

**“Prospects of Readymade Garments (RMG) Industry in the
Development of Bangladesh (A Study on KP International,
Uttara EPZ, Nilphamari)”**

An Internship Report

BY

NAWAID AHMED

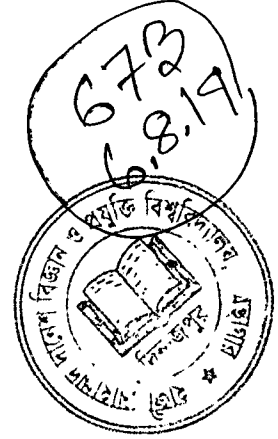
Student ID: 1305132

MBA, 5th Batch

Session: 2013-14

Department of Marketing

HSTU, Dinajpur-5200.



MASTER OF BUSINESS ADMINISTRATION (MBA)

This Report is submitted to the Department of Marketing, Faculty of Post Graduate Studies, Hajee Mohammad Danesh Science and Technology University as a partial for the fulfillment of the requirements for the degree of Masters of Business Administration (MBA) of 2014



Department of Marketing

HAJEE MOHAMMAD DANESH SCIENCE & TECHNOLOGY UNIVERSITY, DINAJPUR

May, 2014

AN INTERNSHIP REPORT

ON

“Prospects of Readymade Garments (RMG) Industry in the Development of Bangladesh (A Study on KP International, Uttara EPZ, Nilphamari)”



This Report is submitted to the Department of Marketing, Faculty of Post Graduate Studies, Hajee Mohammad Danesh Science and Technology University as a partial for the fulfillment of the requirements for the degree of Masters of Business Administration (MBA) of 2014

Supervised by

Abul Kalam

Assistant Professor and Chairman,

Department of Marketing

Faculty of Business Studies

HSTU, Dinajpur-5200.

Submitted by

Nawaid Ahmed

MBA (5th Batch)

Student ID- 1305132

Department of Marketing

Session: 2013-14

Department of Marketing

**HAJEE MOHAMMAD DANESH SCIENCE AND TECHNOLOGY
UNIVERSITY, DINAJPUR-5200.**


May, 2014

DEDICATED TO
MY PARENTS
MOKHTER AHMED
&
SHAHEDA KHATUN

ACCEPTANCE LETTER

This is to certify that a bona-fide internship report entitled "**Prospects of Readymade Garments (RMG) Industry in the Development of Bangladesh (A Study on KP International, Uttara EPZ, Nilphamari)**" is submitted by **Nawaid Ahmed** having MBA degree under the Faculty of Post Graduate Studies, Hajee Mohammad Danesh Science & Technology University, bearing **Student No.1305132**, Session 2013-14 as a partial requirement for the award of the degree of MBA is an original work with pioneering efforts.

I wish his at every success in life.


.....
22.05.14

Supervisor

Abul Kalam

Assistant Professor and Chairman,

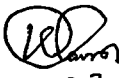
Department Of Marketing

HSTU, Dinajpur-5200.

Supervisor's Declaration

I hereby declare that **Nawaid Ahmed**, Student no. 1305132, MBA, 5th Batch, have submitted his internship report entitled "**Prospects of Readymade Garments (RMG) Industry in the Development of Bangladesh (A Study on KP International, Uttara EPZ, Nilphamari)**" after completing his internship program under my supervision and Guidance. He has not copied from any other work. This is an Original work. This report has been submitted in partial fulfillment of the requirement for the degree of Masters of Business Administration (MBA) at Hajee Mohammad Danesh Science and Technology University, Dinajpur-5200.

Therefore, he is directed to submit his Report fir Evaluation. I wish him Success at every sphere of his Life.


.....22.05.12

Abul Kalam

Assistant Professor and Chairman,

Department of Marketing


Faculty of Business Studies

HSTU, Dinajpur-5200

Co-Supervisor's Declaration

I hereby declare that **Nawaid Ahmed**, Student no. 1305132, MBA, 5th batch, have submitted his internship report entitled "**Prospects of Readymade Garments (RMG) Industry in the Development of Bangladesh (A Study on KP International, Uttara EPZ, Nilphamari)**" after completing his internship program under my supervision. This report has been submitted in partial fulfillment of the requirement for the degree of Masters of Business Administration (MBA) at Hajee Mohammad Danesh Science and Technology University, Dinajpur-5200.

Therefore, he is directed to submit his Report for Evaluation. I wish him Success at every sphere of his Life.

 22.05.14

.....
Md. Shamim Hossain

Lecturer,

Department of Marketing

Faculty of Business Studies

HSTU, Dinajpur-5200

Student's Declaration

The discussing report is the terminal formalities of the internship program for the degree of Master of Business Administration (MBA), Faculty of Postgraduate Studies at Hajee Mohammad Science and Technology University. This is compact professional program rather than specialized. This report has prepared as per academic requirement after the successfully completing of 3 months internship program under the supervision of my honorable supervisor **Abul Kalam, Assistant Professor and Chairman**, Department of Marketing .It is my pleasure and great privilege to submit my report titled "**Prospects of Readymade Garments (RMG) Industry in the Development of Bangladesh (A Study on KP International, Uttara EPZ, Nilphamari)** ", as the presenter of this report; I have tried my best get together as much information as possible to enrich the report. I believe that it was a fascinating experience and it has enriched both my knowledge and experience.

However, after all this, as a human being, I believe everyone is not beyond of limitation. There might have problems regarding lack and limitation in some aspects and also some minor mistake such as syntax error or typing mistake or lack of information. Please pardon me for that mistake and clarify these of my further information on those matters.

Nawaid Ahmed
22/05/14
.....
Nawaid Ahmed
Student ID: 1305132
MBA- 5th Batch
Session: 2013-14
Department of Marketing
HSTU, Dinajpur.

Letter of Transmittal

25 May, 2014

Abul Kalam

Assistant Professor and Chairman,

Department of Marketing

Faculty of Business Studies

HSTU, Dinajpur-5200.

Subject: Submission of Internship Report on **"Prospects of Readymade Garments (RMG) Industry in the Development of Bangladesh (A Study on KP International, Uttara EPZ, Nilphamari) "**.

Dear Sir,

It is a great pleasure for me to submit my Internship paper on the topic **"Prospects of Readymade Garments (RMG) Industry in the Development of Bangladesh (A Study on KP International, Uttara EPZ, Nilphamari) "**. I have prepared this report, as a fulfillment of the course requirement. To make this report up to the standard, I have tried my best to fulfill the requirements. I hope that this will help me in my future practical life.

I believe that you will be pleased to see my work. I also believe that this report will be able to fulfill your expectation.

Thanking You.

Sincerely yours

Nawaid Ahmed
22/05/14

Nawaid Ahmed

Student ID: 1305132

MBA- 5th Batch

Session: 2013-14

Department of Marketing

HSTU, Dinajpur.

PREFACE

Education is the backbone of a nation. Education is the basic element to achieve knowledge. Basically there are two parts of education for achieving knowledge. One is called theoretical knowledge and other is called practical knowledge. Practical knowledge is very much important to acquire a complete knowledge on any subject. Without practical knowledge theoretical knowledge is incomplete. In this connection, Internship is very important way for gaining practical experience.

I selected topics on **“Prospects of Readymade Garments (RMG) Industry in the Development of Bangladesh (A Study on KP International, Uttara EPZ, Nilphamari)”**, as my field to conduct my internship program, which runs for six months only. I was very much eager to perform exclusive internship here but due to time constrain and some other obstacles, I have to restrict. Though I tried my best to collect relevant and significant data as much as possible and prepared the report with my best effort. I regret for my undue mistakes in this report. If the report do little support to any student, teacher, researcher or analyst, I may consider my effort does not go in vain.

Acknowledgement

With great pleasure and happiness, I want to give thanks to Almighty Allah who helps me to complete my Internship program successfully.

I am very much grateful to my favorite teacher **Abul Kalam, Assistant Professor and Chairman, Department of Marketing**, who has supervised my internship program. Without his kind assistance, my desire to do something better cannot be fulfilled.

I am also grateful to the co – supervisor **Md. Shamim Hossain, Lecturer, Department of Marketing** for his kind permission to do my internship program.

I am grateful to my honorable teachers, friends specially **Md. Nazir Hossen**. And associates who helped and co-operated me to a great extent during the study.

I owe a lifelong debt to my parents, brother, and sister for their kind and moral support, innumerable sacrifice of keen interest and encouragement in my education. So, I apologize for the mistakes in this report.

At last but not the least, the Hajee Mohammad Danesh Science and Technology University, Dinajpur for giving me an opportunity to complete my MBA degree and give me a scope to gather practical experience and enrich my knowledge.

May ALLAH bless all of the people, I would like to thank from the deep of my heart to those people who are related with making of this report and make it a success.

The Author
May, 2014

Abstract

The paper attempts to identify the prospects of Readymade Garments (RMG) Industry in the development of Bangladesh. It highlights MFA, post-MFA period by analyzing the current scenario, strength and weakness of Bangladesh's RMG and potential competitiveness in the world market in the coming years. This paper views the emergence of RMG industry and the effect of it in the economy of Bangladesh. 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 under the quota system of MFA. The abolition of quota system thus brings new challenges for Bangladesh's apparel industry to continue its current status and enhance it in a free flow of apparel trade era. In this paper, I am going to explore these possibilities. In order to do so, in first and second section, I will discuss the emergence and structure of the RMG industry in Bangladesh. The third section will discuss the post-MFA era, fourth and fifth section will be devoted for the prospects, challenges and strategies for Bangladesh's RMG in new world trade order in apparel. The future of Bangladesh will become more effective by the contribution of RMG industry in our country.

CONTENTS

Chapter	Topics	Page No
CHAPTER ONE		1-6
1.1	Introduction	1
1.2	Importance of the Study	3
1.3	Literature review	4
1.4	Objectives of the study	6
1.5	Limitation of the Study	6
CHAPTER TWO		7
2.1	History of KP International, Uttara EPZ, Nilphamari	7
CHAPTER THREE		8
3.1	Methodology	8
CHAPTER FOUR		9-40
4.1	Readymade Garments (RMG)	9
4.2	History of Readymade Garments (RMG) Industry	10
4.3	History of Readymade Garments (RMG) Industry in Bangladesh	11
4.4	Impact of RMG in Bangladesh Economy	12
4.5	Multi-Fibre Agreement (MFA)	15
4.6	Phase-out of the MFA and the Performance of the Apparels Sector	16
4.7	Economic history	18
4.8	Manufacturing and Industry	20
4.9	Investment	22
4.10	External trade	22
4.11	Bangladeshi women and the economy	24
4.12	Foreign Remittance Earnings	26
4.13	Noticeable Social Changes (impact on society)	26
4.14	Prospects of RMG in the Development of Bangladesh	28
4.15	Export Promotion Bureau (EPB)	28
4.16	Bangladesh Garment Manufacturers and Exporters Association (BGMEA)	29
4.17	Bangladesh Knitwear Manufacturers & Exporters Association (BKMEA)	30
4.18	Bangladesh Export Processing Zones Authority (BEPZA)	31
4.19	Export Processing Zone (EPZ)	37
4.20	Data Related to KP International	39

CHAPTER FIVE		41-43
5.1	Recommendation	41
5.2	Conclusion	43
References		44-47

LIST OF TABLES

<i>Table No.</i>	<i>Topics</i>	<i>Page No.</i>
1	Contribution of RMG Industry in National Economy	19
2	Foreign Remittance Earnings 2007-2013	26
3	Comparative Export Performance of Bangladeshi Knit Production Major Importing Countries	32
4	Region wise Export Performance Financial Year 2011-12 & 2012-13	33
5	Export Performance of RMG over Government's Strategic Target for 2013-14	34
6	Main Apparel items Exported from Bangladesh	35
7	Bangladesh's RMG Exports to world, FY 2012-13 & 2013-14	36
8	Name of Enterprise, Investing Country and Products of Uttara EPZ	38
9	Manpower of KP International	39
10	Number of Workers of KP International	39
11	Education Level of workers of KP International	40
12	Export and growth rate of KP International	40

LIST OF FIGURES

<i>Figure No.</i>	<i>Topics</i>	<i>Page No.</i>
1	Comparative Export Performance of Bangladeshi Knit Production Major Importing Countries	32
2	Region wise Export Performance Financial Year 2011-12 & 2012-13	33
3	Export Performance of RMG over Government's Strategic Target for 2013-14	34
4	Main Apparel items Exported from Bangladesh	35

CHAPTER-ONE

1.1 Introduction:

Readymade Garments (RMG) are mass-produced finished textile products of the clothing industry. They are not custom tailored according to measurements, rather generalized according to anthropometric studies. They are made from many different fabrics and yarns. Their characteristics depend on the fibers used in their manufacture.

The RMG industry in Bangladesh has developed from outside pressure rather than emerging to meet local demands. The increasing wages in the clothing producing countries paved the way to establish RMG industry in Bangladesh, as the countries started looking for low-wage situation of factories. The industry is the most prominent export oriented industry of the country which has achieved very significant growth during last two decades. Now there are about 5600 RMG industries in the country with export earnings of \$6.40 billion per year. The industry employs about 4.40 million workers with 80% participation of women labor force. RMG industry alone fetches 81.39% of the total export earnings of the country. The export income from the industry is among one of the top three sources of economic development and GDP growth of the country. Two factors such as cheap labor force and captive market under quota system facilitated the development of RMG industry in Bangladesh. The favorable policies of the governments in the form of duty, preferential tax, tax holidays, duty free machinery inputs, central warehouse facilities, letter of credit facilities without deposit, loans at low interest rate etc. have also supported the growth of the industry.

The Readymade Garments (RMG) sector has a greater potential than any other sector to contribute to the reduction of poverty in Bangladesh. The sector rapidly became important in terms of employment, foreign exchange earnings and its contribution to Gross Domestic Product (GDP). The RMG industry has been Bangladesh's key export industry and a main source of foreign exchange for the last 25 years. As a result of an insulated market guaranteed by Multi-Fibre Agreement (MFA) of General Agreement Tariff and Trade (GATT) and supportive policies of the Government of Bangladesh (GoB), it attained a high profile in terms of foreign exchange earnings, exports, industrialization and contribution to the GDP within a short period RMG products are exported mainly to the United States of America and the European Union. The 100 percent export-oriented readymade garments (RMG) industry of Bangladesh has witnessed remarkable growth since its inception in the late 1970s.

Paradoxically, this flagship industry of Bangladeshi private entrepreneurial talent took roots through the first export consignment of shirts from Bangladesh made by the state-trading agency, the Trading Corporation of Bangladesh (TCB), in the mid-1970s under countertrade arrangements and the destination was some East European countries. Subsequently, however, private entrepreneurs entered the industry and phenomenal growth took place in RMG exports from Bangladesh. The industry has also provided employment to nearly 2 million workers, most of them women drawn from the rural areas. Explosive growth of RMG exports is of course not unique to Bangladesh. The annual compound growth rate of RMG export industries in Indonesia (31.2%), Mauritius (23.8%), and Dominican Republic (21.1%) compares favourably with that of Bangladesh (81.3%) over the 1980-87 period.

In this regard, special attention will be paid to an examination of the role played by the RMG entrepreneurs, in particular how the social background of the entrepreneurs in this industry, many of whom were former civil servants, military officials and politicians, enabled them to overcome the adverse effects of mis governance. While inappropriate government policy can spell disaster for an industry, by the same logic, sound economic policy of the government can stimulate industrial growth. There is an unanimity of opinion among scholars that the changing structure of the global apparel industry has been uniquely fashioned by the MFA Quota system used by developed importing countries which restricted export supplies of garments to these markets from established supplying countries and thereby paved the way for the emergence of new garments exporting countries. Since May 2006, the RMG industry of Bangladesh has been beset with very serious labor unrest problems which has resulted in large-scale damaging of garment factories by the workers and has at times appeared to threaten the very existence of this industry. The major bone of contention between the RMG factory owners and the workers has been the allegedly low level of wages paid in this industry, particularly wages paid to unskilled workers, together with other issues like late payment of wages, lack of security of workers resulting from absence of a formal contract between the worker and the employer, nonpayment of maternity and other benefits to female workers, etc. These issues, which form part of what is commonly known as 'compliance with social standards', have also posed problems for Bangladesh's RMG industry on the external front for the past few years during which time foreign buyers of Bangladesh's garments have insisted on strict social compliance on the part of RMG enterprises in Bangladesh as a pre-condition for their importation from this country.

1.2 Importance of the Study:

The study on the prospect of RMG industry for the development of Bangladesh is important because RMG industry alone produces 81.39% of the total export earnings of the country. The emergence of readymade garments of Bangladesh in the field of export surprised the overall export market in the world. Every year RMG industry of Bangladesh is getting better performance and breaking the previous record created by it. Two factors such as cheap labor force and captive market under quota system facilitated the development of RMG industry in Bangladesh. The favorable policies of the governments in the form of duty, preferential tax, tax holidays, duty free machinery inputs, central warehouse facilities, letter of credit facilities without deposit, loans at low interest rate etc. have also supported the growth of the industry. The importance of RMG Industry in Bangladesh is compulsory for the following reasons:

- For the development of National Economy.
- For the overall growth of the industry in World Economy.
- For improving the standard of living in Bangladesh.
- For establishing a place of safety for the workers in the workplace.
- For improving the level of skill of the workers day after day.
- For ensuring women empowerment for the development of Bangladesh.
- For creating favorable environment of export with the help of the government.
- For ensuring foreign exchange earnings each year over the target of the industry.
- For establishing overall development of Bangladesh.

1.3 Literature review:

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) study by Salma.

Chowdhury and Protima Mazumdar (1991) and the Bangladesh Unnayan Parisad (1990) study on this topic. 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 sector. Professor Muzaffar Ahmad looks at the industrial organization of the sector and discusses robustness and long-term viability of apparel manufacturing in Bangladesh. Wiigton (2000) provides a good overview of this industry, especially the developments in the early years. One of the few studies on the Bangladesh apparel industry to be published in a reputed journal in the U.S. is that of Yung Whee Rhee (2003) who presents what he calls a “catalyst model” of development. The Bangladesh Planning Commission under the Trade and Industrial Policy (TIP) project also commissioned several studies on the industry. Hossain and Brar (2004) consider some labor-related issues in the garment industry. Quddus (2006) presents a profile of the apparel sector in Bangladesh and discusses some other aspects of the industry. Quddus (2006) presents results from a survey of apparel entrepreneurs and evaluates the performance of entrepreneurs and their contribution to the success of this industry. Islam and Quddus (2006) present an overall analysis of the industry to evaluate its potential as a catalyst for the development of the rest of the Bangladesh economy. Ahmed(1994) in his paper ‘ Prospects of Bangladesh Garments Business in Japan’ has made attempt to describe the achievement of the Uruguay Round and forecast its likely adverse impact on the readymade garments (RMG) export from Bangladesh and suggested some measured to overcome these effects. Hussain (1999), in his article stressed the need to “Add Value”, the writer believed that negative of Bangladesh in the eyes of the western buyers could easily be changed. A new image of Bangladesh as a reliable producer of the value added garments were logical, compelling, believable and hence easy to sell. Kumar (2006) focusses; Garments workers are concerned with long working hours or double consecutive shifts, personally unsafe work environment, poor working conditions, wage and gender discrimination. Indeed, employers treat the RMG workers as slaves, exploiting workers to increase their profit margins and keep their industry competitive in the

face of increasing international competition (Kumar A., 2006). Continuous work schedule, wage penalties, physical and verbal abuse are common. Women workers face physical abuse and sexual harassment inside as well as outside the factories, but management does not ensure the security of women workers. Alam (2004) suggested regulatory measures and its strict implementation and monitoring by the government agency that could overcome work place in security problem of garments workers in Bangladesh. Labour unrest⁴ is common in the RMG sector. In most cases, employers do not draw attention to workers' rights and ignore labour standards and discarding fair labour practices. Formation of a trade union is often thwarted by severe repression, dismissal, arrest, assault by hooligans hired by employers, and other practices which are in violation of the international labour standards⁵ and Codes of Conduct (ILO, 2003). Morshed advocates the key role of Cambodian labour unions in the clothing sector and as mediator's between workers and factory owners to settle disputes and discuss wages (Morshed, 2007). To avoid unrest in the RMG sector, Khan (2006) argued for strengthening Social compliance issues and labour standards to improve wages, working hours, overtime, job security, the right to form trade unions, social security and also occupational health and safety.

Bangladesh is considered to have the child labour problem especially in the RMG sector. In most cases, children often commence work at a very young age; as a result, they are suffering serious injuries and sometimes death in the workplace (Rahman, Khanam, and Nur 1999). Bangladeshi exporters have been under continuous pressure to comply with international labour standards. Ensuring Social compliance is very important in the garments industries to both maintain quality of products as well as meeting the expectations of the export market. However, Bangladeshi exporters have been under continuous pressure to comply with international labour standards. Therefore, an effective initiative by the Government in this regard can provide a basis for negotiating with buyers for a unique set of Codes of Conduct, based on national laws and core labor standards. Khan (2006) suggested that NGOs, civil society, trade unions and other stakeholders should work together to adopt the Code of Conduct for a viable and competitive RMG industry. The government, NGOs, international agencies, buyers and other stakeholder groups promote full compliance with mandatory requirements as specified in the law.

1.4 Objectives of the study:

The study deals with the overall activities and prospect of Readymade Garments (RMG) Industry in the development of Bangladesh. The main objective of my study is to investigate the development of RMG Industry in Bangladesh. The objectives are dealing with history as well as the prospect and impact of RMG in Bangladesh. The main four objectives are given as follows:

1. To know the history of Readymade Garments (RMG) industry in Bangladesh.
2. To measure the impact of RMG in Bangladesh Economy.
3. To analyze the prospects of RMG Industry for the development of Bangladesh.
4. To observe the business process of KP International, Uttara EPZ, Nilphamari.

1.5 Limitation of the Study:

Limitation refers the obstacles I have to face for completing this report and what I could not cover for this limitation. In interviewing period, a significant amount of avoiding attitude from the key executives of KP International creates problem. Even some executives have shown hesitation to provide the needed information. The published data provides lack of details regarding the report. The other problem was the inconsistency of data. The data of Bangladesh Garments Manufacturers and Exporters association (BGMEA) differ slightly from Export Promotion Bureau (EPB). As a result the considering data were confusing to add for the report. Time was not sufficient to complete the full study on the prospects of Readymade Garments Industries in the development of Bangladesh. For the study the selected garments industry KP International was a less mature industry and I had to study on short term data and information regarding to it.

- Time constraint
- Lack of accuracy of the data.
- Less involvement by the industry's management.
- Manager does not have enough time to give the information elaborately.
- Lack of organizing chain of command.
- Insufficient data provided by the organization.

In spite of these problems and limitations, I have completed the study with the fulfillment of selected objectives.

CHAPTER-TWO

2.1 History of KP International, Uttara EPZ, Nilphamari

In May 15, 2005 report says dynamism is being witnessed at Uttara Export Processing Zone (UEPZ) at Nilphamari amidst new investments by local and multinational entrepreneurs with their productions about to start soon, competent sources said, reports BSS. UEPZ sources said that after a three-years of its running with a single industry, three domestic companies along with a multinational one with a combined investment of Taka 100 crore will have their production starting from the current year.

A local entrepreneur **KP International** is investing Taka 60 crore in Garments sector, sources added. The new industries are expected to go into operation by coming June creating job opportunities for some 10,500 people. Sources said many entrepreneurs seemed to have been attracted by UEPZ as it has more requisite facilities than other EPZs in the country except those located in Dhaka and Chittagong. Project Director of UEPZ Shah Alam Sarker said monthly rent is US \$ 1.25 per square meter for readymade factory while yearly rent is US \$ 1 for per square meter of land, which are half of other EPZs. The UEPZ was established on a 265 acres of land acquired from Bangladesh Railways with the target to construct 154 industrial plots in 2001. But so far only 66 plots could be made ready for allotment after spending Taka 35 crore. Aimed at creating employment opportunities for 35,000 people, the EPZ was set up expecting an investment of Taka 365 crore and an export target fixed at Taka 485 crore per year. EPZ officials said a local company named KP International, which has invested Taka 60 crore in garments sector is scheduled go into operation by March 26,2005. The process of appointing 10,000 workers for the factory is underway, officials said. Chairman of KP International Parvez Khan understand that the Uttara EPZ is suitable for both garments and agro- based industries. He described trained and skilled workers and their easy availability at minimum remuneration are positive points contributing to potentials of the UEPZ. Pointing to the abundance of farm products in the region, Khan said instead of gas-based industries since the region have no gas facility, more and more agro-based industries could be established in the region. President of Syedpur Chamber of Commerce and Industry Sohel Parvez said some more supportive steps like extension of bank loan should be given to encourage the domestic and local entrepreneurs to invest here. He also emphasized on the establishment of land port at Chilahati, launching of cargo service at Syedpur Airport and extension of railway route to connect the UEPZ.

CHAPTER-THREE

3.1 Methodology:

Methodology defines how we go through all the processes of research and how I have proceeded on. This report has been prepared on the basis of experience gathered during the period of internship. It refers on the basis of both primary and secondary data. The data collection method considers the following:

A) Primary Data:

The primary data are those which are collected a fresh and for the first time and thus happen to be original in character. For gathering information I communicated with Managing Director, General Manager, Production Manager, Assistant Manager, Officers and different working employees of the garment factory of K.P International, Uttara EPZ, Nilphamari.

Observation Method:

The primary data was collected by the help of observation method. I have visited all the production unit of KP International for collecting information of my report. By the observation of different units of the industry my primary data collection completed.

B) Secondary Data:

The steps of conducting the report and the explanation of the sources of secondary data are as follows:

- Case Studies.
- Different organization.
- Literature Reviews.
- Internet.
- Online Reports.
- Annual reports.
- Assignments.
- Newspaper reports.

CHAPTER-FOUR

4.1 Readymade Garments (RMG):

Ready-made garments are mass-produced finished textile products of the clothing industry. They are made from many different fabrics and yarns. Their characteristics depend on the fibers used in their manufacture. Ready-made garments are divided into the following types:

- (a) Outer clothing: workwear and uniform, leisure wear, sportswear (e.g. suits, pants, dresses, ladies' suits, blouses, blazers, jackets, cardigans, pullovers, coats, sports jackets, skirts, shirts (short- or long-sleeved), ties, jeans, shorts, T-shirts, polo shirts, sports shirts, tracksuits, bathing shorts, bathing suits, bikinis etc.)
- (b) Underclothing (underwear): jersey goods, lingerie (e.g. underpants, undershirts, briefs, socks, stockings, pantyhose etc.)

Most jersey underwear consists of knitwear made from cotton or synthetic filament warp-knit goods (Dederon, nylon). Knitwear is divided into fully fashioned and cut goods:

Fully fashioned jersey goods are produced in finished form and size with securely finished edges; they are a high-quality product, as the loops cannot run at the edges.

Cut jersey goods are cut from tubular knit piece goods and sewn together; they are a lower value product, as the loops can run at the edges and the fit of the garment is not as good as in the case of fully fashioned jersey goods as the knitted fabric may twist out of shape.

4.2 History of Readymade Garments (RMG) Industry:

The textile and garment industries were developed at very early stage of human history. The textile and clothing industry worked as the engine of growth and played the most contributory role in the economic development of almost all countries, both develop and developing alike. In all countries, at the beginning, garments used to be made at home mostly by female members of the family. With the development and diversification of economic activities, the specialization of trade occurred. The weavers produced fabrics and made that available in the market. The consumers bought the fabrics and made by the local tailors. Overtime, personal income and living standard of the society improved. The origin of apparel industry goes back to Britain. In 1700 a single London Merchant reportedly kept one thousand suits in stock. However the organized RMG factories emerged in the 19th century in Britain.

Later on the apparel industry was developed under patronization of colonial power. Historically, the textile and apparel industries have been very important in the US economy in terms of industrialization, output and employment. The European colonist in the USA made efforts to produce their own fabrics with a view to reducing their dependence on England. The private entrepreneurs took initiatives to establish this industry. The USA adopted the textile technology and factory system developed by Britain only in the early 19th century. The European immigrants, particularly the immigrants from British origin carried the culture of "readymade garments" to USA. The first large scale production of ready-to-wear garment (military uniform) in USA started in Philadelphia in 1812. By 1813, some 430 firms were doing clothing business in New York City. By 1850, the textile and clothing became the largest industries of USA.

1950 was the beginning of RMG in the Western world. In order to control the level of imported RMG products from developing countries into developed countries, the Multi Fibre 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. Some Bangladeshis received free training from the Korean Company Daewoo. After these workers came back to Bangladesh, many of them broke ties with the factory they were working for and started their own factories.

The apparel industry all over the world grew with economic and social development. In Asia, Japan was the first country where large scale organized apparel industry was developed for both domestic and international market. As the rich countries went for outsourcing, the export oriented apparel industry grew in the developing and least developed countries. In some countries the RMG industry has been developed as 100% export oriented industry since 1970s. In South Asia, export oriented RMG industry grew in India in early 1970s and mid-seventies in Sri Lanka and Pakistan. The RMG industry in Bangladesh started in the late seventies as 100% export-oriented RMG industry. There are several other countries, particularly in the Caribbean, where RMG industry operates as 100% export-oriented.

4.3 History of Readymade Garments (RMG) Industry in Bangladesh:

Like other 3rd world countries Bangladesh is a developing country. Her economic development depends firstly on agriculture and secondly on industry. Although Bangladesh is not developed in industry, it has been enriched in Garment industries in the recent past years. In the field of Industrialization garment industry is a promising step. It has given the opportunity of employment to millions of unemployed, especially innumerable uneducated women of the country. It is making significant contribution in the field of our export income. Once the cloth of Bangladesh achieved worldwide fame specially muslim and jamdani cloth or our country was used as the luxurious garments of the royal figures in Europe and other countries. The British rulers in India did not develop our cloth industries at all. Rather they destroyed them and imported cloths from England. Garment Industry Large-scale production of readymade garments (RMG) in organized factories is a relatively new phenomenon in Bangladesh. Until early sixties, individual tailors made garments as per specifications provided by individual customers who supplied the fabrics. The domestic market for readymade garment, excepting children wears and men's knit underwear (genji) was virtually non-existent in Bangladesh until the sixties. Since the late 1970s, the RMG industry started developing in Bangladesh primarily as an export-oriented industry although; the domestic market for RMG has been increasing fast due to increase in personal disposable income and change in life style. The sector rapidly attained high importance in terms of employment, foreign exchange earnings and its contribution to GDP. Most importantly, the growth of RMG sector produced a group of entrepreneurs who have created a strong private sector. Of these entrepreneurs, a sizeable number is female. A woman entrepreneur established one of the oldest export-oriented garment factories, the Baishakhi Garment in 1977. Many women hold top executive positions in RMG industry. The hundred percent export-oriented RMG industry experienced phenomenal growth during the last 15 or so years. In 1978, there were only 9 export-oriented garment manufacturing units, which generated export earnings of hardly one million dollar. Some of these units were very small and produced garments for both domestic and export markets. Four such small and old units were Reaz Garments, Paris Garments, Jewel Garments and Baishakhi Garments. Reaz Garments, the pioneer, was established in 1960 as a small tailoring outfit, named Reaz Store in DHAKA. It served only domestic markets for about 15 years. In 1973 it changed its name to M/s Reaz Garments Ltd. and expanded its operations into export market by selling 10,000 pieces of men's shirts worth French Franc 13 million to a Paris-based firm in 1978. It was the first direct exporter of

garments from Bangladesh. Desh Garments Ltd, the first non-equity joint-venture in the garment industry was established in 1979. Desh had technical and marketing collaboration with Daewoo Corporation of South Korea. It was also the first hundred percent export-oriented company. It had about 120 operators including 3 women trained in South Korea, and with these trained workers it started its production in early 1980. Another South Korean Firm, Youngones Corporation formed the first equity joint-venture garment factory with a Bangladeshi firm, Trexim Ltd. in 1980. Bangladeshi partners contributed 51% of the equity of the new firm, named Youngones Bangladesh. It exported its first consignment of padded and non-padded jackets to Sweden in December 1980. Till the end of 1982, there were only 47 garment manufacturing units. The breakthrough occurred in 1984-85, when the number of garment factories increased to 587.

At present there are about 5000 garment industries in the country and 75 percent of them are in Dhaka. The rest are in Chittagong and Khulna. These Industries have employed fifty lacks of people and 85 percent of them are illiterate rural women. About 76 percent of our export earning comes from this sector. 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, and 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 for. It is an epoch making event in the history of Bangladesh.

4.4 Impact of RMG in Bangladesh Economy:

The **economy of Bangladesh** is a rapidly developing market-based economy. Its per capita income in 2012 was estimated to be US\$2,100 (adjusted by purchasing power parity). According to the International Monetary Fund, Bangladesh ranked as the 37th largest economy in the world in 2012 in PPP terms and 36th largest in nominal terms with a gross domestic product of US\$397 billion in PPP terms and US\$174 billion in nominal terms. The economy has grown at the rate of 6-7% per annum over the past few years. The growth potential of the economy has led to Bangladesh's inclusion in the Next Eleven (N-11) of Goldman Sachs and the Global Growth Generators countries. More than half of the GDP is generated by the service sector; while nearly half of Bangladeshis are employed in the

agriculture sector. Other goods produced are textiles, jute, fish, vegetables, fruit, leather and leather goods, ceramics, ready-made goods. Bangladesh is considered as the next Asian Tiger Economy.

Exports of textiles and garments are the largest source of foreign exchange earnings. Shipbuilding, pharmaceuticals and consumer goods manufacturing are important emerging industries, while the jute sector is re-emerging with increasing global demand for green fibres. Remittances from Bangladeshis working overseas, mainly in the Middle East, are another major source of foreign exchange earnings. Other important export sectors include fish and seafood, ceramics, cement, fertilizer, leather and leather goods, food products, software and IT services. Bangladesh has also made major strides in its human development index.

The land is devoted mainly to rice and jute cultivation as well as fruits and other produce, although wheat production has increased in recent years; the country is largely self-sufficient in rice production. The country's tea-growing regions, located in the eastern divisions of Sylhet and Chittagong, are among the major tea producing-areas of the world. Bangladesh's growth of its agricultural industries is due to its fertile deltaic land that depends on its six seasons and multiple harvests.

Transportation, communication, water distribution, and energy infrastructure are rapidly developing. Bangladesh is limited in its reserves of oil, but recently there has been huge development in gas and coal mining. The service sector has expanded rapidly during last two decades and the country's industrial base remains very positive. The country's main endowments include its vast human resource base, rich agricultural land, relatively abundant water, substantial reserves of natural gas and coal, major seaports at Chittagong and Mongla, and its central strategic location at the crossroads of the two large burgeoning economic hub groups of SAARC and ASEAN.

The export-oriented readymade garments (RMG) industry has made significant contribution to the economic development of Bangladesh. It is the largest exporting industry in Bangladesh, which experienced phenomenal growth during the last two decades. By taking advantage of an insulated market under the provision of Multi-Fiber Agreement (MFA) of General Agreement Tax and Tariff (GATT), this sector attained a high profile in terms of foreign exchange earnings, exports, industrialization and contribution to Gross Domestic

Product (GDP) within a short period. Bangladesh exported garments worth the equivalent of \$12.34 billion in 2009, which was about 4.47 per cent of the global total value (\$276 billion) of garments exports (EPB, 2008-2009). Export of textiles has been the major route to development for most modern economics starting with the British back at the beginning of the industrial revolution. Even as late as the 1950s textiles were a leading part of Japan's export profile. But of course Britain, Japan, and now China have moved beyond textiles. An important question is how did they do it and is Bangladesh following suit? In fact, large producing companies shift their location from where costs have been rising and where MFA quota availability is no longer an issue.

Although rising wages have been one driver of location change for labour intensive industries like garments, and to a lesser extent for textiles, the control and governance of such relocation has been primarily in the hands of global buyers. For example, American producers have relocated to Mexico and Central America, and other Western European countries to Eastern Europe and North Africa (Alavi, 1982: pp.57-58). Basically international buyers considered Bangladesh for its low labour cost, available labour and good business environment. Also, in Bangladesh, RMG factories introduced by private entrepreneurs and later supported by government initiatives made the industry successful. The RMG sector has few requirements but owners generally prefer young girls and unmarried women. The huge available female work force, low wages, low production costs, dynamic private entrepreneurship and supportive government policies provided an environment for rapid growth. Table 7 reveals that the value of RMG export, share of garments export to total exports and contribution to GDP significantly increased during the period from 1984 to 2005-2006. The total RGM export in 2005-2006 was more than 68 times that of 1984-85, while the country's total export for the same period only increased by a factor of 11. In terms of GDP, the contribution of garments export is significant; it reached 12.6 percent in 2005-2006, compared to only 5.9 percent in 1989-90 (Uddin and Jahid, 2007). It is a clear indication of its contribution to the overall economy. It also plays a key role in promoting the development of linkages between small-scale industries. For instance, the manufacture of intermediate products such as dyeing, printing, zippers, labels, collars, buttons has begun to take a foothold on a limited scale and grew significantly. Moreover, it has helped the business of basing, insurance, shipping, hotel, tourism and transportation. The RMG industry employs nearly three million workers directly and more than ten million inhabitants are indirectly associated with this socio-economic development of the country (Ahmed and Hossain, 2006).

4.5 Multi-Fibre Agreement (MFA):

The **Multi Fibre Arrangement** (MFA) governed the world trade in textiles and garments from 1974 through 2004, imposing quotas on the amount developing countries could export to developed countries. It expired on 1 January 2005.

The MFA was introduced in 1974 as a short-term measure intended to allow developed countries to adjust to imports from the developing world. Developing countries have an absolute advantage in textile production because it is labor-intensive and they have low labor costs. According to a World Bank/International Monetary Fund (IMF) study, the system has cost the developing world 27 million jobs and \$40 billion a year in lost exports. However, the Arrangement was not negative for all developing countries. For example the European Union (EU) imposed no restrictions or duties on imports from the emerging countries, such as Bangladesh, leading to a massive expansion of the industry there. At the General Agreement on Tariffs and Trade (GATT) Uruguay Round, it was decided to bring the textile trade under the jurisdiction of the World Trade Organization. The Agreement on Textiles and Clothing provided for the gradual dismantling of the quotas that existed under the MFA. This process was completed on 1 January 2005. However, large tariffs remain in place on many textile products. Bangladesh was expected to suffer the most from the ending of the MFA, as it was expected to face more competition, particularly from China. However, this was not the case. It turns out that even in the face of other economic giants, Bangladesh's labor is "cheaper than anywhere else in the world." While some smaller factories were documented making pay cuts and layoffs, most downsizing was essentially speculative – the orders for goods kept coming even after the MFA expired. In fact, Bangladesh's exports increased in value by about \$500 million in 2006. However, poorer countries within the developed world, such as Greece and Portugal, are expected to lose out. During early 2005, textile and clothing exports from China to the West grew by 100% or more in many items, leading the US and EU to cite China's WTO accession agreement allowing them to restrict the rate of growth to 7.5% per year until 2008. In June, China agreed with the EU to limit the rate to 10% for 3 years. No such agreement was reached with the US, which imposed its own import growth quotas of 7.5% instead. When the EU announced their new quotas to replace the lapsed MFA, Chinese manufacturers accelerated their shipping of the goods intended for the European market. This used up a full year's quota almost immediately. As a result, 75 million items of imported Chinese garments were held in European ports in August 2005.

Two important procedures accelerated the growth of Bangladesh's RMG exports and the international relocation of garments production, especially to Bangladesh: changes in domestic policy, and the international Multi-Fibre Agreement (Quddus and Rashid, 2000). At the domestic level, investment in the RMG industry was made attractive by changes in Bangladesh's economic policies. In the early 1980s, Bangladesh undertook a series of economic reforms to open up its economy under the aegis of the IMF and the World Bank. Similarly, a new import policy in 1982 announced an export-led growth strategy to be directed by the private sector (Quddus and Rashid, 2000). As a result, numerous direct export incentive schemes were introduced in place while direct foreign investment was encouraged through the establishment of export processing zones outside Dhaka and Chittagong (Bhattacharya, Rahman, Paul-Majumder and B. Sen, 2001: pp. 2-26). Export promotion was one of the highest priorities of these policy initiatives, in conjunction with liberal policies aimed at direct foreign investment, including allowing 100 % equity share ownership. Export-oriented units offered with lucrative incentives such as tax holidays, cash assistance, income tax rebate facilities, rebate on freight and power rate, back-to-back letter of credit provision, loans at concessional rate, and export credit guarantee scheme. In addition, the government provided cash incentives, reductions in interest rates for export credit and port charges, bonded warehouse facilities, duty drawback and duty free imports of capital machinery and raw material, for export oriented RMG industries (Mayumi, 2004). Thus, the policy environment in the early 1980s was favourable for export industries, whether of domestic or foreign origin (Rashid and Biswas, 2006).

4.6 Phase-out of the MFA and the Performance of the Apparels Sector:

In view of the importance of apparels in Bangladesh's export basket, the phase-out of the MFA at the end of 2004 and its immediate replacement by WTO's Agreement on Textiles and Clothing (ATC) had potentially significant implications for her export performance. Prior to the phase-out, there were several studies which estimated the likely impact of the end of MFA quotas for the global textiles and clothing (T&C) trade. The estimated global net gains varied from as low as US\$6.5 billion to as high as US\$324 billion (Razzaque and Raihan (2008)). About two-thirds of the gains were expected to accrue to developing countries, whilst the remaining one-third would go to developed countries. At the same time, the elimination of quotas was expected to hurt some countries, particularly those which were beneficiaries of preferential trading agreements during the MFA era. It was argued by some that, as soon as such highly-constrained exporters as China were free from quota constraints, preference-receiving countries would lose the competitive

advantage they received as a result their exports being quota-free. While the latter countries would continue to enjoy preferential tariff treatment, it was argued that tariffs were generally far less costly to exporting countries than quota restrictions. One study estimated that the export tax equivalent of quotas in 1999 averaged 40 per cent in the US and 20 per cent in the EU (Kathuria, Martin and Bhardwaj, 2001).

Bangladesh had indeed benefited from the MFA regime in a number of ways. In the EU, there were quotas on non-LDC exporters but Bangladesh's apparels items were allowed quota-free access (as well as duty-free treatment under the EU's GSP scheme). In the US market, Bangladesh enjoyed quota-free treatment for a number of apparels items in the non-quota market and was allowed significant annual quota enhancement in the quota market based on growth performance in the preceding year. This gave Bangladesh's apparels exporters a secure market in the US and also allowed them to gain from the quota-rent. Many of the *ex ante* studies predicted that there would be winners and losers in the post-MFA global apparels trading regime and that Bangladesh was likely to be one of the losers. Bangladesh, with her dependence on imported fabrics and longer lead time, was not expected to be able to compete with some of the more competitive suppliers under the new trading regime in apparels. Studies mostly forecast that the removal of quotas would have a negative impact on Bangladesh. A study conducted by the International Monetary Fund (IMF) the potential consequences of the MFA quota phase-out for Bangladesh using a global general equilibrium model (Mlachila and Yang, 2004). Simulation results in the study indicated that Bangladesh was likely to be adversely affected by the phase-out of the MFA and recommended support from the Trade Integration Mechanism of the IMF to address the likely adverse implications for Bangladesh's balance of payments. In addition, although Bangladesh's apparels exports experienced difficulty because of the financial crisis in 2009, they were able to rebound. The prediction that China would gain most in a quota-free regime proved, however, to be correct: China was able to increase her share in the EU apparels market from 12.9 per cent in 2004 to 24.2 per cent in 2009; in the US market, the corresponding figures were 19.0 per cent and 43.2 percent. Bangladesh has been able to retain and consolidate her position in the global T&C market thanks to her competitiveness at the lower end of the demand curve for apparels, where low-wage-based, low-priced goods ensure Bangladesh a competitive edge. Bangladesh has seen a significant shift in favour of knitwear items as against the woven wear, mainly thanks to strong backward linkage investment in the production of yarn and textiles for the knitwear sector. Also, some of the more technologically advanced units are producing up-market fashion and design items procured by the company GAP and others.

4.7 Economic history

East Bengal the eastern segment of Bengal has been historically an important center of trade and commerce since at least the first millennium BCE. The Ganges Delta provided advantages of a mild, almost tropical climate, fertile soil, ample water, and an abundance of fish, wildlife, and fruit. The standard of living is believed to have been higher compared with other parts of South Asia. As early as the thirteenth century, the region was developing as an agrarian economy. The region was a junction on the south west silk route, and commercial centers emerged at several ancient and historical cities across the region. Under Mughal rule, the region flourished as the center of the worldwide muslin trade. The British, however, on their arrival in the late eighteenth century, chose to develop Calcutta, now the capital city of West Bengal, as their commercial and administrative center in South Asia. The development of East Bengal was thereafter limited to agriculture. The administrative infrastructure of the late eighteenth and nineteenth centuries reinforced East Bengal's function as the primary agricultural producer chiefly of rice, tea, teak, cotton, sugar cane and jute for processors and traders from around Asia and beyond.

After its independence from Pakistan, Bangladesh followed a socialist economy by nationalizing all industries, proving to be a critical blunder undertaken by the Awami League government. Some of the same factors that had made East Bengal a prosperous region became disadvantages during the nineteenth and twentieth centuries. As life expectancy increased, the limitations of land and the annual floods increasingly became constraints on economic growth. Traditional agricultural methods became obstacles to the modernization of agriculture. Geography severely limited the development and maintenance of a modern transportation and communications system.

The partition of South Asia and the emergence of India and Pakistan in 1947 severely disrupted the economic system. The united government of Pakistan expanded the cultivated area and some irrigation facilities, but the rural population generally became poorer between 1947 and 1971 because improvements did not keep pace with rural population increase. Pakistan's five-year plans opted for a development strategy based on industrialization, but the major share of the development budget went to West Pakistan, that is, contemporary Pakistan. The lack of natural resources meant that East Pakistan was heavily dependent on imports, creating a balance of payments problem. Without a substantial industrialization program or adequate agrarian expansion, the economy of East Pakistan steadily declined. In

the mid-1980s, there were encouraging signs of progress. Economic policies aimed at encouraging private enterprise and investment, privatizing public industries, reinstating budgetary discipline, and liberalizing the import regime were accelerated. From 1991 to 1993, the government successfully followed an enhanced structural adjustment facility (ESAF) with the International Monetary Fund (IMF) but failed to follow through on reforms in large part because of preoccupation with the government's domestic political troubles.^[14] In the late 1990s the government's economic policies became more entrenched, and some of the early gains were lost, which was highlighted by a precipitous drop in foreign direct investment in 2000 and 2001. In June 2003 the IMF approved 3-year, \$490-million plan as part of the Poverty Reduction and Growth Facility (PRGF) for Bangladesh that aimed to support the government's economic reform program up to 2006. Seventy million dollars was made available immediately. In the same vein the World Bank approved \$536 million in interest-free loans. In the year 2010 Government of India extended a line of credit worth \$ 1 billion to counterbalance China's close relationship with Bangladesh.

Bangladesh historically has run a large trade deficit, financed largely through aid receipts and remittances from workers overseas. Foreign reserves dropped markedly in 2001 but stabilized in the USD3 to USD4 billion range (or about 3 months' import cover). In January 2007, reserves stood at \$3.74 billion, and then increased to \$5.8 billion by January 2008, in November 2009 it surpassed \$10.0 billion, and as of April 2011 it surpassed the US \$12 billion according to the Bank of Bangladesh, the central bank. The dependence on foreign aid and imports has also decreased gradually since the early 1990s.

Contribution of RMG Industry in National Economy:

Sector	Financial Year	Percentage or amount in Million US \$
Share of Knitwear in RMG Export	2012-2013	48.69%
Share of Knit Garments in GDP	2012-2013	8.07%
Net Retention Amount	2012-2013	11833.65
Net Retention Rate	2012-2013	55% (Highest)
Value Addition	2012-2013	70% (Highest)

Source: Export Promotion Bureau, Bangladesh, 2013

Table 1. Contribution of RMG Industry in National Economy

4.8 Manufacturing and Industry

Many new jobs - mostly for women - have been created by the country's dynamic private ready-made garment industry, which grew at double-digit rates through most of the 1990s. By the late 1990s, about 1.5 million people, mostly women, were employed in the garments sector as well as Leather products specially Footwear (Shoe manufacturing unit). During 2001-2002, export earnings from ready-made garments reached \$3,125 million, representing 52% of Bangladesh's total exports. Bangladesh has overtaken India in apparel exports in 2009, its exports stood at 2.66 billion US dollar, ahead of India's 2.27 billion US dollar. Eastern Bengal was known for its fine muslin and silk fabric before the British period. The dyes, yarn, and cloth were the envy of much of the premodern world. Bengali muslin, silk, and brocade were worn by the aristocracy of Asia and Europe. The introduction of machine-made textiles from England in the late eighteenth century spelled doom for the costly and time-consuming hand loom process. Cotton growing died out in East Bengal, and the textile industry became dependent on imported yarn. Those who had earned their living in the textile industry were forced to rely more completely on farming. Only the smallest vestiges of a once-thriving cottage industry survived. Other industries which have shown very strong growth include the pharmaceutical industry, shipbuilding industry, information technology, leather industry, steel industry, electronics industry and light engineering industry.

Bangladesh's textile industry, which includes knitwear and ready-made garments along with specialized textile products, is the nation's number one export earner, accounting for \$21.5 billion in 2013 – 80% of Bangladesh's total exports of \$27 billion. Bangladesh is 2nd in world textile exports, behind China, which exported \$120.1 billion worth of textiles in 2009. The industry employs nearly 3.5 million workers. Current exports have doubled since 2004. Wages in Bangladesh's textile industry were the lowest in the world as of 2010. The country was considered the most formidable rival to China where wages were rapidly rising and currency was appreciating. As of 2012 wages remained low for the 3 million people employed in the industry, but labor unrest was increasing despite vigorous government action to enforce labor peace. Owners of textile firms and their political allies were a powerful political influence in Bangladesh.

The urban garment industry has created more than one million formal sector jobs for women, contributing to the high female labor participation in Bangladesh. While it can be argued that women working in the garment industry are subjected to unsafe labor conditions and low

wages, Dina M. Siddiqi argues that even though conditions in Bangladesh garment factories "are by no means ideal," they still give women in Bangladesh the opportunity to earn their own wages. As evidence she points to the fear created by the passage of the 1993 Harkins Bill (Child Labor Deterrence Bill), which caused factory owners to dismiss "an estimated 50,000 children, many of whom helped support their families, forcing them into a completely unregulated informal sector, in lower-paying and much less secure occupations such as brick-breaking, domestic service and rickshaw pulling." Even though the working conditions in garment factories are not ideal, they tend to financially be more reliable than other occupations and, "enhance women's economic capabilities to spend, save and invest their incomes." Both married and unmarried women send money back to their families as remittances, but these earned wages have more than just economic benefits. Many women in the garment industry are marrying later, have lower fertility rates, and attain higher levels of education, than women employed elsewhere.

After massive labor unrest in 2006 the government formed a Minimum Wage Board including business and worker representatives which in 2006 set a minimum wage equivalent to 1,662.50 taka, \$24 a month, up from Tk950. In 2010, following widespread labor protests involving 100,000 workers in June, 2010, a controversial proposal was being considered by the Board which would raise the monthly minimum to the equivalent of \$50 a month, still far below worker demands of 5,000 taka, \$72, for entry level wages, but unacceptably high according to textile manufacturers who are asking for a wage below \$30. On July 28, 2010 it was announced that the minimum entry level wage would be increased to 3,000 taka, about \$43. The government also seems to believe some change is necessary. On September 21, 2006 then ex-Prime Minister Khaleda Zia called on textile firms to ensure the safety of workers by complying with international labor law at a speech inaugurating the Bangladesh Apparel & Textile Exposition (BATEXPO).

4.9 Investment

The stock market capitalization of the Dhaka Stock Exchange in Bangladesh crossed \$10 billion in November 2007 and the \$30 billion mark in 2009, and USD 50 billion in August 2010. Bangladesh had the best performing stock market in Asia during the recent global recession between 2007 and 2010, due to relatively low correlations with developed country stock markets. Major investment in real estate by domestic and foreign-resident Bangladeshis has led to a massive building boom in Dhaka and Chittagong.

Recent (2011) trends for investing in Bangladesh as Saudi Arabia trying to secure public and private investment in oil and gas, power and transportation projects, United Arab Emirates (UAE) is keen to invest in growing shipbuilding industry in Bangladesh encouraged by comparative cost advantage, Tata, an India-based leading industrial multinational to invest Taka 1500 crore to set up an automobile industry in Bangladesh, World Bank to invest in rural roads improving quality of life, the Rwandan entrepreneurs are keen to invest in Bangladesh's pharmaceuticals sector considering its potentiality in international market, Samsung sought to lease 500 industrial plots from the export zones authority to set up an electronics hub in Bangladesh with an investment of US\$1.25 billion, National Board of Revenue (NBR) is set to withdraw tax rebate facilities on investment in the capital market by individual taxpayers from the fiscal 2011-12. In 2011, Japan Bank for International Cooperation ranked Bangladesh as the 15th best investment destination for foreign investors.

4.10 External trade

The Bangladesh Garments Manufacturers and Exporters Association (BGMEA) has predicted textile exports will rise from US\$7.90 billion earned in 2005-06 to US\$15 billion by 2011. In part this optimism stems from how well the sector has fared since the end of textile and clothing quotas, under the Multifibre Agreement, in early 2005. According to a United Nations Development Programme report "Sewing Thoughts: How to Realize Human Development Gains in the Post-Quota World" Bangladesh has been able to offset a decline in European sales by cultivating new markets in the United States. "[In 2005] we had tremendous growth. The quota-free textile regime has proved to be a big boost for our factories," said BGMEA president S.M. Fazlul Hoque told reporters, after the sector's 24 per cent growth rate was revealed.

Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) president Md Fazlul Hoque has also struck an optimistic tone. In an interview with United News Bangladesh he lauded the blistering growth rate, saying "The quality of our products and its competitiveness in terms of prices helped the sector achieve such... tremendous success." Knitwear posted the strongest growth of all textile products in 2005-06, surging 35.38 per cent to US\$2.82 billion. On the downside however, the sector's strong growth came amid sharp falls in prices for textile products on the world market, with growth subsequently dependent upon large increases in volume. Bangladesh's quest to boost the quantity of textile trade was also helped by US and EU caps on Chinese textiles. The US cap restricts growth in imports of Chinese textiles to 12.5 per cent next year and between 15 and 16 per cent in 2008. The EU deal similarly manages import growth until 2008.

Bangladesh may continue to benefit from these restrictions over the next two years, however a climate of falling global textile prices forces wage rates the centre of the nation's efforts to increase market share. They offer a range of incentives to potential investors including 10-year tax holidays, duty-free import of capital goods, raw materials and building materials, exemptions on income tax on salaries paid to foreign nationals for three years and dividend tax exemptions for the period of the tax holiday. All goods produced in the zones are able to be exported duty-free, in addition to which Bangladesh benefits from the Generalised System of Preferences in US, European and Japanese markets and is also endowed with Most Favoured Nation status from the United States.

Furthermore, Bangladesh imposes no ceiling on investment in the EPZs and allows full repatriation of profits. The formation of labour unions within the EPZs is prohibited as are strikes. Bangladesh's exports to the U.S. amounted \$4.9 billion in 2012. Bangladesh also has significant jute, leather, shrimp, pharmaceutical, and ceramics industries. Bangladesh has been a world leader in its efforts to end the use of child labor in garment factories. On July 4, 1995, the Bangladesh Garment Manufacturers Export Association, International Labour Organization, and UNICEF signed a memorandum of understanding on the elimination of child labor in the garment sector. Implementation of this pioneering agreement began in fall 1995, and by the end of 1999, child labor in the garment trade virtually had been eliminated. The labor-intensive process of ship breaking for scrap has developed to the point where it now meets most of Bangladesh's domestic steel needs. Other industries include sugar, tea, leather goods, newsprint, pharmaceutical, and fertilizer production.

The Bangladesh government continues to court foreign investment, something it has done fairly successfully in private power generation and gas exploration and production, as well as in other sectors such as cellular telephony, textiles, and pharmaceuticals. In 1989, the same year it signed a bilateral investment treaty with the United States, it established a Board of Investment to simplify approval and start-up procedures for foreign investors, although in practice the board has done little to increase investment. The government created the Bangladesh Export Processing Zone Authority to manage the various export processing zones. The agency currently manages EPZs in Adamjee, Chittagong, Comilla, Dhaka, Ishwardi, Karnaphuli, Mongla, and Uttara. An EPZ has also been proposed for Sylhet.^[53] The government has given the private sector permission to build and operate competing EPZs—initial construction on a Korean EPZ started in 1999. In June 1999, the AFL-CIO petitioned the U.S. Government to deny Bangladesh access to U.S. markets under the Generalized System of Preferences (GSP), citing the country's failure to meet promises made in 1992 to allow freedom of association in EPZs. Sylhet is fast becoming a major center of retailing in Bangladesh with many shopping centres being built by expatriates to serve fellow expatriates visiting Sylhet and the emerging middle class. Many of these developments hark back to Britain.

4.11 Bangladeshi women and the economy

“Bangladesh is a highly patriarchal society (as are many countries in the region) with gender being a key factor in defining social roles, responsibilities and power relationships within the family and workplace.” Male workforce participation is significantly higher than female participation, with men participating at 83 percent and women at 59 percent; however, male workforce participation has decreased by 4 percent, while female participation has increased by 4 percent from the year 2000. It should be noted that a 59 percent female participation rate is high in comparison to a lot of countries like Iran, which has a 16.5 female labor participation rate (World Bank 2010), and Lebanon, which has a 22.5 female labor participation rate.

A 2007 World Bank report stated that the areas in which women's work force participation have increased the most are in the fields of agriculture, education and health and social work. Over three-quarters of women in the labor force work in the agricultural sector. On the other hand, the International Labour Organization reports that women's workforce participation has

only increased in the professional and administrative areas between 2000 and 2005, demonstrating women's increased participation in sectors that require higher education. Employment and labor force participation data from the World Bank, the UN, and the ILO vary and often under report on women's work due to unpaid labor and informal sector jobs.^[58] Though these fields are mostly paid, women experience very different work conditions than men, including wage differences and work benefits. Women's wages are significantly lower than men's wages for the same job with women being paid as much as 60-75 percent less than what men make.

One example of action that is being taken to improve female conditions in the work force is Non-Governmental Organizations. These NGOs encourage women to rely on their own self-savings, rather than external funds provide women with increased decision-making and participation within the family and society. However, some NGOs that address microeconomic issues among individual families fail to deal with broader macroeconomic issues that prevent women's complete autonomy and advancement.

Bangladesh has made significant strides in its economic sector performance since independence in 1971. Although the economy has improved vastly in the 1990s, Bangladesh still suffers in the area of foreign trade in South Asian region. Despite major impediments to growth like the inefficiency of state-owned enterprises, a rapidly growing labor force that cannot be absorbed by agriculture, inadequate power supplies, and slow implementation of economic reforms, Bangladesh has made some headway improving the climate for foreign investors and liberalizing the capital markets; for example, it has negotiated with foreign firms for oil and gas exploration, better countrywide distribution of cooking gas, and the construction of natural gas pipelines and power stations. Progress on other economic reforms has been halting because of opposition from the bureaucracy, public sector unions, and other vested interest groups.

The especially severe floods of 1998 increased the flow of international aid. So far the global financial crisis has not had a major impact on the economy. Foreign aid has seen a gradual decline over the last few decades but economists see this as a good sign for self-reliance. There has been a dramatic growth in exports and remittance inflow which has helped the economy to expand at a steady rate.

4.12 Foreign Remittance Earnings:

Foreign remittance earnings are increasing day by day in the field of RMG industry in Bangladesh. The remittance in 2007-2008 was 8.9 billion US \$ and the rate increases as the days are passing and it become 16 billion US \$ in the period of 2012-2013.

Fiscal Year	Total Export	Total Import	Foreign Remittance Earnings
2007-2008	\$14.11b	\$25.205b	\$8.9b
2008-2009	\$15.56b	\$22.00b	\$9.68b
2009-2010	\$16.7b	\$24b	\$10.87b
2010-2011	\$22.93b	\$32b	\$11.65b
2011-2012	\$24.30b	\$35.92b	\$12.85b
2012-2013	\$35.00b	\$38.92b	\$16.00b

Source: BEPZA, 2013

Table 2. Foreign Remittance Earnings 2007-2013

4.13 Noticeable Social Changes (impact on society):

Since independence, Bangladesh has made considerable progress in social, political, cultural and economic areas but high unemployment remains a barrier to economic development. The population of Bangladesh is about 162.2 million. The total labour force participation is 73.89 percent (BBS, 2002). Unemployment rate is 35.2% including underemployment, 2002 est. Sector wise unemployment rates are, agriculture 45%, Industry 30% services 25% (Source: Bangladesh Economy, 2011 and 2011 CIA World Fact Book and Other Sources). Youth unemployment is high. The unemployment rate for educated women is higher than for their male counterparts. In fact, most parents and husbands do not allow women to work in remote areas or rural areas due to social security problems. As a result, educated woman prefer to stay at home (Source: 2011 CIA World Fact Book and Other Sources). Female participation in the work force is increasing particularly in agricultural, services, health, and education sectors. Female participation rates have doubled in Bangladesh since 1995.

Recently, younger women's employment has seen the largest increase due to the revolution in the RMG industry (Source: 2011 CIA World Fact Book and Other Sources). But these rates are still low at 26% (Source: Bangladesh Economic Update, July 2011).

The RMG industry is contributing in a number of ways to the Bangladesh national economy in poverty alleviation programs and has helped create an awareness of women's issues at all levels. In addition to its economic contribution, the expansion of the RMG industry has caused noticeable social changes by bringing more than 2.85 million women into the work force. In 1980, estimates show around 50,000 female garment workers in this sector (World Bank, 2008). According to Bhattacharya and Rahman, the number of people employed in the apparel sector had increased to more than 1.5 million in 1997-98, which constitutes about 70% of the total female employment in the country's manufacturing sector (Bhattacharya and Rahman, 1999). Currently the industry employs about three million workers, of whom 90% are women, mostly from rural areas (Rashid, 2006). Table 8 illustrates that among the five South-Asian countries the Bangladesh garment sector is the highest RMG exporter with 76% of total exports, and has the highest rate of employment of about 3 million workers of whom 90% are women. In a society, women's mobility is extremely restricted and women's access to resources and economic opportunities, and their participation in decision making both within and outside households is constrained. The large numbers of women who are working outside the home in the RMG industry has resulted in some significant social changes (Begum, 1995). Now families are willing to allow these women to migrate to cities and stay alone if need be, in order to obtain paid work and provide an income, often as principal earners of the family (Ali, 2003).

Female workers tend to support their younger siblings at school; currently primary school net enrolment and attendance is nearly 85% (Unicef Report 2005-2009). So, the literacy rate is increasing. The literacy rate impacts on socio-economic and in improving the quality of life and enhancing the prospects in livelihood.

Most importantly, the growth of the RMG sector produced a group of entrepreneurs who have created a strong private sector. Of these entrepreneurs, a significant number are female. A woman entrepreneur established one of the oldest export-oriented garment factories, the Baishakhi Garments in 1977 (Shikder, 2002; Absar, 2001). As a result, apart from the rise of the garments export sector having economic significance for Bangladesh, it also has social significance with young Bangladeshi women now becoming a force in the labour market.

4.14 Prospects of RMG in the Development of Bangladesh:

The prospects of RMG is essential for the development of Bangladesh and the benefit of it is better be understood by the help of the concept on Export Promotion Bureau (EPB), Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), Bangladesh Export Processing Zones Authority (BEPZA). The association and authority submit report regarding the RMG and its prospects which includes the following:

- Total Import & Export for a financial year.
- Comparative Export Performance of Bangladeshi Knit Production Major Importing Countries
- Contribution of RMG Industry in National Economy.
- Region wise Export Performance.
- Labor force for the industry.
- Comparative statement on export of RMG and total export of Bangladesh.
- Main apparel items exported from Bangladesh.

The basic information about EPB, BGMEA, BKMEA, BEPZA are given in the following:

4.15 Export Promotion Bureau (EPB):

Bangladesh under the **Ministry of Commerce** is a government agency of the country, entrusted with the responsibilities of promoting export of the country. It is mainly responsible for:

Coordinating export development efforts at different sectors and production levels;

- Formulating and adopting of policy and program for active promotion of exports;
- Coordinating, monitoring and evaluating national export performance and analyzing export trends;
- Carrying out promotional activities in product development & expansion of supply side capacity ;
- Exploring markets of exportable's abroad;
- Collecting and disseminating trade information to the stakeholders;
Organizing participation in international trade fairs abroad;
- Imparting training for HRD ;
- Conducting studies, surveys, research etc. for expansion and diversification of export and Administering and monitoring of RMG quota.

4.16 Bangladesh Garment Manufacturers and Exporters Association (BGMEA):

Those who are doing job or study in **Garments sector** must know about BGMEA. BGMEA is building a strong backbone of Bangladesh's economy. BGMEA actually the short form of "Bangladesh Garment Manufacturers and Exporters Association" which is one of the largest trade associations in our country representing the readymade garment industry particularly the woven garments, knitwear and sweater sub-sectors. BGMEA has started its journey in 1983 in our country.

Playing Role to Develop Garments Sector

- 01. Trade Facilitation & Promotion-**Organizes Bangladesh Apparel & Textile Exposition (BATEXPO) since 1989 and the Chittagong Fabric, Apparel and Textile Exposition (CAFAXPO) since 2003.
- 02. Human Resources Development-** Job placement program for the people with disabilities, training for the member factories on social and environmental standards, Undertook program to enhance productivity & quality at factory.
- 03. Green & Clean Production-** Starting several programs with partners to assist all the member factories toward energy efficient and cleaner production.
- 04. Garments related education-** BGMEA Institute of Fashion & Technology Established in 1999. Its main purpose to produce technically competent human resource for the garment industry. It offers short and long courses in apparel manufacturing, fashion design & merchandising. In future it will be transformed into a Fashion University of Bangladesh.
- 05. Healthcare for the workers-** BGMEA provides healthcare facilities. BGMEA runs 12 Health Centers for the garment workers and their families. It provides pre – medical services and medicines at free of cost. It also aware workers about HIV/ AIDS and so on.
- 06. Increasing wages-** Discussed with Bangladesh government, BGMEA ensures better minimum wages for workers. The minimum wages of all the seven grades have been increased by around 81% on average.

4.17 Bangladesh Knitwear Manufacturers & Exporters Association (BKMEA):

BKMEA was formed in 1996 by the all out efforts of few knitwear manufacturers. Soon after the formation it undertook activities to look after the interest of the knitwear sector of the country. Today it is an association of about 1700 knitwear manufacturers and exporters that represent the largest export earning sector of the country.

BKMEA has grown enormous network in home and abroad. The members are the core strength and primary network of BKMEA. Besides, BKMEA works closely with national and International bodies and maintains close relationships with all stakeholders. On areas of common interest, it also works with similar organizations like, International Apparel Federation (IAF), Global Alliance for Fair Textile Trade (GAFTT) and American Manufacturing Trade Action Coalition (AMTAC). To boost up trade and to enhance cooperation between countries, BKMEA has signed agreement with concerned associations like China Yunnan Light & Textile Industry Association on June 10, 2005, Botswana Manufacturers & Exporters Association on October 8, 2009 etc.

Presently Bangladesh is the 3rd largest knitwear exporter in the world just after China and Turkey. To lead the world apparel market, BKMEA is putting diligent efforts to diversify export market, and ensure better market access of the country's knitwear products to EU, USA, China, South Africa, Japan and other countries. To promote the sector, BKMEA is implementing development projects with German Technical Cooperation (GTZ) and other international organizations in this regard. The association has signed MoU with GTZ on March 16, 2005 and Metro Group, Germany on 26 April, 2010. The development works include: enhance productivity and improve social compliance status of its member factories, promote workers welfare through centralized day care centre health care centre, prepare sector related research and publication, organize trade promotion missions and fairs in home and abroad. BKMEA has strong relationship with Govt. to formulate strategies and national policies on sector related and other socio economic important issues. BKMEA is run by a 27-member Board of Directors led by the President. The Board of Directors is elected for a 2-year period. To run the association efficiently, different committees are also working.

4.18 Bangladesh Export Processing Zones Authority (BEPZA):

In order to stimulate rapid economic growth of the country, particularly through industrialization, the government has adopted an 'Open Door Policy' to attract foreign investment to Bangladesh. The **Bangladesh Export Processing Zones Authority (BEPZA)** is the official organ of the government to promote, attract and facilitate foreign investment in the Export Processing Zones. The primary objective of an EPZ is to provide special areas where potential investors would find a congenial investment climate, free from cumbersome procedures. Two EPZs, one in Chittagong and the other near Dhaka are now operational. Following information is provided to the potential investors for investment in EPZs of Bangladesh.

Eligible investors

100% foreign owned including Bangladesh nationals ordinarily resident abroad (Type-A). Joint venture between foreign and Bangladesh entrepreneurs resident in Bangladesh (Type-B) 100% Bangladesh entrepreneurs resident in Bangladesh (Type-C).

Mode of Investment

Investment in convertible foreign currencies by foreign investors. Option to establish public/private Ltd companies or sole proprietorship/partnership concerns.

Investment Guarantee

Foreign Private Investment (Promotion and Projection) Act 1980 secures all foreign investment in Bangladesh. OPIC's (Overseas Private Investment Corporation, USA) insurance and finance programs operable. Security and safeguards available under Multi-national Investment Guarantee Agency (MIGA) of which Bangladesh is a member. Arbitration facility of the International Center for the Settlement of Investment Dispute (ICSID) available.

Tele-communications

Telex, Fax and International Dialing Services connected through satellite system available.

The following table and graph analyses the prospect of RMG for Bangladesh development:

Comparative Export Performance of Bangladeshi Knit Production Major Importing Countries

(Figures in Million US \$)

Country	Financial Year	Financial Year	Financial Year	Financial Year	Financial Year
	2008-09	2009-10	2010-11	2011-12	2012-13
Germany	1334.4	1282.77	2022.05	2039.97	2168.13
UK	720.58	725.74	990.98	1103.3	1259.84
USA	959.42	891.61	1119.04	1013.95	1130.9
France	705.69	692	999.71	855.18	892.45
Spain	404.23	384.55	595.92	660.73	702.9
Italy	368.86	379.04	525.17	571.46	554.94
Canada	292.05	283.86	432.92	401.82	461.97
Netherlands	513.98	528.57	591.07	325.28	246.77
Belgium	157.52	155.79	299.74	320.46	317.19
Denmark	131.23	178.24	256.32	318.72	375.62

Source: Export Promotion Bureau, Bangladesh, 2014

Table 3. Comparative Export Performance of Bangladeshi Knit Production Major Importing Countries

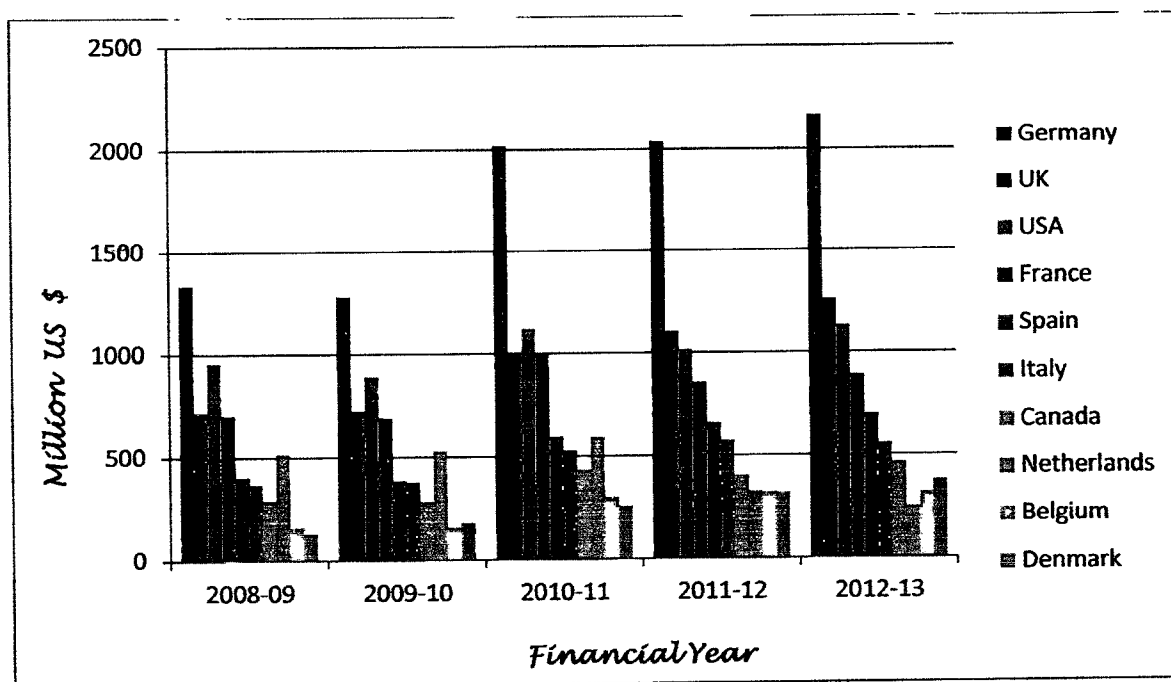


Figure 1: Comparative Export Performance of Bangladeshi Knit Production Major Importing Countries

Region wise Export Performance Financial Year 2011-12 & 2012-13

(Figures in Million US \$)

Region	FY 2011-12	FY 2012-13
EU	6928.69	7306.28
USA & Canada	1415.77	1592.87
European Free Trade Association	113.77	125.98
Latin American Integration Association	163.04	216.81
Emerging Markets	700.84	937.81
Others	164.28	296.13

Source: Export Promotion Bureau, Bangladesh, 2014

Table 4. Region wise Export Performance Financial Year 2011-12 & 2012-13

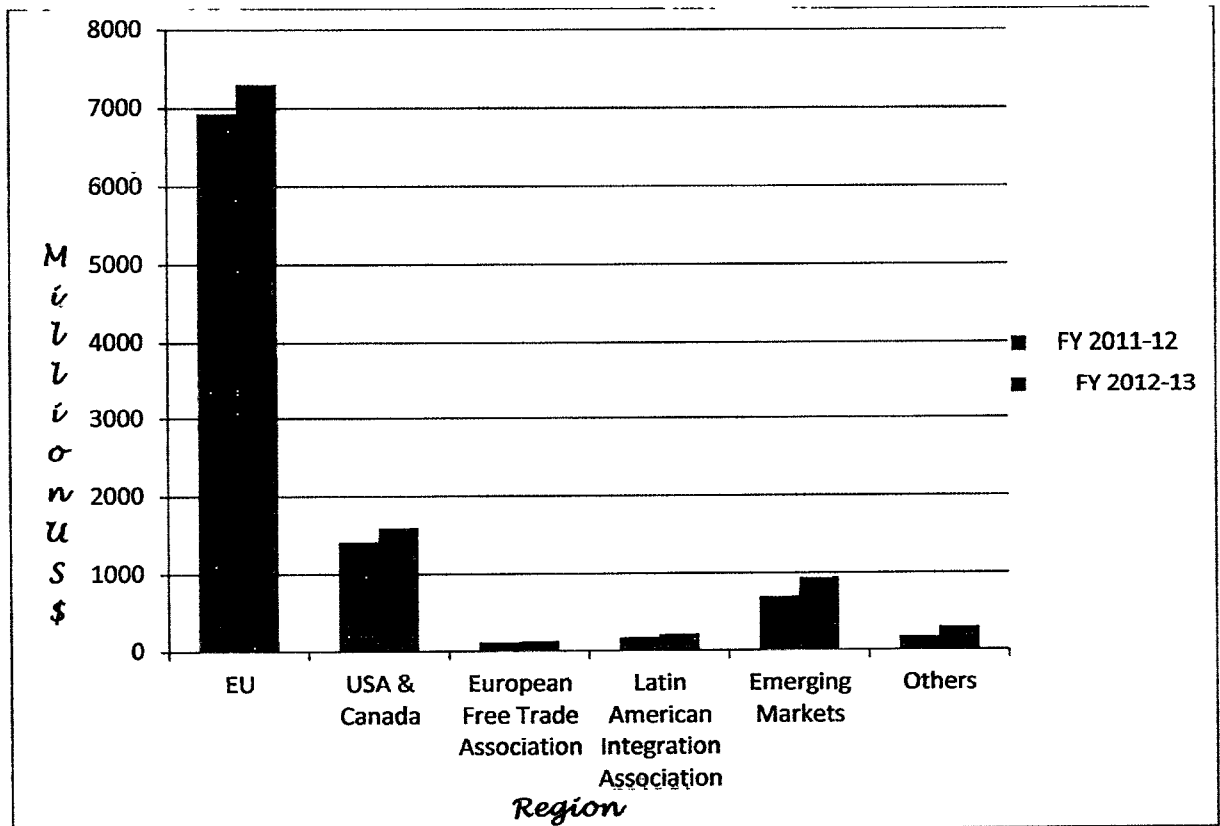


Figure 2: Region wise Export Performance Financial Year 2011-12 & 2012-13

Export Performance of RMG over Government's Strategic Target for 2013-14

Product	Target (million US \$) 2013-14	Performance over Target 2013-14 (July-Feb)
Knitwear	11575.85	7910.28
Woven	12571.46	8228.35

Source: Export Promotion Bureau, Bangladesh, 2014

Table 5. Export Performance of RMG over Government's Strategic Target for 2013-14

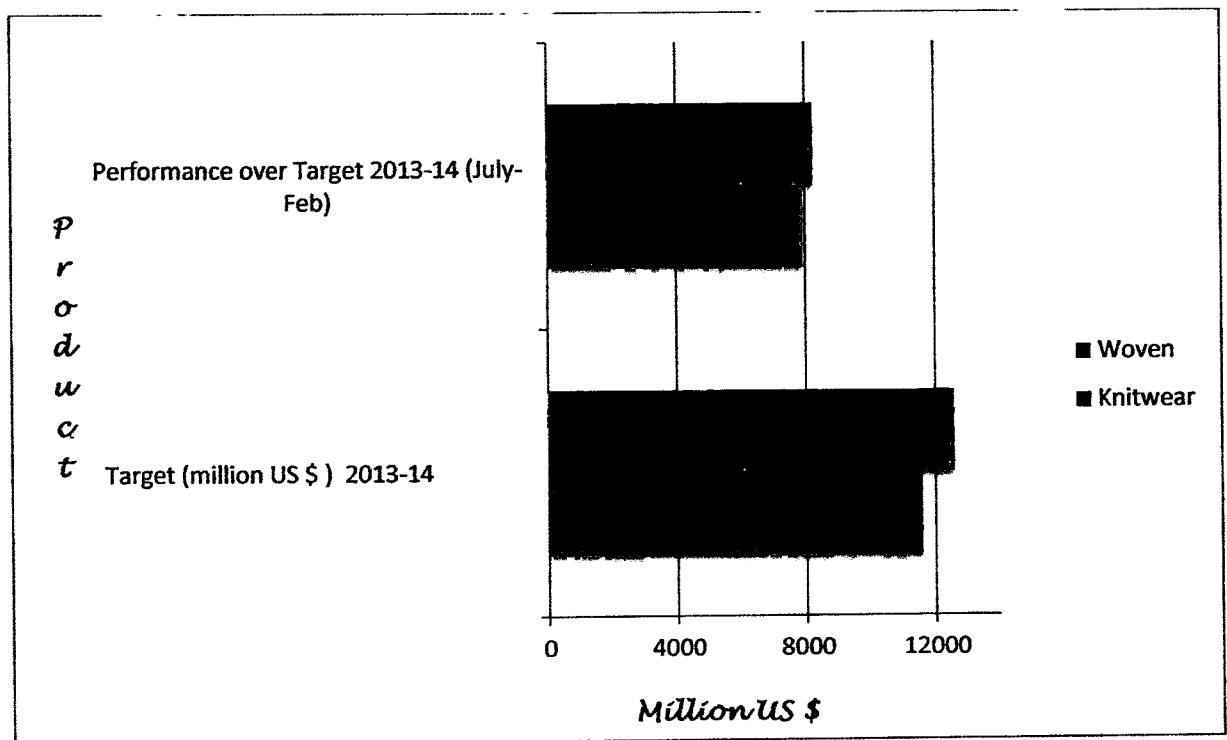


Figure 3: Export Performance of RMG over Government's Strategic Target for 2013-14

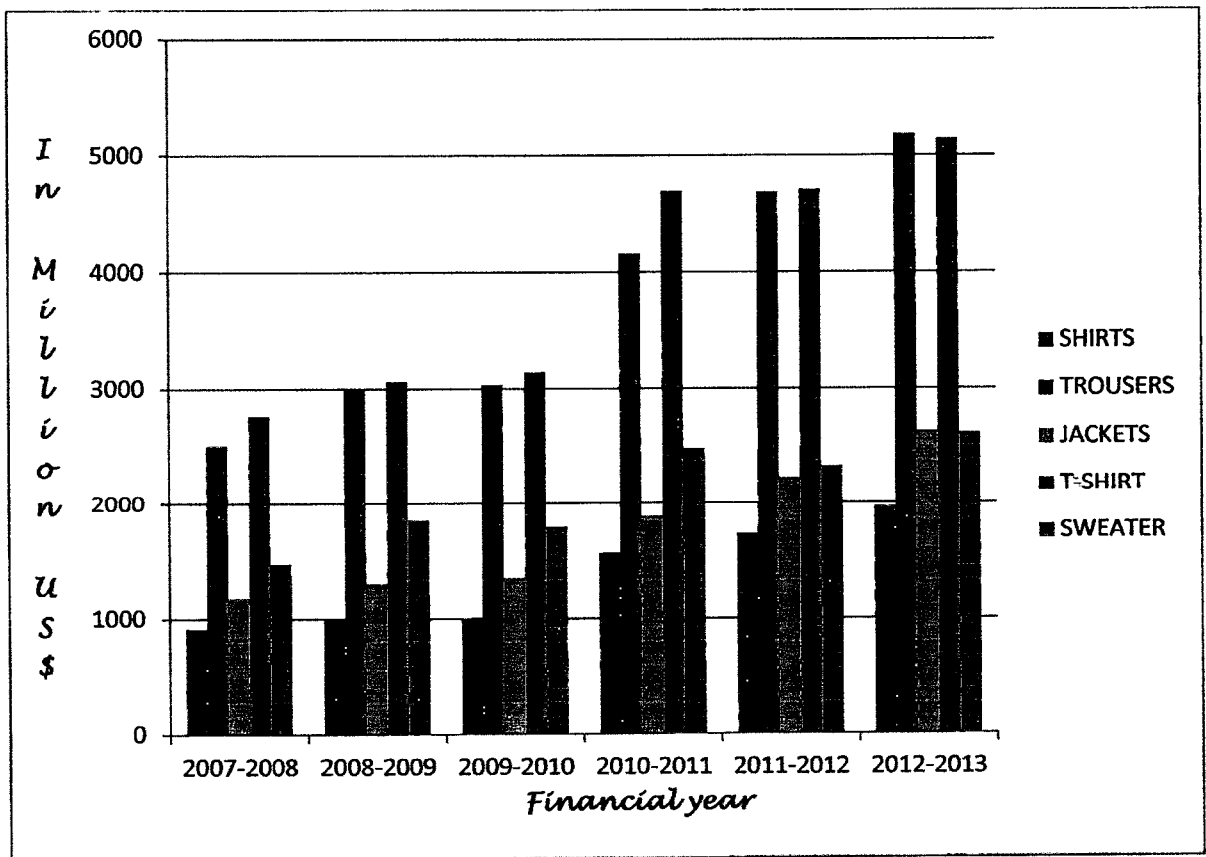
Main Apparel items Exported from Bangladesh

(Value in Mn. US \$)

YEAR	SHIRTS	TROUSERS	JACKETS	T-SHIRT	SWEATER
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

Source : Export Promotion Bureau ,Compiled by BGMEA,2013

Table 6. Main Apparel items Exported from Bangladesh



Data Source: Export Promotion Bureau Compiled by BGMEA,2013

Figure 4. Main Apparel items Exported from Bangladesh

Bangladesh's RMG Exports to world, FY 2012-13 & 2013-14

Value in Million US\$

Month	ALL COUNTRIES					Growth Rate
	Woven Year		Growth Rate	Knit Year		
	2012/13	2013/14		2012/13	2013/14	
July	993.84	1262.38	27.02	1001.07	1253.76	25.24
August	765.85	796.05	3.94	792.53	848.15	7.02
September	697.17	985.26	41.32	746.23	1058.29	41.82
October	761.48	820.49	7.75	873.16	862.01	-1.28
November	710.04	889.35	25.25	653.96	877.61	34.20
December	1042.68	1229.98	17.96	908.94	1048.87	15.39
January	1147.64	1195.2	4.14	944.96	1045.83	10.67
February	979.71	1049.64	7.14	811.24	915.76	12.88
March	991.77	993.37	0.16	854.68	920.69	7.72
April	835.17	944.95	13.14	795.11	972.38	22.30
May						
June						
Total:	8925.35	10166.67	13.91	8381.88	9803.35	16.96

Source: EPB, 2014

Table 7. Bangladesh's RMG Exports to world, FY 2012-13 & 2013-14

4.19 Export Processing Zone (EPZ):

An **Export Processing Zone (EPZ)** is a specific type of Free Trade Zone (FTZ), set up generally in developing countries by their governments to promote industrial and commercial exports. Most FTZs located in developing countries: Brazil, Colombia, India, Indonesia, El Salvador, China, the Philippines, Malaysia, Bangladesh, Pakistan, Mexico, Costa Rica, Honduras, Guatemala, Kenya, Sri Lanka, Mauritius and Madagascar have EPZ programs. In 1997, 93 countries had set up export processing zones employing 22.5 million people, and five years later, in 2003, EPZs in 116 countries employed 43 million people.

UTTARA EPZ: It is situated in Shongalshi, Nilphamari. The establishment of Uttara EPZ with a target of providing strength to the national economy was in 2001. The history, utility service and location of Uttara EPZ are given as follows:

Established: 2001

Zone area : 213.66 Acres

Number of industrial plots : 180

Plot Size : 2000 sqm. avg.

Plot Tariff : US \$ 1.25 / sqm / year.

Space of Standard Factory Building : 20478 sqm.

SBF Tariff US \$ 1.60 /sqm /month.

Utility Services

Water Supply : Own water supply system.

Tariff : Tk. 24.74/ CM.

Gas Supply : Not available.

Power Supply : Nilphamari Palli Bidyut Samity. 11 kv, 3 phase, 50 cycles / sec.

Electricity Tariff : Tk. 7.50 / Kwh.(Utilities will be charged at the current rate of US \$)

Location

Shongalshi, Nilphamari. 18 kms from Saiddpur Airport

409 kms from Dhaka Airport

682 kms from Chittagong Sea Port

586 Kms from Mongla

Investor Report

S/N	Name Of Enterprise	Investing Country	Products
1	Diaz Spinning & Knitting Mills Ltd.	BANGLADESH	Knitting & Textile pdt.
2	Dong Jin Industrial (BD) Company Ltd.	CHINA	Miscellaneous
3	Eque International	BANGLADESH	Knitting & Textile pdt.
4	Evergreen Products Factory (BD) Ltd.	CHINA	Miscellaneous
5	Fardin Accessories Limited	BANGLADESH	Garment Accessories
6	Independent Export (BD) Ltd.	BANGLADESH	Garment Accessories
7	Interfab Casual Wear Ltd.	BANGLADESH	Garments
8	K.P. International	BANGLADESH	Garments
9	Kapric Electronics (BD) Ltd.	INDIA	Electronics goods
10	Kin Selection Products Manufacture (BD) Ltd.	CHINA	Footwear & Leather goods
11	Kone Garments & Accessories Manufacturing	HONGKONG,CHINA	Garments
12	M J Trade Hong Kong Ltd.	BANGLADESH	Electronics goods
13	Mazen (BD) Industries Ltd.	CHINA	Plastic goods
14	Million Gold Limited	CHINA	Miscellaneous
15	Northern Poly Industries	BANGLADESH	Miscellaneous
16	Oasis Transformation Ltd.	UNTD KINGDOM	Furniture
17	Quest Accessories (BD) Ltd.	BANGLADESH	Garment Accessories
18	S-A International	BANGLADESH	Knitting product.
19	Section Seven International Limited	BANGLADESH	Garments
20	Sonic (Bangladesh) Ltd.	CHINA	Toys
21	Sunflower Agro Industries	BANGLADESH	Agro Products
22	Trillion Gold Limited	CHINA	Miscellaneous
23	Unique Dyes & Chemicals Ltd.	PAKISTAN	Chemical & Fertilizer
24	Uttara Sweater Manufacturing Company Limited	HONGKONG,CHINA	Knitting & other Textile pdt.
25	Ventura Leatherware MFY (BD) Ltd.	CHINA	Footwear & Leather goods
26	Viyellatex Apparels Ltd.	BANGLADESH	Garments

Source: BEPZA, 2014

Table 8. Name of Enterprise, Investing Country and Products of Uttara EPZ

4.20 Data Related to KP International:

In this chapter I have analyzed and interpreted the data collected from sample unit. It includes manpower, skill, education level, safety, investment, export etc. All these data have been collected maintaining the equal range strictly. The range is five years. All the data have been presented using table. The analysis and interpretation are also presented using graph. Data have been analyzed and interpreted with the help of following headings.

Manpower

In sample unit the key strength is manpower. Middle level managers as well as supervisor are skilled and efficient. Moreover, 80% workers of this factory are skilled. Data collected from the sample unit regarding manpower from 2008 to 2013 are analyzed below:

Year	Number of Midlevel Manager
2008	9
2009	11
2010	12
2011	13
2012	13
2013	15

Source: GM, HRD of KP International, 2014

Table 9. Manpower of KP International

The above table shows the number of midlevel managers of sample unit from 2008 to 2013. It reveals from the table that the number of midlevel managers increased from time to time. The table shows that in 2008 the number of midlevel managers was 9 which remains minimum in the table. In 2011 and 2012 the number of midlevel managers was 13 each. The maximum number of midlevel managers was 15 in 2013.

Number of workers

Year	Number of Workers
2008	225
2009	245
2010	280
2011	290
2012	300
2013	320

Source: GM, HRD of KP International, 2014

Table 10. Number of Workers of KP International

Education Level of workers:

The education level of workers are not very high and around 87% of workers are below SSC and at around 13% are SSC and HSC level.

Education Level	Percentage of workers
HSC	5%
SSC	8%
Below SSC	87%

Source: GM, HRD of KP International, 2014

Table 11. Education Level of workers of KP International

Export

Sample unit is an export oriented garment manufacturing firm. The firm exports its whole products. Data collected from the sample unit regarding export from 2008 to 2013 are analyzed and interpreted below:

Year	Quantity (Lacks Pcs)	Growth Rate (%)
2008	6.15	-
2009	7.10	15.44
2010	7.86	27.80
2011	8.35	35.77
2012	8.41	36.74
2013	8.54	38.86

Source: Annual Report of KP International, 2013

Table 12. Export and growth rate of KP International

The data from 2008 to 2013 on the export of KP International describes that the growth rate of the industry is increasing year to year basis. The growth rate is 38.86 % in the year of 2013 considering 2008 as base year for calculation.

CHAPTER -FIVE

5.1 Recommendation:

I identify that the RMG industry and a part of it KP International is also facing some problem. I also identify that the RMG sector of Bangladesh need to be more compact as a unit for production. I am going to recommend some suggestions regarding the problem.

- The firm has to search for new markets indifferent countries other than India. It can arrange seminar, exhibition in their own city especially for buyers.
- The firm is only focusing on cutting and making basis production. It should also focus on free on board (FOB) and clearing and forwarding (C & F) basis. Then the firm could earn more profit. However, it can attract and keep the reputed buyers beside India.
- More executives should be appointed to look after the specific departments so that specialization can be assured.
- Proper delegation of authority should be made to relieve the over burdened executive.
- The expertise of the quality control staff should be enhanced through proper training and facilities.
- The firm should adopt composite manufacturing facilities to increase its productivity and competitiveness as well.
- The old and obsolete machineries should be replaced.
- The workers should be provided training and motivation to make them disciplined.
- The employees should be convinced so that they can accept any better changes in the organization.
- The autocratic mentality of the supervisor should be modified through proper psychological training.
- Only profit maximization should not be the objectives of the organization rather welfare of the employees and workers should be considered.
- Favorable Environment is needed for RMG workers.

- Technological development is essential for RMG industry.
- Overall Government support is needed for the development of Bangladesh.
- By RMG industry women empowerment is possible.
- The export of the RMG industry needed to be more attractive and profitable.
- Working conditions in the RMG sector are below the ILO standards.
- Maintain the labor to control labor unrest and damage to institutions and properties.
- Recruitment policies are highly informal compared to western standards and do not have formal contracts and appointments letters.
- Absence of maternity leaves for the garments workers.
- Absence of gratuity or provident fund for the garments workers.
- Late or irregular payment and gender discrimination are common in this sector.
- Need to overcome the lack of Social compliance.

5.2 Conclusion:

In the modern era of Business the overall focus depends on technical excellence, industrial advancement and proper working condition for all. The Readymade Garments (RMG) Industry of Bangladesh is not different with the nature of Business. Although Bangladesh is a developing country and the technology of the industries are lacking some expertise but the RMG sector of Bangladesh has proved a shining and compact performance in the field of export. At present RMG sector alone produces over 80 percent of the total export earnings of the country. In Bangladesh RMG sector is essential for people and government as well because it helps us to provide economic stability and development of the country. KP International is also playing important role in the field of garment industry. It produces sweaters and exports it to China, Germany and India. The factory is having a reputation to deliver the order time to time and earn foreign exchange to boost our economy. Bangladesh's exports are heavily concentrated in the RMG sector, which has been a main driver of growth and poverty reduction. The challenge is therefore to improve competitiveness, both in the RMG sector and economy wide, and diversify exports. Garment industry in Bangladesh has been facing multidimensional problems since its establishment. Despite some problems in infrastructure, working condition and technological lacking, the RMG industry is ruling the country's economy from last two decades. From the detailed study and objectives of the study it is clear that RMG industry is playing an important role in our economy and creating huge employment for the living people in Bangladesh. The prospects of RMG industry are responsible for the development of the economy of Bangladesh and in greater future it will become vast exporting zone of readymade garment products all over the world.

15. Gibson S, Mahmud S, Toufique KA, Turton C. Breaking New Ground: livelihood choices, opportunities and tradeoffs for women and girls in rural Bangladesh; 2004.
16. Gillan, Audrey. From Bangladesh to Brick Lane. *The Guardian*. 21 June 2002.
17. Haque, A.K.M.A. (2010). Research paper on Bangladesh. International Comparisons of Taxation in Developing Countries (1998-2009, except 2001), http://www.ic.keio.ac.jp/en/download/jjwbgsp/2006/1_Bangladesh.pdf, viewed on 10/5/2010
18. Haque, A.N.M.N. (2008). "SAFTA and Regional Trade Prospects", *Economic Observer* 23, <http://www.google.com.au>; viewed on 28/10/2008;
19. Haque, M. F. (2008). RMG Fire Safety: A guide to industry's Design matters, <http://www.apparel.com.bd>, viewed on 19/03/2009
20. Heitzman, J. and Worden, R.L. (1988). History of Bangladesh, <http://motherearthtravel.com/bangladesh/history.htm>, viewed on 25/11/08
21. Hossain, Mohammad; Clement A. Tisdell (2005). "Closing the Gender Gap in Bangladesh: Inequality in Education, Employment and Earnings", *International Journal of Social Economics* 32 (5): 439–453. doi:10.1108/03068290510591281.
22. Islam, S. (2007). "History of Bangladesh 1704-1971", Asiatic Society of Bangladesh, 3 Vols., 1849 p., ills., (set), 2007, ISBN 984-512-337-6.
23. Joarder M.A.M., Hussain, N.A.K.M. and Hakim, M. (2010). "Post-MFA Performance of Bangladesh Apparel Sector", *International Review of Business Research Papers*, Volume 6, Number 4, pp. 134-144, September 2010.
24. Jonathan Dunn, (2006), The RMG Industry in BANGLADESH: An Update, IMF.
25. Kabeer, Naila; Muhmud Simeen; Jairo Isaza (2012). "NGOs and the Political Empowerment of Poor People in Rural Bangladesh: Cultivating the Habits of Democracy?". *World Development* 40 (10): 2044–2062. doi:10.1016/j.worlddev.2012.05.011.
26. Khosla, Nidhi (2009). "The Ready-made Garments Industry in Bangladesh: A Means to Reducing Gender-based Social Exclusion of Women?". *Journal of International Women's Studies* 11 (1): 289–303.
27. Khosla, Nidhi (2009). "The Ready-made Garments Industry in Bangladesh: A Means to Reducing Gender-based Social Exclusion of Women?". *Journal of International Feminist Studies* 11 (1): 289–303.
28. Lawrence B. Lesser. "Historical Perspective". *A Country Study: Bangladesh* (James Heitzman and Robert Worden, editors). Library of Congress Federal Research Division (September 1988). *This article incorporates text from this source, which is in the public domain.* About the Country Studies / Area Handbooks Program: Country Studies - Federal Research Division, Library of Congress

29. Mahmud, Simeen; Sakiba Tasnee, (2011). *The Under Reporting of Women's Economic Activity In Bangladesh: An Examination of Official Statistics*. BRAC Development Institute.
30. Md. Nehal Ahmed and Md. Sakhawat Hossain, Future Prospects of Bangladesh's Ready-Made Garments Industry, and the Supportive Policy Regime, Bangladesh Bank quarterly April-june 2006
31. Md. Abbas Uddin, Readymade Garment Industry of Bangladesh: How the industry is affected in post MFA period? Curtin University of Technology, Australia, 2006.
32. Mlachila, Montfort and Yongzheng Yang, 2004, "The End of Textiles Quotas: A Case Study of the Impact on Bangladesh," IMF Working Paper No. 04/108, (Washington: International Monetary Fund).
33. Mohammad Ali Rashid, NS University, Nov'2006, Rise of Readymade Garments Industry in Bangladesh: Entrepreneurial Ingenuity or Public Policy
34. Mr. Harun-or-Rashid, Deputy chief (Development), Ministry of shipping, Bangladesh, and article on Chittagong Port. <http://www.jajaidin.com/details.php?nid=48716> 8th January, 2007.
35. Mrs. Diana Wyman, Trade liberalization and the Canadian clothing market, Canadian Economic Observer, December 2006 Statistics Canada – Catalogue no. 11-010
36. Mustafizur Rahman, Asif Anwar: Bangladesh Apparels Export to the US Market: An Examination of Her Competitiveness vis-à-vis China Paper 62, CPD, Dhaka, Bangladesh.
37. Prof. Muhammad Yunus, Nobel Laureate and Managing Director, Grameen Bank, Bangladesh, senate finance committee, written testimony on US Trade Preference Programs: How well Do They work? Washington DC, 16th May 2007
38. Rebecca Holmes, John Farrington, Taifur Rahman and Rachel Slater (2008) Extreme poverty in Bangladesh: Protecting and promoting rural livelihoods London: Overseas Development Institute Archived 22 July 2007 at WebCite
39. Siddiqi H. The Ready Made Garment Industry of Bangladesh. 1st ed. Dhaka: The University Press Limited; 2004.
40. Siddiqi, Dina (2009). "Do Bangladeshi Factory Workers Need Saving?: Sisterhood in the Post-Sweatshop Era". *Feminist Review* 91 (1): 154–174. doi:10.1057/fr.2008.55.

Websites:

- www.wikipedia.com
- www.bepza.com
- www.bgmea.com
- www.bkmea.com
- www.about.com
- www.epb.com
- www.thefinancialexpress-bd.com
- www.marketresearch.com
- www.thedailystar.net