



Eating out, air travel to turn costlier

STAR BUSINESS REPORT

From dining out and travelling by air to purchasing sweets and clothing, the small comforts in life are going to turn costlier for a hike in value added tax (VAT) on 43 goods and services.

A 15 percent VAT may be slapped on food served at restaurants, sweets, clothing, and tissue paper as the National Board of Revenue (NBR) seeks to amend the VAT law and rates, said a senior NBR official.

At present, a 5 percent VAT is collected on restaurant bills whereas 7.5 percent on the purchase of sweets, clothing, and tissue paper.

And the hike in VAT, which is ultimately borne by the final consumer, will put further strain on the wallets of people, who are already being squeezed by persistently high inflation.

A representative of the Consumers Association of Bangladesh (CAB) opposed the move, saying it would increase sufferings of consumers.

In case of air travel, the excise duty is expected to be increased from 25 percent to 100 percent.

The supplementary duty (SD) on 10 imported items, including soap and raw tobacco, will also be hiked.

"We are also planning to hike SD on the bars and stores selling alcohol and prices and SD on all types of cigarettes to collect more taxes," said the official, adding that the council of advisers to the interim government approved the plan yesterday.

The revised rates will come into effect after the issuance of an official notification, he added.

The NBR's move is also an attempt at trimming the list of items that have a low VAT rate, in tune with recommendations of the International Monetary Fund (IMF).

The IMF, as a part of its \$4.7 billion loan programme approved for Bangladesh, advised the government to rationalise tax exemptions, improve compliance with laws and bring about reforms in tax measures to bolster domestic revenue collection.

Bangladesh has one of the lowest tax-GDP ratios in the world, and economists say the low revenue collection compels the government to resort to costly borrowing from domestic and foreign sources.

The NBR official said they sought to increase VAT, SD and excise duty to comply with the IMF's conditions for boosting collection of internal revenue.

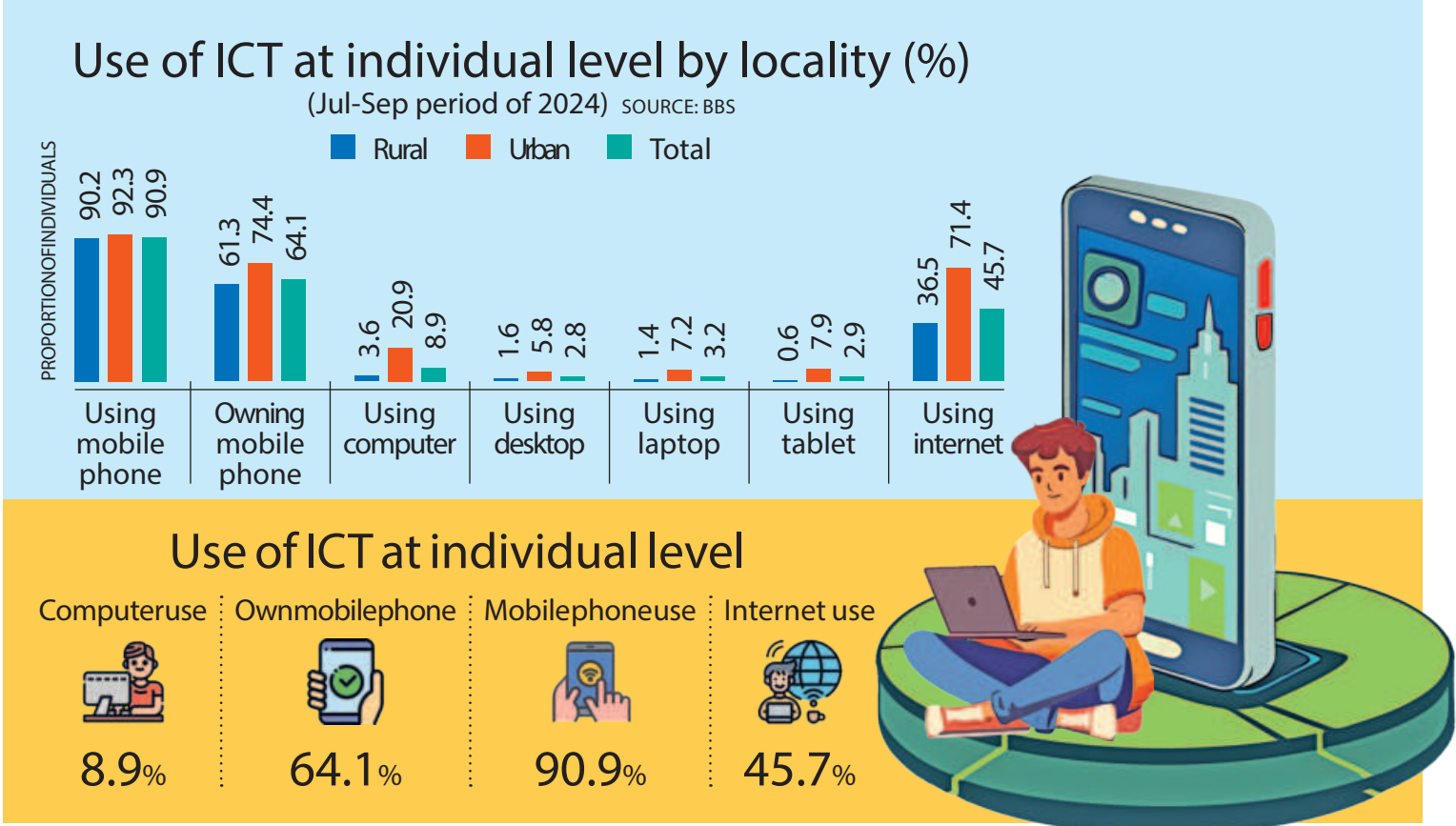
READ MORE ON B3

| STOCKS | | |
|--------|----------|-----------|
| | DSEX ▲ | CASPI ▲ |
| | 0.03% | 0.27% |
| | 5,218.16 | 14,512.05 |

| COMMODITIES | | |
|-------------|-------------|--------------|
| | Gold ▲ | Oil ▲ |
| | \$2,624.49 | \$71.87 |
| | (per ounce) | (per barrel) |

| ASIAN MARKETS | | | | |
|---------------|-----------|-----------|-----------|----------|
| | MUMBAI | TOKYO | SINGAPORE | SHANGHAI |
| | ▲ 0.45% | ▼ 0.96% | ▼ 0.21% | ▼ 1.63% |
| | 78,486.71 | 39,894.54 | 3,787.60 | 3,351.76 |

Internet shows stark rural-urban divide



MAHMUDUL HASAN

The digital divide between urban and rural Bangladesh has widened further in the first quarter of the current fiscal year, with individuals using the internet in urban areas now almost double that of rural regions, according to a latest survey of the national statistical agency.

Only 36.5 percent individuals in rural areas use the internet, compared to 71.4 percent in urban areas in the July-September period of fiscal year 2024-25, according to the ICT Access and Use Survey of the Bangladesh Bureau of Statistics (BBS).

This gap has widened compared to the last fiscal year when rural internet users were 36.4 percent of the people and urban users stood at 68.6 percent, reflecting a persistent inequality in digital access.

Experts attributed the disparity to limited infrastructure, low digital literacy, and

economic constraints in rural villages.

"The growing digital divide between urban and rural areas in Bangladesh reflects a troubling persistence of structural inequalities in digital access, engagement, and utility," said Zulkarnin Jahangir, an assistant professor at North South University (NSU).

"While internet usage in rural areas has remained stagnant, urban adoption rates

this gap requires a citizen-centric approach that prioritises foundational digital services in rural areas.

"Policies should focus on reducing costs through subsidies or community-owned networks, enhancing digital literacy through localised training programmes, and ensuring the delivery of meaningful online services tailored to rural needs," he recommended.

16434

MONTHLY PROFIT BASED TERM DEPOSIT SCHEME

TK.1000 MONTHLY PER LAC

aib

Al-Arafah Islami Bank PLC.

continue to rise, creating a widening chasm in opportunities for education, healthcare, and economic participation," said Jahangir, also a consultant on digital divide at United Nations Development Programme (UNDP), Bangladesh.

According to him, this disparity is not merely about access to technology but highlights deeper systemic issues, such as affordability, digital literacy, and the limited availability of relevant local content or services for rural communities.

These challenges disproportionately affect marginalised groups, further entrenching social and economic inequalities.

Jahangir said that addressing

He commented that closing the digital divide is not just a matter of fairness but a strategic investment in national development.

According to the BBS survey, the proportion of individuals using the internet in the country increased slightly by 1.2 percentage points to 45.7 percent in the July-September quarter.

The proportion of households with internet connections increased by almost 7 percentage points to 50.4 percent in the quarter compared to the last fiscal year.

From the last fiscal year to the first quarter of FY25, the number of mobile phone users increased by 0.4 percentage points to 90.9 percent.

During the period, mobile phone owners increased by 0.4 percentage points to 64.1 percent.

READ MORE ON B3

Eastern Bank PLC.

open your world of exclusive privileges & convenience

Priority

16230

No bar on suing Nagad as new law takes effect

STAR BUSINESS REPORT

The Bangladesh Bank can now take legal action against mobile financial service (MFS) provider Nagad Limited over alleged irregularities as the Payment and Settlement System Act, 2024 came into effect yesterday.

The Financial Institutions Division issued a gazette notification on Wednesday, with parts of it taking retrospective effect

The Financial Institutions Division of the finance ministry issued a gazette notification on Wednesday, announcing that the new legislation would take immediate effect.

However, a clause and subordinate clause would take retrospective effect, from August 12 last year, said the notification. Those are subsection 4 of section 18 and section 31.

After the interim government came into office, the central bank in August appointed an administrator at Nagad over alleged irregularities in its operations and dealings.

The appointment was made under section 31 of the act, which was passed in parliament in July 2024 but remained ineffective until now.

But as per sub-section 3 of section 1 of the act, the new legislation for fintech companies in the country

READ MORE ON B3

Businesses' 2025 wish list is long, but political stability tops all

REFAYET ULLAH MIRDHA

Businesses hope for the year 2025 to bring about stability as normalcy has started to be restored in businesses following turbulent times both at home and abroad.

Local businesses have been severely affected from some internal and external issues over the last few years.

The year 2024 was a challenging year for businesses and the firms do not want a recurrence of the upward incidents of the outgoing year as their trade was severely affected.

For instance, for a time the country's economy struggled to recover from the severe fallout of the Covid-19 pandemic, Russia-Ukraine war, high global inflationary pressure and dollar shortage.

Last year the local businesses had to cope with a political upheaval in the months of July and August, and labour unrest in September and October and the subsequent deterioration of law and order.

All those factors severely affected business such as import, export, investment and transportation and shipment of goods.

Meanwhile, the ailing and corruption-riddled banking sector has been struggling to brighten its image and to increase liquidity to regain customers' confidence. The dollar shortage in the banking sector also impacted the prices of imported

TAKEAWAYS

Last year was challenging for businesses

Russia-Ukraine war and volatile political situation at home affected businesses

Industries witnessed a slow inflow of fresh investment

EXPECTATIONS FOR 2025

Restoration of law and order

A stable business environment

Adequate gas and power supply

Lower bank interest rate

Measures to rein in inflation

commodities.

Businesses want stability in the banking sector and an end to the liquidity crisis so that they can conduct transactions smoothly. They also want an existing gas and power crisis to be addressed in the new year.

The inflow of investment or expansion plans for existing capacities was also affected because of the unhealthy business environment in 2024.

Despite the massive political turmoil in 2024, it is believed that the year would end on a positive note, said KM Rezaul Hasanat, chairman of Vijaylatex Group and president of Bangladesh

Independent Power Producers' Association.

"The reason—significant remittance growth and textile and apparel exports still in the positive. Domestic market is struggling a little but by the end of the financial year, it will catch up," he said.

"The year 2025 for business, as well as the economic prospects, depends on the political situation," he said.

"If the political situation improves, then law and order, issues like power and energy crisis and other facilities will improve automatically," Hasanat said.

"By the way, I am expecting the

Trump business policy to help our foreign direct investment and businesses indirectly. Again, the business potential in 2025 is very good if the country can ensure political stability," he added.

Almost every entrepreneur is worried about inflation, high bank interest rate, and low production capacity for low gas pressure in industrial units, said Anwar Ul Alam Chowdhury, chairman of Evince Group and president of the Bangladesh Chamber of Industries.

At the same time, business people have lost confidence in the

READ MORE ON B3

BSEC appoints independent directors to 3 Beximco firms

STAR BUSINESS REPORT

Stocks of Shinepukur Ceramics rose 1 percent, while Beximco Pharmaceuticals fell slightly yesterday after news came round that the Bangladesh Securities and Exchange Commission (BSEC) has appointed independent directors to the companies.

Beximco Ltd's share prices remained stuck at the same floor price as had been for the last couple of months, in spite of the same development coming about at the company.

The stock market regulator took the decision of appointing independent directors following a directive from Financial Institutions Division (FID) under the finance ministry, according to a press release issued yesterday. A total of 25 independent directors have been appointed to the companies for a three-year tenure.

Earlier, the FID instructed the BSEC to appoint independent directors to the three companies based on a decision taken by an advisory council formed by the interim government to handle issues pertaining to Beximco.

The decision was taken during a meeting of the committee last month that focused on labour and business conditions at Beximco Industrial Park.

Following the arrest of Beximco Group Vice Chairman Salman F Rahman, the companies faced significant challenges, including labour unrest, that spread onto the streets. In response, the government decided to appoint independent directors from diverse professional backgrounds.

The BSEC hopes that the inclusion of independent directors will benefit stock market investors associated with these companies, as per the press release.

Stocks begin 2025 with modest gains

STAR BUSINESS REPORT

The stock market in Bangladesh began the new year on a positive note, with major indices showing an uptick on the first trading day of 2025.

The DSEX, the broad index of the Dhaka Stock Exchange (DSE), rose by 0.03 percent to close at 5,218 points, marking a fourth consecutive day of gains for the index.

However, other indices showed a mixed performance as the DSES index, which tracks the performance of Shariah-compliant companies, fell by 0.33 percent to 1,165 points.

Likewise, the DS30 index representing blue-chip stocks edged up by 0.11 percent to 1,941 points.

The situation was similar at the Chittagong Stock Exchange (CSE) as the Caspi, which reflects the value of all stocks listed with the port city bourse, increased by 0.27 percent to settle at 14,512 points.

Despite these positive movements, the DSE's daily turnover decreased by 11.57 percent from the previous session to Tk 33.1 crore.

The banking sector played a dominant role in market activities, accounting for 18.85 percent of the total turnover. However, Orion

Infusion Limited emerged as the most traded stock with a turnover of about Tk 27 crore.

Sector-wise, telecom, banking, and non-bank financial institutions (NBFIs) performed well, notching positive gains across the board. The telecommunication sector recorded the highest gain of 1.38 percent followed by banking with 1.16 percent and NBFIs with 0.61 percent.

Meanwhile, the life insurance, jute, and general insurance sectors ended the day in negative territory. The food and allied sector logged a slight loss of 0.03 percent while the pharmaceutical sector fell by 0.41 percent.

Despite the positive start, there are significant concerns regarding the sustainability of the market's performance.

Md Saiful Islam, president of the DSE Brokers' Association (DBA), pointed out that 2024 had been a challenging year for both investors and market intermediaries.

He highlighted the severe negative returns for investors, particularly during the first three months of the year, when the market was affected by floor prices and political uncertainties following a controversial national election.

As a result, investor sentiment

remained depressed for several months, and nearly 95 percent of the market intermediaries suffered operating losses throughout the past year.

There was a brief recovery after the political changeover in early August, however, the comeback was short-lived due to the lack of quality stocks entering the market, Islam said.

The DBA president expressed concerns that the market might struggle to sustain its positive momentum in 2025, especially given the lingering effects of the recession from the previous year.

Additionally, Islam voiced his concerns about the lack of engagement between key market stakeholders and the interim government.

He emphasised the importance of bringing new shares into the market, holding dialogues with stakeholders and ensuring an investor-friendly environment. Islam warned that without these steps, it would be difficult to generate long-term returns for investors.

Looking ahead to 2025, market participants hope that the interim government will take necessary steps to stabilise the market by addressing the concerns of investors and intermediaries, Islam said.

Bangladesh can lead in sustainable fashion: ICCB

STAR BUSINESS REPORT

Bangladesh holds immense potential to spearhead sustainable fashion through the adoption of practices focusing the circular economy model, according to the International Chamber of Commerce-Bangladesh (ICCB).

Circular economy is a model to keep materials and products in use for as long as possible and to eliminate waste and pollution, it said.

By recycling fabric waste and fostering second-hand clothing markets, the textile industry can reduce its environmental impact while boosting profitability, the ICCB said in a quarterly news bulletin.

The report highlighted the opportunities in converting agricultural waste, such as rice husks and jute byproducts, into bioenergy and organic fertilisers, thereby promoting sustainable farming practices.

Bangladesh produces an estimated 3,000 tonnes of plastic waste daily, with only 30 percent being recycled. Coupled with inadequate handling of electronic and agricultural waste, environmental degradation remains a pressing concern.

Investing in recycling infrastructure and waste-to-energy initiatives could mitigate these issues while generating significant economic returns, the report said.

The circular economy model, centered on eliminating waste, prolonging product life cycles, and regenerating natural systems, offers a pathway to sustainable growth.

This approach reduces greenhouse gas emissions, curtails pollution, and creates economic opportunities, the ICCB noted.

Eating out, air travel to turn costlier

FROM PAGE B1

In a statement, the NBR said it seeks to bring changes in the VAT law in order to expand the coverage of the indirect tax and rationalise the rates so that it can increase domestic revenue collection.

As a part of the effort, the NBR is likely to hike excise duty on air tickets on domestic routes from Tk 500 to Tk 700.

For travels to nations of the South Asian Association for Regional Cooperation (Saarc), the amount of excise duty would be doubled to Tk 1,000.

Air travellers going to other countries in Asia will face an excise duty of Tk 2,500 whereas at present it is Tk 2,000.

The amount of excise duty for travels to Europe, the US, and the rest of the world will go up to Tk 4,000 from Tk 3,000 at present.

The NBR said the measures might bring in an additional Tk 12,000 crore.

MA Razzaque, chairman of private think tank Research and Policy Integration for Development, said Bangladesh has multiple VAT rates and this was contradictory to the VAT philosophy.

"From that perspective, a reform in the VAT rates is a good step. Besides, we need to improve domestic revenue collection to ensure macroeconomic stability," he said.

"The hike in rates may stoke inflation initially, but there would be

no major impact...It would have been good if the direct tax collection could have been increased," he added.

Razzaque said it was vital to prevent tax evasion and ensure adequate taxation to ensure a fairer tax system.

"Some 85 percent of wealth is concentrated within only 10 percent of the population. Attention is necessary. Otherwise, the tax system will not be fairer," he said.

SM Nazer Hossain, vice-president of the CAB, said the items that would see an increase in VAT would increase the cost of living of consumers alongside their sufferings.

"Instead of raising rates, the NBR should focus on recovery of unpaid taxes and prevent evasion. There are many ways of increasing revenue collection. But they only hike rates whenever there is a need," he added.

The NBR's initiative to increase VAT and SD rates on these items coincides with a time when tax collection continues to languish owing to an economic slowdown for multiple reasons, including elevated inflation.

In the five months to November in fiscal year 2024-25, overall tax receipts declined 2.62 percent year-on-year to Tk 130,185 crore, according to the NBR.

The VAT is the biggest source of revenue for Bangladesh, accounting for nearly 38 percent of the total revenue collection.

No bar on suing Nagad as new law takes effect

FROM PAGE B1

would only come into effect on a date announced through a gazette.

In absence of the required gazette till now, Nagad raised questions regarding the administrator's appointment.

Against this backdrop, the central bank asked the interim government and Financial Institutions Division to issue the required gazette notification.

A director of Nagad had filed a writ petition to the High Court on September 10, challenging the administrator's appointment.

The High Court subsequently imposed a two-week status quo on all activities of Nagad, preventing the company's administrator and management from taking new steps beyond regular business operations.

The High Court will deliver its verdict on the legality of the administrator's appointment following a hearing scheduled for today.

Nagad had introduced itself as a financial wing of the Bangladesh Post Office when it entered the market in 2019. The company is still operating on a temporary licence from the central bank.

Best Holdings announces 10% cash dividend

STAR BUSINESS DESK

Best Holdings Limited has declared a 10 percent cash dividend for the year that ended on June 30, 2024.

The declaration came at the company's 18th annual general meeting (AGM), which was held at Baridhara DOHS Convention Centre in Dhaka recently, said a press release.

Amin Ahmad, chairman of the company, presided over the meeting. He thanked the shareholders for their continued support since the first day of listing on the capital market.

Abul Kalam Azad, company secretary, conducted the meeting.

Hasan Ahmad, managing director of the company, said: "Best Holdings Limited is an asset-based company. The listing of the company on the country's capital market was not only a significant milestone for the company, but also a significant achievement for our esteemed shareholders."



Amin Ahmad, chairman of Best Holdings, presides over the company's 18th annual general meeting, which was held at Baridhara DOHS Convention Centre in Dhaka recently. The meeting declared a 10 percent cash dividend for the year 2024.

PHOTO: BEST HOLDINGS

Internet shows stark rural-urban divide

FROM PAGE B1

The period saw computer users rising by 1 percentage point to 8.9 percent and desktop users by 0.2 percentage points.

According to the BBS, the survey estimated national-level ICT indicators quarterly for individuals aged five and above, segmented by urban and rural areas.

Data is collected quarterly from 2,568 selected sample areas across the country, covering a total of 61,632 households (246,528 households annually) through random selection.

This survey provides insights into the progress of Sustainable Development Goals (SDGs) indicators while also delivering up-to-date and precise

district-level information on ICT usage. It also highlights ICT use and applications by individuals and households, enabling the formulation of various development plans for the ICT sector.

The survey also found that 15.1 percent of households had radio, 63.5 percent television, 0.8 percent fixed phone and 98.2 percent electricity.

"The growing digital divide is deeply concerning, as it creates two distinct classes of citizens: one group that is IT-savvy and reaping the benefits of digital advancements, and another that is deprived of even basic government services," Syed Almas Kabir, former president of the Bangladesh Association of Software and Information Services.

"This inequality must be addressed urgently," he added.

According to him, internet transmission costs remain disproportionately high in rural areas, compounded by severe mismanagement.

"The bandwidth transmission fees charged by Nationwide Telecommunication Transmission Networks are also excessive. Despite significant government investment in expanding fibre optic networks, transmission costs in rural areas are still much higher than in urban regions," Kabir added.

He said the regulator must step in to reduce the influence of intermediaries.

garments waste (jhoot) is controlled by the local musclemen and the factory owners are not capable of controlling them because of the poor law and order.

Establishing supremacy on local jhoot business by the local influential people is one of the major causes of poor law and order situation in the industrial zones.

The private sector needs to be engaged more with the policy formulation as the private sector entrepreneurs are the final executors because of the nature of the country's economy, Sarker also said.

"Freedom of doing business is still absent here," the BAB chairman also said.

Businesses' 2025 wish list

FROM PAGE B1

Bangladesh has the potential to export more if the country is politically stable. It is expected that the year 2025 will be positive for business, he also said.

Fresh investment or expansion of existing capacities may come about once the political situation reaches stability, he said.

In the new year, the garment sector may witness the arrival of new products, establishment of new factories and replacement of old machinery, said Hassan.

This is because international clothing retailers and brands are coming back to Bangladesh with large volumes of work orders, he said.


The inflow of new investment or capacity expansion is largely dependent on stable law and order, he said.

"However, I predict that the year 2025 will go well as normalcy is being restored gradually, and the global economic situation is rebounding," added Hassan.

Corruption, bribery, and thefts should also be curbed to make the environment more business friendly, said the former BGMEA president.

Abdul Hai Sarker, chairman of Bangladesh Association of Banks (BAB) said the new year's projection is very good, but the law and order needs to be restored soon.

For instance, the business of



Dhaka South City Corporation
Office of the Executive Engineer
Waste Management Department
Nagar Bhaban, Dhaka.
www.dscc.gov.bd

Memo No. 46.207.000.12.05.5114.2024


Date: 31.12.2024

e-Tender Notice

e-Tenders are invited in the National e-GP System Portal (<http://www.eprocure.gov.bd>) for the procurement of :

| Sl. No. | Package No. | Identification of Lot | Tender ID No. | Last Selling Date & Time | Tender Closing Date & Time |
|---------|------------------------|---|---------------|---------------------------|----------------------------|
| 1. | dscc/wmd/2024-25/2/P30 | Cleaning Work of Pipe drain & Open drain at Ward-30 Under Zone-4, DSCC (Fiscal Year 2024-2025). | 1037927 | 19.01.2025 up to 05:00 PM | 20.01.2025 up to 3:00 PM |
| 2. | dscc/wmd/2024-25/2/P31 | Cleaning Work of Pipe drain & Open drain at Ward-31 Under Zone-4, DSCC (Fiscal Year 2024-2025). | 1037928 | 19.01.2025 up to 05:00 PM | 20.01.2025 up to 3:00 PM |
| 3. | dscc/wmd/2024-25/2/P32 | Cleaning Work of Pipe drain & Open drain at Ward-32 Under Zone-4, DSCC (Fiscal Year 2024-2025). | 1037929 | 19.01.2025 up to 05:00 PM | 20.01.2025 up to 3:00 PM |
| 4. | dscc/wmd/2024-25/2/P33 | Cleaning Work of Pipe drain & Open drain at Ward-33 Under Zone-4, DSCC (Fiscal Year 2024-2025). | 1037930 | 19.01.2025 up to 05:00 PM | 20.01.2025 up to 3:00 PM |
| 5. | dscc/wmd/2024-25/2/P34 | Cleaning Work of Pipe drain & Open drain at Ward-34 Under Zone-4, DSCC (Fiscal Year 2024-2025). | 1037931 | 19.01.2025 up to 05:00 PM | 20.01.2025 up to 3:00 PM |
| 6. | dscc/wmd/2024-25/2/P35 | Cleaning Work of Pipe drain & Open drain at Ward-35 Under Zone-4, DSCC (Fiscal Year 2024-2025). | 1037932 | 19.01.2025 up to 05:00 PM | 20.01.2025 up to 3:00 PM |
| 7. | dscc/wmd/2024-25/2/P36 | Cleaning Work of Pipe drain & Open drain at Ward-36 Under Zone-4, DSCC (Fiscal Year 2024-2025). | 1037933 | 19.01.2025 up to 05:00 PM | 20.01.2025 up to 3:00 PM |
| 8. | dscc/wmd/2024-25/2/P37 | Cleaning Work of Pipe drain & Open drain at Ward-37 Under Zone-4, DSCC (Fiscal Year 2024-2025). | 1037934 | 19.01.2025 up to 05:00 PM | 20.01.2025 up to 3:00 PM |
| 9. | dscc/wmd/2024-25/2/P38 | Cleaning Work of Pipe drain & Open drain at Ward-38 Under Zone-4, DSCC (Fiscal Year 2024-2025). | 1037935 | 19.01.2025 up to 05:00 PM | 20.01.2025 up to 3:00 PM |
| 10. | dscc/wmd/2024-25/2/P42 | Cleaning Work of Pipe drain & Open drain at Ward-42 Under Zone-4, DSCC (Fiscal Year 2024-2025). | 1037936 | 19.01.2025 up to 05:00 PM | 20.01.2025 up to 3:00 PM |
| 11. | dscc/wmd/2024-25/2/P43 | Cleaning Work of Pipe drain & Open drain at Ward-43 Under Zone-4, DSCC (Fiscal Year 2024-2025). | 1037937 | 19.01.2025 up to 05:00 PM | 20.01.2025 up to 3:00 PM |

This is an online Tender, where only e-Tender will be accepted in the National e-GP Portal and no offline/hard copies will be accepted. To submit e-Tender, registration in the National e-GP system portal (<http://www.eprocure.gov.bd>) is required. The fees for downloading the e-Tender Documents from the National e-GP System Portal have to be deposited online through any registered Bank's Branch. Further information and guideline are available in the National e-GP System portal and from e-GP help desk (helpdesk@eprocure.gov.bd).



(Mohammad Golam Kibria)
Executive Engineer
Waste Management Department
Dhaka South City Corporation.
e-mail: xenwm@dscc.gov.bd

ডিএসসিসি/পিআরডি/২০৭/২০২৪-২০২৫



Investing in gold has become more profitable than savings certificates and various bank deposits as the price of the precious metal gained 24.53 percent year-on-year to Tk 138,288 per bhoori in 2024. PHOTO: ANISUR RAHMAN

Gold emerges as an attractive investment tool as prices jump

SUKANTA HALDER

Throughout 2024, gold seemingly became synonymous with price hikes amid economic turbulence, a weakening taka and plummeting interest rates on savings tools, making the precious metal a safe bet for middle and upper-middle-income people, according to jewellers.

They said many higher middle-class and middle-income earners in 2024 rushed to buy gold coins and small bars, while retail sales of gold ornaments dipped as much as 50 percent year-on-year.

Last year, gold prices were adjusted 62 times, with upward adjustments surpassing downward adjustments by 35 times, according to Bangladesh Jeweller's Association (Bajus) data.

The yellow metal gained 24.53 percent year-on-year to Tk 138,288 per bhoori (one bhoori is equal to 11.664 grams) in 2024, according to the association.

"Investing in gold has become more profitable than savings certificates and various bank deposits," said Masudur Rahman, vice president of Bajus.

He said many people are now investing in gold for a good short-term return. "Specially the middle-class and upper middle-class people are now investing more in gold."

"Although the local gold market had been quite volatile over the last two to three years, it caused no concern for gold investors," Rahman told The Daily Star.

At times of economic uncertainty, brutal price pressures, economic slowdown or repression, people historically tend to hold on to gold as the metal offers gains somewhat immune to



these bumps.

Besides, gold offers a high level of liquidity, which means people can easily turn their holdings into cash.

Since March 2023, the country has been facing stubbornly high inflation, hovering above 9 percent.

For savings, the price pressures mean that if the returns are below or equal to inflation rates, savers will be adversely affected.

With inflation hitting 11.38 percent in November 2024, currently available national savings certificates offer almost similar gains ranging from 11.76 percent to 11.52 percent.

In contrast, according to jeweller platform leader Rahman, if someone buys a gold ornament, coin or bar worth

Tk 2 lakh and sells it within two or three weeks, they will pocket a handsome profit of around Tk 10,000 per bhoori.

"And if they sell it after a year, the profit will be even higher because the market is consistently showing an uptrend," he added.

In June 2022, the price of per bhoori gold in the local market was Tk 77,216, which has increased to Tk 138,288 now, down from the highest price of Tk 143,000 recorded in October last year, Bajus data show.

RETAIL SALES DOWN BY 50%

Amid the price volatility, local jewellers said their sales last year declined by about 40 to 50 percent compared to the previous year.

They said current domestic price fluctuations are due mostly to surges in

gold prices in the international market and the local currency Taka losing ground against the US dollar.

Reponul Hasan, owner of the Jewellery House in old Dhaka, said that if the prices of any product fluctuate frequently, it will certainly confuse buyers and affect sales.

Due to the price fluctuations of gold, eventually reaching record highs, he said that his year-on-year sales have declined by 30-35 percent.

Jewellers' leader Rahman, also chairman of the Bajus standing committee on pricing and price monitoring, said that local prices are set in coordination with the international market and retail sales dropped 40 to 50 percent last year due to the price fluctuations.

If the demand of a product is high and it is not available in the market as per demand, the prices will naturally go up, he added.

In the global market, gold prices marked 2024 as a record-breaking year as robust central bank buying, geopolitical uncertainties and monetary policy easing fueled the safe-haven metal's strongest annual performance since 2010, according to reports.

According to government estimation, the country needs 20 to 40 tonnes of gold per year.

The commerce ministry says almost 80 percent of the demand is met through smuggling and the rest by recycled gold.

Industry insiders said that the high taxes on imported gold were the main reason companies felt more comfortable sourcing gold from unauthorised channels.

Bajus said that gold worth roughly Tk 73,000 crore is smuggled in every year.

EPL Accessories to invest \$8m in Bepza EZ

STAR BUSINESS REPORT

EPL (Export Link) Accessories Limited is planning on investing \$8 million to set up an accessories manufacturing factory in Bepza Economic Zone at Mirsarai of Chattogram, around 200 kilometres southeast of capital Dhaka.

The company plans to produce a range of accessories, such as foam, carton, and gum tape, and create employment opportunities for 610 people.

Md Ashraful Kabir, member for investment promotion of Bangladesh Export Processing Zones Authority (Bepza), and Kazi Monowar Hossain, managing director of EPL (Export Link) Accessories Limited, signed a lease agreement at Bepza Complex in Dhaka yesterday.

Attending the signing ceremony, Maj Gen Abul Kalam Mohammad Ziaur Rahman, executive chairman of Bepza, thanked EPL (Export Link) Accessories Limited for deciding on investing in Bepza Economic Zone.

He assured of extending all necessary support to the company for enabling smooth business operations.

SK Trims & Industries incurs Tk 4.5cr loss in Q1

STAR BUSINESS REPORT

SK Trims & Industries, a manufacturer of garment accessories, suffered a loss and a decline in revenue in the first quarter of fiscal year 2024-25.

The company reported a net loss of Tk 4.46 crore in the July-September quarter of the fiscal year, which is a sharp reversal from the profit of Tk 4.29 crore it had recorded in the same period last year.

Its loss per share was Tk 0.53 in the first quarter, down from earnings per share of Tk 0.51 during the same period last year, according to a price sensitive information disclosure by the company.

Its revenue also nosedived, falling 63 percent year-on-year to Tk 8.17 crore.

Additionally, the company's net operating cash flow per share came to stand in the negative at Tk 0.02.

Established in 1998, SK Trims & Industries is known for garment accessory manufacturing facilities spanning 40,000 square feet.

The company specialises in a wide range of products, including sewing threads, woven labels, poly bags, heat transfer stickers, and packaging solutions, according to its website.

Manufacturing activity of China grows for 3rd month

AFP, Beijing

China's manufacturing activity expanded in December for the third month in a row, official data showed Tuesday, as leaders fight to reverse a slowdown in the world's number two economy.

The country has struggled to climb out of a slump fuelled by a property market crisis, weak consumption and soaring government debt.

China's Purchasing Managers' Index (PMI) -- a key measure of industrial output -- was 50.1 in December, marking a third consecutive month of expansion, according to the National Bureau of Statistics.

Tuesday's figure was lower than Bloomberg analysts' prediction of 50.2, but still above 50, which indicates an expansion in manufacturing activity. A reading below that shows a contraction.

Sri Lanka's key consumer price index fell 1.7% in Dec

REUTERS

Sri Lanka's consumer price index fell 1.7 percent year-on-year in December after dropping 2.1 percent in the previous month, the statistics department said on Tuesday.

The Colombo Consumer Price Index, a leading indicator for broader national prices, tracks inflation in Colombo, Sri Lanka's largest city.

Prices in the food category increased slightly to 0.8 percent in December from 0.6 percent the previous month. In the non-food category, prices were 3 percent lower than a year earlier, compared to a decline of 3.3 percent in November.

Reductions in power tariffs and fuel prices as well as an appreciating rupee have helped to reduce inflation to the lowest point in nine years, analysts said.

"Overall, the annual average inflation ended at 1.2 percent for the past 12 months, marking a notable recovery from the 17.4 percent faced a year prior," said Raynal Wickremaratne, co-head of research at Softlogic Stockbrokers.

"We expect January to witness a minus 1.5 percent rate on inflation, with it returning to positive territory over the next three month period."

Sri Lanka suffered record inflation after its worst financial crisis in decades pummelled the economy, which has stabilised since it secured a \$2.9 billion bailout from the International Monetary Fund in March 2023.

Taking advantage of low inflation, Sri Lanka's central bank set a new single policy rate of 8 percent last month, easing monetary settings below previously used benchmarks and setting the stage for a sustained recovery from the crisis.

Ample supply, slow demand to temper oil price gains in 2025: poll

REUTERS

Oil prices are likely to be constrained near \$70 a barrel in 2025 as weak demand from China and rising global supplies are expected to cast a shadow on Opec+ led efforts to shore up the market, a Reuters monthly poll showed on Tuesday.

The survey of 31 economists and analysts predicted that Brent crude would average \$74.33 per barrel in 2025, down from a forecast of \$74.53 in November, marking an eighth straight downward revision.

The global benchmark Brent crude has averaged around \$80 a barrel in 2024 and was poised for a 3 percent yearly decline on weakening demand stemming from top importer China.

US crude is projected to average \$70.86 per barrel in 2025, compared with last month's expectation of \$70.69.

"Rising production from non-Opec countries is expected to keep the market well-supplied. While an economic recovery in China is anticipated, the shift to electric vehicles is likely to limit demand growth," Sehul Bhatt, director of research at CRISIL, said.

Most of the poll respondents expect the oil market to be in a surplus next year,

with analysts from JPMorgan predicting that supply will outpace demand to the tune of 1.2 million barrels per day (bpd).

Opec+, which pumps about half the

world's oil, at its December meeting pushed back the start of oil output rises by three months until April 2025 and extended the full unwinding of cuts by a



An oil pump jack is seen in a field in Nolan, Texas. The global benchmark Brent crude averaged around \$80 a barrel in 2024. PHOTO: AFP/FILE

year until the end of 2026.

"The decision was driven by the expectation that non-Opec+ supply growth will outpace demand growth in 2025. This leaves limited room for Opec+ to raise production... we anticipate a further delay in unwinding of cuts until Q4 2025," said Florian Grunberger, senior analyst at data and analytics firm Kpler.

Global oil demand was seen growing between 0.4 million and 1.3 million bpd in 2025, the poll showed. That compares with Opec's 2025 growth estimate of 1.45 million bpd.

Markets are also bracing for substantial policy shifts, encompassing tariffs, deregulation, and tax amendments as Donald Trump is set to return to the White House in January 2025.

"In general, we think US politics matter less than many believe when it comes to the impact on oil prices and the US domestic oil & gas sector," said Kim Fustier, head of European oil & gas research at HSBC.

However, implementation of intensified sanctions on Iranian oil exports by the Trump administration could offer support to oil prices in the short term, some analysts noted.