



A lungi trader is seen with little to do other than fiddle with his phone at a stall in Pabna's Ataikula wholesale market, which is a major hub for traditional garments made by handloom weavers. Traders had hoped to recover some of the sales lost due to Covid-19 during the ongoing festival season but low demand coupled with rising raw material costs has cast doubt on their survival.

PHOTO: AHMED HUMAYUN KABIR TOPU

Handloom weavers a hair's breadth away from collapse

Blame rising raw material costs, low demand

AHMED HUMAYUN KABIR TOPU from Sirajganj

Handloom weavers in Sirajganj are in anything but a festive mood ahead of Eid this year as rising raw material costs coupled with poor sales have brought many to the brink of collapse.

Md Nazrul Islam, a maker of traditional garments based in Nagardala village of Shahzadpur upazila, is currently operating just 20 of his 30 handlooms even though the major Muslim holiday is just around the corner.

Islam, who prepared 200 pieces of traditional garment items such as lungis and saris for sale, said this was the worst festival market that people in his line of work have ever seen.

Besides, handloom weavers are yet to recover from the huge losses sustained in the past two years due to Covid-19.

"But this year too, the poor Eid sales have disappointed us," Islam said.

Aside from low sales, the soaring price of yarn and dye are also making it difficult for handloom weavers to find respite from their recent troubles.

For example, the cost of producing a single sari reaches Tk 1,000 on average but weavers can sell each piece for just Tk 900 to Tk 950.

"So we are running our factories mostly with the help of family in order to keep labour costs at a minimum," he added. Alhaz Ruhul Amin, another weaver of the same village, said he had to sell all 41 of his handlooms after facing unbearable losses last year.



"We were thrown into losses as yarn prices rose sharply while finished cloth prices remained the same and so I decided not to continue my inherited business," Amin added.

According to various weavers, yarn prices have approximately doubled while cloth prices increased by just 25 per cent in the last one year.

Each barrel of 50-count thread sold for Tk 13,000 to Tk 14,000 a year ago but it is now priced between Tk 25,000 and Tk 26,000.

Similarly, the going rate for the same amount of 60-count thread is about Tk 27,000 while it was Tk 16,000 previously. Likewise, 80-count thread costs around Tk 33,000 to Tk 34,000 per barrel even though it was Tk 23,000 to Tk 24,000 a year ago.

"Thread prices increased by 80 to

90 per cent within a year and to make matters worse, the price of dye doubled at the same time even though the price of finished goods did not rise the same way," said Md Sobur Hossain, a handloom weaver in Pabna's Jalalpur village.

Hossain borrowed money to continue operating 10 of his 12 handlooms this year in a bid to catch the festival market, but poor sales has only brought him disappointment.

"I produced 200 pieces of lungis in the first week of Ramadan but have sold only 80 of them so far," he said.

Pabna and Sirajganj are two of the country's biggest handloom cloth producing regions with approximately 25 lakh to 30 lakh people between them being involved in the business.

About 48 per cent of all the clothes

made by handloom across Bangladesh come from the two districts, which once housed more than 6 lakh handlooms, according to Md Haidar Ali, director of the Bangladesh Specialized Textile Mills and Power Loom Industries Association.

"But some 3.5 lakh to 4 lakh of them have been closed as losses caused by constant increases in production costs continue to push traditional weavers into other occupations," said Ali, also vice president of the Bangladesh Handloom and Power Loom Owners Association.

Aiyub Ali, secretary of the Bangladesh Handloom and Power Loom Owners Association, said his organisation has urged the government to control thread and dye prices in order to save the traditional weaving industry.

During a recent visit to the Shahzadpur Tant Kaporer Haat in Sirajganj and Ataikula Haat in Pabna, two of the biggest handloom clothes markets in the country, it was found that there were no festival sales ahead of Eid.

"Every year I used to sell 200 to 250 pieces of garments on each haat day, but this year I could not sell more than 40 to 50 pieces even though the festival is knocking at the door," said Md Mohiuddin, a wholesale trader of Pabna's Ataikula wholesale market.

Traders from different areas used to visit the two wholesale market during this time each year but this has not happened this time around and so, sellers are forced to rely on the less affluent local buyers, said wholesaler Amirul Islam.

CURRENT PRICE HIKE

Syndicate, rationality and price expectation

KAZI IQBAL

Inflation is ubiquitous now, largely fuelled by the Russia-Ukraine war and the pent-up demand after easing of the Covid restrictions. The overheated economies along with the high import prices of commodities and gasoline have made the consumption basket dearer in almost all countries in the world.

The burden of the impact has fallen disproportionately on the poorer countries - about 70 per cent of the emerging and developing countries now have inflation higher than 5 per cent as opposed to

44 per cent of the advanced economies. The current inflation in Bangladesh rose to 6.17 per cent in February 2022. Higher demand in Ramadan has added an extra push to the inflation.

Against this backdrop, I will highlight a few issues, which are obvious but less talked about, to understand the price dynamics in uncertain situations. I will also shed some light on the role of the government - what the government can and cannot do to contain prices in such a situation. At the end, I will give an explanation of why we are obsessed with the idea of "syndicate".

When individuals are rational and they respond to some common shocks (e.g. price hike), it may seem as if their reactions are coordinated. It is important to understand that when some responses are rational for the individuals in their own right, people do not need to coordinate with others for the better outcomes. When it rains we all run for shelter or use umbrellas.

An important question to ask is that if there is a significant "syndication" power to influence prices, why don't they collude and set higher prices in "normal time" or all the time?

It may appear to a Martian that we have coordinated our responses before running. Though it is a very naïve example, it highlights how individual rational responses can be misconstrued as coordinated ones.

When these seemingly coordinated responses of a segment of population have an adverse impact on the wellbeing of the general people, we tend to blame the coordination and find ill motives behind it.

"Syndicate" is one such villain in our narrative of price movement and we have heard a lot about it in recent episodes of price escalation of some essential food items in Bangladesh.

An important question to ask is that if there is a significant "syndication" power to influence prices, why don't they collude and set higher prices in "normal time" or all the time? Why do such complaints of collusion come up more when we observe higher volatility in global prices? When there is a global price shock, it has significant implications for the behaviour of the local market players and thus for the prices, which can be misunderstood as the behaviour of a cartel or "syndicate".

In the period of price uncertainty, high inflation impacts peoples' conjecture about the future price and this in turn increases the current inflation.

If the majority of the people think that prices will increase in future, it not only impacts the future prices, it raises current prices too.

READ MORE ON B2

EU embargo on Russian oil, gas will take 'months'

AFP, Brussels

The EU is working on broadening sanctions on Russia to include oil and gas embargoes but such measures would take "several months", European officials told AFP on Friday.

The bloc last week announced a ban on Russian coal in a first step against Russian energy exports - together, Moscow's main hard currency earner.

But the coal sanction only kicks in from mid-August, and would hit around eight billion euros (\$8.7 billion) in Russia's sales abroad, annually.

Russian oil and gas sales to the EU account for a far higher amount of revenue: between a quarter of a billion to a billion euros per day, per different estimates.

Public and political opinion in the EU is swinging towards a total energy ban as Moscow's war in Ukraine grinds on and yields discoveries of atrocities.

An EU official involved in discussions on cutting Russian energy imports said the European Commission is "thinking about options". Commission chief Ursula von der Leyen has already come out publicly in favour of targeting Russian oil.

But, the official said, "adopting measures on oil means undoing existing contracts, finding alternatives and preventing circumvention".

"That can't be don't overnight. It requires at least several months."

Building EU outrage over the war is sweeping aside hesitation by the member states reliant on Russian oil and gas, such as the bloc's biggest economy Germany, and Italy, Greece and Austria.



Employees walk at the construction site of a gas metering station, part of the pipeline link between Bulgaria and Greece near the village of the Malko Kadievo on March 18. EU member Bulgaria has been criticised for its almost total dependence on Russia for its annual consumption of about three billion cubic metres of gas.

PHOTO: AFP

Sri Lanka rations fuel

AFP, Colombo

Cash-strapped Sri Lanka imposed fuel rationing on Friday in another worsening of the economic crisis that has sparked widespread demonstrations calling for President Gotabaya Rajapaksa's resignation.

The state-run Ceylon Petroleum Corporation (CPC), which accounts for two-thirds of the retail fuel market, said it would limit the quantities drivers can buy, and banned pumping into cans altogether to prevent motorists stocking up on petrol or diesel in fear of further rationing.

The maximum for motorcycles was set at four litres of petrol, with three-wheelers allowed five litres, the CPC said. Private cars, vans and SUVs were allowed up to 19.5 litres of either petrol or diesel.

Most pumping stations were already out of petrol, while the few that remained open saw long queues. At least eight people have died while waiting in fuel lines since last month.