



Workers are seen weaving saris at the Benarasi Palli in Dhaka's Mirpur. Sales at the cluster have been falling since Marh-April earlier this year as growing inflationary pressure is limiting the budgets of would-be buyers.

PHOTO: PALASH KHAN

Inflation puts the squeeze on sales of Benarasi saris

SUKANTA HALDER

The rising cost of living that stems from higher prices for essential goods has affected the Benarasi Palli in Dhaka's Mirpur, where traders say sales have dipped by almost half despite it being the peak season.

Due to the fall in profits, some of the producers and traders have already started laying off their employees in a bid to survive the current economic downturn.

Benarasi saris, a highly decorative traditional garment item, see the most sales during the wedding season between November and January each year. Besides, sales grow considerably centring various occasions, such as the two Eids, Pahela Baishakh and Puja.

Shamim Akhter Siddiqui, proprietor of the Siddique Silk House in the cluster, said his business managed to recover about 80 per cent of its sales after overcoming the Covid-19 fallout.

However, the situation started deteriorating again from March-April this year as the ongoing Russia-Ukraine war fuelled inflation, forcing many to curtail their spending in the process.

"As fears have grown about the economic uncertainty, people are shopping cautiously. Even the recent political dilemmas have had an impact on business," he added.

Some 30 types of saris are made and sold at the cluster, where different varieties of Katan, Jamdani and other designs are available. In addition, saris imported from India are also sold in the area.



The Benarasi saris are priced between Tk 2,000 to Tk 30,000 while the Indian varieties are sold for Tk 3,000 to Tk 50,000, traders say.

Shamima Seema, who came to buy saris from the cluster, said she planned to buy two Benarasi and Jamdani saris for Tk 25,000 collectively on the occasion of her sister's wedding.

"Initially, I had a budget of Tk 40,000 but as living costs are getting higher, I decided to reduce my purchase," she added.

Although these saris are made in different places, including Sonargaon, Tangail, Narsingdi and Arahazar, the Benarasi Palli in Mirpur has become particularly popular.

A businessman from the cluster, seeking anonymity, said the import costs have increased for various reasons. This led to a subsequent rise in the price of saris and sales have dropped as a result.

Mohammad Javed, a local weaver, said he opened up a shop to sell women's accessories, such as handbags, alongside his traditional work to make up for the decline in profits.

"I cannot earn half as much from saris that I used to and so, I was forced to get into another business," he added.

Traders say around 1,500 weavers, including artisans, are working in Mirpur's Benarasi Palli. Also, there are about 2,500 assistants working with them

while 4,000 to 5,000 people are working in the shops.

According to the Benarasi Palli Shop Owners Association, the cluster registers annual sales of about Tk 100 crore combining the wholesale and retail levels.

Mohammad Abul Kashem, general secretary of the association, said people are now buying less as they are uncertain about the coming days.

"As it is not an essential commodity, people who would previously spend Tk 10,000 are keeping their budget within Tk 5,000 now," he added.

Kashem went on to say that all the buyers who would regularly visit earlier are now nowhere to be seen. As such, sales have dropped by 50 to 60 per cent compared to the same period last year.

"Business is not good if the political situation in the country is not stable," he said.

The association said due to the increase in the price of raw materials, the cost of production has increased by 20-22 per cent. However, the wages of weavers are not increasing and for this reason, they are moving to other professions.

If the price of sarees does not increase, then the wages of artisans cannot be increased. So, the profit margin has come down due to higher production costs, it added.

According to the SME Foundation, the journey of the Benarasi cluster started after the partition of the country in 1947.

The entrepreneurs mastered the work of making saris in different factories and later started working in factories of their own on a small scale.

Two BSRM companies suffer losses in Jul-Sep

STAR BUSINESS REPORT

Bangladesh Steel Re-Rolling Mills Limited and BSRM Steels Limited suffered losses in the first quarter of the current financial year owing to the increase in foreign currency conversion rate, the shortage of power supply, and the rise in production costs.

BSRM registered a loss of Tk 164.52 crore in the July-September quarter of 2022-23. This compared to Tk 128.09 crore profit the largest steel manufacturer in the country made in the corresponding three-month period of 2021-22.

Thus, the consolidated earnings per share were Tk 5.51 in negative in July-September against Tk 4.29 in the same quarter a year earlier, according to the unaudited financial statements.

The consolidated net operating cash flow per share (NOCPPS) was Tk 4.27 in July-September this year against Tk 2.72 in July-September of 2021.



The consolidated net asset value (NAV) per share was Tk 128.65 on September 30 and Tk 134.29 on June 30.

"The EPS and the NAV per share decreased due to the increase of foreign currency conversion rate, the shortage of power supply, and the increase in production costs," said BSRM Ltd in a filing on the Dhaka Stock Exchange (DSE).

The taka lost its value by 15 per cent against the US dollar on the interbank foreign exchange market of the Bangladesh Bank during the first quarter amid the depletion of foreign currency reserves, hitting importers since they had to pay more to purchase raw materials and equipment from external sources.

Factories also faced frequent power outages because of the lower supply of gas which forced them to cut their output. Thus, earnings fell for many companies.

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Beximco enters board of Shipping Corporation

STAR BUSINESS REPORT

Bangladesh Shipping Corporation (BSC) has appointed a board member nominated by Bangladesh Export Import Company Limited (Beximco).

The state-run company made Mostafa Zamanul Bahar a director at its 45th annual general meeting on December 11, according to a filing on the Dhaka Stock Exchange (DSE) yesterday.

Earlier, Beximco bought 80,08,090 shares of BSC, which accounted for 5.25 per cent of the total holdings of the corporation.

After purchasing the share, Beximco, in a posting on the DSE on November 14, said its board decided to participate in the board of BSC as a member.

According to the securities rules of Bangladesh, an investor, individual or firm, can sit on the board of a listed company if they hold at least 2 per cent of the outstanding shares of the latter.

Beximco also declared that it bought shares from the public at market prices. This means given the market prices of the securities of the shipping company in the last three months, Beximco had to spend between Tk 93 crore and Tk 135 crore to acquire the securities.

Beximco shares were unchanged at Tk 115.60 while BSC shares rose 0.50 per cent to Tk 121.80 on the DSE yesterday.

Stocks creep up as turnover surges

STAR BUSINESS REPORT

The Dhaka and Chattogram stock exchanges extended their gains yesterday as transactions rose sharply amid the active participation of investors.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), added 4.45 points, or 0.07 per cent, to close at 6,271, the rise for the third straight day, albeit marginally.

The DSES, the index that represents shariah-based companies, was up 0.17 per cent at 1,374 despite negative developments about some Islamic banks recently. The DS30, the blue chip index, however, fell 0.04 per cent to 2,212.

Opportunist investors' buoyancy in ceramic, tannery, textile and pharmaceuticals saved the market from going negative while other investors reshuffled their portfolios based on upcoming earnings expectations about the stocks whose financial year ends in December, said International Leasing Securities Ltd in its daily market review.

Turnover rose 8.4 per cent to Tk 616.4 crore.

The losers took a modest lead over the gainers as out of a total of 353 traded issues on the premier bourse of Bangladesh, 45

advanced, 49 declined, and 259 remained unchanged.

Among the sectors, ceramic rose 1.3 per cent, tannery added 0.9 per cent and textile was up 0.3 per cent. The jute sector fell 1 per cent, the travel sector slid 0.9 per cent and the paper sector gave up 0.6 per cent.

Investors' activity was mostly centred on the pharmaceuticals and IT sectors, which

Opportunist investors' buoyancy in ceramic, tannery, textile and pharmaceuticals saved the market from going negative

accounted for 25.1 per cent and 15.2 per cent of the turnover, respectively.

Monno Ceramic Industries topped the gainers' list on the DSE, rising 9.94 per cent. Tamijuddin Textile Mills also rose more than 9 per cent, while Kohinoor Chemicals Company and Jute Spinners were up more than 8 per cent.

Intraco Refueling Station shed 4.78 per cent, the sharpest among the losers. Paper Processing & Packaging, Sonali Aansh Industries and Pragati Life Insurance each fell over 3 per cent.

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Oil tankers wait at anchorage in the Black Sea off Kilyos near Istanbul. Oil pared gains after rising by over \$1 earlier in the session before closing at \$78.61 per barrel yesterday, as declining optimism over a Chinese oil demand recovery capped support from supply disruptions.

PHOTO: REUTERS