

Barriers of Readymade Garment Industry in Bangladesh

Md. Tarikul Islam¹, Shaharia Afrin², Mollah Aminul Islam³

Abstract

At presents in global market, both the quality of garments and the working environment cherish the retailers and manufacturers. The Readymade Garment sector exports constitute about 76% of Bangladesh's annual export. Garments sectors also provide employment to 1.80 million females and indirectly 10 to 12 million people. The global clothing trade phase out of quota restrictions and forming of trade blocs has become a reality. RMG industry has been able to show its robust performance and competitive strength. There is \$5 billion worth of exports made by Bangladesh globally. Bangladesh's economy will be affected by the issue of quota system. The quota system has particular significance for the export of Bangladesh apparels to the foreign market. Bangladesh is largely struggling for the country's garment industries day by day. The garment industry of Bangladesh has been the key export division and a main source of foreign exchange for the last 25 years. Many workers block roads, attack factories, goes on strike, destroy cars and buildings. Every day telecasts news of fresh strikes in a variety of industries , mainly the ready-made garment (RMG) sector. The shift from a rural economy to an urban, industrial economy is integral to the process of economic development by proper using of readymade garments. This article presents a detailed narration of the evolution of the RMG sector from its humble origins to the present day.

Keywords: *RMG, Quota, Industrial economy, BEPZA, LDC*

1. Introduction

The overall impact of the readymade garment exports is certainly one of the most significant social and economic developments in contemporary Bangladesh. It demonstrates the impact of the rule changes on the garments sector, and the response of the sector to multiple challenges and obstacles. It also discusses what steps Bangladesh should take in order to deal with the full liberalization of the international garments trade, With over one and a half million women workers are employed in semi-skilled and skilled jobs producing clothing for exports and the development of the apparel export industry has had far-reaching implications for the society and economy of Bangladesh. Quality of goods exported from Bangladesh has always been questioned by the foreign buyers due to lack of experience and awareness of Garment manufacturers associated in the trade. In order to export readymade garments, it is not only the quality parameters which are important towards acceptance of the product as per the intended end use, but also the working environment in which the garments are to be produced is equally important so that sweatshop concept is totally taken care of and the code of conduct must be stretched towards achieving the objectives of social compliance issues. The core areas of social accountability are, basically, based on the principles of international human rights, local culture and tradition. The prime objective of the system is to protect the human rights in readymade garment industries.

¹ Lecturer (Marketing), School of Business, Bangladesh Open University, Gazipur-1705.

² Department of Sociology, University of Dhaka.

³ Assistant Professor, Department of Accounting & Information System, Jatiya Kabi Kazi Nazrul Islam University, Trishal, Mymensingh.-2220.

2. Objectives of the Study

This study has been conducted to achieve mainly following objectives:

1. To identify and explain the present condition of RMG industries in Bangladesh.
2. To identify the exporting situation of garments industries of Bangladesh.
3. To explore the main obstacles for RMG sectors in Bangladesh.

3. Literature Review

The readymade garment sector now dominates the modern economy in export earnings, secondary impact and employment generation. The events in 1998 serve to highlight the vulnerability of this industry to both internal and external shocks on the demand and supply side. For Bangladesh, the readymade garment export industry has been the proverbial goose that lays the golden eggs for over fifteen years now. A study by Md. SalimUddin and Mohammed Abu Jahed (2007) revealed that how the RMG sector is contributing as prime mover of the socio economic development of Bangladesh. According to them, the garments industry has been leading the Bangladesh economy since the early 1990s. Garments are the country's biggest export making up about three quarters of total exports, and the industry is a symbol of the country's dynamism in the world economy. Given the dominance of the sector in the overall modern economy of Bangladesh, this vulnerability should be a matter of some concern to the policymakers in Bangladesh.

Both of these studies use accepted survey and research methodology to analyze a wealth of data on the social and economic background, problems and prospects of female workers in the RMG sectors. One of the few studies on the Bangladesh apparel industries to published in a reputed journal in the U.S. which presents a very small part of RMG sectors problem and development. The Bangladesh Planning Commission under the Trade and Industrial Policy (TIP) project also commissioned several studies on the RMG industry. A study by Hossain (2004) considered some labor-related issues in the garment industry.

Although in gross terms this sector's contribution to the country's export earnings is around 74 percent, in net terms the share would be much less partially because the backward linkages in textile have been slow to develop. It is heartening to observe that the knit products are rapidly gaining share in overall garment exports as these products are sold in quota-free markets and reflect the strength of Bangladeshi producers in the fully competitive global apparel markets. Preliminary data and informal evidence indicate that this sector seems to have weathered the devastating floods relatively well.

Brand buyers often argue that producing garments in countries which are just beginning to industrialize is a painful processing but in reality some re-adjustments are also to be required on the part of such buyers as well. It is desired that factories should pay higher wages and provide more welfare oriented services to the workers. Several authors have analyzed aspects of the garment industry in Bangladesh. Of the various aspects of the industry, the problems and the working conditions of female workers have received the greatest attention. There are several studies including the Bangladesh Institute of Development Studies (BIDS) in 1991 and the Bangladesh UnnayanParisad (1990) study on this topic.

But the abrupt reduction of CMT (cutting, making and trimming) charges in recent months by the buyers has resulted in additional expenditure towards overhead cost for the factory owners. Thus, the buyers also need to consider that the rate at which they place their orders should commensurate with the cost involvement to match with the desired compliance level. Factory shall record all worked hours in payroll sheets and time cards and shall compensate those correctly. This is to satisfy The Payment of Wage Rules, 1937 of Bangladesh. Factory shall allow female workers to work between 7 a.m. to 8 p.m. only with a view to comply with The Factories Act, 1965, Chapter-6, Bangladesh. RMG shall not allow anyone to work more than 10 hours per day and 60 hours per week. The duration of 60 hours per week shall be represented as 48 hours general duty plus 12 hours overtime as per the local law of Bangladesh. Factory shall follow

legal requirement for overtime compensation, which is double of the basic pay.

Eventually, this road link was completely severed for several days when large sections of the road went under water for a few weeks during the latter phase of the floods. This delinking of the road connection between Dhaka and the port in Chittagong was as serious a threat as one can imagine for the garment exporters. In spite of the promulgation of laws by the Government; the majority of garment workers remain deprived of their legal rights. Laws are there in the papers but its implementation is not always felt while looking at it from the micro level right on the ground. Some of the issues which still remain neglected are: i) Minimum basic salary, ii) Working hours, iii) Overtime calculation, iv) Off day in a week and v) Yearly increment. Current level of maintenance of compliance with hygiene and safety standards is not adequate and the reported tragedies like the incidence of fire in the garment industry support the fact to a certain degree. Such accidents seriously tarnish the image of Bangladesh and could cause buyers to turn to countries where tragedies of this type are less likely or are hidden from the international press.

The dependence on a single sector, no matter how resilient or sturdy that sector is, is a matter of policy concern. We believe the policymakers in Bangladesh should work to reduce this dependence by moving quickly to develop the other export industries using the lessons learned from the success of apparel exports. Support for the apparel sector should not be reduced. In fact, another way to reduce the vulnerability is to diversify the product and the market mix. The industry responded by calling upon the Bangladesh navy to help with trawlers and renting a plane from Thai Air that was used to directly fly garment consignments from the Dhaka airport to the Chittagong airport several times a day.

The industry is one hundred percent export-oriented and therefore insulated from domestic demand shocks; however, it remains vulnerable to domestic supply shocks and the smooth functioning of the banking, transportation and other forward and backward linkage sectors of the economy. The Dhaka-Chittagong road remains the main transportation link connecting the production units, mostly situated in and around Dhaka and the port in Chittagong, where the raw materials and the finished products are shipped ins and outs. Despite increased dependence on air transportation, trucks remain the main vehicles for transporting raw materials and finished products for Bangladesh garment exports. The floods disrupted the normal flow of traffic on this road.

It is worthwhile to mention that the workers engaged in the factories inside Export Processing Zones in Bangladesh enjoy better working environment than the workers outside the Export Processing Zones. This has attracted many foreign investors in the zone wherein Bangladesh Export Processing Zone Authority (BEPZA) has recently adopted a policy to safeguard the legitimate rights of workers by the formation of Workers Welfare Committee (WWC) at each enterprise. In fact, in the context of prohibition of trade union as per BEPZA Act, it is regarded as a constructive effort to fulfill the requirement of freedom of association and collective bargaining.

RMG industry continued to show its robust performance and competitive strength. The resilience and bold trend in this MFA(Multi -Fiber Agreement) phase-out period partly reflects the imposition of 'safeguard quotas' by US and similar restrictions by EU administration on China up to 2008, which has been the largest supplier of textiles and apparel to USA. Other factors like price competitiveness, enhanced GSP facility, market and product diversification, cheap labor, increased backward integration, high level of investment, and government support are among the key factors that helped the country to continue the momentum in export earnings in the apparel sector. Some of these elements are reviewed below.

In the growth pattern of RMG exports can be categorized into two distinct phases. It is clear that value addition accrues mostly in the designer items, and the sooner local entrepreneurs can catch on to this trend the brighter be the RMG future.

The globalized economy and ever-changing fashion world, product diversification is the key to continuous business success. Starting with a few items, the entrepreneurs of the RMG sector have also been able to diversify the product base ranging from ordinary shirts, T-shirts, trousers, shorts, pajamas, ladies and children's wear to sophisticated high value items like quality suits, branded jeans, jackets, sweaters, embroidered wear etc.

In Bangladesh this industry was successful in exploring the opportunities in markets away from EU and US. In FY07, a successful turnaround was observed in exports to third countries, which having a negative growth in FY06 rose three-fold in FY07, which helped to record 23.1 percent overall export growth in the RMG sector. Bangladeshi RMG products are anticipated that the trend of market diversification will continue and this will help to maintain the growth momentum of export earnings. At the same time a recent WTO review points out that Bangladesh has not been able to exploit fully the duty free access to EU that it enjoys. While this is pointed out to be due to stringent rules of origin (ROO) criteria, the relative stagnation in exports to EU requires further analysis. It is mainly destined to the US and EU. Back in 1996-97, Bangladesh was the 7th and 5th largest apparel exporter to the USA and European Union respectively. One study by Munir Quddus & Salim Rashid stated that the aspects of garments exports from Bangladesh and they summarized that, the success of readymade garment exports from Bangladesh over the past two decades has surpassed the most optimistic expectations

RMG industry in Bangladesh has already proved itself to be a resilient industry and can be a catalyst for further industrialization in the country. However, this vital industry still depends heavily on imported fabrics. After the liberalization of the quota regime some of the major textile suppliers Thailand, India, China, Hong Kong, Indonesia and Taiwan increased their own RMG exports. If Bangladesh wants to enjoy increased market access created by the global open market economy it has no alternative but to produce textile items competitively at home through the establishment of backward linkage with the RMG industry. To some extent the industry has foreseen the need and has embarked on its own capacity building. The productive efficiency of labor is more comparative advantage than the physical abundance of labor. In Bangladesh, the garment workers are mostly women with little education and training. The employment of an uneven number of unskilled labors by the garment factories results in low productivity and comparatively more expensive apparels Bangladesh labor productivity is known to be lower when it compared with Sri Lanka, South Korea and Hong Kong. Bangladesh must look for ways to improve the productivity of its labor force if it wants to compete regionally if not globally. Because of cheap labor if our country makes the labor productivity in the apex position, then we think the future of this sector is highly optimistic.

The reduced tax rates and other facilities are likely to have a positive impact on the RMG sector. Government of Bangladesh has played an active role in designing policy support to the RMG sector that includes back-to-back L/C, bonded warehouse, cash incentives, export credit guarantee scheme, tax holiday and related facilities. At present government operates a cash compensation scheme through which domestic suppliers to export-oriented RMG units receive a cash payment equivalent to 5 percent of the net FOB value of exported garments. At the same time, income tax rate for textile manufacturers were reduced to 15 percent from its earlier level for the period up to June 30, 2008.

However, existence of sound infrastructural facilities is a prerequisite for economic development. In Bangladesh, continuing growth of the RMG sector is dependent on the development of a strong backward linkage in order to reduce the lead time.

BGMEA has already established an University which offers bachelor's degree in fashion designing and BKMEA is planning on setting up a research and training institute. The other factors constraining competitiveness of Bangladesh's RMG exports included the absence of adequate physical infrastructure and utilities. These and related initiatives need encouragement possibly intermediated by donor-assisted technology and knowledge transfer. A facilitating public sector's role can be very relevant here. The country has no dedicated research institute related to the apparel sector. RMG is highly fashion oriented

and constant market research is necessary to become successful in the business.

Some of them were new like the Bonded Warehouse Facility (BWF), while others like the Export Performance License (XPL) Scheme 37 were already in operation and were improved upon. Also, rebates were given on import duties and indirect taxes, there were tax reductions on export income, and export financing was arranged. Some of these reformed policies contributed considerably to the growth of the RMG industry in Bangladesh. During the 1980s, a number of incentives were introduced to encourage export activities. Under the XPL scheme, exporters of non-traditional products received import licenses for specific products over and above their normal percentage allotment based on the f.o.b. value of their exports. Under the Duty Drawback System, exporters of manufactured goods were entitled to get refund of duties and taxes paid on imported inputs used in export production, and also all excise duties paid on exported finished goods. For certain fast-moving items such as RMG, a notional system of duty payments was adopted in 1982-83. Under this system, exporters were exempted from paying duties and taxes on imports used in export production at the time of importation, but were required to keep records of raw and 21 packaging materials imported.

The duties and taxes payable on the imports were kept in a suspense account. Liabilities to pay the amounts in suspense were removed on proof of exports. The discussion in this section clearly points to the positive contribution made by policy reforms to the growth of the RMG industry in Bangladesh. In particular, two policies- the SBW facility and the back-to-back L/C system- led to significant reduction in cost of producing garments and enhanced competitiveness of Bangladesh's garments exports. It also allowed garment manufacturers to earn more profit which, when necessary, could be used to overcome difficulties arising from weak governance. One of the key advantages of the RMG industry is its cheap labor force, which provides a competitive edge over its competitors. The sector has created jobs for about two million people of which 70 percent are women who mostly come from rural areas. The sector opened up employment opportunities for many more individuals through direct and indirect economic activities, which eventually helps the country's social development, woman empowerment and poverty alleviation.

4. Methodology of the Research study Data Collection

The study is mainly based on primary and secondary data. For this we interviewed 10 garments company (Appendix -1) through using a structured questionnaire (Appendix-2). To strengthen theoretical backgrounds of the study different local and international published articles, websites and seminar papers had also been reviewed.

Data Analysis

In this study data were analyzed by averaging the response of the sample. Main analysis and discussions have been made on the basis of the information obtained from the interview with the questionnaires. Besides, observation of the interviewers has also been an important component of analysis and discussion.

Sampling Plan

Garments Company of Bangladesh is constituted as the study area, because of convenience of the field work and easy communication. For the crisis condition of Bangladesh it was difficult to collect data from more samples. Above it, data are collected from different garments companies and the companies who intended to talk are taken as a sample. It is tried to get rid of any kind of personal biasness and taking true information.

The Research Study

This study has focused upon the various problems regarding with the garments company and the success of these industries. It is taken 10 garments company to gather data on the present situation of the garments industries as well as problem regarding and the future of the industries.

5. Limitations to Prepare the Report

Since this study is based on both primary and secondary data, there is a possibility of getting fake information. If the surveyed personnel provide us with any fabricated information about their opinion of their organization, then the report findings may be erroneous. Above all, this study is weak in some points, as only the reputed Garment Companies are considered here as sample. This survey is made on crisis situation of Bangladesh, so it was difficult to collect more samples. The questionnaire contains some questions that, if answered properly, might damage the company's image. In this type of questions, the respondents might provide socially acceptable answers. Another limitation of this study is the person's private information was not disclosing some data and information for obvious reasons, which could be very much useful.

6. Economy of Bangladesh

Bangladesh has emerged as a key player in RMG (Ready Made Garment) sector since 1978. Textiles and clothing account for about 85% of total export earnings of Bangladesh. Out of which, 76% comes from the apparel sector which covers the major products of knit and woven shirts, blouses, trousers, skirts, shorts, jackets, sweaters, sports wears and many more casual and fashion items. The sector currently employs approximately 1.5 million workers, mostly females from underprivileged social classes. Policymakers in the least developed countries (LDCs) have, at various times, attempted to make RMG the primary engine of economic growth and employment generation, The tremendous success of readymade garment exports from Bangladesh over the last two decades has surpassed the most optimistic expectations. In particular, countries such as Japan, Taiwan and South Korea have demonstrated that an RMG export-oriented industrial strategy can not only raise per capita income and living standards in a relatively short time; it can also play a vital role in modernizing the economy and integrating it with the global economic system. Today the apparel export sector is a multi-billion-dollar manufacturing and export industry in the country.

Bangladesh is a tropical country in South Asia that is situated in the delta of two major rivers that flow down from the Himalayas (the Ganges and the Jamuna). The country's land surface is therefore largely composed of alluvial silt, rendering the soil highly fertile. Historically, this has made Bangladesh an agricultural nation; although agriculture contributes only about a fifth of the national GDP, it employs three-fifths of the labour force (ADB, 2005). Bangladesh has an estimated population of 140 million living in an area of about 55,000 square miles. It thus has the unwanted distinction of being the world's most densely populated country, and this overpopulation is at the root of many of Bangladesh's socioeconomic problems. However, the population is largely homogeneous in terms of ethnicity, language, and religion, and this provides a valuable element of national cohesion. In spite of numerous constraints, the economy has been on a steady growth path for the last 15 years, mainly due to private sector dynamism. The constraints include pervasive political instability and violence, endemic corruption and disregard for the law, frequent natural disasters, inefficient state-owned enterprises that are hotbeds of trade unionism, lack of political will to carry through necessary economic reform, inadequate infrastructure at all levels (power generation, roads and highways, port facilities), etc. Nevertheless, the economy has proved to be resilient. Since 1990 it has grown at an average rate of 5% per year. The Asian Development Bank projected that real GDP growth increased to 6% in 2006 and 2007 (ADB, 2005). Bangladesh's total GDP stood at \$275 billion in 2004, and per capita GDP was \$2,000 (adjusted for purchasing power). In Bangladesh merchandise exports have been growing strongly in recent years and this trend is set to continue. While imports also exhibit strong growth, it should be noted that the bulk of imports consists of inputs into the production process, e.g. machinery and equipment, fuel and petroleum products, chemicals, iron and steel, cement, fabric and accessories (for garments production), etc.

7. Readymade Garments Responsibility

Basic awareness of the social accountability helps to understand and monitor the compliance part of it in protecting the image of a particular brand of product. In order to do so, the reputed and leading market players in the garment trade have imposed compulsion on the related factories to achieve those objectives as a condition of the export contract. Even the exports were either withheld or cancelled elsewhere in the event of non-compliance to such issues. At presents fast changing global market, it is not only the quality of garments which cherished the retailers and manufacturers but also the working environments of the organization wherein the products were produced. Those are equally important to gain and strengthen consumer confidence and to build-up more reliable relationships with vendors. In other words, specific code of conduct that protects the basic human rights of the workforce engaged in the trade is to be respected to satisfy consumers and to add social value to the product.

8. Garments Industry Exporting Conditions

The Agreement on Textile and Clothing (ATC) introduced in 1994, aimed at bringing textiles and clothing within the domain of WTO rules by abolishing all quotas by the end of 2004. It provides an adjustment period of 10 years, so that countries affected by the MFA could take the necessary steps to adjust to the new trading environment. Liberalization of trade following the Uruguay Round agreement presents opportunities as well as challenges for a developing country like Bangladesh in RMG sector. In the Post-Uruguay Round period, traditional instruments of trade policy such as tariffs, quotas, and subsidies will become less feasible and less relevant. In a liberalized trade regime, competition among textiles and clothing exporting countries is likely to become intense.

The objective of this paper is to identify the obstacles of RMG industry after the MFA phase out by analyzing the current scenario along with along with different policy measures and the available options in order to be more competitive in the new regime. The Ready-Made Garments (RMG) industry occupies a unique position in the Bangladesh economy. It is the largest exporting industry in Bangladesh, which experienced phenomenal growth during the last 20 years. By taking advantage of an insulated market under the provision of Multi Fiber Agreement (MFA) of GATT, it attained a high profile in terms of foreign exchange earnings, exports, industrialization and contribution to GDP within a short span of time. The industry plays a key role in employment generation and in the provision of income to the poor. Nearly two million workers are directly and more than ten million inhabitants are indirectly associated with the industry.

Over the past twenty years, the number of manufacturing units has grown from 180 to over 3600. The sector has also played a significant role in the socio-economic development of the country. The export made by Garments Industries of Bangladesh is improving year after year except some of the year. Strike, layout, shutdown of company, political problems, economic problems, inflation etc. are the prime cause of decreasing export in this important sector. But above it, Readymade Garments Industries is the leading sector in export sector.

It is revealed from the table-1 that the value of garment exports, total exports and percentage of garments export to total exports have been increased significantly during the period from 1994-95 to 2011-12. The total garments export in 2011-12 is increased many times to garments exports in 1994-95, whereas total country's export for the same period has increased. In terms of total export, contribution of garments export is significant; it reaches 78.60 percent in 2011-12 which was 64.17 percent in 1994-95.

It is a clear indication of the contribution to the overall economy. It also plays a pivotal role to promote the development of linkage small scale industries. For instance, manufacturing of intermediate product such as dyeing, printing, zippers, labels has began to take a foothold on limited scale and is expected to grow significantly. Moreover it has helped the business of insurance, shipping, hotel, tourism and transportation. The sector also has created jobs for about two million people of which 70 percent are women who mostly come from rural areas. The sector opened up employment opportunities for many more individuals through direct and indirect economic activities, which eventually helps the country's social development, woman empowerment and poverty alleviation. In such a way the economy of Bangladesh is getting favorably contribution from this industry

Table1: Comparative statement on export of RMG and total export.

Year	Export of RMG (Inmillion US\$)	Total Export of Bangladesh (In Million US\$)	Percentage of RMG's to total export
1994-1995	2228.35	3472.56	64.17
1994-1996	2547.13	3882.42	65.61
1996-1997	3001.25	4418.28	67.93
1997-1998	3781.94	5161.20	73.67
1998-1999	4019.98	5312.86	76.67
1999-2000	4349.41	5752.20	75.61
2000-2001	4859.83	6467.30	75.14
2001-2002	4583.75	5986.09	76.57
2002-2003	4912.09	6548.44	75.01
2003-2004	5686.09	7602.99	74.79
2004-2005	6417.67	8654.52	74.15
2005-2006	7900.80	10526.16	75.06
2006-2007	4730.36	6220.61	76.04
2007-2008	10699.80	14110.80	75.83
2008-2009	12347.77	15565.19	79.33
2009-2010	12496.72	16204.65	77.12
2010-2011	17914.46	22924.38	78.18
2011-2012	19089.69	24287.66	78.60

9. Barriers of RMG Sector

In order to shorten production period, the garment manufacturers tend to force their workers into lengthy working hours when a large order comes in, but this arrangement, which ignores the workers basic right, is ineffective in both the short and long term in international business. Economists identified high lead time, less productivity comparing to other competing nations despite relatively low wages and infrastructure bottleneck as the major impediments for garment industries in Bangladesh. In the absence of adequate number of backward linkage industries, duration of producing apparels take comparatively more time, as enterprises need to import raw materials and face an unnecessary delay due to bureaucratic formalities and the loading and unloading

Table 2 : Problems of Garments Industries:

Some Problems of RMG Sectors	High	Medium	Low	Total
Raw materials	3	2	0	5
	60%	40%	-	100%
Marketing problem	1	3	1	5
	20%	60%	20%	100%
Machinery problem	5	0	0	5
	100%	-	-	100%
Inefficient workforce	3	2	0	5
	60%	40%	-	100%
Licensing problem	1	1	3	5
	20%	20%	60%	100%
Quota problem	4	1	0	5
	80%	20%	-	100%
Poor government policy	3	2	0	5
	60%	40%	-	100%
Labor unrest/ strike	5	0	0	5
	100%	-	-	100%
Middle man affect	1	3	1	5
	20%	60%	20%	100%

Some Problems of RMG Sectors	High	Medium	Low	Total
Unloading (RM) takes time	2	2	1	5
	40%	40%	20%	100%
Communication gap	1	2	2	5
	20%	40%	40%	100%
Trade block	0	2	3	5
	-	40%	60%	100%
Sluggish business linkage	0	2	3	5
	-	40%	60%	100%
Time consuming schedule	2	3	0	5
	40%	60%	-	100%
Credit problem	2	3	0	5
	40%	60%	-	100%

Source : Zafour Md. Abu, 2009-10, "Problem and Prospect of Garments Industry in Bangladesh" Bangladesh Studies Vol.7

of ships. Low working salary is a vital fact which makes the labor conflict. Worker made strike, layout to capture their demand. Some time bonus and the overtime salary are the important cause of crisis. Insufficient government policy about this sector is a great problem in Garments Company. A garment factory in Bangladesh provides employment to 40 percent of industrial workers. But without the proper laws the worker are demanding their various wants and as a result conflict is began with the industry. The garment industry of Bangladesh has been the key export division and a main source of foreign exchange for the last 25 years. National labor laws do not apply in the EPZs, leaving BEPZA in full

control over work conditions, wages and benefits. There are some other problems which are associated with this sector. Those are- lack of marketing tactics, absence of easily on-hand middle management, a small number of manufacturing methods, lack of training organizations for industrial workers, supervisors and managers, autocratic approach of nearly all the investors, fewer process units for textiles and garments, sluggish backward or forward blending procedure, incompetent ports, entry/exit complicated and loading/unloading takes much time, time-consuming custom clearance etc. According to our survey in ten leading Companies we found some problems which are given in a Table 2 with their percentage.

10. Recommendations and Conclusion

Bangladesh faces the challenge of achieving accelerated economic growth and alleviating the massive poverty due to the barriers in the way to development of RMG sector that afflicts nearly two-fifths of its 135 million people. To meet this challenge, market-oriented liberalizing policy reforms were initiated in the mid-1980s and were pursued much more vigorously in the 1990s. The average annual growth in per capita income had steadily accelerated from about 1.6 per cent per annum in the first half of the 1980s to 3.6 percent by the latter half of the 1990s. During the 1990s, notable progress was made in economic performance. Along with maintaining economic stabilization with a significantly reduced and declining dependence on foreign aid, the economy appeared to begin a transition from stabilization to growth. Bangladesh was in fact among the top performing countries in the 1990s, when measured by its improvement in the Human Development Index (HDI) as estimated by the United Nations Development Project (UNDP). In terms of the increase in the value of HDI between 1990 and 2001, Bangladesh is surpassed only by China and Cape Verde.

While most low-incoming countries depend largely on the export of primary commodities, Bangladesh has made the transition from being primarily a jute-exporting country to a garment-exporting one. This transition has been dictated by the country's resource endowment, characterized by extreme land scarcity and a very high population density, making economic growth dependent on the export of labor-intensive manufactures. In the wake of the 2001 global recession, Bangladesh's reliance on foreign countries as a market for exports and as a source of remittances has become obvious. If Bangladesh is to become less vulnerable to the economic fortunes of others, it will need to strengthen its domestic economy, creating jobs and markets at home. A strong domestic sector and an improved overall investment environment will provide a more stable source of income - like what the garment industry has provided so far - and will rekindle and sustain Bangladesh's economic growth. These reforms were particularly aimed at moving towards an open economic regime by overcoming all barriers in RMG sector.

References

- Abdullah, Md. Abu Yousuf, 1997, "International Trade Implications and Future of Ready-Made Garments Sector of Bangladesh"
Journal of Business Administration, Vol. 23, No. 3 & 4, Page 41-69.
- Azim, M. Tahlil, and NasirUddin, 2003, "Challenges for Garments Sector in Bangladesh After 2004: Avenues for Survival and Growth"
Bangladesh Institute of International and Strategic Studies Journal, Vol. 24, No. 1, Page 49-82.
- Bhattacharya, D and M. Rahman, 2000, "Experience with Implementation of WTO-ATC and Implications for Bangladesh", CPD Occasional Paper Series, Paper 7.
- Centre for Policy Dialogue, 1999, "The Textile and Clothing Industry of Bangladesh: In a Changing World Economy", CPD Dialog Report No. 18, Dhaka, Bangladesh, 2003, "Coping with Post-MFA Challenges: Strategic Responses for Bangladesh RMG Sector", CPD Dialog Report No. 55, Dhaka, Bangladesh.
- Jahan, Sarwat, 2005, "The End of Multi-Fiber Arrangement: Challenges and Opportunities for Bangladesh",

WBI Policy Note. Mlachula, Montfort and Yongzheng Yang, 2004, "The End of Textiles Quotas: A Case Study of the Impact on Bangladesh", IMF Working Paper WP/04/08.

The Factories Act, 1965. Islam, Sadequl, 2001, The Textile and Clothing Industry of Bangladesh in a Changing World Economy, CPD and The University Press Ltd. BEPZA Annual report 2007-2010. ADB report -2005.

World Trade Organization, 2006, "Trade Policy Review", Geneva.

Zafour, Md. Abu, 2009-10, "Problem and prospect of Garments Industry in Bangladesh" Bangladesh Studies Journal, Vol. 7.

www.epb.gov.bd, www.bgmea.com.bd, www.scribd.com

Name of the Listed Organizations in Bangladesh :

Appendix-1: Name of the Listed Organizations in Bangladesh

<i>Sl No.</i>	<i>Name of Organizations</i>	<i>Sl No.</i>	<i>Name of Organizations</i>
1.	<i>Matrix Garments Ltd.</i>	6.	<i>K.B Apparels Ltd.</i>
2.	<i>Concord Garments Ltd.</i>	7.	<i>Tokio Model Ltd.</i>
3.	<i>Adorn Fashion Ltd.</i>	8.	<i>Riverside Sweaters Ltd.</i>
4.	<i>Desh Garments Ltd.</i>	9.	<i>Posmi Sweaters Ltd.</i>
5.	<i>Millennium Garments Ltd.</i>	10.	<i>Delta Spinning Ltd.</i>

Appendix-2: Survey Questionnaire

1. What is the present condition of your organization?

2. What are the benchmarks for performance measurement in your organization?

3. What is the exporting condition of your organization?

4. How does your organization play role to the economy of Bangladesh?

5. What are the main obstacles for developing your organization?

6. What are the remedial measures you have taken to overcome these obstacles?

7. What are the main responsibilities in your organization?

8. What are your recommendations for developing in RMG industries in Bangladesh?
