

**Quarterly Review of Readymade Garments (RMG):  
January-March, FY24**



**External Economics Wing**  
**Research Department**  
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## **Quarterly Review of Readymade Garments (RMG): January-March, FY24**

### **Highlights**

- ❖ Total export earnings from Readymade Garments (RMG) stood at USD 13811.29 million in January-March of FY24 (Woven USD 6279.95 million and Knitwear USD 7531.34 million) which was 17.30 percent higher than that of the previous quarter and 12.69 percent higher than that of the same quarter of the previous year.
- ❖ RMG's total export earnings in January-March of FY24 were 1.43 percent higher than the quarterly target of USD 13616.85 million.
- ❖ United States, Germany, UK, Spain, France, Netherlands, Italy, Canada, and Belgium were the top destinations for Bangladesh's RMG exports during January-March of FY24. From these nine countries, Bangladesh earned USD 9318.47 million from RMG, accounting for 67.47 percent of total RMG exports.
- ❖ In this quarter, RMGs' net export (determined by subtracting RMG raw material import value from RMG export value) was USD 9971.56 million or 72.20 percent of gross RMG exports.

# Quarterly Review of Readymade Garments (RMG): January-March, FY24

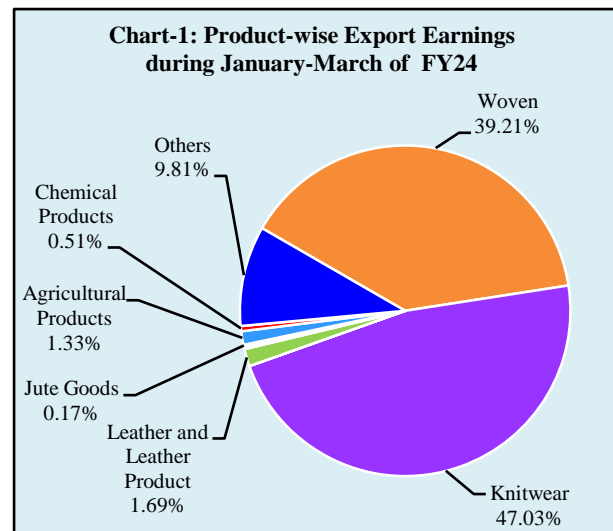
## 1. Introduction:

Since the emergence of readymade garments (RMG) industry in Bangladesh, it has burgeoned into an economic powerhouse, propelling the country onto the global stage as a manufacturing hub for apparel. This sector has blossomed into a juggernaut, accounting for a lion's share of the country's export earnings, creating employment opportunities, and also strengthening women empowerment.

Despite the remarkable growth and success, the RMG industry in Bangladesh faces several challenges including concerns related to labor rights, workplace safety, and environmental sustainability, limited products and market diversity, lack of sufficient backward linkage industry, concentrated market, high lead time and lack of efficiency in producing high value products, global geopolitical conflicts, energy price hike, etc. which have changed the overall trade dynamics in this sector.

## 2. Quarterly Performance of RMG: January-March of FY24

During the third quarter of FY24, the export earnings from RMGs stood at USD 13811.29 million which was 17.30 percent higher as compared to the preceding quarter (USD 11773.84 million) and 12.69 percent higher than that of the corresponding quarter of previous fiscal year (USD 12255.75 million). Moreover, RMG exports exceeded its target (USD 13616.85 million) by 1.43 percent in this quarter. After Covid-19 pandemic, RMG



Source: Export Promotion Bureau (EPB)

sector of Bangladesh showed a good performance of growth all along the year. Amid Taka-Dollar depreciation, weak global demand for RMG, Russian-Ukraine conflict, global inflationary pressure etc., overall performance of RMG exports earnings is still better compared to the previous year. Among the RMG sub-sectors, woven garments

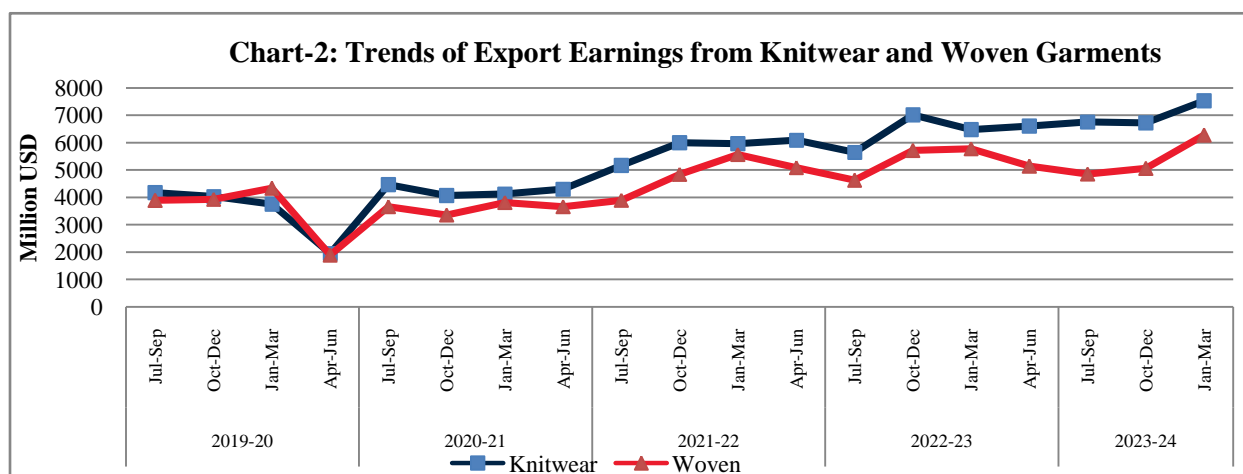
accounted for 39.21 percent of total export earnings, while knitwear contributed 47.03 percent (Annexure-1). Product-wise shares of export earnings during January-March of FY24 in chart-1 showed that among the non-RMG items, leather and leather products accounted for 1.69 percent, agricultural products for 1.33 percent, chemical products for 0.51 percent, jute goods for 0.17 percent, and other products for 9.81 percent.

## 2.1 Knitwear

In January-March quarter of FY24, export earnings from the knitwear sector reached to USD 7531.34 million which increased by 12.11 percent and 16.26 percent compared to the previous quarter (USD 6717.60 million) and the same quarter of the previous year (USD 6477.80) respectively. Moreover, knitwear exports exceeded its target (USD 7406.53 million) by 1.69 percent for the quarter under report (Annexure-1). After a depressive growth in October-December quarter of FY24, the knitwear exports bounced back to positive growth as the factories have received a decent volume of orders during this quarter.

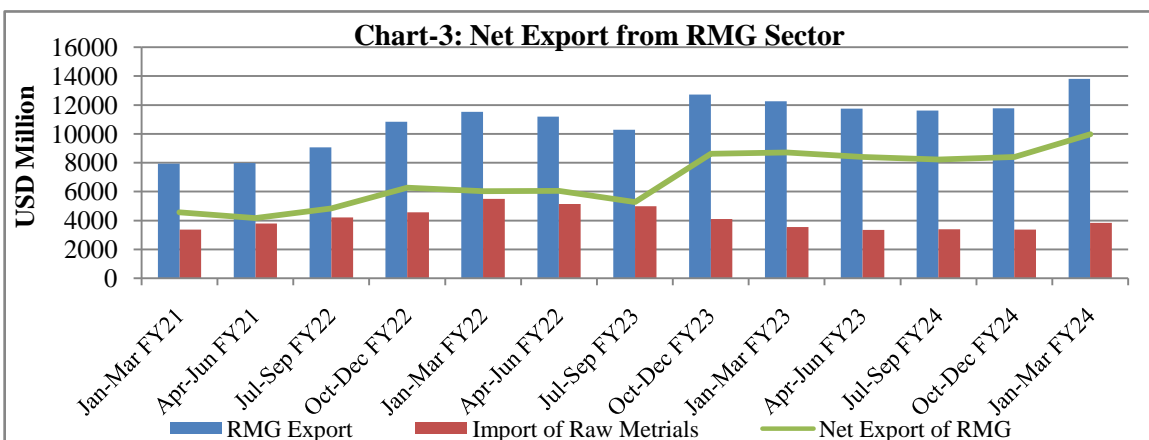
## 2.2 Woven Garments

Export earnings from woven garments in the third quarter of FY24 stood at USD 6279.95 million indicating 24.20 percent higher than that of the previous quarter (USD 5056.24 million) and 8.69 percent higher than that of the same quarter of the previous year (USD 5777.95 million). Moreover, exports of woven garments exceeded its target by 1.12 percent of the quarterly export target (USD 6210.32 million) set by the EPB (Annexure-1). Chart-2 shows quarterly trend of export earnings from knitwear and woven garments.



**Source:** Export Promotion Bureau (EPB)

### 3. Import of Raw Materials and Net Export Earnings from RMG



Source: Foreign Exchange Operation Department, BB

The import value of raw materials (raw cotton, synthetic/ viscose fibre, synthetic/mixed yarn, cotton yarn and textile fabrics and accessories for garments) was USD 3839.73 million in January-March of FY24, accounting for 27.80 percent of total RMG export earnings. As a result, net exports from this sector stood at USD 9971.56 million in the third quarter of FY24 which was 18.70 percent higher than that of the preceding quarter (USD 8400.55 million) as well as 14.49 percent higher than that of the same quarter of the previous year (USD 8709.23 million). The imports of raw materials and net exports based on L/C statements from January-March of FY21 to January-March of FY24 are shown in Chart-3 and Annexure-2 respectively.

### 4. Destination-wise RMG Exports

The main destinations of Bangladesh's RMG exports are the United States, Germany, UK, Spain, France, Netherlands, Italy, Canada, and Belgium during January-March of FY24. Total export earnings from these nine countries stood at USD 10047.19 million during this period under report. Out of total export earnings, 92.75 percent (woven 44.37 percent and knitwear 48.38 percent) or USD 9318.47 million has been earned from those countries during the period (Table-1). During this quarter, RMG export earnings from these nine countries increased by 17.14 percent and 10.77 percent as compared to the preceding quarter (USD 7954.77 million) and the corresponding quarter of the previous fiscal year (USD 8412.46 million) respectively (Annexure-3).

<b>Table-1: Country wise RMG Export in January-March, FY24</b>							
							(Million USD)
<b>Countries</b>	<b>Total Export</b>	<b>Woven Garments</b>	<b>Knitwear</b>	<b>Total RMG</b>	<b>Other Exports</b>	<b>Share of RMG in Total Export (%)</b>	<b>Others Share in Total Export (%)</b>
1	2	3	4	5=(3+4)	6=(2-5)	7=(5÷2)	8=(6÷2)
<b>USA</b>	2,437.84	1,397.38	759.26	2156.64	281.20	88.47	11.53
<b>Germany</b>	1860.34	748.05	1,030.06	1778.11	82.23	95.58	4.42
<b>UK</b>	1,778.49	724.22	968.36	1692.58	85.91	95.17	4.83
<b>France</b>	887.55	289.07	510.01	799.08	88.47	90.03	9.97
<b>Spain</b>	1,096.05	481.32	586.28	1067.60	28.45	97.40	2.60
<b>Italy</b>	626.10	250.96	340.82	591.78	34.32	94.52	5.48
<b>Belgium</b>	234.03	53.33	153.37	206.70	27.33	88.32	11.68
<b>Netherlands</b>	688.39	293.65	340.10	633.75	54.64	92.06	7.94
<b>Canada</b>	438.40	219.61	172.62	392.23	46.17	89.47	10.53
<b>Sub-Total</b>	10047.19	4457.59	4860.88	9318.47	728.72	92.75	7.25
<b>Others</b>	5967.22	1822.36	2670.46	4492.82	1474.40	75.29	24.71
<b>Total</b>	16014.41	6279.95	7531.34	13811.29	2203.12	86.24	13.76

**Source:** Export Promotion Bureau, Bangladesh.

## 5. Measures Taken to Facilitate RMG Exports

The government and the Bangladesh Bank have taken a number of measures especially for facilitating production and export of the RMG sector. Of which some important measures are highlighted below:

***Pre-shipment Credit:*** To support the affected export oriented industries due to Covid-19 pandemic providing with pre-shipment credit to continue export activities for foreign exchange earnings and to obtain economic mobility, Bangladesh Bank has formed a revolving fund worth of BDT 50.00 billion. Export oriented entrepreneurs can take loans from this fund through banks for next five (5) years from 13 April 2020 at 3.5 percent rate of interest and 0.5 percent for banks as refinance facility (BRPD Circular No 8, Date 18 May, 2022).

***Incentives for Export Expansion:*** To encourage the country's export trade, export subsidies or cash incentives have been given against the shipment of various exportable commodities during the period of 1 July 2023 to 30 June 2024. Among them, 4 percent cash incentive has been given to export oriented local garments sector, small & medium industry of garments sector and to help expanding the new items/ new markets for garments sector (excluding the USA, Canada, EU, UK). For the exporters of garments

items to EURO Zone an additional 2 percent has given as special incentives with the existing 4 percent. Moreover, special cash incentive has been given to RMG sector with 1 percent (FE Circular No-13, Date August 24, 2023).

***Green Transformation Fund (GTF):*** Bangladesh Bank has formed a GTF for refinancing at local currency worth of BDT 5000 crore for all export-oriented manufacturers and exporters against their import of capital machineries and accessories for implementing specified green/environment friendly initiatives in Bangladesh (SFD Circular No-07, Date December 07, 2022).

***Export Facilitation Fund:*** The export sector is the main spur of economic growth in Bangladesh. To create the export-oriented industries in the RMG sector and for enhancing its resiliency against the global adverse financial situation after Covid-19 and for providing adequate liquidity support to the RMG industries, BB has formed the Export Facilitation Pre-finance Fund (EFPF) worth of BDT 10,000 crore with easy terms. Pre-financing facilities can be availed against of import/ local procurement of raw materials for the production of export-oriented industries. In the case of final export, BGMEA, BKMEA and BTMEA member mills (excluding yarn producing BTMEA members) and Type-B and Type-C organisations of EPZ may get equivalent of the value of imported raw materials or BDT 200 crore (which one is lower) from BB for 180 days. (BRPD Circular No-01, Date January 01, 2023).

***Export Development Fund (EDF):*** The Export Development Fund (EDF) allows Authorized Dealers (ADs) to borrow US Dollar funds which is repayable within 180 days from dates of disbursement, extendable by Bangladesh Bank up to 270 days against foreign currency loans provided to manufacturer-exporters for input procurements related to export orders (FE Circular No-07, Date April 13, 2023). To bring wider range of customers under EDF loans, it has been decided to reset its ceiling to USD 10.00 million from USD 15.00 million for input procurements under back to back LCs (BBLCs) against relevant export orders. The limit for imports under BBLCs by individual member mill of BGMEA and BKMEA is set at USD 20.00 million and USD 15.00 million respectively. (FE Circular No-06, Date April 09, 2023).



## **6. Conclusion**

The ready-made garment (RMG) industry of Bangladesh stands as a cornerstone of the economy and a significant player in the global apparel market. Competitive pricing, skilled workforce, and agile manufacturing capabilities has made Bangladesh as one of the world's largest exporters of RMG. Despite all domestic and global challenges, country continues to navigate the complexities of global trade and industry dynamics and RMG sector is expected to play a pivotal role in shaping economic trajectory and contributing to its long-term development goals.

## Annexure

### Annexure-1: Export of Readymade Garments

(From FY18 to October-December of FY24)

(Million USD)

FY	Total Export	Woven Garments		Knitwear		Total RMG (Woven + Knitwear)	Percentage Share in Total Export		
		Target	Actual	Target	Actual		Woven Garments	Knitwear	Total
1	2	3	4	5	6	7=(4+6)	8=(4÷2)	9=(6÷2)	10=(8+9)
FY'18	36668.17	15060.00	15426.25	15100.00	15188.51	30614.76	42.07	41.42	83.49
FY'19	40535.04	16539.00	17244.73	16150.00	16888.54	34133.27	42.54	41.66	84.21
<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>
Jul-Sep FY22	11021.95	3748.44	3895.26	4680.46	5164.18	9059.44	35.34	46.85	82.19
Oct-Dec FY22	13676.60	3934.56	4843.81	4912.84	5997.45	10841.26	35.42	43.85	79.27
Jan-Mar FY22	13907.12	4029.05	5569.43	5030.84	5958.27	11527.70	40.05	42.84	82.89
Apr-Jun FY22	13476.99	3916.95	5090.34	4890.86	6094.42	11184.76	37.77	45.22	82.99
<b>FY'22</b>	<b>52082.66</b>	<b>15629.00</b>	<b>19398.84</b>	<b>19515.00</b>	<b>23214.32</b>	<b>42613.15</b>	<b>37.25</b>	<b>44.57</b>	<b>81.82</b>
Jul-Sep FY23	12496.89	4539.72	4624.88	5481.93	5649.46	10274.34	37.01	45.21	82.22
Oct-Dec FY23	14814.37	5399.06	5712.13	6519.61	7010.22	12722.35	38.56	47.32	85.88
Jan-Mar FY23	14410.36	5509.44	5777.95	6652.92	6477.80	12255.75	40.10	44.95	85.05
Apr-Jun FY23	13837.15	5751.78	5138.45	6945.54	6600.72	11739.17	37.14	47.70	84.84
<b>FY'23</b>	<b>55558.77</b>	<b>21200.00</b>	<b>21253.41</b>	<b>25600</b>	<b>25738.20</b>	<b>46991.61</b>	<b>38.25</b>	<b>46.33</b>	<b>84.58</b>
Jul-Sep FY24	13685.44	5,378.61	4854.91	6414.63	6762.59	11617.50	35.48	49.41	84.89
Oct-Dec FY24	13854.93	6200.71	5056.24	7395.07	6717.60	11773.84	36.49	48.49	84.98
Jan-Mar FY24	16014.41	6210.32	6279.95	7406.53	7531.34	13811.29	39.21	47.03	86.24

Source: Export Promotion Bureau (EPB)

**Annexure-2: Trends of Net Exports from RMG Sector Against Raw Materials Import**

(Million USD)

Fiscal Year	RMG Export <sup>A/</sup>	Raw Materials Import <sup>B/</sup>	Net export earnings in RMG
1	2	3	4=2-3
Jan-Mar FY21	7942.36	3366.55	4575.81 (57.61%)
Apr-Jun FY21	7968.81	3795.97	4172.84 (52.36%)
Jul-Sep FY22	9059.44	4219.94	4839.50 (53.42%)
Oct-Dec FY22	10841.26	4574.91	6266.35 (57.80%)
Jan-Mar FY22	11527.70	5505.17	6022.53 (52.24%)
Apr-Jun FY22	11184.76	5139.17	6045.59 (54.05%)
Jul-Sep FY23	10274.34	4984.13	5290.21 ( 51.49%)
Oct-Dec FY23	12722.35	4110.42	8611.93 (67.69%)
Jan-Mar FY23	12255.75	3546.52	8709.23 (71.06%)
Apr-Jun FY23	11739.17	3348.47	8390.70 (71.48%)
Jul-Sep FY24	11617.50	3394.46	8223.04 (70.78%)
Oct-Dec FY24	11773.84	3373.29	8400.55 (71.35%)
Jan-Mar FY24	13811.29	3839.73	9971.56 (72.20%)

<sup>A/</sup> As per Export Promotion Bureau.<sup>B/</sup>We considered the value of the components -raw cotton, synthetic/viscose fibre, synthetic/mixed yarn, cotton yarn and textile fabrics and accessories for garments instead of back to back L/Cs raw materials as reported by the FEOD of Bangladesh Bank. The values in parenthesis denote the net export in RMG as percentage of Total RMG Export earnings.**Source:** Own calculation of the research staff of Bangladesh Bank.**Annexure-3: Destination-Wise Export Earnings of RMG**

(Million USD)

Country	Jul-Sep'23	Oct-Dec '23	Jan-Mar '23	Apr-Jun '23	Jul-Sep '24	Oct-Dec '24	Jan-Mar'24
USA	2010.41	2268.10	1981.04	2257.36	2066.05	1968.99	2156.64
Germany	1517.06	1935.05	1695.71	1533.34	1450.18	1413.31	1778.11
UK	1192.74	1203.42	1450.58	1180.04	1447.35	1266.04	1692.58
France	576.49	839.44	727.78	800.89	626.50	819	799.08
Spain	842.45	863.93	989.79	881.54	1038.37	779.95	1067.6
Italy	369.87	750.70	586.11	562.91	455.77	621.24	591.78
Belgium	157.39	210.90	212.66	189.72	167.44	182.89	206.7
Netherlands	421.63	509.40	453.25	467.21	501.60	514.26	633.75
Canada	334.65	439.51	315.54	456.14	352.86	389.09	392.23
<b>Sub-Total</b>	<b>7422.69</b>	<b>9020.44</b>	<b>8412.46</b>	<b>8329.16</b>	<b>8106.12</b>	<b>7954.77</b>	<b>9318.47</b>
<b>Others</b>	<b>2851.65</b>	<b>3701.91</b>	<b>3843.29</b>	<b>3410.01</b>	<b>3511.38</b>	<b>3819.07</b>	<b>4492.82</b>
<b>Total</b>	<b>10274.3</b>	<b>12722.35</b>	<b>12255.75</b>	<b>11739.17</b>	<b>11617.50</b>	<b>11773.84</b>	<b>13811.29</b>

**Source:** Export Promotion Bureau, Bangladesh