

Highlights



After harmonising nine different datasets of public and private organisations, CPD prepared a 'data universe' for the RMG sector.



Three major weaknesses of existing datasets are observed: a) incomprehensiveness; b) incompleteness; and c) inconsistency.



A comprehensive database is needed with information on ownership, management, technologies, products, workers and staffs including foreign staffs, sources of raw materials, export destinations, contractual arrangements, and status of compliance standards.



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'Data Universe' of Bangladesh's RMG Enterprises How to Meet the Data Gap?

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Introduction

The lack of real-time data of readymade garment (RMG) enterprises fails to commensurate with the robust industrial growth of the sector over the decades. Most of the available public and private databases are not comprehensive and do not meet the data requirements. While initiatives have been taken to address the need for updated data, these customised databases may not be able to provide detailed data for the most important manufacturing sector of the country. This study aims to create a 'data universe' for the RMG sector of Bangladesh consisting of information on the RMG enterprises which are currently in operation. The study puts forward a set of recommendations on how to develop a comprehensive database for the RMG sector of Bangladesh. The data for this study has been compiled from various available sources including the internal databases of public and private organisations. Most datasets provide information about enterprises which are members of two major trade bodies of the RMG sector. Therefore, the data of enterprises that are not members of these trade bodies are partially reported in this data universe.

Data Sources of the RMG Sector and their Current State

A number of public and private organisations have maintained data and information on RMG sector. Among these, the public organisations that possess relevant data are Bangladesh Bureau of Statistics (BBS), Department of Inspection for Factories and Establishments (DIFE), and Department of Labour (DoL). Private organisations that possess data on the RMG enterprises include Bangladesh Garments Manufacturers and Exporters Association (BGMEA), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), the Bangladesh Accord on Fire and Building Safety (hereafter Accord), the Alliance for Bangladesh Worker Safety (hereafter Alliance), and National Initiative (NI) CPD has prepared a harmonised dataset using these databases and identified three different types of weaknesses: incomprehensiveness, incompleteness and inconsistencies.

Incomprehensive Data: There is no comprehensive dataset on the garment sector which could provide information about both member and non-member enterprises. For example, the datasets of BGMEA and BKMEA only contain data on their members, while Accord and Alliance contain data on factories that they monitor and inspect which is a small number. Moreover, the datasets of BGMEA, BKMEA and DIFE are not updated regularly.

Incompleteness of Data: Many of the datasets are incomplete, indicating that a lot of data is missing (Table 1). For example, in the DIFE master dataset, out of 4,808 factories, 'name of owner' is missing for 259 factories, 'designation' for 118 factories and membership information for 29 factories. More importantly, there is no information on the workers for 1,338 factories, which constitutes around one-fourth of the total factories listed in the dataset. In the BGMEA dataset, data on total workers is missing for 78 factories, while in the case of the BKMEA dataset

this information is missing for 1,739 factories. The biometric database currently being prepared by the BGMEA and BKMEA is likely to meet the demand for worker-related information. On the other hand, the DoL database on trade unions (TUs) only has data on factories located in Dhaka and Chattogram.

Inconsistencies in Data: There are inconsistencies in most of the data that are reported. For instance, in the DIFE master dataset, there are 131 entries in the designation field with no indication whatsoever as to which factories these designations belong. Also, the number of workers of different factories have been found inconsistent in different datasets.

Preparing the Data Universe of RMG Enterprises

CPD-RMG Study has followed a systematic process of preparing a harmonised dataset which helps to develop the data universe. The initial objective is to assign a unique identification number to each RMG enterprise to avoid duplication. The harmonised dataset provides information on 6,821 factories which have been assigned a unique identification number. The harmonised dataset includes

information on a number of key indicators related to the apparel sector such as the location of RMG enterprises disaggregated by export processing zones (EPZs) or non-EPZ areas, their membership in associations and size of these enterprises in terms of the number of workers.

Of the 6,821 enterprises of the harmonised dataset, 3,648 enterprises are reported as 'operational'. The CPD-RMG team had telephonic discussions with each of the factories in their stated contact phone numbers. It was found that among those reported operational, about 121 enterprises are currently 'not in operation'; similarly, among the non-operational ones, about 329 enterprises are currently in 'operation'. Eventually, the CPD-RMG Study identified 3,856 enterprises to be in operation, and these enterprises constitute CPD's data universe of the RMG sector of Bangladesh. Table 2 provides a detailed breakdown of different enterprises.

Key Features of the Data Universe

RMG Enterprises and Workers: Data universe comprises a total of 3,856 factories with about 3.6 million workers; of which, about 53 per cent

Table 1: Available Information in Existing Datasets

Dataset	Data Availability (as Percentage of Total No. of Enterprise)								
	No. of Factory	Size (No. of Employee)	Location at EPZ	Products Produced	Production Capacity	State of Operation	Status of Inspection	Existence of TU/WPC	BGMEA/ BKMEA Reference No.
BGMEA	4,329	100.0	-	99.2	95.6	57.9	-	-	100.0
BKMEA	2,085	16.4	-	10.6	9.30	40.4	-	-	100.0
Accord I	1,608	78.8	-	-	-	-	100	-	-
Accord II	1,466	-	-	-	-	-	100	-	-
Alliance I	862	75.1	-	-	-	-	100	-	-
Alliance II	649	-	-	-	-	-	100	-	-
NI	1,549	-	-	-	-	-	100	-	100.0
DIFE	4,808	72.2	99.9	99.5	-	-	55.1	-	67.5
DoL	-	-	-	-	-	-	-	100.0	-

Source: CPD-RMG Study (2018).

Note: The collection time of the datasets was October–November 2016.

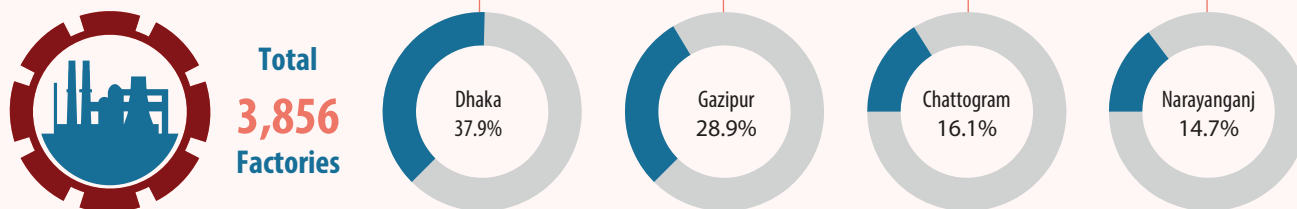
Table 2: Data Universe of the RMG Sector of Bangladesh

Type of Enterprise	No. of Enterprise	Share (in %)
A. Harmonised Enterprises	6821	100
A 1. Reported as 'Operational' Enterprises	3648	53
A 2. Reported as 'Non-Operational' Enterprises	3173	47
<i>A 1. Reported as 'Operational' Enterprises</i>	<i>3648</i>	<i>100</i>
A 1 1. Enterprises found in 'Operation'	1202	33
A 1 2. Enterprises found 'Not in Operation'	121	3
A 1 3. Enterprises found with 'Insufficient Information'	2325	64
<i>A 2. Reported as 'Non-operational' Enterprises</i>	<i>3173</i>	<i>100</i>
A 2 1. Enterprises found 'Not in Operation'	236	7
A 2 2. Enterprises found in 'Operation'	329	10
A 2 3. Enterprises found with 'Insufficient Information'	2608	83
B. Enterprises in Operation or in Data Universe (A11+A13+A22)	3856	-

Source: CPD-RMG Study (2018).

Data Universe-Distribution of Factories by District or by Location

98% of total RMG enterprises are located in four districts



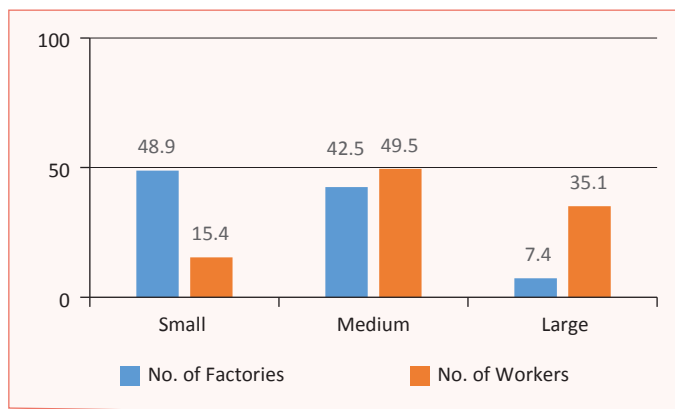
Data Universe-Distribution of Workers by Gender



is female, and 47 per cent is male. Over 98 per cent of these enterprises are located in four districts: Dhaka (38.0 per cent), Gazipur (28.9 per cent), Chattogram (16.1 per cent) and Narayanganj (14.7 per cent). Most of the factories are located in various industrial clusters in these four districts particularly because of their better infrastructural facilities, access to major trade routes for import and export, logistic and banking facilities as well as a more readily available workforce. Gazipur is not only the region with the highest employment but also has the highest employment per enterprise (1143 workers per enterprise) of any single location. Average employment per enterprise is relatively low in case of factories located in Narayanganj district. Overall, 98.5 per cent of RMG enterprises is in non-EPZ areas, while the remaining 1.5 per cent is in EPZs (mainly in Dhaka, Chattogram, Karnaphully and Adamjee EPZs).

The CPD-RMG Study revised the classification criteria of RMG enterprises considering their highly labour-intensive nature. Instead of following the definition of the Industrial Policy 2016, factories employing less than 500 workers were classified as ‘small,’ while ‘medium’ refers to factories employing 500–2500 workers; ‘Large’ factories were classified as having more than 2500 workers. The majority of the enterprises—48.9 per cent—are small; 42.5 per cent of the enterprises are medium (Figure 1). Only 285 enterprises were found to be large, accounting for 7.4 per cent of the total. Overall, medium-sized enterprises employed the highest number of workers. Given the changes in the structure and composition of RMG enterprises, such size-based classification may not adequately reflect the dynamics of competitiveness in RMG enterprises.

Figure 1: Distribution of Factories and Workers under Different Categories



Source: CPD-RMG Study (2018).

Membership of Enterprises

BGMEA factories comprise the major share of RMG enterprises (69.2 per cent) while BKMEA factories comprise a comparatively smaller share (14.9 per cent). There is another 8.9 per cent of enterprises, which are members of both BGMEA and BKMEA. BGMEA comprises mostly of small, medium and large enterprises. Among the members of BKMEA, there are more small enterprises, some medium enterprises and little to no large enterprises.

Trade Union (TU): The DoL database lists a total of 501 enterprises with TUs, but not all of them are operational nor are they listed under the main associations and inspection agencies. Because of data limitations, only 145 factories with TUs are included in the harmonised dataset. Narayanganj has a much lower percentage of enterprises with TUs compared to those in Dhaka.

Suggestions for Creating a Comprehensive Database

The CPD-RMG Study has attempted to develop a data universe based on the available datasets. This data universe, however, could partially fulfil the stakeholders' needs. It is therefore, important to develop a comprehensive dataset of enterprises targeting the needs of major stakeholders including the government, employees, rights-based groups and TUs along with those of the employers and buyers. At present, BGMEA and BKMEA have been working on preparing workers' biometric databases which could be important repositories of worker-related information. However, these databases focus on one aspect of the value chain and therefore will be of limited application in terms of understanding the overall value chain of Bangladesh's RMG sector.

In contrast, a comprehensive database needs to include information on the distribution of workers in production under different grades; distribution of professionals; employment of foreign professionals and workers; enterprises' extent of participation in backward and forward linkages of the value chain; types of products; types of machineries used; level of social compliance including workplace safety and security; level of physical compliance including fire, electrical and building safety; workers' associations including TUs and level of participation of workers in the TU; training of mid-level management and workers, and compliance to environmental issues including the use of effluent treatment plant (ETP) and industrial waste management. It is expected that the government, manufacturers' and exporters' associations, and workers' organisations will collaborate to prepare such a comprehensive database on the RMG sector of Bangladesh.

The policy brief is based on the CPD-RMG Study 2018

New Dynamics in Bangladesh's Apparels Enterprises: Perspectives on Restructuring, Upgradation and Compliance Assurance.

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