



## STRUCTURE OF TEXTILE AND GARMENT INDUSTRY IN BANGLADESH

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**Abstract:** This study discovers a clear separation between the domestic and export sectors of the Bangladesh textile and garment industry within the industry structure. The existence of such a dual structure is notable. Both of the domestic and export sectors consist of almost similar networks and stages, but they differ from each other in raw material usage, product types, product quality, manufacturing technology, manufacturers, marketers, and target customers. The domestic sector structure is less visible, unorganized, and mostly informal. But, the export sector structure is formal and organized. The export sector is more vulnerable to external threats compared to the domestic sector. The dependency on tailoring system, mass use of traditional garments, use of local ingredients, and manufacturing lower quality cheap garment products characterizes the domestic sector structure of the industry. The domestic sector has to depend partly on foreign raw materials and intermediate goods, but local enterprises perform almost all the tasks of the production and marketing networks. In contrast, the export sector is totally dependent on foreign raw materials. The foreign enterprises also control the marketing of the export sector's products. Moreover, the export sector mostly depends on foreign parties for the tasks of intermediate good and export networks. However, the manufacturing network related tasks of the sector are accomplished by the domestic firms.

**Key words:** Textile, garment, industry, structure, domestic sector, export sector

### Introduction

The textile and garment industry is considered as the pioneer of industrial development for a country. The industry has spearheaded the industrial revolution all over the world. The comparative advantages associated with the industry have shifted from one place to another over the time period. Currently, Asian countries are leading the industry as the prime manufacturers and exporters.

Bangladesh has been trying to develop her industrial base through the expansion of the textile and garment industry. The textile and garment industry of the country has expanded dramatically in last three decades. Currently, it is the dominating industry of Bangladesh and contributing in her employment generation, export earnings, foreign exchange earnings, poverty alleviation, women empowerment, industrialization, and economic development.

Many researchers contribute a lot of research on the Bangladesh textile and garment industry. A thorough investigation on prior researches identifies three main approaches. The first approach focuses on the textile segment of the industry. Ahmed (2002) and Dowlah (1998) are the main contributors in this approach. Industry history, stage-wise performance, present condition, future

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challenge, business environment, and Government policy measures are the main tools used in this approach to analyze the textile segment. The approach concludes placing top priority on backward linkage expansion of the Bangladesh garment industry.

The second approach focuses on the garment segment of the industry. This approach handles export performance, challenges and potentials, growth and stability, and competitiveness issues of the garment segment. Haider (2006a), Jabbar (2006), Bhattacharya and Rahman (2001), Nath (2001), Rahman (2001), Bhattacharya (2000) and Dowlah (1998) are the main contributors in this approach. The approach identifies 'low labour cost' and 'export-quota system' as the two main factors for the success of the industry. Industry competitiveness is the main topic covered in this approach. Backward linkage expansion, lead-time shortening, qualitative upgradation, and active role in product design are some priority tasks suggested by the approach for the Bangladesh garment industry to sustain in the tough competition ahead.

The third approach deals with the social dimension of the industry. Absar (2001), Afsar (2001), Kibria (2001), Zohir (2001a), Kabeer (2000) and Paul-Majumder (1996) are the main contributors in this approach. The approach finds both positive and negative effects on the socio-economic conditions of garment workers for the changes in the Bangladesh garment industry. Industry roles in access of women to formal economic activity, women empowerment, poverty alleviation, and enhancing decision making power are creditable. But, factory environment, working condition, health issue of factory workers, workers' wage, housing and transportation problem, sexual harassment, and exploitation on garment workers are some areas that require immediate actions. The approach concludes that the overall situation of Bangladeshi garment factories needs to be improved for long run sustainability of the industry.

Careful investigation on these researches identifies some important limitations. Firstly, only a few researches focus on textile, the root segment of the industry. Secondly, number of researches considering both textile and garment segments simultaneously for getting a complete scenario of the industry is limited. Thirdly, almost all the garment segment related researches are biased in handling the export sector of the industry ignoring the importance of the domestic sector. A complete and detailed study on the domestic sector of Bangladesh textile and garment industry is hardly available. Fourthly, industry structure related researches are also scarce. This study is an attempt to fill up those gaps. It considers both the textile and garment segments, and export and domestic sectors simultaneously.

This study defines industry structure as intra and inter-industry communication, distribution of authority, and information flow to assure effective coordination, appraisal, and planning of basic goals and policies through efficient allocation of resources such as men, money, and materials (Chandler, 1962). Material flow, product flow, information flow, ownership structure, firm size, horizontal/vertical association, and such many other factors are considered in prior researches for analyzing textile and garment industry structure. Garments pass through a multi-stage complex structure to turn into final products from primary raw materials. That structure is not unique or well defined; rather it varies from place to place, country to country, or time to time. Appelbaum and Gereffi (1994), and Gereffi (2002) provide a general but concrete picture of textile and garment industry structure. They divide the structure into five main networks<sup>1</sup>: raw material network, including natural and man-made fibers; provision of intermediate goods, such as the yarns and fabrics manufactured by textile companies; production network made up of garment factories, including their domestic and overseas sub-contractors; export network established by trade intermediaries; and marketing network at the retail level.

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<sup>1</sup> Those networks indicate the segmentation of the textile and garment industry.

The textile and garment industry structure is an ideal example of buyer-driven value chain in which large retailers, marketers, and branded manufacturers play the pivotal role (Gereffi and Memedovic, 2003; Ramaswamy and Gereffi, 2000). Such buyer-driven value chain is characterized by highly competitive and globally decentralized factory systems with low entry barriers where profit comes from combination of high-value research, design, sales, marketing, and financial services that allow the retailers, designers, and marketers to act as strategic brokers in linking production factories and traders with product niches in their main consumer markets.

The above-cited researches describe the basic features of world textile and garment industry structure. This study will try to trace out the exact position of the Bangladesh textile and garment industry in light of that discussion. In particular, this study will try to trace out the nature and degree of interactions for material, information, and money among various sectors, networks, stages, and firms of the Bangladesh textile and garment industry to get a clear picture on industry structure. The study will critically analyze the strengths, weaknesses, problems, and potentials of various sectors/networks/stages of the Bangladesh textile and garment industry.

An in-depth discussion on structure of the Bangladesh textile and garment industry requires addressing the following questions. What are the main sectors and networks of the industry? What is the contribution of domestic enterprises in different networks? Is the industry capacity at one network sufficient to comply with next network's demand? What sort of policies the industry should take to increase the intra and inter-sector/network relationship? What are the strengths and weaknesses of the overall industry structure? In this study, an attempt is made to answer the above raised questions through analyzing the industry structure of the Bangladesh textile and garment industry.

## **Materials and Methods**

This study is based on both the secondary and primary data and information. Published books, journals, and organization reports are the main secondary sources. The study considers the database of government, private, and research organizations to explore the structure of textile and garment industry. Moreover, questionnaire survey<sup>2</sup> and face-to-face interview<sup>3</sup> are the primary sources for collecting field level data and information for this study. Special attention is given to explore true responses of the respondents and interviewees. Collected data and information are arranged, sorted and processed properly to make it usable for study and research. Attention is given to identify and exclude incomplete or biased information/data. Theoretical knowledge of available literatures is used to compare the findings of this study. Finally, the study tries to point out the special findings of the research that may be considered as the additions to the available literatures.

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<sup>2</sup> The author has conducted a questionnaire survey on more than 100 randomly selected sample garment firms of Bangladesh during December 2005 – January 2006 time period for well understanding the structure of the industry. Among those, 84 firms agreed to cooperate in the said survey. Later, 4 samples were rejected due to incomplete data or lack of reliability of the provided data. The sample includes woven and knit garment firms of Bangladesh covering wide range of varieties about firm size, year of establishment, location, manufacturing product, and destination market. The sample firms may be treated as the representatives of almost all the garment firms operating in Bangladesh. Because, the sample includes 100 per cent local owned, 100 per cent foreign owned, and joint venture firms; direct exporter firms as well as sub-contracting firms; composite firms as well as only garment manufacturing firms; simple as well as high quality garment manufacturing firms; leader as well as follower firms; group as well as non-group firms; single as well as multi-product manufacturing firms; firms from different locations of Bangladesh; firms with and without own brand-name; firms with and without market diversification; and finally experienced as well as new entrant firms.

<sup>3</sup> Face-to-face interview covers the formal / informal discussion with garment and textile manufacturing firm owner, manager and worker of Bangladesh about industry structure.

## Results

This study considers raw material and intermediate good sourcing, production, export and marketing tasks to explore industry structure. It divides the discussion under two broad headings: domestic sector and export sector of the Bangladesh textile and garment industry. In Bangladesh, these two sectors are almost separable. Specific data on market size of the domestic sector are not directly available. Rough estimates derived from production, consumption, import, and local contribution data indicate that export sector is bigger than the domestic sector in size (Field Survey, 2005-06).

### *Domestic sector structure*

The domestic sector of the Bangladesh textile and garment industry supplies clothing in huge quantities to the poor and middle-class Bangladeshi people at relatively cheap price.<sup>4</sup> Prior researches on this domestic sector are rarely available. In addition, the structure of the sector is not well defined. Figure 1 illustrates the general structure of the domestic sector of Bangladesh textile and garment industry. The structure may be divided into four networks: raw material, intermediate good, production, and marketing networks.

*Raw material network:* As a third world developing country, Bangladesh does not have sufficient capital or technology to be strong enough in man-made fibers, which is generally dominated by developed countries. On the other hand, being a densely populated country, the country does not have enough room to cultivate cotton in a vast quantity instead of food grains. Thus, the country depends heavily on imported fibers in order to fulfill the demand of the local spinning mills (Field Survey, 2005-06).

*Intermediate good network:* The intermediate good network is divided into three stages: a) spinning b) weaving & knitting and c) dyeing, printing, & finishing. These three stages deal with three important intermediate goods such as yarn, grey fabric, and finished fabric, respectively. The spinning mills of the country may be divided into two main types: public sector mills and private sector mills. The public sector spinning mills are inefficient due to various reasons such as management problems, backdated machineries, and lack of properly motivated workforce (Field Survey, 2005-06). Bangladesh Government has taken various initiatives to privatize inefficient public sector mills through privatization board. On the other hand, the private sector is relatively efficient, but it is tiny in size against the growing yarn demand generated by the grey fabric sector. Hence, the country has to depend on imported yarn for meeting the yarn demand of the grey fabric sector.

The second stage of the intermediate good network is the grey fabric sector, and its two main tasks are weaving and knitting. In addition to the inefficient public sector and relatively efficient private sector, Bangladesh handloom sector also plays a vital role in this stage. Handloom made grey fabric is largely tapped with the domestic sector of the Bangladesh textile and garment industry (Field Survey, 2005-06).

Finished fabric manufacturing is the third and last stage of the intermediate good network. The public, private, and handloom sectors are serving in this stage to manufacture finished fabrics. The finished fabric is used to manufacture garment products. The domestic establishments of this stage are almost self-sufficient in processing all the locally produced grey fabrics (Ahmed, 2002). But, the amount of total fabrics supplied by local firms is not sufficient to meet the growing fabric

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<sup>4</sup> The number of rich people with the ability to buy imported garment is limited in Bangladesh. About half of the rural households fall below poverty line. They cannot even buy their minimum necessary ordinary and cheap garments, let alone gorgeous, expensive, and imported garments.

demand of the garment-manufacturing firms. In addition, average quality of the locally manufactured fabrics is mostly tapped with the domestic market oriented garment manufacturing, which is not up to the level to fulfill the export-oriented Ready Made Garment (RMG) sector's demand. As a result, the country has to import a huge amount of finished fabric every year. China, India, Hong Kong, Singapore, Thailand, South Korea, and Taiwan are the main fabric suppliers to Bangladesh (Mainuddin, 2000). In short, Bangladesh has a severe shortage in the intermediate good network of the industry.

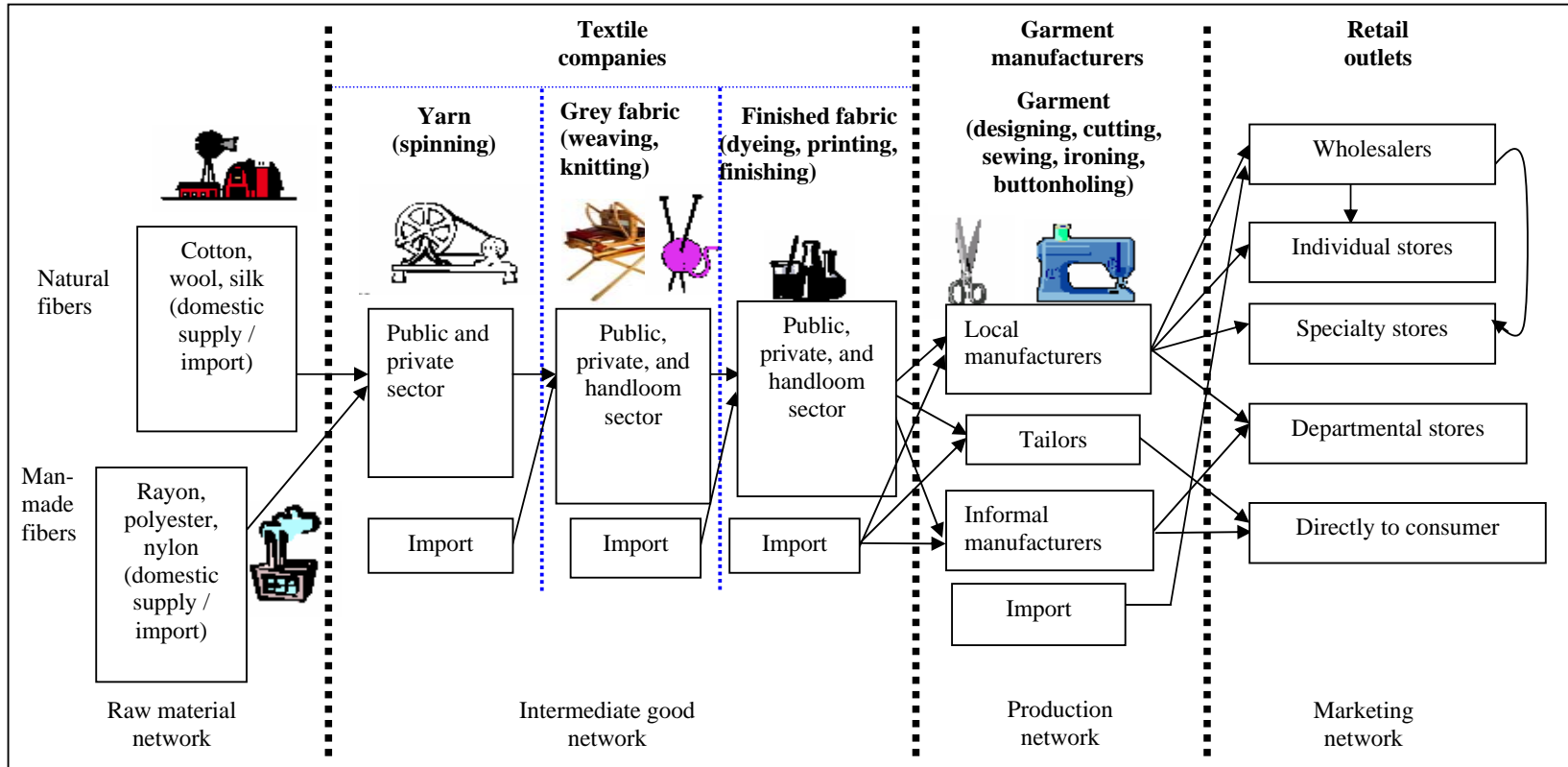
*Production network:* The local small and medium scale manufacturers, individual tailors, and informal manufacturers such as home-based garment makers are the main contributors in production network. It is difficult to make any direct comment about the number of such manufacturers due to lack of related data and information. Generally, it may be assumed that they are many in number and their size varies significantly. Such manufacturers are mostly unorganized, informal, and seasonal, but they are creating huge employment opportunities for Bangladeshi people. Those manufacturers supply garment products to the local people at a cheaper rate and use local fabrics to manufacture garment products. The low quality products manufactured in this network limit their scope within the country boundary (Field Survey, 2005-06). Price competition arisen from illegally imported garments, especially garments of India is a concerning issue in this network.<sup>5</sup> Financial insolvency of local manufacturers and technological backwardness also characterize the production network of the Bangladesh textile and garment industry domestic sector.

*Marketing network:* The marketing network of the domestic sector of Bangladesh textile and garment industry consists of wholesalers, individual stores, specialty stores, and departmental stores. These marketers perform the difficult task of marketing garment products to the local consumers all over the country. The term 'individual store' refers to the store that sells various types of garments in the same shop, and the term 'specialty store' refers to the store that sells only one specific garment product in this study. The number of departmental stores with garment selling sections is few in Bangladesh, and they are mainly concentrated in the urban areas (Field Survey, 2005-06). The tailors and home-based garment manufacturers play the dual role of garment manufacturer and marketer in the rural areas of Bangladesh. Like the production network, accurate data and information about marketers' size, number, and working capital of this network are not directly available.

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<sup>5</sup> A lot of garments, especially the traditional female garments like various types of sari and three-piece enter to Bangladesh from India illegally and compete vigorously with Bangladeshi garments. It may be mentioned that, India has the advantage of easy access to raw materials resulting lower lead-time that ultimately facilitates the country to supply garments at relatively lower prices.

Figure 1. Structure of the Bangladesh Textile and Garment Industry: Domestic Sector.



Source: Author compiled from Appelbaum and Gereffi (1994); Ahmed (2002); and Anon (2004).

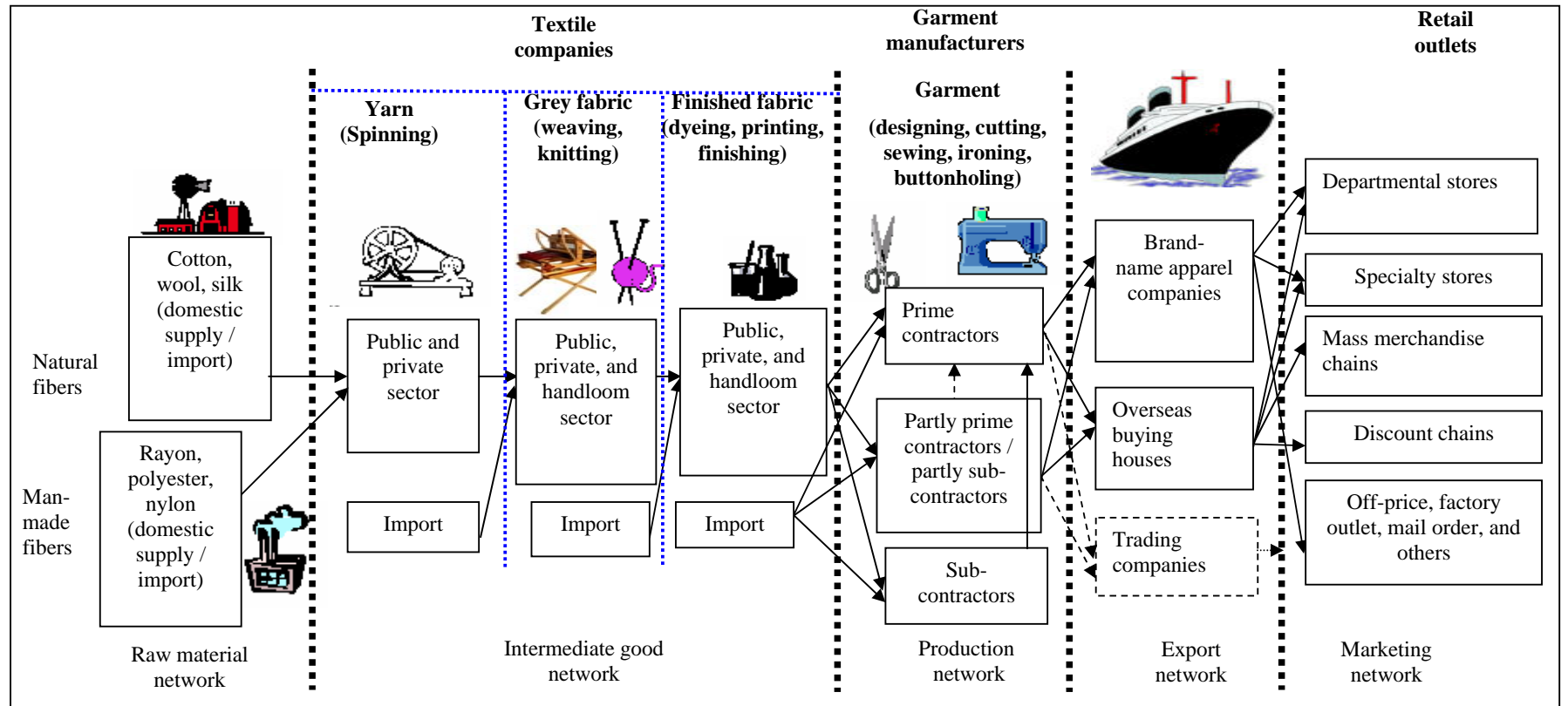
N.B.: The figure is divided into four major parts differentiated by bold dotted vertical lines to indicate four networks. The main inputs/outputs, organizations, and tasks associated with each network are presented in the figure in brief for well understanding the domestic sector structure of Bangladesh textile and garment industry. The solid arrows of the figure basically indicate the material flow.

### ***Export sector structure***

The presence/absence of the export network is the main difference between export sector structure and domestic sector structure of the Bangladesh textile and garment industry. The export sector is divided into five main networks: raw material, intermediate good, production, export, and marketing networks. Figure 2 illustrates the general structure of the export sector of Bangladesh textile and garment industry. The discussion of the first two networks, that is, the raw material and intermediate good networks is skipped in this section. Because, firstly, it is difficult to clearly differentiate the activities of first two networks between the domestic and export sectors. And secondly, the products manufactured in these two networks of Bangladesh are mostly tied with the domestic sector with the exception of Bangladesh knitwear industry. The knit fabrics manufactured in Bangladesh are getting increasing access to the export-oriented RMG firms of the country over the time period (Field Survey, 2005-06).

*Production network:* Production network is the third network of the Bangladesh textile and garment industry export sector structure. Garment manufacturing is the prime task of this network which is done by export-oriented RMG firms. Stuart-Smith and Shefali (2003) find three types of RMG firms operating in Bangladesh. About 30% of the RMG firms of Bangladesh are well-organized, formal, and prime contractors; another 50% of the firms are less-organized average firms working partly as prime contractors and partly as sub-contractors; and the rest 20% are informal, unorganized, and sub-contractors. The sub-contractors mainly perform the Cut, Make, and Trim (CMT) tasks according to buyer's specification (See Box 1). However, the prime contractors or organized and formal RMG firms play an important role in raw material selection, raw material sourcing, product designing, and product pricing in addition to CMT tasks (Field Survey, 2005-06). Such options provide those organized firms an opportunity to add higher value, to earn more profit, and to upgrade skill.

Figure 2. Structure of the Bangladesh Textile and Garment Industry: Export Sector.



Source: Compiled from Appelbaum and Gereffi (1994); Ahmed (2002) and Anon (2004).

N.B.: The figure is divided into five major parts differentiated by bold dotted vertical lines to indicate five networks. The main inputs/outputs, organizations, and tasks associated with each network are presented in the figure in brief for well understanding the export sector structure of the Bangladesh textile and garment industry. The solid arrows of the figure basically indicate the material flow. Broken arrows indicate weak material flow. Dotted horizontal arrow denotes the destination of a product from one network to every sources of the destination network

**Box 1: Sub-contracting Practice in Bangladesh: A Case Study**

Garment firm G<sub>1</sub> has been operating as a sub-contractor firm since 1993. It is a 100% locally owned private limited, but 100% export-oriented (indirectly) garment manufacturing firm. The firm has shifted its production plant three times because of availability of workers, problems with building owner, and staying very close to mother company.<sup>6</sup> Such shifting is not difficult for Bangladeshi garment firms, as many firms are still operating in rented buildings instead of their own factory premises.

Pants, shirts, jackets, and curtains are the main products manufactured by the firm. The production flow of the firm is not smooth, as it has to depend on others for getting export orders. Firm G<sub>1</sub> basically works on CMT basis. It has no role in fabric sourcing, product design, or export order receiving. As a sub-contractor, the firm has little knowledge about buyers, buying houses, material suppliers, material price, product price, or final users. In a word, the firm works in dark. Such asymmetric information facilitates the mother company to exploit sub-contractor through offering very low prices for garment manufacturing.

High labour turnover characterizes the firm. The firm has not added any new machine in its plant in Financial Year (FY) 2004-05. It has no bargaining power in its dealings with the mother company, though the firm possesses a long run relationship with that original contractor company. The firm has experienced increases in production value and volume, and improvement in product quality over the time period. But, its unsmooth production flow, vulnerable workforce, and high dependency on mother company are some concerning issues to be handled very carefully in the near future. The firm has a strong desire to move from the sub-contracting status to a direct exporter firm in the near future.

Source: Haider (2006b).

*Export network:* The overseas buying houses with their origin in South Korea, Hong Kong, Singapore, India, Pakistan, USA, and EU play the main role in exporting garment products from Bangladesh to major international markets. As per BGMEA directory, more than 600 buying houses are operating in Bangladesh. These buying houses play the role of middlemen between local garment manufacturers and overseas buyers. But, some strong RMG companies of Bangladesh have direct link with overseas buyers or international brand-name garment companies, to whom, they ship garment products directly without any middleman (Field Survey, 2005-06). Though the trading companies are normally supposed to play the important role of coordinating different stages of garment production, but such type of coordinators are rarely found in Bangladesh.<sup>7</sup> Rather, the buying houses instead of trading companies are acting as coordinators. It is estimated that only about 20% to 25% of Bangladesh's garment exports are sold directly to retail groups and brand-name suppliers overseas, or to their respective buying organizations (Gonzales, 2002). The rest is sold through intermediaries. Those intermediaries impose price, which is lower compared to the price level resulting from direct business, and for the very reason, profit margin earned by buying house-dependent garment factories is low (Gonzales, 2002). Local contribution and local value addition are also low in exporting garments through intermediaries.

*Marketing network:* Marketing network is the fifth and last network of the Bangladesh textile and garment industry export sector structure. The country has severe shortcomings in this network. World famous departmental stores, specialty stores, discount chains, and franchise stores are the main contributors in this network (Field Survey, 2005-06). Bangladesh has to depend entirely on foreign companies for marketing its RMG products to the world market. Levi Strauss, H&M, Marks & Spencer, Wal-Mart, The Gap, Nike, Target, Dollar General, and J. C. Penny are some famous companies, which are playing important roles in marketing Bangladeshi garments in international markets (Grumiau, 2000). Bangladesh needs to strengthen its marketing network at least indirectly, if not possible directly. It is true that the country cannot develop world famous marketers/traders overnight. Establishing long run stable relationship with renowned international marketers, signing profit sharing contracts with them, and inviting them to establish offices in Bangladesh under favourable terms and conditions are some preliminary steps toward that goal.

<sup>6</sup> 'Mother company' means the 'original contractor company' who sub-contracts later. Mother company plays the vital role in getting export orders from foreign buyers for the sub-contracting firm.

<sup>7</sup> For example, the trading companies of Viet Nam are playing the crucial role of coordination in Vietnamese apparel industry. For details, see Goto (2002).

## Discussion

This study finds that the export sector of Bangladesh textile and garment industry is bigger than the domestic sector in size. Anon (2005) also states the similar statement about market size.

Import dependency for raw materials and intermediate goods, increasing demand of cheap garment products, dependency on tailoring system, and mass use of traditional garments<sup>8</sup> are some important features of the Bangladesh textile and garment industry domestic sector. Firstly, import dependency for fiber, yarn, and fabric characterize the Bangladesh textile and garment industry. The country has to import these raw materials and intermediate goods in huge quantities every year. Secondly, many Bangladeshi people are still living below the poverty line.<sup>9</sup> Those people always demand garments at a lower price. Hence, quality up-gradation of the garments is a very difficult task subject to the demand of low-priced products.

Thirdly, many Bangladeshi people still depend on so called tailoring system for making their garment products. They prefer to sew garments according to their individual choice of clothes and designs via tailoring system. It is not possible to utilize the advantage of the economies of scale in this tailoring system because of its reliance on individual's choice-based order. A very low wage level may be the main reason behind such type of tailoring system's mass existence in the country.<sup>10</sup>

Fourthly, many rural people of Bangladesh are still fond of the local traditional garments such as sari, saluar, kamiz, orna, pajama, panjabi, fotua, tupi, lungi, and gamcha. These garments are very popular and mass-used in everywhere of Bangladesh. Many of these garments are also popular in other neighboring countries such as India, Pakistan, Nepal or Bhutan. Though the illegal import of some types of these garments from neighboring countries is a threat for the local manufacturers, but in general, there exists a mostly guaranteed domestic clothing market in Bangladesh. There is no potential threat for the domestic sector to be frightened for its collapse or contraction at this moment.

Import dependency for raw materials and intermediate goods, dependency on foreign origin buying houses for exporting garment products, and dependency on foreign companies for marketing the products characterize the export sector structure of the Bangladesh textile and garment industry. Alternatively, Bangladeshi firms' activities are mainly concentrated in production network. They manufacture the garment products as per buyers' direction, mostly use buyer nominated raw material/intermediate good sources, follow buyer guided design, use foreign origin buying houses to export garment products, and market the products via world famous buyer/retailer channels. Strengths in only one network keeping other networks weak is not sufficient to survive in global competition. Bangladesh needs to find out strategies for strengthening all the networks, and encourage more active local participation in all the networks of the structure.

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<sup>8</sup> Sari, saluar, kamiz, orna, pajama, panjabi, fotua, tupi, lungi, and gamcha are some popular traditional garments of Bangladesh. Sari, saluar, kamiz, and orna are the traditional female-wears, whereas pajama, panjabi, fotua, tupi, and lungi are traditional male-wears of Bangladesh. Gamcha is similar to towel and meets the same need.

<sup>9</sup> Moderate poverty (below 2,122 kilo calorie per capita per day) is defined as below income of Taka 992/month or Taka 11,905/year and extreme poverty (below 1,805 kilo calorie per capita per day) as below income of Taka 680.30/month or Taka 8,164/year (Afsar, 2001: 114).

<sup>10</sup> According to one sample survey result presented in Zohir (2001b: 86), salary of male and female garment workers of Bangladesh aged 15 or above were Taka 2,267 and Taka 1,316 on average per month in 1997. Besides, Rahman (2001: 29); and Bhattacharya and Rahman (2001: 18-19) have mentioned that the yearly average wage rate of the Bangladesh RMG industry workers was US\$ 290 in the 1990s and the hourly wage rate for the same time period was US\$0.23.

## Conclusion

Raw material, intermediate good, production, and marketing networks are common to both domestic and export sectors of the Bangladesh textile and garment industry. The domestic sector of the industry has to depend partly on foreign raw materials and intermediate goods, but local enterprises perform almost all the tasks associated with the production and marketing networks. The export sector consists of the export network in addition to four networks common to both sectors. The sector is totally dependent on foreign raw materials. The marketing network of the sector is also totally controlled by foreign enterprises. Moreover, the export sector mostly depends on foreign parties for the tasks of intermediate good and export networks. However, the manufacturing network related tasks of the sector are accomplished by the domestic firms.

Existence of large number of small, seasonal, unorganized, and informal garment manufacturers and marketers make the structure of the domestic sector less visible. In contrast, the firms operating in the export sector are relatively large in size, few in numbers, formal, and organized. The cooperation and communication tasks of the export sector are also more specific, time-centric, and visible compared to the domestic counterpart. But, from another viewpoint, the domestic sector structure is less vulnerable compared to the export sector. Some special characteristics such as dependency on tailoring system, manufacturing and marketing of traditional garments, availability of cheap labour force, and supplying average quality garments at a very cheap price provide somewhat guarantee about the sustenance of the domestic sector. Thanks to those special features that are helping a lot for smooth functioning of the domestic segment. On the contrary, severe price competition in the international markets, price hike of raw materials, dependency on foreign raw materials, increasing consciousness of the international buyers about factory environment or working condition are some notable challenges for the export sector of Bangladesh textile and garment industry.

This study finds the existence of a dual structure in the textile and garment industry of Bangladesh. Increasing demand of cheap garment products, dependency on tailoring system, mass use of traditional garments, use of local ingredients, and manufacturing lower quality garment products characterize the domestic sector structure of the industry. In contrast, import dependency for raw materials and intermediate goods, mass production of low to average quality garment products, and over dependency on foreign parties for exporting and marketing the manufactured products characterize the export sector structure. Both of the sectors consist of almost similar networks and stages, but they differ from each other in raw material usage, product type, product quality, manufacturing technology, manufacturer, marketer, and target customer.

Traditional economics and business theories explain the export sector's expansion as a spill over effect of developed domestic sector for an industry. In Bangladesh, this traditional way of doing business does not match. Rather, the export sector developed first with the advantages of rules and conditions associated with international trade of textile and garment products. To carry forward that development, some sort of linkage between the two sectors is needed. Harmonization, if equalization is not possible, in raw material usage, manufacturing technique, product quality, and product type are the least conditions to bridge the linkage between two sectors. Such linkage will diversify risk of unavoidable future shock(s).

The Bangladesh textile and garment industry is undoubtedly the most successful one among country's various industrial sectors. The sharp rise of the export sector of the industry within last few decades is praiseworthy. The industry will have to go a long way ahead and have to face a lot of hurdles in the near future. The main concerning points will be whether the industry (i) will be able to cut product price in line with the international trend, (ii) will be able to reduce lead-time sufficiently, (iii) will be able to expand itself both horizontally and vertically, (iv) will be able to

increase productivity and efficiency, (v) will be able to improve coordination activities among various stages, (vi) will be able to diversify products and markets, and (vii) will be able to establish linkage between the domestic and export sectors, or not. All of these issues will determine whether the industry will remain competitive or not in the future.

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