Bogura weavers need easy loans, modern tech to flourish

Mostafa Shabuj, *Bogura*

A community of weavers in Bogura's Adamdighi upazila and its adjacent districts use garment waste to make various textile products worth Tk 200 crore annually.

However, the lack of modern equipment, skills training, banking and transport facilities in the region makes it difficult for them to add proper value to their products and, subsequently, log sufficient profits.

Around 10,000 families from Adamdighi upazila and two other nearby districts have been producing yarn and different garment items, such as mufflers, caps, blankets and bedsheets, from garment waste since the 1980s.

Yarn accounts for Tk 120 crore of the sector's Tk 200 crore annual turnover while warm clothes make up the remainder, according to local traders and weavers.

But since there is no dyeing machine in the country's northern region, the yarn is sent to Dhaka, Narayanganj, Feni or Tangail for colouring.

"We have to spend between Tk 40-55 to colour one kilogramme of yarn in Dhaka, Tangail and Feni," said Faruk Hossain, a yarn producer.

Besides, collecting garment waste from Dhaka is a difficult task.

"The traders sometimes cheat us by giving lower quality materials and also form syndicates to increase prices," Hossain added.

Similarly, the weavers who produce warm clothes have to send their products to Sirajganj for finishing since they do not have the means to do so in their own locality.

Finishing costs aside, it takes Tk 3-5 to transport each article of clothing, according to Mofazzal Hossain, president of the Nosratpur Weavers' Samabay Samity, a cooperative of weavers.

Most of the finished products are sold at Shaul Haat, a temporary market that sits twice a week, where 8 to 10 trucks visit to collect the goods through a very dilapidated 3.5-kilometre entry road from the Bogura-Naogaon highway.

Jakir Hossain, a trader at Shaul Haat, said since the road is single lane, transportation of the goods is very time consuming.

Besides, on rainy days it becomes a serious risk to carry products through the road, he added.

When contacted, Sajedur Rahman, an official of the Local Government Engineering Department in Adamdighi, said they have been performing repairs on the road for the past month and are working to make it a little wider by expanding three feet on both sides.

Meanwhile, securing bank loans remains a big challenge for small entrepreneurs in these rural areas.

Since they are unable to avail loans from banks with easy terms and conditions, the small entrepreneurs turn to local NGOs that provide funding at high interest rates.

The SME Foundation previously chose the area as a potential industrial cluster and started providing loans and skills training in 2014.

The foundation has conducted some 13 training courses for 107 of Shaul Bazar's traders on accounting, business management, design, dyeing, export-import policy, marketing and leadership.

However, this training and loan service does not cover the thousands of traders and small entrepreneurs in the region.

"We have so far given loans amounting to Tk 5.61 crore among the entrepreneurs of the Shaul handloom cluster from our own fund," said Dr Md Mofizur Rahman, managing director of the SME Foundation.

This year, the government provided the SME Foundation with Tk 300 crore for distribution among its 177 selected clusters throughout the country with Shaul handloom being a potential cluster.

"So hopefully, we can provide more loans and training to them soon," Rahman said.

However, local entrepreneurs said getting a loan from the foundation is not an easy task since they have to fulfil difficult criteria while the interest rate is set at 9 per cent, which is equal to formal banks.

Rafiqul Hossain, a local trader who borrowed Tk 15 lakh from the foundation through Bank Asia, said that the organisation should provide low interest loans at 4 to 5 per cent with easy terms and conditions.

Asked about the matter, the foundation's managing director said due to a shortage of manpower, they are providing loans through banks.

"We already discussed with all bank authorities to decrease the interest rate and make it easier to get loans," he added.

However, many entrepreneurs have alleged that they do not get the SME loan since they are small traders.

Md Rashedul Karim Munna, a director of the SME Foundation and managing director of Creation Private, told The Daily Star that the garments industry produces garment waste worth nearly $1 billion annually.

Most of this waste comes directly to the Shaul Haat area in Bogura.

In the global arena, natural and recycled products already hold 4-6 per cent of the market share and its demand is growing day by day.

As the weavers of Shaul Haat area make clothes from garment waste and rejected yarn, they can also make them exportable if they know how to add value to their products.

"So if we can provide loans, training on design, equipment and business policy, then such a rural-based industry will be a future model of the country's economy," Munna said.

MOSTAFA SHABUJ

Around 10,000 families from Adamdighi upazila of Bogura and two other nearby districts have been producing yarn and different clothing items from garment waste since 1980s.

GLOBAL BUSINESS

First flashes of Brexit trade trouble appear in UK data

Reuters, *London*

Early signs of disruption caused by Britain's shift to its new, less open trading relationship with the European Union are emerging in economic data.

Although the biggest problem for many companies remains the COVID-19 pandemic, details of recent surveys show that Brexit is adding to the strain on the economy.

Manufacturers and services firms have been hit hard by supply chain and export disruption, according to data company IHS Markit.

British factories reported the steepest increase in supplier delivery times among the six "flash" preliminary Purchasing Managers' Index (PMI) surveys published by IHS Markit last week for France, Germany, Japan, Australia and the United States as well as the United Kingdom.

"This was almost exclusively linked to both Brexit disruption and a severe lack of international shipping availability," IHS Markit said.

Under a deal struck last month, trade between Britain and the European Union remains free of tariffs and quotas but a new full customs border means goods must be checked and paperwork filled in.

Using a phrase that has angered many business owners, Prime Minister Boris Johnson described the disruption as "teething problems" which have been exacerbated by the COVID-19 pandemic.

Trade experts think some of the extra cost and bureaucracy will be permanent. Proponents of Brexit say Britain will benefit in the long run by striking its own trade deals and forming its own regulations outside the EU.

Brexit disruption in the first quarter of 2021 was likely to reduce British economic output by around 1 per cent, International Monetary Fund Chief Economist Gita Gopinath said on Wednesday.

Services companies - which account for the bulk of the British economy and generate a surplus in trade with the bloc - were hit this month, the IHS Markit survey showed.

Services exports deteriorated faster in Britain than in any other of the six flash PMIs published this month, bucking a trend of improvement seen in most other countries.

"The service economy was hard-hit by restrictions on trade and reduced consumer spending at the start of the year," IHS Markit said.

Following the initial disruption, a truer picture of the costs and benefits of Brexit is likely to emerge over time, although many businesses are not hopeful.

A Confederation of British Industry survey published last week showed British manufacturers' confidence in their ability to compete in the EU market has fallen to its lowest level since records began 20 years ago.

REUTERS/FILE

Lorries queue at the border control of the Port of Dover, Britain.

Fed says US economy depends on pandemic, vaccinations

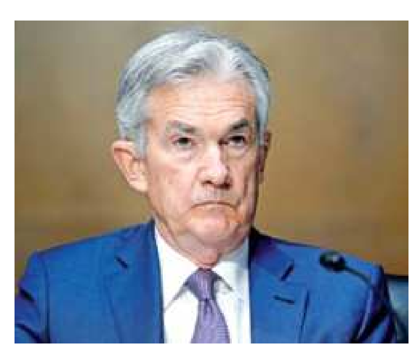
Afp, *Washington*

The Federal Reserve said Wednesday that the fate of the US economy depends on the course of the pandemic and the vaccine rollout, and pledged to keep interest rates low until employment recovers.

"The ongoing public health crisis continues to weigh on economic activity," the Fed's policy-setting Federal Open Market Committee (FOMC) said after its first meeting of 2021. "The path of the economy will depend significantly on the course of the virus, including progress on vaccinations. "It was the first meeting under the presidency of Joe Biden, who took office last week with defeating the Covid-19 pandemic and pushing through a $1.9 trillion economic rescue plan as his top priorities.

The FOMC said it would keep the benchmark lending rate low until inflation rises to two percent, and the economy achieves "full employment," in keeping with the Fed's new policy stance.

As the world's largest economy grapples with the world's worst coronavirus outbreak, inflation has fallen far below the central bank's two percent target, while unemployment surged off record lows to 6.7 per cent.



Fed Chair Jerome Powell

That prompted the central bank to shift its focus to helping the labor market to recover, while accepting higher inflation for a while once the economy begins to grow more strongly.

The Fed's statement was little changed from its December meeting although the policymakers' reference to vaccines alludes to the rising hopes that the shots will allow economic activity to return to normal, despite distribution difficulties. "The pace of the recovery in economic activity and employment has moderated in recent months, with weakness concentrated in the sectors most adversely affected by the pandemic," the statement said.

The Fed also committed to keeping up the pace of asset purchases of at least $120 billion a month to "help foster smooth market functioning and accommodative financial conditions, thereby supporting the flow of credit to households and businesses. "Mortgage Bankers Association Chief Economist Mike Fratantoni said there are some questions about the Fed's plan should the economy see a big rebound later in the year.

He said "market participants remain uncertain regarding how to interpret the Fed's asset purchase intentions -- and are wary of another quick move in rates -- should the economy rebound strongly in the second half of this year.

Philippine economy shrinks record 9.5pc in 2020

Afp, *Manila*

The Philippine economy shrank a record 9.5 per cent last year, official data showed Thursday, after coronavirus measures devastated the retail and tourism sectors while a series of natural disasters wrecked crops. But Acting Socioeconomic Planning Secretary Karl Kendrick Chua said the outlook for this year was "encouraging" as measures introduced to contain the virus are eased further and the country prepares for a vaccination drive.

"We will see more economic activity in the months ahead," Chua said. "This will lead to a strong recovery before the end of the year when the government will have rolled out enough vaccines against Covid-19 for a majority of our people. "Gross domestic product shrank for four straight quarters in 2020, the Philippine Statistics Authority said. The full-year figure was the worst since records began in 1946 and ended more than two decades of annual growth.

Accommodation and food services were among the sectors hardest hit by lockdowns and other measures that left millions jobless.

A series of typhoons and a volcanic eruption in the natural disaster-prone country also destroyed cash crops. Chua warned a more robust recovery was being hampered by stay-at-home orders for children, which were preventing families visiting shopping malls -- the centres of community life and consumer spending in the Philippines.

Earlier this week President Rodrigo Duterte overturned a decision by his coronavirus task force to lift the restriction on children aged 10 to 14.

"Economic growth will be hard pressed to make a stronger recovery if children and families are restricted from participating in the economy as up to 50 percent of non-essential retail sales are driven by family spending," Chua said.

Once those and other measures were further relaxed, "we see no reason why the economy cannot bounce back", he added.