

READY-MADE GARMENTS AND TEXTILES Prospects Look Up for Investors

by MA Hasan and Kishwar Jahan Chowdhury

THOUGH severely stricken by the political impasse during the last couple of years, the apparel industry in Bangladesh has been growing tremendously, specially over the past five years. Now, the country is on the way to settling down and expecting installation of an institutional framework through which the country will be saved from any kind of political hangover in future that might drag down the economic tempo of the nation.

The ready-made-garment (RMG), the most successful subsection of textile industry of the country, is one of the major foreign exchange earning sectors of the country that shares more than 60% of its total Forex income. It is a great accomplishment of the manufacturers and exporters of RMG in the country but, the domestic content of value addition is not that much big because the industry is heavily dependent on imported fabrics, failing to get supplied fabrics from local sources. It is not that fabrics are not produced in the country in the volume required for the industry, rather, the quality of very negligible quantity of locally produced fabrics does conform to the choice of the buyers in the global market.

During the early days of the industry in late 70s, the quality of fabrics produced in the country that time did not conform to the buyers' choice. So those few ready-made-garment (RMG) producers and exporters of the day had got to import all fabrics from abroad. Obviously, the story regarding other linkage industries was also no different like fabrics, all other trimming materials used to be imported from abroad. Through the passage of about one and a half decade, today the situation has changed a lot. The country is catching up specially with the local production facilities for trimming materials of those export oriented RMG units. Simultaneously, the CMT (Cut, Make and Trim) basis export oriented garment industry has created market opportunity for over two billion yards of fabrics a year. However, of late it seems, the recipe is there but no cook to prepare it and serve. Question might arise why has there been such a situation today and what might be the way out?

As far as the garment accessory industry is concerned the hope at the horizon is more glittering. In 1994-95 RMG industry of the country provided accessories worth around US\$ 270.81 million which was around 70 per cent of the total accessories requirement of the industry. Presently, around 80 per cent of required accessories like elastic, collarband, price ticket, metal clip, zipper, plastic clip, scotch tape, carton, hanger etc. and around 50 per cent of gumtaper, thread, hangtag, pin, tissue paper, back board, PP band etc. are being procured from the local producers. Local procurement of other accessories is also increasing. It may, however, be noted that we cannot always look forward to having supply from within the country because sometimes, the producers have to import some accessories, as per buyer's preference, from some specific foreign suppliers. Dishonouring such conditions may cause losing valuable buyers.

This point aside, the fact that a sizeable local accessory suppliers are capable to meet around 90 per cent of the total demand is good enough to support smooth development of the RMG industry. But what about fabrics — the mother raw-material of apparel industry? If classified into Knit and Woven categories only, the story of Knit fabric is better than that of woven fabric. Last year, the industry imported around two billion yards of fabrics from countries like China, India, Hong Kong, Singapore, Thailand, Korea, Indonesia, Taiwan, etc. The cost of those fabrics was around US\$ 1.3 billion. Out of the total fabric requirement of the industry, usually 15-17 per cent is constituted of knit fabrics. Presently around 95-96 per cent of the total requirement of knit fabrics and around 25-30 per cent of the total requirement of woven fabrics are imported by the export oriented industry. The fabrics supplied by the local producers and exporters are mainly from factories either renovated or newly established with modern technology.

Spinning is the first of the four major processes of the textile industry. The public sector has 30 and the private sector 88 spinning mills in the country. The demand in the period 1994-95 for yarn was 46.70 crore kg in the country, out of which 20.70 crore kg was for domestic use and the rest for export oriented garment industry. Only 21 per cent of total requirements, i.e. 9.65 crore kg yarn, are now produced locally. Currently the country needs about 116 spinning units each having capacity of 25,000 spindles to meet the demand and supply gap of yarn and an estimated investment of Tk. 4640 crore will be required for these projects.

Weaving is the second important process of the textile industry. In this process, grey fabrics are produced from yarn. Estimates of the Ministry of Textiles show that the total demand for grey fabrics during 1994-95 was 327.00 crore (3270 million) meters of which domestic demand was 145 crore (1450 million) meters and the remaining 182 crore (1820 million) meters were needed for the export oriented garment industry. Against such a huge demand, only 104 crore (1040 million) meters of fabrics were produced locally and the rest 223 crore (2230 million) meters imported.

The powerloom and specialized sub-sector produced only 32.98 crore (329 million) meters although the sub-sector has an installed capacity of 40,717 looms having annual production capacity of 81.75 crore (817 million) meters. The country has a scope for installation of 223 modern weaving units, each having annual production capacity of 1 crore (10 million) meters fabrics and an estimated investment of Tk. 4460 crore (US \$ 1115 million) will be required for setting up these units.

There are more than half a million hand-looms in the country that produce crores of meters of fabrics per annum. The local dyeing and finishing facilities of the country, with an annual processing capacity of more than 500 meters fabrics, are not satisfactory enough that can ensure quality in dyeing and printing of fabrics that suffice for the markets in USA, Europe and Canada.

With the catalyst role by the RMG sector, however, in recent years, several of export-oriented knit producing and knit dyeing-finishing units have been established in the country. Such factories are mainly installed with modern production technology. Though some hosiery factories installed with conventional technology are also in operation, these factories cannot supply quality fabrics that can be used in the export oriented RMG industry of the country.

The educated and talented entrepreneurs in the RMG industry of the country, with their untiring efforts, have achieved the highest growth rate during the past several years, compared to other industrial sectors. But as WTO has already been installed and MFA is in transition to the complete phasing out by the year 2005, the manufacturers and exporters of ready-made-

garments in Bangladesh will then directly have to compete in a greater context in the global apparel market.

Delivery schedule is one of the key variables in making buying decision, as far as overseas RMG business is concerned. With the abolition of quota system by 2005, consequently, buyers in the global market may prefer those countries having their own fabric supply sources. Such countries can probably draw more buyers than countries that are almost in the same level for other key variables but weak in sourcing local fabrics. But this formula may not work for countries like Bangladesh, where production cost, if properly engineered, is far below its competitors as the country is endowed with abundant and easily trainable workforce. In such, assuring context, if the textile sector in Bangladesh fails to develop and become capable to supply local fabrics for the export oriented RMG industry.

Bangladeshi exporters will not be able to expand their market to the extent that should have been. Almost all the neighbouring countries and other countries in south and south-east Asia are not only having their own cotton but also have built up their adequate backward linkage industries. Viewed in that context, Bangladesh should develop the textile sector to ensure quality fabric supply to the export oriented garment industry to remain competitive.

To maximize foreign exchange earning through export of garment and reduce dependence of garment industry on foreign fabrics, the government, however, has taken some more positive steps. As the immediate outcome of it, the existing dyeing and finishing mills are undergoing modernisation processes. Some new units are being set up with latest technology and some new composite textile mills having spinning, weav-

ing, dyeing and finishing facilities are coming up to cater to the needs of the export oriented garment industry. Development is taking place but not at the rate the RMG sector is expanding every year. In 1993-94, the number of members of Bangladesh Textile Mills Association (BTMA) was 63. In 1994-95 it stood on 78.

Since the beginning of 1995, Bangladesh has been importing weaving looms increasingly than before. Bangladesh ranked sixth in importing US weaving machinery and eleventh in importing Japanese weaving looms during the first quarter of 1995. Such statistics indicate that Bangladesh textile sector is being equipped with the world's contemporary textile technology. It is a good sign for the future of the country's textile industry as a whole. The scenario inspires us. But, as one US consultant suggests, had the country tried to enter the world's non-apparel export market it would have been better.

The country could enter the world's non-apparel fabric market easily, had the country's entrepreneurs tried, as there was currently no quota restriction placed upon Bangladesh's entry into non-apparel textile markets of US, Canada or Europe. It can further be mentioned that dyeing and finished industry may now develop because the grey or unfinished fabrics are allowed to enter the country under bonded warehouse arrangement. If the favours of such recent developments of this industry would have been put to work, the increased demand by the export oriented garment industry for quality woven fabric would have been supplied from the local

sources. The country, in upcoming quota-free environment, will remain competitive. Only eight years are left. The industry should do whatever it has to do within this time to get ahead of its competitors in the global market.

In 1995, around 92 million yards of local fabrics were used by the apparel manufacturers and exporters of the country in which considerable quantity was of Grameen Check (GC), a recent substitute of Madras Check that used to be imported from India. GC deserves further attention from all quarters concerned. It has good market prospect abroad. The fabrics locally sourced are mainly supplied by around 11-15 newly established or renovated (with updated technology) mills. However, statistics show that if the present condition of the textile industry of the country would become capable to produce around 163 million yards of fabrics more each two years. View in such lucrative scope, foreign private sector investors are most welcome to take the full advantage of it, availing the facilities offered by the Government.

The Government of Bangladesh has introduced 25 per cent export incentives for encouraging the use of local fabrics in the export oriented garment industries. For encouraging textile export, the duties on all capital machinery used in export oriented industries has been withdrawn. Besides withdrawal of duty on raw cotton, with the possibility of further reduction in future, duty on cotton yarn has also been reduced from 15 per cent to 7.5 per cent on textile spares, from 30 per cent to 15 per cent on dyes, 60 per cent to 30 per cent. Moreover, the government has recently implemented several policy reforms to create a more open and competitive climate for foreign investment.

In the country, 87 per cent of 120 million people live in the rural areas and in these

areas, the landless families form the pool of prospective floor level work force.

The price of labour in our country is competitive compared to some of our neighbouring countries as well as some of the countries in south-east Asia and eastern Europe. One can imagine well that this work force is one of the main advantages that Bangladesh is enjoying and will continue to enjoy over a considerable span of time in the context of international trade.

Price, heavily weighted by the labour cost, is one of the main determinants of comparative advantage in trade on textile and clothing. Average rate for Bangladesh is lowest among India, Pakistan, Sri Lanka, Indonesia, Malaysia, Philippines, Singapore, Thailand, China, Hong Kong, Japan, Korea and Taiwan. So Bangladesh enjoys an advantage in this respect.

A new generation of entrepreneurs has emerged in the country, specially with the development of RMG, who are competent enough to shoulder the burden for mid and upper-mid level management. And now, in Bangladesh, organisations are recruiting more people with technical and professional education than ever before. Over 0.2 million Bangladeshers are studying abroad. However, presently, some local universities and other private institutions are also offering different professional and technical courses. These students, studying in the country and abroad constitute the pool of prospective technical and professional talent who will drive the economic growth of the country up.

However, given the present rate of development in the overall textile sector in the country, we expect to cross US dollar 3 billion in RMG export by 1998 and 4 billion by 2001. But, if greater foreign investment takes place in the export oriented textile industry, situation will be far better.



IMPORTANCE of pulse in our life does not need explanation. From the time immemorial it is a part of our food culture. Pulses ensure nutritional security of our people in respect of protein availability as about 80 per cent of total protein comes from plant resources which are cost effective compared to animal sources of protein. They are one of the most appetiser of our food. They enrich soil nutrition and soil health by increasing soil fertility and structure. They can fix the atmospheric nitrogen in the soil and thus reduce the use of costly nitrogenous fertiliser. They are also suitable for multiple cropping system, rainfed farming and source of fodder and vegetables.

In spite of having huge advantages, the area, production and productivity under pulse crops are decreasing over the past decade. At present, we produce only about 5.1 lac tons of pulse. Present productivity ranges between 0.58 to 0.62 t/ha which is 0.75 t/ha in Asia and 0.85 t/ha in the world. Current percapita/ha consumption of pulses in around 15 gm which was 64 gm in the early 50s and the recommendation of FAO is 80 gm. Some portion of our consumption

Pulse Production under Serious Threat

by Dr Subash Dasgupta

comes from import. Existing local varieties are susceptible to pest and diseases and infestation has increased to a such level that can downturn yield at almost nil.

It is happening due to lack of farmers knowledge about the interaction between changing climates and growing stages of the plants. Uncertain rainfall at different growing stages of pulses in winter season cause damage to the plant population and create waterlogging intolerable to plants. Why is the present scenario so grim? Eighty per cent of total pulse production takes place in the Rabi season when more than 60 crops compete for the same land. Technological advancement in this field is almost nil and farmers indigenous knowledges and their innovations are being used since long. But they are hardly adequate to cope with emerging problems in the field of pulse cultivation.

Uncertain weather and risky environment accentuate long-standing problems, such as, unavailability of HYV and quality seeds, pest and diseases, farmers resources, mar-

ket support, etc. As a result, pulse crops are being cultivated in the areas with fragile soils and rainfed conditions at almost without any inputs. Some of the reasons for declining yield trends on some issues such as effects of photoperiod, temperature, atmospheric humidity and rainfall rhythm on the vegetative and reproductive growth stages of pulses. Reduction in production and productivity of pulses is not a good sign which has resulted in increased import and affected nutritional food security of the poverty-stricken people which is further deteriorating as per caput availability of pulses is shrinking.

Still, we do not have conclusive research findings whether our farmers should use basal dose of nitrogen under pulses. Pulse production scenario must be changed urgently and a strategy for meeting the future demand of pulses should be developed giving emphasis on research, resource availability and technology transfer. We should remember that for increasing

pulse production our farmers should be backed by strong research support which is still in infant stage, and here lie the problems of our pulse production.

Yet, we do not have any HYV of pulses in the farmers fields. It would be difficult to bring any major breakthrough in pulse production without having HYV with associated technologies at farmers fields. Following measures may be undertaken to enhance the pulse production in the country.

Existing farmer indigenous knowledge and innovation on pulse production need to be identified and improved through adaptive research with the support from extension services.

Modern varieties should be developed giving due emphasis on plant-type concept, the resistance to environmental factors, short duration, resistance to pest and disease etc. That should be given in hybrid development and biotechnological research. For this purpose, sufficient research fund should be made available. The potentiality of existing local varieties needs to be im-

proved through selection process.

Pulses should be used as a catch crop or the component of rice based cropping pattern to enhance the soil-plant health that will lead to increase productivity of already declining or stagnating yield trends of the rice-based cropping patterns.

Emphasis must be given on Farming Systems Research in order to explore intensely the possibility of including pulses in various ways in the farming systems of the farmers.

Pulse cultivation should be promoted in all the three seasons. Considering the technological constraints the emphasis should be given on expansion of acreage and pulses should be pushed in new areas.

Many non-traditional pulses can be introduced in different parts of the country.

Private sector seed agencies should come forward to provide quality seeds at farm levels with the support of government in primary stages of their development. Current production and productivity status including

biotic, abiotic and socio-economic circumstances of the farmers should be identified through base line survey as soon as possible. India is producing 15 million tons of pulses in a year and because of price differentials in favour of India there is possibility of smuggling in pulses in our country confusing total pulse production scenario and if it is so the situation will deteriorate in the future. Enhancement of pulse production is directly related to research and that is one of the reasons why the 'Crop Diversification Programme' completed in 1995 could not bring much headway.

So, increase of pulse production will be a difficult task. Nevertheless a strong time bound research programme should be developed and pursued by all out support from the authorities concerned and research findings for transfer to the farming communities must be available by the turn-of the century. Otherwise the country will face grave consequence at the beginning of the 21st century in its pulse production.

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The Daily Star Entertainment Guide

Saturday 15th June (All programmes are in local time. We recommend programmes printed in bold. There may be changes in the programmes).

BTV 2:30pm Opening Announcement Al-Duran 3:10 Recitation from the Tripitak 3:15 Movie of the Week 4:30 News in Bangla 5:00 News in Bangla 5:25 Banisher: Folk Songs 6:00 News in Bangla 6:05 Shamshar 6:30 Moner Mukher 7:30 News in English 8:00 News in Bangla 8:30 Matro-Masrui: Programme Based on Agricultural Development 9:00 Bharu Nadir Banke 10:30 Shasthikatha: Health Programme 10:35 Drama Songs: Dynasty 11:30 News in Bangla 11:35 Tomorrow's programme continues 11:40 Close down



They watch on Star Plus at 8:30 tonight

Supercross Moto Highlights 9:00 NBA Inside Stuff 9:30 Gillette World Sport Special 10:00 Marlboro League '96 CNFL Hits 10:30 1996 Omega Tour 11:30 A Z Of Sport 12:30noon International MotorSports News 1:00 High 5 H 2:00 The Assar Football Show 3:00 1996 W M/Cycle Champ-French GP H/L 3:30 NBA-Inside Stuff 4:00 Trans World Sport 5:00 World Wrestling Federation Action Zone 6:00pm Asia Sport Show 6:30 Statesman Vintage & Classic Car Rally 7:00 US PGA Tour Buckle Classic Highlights 8:00 555 International Basketball Challenge Final Match 3rd/4th Place Play Off 11:00 Live Formula One World Championships, 1996 Canadian Qualifying 12:00 US PGA Tour 1996 Buick Classic Highlights 1:00 The Assar Football Show 2:00 Thai Kick Boxing 3:00 Prize Boxing Fight TBC 4:30 World Motorcycle Championship French Grand Prix Highlights From Paul Ricard, France.

Star Trek: The Next Generation on Star Plus at 9:30 pm 7:30 All Out for No Loss 9:00 Boromita Quiz Contest 9:30 Bhagyan 10:00 Ad Mad Show 10:30 Gaane Anapane 11:00 Captain Cook Show Dawat 11:30 Sports 12:00 Philips Top Ten 1:00 Tol Mid Ka Bol 1:30 Asian Sky Shop 2:30 Norcal, Atlanta 3:00 Positive Health Show 3:30 Zalko Ka Safar 4:00 No Problem 4:30 TV5 So Re Ga Ma 5:00 Galaxize 5:30 Gene Anyane Live Commander 6:30 Tumhare Live 7:00 FLU 7:30 Sur Yaaf 8:00 Hopline 8:30 Mae 9:00 Asian Parits Yaadon Ke Rang 9:30 Tara 10:00 Tanav 10:30 The News Round Up 11:00 Ghoosita Aana 11:30 Action HFF 1:30 Colgate Gel Yoodle Yo 2:00 Shakti 2:30 TMM

PTV 8:00am Tilawat Aur Tarjuma/Hamid/Naat 8:20 Cartoon 8:30 Khabram 8:45 Anis 9:00 Break For Headlines News 10:00 Khabarname & Commercial News 10:35 TBA 11:55 The Flash Point 1:05 Urdu Feature Film: Khas Khabran: Close Down

News 7:20 PTV Music Library 7:30 Virsa Pakistan 7:55 Ghaazal 8:00 Aana 8:30 Video CD Premier 7:00 Good Shot 7:30 Jai Bir Hanuman 8:00 Surf-Wheel Of Fortune 8:30 Cine Prime-Hindi Feature Film 11:30 Judgaur 12:00 Pelchan 12:30 Humzar Barker 2:00 Kuch Dil Ne Kara Aahat 2:00 Kuch Dil Ne Kara

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2:25 Prathina 3:30 Bangali Tele Play Show 5:05 Dhiang Dhiang 6:00 Aana 6:30 Video CD Premier 7:00 Good Shot 7:30 Jai Bir Hanuman 8:00 Surf-Wheel Of Fortune 8:30 Cine Prime-Hindi Feature Film 11:30 Judgaur 12:00 Pelchan 12:30 Humzar Barker 2:00 Kuch Dil Ne Kara Aahat 2:00 Kuch Dil Ne Kara

BBC 6:00am BBC World News 6:20 Britain In View 7:00 BBC World News 7:30 Newswatch 8:00 BBC World News 8:20 Window On Europe 9:00 BBC World Headlines 9:05 Correspondent 10:00 BBC World News 10:20 Face To Face 11:00 BBC World News 11:20 Window On Europe 12:00noon BBC World Headlines 12:05 Everyman 1:00 BBC World Headlines 1:05 The Tourist 2:00 BBC World News 2:30 Time Out: Tomorrow's World 3:00 BBC World News 3:30 Time Out: The Travel Show 4:00 BBC World Headlines 4:05 Horizon 5:00 BBC World News 5:20 Britain In View 5:50 Earth Report 6:00pm BBC World Headlines 6:05 Under The Sun 7:00 BBC World News 7:20 This Week 8:00 BBC World News 8:20 Time Out: Film '96 9:00 BBC World Headlines 9:05 Correspondent 10:00 BBC World News 10:20 Time Out: The International Festival Of The Sea 11:00 BBC World News 11:20 This Week 12:00noon BBC World News 12:20 Face To Face

1:00 BBC World Headlines 1:05 Horizon 2:00 BBC World News 2:30 Time Out: Top Gear 3:00 BBC World News 3:25 Window On Europe 4:00 BBC World News 4:25 This Week 5:00 BBC World News 5:20 Face To Face

STAR MOVIES 7:30 Family: Grand Canyon (Arabic Subtitles) 9:30 Classic: The Mark Of Zorro 11:30 Comedy: Doctor In Trouble 1:30 Family: Simbad 2:00 Documentary: Martin And Lewis: Total Film Maker (Hindi Subtitles) 3:30 Comedy: Follow That Camel (Hindi Subtitles) 5:30 Classic: Love Me Tender PG (Hindi Subtitles) 7:30 Family: Digby, The Biggest Dog In The World (Hindi Subtitles) 9:00 The Preview 9:30 Battle Cries: The Malta Story (Hindi Subtitles) 11:30 Film Club: A Sinfid Life (Hindi Subtitles) 1:30 Fright Night: God's Army (Hindi Subtitles) 3:30 Comedy Carry On Camping (Hindi Subtitles) 5:30 Thriller: White Maschief (Hindi Subtitles)

EL TV 6:30 Rajesh Khanna Special 6:30 Bachche Man Ke 6:30 Sur Sargam 6:30 Guzara Hua Zamana 4:30 Dance Dance 5:00 Rajesh Khanna Special 6:30 Bachche Man Ke 7:30 Sur Sargam 8:30 Guzara Hua Zamana 9:30 Dance Dance 10:30 Lakhmi Advance Booking 11:00 Zero Se Hero 11:30 Shudh Detergent Kar 12:00 Aaha Shudh Special 1:00 Pyar Hi Pyar 2:00 Guzara Hua Zamana 3:00 Far Or Fir 3:30 Karm 4:00 Teri Bh Chop, Mei Bh Chop 4:30 Moov Usha Uthup Show 5:00 Society Navras 5:30 Devotional Music 6:30 Dharmendra Special 7:30 Zalko Ka Safar 8:00 Jabab Do 8:30 Frooti It's My Choice 9:00 Wonder Wings

TOM and JERRY



James Bond DRAWING BY NORM I WAS LISTENING IN MYSELF THROUGH A CHAMPAGNE GLASS AMPLIFIER GREAT! WITH MY TESTIMONY TO BACK UP -- THAT IS -- UNLESS YOU HAVE DIFFERENT PLANS FOR HIM?



I DON'T WANT THE FISH TO NIBBLE MY HANDS.



HAS IT OCCURRED TO THAT THEY CAN NIBBLE YOUR BOTTOM?



2:25 Prathina 3:30 Bangali Tele Play Show 5:05 Dhiang Dhiang 6:00 Aana 6:30 Video CD Premier 7:00 Good Shot 7:30 Jai Bir Hanuman 8:00 Surf-Wheel Of Fortune 8:30 Cine Prime-Hindi Feature Film 11:30 Judgaur 12:00 Pelchan 12:30 Humzar Barker 2:00 Kuch Dil Ne Kara Aahat 2:00 Kuch Dil Ne Kara