

# ... and of the RMG frontier

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India. With increasing costs to handle, Bangladesh needs to also target better price ranges with a complete solution of R&D.

With the current four issues to visit, there are yet and yet four more dreams that Bangladesh can afford to dream this minute...

## FOUR DREAMS:

i) Dreaming 50: By 2021, Bangladesh has set a target to reach \$50 billion. Currently Bangladesh caters to 5% of the total apparel requirement of the world. If Bangladesh were to export \$50 billion, then the share would have to go up to 8% in the least. This is indeed an achievable dream by all standards if only the government of Bangladesh assures the sector a steady infrastructure and good governance. If only factories, which have invested crores into setting up units, could get quick gas connections, the industrial scenario would change overnight. If only smaller factories, which are outside the Accord-Alliance microscope could be allotted small clusters to relocate, remediate and revamp their business, much too would change in this part of the world.

ii) Middle Income Country: According to World Bank, nations with a per-capita gross national income between \$1,036 and \$12,615 are considered as Middle-income countries (MICs). Income per capita grew by 12.90 percent to \$1,190 this fiscal year to take the country closer to the middle-income bracket.

In 2012-13 fiscal year, Bangladesh's annual per capita income rose to \$1,044 from \$923 after the base year was altered to 2005-06 from 1995-96 & according to Planning Commission, the per capita income of Bangladesh will cross \$2,000 by 2021.

Bangladesh will be regarded a middle-income nation if it achieves at least an average per capita income of \$1,036 for three consecutive years, with the figures being inflation adjusted. The per capita income last fiscal year was \$1,044.

iii) Happy labour: The income of labor has improved in the last 5 years. From the minimum wage range of Taka 1662.50 in 2006, to Taka 3000 in 2010 down to the latest revision of Taka 5300 in 2013, the sector has gone through different phases of wage revision. The last wage adjustment at Taka 5300 entitles a grade 7 worker (whose basic is Taka 3000) to a take-home package of at least Taka 7850 which includes overtime based on 52 hours a month of Taka 1500, attendance bonus of Taka 400, festival bonus of Taka 500 and



PHOTO: TASLIMA AKHTER

Dollar) based on purchasing power parity (PPP) in recent years that indicates the up-gradation of the lives of people.

iv) Made with Pride: While RMG manufacturers may attempt to address labor issues, it's time to take pride in the label where we can attach a tag line of 'Made with Pride.' While many of us questioned the catch phrase of 'Happy Worker's Tag' of Prof Yunus when he wrote about various solutions post-Rana Plaza crisis, in reality, it maybe a great idea to reflect on the possibility of sporting the tag on a worker's chest. Imagine 4.2 million workers hugging their happy tags and producing products with more understanding and compassion.

In reality, Bangladesh is unstoppable and a country where we have achieved enviable progress with some of the major human development indicators. Infant mortality has gone down from 99.5 per 1000 in 1990 to 33.1 in 2012, where maternal mortality per 100,000 live births has also decreased from

Legatum Institute shared with the world how for the first time, Bangladesh has overtaken India, ranking 103rd overall, compared to 106th for India. India has fallen down the rankings on six of the eight pillars of prosperity, while Bangladesh has improved its position on six of the eight. India has declined most dramatically in Safety & Security, the Economy, and Governance. The data show that Bangladeshis live longer, healthier, and safer lives than their Indian counterparts.

In the overall economic context of Bangladesh, the RMG sector has been undeniably playing an important role in the development manufacturing industry in Bangladesh. A cross sector comparison shows that the role of agriculture to the GDP growth has been decreasing and has now come down to 18.7% from what it was 33.7% in 1980-81. Whereas the share of industry to GDP has been increasing from what it was 17.31% in 1980-81 to 31.99% in

such as transportation, banking and insurance, government exchequer etc. The RMG workers, too, contribute greatly to the economy through their spending.

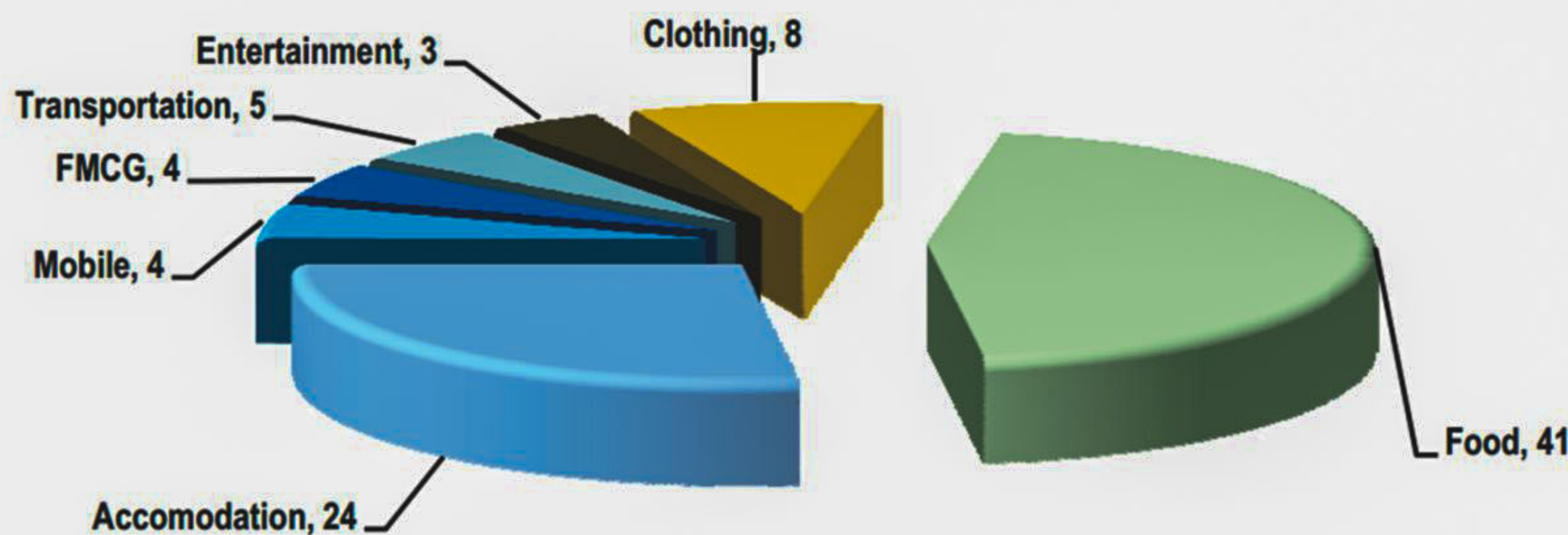
One cannot deny that Bangladesh economy has undergone rapid changes over the last decade with the export-driven RMG sector, culminating in higher economic growth. This major economic driver has been massively influential, given that the main economic agents are drawn heavily from the lowest rungs of the country's socio-economic strata. This has resulted in higher disposable income for population at the bottom of the pyramid.

In brief, the RMG sector employing 4.4 million workers, mostly women generating more than 80% of the country's export is a sector, which contributes around 13 percent to the GDP (which was only around 3 percent in 1991). Sector growth today is precipitating due to increasing labor costs in China and other competitors, leading them to move up the value chain. Bangladesh, providing the most inexpensive labor, has been the natural beneficiary of some export orders being shifted. Best part is despite rising minimum wage of 77% last December, Bangladesh has still managed its claims on competitiveness.

To end, Bangladesh is not in a Duck-Crawl-Hold position anymore. In spite of quakes shaking the sector, export is surging. However, what is missing in this entire discourse is ready-made garments being the second skin of the consumer. While consumers indulge in wardrobes and pick their attire of the day, a little reflection on where it's made, who could have made it would help apparel sourcing a lot more accountable. While George Orwell was prescient when he wrote that "... we all live by robbing Asiatic coolies, and those of us who are 'enlightened' all maintain that those coolies ought to set free; but our standard of living and hence our 'enlightenment' demands that robbery shall continue", it's perhaps the best time to remember in grace and dignity that times have changed and the new frontier in this land cannot be robbed anymore and meaningful negotiation with labor and enterprises is the only way to go in this land of ours.

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RMG Workers' Expenditure Basket (%)



casual leave encashment of Taka 150. This salary range of Taka 7850 for an unskilled worker is higher than what a primary school teacher earns. After six months of probation period, the workers usually negotiate their salary, which is much higher than the minimum wages in the upper grades.

Above is the GNI per capita-PPP (US

800 in 1990 to 240 in 2010, where population below national poverty line has also dramatically dipped from 56.6% in 1990 to 31.5% in 2010 and female literacy rate is at an encouraging 56% in 2012. According to a recent research study for Harvard Business Review, Nathan Gamester, the Program Director for the Prosperity Index at the

2012-13. This clearly reflects how RMG industry is serving as the major driver of Bangladesh economy while contributing directly to GDP, creating job opportunities, enhancing lifestyle of the workers and their families and so on. RMG sector also indirectly contributes to the country's economy through the development of other sectors