

## Gold prices fall after reaching record high

STAR BUSINESS REPORT

Local jewellery makers brought down gold prices by Tk 1,749 a bhori to Tk 110,691 less than 24 hours after raising its price to an all-time high of Tk 112,440 for 22-carat gold.

On January 17, Bangladesh Jewellers' Association (Bajus) increased the price of each 11.64 grammes or 1 bhori of gold to the historic high level from the earlier price of Tk 111,041.

The price of pure gold rose on Wednesday in the local market, but it fell a day after, according to Bajus.

The standing committee on pricing and price monitoring of Bajus held one meeting each on Wednesday and yesterday and took the decisions to raise and cut prices respectively of gold.

In July last year, the

**Less than 24 hours after prices of 22-carat gold were raised to an all-time high of Tk 112,440, jewellers cut the price to Tk 110,691**

price of gold crossed the Tk 100,000-mark for the first time in Bangladesh.

Gold prices also hit a new milestone on November 29 last year, when Bajus set the price per bhori at more than Tk 1.09 lakh.

Although Bangladesh does not import a significant quantity of gold, prices are almost always linked with international fluctuations alongside volatility in the domestic market.

With an annual demand of 20 to 40 tonnes, 80 percent of the country's demand for gold is met through smuggling.

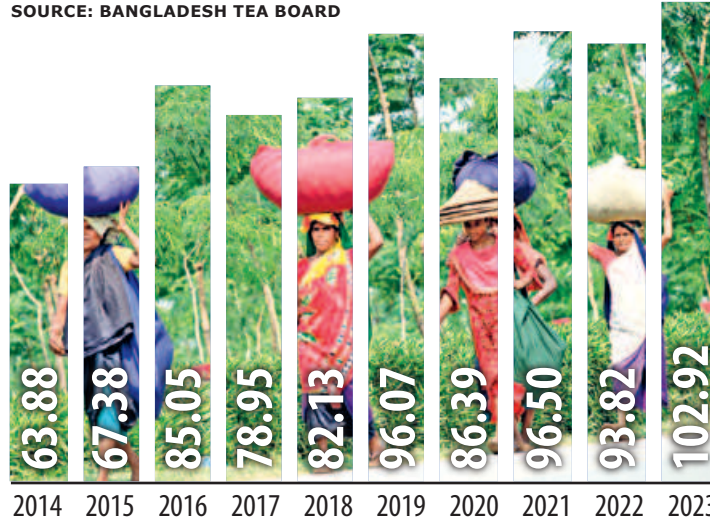
In August last year, the Bangladesh Bank made it mandatory to keep a 100 percent margin on letters of credit for gold with a view to discouraging imports and saving foreign currency.



## BANGLADESH'S TEA PRODUCTION

In million kgs

SOURCE: BANGLADESH TEA BOARD



# Tea production in 2023 hit all-time high

Growers see it as burden as both prices and sales have fallen

DWAIPIYAN BARUA, Ctg

Bangladesh's tea production surged to a record high of 102.92 million kilogrammes (kgs) in the just-concluded year of 2023, according to the state-run Bangladesh Tea Board (BTB).

Although tea gardens witnessed lower production at the beginning of the season due to a lack of rainfall, favourable weather from then onwards, combined with supportive measures, led to the bumper harvest, according to tea board officials and tea garden owners.

However, tea garden owners continue to be disconcerted as prices remain low year-round.

BTB Member (Finance & Trade) Mohammad Nurullah Noori informed The Daily Star yesterday that the final calculation of annual tea production by the 168 gardens and small farmers in the northern region of the nation showed a 9.69 percent year-on-year increase, up from 93.83 million kgs in 2022.

Terming the yield as the highest in 170 years, BTB Chairman Major General Md Ashraful Islam said coordinated efforts from stakeholders, including the commerce

ministry, tea board and garden owners, had ensured the record yield.

Mentioning that the tea sector is an industry where proper planning is essential, he said the government had adopted a development roadmap for the country's tea sector in 2017.

**Annual tea production by the 168 gardens and small farmers in the northern region of the nation showed a 9.69 percent year-on-year increase, up from 93.83 million kgs in 2022 to 102.92 million kgs last year**

The proper implementation of that had led to gradual increases in yields, he said.

He also mentioned different measures that were adopted to boost production, including the mandatory increase of plantation area by 2.5 percent each year and arrangement of modern training for workers as well as the distribution of free saplings and plucking machines among small farmers.

However, he said the quality of the tea produced needed to improve significantly in order to increase tea export.

Tea exports rose last year, with a total of 1.04 million kgs of tea exported compared to 0.78 million kgs in 2022.

On the other hand, Kamran Tanvirur Rahman, chairman of the Bangladesh Tea Association, was disgruntled despite the record yield.

He said bumper harvests had become a burden for tea garden owners because they were frustrated by the significant fall in both sales and prices of tea during the ongoing season, which began in April.

In the last 20 weekly auctions in Chattogram, the average price of tea stood below Tk 175 per kg. It was above Tk 200 a kg during the same period last season.

Furthermore, almost every weekly auction this season has seen around 50 percent of the tea on offer go unsold.

The poor prices and sales have dealt a heavy blow to the industry, especially in the face of rising production costs, he said, adding that many gardens would not survive in the coming years if sales and prices did not improve.

## Sonali Life Insurance's chairman resigns

STAR BUSINESS REPORT

The current chairman of Sonali Life Insurance Company Limited, Mostafa Golam Quddus, has resigned for the sake of a fair investigation into the allegations raised against him and the company.

"I have resigned from the post of chairman today for proper investigation of the allegations leveled against me and the company," he told The Daily Star yesterday evening.

His resignation came four days after the board suspended Sonali Life's Chief Executive Officer Mir Rashed Bin Aman over allegations of misappropriating funds.

Independent Director Quazi Moniruzzaman has been elected as the new chairman of Sonali Life.

He was elected at an emergency board meeting of the board of the insurer yesterday, said an official of Sonali Life on condition of anonymity.

Moniruzzaman is managing director of Max Sweaters and a director of Rupali Insurance Company Limited, according to the website of Sonali Life.

The insurance watchdog appointed audit firm Hoda Vasi Chowdhury & Co on December 31 to complete within 30 days investigations into 17 claims of irregularities at Sonali Life, including that over Quddus's appointment.

The allegations include the chairperson not meeting the prerequisite of owning a minimum of 2 percent of the company's shares and purchase of a Tk 1.7 crore luxury car for the chairperson alongside exorbitant expenses for its maintenance from 2021 to 2023.

Sonali Life also allegedly paid Tk 13.75 lakh in 2021 in the form of taxes owed by Dragon Sweater and Spinning, a company having no connection to the insurer other than being owned by Quddus.

The audit will also look into the means and manner through which Sonali Life directors purchased its shares to boost its paid-up capital in 2018.

## Telenor hopes for consolidation in Europe

REUTERS, Davos

Norway's Telenor hopes to see consolidation in the European telecoms sector although the company itself does not have concrete plans at the moment, its CEO told the Reuters Global Markets Forum in Davos on Wednesday.

Sivge Brekke said there was a growing sense in Europe that the continent's telecom market is too fragmented.

"We see now some consolidation attempts in Spain and in (the) UK and in Italy," he said, adding Telenor is waiting to see what the regulators would have to say about those attempts. Britain's Vodafone is in discussions about potential tie-ups in Italy, facing tough regulatory hurdles.

"We did try to consolidate in Denmark a few years ago... right now we don't have any concrete projects," Brekke said.

## US retail sales beat expectations

AFP, Washington

US retail sales accelerated more than anticipated in December, closing out a year marked by resilient consumption, government data showed on Wednesday.

Sales picked up in the final month of 2023 by 0.6 percent to \$709.9 billion, up from a 0.3 percent bump in November, said the Commerce Department in its latest report.

For the full year of 2023, total sales were up 3.2 percent from 2022, the report added.

The strong showing comes even though consumer demand was expected to weaken in the face of higher interest rates. In part, a resilient job market has helped to support spending over the past year.

The Federal Reserve rapidly lifted the benchmark lending rate since early 2022 and has in recent months held rates steady at a high level, in

order to lower inflation sustainably.

While this is typically expected to hit consumption as borrowing becomes more expensive, retail sales has generally held up.

Compared with December 2022, retail sales last month was 5.6 percent higher, according to the latest data.

Among the different sectors, sales at motor vehicles and parts dealers rose 1.1 percent from November last month, and those at department stores jumped 3.0 percent, said the Commerce Department.

But sales at gasoline stations were down by 1.3 percent between November and December 2023, while those at health and personal care stores slipped 1.4 percent.

"The stronger gain in retail sales in December was driven by robust sales at department stores and online retailers, which rounded out a solid holiday shopping season,"

said economist Michael Pearce at Oxford Economics in a note.

But he noted that spending at restaurants and bars is "flattening."

"We expect spending will slow a little further over 2024 as employment growth weakens and household savings rebound," he added.

Analysts have warned that advance retail sales estimates can be revised significantly.

And in the bigger picture, "the trends elsewhere are broadly consistent with slowing, but still robust, spending growth," said economist Kieran Clancy of Pantheon Macroeconomics.

While the 1.1 percent rise in auto and parts sales is slightly above the underlying trend, Clancy added that "the broader downshift in spending growth remains firmly intact," with higher interest rates likely to weigh on purchases ahead.

## Regulator lifts floor price curbs

FROM PAGE B1

"Volatility will increase in the short term, with good bargain possibilities. We don't expect a re-imposition of the floor price at this point."

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, said the lifting of the floor price may increase trade in the secondary market.

"However, the measure is inadequate to bring about qualitative change to the capital market and boost investor confidence. As the circuit breaker will still be there, we can't say the removal of floor prices will create a market-based mechanism."

"The confidence deficit among investors is likely to persist."

The economist alleged that manipulation, insider-trading and flawed audited financial accounts might still be there.

"Still, the share of the 'Z' category (low grade) companies rises unusually.

There is weakness in effective monitoring and enforcement. To increase confidence of investors, the regulator and other intermediaries must work for effective monitoring and enforcement."

Mohammad Rezaul Karim, a spokesperson of the BSEC, said thanks to the withdrawal of the price mechanism, liquidity in the market will increase and investors will get handsome returns again.

The upper and lower limits of the circuit breaker will apply to all securities except the 35 companies. This means the companies can rise or fall as much as 10 percent.

He said the regulator has continued the floor price for 35 companies based on some criteria. One of them is a huge volume of shares of the firms are available to sell and they can create volatility.

"Some companies experienced huge sales pressure despite the floor

price. These companies have been put under the curb."

The marginable stocks may come under forced sales pressure since brokerage houses may look to adjust margin loans, he said.

The companies that will remain under the floor price mechanism include Anwar Galvanizing, Baraka Power, British American Tobacco, Beximco Ltd, Bangladesh Submarine Cables, BSRM Ltd, BSRM Steel, Confidence Cement, DBH, Doreen Power, Envoy Textiles, and Grameenphone.

The rest are HR Textile, IDLC Finance, Index Agro Industries, Islami Bank, KDS Accessories, KPCL, Kattali Textile, Malek Spinning, National Housing Finance, National Polymer, Orion Pharmaceuticals, Padma Oil, Renata Ltd, Robi, Siham Cotton, Shasha Denim, Sonali Paper, Sonarbangla Insurance, Shinepukur Ceramics, Shahjibazar Power, Summit Power, and United Power.

## BTCL, Teletalk asked to clear dues

FROM PAGE B1

Rahman, managing director of Teletalk, attended yesterday's meeting.

BTCL officials added that they had sent multiple letters to Teletalk and BTCL seeking payments.

However, the financial health of the two companies is in dire straits.

BTCL, whose main offering of landline telephone connections fell out of favour at the advent of mobile phones, began providing a host of telecom services by obtaining licences from the BTRC to stay afloat.

As per licensing terms, the state-run company has to share a portion of the revenue earned from the services availed from BTRC, which then deposits the sum to state coffers.

BTCL was made a public limited company in July 2008, three months before its tendency to skip payments took root.

Since October 2008, the BTCL has been skipping payments to the BTRC, found the office of the Bangladesh Comptroller and Auditor General, which pored over the state-owned company's books for fiscal 2017-18.

The report was presented before parliament in June last year.

"The BTRC has sent many letters to the BTCL to pay its dues," the CAG report said, adding that all calls had fallen on deaf ears.

The BTRC chairman then wrote to the posts and telecommunications division's secretary, who is also serving as BTCL chairman, seeking his intervention. But those efforts were also in vain, according to the report.

The CAG audit team also found that BTCL's internal control system was weak and there was no responsible officer or cell to monitor it.

The CAG further found that the guidelines issued by the National Board of Revenue for the collection of value-added tax and income tax

were not being followed by different departments of BTCL. No register is maintained properly in this regard, it said.

What is more damning is that the CAG found no trace of any internal audit system? The independent audit agency could not find even a single report from the previous year.

Asked about the dues unearthed by the CAG audit, a BTCL official said a portion of the dues had been cleared already in instalments. Despite that, it owes over Tk 1,100 crore.

BTCL's annual report showed it made a profit of Tk 6.71 crore in FY23 and 14.5 crore in FY22.

Similarly, state-run mobile network operator Teletalk has been failing to pay different dues to the BTRC.

Teletalk also became the only mobile operator to lose customers in 2023 despite the government flooding it with funds for different projects.

In November last year, its customer base dropped by three lakh year-on-year, falling to 64.6 lakh, which is 3.39 percent of the total mobile subscriber base in the country.

Teletalk's losses amounted to Tk 197 crore in FY23 and Tk 244.42 crore in FY22.

"The officials of BTCL had been leading BTRC for many years until the recent past. The problem is that the chairman of both BTCL and Teletalk is a secretary of the telecom ministry, which is a huge conflict of interest," said Abu Saeed Khan, a senior policy fellow at IIRNEasia.

"It's because secretaries are never held responsible for such non-payments. At the same time, BTRC reports to the ministry. So, it is a peculiar scenario and it sets a very bad example of non-payment."

"Such non-payment inspires other private companies in the telecom sector, including IIGs, to default willfully."

## Listed apparel

FROM PAGE B1

increased 3 percent to Tk 11,955 crore in FY23 while the sales growth was above 14 percent the year prior.

Citing how export demand has dropped while the gas crisis is at its peak, Hatem said the situation will not likely improve in the current fiscal year.

Aman Cotton Fibrous, Maksons Spinning Mills, Rahim Textile Mills, Malek Spinning Mills and Salko Spinning Mills all fell into losses in FY23 despite having registered profits in fiscal 2021-22.

Among the listed apparel makers, Malek Spinning Mills leapedfrogged Square Textiles to take top spot in terms of sales. But while the company's turnover rose 4 percent to Tk 1,742 crore, it incurred losses of Tk 22 crore in face of higher production costs. Malek Spinning had logged profits of Tk 86 crore the previous year.

Meanwhile, the turnover of Square Textiles dropped 5.33 percent to Tk 1,650 crore and its profits fell 41 percent to Tk 114 crore.

In their financial reports, the listed garment makers all cited higher production costs and lower export orders for reducing profits.

## World Bank

FROM PAGE B1

million as budgetary support, which directly contributed to the foreign exchange reserve.

The ADB chief added that they expect confidence in the government will come back now that the elections are over, which will help improve the country's economic situation and foreign reserves.

The World Bank's Seck said Bangladesh is a "great story of growth" but in terms of attracting foreign investment, the country still remains below capacity.

He said attracting more foreign direct investment would bring stability to the foreign currency reserve.

He also said despite facing some current challenges, Bangladesh's economy remains very strong and the nation should be proud of registering even 6 percent economic growth given the current climate.