Is the Garment Industry a Route to Economic Development for Bangladesh?

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Abstract

This paper explores the role of the garment industry in Bangladesh's economic development, highlighting both its successes and limitations. As the largest contributor to Bangladesh's export earnings, the garment sector has undoubtedly played a significant role in the country's economic progress. Drawing comparisons to other countries' industrial revolutions, it examines how Bangladesh's reliance on low-cost labor and quota facilities initially propelled the sector's rapid growth. However, the paper argues that this reliance has stifled the industry's long-term development, as it disincentivized investments in technological upgrades, productivity enhancements, and diversification into higher-value products. Despite the garment industry's role in boosting Bangladesh's exports, its potential for economic development has been hampered by several factors. Low wages, poor working conditions, and job insecurity have created a negative impact on the industry's ability to contribute to poverty reduction and income growth. Although the industry has provided employment opportunities, particularly for women, the paper raises concerns about the sustainability of these jobs due to short-term employment and exploitative practices. Additionally, the industry's limited ability to stimulate other sectors and drive structural changes has restricted its overall impact on Bangladesh's economic development. In conclusion, while the garment industry has been a significant contributor to Bangladesh's export growth, its contribution to broader economic development has been constrained by labor exploitation, dependence on external demand, and a lack of competitiveness.

Keywords: *Garment industry; Economic development; Export growth; Bangladesh*

INTRODUCTION

The challenges that Bangladesh is facing in the areas of growth and economic development are certainly having negative impacts on the living standard of its people. The garments sector is the main source of exports earnings (over 75 percent) for Bangladesh with huge potential to uplift the whole Bangladesh economy. In the book *The Stages of Economic Growth* (1961), Walter W. Rostow identified three conditions that must be satisfied in the takeoff stage of economic growth, one of which is to grow at least one substantial manufacturing sector. Historically, the cotton textile industry played this role in Britain in the last three decades of the 1700s, which directly and indirectly affected the demand for coal, iron, machinery, and transport in Britain (Nafziger, 2006). The apparel industry has taken a similar central position in the export success of the East Asian NICs especially Hong Kong, Taiwan and South Korea (Mortimore 1999). China remains the world’s leading clothing exporter due to its advanced technology, vast manufacturing capacity, skilled labor force, competitive labor costs, and favorable trade policies. The clothing industry has long been a cornerstone of China's economy. Meanwhile, Bangladesh has also become a significant player in global apparel exports, driven by low production costs and a large workforce. In 2021, Bangladesh exported $34 billion worth of clothing, securing its position as the second-largest apparel exporter in the world (Yang and Zhong, 1998 and Hossain 2021).

Previous research available on the garment sector of Bangladesh took some certain directions. A major branch of literature evaluated the competitiveness issue of the industry. A closely related branch focused on importance, performance and trend of the sector. A third branch addressed the effects of the General Agreement on Tariffs and Trade (GATT) and World Trade Organization (WTO) regulations and Multi-Fibre Arrangement (MFA) on Bangladesh garment export. Finally, some research directed attention to workers’ safety, minimum wage and working environment in the Bangladeshi garment industry.

According to the Bangladesh Garments Manufacturing and Export Association (BGMEA), the ready-made garment (RMG) industry in Bangladesh is projected to reach $50 billion in sales revenue by 2021.Due to competitive pressures, major retailers and brand marketers have increasingly relied on Bangladeshi RMG factories for their outsourced clothing production. (Junayed and Akter 2023).

The present paper is different from the others because of its focus. In addition to examining the possible reasons behind the garment industry’s tremendous success in Bangladesh, it also considers how those factors are shaping the industry’s further growth and affecting the country’s economic development. More specifically, the paper argues that from the very start the garment industry in Bangladesh has grown at the expense of labor exploitation. In addition, the availability of guaranteed markets in the main importing countries provided little incentive to the entrepreneurs to upgrade and diversify industry. This practice of the sector along with imperfect export markets have not only increased the vulnerability of the industry, but also have reduced the sector’s contribution in the economic development of Bangladesh. This paper heavily draws on secondary sources and arranges them in such a way to lead to conclusions.

HISTORY OF GARMENT INDUSTRY IN BANGLADESH

Global textile and clothing (T&C) industries have been shaped by protectionist measures since the early 1960s. The institutionalization of this process started with the Short-Term Arrangement in 1961, which was later extended to Long Term Arrangements. In search of a better mechanism in the process, different parties introduced the MFA in January 1974 and later signed the Agreement on Textiles and Clothing (ATC) in 1995. ATC was launched to integrate the textile and clothing products into the WTO rules over a period of 10 years, ending finally in 2005.

In line with protectionist measures, garment manufacture has seen major historical location shifts starting in the middle of the twentieth century from North America and Western Europe to East Asia, and then in the 1980s and 1990s to other developing countries of Asia and Africa. One of the major reasons for such location change was quantitative restrictions placed by developed country producers to save their domestic producers from foreign competition. The development of Bangladeshi garments sector is closely related to these developed country restrictions on textile and clothing.

The first export oriented ready-made garment industry in Bangladesh, Desh Garments Ltd., was established in December 1977 as a joint venture with Daewoo of South Korea (Desh Group, 2011). Daewoo was a major exporter of garments products at that time, whose ability to export severely suffered due to quota restriction on Korea under the MFA. According to Rahman (2004), as a business strategy Daewoo tried to pick a country that had hardly used its quota and chose Bangladesh as a suitable candidate. Daewoo thought that Bangladesh would depend on Daewoo for importing raw materials and at the same time Daewoo would be able to use Bangladesh for their market.

Later, this Desh-Daewoo collaboration has been believed to be an important factor to the expansion and success of Bangladesh's entire garments export sector. Rock (2001) & Rahman (2004) argue that at one side by being associated with Daewoo's brand names and marketing network, Bangladesh was able to sell their products easily in the international market. In addition, most of the initial trainees left Desh Company at some point in time and set up their own garment factory, thus transferring knowledge throughout the whole garment sector.

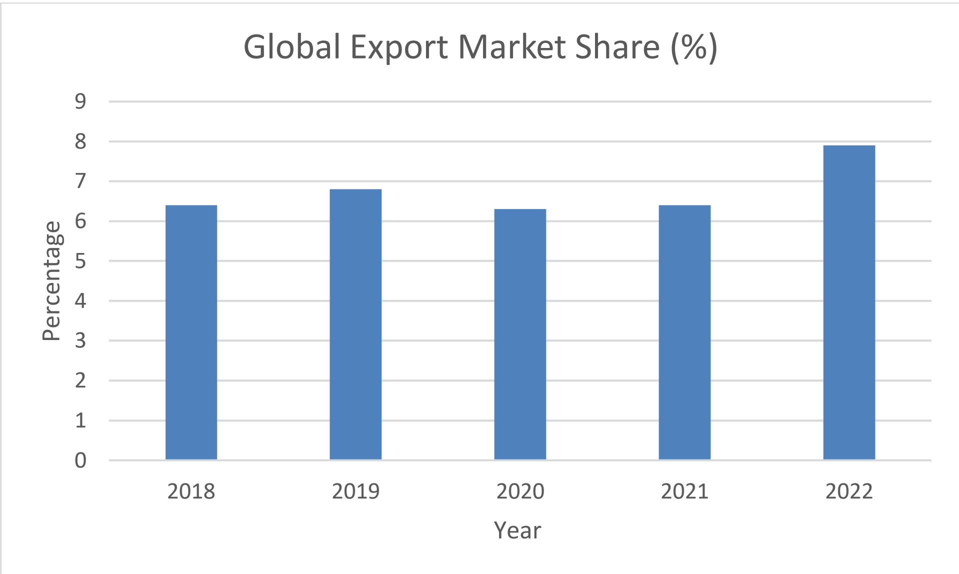
The role of Bangladesh government was also important in this period. For instance, the President of Bangladesh had to play a role in establishing connection between Desh Company and Daewoo when he learnt the former's interest in Bangladesh (Mahood 2002). Similarly, implementation of the idea of Back-to-Back Letter of Credit system could have been impossible if the government had not supported it.

The trade union movement in Bangladesh has historically been shaped by a fight for survival and dominance. Today, garment workers benefit from rights such as eight-hour workdays, weekly holidays, and maternity leave, which were achieved through union struggles. However, the movement has been weakened over time due to its fragmentation into various federations, each linked to different political parties (Hussain 2023).

PERFORMANCE OF THE INDUSTRY

Historically the garment sector of Bangladesh has shown remarkable performance in terms of growth of employment, exports and profit generation that has continued to recent times. Registered garment factories in Bangladesh increased in number from 594 in 1985-1986 to around 4740 in 2007-2008 and employment expanded from merely 0.2 million to 2.5 million in the same period (Luce 2009). In 2010, employment rose to a maximum of 3.4 million (Claeson 2010).

Similarly, the garment exports have shown significant year-to-year growth rates mostly in the double digits except in 2001-2002 when a fall in garment exports was observed due to recession in the world economy. In recent times, WTO reveals that China was the biggest exporter of clothing in 2009 with a 36.9 percent share of world garments exports, followed by the EU (including intra-EU exports). However, although all other countries lag far behind, Bangladesh along with Turkey and India managed to remain among the top five clothing exporters of the world (WTS, 2010). Bangladesh's Share in Global Clothing Exports from 2018 to 2022 is shown in Figure 1.



Source: WTO, 2024

Figure 1: Bangladesh's Share in Global Clothing Exports from 2018 to 2022

The apparel and textile sector has long been the primary force in Bangladesh's manufacturing industry, experiencing significant growth over time. Despite this progress, the industry has yet to fully adopt modern technologies that could further enhance productivity and promote sustainability. Manufacturing processes typically generate substantial amounts of data—both structured and unstructured, valuable and less useful—on a daily basis (Al Mamun and Buics 2023). In profit margin, Bangladesh is found to have performed better than countries like Hong Kong and Macao SAR in the past. According to Rahman and Anwar (2006), in 1997 Bangladesh earned an operating surplus of 15.0 percent of output. This figure was 11.9 percent for Hong Kong in 2000 and 11.1 percent for Macao SAR in 1997. Only Taiwan was able to achieve a higher percentage of operating surplus than Bangladesh (17.7 percent of output in 1997).

PAST AND PRESENT COMPETITIVENESS

A sector can grow over time and produce more and more output only if it can increase its use of factors of production, or its rate of productivity through technological up-gradation and other productivity enhancing measures. Most studies on industry analysis generally use the idea of competitiveness to analyze the growth potential of an industry. Similarly, there is no consensus in the literature about what factors determine competitiveness. The present paper considers a number of factors that have gained prominence in different studies to identify the status of competitiveness of this industry in Bangladesh (Saxena and Salze-Lozac'h 2010, Rahman and Anwar 2006). Key figures for ready-made garment exports of Bangladesh, China, and Vietnam shown in table 1.

Table 1: Key figures of ready-made garment exports of Bangladesh, China, and Vietnam.

Country	Year	Export Value (USD Billion)	Market Share (%)	Notes
Bangladesh	2023	23.99	-	5.65% increase compared to the same period in 2022
China	2022	182	31.7	Decreased from 32.8% in 2021; still the world's largest exporter
Vietnam	2022	35	6.1	Increased from 5.8% in 2021
Bangladesh	2022	45.00	-	Exported $10 billion more than Vietnam
Bangladesh & Vietnam	2018	32	-	Both countries had equal exports

The Business Standard, 2024

Bangladesh's ready-made garment (RMG) exports increased from $42.6 billion in the fiscal year 2021-2022 to approximately $47 billion in 2022-2023 (Statista, 2024).

Wage, labor productivity, and value addition

The low cost of labor in Bangladesh is often attributed to the success of the garment industry of the country (Bhattacharya and Rahman 2000). In hourly compensation the country falls even below many poor countries of the world. According to Kabeer and Mahmud (2004), wages paid in the RMG sector in Bangladesh were among one of the lowest in the world – US$0.15 an hour, which was US$0.30 in Nepal, US$0.35 in India, US$0.35 in China, US$0.45 in Sri Lanka and US$16 in the US. A recent global survey released in June 2010 (Claeson 2010) reported that the situation continues to be the same as Bangladesh garment workers remain among the world's most poorly paid workers at 3,000 taka (US$43) per month. Compared to Bangladeshi workers, monthly minimum wages are US$66 in Cambodia, US$90 in Vietnam, US$130 in India, and US$166 in China.

However, high wage rates often reflect high productivity. Therefore, what a country also needs to consider is the value additions of labor. In spite of the low wage rate compared to other countries, some of the benefits of Bangladeshi garment exporters are offset by poor labor productivity, as most studies reveal. For example, Bargawi (2005) mentioned that value-added per worker in the garment industry in China was US$2818 (2002), in Cambodia US$2700 (2003), in India US$2665 (2000), and in Bangladesh only US$1602 (2002).

Labor productivity is closely tied to a nation's competitiveness. The reliance on an unskilled workforce in the RMG industry leads to lower productivity and relatively higher production costs. Although Bangladesh has made significant progress in setting a commendable minimum wage, the productivity per worker per hour remains low compared to other RMG-exporting countries (Khuky 2023).

Distance and shipping time

Bangladesh is one of the most naturally disadvantaged country in shipping time to the US as it has higher relative distance to US compared other apparel exporting countries of Asia. Birnbaum (2001) pointed to the fact that the shipping time from Sri Lanka, Bangladesh, and India to the United States averaged 28 days, compared to 2 days from Mexico or Canada. According a different source, on average Bangladesh required 27.1 days (including in port of origin, destination, and at sea) to send products to the US by ship, compared to 26.0 for Pakistan, 25.0 for India, 22.6 for Cambodia, 22.5 for Indonesia, and 15.0 for China (Bargawi 2005). Similarly, countries in Eastern Europe and Western Africa enjoy comparative geographical advantage in the European markets.

Studies have found that distant factories face more difficulty in satisfying customer requirements in the US, as buyers are increasingly demanding “quick response” services (2004). The probability of trade between two countries reduces by as much as 1.5 percent with each day of increased ocean transit time between them and one day of delay in ocean voyage is equivalent to a tariff rate of 0.8 percent. In addition to affecting the shipping time (which ultimately increases the lead time), distance made Bangladeshi garment exporters pay high transportation cost (USITC 2004).

Lead-time

Lead-time refers to the time that a producer needs to supply an order to the buyer from the day of receiving it. Buyers would choose suppliers in terms of reliable delivery and lead times in the post-2005 world (USITC 2004). The need for shorter lead-times makes countries like Mexico, Dominican Republic, Guatemala, Honduras attractive to the US. For the same reason, countries like Turkey, Tunisia, Morocco, Romania, Poland and Hungary enjoys some benefit in the EU markets due to their proximity to Europe (McNamara 2008). However, proximity is only one determinant of lead-time. Other important factors include infrastructure, quick access to raw materials, and managerial efficiency. In comparison to other countries, the lead-time for Bangladeshi garment export is quite lengthy. For example, the lead-times for this sector can be 120–150 days for Bangladesh, compared to just 12 days in India (McNamara 2008). Based on improvement strategies, The value stream mapping's future state was illustrated, showing the refinement where total manufacturing lead time was reduced by 61.20% (Samad Abdullah, and Rifat 2023).

Related industry – the textile sector

The integration of the local textile industry with the garment industry is considered the single most important competitive strategy in the production of apparel with the potential to reduce the lead times, lower the costs for materials, and meet the rules of origin for international trade (Minor 2004). McNamara (2008) points out that textile production is more capital and skill intensive than garment manufacturing and requires more time for establishment. As a result, developing countries account for a smaller share of world textile exports than of garment exports, and small, least-developed countries are rarely found to export textiles at all. According to WTO (2011), the china was the major exporters of textile in 2010, followed by China and the US. Among lower income countries, only India, Turkey and Pakistan achieved textile exports above $7bn in 2010 along with China. The EU and the US were the big textile importers, followed by China.

Bangladesh garment industry has been largely dependent on imported raw materials since the early years. The country has been able to improve the situation somewhat in recent years. The share of textile imports as a percent of the Bangladesh economy's total merchandise imports has fallen from 15.2 percent in 2000 to 6.6 percent in 2009 and the share of textile exports as a percent of the Bangladesh economy's total merchandise exports has risen from 6.2 percent in 2000 to 7.1 percent in 2009. Even though, there remains a deficit of 345 million dollars between the economy's exports and imports. Despite being crucial to Bangladesh's economy, the traditional linear manufacturing approach of the textile industry has led to significant environmental and social issues (Prova 2023).

Infrastructural and administrative issues

The growing focus on economic integration and infrastructure connectivity between nations stems from its vast scale and potential for political and economic influence. Key drivers like special economic zones (SEZs), energy initiatives, and sustainable infrastructure can enhance economic stability and foster growth by implementing sustainable supply chain management (SSCM) practices and embracing a glocalization-friendly strategy (Mahmood 2024). Infrastructural and administrative problems also hampered Bangladeshi garment exports. A study by Mlachila and Yang (2004) identified several infrastructural problems that constrained the export of RMG from Bangladesh: poor electricity supply, expensive international telephone rates compared to its major export competitors along with the problem of inaccessibility, especially for overseas connections, congested road transportation, and inefficient seaports and weak law and order situation. In addition, while Mlachila and Yang (2004) mention lack of cranes as the reason for slow container handling in the main port of Chittagong, Abernathy, Volpe, and David (2005) points out that problems of the port infrastructures in Bangladesh also arise from "physical geography, climatologic uncertainty, and enormous administrative problems". Finally, corruption is also said to be a major problem for Bangladeshi garment exporters as it increases the cost of business. Nevertheless, it is also argued that corruption has provided unethical entrepreneurs to evade income and other forms of taxes and practice certain other corrupt activities, such as illegal selling duty of free fabrics and other accessories in the local market and who is more responsible – whether the entrepreneurs or the bureaucrats are also difficult to establish (Quddus 2001). For the same reason it is difficult to say whether the garment sector is really a victim of corruption.

TREND IN MARKET STRUCTURE AND MARKET POWER

Simply increasing productivity is not sufficient to ensure the profitability or edge of an industry over its competitors. A consideration has to be made about the market structure and market power of the industry, which together with factors of competitiveness determine the profitability of an industry. Therefore, the success of the Bangladeshi garment sector depends largely on the different stakeholders of the garment exports markets. Consequently, the market for Bangladeshi garment exports is shaped by the nature of its buyers, the position of retailers in the value chain, competing foreign country suppliers, and government policies of buyer countries.

The ready-made garment (RMG) sector in Bangladesh has become a key pillar of the nation's economy, significantly contributing to export earnings and creating numerous jobs. Despite its impressive growth, the sector faces numerous challenges, including inadequate infrastructure, limited bargaining power, rising global competition, and changing buyer preferences (Chowdhury 2023). Top 5 Garment Exporting Countries in the World are shown in Table 2.

Table 2: Top 5 Garment Exporting Countries in the World

Rank	Country	Export Value (in billions USD)	Market Share (%)
1	China	$161	30.60%
2	Bangladesh	$34	6.40%
3	Vietnam	$33	6.30%
4	India	$16	3.00%
5	Hong Kong	$14	2.70%

Source: World's Top Exports, 2020

According to Thoburn (2010: 9), there remain some inter-differences between buyers of garment exports. For example, the US market is very sensitive to price (especially buyers at the lower end of the market, such as Wal-Mart), and are less loyal to suppliers over time. On the other hand, The EU and the Japanese market are usually less willingness to switch suppliers. When recession drives prices and sales down, US buyers, who are most concerned with price, are the most willing to switch sources of supply. Since Bangladesh mostly produce lower value products, any increase in the price of Bangladeshi products can lead to significant loss of an important export market in the US or any other market that has similar price elasticity.

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) reports that the garment industry employs over four million people, with 80% being women, contributing 11% to the GDP and 81% to the country's exports. In FY2019-20, exports increased to $34.13 billion from $30.61 billion. Bangladesh exports 90% of its garments to the US and EU, with growing markets in Japan, Australia, and South Africa. While Bangladesh has implemented Ready-Made Garment (RMG) laws to enhance the sector, challenges persist in worker safety, occupational hazards, and sustainability. The 2013 Rana Plaza disaster highlighted significant safety issues within the industry. Additionally, due to the lack of backward linkages and local value addition, the sector remains dependent on imported raw materials, making it less competitive globally. Other weaknesses include poor working conditions, labor rights issues, transportation problems, power outages, an uneducated workforce, and supply chain bottlenecks (Islam 2023)

A second problem, as Mahmud and Kabeer (2003) mention, is that commodity chains today have become buyer driven. The retailers hold a monopolistic position and use their power to threaten to withdraw orders from a factory or a country and determine the terms of the business. Different researchers have repeatedly criticized this trend of the market. For example, Nordås (2004) highlights the increasing importance of the retailer in the low to middle priced market of the supply chain. He claims that the concentration of the retail market leaves more market power to multinational retailers, making them influential not only in the consumer market, but also they are possessing considerable buying power. Consequently, countries depend much on the retailers who hold the power to squeeze profit from the pockets of the producers.

What is more, the barriers to entry into garment production are usually low, as the capital requirements are small, and the basic technology is well known (Thoburn 2010). Nevertheless, profits tend to be higher in those parts of the global supply chain where entry is most difficult. The higher values are created through research, design and product development, marketing and financial services (McNamara 2008). Bangladesh is mainly a supplier of the cheaper products as it apparently has a comparative advantage in the production of the less expensive clothing. Due to the reliance on low-value products, Bangladesh is more vulnerable to new entry in the market and profit fluctuations.

Inefficient border processing systems, procedures, and commercial infrastructure lead to higher transaction costs, extended delays in clearing goods entering, leaving, and transiting through the country, and create an environment conducive to corruption within the administration. (Junayed and Akter 2023).

Another factor that has affected Bangladeshi garment export negatively is the government policy of the developed countries. From the start, quota has always played an important role behind the unhindered success of Bangladesh garment. However, later Bangladesh herself became victim of such restriction in some cases. For example, Abernathy, Volpe, and David (2005) pointed to the fact that Bangladeshi T-shirts enjoy free entry into the EU due to its status as a 'Least Developed Nation', which made the country to be the leading source of T-shirts into the EU. On the other hand, where since Mexico and Caribbean nations enjoyed duty free T-shirt access in the U.S. market and Bangladesh did not, Bangladesh could not enjoy the same lead in the US. In addition, Bangladesh in some cases had to forgo GSP advantage in the EU and compete with other countries in equal footing due to the European Rules of Origin. And after the complete phasing out of quotas in 2005, Bangladesh's garment industry continued to grow at a steady rate. Therefore, it can be argued that there has been some sort of competitiveness other than restricted markets that has also been working for the country. World's top Apparel Exporting Countries in 2022. The share of world exports in different countries are shown in Table 3.

Table 3: Share in world exports in different countries.

Country	Share in world export	Figures in billion USD
China	31.7	182
Bangladesh	7.9	45
Vietnam	6.1	35
Turkiye	3.5	20
India	3.1	18

Source: WTO, 2024

According to Mostafiz and Sun (2023) the growth of Bangladesh's garment industry has largely been driven by the quota system under the Multi-Fiber Arrangement (MFA). However, with the MFA's expiration, the RMG sector is likely to face strong competition from major players like China and India. The end of the MFA is expected to have significant consequences for the national economy, potentially slowing the expansion of Bangladesh's RMG industry. This slowdown could result from issues such as a lack of product diversification, low productivity, a shortage of skilled workers, and inadequate backward linkage support. Additionally, the planned elimination of quotas is expected to change the competitive landscape for various exporting countries, with Bangladesh's relatively weak competitiveness making its economy particularly vulnerable as the final phase-out of quotas occurs. Industrial policies play a crucial role in the development and expansion of the RMG industry. Significantly, the industry's growth has been driven by innovative policies that allow external financing through back-to-back letters of credit and the establishment of special bonded warehouses.

But it cannot also be denied that Bangladesh received generous quota facilities compared to some of its major competitors like India and China in important export markets. According to USITC (2004), 96 to 97 percent of Bangladeshi garment exports were directed toward restricted markets of the US, the EU, and Canada for the period 1997-2001 whereas for the same period, Indian export varied between 77 to 71 percent and China's export ranged between 21 to 25 percent. What is more, even after the phasing out of quotas in 2005, the US and the EU introduced safeguard against the Chinese exports of several T&C products, which is believed to have played important role behind impressive exports growth of Bangladesh and Cambodia. As a result, it still remains a matter of concern how quota restricted producers like China performs in the US and the EU under free trade regime and if it can 'severely undercut prices' to 'drive out the less efficient producers from these markets' (World Bank 2005).

MATTERS BEHIND THE SCENE

When we compare past and present state of competitiveness and market structure of Bangladeshi garment with its export growth, employment and profit performance, we see Bangladesh's main arms of trade remain two factors: quota facility and low-cost labor. The question is then, how did Bangladesh manage to continue her advantage in these areas (i.e. low-cost labor and quota facility).

Local factory owners act as intermediaries between global apparel companies and local workers, positioning them under both global and local governance frameworks. This role provides them with crucial insights into the operation and regulation of global supply chains. The focus of global apparel firms on conducting unannounced audits to enhance safety compliance within their global supply chains is clearly advantageous (Fontana and Dawkins 2024).

The quota facility of Bangladesh did not result from its own action. As is often predicted, large buyers tend to promote diversification of the buying sources as not to become over-dependent on a single source country (McNamara 2008). Thus, the importing countries introduced quota to help domestic producers and consequently Bangladesh has enjoyed a restricted market to sell her own products. On the other hand, although various arguments can be put forward, the major tool by which the garment sector succeeded in keeping the wage rates down is labor exploitation. The more primitive way of labour exploitation, if we put it in Kabeer and Mahmud's (2004) words, occured in the following way:

> 'They [garment employers] hire workers with little or no education, provide them with minimum on-the-job-training, do not issue them with a contract as required by the law, keep them on temporary status regardless of how long they have been in the factory, provide few of the benefits to which they are legally entitled and dismiss them without any notice.'

There has been a more formal way open to the factory owners as well. Minimum wage of the industry is set in such a way that it is biased against the workers. For instance, the last minimum wage was set in July 2010. According to the Institute of Food and Nutrition at the University of Dhaka, garment workers need more than the 2,122 daily calories needed by an average person; they need 3,200 calories for an eight-hour day, and 3,400 calories when working two hours of overtime. Assuming the same cost of food and a typical 10 hour working day, a garment worker would need 2,351 taka per month just to feed herself and 11,282 takas to feed her family, which is far higher than the 1,662.50 taka minimum wage (Claeson 2010).

The insufficiency of the minimum wage paid to the garment worker can be better understood if we compare it to some other classes. For example, wages of garment workers are so low that even prisoners are better off in nutritional terms. The minimum cost of food items for each prisoner is 52.39 taka per day or 1,571.70 taka per month. At that rate, a family of four would need 7,544 taka per month to have access to the same level of food items as prescribed for prisoners, assuming the family had no other costs than food (Claeson 2010). Furthermore, the minimum wage rates set in previous years were also criticized in several respects. Wulff (2008) pointed to the fact that minimum wage rates are not updated annually as is done in other countries; there was even a gap of 12 years from 1994 to 2006. Besides, the "cost of living" is not applied in deciding the minimum wage. Therefore, in spite of the falling prices in the international markets, Bangladeshi producers were able to maintain comparatively higher profits than other country producers.

Bangladeshi garment exporters appear to have deserted the alternative route to primitive accumulation (i.e. maintaining sound practices in labor payment and labor management) accusing that irregularity of orders and overall uncertainty of the industry make such investment in the alternative strategy extremely risky (Kabeer and Mahmud 2004). However, Kabeer and Mahmud (2004) remained skeptical about their claim to point out that ‘As long as there is this reserve pool of labor willing to put up with the exploitative conditions associated with a strategy of primitive accumulation, employers have few incentives to change their strategy.’

Although Bangladesh's RMG sector has made significant strides in addressing growth challenges, it continues to attract global attention due to a series of workplace tragedies. The labor practices in Bangladesh, especially in garment factories, are often criticized as being "poor," "unacceptable," and resembling "slave-like conditions." These criticisms highlight issues such as wages below living standards, excessive working hours, discrimination, verbal and physical abuse, suppression of trade unions, and preventable disasters that lead to hundreds or even thousands of deaths annually. Despite the disasters and negative headlines in recent years, Bangladesh's ready-made garments (RMG) sector has maintained a steady growth trajectory. Bangladesh is now the second-largest garment exporter globally, after China. This industry plays a crucial role in the country's economy, accounting for 80% of all export earnings and serving as the primary source of foreign exchange (Hussain 2023)

IMPLICATIONS FOR THE INDUSTRY AND OVERALL ECONOMIC DEVELOPMENT

Failure to develop competitive advantage has increased the vulnerability of the Bangladeshi garment sector. Countries succeed in those industries where they are capable of factor creation, particularly if it is highly specialized (Porter 1990). Additionally, it is well-established that producing low value products does not help a country much; rather it is more important to move to high value goods. Since the MFA quotas were placed on volume rather than value of exports, many countries started producing quality products with higher value to thwart the effects of quotas on exports earnings. Additional benefits were better control over the value chain and earn higher profit margin on the products. On the other hand, Bangladesh has failed to take advantage of low wages and generous quotas, which initially attracted FDI into the country and enabled rapid export growth, because quotas and availability of low-cost labor provided little incentives to the garment owners to improve the level of productivity and upgrade this important industry.

The primitive accumulation strategy of the entrepreneurs has also been major reason why the other sectors are not benefited to the level that happened in the now developed countries and the garment sector has failed to contribute to the other areas of economic development of the country to a large extent. The garment industry of Bangladesh has been acting as a major source of employment for the country’s growing labor force. However, around 85 percent of total Bangladesh garment labor force is women (Saxena and Salze-Lozac’h 2010) and available evidence shows that it is not a long-term source of employment for women. A survey by Kabeer and Mahmud (2004) found that on average women worked in the garment industry for five years. Moreover, most women work in the sector is very young and they leave their jobs as they grow older. In their survey Paul-

Majumder and Begum (2000) found that the mean age of female workers were 19 years in 1990 and 20.4 years in 1997, respectively.

On the other hand, the garment sector's positive impact on income and poverty reduction in the country is often mentioned in various studies. Fukunishi, Murayama and Yamagata (2006) conducted a detailed study on the subject in 2003. They found that the average wage of a worker at the entry level at garment is higher than the national poverty line and alternative income-generation opportunities in the rural farm sector. Thus, the garments sector helps to reduce income poverty and increases the monthly earnings of households. In addition, they conducted interviews with the workers and mentioned that of the 40 interviewees in Bangladesh, 33 mentioned economic improvement as the most important gain from garment employment in Bangladesh. In the decade since 24 April 2013, when the collapse of the Rana Plaza complex killed over a thousand Bangladeshi garment workers and injured more than twice that number, an international spotlight has been trained on the ready-made garment (RMG) sector in Bangladesh. (Zaman and Jenkins 2024).

However, the above-mentioned paper's assertion that employment in the garment sector helps workers to get out of poverty does not describe the real picture of the industry properly. For example, if issues like how long the worker had to work to earn such an earning are not considered, there is a risk of over-glorifying the garment industry's role in this respect. The poor condition of labors in this industry is described by Kabeer and Mahmud (2004) in this way:

> 'Hours worked in the garment industry are longer than elsewhere in the manufacturing sector, including the export manufacturing sector, and workers sometimes work all night to meet deadlines. And while their monthly take home pay is by no means the lowest in the formal manufacturing sector, given their overtime earnings, the hourly returns to their labour may be the lowest, given the long hours that have to be put in to earn it.'

Another issue is the delayed or minimal compensation provided to workers. Bangladesh's garments industry frequently faces both major and minor disasters, and affected factories often do not reopen promptly, hindering worker reallocation and compensation payments. This paper highlights the significant impacts of low wages on workers' lives. It aims to raise global awareness of the severe hardships faced by Bangladeshi RMG workers as they struggle with poverty. As the RMG sector exports globally, it is hoped that international leaders will recognize the situation and pressure Bangladeshi garment owners and the government to ensure fair wages, enforce labor laws, and reduce gender discrimination (Adnan 2024).

Moreover, as is exposed in some studies, the workers do not take jobs in garment industries to become the main source of income of the family. For example, Kabeer and Mahmud (2004) found that women workers do not see work in the garment industry as a long run humanly sustainable livelihood option. Rather, they join the garment sector because it increases their capacity to negotiate with dominant family members, postpone their age of marriage and exercise greater choice in who they marry, contribute to their families and thus to be perceived and valued as earning family members. Thus, income is found to have played a less important determinant of a worker's decision to take a job in the garment sector.

Bangladesh ranks second only to China in garment exports, surpassing countries like Vietnam, Turkey, Cambodia, the USA, and India. Despite being a developing nation, Bangladesh has integrated modern technologies and leveraged its affordable labor force to maintain high export quality at competitive prices. This advantage allows Bangladesh to secure bids over competitors, making it one of the top global exporters to some of the wealthiest brands and countries (Adnan 2024).

CONCLUSION

Despite the variations and debates, the post-MFA world has certainly opened a challenging environment for the Bangladesh garment sector. Many people are impressed by the sector's growth both in the MFA period as well as after its phasing out. For a developing country like Bangladesh, how the sector is performing needs to be evaluated not only in its own sake, but in light of the sector's position in the country's economic development as well. The first starting of Bangladesh garment was made possible by quota facility, initial FDI inflows into the country and Bangladesh government's active role in the process. In addition, in an imperfect market, the factory owners compensated for any fall in price by further reducing the wage rates. Rather it continued to focus on paying workers a poor wage. Mainly owing to labor exploitation and quota facilities, garment owners maintained high profit margins and were lacking any incentives to improve the situation of competitiveness in the industry. The sector has similarly failed to achieve major structural changes (i.e. to lead to capital intensive production or boost other sectors of the economy at substantial amounts) and to move up to high-value products within the sector itself. Not only that, but the strategies also followed by entrepreneurs reduced the sector's contribution to overall economic development as well. Regardless of the enormous employment opportunity created by the industry, its contribution to income and poverty reduction is poor. In this way, the factors that acted as a catalyst for the growth of the garment sector in Bangladesh later became self-defeating for the industry and led to poor contribution of the sector to the country's overall economic development.

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