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# Apparel sector aims at cost cutting by reducing centre operations

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[Dinesh Perera \(/line/dinesh-perera\)](#)



(<https://www.dailynews.lk/sites/default/files/news/2021/04/21/17-Apparel-01.jpg>)

Survey data showed that the Sri Lankan apparel sector aimed to cut costs mainly by reducing the level of centre operations.

The sector was impacted due to lockdown measures and a disruption in supply chains. The industry is looking to build supply chain resilience. Institute of Policy Studies Economist Kithmina Hewage noted that during the downturn some leeway was given to firms with regards to labour law. The leeway has since been tightened.



(https://www.dailynews.lk/sites/default/files/news/2021/04/21/17-Apparel-02.jpg)

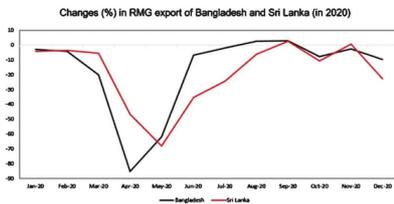
Kithmina Hewage

Hewage was speaking on a webinar titled 'Recovery of the Apparels Sector of Bangladesh and Sri Lanka: Is a Value-chain Based Solution Possible?' on April 20. The survey data is part of research by the Institute of Policy Studies in collaboration with Bangladesh based Centre for Policy Dialogue.

Sri Lankan firms are seen to have reduced tasks at large central headquarters. Companies are also increasingly using online platforms and online sales mechanisms. The industry is looking to improve sourcing initiatives and capacity development to ensure more resilient supply chains.

The procurement of apparel has also changed with the pandemic. The sale of US clothing stores had declined by 79% in April 2020. This caused fiscal constraints throughout the supply chains.

4 Medium-term recovery challenges will be extended with the COVID-19 pandemic during the second wave



(https://www.dailynews.lk/sites/default/files/news/2021/04/21/17-Apparel-03.jpg)The research showed that the coordination of inventory levels has been insufficient to allow for smoothening within the supply chain.

Price competitive production centres noted the highest reduction in order reductions. The proportion of firms that recorded order reductions were highest in Bangladesh (93%), Vietnam (80%), China (74%), and India (61%).

Bangladesh lost over 360,000 jobs in the apparel sector. Only 14% of the laid-off/retrenched workers in Bangladesh received their statutory dues. It is estimated that 58% of Bangladeshi apparel sector workers were put in financial difficulty. 82% saw a reduction in food intake.

Hewage said, "We saw several brands reconfiguring their supply chains. They have given greater importance to the country team." Companies were also facing difficulties in selling their product. Hewage said, "Certain suppliers are trying to cater to the domestic market."

Bangladesh was able to provide US\$ 1.2 billion in subsidised credit to the sector. Sri Lanka adopted policies of debt moratorium that were rolled over three times.

For the sector, globally national level policies were not possible because of the lower income nature of the apparel manufacturing sector.

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