



A worker of a tube well factory at Mofizpaglamor in Bogura town showcases his products, which are used in farms to secure water for irrigation as well as households for drinking water. However, rising raw materials costs have made it difficult for many small factory owners such as this to stay in business. The photo was taken recently.

PHOTO: MOSTAFA SHABUJ

Tube well makers passing hard times

MOSTAFA SHABUJ, Bogura

Tube well manufacturers in Bogura are going through hard times as the costs of raw materials have almost doubled in the last couple of years.

Bogura is a hub for agricultural machinery in Bangladesh as its foundry industries produce more than 85 per cent of the equipment and spare parts needed by farmers and rural households, including tube wells.

However, many foundry owners were compelled to reduce their production while others shut down their industries in the last two years amid the ongoing coronavirus pandemic.

Besides, the increasing use of submersible pumps in houses and the agriculture sector also adversely affected the age-old foundry business in Bogura.

Take the example of Masud Huda, owner of S Haque Metal Works at the Nowdapara area under Bogura's sadar upazila.

Huda had to shut down his tube well making factory three months ago after sustaining losses in the face of rising costs.

"We started manufacturing tube wells in 1994 and used to produce 8,000 to 10,000 units every month.

"But the rising cost of raw materials forced me to suspend production," Huda said, adding that he got a Tk 4 crore loan from a bank out of Tk 5 crore promised by the lender.

"I have already invested Tk 5 crore in the industry,"

Huda is one of roughly 400 entrepreneurs in Bogura who signed up for making tube wells to profit from the demand for pure drinking water among households and farms, particularly in the north.

Nearly Tk 70-80 crore of tube wells are made each month in the northwest district, said Mahfuzur Rahman, deputy general manager of the Bangladesh Small and Cottage Industries Corporation (BSCIC) industrial park in Bogura.

For irrigation, around 14 lakh tube wells are used across the country, according to data from the Bangladesh Agricultural Development Corporation.

Bangladesh has nearly two dozen foundries that cater to the demand for tube wells, which is about 12-13 lakh annually, said Kamruzzaman Kamal, director marketing of Pran-RFL Group, which runs Rangpur Foundry, one of the oldest and largest foundries in Bangladesh.

Mid Nurul Alam, proprietor of the Messrs Soron Engineering Workshop, said he now produces 800 tube wells per month while he used to make 1,800 units per month two years ago.

The price of raw materials for

building tube wells, such as cast iron, pig iron, ship scraps, and even hard coke, has increased significantly in the last two years.

"Therefore, I have decided to reduce my production," Alam said.

Two years ago, raw iron was only Tk 38 per kilogramme. Now, the price has risen to Tk 50-53 per kilogramme.

Hard coke was previously priced at Tk 46,000 per tonne but it now costs around Tk 80,000 per ton.

"Even the nuts and bolts we import from China have become costlier

cost. Besides, demand of the submersible pump is increasing day-by-day while tube well demand is decreasing," Gunjaan added.

"On the other hand, we have to pay our rent and the salary of our workers. Therefore, we are not getting profit from this sector."

Pran-RFL's Kamal said tube well making is labour intensive as a number of processes are involved in its making.

He said the overall growth of the tube well market has been slow as these products have a long shelf life.

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due to the high tax," he added.

Anindita Haq Gunjaan, a women proprietor of the Gunjaan metal workshop located in the BSCIC, said that during the pandemic, production costs increased a lot.

"Before the pandemic, we used to run production 4 to 6 times a week but now we produce tube wells only once a week," she said.

"If we increase tube well production, then we cannot sell it as the demand falls due to the sharp rise of production

because of urbanisation," Kamal added.

When contacted, Shahinur Rahman, estate officer of the BSCIC in Bogura, said the price of raw materials used by foundries increased globally.

He suggested foundry owners file applications with the BSCIC.

"If they give us any application, we will inform the higher authority in another written application," Rahman said.

"Then we will discuss with the government how to reduce the price or tax on the raw materials," he added.

How private sector can help public sector

MAMUN RASHID

The private sector is well-known for its efficiency but is also negatively viewed for its greed and an inherent nature that lacks focus on welfare. The public sector is considered to work for the benefit of the people but is often cited as being inefficient and wasteful.

The private sector has a profit motive, and the end goals are to maximise return to shareholders while the public sector has the mandate to improve the entire nation, especially protecting the toiling masses. However, such age-old stereotypical views are changing and new ways of working together have already emerged.



Conscious capitalism

The term "conscious capitalism" is referred to a socially responsible economic and political philosophy and it is a growing movement all over the world that seeks to correct the idea that the private sector exists in vacuums and only focuses on improving shareholder value.

However, everything that happens in a nation ranging from political changes to policies undertaken by the government affects private businesses since the private sector must also exist and function in that nation.

For example, when private sector businesses dump chemicals in water bodies, it adversely impacts the environment and harmfully affects the very population that buy products from the private sector. Also, if the private sector does not support the public sector in educating the country or improving the health of the workforce, they would not get the skilled and healthy employees they require to operate.

Primary requirements for a successful combination

Now the question arises as to how the private and public sectors may succeed in working seamlessly with each other such that the objectives of both sectors may be attained in Bangladesh.

Clear delineation of roles - Efficiency is one of the strongest attributes of the private sector and could be its most important contribution. Metrics such as business process optimisation, risk analysis, accountability management and KPI measurement are some key areas the private sector can help in. The public sector, for its part, must ensure that the delivery optimisation of services by the private sector is taking place in a way that is equitable and everyone is being benefitted. In other words, if the private and public sectors are to combine successfully, then each must be assigned the specific roles in which they are the best.

Alignment of goals - For a partnership between the private and public sectors to succeed, the end goals and outcomes must be consistent and acceptable for both. The private sector must be able to gain from the exchange, whether by positive publicity or gaining business benefits (e.g., skilled workforce, better infrastructure, improved public health, meaningful incentives, and increased buying capabilities/demand). Similarly, the public sector must also achieve gains by being viewed more

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Western firms head for exit in Russia

REUTERS

Energy giants BP and Shell, global bank HSBC and the world's biggest aircraft leasing firm AerCap joined a growing list of companies looking to exit Russia on Monday, as Western sanctions tightened the screws on Moscow over its invasion of Ukraine.

The West has moved to punish Russia with a raft of measures, including closing airspace to Russian aircraft, shutting out some Russian banks from the SWIFT global financial network and restricting Moscow's ability to use its \$630 billion foreign reserves.

Russia's economy was already reeling on Monday. The rouble plunged to a record low, while the central bank doubled its key interest rate to 20 per cent, and kept stock markets and derivative markets closed.

Shell on Monday said it would exit all its Russian operations, including the flagship Sakhalin 2 LNG plant in which it holds a 27.5 per cent stake, and which is 50 per cent owned and operated by Russian gas group Gazprom.

"We cannot and we will not stand by," Shell Chief Executive Officer Ben van Beurden said in a statement announcing the move and calling Russia's attack a "senseless act of military aggression".

He added that his company was talking to governments about securing energy supplies to Europe.

BP, Russia's biggest foreign investor, announced at the weekend it was abandoning its 20 per cent stake in state-controlled Rosneft at a cost of up to \$25 billion, cutting the British firm's oil and gas reserves in half.

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Energy giants BP and Shell, global bank HSBC and other companies are looking to exit Russia amid Western sanctions.

PHOTO: REUTERS

Visa, Mastercard block Russian financial institutions

REUTERS

US payment card firms Visa Inc and Mastercard Inc have blocked multiple Russian financial institutions from their network, complying with government sanctions imposed over Moscow's invasion of Ukraine.

Visa said on Monday it was taking prompt action to ensure compliance with applicable sanctions, adding that it will donate \$2 million for humanitarian aid. Mastercard also promised to contribute \$2 million.

"We will continue to work with regulators in the days ahead to abide fully by our compliance obligations as they evolve," Mastercard said in a separate statement late on Monday.

The government sanctions require Visa to suspend access to its network for entities listed as Specially Designated Nationals, a source familiar with the matter told Reuters.