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Cover Story:

Jewelry Industry in Bangladesh: An Analysis of Gold and Silver Jewelry

ECRL Thought:

Contemporary Macroeconomic Crisis and Monetary Policy Response

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Jewelry Industry in Bangladesh: An Analysis of Gold and Silver Jewelry

1. Introduction

The jewelry industry in Bangladesh stands as a testament to the country's rich heritage, economic prowess, and cultural significance. With its origins tracing back to ancient times, where gold and silver held considerable cultural and economic importance, the industry has evolved into a dynamic sector at the nexus of tradition and innovation since the Mughal, British, and Islamic periods. Despite enduring challenges and transformative shifts throughout history, such as the partition of India and the liberation war of Bangladesh, the industry continues to thrive, serving as a cornerstone of the country's economy and cultural identity.

Employing approximately 4-5 million individuals, predominantly within the informal sector, the jewelry industry is vital in generating employment, income, and foreign exchange (BAJUS, 2023). Recent estimates suggest a substantial growth trajectory, with sales expected to reach USD 21.1 billion by 2030, driven by domestic and international demand, increasing at 12.1% (BAJUS, 2023). Notably, a significant portion of this growth stems from the burgeoning middle class and their increasing disposable incomes. According to a research study, more than 50% of jewelry customers are between 26 and 41 years old, with 34% being homemakers in this age group and the rest involved in businesses or services (Sultana et al., 2015b).

Bangladesh has a maximum annual demand of 40 tonnes of gold (Islam, 2023). The industry is expected to grow further in the coming years, driven by domestic and international demand for jewelry and the government's initiatives to support and promote the sector. In this context, exploring the nuances of the jewelry industry in Bangladesh unveils its economic significance and cultural and social relevance. The industry reflects the nation's journey toward prosperity and global recognition, from traditional craftsmanship to modern innovations. The report provides an overview of the market, industry structure, market players, value

chain analysis, marketing and distribution, evolving consumer preferences, import and export trends, factors affecting price, and the future outlook of the jewelry industry in Bangladesh.

2. Market Overview

The jewelry industry in Bangladesh epitomizes a robust and evolving economic sector characterized by a confluence of market size, projected growth, meticulous segmentation, and discerning consumer preferences. Bangladesh's jewelry market's, gold and silver, financial landscape is poised for substantial growth, with the revenue forecasted to escalate to USD 1.18 billion by the end of 2024 (Statista, 2024). This notable upswing is underpinned by an anticipated Compound Annual Growth Rate (CAGR) of 3.23% during the interval from 2024 to 2028 (Statista, 2024). By 2028, the market volume is expected to rise to USD 1.34 billion (Statista, 2024). These projections substantiate a sustained growth trajectory, reflecting the industry's resilience and adaptability in navigating the intricacies of the contemporary economic milieu.

A discerning segmentation strategy sheds light on the intricate dynamics within the Jewelry market. Notably, the delineation between non-luxury and luxury jewelry categories is marked by a significant paradigm shift. By 2024, an overwhelming 98% of total sales will be attributed to non-luxury jewelry, aligning with the burgeoning middle class and escalating disposable incomes (Statista, 2024). This consumer segment's demand for traditional and contemporary jewelry accentuates the industry's adaptability and responsiveness to evolving market dynamics.

Further segmentation based on consumer demographics underscores the pivotal role played by the 34-41-year-old age bracket, constituting approximately 30% of the customer base (Sultana et al., 2015a). The expanding middle class emerges as a linchpin in the market's growth, with increasing disposable income levels amplifying consumer inclination towards jewelry as a viable investment avenue.

An insightful exploration of consumer preferences and buying behavior unveils the intricate nuances governing purchasing decisions within the Jewelry market in Bangladesh.

Occasion-Driven Purchases: Nearly half of consumers (48%) express an interest in purchasing jewelry to commemorate special occasions, while 23% engage in jewelry acquisition without a specific occasion (INSTORE, 2021), for instance, Jewelry for cultural and religious festivals, Jewelry for weddings, anniversaries, birthdays and other parties and also for regular wear, signaling the burgeoning trend of self-purchase within the market (Jewebrate, 2023).

Quality Matters: Perceived quality assumes paramount importance in consumer decision-making processes. Craftsmanship, materials, and design intricately influence consumer choices, indicative of a discerning consumer base with a proclivity for superior craftsmanship.

Online Shopping Trends: The advent of online channels has redefined the consumer landscape, with a significant portion of jewelry sales now transpiring through digital platforms. Consumers laud the convenience and variety afforded by online channels, and a discernible shift toward mobile shopping is evident (Statista, 2024).

Price Sensitivity: Consumer preferences span a spectrum of price points, from affordable to extravagantly expensive. Affordability remains a pivotal factor governing purchasing decisions, underscoring the industry's need to cater to a diverse consumer base (AMPLIFY XL, 2022).

Unique Designs and Low Prices: Market players such as Apan Jewellers strategically position themselves by offering unique design ornaments at affordable prices, attuning their strategies to consumer demands for distinctive designs coupled with economic feasibility (Maria, 2024).

3. Industry Structure

3.1 Value Chain Analysis

In the context of the jewelry industry, gold and silver, in Bangladesh, a comprehensive value chain analysis reveals four primary stages: sourcing, manufacturing, wholesaling, and retailing. Each stage encompasses distinct factors and activities for creating and delivering jewelry products.

Sourcing: The initial stage involves the procurement of raw materials gold and silver. Gold bars are sourced through imports from India, Ukraine, and the United Arab Emirates, whereas silver predominantly originates from the United Arab Emirates, Italy, Japan, India, and Austria (BAJUS, 2023). Bangladesh, lacking domestic gold production, relies entirely on imports to meet its gold demand. Approximately 10% of the total demand is satisfied through legacy family gold, with the remaining 90% reliant on imports, averaging around 18-36 metric tons annually (BAJUS, 2023).

The importation of jewelry occurs through both formal and informal channels (BAJUS, 2023). Notably, gold imports are subject to various taxes and duties, encompassing customs duty, value-added tax, and advance income tax. This taxation regime contributes to the augmentation of gold costs, thereby fostering the prevalence of informal channels like smuggling and illicit trade.

Furthermore, fluctuations in international gold prices, governed by global market supply and demand dynamics, directly influence gold sourcing. The primary actors in the sourcing stage include gold importers, traders, and smugglers. These entities operate as intermediaries connecting gold suppliers with jewelry manufacturers, navigating the intricate landscape of international trade and taxation policies.

Manufacturing: The manufacturing process primarily entails meticulous hand-finishing executed by adept artisans, as delineated in the Jewelry Export Potential of Bangladesh (BAJUS, 2023). Within this domain, jewelry production may incorporate gems or diverse materials and is typically executed by two distinct categories of producers: artisanal and mechanized. Artisanal producers, characterized by small-scale operations and informal practices, leverage traditional manual techniques, including but not limited to melting, casting, soldering, polishing, and engraving. This sector is committed to craftsmanship, emphasizing the artisan's expertise and skill in creating unique, handcrafted pieces (Wannarumon, 2011). In contrast, mechanized producers engaged in large-scale and formal manufacturing deploy contemporary automated methods such as electroforming, electroplating, laser cutting, and computer-aided design (PN Jewels, 2023). This mechanized approach reflects a strategic alignment with modern technologies, optimizing efficiency and precision in the production process. To facilitate manufacturing, businesses in Bangladesh actively import jewelry, gems, and metals from diverse countries. This importation serves as a crucial resource for sustaining the quality and variety of manufactured jewelry, attesting to the industry's global interconnectedness.

Wholesaling: The array of jewelry products encompasses diverse types, including antique jewelry, bead jewelry, bridal jewelry, gold jewelry, silver jewelry, platinum jewelry, gemstone jewelry, and tribal jewelry (Shohon, 2021). Within the wholesaling stage, key intermediaries include wholesalers who play integral roles in facilitating operations. As independent and specialized traders, wholesalers undertake bulk purchases directly from manufacturers. Subsequently, they meticulously distribute these acquired products to retailers in smaller, more manageable quantities. They are positioned predominantly in major urban centers such as Dhaka, Chittagong, and Sylhet. Wholesalers establish their operations within wholesale markets, including notable historical locales such as Tanti Bazar, Baitul Mukarram, and New Market (Islam, 2018). Conversely, agents, functioning as representatives and affiliates of manufacturers, operate as vital sales and marketing channels during the wholesaling process.

Their services extend beyond mere distribution and may encompass critical functions like quality control, packaging, and efficient delivery. Typically, agents establish operations near manufacturing hubs, strategically situating themselves within industrial zones like Savar, Tongi, and Narayanganj.

Retailing: The retail landscape in the jewelry industry comprises two primary outlets: physical retail stores and online platforms. Physical retail stores, characterized by brick-and-mortar establishments, allow consumers to visually inspect, touch visually and experience jewelry products before purchasing. These stores are predominantly urban and semi-urban, operating within commercial districts such as Gulshan, Banani, and Dhanmondi. In contrast, online platforms represent digital and e-commerce websites where consumers can browse, compare, and purchase jewelry products remotely, with delivery services to their doorstep (United Nations, 2020). These platforms primarily exist in the virtual realm, operating within the internet domain, including platforms like Daraz, Bagdoom, and PriyoShop (Truong, 2021). The key actors in this stage are jewelry retailers, who function as consumers' final point of sale. Customer demographics exhibit diverse purposes, encompassing regular users, individuals seeking jewelry for special occasions such as weddings and parties, foreign clientele, Bangladeshi expatriates, and those purchasing ornaments or jewelry for investment purposes (USAID, 1986).

3.2 Key Players and Competitive Landscape

The jewelry industry in Bangladesh is characterized by intense competition and fragmentation, encompassing many players operating at various stages of the value chain. As per the data from BAJUS, the country hosts approximately 40,000 jewelry shops, with around 26,000 identified as members (BAJUS, 2023). Within this dynamic, a select few large and well-established entities, including Al Amin Jewellers, Diamond World, and Gitanjali Jewellers, exert considerable influence, boasting a robust brand image, customer loyalty, and a significant market share. Notably, the sector encounters competition from domestic counterparts and foreign and regional entities that have made inroads into the Bangladeshi market in recent years. Distinguished players like Tanishq, Malabar Gold, and Joyalukkas bring diverse products, designs, and services, contributing to the competitive landscape and augmenting the industry's dynamism.

Table 1. Some of the accessory brands in Bangladesh

Name	Name
<ul style="list-style-type: none"> • Diamond World • Apan Jewellers • Al Amin Jewellers Ltd • Anjali Gold 	<ul style="list-style-type: none"> • Malabar Gold and Diamond • Gitanjali Jewellers • Sultana Jewellers Ltd • Venus Jewellers

3.2.1 Porter's Five Forces Model

Competitive Landscape

	<p>The threat of new entrants: It is high, as the industry has entry barriers, such as capital requirements, access to raw materials, and demand for jewelry. However, the new entrants may face challenges such as high taxes and duties, lack of skilled labor, and strong competition from the established players.</p>
	<p>The bargaining power of suppliers: It is low, as the industry is dependent on imported gold, which is subject to the fluctuations in the international gold price and the regulations and restrictions imposed by the exporting countries. The suppliers also have limited differentiation and switching costs, as gold is a homogeneous and standardized commodity.</p>
	<p>The bargaining power of buyers: It is high, as the industry has a large and diverse customer base, with different preferences, tastes, and incomes. The buyers also have high price sensitivity and low switching costs, as jewelry is a discretionary and luxury item, and there are many alternative products and outlets available in the market.</p>
	<p>The threat of substitute products: It is high, as the industry faces competition from other products that can serve the same or similar functions as gold and silver jewelry, such as imitation, artificial and stone jewelry, and other alternative includes watches, accessories, etc. The substitute products may also offer lower prices, higher quality, or more variety than jewelry.</p>
	<p>The rivalry among existing competitors: It is high, as the industry is highly fragmented and competitive, with a large number of players operating at different levels of the value chain. The competitors also have low differentiation and high price competition, as jewelry is a homogeneous and standardized product, and the consumers are price-sensitive and bargain-seeking.</p>



Value Chain Analysis



Sourcing

This is the first stage of the value chain, where the raw material for the jewelry industry, or metal, is sourced from the international market.

Manufacturing

This is the second stage of the value chain, where the raw gold is transformed into finished jewelry products.



Wholesaling

This is the third stage of the value chain, where the finished jewelry products are distributed from the manufacturers to the retailers.

Retailing

This is the fourth and final stage of the value chain, where the finished jewelry products are sold to the end consumers.



End User

The types include regular user, jewelry user for wedding and parties, foreigners, Bangladeshi living in other countries, users buying ornaments or jewelry for investment purpose, etc.

4. Import and Export Trend

4.1. Import Dependence

Bangladesh's gold market dynamics are intricately tied to the global gold jewelry market, valued at nearly USD 353.26 billion in 2023, reflecting an increase from USD 334.59 billion in 2022 (BAJUS, 2023). Within this expansive context, the Bangladesh market constitutes approximately USD 3 billion (BAJUS, 2023). Bangladesh heavily relies on gold imports, yet a significant portion of its gold demand is met through unofficial channels, with smuggled gold emerging as the primary source to satisfy local market demands.

The annual demand for new gold in Bangladesh is estimated to range between 18 and 40 tonnes, with only 10 percent met through the resale of old jewelry (BAJUS, 2023). Figure 1 illustrates the fluctuating trends in jewelry imports over the years, albeit offering a partial perspective. Formal imports, constituting a minor fraction of the domestic demand for gold and diamond jewelry, remain overshadowed by a substantial volume of gold imports under the baggage rule, a facet that largely eludes formal documentation.

According to BAJUS, Bangladesh predominantly sources its gold imports from the UAE, Singapore, and Malaysia. Simultaneously, the primary contributors to the country's silver imports include the UAE, Italy, Japan, India, and Austria. Intriguingly, Bangladesh's cutting and setting sub-sector for diamonds and other precious stones has not developed significantly, distinguishing it from counterparts such as India, China, and Thailand. Bangladesh Bank data underscores that most unwrought gold is imported from the UAE, while silver is predominantly sourced from India among the imported jewelry. Furthermore, the importation of imitation jewelry is primarily attributed to China, India, and Pakistan.

Figure 1. Yearly Jewelry Import (Bangladesh Bank- Import Payments, 2023)



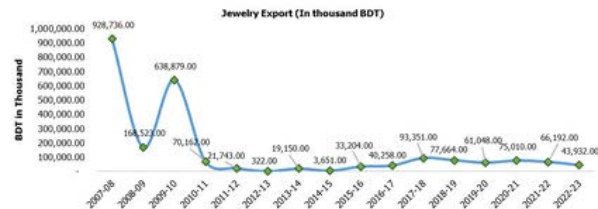
Note: Jewelry data includes natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal and articles, and limitation jewelry coins.



4.2 Export Opportunity

Bangladesh is strategically pivoting towards gold refinement to fulfill its domestic demands and mitigate the challenges associated with smuggling. In 2021, Bangladesh Bank revisited its gold policy, originally established in 2018, to facilitate importing unrefined and partially refined gold. The Ministry of Commerce has issued a detailed Standard Operating Procedure (SOP) for the operation of gold refineries. Entrepreneurs must refine gold at designated refinery plants, producing and marketing diverse grades of gold bars and coins (Chakma, 2021). This initiative is poised to amplify export opportunities for local firms, marking a significant stride in advancing the country's economic interests. While Bangladesh exhibited a fervor for exporting jewelry crafted from various metals and gems in 2008, this enthusiasm gradually waned over the ensuing years, according to data from Bangladesh Bank. The export value in the fiscal year 2022-23 was recorded at BDT 43.93 million, as illustrated in Figure 2.

Figure 2. Yearly Jewelry Export (Bangladesh Bank, 2022-23)

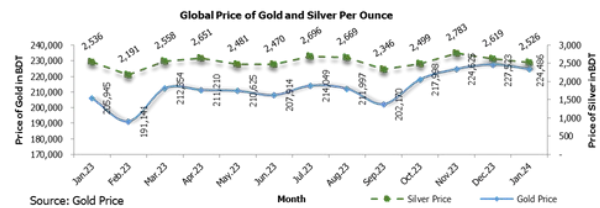


Note: Jewelry data includes natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal and articles, and limitation jewelry coins.

5. Price and Factors Affecting Price

5.1 Analysis of Gold and Silver Prices in Bangladesh

Figure 3. Global Price of Gold and Silver



The global prices of gold and silver exhibit fluctuations, as depicted in Figure 3. The average price of silver per ounce from January 2023 till January 2024 stood at BDT 2,540, and the average price of gold per ounce stood at BDT 212,464. The lowest price in the displayed months was in February 2023 for silver and gold. The prices increased over the months, with a notable increase in gold prices compared to silver prices. Additionally, the most recent data indicates a decline in the price of gold at the end of January 2024, amounting to a decrease of 1.33 percent compared to December 2023. Similarly, the price of silver experienced a decrease of 3.55 percent compared to January 2024.

Various factors influence the prices of precious metals, and the key determinants are outlined below:

Demand for Precious Metals like Gold or Silver

Gold, a highly coveted precious metal, is sought for diverse purposes. Beyond its intrinsic value as an asset, gold plays a crucial role in manufacturing, serving as an electricity conductor, and finding applications in various industries. Moreover, gold serves as a significant investment asset, available in physical forms like coins, or jewelry, as well as in "paper" forms like Gold Exchange Traded Funds (ETFs), specialized unit trusts, trading in gold currency, or shares in gold mining companies. Increased demand for gold or silver typically results in a corresponding price rise.

Gold and Fiat Currencies

Gold often exhibits an inverse relationship with the US dollar. A strengthening US dollar tends to lead to a decline in gold prices. Consequently, many gold investors closely monitor US dollar and Foreign Exchange (Forex) rates.

Investment Purpose

Gold and silver are considered secure assets, retaining their value during economic volatility and offering a hedge against escalating living costs. Central banks maintain gold reserves as a protective measure amid financial uncertainties.

International Factors

The international spot price of the metal significantly influences the value of gold or silver. However, global events such as conflicts or peace agreements can also impact prices. Tensions and uncertainties on the global stage tend to drive up the price.

Inflation

Gold or silver is a popular investment choice during inflationary periods as it acts as a hedge. Increased inflation prompts individuals to invest in gold for financial security, leading to a surge in gold prices. Additionally, rising inflation diminishes the currency's value in the international market, resulting in a higher conversion rate and, consequently, a higher price.

Taxes & Import Duty

Importing gold or silver into Bangladesh incurs customs duty, and any alterations in government regulations affecting customs duty directly influence the market price of gold or silver. Furthermore, VAT, local taxes, and distribution costs, varying by demographic location, also impact the price. Any increase in these factors contributes to an upward trend in gold or silver prices.

6. Marketing and Distribution

6.1 Traditional and Modern Marketing Channels

The jewelry industry in Bangladesh employs a combination of traditional and modern marketing channels to connect with consumers. Traditional channels, enduring over the years, encompass physical retail stores, exhibitions, and word-of-mouth referrals. These avenues have been foundational, allowing customers to personally experience the jewelry, a crucial aspect of high-value items.

The landscape has evolved with the emergence of digital media, giving rise to modern marketing channels. Businesses now leverage online methods, including email marketing, social media platforms, and paid digital advertising, to reach potential customers. Implementing multi-channel marketing strategies is imperative to engage customers across diverse touchpoints, facilitating a seamless shopping experience from online browsing to in-store purchases.



6.2 Role of E-commerce in the Jewelry Market

The significance of e-commerce in Bangladesh's jewelry market has grown notably, especially with the rising popularity of online shopping. Projections suggest substantial growth in the Bangladeshi jewelry eCommerce market in the foreseeable future. E-commerce platforms allow customers to explore an extensive array of jewelry from the comfort of their homes, often accompanied by enticing discounts and offers. Traditional handmade jewelry retailers have embraced online distribution channels, incorporating digital payment methods such as Bkash, Nagad, Rocket, and online bank transfers. The presentation of innovative designs on online platforms has gained widespread customer acceptance, with initiatives like the "Gold Kinen" app aiming to spearhead Bangladesh's digital economy with trustworthy 22-karat gold (The Business Standard, 2023).

6.3 Distribution Channels

Concerning distribution, both traditional brick-and-mortar retail stores and online platforms play pivotal roles. Retail stores in urban and semi-urban areas enable consumers to inspect and try on jewelry physically. Conversely, online platforms provide the convenience of browsing and purchasing jewelry from anywhere, catering to diverse consumer preferences.

The evolving distribution network in Bangladesh integrates both online and offline channels, establishing a hybrid model in alignment with the global trend towards multi-channel retailing. This approach facilitates broader product distribution, ensuring the industry remains competitive and accessible to consumers domestically and globally.

7. Regulations and Challenges

7.1 Government Policies and Regulations Impacting the Industry

The Bangladeshi government has implemented policies such as the Gold Policy 2018, initially permitting the import of finished gold in bars and finished jewelry, excluding gold ore. In 2021, an amendment to the policy allowed the import of unrefined and partially refined gold and gold ore (Siddiqui, 2022). These policies are designed to regulate the industry, encourage legal trade, and augment the sector's economic contribution.

7.2 Challenges Related to Taxation, Smuggling, and Hallmarking

The jewelry industry grapples with challenges related to taxation, as elevated import taxes on gold can escalate the cost of jewelry, potentially incentivizing smuggling and illegal trading. Hallmarking poses another challenge, being crucial for ensuring the quality and purity of gold but presenting difficulties in consistent enforcement. Navigating these challenges is imperative for the industry to uphold consumer trust and adhere to regulations. Duty-free gold imports under the Baggage Rules are restricted to 117 grams of gold and primarily operate as an informal channel (Kaler Kantho, 2023).

A Comparison of Tariff Structures Shows Comparative Disadvantage for Bangladesh Manufacturers and Exporters. Bangladesh faces a comparative disadvantage in tariff structures compared to India, with higher import tariffs contributing to increased jewelry costs (Table 2).

It is imperative to prohibit the sale of jewelry without hallmark certification to guarantee the quality and authenticity of gold products. Furthermore, constraining gold sales to specific carat standards, such as 18, 21, 22, and 24 carats, enhances quality control and ensures consumer protection. The establishment of gold refineries in Bangladesh has the potential to add value to raw gold, generate job opportunities, and attract foreign investment, thereby contributing to the country's economic growth.

7.3 Access to Finance and Technological Advancements

Access to finance poses a significant barrier for small and medium enterprises (SMEs) in the jewelry industry, with many citing a lack of financing as the primary obstacle to technology adoption. A robust financial sector is essential to facilitate borrowing for technological needs. Advancements like 3-D printing reshape the industry, enabling touchless production and innovative designs. Embracing these new technologies is crucial for the industry's growth and competitiveness.

Table 2. Comparison of Tariff Structure (BAJUS, 2023)

HS code	Category	Description	TTI (BD)	Rate of Duty (India)	Duty Difference
26169010	Gold	Gold Ores	5	0	5
71081200	Gold	Unwrought Gold (Incl. Gold Plated With Platinum), Non-Monetary	0	0	0
71082000	Gold	Monetary Gold	37	10	27
71131900	Gold	Articles Of Jewelry And Parts Thereof Of Precious Metal (Excl. Silver)	58.6	25	33.6
71021000	Diamond	Unsorted Diamonds	89.32	10	79
71022100	Diamond	Industrial Diamonds Unworked Or Simply Sawed, Cleaved Or Bruted	34	10	24
71061000	Silver	Powder Of Silver	31	10	21
71069100	Silver	Unwrought Silver (Incl. Silver Plated With Gold Or Platinum)	32	10	22
71131100	Silver	Articles Of Jewelry And Parts Thereof Of Silver	58.6	25	33.6
71011000	Pearls & Semi-Precious Stones	natural Pearls (Excl. Strung, Mounted, Or Set)	31	5	26
71031000	Pearls & Semi-Precious Stones	Precious (Excl. Diamonds) Or Semi -Precious Stones, Unworked	31	10	21

8. Future Outlook

8.1 Growth Potential of the Industry

The demand is projected to surge at a rate of 12.1% in 2030, propelling the growth of gold ornaments, gold bars, and silver in Bangladesh by 12.5% from 2022 to 2030, resulting in a market volume of USD 21.1 billion (Jewelry Export Opportunity-BAJUS, 2023). This upswing is attributed to various factors, including favorable government policies, enhanced infrastructure, and increased demand from both local and international markets.

8.2 Emerging Trends and Opportunities

Technology has emerged as a pivotal force in the jewelry manufacturing sector, ushering in substantial changes in traditional processes and achieving unprecedented precision and efficiency. For example, laser cutting and engraving technologies have significantly enhanced detail accuracy, granting artisans greater creative freedom. Furthermore, innovations in casting processes and automation have markedly reduced production cycles, enabling quicker responses to market demands and emerging trends (Vegad, 2023).

The jewelry industry progressively integrates technological innovations like computer-aided design (CAD) software and 3D printing (Vegad, 2023). These advanced tools offer advantages such as accelerated production times, automatic error correction, and meticulous attention to detail. Consequently, these technologies are reshaping the industry landscape, fostering the emergence of innovative designs, and facilitating contact-free production processes.

8.3 Strategies for Sustainable Development

To ensure sustainable development, the jewelry industry in Bangladesh needs to focus on diversifying exports beyond traditional sectors, resolving financial sector vulnerabilities, and making urbanization more sustainable, along with proper policies for export and attract investments (Anvir, 2024). Addressing infrastructure gaps and strengthening public institutions, including fiscal reforms to generate more domestic revenue for development, are also crucial. The industry can benefit from digitization, automation, and sustainability investment to enhance productivity and competitiveness.

Ensuring sustainable development in the jewelry industry in Bangladesh necessitates a focus on diversifying exports beyond traditional sectors, resolving vulnerabilities in the financial sector, and making urbanization more sustainable. Implementing proper export policies and strategies to attract investments is crucial (Anvir, 2024). Addressing infrastructure gaps and fortifying public institutions, including fiscal reforms to generate more domestic revenue for development, are also imperative. The industry stands to gain from investments in digitization, automation, and sustainability, enhancing productivity and competitiveness.

9. Conclusion

The industry analysis report offers valuable insights into the jewelry sector in Bangladesh. Key findings reveal a substantial growth trajectory propelled by increasing domestic and international demand. The industry's adaptability to evolving consumer preferences, particularly within the expanding middle class, underscores its resilience and responsiveness to market dynamics. Additionally, an in-depth examination of the industry structure, including value chain analysis, market segmentation, and the competitive landscape, sheds light on the diverse ecosystem of players and their roles in value creation and delivery.

Consumers consistently gravitate towards timeless designs and sustainable, modern practices, posing challenges and opportunities for innovative jewelry brands. Economic uncertainties and geopolitical factors further contribute to the industry's complexities. However, these challenges also catalyze changes in jewelry demand and supply. A comprehensive understanding of these challenges is crucial for developing a robust jewelry business plan and devising strategies to mitigate risks in this evolving industry.

Recommendations for future growth and development involve strategic interventions to capitalize on emerging trends and address existing challenges. Strategies encompass leveraging technological advancements, such as 3D printing and computer-aided design, to enhance productivity and creativity. Simultaneously, addressing regulatory hurdles, including taxation and hallmarking, is vital to fostering consumer trust and upholding market integrity. Furthermore, initiatives aimed at diversifying exports, strengthening financial infrastructure, and promoting sustainability are imperative for sustainable development and global competitiveness.

In essence, the jewelry industry in Bangladesh is poised for continued growth and evolution, guided by a rich legacy of craftsmanship, cultural significance, and economic vitality. The industry can chart a course toward sustainable growth, prosperity, and global recognition by embracing innovation, fostering collaboration, and navigating regulatory complexities.





Contemporary Macroeconomic Crisis and Monetary Policy Response

The economic landscape of Bangladesh has encountered significant challenges in recent months, necessitating a rigorous examination of its core issues. Two prominent challenges have emerged: soaring inflation rates and a declining foreign reserve. These challenges have multifaceted origins, including the depreciation of the Bangladeshi Taka against the US Dollar amid global uncertainties, as well as a downward trend in foreign remittance inflows and modest export revenues.

As of February 2024, the point-to-point inflation rate reached a concerning 9.67 percent. Simultaneously, the country's foreign currency reserves have experienced a steady decline since the hike observed in August 2021. According to the Balance of Payments Manual (BPM6), the gross reserves stood at \$20.78 billion by February 2024. This decline can be attributed, in part, to the outflow of dollar sales to commercial banks and the insufficient inflow of remittances.

In recent months, the gap between the supply and demand for dollars in the current account has widened, coinciding with a decline in the financial account balance. Consequently, upward pressure has been exerted on the value of the US Dollar. Notably, in the curb market, the dollar is now being sold at an alarming rate of 126-128 Bangladeshi Taka—a stark contrast to the rate of approximately 112 Taka just ten months prior. Additionally, official exchange rates for the dollar (Tk110 per dollar) remain significantly lower than those determined by market forces.

In the context of Bangladesh's current economic challenges, a judicious monetary policy assumes paramount importance as a pivotal instrument for mitigating inflationary pressures and ensuring macroeconomic stability by reversing the trend of foreign exchange reserves. Historically, monetary policy in Bangladesh has not actively addressed inflation control or other macroeconomic aggregates, with market interest rates and exchange rates artificially managed. However, given the sustained economic challenges over the past year, the central bank has undertaken specific measures using its monetary tools.

Notably, in January 2023, the International Monetary Fund (IMF) approved a \$4.7 billion loan to Bangladesh, subject to certain conditions. This development prompted the Central Bank to implement reform measures promptly. In its recent Monetary Policy Statement (MPS) for July-December 2023, the Bangladesh Bank introduced several key reforms aimed at curbing inflationary pressures:

- **Reserve Calculation:** The central bank now calculates reserves following the guidelines outlined in the Balance of Payments Manual (BPM6) issued by the IMF.
- **Lending Rate Cap Replacement:** The lending rate cap, previously enforced in April 2020, has been replaced.
- **Repo and Reverse Repo Rate Adjustments:** The repo and reverse repo rates have been adjusted.
- **Exchange Rate Unification:** Efforts have been made to unify exchange rates.
- **Remittance Relaxations:** Certain conditions for sending remittances through official channels have been relaxed.

These measures collectively aim to enhance monetary policy effectiveness, stabilize inflation, and bolster the country's economic resilience.

In Bangladesh's monetary policy context, a significant shift toward a more flexible interest rate regime has been proposed. This move aims to address long-standing concerns and enhance the effectiveness of monetary policy. Specifically, banks and non-bank financial institutions would be allowed to adopt a margin of 3 to 5 percentage points concerning the SMART rate. The SMART rate is determined based on the six-month moving average rate of treasury bills, and an additional one percentage point handling fee would apply for loans to the Cottage, Small, and Medium Enterprises (CSMEs), as well as consumer loans.

While this corridor-based interest rate adjustment represents a positive step toward a market-oriented regime, certain challenges remain. Notably, the prevailing inflation rate and the central bank's determination of the six-monthly treasury bill rate may limit the desired impact of this arrangement. Therefore, it is imperative to further transition toward a truly flexible interest rate regime by aligning the SMART rate with market dynamics.

Another noteworthy policy measure has been the restriction on luxury item imports, implemented to address the decline in foreign exchange reserves. While this move is commendable and has led to a noticeable reduction in Letter of Credit (LC) openings, it remains a short-term solution. A more comprehensive and sustainable strategy is essential for sustained improvement in reserves.

Subsequent to the Monetary Policy Statement (MPS) issued in June 2023, the Central Bank has implemented several measures to mitigate inflation and bolster the foreign exchange reserve. A key strategy has been elevating the policy rate by 0.75 percentage points to 7.25 percent. This action is anticipated to contract the money supply within the economy, thereby serving as an instrument to control inflation. While this augmentation of the repo rate is generally viewed as a positive development, it is imperative for the effectiveness of such policy measures that the Bangladesh Bank allows the interest rate to be dictated by market forces.

In a recent move to stimulate dollar inflow, an additional incentive of 2.5 percentage points, supplementing the existing 2.5 percent, has been introduced for remitters. Although this measure is projected to augment the short-term inflow of dollars, as long as a discrepancy exists between the official and unofficial rates, remitters will be financially motivated to channel remittances through informal avenues. Consequently, it is vital in the long term to transition towards a unified exchange rate regime driven by market forces, and monetary policy should be aligned to facilitate this. However, it is essential to ensure effective management of the relevant institutions to enable a seamless transition towards a market-driven exchange rate regime.

Furthermore, additional safety net measures need to be implemented to counteract the potential inflationary pressure resulting from exchange rate adjustments. An additional factor contributing to the increased flow through informal channels is the existence of an informal hundi market, which is based on black money. To direct foreign currency through formal channels, stringent measures should be enforced to curb the diversion of black money through informal routes.

Lastly, the Central Bank, in collaboration with the Finance Division, must implement rigorous policy measures to address fundamental issues in the banking sector, such as non-performing loans. In this context, introducing transparency and good governance in the financial sector is a prerequisite for the effectiveness of monetary policy.





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

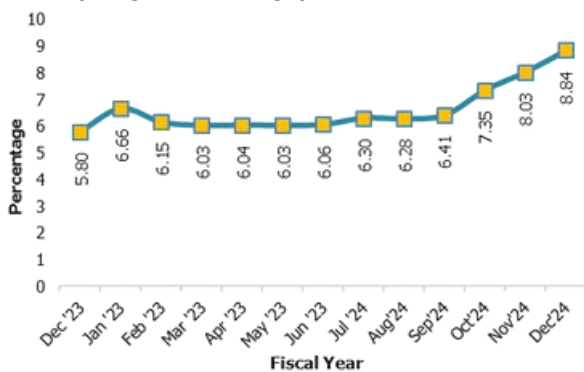
Month	Cheque Clearing		Electronic Fund Transfers (Outward)		Credit Card		Debit Card	
	Transaction	Amount (BDT)	Transaction	Amount (BDT)	Transaction	Amount (BDT)	Transaction	Amount (BDT)
Dec '23	1,801,384	197,398.62	9,767,821	49,478.62	3,985,465	2,489.38	37,472,910	36,710.65
Jan '23	2,008,460	211,740.57	22,203,302	62,004.33	3,988,104	2,506.51	38,637,515	36,765.30
Feb '23	1,740,691	193,732.70	23,703,801	54,405.70	3,662,104	2,312.90	37,534,747	36,690.30
Mar '23	1,891,786	209,329.20	12,996,763	58,432.20	4,049,110	2,652.30	42,588,845	42,259.60
Apr '23	1,721,971	188,385.20	27,049,634	61,014.50	4,277,389	2,746.40	46,430,289	44,144.30
May '23	1,911,669	205,373.32	18,755,955	57,970.65	4,055,964	2,592.48	41,208,606	39,014.96
Jun '23	2,096,578	249,782.60	40,161,362	78,321.70	3,905,459	2,583.00	45,469,617	45,348.40
Jul '24	1,709,520	212,489.50	11,548,223	61,242.50	4,294,399	2,674.40	38,168,410	34,456.70
Aug '24	1,707,463	212,981.20	12,035,293	62,303.40	4,356,197	2,591.60	39,346,016	37,803.70
Sep '24	1,591,351	180,396.90	10,869,818	55,598.00	4,356,695	2,563.30	38,730,247	36,759.50
Oct '24	1,856,922	215,168.70	27,380,116	71,929.50	4,783,354	2,865.70	41,810,339	39,575.70
Nov '24	1,858,939	205,952.10	16,245,938	72,689.40	4,534,270	2,748.80	40,706,519	39,253.80
Dec '24	1,664,797	183,052.30	16,780,017	68,182.90	4,715,615	2,916.90	42,390,261	41,752.00

Source: Bangladesh Bank

In December 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 notable decrease in the activities of cheque clearing by 10.44 percent, electronic fund transfers slightly increased by 3.29 percent, credit card by 4.00 percent, and debit card transactions by 4.14 percent, respectively.

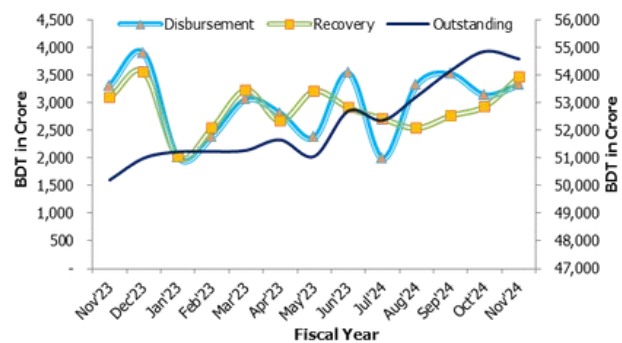
The call money rate's weighted average exhibited variations and a fluctuating pattern over the recent months. In December FY2024, it saw a rise compared to the preceding month, reaching 8.84 percent (refer to Figure 1). Additionally, the rate for the same month in the preceding fiscal year, December FY2023, was 5.80 percent, reflecting an increase of approximately 52.41 percent.

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



Source: Bangladesh Bank

Figure 2. Agricultural Credit



Source: Bangladesh Bank

The agricultural credit financing data indicates significant fluctuations in both disbursement and recovery amounts over the past 12 months, as depicted in Figure 2. In November FY2024, the disbursement amount saw an increase of 5.86 percent compared to the substantial fall observed in October FY2024. Similarly, there was a significant 18.26 percent growth in recovery from the previous month in October FY2024, following an increase in the recovery amount during the preceding two months, September FY2024 and October FY2024. Nevertheless, the outstanding amount recorded a marginal decrease, reaching BDT 54,590.56 Crore.

With globalization and digitization, people prefer the internet and mobile banking. In December 2024, the number of internet banking customers increased by 1.95 percent, and subscribers of mobile banks increased by 0.17 percent compared to the previous month. 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 67,225.70 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
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'24	7,788,896	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
Oct'24	7,980,859	10,337,750	78,863.08	1,678,207	573,271,299	120,596.47	217,710,830	15,542	16,089,259	70,459.86	20,931,465
Nov '24	8,172,648	9,747,240	82,866.20	1,701,943	542,074,508	119,669	220,086,186	15,581	14,580,631	70,444.40	21,195,205
Dec '24	8,331,730	9,855,726	81,640.20	1,724,515	550,908,856	124,549	220,457,448	15,757	13,976,607	67,225.70	21,418,816

Source: Bangladesh Bank





Dhaka Stock Exchange

The total number of listed securities stood at 651 at the end of November 2023. Among the listed securities, there were 355 companies, 37 mutual funds, 238 government bonds, 8 debentures and 13 corporate bonds. The companies include 35 banks, 23 financial institutions, 57 insurance companies, and 240 others. Figure 01 shows the DSE market cap and DSE broad index from November 2022 to November 2023. DSE Broad Index (DSEX) stood at 6,223.03 at the end of November 2023, which was 0.89 percent lower than the previous month and 0.21 percent lower than that of the same month of the preceding year. The market capitalization of DSE stood at BDT 7,718.17 billion at the end of November 2023, which was 1.59 percent lower than that of the previous month but 0.99 percent higher than that of the same month of the previous year. The Bangladesh Govt. Treasury Bonds (BGTBs) occupied 77.09 percent of the issued capital and dominated the market at the end of November 2023.

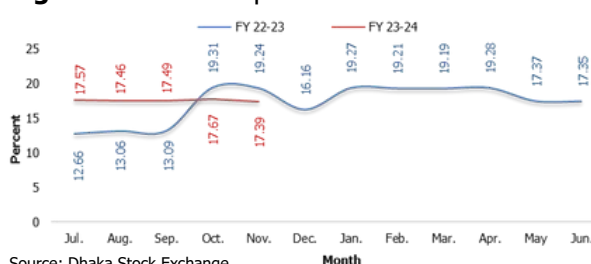
Figure 1. Market Capitalization and DSE Broad Index



Source: Dhaka Stock Exchange

Figure 2 shows the ratio of the market capitalization of DSE to GDP (at current market price), standing at 17.39 percent at the end of November 2023, which was 17.67 percent at the end of October 2023, and 19.24 percent at the end of the corresponding month of the previous year.

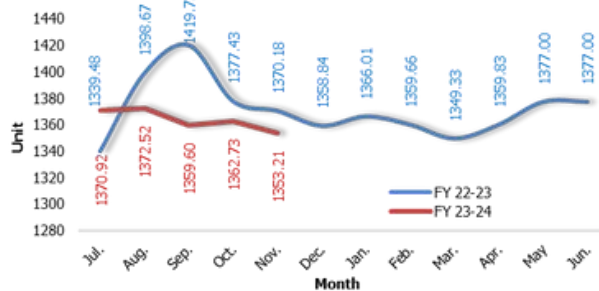
Figure 2. Market Capitalization to GDP Ratio



Source: Dhaka Stock Exchange

Figure 3 shows the DSE Shariah Index for FY 2022-23 and FY 2023-24. At the end of November 2023, the DSE Shariah Index (DSES) stood at 1,353.21, which was 0.69 percent lower than that of the previous month and 1.24 percent lower than that of the same month of the previous year.

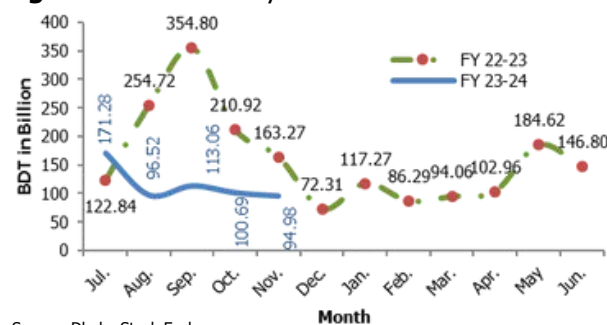
Figure 3. DSE Shariah Index



Source: Dhaka Stock Exchange

Figure 4 shows the DSE Turnover of FY 2022-23 and FY 2023-24. The value of the total turnover of the traded securities of DSE stood at BDT 94.98 billion on November 2023, which was 41.83 percent lower than that of the same month of the previous year.

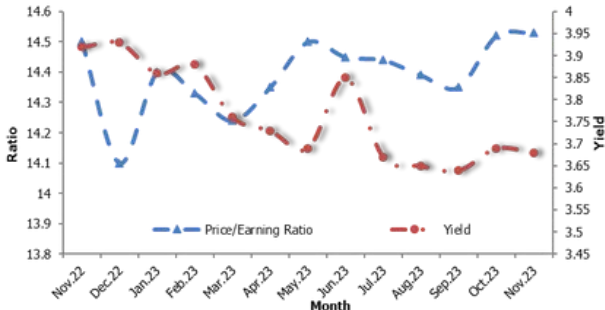
Figure 4. DSE Monthly Turnover



Source: Dhaka Stock Exchange

Figure 5 shows the trends of price-earnings ratio and yield of DSE. The price-earning (P/E) ratio of all securities of DSE stood at 14.53 at the end of November 2023 which was 14.50 at the end of November 2022. The yield of all securities of DSE stood at 3.68 at the end of November 2023, which was 3.92 at the end of the same month in the previous year.

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

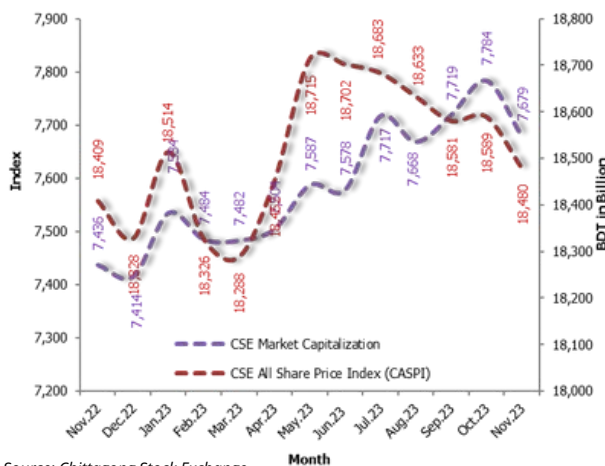


Source: Dhaka Stock Exchange

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 612 at the end of November 2023. The total amount of issued capital increased to BDT 4,284.95 billion at the end of November 2023 from BDT 4,376.54 billion at the end of October 2023 and BDT 4,096.77 billion at the end of the same month of the previous year. All share price index of CSE (CASPI) stood at 18,479.52 at the end of November 2023, which was 0.59 percent lower than that of the previous month but 0.39 percent higher than the October 2023 and the same month of the previous year, respectively. The market capitalization of the CSE stood at BDT 7,679.39 billion at the end of November 2023, which was 1.34 percent lower than that of October 2023 but 3.27 percent higher than November 2022 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 1,171.02 by the end of November 2023 from 1,170.46 at the end of the previous month. However, it increased compared to 1,169.88 at the end of the same month in the previous year.

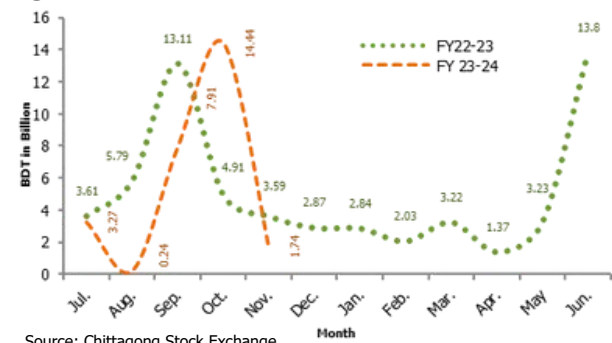
Figure 7. CSE Shariah Index



Source: Chittagong Stock Exchange

Figure 8 shows the CSE Turnover of FY 2022-23 and FY 2023-24. During November 2023, the value of the total turnover of traded securities of CSE decreased to BDT 1.74 billion from BDT 14.44 billion during the previous month and also decreased from the value of the same month of the previous year.

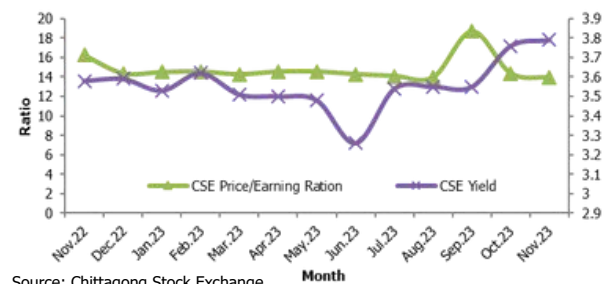
Figure 8. CSE Month to Month Turnover



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 13.90 at the end of November 2023, which was 16.23 at the end of November 2022. The yield stood at 3.79 at the end of November 2023, which was 3.58 at the end of November 2022.

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



Source: Chittagong Stock Exchange

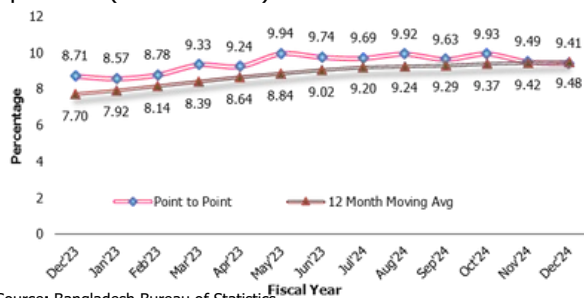




Real Sector

In December FY2024, the point-to-point inflation stood at 9.41%, which had a considerable year-on-year (y-o-y) decrease. It followed a fluctuating trend since the beginning of FY2024. On the contrary, the twelve-month moving average in December FY2024 stood at 9.48%, following an increase from November FY2024, which was 9.42%. Compared to the previous month the national food inflation experienced an decrease in December FY2024, along with food inflation, and non-food inflation slightly increased. (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 urban inflation has fluctuated for the previous few months (Table 1). The inflation in December of FY2024 decreased from the previous month, standing at 9.41%. The non-food inflation in urban and rural areas increased, in December from November. The general inflation slightly decreased in both the urban and rural sectors which stood at 9.15% and 9.48%, respectively.



Table 1. CPI Inflation, Bangladesh

Month in Fiscal Year	National			Urban			Rural		
	General	Food	Non-Food	General	Food	Non-Food	General	Food	Non-Food
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
Nov'24	9.49	10.76	8.16	9.16	10.58	8.17	9.62	10.86	8.00
Dec'24	9.41	9.58	8.52	9.15	9.46	8.39	9.48	9.66	8.41

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, Furniture and house equipment, Recreation and cultural Services, Restaurants and hotels, and Miscellaneous goods and services, Transportation, Education, Gross rent, fuel and lighting, experienced an decrease in the monthly percentage of CPI in December FY2024 compared to the previous month (Table 2). Categories like Medical care and health expenses, and Communication have increased.

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

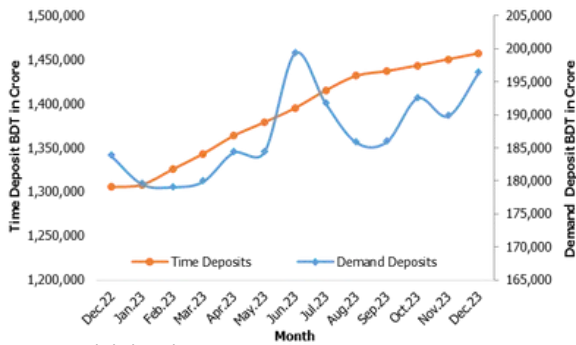
Month in Fiscal Year	Non-Food	Clothing & Footwear	Gross Rent, Fuel & Lighting	Furniture & House Equipment	Medical Care & Health Expenses	Transportation	Recreation & Cultural Services	Education	Restaurants and Hotels	Communication	Misc. Goods and Services
Dec '23	9.96	0.60	0.01	1.00	0.15	0.28	0.33	-	-	-	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
Nov'24	0.91	1.43	1.12	1.53	0.45	0.53	1.13	0.11	1.17	0.04	1.57
Dec '24	0.69	0.26	0.37	0.32	5.35	0.17	0.04	0.04	0.14	0.34	1.04

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

Monetary Sector

The Deposit Money Banks (DMBs) are made up of 61 Scheduled Banks from December 2022 to December 2023 (as shown in Figure 2). In December 2022, the demand deposit was BDT 183,741.40 crores. By December 2023, the demand deposit had increased to BDT 196,325.10 crores. However, the time deposit had increased to BDT 1,457,419.60 crore in December 2023, compared to November 2022.

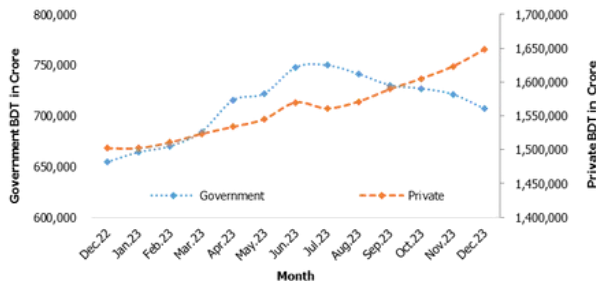
Figure 2. Deposit Money Banks (DMBs)



Source: Bangladesh Bank

Figure 3 shows the total domestic credit of the government and private sector of Bangladesh, in the month of December 2022, private sector credit was BDT 1,502,268.30 crore and in the month of December 2023, Private sector credit increased to BDT 1,648,026.90 crore. However, in the month of December 2022, government sector domestic credit was BDT 654,531.60 and in the month of December 2023, government sector credit was increased to BDT 707,202.40 crore.

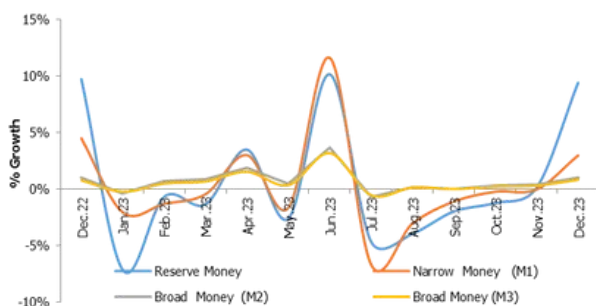
Figure 3. Domestic Credit



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 December 2022 to December 2023. The growth rates of these monetary aggregates fluctuated during this time period. However, it is worth noting that in December 2023, growth of broad money (M2) improved, and broad money (M3) increased compared to the previous month.

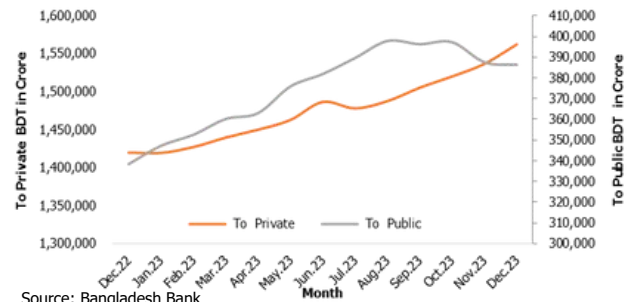
Figure 4. Monetary Aggregate Growth



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 December 2022, the total credit extended by DMBs to private and the public entities amounted to BDT 1,419,875.80 crore and BDT 338,418.60 crore, respectively. However, by December 2023, the credit extended by DMBs to private entities increased to BDT 1,562,279.90 crore and the credit extended to the public entities increased to BDT 386,370.00 crore compared to December 2022.

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 July - September 2023 to July - September 2024. In the July - September quarter of FY 2022-23, the FDI reached USD 20,640 million. However, in the quarter of July - September FY 2023-24, FDI decreased to USD 20,017 million.

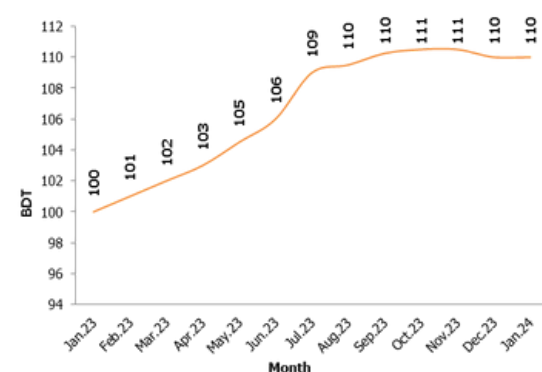
Figure 6. Foreign Direct Investment



Source: Bangladesh Bank

Figure 7 presents the exchange rate data based on information from Bangladesh Bank. In January 2023, the USD to BDT exchange rate was recorded at BDT 100.00, while in January 2024, it increased to BDT 110.00. This exchange rate movement indicates that from January 2023 to January 2024, the Bangladeshi taka experienced a depreciation of 0.10 percent against the USD.

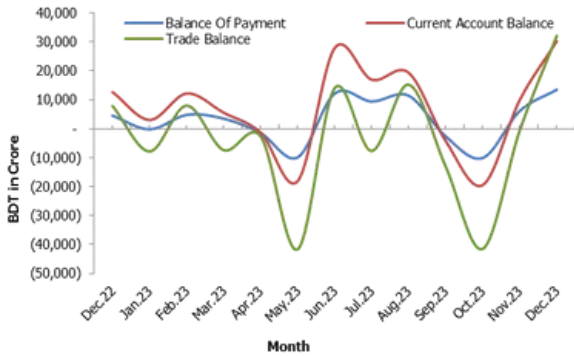
Figure 7. Exchange Rate of USD



Source: Bangladesh Bank

As of December 2023, the Balance of Payments recorded a surplus of BDT 13,474.50 crore, a significant increase compared to the BDT 4,506.90 crore in December 2022, as shown in Figure 8. Similarly, the Current Account Balance also showed an increased surplus of BDT 16,746.20 crore in December 2023, as opposed to the BDT 8,138.30 crore reported in December 2022. Furthermore, the trade balance surplus in December 2023 and was in deficit in December 2022.

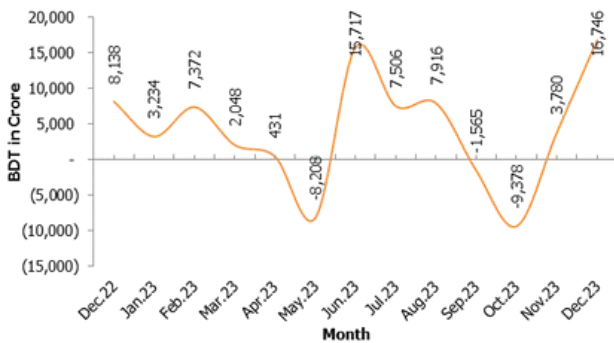
Figure 8. Overall Balance of Payment



Source: Bangladesh Bank

The graph in Figure 9 shows the current account balance in Bangladesh from December 2022 to December 2023. In December 2022 the current account balance was BDT 8,138.30 crore and balance of BDT 16,746.20 crore in December 2023.

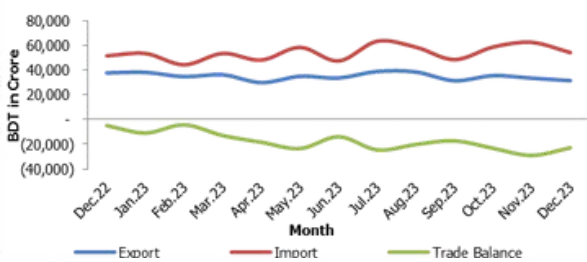
Figure 9. Total Current Account Balance



Source: Bangladesh Bank

Figure 10 presents the export and import trends of Bangladesh, spanning from December 2022 to December 2023. In December 2022, exports amounted to BDT 37,988.83 crore, while imports totaled BDT 51,889.52 crore. In December 2023, exports decreased to BDT 31,703.00 crore, and imports increased to BDT 54,563.00 crore.

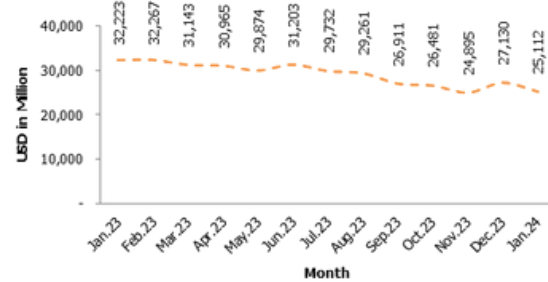
Figure 10. Export, Import, and Trade Balance



Source: Bangladesh Bank

Figure 11 illustrates the progression of Foreign Exchange Reserves from January 2023 to January 2024. In January 2023, the foreign exchange reserves stood at USD 32,222.55 million. However, in January 2024, there was a decrease, and the foreign exchange reserves amounted to USD 25,111.90 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.

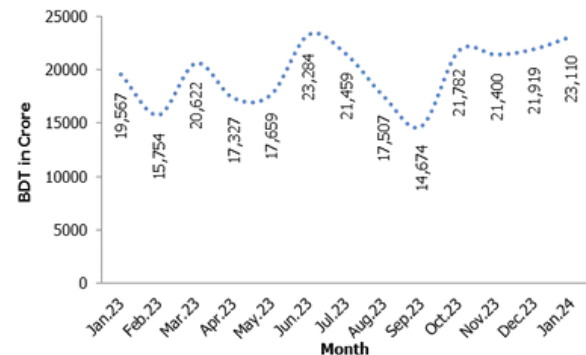
Figure 11. Foreign Exchange Reserve



Source: Bangladesh Bank

According to Figure 12, the worker remittance between January 2023 and January 2024 increased from BDT 19,566 crore to BDT 23,110 crore. This shows a 18.11 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

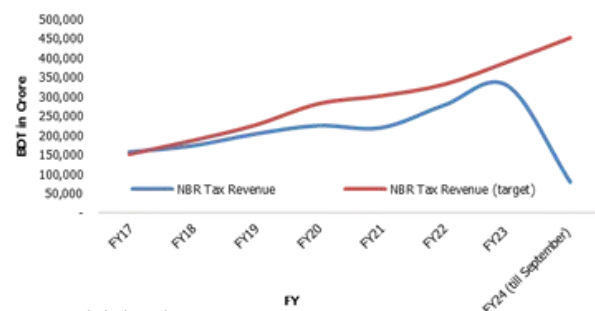


Source: Bangladesh Bank

Fiscal Sector

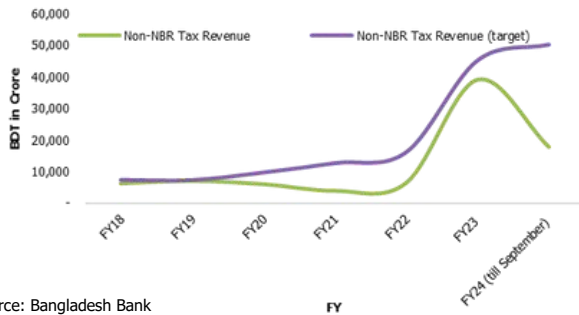
Figure 13 shows yearly NBR tax revenue from FY 2017 to FY 2024. Income is derived from a variety of sources, including both taxes and non-tax revenues. As of September 2024, substantial progress has been made toward achieving the overall revenue target, with 19.10% of the goal realized. Notably, most of this revenue has been generated through taxes administered by the National Board of Revenue (NBR), accounting for 81.43% of the total.

Figure 13. Yearly NBR Tax Revenue



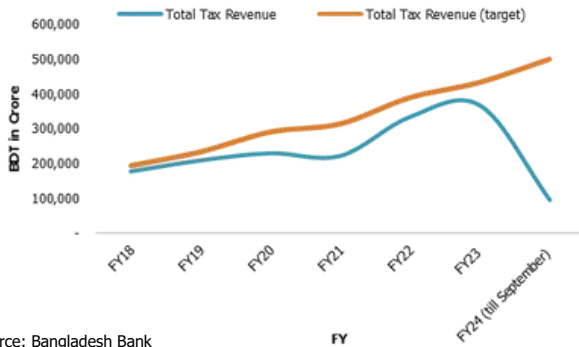
Source: Bangladesh Bank

Figure 14. Yearly Non-NBR Tax Revenue



Source: Bangladesh Bank

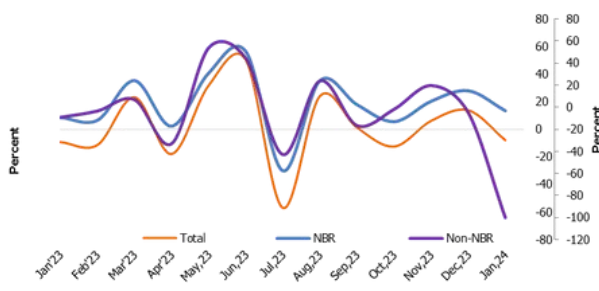
Figure 15. Yearly Total Tax Revenue



Source: Bangladesh Bank

Figure 16 shows the Month-over-Month growth of NBR tax revenue, revealing significant fluctuations. Notably, in January 2024, there was a notable decrease of 7.83% in total NBR tax revenue. However, in January 2024, the NBR revenue decreased compared to December 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

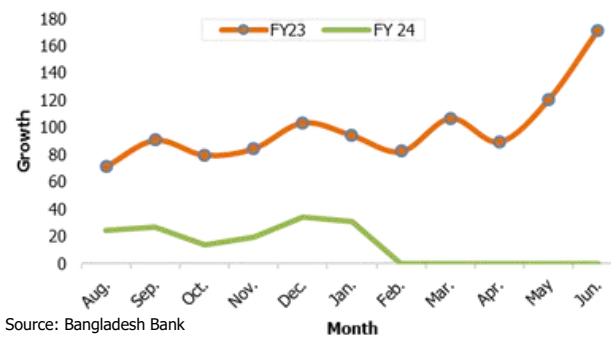


Source: Bangladesh Bank



Figure 17 shows the cumulative growth of NBR total revenue (sum of NBR tax and non-NBR tax), where the cumulative growth up to January of FY 2024 was 30.86%, which was 94.18% in January FY2023.

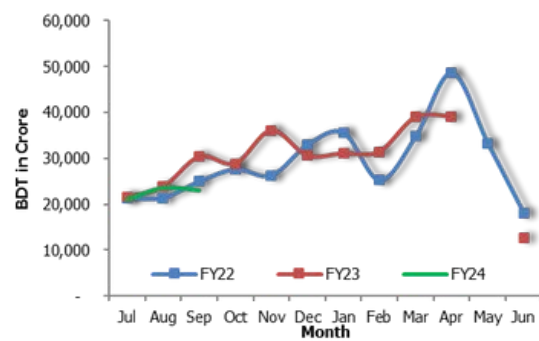
Figure 17. Cumulative Growth of NBR Total Revenue



Source: Bangladesh Bank

Figure 18 shows the government's total expenditure from July 22 to September 24. The total government expenditure in September FY24 was BDT 22,930 crore, which is 4.44% lower than the previous year (FY23) in the same month which was BDT 30,397 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	1,212.12	21,702.61	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	1,501.48	26,934.55	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	1,252.52	27,292.97	3026.84	13847.62	9606.29	353.18	26833.93	1303.47	28137.40
October	3280.84	11674.84	7,444.65	258.8	22,659.13	1,230.05	23,889.18	2979.88	13918.16	6527.94	364.32	23790.30	1322.43	25112.73
November	3352.83	12165.33	7,980.80	398.92	23,897.88	1,472.86	25,370.74	3109.85	14670.82	6628.00	491.33	24900.00	1338.46	26238.46
December	2975.63	11991.31	12,231.98	281.91	27,480.83	1,402.01	28,882.84	2722.65	13747.04	10991.98	2152.18	29613.85	1622.30	31236.15
January	3156.35	12146.13	11,050.52	269.06	26,622.06	0	26,622.06	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	22,155.16	86,678.86	61,903.30	1,886.59	172,623.91	2,713.60	121,234.62	36861.23	168972.31	111788.89	13361.31	330983.74	13064.60	344048.34



According to data, the unemployment rate of India, the UK, the USA, and Malaysia decreased in November 2023 and stood at 9.16%, 3.90%, 3.70%, and 3.30% respectively compared to the previous month. The repo rate of the UK, Bangladesh, India, and Vietnam remained constant in September 2023, standing at 5.25%, 6.50%, 6.50%, and 4.50%, respectively. The deficit balance of Bangladesh increased standing at USD 2.62 billion whereas, the deficit balance of India, the UK, and the USA declined to USD 20.58 billion, USD 1.77 billion, and USD 61.88 billion, respectively. The consumer price index of Bangladesh, India, and the USA, experienced a decrease whereas, Malaysia, Vietnam, and the UK increased in November 2023. Furthermore, the consumer credit balance for Bangladesh, Malaysia, the UK, and the USA increased compared to the previous month.

Table 1. Selected Economic Indicators

Country	Unemployment Rate [%]	Repo Rate [%]	Consumer Price Index [CPI]	Balance of Trade [billion \$]	Consumer Credit [billion \$]
Bangladesh	0	6.50	119.1	-2.62	177.16
India	9.16	6.50	185.30	-20.58	...
Malaysia	3.30	...	130.90	3.4	103.774
Vietnam	...	4.50	113.66	1.54	...
UK	3.90	5.25	131.69	-1.77	188.87
USA	3.70	...	307.05	-61.88	1,914.00

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 bhori). In recent years, the highest price of gold was BDT 227,523 in December 2023, and the lowest was BDT 191,141 in February 2023. On the other hand, the selling price of silver per ounce was BDT 2,619 in December 2023, and the lowest was BDT 2,191 in February 2023. However, the latest price of gold at the end of January is 1.33 percent lower than the price of December 2023, and the price of silver decreased by 3.55 percent compared to the month of December 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. NKA Mobin is a highly esteemed and accomplished professional, currently serving as the Executive President and Sponsor Director of Emerging Credit Rating Limited (ECRL), a licensed rating company in Bangladesh authorized by the Bangladesh Securities and Exchange Commission (BSEC). With a history spanning 14 years, ECRL has established itself as a prominent player in the financial sector, boasting a technical collaboration with the Malaysian Rating Corporation Berhad (MARC) since 2009. A seasoned Senior Fellow Chartered Accountant and Chartered Secretary in Bangladesh, Mr. Mobin brings over 40 years of extensive experience in various aspects of financial management. His leadership acumen is evident through his role as an Executive Committee member of the Institute of Chartered Accountants of Bangladesh (ICAB) for two consecutive terms (2019-21 and 2022-24) and as a Fellow member of the Institute of Chartered Secretaries of Bangladesh (ICSB) for two decades, since 2003. Mr. Mobin has an impressive track record of holding key leadership positions, which includes serving as the Senior Vice-President of the Dhaka Chamber of Commerce and Industries (DCCI) for two years and leading ICAB for five years. In addition, his educational background is equally impressive as he has completed his MBA in Finance from Dhaka University and obtained EMBA degrees from prestigious institutions in Sweden, Singapore, France, and Japan. In the realm of corporate governance, Mr. Mobin served as the Government-nominated Board Director of Biman Bangladesh Airlines from 2016 to 2020. Currently, he holds the position of Independent Director in several companies, namely Citizen Banks PLC., Omera Petroleum Limited, and Omera Cylinders Limited.

Beyond his corporate endeavors, Mr. Mobin is an active participant in various civic and social organizations. He is a Rotarian with Phf membership and also served as an Executive Committee member of the Bangladesh Scouts Foundation. Additionally, he holds the prestigious Red & Green Jacket (Highest honor). As a golf enthusiast, he is a regular player at the Kurmitola Golf Club, where he achieved two "Hole-in-One" titles in a single session. Since 2007, he has been a proud member of the Kurmitola Golf Club and several other social clubs.

His extensive list of positions and memberships includes serving as an:

- Independent Board Director of Bangladesh Submarine Cables Company Limited (BSCCL) from 2020 to 2023
- Independent Board Director at Unique Hotel & Resorts Limited from 2021 to 2023,
- Independent Board Director at HeidelbergCement Bangladesh Limited from 2021 to 2023.
- Independent Board Director at Shasha Denims Ltd. (2016-2021)
- Independent Board Director at Mobil-Jamuna Lubricants (BD) Ltd. (2019-2022).
- Vice President (Education & Examination) at ICAB for 2019 and 2022
- Treasurer at Gulshan Society for 2022-23.



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 Shariah 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 (CPER). 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 Afrooz 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. Afrooz 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.

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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