Weavers in a bind as Covid continues rampage

DISTRICTS IN FOCUS

Ahmed Humayun Kabir Topu, *from Sirajganj*

Rahmat Ali, a leading producer and trader of handmade garment items in Sirajganj's Shahzadpur upazila, made around 2,000 pieces of clothing for Eid-ul-Fitr, the largest sales season of the year.

However, poor customer turnout at Shahzadpur Tant Kaporer Haat, one of the biggest garment markets in the country, has left traders like Ali disappointed with their dwindling sales.

Handloom weavers in Rajshahi's Sirajganj and Pabna districts expected to recover some sales after shops and markets were allowed to reopen on Sunday, but an alarming rise in Covid-19 infections continues to prevent a return to normalcy.

"I have sold just 120 saris as of Sunday afternoon while I would sell 400 to 500 items each day in normal times," Ali said.

Traders used to come from far and wide to source handmade garment items from the market but a recent countrywide lockdown aimed at curbing the spread of Covid-19 halted their visits.

As the coronavirus situation continued to worsen, the government imposed strict measures on public movement on April 14.

"Since these measures were recently relaxed, I expect to see an increase in business in the coming two weeks," he added.

Under normal circumstances, around Tk 200 crore worth of handloom products were sold each week ahead of Eid at Shahzadpur Haat.

But due to the alarming Covid-19 situation, the sale of handmade clothes is no more than 10 to 20 per cent of its pre-pandemic levels as most traders are unable to visit the market, according to Md Haidar Ali, director of the Bangladesh Specialized Textile Mills and Powerloom Industries Association (BSTMPIA).

"As the shops and markets have reopened, we expect sales to reach 40 to 50 per cent of previous levels ahead of Eid," added Ali, also vice president of the Bangladesh Handloom and Powerloom Owners Association.

The local handloom industry in Pabna and Sirajganj employs around 25 to 30 lakh people, all of whom have faced hardships amid the ongoing coronavirus crisis.

AHMED HUMAYUN KABIR TOPU

Handloom weavers expected to recover some sales after shops were allowed to reopen on Sunday, but an alarming rise in Covid-19 infections continues to prevent a return to normalcy. The photo was taken from Shahzadpur upazila of Sirajganj recently.

Md Alamin Hossain, a handloom weaver of Rooppur village in Shahzadpur upazila, has 30 looms at his factory which has been shuttered for the last few months due to a cash crunch.

Hossain took out Tk 10 lakh as bank loans in an attempt to reopen his factory but the resurgence of Covid-19 has dashed his hopes once again.

"When I tried to reopen the factory ahead of Eid, the second lockdown was announced and I became uncertain about being able to keep the festival production," he told The Daily Star.

Pabna and Sirajganj are the country's largest handloom cloth producing districts but local weavers have hardly bounced back from repeated pandemic-induced losses.

"Our clothes used to sell across the country during the Eid market, when we would register 60 to 70 per cent of our yearly sales," said Md Rahamat Ali, another weaver of Shahzadpur upazila.

Rahamat's factory has 20 looms, of which only 12 are being operated this year as he already has a large stockpile of unsold clothing.

Local garment makers now fear for their livelihoods if the situation prolongs.

"Every year we wait for Eid but this year, there is no festive mood due to the alarming Covid situation," said Md Abdul Jalil, a handloom weaver in Sirajganj said.

The two districts in Rajshahi account for nearly 48 per cent of the country's total handloom clothing production.

And considering the importance of this industry, association leaders have demanded government support.

There used to be more than six lakh handlooms in Pabna and Sirajganj but approximately 3.5 to 4 lakh of them have been abandoned, said BSTMPIA Director Ali.

The country's biggest handmade cloth producing region could now lose its inherited profession in the face of continuous loss and dept.

READ MORE ON B3

PRE-SHIPMENT CREDIT

BB cuts interest rate of refinance funds

Star Business Report

Bangladesh Bank yesterday cut the interest rate on refinance funds for pre-shipment credit aiming at helping local exporters continue shipping products amid the coronavirus outbreak.

From now on, businesses will be allowed to avail funds from the scheme at 5 per cent interest rate instead of a previous 6 per cent, according to a central bank notice.

Banks will borrow money from the fund at 2 per cent interest instead of 3 per cent from the central bank and can charge exporters a maximum of 5 per cent.

On April 5, Prime Minister Sheikh Hasina announced that the Bangladesh Bank will introduce a new loan facility titled pre-shipment credit refinance scheme involving Tk 5,000 crore for local exporters.

The revolving fund will have a tenure of three years.

But, borrowers have been showing reluctance to avail loans from the fund considering the high interest rate.

Banks will borrow money from the fund at 2 per cent interest instead of 3 per cent from the central bank and can charge exporters a maximum of 5 per cent.

As of March 24, borrowers took Tk 224 crore in loans from the refinance scheme, showed data from the central bank.

A maximum of 10 per cent of the commercial invoice value of exported consignments are eligible for the scheme.

Runner to buy land for its three-wheeler plant

Star Business Report

RUNNER

Runner Automobiles is going to buy land to set up its CNG and LPG-run three-wheeler manufacturing plant near its existing factory in Bhaluka, according to a posting on the Dhaka Stock Exchange (DSE) website.

The leading local bike maker will buy a 359.72 decimal plot in the area for Tk 4.32 crore, including registration costs.

The investment will be carried out with Runner's own funds, the company's disclosure said.

"We will use the new facility for making three-wheelers," said Hafizur Rahman Khan, chairman of Runner Group.

Runner Automobiles joined hands with Bajaj Auto, a global market leader based in India, to set up a Tk 300 crore manufacturing plant last year.

This will be the first-ever international three-wheeler manufacturing plant to be set up in Bangladesh.

Bajaj's line of three-wheelers are the market leaders in Bangladesh, according to the company. Runner went public on May 21, 2019, raising a Tk 100 crore fund from the stock market.

The company's shares fell 0.59 per cent to trade at Tk 50.80 at the DSE yesterday.

It also disclosed yesterday that its third quarterly earnings per share were higher than those of the previous year.

Runner's EPS rose to Tk 0.85 in the January-March period of 2021 while it was Tk 0.55 during the same period the previous year. Khan said the country's economy was mostly active amid the ongoing Covid-19 pandemic and so, its business was not affected much other than during the two-month lockdown last year.

"Especially in the countryside business is almost normal," he added.

GLOBAL BUSINESS

Fed's 'maximum employment' push may fall short in post-pandemic economy

Reuters, *Washington*

The Federal Reserve has promised to help restore the US economy to "maximum employment," and is pointing to the months just before the coronavirus pandemic as the touchstone for what that might mean.

Yet early evidence from the reopening of the economy suggests the push to reach that goal may be elusive, or at best a more drawn-out process, as the labor market shifts away from the types of jobs lost in 2020, is potentially further transformed by massive infrastructure spending, and sees some workers quit job-seeking altogether.

Economists say they don't see troubling job bottlenecks in the near term. Some employers have complained about not being to find enough workers, though that problem is expected to ease as schools and childcare facilities reopen, allowing workers to return to their jobs, and the hard-hit hospitality and retail sectors start bulking up their workforces.

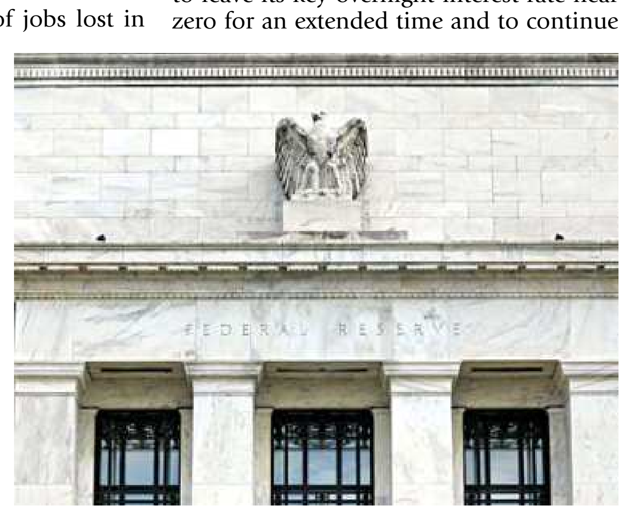
But they may also not be far off if the pandemic leads to an economy more reliant on technology and less on people in the service sector, and the Biden administration's spending plans boost demand for construction, family care and other areas where the unemployed have a different set of skills and, perhaps, preferences.

"There is no broad-based constraint when you have 8.5m fewer jobs" than existed at the pandemic's onset, said Gregory Daco, chief US economist at Oxford Economics. Daco expects the economy to add jobs at a fast clip this year, but he said hiring could slow as the occupational mix changes and more older people use the pandemic as a reason to retire.

"Yes, it will be an impediment to a full recovery and, yes, it will take longer," Daco said of the need for workers to shift skills and industries, and of possible limits to how far labor force participation will rise.

The Fed is not expected to change its policy guidance after its two-day meeting this week, though it is likely to give a rosier view of the employment situation in the wake of the 916,000 jobs added in March and expectations of further growth through the summer.

The policy statement and Fed Chief Jerome Powell's news conference after the meeting are expected to shine some light on whether the employment landscape has changed the US central bank's plans to leave its key overnight interest rate near zero for an extended time and to continue buying $120b in bonds each month.



The Federal Reserve building is pictured in Washington, DC in US.

REUTERS/FILE

Huge shortfalls remain, though: Payroll jobs peaked at 152.5m in February of last year, compared with 144.1m last month. The share of adults working or looking for work, known as the labor force participation rate, hit a 7-year high of 63.4 per cent in January 2020, reversing what seemed an embedded decline. It fell when the pandemic struck and was at 61.5 per cent last month, representing nearly 4 million additional people not looking for work.

The best-case scenario is for the economy to snap back to those earlier conditions, though Fed policymakers say they will be patient and only dial back support if inflation surges in unanticipated ways. When the last U.S. recession ended in 2009, it took several years before the most positive trends took hold, and Fed officials will be reluctant to accept that won't happen again.

China digital currency trials show threat to Alipay, WeChat duopoly

Reuters, *Shanghai*

In China's commercial hub Shanghai, six big state banks are quietly promoting digital yuan ahead of a May 5 shopping festival, carrying out a political mandate to provide consumers with a payment alternative to Alipay and WeChat Pay.

The banks are persuading merchant and retail clients to download digital wallets so that transactions during the pilot programme can be made directly in digital yuan, bypassing the ubiquitous payment plumbing laid by tech giants Ant Group, an affiliate of Alibaba, and Tencent.

"People will realise that digital yuan payment is so convenient that I don't have to rely on Alipay or WeChat Pay anymore," said a bank official involved in the rollout of e-CNY for the Shanghai trial, under the guidance of China's central bank. The official is not authorised to speak with media and declined to be identified.

China's development of a sovereign digital currency, which is far ahead of similar initiatives in other major economies, looks increasingly poised to erode the dominance of Ant Group's Alipay and Tencent's WeChat Pay in online payments.

REUTERS

A sign indicating digital yuan, also referred to as e-CNY, is pictured at a shopping mall in Shanghai, China.

That turf encroachment coincides with Beijing's expanding effort to clamp down on anticompetitive behaviour in the internet sector, part of a wider reining in of the clout of sector heavyweights.

Regulators scuppered Ant's record $37b IPO in November and earlier this month imposed a sweeping restructuring on the fintech conglomerate controlled by Jack Ma. Ma's Alibaba Group Holdings was recently hit with a record $2.8b antitrust penalty.

In public, the People's Bank of China (PBOC) says e-CNY won't compete with AliPay or WeChat Pay, and serves only as a "backup" or "redundancy".

But in private, state banks marketing the digital fiat currency for the central bank bluntly describe Beijing's intention to undercut the duo's dominance.

"Big data is wealth. Whoever owns data thrives," said another banking official tasked with promoting the e-CNY.

"WeChat Pay and Alipay own an ocean of data," so the e-CNY rollout facilitates China's anti-trust campaign and helps the government control big data, he added.

The PBOC and Tencent declined to respond to requests for comment.

Ant declined to comment on the relationship between Alipay and e-CNY.

Ant-backed MYbank said it is "one of the parties participating in the research and development" of the e-CNY, and "will steadily advance the trial pursuant to the overall arrangement of the People's Bank of China."

The e-CNY digitalises a portion of China's physical notes and coins, or currency in circulation (M0), and was launched last year in small pilot schemes in four cities.

German govt revises 2021 growth forecast up after strong Q4

Reuters, *Berlin*

The German government has raised its growth forecast for this year to 3.5 per cent, compared with the 3 per cent growth it was expecting back in January, a source said, adding that the upward revision was justified by a stronger-than-expected fourth quarter.

The source added that the government expected Europe's largest economy to expand by 3.6 per cent in 2022.

The economy ministry declined to comment on the figures. The government is due to present its 2021 economic growth forecast on Tuesday.

Germany's leading economic institutes said earlier this month they expected the gross domestic product to grow by 3.7 per cent this year and 3.9 per cent in 2022.

The skyline with its financial district is photographed during sunset as the spread of the coronavirus disease (Covid-19) continues in Frankfurt, Germany.

REUTERS/FILE

German business morale improved only slightly in April as a third wave of Covid-19 infections and a semiconductor shortage in the motor vehicle sector slowed a recovery in Europe's largest economy, a survey showed on Monday.

Export-oriented manufacturers are currently benefiting from higher demand from China and the United States, whereas domestically-focussed services are suffering under extended restrictions to contain a third wave of Covid-19 infections.