



**TOGETHER**  
*for a sustainable future*

## OCCASION

This publication has been made available to the public on the occasion of the 50<sup>th</sup> anniversary of the United Nations Industrial Development Organisation.



**TOGETHER**  
*for a sustainable future*

## DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

## FAIR USE POLICY

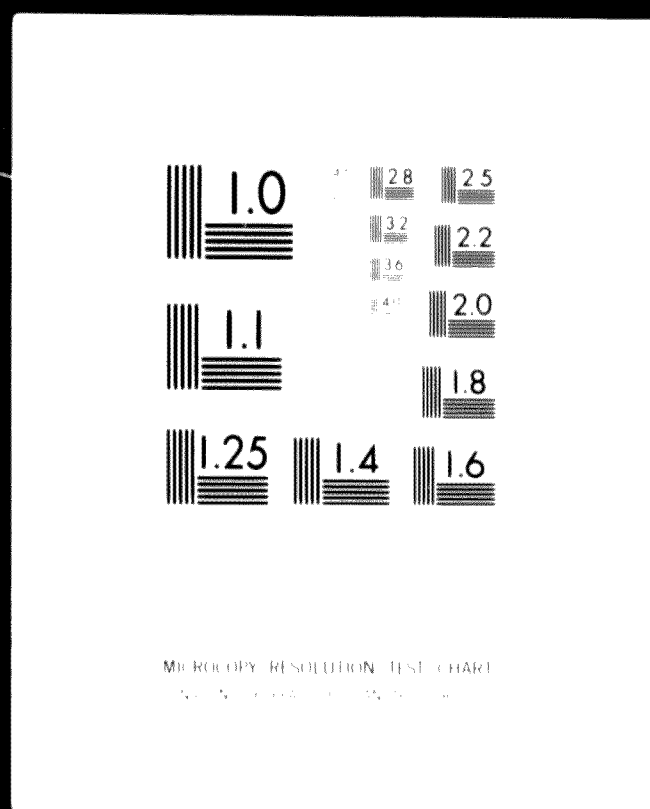
Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

## CONTACT

Please contact [publications@unido.org](mailto:publications@unido.org) for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at [www.unido.org](http://www.unido.org)

1 OF 1  
00785



MICROCOPY RESOLUTION TEST CHART  
NBS 1963-A

24x  
C



00785



PROJECT INFORMATION SHEET

PAK-27-71

United Nations Industrial Development Organization

SECOND ASIAN MEETING TO  
PROMOTE INDUSTRIAL PROJECTS<sup>1/</sup>

SINGAPORE, 3-11 November 1971



JUTE FELT

COUNTRY	Pakistan (East)
PROJECT	Manufacture of waste jute felt and plastic coated felt. Capacity: Ordinary felt - 2 million sq. ft. per annum. Coated felt - 1 million sq. ft. per annum Investment: \$1,000,000
FOREIGN CONTRIBUTION REQUIRED	- Equity (\$460,000 majority) - Loan (\$80,000) - Know-how - Marketing - Management

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

1977

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 FELT

I. INTRODUCTION

. The Project

This is a project to manufacture jute felt (from waste) and plastic coated jute fabric. These two products are in great demand in the domestic and overseas markets for packing, thermal insulation, upholstered furniture and so on. As there are no existing plants to manufacture these products in the country, Pakistan is presently importing \$ 500,000 worth annually, although about 60% of the total output of jute in the world is produced in Pakistan. With a total investment of \$ 1,000,000 the proposed plant will produce about 2 million sq. ft. of ordinary felt and 1 million sq. ft. of coated felt per annum.

. Government Attitude

The jute industry is Pakistan's prime industry and the government therefore gives the first priority to new industrial undertakings which contribute in whatever form to the growth of the jute industry.

. Foreign Contribution Required

Out of the total investment of \$ 1,000,000 a foreign exchange component of \$ 540,000 will be needed in the form of equity participation, amounting to \$ 460,000 and a loan of \$ 80,000. The foreign partner will also be required to furnish technical know-how, management and marketing.

II. COMMERCIAL ASPECTS OF THE PROJECT

- Total Domestic Consumption

The total domestic requirements for both ordinary felt and coated felt are estimated at just below 1 million sq. ft., valued at US\$ 750,000 all of which is at present met by imports from USA, UK and Japan. The requirements are expected to rise to 5 million sq. ft. by 1975.

- Domestic Supply

There is no existing plant to manufacture jute felt in the country.

- Projected Export

Once the project is implemented it will be possible, supported by the cheaper cost of the raw material and labour, to export about 3 million sq. ft.

- Proposed Productive Capacity

Ordinary felt: 2 million sq. ft. per annum

Plastic coated felt: 1 million sq. ft. per annum

- Prices of the Products

		<u>US \$ per sq. ft.</u>
Proposed price: (ex-factory)	Ordinary felt	0.45
	Coated felt	0.90
Imported price: (landed, custom cleared)	Ordinary felt	0.90
	Coated felt	1.80

III. PHYSICAL ASPECTS OF THE PROJECT

- Location

Tongi Industrial Area, Dacca, East Pakistan.

- Land/Buildings

1.25 acres of land and 30,000 sq. ft. of building seem to be necessary.

- Labour

Labour in both unskilled and skilled categories is abundantly available at the following wages:

Unskilled: US \$1 per worker per 8 hour shift

Skilled: US \$5 per foreman or supervisor per 8 hour shift.

- Raw Materials

Jute waste is abundantly available locally. Plastic raw materials are imported at \$ 0.60 per kg at the plant site.

- Infrastructure

Railway and road facilities are available. Chittagong port is 100 miles from the site.

- Utilities

Power, water and fuel oil will be available at the plant site.

IV. ECONOMIC ASPECTS OF THE PROJECT

- Incentives

- a) There is no restriction on the remittance of current profits to the original country of investment.
- b) Foreign capital in approved industries may be repatriated to the extent of the original investment to the country of investment as per regulations in force at that time.
- c) Any part of profit accrued from investment and ploughed back into approved industrial projects with the government's approval may also be treated as investment for repatriation purposes.
- d) Appreciation of any capital investment under (b) and (c) may also be treated for repatriation purposes. Repatriations will be subject to exchange control regulation in force from time to time.
- e) Import duty on capital machinery and component parts has been fixed at 30% in East Pakistan, (50% in West Pakistan), of which 15% is to be paid in cash against customs clearance and the remaining 15% is payable by installments over two years.
- f) Depreciation is allowed at 25% on new plant and machinery. Extra allowance is also admissible at 50% and 100% of the normal rates for double and triple shift working.
- g) Six years tax holiday is granted to new industrial undertakings in the Dacca area.

V. FINANCIAL ASPECTS OF THE PROJECT

- Composition of Investment

(in US\$)

	<u>Local Cost</u>	<u>Foreign Exchange</u>	<u>Total</u>
Pre-investment cost	20,000	10,000	30,000
Assets			
Land	70,000	-	70,000
Building	130,000	-	130,000
Machinery	100,000	450,000	550,000
Working capital	<u>140,000</u>	<u>80,000</u>	<u>220,000</u>
Total	<u>460,000</u>	<u>540,000</u>	<u>1,000,000</u>
	=====	=====	=====

<u>Proposed Financing Plan</u>	<u>(in US\$)</u>		
	<u>Local Cost</u>	<u>Foreign Exchange</u>	<u>Total</u>
Equity	320,000	460,000	780,000
Loan capital	140,000*	80,000	220,000
Total	<u>460,000</u> =====	<u>540,000</u> =====	<u>1,000,000</u> =====

\* To be raised from local sources.

VI. ADDITIONAL RELEVANT INFORMATION

- The Project is presented by

Mr. Mahmud Hossain  
Managing Director  
Kafiludin Bros. Ltd.  
c/o Purbasha Consultants  
21, Motijheel Commercial Area  
Dacca 2  
East Pakistan

- Proposed Legal Structure

A public limited company, formed by the foreign partner. The proponent and private shareholders will be incorporated for implementing the project.

- Documentation

A detailed marketing study and feasibility study of the project is being prepared by the proponent.





**B - 345**



**80.11.21**