64.83	61.65	
<b>USA</b>	<b>1,882.86</b>	<b>2,313.85</b>	<b>22.89</b>	<b>717.38</b>	<b>778.68</b>	<b>8.55</b>	<b>2,600.24</b>	<b>3,092.54</b>	<b>18.93</b>
<b>% of USA</b>	26.23	27.44		9.45	9.00		17.60	18.10	
<b>Canada</b>	<b>266.57</b>	<b>299.73</b>	<b>12.44</b>	<b>201.70</b>	<b>262.93</b>	<b>30.36</b>	<b>468.28</b>	<b>562.67</b>	<b>20.16</b>
<b>% of Canada</b>	3.71	3.55		2.66	3.04		3.17	3.29	

<b>Non-Traditional Markets</b>									
<b>Australia</b>	115.52	169.80	46.98	188.73	190.61	1.00	304.25	360.41	18.46
<b>Brazil</b>	41.49	48.97	18.04	36.29	40.54	11.71	77.78	89.52	15.09
<b>Chile</b>	15.53	24.01	54.60	20.30	31.96	57.45	35.83	55.97	56.21
<b>China</b>	94.96	157.31	65.66	71.53	109.95	53.72	166.48	267.26	60.53
<b>India</b>	74.78	195.04	160.80	36.54	75.83	107.49	111.33	270.86	143.30
<b>Japan</b>	174.61	243.18	39.27	188.70	304.04	61.12	363.31	547.22	50.62
<b>Korea Rep.</b>	39.14	66.13	68.96	47.89	69.68	45.51	87.03	135.81	56.06
<b>Mexico</b>	33.08	49.71	50.27	39.50	51.46	30.28	72.58	101.17	39.39
<b>Russia</b>	70.72	83.62	18.24	111.05	136.93	23.30	181.77	220.55	21.33
<b>South Africa</b>	18.41	31.94	73.53	16.06	21.84	36.02	34.47	53.79	56.05
<b>Turkey</b>	77.32	73.21	-5.32	36.56	35.96	-1.65	113.89	109.17	-4.14
<b>Other Countries</b>	256.02	309.55	20.91	321.59	375.08	16.63	577.62	684.63	18.53
<b>Total (Non-Trad. Markets)</b>	<b>1,011.59</b>	<b>1,452.48</b>	<b>43.58</b>	<b>1,114.75</b>	<b>1,443.88</b>	<b>29.52</b>	<b>2,126.34</b>	<b>2,896.36</b>	<b>36.21</b>
<b>% of Non-Traditional</b>	14.09%	17.23%		14.68%	16.69%		14.39%	16.95%	
<b>GRAND TOTAL</b>	<b>7,177.52</b>	<b>8,432.31</b>	<b>17.48</b>	<b>7,595.27</b>	<b>8,652.60</b>	<b>13.92</b>	<b>14,772.79</b>	<b>17,084.92</b>	<b>15.65</b>

Source: EPB, Compiled by: RDTI Cell, BGMEA

#### Major Products and Export of Garments Sector

- All types of Bottom and Tops
- Critical Cargos
- Hi-Fashion Denim Jeans
- Basic and Hi-Fashion Washes
- Wrinkle Free
- Laser Finish/ 3DWhisker
- Men's Shirts
- Dress Pants
- Outdoor Wear/ Jackets/Sports Jacket
- Woven Cloths
- Laundry and Washing Products
- High Quality Knit Garments: Children, Ladies & Men, Using In-house Fabrics
- Wrap Knit
- Ancillary: Embroidery, Printed Fabrics ( Reactive, Disperse, Acid & Pigment), Carton, PolyBag, Label, Packaging
- Cotton, Polyester, Nylon or Various Blends
- Yarn Dyed or Solid Dyed
- Composite/Weaving/ Finished Fabric etc.

#### Export and Growth Garments Sector in Bangladesh

The importance of RMG sector can hardly be over emphasized. There has been a steady growth in the field of RMG during last two decades. The growth of the industry in terms of number of units and employment generation, value of total and main apparel items export and growth are shown in the below table:

**MEMBERSHIP AND EMPLOYMENT**

<b>YEAR</b>	<b>NUMBER OF GARMENT FACTORIES</b>	<b>EMPLOYMENT IN MILLION WORKERS</b>
1984-85	384	0.12
1985-86	594	0.20
1986-87	629	0.28
1987-88	685	0.31
1988-89	725	0.32
1989-90	759	0.34
1990-91	834	0.40
1991-92	1163	0.58
1992-93	1537	0.80
1993-94	1839	0.83
1994-95	2182	1.20
1995-96	2353	1.29
1996-97	2503	1.30
1997-98	2726	1.50
1998-99	2963	1.50
1999-00	3200	1.60
2000-01	3480	1.80
2001-02	3618	1.80
2002-03	3760	2.00
2003-04	3957	2.00
2004-05	4107	2.00
2005-06	4220	2.20
2006-07	4490	2.40
2007-08	4743	2.80
2008-09	4925	3.50
2009-10	5063	3.60
2010-11	5150	3.60
2011-12	5400	4.00
2012-13	5876	4.00
2013-14	4222	4.00
2014-15	4296	4.00
2015-16	4328	4.00
2016-17	4482	4.00
2017-18	4560	4.00

Source: BGMEA

**VALUE OF TOTAL APPAREL EXPORT**  
Calendar Year Basis

YEAR	TOTAL APPAREL EXPORT IN MN.US\$		
	WOVEN	KNIT	TOTAL
1994	1544.89	341.53	1886.42
1995	1976.40	512.18	2488.58
1996	1942.37	686.27	2628.64
1997	2621.33	810.49	3431.82
1998	2871.06	976.29	3847.35
1999	2987.73	1169.90	4157.63
2000	3376.49	1448.22	4824.71
2001	3162.28	1432.72	4595.00
2002	3076.28	1573.40	4649.68
2003	3398.84	1850.36	5249.20
2004	3686.78	2532.62	6219.40
2005	3689.60	3210.48	6900.08
2006	4544.83	4388.67	8933.50
2007	4608.40	4741.93	9350.33
2008	5655.50	6223.42	11878.92
2009	5695.88	6194.61	11890.49
2010	7067.34	7787.26	14854.60
2011	9252.80	9961.67	19214.47
2012	10117.43	9670.71	19788.14
2013	12052.30	11448.68	23500.98
2014	12421.26	12162.70	24583.96
2015	13805.44	12797.26	26602.70
2016	14931.33	13736.95	28668.29
2017	14673.99	14538.94	29212.93
2018	16681.04	16245.84	32926.88

Data Source Export Promotion Bureau Compiled by BGMEA

**MAIN APPAREL ITEMS EXPORTED FROM BANGLADESH**  
(VALUE IN MN. US\$)

YEAR	SHIRTS	TROUSERS	JACKETS	T-SHIRT	SWEATER
1993-1994	805.34	80.56	126.85	225.9	....
1994-1995	791.20	101.23	146.83	232.24	....
1995-1996	807.66	112.02	171.73	366.36	70.41
1996-1997	759.57	230.98	309.21	391.21	196.6
1997-1998	961.13	333.28	467.19	388.5	296.29
1998-1999	1043.11	394.85	393.44	471.88	271.7
1999-2000	1021.17	484.06	439.77	563.58	325.07
2000-2001	1073.59	656.33	573.74	597.42	476.87
2001-2002	871.21	636.61	412.34	546.28	517.83
2002-2003	1019.87	643.66	464.51	642.62	578.37
2003-2004	1116.57	1334.85	364.77	1062.1	616.31
2004-2005	1053.34	1667.72	430.28	1349.71	893.12
2005-2006	1056.69	2165.25	389.52	1781.51	1044.01
2006-2007	943.44	2201.32	1005.06	2208.9	1248.09
2007-2008	915.6	2512.74	1181.52	2765.56	1474.09
2008-2009	1000.16	3007.29	1299.74	3065.86	1858.62
2009-2010	993.41	3035.35	1350.43	3145.52	1795.39
2010-2011	1566.42	4164.16	1887.50	4696.57	2488.19
2011-2012	1733.54	4686.39	2231.16	4713.11	2340.34
2012-2013	1972.89	5185.48	2634.28	5143.22	2620.73
2013-2014	2173.73	5690.78	2973.16	5863.81	2932.94
2014-2015	2271.43	5697.83	3183.17	6064.13	2829.16
2015-2016	2317.09	6319.00	3774.08	6118.53	3182.47
2016-2017	2108.38	6026.69	3546.88	5861.98	3361.53
2017-18	2063.57	6389.38	3978.47	6292.25	3674.70

Data Source Export  
Promotion Bureau  
Compiled by  
BGMEA

**BANGLADESH'S RMG EXPORTS TO WORLD  
FY 2016-17 & 2017-18**

Value in Million US\$

Month	ALL COUNTRIES								
	Woven		Growth Rate	Knit		Growth Rate	Total (Woven+Knit)		Growth Rate
	Year			Year					
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18			
July	1040.35	1215.95	16.88	1077.23	1263.34	17.28	2117.58	2479.29	17.08
August	1330.68	1439.45	8.17	1395.61	1605.53	15.04	2726.29	3044.98	11.69
September	894.08	741.77	-17.04	927.95	878.08	-5.37	1822.03	1619.85	-11.10
October	1021.19	1054.36	3.25	1134.35	1239.25	9.25	2155.54	2293.61	6.41
November	1212.31	1266.41	4.46	1097.60	1258.10	14.62	2309.91	2524.51	9.29
December	1397.51	1459.58	4.44	1180.84	1350.97	14.41	2578.35	2810.55	9.01
January	1456.81	1571.22	7.85	1246.72	1311.11	5.16	2703.53	2882.33	6.61
<b>Total</b>	<b>8352.93</b>	<b>8748.74</b>	<b>4.74</b>	<b>8060.30</b>	<b>8906.38</b>	<b>10.50</b>	<b>16413.2</b>	<b>17655.12</b>	<b>7.57</b>

Source: EPB

**Bangladesh's RMG Exports to World, FY 2017-18 & 2018-19**

Value in Million US\$

Month	ALL COUNTRIES								
	Woven		Growth Rate	Knit		Growth Rate	Total (Woven+Knit)		Growth Rate
	Year			Year					
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19			
July	1215.93	1490.62	22.59	1263.34	1527.12	20.88	2479.27	3017.74	21.72
August	1439.45	1331.67	-7.49	1605.53	1385.75	-13.69	3044.98	2717.42	-10.76
September	741.77	1162.53	56.72	878.08	1293.98	47.36	1619.85	2457	51.65
October	1054.36	1473.01	39.71	1239.25	1668.41	34.63	2293.61	3141.42	36.96
November	1266.41	1422.31	12.31	1258.10	1430.80	13.73	2524.51	2853.11	13.02
December	1459.58	1552.17	6.34	1350.97	1346.54	-0.33	2810.55	2898.71	3.14

Source: EPB

**IV. CONCLUSION**

The RMG industry enjoyed a meteoric rise from 30 enterprises in 1980 increased to about 4560 in 2017-18 fiscal year. Out of 4.0 million manpower employed in BGMEA member factories, 3.20 million are women (80%), majorities of them are disadvantaged and economically poverty stricken women folk. This sector has contributed to banking and insurance, shipping and logistics, transport, hotel and tourism sector, export and foreign exchange earnings, employment creation, poverty alleviation and the empowerment of women. The country's RMG sector, to a creditable level has relieved Bangladesh from over populous unemployment burden through providing the largest employment next to agriculture, transport, trade and industry sector. This sector has uplifted the neglected section of the population, thus radically transforming the socio-economic condition of the country. Such empowerment and employment raised awareness regarding children education, health & safety, population control disaster management only so far. It is an epoch making event in the history of Bangladesh.

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