

Supply Chain Management in Readymade Garments Industry, Bangladesh

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ABSTRACT

The export-oriented readymade garment (RMG) industry has some distinctive features, which differentiate it from other businesses. Wage, Supply chain, Time-frame, and Compliances are among the most important features of this business. Each of four features is interrelated and interdependent. Among the features, effective Supply Chain Management (SCM) is the core. Whatever the wage level or lead time (the period from order confirmation to shipment) without proper management of supply chain business is not viable and sustainable. Supply chain can categories into two phases – Macro level, part of global supply chain and Micro level, the supply chain system within the manufacturing unit. In supply chain system, it can be materials, it can be information, and even it can be a supply of business (continuation of business). One single and very simple issue like mismatching thread count or wrong button line, incorrect or delayed information can make the whole process jeopardies. Considering the importance, present study has been carried out on supply chain system in Bangladesh RMG industry. The study revealed the difficulties in supply chain system and also tried to set some guidelines to improve the system for the sustainable development of the sector.

Key words: Supply Chain Management, RMG, FOB, sustainable development, Least Developed Country, Free of Charge, Bangladesh

INTRODUCTION

The readymade garment industry has been passing with many difficulties which industry never faced before. A devastating fire in Tazreen fashions, collapses Rana Plaza building has raised the question of its capability regarding compliance, fire safety, and building integrity. Only minimum wage competitiveness does not guarantee of an international business of this kind. Hundreds of factories are closed, thousands of workers have lost their jobs, and many factories are running under capacity even after accepting the business at cost price. For the first time growth of our RMG export has fallen mainly on compliance ground. Nonfunctional supply chain increases production cost. Owners consider any investment on compliance as an extra cost. So to ensure compliance, there is no way to enforce effective SCM.

Among the four important features, proper supply chain is the key to others. Every feature is interrelated and interdependent. The competing countries of the sector like China, India, and Pakistan have their domestic sources of materials. Vietnam and Cambodia are closed to China. It takes only one-week time from Shanghai to

Vietnam/Cambodia by sea. All of our competitors have the advantage in lead time; they are in better position in supply chain and compliance. Our main competitiveness is low wage. Only wage competitiveness alone can't ensure business growth and sustainability. To meet the short delivery time and to minimize stock level and wastage, to reduce an extra load on finance and to gain customer satisfaction there is no alternative than an effective SCM system in place.

The parties involved, in the whole supply chain system, are-The Brands, Business providers, Materials suppliers, Manufacturer of garments. Moreover, there are some other parties involved in the chain connecting the parties like Freight Forwarder, Career (Main Line Operator), Bank, Customs, Export Promotion Bureau (EPB), Ports, Transport, Clearing and Forwarding (C &F) agent, etc. It is a difficult job to make an effective coordinate among all the parties.

To accommodate with shorter lead time, to avoid over /under inventory, to minimize wastage of money, to run the company efficiently and finally to ensure sustainable growth, there is no alternatives of effective management of supply chain system.



Objectives of the study

The objectives of the study are to identify the importance of effective management of supply chain for the sector. Its complexities, weakness and its negative impact on the businesses. Finally, to find out the solutions to overcome those difficulties for the sustainable growth of the sector.

Research Methodology

The data have been collected from the five different factories, with different products categories, of different industrial clusters. In depth interview with the people having experience for decades in various positions like merchandisers, production and finishing in-charges were conducted. Purchase orders, inventory sheets, materials in-out registered have been reviewed.

BACKGROUND OF THE STUDY

Manufacturing of RMG is one of the suitable examples of SCM. For example, design and development are done by any developed country like Spain, raw materials are sourced from developing country like China, and merchandises are manufactured in the Least Developed Country (LDC) like Bangladesh, and finally, goods are sold to different developed and developing countries of the world. In RMG business value chain, manufacturing is in the lowest segment with the highest risk. That's why this manufacturing function was never static in any particular region or country. Manufacturing RMG, as a labor intensive industry, always followed the countries where the lowest wage of labor was available. This low waged manufacturing industry has played as a "startup" industry of many developed countries. Before the 1960s, developed countries like the UK and the USA used to procure garments from domestic firms. The following table shows the relocation of RMG production from high wage regions to low-cost production regions. Improvement of global communication system & international trade policies made this shifting easier and quicker.

Table 1: Relocation of production

From	To	Period
North America and Western Europe	Japan	In the 1950s and the early 1960s
Japan	The Asian Tigers – South Korea, Taiwan, Hong Kong and Singapore	In the 1970s.
The Asian Tigers	Other developing countries Philippines, Malaysia, Thailand, Indonesia and China +	Mid1980s through the 1990s
Developing + LDCs	Sri-Lanka, Bangladesh, Pakistan, India, Cambodia Vietnam and Myanmar	The 1990s

Among the four main stages of business modes, Bangladesh's RMG is in preliminary or entry i.e. CMT stage. Sometimes, buyers procure the materials from any third country and send it to the manufacturer on FOC (Free of Cost) basis and pay only cutting, sewing and trimming cost. Since most of the big retailers have their offices in Bangladesh, they take the responsibilities of trimming sourcing. Basically, RMG in Bangladesh works on CM basis. The second stage of the business mode is called Free on Board (FOB), from raw materials sourcing to delivery, up to loading point, where the responsibility goes to the factories. The price factory offers to the buyer includes raw materials cost + CM, i.e., the price of fabrics, accessories including cutting and making charges. The possibility of earning is little more in FOB mode than CM or CMT. The RMG business in Bangladesh is based on these two types of modes - CMT and FOB, where FOB ratio is very low. Other two stages are Original Design Manufacturer (ODM) and Original Brand Manufacturing (OBM). Unfortunately, these, high-value segments, third and fourth stages, remain far away to reach by the industry even after three decades. Table 2 shows the difference between customer's buying price and manufacturer's charges in the value chain.

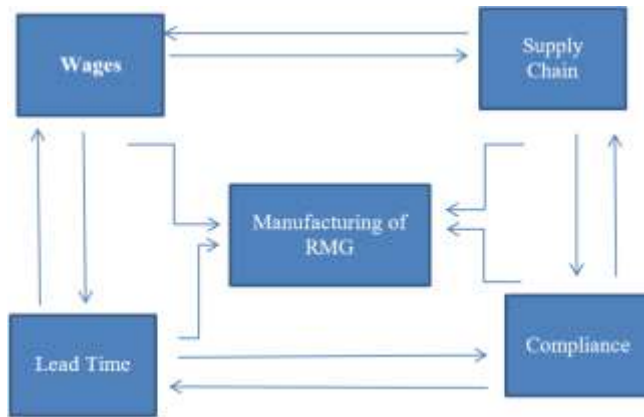
Table 2: Global Value Chain and our value retention in per dozen)

Brand	CM/dz	FOB/pc	Price Tag/pc
1	\$ 19.00	\$ 7.55	\$ 40.36
2	\$ 18.5	\$ 5.50	£ 12.00
3	\$ 21.00	\$ 8.60	£ 30.00
4	\$ 15.50	\$ 6.12	£12.00
5	\$ 14.5	\$ 6.88	\$ 68.00
6	\$ 21.00	\$ 7.82	\$ 62.00
7	\$ 35.00	\$ 6.28	£20.00
8	\$ 16.5	\$ 5.49	\$ 59.50
9	\$ 17.50	\$ 6.80	Lira 44.30
10	\$ 18.00	\$ 6.80	SA r 180.00

With the development of the service sector and enhancement of industrial wage, cutting and stitching operation was shifted to more profitable destinations. In the value chain of the RMG business, production lies at the bottom, whereas this is the most critical and complex part of the business. Services like research and development, design, purchasing all these pre-production intangible functions and marketing, distribution, sales, etc. post-production intangible activities in RMG business carry higher values than production - only tangible activity in the business chain. In the global value chain as a manufacturer, Bangladesh performs the lowest value retention functions. In whole supply chain, Bangladesh does the manufacturing job, but does not produce basic raw materials of the garments. On the other hand, to ensure the manufacturing business cost competitiveness is not the only parameter to be considered. There two more issues are of highly importance, i.e., – the quality of

the products and lead time. Through the long experiences Bangladesh has gained its expertise on quality, but due to the distance from materials supply countries, Bangladesh is not in advantageous position. Its competitors like China and India have their own sources of materials. Vietnam, Cambodia, needs only one week to receive the materials from Shanghai. So, lead time is very important issue of RMG business.

Diagram 1: main features and their interdependency in RMG business



Buyers design their fashion according to their seasons. Summer, Winter, and Spring – these three seasons are common in their business calendar. No customer will buy the products at summer which needs for the winter season. Contrary, due to the involvement of huge investment buyer does not allow any supplier unlimited time to produce their ordered products. The period from the confirmation of any order to handover the forwarder for shipment is called lead time. Depending on style criticality and materials to be used this timeframe ideally was 120 – 150 days. At present this period has been shrunken remarkably. With the reduced timeframe production has to take the huge pressure. Moreover, one fourth of lead time has been reducing due to political instability, workers unrest, port congestions, documents discrepancies, shortage and failure of power and electricity etc. In addition to that, failure of raw materials schedule along with partial or wrong delivery is a common phenomenon of the supply chain. For the business, the most challenging issue of the present time is supply chain.

As part of the international supply chain, a factory can't do whatever it needs to do to meet the lead time. The other main feature of the industry is compliance. The factories' activities are strictly controlled by the Code of Conduct (CoC), and they are also under constant monitoring by the buyers' nominated representatives. The manufacturers of RMG, being the supplier of different buyers, is in a "compliance trap" on account of multiple compliance audits on different CoCs. Materials are not available at the right time; compliance does not permit excessive working hours, no compromise with lead time. All this is a quandary situation for the RMG industry.

WHY SUPPLY CHAIN MANAGEMENT IS SO IMPORTANT?

Apart from the ultimate consumer and manufacturer, there are many other parties, in between, involved in RMG business. In many cases, a work order comes to a manufacturer through four to five different parties. For example, a buyer in the USA (ultimate customer/brand owner) confirms the business with an agent of that country. That agent has another agent in Hong Kong or India. The agent in India has another agent in Bangladesh, which is called a local agent. That local agent communicates with the manufacturer. Tazreen Fashions where devastating fire incident took 113 lives of garment workers on 24 Nov 2012 had been working with Wal-mart Inc through an agent in New York named Success Apparels NY. Success Apparels NY gave the order to Simco Dresses Ltd Bangladesh, Simco Dresses Ltd made a contract with Tuba Fashions, Tuba fashions get done the job with Tazreen Fashions. Thus the things are getting done in our RMG sector.

Wal-Mart	An ultimate Customer/ Brand owner
	↓
Success Apparels NY	An agent of USA
	↓
Simco Dresses Ltd	Agent/ Office in Hong Kong
	↓
Tuba Fashions	Agent/Office in India
	↓
Tazreen Fashions	Agent in Bangladesh/ local agent
	↓
	Manufacturer

Each work order has its schedule. The period from the order placement to shipment is called lead time. A manufacturer chalks out a critical path to complete the work within that lead time. Usually, buyers allow 60-90 days for a woven garment order, where principal materials are being imported. On the other hand, it is only 30-60 days for knit items as fabrics are mostly procured from local sources. In most of the cases, buyers are uncompromising in their lead time. Local problems are not the buyers' concern; rather sometimes they take the advantage of the situation. If there is any situation of the failure of lead time, there are three options open to the manufacturers: shipment by air with CNF (Cost and Freight, manufacturer bears the cost) mode, shipment by the sea with discount, or cancellation. Manufacturers cannot afford the cancellation of the orders as they need foreign currency to pay imported/used materials' bills within a given timeframe. Sometimes the 'asking rate' of discount is more than 5.0 per cent of FOB (Free on Board, here, usually the unit price of sales), which has other complicacies like the central bank's restrictions. To avoid these serious and critical situations, manufacturers prefer to send consignments by air. Most of

the cases, even buyers do not allow the manufacturers to choose the airlines and negotiate the rate. It is the buyers' nominated forwarders, which handle the shipment, where the manufacturer has to pay at least 10 percent more freight charge than the market rate.

Mismatching or delayed of one small material makes the full order at stake. Failing of shipment schedule of a particular order, jeopardizes whole production plan. On the contrary, unplanned and earlier importation of material increases inventory level. Delayed in-house of material creates gap in the production lines. Both the situations have a negative impact on finance. On the other hand, if the finished goods are not shipped on time due to not getting the approval factory has to pay the bills of BTB L/Cs against bank loan with high interest rate. So the factories always try to avoid delay shipment even covering loss time with overtime work which incurs double cost of production. When this overtime work does not help, then they take the risk of un-authorized subcontract. Excessive overtime work and un-authorized subcontract both are the violation of compliance, another inevitable feature for the industry.

SUPPLY CHAIN MANAGEMENT

A chain is as strong as all of its rings are. Similarly, a chain is as weak as one of its ring/link is weak i.e. one single ring is more than enough to make the whole chain system dysfunctional. RMG industry in Bangladesh so far has been enjoying very clear price competitiveness. The rate of minimum wage in Bangladesh is still lowest among its competitors. But Bangladesh RMG has huge pressure on lead time. Without proper management, in supply chain, only wage competitiveness can't ensure a sustainable business. Undisrupted supply chain and proper planning can enhance its market share undoubtedly. The activities of a readymade garments manufacturing is a team effort-interconnected and interrelated. Nonperformance by any member of the team is enough to lose the game.

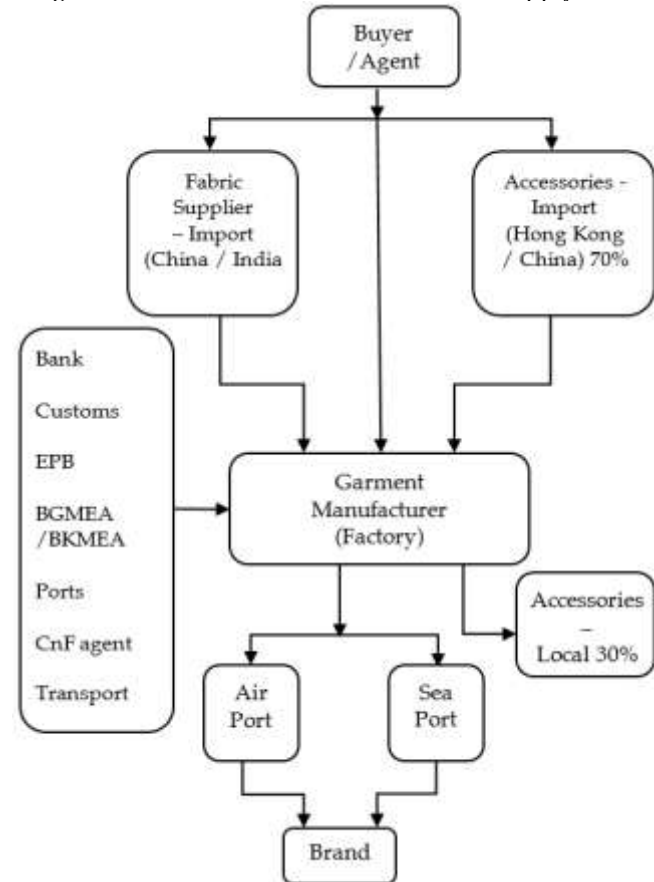
The supply chain in RMG can be viewed at two basic levels. One is Macro level other one is Micro-level. The activities of both macro and micro levels can be described as follows-

Macro level Activities

Macro-level SCM system involves the parties in different companies of different countries or within the countries. They can be the Buyers, Brands, Suppliers, Manufacturers - it can be materials or finished goods. It is mentioned worthy here that for the textiles mills fabric is the finished goods but for the garment manufacturers those fabrics are raw materials. In global or macro level links apart from the manufacturers or suppliers there are other parties in the link - bank, port, customs, freight forwarders, carriers, transports etc. are very interconnected. If the parties involved worked jointly, then it is possible to render an effective management system.

Macro level activities can be classified into two stages - Pre-production and Post-production.

Diagram 2: Links of Macro Level or Global Supply Chain



Pre-production Activities

- **Development and Order confirmation:** Member from of Marketing and Merchandising team negotiates and confirm an order based on style, price, and delivery date and prepare a critical path to execute the order within the time frame.
- **Sampling and Material booking:** Based on the buyer's given specification sample section makes the samples(prototype) of different types like - development, style, pre-production, size set, etc. and send to the buyer for their comments and approval. Simultaneously merchandising/sourcing team confirms the materials booking with the concerned suppliers. For any CM order it is the buyer's responsibility to source, nominate the supplier and fix the price. Contrary, it's the garment manufacturer's liberty when the business term is FOB.
- **Master L/C, Sales/ Purchase Contract:** After the confirmation of business, buyer provides the Letter of Credit (L/C, also called Master L/C) or purchase contract in favor of the manufacturer where terms and conditions of the business including unit price, shipment date, etc. are cited.
- **BTB L/C:** To procure the materials to be used in garment production manufacturer opens the L/Cs in favor of suppliers which is called back to back L/C.
- **Pre-production meeting:** After having all the materials along with order details and approval, a pre-production

meeting of technical, production, quality, store people in the presence of buyers' representative is required to run the production correctly and smoothly. This meeting determines the men, machines and number of production lines required to meet the target shipment date.

Post-production activities

When goods are ready, final inspection is offered. If the merchandises pass in inspection, then factory send the goods to the port – sea or air, according to the mode of shipment. Macro level Links –

Micro Level Activities

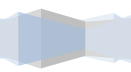
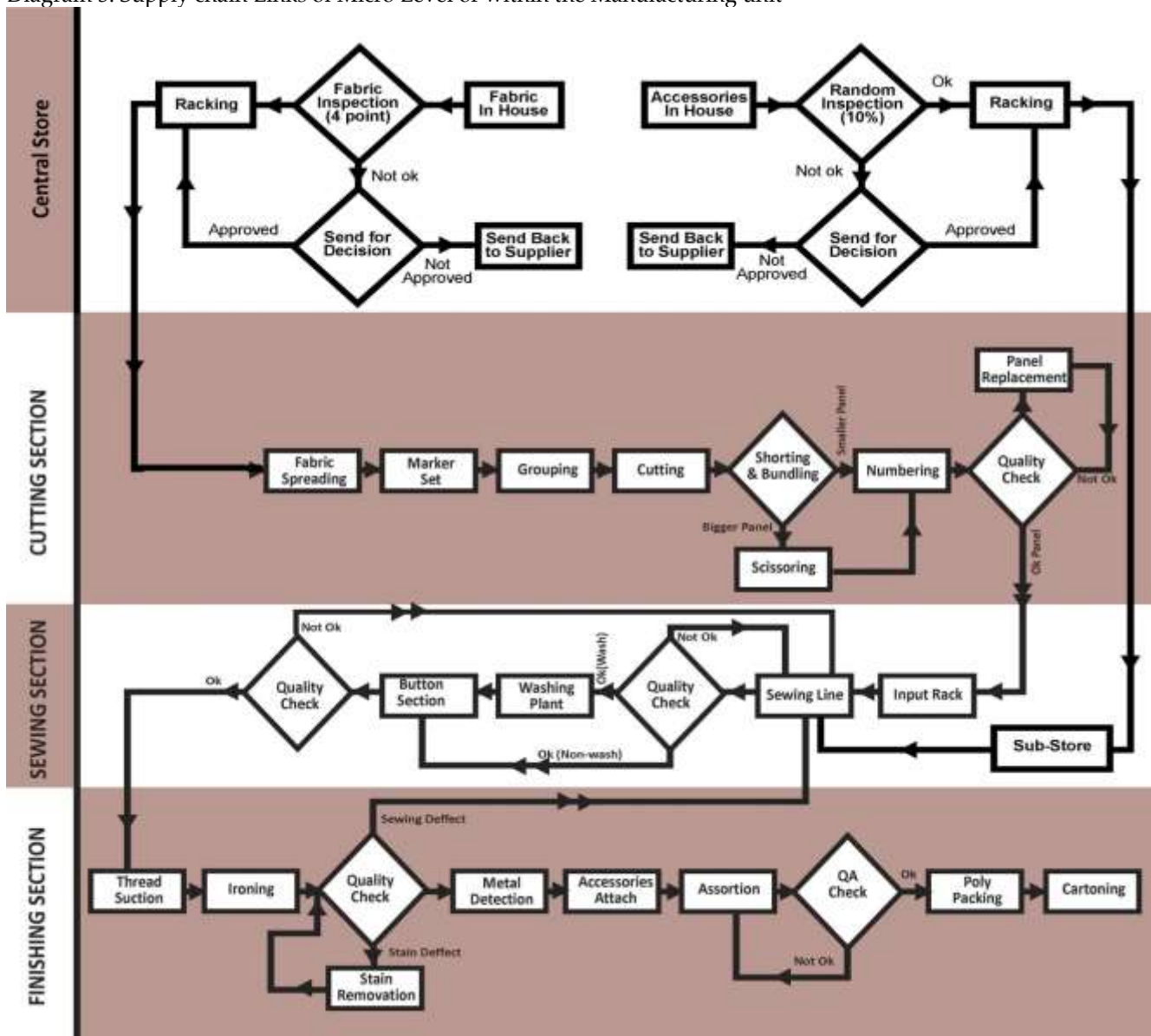
There are two types of functions – a) Service, where the persons deal with the buyer, supplier, involve in negotiation, documentation, communication etc. b) Production, where production activities are performed. The persons involved with those activities generally are

sitting in two different places which is called as Office/ Head Office and Factory respectively. Within the services and production operations there are many departments involved according to the nature of job. The links between factories and head office or among the departments of the factories can be classified as the micro level.

Production activities

The total production process can be divided mainly into three sections - cutting, sewing and finishing. In case of top woven garments, the process of sewing, from front placket, join to button join, is called line. The size and capacity of any factory is determined by the number of lines. This is not irrelevant to mention here that in Bangladesh there are huge numbers of factories with small capacity/lines. A plastic button, mismatched sewing thread, shortage of size or care label can stop the whole production line. Micro Level Links -

Diagram 3: Supply chain Links of Micro Level or within the Manufacturing unit



AN EMPIRICAL ANALYSIS

It is already mentioned that manufacturing RMG is a buyer dominating supply chain system where garment makers have a very limited role as most of the businesses in Bangladesh are of CM based. Contrary, even with a limited role in supply chain factory has to absorb tremendous pressure to meet the lead time. In this particular business, suppliers are not static, and huge numbers of suppliers are involved to make a single shirt of a particular style. For the same buyer it's not necessarily that supplier's list and items will be the same. The number of suppliers varies depending on style specifications. Mr. Kajal, leading a team of merchandisers, informed that there are almost 20 items required for a single shirt.

Table 3: A list of common items/materials

Product	Items		
	Main	Sewing	Finishing
Men's woven Shirt	Fabric	Thread, Button, Interlining, label (main, size, fit, care, barcode), Zipper, Elastic, etc.	Pin, Poly, Carton, Plastic clip, M-Clip, Butterfly, Neck board, Back board, Collar insert, Collar bone, Poly sticker, Tag pin, Carton sticker, Price ticket, Tie (if needed).

A factory deals with 15 buyers has to handle at least 100 suppliers. Mr. Kajal also said that most of the factories run their operation in the traditional system, not having any modern information system. In CMT based order, buyer or their local agent control the suppliers. They communicate with them, collect Pro-Forma Invoice (P/I) and forward the same to the factory to open BTB L/C in favor of the supplier. Sometimes local materials are sourced by the factory.

To combat the shrunk lead time industry needs to improve in SCM system. Mr. Kabir, started his career in 1997 as a merchandiser, now running a buying house, told that buyer wants everything ready and instant. Online costing and bidding orders are now common for which they used to take 2 - 3 weeks. As he said, he was allowed 120 days in case of solid fabrics, and it was 150 days for yarn dyed. Now he is having 60-75 days and 90-120 days respectively. He further added that it is within 45 - 60 days for local denim fabrics against the repeat order. Another Marketing in-charge of composite-knit division explained how they are to manage shorter lead time. They keep the fabric ready in grey condition. After having the style details they go for dyeing. Thus, they can manage the lead time within 30 - 45 days for repeat orders. For the new orders buyer does not allow 60 - 75 days which was 90 - 120 days earlier. Mr. Kazi, almost for two decades with the industry and responsible for marketing, explained this issue differently. In CM orders everything sourced by the buyer, they have an arrangement with the

fabric mill. They develop the fabric and send to garment factory on FOC (Free of charge) basis. Factory has to consider transit and production time. Thus they are getting 60-day lead time, and in case of FOB, orders they need 90 - 120 days depending on fabric variations. Mr. Alam deals with trouser factory is getting 120 days for fresh orders, and imported fabric but he is not given more than 75 days for repeat orders with local fabrics and it is 90 days for fresh order with local fabrics. This is important to mention here that in knit and denim fabrics Bangladesh is almost self-reliant now. From the above interviews the lead time in two different periods can be showed, as below-

Table 4: Previous and Present Lead Time

Year	2000	2014
Woven	120 - 150 days (imported)	60- 75 local
		90- 120 imported
Knit	90 -120 days - local	30 - 45 days repeat
		60 -75 days fresh

Mr. Afzal, the factory manager of twenty-one lines, commented that above shortened lead time keeps their production team under huge pressure. He said, worker's skills and productivity also increased than that of decades before.

Ms. Sadeka, a merchandiser in a shirt factory deals with five customers of different countries. To manage all those customers, she follows a Critical Path System. According to her, more than 90% cases, she can't maintain an initial plan. In the critical path she keeps an order status into three phases - a) Plan: She makes plan based on order confirmation of the buyers, it's the both parties' agreement. b) Forecast- after getting the information from the fabric supplier on ETD (Expected Date of Departure) she forecasts date of fabric arrival c) Actual - It's the date of execution of any plan.

Out of above ten orders none of them was shipped as initially planned. Sometimes factory has to maintain shipment date even after ten days' late start, due to buyers' fault. The import department provides the vessel position of imported materials against any particular order(s) and updates the clearing documents' status. Based on the forecasted vessel and tentative clearing date, the production planning department allocates the production line(s) in consultation with all the concerned to catch the buyer's nominated and approved vessel. In the chain-production process, the whole function might collapse due to any missing or weak links. At the time of importation, if any container rolls over at transit or gets delayed in clearing or piling at ports due to hartal (general strike) or other political program, the production lines will remain vacant. Contrary, buyers make plans to display their products at the show rooms based on their pre-approved vessel's ETA (expected time of arrival).

Table 5: Deviations among plan, forecast, and actual dates

Order #	Order Qty		Input	Production Complete	Remarks
1608	8000	Plan	9-Aug-16	6-Sep-16	4 days earlier from plan but 5 days later from forecasted date
		Forecast	12-Aug-16	27-Aug-16	
		Actual	16-Aug-16	2-Sep-16	
1609	6000	Plan	25-Aug-16	22-Sep-16	5 days later from plan but 1 day later from forecasted date
		Forecast	5-Sep-16	21-Sep-16	
		Actual	11-Sep-16	27-Sep-16	
1610	6500	Plan	28-Jul-16	25-Aug-16	7 days later from plan
		Forecast	12-Aug-16	25-Aug-16	
		Actual		2-Sep-16	
1611	6000	Plan	28-Jul-16	25-Aug-16	20 days later from plan, 7 days later from forecast
		Forecast	24-Aug-16	8-Sep-16	
		Actual	27-Aug-16	15 Sep 16	
1612	6000	Plan	28-Jul-16	25-Aug-16	7 days later from plan , 8 days later from forecast
		Forecast	12-Aug-16	24-Aug-16	
		Actual	16-Aug-16	2-Sep-16	
1613	6000	Plan	7-Aug-16	4-Sep-16	13 days later from plan 9 days from forecast
		Forecast	25-Aug-16	8-Sep-16	
		Actual	28-Aug-16	17 Sep 16	
1614	8000	Plan	2-Aug-16	30-Aug-16	
		Forecast	23-Aug-16	8-Sep-16	
		Actual	28-Aug-16	20-Sep-16	
1615	8000	Plan	2-Aug-16	30-Aug-16	25 days late
		Forecast	24-Aug-16	10-Sep-16	
		Actual	26-Aug-16	25-Sep-16	
1626	6500	Plan	25-Aug-16	02-Sep-16	Maintained planned date even after 5 days later start
		Forecast	20 Aug 16	27 Aug 16	
		Actual	30-Aug-16	02-Sep-16	
1627	6000	Plan	27-Aug -16	03-Sep-16	Maintained planned date even after 9 days later start
		Forecast	30-Aug-16	05-Sep-16	
		Actual	6-Sep-16	03-Sep-16	

Their advertisements reach the customers accordingly, and if it is for the manufacturers' fault, then they do not usually extend their shipment date. Ultimately, the manufacturers have to complete the air freight at their cost to meet the buyers' ETA. Apart from materials delay, workers' absenteeism -- a very common problem for the industry make the situation worst. To cover the target production, a factory has to pay overtime, extra-overtime to the workers. Even this excessive work is not possible as needed, on compliance ground.

REASONS FOR MISMATCHING CRITICAL PATH

Mr. Rohan, the factory manager of twenty-one production lines, pointed out the reasons of the mismatching supply chain. Due to the multiplicity of the stakeholders/middlemen, it takes a lengthy process for any approval. Pending decision kills the lead time. The contrary buyer does not deviate, in most of the cases, from his initial shipment date. The reasons for mismatching the plan, according to Mr. Tofazzal, are as follows –

Macro-level – beyond factory control

- Delayed and wrong supplies of materials
- Delayed approval
- Style changes after confirmation or even production start
- Fabric fails in test requirement
- Pilferage /missing in transit or at ports, especially from airport

Micro-level – within factory control

- Lack of co-ordination among the departments
- Workers absenteeism and migration
- Low productivity of our workers
- Unskilled workers
- Problem with line balancing
- Low productivity of our workers
- Short quantity with critical process
- Disrupted utility supplies
- Wrong consumption due to incorrect fabric wash result

Not only the buyer, supplier or factory there are many other reasons behind to disrupt the supply chain like port congestions, customs bureaucracy, high- ways transit time, political and workers unrest, etc.

HOW TO OVERCOME THE DIFFICULTIES?

The finding shows that in RMG business there is a very strong correlation between business value addition and supply chain. The supply chain is mostly controlled by the buyers who control the business. Only minimum wage can't ensure the business. Without proper management in the supply chain, it is not possible to comply with the lead time given by the buyer.

Evidence show that in 70% cases buyers' responsibility 30% manufacturer. Everybody needs to be committed to maintain the given schedule. The factory should be given the needed production lead time which was in an initial stage. But in many cases, they do not extend delivery date.

Direct marketing and elimination of middle men can help to establish an effective supply chain system. It is very difficult to make a combined and coordinated system among the parties. As a result, any fault, miscommunication, misinformation at any point hamper the whole process. Apart from those parties, there are also involvements of the freight forwarder, career, post, customs, transport, etc. in the chain. The ultimate customers are reluctant and sometimes not agreed to extend the shipment date though buyers' nominated supplier has made the delay. Without combined effort and the firm commitment from all concerned a performance-based supply chain system is not possible. Following measures can be taken to improve the supply chain system in our RMG sector.

CONCLUSION

A chain is as strong as all its rings are. A chain is as weak as one of its ring is weak i.e. one single ring is more than enough to make the whole chain system dysfunctional. With the development of the service sector and enhancement of industrial wage, cutting and stitching operation was shifted to more profitable destinations. In the value chain of the RMG business, production lies at the bottom, whereas this is the most critical and complex part of the business. Services like research and development, design, purchasing all these pre-production intangible functions and marketing, distribution, sales, etc. post-production intangible activities in RMG business carry a higher value than production - only tangible activity in the business chain. In the global value chain as a manufacturer, Bangladesh performs the lowest value retention functions. RMG industry in our country so far has been enjoying very clear price competitiveness. The rate of minimum wage in our country is still lowest among our competitors. But we have huge pressure on lead time. Without proper management, in supply chain, only wage competitiveness can't ensure a sustainable business. So in present day's situation, undisrupted supply chain and proper planning can enhance our market share undoubtedly.

Chief labor does not help if they are not efficient. Fast Fashion - Same qty with more style. Only minimum wage competitiveness will not guarantee future business. Supply chain bottleneck develop needed. Earlier less than 40% efficiency, the price was more flexible, now above 50% efficiency factory run.

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