Master Thesis
On

“Effects of the Post Multi-Fiber Agreement on Bangladesh Readymade Garments Sector”

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Palash Kishore Dey

Md. Tawfique Hasan Sumon
Dedicated to

I dedicate my Master Thesis to my loving parents Dr. Madan Mohan Dey, Professor of Accounting and Information Systems, University of Rajshahi and Mrs. Purnima Rani Dey whose unlimited love have always been around me. I also dedicate this thesis to my one and only younger brother Partha Sarathi Dey who call me “Dada” to feel my heart.

Palash Kishore Dey

I would like to dedicate my Master Thesis to my beloved parents Late Md. Sakhawat Ullah and Mrs. Monowara Begum without whose, love and affection I may not have arrived at this stage.

Md. Tawfique Hasan Sumon
The thesis “Effects of the Post Multi-fiber Agreement on Bangladesh Ready Made Garments Sector” is a part of our M.Sc. in Business Administration Program. The thesis paper on this topic is done under the supervision of Mr. Göran Alsén, Professor of Blekinge Institute of Technology (BTH) Ronneby, Sweden.

In our country garment industry has been playing most vital role in our national economy, foreign exchange earnings, employment, growth in other sector and most prominently women employment.

In the first chapter we tried to focus on the historical background of Multi Fiber Agreement, the growth of Bangladesh Garments Manufacturer and Exporter Association (BGMEA). In 1983 the total members of BGMEA were 143 with narrow export volume but in 2007 we see the total members are 4637. They contribute 75.64% of our total export (BGMEA, 2007). People who are directly involved with this sector became worried because of phase out of quota system from January 2005. But if we observe the current scenario it is very much positive for our national economy. It’s true that competition grew high but at the same time we can say that our garments industry did not lose its market reputation compared to that of other rival competitors like China, India, Sri Lanka, Vietnam etc. It’s very obvious that we have great problem with the backward linkage industry. As a result we are facing huge competition among the competitors. We have to face huge competition with the other competitors as long as we could set up our backward linkage industry.

Under these circumstances, our Government is taking necessary steps to remove this problem. It is now simply a matter of time. But we hope we will get rid of this problem very soon. In this thesis paper we have tried to analyze the performance of five different RMG companies and we have also tried to examine the impact of withdrawal of quota system. Based on these five RMG factories we observe that our RMG industry is performing well after Post MFA. In addition, if we look our total exports we see that approximately 74.93% of our total export is from RMG sector. It is very promising sector compared to other export items.
Thus we can say that to survive in this competitive sector our RMG sector should take some more necessary steps like improving employee efficiency, ensuring more training facility, emphasizing on backward linkage industry etc. To attract foreign investors these are very important.

**Contribution of the Study**

New entrants will be benefited by this study as it represents an image of the performance of the garments sector. The firms in the industry both new entrants and the exiting, may gain competitive advantage over their competitors following the recommended strategies provided in the recommendation chapter. The study may help the managers of the companies in the garments industry to develop strategies. Besides, the government can develop strategies following our recommendations to protect and develop the sector. Moreover, students interested in the field may use this research work for their future research.

Keywords: Bangladesh Ready Made Garment Sector, MFA, Strategy, Post- Multi Fiber Agreement, Effects, Competitiveness, Performance, Export, BGMEA, RMG, Recommendation, Backward linkage, Forward linkage, integration
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Chapter 1

Introduction

1.1 Origin of the Report

This Master thesis is prepared as a requirement to fulfill the M.Sc. in Business Administration Program at Blekinge Institute of Technology (BTH), Sweden. The title of the thesis is “Effects of the Post Multi-Fiber Agreement on Bangladesh Readymade Garments Sector”. Bangladesh has been enjoying the quota facilities of Multi-fiber Agreement (MFA) since 1974. But the problem started to rise when the decision of withdrawing the agreement was taken at the conclusion of the Uruguay Round of General Agreement for Trade and Tariff (GATT), on April 15, 1994. Every agreement whether it’s national or international by type has some effects on the society, economy and environment as well. When the post Multi-fiber Agreement has been implemented in our ready-made garments sector we saw the tremendous impact on it. For that reason our focus in this work is to find out the effects of post multi-fiber agreement on our readymade garments sector.

1.2 Historical Background of Multi-fiber Agreement

Starting in the late 70’s as a negligible non-traditional sector with narrow export base, the readymade garment (RMG) sector, by the year 1983, emerged as a promising export earning sector of the country. Within a short period of time, it has attained high importance in terms of its contribution to GDP (Dr. M. M. Mahmud et al. 1991). Bangladesh Garment Manufacturers and Exporters Association (BGMEA) is the apex trade body of 4637 apparel-manufacturing companies of Bangladesh. Since the inception, the association has been working to promote and protect the greater interest of RMG sector of Bangladesh. BGMEA also acts as a pressure group to protect the higher interest of the sector and as a promoter of trade negotiation in international market, global trade bodies like WTO, concerned UN agencies like ILO, UNCTAD etc.
The conclusion of the Uruguay Round of General Agreement for Trade and Tariff (GATT), on April 15, 1994 delivered the most significant decisions in the recent history of the international, pervasive regime. The scope of multinational trade was expanded to cover three major areas that were previously not under the jurisdiction of GATT, namely the General Agreement on Trade in Services (GATS), Trade-Related Intellectual Property Rights (TRIPS) and Trade-Related Investment Measures (TRIMS). GATT also addressed the other two major sectors outside of its control, agriculture and textiles. The other significant event at the Uruguay Round was the advent of the World Trade Organization (WTO).

The WTO promised to provide a framework for the conduct of trade between its members on matters related to the Uruguay Round Agreements. The WTO pushes "liberalization" of trade in goods, services and related areas. This has had a big impact upon the economies of both "developed" and "developing" nations.

Although it was only supposed to be a temporary agreement, the MFA was extended four times, the last time being in 1986. Then the WTO wants textiles to be under its control, the abolition of the MFA over a ten-year period commenced from January 1, 1995. As a result, the quota system that has provided some security (albeit with associated difficulties) for those in the industry in Bangladesh may be abolished by the beginning of 2005.

The abolition of quotas has come about as a result of decisions made by the WTO, of which Bangladesh is a member. The decision affects not only Bangladesh but also some other countries in South Asia, such as India and Sri Lanka, and the entire textile industry that has been enjoying the quota facility since 1974 until the end of the Uruguay Round were governed by the Multi-fiber Agreement (S. Payal, 2003).

1.3 The growth of BGMEA

At first, Bangladesh established Desh Garments, which formed the first joint venture with a well-known South Korean MNC. The success of Desh Garments encouraged companies to come to Bangladesh to have apparels manufactured under various arrangements and
export from here. Jewel garments were recognized as the first exporter in 1977. The
Government also assigned a very high priority for the development of Bangladesh
garment industry and provided many attractive incentives to entrepreneurs.

Table- 1.1: Table showing the growth of members of BGMEA

<table>
<thead>
<tr>
<th>Year</th>
<th>No. Of members of BGMEA</th>
<th>Year to year % of Growth</th>
<th>Cumulative Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983-1984</td>
<td>134</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>1986-1987</td>
<td>629</td>
<td>469</td>
<td></td>
</tr>
<tr>
<td>1989-1990</td>
<td>759</td>
<td>121</td>
<td></td>
</tr>
<tr>
<td>1992-1993</td>
<td>1537</td>
<td>203</td>
<td></td>
</tr>
<tr>
<td>1993-1994</td>
<td>1839</td>
<td>120</td>
<td></td>
</tr>
<tr>
<td>1994-1995</td>
<td>2182</td>
<td>119</td>
<td></td>
</tr>
<tr>
<td>1995-1996</td>
<td>2353</td>
<td>107</td>
<td></td>
</tr>
<tr>
<td>1996-1997</td>
<td>2503</td>
<td>106</td>
<td></td>
</tr>
<tr>
<td>1997-1998</td>
<td>2726</td>
<td>109</td>
<td></td>
</tr>
<tr>
<td>1998-1999</td>
<td>2963</td>
<td>109</td>
<td>146.30</td>
</tr>
<tr>
<td>1999-2000</td>
<td>3200</td>
<td>108</td>
<td></td>
</tr>
<tr>
<td>2000-2001</td>
<td>3496</td>
<td>109</td>
<td></td>
</tr>
<tr>
<td>2001-2002</td>
<td>3618</td>
<td>103</td>
<td></td>
</tr>
<tr>
<td>2002-2003</td>
<td>3760</td>
<td>103</td>
<td></td>
</tr>
<tr>
<td>2003-2004</td>
<td>3957</td>
<td>105</td>
<td>105.60</td>
</tr>
<tr>
<td>2004-2005</td>
<td>4107</td>
<td>103</td>
<td></td>
</tr>
<tr>
<td>2005-2006</td>
<td>4220</td>
<td>103</td>
<td></td>
</tr>
<tr>
<td>2006-2007</td>
<td>4637</td>
<td>110</td>
<td>105.33</td>
</tr>
</tbody>
</table>

In the figure the right side upward slope of the line shows the rate of growth in the number of BGMEA members. We can follow a steep slope starting from the year 1989 to 2007. During this period the growth rate is high which in turn means that the success in the garments industry in that particular time was because of the shelter of MFA. The economy of Bangladesh is now prominently dependent on her garments sector. Comparing BGMEA’s export data with Bangladesh’s total export data it can be found that during the year 1985-86 to 1992-93 (the data background are colored by yellow in the Table) the export amount of BGMEA was drastically increasing to be a significant part of the total export of Bangladesh. During the year 1985-86 the amount exported was US $ 131.48 million and during the year 1992-93 it has became US $ 1445.02 million. Within just nine years the percentage of growth for “export of BGMEA” to the “total export of Bangladesh” has reached from only 16.05% to 60.64%. During the last fiscal year (2006-07), the industry has earned US$ 9.2 billion (The Daily Star, 2006).
Table 1.2: Garment Export Data of BGMEA during 1983 – 2007

<table>
<thead>
<tr>
<th>Year</th>
<th>Export of BGMEA (Mill. US $)</th>
<th>Total Export of Bangladesh (Mill. US$)</th>
<th>% of BGMEA’s export to Total export</th>
<th>Cum. Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983-84</td>
<td>31.57</td>
<td>811.00</td>
<td>3.89</td>
<td></td>
</tr>
<tr>
<td>1984-85</td>
<td>116.20</td>
<td>934.43</td>
<td>12.44</td>
<td></td>
</tr>
<tr>
<td>1985-86</td>
<td>131.48</td>
<td>819.21</td>
<td>16.05</td>
<td></td>
</tr>
<tr>
<td>1986-87</td>
<td>298.67</td>
<td>1076.61</td>
<td>27.74</td>
<td></td>
</tr>
<tr>
<td>1987-88</td>
<td>433.92</td>
<td>1231.20</td>
<td>35.24</td>
<td></td>
</tr>
<tr>
<td>1988-89</td>
<td>471.09</td>
<td>1291.56</td>
<td>36.47</td>
<td></td>
</tr>
<tr>
<td>1989-90</td>
<td>624.16</td>
<td>1523.70</td>
<td>40.96</td>
<td></td>
</tr>
<tr>
<td>1990-91</td>
<td>866.82</td>
<td>1717.55</td>
<td>50.47</td>
<td></td>
</tr>
<tr>
<td>1991-92</td>
<td>1182.57</td>
<td>1993.92</td>
<td>59.31</td>
<td></td>
</tr>
<tr>
<td>1992-93</td>
<td>1445.02</td>
<td>2382.89</td>
<td>60.64</td>
<td></td>
</tr>
<tr>
<td>1993-94</td>
<td>1555.79</td>
<td>2533.90</td>
<td>61.40</td>
<td></td>
</tr>
<tr>
<td>1994-95</td>
<td>2232.09</td>
<td>3472.56</td>
<td>64.28</td>
<td></td>
</tr>
<tr>
<td>1995-96</td>
<td>2547.13</td>
<td>3882.00</td>
<td>65.61</td>
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</tr>
<tr>
<td>1996-97</td>
<td>3001.25</td>
<td>4418.28</td>
<td>67.93</td>
<td></td>
</tr>
<tr>
<td>1997-98</td>
<td>3781.94</td>
<td>5161.20</td>
<td>73.28</td>
<td></td>
</tr>
<tr>
<td>1998-99</td>
<td>4019.98</td>
<td>5312.86</td>
<td>75.67</td>
<td>46.96</td>
</tr>
<tr>
<td>1999-00</td>
<td>4349.41</td>
<td>5752.20</td>
<td>75.61</td>
<td></td>
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<td>2000-01</td>
<td>4859.83</td>
<td>6467.30</td>
<td>75.14</td>
<td></td>
</tr>
<tr>
<td>2001-02</td>
<td>4583.75</td>
<td>5986.09</td>
<td>76.57</td>
<td></td>
</tr>
<tr>
<td>2002-03</td>
<td>4912.09</td>
<td>6548.44</td>
<td>75.01</td>
<td></td>
</tr>
<tr>
<td>2003-04</td>
<td>5686.09</td>
<td>7602.99</td>
<td>74.79</td>
<td>75.42</td>
</tr>
<tr>
<td>2004-05</td>
<td>6417.67</td>
<td>8654.52</td>
<td>74.15</td>
<td></td>
</tr>
<tr>
<td>2005-06</td>
<td>7900.80</td>
<td>10526.16</td>
<td>75.06</td>
<td></td>
</tr>
<tr>
<td>2006-07</td>
<td>9211.23</td>
<td>12177.86</td>
<td>75.64</td>
<td>74.95</td>
</tr>
</tbody>
</table>


But if we divide the data into three periods such as 1983-84 to 1998-1999, 1999-2000 to 2003-2004 and 2004-2005 to 2006-2007 we see that average percentage of BGMEA export to total export was 46.96 during the 1983-1984 to 1998-1999 period. It jumped to
75.42% during 1999-2000 to 2003-2004 and it slightly decreased to 74.95% after 2004-2005.

From Figure 1.2 the percentage of change can be easily observed. During the year 1985-86 BGMEA export was only 16.05% of the total export, it jumped up to 27.74% during the year 1986-87. Then until the year 1992-93 the growth drastically reached to 60.64% of the total exports of Bangladesh. Since 1998-99, up to the year 2006-2007 the percentage has been fluctuating somewhere around 75%. This dependency of total export on BGMEA’s export explains the importance of the garment sector in Bangladesh economy.

Figure-1.2: Showing the Comparison of "Export of BGMEA” & “Total Export of Bangladesh”.

1.4 Organizational Competitiveness

The industrial attractiveness is the basic determinant of a firm’s profitability. The competitive strategies emerge from the competitive situation and make the unfavorable facts favorable to the firm (Porter. M. E., 1985). Due to a shift in the environment, the organizations have to manage convergence changes. To do that the management must maintain a workable equilibrium in the structure.

![Diagram](image.png)

**Figure-1.3: The five competitive forces that determine industry profitability.**

This picture is taken from (Porter. M. E., 1985, pp. 5).

Michael Porter in his book has described about five competitive forces that help determining industry profitability. The forces are: the entry of new competitors, the threat of substitute, the bargaining power of buyers, the bargaining power of suppliers, and the rivalry among the existing competitors. In case of the Bangladesh Readymade Garments Industry, due to the abolition of the multi-fiber agreement we find the rivalry among the
existing firms in the international market, bargaining power of the buyers, and the bargaining power of the suppliers to be the most influencing forces among the five. As the agreement of quota system abolished the Bangladesh Readymade Garments industry had to face the challenge of tough competition from international firms. Losing the fixed buyers, RMG industry had to focus on exploring for new markets that would indicate a rising bargaining power for the buyer. On the other hand, the number of backward linkage companies for RMG which is less, has given a rise in their bargaining power (Mohammed Z. Haider, 2007).

1.5 Statement of the problem

The Readymade Garment (RMG) Industry of Bangladesh is the single most important Industry in Bangladesh in terms of its contribution to GDP, foreign exchange earnings, and generation of employment (Dr. A. K. Azad, 1999). Almost at the beginning of the year 1983-84 the export of BGMEA was $31.57 million (US dollars) which was 3.89% of the total export of Bangladesh. Now, 75.64% of the total export of Bangladesh depends upon this industry. In the year 2006-'07 the export amount of BGMEA reached $9211.23 million. As a source of employment this industry is a huge support for Bangladesh. By the year 2006-'07 only the number of the registered companies were 4637. Presently some 2.4 million people are directly employed in the garment industry in Bangladesh of which, 80% of is women (The Daily Star, October 26, 2007). The industry is mainly women labor dominated due to the wage differential between man and women labor (D. Bhattacharya and M. Rahman, 1999). Garment Sector, being the major foreign exchange earner faces severe competition in export market due to withdrawal of quota restrictions because of MFA. As a developing country, Bangladesh got priority in quota distribution in international market which helped the growth and development of the vital sector. The major competitors in the world market are China, Thailand, India, and Pakistan, Korea, Hong Kong and some other European countries. We know that Bangladesh has abundant supply of cheap labor but local supply of cotton yarn fabrics is highly negligible. We are to depend on imported fabrics, accessories, spare parts and other logistic supports. Political unrest in Bangladesh, transport bottlenecks, high
inflation, increasing interest rates, increasing overheads (factory, administrative and selling) create pressure for high cost of production. Cost-based pricing of garment products might be unfavorable for competing international market. That is why exemption of taxes and duties in international markets favors our price fixation as well as increasing demand for garment products. As a result, our competitors get upper-hand in raising their sales through internal and external economics. Until our Bangladesh achieves self sufficiency in garment sector we need international support and assistance to stand in business threat and our weakness in this sector. Our industrial policy has declared the garment sector as the third sector but uncertainty in export market, labor unrest in many of the garment factories, shipping problems, insufficient port facilities, financial bottlenecks, difficulties in timely deliveries, supply chain management, total quality management etc. always demand for market protection in international arena. To cope with such multi-dimensional constraints we need good protection in the export market. This industry has influenced the backward linkage industries to grow and develop themselves and also helped a lot in developing the capital market.

1.6 Justification of the study

Withdrawal of quota restriction with the implementation of MFA is a new phenomenon in the history of garment sector in world economy. Developing countries always need protection in international market due to their operational inefficiency, political instability, inflationary tendency, natural calamities, industrial failures and pressure on agricultural economy. With the market economy concept, garment sector has immense business risk, foreign exchange risk and interest risk also. Our unfavorable balance of trade and balance of payments have given more pressure for foreign exchange earnings in the garment sector as our jute industry being mother industry has collapsed recently due to tough competition with synthetic substitutes in the international market. Our foreign exchange earnings mainly depend on garment exports. But unfortunately with these agreements chaos and confusions have aggravated in stabilizing garment sector. So, for the continuation of the increasing foreign exchange earnings we need some extra facilities which will be helpful for minimizing our employment crisis, implementing
development plans, developing export-oriented industries in EPZ, ensuring food securities, and controlling the fluctuation in money value. Even to curb down our high inflation we need more foreign exchange earnings although our public sector manufacturing industries have absolutely failed due to corruption and malpractices and market opportunities. So, future of our privatization program depends on some sort of export incentives and in this context the present study would be able to identify the deterring factors on the way of garment sector development and possible remedial measures might be explored in support of raising strengths and opportunities of the garment sector exceeding their threats and weakness factors. Virtually, no such works have been done after implementation of such MFA although problems and prospects of garment sector, growth and development of garment sector, human resource management of garment sector, have been highlighted by so many researchers like Mohiuddin, Mahamud and Nizami, Rahman, Bhattacharjee and Hossain etc. Considering the research gap, the present study has been planned to examine the impact of post Multi-Fiber Agreement on the Ready Made Garment industry of Bangladesh. The study will also probe into the causes of weakness and sources of threats of RMG industry due to the phasing out of the MFA.

1.7 Aims and Objectives

The aims and objectives of the report are as follows:

- To evaluate the performance of the garment industry and examine the impact of post MFA on such performance during the period of study.
- To diagnose the strength, weakness, opportunity and threat in this sector and their influencing factors.
- To assess the future prospective of garment industry based on mission, vision, and prospective plan of the sector.
- To prescribe the proper strategies to overcome the future threats.
1.8 Literature Review

Mohiuddin has written an article entitled “Readymade Garments- A Wonder Industry of Bangladesh”. The objectives of this article are:

1. To highlight the factors that brought Bangladesh into the attention of the entrepreneurs as an attractive place of full-fledged readymade garments industry,
2. To find the conducive factors for its rapid growth,
3. To compare the size of the industry with its competitors,
4. To find the source of finance for the industry,
5. To know the identification of customers, what the products of the industry are and what might be the strategy to capture new markets for the industry,
6. To notice the problems for the RMG Industry.

The findings of the study are:

(a) Garments industry in Bangladesh is not the brain child of our economic planner;
(b) It is not an easy industry to manage. It is one of the toughest industries in Bangladesh,
(c) Present production capacity in Bangladesh is not too much compared to our potentials and world demand,
(d) Many firms in Bangladesh is uneconomical in size,
(e) Buyers are happy at our quality but unhappy about delivery failures,
(f) Garments industry generally failed to attract talented, people (workers/managerial),
(g) Gestation period is short and payback period is shorter compared to other industry,
(h) It generally imports most of its materials and re-exports it in full,
(i) Government has extended appropriate support to garments industry,
(j) Our firms produce what buyers want; we still do not sell what we can develop,
(k) 90-95% of workers in Garments are illiterate. They are mainly female who do have no scope for alternative employment,

(l) There is enough scope for further growth of this industry.

Limitations of this study are:
(a) This is not an empirical study,
(b) The author mentioned no objectives of the study,
(c) The author did not follow any methodology for the study,
(d) The author has not selected any specific period for his study,
(e) The findings of this study are not consistent with that of Zohir (2001) in respect of the level of literacy of women.

Mahmud and Nizami (1993) have written an article on “Garment Industry in Bangladesh: Growth, contribution to the Economy, Problems and Prospects.” The objectives of the study were:

(1) To evaluate the historical perspective of the growth and development of the industry,
(2) To examine the contribution of the industry to the national exchequer-face value and real,
(3) To scrutinize the problems of the industry in different fields, and
(4) To suggest for solution of the problems.

The authors used both primary and secondary data for the purpose of the study. The authors found that the number of garment industry increased from 5 to 850 during the period 1971 to 1991. Factors responsible for rapid growth were identified to be Government encouragement and fiscal incentives, comparatively low investment requirements, liberal bank loan, cheap labor and provision for technical staff assistance from abroad, quota restrictions on Korea’s textile, ethnic problem of Sri Lanka, imposition of quota on neighboring countries, high demands of readymade garments abroad etc.. The authors also found that export earnings from garment sector rose from .01% of total exports in 1977-78 to 42.55% in 1990-91.

Problems that were identified for the garment industry were non-availability of related raw material in the local market, limited scope for product diversification, power failure,
high labor turnover, labor unrest, underutilization of capacity, lack of skilled workers, marketing and political problems, lower working facilities, indifference of Government and exploitation by middlemen etc.

The limitations of the study are:

(1) The authors sampled only 5 firms which is not representative of the population,

(2) The authors could calculate the significance of contribution of some of the factors

(Bank loan, hours lost for power failure) to the growth of the garment industry through regression analysis but they did not do it.

(3) The analysis of the respondents’ responses is not clear.

In an article entitled “Development of Backward Linkages to Face the Challenges of 2005” Siddiqi focused on the development of backward linkages to combat the challenges that may arise after 2005. The author examined the possibility of establishing backward linkages and found that-

(1) Our RMG may lose the comparative advantage in cheap labor in the long run if it does not increase its labor productivity and with this end in view Bangladesh must train the workers, supervisors and factory managers,

(2) Our traditional sources of supply will shrink which may adversely affect RMG industry of Bangladesh,

(3) Bangladesh must try to reduce her dependence as much as she can on foreign sources,

(4) Bangladesh must enhance capacity to spin yarn, weave cloth and process gray fabrics,

(5) RMG will continue to thrive as long as labor remains cheap,

(6) RMG needs partly integration,

(7) Government should reform its policies of financial support in RMG.

(8) debt-equity standard should be lowered,

(9) Special equity fund should be created,

(10) Human resource should be developed,
(11) New independent firms should be established that will explore new markets independently,
(12) Bangladesh must explore access to duty-free markets and try to improve law and order situation.

The limitations of the study are:
(1) This is not an empirical study,
(2) The author has not mentioned about the methodology,
(3) The author has not mentioned the base of his estimate of required investment in the article.

Rahman has written a paper entitled “GSP and export competitiveness of Bangladesh: Some Emerging Issues of Post-GATT Phase” wherein he has examined the role of generalized system of Preference Schemes in enhancing export competitiveness of Bangladesh in the global market. The author found that although as a least developed country Bangladesh shall continue to enjoy many of the benefits for which she is currently eligible under GSP, the preferential margin will considerably diminish as tariff rates are further reduced and rationalized in the coming future. The author also found that the relative price –competitive strength can only be maintained if the GSP schemes are both broadened and strengthened simultaneously.

The limitations of the study are:
(1) The author did not mention about the methodology of the study,
(2) There are no set specific objectives of the study,
(3) The author did not mention about the nature of data used in the study.

In a thesis-based article entitled “Social Impact of the Growth of Garment Industry in Bangladesh” Zohir has tried to highlight the social impact of the growth of RMG on the different aspects of the life of workers in Bangladesh during 1990 to 1997 and tried to identify the changes that have taken place during the period under study. The author
sampled 226 male and 356 female workers in 1990 in Dhaka city; 190 male and 470 female workers working in factories located outside Dhaka EPZ in 1997 and 27 male and 92 female workers working in factories located within Dhaka EPZ in 1997. The objectives of the study are:

(a) To discuss the growth of the RMG industry,
(b) Assess the changing characteristics of the workers during the period under study,
(c) Examine the change in well-being of the workers from getting the job,
(d) To analyze the nature of risk of health and harassment of workers.

The author found that-

(1) RMG has definitely empowered women, increased their mobility and expanded their individual choice,
(2) The achievement of the women workers have been made at the cost of their health and increased risk of harassment,
(3) On the whole there has been improvement in the workers’ well-being over the period 1990-97,
(4) The improvement in the workers’ well-being will be sustained in future if proper policy supports are extended to the RMG and the workers,
(5) the challenges of the phasing out of the MFA in 2005 will be met by setting up backward linkages, seeking duty free access, diversifying into new and higher value products, diversifying into newer markets and providing safety net for the affected workers, linking labor standards with trade such as compliance with SA 8000, improving access to health and education facilities and allowing trade union at the EPZ.

The limitations of the study are:

(a) The author has made a comparison of the well-being and different dimensions of life of the women workers over a period of 1990-97 but there is no mention in the paper whether the same set of sample was taken for the study or not,
(b) Since the same set of workers were not taken as sample then the result of the survey may be questioned.

Chowdhury and Hossain have conducted a study on “Key Factors Affecting Quality of Garments Products: An Analysis” wherein they emphasized on the development of the quality of products and factors affecting the quality of the products. The objectives of the article are:

(a) To know the nature of the key factors affecting quality of garment products,
(b) To study the relative importance of the factors identified as key factors and
(c) To suggest manufacturers a priority list of the factors for proper maintenance and control of the same.

The authors conducted a survey on 55 exporters with a semi-structured questionnaire using five-point Likert scale. The findings of the article are

(a) The manufacturers of this industry need to use a better quality of raw materials to raise the quality of their products to compete in the international market,
(b) The industry is in need of skilled labor which is also an important key factor to produce quality product. But the industry is expanding so fast that the management of skilled labor recruitment has become unmanageable
(c) The levels of technology used in the companies of this industry are not of standard which is required to produce high quality product to a greater extent,
(d) Fashion, style, design etc. are very much important for the apparel industry. It is essential for the products of this industry to be always updated with the fashion, style and design,
(e) Effective supervision of the management also motivates the employee and helps to bring out the best in them,
(f) The working environment has both direct and indirect influence on the workers and so on the products. Therefore, the working environment should be suitable for work;
(g) The relative importance of the factors varies in affecting quality of garment products. Quality of raw materials, workmanship of the workers and the style of the products are given the highest weight by the respondents then again level of
technology used, packaging used and factory condition stand as the next important factors for the same products.

The limitations of the study are:

(a) The authors conducted a survey on 55 exporters but did not mention about its percentage of the total population. Thus the representativeness of the sample can be questioned,

(b) The authors identified some key factors affecting quality such as quality of raw material, workmanship of workers, level of technology used, per unit export price, packing materials used, style of the products, efficiency of supervision are factors that affect quality of products but did not consider other factors such as quality of the machine, the standard of acceptance or rejection region that may also affect quality,

(c) The authors could test the significance of the difference of opinion regarding the importance of the factors but no such test was made.

Bhattacharjee and Hossain have conducted a study on “Key Factors Affecting the Export Decision of Garment Products in Bangladesh” The authors have tried to identify the factors that stand in the way of readymade garment exports in their study. The objectives of their studies are:

(a) To identify the factors affecting the export decision of garments manufacturers in Bangladesh,

(b) To measure whether the affected factors reveal any common dimension in measuring the impact regarding the export decision.

(c) To provide necessary suggestions to the garment exporters in the light of findings of the study.

The authors surveyed 117 leading export firms and the respondents were the top decision makers. The authors selected 19 barriers and tested their importance by the respondents using a five-point Likert scale. The findings of their studies are:
(a) National export policy, comparative marketing distance, lack of export commitment, exogenous economic constraints and competitive rivalry have been identified as major barriers to export decision of garment products,
(b) Fairs and mission can promote exports,
(c) Export market should be diversified,
(d) Foreign-based services should be provided to promote exports,
(e) Government should motivate specialized export services,
(f) Physical presence in the foreign market must be ensured to cultivate business contracts and to gain the attention of the foreign buyers.

The limitations of their studies are:

1. It is not clear from the study how the authors have identified the 15 barriers to exports;
2. The representativeness of the sample can be questioned.

Adhikary has conducted a study on “Looking for Cost Competitiveness -A Proposal for the Readymade Garments (RMG) Sector of Bangladesh.”

The objectives of the study are:

(a) To help the RMG sector to be cost competitive through economic means of transportation,
(b) To examine the current transporting channel of the RMG products,
(c) To study the cost of transportation through various channels,
(d) To make an attempt to reduce stock lots and loan defaults,
(e) To make a comparison between cost of track shipment and railway shipment,
(f) to suggest the setting up of a viable organization catering to the needs of cost effective transport leading to cost competitiveness of the RMG sector.

The author surveyed 20 big RMG houses to collect opinion using a semi-structured questionnaire. The author has also consulted railway officials to form a conclusion about the viability of his proposal. The author suggests for leasing of the railway infrastructure
by a private company and carrying RMG goods from Dhaka to Chittagong by that private company.

The findings of the study are:
(1) The proposal seems to be viable in terms of profitability and operational feasibility,
(2) The acceptance of the proposal will lead to save a significant amount of money and can avoid stock-lots,
(3) The prospective investors, garment houses and commercial banks may consider setting up a private company for carrying goods from Dhaka to Chittagong using the existing railway infrastructure in terms of business.

The limitations of the study are:
(a) The author’s study is based on some hypothetical assumptions which may not be correct.
(b) The assumption of carrying 50% of load capacity in return trip may not always be feasible during slack season,
(c) The representativeness of the sample can be questioned.

According to M. Mohiuddin (1991), the Bangladesh RMG is still a growing industry supported by less developed and old technology. As a result this industry is mainly labor intensive. The industry is financed by the privet and public commercial banks. This industry is a result of off-shoring by the US market. The lead time is yet to be reduced to ensure the customer satisfaction. Besides, firms require more investments to be able to produce in large volume in order to get the benefit of economy of scale and volume (M. Mohiuddin, 1991).

Dr. M. M. Mahmud and M. H.U. Nizami in their article, “Garment Industry in Bangladesh: Growth, contribution to the Economy, Problems and Prospects” argue that there are firms that don’t utilize their full production capacity. The main source of labor
is female who are illiterate. Therefore, main strength of this industry is the cheap labor rate. The industry has been unable to attract talented managerial skills which seem to be one of the weaknesses (M. Mohiuddin, 1991). In addition, due to advancement of RMG industry in Bangladesh, workers of different category based on sex, age and skill especially, woman got the employment opportunity which eventually reduced their dependency to others. Now they became self dependent and contribute in their family to reduce their poverty (A. Zohir, 2001; H. G. A. Siddiqi, 1999). For the enhancement of the competitive advantage there is a need of backward linkage industry of its own in the supply chain of Bangladesh RMG (H. G. A. Siddiqi, 1999). This will help the industry to reduce the dependency on foreign sources of raw materials and detain the core competence of low price. Even though the Multi- fiber agreement has abolished, as a least developed country Bangladesh enjoys GSP facilities which helped to detain the competitive position in the world market. But in the coming future if the tariff rate decline that will encourage the rival within the industry. In that case the GSP facility will help no more (M. T. Rahman 1995).

Fashion is always changing and a very important factor in the apparel industry. Hence, skilled manpower, developed technology, better raw material are required. Furthermore, working environment and effective supervision of the management brings out the best from the employees (Z. U. A. Chowdhury et al., 2004). All these internal factors may enhance the company performance but external factors such as the national export policy, comparative marketing distance, and lack of export commitment, exogenous economic constraints and competitive rivalry have been identified as major barriers to export decision of garment products. To help this situation out foreign based service should be carried out and finally the government should take some responsibility in arranging trade fair in abroad (H. Bhattachajuee et al. 1993). Cheap labor is the core competence of Bangladesh RMG. To be more cost effective they can look for an alternative transportation means (B. K. Adhikary, 2005).

From a recapitulation of the literature review we see that different researchers have highlighted different aspects of the garment industry of Bangladesh. Some have
highlighted growth of RMG, its contribution to the economy, its problems and prospects, development of backward linkage industries, key factors affecting quality of garment products, social impact of the growth of RMG on the life of workers, etc. Others have focused on the key factors affecting the export decision of garment products, cost competitiveness etc. But none has examined the impact of Post MFA on the RMG Industry of Bangladesh. On the basis of this research gap the present study has been planned to examine the impact of Post MFA on the RMG industry of Bangladesh. Our analysis will be devoted to the industry level and our suggested strategies will be aimed at solving problems at the industry level.

**Chapter Plan:**

In the introduction we have tried to focus on overall Ready Made Garment sector like its history, background etc. In the subsequent part we have developed the conceptual framework of our study. In chapter three we have analyzed the data which are relevant to our work based on the sample companies with a view to achieve the objectives of our study. And subsequently in chapter four, we have prepared a SWOT analysis for our sample companies. Due to globalization or elimination of quota system they have to cope up with many things so that in this competitive world market they can survive. Based on the SWOT analysis we have concluded how sample companies can create their strong position even after abolition of quota system.
Chapter 2

Research Methodology

Here in this chapter we discuss about the methodological approach that has been chosen to carry out the research work. We also will discuss about the research design, research procedure i.e., how we have collected the data and why. Then we discuss about the methodological delimitation and the limitation of the chosen approach. We provide all these information to the readers in order to attain their understanding of each part of our entire study.

2.1 Methodological Approach:

A research can be conducted following different approaches. Moreover, different approaches are suitable for different research work depending upon their nature. Here in this part we try to describe what approach we have chosen to conduct our study and why we have chosen such type of approaches.

2.1.1 Qualitative verses Quantitative approach

According to M. B. Miles & M. Huberman (1994), qualitative approach is suitable where the researcher has only a rough idea about what he/she is looking for. This type of approach is mostly used in the earlier phase of the study. Here the researcher is the person who gathers the data in the form of words, pictures or objects etc. through participant observation, in depth interview etc. Qualitative data is rich but it is time consuming to collect them.
On the other hand, the quantitative approach is suitable for those types of studies where the researcher already knows or has a clear idea of what he is looking for. To conduct a research following quantitative approach the researcher collects data using questionnaire or survey in the form of numbers and statistics. This type of approach is used during the later phase of the research work (M. B. Miles & M. Huberman, 1994).

To conclude from the above discussion we can say that we have followed both the qualitative and the quantitative approaches. As we have used questionnaires to collect data, different statistical tools to analyze them and from the starting point of our study we had a clear idea of what we were looking for we have been following a quantitative approach. On the other hand, we have followed the qualitative approach because we have developed strategies using the existing theory and empirical evidence.

2.2 Research design

In this part we discuss about what samples we have chosen to find the answers of our research objectives and what are the reasons behind selecting those samples.

2.2.1 Selection of samples

For the purpose of our study we have selected 5 RMG firms as the sample of our study. We categorized the sample companies in two types i) which were founded before the announcement of phase- out decision of the agreement i.e. the year 1995 and the rest that are established after the decision has been announced. The reason why we have done this is to find the actual picture of the situation under two different situations i.e. the performance of the garment sector under the protection of the MFA and in the global competitive market.
During 1983 AB Garments Limited has established with a capital of BDT 100,000. This is the first sample company of our thesis work. Their main export products are woven ladies/men/children shirts and trousers and markets are mainly Europe and USA.

Our second sample company is Han A Hats and Caps Limited which emerged in the year of 1997 with capital of BDT 50,000,000. It exports hats and caps to USA, Mexico and Europe.

Our third sample company is Tusuka Fashion Limited which started their business during the year of 1998. Their initial capital was BDT 20, 500, 00. Its main products are pants, shorts, under garments and trousers. The markets it exports to are Spain, France, Belgium, Rumania, Italy, Germany, USA and Canada.

Our forth sample company is RB Jacket Limited which also begun their business in 1998. Due to the secret of the company, management did not disclose their initial capital. It produces Jacket and pants. This company mainly exports its product to Germany, Spain, Sweden, Denmark, United Kingdom, Turkey and Poland.

Our last sample company is HB Limited started their business in 2001 with a very insignificant initial capital that is BDT 28,570. Its products are ladies under garments and exports to Germany, France, Italy, U.K., Sweden, Switzerland and USA.

### 2.2.2 Choice of the period

For the purpose of our study we have selected a period of 5 years starting from 2003 to 2007 because within the duration of 5 years a huge change is possible from all aspects i.e. political, economical, social, technological, ecological, and legal aspects.
2.2.3 Selection of the respondents:

We have selected the company executives as the respondents of our study. Mr. Tanvir, Marketing Manager of AB Garments Limited, Mr. Tuhin Mia, Senior Manager of Han A Hats and Caps Limited, Mr. Altub Mahamud, Factory Manager of Tusuka Fashion Limited, Mr. Choudhury, and Monoram Barua, Shipping Officer of RB Jacket Limited, Mr. Pankaj Kumar Sarkar Accounts Manager of HB Limited.

2.3 Research procedure

In this part we will be discussing about the chosen procedure of collecting data and the data analysis. We also will explain the procedure that we have followed to prepare the questionnaire.

2.3.1 Collection of data

We have collected data from the primary and secondary sources. The secondary data are collected from various sources such as books and reports obtained from the articles published related to our research topic. We have also used internet, journals as the source of our secondary data. Besides, we have collected primary data through questionnaire.

2.3.2 Data analysis

We have used different statistical tools like average and standard deviation to analyze responses to the questionnaire. We have also used averages, growth rate, and trend analysis to analyze the responses of the respondents to the questionnaire.
2.3.3 Preparation of the questionnaire:
For the purpose of our study we have prepared an open-ended questionnaire consisting of 71 questions. This questionnaire has been pilot tested and necessary modifications have been made.

2.4 Methodological delimitation
Due to fact of the distance we had to confine ourselves with interviewing only 5 of the RMG firms. We were not able to interview enough number of companies. Here we must mention that we have not developed or find any criteria to measure “how many would be enough”. The organizations have not provided us their financial statements for which we were not able to analyze their performance more appropriately.

2.4.1 Criticism of the sources
In our study we have tried to evaluate the performance of the sample RMG companies of Bangladesh in post MFA period and the impact of withdrawal of quota system on the sample RMG factories during the period under study. We have collected primary data from the sample companies using an open-ended questionnaire with the help of our friends. So, we had to depend on the experience and skills of others which may have some impact on the study.
Chapter 3

Conceptual Framework

In the previous chapter the overall starting point has been discussed. The economic impacts of Post Multi-Fiber Agreement are both direct and indirect. Due to the phase out of the Multi- Fiber agreement the Government policies have changed and the Government had to change the export strategy as well (Bangladesh Export Policy, 2006- 2009). Before we begin analyzing data we need to develop a conceptual framework.

*Concept Map*

![Concept Map Diagram](image-url)

*Chart 1: The Concept Map*
During the last five years, on an average 74.93% (approx) of exports out of the total exports of Bangladesh were from BGMEA. Therefore, it is needless to depict the importance of the position of this industry in the economy of the country. Additionally, the industry’s growth is considered critical for the growth of the economy as a whole (Economic Review, 2003). We now consider how to conceptualize the theory and the empirical materials to analyze the effects of the Post Multi-Fiber Agreement on Bangladesh Readymade Garments Industry.

In the year of 2005 the Multi-Fiber Agreement is completely phased out and leaves Bangladesh Readymade Garments Industry free to struggle/compete in the global market. Consequently, it brings in some direct and indirect effects on the economy of the country (Mohd. A. Bari, et al. 2007).

3.1 MFA and its characteristics:

MFA is an agreement among developed country importers and developing country exporters of textiles and apparel to regulate and restrict the quantities traded. It was negotiated in 1973 under the auspices of GATT as a temporary exception to the rules that would otherwise apply, and was superseded in 1995 by the ATC. The MFA is among the most important non-tariff trade barriers facing developing countries today. Established in order to achieve the expansion of trade, the reduction of barriers to such trade, and the progressive liberalization of world trade in textile products, which at the same time ensuring the orderly and equitable development of this trade and avoidance of disruptive effects in individual markets and on individual lines of production in both importing and exporting countries. It sanctions a structure of country and product-specific quota on apparel and textiles exported by developing countries to developed countries. These quotas are negotiated bilaterally between the importing and exporting countries but are largely administered by the exporting countries.
Despite being initially conceived as a temporary measure, the MFA has persisted for more than twenty years, since its inception in 1973, the MFA has been through five successive negotiations, with each round encompassing a wider range of products and countries.

The most recent round of trade talks—the Uruguay Round, concluded in 1994—included a plan for the eventual elimination of the MFA.

### 3.1.1 Characteristics of MFA:

- Importers and exporters are involved in MFA
- MFA involves with the regulation and restriction of quantities of trade
- MFA emerged in 1973 under GATT
- MFA is a non-tariff trade barrier
- MFA evolved as a trade expansion
- It is an agreement which reduced the international trade barriers
- Multi-fiber Agreement is an agreement between developed and developing countries
- It’s an agreement negotiated bilaterally between the importing and exporting countries
- MFA is a temporary agreement and this agreement has been terminated in 1994.

### 3.2 Impact of MFA and its indicators:

The abolition of quotas in the garment and textile industries in 2005 was meant to stimulate debate and discussion. The proposed changes may terminate workmen that will impact negatively on workers including those who may lose their jobs as a result of the abolition of quotas under the MFA.
Quotas are part of the "free trade" system and therefore part of neo liberalism. The debate about whether to retain or abolish quotas takes place within this framework. Nevertheless, it was an important debate as workers' livelihoods are at risk and possible scenarios and outcomes need to be articulated and broadly discussed with workers so that other positions, options and eventually a plan of action can emerge. However, the debate should be broader than this and should challenge the current systems of globalization, including aspects such as the notion of "free trade" and bilateral agreements and articulate alternatives.

3.2.1 Sales:
MFA was negotiated in 1973 as because of helping the under-developed countries like Bangladesh, India, Pakistan, China, Hong-Kong, Taiwan, But Bangladesh is getting benefit since 1983. As because of quota facility Bangladeshi RMG sector started to emerge from 1983. It becomes successful gradually since 1983. The reason why Bangladesh is getting privilege just because of labor intensity. The labor cost of Bangladesh is very cheap compared to that of other nation. Therefore, Bangladesh is getting more and more order which eventually lead the sales figure to go high.

3.2.2 Net Income:
Net income is another indicator of the impact of withdrawal of quota facility. If quota system is withdrawn then it is likely that there will be a negative impact on net income. The present study has planned to evaluate this impact.

3.2.3 Employment:
Bangladesh is a highly populated country. And our RMG sector is highly labor-intensive sector. Therefore, it created a huge employment opportunity. It has been found that almost 80 percent of labor forces are women. RMG is a blessing for Bangladesh in a sense that it reduced our poverty level substantially. Withdrawal of quota may affect the volume of employment.
3.3 Garment Sector:

Bangladesh Readymade Garment Sector mainly covers three categories of products which are:

a) Knitting  
b) Woven  
c) Sweater

All these three kind of products are for Men’s, Ladies and Children’s wear. They are of both casual and Hi-end fashion.

3.3.1 Buying Agent:

Buying agents are the people that work on behalf of the buyers. That is, they represent the buyers and undertake the negotiations on their behalf to acquire a property for the best possible price and terms. The importer companies outsource their buying office in exporter countries in order to save time and money and also for better co-ordination.

3.3.2 Back to back Letter of Credit:

The beneficiary of the first letter of credit (selling credit) requires his bank to issue another letter of credit in favor of the producer of goods or supplier offering the selling credit to the bank as a security. This second letter of credit is called the “Back to back Letter of Credit”. This facilitates the exporter guaranteeing the payment so the exporter can carry out business activities smoothly.

3.3.3 Shipping Agreement:

To deliver the product in time agreement in made with the shipping authorities regarding the volume of products to be exported, amount of freight, nature of payment, time of delivery, insurance and other relevant clauses.
3.3.4 Shipping Charge:
The shipping expenses may be charged by the exporter or free shipping might be offered, but it should be clear since the beginning of the contract. The shipping charge includes

- Actual shipping cost: this is the cost for just carrying the product for shipping them.
- Handling fee: it is the cost which is charged for packaging material.

3.3.5 Policy Protection – tax exemption:
To protect the industry the Government takes initiatives such as offering tax exemption; tax holiday etc. Tax exemption facilitates the industry by not paying the tax for an uncertain period of time while tax holiday specifies the time period.

3.3.6 Lead Time:
It refers to the time period between receiving an order from the customer and delivering the order i.e. lead time is the difference between order received and order delivered. As much as the company is capable of shortening its lead time its image improves. If the lead time is longer then there is a chance of not delivering the finished goods to the buying house in time. This may cause cancellation of the order. Otherwise the finished goods have to be sent by air.

3.3.7 Infrastructure:
A well developed infrastructure is the basic requirement for the growth of any industry. To ensure industrial development the infrastructure of the country must be ensured. For the RMG industry, the main sector of the infrastructure has to be taken under considerations which are as follows:

- Power supply: Ensured power supply is an essential prerequisite for the success of an industry. For the RMG sector uninterrupted power supply is
mandatory to run the factories smoothly and efficiently. Some factories may use generator in case of power failure. This costs too much to the factory.

- Training: As skilled labor is a key factor for the quality of the product, the knowledge of the labor matters. Skilled labors also help reduce per unit of fixed factory overhead cost by producing more units within a given time. Therefore, there should be arrangements for training workers. There should be training institutions to serve the purpose.

- Availability of container: Availability of containers is also an important factor for exporting the finished goods timely. So, availability of containers must be ensured to help timely delivery.

- Transportation: Transportation is one of the important parts of the infrastructure of any industry. Better transportation system reduces the cost and magnifies the profit for the companies.

### 3.3.8 Political Situation:

For the development of export oriented industry there must be political stability. If there is political unrest then investment climate is not created and foreign direct investment does not enter into a country. If the foreign investors do not feel safe and if there is fear of expropriation then they will not be encouraged to invest in foreign countries. Thus stable Government is an essential prerequisite for the entrance of foreign investors as well as the development of the industry.
Chapter 4

Data Analysis

In this chapter we have analyzed and compared the empirical data collected from the sample companies of the Readymade Garment Industry. The sample companies are presented in the following Table:

Table 4.1: Table showing the list of sample companies with year establishment and capital

<table>
<thead>
<tr>
<th>Name of the Company</th>
<th>Year of establishment</th>
<th>Initial Capital in BDT</th>
</tr>
</thead>
<tbody>
<tr>
<td>AB Garments Limited*</td>
<td>1983</td>
<td>100,000</td>
</tr>
<tr>
<td>Han A Hats and Caps Limited</td>
<td>1997</td>
<td>50,000,000</td>
</tr>
<tr>
<td>Tusuka Fashion Limited</td>
<td>1998</td>
<td>20,500,000</td>
</tr>
<tr>
<td>RB Jacket Limited*</td>
<td>1998</td>
<td>Data not provided</td>
</tr>
<tr>
<td>HB Limited*</td>
<td>2001</td>
<td>28,570</td>
</tr>
</tbody>
</table>

Source: Reply from questionnaire.

AB Garments Ltd. which was established in 1983 started with initial capital of BDT 100,000 (Bangladesh Taka). Its main export products are woven ladies/men/children shirts and trousers and markets are mainly Europe and USA.

* This mark indicates that these are not the real name of those companies. As the authorities of those companies do not want us to reveal their company name, we used fictitious name for them.
The other company, Han A Hats and Caps Ltd. was established in 1997. It started with BDT 50 million as its initial capital. It exports hats and caps to USA, Mexico and Europe.

Tusuka Fashion Ltd. was established in 1998. Its initial capital was BDT 20.5 million. Its main products are pants, shorts, under garments and trousers. The markets it exports to are Spain, France, Belgium, Rumania, Italy, Germany, USA and Canada.

RB Jacket Ltd. was established in 1998. It produces Jacket and pants. This company mainly exports its product to Germany, Spain, Sweden, Denmark, United Kingdom, Turkey and Poland.

The HB Ltd. was established in 2001 with an initial capital of BDT 20,000. Its products are ladies under garments and exports to Germany, France, Italy, U.K., Sweden, Switzerland and USA.

4.1 Evaluation of performance:

With a view to achieving the objectives of our study we have evaluated the performance of the sample companies by examining their sales figure during the period under study.

<table>
<thead>
<tr>
<th>Name of the company</th>
<th>Sales in USD Year-2003</th>
<th>Sales in USD Year-2004</th>
<th>Sales in USD Year-2005</th>
<th>Sales in USD Year-2006</th>
<th>Sales in USD Year-2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>AB Garments Limited</td>
<td>143,000 (1.00)</td>
<td>171,428 (1.20)</td>
<td>200,000 (1.40)</td>
<td>242,857 (1.70)</td>
<td>314,285 (2.20)</td>
</tr>
<tr>
<td>Han A Hats and Caps Limited</td>
<td>7,142,857 (1.00)</td>
<td>7,857,142 (1.10)</td>
<td>6,857,142 (0.96)</td>
<td>8,571,428 (1.20)</td>
<td>9,285,714 (1.30)</td>
</tr>
<tr>
<td>Tusuka Fashion Limited</td>
<td>85,714 (1.00)</td>
<td>100,000 (1.17)</td>
<td>92,857 (1.08)</td>
<td>128,571 (1.50)</td>
<td>185,714 (2.17)</td>
</tr>
<tr>
<td>RB Jacket Limited</td>
<td>114,285 (1.00)</td>
<td>128,571 (1.13)</td>
<td>171,428 (1.50)</td>
<td>185,714 (1.63)</td>
<td>200,000 (1.75)</td>
</tr>
<tr>
<td>HB Limited</td>
<td>612,800 (1.00)</td>
<td>871,4289 (1.42)</td>
<td>1,221,528 (1.99)</td>
<td>1,457,142 (2.38)</td>
<td>1,728,571 (2.82)</td>
</tr>
<tr>
<td>Average</td>
<td>1,619,731 (1.00)</td>
<td>1,825,713 (1.13)</td>
<td>1,708,591 (1.05)</td>
<td>2,117,142 (1.31)</td>
<td>2,342,856 (1.45)</td>
</tr>
</tbody>
</table>

Note: The figures in parentheses indicates growth rate of sales.
From Table 3.2 we see that average sales of sample companies have increased up to 2004. It decreased in 2005 and again showed an upward tendency during the rest of the years. If we look at individual sales figure we observe that sales of all the samples have increased in all the years with the exception of 2005 in which 2 sample units showed a decreasing tendency. If we look at the growth rate we observe that two sample companies showed decreasing growth rate in 2005. All other companies showed increasing growth rate during the period under study.

Table 4.3: Table showing the Net Income of the Sample Companies

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>AB Garments Limited</td>
<td>Not provided</td>
<td>Not provided</td>
<td>Not provided</td>
<td>Not provided</td>
<td>Not provided</td>
</tr>
<tr>
<td>Han A Hats and Caps Limited</td>
<td>31,430 (1.00)*</td>
<td>21,430 (0.68)*</td>
<td>32,857 (1.05)*</td>
<td>39,286 (1.25)*</td>
<td>40,357 (1.28)*</td>
</tr>
<tr>
<td>Tusuka Fashion Limited</td>
<td>652,176 (1.00)*</td>
<td>680,387 (1.04)*</td>
<td>641,857 (0.98)*</td>
<td>701,571 (1.08)*</td>
<td>714,285 (1.10)*</td>
</tr>
<tr>
<td>RB Jacket Limited</td>
<td>Not provided</td>
<td>Not provided</td>
<td>Not provided</td>
<td>Not provided</td>
<td>Not provided</td>
</tr>
<tr>
<td>HB Limited</td>
<td>465,90 (1.00)*</td>
<td>683,220 (1.47)*</td>
<td>327,789 (0.70)*</td>
<td>1,403,235 (3.01)*</td>
<td>7,354,160 (15.78)</td>
</tr>
<tr>
<td>Average</td>
<td>383,169 (1.00)*</td>
<td>461,679 (1.20)*</td>
<td>334,167 (0.87)*</td>
<td>714,697 (1.87)*</td>
<td>2,702,934 (7.05)*</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>318,553</td>
<td>281269</td>
<td>304550</td>
<td>682069</td>
<td>4,042,149</td>
</tr>
</tbody>
</table>

*Indicates growth rate

Table- 3.3 shows the net income of the sample companies during the period under study. We observe from the Table that average net income has increased with the exception of year 2005. Highest standard deviation has been found in the year 2007. It is worthy to mention here that two of the sample companies have not supplied their net income figure to us. Consequently, we calculated average and standard deviation on the basis of net income figures of three sample companies. In addition to the positive growth in sales and net income we have found from the data analysis that they had good marketing strategies,
standard production capacity, cheap labor, better quality, reasonable and low price, and restfulness to the commitment.

4.2 Measurement of the Impact of the Phasing out of the MFA since 2005:

In order to find out the impact of the withdrawal of the quota facilities we can examine the sales and net income figure after the year 2005. We observe from Table 3.2 and 3.3 that sales of all the sample companies have increased and accordingly net income figure has also increased. This indicates that withdrawal of quota facilities has not caused any problem for the sample companies in Bangladesh though the withdrawal has increased competition in U.S. markets. Other impacts of the post MFA period are discussed below:

4.2.1 Changes in the cost competitiveness of the RMG

Low price for the same quality product and standard has been the competitive advantage for the sample companies. Regarding the question about how cost competitiveness of the RMG has changed during the post Multi- Fiber Agreement have been asked to our group of respondents. They all agree on the issue that the price of raw material is becoming higher. For example, the suppliers of woven fabrics have increased their product price. Some other factors such as longer lead time than expected, insufficient power supply, and political unrest during production period increase the production cost. In an answer to the question “what are the strategies to remain cost competitive the respondent group mentioned a few strategies which are:

- Trying to buy raw materials locally.

- Decrease overhead and labor cost. Besides, trying to maintain the same status i.e., to maintain the production in a way so that the labor cost and overhead cost do not increase.
20% of the respondent group has increased the price of their finished products according to the increase in the price of their raw materials.

Besides, developing the backward linkage industry would also be a strong competitive advantage for the sample firms in the industry. In addition, the Bangladesh Government has reduced tax and duties to help cost reduction.

4.2.2 Change in the Government incentives and policies:

Bangladesh RMG is an important sector of its economy. Consequently, the Government would support the sector to gain maximum benefit from it by using and increasing the competitive advantage. (Bangladesh Export Policy, 2006-2009). The Bangladesh Government has introduced reduced tax and duty to help cost reduction. The Government also has introduced cash incentive scheme for using locally produced yarn to support the backward linkage industry to grow. (Nasir Mainuddin, 2006). Moreover, it has decided to develop textile village at different part of Bangladesh as the backward linkage industry. The Government has decided to develop the port management system, simplify the goods uploading process to help reduce the “lead time”. Besides, the Government has promised to resolve the problem of electricity supply. To enhance the productivity of the employees’ the Government will arrange training facilities to develop the skills (Bangladesh Export Policy, 2006-2009).

4.2.3 Increased foreign exchange earnings and employment opportunity

The increasing sales figure of the sample companies during the post MFA period implies increased foreign exchange earnings. In addition, they are contributing to increase the national GDP (Gross domestic product). On the other hand, only one Sample Company which is 20% of our total sample was established before the decision of phasing out the MFA. Rest of the respondents, that is, 80% has been established after the phasing out of the MFA decision and still the industry has not reached its maturity, it is still growing. Figure-3.1 shows that since 1983 to 2001
the industry growth has been smooth. During the period 2001-02 it declined and again from the next year it started to grow at a more rapid rate. Thus we can comment that more employment has been generated in the post MFA period in Bangladesh.

*Industry Life Cycle*

Figure- 3.1: The industry life cycle

Source: This chart is drawn using the data in Chapter 1, table- 1.1
Chapter 5

SWOT Analysis of RMG Sector:

5.1 SWOT Analysis

SWOT analysis is a helpful tool in the hands of management in analyzing the strengths, opportunities, weaknesses and threats to a business firm. We have prepared the SWOT analysis from the perspective of the sample companies. This analysis has been performed on the basis of responses given by the management of five sample RMG firms of Bangladesh. We have not consulted any Government official in preparing the analysis.

5.1.1 Strength

Strength creates advantages to a business firm. It also creates distinctive competence for a business firm.

1) Our sample companies in Bangladesh have already created a good impression in world market. So, the only thing to do is to improve the quality of the production according to international standard.

2) In the production and operation sector, the main advantage of sample companies is low labor cost compared to that of other countries in the world. This is the only competitive advantage of our sample companies. Average wage per hour is the minimum in our country in comparison to that of other countries in the world.

3) In the Research and Development and Engineering sector, BIFT (Bangladesh Institute of Fashion & Technology) is a new dimension in the garment sector of Bangladesh. Through this Institute sample companies can attract foreign customers. Because quality of fashion designing will come out from this Institute and our sample companies will also be benefitted from the technological development created by BIFT.
5.1.2 Weakness

1) We do not have enough raw material of our own, as a result we have to import raw material from outside the country.
2) Our Government policies are not structured enough.
3) The market is not diversified enough.
4) Instability in law and order situation: The law and order situation is not suitable in our country. For this reason the sample companies are in problem. The labors of the sample companies create unrest. Sometimes they create unrest in the factory and even physically assault the people of management. In addition to this, the political parties frequently become involved in political agitation. Consequently, the sample companies have to suffer.

5.1.3 Opportunity

1) Recently EU, Canada, Australia, Norway, New-Zeeland and Japan provided duty free status to LDC products; we have to explore this new market. This indicates improved relationship with the buying countries.
2) The unutilized market niches as in (1) above seem to be an opportunity for the RMG industry of Bangladesh.

5.1.4 Threats

A threat creates unfavorable situation for a business firm. The factors that create threat for the RMG sector are discussed below:
5.1.4.1  **Competitive Sector:**

A competitor is a fierce player in the local as well as in global business environment. Competitors pose threat to the sample business firms as well as to the industry. The entry of new competitors in the industry is evidenced by increase in growth in the number of members in the BGMEA (Table 1.1, p.11). This may cause a decrease in the volume of orders that could be received from the buying houses by a particular business firm.

If we look at the global scenario we observe that Bangladesh is not getting the GSP facilities after 2005. Consequently, new competitors have entered the U.S. market and other international markets and Bangladesh has to compete with countries like India, China, Pakistan, Sri Lanka etc.. The respondents are of the view that more foreign companies will come to Bangladesh because of wage-hike in those countries. More local entrepreneurs are also expected to enter the RMG business with the change in political conditions. There is no substitute for RMG products and there is no rivalry among the RMG firms.

5.1.4.2  **Suppliers:**

Suppliers are also an important factor to be considered by the strategists. They supply raw materials, power, money, labor etc.. The sample companies generally acquire petro-fabrics from the foreign countries and cotton fabrics from the local market. But cotton fabrics are also purchased from the foreign market if the buyers impose conditions on the RMG manufacturers to do so. The price of petro-fabrics changes with a change in the price of petroleum and lead time of receiving the petro-fabrics is greater than that of the locally produced fabrics. The price of petro-fabrics is increasing gradually though the quality of raw materials has been the same. The price of petro-fabrics is comparatively lower than that of the locally produced fabrics. So, we see that there is a mild threat from this sector for the sample firms. Power supply in Bangladesh is also not ensured.
5.1.4.3 **Bargaining power of Buyers:**

Buyers are at the center point of the marketing program. Manufacturers have to produce goods according to the specifications of the buyers. Buyers also influence the price. In case of the sample firms of our RMG industry, most of the importers give their orders through a buying house which gets a commission from the importers. The price is fixed by the buyers and the manufacturers have nothing to say. Manufacturers cannot increase the price of their products.

5.1.4.4 **Socio economic Sector:**

Economy: A business firm also has to consider the local as well as global economy. The stage of business cycle of the country as well as that of the buying country is an influencing factor. After great depression in U.S.A. the orders from the U.S.-based buying houses are decreasing. On the other hand, the European-based buying houses are also decreasing the orders though at a slower rate.

5.1.4.5 **Government Sector:**

Government Sector is also an important sector to consider because Government can help a business firm as well as an industry in various ways or can create trouble for them. In Bangladesh, Government has developed EPZ, prepared infrastructural facilities including roads and high ways, and ensured power supply.

Of course, there is some shortage of power supply that troubles uninterrupted production which seems to be the inefficiency of the Government. Political instability also occurs due to inefficiency of the Government.
5.1.4.6  Ecology:

The relationship between human beings and other living things is called the ecology. Threats to ecology are caused by the air pollution, soil pollution and water pollution. In Bangladesh, there is no proper system to dispose the wastage of garments. Consequently, those garments wastage create soil and water pollution. So, the sample firms have some ecological problems.

5.2 Future prospect of the Garment industry based on mission, vision, and prospective plan of the sector:

As said earlier garment sector has been declared as the third sector by the Government of Bangladesh because of its largest cost in foreign exchange earnings, employment opportunities and value added to the economy. The major mission and vision of this sector are to develop diversified garment product and occupy lion's share in international sector through quality products, competitive services and through maximizing value added to our economy. Recently our garment sector has become very much successful in achieving its production target, sales target, foreign exchange target, creation of employment opportunities in our economy. With the introduction of globalization concept we are not lagging behind in this vital sector and our and our national budgets and in the perspective of 5-year plans, there is more emphasis on the development of this sector through expansion strategy. Our EPZs have been given instructions for simplification of the procedures for establishment of garment units through one stop services. This indicates that there is bright prospect of our garment sector for the next decade as it is visible from the increasing foreign exchange earnings even in the post MFA period.
Chapter 6

A Contour of the Future needs

6.1 Introduction:

Readymade Garment Industry in Bangladesh being the major foreign exchange earner plays a vital role in the economic development of the country. Though this business was started in Bangladesh in the late 70’s it has emerged as a powerful sector of the economy. The emergence of RMG as a powerful sector of the economy has been possible due to the granting of quota system by the developed countries to the least developed countries. The quota system has been withdrawn since 1st January, 2005 and Bangladesh has been competing with other countries in those markets since then.

6.2 Performance of RMG and Impact of Post MFA- A Flashback:

In chapter 3 we have analyzed the performance of our sample companies. Our analysis shows increasing trend of sales and net income during the period under study with the exception of the year 2005. If we look at the growth rate of sales based on the year 2003 we see that growth rate of all the sample companies have increased in all the years with the exception of two sample companies in 2005. In case of average growth rate we see the same scenario.

If we turn towards income figure we observe that two sample companies did not disclose net income figure. Of the rest three companies, one company showed a decreasing trend in 2004 and increasing trend in rest of the years. The rest two companies showed a decreasing trend in 2005. The same is the case for average growth rate in net income.

Our close look at the impact of post MFA period on the sample RMG companies reveals that their survival now depends on the improvement of the cost-competitiveness through local buying of raw materials, decreasing overhead cost and increasing the price of finished goods. Some backward linkage industries have also been developed. Some
Government measures like granting cash incentives for using locally produced fabrics, simplifying goods unloading process to reduce lead time.

Overall growth rate in the number of units of BGMEA also shows an increasing trend up to 1998-1999. The average growth rate during this period is 146.30 where as in 1999-2000 to 2003-2004 it is 105.60 and during 2004-2005 to 2006-2007 it is 105.33. Thus we see that growth rate after 2005 has been constant compared with that of 1999-2000 to 2003-2004. So, we can conclude that there is no negative impact on our sample RMG firms for the withdrawal of quota facilities by the importing countries.

A close examination of the SWOT analysis reveals that the sample companies as well as the RMG sector has threat from the Socio-economic sector, competitor sector, supplier sector, ecological sector and customer sector. The sample companies have strength in the production and operation sector, corporate resource and personnel sector. Since the sample companies are private limited companies and do not provide balance sheet data we could not diagnose about the financial health of the sample companies. However, our sample companies have shown satisfactory performance due to distinctive competitive advantage in the personnel sector. But there is also threat from the personnel sector because labors go on strike all on a sudden and creates unrest in the factory.
Recommendations

The forty-year old quota system on textile and readymade garments has been withdrawn as of January 1, 2005. As a result our export-oriented readymade garments industry is now facing more competition than any time in the past. At the same time the country’s import system has been liberalized, and the rate of import duty has been fixed at the lowest possible level. Considering the overall situation and in order to maintain our current export growth, we have to increase the production capacity of local export-oriented industries, give more emphasis on production environment of the factories and on meeting the compliance requirements, improve the quality of the products, and most importantly, we have to strengthen our efforts to diversify products and their markets. All these objectives can be attained only when we can utilize our cheap labor and convert comparative advantage into competitive advantage. In doing so, efforts will be given on encouraging the establishment of labor-intensive export-oriented industries, encouraging training programs for the skills development of the workers, providing incentives for the diversification and encouragement of exports, low-interest loan facilities, infrastructural development, establishment of backward and forward industries, development of utility services, establishment of modern laboratories for controlling the quality of export products, establishment of product-based clusters, ensuring easy access to the raw materials for export products, ensuring regular supply of updated information on market and technology to producers, and on the overall development of the Chittagong Port including the simplification of goods unloading procedures.

Moreover, some steps will be taken to shorten the "lead time” for export of readymade garments by means of development of port management, simplification of goods unloading, resolving the electricity problem and similar activities. Furthermore, assistance will be given to improve the work environment in the readymade garments factories, to reduce risks of accident and to fulfill the compliance requirements at the factory level. Besides, an integrated and reasonable compliance regulation will be prepared with the help of all stakeholders;

Since, our RMG sector is facing huge competition in the world market as because of abolition of quota system we have to go very carefully to capture the world-wide market. As a result, we have to take some necessary steps which will be taken to send marketing missions abroad, to
organize single country textiles and readymade garments fairs, to organize and participate in international trade fairs at home and abroad so as to expand and integrate the markets for readymade garments.

At the end we can say that our RMG sector is doing well what is more than our expectation. And if this flow goes on this way then we will be successful and our RMG sector will be a great threat for other competitors in the world market. Based on the above data analysis and findings we suggest the following strategies that RMG should follow:

**i. Strategies for the RMG Sector in the Post MFA**
To sustain in the competitive market and detain the achieved position or capture more of the market share Bangladesh RMG must adopt certain changes and develop dynamic capabilities. In doing so some of our suggestions are as follows:

**ii. Re-structure RMG Sector with appropriate backward and forward linkage**
We have to re-structure the garment sector. The garment sector of Bangladesh is totally dependent on the foreign investment. They export raw materials, equipments and other facilities to our garments sectors, which are not cost effective.

**iii. Improve labor productivity and managerial efficiency**
The labor productivity should be increased and it can be possible if the labors are provided with a significantly decent wages and other facilities such as free medicine, bonus, and transportation cost, they will be more motivated and their motivation will lead them to become more productive.

**iv. Better working environment**
Working environment of garments in Bangladesh is very poor. The owners should give more attention to improve the working condition of the garments. There should be proper ventilation system, clean sanitation, significant number of fire extinguishers, emergency exit to ensure the safety and security of the workers.

**v. Market diversifications:**
There were very few market diversifications in our garment sector. Usually the Bangladesh garments sector used to export its products in USA and it realized that it’s not enough. This is
why they started exporting in European Union countries. Moreover, to grow or capture more of the market share they should explore and exploit different markets.

**vi. Improving the R&D**

Bangladesh garment sector does not have advanced technology and equipments that’s why they should invest more in research and development. Besides, they may buy high-tech machines or adopt lease strategy so that they can export higher quality products.

**vii. Backward Integration**

Backward Integration refers to the development of subsidiary industries in order to reduce Bangladesh garment’s dependence on imported inputs i.e., the supporting industries that produce garment accessories and the initial processing of imported gray fabric.

**viii. Upgrading of Skills and Technical Expertise**

Although there is an apparent abundance of labor in Bangladesh, there is insufficient level of skill when it comes to the use of many high-speed machines used in the industry. Far too little has been spent on training of staff with skills that are transferable across the industry. Better skilled staff will increase the productivity of the company as well as increase in GDP. This factor of investment in its workforce is often neglected by enterprises, which have been hampered by short term planning.

**ix. Integration**

Due to the lack of development networks among the players involved in the Bangladesh industry and their respective markets, there is little integration within the garment industry. It is also necessary to develop direct links with retailers in the US and EU.

**x. Diversifying Product Range**

Bangladesh has always relied on a small, medium to semi-high quality product. These were the main categories covered by the MFA. The development of high quality products will require an investment in technology, training and quality control.
xi. Elimination of child labor
The Bangladeshi industries employ many children and the garment sector is not different from
them. It is a matter of industrial reputation that will go down if they recruit child labors.
Recruiting child labor may also bring negative impression on the brand image of the company to
its customers.

xii. Improvement of Quality
Quality is one of the important factors that make the customer loyal to the product. The
respondent group believes that the quality of the product is a factor that affects the sales. They
also believe that the volume of their business depends on the quality, design and the commitment
as the fashion and style changes too often. Therefore, the companies have to respond according
to their customers’ test.

Till now 80% of our respondents enjoy the duty- free market access and 20% of the respondent
group enjoys GSP facilities only if local fabrics are used. 60% of the respondent group collects
order through the buying house (local buying agent) and the rest gets offer directly through the
head office situated abroad. They have no problem in collecting orders due to better quality and
low price. The respondent group believes that they have been able to cope up in accordance with
the changes in the attitude of buyers and customers.
Appendix: A

Questionnaire

1. Name of the organization:

2. Year of its establishment:

3. Initial capital of the organization:

4. What is your name?

5. Designation at the company:

6. How long have you been in the RMG industry and in this post?

7. To which countries do you generally export?

8. What product do you export?

9. Where do you get the raw material?

10. Would you please give your sales figure for the last five years (2003-07)?

11. Do you think that your sales have decreased/increased in the post-MFA period? If answer is yes/no, what are the causes of such decrease/increase?

12. Who are your competitors abroad?

13. What is the amount of net income during the last five years (from 2003-2007)?
14. Do you think that quality of products is a factor affecting sales?

15. What production problems are you facing in RMG after the MFA?

(a) gas shortage   (b) hostile union   (c) Increase in lead time   (d) absence of backward linkage industry

16. Is there any scope for diversification of your products?

17. What marketing problems are you facing after the MFA?

18. Do you face any political problem in your RMG industry?

19. Are the workers loyal to your business firm?

20. Do you think that the Rule of Origin is creating any problem for exporting goods?

21. Are you facing image crisis due to failure in timely shipment of exportable goods?

22. Do you think that product diversification is a key to utilizing EU market access facility?

23. Do you think that the future of our RMG lies in improved competitiveness?

24. Have you lost your market share in the countries in which you would sell your products before the MFA?

25. Have you explored new markets after the phasing out of MFA?

26. Do you face any non-tariff barrier while exporting?

27. What additional problems are facing after the quota system is cancelled?

28. Have your competitors increased after the MFA in the international market?
29. Have you developed any new product?

30. Do you face any problem for the introduction of Harkin’s Bill in the US Congress?

31. Could you devise any cost reduction strategy to strengthen your competitive position?

32. Would you please tell about the percentage of men and women workers working in the different department of the company?
   
i) Before the year 2005
   a) woven department  b) knitwear department

   ii) After the year 2005
   a) woven department  b) knitwear department

33. Do you get duty-free access of your products to any country?

34. Have you diversified into new and higher value products after MFA?

35. What measures have you taken to improve the wage and working condition of workers?

36. Have you retrenched any worker in the post-MFA period?

37. Do you have any supporting backward linkage industry?

38. Would you please comment on the compliance of labor standards by your business firm?

39. Have your suppliers of woven fabrics established forward linkage industry in their own country after the phasing out of MFA?
40. Have your suppliers of woven fabrics increased their product price?

41. Do you think that our lead time is longer than that of our competitors in the post-MFA period?

42. Have you experienced negative growth in the post-MFA period in your business firm?

43. What is your annual production capacity in pieces or meters?

44. Please state your budgeted and actual production during 2003-07 product-wise.

45. Capacity utilization for last 5 years.

<table>
<thead>
<tr>
<th>Target capacity / Year</th>
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<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
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<tbody>
<tr>
<td>a) sweater</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) knitwear</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Woven</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
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<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
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<tbody>
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<td>a) sweater</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) knitwear</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Woven</td>
<td></td>
<td></td>
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<td></td>
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</tbody>
</table>

46. Target and actual purchase for last 5 years:

<table>
<thead>
<tr>
<th>Year plan &amp; achievement</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actual</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
47. Target and actual sale for last 5 years:

<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actual</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

48. Please state the collection procedure of order?

49. Do you face any difficulty in collecting order?

50. What are the limiting factors of your production?

51. What are the limiting factors of your sales?

52. Do you face any difficulty in shipment?

53. Please state the nature of your market research activities?

54. What sales promotional measures you have taken after the MFA?

55. Is there any scope for further measure?

56. Would you please state your market expansion strategy after MFA?

57. How do you face competition in the international market?

58. Please narrate the strength and weakness of your organization?

59. What kind of opportunities do you have in the international market?

60. What might be your threat?

61. Please state the amount of foreign exchange earnings during the last 5 years.

62. How do you face the post-MFA crisis?

63. What infrastructural facilities do you have in your local area?

64. What are the inadequacies of the same?

65. What facilities are given by WTO agreement?
66. If your firm cannot attain breakeven point what are the causes?

67. Please give your cost mix for the last 5 years.

68. Which country is the highest buyer of your products and what are the causes behind?

69. What is the future prospect of your organization according to your strategists?

70. What are the suggestions for achieving your target growth?

71. What are your suggestions for solving the post-MFA challenges?
Appendix: B

Explanation of Abbreviations used in the study:

MFA- Multi Fiber Agreement
WTO- World Trade Organization
GATT-General Agreement for Trade and Tariff
RMG-Ready Made Garment
GDP-Gross Domestic Product
UN-United Nations
BGMEA- Bangladesh Garment Manufacturers and Exporters Association
ILO- International Labor Organization
GATS- General Agreement on Trade in Services
TRIPS- Trade-Related Intellectual Property Rights
TRIMS- Trade-Related Investment Measures
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