

# Gold price drop boosts India buying, lifts premiums to eight-month high

**REUTERS**  
Physical gold demand in India this week surged as local prices dropped to their lowest levels since June last year, with buying expected to pick up in other Asian centres after the Chinese Lunar New Year holiday week.

In India, dealers were charging a premium of up to \$7 an ounce over official domestic prices, the highest in eight months. Last week they were charging a premium of up to \$5 inclusive of 12.5 per cent import and 3 per cent sales levies.  
"Sales are robust. People are buying coins,

bars and jewellery because of price correction," said Chanda Venkatesh, managing director of CapsGold, a bullion merchant based in the southern city of Hyderabad.

On Friday, local gold futures fell to 45,861 rupees per 10 grams, the lowest level since June 2020.

Supplies are limited but demand is robust from jewellers, who are keen to build inventory for the festival and wedding season, said a Mumbai-based dealer with a bullion importing bank.

Gold demand in China, the world's biggest bullion consumer, is expected to rise after the Chinese New Year celebrations. Customers were charged premiums of \$5-\$8 an ounce over benchmark spot rates, unchanged from last week's prices.

In Singapore, premiums were charged in the range of \$1-\$2 an ounce on gold, dealers said.

In Hong Kong, gold was sold between a discount of \$4 and a premium of \$1.5 as the market remained quiet, dealers said.

Japanese dealers said they charged premiums between \$0.50 and \$1, unchanged from last week, as physical gold demand remained strong on lower local prices.

Demand for physical silver also outstripped production, dealers in multiple hubs said.

"Demand for silver is tight because refiners cannot shift production overnight," said Joshua Rotbart at dealers J. Rotbart & Co, adding that premiums on silver products are going up exponentially.



REUTERS/FILE

Gold earrings are seen at a jewellery showroom in Mumbai, India.

# China regulator finalises guidelines on banks' internet loan businesses

**REUTERS, Shanghai**

China's bank regulator on Saturday tightened requirements on the internet loan business of commercial banks, amid heightened scrutiny of online lending by internet giants such as Ant Group Co, the finance arm of Alibaba Group Holding Ltd.

Commercial banks must jointly contribute funds to issue internet loans with a partner, and the proportion of capital from the partner in a loan should not be less than 30 per cent, the China Banking and Insurance Regulatory Commission said in a notice.

The balance of internet loans issued by a bank with one partner, including its related parties, must not exceed 25 per cent of the bank's net tier-one capital, it said.

In addition, the balance of internet loans issued jointly by commercial banks and cooperative institutions may not exceed 50 per cent of the bank's total balance, the guidelines state. In a separate Q&A document, the regulator said firms must comply with the new

rules by July 17, 2022.

The regulations will increase the potential capital needs for technology platforms such as Ant Group, which was on its way to raising \$37 billion in an IPO based on its vast range of online lending services.

Those hopes were dashed when China's regulators intervened to halt the listing in November, over concerns that over-lending consumer debt would pose a threat to the country's financial system.



REUTERS/FILE

A man rides an electric bike past the China Banking and Insurance Regulatory Commission building in Beijing.

# Citigroup considering divestiture of some foreign consumer units

**REUTERS**

Citigroup Inc is considering divesting some international consumer units, Bloomberg Law reported on Friday, citing people familiar with the matter.

The discussions are around divesting units across retail banking in the Asia-Pacific region, the report said.

"As our incoming CEO Jane Fraser said in January, we are undertaking a dispassionate and thorough review of our strategy," a Citigroup spokesperson told Reuters.

"Many different options are being considered and we will take the right amount of time before making any decisions."

The move, part of Fraser's attempt to simplify the bank, can see units in South Korea, Thailand, the Philippines and

Australia being divested, the Bloomberg report said.

However, no decision has been made, according to the report.

Revenue from Citi's consumer banking business in Asia declined 15 per cent to \$1.55 billion in the fourth quarter of 2020.

The divestitures could be spaced out over time or the bank could end up keeping all of its existing units, the Bloomberg report said. The firm is also reviewing consumer operations in Mexico, though a sale there is less likely, the report said, citing one of the people.

Last month, New York-based Citigroup beat profit estimates but issued a gloomy forecast for expenses. Finance head Mark Mason said the lender's expenses could rise in 2021 in the range of 2 per cent to 3 per cent, weighing on its operating margins.

# Tea consumption crashes for first time since 2007

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Tea consumption has risen by two and a half times in the last two decades. Apart from 2020, consumption rose every year by 5.7 per cent in last nine years since 2011.

"Had there been no pandemic, the annual consumption could have crossed 100 million kgs last year," said Munir Ahmad, a deputy director of the BTB.

Availability of gas and electricity in the many rural areas has made tea a popular beverage as people stay up late and throng village centres, Ahmad said.

Prof Muhammad Sekandar Khan, vice-chancellor of East Delta University, said due to the rise in purchasing power, the consumption of less necessary items like tea is growing.

After meeting the expenses of daily necessities, people like to buy comforting items. "This can be seen as an indicator of a growing economy," said Khan, also a former professor of economics at the University of Chittagong.

Mohammad Sadek Hossain has been a popular tea stall owner at the busy Choumuhani area on the Sheikh Mujib Road in Chattogram city since 2000.

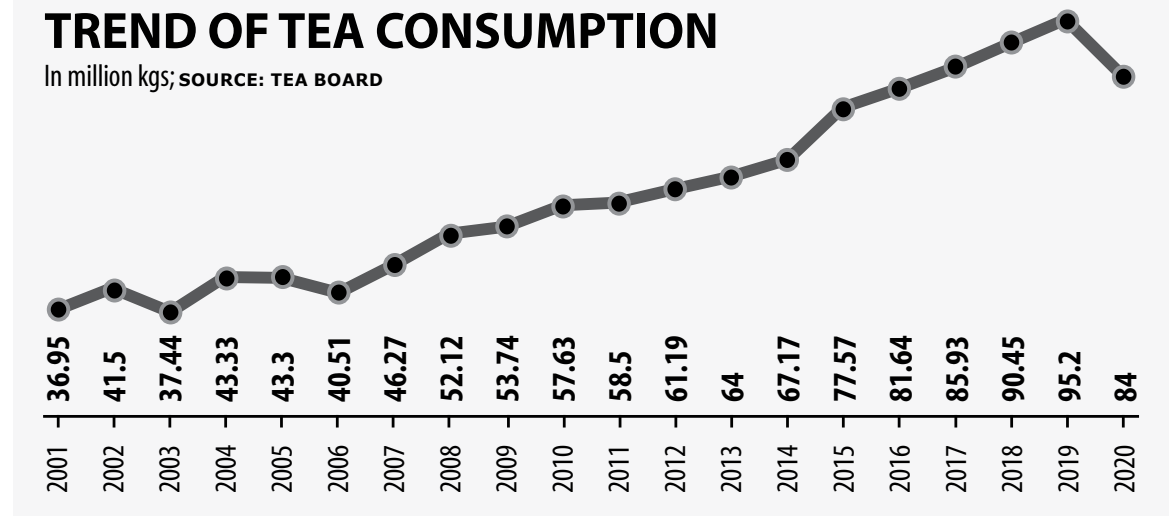
When he started his roadside stall, he managed to sell 60 to 70 cups of tea each day. Now, he sells 200 to 250 cups of tea every day.

"Once, people used to take a cup of tea every day. Now many people are seen taking more than one cup daily."

One of them is Khairul Bashar Arif. He lives abroad with his family. But he has been in his village home in Jamalpur for several months now. He usually drinks six cups of tea between 5pm and 10pm every day, the time he usually spends with his friends.

"Sometimes, I drink more than that. I also drink tea at home with my family," said the 38-year-old.

Arif's parents have been drinking tea for the last four years and his



14-year-old sister Muntaha Mrittika also joined in.

Even, beggars used to beg tea in the past. Now, many of them are willing to pay for the beverage, Hossain said.

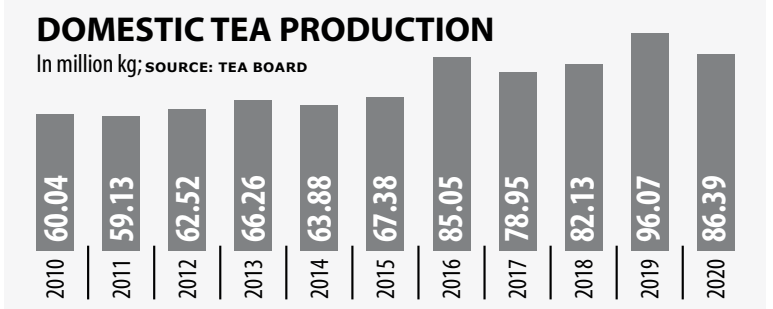
In the increasingly busy life, people do not have time to make a cup of tea, prompting companies to shift to tea-bag culture from selling loose tea. Shah Moinuddin Hasan, chairman of the Tea Traders Association of Bangladesh, credited availability and reasonable price, among other factors, for the growing consumption.

Branded companies are ensuring the delivery of tea packs to tea stalls at the grassroots levels, said Hasan, also the general manager of MM Ispahani Ltd.

MM Ispahani Ltd has launched a campaign to develop the habit of making tea at home among the people in the rural areas, on the back of convenient packs at reasonable prices.

For Hasan Ali, a middle-aged villager in Hulain village in Patiya, going out during the afternoon for a cup of tea has become rare.

"Many villagers prefer drinking tea with other snacks along with family members as the price of branded tea packets is reasonable."



India and China dominate the global tea consumption market. But there are a few, small but dynamic newcomers, according to a report of the inter-governmental group on tea at the Food and Agricultural Organisation.

China, the largest consumer, reached an average growth rate for 10.1 per cent in the decade to 2016, followed by Israel (8.5 per cent), Kenya (7.1 per cent), Pakistan (6.1 per cent), Bangladesh (5.6 per cent), Libya (5.1 per cent), Malaysia (4.9 per cent), Germany (4.8 per cent), Turkey (3.9 per cent), Indonesia and Nepal (3.7 per cent), India and Brazil (3.5 per cent) and Saudi Arabia (3 per cent).

"A growing, increasingly urban, and young population

segment entering the middle class is prepared to consume more and to pay for premium tea products. These changes have the potential to develop into a stronger and longer trend, which could characterise global tea consumption patterns for decades," the report said.

In Bangladesh, annual tea consumption may shoot to 130 million kgs by 2025.

"We are working to increase the domestic production keeping that in mind," Ahmad of the tea board said.

Some 86.39 million kilograms of tea were produced last year, down 10.01 per cent year-on-year, because of adverse weather, data from the BTB showed.

# Farmers remain good borrowers

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The recovery figure of farm loans has given an indication that the agriculture sector has not been hit hard by the pandemic, rather the rural economy has done well, he said.

"We did not even compel farmers to repay their loans given the pandemic situation. Despite that, they showed a good performance in terms of paying back their fund on time."

BKB, which is dedicated to give out farm loans, is highly satisfied with the performance of farmers, Prodhania said.

In the first seven months, the lender recovered Tk 4,264 crore, which is the highest among other banks.

For instance, the country's banking sector recovered Tk 36,711 crore last year from all sections of the economy.

This means a large portion of recovering funds came from farm loans during the period.

As of January this year, default loans in the farm sector stood at Tk 4,446 crore, which is 10.03 per cent of the total outstanding agri loans.

However, the ratio of nonperforming loans in the farm sector is higher than the overall default loans in the banking sector.

The ratio of default loans stood at 7.66 per cent of the outstanding loans of Tk 1,158,775 crore as of December, according to Bangladesh Bank data.

But the ratio is not a genuine one as banks frequently reschedule and write off the default loans of large borrowers.

But, the example is rare for the farm sector, a Bangladesh Bank official said.

Prodhania echoed the same, saying that the ratio of loan rescheduling in farm loans is insignificant considering the trend of large borrowers, he said.

Banks now give out farm loans in a speedy manner now as they are paying off from the loan programme, he said.

In addition, farmers now get funds from the central bank's stimulus packages, which is helping the sector produce agriculture products efficiently.

Banks disbursed Tk 14,148 crore in the first seven months, which is 53.81 per cent of the total annual target set by the banking watchdog.

The rural economy would do better in the days ahead due to the ongoing loan injection into the farm sector, said Syed Mahbubur Rahman, managing director of Mutual Trust Bank.

Many farmers repaid their money on time in order to manage funds from the stimulus package initiated by the central bank, he said.

As of December 29 last year, banks distributed Tk 3,411 crore, or 68 per cent of the refinance scheme worth Tk 5,000 crore.

Farmers repaid their money on time, putting a positive impact on the entire banking sector, said MA Halim Chowdhury, managing director of Pubali Bank.

The pandemic moments have proved it once again, Chowdhury added.

# 57,000 new firms come under tax net in 6 months

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A month later, the NBR asked the field offices to verify each audit report and income tax returns using the DVS.

The ICAB also made it mandatory for its members to start using the application to generate code from the software and sign the audited financial statements. The initiative paid off.

The number of returns filed by companies has risen to nearly 40,000 so far this year, up from 28,000 in the previous year, NBR data showed.

In Dhaka, return filing went up 35 per cent year-on-year to 30,894 in the current fiscal year 2020-21, according to the report by the task force.

Historically, annual return filing grew about one per cent. Tax return filing by companies may double next year, the report by the seven-member team said.

The NBR expects tax collection to increase by Tk 500 crore to Tk 1,000 crore this fiscal year and to Tk 3,000 crore in the next fiscal year.

Income is the second-biggest source of revenue for the NBR after value-added tax. Tax collected from companies accounted for 64 per cent of income tax collections in FY2017-18.

# Rangs to rev up car assembly

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When the automobile policy will be published, activities related to the backward and forward linkage industries will grow, which will promote local component manufacturers.

"After a comprehensive policy, if progressive manufacturing starts in Bangladesh, new cars will be highly affordable," he said, adding that the industries ministry should be more active to get the policy quickly approved.

"An explicit, investment-friendly and consistent automobile policy will help us shape up the future of the country's automobile industry," Ahmed added.

# After steel, cement prices set to increase

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Kabir also said all the basic raw materials of the cement industry in Bangladesh need to be imported. In such a case, there is a possibility of price changes in the domestic market in keeping with the international market.

It is not possible to sell this product at a reasonable price due to intense competition in the cement sector in the domestic market.

There is no chance of monopoly. Only when there is an increase in price in the international market, there is likely to be an impact on the country.

"We would request that in the interest of the development of this country, especially in the interest of middle-income buyers, adjustments be made in additional tax imposed by the National Board of Revenue, which continues to be tolerable, to actually increase sales," Kabir said.

For example, there could be adjustments to the double tax and reduction in the import duty from Tk 500 to Tk 250. He thinks that if it was possible to keep the price within the reach of general buyers and within their purchasing power, then revenue generation would also increase due to the increase in sales of goods.

Kamal Mahmud, vice-president of the Real Estate and Housing Association of Bangladesh and managing director of Skiros Builders, said the new cement price would increase the cost of projects by 15 per cent.

"This will affect the construction industry. The increase of cement price will affect not only the infrastructure and construction sectors, but also the development work in the country."

He alleged that steel and cement makers hike the price during the peak season for construction every year.

# Baraka Patenga Power's share bidding starts tomorrow

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Baraka Patenga Power holds 51 per cent shares of both the companies, whose main role is to generate and supply electricity to the national grid.

In the 2019-20 financial year that ended on June 30, the company logged Tk 67.4 crore in profits, up 123.9 per cent year-on-year.

After the repayment of long-term debt of Baraka Patenga Power with a portion of the IPO proceeds, the company's profitability would increase, Chowdhury said.

For the first time in the power sector in Bangladesh, a desulphurization plant was introduced to the project to reduce Sulphur emissions to an acceptable level, said Monzur Kadir Shafi, managing director of Baraka Patenga Power.

Two of its subsidiaries are not running at full capacity due to incapacity of distribution line at present, he said.

"After May 2021, we will be able to run both the plants with full capacity, which will increase revenue significantly," Shafi added.

# Synchronised cultivation going on in 61 districts

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in synchronous system at Kendua village in Dhanbari, Tangail yesterday.

He expressed hope that no one will plant paddy in by hand in the next four to five years.

The event was organised by the Department of Agricultural Extension.

Synchronised cultivation is a new method of cultivation, where the same variety of paddy is planted in one large block field combining the lands of a

number of farmers at the same time by machine.

From seedbed preparation to harvesting, all processes are performed simultaneously with the help of machines.

"A project worth Tk 3,020 crore has been taken with utmost importance in farm mechanisation. Besides, 274 posts of field level agricultural engineers have already been created to create skilled manpower to accelerate farm mechanisation," he added.