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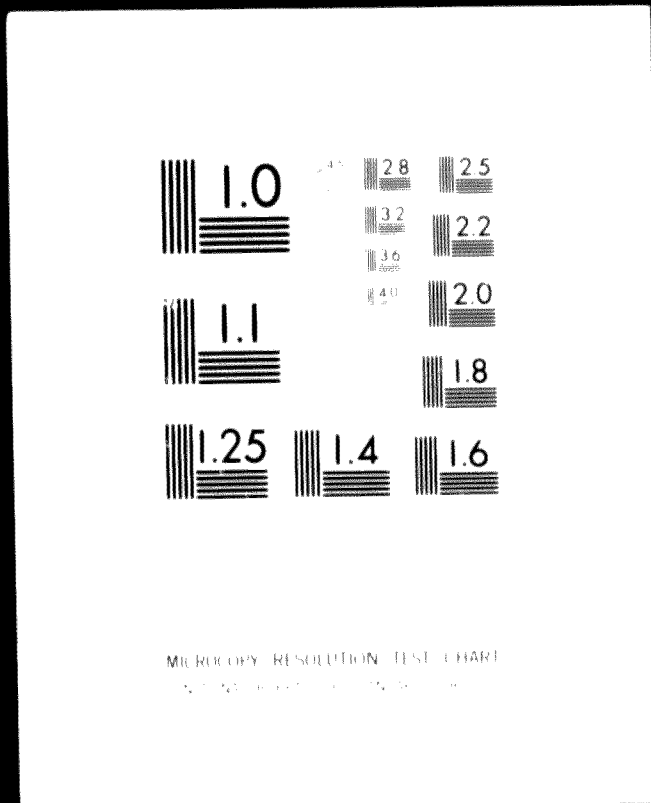
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PROJECT INFORMATION SHEET

United Nations Industrial Development Organization

PAK-04-71

SECOND ASIAN MEETING TO
PROMOTE INDUSTRIAL PROJECTS 1/

SINGAPORE, 3-11 November 1971



JUTE BACKING CLOTH

COUNTRY	Pakistan (East)
PROJECT	Changing from twine to jute backing cloth manufacturing
FOREIGN CONTRIBUTION REQUIRED	Loan/Supplier's Credit (guaranteed) slightly over US\$ 1 million

1/ Sponsored by: The Economic Commission for Asia and the Far East (ECAFE)
The United Nations Industrial Development Organization (UNIDO).

187
451

IMPORTANT NOTICE

The basic purpose of this meeting is to provide an Exchange or Market Place for the initiation of contacts on specific industrial projects between their proponents from the Asian countries and potential suppliers of capital, finance, equipment or know-how, as the case may be, from the industrialized countries.

This Project Information Sheet has been prepared as a basis for such contacts. Its purpose is not to present detailed information about the project but to provide the recipient with an outline sufficient to determine tentative interest in principle. Any further available information on the project will be furnished on request to interested parties at the Meeting.

Experience has shown that industrialists frequently prefer to carry out their own further investigations in detail into projects in which they are interested, but assistance from UNIDO in these matters can be rendered to the Asian country concerned on request.

This Information Sheet contains only the information supplied to UNIDO by the proponent of the Project. UNIDO can therefore take no responsibility for its accuracy.

JUTE BACKING CLOTH

I. INTRODUCTION

a) The Project

The Company envisages changing in an existing factory from production of twine to jute backing cloth with a yearly production capacity of 3375 tons. 50 broad looms will be installed together with some back process, preparatory, spinning and finishing equipment.

b) Foreign Contribution Required

Loan or Supplier's Credit of slightly over US \$1.0 million repayment guaranteed by PICIC (Pakistan Industrial Credit Investment Corporation). Of the total investment of US \$1,949,000, US \$941,000 will be provided from local sources in Rupees (increase of paid-up capital, customs debentures and internal cash generation).

c) Government Attitude

Jute manufacturing is one of the country's most important industries from the economic point of view for employment, contribution to GNP, export earnings and use of indigenous raw material. The expansion of the jute backing cloth industry is included in the Fourth National Development Plan.

II. COMMERCIAL ASPECTS OF THE PROJECT

- The production of 3375 tons is based on 100% utilization of the capacity in 3 shifts. Almost the whole production will be exported. In 1969-70 about 32,000 tons were exported with a value of about US \$17 million.
- Proposed price of jute backing cloth, ex factory
(per ton) US \$546.22

- The number of broadloom, has increased at a fast rate over the past few years, the reason being that it is a relatively new field and it is not seriously threatened by the substitutes. In January 1971 there were 1,800 broadlooms and an increase to 4,000 in 1974-75 is targeted.

III. PHYSICAL ASPECTS

- a) Location. The plant is located at Fatulla 6 miles from Dacca in East Pakistan.
- b) Land. There is sufficient space for the project and future expansion within the existing facilities.
- c) Labour. The required labour of 540 skilled and 80 unskilled is easily available.
- d) Raw Materials. The plant is situated in a jute district and availability of raw material poses no problem.
- e) Infrastructure. The site of the existing mill has all the necessary infrastructure facilities. River transport for the movement of raw materials and finished goods is also available.
- f) Utilities. Provided in the existing plant.

IV. ECONOMIC ASPECTS

- a) Importance. The jute industry accounts for 24% of the total exports of Pakistan, contributes 15% towards GNP and employs 100,000 workers and is therefore the largest of all manufacturing industries.
- b) Incentives. The following incentives will be granted for the project:
 - Tax-holiday for 6 years
 - Reduced import duty on machinery (30% of C+F price)
 - Facility for paying import duty in instalments over 5 years
 - Guarantee by PICIC for the repayment of the loan/supplier's credit, under the Government's repatriation guarantee.

V. FINANCIAL ASPECTS

1) Composition of Investment

	(US \$ in 000)		
	<u>Local</u>	<u>Foreign</u>	<u>Total</u>
	<u>Cost</u>	<u>Cost</u>	<u>Cost</u>
a) Pre-investment Cost	-	-	-
b) Assets	-	-	-
Land	-	Existing	-
Buildings	168	-	168
Machinery	609*	1,008	1,617
Others	80	-	80
c) Estimated working capital	<u>84</u>	<u>-</u>	<u>84</u>
Total:	941	1,008	1,949
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2) Proposed Financial Plan

	(US \$ in 000)		
	<u>Local</u>	<u>Foreign</u>	<u>Total</u>
Foreign loan/supplier's credit**		1,008	1,008
Increase in paid-up capital	736	-	736
Customs debentures for import duty deferment	151	-	151
Internal cash generation	<u>54</u>	<u>-</u>	<u>54</u>
Total:	941	1,008	1,949
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* Including import duty, freight, erection, installation and interest during construction.

** To be guaranteed by PICIC.

VI. ADDITIONAL RELEVANT INFORMATION

a) Project presented by:

Hussain Jute Mills Limited
4 North Brook Hall Road
Dacca - 1
East Pakistan

b) Legal Structure

Hussain Jute Mills is a public limited company. It was incorporated in 1961 with an authorized capital of Rs 5.00 million of which Rs 1.497 million is presently paid up. The existing private limited company would be converted into a public limited company and its paid-up capital raised to Rs 5.0 million through additional cash issue.

c) Documentation

PICIC has appraised the economic, technical and financial viability of the project. This appraisal report would be made available for review on request.



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