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BUSINESS

DHAKA TUESDAY OCTOBER 15, 2013, e-mail:business@thedailystar.net



Cows are put on sale at a cattle market in Dhaka. Rawhide supply is likely to increase this Eid-ul-Azha as people are expected to spend more on sacrificial animals.

Hide traders eye a cheerful Eid

Election in mind, politicians will spend more on sacrificial animals

Rawhide supply is likely to be higher this Eid-ul-Azha as politicians will spend more on slaughtering sacrificial animals in their constituencies to win hearts of voters ahead of the upcoming election, industry operators said yesterday.

A higher supply of animals in the markets also indicates that the leather industry will get rawhide with ease during this religious festival, which provides half the annual supply of rawhide for the export earning sector.

"It's going to be a good year," said Ali Hossain, chairman of Bangladesh Hide and Skin Merchants Association.

He said rawhide supply will be up to 6-6.5 million pieces this Eid, up from 5-5.5 million pieces last year.

"Our experience shows rawhide supply from the grassroots level increases in the election year,"

Hossain said.

Tanners and leather-goods makers echoed Hossain's view.

"But political stability will be important in getting increased orders for exports," said Md Shaheen Ahamed, chairman of Bangladesh Tanners Association.

Exports of leather and leather goods have been buoyant thanks to an increased demand for Bangladeshi leather abroad for its quality.

Buyers are also flocking to Bangladesh for low-cost products in the face of rising costs in the world's biggest footwear exporter, China.

For the last several years, fresh investment has been made in manufacturing shoes and leather goods to cash in on a duty-free export opportunity to Europe and Japan.

Export earnings from leather, leather products and shoes surged 36 percent to \$314 million in the July-September quarter of the current

fiscal year, from \$230 million in the same period a year ago, according to Export Promotion Bureau.

"Many new buyers are coming to Bangladesh. Our leather has earned reputation globally," said Tipu Sultan, managing director of Bengal Leather Complex and Bengal Shoe Ltd.

"Buyers from Korea purchased heavily from Bangladesh in the last three months. Exports to Japan are also rising."

He also cited a recent fair on leather in Italy and said the response from buyers was better than before.

An increased supply of rawhide during this Eid will boost exports further, Sultan said.

More than 10 million animals are being slaughtered a year in Bangladesh for meat, helping the leather industry get 220 million square feet of hides.

READ MORE ON B3

Govt borrowing from banks skyrockets

STAR BUSINESS REPORT

GOVERNMENT'S BORROWING

IN CRORES OF TAKA

■ JULY '12

■ JULY '13

LOCAL BANKS

SAVINGS INSTRUMENTS

FOREIGN SOURCES

4,231

431

425

945

1,282

3,325

The government's domestic borrowing shot up by 480 percent in the first month of the current fiscal year, even though development expenditure fell.

Domestic borrowing by the government stood at Tk 5,177 crore in July, which was Tk 892 crore a year ago, according to central bank statistics. Of the amount, Tk 4,231 crore came from banks, which was only Tk 431 crore the previous year.

A finance ministry official said the bank borrowing increased because the government issued bonds to three state-owned banks to repay the outstanding loans of Bangladesh Petroleum Corporation.

In the first quarter of fiscal 2013-14, the government paid Tk 2,500 crore to Sonali, Tk 1,800 crore to Janata and

Tk 1,600 crore to Agrani, he added.

Meanwhile, a central bank official said the government's bank borrowing exceeded Tk 9,000 crore by the end of September.

Apart from bank borrowing, the government's borrowing from savings instrument also doubled year-on-year in the first month of the fiscal year. The government's net borrowing from savings instruments stood at Tk 945 crore in July, which was Tk 425 crore a year ago.

The sale of savings instruments has been on the decline for the last few years due to higher deposit interest rates, which led to a liquidity glut.

In response, banks recently cut down the deposit interest rate and the government increased the interest rate of savings instruments and the National Board of Revenue removed tax from some instruments, this fiscal year.

READ MORE ON B3

Liberty Fashion workers demonstrate for dues

STAR BUSINESS REPORT

At least 3,000 garment workers of Liberty Fashion Wears Ltd demonstrated yesterday at Zirani Bazar point on the Dhaka-Tangail highway, demanding payment for arrears and the festival bonus, police said.

SM Badrul Alam, officer-in-charge of Ashulia Police Station, said the workers took to the streets and blocked the busy road at around 10am for an hour.

"Police rushed to the scene and used rubber bullets and teargas to bring the situation under control. Nobody was reported hurt," Badrul told The Daily Star by phone.

Marzina Begum, a helper at the factory, said they received Tk 1,500 in the afternoon. "We waited for the money for two days, but management

did not pay us. At last, we took to the streets Monday."

She said some workers received minor injuries at the clash with the police.

Marzina used to draw a monthly salary of Tk 3,200 and the same amount as over-time from the factory, she said. "But, I did not receive any salary or overtime money in the last two months."

A manager at Liberty Fashion Wears said at least 3,000 workers of the factory gathered in the factory to demand arrears for two months and the Eid festival bonus in the morning, as management was delaying disbursement of payment to the workers.

"Workers did not receive their salaries in the last two months as Tesco suspended the company's orders for structural flaws in the factory building in June," the manger said, seeking

anonymity.

He said management disbursed Tk 1,500 to each worker as an advance and the owner will pay the rest of the money after Eid.

Khairul Mamoon Mintoo, general secretary to Garment Workers' Trade Union Centre of Savar and Ashulia, said the agitated workers had demonstrated in front of the Bangladesh Garment Manufacturers and Exporters Association office on Friday to demand dues.

The workers had left the BGMEA office with the assurance that they would receive their dues through a negotiation on Sunday, he said.

The workers waited on Sunday, but management did not pay the workers, he added. "Workers began demonstrating on Monday for the arrears and bonuses."

All garment workers have been paid, BGMEA says

Labour unrest still continuing over wage

STAR BUSINESS REPORT

Garment makers yesterday claimed that almost all the factories have disbursed salaries and festival bonuses to their workers in time so that they can celebrate the occasion with their loved ones.

"There were only 15-20 incidents this time," said SM Mannan Kochi, acting president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

"Following reports from different agencies that labour unrest might take place in about 1,000 factories over

wages and bonuses, we closely monitored the situation."

The workers of Liberty Fashion Wears Ltd, however, staged demonstrations in Ashulia and Mirpur due to a delay in receiving their dues ahead of Eid.

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