

Jute yarn from Bogura makes promising start

MOSTAFA SHABUI, Bogura

AT a time when the demand in the global market looks bleak, a local jute yarn manufacturer in Bogura's Dupchanchia upazila is bagging increasing orders for the golden fibre.

"Jute yarn has given us the opportunity to generate local jobs and get a hold of export orders," said Suvash Prosad Kanu, managing director of North Bengal Golden Fiber & Diversify Jute Mills.

The mill started manufacturing jute yarn on a trial basis in the beginning of the year and has exported \$600,000 worth of items since February.

Suvash and Biplab Prosad Kanu, his brother, together invested around Tk 30 crore to set up the mill by importing machinery from the UK.

The mill currently employs about 250 workers and is running at half capacity for a lack of quality jute.

The mill sources high-quality tossa jute of Indian variety from Faridpur district. "This is the only way to ensure high quality jute yarn," said Suvash. The tossa jute fibre is softer, silkier and stronger than other varieties.

They buy a tonne of the high quality raw jute for Tk 55,000 (about \$650) while they sell the same amount of processed jute for \$600 to \$3,400, depending on quality.

The mill produces 15 types of colour coated yarn that are used abroad to make packaging materials, household items, carpets and carpet backing cloth.

Suvash said the cost of manufacturing a tonne of high quality yarn is currently \$1,200.

The two brothers have invested almost Tk 200 crore in different industries in the area, including aluminium utensils manufacturing and a newspaper mill, creating jobs for 1,200 workers in the remote area of Talora Bazar.

"The jute mill has the capacity to produce 15 tonnes of high value yarn a day,"



MOSTAFA SHABUI

People are seen working inside North Bengal Golden Fiber & Diversify Jute Mills in Bogura. Inset, Suvash Prosad Kanu, managing director of the company.

said Md Hasan Ali, its executive director.

"Initially we used to buy 20 tonnes of diversified and high-valued colour coated jute yarn every month from the mill in Bogura. We have been exporting the yarn to the UK, the US, Australia and Japan," said Anowar Hossain, managing director of a Dhaka-based export company GMAH International.

Shahidul Karim, general secretary of the Bangladesh Jute Spinners Association, said the association's members export almost 6.5 lakh tonnes of jute yarn a year, mainly

to the Middle East.

Ninety percent of Bangladesh's jute yarn exports are semi-finished raw jute that is mostly used in making carpets, he added.

Globally, the demand has dropped for an ongoing financial crisis and volatile political situation in countries like Iraq, Iran and Turkey which are famous for their luxurious carpets, Karim said. "The jute market will pick up once the situation normalises."

Sumaiya, a 19-year-old worker of the mill, earns Tk 130 a day for her 8-hour

shift. "Most of my neighbours in Talora village work at this factory or the other factories belonging to our management."

Pratul Chanda Sarkar, deputy director of the Department of the Agricultural Extension in the district, said farmers in Bogura are now cultivating high quality tossa jute.

The increased farming of high quality jute makes Suvash more optimistic.

"We expect to run the mill at full capacity by January 2019 once the supply of quality raw jute increases."

Higher prices, lending curbs dim Diwali festival for Indian retailers

REUTERS, New Delhi/Bengaluru

HIGHER prices, lending curbs and a move to online shopping are denting the cheer for Indian retailers at this year's Diwali Hindu festival, with lackluster sales for high-end items ranging from iPhones to cars and even gold.

A weak rupee has pushed prices on Apple Inc's costly iPhones even higher in India, while surging fuel costs and a liquidity crunch in India's shadow banking sector have taken a bite out of growth in carmakers' sales during the country's heaviest shopping weeks.

Demand for gold, which typically surges during the season that started in mid-October and ends on Friday, is also weak despite dealers offering discounts on the precious metal for the first time in three years.

The tepid sales may prompt the government of Prime Minister Narendra Modi to find additional ways to stimulate the economy, especially given there is an election due by May. The government has already reduced fuel excise taxes, pushed the Reserve Bank of India to ease curbs on bank lending, and provided support for weak crop prices in recent weeks.

Expecting the usual spike in demand during Diwali, when people traditionally buy

gifts for family and friends, Sanjay Mahadik, owner of an apparel shop in Satara in the western state of Maharashtra stocked up. But demand is weak, he says.

"Only a few customers are turning up. During Diwali week normally the shop gets so crowded that customers struggle to find space to stand," said Mahadik.

Indian households' consumption has grown ahead of income for five years, brokerage UBS Securities India said in a note, thanks to lower interest rates that have reduced savings and encouraged people to take out more loans. But signs of a slowdown in lending by non-banking financial companies (NBFCs) as some of them struggle for liquidity may hurt discretionary consumption, UBS said.

"With NBFCs and banks under stress, the availability of finance and general sentiment is affected," said Sugato Sen, deputy director general at the Society of Indian Automobile Manufacturers (SIAM), a trade body that counts Maruti Suzuki, Toyota Motor Corp, Volkswagen and BMW among others, as members.

While passenger vehicle sales at Maruti Suzuki, which sells one in every two cars in India, rose just 0.6 percent to 135,948 units in October from a year ago, motorbike and scooter sales are strong as shown by the 33 percent growth reported by Bajaj Auto Ltd.



REUTERS

People buy gold ornaments at a jewellery showroom during Dhanteras, a Hindu festival associated with Lakshmi, the goddess of wealth, in Kolkata on Monday.

Also doing well are online retailers like Amazon and Walmart-owned Flipkart, who have both reported robust sales thanks to major promotional events this season, to the detriment of some traditional retailers.

Just days ahead of Diwali, some wholesale and retail markets in cities like Mumbai saw lower customer numbers as consumers shifted to buying online to take advantage of greater discounts.

Sales of large appliances grew 2.5 times year-earlier numbers during Amazon's Great Indian Festival sale last week, with smart TVs accounting for more than 50 percent of total TV sales, the online retailer said in an email. Amazon also said there was an increase in sales of air purifiers, furniture and clothes.

Other big electronics retailers say zero-interest financing schemes are helping buoy demand for white goods like TVs and refrigerators.

"The availability of high speed internet, Amazon and Netflix has something to do with this. People want to access that content so the feeling is that the TV must be nicer, bigger," said a large Mumbai-based retailer.

For Amazon, smartphones continued to be the biggest-selling product by value but this year sales were driven by Chinese phone-makers Xiaomi and OnePlus in a setback for Apple.

Pakistan gets a boost of confidence but IMF bailout still on the cards

REUTERS, Islamabad

THE Pakistani finance minister's bullish comments declaring the end of an economic crisis have bolstered confidence ahead of crunch talks with the International Monetary Fund on Wednesday, but the country is still likely to need a bailout.

Finance Minister Asad Umar said on Tuesday that "Pakistan's immediate balance of payment crisis is over" without mentioning the talks with the IMF in Islamabad.

Umar's comments came after Prime Minister Imran Khan visited main allies Saudi Arabia and China last month. Khan secured \$6 billion in assistance from Riyadh while Beijing promised help cover a projected \$12 billion shortfall in foreign exchange to service Pakistan's debt.

Pakistan's central bank chief is due to travel to China on Friday to discuss details of what Umar described as a pledge of "immediate money".

Analysts say the cash will give the economy breathing space and stabilise the rupee, which has fallen 25 percent against the US dollar since December, but it will not solve Pakistan's balance of payments crisis and avert a



Imran Khan

second IMF bailout request since 2013, and its 13th IMF rescue since late the 1980s.

"They are going to the IMF because they have to get credit rating approval from the financial markets and that would not happen on the Saudi or Chinese money," Asad Sayeed, an economist at the Collective for Social

Science Research, told Reuters.

Pakistani officials are concerned tough IMF conditions would hit growth in the short term, as the IMF is likely to push for reduced spending, further currency devaluations and an increase in interest rates, preventing Khan from fulfilling populist campaign pledges.

Khan's government has pledged to create an "Islamic welfare state" and help build 5 million homes for the poor in a nation where the illiteracy rate is more than 40 percent. But the Saudi and Chinese help could put the government in a stronger position to negotiate better terms with the IMF, Saad Hashemy, chief economist for local brokerage Topline Securities, told Reuters.

"The statement by the finance minister is a big confidence booster for the economy," Hashemy said.

"What it falls short of is the exact details of the funding from the Chinese side," he added, speculating China may opt to defer payments on existing loans and buy more Pakistani imports. Chinese foreign ministry spokeswoman Hua Chunying told a daily news briefing Beijing was "willing, in accordance with Pakistan's needs and with agreement by both sides, to provide what help we can for Pakistan's economic and social development".

Industrial production shows timid gain in Germany

AFP, Frankfurt

German industrial production showed a slight gain in September following August's small recovery, official data showed Wednesday.

Industrial production rose 0.2 percent in September, the federal statistics office Destatis said in a statement, slightly bettering analysts' prediction of a gain of 0.15 percent.

Destatis also revised upwards its data for August, to show a small growth of 0.1 percent instead of a slight decline earlier forecasted.

The fragile recovery came at a moment of high international trade tensions due to US President Donald Trump's multiple commerce battles including with export giant China.

The positive data also came on the back of rising demand for German industrial goods.

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