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Cover Story: The Handicraft Industry in Bangladesh: A Detailed Report on the Market, Business Model, and Consumers' Perspective

ECRL Thought: Mitigating Food Insecurity in Bangladesh: Coordinated Strategies for Sustainable Solutions

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The Handicraft Industry in Bangladesh: A Detailed Report on the Market, Business Model, and Consumers' Perspective

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Abstract

The Handicraft Industry in Bangladesh is a vital contributor to the country's culture and global economy, facing both growth prospects and challenges. This study examines the industry's global and local landscape, product categories, business models, costs, exports, and consumer preferences. The global handicraft market is flourishing, reaching USD 752.2 billion in 2022, and it is set to hit USD 1,296.6 billion by 2028. Bangladesh, a significant exporter, employs 1.48 lakh people, generating BDT 2,380.6 crore in 2022. Bangladesh's handicraft sector anticipates steady growth, contributing 5.7% to the economy by 2026. This study looks into the business model of this sector and outlines startup intricacies, covering investment, production, labor, marketing, and distribution. Although handicraft exports from Bangladesh slowed in FY2023 as compared to FY2022, they are offering opportunities arising from a change in lifestyle to eco-friendly products globally, cultural promotion, and government policies. The sector faces challenges such as utility crisis, skill development, quality control, and raw material price fluctuations. Nevertheless, this study also includes consumer preference analysis highlighting young to middle-aged buyers with varying incomes and education levels. While purchases are infrequent, satisfaction is high, and recommendations are likely. Preferences lean towards Pottery/Ceramics, Textiles, and Woodcraft. Bangladesh's handicraft industry holds growth potential with strategic interventions, government support, infrastructure enhancements, and a focus on sustainability that can propel the industry, showcasing the country's rich cultural heritage on the global stage.

1. Introduction

With the rising global awareness of the environment, the world is moving towards eco-friendly and recyclable products, boosting the demand for handmade or handicraft products, which are made of natural materials. Bangladesh's handicraft industry has been flourishing over the years, and even export earnings increased during COVID-19. Although the sector experienced sluggish export earnings in FY2023, it is estimated to grow 5-6% by the year 2026 locally, and the global market is expected to grow at 9.5% by 2028 (Research and Markets Ltd, 2023). In contrast, the Asia Pacific handicraft market is forecasted to grow by 11.8% (IMARC Group, 2023). The industry has an increasing demand for traditional crafts and products due to changing lifestyle trends, high growth potential in urban areas, supportive government initiatives and programs, and increased promotional efforts by local artisans.

Notably, Bangladesh's handicraft industry has successfully expanded into the global market, exporting its products to countries like the USA, the UK, Germany, France, Italy, Japan, Canada, Australia, and many others. The handicraft industry has played a significant role in the country's economy, generating employment opportunities and preserving traditional skills and techniques. However, with a 0.05% contribution to the GDP of the country and some slower export earnings, Bangladesh would need to adopt different strategies to increase its market share globally. The industry also faces some issues, such as lack of variety, design, and quality, high price and unavailability, unreliable brand and low awareness, competition from other countries and products, and lack of innovation and technology.

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For instance, a study reveals that studies on handicrafts and handicraft branding have a significant positive impact on the demand for handicraft products, as handicraft branding attracts potential customers' attention to handicraft products and increases the likelihood of sales (Sawrov, 2023).

This report aims to provide a comprehensive and in-depth analysis of the handicraft industry in Bangladesh, covering its historical background, global scenario, current situation and importance in Bangladesh, strengths and weaknesses, opportunities and threats. The report uses data and information from various sources, such as market reports, government statistics, academic studies, and media articles, to support its analysis and recommendations. Moreover, in-depth information based on interviews with a few insiders and research findings, the basic cost information, along with the business model, is discussed in the latter sections. The report also conducts a consumer preference analysis, using an online survey method to collect data from 20 respondents within the Dhaka metropolitan area. The survey measures the consumers' attitudes and demands for handicraft products and their preferences for different types. The survey also ranks the factors that affect the purchase decisions, the benefits and challenges of buying handicrafts, and the types and reasons for buying handicrafts. The data is analyzed using summary statistics techniques and weighted scores. The results and discussion of the consumer preference analysis are presented in the concluding sections.

2. Global Scenario

The handicrafts market is thriving globally due to growing interest in environmental safety, art, and culture. Micro and small enterprises, particularly in developing countries, involve artisans from poor communities in crafting valued artworks. Handicrafts have become more accessible through online retail and e-commerce channels, which has boosted global sales. Key importers of these products are the U.S.A., France, the U.K., Germany, Spain, Netherlands, Japan, and Hong Kong. On the other hand, major exporters of handicrafts are China, Vietnam, India, Bangladesh, Colombia, and South Africa. Asian countries such as China, India, Vietnam, and Indonesia are leading exporters of handicrafts in the region. China has the largest market share at 59.12% in 2022 (6Wresearch, 2023).

The global market size reached in 2022

USD 752.2 BILLION

Projected to reach USD1,296.6 billion by 2028 (CAGR of 9.5%) (Research and Markets Ltd, 2023). Nevertheless, another report projected that the Asia Pacific handicraft market will reach USD 340.8 billion by 2028, exhibiting a growth rate (CAGR) of 11.8% during 2023-2028 (6Wresearch, 2023). During the pandemic, handicraft sales thrived and boosted online sales.

The report additionally highlighted the United States, Germany, Japan, the United Kingdom, France, the Netherlands, Australia, and Korea as prospective markets for exporting handicrafts through the e-commerce platform. Natural materials like jute and recycled fibers align with the trend toward sustainable living. The World Economic Forum reports that 86% of people are seeking significant post-COVID change for a fairer and more sustainable world (BANGLACRAFT, 2023).

3. Basics of Handicraft Industry in Bangladesh

The handicraft items of a country carry unique traditions, culture, and community, which are manifested through local craftsmanship and different available local materials. This market has not only grown locally but has reached the international market, exchanging and sharing cultural views and traditions. Increased globalization has commoditized handicrafts, making artisans compete at the international level. Traditional artisan communities are no longer isolated, as fashion trends, consumer patterns, and economic conditions worldwide influence the crafts market.

3.1. Historical Background

Bangladesh has a rich history of producing a wide range of handmade crafts, including textiles, pottery, metalwork, woodwork, and basketry, all known for their intricate designs, vibrant colors, and skilled craftsmanship. The handicraft industry in Bangladesh has been shaped by different cultures and dynasties that have ruled over the land. The Mauryans, Guptas, Palas, Senas, Mughals, and British have all had an impact on the artistic and aesthetic aspects of the handicrafts as well as the techniques and materials used to create them. This influence has left a lasting mark on the handicraft industry in Bangladesh. For example, the Mughals introduced the art of zari (gold and silver embroidery) and muslin (fine cotton fabric) to the region, while the British introduced the use of jute and leather as raw materials (Handicrafts - Banglapedia, 2021). After Bangladesh gained independence in 1971, the handicraft industry became an important source of income, employment, and empowerment for rural and marginalized artisans, particularly women. It also played a key role in preserving and promoting the cultural heritage and diversity of the country while allowing craftsmen to express their creativity and individuality.

However, the handicraft business after independence was small with a minimal investment. The handicraft products were mostly established in rural areas where the artisans were mostly women who used to work from home and helped contribute significantly to this sector. Over the years, the products received popularity in the foreign market, which helped this sector flourish and earn handsome foreign currency through export, and the local heritage received recognition in the international market.

The industry received support from various government and non-government organizations, social enterprises, and NGOs, to help artisans with skill development, marketing, and export (Handicrafts - Banglapedia, 2021).

3.2 Present Scenario of Bangladesh

The handicraft industry in Bangladesh is a thriving and dynamic sector that produces a diverse range of products, including wood ware, art metal ware, hand-printed textiles and scarves, embroidered and crocheted goods, zari and zari goods, imitation jewelry, sculptures, and more. This industry serves both local and global markets and has been steadily growing over the years. However, like any other industry, it faces some challenges as well.

5.70% steady growth and is estimated to grow by 2026

Currently, the industry in Bangladesh has been experiencing steady growth and is estimated to grow 5.7% by 2026 (6Wresearch, 2023). The sector is contributing significantly to the employment of Bangladesh and also providing opportunities for female employment in the rural regions. According to a survey by the Bangladesh Bureau of Statistics (BBS), the industry employed around 1.48 lakh people in 2022, with roughly 56 percent of them being female the survey also states that Bangladesh has a total of 73,542 handicraft establishments across the country, of which 97.6 percent are household-based. Female entrepreneurs dominate the industry. The sector generated a total revenue of BDT 2,380.6 crore in 2022, with an average revenue of BDT 3.26 lakh per establishment as per handicraft factories survey from December 2022 to January 2023 by the Bangladesh Bureau of Statistics (BBS) (Zaman, 2023).

The industry employed **1.48** LAKH PEOPLE around in 2022

Key players in the sector involved in domestic supplies as well as exporters are:

- Non-Government Organization (NGO) exporters of Handicrafts. (Eg. Arong)
- NGO-supportive product house (Non exporters)
- Private manufacturers /exporters. (Eg. Various jute good manufacturers)
- Small private manufacturers (Non-exporters, eg. Naksha, Rang, Nabarupa, etc.)

The sector generated a total revenue in 2022 **2,380.6** BDT in Crore

3.3 Importance of the handicraft sector in Bangladesh

The impact of the industry is notable in empowering rural artisans, especially women, by providing them with opportunities for income generation and economic independence. In recognition of the sector's potential, the government of Bangladesh has taken various initiatives to support its growth. These measures include the establishment of dedicated handicraft villages, the implementation of training and skill development programs, and the organization of trade fairs and exhibitions that promote local artisans and their products. Over the last few years, there has been a significant shift in the handicraft industry towards combining modern designs and techniques with traditional craftsmanship. This blending of traditional and contemporary elements has expanded the market for Bangladeshi handicrafts, making them more appealing both locally and internationally.

4. Major Product Categories

Jute products are handicraft items, including bags, baskets, mats, rugs, carpets, curtains, and more, which are made from jute fiber, a natural, eco-friendly material. Jute products are both durable and biodegradable, making them a versatile option that is in high demand both domestically and internationally.

Handloom sarees: Cotton, silk, or khadi handloom sarees featuring diverse designs like jamdani, muslin, banarasi, etc., are crafted in various regions across Bangladesh, including Dhaka, Tangail, Kushtia, Pabna, Joypurhat, and Comilla.

Nakshi Kantha: It is a type of embroidered quilt that is made using old or new cloth. It features various motifs such as flowers, animals, birds, and geometric shapes that depict the traditional art form that originated in rural Bengal. Today, it is a widely appreciated symbol of Bangladeshi culture.

Shital Pati: It is a type of mat made by weaving green cane strips in intricate designs and colors. It is generally used as a floor covering, bed sheet, or wall hanging and is known for its cooling effect during hot weather. The production of Shital Pati is mainly centered in Sylhet, where it has been recognized as an intangible cultural heritage by UNESCO.

Pottery and terracotta: represent a clay-based handicraft encompassing a range of items like pots, vases, plates, cups, figurines, and more. These creations hold significance for household, religious, and decorative applications, reflecting Bangladesh's rich ancient history and heritage.

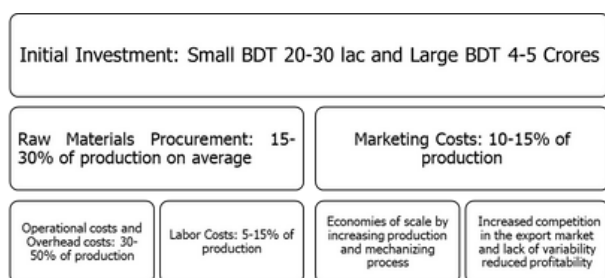


5. Establishing the Business and Business Model

Starting a business requires a clear vision and mission, which can be communicated through a traditional or lean startup plan, and it should also include short and long-term goals. ECRL interviewed and spoke with a few industry experts and handicraft owners regarding the business model and different aspects of the sector, who shared different costing and investment insights for the sector.

5.1. Establishing the Business

A business model can have various formats. For an understanding of this business, ECRL has compiled the business findings and cost information based on secondary research data and interviews.



Primary Information: The initial step of establishing a business includes choosing the types of products to be manufactured and choosing the target market, then legal registration of the business with relevant licenses and permissions, factory and store setup, sourcing raw materials, and hiring manpower for production operations.

As per industry insiders, the investment cost will depend on the type and scale of the products, the location and size of the factory, the equipment and tools needed, the raw materials used, the packaging and transportation costs, the marketing and branding expenses, and the legal and regulatory fees. The findings from the interview suggest that the maximum portion of the initial investment will depend on the procurement of machinery based on the firm's final products.

Minimum Investment: The experts also stated that the ideal initial investment required for a small-scale business is around BDT 20-30 lac, while for large export-oriented businesses, the minimum investment ranges from BDT 4-5 crores on average.

Raw Materials Procurement: The firms collect raw materials, such as jute, cotton, wood, metal, wool, cane, etc., from local suppliers, such as farmers, traders, agents, etc. The price of the raw materials is negotiable based on the quality and quantity of purchase. The raw materials are transported to the production units or warehouses by the suppliers. The raw materials procurement cost depends on the type of products the firms will produce. The cost can vary with the production capacity and the production size, and on average, it ranges from 15% to 30% of the production value.

Production and Operation: The artisans process the raw materials to manufacture them into finished handicraft products. Most tools used in this craft are traditional and require manual operation, such as looms, needles, scissors, and similar items. The artisans use traditional tools and manual skills, as well as some mechanized processes, to create various products, such as textile garments, home décor, kitchen essentials, furniture, stone crafts, paintings, bags, jewelry, footwear, jute goods, etc. The production process is labor-intensive and requires training and supervision. The products are checked for quality, and compliance with the buyers' standards and specifications is maintained. The companies try to achieve economies of scale by increasing production and mechanizing the production process.

The operational costs and overhead costs include utility and labor costs. The costs will vary depending on the size of the firm, the specific production unit, and the type of machinery used. On average, it comprises 30% to 50% or more of the production value.

Labor: The labor cost can vary by 5% to 15% of the production value. The main costs incurred are procurement, labor wages, and sometimes infrastructure fulfillment. The artisans or laborers have low costs, and training is also given if they have no experience required for this. The industry is a major employer of rural artisans, particularly women, who sometimes work from their homes or in small workshops. The laborers also include men or women from minority groups. These artisans receive training from SMEs, NGOs, and social enterprises like Aarong and BRAC. The laborers get compensation based on the number of pieces they produce or through a contract, depending on the product and the buyer.

Marketing and Distribution: The cost may vary depending on the size and type of firm. The businesses may have marketing costs of 10-15% of production on average. Marketing involves the use of marketing tactics, visual display designs, and competitive pricing strategies, which can include discounts, to promote and sell products effectively. The products can be customized according to the customers' demands.

The firms or companies may have physical warehouses from where the products are transported to the buyers through various channels, such as wholesalers, retailers, online platforms, or direct sales outlets. However, usually, the small firms have their own sales outlet where they sell directly. The products are delivered on time and in good condition. The exporting manufacturing companies target the global consumer market and export to different countries like Australia, Canada, the USA, France, Sweden, Norway, Turkey, and so on. Not only showrooms but also famous brands and small businesses chose e-commerce to sell using digital platforms like websites, affiliations with other existing platforms like Daraz, Facebook, and Instagram, and application interfaces.

Profitability of the Business: As per the insiders and the export data, the demand for and export of handicraft goods have accelerated during the pandemic, although the prices have fluctuated. Earlier profit was 10%-15%, but now it is only 5%-6% due to increased competition from other countries in the export market and lack of variability. However, with the government's support, such as cash incentives, tax breaks, and additional help required for product research and innovation, the sector will flourish.

Final Customer and Services Provided: The buyers and the end customers are provided with after-sales services, such as warranty, repair, replacement, or refund, for any defective or unsatisfactory products. The buyers and the end customers are also offered discounts, sales, and credit facilities to encourage repeat purchases and loyalty. The buyers and the end customers are also given feedback and suggestions to improve the products and the services.

5.2. Business Model Canvas

- **Key partnerships:** various local suppliers, Labor-intensive production units, local retail sellers, prominent foreign brands
- **Key activities:** available raw materials locally, low cost of labor, experience and trained skills of work, customization of products, merchandising
- **Essential resources:** rural artisans, particularly women and minority groups; training from SMEs, NGOs, and social enterprises;
- **Value proposition:** biodegradable and environmentally friendly,
- **Customer relationships:** discounts and sales on products to help customers. The firms provide after-sales services and a return policy for defective items
- **Customer segments:** customer ranges for different types of businesses, opting for e-commerce platforms
- **Channels:** showrooms, e-commerce
- **Cost structure:** raw material, labor, operation, economies of scale,
- **Revenue streams:** sale of a variety of products, export earnings, earn a commission on reselling

5.3. Supply Chain

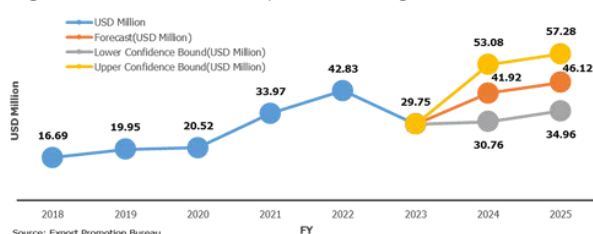
Different stakeholders of this business contribute accordingly to the supply chain, starting from the raw materials procurement till the product reaches the final consumers as explained earlier. The supply chain process is illustrated in the following flow chart.



6. Export of Handicrafts from Bangladesh

The export of handicrafts from Bangladesh has experienced consistent expansion, with these products now making their way to numerous countries worldwide. This surge in exports not only contributes to foreign exchange earnings but also enhances Bangladesh's international standing in the handicraft sector. The sector has a 100% tax exemption on income derived from the export of handicrafts and cash incentives of 10% on the export of handicrafts produced from certain items.

Figure 1. Handicraft Export Earnings



The export data from EPB (Export Statistics Book, 2023), as illustrated in Figure 1, depicts that the export earnings in the handicraft sector have followed an upward growth since FY 2020 (during the COVID period) after a steady pace in the past three years. After reaching the highest at USD 42.83 million in FY2022, the earnings from exports fell in FY2023. According to industry experts, the fall has resulted from competition from other countries like India, China, Vietnam, and other handicraft exporting countries. Another reason is the diversification of the products made from natural raw materials, which is very low in Bangladesh and requires more government incentives for research and development. ECRL's forecast predicts that handicraft exports will increase by over 10% on average in the next two years, with a deviation of approximately 24% in the upper and lower bounds, all else being equal. According to a research forecast by 6Wresearch, the earnings from exports are expected to grow by 5.7% by 2026. Additionally, the Asia Pacific handicraft market is expected to grow at a rate of 11.8% by 2028 (6Wresearch, 2023).

With more investment and support from the government, the handicraft industry in Bangladesh is anticipated to thrive even more. Initiatives are underway to improve product quality, broaden market reach, and establish a sustainable ecosystem for artisans. The industry stands to benefit from the increasing global interest in handmade and environmentally friendly goods and the growing demand for unique items with cultural significance.

7. Opportunities

GSP Certificates and MOUs with different countries: with the extension and issue of GSP certificates for the least developing countries like Bangladesh, different countries are allowing an opportunity for Bangladesh to enjoy duty-free access to international markets (Mirdha, 2023).

Cultural Heritage: Bangladesh is a country with rich cultural diversity. The nation takes pride in a variety of traditional crafts, including pottery, terracotta, textile weaving, basketry, woodwork, metalwork, and jewelry making. These crafts have enormous potential to promote Bangladesh's cultural heritage within the country and across the globe.

Growing Global Demand: Bangladesh has a thriving handicraft industry with significant export potential. The country earns foreign exchange from more than 50 countries by exporting unique and skillfully crafted products that are highly sought after by international buyers, particularly those who are looking for traditional and handmade items. In the fiscal year 2021-22, the export of handicraft commodities increased by 26.08% compared to the previous year, reaching a total of USD 42.83 million.

Government Policies and Support: Support from the government includes a 10 percent incentive on handicraft exports. Sustainable and eco-friendly practices are increasing globally, and Bangladesh is also promoting environment-friendly bags. By promoting these industries, Bangladesh can showcase its commitment to environmentally responsible practices, catering to the growing global demand for sustainable products.

8. Challenges

Utility Crisis and Technology Constraints: The recent fluctuations in power supply and shortage of gas have impacted the production process. Insufficient infrastructure, including transportation, power supply, and basic amenities, can hinder the growth of the sector. Limited access to modern tools, equipment, and technology also affects productivity and efficiency, making it difficult for artisans to increase production and meet market demands.

Skill Development and Training: While traditional craftsmanship is prevalent in Bangladesh, there is a need for continuous skill development and training to adapt to changing market demands and trends. Lack of access to training programs and capacity-building initiatives can limit artisans' ability to enhance their skills, develop new designs, and improve product quality.

Quality Control and Standardization: Maintaining consistent product quality and adhering to international standards can be challenging for artisans in the handmade products sector. Lack of awareness and training on quality control practices, as well as limited access to testing and certification facilities, can affect the industry's reputation and competitiveness in the global market.

Inflation and Raw Material Price: Handmade products have experienced an increase in production cost due to inflation and fluctuation in the price of raw materials. Small businesses have lost the ability to remain profitable and competitive in the current environment.

9. Consumer Preference Analysis

9.1. Materials and Methods

In this industry analysis, primary data was acquired through a non-probability sampling approach known as convenience sampling. The data was collected within the Dhaka metropolitan area of twenty samples, employing a structured questionnaire. Due to time constraints and to reduce survey costs, this study has chosen a convenience sampling method and twenty individuals. In the data analysis process, summary statistics techniques were employed. Finally, this study determined the weighted scores on different factors for purchase considerations.

9.2. Results and Discussion

Table 1. Summary Statistics

Variables	Mean	Std. Dev.
Age		
18-24	0.1	0.308
25-34	0.5	0.513
35-44	0.35	0.489
45-54	0.05	0.224
Gender		
Male	0.65	0.489
Female	0.35	0.489
Education		
Secondary school	0.05	0.224
College or University	0.35	0.489
Postgraduate or higher	0.6	0.503
Occupation		
Student	0.1	0.308
Self Employed	0.2	0.41
Employed (Part/Full Time)	0.7	0.47
Monthly Income		
Less than BDT 10000	0.05	0.224
BDT 10000 to 19999	0.1	0.308
BDT 20000 to 29999	0.25	0.444
BDT 30000 to 39999	0.1	0.308
BDT 40000 or more	0.5	0.513
Frequency of Purchase		
Often	0.15	0.366
Sometimes	0.35	0.489
Rarely	0.45	0.51
Never	0.05	0.224
Medium of Purchase		
Online	0.1	0.308
Offline	0.6	0.503
Both	0.3	0.47
Probability of Switching		
Likely	0.25	0.444
Very Likely	0.1	0.308
Neutral	0.25	0.444
Unlikely	0.2	0.41
Very Unlikely	0.2	0.41
Satisfaction		
Satisfied	0.5	0.513
Very Satisfied	0.15	0.366
Neutral	0.35	0.489

Variables	Mean	Std. Dev.
Recommendation		
Likely	0.45	0.51
Very Likely	0.2	0.41
Neutral	0.25	0.444
Unlikely	0.05	0.224
Very Unlikely	0.05	0.224
N	20	

This study presents an overview of the data through Table 1. The respondents were categorized based on various parameters, including age, gender, income, education, profession, preference, frequency and medium of purchase, factors affecting purchase, probability of switching, satisfaction with using the product, and the likelihood of recommending it. The age categories encompass four groups, with 10% of respondents falling in the 18-24 years age category, 50% in the 25-34 years age category, 35% in the 35-44 years age category, and 5% in the 45-55 age category. It can be inferred that the primary buyers of handicrafts belong to the young to middle-aged category.

Regarding gender, males purchase more than females, with males constituting 65% of the responses, while females account for the remaining 35%. Monthly income has been divided into five groups, with the first three groups consisting of 5% of respondents in the less than BDT 10000 income range, 10% in the BDT 10000 to 19999 range, and 25% in the BDT 20000 to 29999 range. The remaining two groups have 10% of the respondents, encompassing income ranges from BDT 30000 to 39999 and 50% in BDT 40000 or more range. The education level is divided into three groups, with 5% in Secondary school, 35% in college or university, and 60% in postgraduate or higher degree. In the occupation category, 10% are students, 20% are self-employed, and 70% are part or full-time employed. The socio-economic factors suggest that the major group who are employed and earning a considerable amount with postgraduate or higher degrees are purchasing handicrafts.

According to the survey, the consumers of handicrafts are rarely buying them, with 45% results, while 15% are often buyers. Only 35% purchase handicrafts sometimes, and 5% said they have never purchased them. People who were surveyed purchased mostly offline, comprising 60% of the total number, whereas 10% chose online and 30% chose both options.

When asked if they would switch to international handicraft products compared to local handicraft products, 25% chose likely, and 10% chose very likely. Meanwhile, 40% of the respondents remained equally in the unlikely and very unlikely groups, with 25% remaining neutral. 50% of the respondents who have purchased handicrafts were satisfied, with 15% who were not, and the remaining stayed neutral. Most of the respondents would recommend handicraft products to others, with 45% falling in the likely and 20% in the very likely groups.

Only 10% would not recommend an equal distribution of respondents in the unlikely and very unlikely categories. The remaining 25% were neutral.

Table 2. Preference for Handicraft Products

Particulars	Percentage
Pottery/Ceramics	70
Metalcraft	40
Jewelry	40
Woodcraft	50
Textile	65
Other Items	20

Table 2 highlights the types of handicraft products that the respondents most prefer. Notably, the respondents showed their preferences for Pottery/Ceramics (14%), Metalcraft (8%), Jewelry (8%), Woodcraft (10%), Textile (13%), and Other Items (4%). The survey results suggest that the respondents mostly emphasized pottery/ceramics, Textiles, and woodcraft products rather than other categories.

Table 3. Main Reasons to Purchase Handicraft

Particulars	Percentage
Gift Item	70
Home Decoration	65
Cultural or religious	25
Personal use	60

Table 3 highlights the main reasons for purchasing handicraft items as per the respondents' views. The participants chose handicrafts for gift items (70%), home decoration (65%), cultural or religious (25%), and personal use. The survey results indicate that the respondents purchase handicrafts mostly for others as a gift, for home decoration, and for personal use. Only a few people chose cultural or religious reasons.

Table 4. Factors Influencing Purchase Decisions

Particulars	Percentage
Design	75
Price	70
Brand	35
Variety	50
Availability	45
Quality	65
Recommendation/Suggestion	10

Table 4 highlights factors that would make one more likely to consider purchasing handicrafts. The result shows that while buying handicraft items, consumers look into factors like design (75%), price (70%), brand (35%), variety (50%), availability (45%), quality (65%), and recommendation/suggestion from others (10%). The respondents find design, price, and quality to be the most important elements when buying handicraft items.

Table 5. Benefits of Handicraft Products

Particulars	Percentage
Enhancing Personal Style	65
Preserving Cultural Heritage	55
Promoting Environmental Sustainability	50
Supporting Local Artisans	65

Table 5 highlights the benefits of handicraft products for the respondents. According to the table, enhanced personal style (65%), preserving cultural heritage (55%), promoting environmental sustainability (50%), and supporting local artisans (65%) are the benefits of purchasing handicraft products. This implies that handicrafts not only enhance personal style but also support local artisans. It is followed by the beneficial fact that our cultural heritage is preserved as we are prone to use local handmade products more, which is also environmentally sustainable.

Table 6. Challenges or Difficulties

Particulars	Percent
High Price	50
Limited Design	55
Lack of Variety	65
Unavailability	50
Unreliable Brand	45
Low Quality	10
Lack of Information	25

Table 6 reveals the challenges or difficulties the respondents experienced while purchasing handicrafts. The most challenging issue is the lack of variety (65%), followed by limited design (55%), high price (50%), unavailability (50%), unreliable brand (45%), lack of information (25%) and low quality (10%). The respondents also shared some feedback on the improvement of handicraft products or services in Bangladesh. The feedback is listed below in brief:

- Improvement in the quality and design of the products.
- Using online platforms and social media to market eco-friendly products to local and international customers
- Women and marginalized communities can be trained and empowered to improve their skills, creativity, and productivity.
- Circular economy principles to reduce waste and environmental impact
- Increase the market access and visibility of the products.
- Strengthen the capacity and skills of the artisans.
- Develop and maintain strong partnerships and networks.
- Innovate and diversify the products and services.
- Increase government support for handicraft businesses, especially small enterprises, to help them grow and compete in the international market.

9. Conclusion

The export of handicrafts from Bangladesh to various countries has been steadily increasing, leading to a rise in foreign exchange earnings. The sector has great potential for growth, especially given the growing worldwide demand for handmade, eco-friendly products. By adopting sustainable practices and staying up-to-date with global trends, the industry can further improve the present scenario. While the industry faces challenges like a lack of variety and unreliable branding, there are ample growth opportunities. Initiatives such as GSP certificates, MOUs with different countries, and government support can propel the industry to new heights. The industry's ability to innovate, diversify, and adapt to changing market trends will be crucial for its sustained success.

Based on the analysis presented in this report, businesses need to take several factors into consideration in order to be more reliable to their customers. These factors include design variation, affordability, unique features, quality, brand, and the provision of quality customer service. The report also highlights that the native people of a particular region add significant value to the production of traditional or handmade goods due to their cultural heritage and values. While the use of machinery can help accelerate the production process and achieve economies of scale, it is still important to have adequate experience and skill to ensure better efficiency and quality. In the future, strategic collaborations, skill development programs, and leveraging digital platforms for marketing and sales can further boost the global presence of the handicraft industry. By embracing both its historical roots and contemporary demands, the industry has the potential to become a significant player in the global handicraft market, contributing to the economic prosperity and cultural richness of Bangladesh.



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Mitigating Food Insecurity in Bangladesh: Coordinated Strategies for Sustainable Solutions

Food insecurity poses a significant challenge in Bangladesh, a nation grappling with various issues such as poverty, a burgeoning population, climate change, and natural disasters. The World Food Programme (WFP) defines food insecurity as the insufficient availability of appropriate nourishment to fulfill individuals' dietary requirements, hindering the ability to maintain a healthy and active lifestyle. The repercussions of food insecurity extend to adverse effects on physical and mental health, education, livelihoods, and societal cohesion.

As per the WFP's most recent survey report released in October 2023, approximately 24% of the Bangladeshi population, equivalent to 40 million people, experienced food insecurity in August, marking an escalating trend since May of the same year. Notably, 47% of individuals in low-income households faced food insecurity, in contrast to 9% in medium-income households and less than 3% in high-income households. The survey disclosed that 30% of households reported insufficient food consumption, with 74% resorting to purchasing smaller quantities of less expensive food from the market. Micronutrient-rich food consumption diminished across all households. The primary factors contributing to heightened food insecurity included elevated food prices, the impact of disasters, and income loss.

Elevated concerns about soaring food prices were evident, with 71% of households expressing heightened apprehension, perceiving it as a significant threat to their well-being. A growing number of households resorted to negative coping strategies to secure sustenance, with over 70% adopting livelihood-based approaches such as borrowing, selling assets, or accumulating debt to procure food. Stress and emergency coping mechanisms experienced a continual rise during this period, encompassing both food and livelihood-based strategies.

The findings from the WFP survey mirror those from a study conducted by the South Asian Network on Economic Modeling (SANEM) in March of the same year. SANEM surveyed 1,600 low-income households across eight divisions to assess the impact of inflation on their living conditions. The results indicated that over 70% of impoverished households reduced their food consumption, particularly of meat, fish, and eggs, opting for lower-quality alternatives, exacerbating their food security situation compared to six months prior. Coping mechanisms among these households included altering food habits, borrowing, reducing expenditures on health, education, and clothing, and depleting savings. Ninety percent of impoverished households reported changes in their food habits, while more than half slashed crucial non-food expenditures. Moreover, 75% of these households relied on borrowing from various microcredit and informal sources at high-interest rates, heightening the risk of falling into a debt trap. The prevalent issue of food insecurity in Bangladesh is predominantly attributed to the volatile nature of food prices in the domestic market, which has remained unmanageable for an extended period. The monthly inflation rate (point to point) in the country escalated from 6.2% in February 2022 to approximately 10% in September 2023. Since August 2022, the monthly inflation rates have consistently exceeded 8.5%, with recent months witnessing a troubling food inflation rate surpassing 12%. Bangladesh is currently grappling with an unprecedented inflation rate, reaching its highest level in 11 years.

Inflation detrimentally impacts the real income of individuals, particularly the impoverished, who experience diminished purchasing power for meeting their fundamental needs. The confluence of escalating food prices and diminishing real income poses a significant hurdle for the impoverished in accessing sufficient and nutritious food. This predicament is exacerbated for those with limited employment opportunities or precarious jobs, notably in the informal sector, lacking safeguards or benefits. Many in the impoverished demographic grapple with uncertainty and insecurity, as their income fails to keep pace with escalating prices, compelling them to resort to dwindling savings or loans for daily expenses.

The issue of food insecurity in Bangladesh also reflects the phenomenon of "entitlement failure" among the impoverished in securing access to food. Coined by Nobel laureate economist Amartya Sen, entitlement failure occurs when individuals lose the capacity to obtain food through legitimate means, such as production, trade, or transfer. It can transpire even when there is no aggregate shortage of food but rather a shift in its distribution or exchange. Entitlement failure may result from factors like rising food prices due to inflation, speculation, and hoarding, rendering food unaffordable for numerous impoverished individuals. It can also be influenced by social and political factors, such as discrimination, corruption, conflict, or displacement, limiting people's access to food and resources. The concept of entitlement failure challenges the conventional notion that food insecurity solely stems from food scarcity, emphasizing the significance of social and economic rights and justice in achieving food security.

Addressing food insecurity in Bangladesh necessitates coordinated and comprehensive efforts from various stakeholders. Key actions include ensuring an ample supply of food items through substantially boosting domestic food crop production, facilitating timely critical food imports, and exploring alternative import sources. Additionally, expanding government social protection programs for the underprivileged, enhancing the distribution of subsidized food items, and incorporating all impoverished individuals into social protection initiatives are essential measures. Improving the market monitoring mechanism, strengthening domestic market management, and empowering government bodies to curb unfair practices by major companies are crucial steps. Implementing pro-poor policies and programs to enhance income opportunities, access to assets and services, social protection systems, and resilience to shocks is imperative. Promoting sustainable agricultural practices that augment production, diversify crops, conserve natural resources, adapt to climate change, and reduce post-harvest losses is vital. Lastly, elevating nutrition awareness and education, particularly among women and children, regarding the significance of a balanced diet with essential micronutrients is essential.

These actions not only have the potential to ameliorate Bangladesh's food security but also contribute to broader development objectives, fostering a more prosperous and peaceful society.





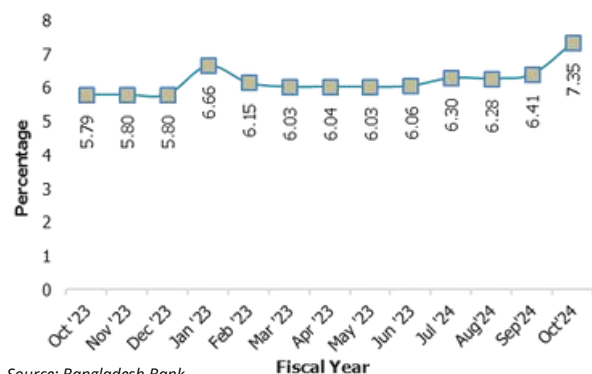
Table 1. E-Banking and E-Commerce Statistics (BDT in Crore)

Month	Cheque Clearing		Electronic Fund Transfers (Outward)		Credit Card		Debit Card	
	Transaction	Amount (BDT)	Transaction	Amount (BDT)	Transaction	Amount (BDT)	Transaction	Amount (BDT)
Sep '23	1802221	216764.37	9730251	48008.86	3725173	2281.77	35519354	34355.20
Oct '23	1813675	202943.30	19944569	49241.20	3941642	2458.20	36855390	35253.60
Nov '23	1943889	227574.56	11106837	50322.47	3875289	2459.20	37528889	36356.31
Dec '23	1801384	197398.62	9767821	49478.62	3985465	2489.38	37472910	36710.65
Jan '23	2008460	211740.57	22203302	62004.33	3988104	2506.51	38637515	36765.30
Feb '23	1740691	193732.70	23703801	54405.70	3662104	2312.90	37534747	36690.30
Mar '23	1891786	209329.20	12996763	58432.20	4049110	2652.30	42588845	42259.60
Apr '23	1721971	188385.20	27049634	61014.50	4277389	2746.40	46430289	44144.30
May '23	1911669	205373.32	18755955	57970.65	4055964	2592.48	41208606	39014.96
Jun '23	2096578	249782.60	40161362	78321.70	3905459	2583.00	45469617	45348.40
Jul '24	1709520	212489.50	11548223	61242.50	4294399	2674.40	38168410	34456.70
Aug '24	1707463	212981.20	12035293	62303.40	4356197	2591.60	39346016	37803.70
Sep'23	1,591,351	180,396.90	10,869,818	55,598.00	4,356,695	2,563.30	38,730,247	36,759.50

Source: Bangladesh Bank

In September of FY2024, electronic banking (e-banking) and electronic commerce (e-commerce) transactions displayed a varied influence when compared to the preceding month (Table 1). Specifically, there was a slight decline in the activities of cheque clearing by 6.80 percent, electronic fund transfers by 15.30 percent, credit card by 9.68 percent, and debit card transactions by 10.76 percent, respectively.

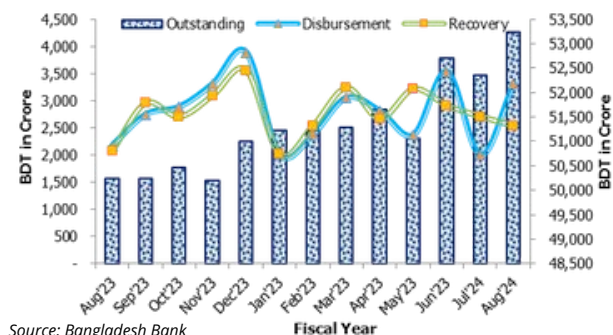
Figure 1. Monthly Average Call Money Market Rates (Weighted Average)



Source: Bangladesh Bank

The weighted average call money rate experienced fluctuations and had a fluctuating trend in the past few months and experienced an increase in October FY2024, standing at 7.35 percent (Figure 1). However, the rate in the same month of the previous year, in October FY2023, was 5.79 percent, which increased by around 26.94 percent.

Figure 2. Agricultural Credit



Source: Bangladesh Bank

The statistics related to agricultural credit financing reveal notable fluctuations in credit disbursement and recovery amounts over the past 12 months, as depicted in Figure 2. The disbursement amount increased drastically in August FY2024, following a decrease in July FY2024. Similarly, the recovery amount experienced a decrease in the past two months, June FY2023 and July FY2024. Specifically, in August FY2024, disbursement increased by 66.58 percent, while recovery decreased by 6.27 percent from the previous month. Nevertheless, the outstanding amount registered a marginal increase, reaching BDT 53,230.38 Crore.

With globalization and digitization, people prefer the internet and mobile banking. In September 2024, the number of internet banking customers increased by 7.48 percent, and subscribers of mobile banks increased by 2.59 percent compared to the previous month. Currently, agent banking has become popular in rural areas, for which the amount of money transacted through agent banking exceeded the BDT 50,000-crore mark for the first time in January 2022 and currently stands at BDT 59,312.90 crore (Table 2).

Table 2. Internet, Mobile, and Agent Banking at a Glance

Month	Internet Banking			Mobile Banking				Agent Banking			
	Customer	Transaction	Amount (BDT)	Agents	Transactions	Amount (BDT)	Subscriber	Agents	Transactions	Amount (BDT)	Subscriber
Sep '23	5,889,226	6,024,976	26,605.39	1,500,128	408,379,707	87,635.17	185,257,932	14,716	12,732,190	59,295.22	16,781,251
Oct '23	6,019,687	6,117,675	25,965.30	1,521,803	444,062,360	93,034.98	187,523,593	14,833	15,506,520	59,770.28	17,042,562
Nov '23	6,127,001	6,201,828	27,426.64	1,531,405	415,974,768	92,125.75	188,559,736	15,056	14,627,647	65,062.23	17,251,563
Dec '23	6,252,634	5,624,146	27,558.79	1,554,637	428,324,785	96,132.86	191,063,573	15,226	15,621,424	62,761.35	17,478,884
Jan '23	6,432,921	6,901,854	33,925.58	1,569,112	462,957,809	100,593.42	194,125,13	15,270	15,829,033	70,970.07	17,760,150
Feb '23	6,569,164	5,709,234	29,385.90	1,581,284	450,945,081	97,307.59	196,759,17	15,376	16,889,984	63,510.78	18,365,881
Mar '23	6,710,423	6,532,095	33,557.40	1,598,000	482,455,915	108,467.30	198,091,783	15,409	15,428,976	77,530.20	18,935,184
Apr '23	6,887,716	7,676,277	44,604.40	1,555,791	531,055,608	124,954.00	200,689,210	15,411	16,270,577	64,255.87	19,248,377
May '23	6,977,778	7,376,635	49,930.60	1,570,340	501,923,307	108,355.19	203,970,186	15,473	15,276,196	72,678.85	19,643,273
Jun '23	7,237,380	8,272,522	49,099.27	1,585,722	572,615,005	132,175.30	207,268,646	15,510	21,877,654	72,693.24	19,850,911
Jul '24	7,442,964	7,807,126	46,243.40	1,601,445	483,531,836	98,306.90	209,569,834	15,574	14,858,617	72,516.70	20,154,126
Aug '24	7,632,300	8,414,924	52,099.70	1,618,988	512,290,724	109,555.10	212,420,476	15,671	13,226,342	68,125.20	20,449,522
Sep'23	8,000,000	8,234,472	48,716.40	1,629,716	497,412,883	108,378.20	215,000,000	15,539	12,032,552	59,312.90	20,683,628

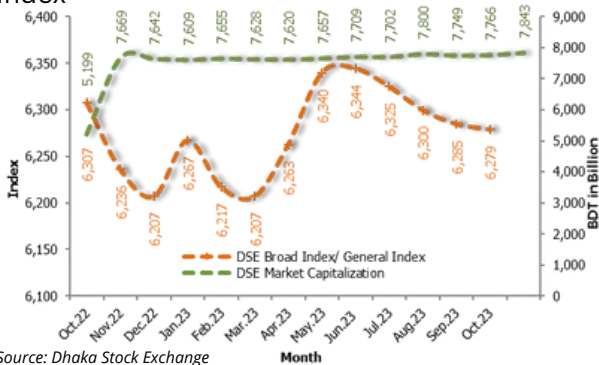
Source: Bangladesh Bank



Dhaka Stock Exchange

The total number of listed securities stood at 653 at the end of October 2023. Among the listed securities, there were 355 companies, 37 mutual funds, 242 government bonds, 8 debentures and 11 corporate bonds. The companies include 35 banks, 23 financial institutions, 57 insurance companies, and 240 others. Figure 1 shows the DSE market cap and DSE broad index from September 2022 to October 2023. DSE Broad Index (DSEX) stood at 6,279 at the end of October 2023, which was 0.10 percent lower than the previous month and 0.45 percent lower than that of the same month of the preceding year. The market capitalization of DSE stood at BDT 7,843 billion at the end of October 2023, which was 0.98 percent higher than that of the previous month but 2.26 percent higher than that of the same month of the previous year. The Bangladesh Govt. Treasury Bonds (BGTBs) are occupying 77.64 percent of the issued capital and dominating the the market at the end of October 2023.

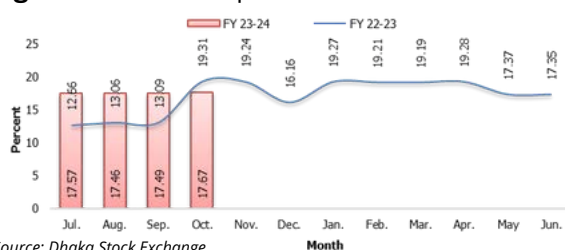
Figure 1. Market Capitalization and DSE Broad Index



Source: Dhaka Stock Exchange

Figure 2 shows the ratio of the market capitalization of DSE to GDP (at current market price), standing at 17.67 percent at the end of October 2023, which was 17.49 percent at the end of September 2023, and 19.31 percent at the end of the corresponding month of the previous year.

Figure 2. Market Capitalization to GDP Ratio



Source: Dhaka Stock Exchange

Figure 3 shows the DSE Shariah Index for FY 2022-23 and FY 2023-24. At the end of October 2023, the DSE Shariah Index (DSES) stood at 1,362.73, which was 0.23 percent higher than that of the previous month but 1.07 percent lower than that of the same month of the previous year.

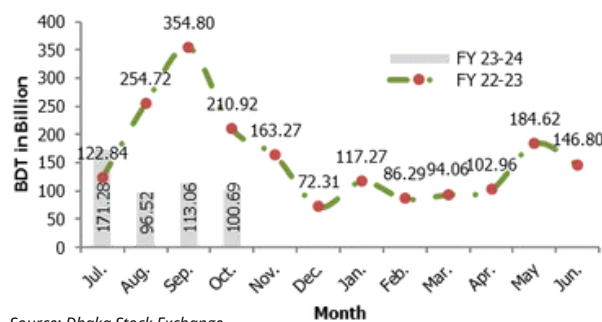
Figure 3. DSE Shariah Index



Source: Dhaka Stock Exchange

Figure 4 shows the DSE Turnover of FY 2022-23 and FY 2023-24. The value of total turnover of the traded securities of DSE stood at BDT 100.69 billion on October 2023, which was 52.26 percent lower than that of the same month of the previous year.

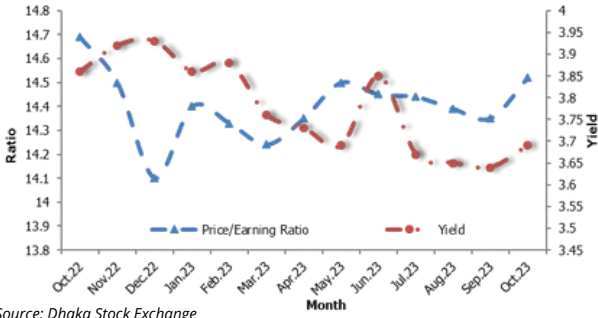
Figure 4. DSE Monthly Turnover



Source: Dhaka Stock Exchange

Trends of price-earnings ratio and yield of DSE are shown in Figure 5. The price-earning (P/E) ratio of all securities of DSE stood at 14.52 at the end of October 2023 which was 14.69 at the end of October 2022. The yield of all securities of DSE stood at 3.69 at the end of October 2023, which was 3.86, at the end of the same month in the previous year.

Figure 5. Month to Month Price-Earning ratio and Yield of DSE

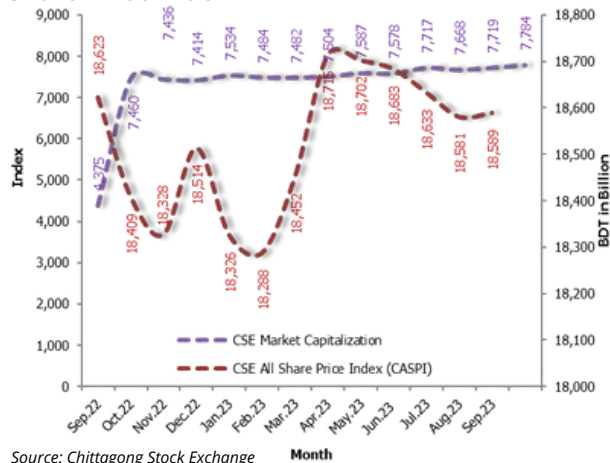


Source: Dhaka Stock Exchange

Chittagong Stock Exchange

Figure 6 shows market capitalization and CSE all share price index. The total number of listed securities in the CSE stood at 615 at the end of October 2023. The total amount of issued capital increased to BDT 4,376.54 billion at the end of October 2023 from BDT 4,313.77 billion at the end of September 2023 and BDT 4086.25 billion at the end of the same month of the previous year. It may be mentioned that 250 Bangladesh Government Treasury Bonds (BGTBs) were listed newly in the CSE in October 2022, and the issued capital increased to BDT 4,086.25 billion from just BDT 916.70 billion in September 2022. All share price index of CSE (CASPI) stood at 18,589.41 at the end of October 2023, which was 0.05 percent and 0.18 percent lower than September 2023 and the same month of the previous year, respectively. The market capitalization of the CSE stood at BDT 7,783.74 billion at the end of October 2023, which was 0.84 percent and 4.34 percent higher than September 2023 and the same month of the previous year, respectively.

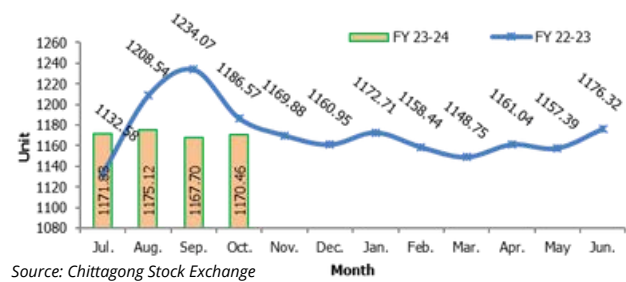
Figure 6. Market capitalization and CSE All Share Price Index



Source: Chittagong Stock Exchange

In the report, Figure 7 displays the CSE Shariah Index for the fiscal years 2022-23 and 2023-24. The CSE Shariah Index (CSI) rose to 1170.46 by the end of October 2023 from 1167.70 at the end of the previous month. However, it decreased compared to 1186.57 at the end of the same month in the previous year.

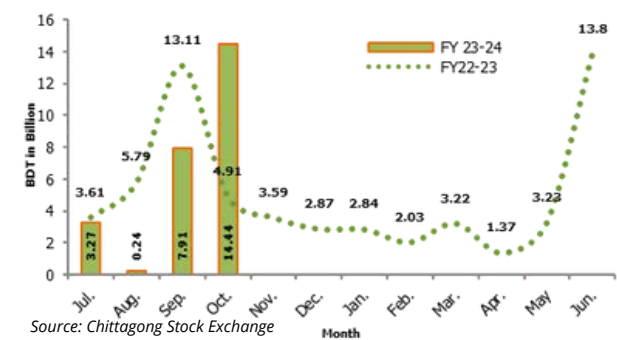
Figure 7. CSE Shariah Index



Source: Chittagong Stock Exchange

Figure 8 shows the CSE Turnover of FY 2022-23 and FY 2023-24. During October 2023, the value of the total turnover of traded securities of CSE increased to BDT 14.44 billion from BDT 7.91 billion during the previous month and also increased from the value of the same month of the previous year.

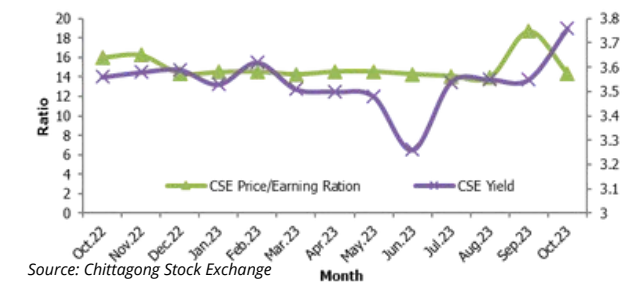
Figure 8. CSE Month to Month Turnover



Source: Chittagong Stock Exchange

Figure 9 shows month to month price-earning ratio and yield of CSE. The price-earnings (P/E) ratio of all securities of CSE stood at 14.35 at the end of October 2023, which was 18.74 at the end of September 2023. The yield stood at 3.76 at the end of October 2023, which was 3.56 at the end of October 2022.

Figure 9. Month to Month Price-Earning ratio and Yield of CSE



Source: Chittagong Stock Exchange

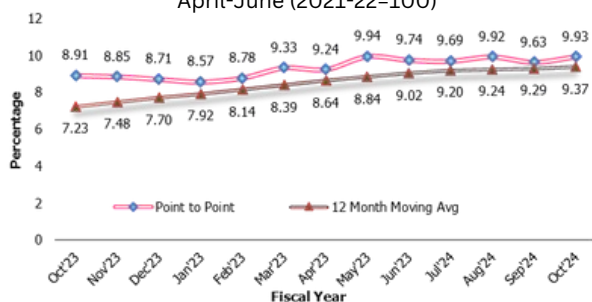




Real Sector

In October FY2024, the point-to-point inflation stood at 9.93%, which had a considerable year-on-year (y-o-y) increase. It followed a fluctuating trend since the beginning of FY2024. On the contrary, the twelve-month moving average in October FY2024 stood at 9.37%, following an increase from September FY2024, which was 9.29%. The national food inflation experienced an increase in October FY2024, along with food and non-food inflation as compared to the previous month (Figure 1).

Figure 1. CPI Inflation, Bangladesh (2005/2006=100); April-June (2021-22=100)



Source: Bangladesh Bureau of Statistics

The point-to-point general inflation for urban has been fluctuating for the previous few months (Table 1). The inflation in October month of FY2024 increased from the previous month standing at 9.93%. The non-food inflation in urban areas declined whereas, the non-food inflation in rural sectors increased in October from the month of September. The general inflation increased in both the urban and rural sectors which stood at 9.72% and 9.99%, respectively.

Table 2. Monthly % Change in Consumer Price Index (Point to Point Inflation, National)

Month in Fiscal Year	Non-Food	Clothing & Footwear	Gross Rent, Fuel & Lighting	Furniture & House Equipment	Medical Care & Health Expenses	Transportation	Recreation & Cultural Services	Education	Restaurants and Hotels	Communication	Misc. Goods and Services
Oct '23	9.58	0.29	0.29	0.90	0.60	1.22	0.46	-	-	-	2.40
Nov'23	9.98	0.81	0.12	1.53	2.64	1.68	0.33	-	-	-	1.75
Dec '23	9.96	0.60	0.01	1.00	0.15	0.28	0.33	-	-	-	0.40
Jan '23	9.84	0.27	0.74	0.31	0.12	0.11	0.64	-	-	-	0.58
Feb '23	9.82	0.17	0.53	0.24	0.11	0.15	0.23	-	-	-	0.33
Mar '23	9.72	0.23	0.44	0.25	0.34	0.26	0.09	-	-	-	0.70
Apr '23	9.72	0.12	2.47	2.40	-10.14	-1.65	5.95	-	-	-	-3.90
May '23	9.96	0.18	0.62	0.12	1.35	0.24	0.22	-	-	-	0.25
Jun '23	9.60	0.21	0.88	0.09	0.02	0.13	0.25	-	-	-	0.08
Jul '24	9.47	0.44	0.40	0.17	0.36	0.10	0.51	0.28	1.07	0.01	0.57
Aug '24	7.95	3.35	-0.03	4.86	0.53	4.61	2.73	0.00	-2.78	-2.00	1.78
Sep '24	7.82	0.56	1.05	0.94	0.51	0.40	2.14	1.38	0.88	1.32	2.87
Oct'24	1.21	0.99	1.54	1.48	2.89	0.88	0.80	0.84	0.73	0.74	0.91

Source: Bangladesh Bureau of Statistics; (2005/06=100); April-June (2021-22=100)

Table 1. CPI Inflation, Bangladesh

Month in Fiscal Year	National			Urban			Rural		
	General	Food	Non-Food	General	Food	Non-Food	General	Food	Non-Food
Oct'23	8.91	8.5	9.58	8.9	8.75	9.07	8.92	8.38	9.98
Nov'23	8.85	8.14	9.98	8.7	7.95	9.54	8.94	8.23	10.31
Dec'23	8.71	7.91	9.96	8.43	7.45	9.51	8.86	8.11	10.29
Jan'23	8.57	7.76	9.84	8.39	7.41	9.48	8.67	7.92	10.12
Feb'23	8.78	8.13	9.82	8.75	7.98	9.61	8.8	8.19	9.98
Mar'23	9.33	9.09	9.72	9.36	9.14	9.59	9.32	9.06	9.82
Apr'23	9.24	8.84	9.72	9.68	9.1	9.96	8.92	8.78	9.33
May'23	9.94	9.24	9.96	9.97	9.13	9.88	9.85	9.34	9.83
Jun'23	9.74	9.73	9.6	9.45	9.26	9.47	9.82	9.95	9.52
Jul'24	9.69	9.76	9.47	9.43	9.63	9.2	9.75	9.82	9.48
Aug'24	9.92	12.54	7.95	9.63	12.11	8.48	9.98	12.71	7.38
Sep'24	9.63	12.37	7.82	9.24	12.01	8.12	9.75	12.51	7.42
Oct'24	9.93	12.56	8.3	9.72	12.58	8.5	9.99	12.53	8.01

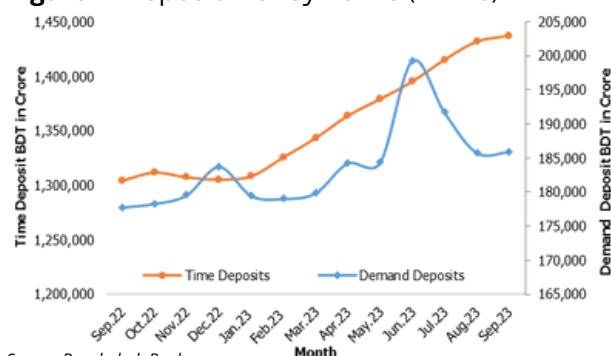
Source: Bangladesh Bureau of Statistics; Bangladesh Bank; (2005/2006=100); April-June (2021-22=100)

The categories of non-food items like Clothing and footwear, Gross rent, fuel and lighting, Furniture and house equipment, Medical care, and Transportation, Recreation, experienced a significant increase in the monthly percentage of CPI in October FY2024 compared to the previous month (Table 2). Categories like Education, Restaurants and Hotels, Communication, and Miscellaneous goods and services decreased significantly in October from September FY2024.

Monetary Sector

The Deposit Money Banks (DMBs) are made up of 61 Scheduled Banks from September 2022 to September 2023 (as shown in Figure 2). In September 2022, the demand deposit was BDT 177,789.30 crores. By September 2023, the demand deposit had increased to BDT 185,910.70 crores. However, the time deposit had increased to BDT 1,437,228.50 crore in September 2023, compared to September 2022.

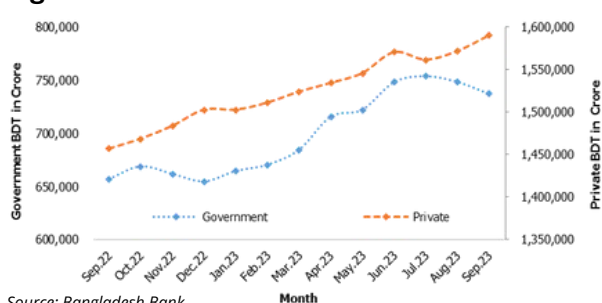
Figure 2. Deposit Money Banks (DMBs)



Source: Bangladesh Bank

Figure 3 shows the total domestic credit of the government and private sector of Bangladesh, in the month of September 2022, private sector credit was BDT 1,456,502.20 crore and in the month of September 2023, Private sector credit increased to BDT 1,589,527.10 crore. However, in the month of September 2022, government sector domestic credit was BDT 656,752.90 and in the month of September 2023, government sector credit was increased to BDT 736,907.80 crore.

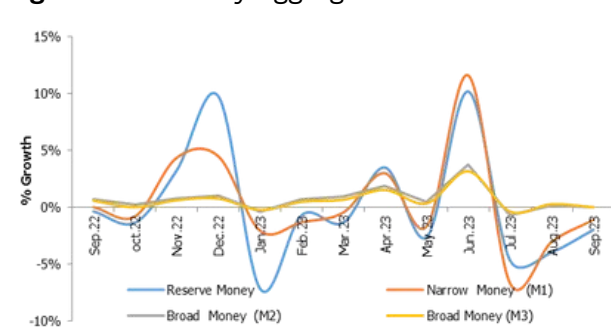
Figure 3. Domestic Credit



Source: Bangladesh Bank

The graph in Figure 4 displays the changes in various monetary measures such as reserve money, narrow money (M1), broad money (M2), and broad money (M3) from September 2022 to September 2023. The growth rates of these monetary aggregates fluctuated during this time period. However, it is worth noting that in September 2023, growth of broad money (M2) improved, and broad money (M3) decreased compared to the previous month.

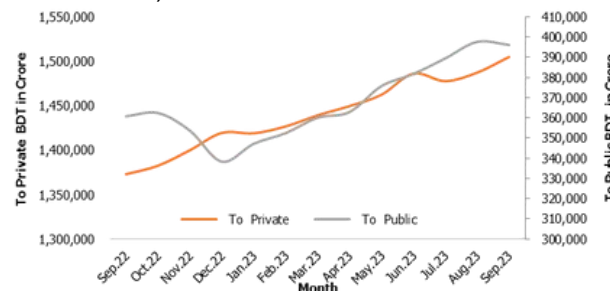
Figure 4. Monetary Aggregate Growth



Source: Bangladesh Bank

An overview of the credit provided by Deposit Money Banks (DMBs) in the form of advances, bills, and investments is presented in Figure 5. As of September 2022, the total credit extended by DMBs to private and the public entities amounted to BDT 1,373,394.30 crore and BDT 360,918.70 crore, respectively. However, by September 2023, the credit extended by DMBs to private entities increased to BDT 1,505,305.30 crore and the credit extended to the public entities increased to BDT 396,320.80 crore.

Figure 5. DMBs Credit (Advances + Bills + Investment)



Source: Bangladesh Bank

External Sector

Figure 6 serves as a visual representation of the trends in Foreign Direct Investment (FDI) observed across different quarters from April - June 2022 to April - June 2023. In the April - June quarter of FY 2021-22, the FDI reached USD 20,504 million. However, in the quarter of April - June FY 2022-23, FDI increased to USD 21,823 million.

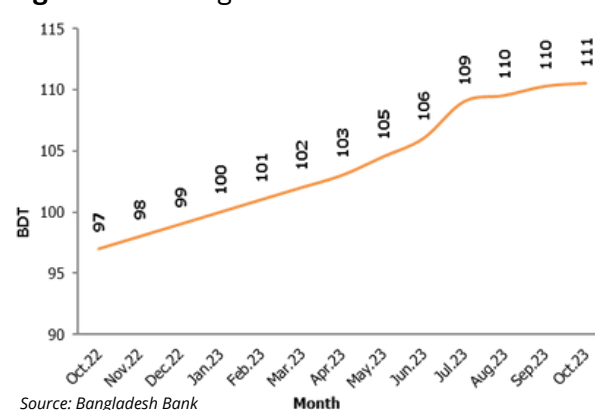
Figure 6. Foreign Direct Investment



Source: Bangladesh Bank

Figure 7 presents the exchange rate data based on information from Bangladesh Bank. In October 2022, the USD to BDT exchange rate was recorded at BDT 97.00, while in October 2023, it increased to BDT 110.50. This exchange rate movement indicates that from October 2022 to October 2023, the Bangladeshi taka experienced a depreciation of 12.22 percent against the USD.

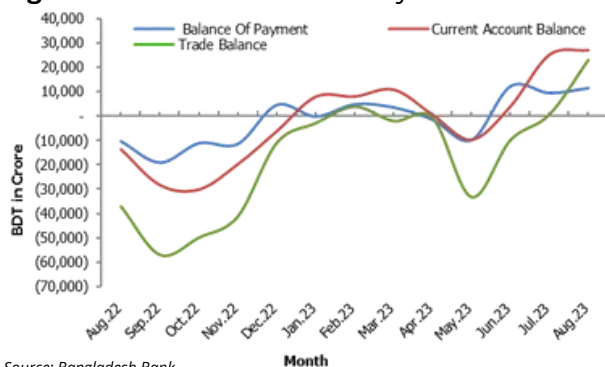
Figure 7. Exchange Rate of USD



Source: Bangladesh Bank

As of August 2023, the Balance of Payments recorded a surplus of BDT 11,389.60 crore, a significant increase compared to the BDT 10,418.10 crore deficit in August 2022, as shown in Figure 8. Similarly, the Current Account Balance also showed an increased surplus of BDT 7,915.70 crore in August 2023, as opposed to the BDT 9,273.80 crore deficit reported in August 2022. Furthermore, the trade balance deficit in August 2023 was lower than that of August 2022.

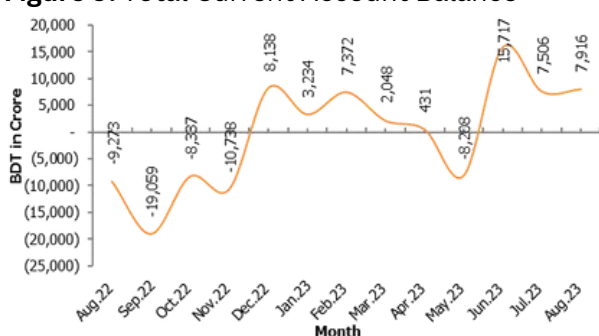
Figure 8. Overall Balance of Payment



Source: Bangladesh Bank

The graph in Figure 9 shows the current account balance in Bangladesh from August 2022 to August 2023. It started with a deficit of BDT 9,273 crore in August 2022 and increased to a positive balance of BDT 7,916 crore by August 2023. The current account balance has significantly improved from August 2022 to August 2023, with a notable increase in August 2023.

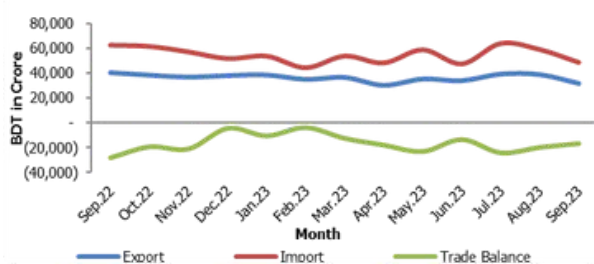
Figure 9. Total Current Account Balance



Source: Bangladesh Bank

Figure 10 presents the export and import trends of Bangladesh, spanning from September 2022 to September 2023. In September 2022, exports amounted to BDT 40,268.96 crore, while imports totaled BDT 62,432.29 crore. In September 2023, exports decreased to BDT 31,651.00 crore, and imports decreased to BDT 48,826.00 crore.

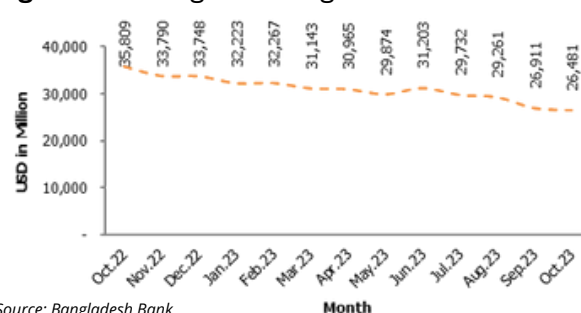
Figure 10. Export, Import, and Trade Balance



Source: Bangladesh Bank

Figure 11 illustrates the progression of Foreign Exchange Reserves from October 2022 to October 2023. In October 2022, the foreign exchange reserves stood at USD 35,808.73 million. However, by October 2023, there was a decrease, and the foreign exchange reserves amounted to USD 26,481.03 million. Notably, the foreign exchange reserves have been on a downward trend since FY 2022 although, it is worth mentioning that in June 2023, there was a slight improvement in the foreign exchange reserves compared to previous months.

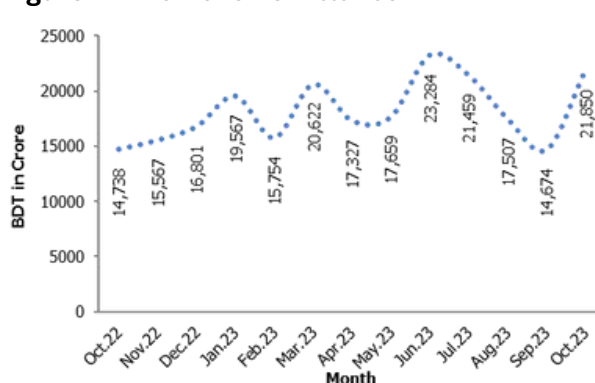
Figure 11. Foreign Exchange Reserve



Source: Bangladesh Bank

According to Figure 12, the worker remittance between October 2022 and October 2023 increased from BDT 14,738 crore to BDT 21,850 crore. This shows a 48.26% percent increase in remittance over a period of one year. These statistics highlight the significance of remittances as a critical source of income for many households and the country.

Figure 12. Worker's Remittance

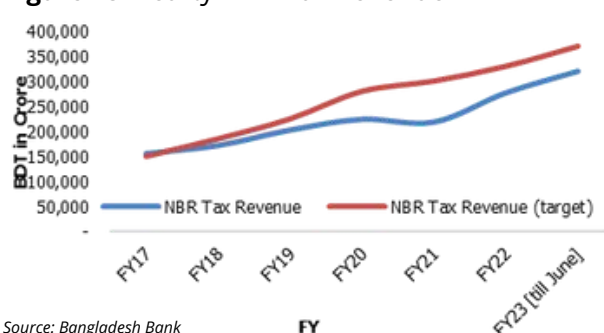


Source: Bangladesh Bank

Fiscal Sector

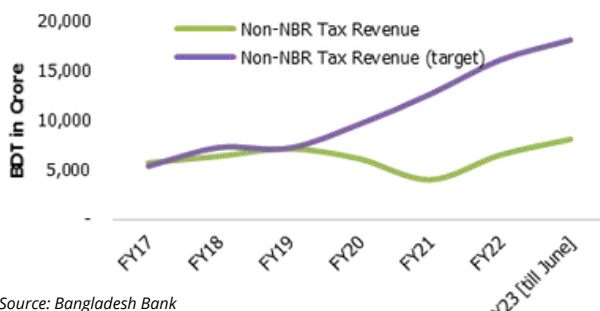
Figure 13 shows yearly NBR tax revenue from FY 2017 to FY 2023. Income is derived from a variety of sources, including both taxes and non-tax revenues. As of June 2023, substantial progress has been made toward achieving the overall revenue target, with 84.49% of the goal realized. Notably, most of this revenue has been generated through taxes administered by the National Board of Revenue (NBR), accounting for 87.38% of the total.

Figure 13. Yearly NBR Tax Revenue



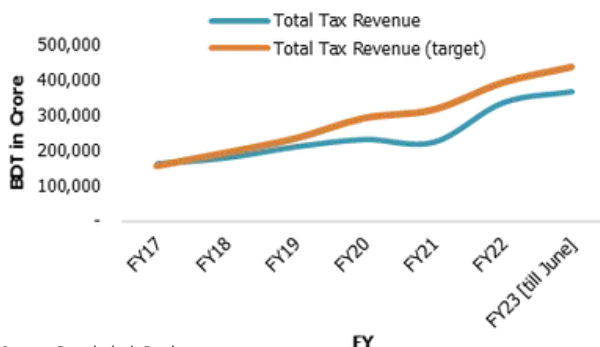
Source: Bangladesh Bank

Figure 14. Yearly Non-NBR Tax Revenue



Source: Bangladesh Bank

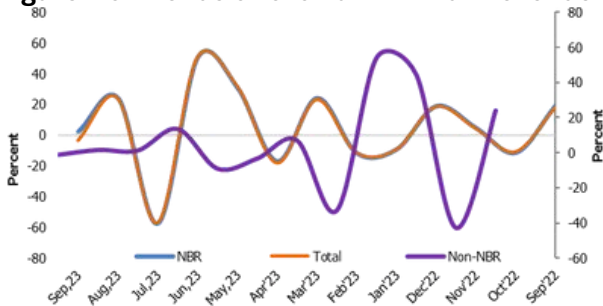
Figure 15. Yearly Total Tax Revenue



Source: Bangladesh Bank

Figure 16 shows the Month-over-Month growth of NBR tax revenue, revealing significant fluctuations. Notably, in September 2023, there was a slightly increase of 2.39% in total NBR tax revenue. However, in September 2023, the NBR revenue decreased compared to August 2023, indicating a fluctuating pattern in revenue collection within a short time frame, which could be attributed to various economic factors and seasonal variations.

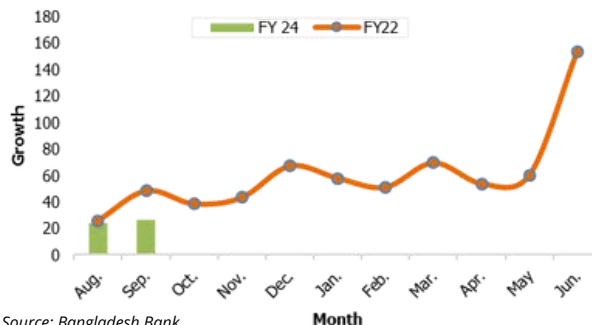
Figure 16. Trends of Growth NBR Tax Revenue



Source: Bangladesh Bank

Figure 17 shows the cumulative growth of NBR total revenue (sum of NBR tax and non-NBR tax), where the cumulative growth up to September of FY 2024 was 26.51%, which was 2.39% more than August of the FY24.

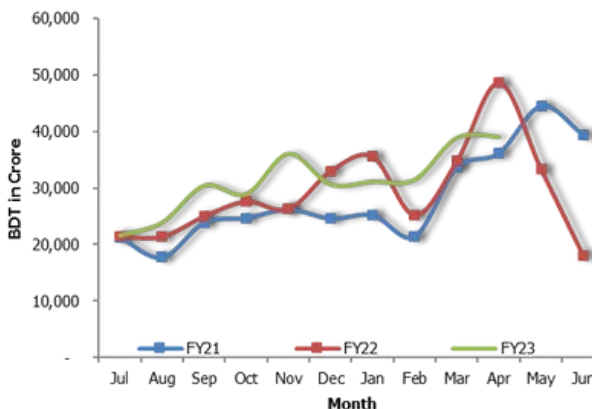
Figure 17. Cumulative Growth of NBR Total Revenue



Source: Bangladesh Bank

Figure 18 shows total expenditure of the government from July 22 to June 23. The total government expenditure in June FY23 was BDT 12,759 crore, which is 29.16 lower than the previous year (FY22) in the same month BDT 18,012 crore.

Figure 18. Total Expenditure



Source: Bangladesh Bank

Table 3. NBR and Non-NBR Tax Revenue, FY22 & FY23

Month	NBR Tax Revenue (FY24)					Non NBR Tax Revenue	Total NBR Revenue Collection	NBR Tax Revenue (FY24)					Non NBR Tax Revenue	Total NBR Revenue Collection
	Customs duties	VAT	Income Tax	others	NBR Tax Revenue Total			Customs duties	VAT	Income Tax	others	NBR Tax Revenue Total		
	1	2	3	4	5=(1+,+4)			1	2	3	4	5=(1+,+4)		
July	2,941.03	12,227.95	5,148.04	173.47	20,490.49		20,490.49	2692.53	5557.52	4656.93	4911.18	17818.16	1067.18	18885.34
August	3,384.74	15,122.04	6,687.89	238.40	25,433.07		25,433.07	3330.91	13308.34	5544.96	288.15	22472.36	1320.52	23792.88
September	3063.74	11351.26	11359.42	266.03	26,040.45		26,040.45	3026.84	13847.62	9606.29	353.18	26833.93	1303.47	28137.40
October								2979.88	13918.16	6527.94	364.32	23790.30	1322.43	25112.73
November								3109.85	14670.82	6628.00	491.33	24900.00	1338.46	26238.46
December								2722.65	13747.04	10991.98	2152.18	29613.85	1622.30	31236.15
January								3053.41	14531.78	8504.11	789.49	26878.79	1378.89	28257.68
February								2672.96	13263.36	7046.36	744.50	23727.18	1332.14	25059.32
March								3238.67	14785.63	10648.56	798.65	29471.51	1424.57	30896.08
April								2707.86	14218.40	6679.19	826.09	24431.54	954.64	25386.18
May								3729.89	16644.95	10793.52	839.80	32008.16	-	32008.16
June								3595.78	20478.69	24161.05	802.44	49037.96	-	49037.96
Total	9,389.51	38,701.25	23,195.35	677.90	71,964.01		45,923.56	36861.23	168972.31	117888.89	13361.31	330983.74	13064.60	344048.34



According to data, the unemployment rate of the USA and India increased in August 2023 and stood at 3.8% and 8.10%, respectively, whereas the unemployment rate of Malaysia (3.4%) and the UK stood the same (4.2%) compared to the previous month. The repo rate of India, Vietnam, and the UK remained constant in August 2023, standing at 6.50%, 4.50%, and 5.00%, respectively, while for Bangladesh, the repo rate increased to 6.50%. The deficit balance of Bangladesh, the UK, and the USA declined, standing at USD 1.84 billion, USD 3.40 billion, and USD 58.30 billion, respectively. India's deficit balance increased to USD 24.20 billion, and Malaysia's surplus balance declined to USD 3.63 billion, whereas Vietnam's surplus balance increased to USD 3.44 billion. The consumer price index of Bangladesh, Malaysia, the UK, and the USA experienced an increase in August 2023, whereas for India and Vietnam, they experienced a slight decline. Furthermore, the consumer credit balance for India, the UK, and the USA increased except for Bangladesh and Malaysia.

Table 1. Selected Economic Indicators

Country	Unemployment Rate [%]	Repo Rate [%]	Consumer Price Index [CPI]	Balance of Trade [billion \$]	Consumer Credit [billion \$]
Bangladesh	...	6.50	117.06	-1.84	174.74
India	8.10	6.50	186.20	-24.2	276.432
Malaysia	3.40	...	130.70	3.63	96.915
Vietnam	...	4.50	112.07	3.44	...
UK	4.20	5.00	131.35	-3.40	186.10
USA	3.80	...	307.03	-58.30	1,895.30

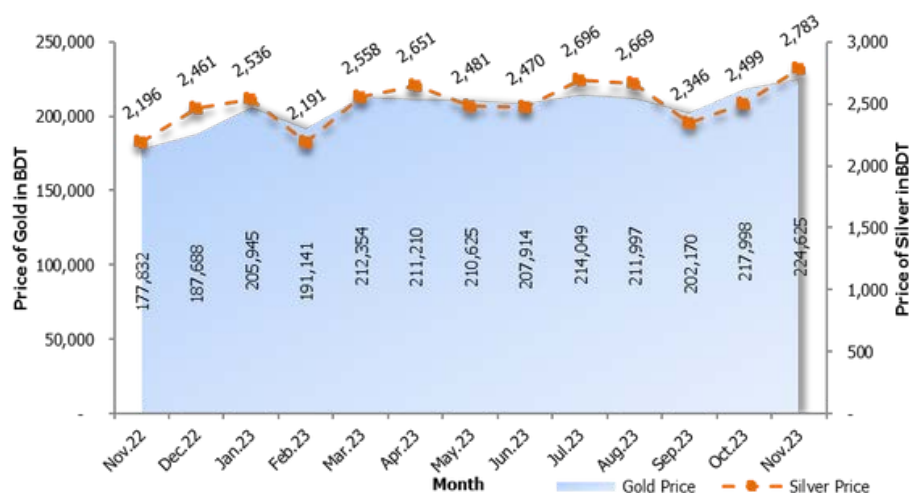
Source: Trading Economics

Gold and Silver Price



Figure 1 shows the price per ounce of gold and silver in the BDT currency (where one ounce equals 2.43 bhuri). In recent years, the highest price of gold was BDT 224,625 in November 2023, and the lowest was BDT 177,832 in November 2022. On the other hand, the highest silver selling price per ounce was BDT 2,783 in November 2023, and the lowest was BDT 2,191 in February 2023. However, the latest price of gold at the end of November was BDT 224,625, which is 3.04 percent higher than the price of October 2023, and the price of silver increased 11.36 percent compared to the month of October 2023.

Figure 1. Gold and Silver Price Per Oz



Source: Goldprice.org



DR. JAMALUDDIN AHMED, FCA

Chairman

Dr. Jamaluddin Ahmed is one of the sponsor directors of Emerging Credit Rating Ltd. (ECRL). He is also the Chairman of the company. Professionally a Chartered Accountant and a fellow member of the Institute of Chartered Accountants of Bangladesh (ICAB) since 1990; he has been awarded PhD in Accounting from Cardiff Business School, University of Wales, under Commonwealth Scholarship in 1996, and secured First Class in Masters Degree and Bachelors with Honours from Accounting Department of Dhaka University.

He has many years of experience in the financial sector of Bangladesh and has used his expertise and experience to carry out numerous research work and publications. He is the Audit Engagement Partner of 10 banks and leasing companies, 4 energy companies, 10 listed non-bank companies, and a tax advisor for many local and multinational companies. He also performs the following responsibilities:

- The Board of Directors of Janata Bank Limited (2008-2013), Essential Drugs Limited, Power Grid Company of Bangladesh Limited.
- The Chairman of the Board Audit Committee of Janata Bank Limited (2008-2013) and Power Grid Company of Bangladesh Limited.
- The Member of the Board of Directors and Chairman of the Audit Committee of Grameen Phone Limited, Advisor to the Board and Audit Committee of Bangladesh Bank.
- Previously He had been the representative of ICAB to the Board of Dhaka WASA, Dhaka Stock Exchange Ltd., Consultative Committee at the Security and Exchange Commission, Bangladesh Telecommunication Company Limited.
- From 1999 to 2013 he was a partner at Hoda Vasi Chowdhury & Co., An Independent Firm of Deloitte Touche & Tohmatsu. He has taken several training courses in the power and energy sector and has completed assignments at numerous banks.



MR. N K A MOBIN, FCS, FCA

Executive President

Mr. N K A Mobin is a veteran businessman and skilled in a broad range of trade ventures. He is one of the 4 sponsor Directors of the Emerging Credit Rating Ltd, the eminent credit rating agency in Bangladesh. Mr. Mobin has completed his Bachelor of Business Administration & Master of Business Administration from the University of Dhaka majoring in Finance with first class results. He has been a Fellow Member of the Institute of Chartered Accountants of Bangladesh (ICAB) & Institute of Chartered Secretaries and Managers of Bangladesh (ICSMB) since 1992 & 1998, respectively. He is also a Member of the Institute of Financial Consultants (IFC) of the USA since 2002.

Mr. Mobin has working experience of more than 34 years in different corporate arenas financial management systems including the budgeting and reporting system, Tax management and optimization in tax expenses, involved in different projects cost optimization/efficiency and revenue maximization areas, etc. He has been Director of Projects and administration Director Finance and Company Secretary in Grameenphone Ltd. (GP). He has also been the Director of Finance and Company Secretary at Novartis (Bangladesh) Limited. He also performs the following responsibilities:

- People's Leasing and Financial Services Limited – Court appointed as the Director of People's Leasing and Financial Services Limited.
- Dhaka Chamber of Commerce and Industry (DCCI) – Appointed as one of the Board members for 2020-2022 and Senior Vice President for 2021.
- Institute of Chartered Accountants of Bangladesh (ICAB) – Elected Council member for 2019-21 and Ex-Vice President (Education and Examination) for 2019.
- Unique Hotel And Resort - Appointed as the Independent Director of Unique Hotel And Resort



MR. ARIFUR RAHMAN, FCCA, FCA, CSAA

Chief Executive Officer (CEO)

Mr. Arifur Rahman is a dynamic professional representing the Emerging Credit Rating Limited as the Chief Executive Officer (CEO), the distinguished credit rating agency in Bangladesh. He has completed his B.Sc. (Hons) in Civil Engineering with first class result from Bangladesh University of Engineering & Technology (BUET) and also completed BSc (Hons) achieving higher second class honors (2:1) in Applied Accounting from Oxford Brookes University.

Mr. Rahman has 21 years of expertise in the various sectors like Civil Engineering, Auditing, Financial Consultancy, Feasibility Studies, and Tax Advisory and Planning etc. He is also a Certified Sharia Adviser & Auditor (CSAA). He is actively involved in taking charge of the technical and organizational interests and advising the company in articulating current business strategies as well as future growth potentials. He is responsible to administer different departments and plays an important role in taking the managerial and operational decisions of the organization. Mr. Rahman is also the Fellow Member of the Association of Chartered Certified Accountant. Mr. Rahman is qualified as a chartered accountant from the institute of the Institute of Chartered Accountants of Bangladesh (ICAB).

MR. AL MAMUN

Research Fellow

Mr. Al Mamun is a Research Fellow at ECRL, working on different issues related to macroeconomic analysis, financial and banking sector, data bank maintenance, project management, and business research (market and financial research), especially industrial research, distribution assessments, and feasibility studies. In addition, he is also interested in working on macroeconomic policies, energy, and environmental-related issues.

Mr. Mamun is also an Associate Research Fellow at the Center for Policy and Economic Research (CPEP). He plays a remarkable role in various areas, including industry, labor market discrimination, poverty, international trade, sustainable development, and more.

Mr. Mamun completed his undergraduate and postgraduate studies in Economics at East West University in Bangladesh. Additionally, he pursued advanced studies in Statistics at the same esteemed institution.

MR. MD. SHAIFUL HASAN

Senior Business Consultant

Mr. Shaiful Hasan holds the position of Senior Business Consultant at ECRL, where he oversees the department's comprehensive operations. His responsibilities extend to enhancing and refining ECRL's digital footprint and brand identity through meticulously curating financial infographics, YouTube video productions, and other captivating content for various social media platforms. Furthermore, he conducts insightful interviews with subject matter experts and serves as an anchor for financial literacy videos, bolstering the organization's educational outreach efforts.

Mr. Shaiful has over eight years of financial analysis and project management expertise. Throughout his professional journey, he has successfully executed over 2,000 projects, offering his clients extensive services. These services encompass diverse areas, including feasibility studies, intricate financial modeling, comprehensive asset and company valuation, strategic M&A consultancy, in-depth industry analysis, meticulous company profiling, proficient data visualization, report enhancement, publication in magazines, credit rating evaluations, distribution assessments, rigorous background verifications, thorough assessments of customer credit lines, the development of business plans and startup strategies, precise financial projections, creation of investor pitch decks, execution of digital marketing campaigns, and formulation of strategic marketing plans.

Mr. Shaiful completed his academic journey at East West University, earned a Master of Social Science degree in Economics and a Bachelor of Business Administration in Finance and Economics. Notably, he received the prestigious Dean's Scholarship in recognition of his exceptional academic achievements.

MS. NABIHATUL AFROOZ

Senior Research Associate

Ms. Nabihatul Afroz is a Senior Research Associate at ECRL, where she conducts financial and economic research on various industries and projects. She has more than six years of experience in data analysis, report writing, credit rating assessments, and survey design. She also handles special assignments from the management and collaborates with other team members to achieve common goals.

Ms. Afroz holds two Master of Science degrees in Economics, one from City University London, UK, and another from East West University. She also completed her Bachelor of Business Administration degree in Finance and Economics from East West University. She has a strong academic background and a keen interest in financial markets and economic development.

MR. MD. ASADUZZAMAN

Research Associate

Mr. Md. Asaduzzaman has been working as a research associate at Emerging Credit Rating Limited since 2022. He has more than three and half years of experience in various projects, financial research, and credit rating assessments. He is responsible for industry research, financial infographics and video making, data visualization, and macroeconomic analysis for ECRL monthly magazine.

Other than that, he is involved with ECRL's special projects. He completed his BBA and MBA in Finance and Banking from Manarat International University, Bangladesh.

MR. MD. JUNAID BOGDAD

Research Associate

Mr. Md. Junaid Bogdad, Research Associate at Emerging Credit Rating Limited (ECRL), has been working in the field of financial research and analysis since September 2022. He is responsible for conducting financial feasibility studies, industry research, distributor risk assessment, and macroeconomic analysis for various clients across different sectors. He also prepares stock valuation reports based on fundamental analysis to assist investors in making informed decisions. Before joining ECRL, he completed an internship in the investment banking division of AFC Capital Limited, where he gained exposure to corporate finance and capital market operations.


He has undergone training in advanced Excel and feasibility analysis techniques to enhance his skills and efficiency. He holds a BBA and an MBA degree in Finance from the University of Dhaka, which he obtained in 2019 and 2022, respectively.


About ECRL

Emerging Credit Rating Limited (hereinafter referred to as ECRL) began its journey in the year 2009 with the motive to deliver credible superior & quality credit rating opinions in various industry segments around Bangladesh. ECRL obtained a credit rating license from Bangladesh Securities and Exchange Commission (BSEC) in June 2010 as per Credit Rating Companies Rules 1996 and also received Bangladesh Bank Recognition as an External Credit Assessment Institution (ECAI) in October 2010 to do the rating of Banks, Financial Institutions and their borrowers and also from Insurance Development & Regulatory Authority (IDRA) in 2015 to do the rating of Insurance Companies & affiliated with Malaysian Rating Corporation Berhad.

Emerging Credit Rating Limited's team is oriented towards the continuous improvement of processes, striving for an important role in the leadership of the business world. Every individual in ECRL is committed to providing topmost ingenious Credit Rating Services and Comprehensive Research Services in Bangladesh. ECRL's rating services and solutions reflect independence, professionalism, transparency, and impartial opinions, which assist businesses in enhancing the quality of their decisions and helping issuers access a broader investor base and even smaller known companies approach the money and capital markets. The Credit Rating process is an informed, well-researched and intended opinion of rating agencies on the creditworthiness of issuers or issues in terms of their/ its ability and willingness to discharge its financial obligations in a timely manner. Issuers, lenders, fixed-income investors use these risk assessments for the purpose of lending to or investment in a corporation (such as a financial institution, an insurance company, a non-banking corporation or a corporate entity) as well as evaluating the risk of default of an organization's financial obligations in terms of loan or debt.

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Editorial Overview

ECRL Research provides insights, opinions, and analysis on Bangladesh and International Economies. ECRL Research conducts surveys and produces working papers and reports on Bangladesh's different socio-economic issues, industries, and capital market. It also provides training programs to professionals from financial and economic sectors on a wide array of technical issues.

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