

Benarashi makers plagued by challenges

KONGKON KARMAKER, from Rangpur

The Benarashi industry in Gangachara upazila of Rangpur is struggling to stay afloat because of increases in raw material prices and transportation cost as well as a decline of processing units and government support.

The Benarashi Palli, located in Gajaghanta union followed in the upazila, around 16 kilometres off Rangpur district headquarters, is home to about 300 weavers and an equal number of handlooms. They produce Benarashi products, such as sari, panjabi and salwar kameez.

The area became a new supplier of Benarashi products, following in the footsteps of major production regions such as Narayanganj, Pabna, and Mirpur of Dhaka, after Abdur Rahman of Taluk Habu village started weaving Benarashi saris on a limited scale in 1997 in an effort to create jobs in the near famine-hit area.

Seeing success, more and more villagers had shown interest in weaving Benarashi saris, setting up looms in their homes, as generating employment was a means of getting rid of the near-famine situation, a regular phenomenon at the time in the northern part of Bangladesh.

"Most people of four villages in Gajaghanta union followed in the footstep of Abdur Rahman and began weaving Benarashi saris," said Monju Ali, manager of Moumita Benarashi.

The business was considerably good in the upazila as buyers started to throng the locality from various parts of the country. Micro and small entrepreneurs saw a boom in the business. Around 5,000 people got involved.

In fiscal 2016-17, as many as 600 weavers in the area were involved in the industry. The number of weavers



The once vibrant region of Benarashi makers in Gangachara upazila of Rangpur now finds itself in dire straits. The area is home to about 300 weavers that produce a variety traditional apparel items but due to low earnings caused by unplanned marketing and high raw material costs, many of them are turning to other professions.

has halved recently as current wages are not enough to feed families.

Moreover, more job opportunities have been created in the area in recent years, thanks to steady growth of the national economy.

Asu Mia, a weaver of Moumita Benarashi, earns Tk 10,000 to Tk 12,000 a month. Pointing to a sari he was weaving, he said he needed three days to make one. On completing making a sari, he gets Tk 1,100.

Because wages are low compared to that in other professions in the area, many weavers have switched to others

professions.

"Many people weave after finishing their main job," said Md Miraz Uddin of Nishat Benarashi.

Ali blamed unplanned marketing, shortage of weavers, high price of raw materials, and higher transportation cost for the dwindling state of the industry.

The absence of processing units and cutting and dyeing factories are also major barriers facing the industry, said Farida Rahman, proprietor of Fyaz Benarashi, which has 20 handlooms at its factory.

There are 15 factories in the upazila and they can churn out 3,000 saris a year.

During a visit to various factories, most of the handlooms were found to have been left idle.

"It has become a seasonal business," Miraz said.

The sales of Benarashi products, including saris and panjabis, are high during Pehela Baishakh, Eid festivals and Durga Puja. Sales also go up during wedding seasons, he said.

However, the sales of Benarashi products had seen better days in recent



PHOTO: KONGKON KARMAKER

to the village to purchase items. There are 15 showrooms selling Benarashi in the upazila. Entrepreneurs say the processing of Benarashi sari is time-consuming and costly.

Saris need to be sent to Mirpur of Dhaka for processing. Later, it is sent to Narayanganj for dyeing and cutting, which takes another 15 days.

He urged the government to set up a processing plant in the upazila, which would be much helpful and would be a solution to many problems.

Masud of Nishat Benarashi echoed him.

"Sometimes, it becomes tough to honour delivery deadlines," said Farida Rahman, adding that dyeing machines were expensive and traders could not afford it.

Lucky Begum came from the district town to Gangachara to buy a sari. "I have been buying Benarashi products from Gangachara for many years," she said.

The industry also suffered severely because of the fallouts of the Covid-19 pandemic last year.

On Saturday, Ali displayed a Jordan Benarashi sari that is priced Tk 10,500. He had to pay Tk 4,500 to the weaver. Yarn, lace and stone cost him Tk 3,500. The processing costs more than Tk 200.

"Where is the profit for the traders who have kept the business afloat despite facing many challenges?" Ali said.

Mostafa Azad Chowdhury Titu, president of the Rangpur Chamber of Commerce & Industry, said bank financing should be made easy for entrepreneurs involved in the industry.

"The government has to come forward to lift up the industry by introducing planned marketing of the product. Incentives also can be a solution to the problem," he said.



GLOBAL BUSINESS

Central banks will happily ignore inflation-mongers

REUTERS, Frankfurt

The world's biggest central banks will happily live with higher inflation and investors now aggressively betting on a quicker end to monetary stimulus are all but certain to be proved wrong.

After a decade of underestimating inflation, central bankers in the United States, Europe and Japan have every reason keep money taps open and policymakers are even rewriting their own rules so they can let price growth overshoot their targets.

If anything, central banks are more likely to nudge up stimulus, particularly in the euro zone, keeping borrowing costs depressed and ignoring the inflation hawks at least until growth is back to pre-pandemic levels - and not just fleetingly.

The Reserve Bank of Australia already launched a surprise bond buying operation while the European Central Bank has repeatedly warned investors not to push yields too high, unless they want to fight its 1 trillion euro war chest.

The argument behind the inflation warning is that once economies reopen, massive government stimulus will combine with pent up consumer demand, unleashing spending-fueled

price pressures unseen for decades.

Although top economists are weighing in on both sides of the debate, the voices that really count all seem to be downplaying the threat.

"Inflation dynamics do change over time but they don't change on a dime," Federal Reserve Chair Jerome Powell said. "We don't really see how a burst of fiscal support or spending ... that doesn't last for many years, would actually change those inflation dynamics."

Even if inflation accelerates, a big if given that big central banks are all undershooting their 2 per cent goal, tightening policy too hastily is seen as a bigger evil than moving too slowly.

First off, much of the inflation rise is temporary, driven by the rebound in oil, one-off stimulus measures and the base effect of tanking prices a year ago. So this is not the sort of sustained inflation policymakers are looking for.

Tighter policy could also choke off growth - a costly blunder with tens of millions still out of work after the biggest peacetime economic crisis in a century. In the worst case, higher borrowing costs would even raise debt sustainability concerns, particularly in heavily indebted

southern Europe and across emerging markets.

And lastly, the Fed and European Central Bank both tightened policy too quickly in the past decade, forcing them into the type of credibility-damaging reversal they are now keen to avoid. The message from the Fed has been uniform and emphatic: its \$120 billion monthly bond purchases will not change until the economy has more fully recovered, and any actual interest rate increase is even further into the future.

The Bank of Japan and the ECB are making similar noises: there will be no reversal of stimulus for a long time, possibly years.

Their central concern is employment. There is still a 10-million-job hole in the U.S. economy while the euro zone unemployment rate is kept artificially low by government subsidies, pointing to huge spare capacity.

The Fed is already putting greater emphasis on job creation, particularly for low income families, and made an explicit commitment last year to let inflation overshoot its target after periods of excessively low price growth.

While the ECB and the Bank of Japan do not have employment mandates, policy framework reviews now underway could raise the emphasis on social considerations, particularly jobs.

The ECB is already debating the merits of letting inflation overshoot, a hint that overheating in the jobs market will not on its own trigger policy action.

"Labour markets tend to lag real activity by as much as six months, and we may yet see a wave of mergers, bankruptcies, and layoffs," said Tamara Basic Vasiljev of Oxford Economics.

While the rise in yields has caused a ruckus in markets, the moves are not excessive and may simply be a reversal of excessively low yields.

US 10-year Treasury yields are up 56 basis points this year - to roughly their pre-pandemic record low - while Japanese yields are just 14 basis points higher. A 10-year German bond still yields a negative 25 basis points.

"We see a return of bond yields from ultralow to still low levels as a consequence of, rather than an obstacle to, a strong economic rebound and solid gains in corporate earnings in most of the world," Berenberg economist Holger Schmieding said.

As online grocery booms in Britain, will new habits die hard?



REUTERS/FILE

A lady buys carrots from a market stall in Buckingham, Britain.

REUTERS, London

Britain's multi-billion pound supermarket industry is placing its bets on whether big-spending older shoppers will stick with buying their groceries online when months of lockdown end.

Having more than doubled during the COVID-19 pandemic to represent 16 per cent of Britain's roughly 200 billion pound (\$281 billion) food retail market, the country has one of the world's highest take-ups of online grocery.

Ocado boss Tim Steiner says it's here to stay and will carry on growing quickly.

Not so fast, say bosses of some established rivals.

"A lot of people are talking about the new normal, I'm absolutely convinced that we are not in this new normal right now, we are in the temporary normal, we are in an extraordinary time," Christian Hartnagel, CEO of Lidl GB, told Reuters.

He believes that as the crisis recedes, so will online grocery penetration, not back to pre-COVID-19 levels of 7 per cent but a lot less than 16 per cent.

Lidl does not offer home delivery and for many the jury is out on whether online sales can ever be as profitable as instore purchasing, where shoppers make more impulse buys and extra transport and logistic costs are avoided.

Older shoppers have led the rapid growth of Britain's online sector.

A third national lockdown boosted

retired households' online grocery spending in January by 229 per cent year-on-year, making up 28 per cent of the 6.4 million who ordered online in the month, market researcher Kantar found.

Whether they stick with it after restrictions end, possibly in June, remains to be seen. The rollout of vaccine will make people less risk averse and months of isolation have left many eager for the social contact of a visit to the shops.

Stephen Pfeffer, a 75-year old retired bank worker from South Woodford in east London, was classified as a vulnerable person at the start of the pandemic so for much of 2020, he took online deliveries from Waitrose.

"I was forced into online shopping with the first lockdown," he said.

But after regaining his confidence to venture out, he returned to shopping at stores. Now, he has been vaccinated, he uses online only occasionally for bulky items like wine.

"I thought, you can't isolate all the time - let's get out there and start living again," he said.

Ocado's Steiner told Reuters that once customers have experienced the ease of online shopping, they are likely to be converted and he expected online grocery in Britain would double in size again over the next few years.

"When customers have done this three-to-five times they tend to stick with it," he said last month.



REUTERS/FILE

Two women walk next to the Reserve Bank of Australia headquarters in central Sydney, Australia.

Indian shares jump on economic growth data, widening vaccination drive

REUTERS, Bengaluru

Indian shares closed higher on Monday after the country kicked off an expansion of its COVID-19 vaccine campaign and data showed that the economy returned to growth in the December quarter.

The NSE Nifty 50 index gained 1.6 per cent to end at 14,761.55, while the S&P BSE Sensex closed 1.53 per cent higher at 49,849.84.

Both the indexes slumped nearly 4 per cent on Friday as rising bond

yields sparked a massive sell-off in global equities.

But with bond yields easing from last week's peaks and the US House passing a \$1.9 trillion coronavirus relief package, the MSCI world equity index firmed 0.5 per cent on Monday.

Aiding sentiment at home was news that Prime Minister Narendra Modi was inoculated with the first dose of a home-grown coronavirus vaccine, beginning an expansion of the country's immunisation drive.

Meanwhile, data on Friday showed that the country's gross domestic product grew 0.4 per cent in October to December, compared with a revised contraction of 7.3 per cent in July to September.

Private sector lenders were the top boost to the Nifty. The Nifty private bank index advanced 1.4 per cent, led by a 3.7 per cent jump in Kotak Mahindra Bank.

The Nifty media index gained the most among sectoral indexes, closing 4.3 per cent higher.

The Nifty auto index added 2.4 per cent, with carmaker Maruti Suzuki India rising 2.2 per cent after it reported a near 12 per cent rise in February sales.

Bharti Airtel ended down 4.3 per cent and was the sole decliner on the Nifty 50. Rival Vodafone Idea finished 1.77 per cent lower.

The losses came after Reliance Jio said on Friday it would offer mobile phones and unlimited services for two years at 1,999 rupees (\$27.16).