

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



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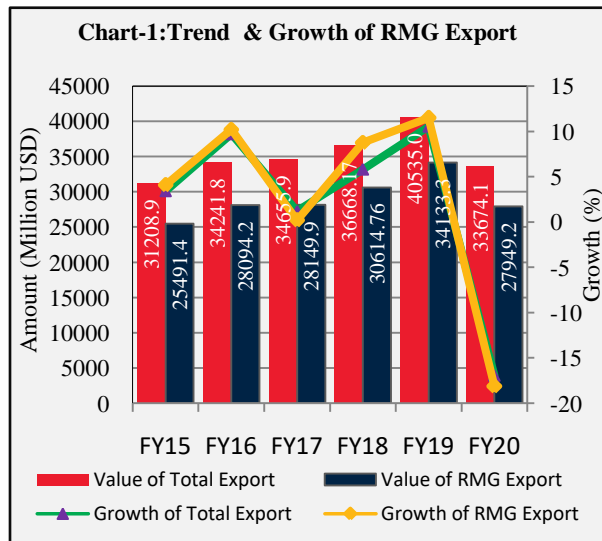
## Summary

- ❖ In October-December FY'21, total export earnings from Readymade Garments (RMG) stood at USD 7419.18 million (Woven USD 3356.67 million and Knitwear USD 4062.51 million) which was 8.70 percent and 6.87 percent lower than that of the previous quarter and that of the corresponding quarter of last year respectively due to slower global economic recovery amid the second wave of COVID-19 pandemic.
- ❖ Quarterly target of RMG export in October-December 2020 was USD 8253.43 million. Total export earnings from RMG was 10.11 percent lower than that of the quarterly target.
- ❖ In this quarter, RMG contributed 79.46 percent to total export earnings and 83.03 percent to total manufacturing product exports.
- ❖ During October-December quarter of FY'21, the main destinations of Bangladesh's RMG were the USA, Germany, UK, France, Spain, Italy, Belgium, Netherlands and Canada. Total RMG export earnings from these countries stood at USD 5331.59 million or 71.86 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 4571.37 million in this quarter.

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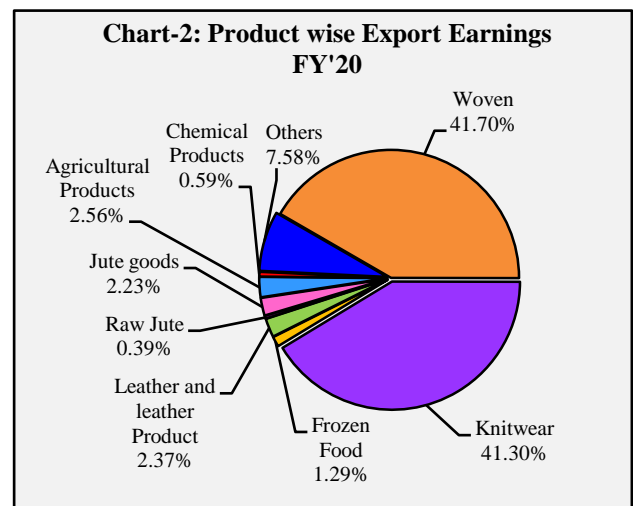
The Readymade Garments (RMG) sector showed a ray of hope in last two consecutive quarters of FY21, though the sector did not recover its full pace in export earnings after resumption of productive activities for lockdown situation due to outbreak of COVID-19 pandemic. After a sharp decrease in June 2020 and increase in September 2020 quarters, export earnings of RMG sector in December 2020 quarter was inspiring somewhat amid the second wave of Covid-19 pandemic in spite of a slight declining trend.

In FY'20, Bangladesh's total export earning from RMG stood at USD 27949.2 million which was 18.12 percent lower than that of the previous fiscal year<sup>1</sup> (Chart-1).



Source: Export Promotion Bureau (EPB)

The contributions of RMG and non-RMG products to total export earnings in FY'20 were shown in Chart-2.



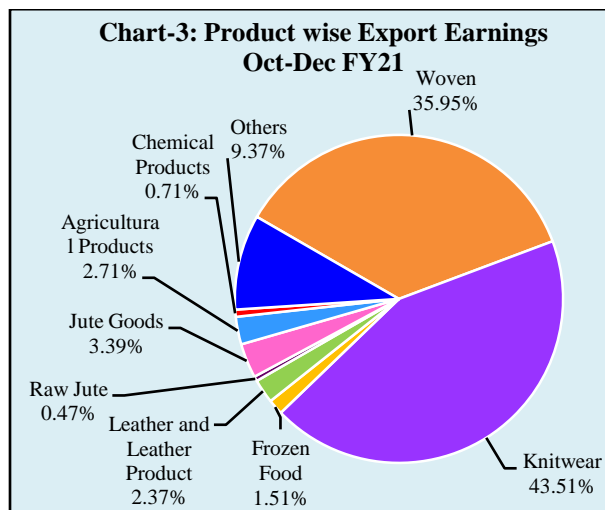
Source: Export Promotion Bureau (EPB)

### **Quarterly Performance of RMG: October-December FY'21**

During the second quarter of FY'21, total export earnings from RMG decreased by 8.70 percent compared to that of the previous quarter, due to second wave of Corona Virus and lock-down situations prevailed in some countries especially in Europe. During October-December of FY'21, total export earnings from RMG was 10.11 percent lower than the quarterly target. Product-wise export earnings showed that the contribution of woven

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

garments and knitwear to total export earnings stood at 35.95 percent and 43.51 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 (3.39 percent), agricultural products (2.71 percent), leather and leather products (2.37 percent), frozen foods (1.51 percent), chemical products (0.71 percent), raw jute (0.47 percent), and other products (9.37 percent) (Chart 3).



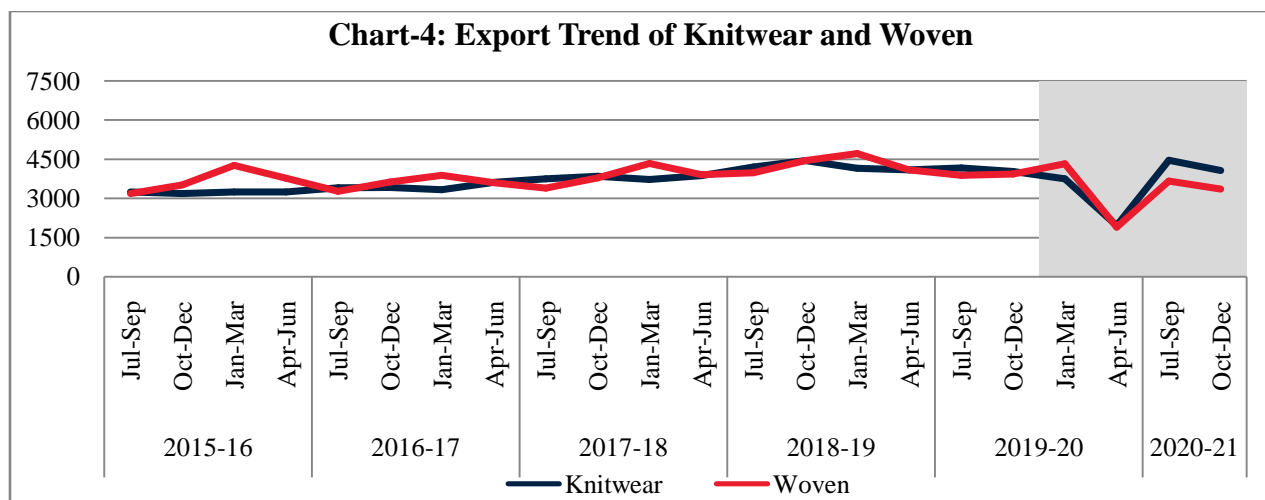
### Knitwear

Export earnings from knitwear stood at USD 4062.51 million during the second

quarter of FY'21, which were 8.99 percent lower than that of the previous quarter but slightly higher than that of the same quarter of the preceding year. Moreover, knitwear export was also 0.42 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

Like knitwear, export of woven garments in October-December, 2020 declined from the previous quarter. Export earnings from woven garments stood at USD 3356.67 million during the second quarter of FY'21, which was 8.36 percent lower than the previous quarter's earnings and also 14.61 percent lower than the earnings of the same quarter of the preceding year. Moreover, woven garments export was 19.58 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 Oct-Dec, FY'21)

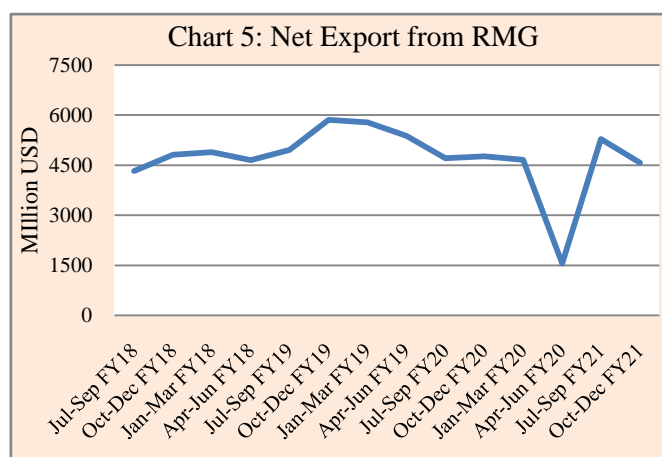
(Million USD)

FY	Total Export	Woven Garments		Knitwear		Total RMG (Woven + Knitwear)	Percentage Share in Total Export		
		Target	Received	Target	Received		Woven Garments	Knitwear	Total
1	2	3	4	5	6	7	8=(4÷2)	9=(6÷2)	10=(8+9)
FY11	22924.00	6614.77	8432.40	7131.62	9482.06	17914.50	36.78	41.36	78.15
FY12	24287.70	9559.98	9603.34	10800.10	9486.39	19089.70	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>
July-Sept 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>
July-Sept 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

Source: Export Promotion Bureau, Bangladesh

### Import of RMG Raw Materials

During October-December 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 2847.81 million, which was 38.38 percent of total export earnings from RMG sector.



Therefore, the net export from this sector stood at USD 4571.37 million during October-December quarter of FY'21 (Table-3). Net export based on data of

RMG export and import of raw materials from FY'13 to FY'21 (October-December) is shown in Chart-5.

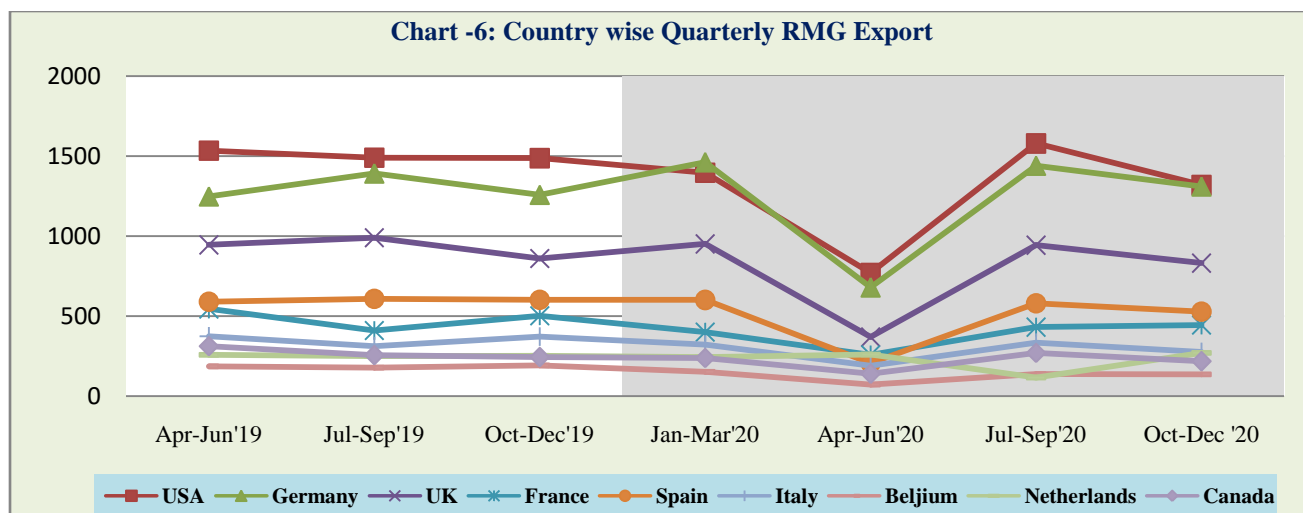
<b>Fiscal Year</b>	<b>RMG<sup>A/</sup> Export</b>	<b>Raw Materials Import<sup>B/</sup></b>	<b>Net export in RMG</b>
	1	2	3=1-2
Jul-Sep FY18	7144.12	2824.65	4319.47
Oct-Dec FY18	7628.67	2823.73	4804.94
Jan-Mar FY18	8061.65	3172.35	4889.30
Apr-Jun FY18	7780.32	3137.07	4643.25
Jul-Sep FY19	8191.67	3240.83	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

Note: <sup>A/</sup>Export Promotion Bureau. <sup>B/</sup>Amount of L/C Settlement Foreign Exchange Operation Department, Bangladesh Bank. \*\*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, France, Spain, Italy, Belgium, Netherlands and Canada (Chart-6). During October-December of FY'21, total export earnings from these countries stood at USD 6017.06 million. Of which 88.61 percent or USD 5331.59 million was earned from the RMG

(woven 41.14 percent and knitwear 47.47 percent) export (Table-4). During the quarter under report, RMG export earnings from these nine countries decreased by 9.51 percent as compared to that of the previous quarter and this was 7.50 percent lower than that of the corresponding quarter of the preceding fiscal year.



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

**Table-4: Country wise RMG Export in October-December, FY21**

(Million USD)

Countries	Total Export	Woven Garments	Knitwear	Total RMG	Other Exports	Share of RMG in Total Export (%)	Others Share in Total Export (%)
1	2	3	4	5	6=2-5	7=5÷2	8=6÷2
USA	1589.87	867.60	452.34	1319.94	269.93	83.02	16.98
Germany	1397.87	567.38	742.88	1310.26	87.61	93.73	6.27
UK	913.77	298.57	532.72	831.29	82.48	90.97	9.03
France	485.41	166.03	278.00	444.03	41.38	91.48	8.52
Spain	565.05	227.49	301.48	528.97	36.08	93.61	6.39
Italy	296.89	77.81	197.19	275.00	21.89	92.63	7.37
Belgium	176.76	51.71	83.92	135.63	41.13	76.73	23.27
Netherlands	332.27	105.40	164.13	269.53	62.74	81.12	18.88
Canada	259.17	113.20	103.74	216.94	42.23	83.71	16.29
Sub-Total	6017.06	2475.19	2856.40	5331.59	685.47	88.61	11.39
Others Countries	3319.55	881.48	1206.11	2087.59	1231.96	62.89	37.11
<b>Total</b>	<b>9336.61</b>	<b>3356.67</b>	<b>4062.51</b>	<b>7419.18</b>	<b>1917.43</b>	<b>79.46</b>	<b>20.54</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 boost up RMG export. Following funds are of the 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).

***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 (six) percent rate of interest (BRPD Circular No 9, Date 13 April, 2020).

***Export Development Fund:*** Loan limit from Export Development Fund (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 December 2020 (FE Circular No. 21, Date 17 May, 2020). 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 declined in the second quarter of FY'21 compared to that of the previous quarter due to the second wave of Covid-19 pandemic situation especially outbreak in many destination countries of Bangladesh's RMG export. The ongoing worldwide vaccination program along with the execution of various stimulus packages and other supportive activities from the government and the central bank, it is expected that the pandemic situation would be under control and external demand would rise further. Moreover, this sector needs long-term support, extension of existing various stimulus package, reduction of overwhelming reliance on a single or a few number of buyers, supportive measures for workers' safety, encouragement to diversify existing products etc in order to overcome the present situation.