

*Quarterly Review on Readymade Garments (RMG)<sup>1</sup>:  
April-June FY'21*



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## Summary

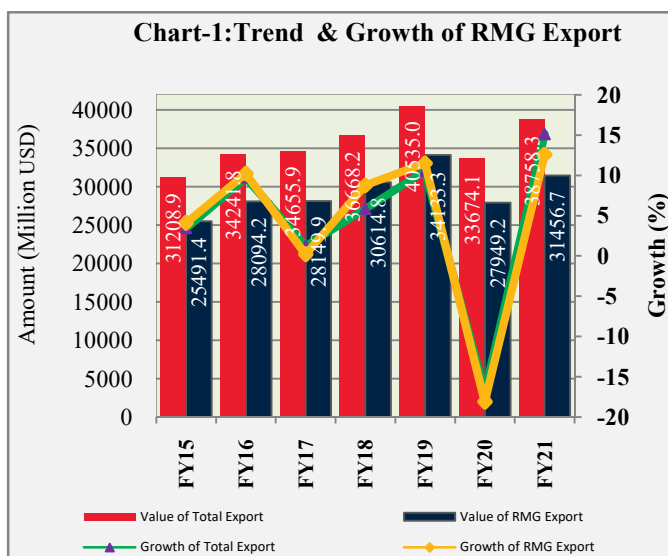
- ❖ In April-June FY'21, total export earnings from Readymade Garments (RMG) stood at USD 7968.81 million (Woven USD 3662.96 million and Knitwear USD 4305.85 million) which was 0.33 percent higher than that of the previous quarter and 107.23 percent higher than that of the corresponding quarter of last year respectively aided by various continued policy initiatives by government and Bangladesh bank.
- ❖ Quarterly target of RMG export in April-June FY'21 was USD 8834.37 million. Total export earnings from RMG was 9.80 percent lower than that of the quarterly target.
- ❖ In this quarter, RMG contributed 81.15 percent to total export earnings and 84.51 percent to total manufacturing product exports.
- ❖ During April-June quarter of FY'21, the main destinations of Bangladesh's RMG were the USA, Germany, UK, Spain, France, Italy, Canada, Netherlands and Belgium. Total RMG export earnings from these countries stood at USD 5834.09 million or 73.21 percent of the total RMG exports.
- ❖ The net export of RMG (as calculated by subtracting import value of RMG raw materials from RMG export value) was USD 4172.84 million in this quarter.

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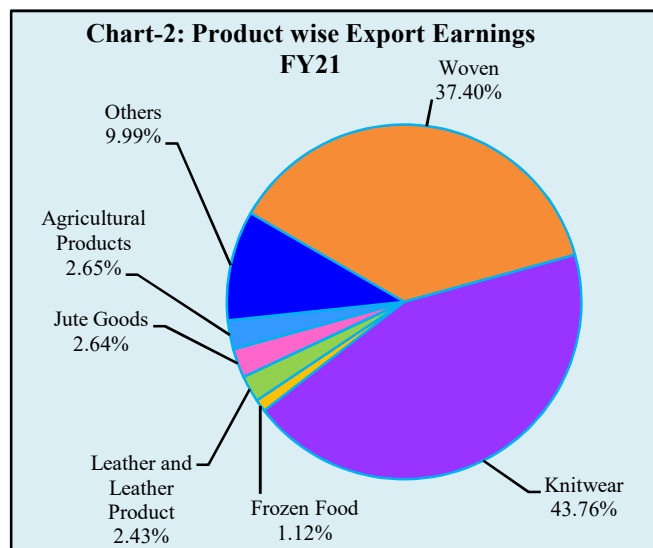
External sector's stability mainly sustained by exports' growth which largely depends on Readymade Garments (RMG) sector in Bangladesh. Despite continuous lockdown due to COVID-19, the export earnings from RMG in Bangladesh were still in positive trend (0.33 percent) in the April-June quarter of FY21. Notwithstanding, the yearly growth of RMG export earnings (12.55 percent) exhibit a new hope in export industry in Bangladesh. This recovery mainly aided by different continued prudential and proactive initiatives such as stimulus packages, Export Development Fund, low cost refinance schemes etc taken by government and Bangladesh bank.

The contribution of RMG to GDP stood at 8.86 percent in FY21. At the same time, Bangladesh's total export earnings from RMG stood at USD 31456.73 million which was 12.55 percent higher than that of the previous fiscal year<sup>1</sup> (Chart-1).

The contributions of RMG and non-RMG products to total export earnings in FY21 were shown in Chart-2.



Source: Export Promotion Bureau (EPB)

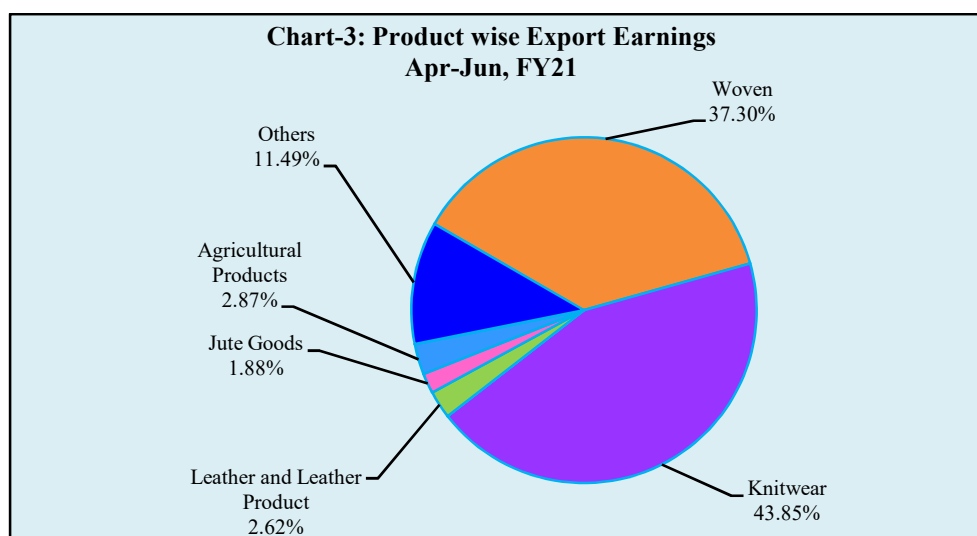


Source: Export Promotion Bureau (EPB)

<sup>1</sup>Source :Export Promotion Bureau (EPB)

## Quarterly Performance of RMG: April-June FY'21

During the fourth quarter of FY21, total export earnings from RMG increased by 0.33 percent compared to that of the previous quarter although this quarter was going through the hurdle of continuous lockdown started from April 2021. During April-June of FY21, total export earnings from RMG were 9.80 percent lower than the quarterly target. Product-wise export earnings showed that the contribution of woven garments and knitwear to total export earnings stood at 37.30 percent and 43.85 percent respectively during the quarter under report (Table-1). In this quarter, the contributions of non-RMG products to total exports earnings were as follows: jute goods (1.88 percent), leather and leather products (2.62 percent), agricultural products (2.87 percent) and other products (11.49 percent) (Chart 3).



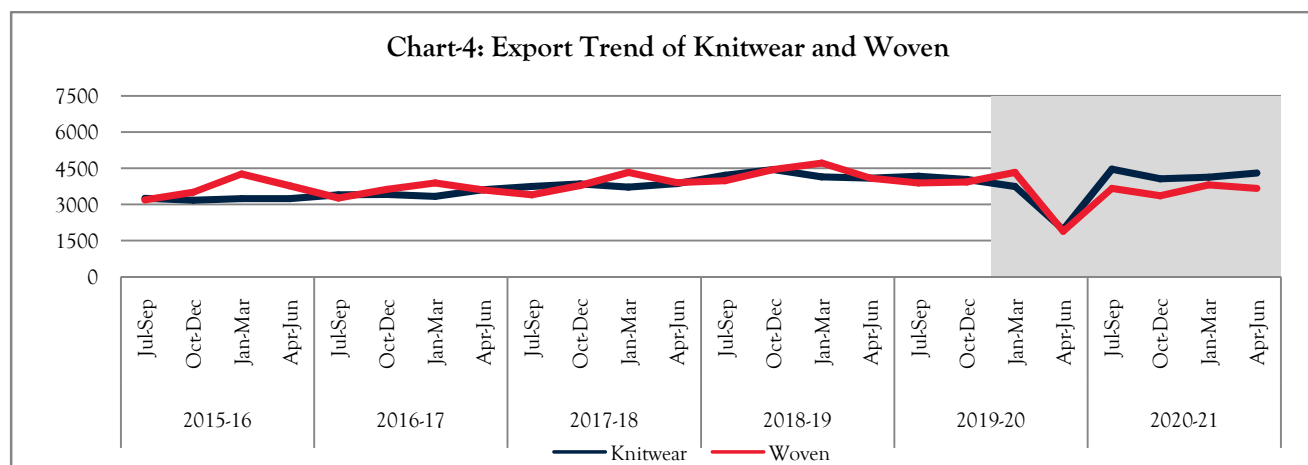
Source: Export Promotion Bureau (EPB)

### Knitwear

Export earnings from knitwear stood at USD 4305.85 million during the fourth quarter of FY'21, which were 4.31 percent higher than that of the previous quarter and 120.42 percent higher than that of the same quarter of the preceding year. Moreover, knitwear export was 1.40 percent lower than the export target for the quarter under report (Table-1). Quarterly export earnings from knitwear are shown in Chart-4.

## Woven Garments

Export earnings from woven garments stood at USD 3662.96 million during the fourth quarter of FY'21, which were 3.97 percent lower than the previous quarter's earnings but significantly higher (93.60 percent) than the earnings of the same quarter of the preceding year. Moreover, woven garments export was 18.01 percent lower than the export target of that quarter (Table-1). Quarterly export earnings from woven garments are depicted in Chart-4.



\*Shaded area denotes the export earnings during Covid-19

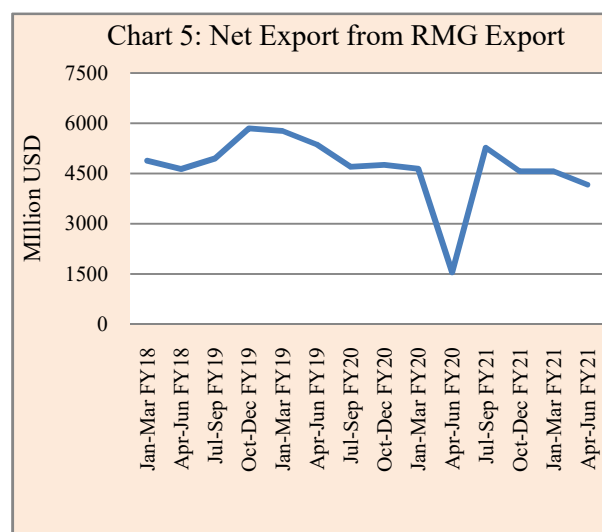
**Table-1: Export of Readymade Garments**  
(From FY'11 to Apr-Jun, FY'21)

FY	Total Export	Woven Garments		Knitwear		Total RMG (Woven + Knitwear)	Percentage Share in Total Export		
		Target	Actual	Target	Actual		Woven Garments	Knitwear	Total
		3	4	5	6		8=(4÷2)	9=(6÷2)	10=(8+9)
1	2	3	4	5	6	7=(4+6)	8=(4÷2)	9=(6÷2)	10=(8+9)
FY11	22924.00	6614.77	8432.40	7131.62	9482.06	17914.46	36.78	41.36	78.15
FY12	24287.70	9559.98	9603.34	10800.10	9486.39	19089.73	39.54	39.11	78.60
FY13	27027.36	10927.37	11039.85	10610.89	10475.88	21515.73	40.85	38.76	79.61
FY14	30176.80	12571.46	12442.07	11575.85	12049.81	24491.88	41.23	39.93	81.16
FY15	31208.94	13681.77	13064.61	13215.61	12426.79	25491.40	41.86	39.82	81.68
FY 16	34241.82	14105.42	14738.74	13266.21	13355.42	28094.16	43.04	39.00	82.05
FY17	34655.92	16210.00	14392.59	14169.00	13757.30	28149.89	41.53	39.70	81.23
FY18	36668.17	15060.00	15426.25	15100.00	15188.51	30614.76	42.07	41.42	83.49
<b>FY'19</b>	<b>40535.04</b>	<b>16539.00</b>	<b>17244.73</b>	<b>16150.00</b>	<b>16888.54</b>	<b>34133.27</b>	<b>42.54</b>	<b>41.66</b>	<b>84.21</b>
Jul-Sep FY20	9647.99	4612.95	3887.34	4493.76	4170.22	8057.56	40.29	43.22	83.52
Oct-Dec FY20	9654.17	4797.10	3930.88	4673.14	4035.58	7966.46	40.72	41.80	82.52
Jan-Mar FY20	9671.67	5004.21	4330.95	4874.90	3748.75	8079.70	44.78	38.76	83.54
Apr-Jun FY20	4700.26	4935.74	1892.02	4808.20	1953.45	3845.47	40.25	41.56	81.81
<b>FY'20</b>	<b>33674.09</b>	<b>19350.00</b>	<b>14041.19</b>	<b>18850.00</b>	<b>13908.00</b>	<b>27949.19</b>	<b>41.70</b>	<b>41.30</b>	<b>83.00</b>
Jul-Sep FY21	9896.84	4025.39	3662.72	3934.68	4463.66	8126.38	37.01	45.10	82.11
Oct-Dec FY21	9336.61	4173.74	3356.67	4079.69	4062.51	7419.18	35.95	43.51	79.46
Jan-Mar FY21	9704.90	4418.35	3814.35	4318.78	4128.01	7942.36	39.30	42.54	81.84
Apr-Jun FY21	9819.96	4467.52	3662.96	4366.85	4305.85	7968.81	37.30	43.85	81.15
<b>FY'21</b>	<b>38758.31</b>	<b>17085.00</b>	<b>14496.70</b>	<b>16700.00</b>	<b>16960.03</b>	<b>31456.73</b>	<b>37.40</b>	<b>43.76</b>	<b>81.16</b>

Source: Export Promotion Bureau, Bangladesh

## Import of Raw Materials and Net Exports

During April-June of FY'21, the import value of raw materials (raw cotton, synthetic/viscose fibre, synthetic/mixed yarn, cotton yarn, and textile fabrics and accessories for garments) stood at USD 3795.97 million, which was 47.63 percent of total export earnings from RMG sector. Therefore, the net export from this sector stood at USD 4172.84 million, which was 8.80 percent lower than that of the



previous quarter but 168.48 percent higher than that of the same quarter of the preceding year. Import of raw materials and net export based on L/C statement (FEOD) from FY'18 (January-March) to FY'21 (April-June) are shown in chart-5 and table 2.

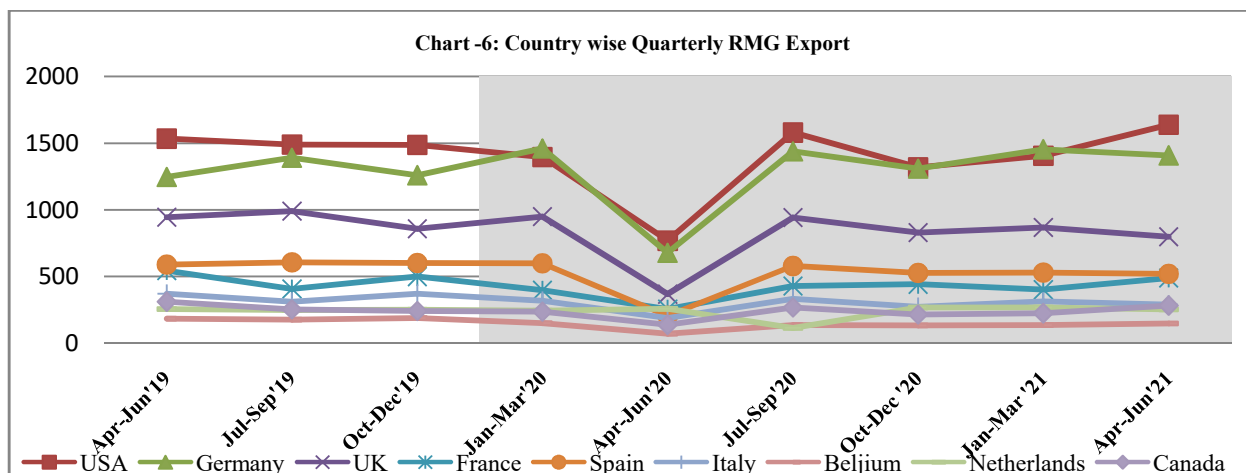
Fiscal Year	RMG <sup>A/</sup> Export	Raw Materials Import <sup>B/</sup>	Net export in RMG
	1	2	3=1-2
Jan-Mar FY18	8061.65	3172.35	4889.30
Apr-Jun FY18	7780.32	3137.07	4643.25
Jul-Sep FY19	8191.67	3240.83	4950.84
Oct-Dec FY19	8893.24	3040.68	5852.56
Jan-Mar FY19	8866.51	3088.16	5778.35
Apr-Jun FY19	8181.85	2808.64	5373.21
Jul-Sep FY20	8057.56	3349.17	4708.39
Oct-Dec FY20	7966.46	3201.95	4764.51
Jan-Mar FY20	8079.70	3427.93	4651.77
Apr-Jun FY20	3845.47	2290.85	1554.62
Jul-Sep FY21	8126.38	2845.83	5280.55
Oct-Dec FY21	7419.18	2847.81	4571.37
Jan-Mar FY21	7942.36	3366.55	4575.81
Apr-Jun FY21	7968.81	3795.97	4172.84

<sup>A/</sup>Export Promotion Bureau. <sup>B/</sup>Amount of L/C Settlement FEOD, Bangladesh Bank.  
 Note: From July- September 2018, We have considered the main head value of the components (raw cotton, synthetic/viscose fibre, synthetic/mixed yarn, cotton yarn and textile fabrics and accessories for garments) instead of only back to back L/Cs Raw materials.  
 Source: Own calculation of Research Department.

## Destination of RMG

The main destinations of Bangladesh's RMG are the USA, Germany, UK, Spain, France, Italy, Canada, Netherlands and Belgium (Chart-6). During April-June of FY'21, total export earnings from these countries stood at USD 6534.26 million; of which 89.28 percent or USD

5834.09 million was earned from the RMG (woven 48.05 percent and knitwear 51.95 percent) export (Table-3). During the quarter under report, RMG export earnings from these nine countries increased by 4.19 percent as compared to that of the previous quarter and this was 91.43 percent higher than that of the corresponding quarter of the preceding fiscal year.



\*Shaded area denotes the export earnings during COVID-19

**Table-3: Country wise RMG Export in April-June, FY21**

Countries	Total Export	Woven Garments	Knitwear	Total RMG	Other Exports	(Million USD)	
						Share of RMG in Total Export (%)	Others Share in Total Export (%)
1	2	3	4	5=(3+4)	6=(2-5)	7=(5÷2)	8=(6÷2)
USA	1909.55	1043.94	595.33	1639.27	270.28	58.85	14.15
Germany	1488.59	651.89	756.34	1408.23	80.36	94.60	5.40
UK	873.85	325.60	474.02	799.62	74.23	91.51	8.49
France	548.15	168.71	321.93	490.64	57.51	89.51	10.49
Spain	574.72	228.94	292.13	521.07	53.65	90.67	9.33
Italy	315.23	83.21	208.23	291.44	23.79	92.45	7.55
Belgium	187.08	64.18	86.50	150.68	36.40	80.54	19.46
Netherlands	309.46	98.79	151.11	249.90	59.56	80.75	19.25
Canada	327.63	138.28	144.96	283.2	44.39	86.45	13.55
Sub-Total	6534.26	2803.54	3030.55	5834.09	700.19	89.28	10.72
Others Countries	3285.70	859.42	1275.30	2134.72	1150.98	64.97	35.03
<b>Total</b>	<b>9819.96</b>	<b>3662.96</b>	<b>4305.85</b>	<b>7968.81</b>	<b>1851.15</b>	<b>81.15</b>	<b>18.85</b>

Source: Export Promotion Bureau, Bangladesh

### Recent Measures Taken by the Government, Bangladesh Bank and Other Stakeholders

The government has taken a number of measures to increase RMG production and boosted up RMG export. Following funds are important:

**Financial Stimulus Fund:** A financial stimulus fund worth of BDT 50.00 billion was formed from the budgetary allotment of the Government to combat the negative impact of Covid-19 on exports for paying a maximum of three months' salaries and allowances to the

workers-staffs of the export oriented industries. Entrepreneurs of such industries can take loans from this fund through banks at two percent service charge. (BRPD Circular No 07, Date 02 April, 2020). Borrowers enjoyed additional 180 days as grace period for repayment installment facility against loans from March 2021. After the end of grace period (applicable till 30 September 2021), the remaining portion of loan must be paid with 18 EMI (BRPD Circular No 15, Date 24 Feb, 2021).

***Pre-shipment Credit:*** To continue the export activities of export oriented RMG industries amid the Corona Virus pandemic, Bangladesh Bank has formed a refinance fund worth of BDT 50.00 billion. RMG entrepreneurs can take loans from this fund through banks at 6 percent rate of interest (BRPD Circular No 9, Date 13 April, 2020). Recently, for the betterment of economic growth in export sector, BB reduced the interest rate on this refinance fund from 6 percent to 5 percent at receiver level and 3 percent to 2 percent at bank level. (BRPD Circular No-26, Date 26 April, 2021).

***Export Development Fund (EDF):*** Loan limit facility from EDF has been enhanced from the existing limit of USD 25 million to USD 30 million against foreign currency financing of input procurement for member mills of BGMEA and BTMA until 30 June, 2021 (FE Circular No. 05, Date 27 January, 2021). Moreover, the member mills of BKMEA can borrow a maximum limit of USD 20 million as single borrower (FE Circular No. 09, Date 25 February, 2020). BB reduced the interest rate on EDF loans from 2.00 percent to 1.75 percent per annum at borrower level until March 31, 2021. (FE Circular No-47, Date 28 October, 2020).

## **Conclusion**

Total export earnings from RMG increased both in quarterly and yearly compared to that of the previous quarter and that of the previous year respectively, however it is still uneven because Bangladesh has already lost its position as the 2<sup>nd</sup> top RMG exporters in the world to Vietnam. The production of synthetic fibers based products instead of cotton based, production of costly diversified products instead of basic and low price products, invitation the foreign investors to invest in Bangladesh, fast broad-based economic recovery from the impact of COVID-19 pandemic etc may help to regain its position for sustainable RMG export growth in near-term.